

Appraisal Report*

For

An Existing Senior Apartment Complex

Called

**Magnolia Terrace Apartments
308 Putville Street
Buena Vista, Georgia 31803**

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

**Intended Users
Investors Management Company, USDA-RD and
Georgia Department of Community Affairs**

**Date of Appraisal
September 20, 2017**

**Effective Date of Appraisal
May 9, 2017**

**Appraised By
Samuel T. Gill**

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



September 20, 2017

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

RE: Magnolia Terrace Apartments
308 Putville Street
Buena Vista, Georgia 31803
"As Is" and "As Complete" Appraisal Report
As of May 9, 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 Magnolia Terrace Apartments. The site contains approximately 1.53 acres. The subject is improved with four one-story buildings containing 25 units and an 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; the market value, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; the 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 prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) 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; and 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; the prospective market value upon completion and as stabilized (unrestricted rents) and the prospective unrestricted market value at loan maturity. The property interest being appraised is the fee simple interest. The function of this appraisal is to aid the client, Investors Management Company, USDA-RD and Georgia Department of Community Affairs in the decision-making process involved in evaluating the value of the subject property. The intended users of the appraisal are Investors Management Company, USDA-RD and Georgia Department of Community Affairs. 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.

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

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. Trey Johnson and Scott Hassler, Market Analysts, provided professional assistance to Gill. Trey Johnson and Scott Hassler 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 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 9, 2017, is as follows.

ONE MILLION SIXTY FIVE THOUSAND DOLLARS

\$1,065,000

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 9, 2017, is as follows.

SIX HUNDRED THOUSAND DOLLARS

\$600,000

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 9, 2017, is as follows.

SIX HUNDRED THOUSAND DOLLARS

\$600,000

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 TWO HUNDRED SEVENTY THOUSAND DOLLARS

\$1,270,000

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 TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,275,000

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 9, 2017, is as follows:

THREE HUNDRED SEVENTEEN THOUSAND DOLLARS

\$317,000

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 9, 2017, is as follows:

TWO HUNDRED FIFTY FOUR THOUSAND DOLLARS

\$254,000

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 9, 2017, is as follows:

FIVE HUNDRED FIFTEEN THOUSAND DOLLARS

\$515,000

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 650 square feet one-bedroom units of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED TWENTY FIVE DOLLARS

\$525.00

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 855 square feet two-bedroom units of the subject property, as of May 9, 2017, is as follows:

SIX HUNDRED DOLLARS

\$600.00

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 650 square feet one-bedroom units of the subject property, as of January 31, 2019, is as follows:

FIVE HUNDRED SEVENTY FIVE DOLLARS

\$575.00

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 855 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FIFTY DOLLARS

\$650.00

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 9, 2017, is as follows.

TWENTY ONE THOUSAND DOLLARS

\$21,000

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 9, 2017, is as follows.

ONE MILLION SIXTY FIVE THOUSAND DOLLARS

\$1,065,000

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 9, 2017, is as follows.

SIX HUNDRED THOUSAND DOLLARS

\$600,000

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

ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS

\$1,270,000

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

ONE MILLION TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,275,000

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

THREE MILLION FOUR HUNDRED FORTY NINE THOUSAND DOLLARS

\$3,449,000.00

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.

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,

A handwritten signature in cursive script that reads "Samuel T. Gill".

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

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EXECUTIVE SUMMARY

Name of the Property Magnolia Terrace Apartments

Location 308 Putville Street, Buena Vista, Marion County, Georgia 31803

Current Owner Buena Vista Housing, Ltd., LP

Type of Report "As Is" and "As Complete" Appraisal Report

Total Land Area 1.53 acres or 66,468+/- square feet

Floodplain Hazard According to CoreLogic, Flood Map Number 13197C0185A, dated May 20, 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 Buena Vista, the subject is zoned R-3, Multifamily Residential District. The subject is a legal, conforming use.

Property Description The subject is improved with four one-story buildings containing 25 units and an accessory building. The net rentable area is approximately 16,455 square feet. The gross building area, according to the Marion County Assessor's Office, is 18,098 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	24	650	15,600
2/1	1	855	855
	25		16,455

Real Estate Taxes \$5,988.53 for 2017 **Parcel Number** C10 2 7

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

Date of Inspection May 9, 2017 **Date of Report** September 20, 2017

Sales History of Subject According to the Marion County Assessor's Office, the property is owned by Buena Vista 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 Buena Vista Housing, Ltd., LP (seller) and Magnolia Terrace Buena Vista, 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 appraisal. The sale is between two related entities and is not an arms-length transaction.

EXECUTIVE SUMMARY VALUES

Cost Approach	\$610,000 (As Is Restricted) \$1,065,000 (As Is Market) \$1,180,000 (As Complete Restricted) \$1,180,000 (As Complete Market)
Income Approach	\$600,000 (As Is Restricted) \$1,065,000 (As Is Market) \$1,275,000 (As Complete Restricted) \$1,270,000 (As Complete Market)
Sales Comparison Approach	Not Developed (As Is Restricted) \$925,000 (As Is Market) Not Developed (As Complete Restricted) \$1,050,000 (As Complete Market)
Value of Land	\$21,000
Value of Existing 515 Loan	\$317,000
Value of Proposed 515 Loan	\$254,000
Value of Low Income Housing Tax Credits	\$515,000
Insurable Value	\$1,008,000
Market Value at Loan Maturity	\$3,499,000
As Is Market Rent (CRCU)	
One-Bedroom with 650 SF	\$525.00
Two-Bedroom with 855 SF	\$600.00
As Complete Market Rent (CRCU)	
One-Bedroom with 650 SF	\$575.00
Two-Bedroom with 855 SF	\$650.00

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 and market analyst, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. An appraisal and market analysis was completed in April 2015 and March 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 I developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- ◆ Trey Johnson and Scott Hassler 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. His contribution is identified in the Scope of Work section of 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 include 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 9, 2017 Trey Johnson and Scott Hassler, a Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Trey Johnson and Scott Hassler inspected all common areas and at least one unit of each varying type.
 - Trey Johnson and Scott Hassler 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 9, 2017, Trey Johnson and Scott Hassler inspected the exterior of each comparable property used in the analysis.
 - During the verification process, Samuel T. Gill 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 Magnolia Terrace Apartments. The site is located at 308 Putville Street, Buena Vista, Marion County, Georgia.

Legal Description

See Addendum A.

Past Five Years Sales History of the Subject

According to the Marion County Assessor's Office, the property is owned by Buena Vista 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 Buena Vista Housing, Ltd., LP (seller) and Magnolia Terrace Buena Vista, 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 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; the market value, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; the 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 prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) 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; and 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; the prospective market value upon completion and as stabilized (unrestricted rents) and the prospective unrestricted market value at loan maturity. The date of the inspection and the effective date of the as is value are both May 9, 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, USDA-RD and Georgia Department of Community Affairs 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, USDA-RD and Georgia Department of Community Affairs.

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 Buena Vista, the Marion County Recorder; the Marion 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 8, 2017, to May 12, 2017. This information was analyzed and summarized in this report. Area data was obtained from the City of Buena Vista; the Marion County Recorder; the Marion 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 Buena Vista and the surrounding area. Market data on improved sales and leased properties were obtained from Buena Vista 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 Buena Vista, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Buena Vista, Marion 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.¹

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.²

¹ 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.

² 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.³

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.⁴

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.⁵ 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.

³ 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.

⁴ 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.

⁵ 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 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 Buena Vista and Marion 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 Buena Vista is located in Marion County which is located in the southwest portion of Georgia. The nearest city with a population of over 50,000 is Columbus, Georgia, which is approximately 28 miles northwest of Buena Vista. The nearest city with a population of over 200,000 is Atlanta, Georgia, which is approximately 100 miles north of the city. The nearest city with a population over 1,000,000 is Houston, Texas, which is approximately 668 miles southwest of Buena Vista. The nearest cities are North Buena Vista, Georgia (3.0 miles); Ellaville, Georgia (3.6 miles); Rupert, Georgia (3.8 miles); Cusseta, Georgia (3.9 miles); Fort Benning, Georgia (4.0 miles); Preston, Georgia (4.2 miles); Richland, Georgia (4.3 miles); and Geneva, Georgia (4.3 miles).

Utilities

The City of Buena Vista provides water and sewer services to the residents of the city. Georgia Power provides electricity services. Natural gas services are not available in the City of Buena Vista. Propane suppliers include Partners Propane of Georgia, Barrows Propane Gas and Ferrellgas. Basic telephone service is provided by Windstream.

Health Care

Marion Memorial Hospital is a health care facility located in Buena Vista that serves the residents of the city and the surrounding area. Additional health care and medical facilities include St. Francis Hospital, Doctors Hospital, Medical Center Hospital and Columbus Specialty Hospital, all located in Columbus, approximately 28 miles from Buena Vista, and Martin Community Hospital, approximately 32 miles away in Fort Benning.

Transportation

Major highways in the County of Marion include State Highways 26, 30, 41, 127, 137, 153, 240, 352 and 355. Buena Vista is home to Marion County Airport. Soutner Field is approximately 29 miles from the city in Americus.

Population and Employment Statistics

CENSUS: 2013

	City	County	State
Population	2,448	8,673	9,810,417
Households	803	3,000	3,518,097
Renter Occupied	479	847	1,226,067
Rental Vacancy %	7.2	7.1	10.5

ESRI: 2015

	City	County	State
Population	2,396	9,093	10,044,421
Households	920	3,607	3,723,621
Renter Occupied	422	1,056	1,402,647

U.S. DEPARTMENT OF LABOR STATISTICS

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
2000	3,329	3,202	127	3.8
2010	3,742	3,335	407	10.9
March 2015	3,401	3,147	254	7.5

STATE				
	Labor Force	Employment	Unemployment	Unemployment Rate
2000	4,263,305	4,134,257	129,048	3.0
2010	4,721,252	4,221,004	500,248	10.6
March 2015	4,737,651	4,445,515	292,136	6.2

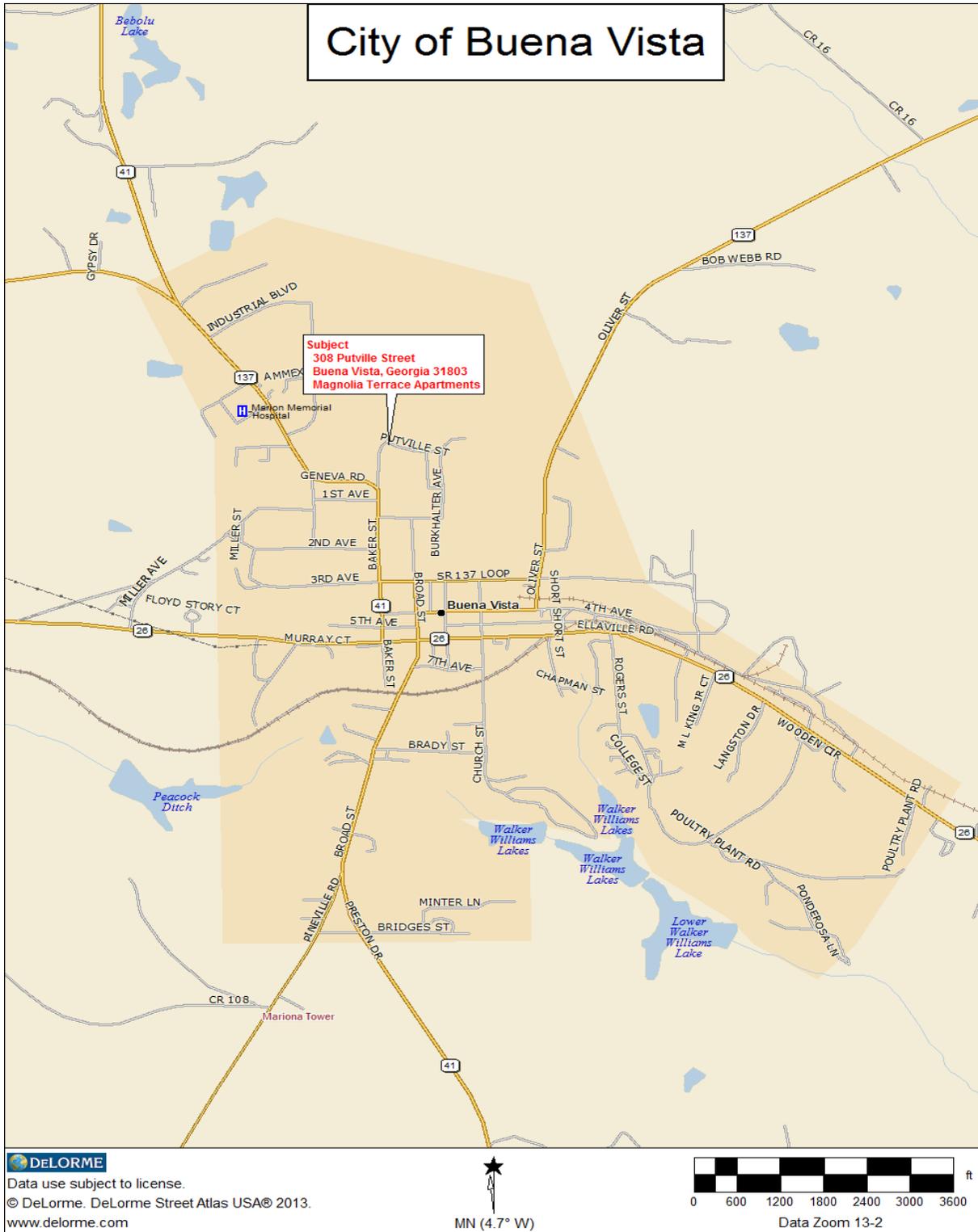
Major Employers

Major employers for the area are as follows:

Employer	Product/Service
Baby's Dream Furniture, Inc.	Children's Furniture
Magnolia Manor of Marion County, Inc.	Health Care
Oakcrest Lumber, Inc.	Hardwood Product Manufacturing
Powell Forestry, Inc.	Forestry
Singleton Forestry Services, LLC	Forestry
Southwest Georgia Community Action Council, Inc.	Social Services
Tyson Farms, Inc.	Agriculture
Unimin Corporation	Industrial Minerals Producer
Unlimited Contract Services, Inc.	Farm Management Services
White Gold Industries	Manufacturing

Summary and Conclusions

Buena Vista is a city located in the southwest portion of Georgia. The economic outlook for future growth and development appears to be stable.



Neighborhood Data

Location

The subject property is located in the northern portion of the City of Buena Vista, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – Ocochee Bottom Road; South – County Road 16 and State Highway 137; East - 4th Avenue; and West – State Highway 41

Access

The neighborhood is accessed by State Highway 41, State Highway 137, 4th Avenue and Ocochee Bottom Road. 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

Restaurants	
0.5 mi	Annie D's
0.6 mi	Los Aztecas Mexican Restaurant
0.6 mi	Subway
0.7 mi	Country Kitchen
0.9 mi	Hot Wing Express
1 mi	Vista Burger II
6.4 mi	A & R BBQ

Groceries	
0.6 mi	J S IGA
0.7 mi	M L Food Mart
5.9 mi	Morgan Grocery

Schools	
6.5 mi	L. K. Moss Primary School
10 mi	Marion County High School
12 mi	Schley County Elementary School

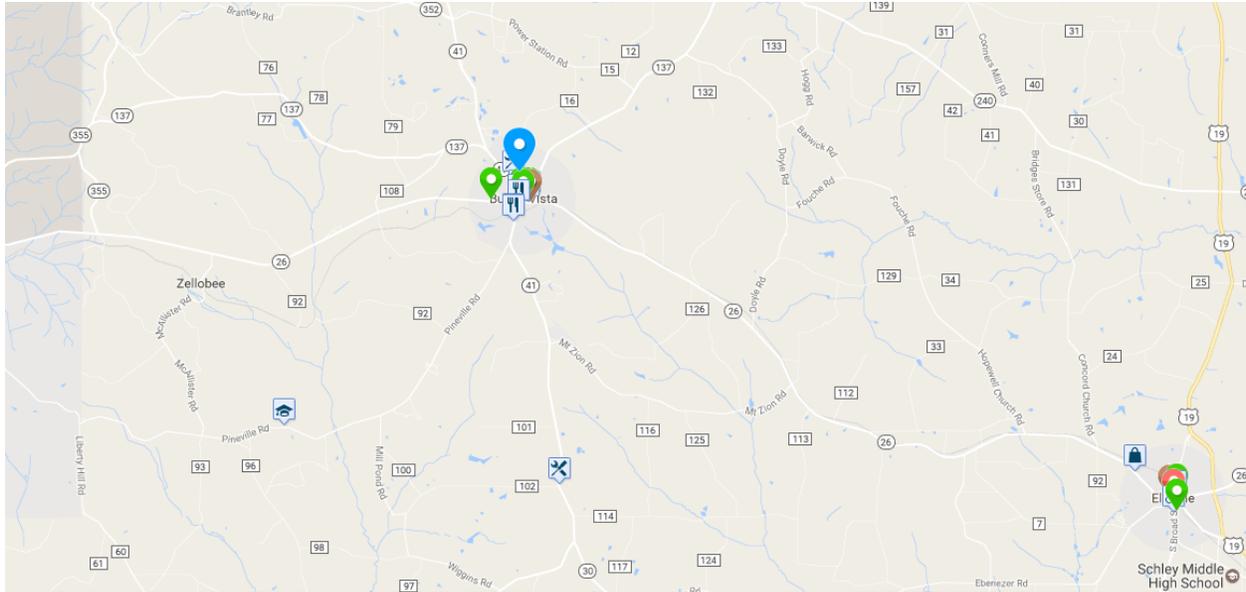
Shopping	
12 mi	Ellaville Floral Shop & Tuxedo Central
15 mi	Exotic Fragrances & Things
18 mi	Family Dollar

Banks	
0.6 mi	RBC Bank

Police	
0.6 mi	Buena Vista Police Department

Medical Facilities	
13 mi	Phoebe Sumter Primary Medicine, Ellaville
18 mi	Raju Clinic
22 mi	Taylor County Clinic
25 mi	Capri Medical Group
25 mi	Valley Healthcare System
26 mi	Columbus Regional Health

Magnolia Terrace Apartments * 308 Putville Street * Buena Vista, Georgia



Land Use Pattern

The subject neighborhood is comprised primarily of vacant land and is 35 percent built up. Approximately 20 percent of the land use is made up of multifamily dwellings. About 10 percent is comprised of single-family residences. Another 5 percent of the land use is made up of commercial properties. The remaining 65 percent is vacant land. The area is mostly rural.

Neighborhood Characteristics

The subject is located in the Buena Vista neighborhood, according to Neighborhood Scout. The median real estate price of the neighborhood is \$88,872. The average rental price in the neighborhood is \$550.

The neighborhood has 14.43 percent of the working population employed in executive, management and professional occupations. Another 27.7 percent of the residents are employed in sales and service jobs. Manufacturing and laborer occupations make up 46.91 percent, and 15.03 percent are employed in clerical, assistant and technical support occupations.

According to Neighborhood Scout, the school quality rating is 30 (100 is the best). The neighborhood is served by the Marion County School District which contains 2 schools and approximately 1,444 students. The school district quality is considered better than 4.0 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 vacant land. Wooded, vacant land are located north and south of the site. Single-family residences are located east of the subject. A school is located west of the subject.



Crime

According to www.neighborhoodscout.com, the crime index for the subject neighborhood is 33. There are 83 total crimes annually in the neighborhood, 8 of which are violent crimes and 75 of which are property crimes. The annual violent crime rate is 3.66 per 1,000 residents, while the property crime rate is 34.28 per 1,000 residents. The total annual crime rate is 37.93 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 274 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 4,411, an increase of 192 people from the 2010 population of 4,219. The population is expected to increase at an annual rate of 2.9

percent between 2017 and 2022. Therefore, the 2022 population is projected at 4,541. The median age for the neighborhood is 41.7.

The total number of households increased from 1,646 in 2010 to 1,720 in 2017. Household totals are expected to increase, with a projected 1,772 households in 2022.

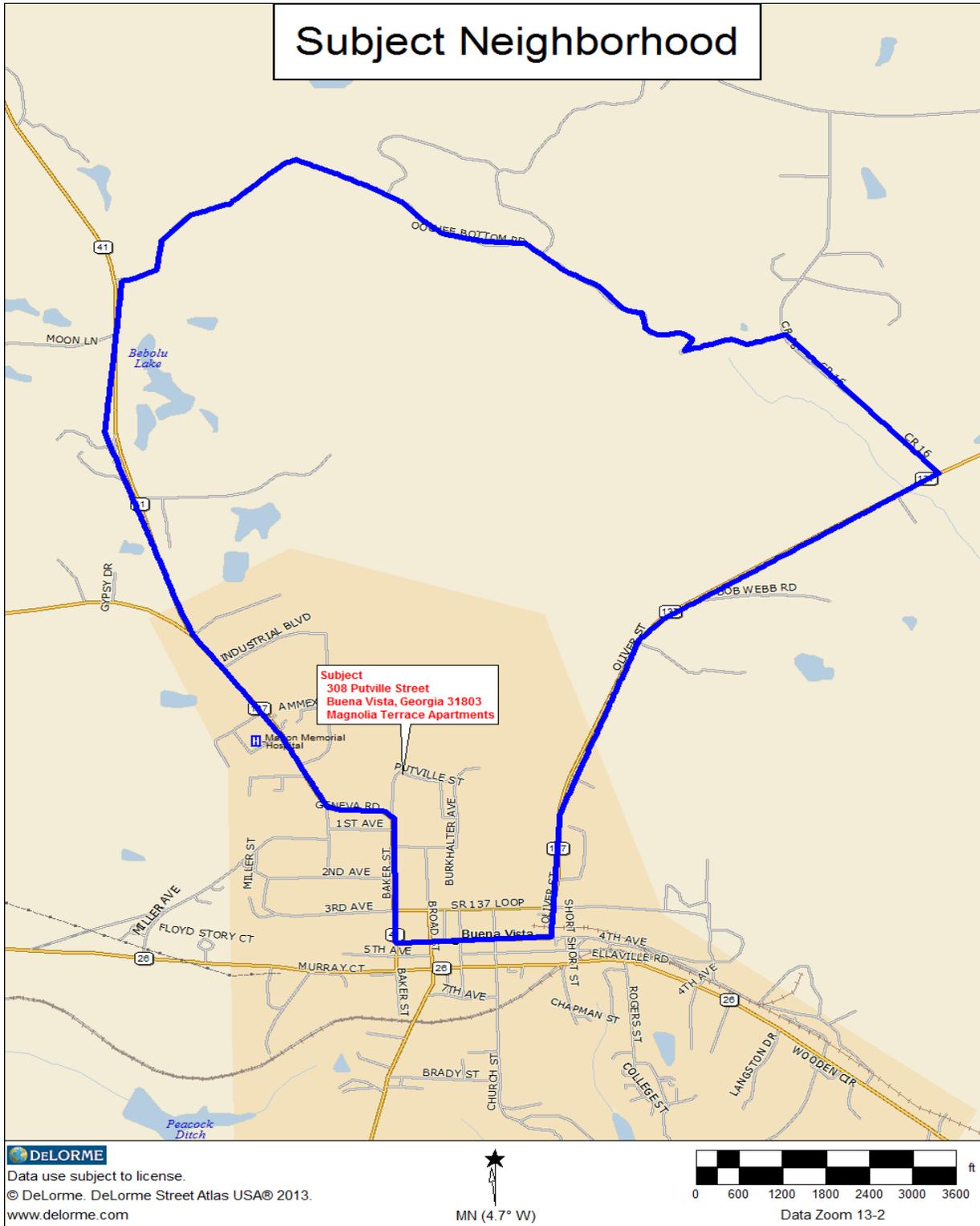
The median household income for the neighborhood in 2017 is \$31,712. It is expected to increase to \$32,947 by 2022. The per capita income is \$19,878.

The median home value for the neighborhood in 2017, according to ESRI, is \$99,641. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,636.00, or \$1,053 per month. The average amount spent for renter-occupied households is \$5,436.00, or \$453 per month.

Analysis/Comments

In conclusion, the subject is located in the northern portion of Buena Vista, 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 9201.00 and 9202.00. The market area has the following boundaries: North – Talbot County; South – Webster County; East – Taylor, Schley and Sumter County; and West – Chattahooche 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.

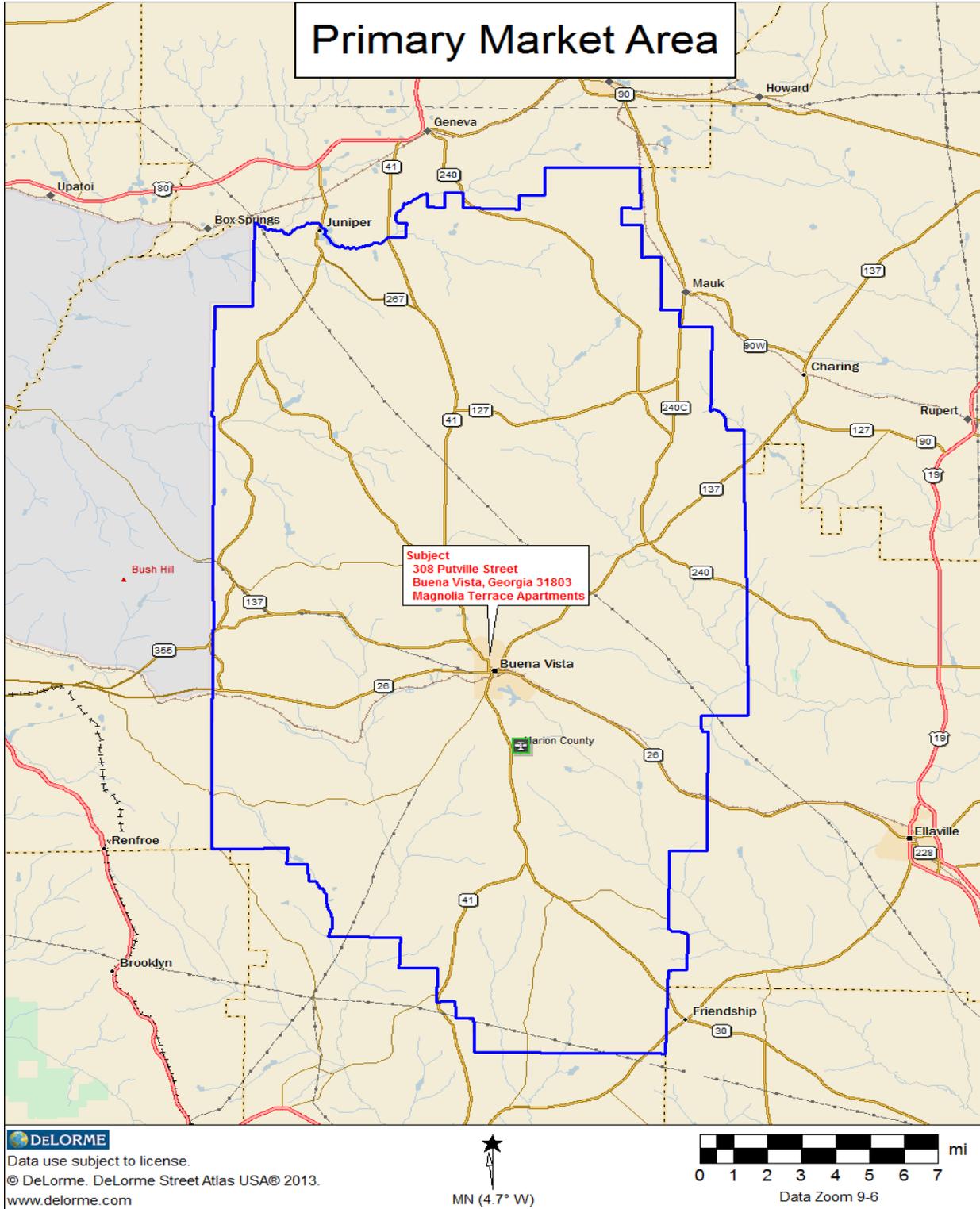
The field/phone survey was conducted in July 2017. Six market-rate properties responded to the survey and three restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of five percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 96 percent occupied. Historically, the subject’s occupancy rate has ranged from 95 to 99 percent since 2013. 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.

Market Area Vacancy by Development - Conventional			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Lexington Place Apartments	97	7	7%
Troy Hill Apartments	57	6	11%
Cripple Creek Apartments	50	3	6%
Georgetown Apartments	32	1	3%
Country Club Apartments	40	0	0%
Southland Heights Apartments	89	0	0%
TOTALS	365	17	4.7%

Market Area Vacancy by Development - Affordable			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
(Subject)	25	1	4%
Hampton Lane Apartments	24	0	0%
Briarwood Apartments	38	1	3%
TOTALS	87	2	2.3%

Absorption Period

The subject is an existing 25-unit complex that is currently 96 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 Marion County Assessor's Office.

Total Land Area 1.53 acres or 66,468+/- square feet

Shape/Dimensions Irregular

Access & Exposure The subject property is located on Putville Street. The site is at or near pavement grade with Putville Street. The site has ingress and egress on Putville 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 CoreLogic, Flood Map Number 13197C0185A, dated May 20, 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 not 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 not provided with this assignment. The appraisers are not qualified to determine whether or not the adjacent properties encroach on the subject site.

Easements Typical utility easements that are not adverse to the site's development run on the property. A title insurance report was not provided to the appraisers with this assignment. No significant easements are known.

Site Ratios

Building to Land Ratio: 1 to 3.67;

Site Coverage Ratio - 27.23 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.

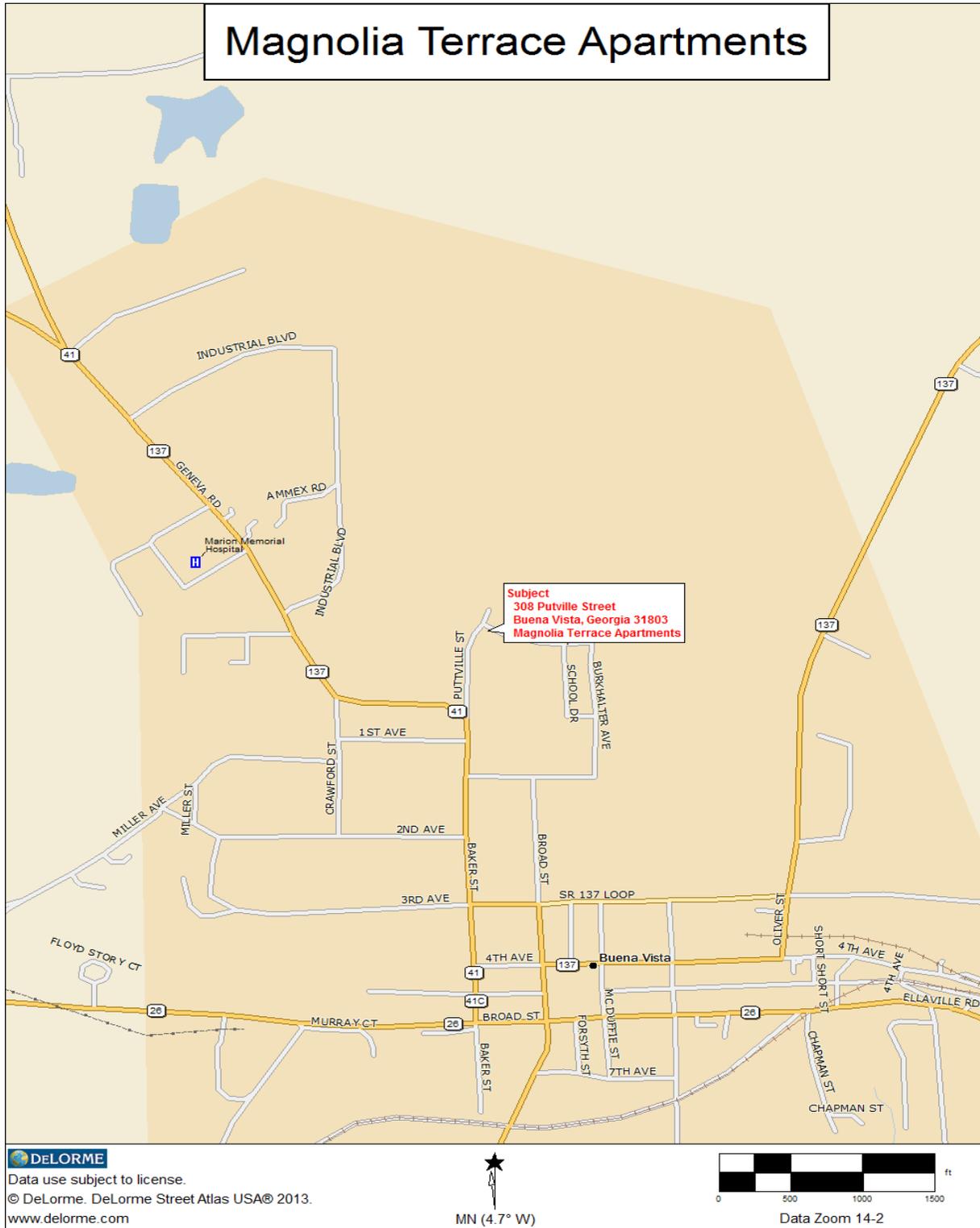
Utilities

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 Buena Vista, the subject is zoned R-3, Multifamily 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 re-built if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning ordinances 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

Number of Buildings	The subject contains four one-story buildings containing 25 units and an accessory building.
Net Rentable Building Area	16,455 square feet
Gross Building Area	18,098 square feet
Year Built/Year Renovated	1990
Economic Life	55 Years
Effective Age	10 Years (As Is) 5 Years (As Complete)

The subject contains four one-story buildings containing 25 units. The property also contains an accessory building housing the leasing office, laundry facility, community room and maintenance area. According to the Marion County Assessor, the gross building area of the property is 18,098 square feet. A copy of the plans, dated February 9, 1989, and completed by Ellis, Ricket and Associates Architects 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.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	24	650	15,600
2/1	1	855	855
	25		16,455

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	X		Basketball Court		
Ceramic Tile			Tennis Court		
Blinds			Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet	X		Service Coordinator/HUD Paid		
Coat Closet			Concierge Services		
Balcony	X		Computer Room	X	
Patio			Car Wash Area	X	
Pull Cords			Laundry Facility	X	
Emergency Call			On-Site Management		
Safety Bars			On-Site Maintenance		
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X	\$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 24 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	24	650	\$445	\$77
2/1	1	855	\$465	\$86

The property will undergo a substantial rehabilitation and will be in good condition. The proposed scope of work is comprehensive and includes a rehabilitation of units, appliances and systems, 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 approximately 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	24	650	\$506	\$77
2/1	1	855	\$614	\$86

The rents indicated in the table are assuming LIHTC restrictions, but the subject will retain its Rental Assistance for all units. The subject is currently a Rural Development property that, after rehabilitation, will remain a Rural Development property with Rental Assistance for all 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.

Once rehabilitation is complete, the property will include 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	X		Basketball Court		
Ceramic Tile			Tennis Court		
Blinds			Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet	X		Service Coordinator/HUD Paid		
Coat Closet			Concierge Services		
Balcony	X		Computer Room	X	
Patio			Car Wash Area	X	
Pull Cords			Laundry Facility	X	
Emergency Call			On-Site Management		
Safety Bars			On-Site Maintenance		
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X	\$0	Limited Access Gate		
Covered Parking/# of Spaces			Perimeter Fencing		
Garage/# of Spaces			Security Patrol		
Parking Garage/Underground/# of Spaces			Video Surveillance		

CONSTRUCTION SUMMARY

Foundation Concrete Slab on Grade
Construction Frame
Exterior Walls Brick/Siding
Floors Carpet/Tile
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, Trees, Shrubs, Flowers

Age, Life and Condition

The subject was constructed in 1990 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 \$99,641. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,636.00, or \$1,053 per month. The average amount spent for renter-occupied households is \$5,436.00, or \$453 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. 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.

Subject Photos



View of Sign



View of Exterior

Magnolia Terrace Apartments * 308 Putville Street * Buena Vista, Georgia



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Community Room



View of Leasing Office



View of Laundry Facility



View of Maintenance Area



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 Kitchen - Two-Bedroom Unit



View of Utility Area - Two-Bedroom Unit



View of Bedroom - Two-Bedroom Unit



View of Bath - Two-Bedroom Unit



View of Parking Lot



View of Street



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 Marion County is 16.05100 per \$1,000 of assessed value, and the tax rate for Buena Vista is 32.31400 per \$1,000 of the assessed value. The property has a total appraised value of \$349,257, with \$37,876 allocated to land and \$311,381 allocated to improvements. The assessor uses 100 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$349,257. The 2017 real estate taxes for the subject were \$5,988.53: \$3,508.62 for the county and \$2,479.91 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 #	Appraised Value - Land	Appraised Value - Improvements	Appraised Value Total	Real Estate Taxes	Taxes Per Unit
Lexington Place Apartments 1130 Felder Street Americus, Sumter, Georgia	97	1998	73 1 and 73 1 A	\$216,200	\$3,099,800	\$3,316,000	\$66,833.46	\$689.00
Hillside Manor 120 Lonnie Lane Americus, Sumter, Georgia	60	1985	33A 2	\$200,000	\$940,900	\$1,140,900	\$20,165.64	\$336.09
Troy Hill Apartments 303 East Glessner Street Americus, Sumter, Georgia	57	1970	58 5 2 and 58 5 2B	\$224,700	\$2,624,800	\$2,849,500	\$50,365.48	\$883.60
Country Club Apartments 201 Murphy Mill Road Americus, Sumter, Georgia	40	1972	71B 201, 71B 203 and 71B 205	\$40,974	\$583,526	\$624,500	\$18,809.95	\$470.25
University Place Apartments 950 Anthony Drive Americus, Sumter, Georgia	57	1970	39 3 6	\$66,700	\$1,112,010	\$1,178,710	\$21,010.69	\$368.61

These comparables are all market-rate facilities in Marion County. The comparables indicated a range of \$336.09 per unit to \$883.60 per unit. The subject's actual real estate taxes are \$240.00 per unit. These comparables are all market-rate facilities in Marion County. The comparables indicated a range of \$336.09 per unit to \$883.60 per unit. The subject's actual real estate taxes are \$240.00 per unit. Based on the tax comparables shown above, the subject "as is" would have real estate taxes more similar to these comparables. Therefore, real estate taxes were projected at \$350 per unit, or \$8,750, for the market "as is" 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?⁶

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 1.53 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.

⁶ The Appraisal Institute. *The Appraisal of Real Estate*. 14th 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.⁷

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 18,098 square feet. The subject does not appear to suffer from functional or external obsolescence. The subject is in good 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.

⁷ The Appraisal Institute. *The Appraisal of Real Estate*. 14th 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 neighborhood. The comparables found are summarized on the following pages.

Land Sale No. 1

Property Identification

Record ID 1672
Property Type Residential
Property Name 2120 Torch Hill Road
Address 2120 Torch Hill Road, Columbus, Muscogee County, Georgia
31904
Tax ID 062 036 002
Market Type Land

Sale Data

Grantor Camellia Associates LP F/K/A
Grantee Four J S Family LLLP
Sale Date October 11, 2013
Deed Book/Page 11000 00104
Property Rights Fee Simple
Conditions of Sale Normal
Financing Conventional
Verification Assessor; April 28, 2015

Sale Price \$20,900
Cash Equivalent \$20,900
Adjusted Price \$20,900

Land Data

Zoning RMF2, Residential Multi-Family
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Land Size Information

Gross Land Size 1.510 Acres or 65,776 SF
Allowable Units 25
Front Footage Torch Hill Road

Indicators

Sale Price/Gross Acre \$13,841
Sale Price/Gross SF \$0.32
Sale Price/Allowable Unit \$836

Land Sale No. 2

Property Identification

Record ID 1673
Property Type Residential
Property Name 6395 Psalmound Road
Address 6395 Psalmound Road, Columbus, Muscogee County, Georgia
31820
Tax ID 120 001 034
Market Type Land

Sale Data

Grantor Pierson Jeannie Duncan
Grantee Alton R Duncan
Sale Date August 02, 2012
Deed Book/Page 10646 00201
Property Rights Fee Simple
Conditions of Sale Normal
Financing Conventional
Verification Assessor; April 28, 2015

Sale Price \$62,720
Cash Equivalent \$62,720
Adjusted Price \$62,720

Land Data

Zoning PUD, Planned Unit Development
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Land Size Information

Gross Land Size 3.100 Acres or 135,036 SF
Allowable Units 51
Front Footage Psalmound Road

Indicators

Sale Price/Gross Acre \$20,232
Sale Price/Gross SF \$0.46
Sale Price/Allowable Unit \$1,230

Land Sale No. 3

Property Identification

Record ID 1674
Property Type Residential
Property Name 2309 6th Avenue
Address 2309 6th Avenue, Columbus, Muscogee County, Georgia 31904
Tax ID 015 041 012
Market Type Land

Sale Data

Grantor Bette F Toole
Grantee Traci L and McKinley Robinson
Sale Date October 29, 2014
Deed Book/Page 11380 00077
Property Rights Fee Simple
Conditions of Sale Normal
Financing Conventional
Verification Assessor; April 28, 2015

Sale Price \$2,300
Cash Equivalent \$2,300
Adjusted Price \$2,300

Land Data

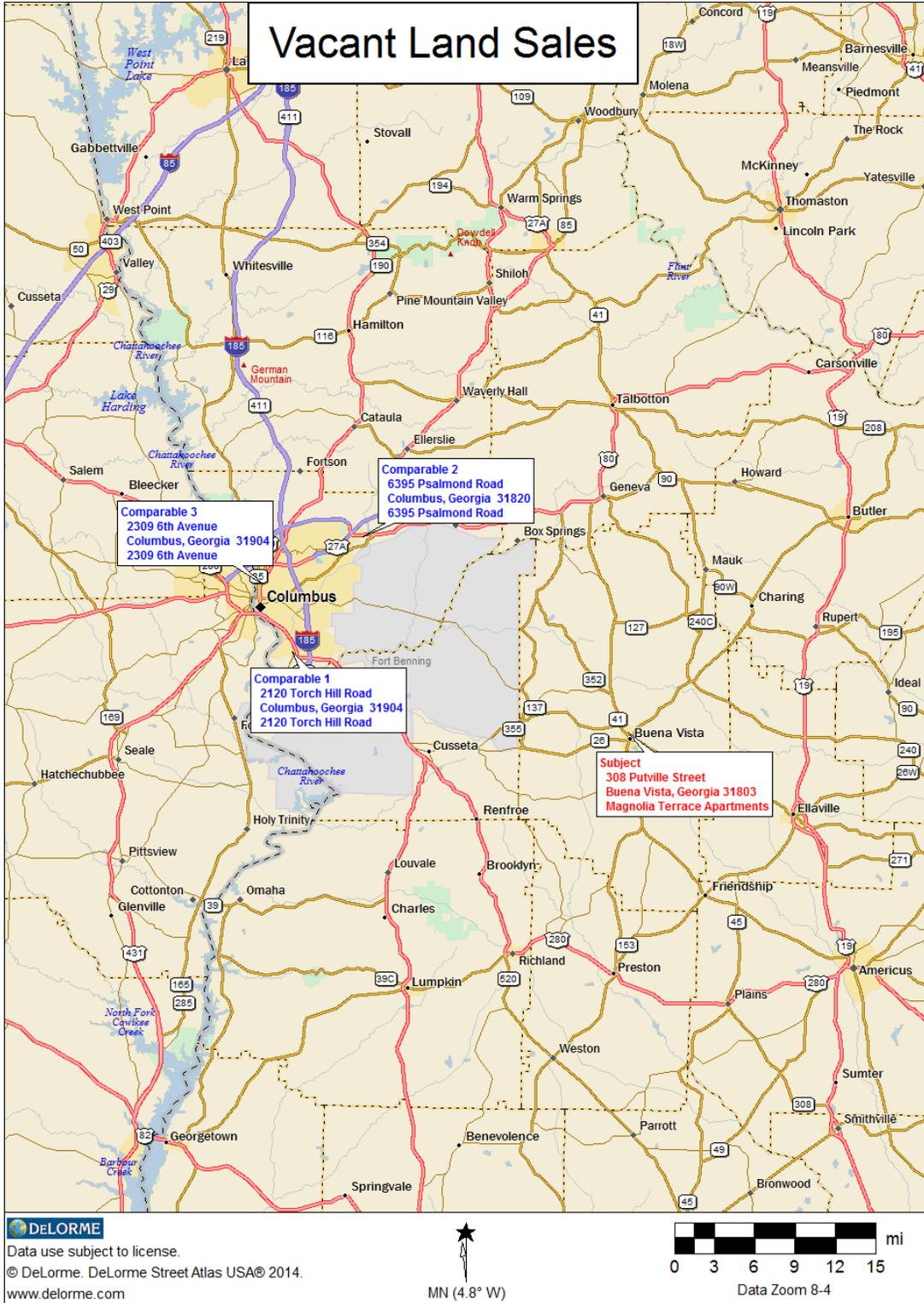
Zoning RMF2, Residential Multi-Family
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Land Size Information

Gross Land Size 0.130 Acres or 5,663 SF
Allowable Units 2
Front Footage 6th Avenue

Indicators

Sale Price/Gross Acre \$17,692
Sale Price/Gross SF \$0.41
Sale Price/Allowable Unit \$1,150



Magnolia Terrace Apartments * 308 Putville Street * Buena Vista, Georgia

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	308 Putville Street	2120 Torch Hill Road		6395 Psalmond Road		2309 6th Avenue	
City	Buena Vista	Columbus		Columbus		Columbus	
State	GA	GA		GA		GA	
Date	5/9/2017	10/11/2013		8/2/2012		10/29/2014	
Price		\$20,900		\$62,720		\$2,300	
No. of Units	25	25		51		2	
Acre Unit Price		\$836		\$1,230		\$1,150	
Transaction Adjustments							
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%
Adjusted Acre Unit Price		\$836		\$1,230		\$1,150	
Market Trends Through	05/09/17	0%		0%		0%	
Adjusted GBA Unit Price		\$836		\$1,230		\$1,150	
Location	Good	Superior		Superior		Superior	
% Adjustment		-25%		-25%		-25%	
\$ Adjustment		-\$209		-\$307		-\$288	
Acres	25.00	25.00		51.00		2.00	
% 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-3	RMF2		PUD		RMF2	
% 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	
Density/Acre	16.34	16.56		16.45		15.38	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Acres	1.53	1.51		3.10		0.13	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$627		\$922		\$863	
Net adjustments		-25.0%		-25.0%		-25.0%	
Gross adjustments		-25.0%		-25.0%		-25.0%	

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 9, 2017, is as follows:

1.53 acres x \$850 per unit = \$21,250

Rounded \$21,000

Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	Land SF	Zoning
1	2120 Torch Hill Road	10/11/2013	\$20,900	\$13,841	1.51	25	RMF2
2	6395 Psalmound Road	8/2/2012	\$62,720	\$20,232	3.10	51	PUD
3	2309 6th Avenue	10/29/2014	\$2,300	\$17,692	0.13	2	RMF2

Adjustments

The prices of the comparable land sales range from \$836 to \$1,230 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 Buena Vista. All comparables are located in Columbus. Columbus is a larger city with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus than in Dawson. The following table shows the comparison between the two cities:

U.S. Census Bureau Stats	Buena Vista	Columbus	% Diff
2015 Population	2,231	200,285	98.89%
Households	784	72,556	98.92%
Median Home Value	\$82,300	\$134,500	38.81%
Median Rent	\$388	\$830	53.25%

After considering all factors, an adjustment of 25 percent was determined for the difference in location between Buena Vista and Columbus.

Size/Density/Units

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 1.53 acres and contains 49 units. The density per acre is 12.25. The comparables range in size from 0.13 acres to 3.10 acres and from 2 to 51 units. The density per acre for the comparables ranges from 15.38 to 16.56. 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 to the subject. No adjustment was needed.

Topography

Consideration was given to the subject's topography. The subject is nearly level. All comparables are similar to the subject. 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-3. Comparable 1 is zoned RMF2. Comparable 2 is zoned PUD. Comparable 3 is zoned RMF2. All comparables have multifamily zoning. No adjustments were made.

Utilities

Consideration was given to the subject's utilities. The subject has electricity, gas, water and sewer utilities provided to the site. 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 \$627 to \$922 per unit after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$850 per unit. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

1.53 units x \$850 per Unit = \$21,250

Rounded \$21,000

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.⁸

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.

⁸Appraisal 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

Total Construction Cost of Structures				\$1,162,054
Plus: Entrepreneur's Profit				\$116,205
Depreciation				<u>(\$234,977)</u>
Cost of Structures before External Obsolescence				\$1,043,283
Value of Land				\$21,000
Plus: Entrepreneur's Profit				<u>\$2,100</u>
Cost before External Obsolescence				\$1,066,383
Current Capitalization Rate				6.00%
Economic Net Operating Income (RCN x CR)				\$63,983
Net Operating Income from the Subject				<u>\$36,054</u>
Net Loss Due to Economic Obsolescence				(\$27,929)
Ratio of Improvements Total Property Value				0.9783
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$27,929)	6.00%	(\$465,485)
Times ratio of Improvements to Total Property				0.9783
Total External Obsolescence				(\$455,401)

Cost Analysis - Restricted As Is - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	18,098	0.855	\$1,107,020
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,148,162
Price per SF Gross Building Area					\$63.44

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	25	0.855	\$13,892
Total Site Improvement Costs					\$13,892
Subtotal: Building & Site Costs					\$1,162,054
Price per SF Gross Building Area					\$64.21

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,162,054
Developer's Profit 10.0%	\$116,205
Total Cost	\$1,278,260
Price per SF Gross Building Area	\$70.63

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$227,336
Physical Depreciation: Site	10	20	50%	\$7,641
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$455,401
Total Depreciation				\$690,378
Depreciated Value of Improvements				\$587,882
Cost Per Square Foot Gross Building Area				\$32.48

Additional Cost Sections

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

Land Value

Land Value	\$21,000
Other	\$0
Cost Approach Value Indication	\$608,882
Rounded	\$610,000
Price per SF Gross Building Area	\$33.71

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 = \$610,000

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

External Obsolescence - As Is Market

Total Construction Cost of Structures				\$1,162,054
Plus: Entrepreneur's Profit				\$116,205
Depreciation				(\$234,977)
Cost of Structures before External Obsolescence				<u>\$1,043,283</u>
Value of Land				\$21,000
Plus: Entrepreneur's Profit				<u>\$2,100</u>
Cost before External Obsolescence				\$1,066,383
Current Capitalization Rate				7.00%
Economic Net Operating Income (RCN x CR)				\$74,647
Net Operating Income from the Subject				<u>\$74,579</u>
Net Loss Due to Economic Obsolescence				(\$67)
Ratio of Improvements Total Property Value				0.9783
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$67)	7.00%	(\$964)
Times ratio of Improvements to Total Property				0.9783
Total External Obsolescence				(\$943)

Cost Analysis - Market As Is - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	18,098	0.855	\$1,107,020
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,148,162
Price per SF Gross Building Area					\$63.44

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	650	25	0.855	\$13,892
Total Site Improvement Costs					\$13,892
Subtotal: Building & Site Costs					\$1,162,054
Price per SF Gross Building Area					\$64.21

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,162,054
Developer's Profit 10.0%	\$116,205
Total Cost	\$1,278,260
Price per SF Gross Building Area	\$70.63

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$227,336
Physical Depreciation: Site	10	20	50%	\$7,641
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$943
Total Depreciation				\$235,920
Depreciated Value of Improvements				\$1,042,340
Cost Per Square Foot Gross Building Area				\$57.59

Additional Cost Sections

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

Land Value

Land Value	\$21,000
Other	\$0
Cost Approach Value Indication	\$1,063,340
Rounded	\$1,065,000
Price per SF Gross Building Area	\$58.85

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 = \$1,065,000

Cost Analysis - Restricted As Complete - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	18,098	0.855	\$1,107,020
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,148,162
Price per SF Gross Building Area					\$63.44

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	25	0.855	\$13,892
Total Site Improvement Costs					\$13,892
Subtotal: Building & Site Costs					\$1,162,054
Price per SF Gross Building Area					\$64.21

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,162,054
Developer's Profit 10.0%	\$116,205
Total Cost	\$1,278,260
Price per SF Gross Building Area	\$70.63

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$113,668
Physical Depreciation: Site	5	20	25%	\$3,820
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$117,488
Depreciated Value of Improvements				\$1,160,771
Cost Per Square Foot Gross Building Area				\$64.14

Additional Cost Sections

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

Land Value

Land Value	\$21,000
Other	\$0
Cost Approach Value Indication	\$1,181,771
Rounded	\$1,180,000
Price per SF Gross Building Area	\$65.20

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 = \$1,180,000

Cost Analysis - Market As Complete - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	71.55	18098	0.855	\$1,107,020
Built-Ins	Per Unit	1925	25	0.855	\$41,142
Total Building Improvement Costs					\$1,148,162
Price per SF Gross Building Area					\$63.44

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	650	25	0.855	\$13,892
Total Site Improvement Costs					\$13,892
Subtotal: Building & Site Costs					\$1,162,054
Price per SF Gross Building Area					\$64.21

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,162,054
Developer's Profit 10.0%	\$116,205
Total Cost	\$1,278,260
Price per SF Gross Building Area	\$70.63

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$113,668
Physical Depreciation: Site	5	20	25%	\$3,820
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$117,488
Depreciated Value of Improvements				\$1,160,771
Cost Per Square Foot Gross Building Area				\$64.14

Additional Cost Sections

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

Land Value

Land Value	\$21,000
Other	\$0
Cost Approach Value Indication	\$1,181,771
Rounded	\$1,180,000
Price per SF Gross Building Area	\$65.20

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 = \$1,180,000

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 (650 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)		
One-Bedroom	Magnolia Terrace Apartments 308 Putville Street Buena Vista, Marion, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA			Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA			Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA			Georgetown Apartments 1034 Elm Avenue Americus, Sumter, GA			Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	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		04/2017				
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2		WU/2				
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		First		Varies				
6. Project Occupancy %	96%	93%		90%		95%		96%		100%						
7. Concessions	N	N		N		N		N		N		N				
8. Year Built	1990	1998		1970	\$55	1983	\$75	1996		1981	\$70					
9. Sq. Ft. Area	650	850	(\$30)	750	(\$15)	678	(\$5)	500	\$25	750	(\$15)					
10. Number of Bedrooms	1	1		1		1		1		2	(\$50)					
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		4						
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	N	\$5	N	\$5					
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0		L/0				
15. Equipment a. A/C	C	C		C		C		W	\$15	C						
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF						
c. Disposal	N	N		Y		N		N		N						
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		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)	P	(\$10)	R	(\$10)	P	(\$10)	N						
16. Services a. Heat/Type	N/E	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		N/E				
c. Cook/Type	N/E	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	N	\$66	N	\$66	N	\$66	N	\$66	N	\$66					
g. Trash	Y	N	\$21	Y		N	\$21	N	\$21	N	\$21					
17. Storage	N	N		N		N		N		N						
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar						
19. Security	N	N		N		N		N		N						
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5					
21. Special Features	N	N		N		N		N		N						
22. Business Center / Nhd Netwk	N	N		N		N		N		N						
23. Unit Rent Per Month		\$559		\$400		\$410		\$459		\$395						
24. Total Adjustment			(\$3)		\$36		\$102		\$67		\$92					
25. Indicated Rent		\$556		\$436		\$512		\$526		\$487						
26. Correlated Subject Rent	\$525	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.														
	high rent	\$556	low rent	\$436	60% range	\$460	to	\$532								

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: *Samuel S. Hill* Date (mm/dd/yyyy): 05/09/17
Reviewer's Signature: _____ Date (mm/dd/yyyy): _____

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (855 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. 6 (address)		E. Comparable Property No. 5 (address)	
Two-Bedroom	Magnolia Terrace Apartments 308 Putville Street Buena Vista, Marion, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, 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		04/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	96%	93%		90%		95%		90%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1990	1998		1970	\$55	1983	\$75	1996/2000		1981	\$70
9. Sq. Ft. Area	855	1,140	(\$30)	1,200	(\$40)	864	\$5	1,140	(\$30)	750	\$20
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	1.0	2.0	(\$10)	1.5		1.0	\$10	2.5	(\$20)	1.0	\$10
12. Number of Rooms	4	4		4		4		4		4	
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		Y		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		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)	P	(\$10)	R	(\$10)	P	(\$10)	N	(\$10)
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	N	\$83	N	\$83	N	\$83	N	\$83	N	\$83
g. Trash	Y	N	\$21	Y	\$21	N	\$21	N	\$21	N	\$21
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	N	N		N		N		N		N	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N	N		N		N		N		N	
22. Business Center / Nhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395	
24. Total Adjustment			\$4		\$49		\$139		\$4		\$194
25. Indicated Rent		\$663		\$649		\$589		\$663		\$589	
26. Correlated Subject Rent	\$600	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$663	low rent	\$589	60% range	\$604	to	\$648	BELOW 60% RANGE		

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. Hill</i>	Date (mm/dd/yy) 05/09/17	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

Magnolia Terrace Apartments

Primary Unit Types – One-Bedroom Units (650 SF) and Two-Bedroom Units (855 SF)

Rent comparability grids were prepared for the primary unit types with 650 and 855 square feet. Comparable apartments used include the following: Lexington Place Apartments (Comparable 1), Troy Hill Apartments (Comparable 2), Cripple Creek Apartments (Comparable 3), Georgetown Apartments (Comparable 4), Pecan Villas Apartments (Comparable 5) and St. Charles Apartments (Comparable 6).

Structure/Stories – The subject is located in one-story buildings. All comparables are located in one- or two-story buildings. No complex in the market area shows a rent difference based on this particular item. No adjustment was needed.

Project Occupancy – The subject is currently 96 percent occupied. The occupancy rates of the comparables range from 90 to 100 percent. No adjustment was 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. Comparable 1 was built in 1998, and Comparable 2 was constructed in 1970. Comparable 3 was built in 1983, and Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1981. Comparable 6 was constructed in 1996 and renovated in 2000. Comparables 1, 4 and 6 are relatively similar to the subject and were not adjusted. The remaining comparables are considered to be inferior to varying degrees. In order to determine the appropriate adjustments for condition (year built/year renovated), the appraiser utilized paired analysis to compare the comparables. Comparable 1 was deemed the most similar to the subject. Therefore, this comparable was considered the subject in the paired analysis calculation. When performing the analysis, the appraiser compared the units at Comparables 2, 3 and 5 individually to the units at Comparable 1. As can be seen in the following tables, the appraiser adjusted the street rent of each comparable for all differences between the subject and comparables to come up with a net adjusted rent for each comparable. The differences that warranted adjustments included unit size, # of bedrooms, # of bathrooms, balcony/patio, AC: central/wall, microwave/dishwasher, pool/recreation area, trash collection and clubhouse/meeting room. Once the net adjusted rents were determined, these rents were compared to the street rent at Comparable 1. The differences between the rents indicate the appropriate adjustments for condition.

Paired Analysis - One-Bedroom Units			
Item	Comparable 2	Comparable 3	Comparable 5
Street Rent	\$400	\$410	\$395
Unit Interior Sq. ft.	\$15	\$25	\$15
# Bedrooms	\$0	\$0	-\$50
Balcony/Patio	-\$5	\$0	\$0
AC: Central/Wall	\$0	\$0	\$0
Microwave/Dishwasher	\$0	\$10	\$0
Pool/Recreation Areas	\$0	\$0	\$10
Trash/Recycling	\$0	-\$15	\$0
Location	\$0	\$0	\$50
Clubhouse/Meeting Room	-\$5	-\$5	\$0
Net Rent	\$405	\$425	\$420
Comparable 1 Street Rent	\$559	\$559	\$559
Indicated Adjustment	\$154	\$134	\$139

Paired Analysis - Two-Bedroom Units			
Item	Comparable 2	Comparable 3	Comparable 5
Street Rent	\$600	\$450	\$395
Unit Interior Sq. ft.	-\$10	\$35	\$50
# Baths	\$10	\$20	\$20
Balcony/Patio	-\$5	\$0	\$0
AC: Central/Wall	\$0	\$0	\$0
Microwave/Dishwasher	\$0	\$10	\$0
Pool/Recreation Areas	\$0	\$0	\$10
Trash/Recycling	\$0	-\$15	\$0
Location	\$0	\$0	\$50
Clubhouse/Meeting Room	-\$5	-\$5	\$0
Net Rent	\$590	\$495	\$525
Comparable 1 Street Rent	\$659	\$659	\$659
Indicated Adjustment	\$69	\$164	\$134

As can be seen on the analysis, the amount of adjustments indicated was different for each bedroom type. Due to the nature of the adjustment and the fact that all of the difference may not be attributable entirely to differences in condition, the results were averaged and then divided in half. The comparables were adjusted as follows: Comparable 2 - \$55; Comparable 3 - \$75; and Comparable 5 - \$70. All remaining comparables were considered similar to the subject and were not adjusted.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparables' 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 \$0.15 and for the two-bedroom comparison is \$0.13. 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. Comparables 1 and 3 are similar. Comparable 4 contains one-bedroom units only and was compared to the one-bedroom units at the subject. Comparable 5 contains two-bedroom units only but was utilized on all rent grids. Comparable 6 contains two- and three-bedroom units only and was not utilized on the one-bedroom analysis. Comparable 5 was adjusted \$50 per bedroom when compared to the differing bedroom types as the subject. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional bedrooms. The extra room will enhance the marketability of the unit even if the square footage remains the same. Paired analysis was conducted to determine an appropriate adjustment for the number of baths. The following table shows the paired analysis results:

	Cripple Creek	Southland Heights	Hillside Manor
1 BR Rent	\$410	\$415	\$490
1 BR Size	676	875	576
2 BR Rent	\$450	\$465	\$625
2 BR Size	864	950	864
Size Adj Factor	\$0.15	\$0.15	\$0.15
Size Difference	188	75	288
Indicated Size Adj.	\$28	\$11	\$43
Adjusted 2 BR Rent	\$422	\$454	\$582
Indicated BR Adj.	\$12	\$39	\$92

After considering all factors, an adjustment of \$50 was determined for difference in number of bedrooms.

of Baths – The subject contains one bath in the one- and two-bedroom garden units. 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. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath per month adjustment was selected, and a \$20 per full bath per month adjustment was selected.

Balcony/Patio – The subject contains patios. Comparables 2 and 6 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables

do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

Parking – The subject and all comparables contain open parking lots. No adjustment is needed.

AC: Central/Wall – The subject contains central air conditioning as do Comparables 1, 2, 3 and 5. Comparables 4 and 6 contain through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparables 4 and 6 were adjusted upward \$15 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. Comparables 2 and 6 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

Microwave/Dishwasher – The subject does not contain either amenity in the units. All comparables except Comparable 3 contain dishwashers in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items. Therefore, based on management indications and estimated usage, a \$10 adjustment was selected.

Washer/Dryer – The subject and all comparables contain washer/dryer hook-ups in the units. No adjustment was needed.

Carpet – The subject contains carpet floor coverings in the units. All comparables are similar to the subject. No adjustment was needed.

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

Pool/Recreation Areas – The subject does not contain either amenity. Comparables 1, 2, 4 and 6 each contain a swimming pool. Comparable 2 contains fitness center, picnic area, tennis court and walking trail. Comparable 3 contains a playground. Comparable 5 does not contain either amenity. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, the comparable with either pool or recreation area was considered superior and was adjusted downward \$10 per month.

Heat – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cooling – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cooking – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Electricity – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Hot Water – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cold Water/Sewer – The subject has this utility provided by the landlord. None of the comparables have this utility provided and was adjusted upward \$66 per month for the one-bedroom comparison and \$83 per month for the two-bedroom comparison based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

Trash – The subject has this utility provided by the landlord. Comparable 2 is the only comparable that provides this utility. Comparables 1, 3, 4 and 5 were adjusted upward \$15 per month for both bedroom types based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

Extra Storage – The subject does not contain this feature. All comparables are similar to the subject. No adjustment was needed.

Location – The subject’s location is good. All comparables except Comparable 5 are located in Americus which is superior to the subject. 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 following table was utilized to determine appropriate adjustments for any differences in location between Dawson and Americus:

U.S. Census Bureau Stats	Buena Vista	Americus	% Diff
2015 Population	2,231	16,345	86.35%
Households	784	3,775	79.23%
Median Home Value	\$82,300	\$83,700	1.67%
Median Rent	\$388	\$632	38.61%

After considering all factors a \$50 adjustment was selected for Comparables 1, 2, 3, 4 and 6.

Security – The subject does not contain any form of security. None of the comparables contain any form of security. No adjustment was needed.

Clubhouse/Meeting Room – The subject contains a community room. Comparables 2 and 3 contain clubhouse or community room. The remaining comparables contain neither feature. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, comparables without either feature were adjusted upward \$5 per month.

Special Features – The subject does not contain special features in the units. All comparables are similar to the subject. No adjustment was needed.

Business Center/Neighborhood Network – The subject does not contain either amenity. All comparables are similar to the subject. No adjustment was needed.

Conclusion of Market Rents – As Is

The adjusted rents range from \$436 to \$556 for the one-bedroom comparison and from \$589 to \$663 for the two-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **650 SF One-Bedroom Units** - **\$525**
- **855 SF Two-Bedroom Units** - **\$600**

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	24	650	\$506	\$445	\$77
2/1	1	855	\$614	\$465	\$86

HUD-Forms 92273 – As Complete

One-Bedroom Units (650 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)

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. 6 (address)		E. Comparable Property No. 5 (address)	
One-Bedroom	Magnolia Terrace Apartments 308 Putville Street Buena Vista, Marion, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, 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		04/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	96%	93%		90%		95%		90%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1990/Proposed	1998	\$50	1970	\$105	1983	\$125	1996/2000	\$50	1981	\$120
9. Sq. Ft. Area	650	1,140	(\$45)	1,200	(\$55)	864	(\$10)	1,140	(\$45)	750	\$5
10. Number of Bedrooms	1	2		2		2		2		2	
11. Number of Baths	1.0	2.0	(\$20)	1.5	(\$10)	1.0		2.5	(\$30)	1.0	
12. Number of Rooms	3	4		4		4		4		4	
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		Y		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		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)	P	(\$10)	R	(\$10)	P	(\$10)	N	(\$10)
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	N	\$66	N	\$66	N	\$66	N	\$66	N	\$66
g. Trash	Y	N	\$21	Y	\$21	N	\$21	N	\$21	N	\$21
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	N	N		N		N		N		N	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N/N/N	N		N		N		N		N	
22. Business Center / Nhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395	
24. Total Adjustment			\$12		\$57		\$147		\$12		\$202
25. Indicated Rent		\$671		\$657		\$597		\$671		\$597	
26. Correlated Subject Rent	\$575	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$671	low rent	\$597	60% range	\$612	to	\$656	BELOW 60% RANGE		

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: *Samuel J. Hill* Date (mm/dd/yy): 05/09/17
Reviewer's Signature: _____ Date (mm/dd/yyyy): _____

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (855 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)

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. 6 (address)		E. Comparable Property No. 5 (address)	
Two-Bedroom	Magnolia Terrace Apartments 308 Putville Street Buena Vista, Marion, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, 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		04/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	96%	93%		90%		95%		90%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1990/Proposed	1998	\$50	1970	\$105	1983	\$125	1996/2000	\$50	1981	\$120
9. Sq. Ft. Area	855	1,140	(\$30)	1,200	(\$40)	864	\$5	1,140	(\$30)	750	\$20
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	1.0	2.0	(\$10)	1.5		1.0	\$10	2.5	(\$20)	1.0	\$10
12. Number of Rooms	4	4		4		4		4		4	
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		Y		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)
e. Washer/Dryer	L/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)	P	(\$10)	R	(\$10)	P	(\$10)	N	(\$10)
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	N	\$83	N	\$83	N	\$83	N	\$83	N	\$83
g. Trash	Y	N	\$21	Y	\$21	N	\$21	N	\$21	N	\$21
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	N	N		N		N		N		N	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N/N/N	N		N		N		N		N	
22. Business Center / Nhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395	
24. Total Adjustment			\$54		\$99		\$189		\$54		\$244
25. Indicated Rent		\$713		\$699		\$639		\$713		\$639	
26. Correlated Subject Rent	\$650	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$713	low rent	\$639	60% range	\$654	to	\$698	BELOW 60% RANGE		

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. Hill</i>	Date (mm/dd/yy) 05/09/17	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

Magnolia Terrace Apartments

Primary Unit Types – One-Bedroom Units (650 SF) and Two-Bedroom Units (855 SF)

Rent comparability grids were prepared for the primary unit types with 650 and 855 square feet. Comparable apartments used include the following: Lexington Place Apartments (Comparable 1), Troy Hill Apartments (Comparable 2), Cripple Creek Apartments (Comparable 3), Georgetown Apartments (Comparable 4), Pecan Villas Apartments (Comparable 5) and St. Charles Apartments (Comparable 6).

Structure/Stories – The subject is located in one-story buildings. All comparables are located in one- or two-story buildings. No complex in the market area shows a rent difference based on this particular item. No adjustment was needed.

Project Occupancy – The subject is currently 96 percent occupied. The occupancy rates of the comparables range from 90 to 100 percent. No adjustment was 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. It will undergo a substantial renovation and will be in good condition. It will undergo a substantial renovation and will be in good condition. Comparable 1 was built in 1998, and Comparable 2 was constructed in 1970. Comparable 3 was built in 1983, and Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1981. Comparable 6 was constructed in 1996 and renovated in 2000. As renovated, all comparables will be 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, the comparables were adjusted as follows: Comparable 1 - \$50; Comparable 2 - \$105; Comparable 3 - \$125; Comparable 4 - \$50; Comparable 5 - \$120; and Comparable 6 - \$50.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparables' 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 \$0.15 and for the two-bedroom comparison is \$0.13. 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. Comparables 1 and 3 are similar. Comparable 4 contains one-bedroom units only and was compared to the one-bedroom units at the subject. Comparable 5 contains two-bedroom units only but was utilized on all rent grids. Comparable 6 contains two- and three-bedroom units only and was not utilized on the one-bedroom analysis. Comparable 5 was adjusted \$50 per bedroom when compared to the differing bedroom types as the subject. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional bedrooms. The extra room will enhance the marketability of the unit even if the square footage remains the same. Paired analysis was conducted to determine an appropriate adjustment for the number of baths. The following table shows the paired analysis results:

	Cripple Creek	Southland Heights	Hillside Manor
1 BR Rent	\$410	\$415	\$490
1 BR Size	676	875	576
2 BR Rent	\$450	\$465	\$625
2 BR Size	864	950	864
Size Adj Factor	\$0.15	\$0.15	\$0.15
Size Difference	188	75	288
Indicated Size Adj.	\$28	\$11	\$43
Adjusted 2 BR Rent	\$422	\$454	\$582
Indicated BR Adj.	\$12	\$39	\$92

After considering all factors, an adjustment of \$50 was determined for difference in number of bedrooms.

of Baths – The subject contains one bath in the one- and two-bedroom garden units. 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. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath per month adjustment was selected, and a \$20 per full bath per month adjustment was selected.

Balcony/Patio – The subject contains patios. Comparables 2 and 6 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables

do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

Parking – The subject and all comparables contain open parking lots. No adjustment is needed.

AC: Central/Wall – The subject contains central air conditioning as do Comparables 1, 2, 3 and 5. Comparables 4 and 6 contain through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparables 4 and 6 were adjusted upward \$15 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. Comparables 2 and 6 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

Microwave/Dishwasher – The subject does not contain either amenity in the units. All comparables except Comparable 3 contain dishwashers in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items. Therefore, based on management indications and estimated usage, a \$10 adjustment was selected.

Washer/Dryer – The subject and all comparables contain washer/dryer hook-ups in the units. No adjustment was needed.

Carpet – The subject contains carpet floor coverings in the units. All comparables are similar to the subject. No adjustment was needed.

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

Pool/Recreation Areas – The subject does not contain either amenity. Comparables 1, 2, 4 and 6 each contain a swimming pool. Comparable 2 contains fitness center, picnic area, tennis court and walking trail. Comparable 3 contains a playground. Comparable 5 does not contain either amenity. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, the comparable with either pool or recreation area was considered superior and was adjusted downward \$10 per month.

Heat – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cooling – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cooking – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Electricity – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Hot Water – The subject does not have this utility provided. All comparables are similar to the subject. No adjustment was needed.

Cold Water/Sewer – The subject has this utility provided by the landlord. None of the comparables have this utility provided and was adjusted upward \$66 per month for the one-bedroom comparison and \$83 per month for the two-bedroom comparison based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

Trash – The subject has this utility provided by the landlord. Comparable 2 is the only comparable that provides this utility. Comparables 1, 3, 4 and 5 were adjusted upward \$15 per month for both bedroom types based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

Extra Storage – The subject does not contain this feature. All comparables are similar to the subject. No adjustment was needed.

Location – The subject’s location is good. All comparables except Comparable 5 are located in Americus which is superior to the subject. 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 following table was utilized to determine appropriate adjustments for any differences in location between Dawson and Americus:

U.S. Census Bureau Stats	Buena Vista	Americus	% Diff
2015 Population	2,231	16,345	86.35%
Households	784	3,775	79.23%
Median Home Value	\$82,300	\$83,700	1.67%
Median Rent	\$388	\$632	38.61%

After considering all factors a \$50 adjustment was selected for Comparables 1, 2, 3, 4 and 6.

Security – The subject does not contain any form of security. None of the comparables contain any form of security. No adjustment was needed.

Clubhouse/Meeting Room – The subject contains a community room. Comparables 2 and 3 contain clubhouse or community room. The remaining comparables contain neither feature. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, comparables without either feature were adjusted upward \$5 per month.

Special Features – The subject does not contain special features in the units. All comparables are similar to the subject. No adjustment was needed.

Business Center/Neighborhood Network – The subject does not contain either amenity. All comparables are similar to the subject. No adjustment was needed.

Conclusion of Market Rents – As Complete

The adjusted rents range from \$597 to \$671 for the one-bedroom comparison and from \$639 to \$713 for the two-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **650 SF One-Bedroom Units** - **\$575**
- **855 SF Two-Bedroom Units** - **\$650**

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	Proposed Rent	Utility Allowance
1/1	24	650	\$506	\$506	\$77
2/1	1	855	\$614	\$614	\$86

Rent Comparables

Multi-Family Lease No. 1



Property Identification

Record ID 5381
Property Type Garden/Townhouse
Property Name Lexington Place Apartments
Address 1130 Felder Street, Americus, Sumter County, Georgia 31709
Market Type Market

Verification Tasha; 229-928-8413, May 9, 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>
1/1	Unknown	850	\$559	\$0.66
2/2	Unknown	1,140	\$659	\$0.58
2/2	Unknown	1,140	\$685	\$0.60
2/2.5TH	Unknown	1,150	\$659	\$0.57
2/2.5TH	Unknown	1,150	\$685	\$0.60
3/3.5TH	Unknown	1,400	\$759	\$0.54
3/3.5TH	Unknown	1,400	\$785	\$0.56

Occupancy 93%
Rent Premiums N

Multi-Family Lease No. 1 (Cont.)

Physical Data

No. of Buildings	13
Construction Type	Brick
HVAC	Central Elec/Central Elec
Stories	1, 2
Utilities with Rent	None
Parking	L/0
Year Built	1998
Condition	Good
Gas Utilities	None
Electric Utilities	All

Amenities

Range/Oven, Refrigerator, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Hardwood, Blinds, Coat Closet, Swimming Pool, On-Site Management

Remarks

The contact could not verify the number of units of each unit type. The annual turnover rate is approximately 12 percent. This complex does not maintain an active waiting list.

Multi-Family Lease No. 2



Property Identification

Record ID 5978
Property Type Walk-Up
Property Name Troy Hill Apartments
Address 303 East Glessner Street, Americus, Sumter County, Georgia 31709
Market Type Market
Verification Rachael; 229-924-8440, May 9, 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>
1/1	36	750	\$400	\$0.53
2/1.5	21	1,200	\$600	\$0.50

Occupancy 90%
Rent Premiums N
Total Units 57
Unit Size Range 750 - 1,200
Avg. Unit Size 916
Avg. Rent/Unit \$474
Avg. Rent/SF \$0.52
SF 52,200

Multi-Family Lease No. 2 (Cont.)

Physical Data

No. of Buildings	5
Construction Type	Brick
HVAC	Central Elec/Central Elec
Stories	2
Utilities with Rent	Trash Collection
Parking	L/0
Year Built	1970
Condition	Good
Gas Utilities	None
Electric Utilities	All

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups (2 BR), Carpet, Vinyl, Blinds, Ceiling Fans, Walk-In Closet, Coat Closet, Balcony, Patio, Clubhouse, Swimming Pool, On-Site Maintenance, On-Site Management

Remarks

The occupancy rate is lower than typical due to recent updates. The annual turnover rate was not disclosed by the contact. The property does not maintain an active waiting list.

Multi-Family Lease No. 3



Property Identification

Record ID 5378
Property Type Walk-Up
Property Name Cripple Creek Apartments
Address 110 Knollwood Drive, Americus, Sumter County, Georgia 31709
Market Type Market

Verification Angela; 229-928-0854, May 9, 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>
1/1	12	676	\$410	\$0.06
1/1	13	678	\$410	\$0.60
2/1	15	864	\$450	\$0.52
3/1.5	10	1,078	\$485	\$0.45

Occupancy 95%
Rent Premiums N
Total Units 50
Unit Size Range 676 - 1,078
Avg. Unit Size 813
Avg. Rent/Unit \$437
Avg. Rent/SF \$0.54

SF 40,666

Multi-Family Lease No. 3 (Cont.)

Physical Data

No. of Buildings	6
Construction Type	Brick
HVAC	Central Elec/Central Elec
Stories	2
Utilities with Rent	None
Parking	L/0
Year Built	1983
Condition	Good
Gas Utilities	None
Electric Utilities	All

Amenities

Range/Oven, Refrigerator, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Community Room, Playground, On-Site Management

Remarks

The annual turnover rate was not disclosed by the contact. The property does not maintain a waiting list.

Multi-Family Lease No. 4



Property Identification

Record ID 5382
Property Type Garden
Property Name Georgetown Apartments
Address 1034 Elm Avenue, Americus, Sumter County, Georgia 31709
Market Type Market

Verification Tasha; 229-928-8413, May 9, 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>
1/1	18	500	\$459	\$0.92
1/1	14	850	\$559	\$0.66

Occupancy 96%
Rent Premiums N
Total Units 32
Unit Size Range 500 - 850
Avg. Unit Size 653
Avg. Rent/Unit \$503
Avg. Rent/SF \$0.77

SF 20,900

Multi-Family Lease No. 4 (Cont.)

Physical Data

No. of Buildings	2
Construction Type	Siding
HVAC	Wall Elec/Wall Elec
Stories	1
Utilities with Rent	None
Parking	L/0
Year Built	1996
Condition	Good
Gas Utilities	None
Electric Utilities	All

Amenities

Range/Oven, Refrigerator, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Coat Closet, Swimming Pool, On-Site Management

Remarks

The annual turnover rate was not disclosed by the contact. The property does not maintain a waiting list.

Multi-Family Lease No. 5



Property Identification

Record ID 7777
Property Type Walk-Up
Property Name Pecan Villas Apartments
Address 578 Pecan Street Southeast, Dawson, Terrell County, Georgia 39842
Market Type Market
Verification Alton Dobbs; 229-995-3252, May 9, 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>
2/1	8	750	\$395	\$0.53
Occupancy	100%			
Rent Premiums	N			
Total Units	8			
Unit Size Range	750			
Avg. Unit Size	750			
Avg. Rent/Unit	\$395			
Avg. Rent/SF	\$0.53			
SF	6,000			

Multi-Family Lease No. 5 (Cont.)

Physical Data

No. of Buildings	2
Construction Type	Brick
HVAC	Central Elec/Central Elec
Stories	2
Utilities with Rent	None
Parking	L/0
Year Built	1981
Condition	Good
Gas Utilities	None
Electric Utilities	All

Amenities

Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds

Remarks

The property does not maintain an active waiting list.

Multi-Family Lease No. 6



Property Identification

Record ID 5975
Property Type Garden/Walk-Up
Property Name St. Charles Apartments
Address 1034 Elm Avenue, Americus, Sumter County, Georgia 31709
Market Type Market

Verification Tasha; 229-928-8413, May 9, 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>
2/2.5	38	1,140	\$659	\$0.58
3/3	3	1,400	\$759	\$0.54
4/4	1	Unknown	\$859	Unknown

Occupancy 90%
Rent Premiums N
Total Units 42
Unit Size Range 1,140 - 1,400
Avg. Unit Size 1,131
Avg. Rent/Unit \$671
Avg. Rent/SF \$0.59

SF 47,520

Multi-Family Lease No. 6 (Cont.)

Physical Data

No. of Buildings	7
Construction Type	Siding
HVAC	Central Elec/Wall Elec
Stories	1, 2
Utilities with Rent	None
Parking	L/0
Year Built	1996/2000
Condition	Good
Gas Utilities	None
Electric Utilities	All

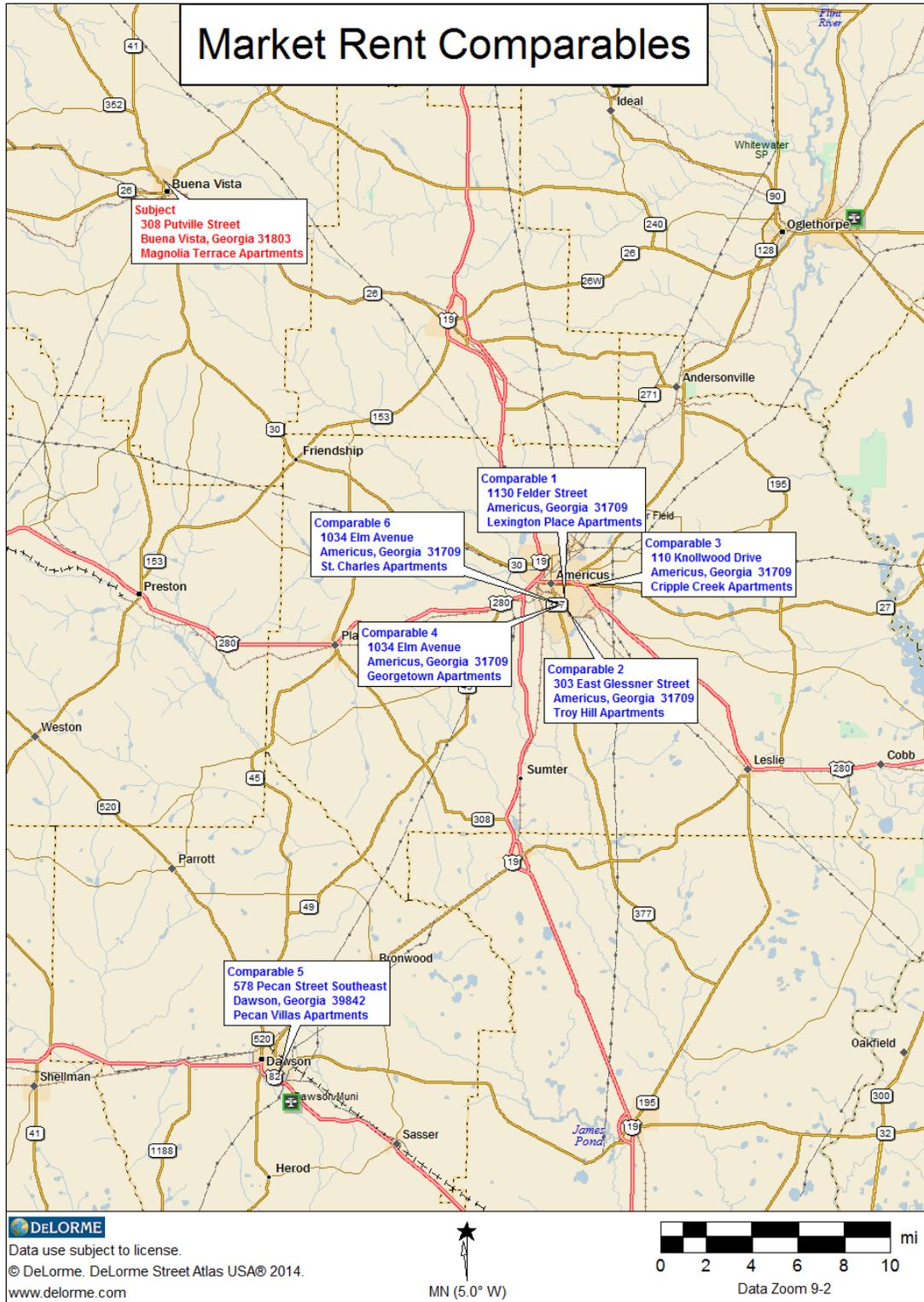
Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Hardwood, Blinds, Ceiling Fans, Walk-In Closet, Patio, Swimming Pool, On-Site Management, On-Site Maintenance

Remarks

The annual turnover rate is approximately 36 percent. This property does not maintain a waiting list.

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	Contract Rent	Potential Gross Income
24	1/1	650	506	\$445	\$10,680
1	2/1	855	614	\$465	\$465
Total Potential Monthly Rental Income					\$11,145
					x 12
Total Potential Gross Rental Income					\$133,740
Miscellaneous Income					\$130
Total Potential Gross Income					\$133,870

Total Potential Gross Rental Income (Market Rent As Is)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
24	1/1	650	506	\$525	\$12,600
1	2/1	855	614	\$600	\$600
Total Potential Monthly Rental Income					\$13,200
					x 12
Total Potential Gross Rental Income					\$158,400
Miscellaneous Income					\$130
Total Potential Gross Income					\$158,530

Total Potential Gross Rental Income (Restricted Rent As Complete)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Proposed Rent	Potential Gross Income
24	1/1	650	506	\$575	\$13,800
1	2/1	855	614	\$650	\$650
Total Potential Monthly Rental Income					\$14,450
					x 12
Total Potential Gross Rental Income					\$173,400
Miscellaneous Income					\$130
Total Potential Gross Income					\$173,530

Total Potential Gross Rental Income (Market Rent As Complete)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
24	1/1	650	506	\$575	\$13,800
1	2/1	855	614	\$650	\$650
Total Potential Monthly Rental Income					\$14,450
					x 12
Total Potential Gross Rental Income					\$173,400
Miscellaneous Income					\$130
Total Potential Gross Income					\$173,530

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 July 2017. Six market-rate properties responded to the survey and three restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of five percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 96 percent occupied. Historically, the subject’s occupancy rate has ranged from 95 to 99 percent since 2013. 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 fire fighting, 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: Magnolia Terrace Apartments
 Project #:
 # of Rental Units: 25

Revenue and Expense Analysis Historical and Proforma

% change compared to preceding year.

2015 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual													REVENUE - Annual						
	2013		2014		%	2015		2016		%	4 months				Budget				
	PUPA		PUPA			PUPA		PUPA			YTD	2017	Annualized	PUPA	%	PUPA		%	
Residential & Ancillary Income																	Residential & Ancillary Income		
Annual Gross Potential Rental Income	130,740	5,230	130,740	5,230	0%	130,740	5,230	0%	132,240	5,290	1%	44,580	133,740	5,350	2%	133,740	5,350	2%	Annual Gross Potential Rental Income
Annual Ancillary Income	129	5	30	1	-77%	196	8	553%	5,429	217	2670%	18	54	2	-72%	200	8	2%	Annual Ancillary Income
Annual Gross Potential Income	130,869	5,235	130,770	5,231	0%	130,936	5,237	0%	137,669	5,507	5%	44,598	133,794	5,352	2%	133,940	5,358	2%	Annual Gross Potential Income
Occupancy	98.50%	79	99.01%	52	1%	95.51%	235	-4%	99.24%	42	4%	97.28%	1	146	2%	95.01%	267	0%	Occupancy
Effective Gross Income (EGI)	128,902	5,156	129,478	5,179	0%	125,061	5,002	-3%	136,628	5,465	9%	43,384	130,152	5,206	4%	127,253	5,090	2%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual													ITEMIZED EXPENSES - Annual						
Estimate of Annual Expense													Estimate of Annual Expense						
	2013		2014		%	2015		2016		%	4 months				Budget				
	PUPA		PUPA			PUPA		PUPA			YTD	2017	Annualized	PUPA	%	PUPA		%	
Administrative																	Administrative		
Advertising	127	5	32	1	-75%	56	2	76%	35	1	-37%	0	0	0	-100%	100	4	80%	Advertising
Management Fee	13,172	527	13,261	530	1%	13,671	547	3%	14,075	563	3%	4,752	14,256	570	4%	14,700	588	8%	Management Fee
Other (Specify)	17,109	684	18,428	737	8%	17,969	719	-2%	19,582	783	9%	9,486	28,458	1,138	58%	19,073	763	6%	Other (Specify)
Total Administrative	30,408	1,216	31,720	1,269	4%	31,695	1,268	0%	33,692	1,348	6%	14,238	42,714	1,709	35%	33,873	1,355	7%	Total Administrative
Operating																	Operating		
Elevator Maintenance Exp.	0	0	0	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	0	0	0	Fuel - Heating
Fuel - Domestic Hotwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Domestic Hotwater
Lighting and Misc. Power	3,242	130	3,576	143	10%	3,646	146	2%	3,767	151	4%	1,301	3,904	156	7%	4,300	172	18%	Lighting and Misc. Power
Water	1,977	79	2,048	82	4%	2,280	91	11%	2,384	95	5%	2,138	6,414	257	181%	3,100	124	36%	Water
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	3,888	156	3,888	156	0%	3,888	156	0%	3,888	156	0%	972	2,916	117	-25%	4,400	176	13%	Garbage and Trash Removal
Payroll	4,253	170	4,597	184	8%	3,278	131	-29%	2,951	118	-10%	1,054	3,162	126	-4%	5,000	200	53%	Payroll
Other (Specify)	8,412	336	9,338	374	11%	12,137	485	30%	5,196	208	-57%	4,169	12,508	500	3%	8,000	320	-34%	Other (Specify)
Total Operating	21,771	871	23,448	938	8%	25,228	1,009	8%	18,205	728	-28%	9,634	28,903	1,156	15%	24,800	992	-2%	Total Operating
Maintenance																	Maintenance		
Decorating	742	30	872	35	18%	172	7	-80%	111	4	-35%	0	0	0	-100%	2,000	80	1063%	Decorating
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	2,314	93	1,803	72	-22%	1,906	76	6%	1,597	64	-16%	309	927	37	-51%	2,916	117	53%	Exterminating
Insurance	3,900	156	4,738	190	21%	5,398	216	14%	4,815	193	-11%	4,772	14,316	573	165%	5,675	227	5%	Insurance
Ground Expense	7,130	285	7,831	313	10%	7,997	320	2%	7,763	311	-3%	2,442	7,326	293	-8%	8,200	328	3%	Ground Expense
Other (specify)	101	4	104	4	3%	116	5	11%	115	5	-1%	364	1,092	44	843%	125	5	8%	Other (specify)
Total Maintenance	14,187	567	15,348	614	8%	15,588	624	2%	14,401	576	-8%	7,887	23,662	946	52%	18,916	757	21%	Total Maintenance
Taxes																	Taxes		
Real Estate Tax	8,232	329	8,481	339	3%	8,481	339	0%	3,494	140	-59%	0	0	0	-100%	11,000	440	30%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	2,396	96	2,316	93	-3%	2,048	82	-12%	1,914	77	-7%	513	1,539	62	-25%	2,050	82	0%	Employee Payroll Tax
Employee Benefits	772	31	612	24	-21%	766	31	25%	742	30	-3%	614	1,841	74	140%	700	28	-9%	Employee Benefits
Other	59	2	84	3	43%	60	2	-28%	209	8	246%	159	478	19	690%	100	4	65%	Other
Total Taxes	11,459	458	11,493	460	0%	11,356	454	-1%	6,359	254	-44%	1,286	3,857	154	-66%	13,850	554	22%	Total Taxes
Operating Exp. before RFR	77,825	3,113	82,009	3,280	5%	83,868	3,355	2%	72,657	2,906	-13%	33,045	99,136	3,965	18%	91,439	3,658	9%	Operating Exp. before RFR
Reserve For Replacement	87,222	3,489	31,337	1,253	-64%	11,648	466	-63%	11,648	466	0%	0	0	0	-100%	13,645	546	17%	Reserve For Replacement
Operating Exp. Incl. RFR	165,047	6,602	113,347	4,534	-31%	95,516	3,821	-16%	84,305	3,372	-12%	33,045	99,136	3,965	4%	105,084	4,203	10%	Operating Exp. Incl. RFR
NOI	-36,145	-1,446	16,131	645	-145%	29,545	1,182	83%	52,323	2,093	77%	10,339	31,016	1,241	5%	22,169	887	-25%	NOI

Magnolia Terrace Apartments * 308 Putville Street * Buena Vista, Georgia

Property: Magnolia Terrace Apartments

Project #: # of Rental Units: 25

**Revenue and Expense Analysis
Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Residential & Ancillary Income							Residential & Ancillary Income
Annual Gross Potential Rental Income	133,740	5,350	2%	173,400	6,936	33%	Annual Gross Potential Rental Income
Annual Ancillary Income	130	5	-34%	130	5	-34%	Annual Ancillary Income
Annual Gross Potential Income	133,870	5,355	2%	173,530	6,941	33%	Annual Gross Potential Income
Occupancy	97.00%	161	0%	97.00%	208	0%	Occupancy
Effective Gross Income (EGI)	129,854	5,194	4%	168,324	6,733	35%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Administrative							Administrative
Advertising	125	5	125%	125	5	125%	Advertising
Management Fee	13,800	552	1%	13,800	552	1%	9.050% Management Fee
Other (Specify)	19,125	765	6%	19,125	765	6%	Other (Specify)
Total Administrative	33,050	1,322	4%	33,050	1,322	4%	Total Administrative
Operating							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
Lighting and Misc. Power	3,750	150	3%	3,750	150	3%	Lighting and Misc. Power
Water	2,125	85	-7%	2,125	85	-7%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	4,125	165	6%	4,125	165	6%	Garbage and Trash Removal
Payroll	4,750	190	45%	4,750	190	45%	Payroll
Other (Specify)	9,000	360	-26%	6,250	250	-49%	Other (Specify)
Total Operating	23,750	950	-6%	21,000	840	-17%	Total Operating
Maintenance							Maintenance
Decorating	875	35	409%	875	35	409%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	2,500	100	31%	2,500	100	31%	Exterminating
Insurance	5,000	200	-7%	5,000	200	-7%	Insurance
Ground Expense	8,125	325	2%	8,125	325	2%	Ground Expense
Other (specify)	125	5	8%	125	5	8%	Other (specify)
Total Maintenance	16,625	665	7%	16,625	665	7%	Total Maintenance
Taxes							Taxes
Real Estate Tax	8,750	350	3%	9,375	375	11%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	2,000	80	-2%	2,000	80	-2%	Employee Payroll Tax
Employee Benefits	750	30	-2%	750	30	-2%	Employee Benefits
Other	125	5	107%	125	5	107%	Other
Total Taxes	11,625	465	2%	12,250	490	8%	Total Taxes
Operating Exp. before RFR	85,050	3,402	1%	82,925	3,317	-1%	Operating Exp. before RFR
Reserve For Replacement	8,750	350	-25%	8,750	350	-25%	Reserve For Replacement
Operating Exp. Incl. RFR	93,800	3,752	-2%	91,675	3,667	-4%	Operating Exp. Incl. RFR
NOI	36,054	1,442	22%	76,649	3,066	159%	NOI

Estimating Restricted Expenses Per Unit

Estimating Restricted Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$3	\$21	\$14	\$31	\$0
\$552	Management	\$552	\$362	\$539	\$501	\$408	\$441
\$765	Other Administrative Expenses	\$765	\$280	\$443	\$368	\$713	\$1,272
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$150	Lighting & Misc. Power	\$150	\$119	\$164	\$148	\$238	\$177
\$85	Water/Sewer	\$85	\$254	\$1,025	\$1,316	\$322	\$199
\$0	Gas	\$0	\$22	\$12	\$43	\$322	\$10
\$165	Garbage/Trash Removal	\$165	\$0	\$0	\$145	\$90	\$0
\$190	Payroll	\$190	\$441	\$935	\$1,292	\$666	\$732
\$360	Other Operating Expenses	\$250	\$272	\$297	\$190	\$304	\$272
\$35	Decorating	\$35	\$0	\$0	\$200	\$58	\$92
\$0	Repairs	\$0	\$96	\$223	\$1,575	\$84	\$252
\$100	Exterminating	\$100	\$0	\$0	\$0	\$29	\$0
\$200	Insurance	\$200	\$203	\$599	\$308	\$334	\$355
\$325	Ground Expenses	\$325	\$0	\$0	\$393	\$151	\$249
\$5	Other Maintenance	\$5	\$0	\$0	\$0	\$0	\$0
\$350	Real Estate Taxes	\$375	\$277	\$440	\$824	\$411	\$422
\$80	Payroll Taxes	\$80	\$0	\$0	\$124	\$87	\$0
\$30	Employee Benefits	\$30	\$0	\$0	\$243	\$111	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$14	\$0	\$3
\$350	Replacement Reserves	\$350	\$0	\$0	\$0	\$0	\$0
\$3,752	Total Per Unit	\$3,667	\$2,329	\$4,698	\$7,698	\$4,359	\$4,476
<p>Comments: 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 55 percent of the gross rent potential. The subject's expenses were estimated at 53 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**

Expense	As Is	As Complete	Comp Range
1. Advertising	\$5	\$5	\$0- \$31
<p>An advertising expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$31 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-\$539
<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 \$539 was determined. The expense was projected based on \$47 per unit as indicated by the budget.</p>			
3. Other Administrative	\$765	\$765	\$280- \$713
<p>An other administrative expense of \$765 per unit was projected. A comparable range of \$280 to \$713 was determined. Expenses such as other administrative 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.</p>			
4. Elevator	\$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>			
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	\$150	\$150	\$119-\$238
<p>A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$119 to \$238 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>			

- | | | | | |
|----|-------------|------|------|----------------|
| 7. | Water/Sewer | \$85 | \$85 | \$254- \$1,316 |
|----|-------------|------|------|----------------|
- A water/sewer expense of \$85 per unit was projected for the subject. A comparable range of \$254 to \$1,316 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 | \$12-\$322 |
|----|-----|-----|-----|------------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$12 to \$322 per unit was determined. The property does not have this expense. Therefore, no expense was projected.
- | | | | | |
|----|-----------------------|-------|-------|------------|
| 9. | Garbage/Trash Removal | \$165 | \$165 | \$0- \$145 |
|----|-----------------------|-------|-------|------------|
- A garbage/trash removal expense of \$165 per unit was projected for the subject. A comparable range of \$0 to \$145 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 | \$190 | \$190 | \$441-\$1,292 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$190 per unit was projected. A comparable range of \$441 to \$1,292 was determined. Expenses such as payroll 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.
- | | | | | |
|-----|--------------------------|-------|-------|-------------|
| 11. | Other Operating Expenses | \$360 | \$250 | \$190-\$304 |
|-----|--------------------------|-------|-------|-------------|
- An other operating expense of \$360 per unit was projected for the "as is" scenario and \$250 was projected for the "as complete" scenario. A comparable range of \$190 to \$304 was determined. The Expenses such as other operating 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.
- | | | | | |
|-----|------------|------|------|------------|
| 12. | Decorating | \$35 | \$35 | \$0- \$200 |
|-----|------------|------|------|------------|
- A decorating expense of \$35 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: Federally Assisted Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|---------|-----|-----|---------------|
| 13. | Repairs | \$0 | \$0 | \$84- \$1,575 |
|-----|---------|-----|-----|---------------|
- A repairs expense of \$0 was projected for the as is scenario. A comparable range of \$84 to \$1,575 was determined. While the subject does contain repairs, in the historical financial data they have been allocated into other categories, including decorating contracts, exterminating contracts and grounds expenses. Therefore, no specific repairs were included in the historical data. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|---------------|-------|-------|-----------|
| 14. | Exterminating | \$100 | \$100 | \$0- \$29 |
|-----|---------------|-------|-------|-----------|
- An exterminating expense of \$100 per unit was projected. A comparable range of \$0 to \$29 was determined. Expenses such as exterminating 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.
- | | | | | |
|-----|-----------|-------|-------|--------------|
| 15. | Insurance | \$200 | \$200 | \$203- \$599 |
|-----|-----------|-------|-------|--------------|
- An insurance expense of \$200 per unit was projected for the subject's as is scenario, and \$200 per unit for the subject's as complete scenario. A comparable range of \$203 to \$599 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 | \$325 | \$325 | \$0-\$393 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$325 per unit was projected. A comparable range of \$0 to \$393 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.
- | | | | | |
|-----|-------------------|-----|-----|----------|
| 17. | Other Maintenance | \$5 | \$5 | \$0- \$0 |
|-----|-------------------|-----|-----|----------|
- Other maintenance expenses of \$5 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Expenses such as other maintenance 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.

- | | | | | |
|-----|-------------------|-------|-------|--------------|
| 18. | Real Estate Taxes | \$350 | \$375 | \$277- \$824 |
|-----|-------------------|-------|-------|--------------|
- A real estate tax expense of \$350 per unit was projected for the subject based on the information obtained by the Marion 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 | \$80 | \$80 | \$0- \$124 |
|-----|---------------|------|------|------------|
- Payroll taxes were projected at \$80 per unit. A comparable range of \$0 to \$124 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.
- | | | | | |
|-----|-------------------|------|------|-----------|
| 20. | Employee Benefits | \$30 | \$30 | \$0-\$243 |
|-----|-------------------|------|------|-----------|
- Employee benefits were projected at \$30 per unit. A comparable range of \$0 to \$243 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.
- | | | | | |
|-----|----------------------|-------|-------|---------|
| 21. | Replacement Reserves | \$350 | \$350 | \$0-\$0 |
|-----|----------------------|-------|-------|---------|
- A replacement reserves expense \$350 per unit was projected. This reserves expense is typical for restricted apartment complexes such as the subject.

Expenses before Reserves for Replacement

The subject's projected expenses per unit are \$3,402 before reserves for replacement. This is three percent higher than the 2016 data. The comparables range from \$2,329 to \$7,698 per unit before reserves for replacement. All comparables are Section 8 or Rural Development properties located in the State of Georgia. The subject is within than the comparable range. The *2016 Income/Expense Analysis: Federally Assisted Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,476. Comparable 1 was constructed in 1975, contains 80 units and has total overall expenses of \$2,329 per unit; Comparable 2 was constructed in 1974, contains 100 units and has total overall expenses of \$4,698 per unit; Comparable 3 was constructed in 1983, contains 88 units and has total overall expenses of \$7,697 per unit; and Comparable 4 was constructed in 1974, contains 100 units and has total overall expenses of \$4,359 per unit. The subject was constructed in 1990 and is a 25-unit Rural Development property. Historically, the subject's overall expenses have ranged from \$2,906 to \$3.355 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable

Operating Expenses & Market Projections

Property: Magnolia Terrace Apartments

Project #:

of Rental Units: 25

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

2015 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual															REVENUE - Annual				
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	YTD	4 months		Budget	PUPA	%		
													2017	Annualized					
Residential & Ancillary Income																			
Annual Gross Potential Rental Income	130,740	5,230	130,740	5,230	0%	130,740	5,230	0%	132,240	5,230	1%		44,580	133,740	5,350	2%	133,740	5,350	2%
Annual Ancillary Income	129	5	30	1	-77%	196	8	53%	5,429	217	2670%		18	54	2	-72%	200	8	2%
Annual Gross Potential Income	130,869	5,235	130,770	5,231	0%	130,936	5,237	0%	137,669	5,507	5%		44,598	133,794	5,352	2%	133,940	5,358	2%
Occupancy	98.50%	79	99.01%	52	1%	95.51%	235	-4%	99.24%	42	4%		97.28%	1	146	2%	95.01%	267	0%
Effective Gross Income (EGI)	128,902	5,156	129,478	5,179	0%	125,061	5,002	-3%	136,628	5,465	9%		43,384	130,152	5,206	4%	127,253	5,090	2%

ITEMIZED EXPENSES - Annual															ITEMIZED EXPENSES - Annual				
Estimate of Annual Expense															Estimate of Annual Expense				
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	YTD	4 months		Budget	PUPA	%		
													2017	Annualized					
Administrative																			
Advertising	127	5	32	1	-75%	56	2	76%	35	1	-37%		0	0	0	-100%	100	4	80%
Management Fee	13,172	527	13,261	530	1%	13,671	547	3%	14,075	563	3%		4,752	14,256	570	4%	14,700	588	8%
Other (Specify)	17,109	684	18,428	737	8%	17,969	719	-2%	19,552	783	9%		9,486	28,458	1,138	58%	19,073	763	6%
Total Administrative	30,408	1,216	31,720	1,269	4%	31,695	1,268	0%	33,692	1,348	6%		14,238	42,714	1,709	35%	33,873	1,355	7%
Operating																			
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Fuel	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Fuel - Domestic Hotwater	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Lighting and Misc. Power	3,242	130	3,576	143	10%	3,646	146	2%	3,787	151	4%		1,301	3,904	156	7%	4,300	172	18%
Water	1,977	79	2,048	82	4%	2,280	91	11%	2,384	95	5%		2,138	6,414	257	181%	3,100	124	36%
Gas	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Garbage and Trash Removal	3,888	156	3,888	156	0%	3,888	156	0%	3,888	156	0%		972	2,916	117	-25%	4,400	176	13%
Payroll	4,253	170	4,597	184	8%	3,278	131	-29%	2,951	118	-10%		1,054	3,162	126	-4%	5,000	200	53%
Other (Specify)	8,412	336	9,338	374	11%	12,137	485	30%	5,196	208	-57%		4,169	12,508	500	3%	8,000	320	-34%
Total Operating	21,771	871	23,448	938	8%	25,228	1,009	8%	18,205	728	-28%		9,634	28,903	1,156	15%	24,800	992	-2%
Maintenance																			
Decorating	742	30	872	35	18%	172	7	-80%	111	4	-35%		0	0	0	-100%	2,000	80	1063%
Repairs	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Exterminating	2,314	93	1,803	72	-22%	1,906	76	6%	1,597	64	-16%		309	927	37	-51%	2,916	117	53%
Insurance	3,900	156	4,738	190	21%	5,398	216	14%	4,815	193	-11%		4,772	14,316	573	165%	5,675	227	5%
Ground Expense	7,130	285	7,831	313	10%	7,997	320	2%	7,763	311	-3%		2,442	7,326	293	-8%	8,200	328	3%
Other (specify)	101	4	104	4	3%	116	5	11%	115	5	-1%		364	1,092	44	843%	125	5	8%
Total Maintenance	14,187	567	15,348	614	8%	15,588	624	2%	14,401	576	-8%		7,887	23,662	946	52%	18,916	757	21%
Taxes																			
Real Estate Tax	8,232	329	8,481	339	3%	8,481	339	0%	3,494	140	-59%		0	0	0	-100%	11,000	440	30%
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Employee Payroll Tax	2,396	96	2,316	93	-3%	2,048	82	-12%	1,914	77	-7%		513	1,539	62	-25%	2,050	82	0%
Employee Benefits	772	31	612	24	-21%	766	31	25%	742	30	-3%		614	1,841	74	140%	700	28	-9%
Other	59	2	84	3	43%	60	2	-28%	209	8	246%		159	478	19	690%	100	4	65%
Total Taxes	11,459	458	11,493	460	0%	11,356	454	-1%	6,359	254	-44%		1,286	3,857	154	-66%	13,850	554	22%
Operating Exp. before RFR	77,825	3,113	82,009	3,280	5%	83,868	3,355	2%	72,657	2,906	-13%		33,045	99,136	3,965	18%	91,439	3,658	9%
Reserve For Replacement	87,222	3,489	31,337	1,253	-64%	11,648	466	-63%	11,648	466	0%		0	0	0	-100%	13,645	546	17%
Operating Exp. Incl. RFR	165,047	6,602	113,347	4,534	-31%	95,516	3,821	-16%	84,305	3,372	-12%		33,045	99,136	3,965	4%	105,084	4,203	10%
NOI	-36,145	-1,446	16,131	645	-145%	29,545	1,182	83%	52,323	2,093	77%		10,339	31,016	1,241	5%	22,169	887	-25%

Magnolia Terrace Apartments * 308 Putville Street * Buena Vista, Georgia

Property: Magnolia Terrace Apartments

Project #:

of Rental Units: 25

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Residential & Ancillary Income							Residential & Ancillary Income
Annual Gross Potential Rental Income	158,400	6,336	21%	173,400	6,936	33%	Annual Gross Potential Rental Income
Annual Ancillary Income	130	5	-34%	130	5	-34%	Annual Ancillary Income
Annual Gross Potential Income	158,530	6,341	21%	173,530	6,941	33%	Annual Gross Potential Income
Occupancy	95.00%	317	0%	95.00%	347	0%	Occupancy
Effective Gross Income (EGI)	150,604	6,024	20%	164,854	6,594	32%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Administrative							Administrative
Advertising	125	5	125%	125	5	125%	Advertising
Management Fee	6,024	241	-56%	6,594	264	-52%	4.000% Management Fee
Other (Specify)	13,125	525	-27%	13,125	525	-27%	Other (Specify)
Total Administrative	19,274	771	-39%	19,844	794	-37%	Total Administrative
Operating							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
Lighting and Misc. Power	3,750	150	3%	3,750	150	3%	Lighting and Misc. Power
Water	2,125	85	-7%	2,125	85	-7%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	4,125	165	6%	4,125	165	6%	Garbage and Trash Removal
Payroll	4,750	190	45%	4,750	190	45%	Payroll
Other (Specify)	6,250	250	-49%	5,000	200	-59%	Other (Specify)
Total Operating	21,000	840	-17%	19,750	790	-22%	Total Operating
Maintenance							Maintenance
Decorating	875	35	409%	875	35	409%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	2,500	100	31%	2,500	100	31%	Exterminating
Insurance	5,000	200	-7%	5,000	200	-7%	Insurance
Ground Expense	8,125	325	2%	8,125	325	2%	Ground Expense
Other (specify)	125	5	8%	125	5	8%	Other (specify)
Total Maintenance	16,625	665	7%	16,625	665	7%	Total Maintenance
Taxes							Taxes
Real Estate Tax	8,750	350	3%	9,375	375	11%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	2,000	80	-2%	2,000	80	-2%	Employee Payroll Tax
Employee Benefits	750	30	-2%	750	30	-2%	Employee Benefits
Other	125	5	107%	125	5	107%	Other
Total Taxes	11,625	465	2%	12,250	490	8%	Total Taxes
Operating Exp. before RFR	68,524	2,741	-18%	68,469	2,739	-18%	Operating Exp. before RFR
Reserve For Replacement	7,500	300	-36%	7,500	300	-36%	Reserve For Replacement
Operating Exp. Incl. RFR	76,024	3,041	-20%	75,969	3,039	-20%	Operating Exp. Incl. RFR
NOI	74,579	2,983	152%	88,884	3,555	201%	NOI

Estimating Market Expenses Per Unit

Estimating Market Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$15	\$0	\$0	\$150	\$0
\$241	Management	\$264	\$344	\$191	\$0	\$299	\$382
\$525	Other Administrative Expenses	\$525	\$113	\$0	\$70	\$300	\$650
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$150	Lighting & Misc. Power	\$150	\$150	\$298	\$191	\$0	\$161
\$85	Water/Sewer	\$85	\$306	\$0	\$136	\$1,127	\$278
\$0	Gas	\$0	\$2	\$0	\$0	\$244	\$7
\$165	Garbage/Trash Removal	\$165	\$60	\$0	\$148	\$0	\$0
\$190	Payroll	\$190	\$1,783	\$190	\$382	\$1,200	\$628
\$250	Other Operating Expenses	\$200	\$0	\$0	\$0	\$0	\$282
\$35	Decorating	\$35	\$0	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$450	\$632	\$0	\$500	\$407
\$100	Exterminating	\$100	\$0	\$68	\$65	\$0	\$0
\$200	Insurance	\$200	\$338	\$452	\$0	\$250	\$248
\$325	Ground Expenses	\$325	\$0	\$0	\$142	\$0	\$193
\$5	Other Maintenance	\$5	\$0	\$5	\$0	\$0	\$0
\$350	Real Estate Taxes	\$375	\$501	\$922	\$0	\$699	\$696
\$80	Payroll Taxes	\$80	\$0	\$0	\$0	\$0	\$0
\$30	Employee Benefits	\$30	\$0	\$0	\$0	\$0	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$0	\$0	\$11
\$300	Replacement Reserves	\$300	\$375	\$0	\$0	\$300	\$0
\$3,041	Total Per Unit	\$3,039	\$4,437	\$2,758	\$1,134	\$5,069	\$4,133
<p>Comments: 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 30 and 60 percent of the gross rent potential. The subject's expenses were estimated at 44 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**

	Expense	As Is	As Complete	Comp Range
1.	Advertising	\$5	\$5	\$0- \$150
	An advertising expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$150 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	\$241	\$264	\$0-\$344
	A management expense of \$241 per unit was projected for the as is scenario, and a management expense of \$264 per unit was projected for the as complete scenario. A comparable range of \$0to \$344 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.			
3.	Other Administrative	\$525	\$525	\$0-\$300
	An other administrative expense of \$525 per unit was projected. A comparable range of \$0 to \$300 was determined. Expenses such as other administrative 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.			
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	\$150	\$150	\$0-\$298
	A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$0 to \$298 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.			

- | | | | | |
|----|-------------|------|------|-------------|
| 7. | Water/Sewer | \$85 | \$85 | \$0-\$1,127 |
|----|-------------|------|------|-------------|
- A water/sewer expense of \$85 per unit was projected for the subject. A comparable range of \$0 to \$1,127 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.
- | | | | | |
|----|-----|-----|-----|-----------|
| 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. The property does not have this expense. Therefore, no expense was projected.
- | | | | | |
|----|-----------------------|-------|-------|-----------|
| 9. | Garbage/Trash Removal | \$165 | \$165 | \$0-\$148 |
|----|-----------------------|-------|-------|-----------|
- A garbage/trash removal expense of \$165 per unit was projected for the subject. A comparable range of \$0 to \$148 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 | \$190 | \$190 | \$190-\$1,783 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$190 per unit was projected. A comparable range of \$190 to \$1,783 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 | \$250 | \$200 | \$0-\$0 |
|-----|--------------------------|-------|-------|---------|
- An other operating expense of \$250 per unit was projected. A comparable range of \$0 to \$0 was determined. Expenses such as other operating 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.
- | | | | | |
|-----|------------|------|------|---------|
| 12. | Decorating | \$35 | \$35 | \$0-\$0 |
|-----|------------|------|------|---------|
- A decorating expense of \$35 was projected. A comparable range of \$0 to \$0 was determined. Expenses such as decorating 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.

- | | | | | |
|-----|---------|-----|-----|-----------|
| 13. | Repairs | \$0 | \$0 | \$0-\$632 |
|-----|---------|-----|-----|-----------|
- A repairs expense of \$0 was projected for the as is scenario. A comparable range of \$0 to \$632 was determined. While the subject does contain repairs, in the historical financial data they have been allocated into other categories, including decorating contracts, exterminating contracts and grounds expenses. Therefore, no specific repairs were included in the historical data. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|---------------|-------|-------|----------|
| 14. | Exterminating | \$100 | \$100 | \$0-\$68 |
|-----|---------------|-------|-------|----------|
- An exterminating expense of \$100 per unit was projected. A comparable range of \$0 to \$68 was determined. Expenses such as exterminating 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.
- | | | | | |
|-----|-----------|-------|-------|-----------|
| 15. | Insurance | \$200 | \$200 | \$0-\$452 |
|-----|-----------|-------|-------|-----------|
- An insurance expense of \$200 per unit was projected for the subject's as is scenario, and \$200 per unit for the subject's as complete scenario. A comparable range of \$0 to \$452 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.
- | | | | | |
|-----|-----------------|-------|-------|-----------|
| 16. | Ground Expenses | \$325 | \$325 | \$0-\$142 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$325 per unit was projected. A comparable range of \$0 to \$142 was determined. Ground expenses 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.
- | | | | | |
|-----|-------------------|-----|-----|---------|
| 17. | Other Maintenance | \$5 | \$5 | \$0-\$5 |
|-----|-------------------|-----|-----|---------|
- Other maintenance expenses of \$5 per unit were projected for the subject. A comparable range of \$0 to \$5 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 | \$350 | \$375 | \$0-\$922 |
|-----|-------------------|-------|-------|-----------|
- A real estate tax expense of \$350 per unit was projected for the subject based on the information obtained by the Marion 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 | \$80 | \$80 | \$0-\$0 |
|-----|---------------|------|------|---------|
- Payroll taxes were projected at \$80 per unit. A comparable range of \$0 to \$0 was determined. Expenses such as payroll taxes 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.
- | | | | | |
|-----|-------------------|------|------|---------|
| 20. | Employee Benefits | \$30 | \$30 | \$0-\$0 |
|-----|-------------------|------|------|---------|
- Employee benefits were projected at \$30 per unit. A comparable range of \$0 to \$0 was determined. Expenses such as employee benefits 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.
- | | | | | |
|-----|----------------------|-------|-------|-----------|
| 21. | Replacement Reserves | \$300 | \$300 | \$0-\$375 |
|-----|----------------------|-------|-------|-----------|
- A replacement reserves expense of \$300 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 \$2,741 before reserves for replacement. This is the same percentage as the 2016 data. The comparables range from \$1,134 to \$5,069 per unit before reserves for replacement. All comparables are market-rate properties located in the State of Georgia. The subject is within 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 1985, contains 60 units and has total overall expenses of \$4,062 per unit; Comparable 2 was constructed in 1965, contains 22 units and has total overall expenses of \$2,758 per unit; Comparable 3 was constructed in 1972, contains 12 units and has total overall expenses of \$1,134 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 1990 and is a 25-unit Rural Development property. Historically, the subject's overall expenses have ranged from \$2,906 to \$3,355 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	2215 Friar Tuck Lane Albany, Georgia	44	11/30/2016	\$189,000	\$2,100,000	9.00%
2	5500 Saint Marys Road Columbus, Georgia	66	6/22/2017	\$143,220	\$2,046,000	7.00%
3	820 Bowens Mill Road Southeast Douglas, Georgia	48	10/21/2016	\$135,142	\$1,925,100	7.02%
4	100 Lochlyn Place Bonaire, Georgia	100	5/21/2015	\$421,800	\$5,700,000	7.40%
5	4226 University Avenue Columbus, Georgia	48	1/23/2015	\$284,925	\$4,350,000	6.55%
6	201 West Glenn Avenue Auburn, Georgia	30	6/8/2015	\$189,600	\$3,160,000	6.00%

The comparables indicate a range of 6.00 to 9.00 percent for indicated capitalization rates, with a mean of 7.16 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
Capitalization Rate				6.86%	
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	x	LTV	x	Mortgage Constant	
1.25	x	80%	x	0.06080	= 0.060802
Capitalization Rate				6.08%	

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 7.15 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

Market	As Is	\$74,579 /7.00%	= \$1,065,419
Market	As Complete	\$88,884 /7.00%	= \$1,269,777
		Market Rate As Is Value	= \$1,065,000
		Market Rate As Complete Value	= \$1,270,000

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 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.

Restricted	As Is	\$36,054 /6.00%	=	\$600,898
Restricted	As Complete	\$76,649 /6.00%	=	\$1,277,485
		Restricted Rate As Is Value	=	\$600,000
		Restricted Rate As Complete Value	=	\$1,275,000

Prospective Market Value Upon Loan Maturity	
\$1,270,000 Prospective Market Value (As Complete and Stabilized) 50 Term of Loan (years) 2.00% Growth Rate	
Market Value \$1,270,000 PV 50 [g] [n] 2.00 [g] [i] Solve for FV	\$3,449,345.46
Using these factors, a prospective market value upon loan maturity of \$3,449,345.46 was determined. <div style="text-align: center; color: red;"> Prospective Market Value Upon Loan Maturity \$3,449,000.00 </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 4,411, an increase of 192 people from the 2010 population of 4,219. The population is expected to increase at an annual rate of 2.9 percent between 2017 and 2022. Therefore, the 2022 population is projected at 4,541. The median age for the neighborhood is 41.7.

Unemployment Trends

The unemployment rate has fluctuated from 9.9 percent to 4.5 percent over the past 15 years. These fluctuations are in line with the unemployment rates for the State of Georgia.

LABOR FORCE AND EMPLOYMENT TRENDS FOR MARION COUNTY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2005	3,432	3,254	94.8%	178	5.2%
2006	3,394	3,240	95.5%	154	4.5%
2007	3,301	3,141	95.2%	160	4.8%
2008	3,300	3,093	93.7%	207	6.3%
2009	3,302	2,980	90.2%	322	9.8%
2010	3,281	2,956	90.1%	325	9.9%
2011	4,018	3,669	91.3%	349	8.7%
2012	3,841	3,532	92.0%	309	8.0%
2013	3,797	3,528	92.9%	269	7.1%
2014	3,390	3,130	92.3%	260	7.7%
2015	3,444	3,154	91.6%	290	8.4%
2016	3,437	3,182	92.6%	255	7.4%
2017**	3,440	3,213	93.4%	227	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 \$31,712. It is expected to increase to \$32,947 by 2022. The per capita income is \$19,878.

Median Home Value

The median home value for the neighborhood in 2017, according to ESRI, is \$99,641. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,636.00, or \$1,053 per month. The average amount spent for renter-occupied households is \$5,436.00, or \$453 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 8.10 to 8.30 percent in 2014, with an average of 8.23 percent.

REALTY RATES MARKET SURVEY – MCRAE-HELENA AREA CAPITALIZATION RATES			
QUARTER	2013	2014	2015
1 ST Quarter	8.20%	8.30%	8.10%
2 nd Quarter	8.10%	8.30%	---
3 rd Quarter	8.50%	8.20%	---
4 th Quarter	8.40%	8.10%	---

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 2001 and 2014.

Property Name	Number Of Units	Sale Date	NOI	Sale Price	Capitalization Rate
Le Chateau	66	9/7/2001	\$1,084,005	\$14,453,403	7.50%
Whispering Pines Apartments	40	10/5/2001	\$102,165	\$1,225,000	8.34%
Highland Manor	21	6/18/2002	\$96,320	\$1,400,000	6.88%
Park Village Apartments	68	1/23/2003	\$196,000	\$2,800,000	7.00%
Del Mar Apartments	64	4/2/2003	\$163,438	\$1,870,000	8.74%
Royal Emory Apartments	24	5/5/2003	\$158,550	\$2,100,000	7.55%
Wood Court Apartments	52	5/20/2003	\$113,646	\$1,612,000	7.05%
Norwood Apartments	68	5/28/2003	\$195,840	\$2,176,000	9.00%
Dwell Villas	40	6/17/2003	\$85,420	\$1,247,000	6.85%
Park Gate Apartments	23	6/20/2003	\$135,060	\$1,565,000	8.63%
Woodstock Station	56	10/31/2003	\$322,350	\$3,684,000	8.75%
Peachtree Memorial Crest	20	3/12/2004	\$121,210	\$1,550,000	7.82%
Ramsgate Apartments	60	3/24/2004	\$242,238	\$2,820,000	8.59%
Harvard House Apartments	24	5/3/2004	\$64,838	\$997,500	6.50%
West Gate Manor	64	5/28/2004	\$205,310	\$2,450,000	8.38%
Palms Condominiums	70	7/6/2004	\$331,684	\$4,040,000	8.21%
The Frederica Condominium	46	8/2/2004	\$272,369	\$3,258,000	8.36%
Maxwell Place	27	9/8/2004	\$171,405	\$1,950,000	8.79%
Courtyard on Kirkwood	32	10/27/2004	\$73,103	\$902,500	8.10%
Riviera Terrace	45	11/30/2004	\$264,240	\$3,600,000	7.34%
Chelsea Court	56	1/4/2005	\$225,109	\$2,563,884	8.78%
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%
Pine Hills	48	4/20/2005	\$168,228	\$2,424,000	6.94%
Highland Springs Apartments	66	8/19/2005	\$203,235	\$2,550,000	7.97%
Auburn Place Apartments	28	9/30/2005	\$89,585	\$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%
Forrest 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%
Beverly Forest Apartments	41	7/31/2006	\$99,774	\$1,271,000	7.85%
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%
Paine Villas	22	1/1/2010	\$57,600	\$720,000	8.00%
Main Street Apartments	32	7/28/2010	\$38,211	\$470,000	8.13%
DeFours Crossing	60	8/16/2010	\$240,000	\$3,000,000	8.00%
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	\$1,580,000	8.50%
Proctor Square Apartments	72	6/18/2013	\$137,283	\$2,225,000	6.17%
Pine Hill Places	73	7/1/2013	\$138,059	\$1,627,500	8.36%
Oakwood Village Apartments	70	7/1/2013	\$98,616	\$1,680,000	5.87%
Waterbury Apartments	53	7/3/2013	\$112,219	\$1,496,250	7.50%
1045 on the Park Apartment Homes	30	7/9/2013	\$592,515	\$9,450,000	6.27%
Creekstone Apartments Phase II	72	7/16/2013	\$150,900	\$3,000,000	5.03%
Erwin North	32	7/22/2013	\$72,450	\$905,000	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	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	56	2/1/2014	\$158,950	\$1,825,000	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	53	6/30/2014	\$145,440	\$1,818,000	8.00%
Woodbridge Apartments	28	7/2/2014	\$123,750	\$1,650,000	7.50%
Pecan Terrace	36	8/28/2014	\$114,026	\$1,420,000	8.03%
DeFours 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 Kirkwood	32	12/18/2014	\$148,813	\$2,175,000	6.75%
Azalea Place	42	1/15/2015	\$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%
Hawaiian Village MHP	44	3/3/2015	\$8,804	\$178,074	5.00%
Pines at Lawrenceville Hwy	66	3/31/2015	\$254,200	\$3,100,000	8.20%
Salem Chase	64	4/1/2015	\$292,250	\$4,175,000	7.00%

The population is expected to increase at an annual rate of 2.9 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$31,712. It is expected to increase to \$32,947 by 2022. The per capita income is \$19,878.

The unemployment rate has fluctuated from 9.9 percent to 4.5 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 Buena Vista'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 = \$3,449,000.00

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

\$594,819 Proposed Loan
600 Months for the Term of the Loan
4.50% Market Interest Rate
3.25% Note Rate of Interest
1.00% Base Rate of Interest

Proposed Loan
\$594,819 PV
0.0450 [i]
360 [n]
Solve for PMT \$3,013.86 per month

With 1% interest
\$594,819 PV
0.0100 [i]
600 [n]
Solve for PMT \$1,260.18 per month

Value of Balloon
\$594,819 [CHS] [PV]
0.0325 [i]
600 [n]
Solve for PMT \$2,007.05
360 [n]
Solve for FV \$353,854.70

\$353,854.70 [CHS] [FV]
0.0450 [i]
360 [n]
Solve for PV \$91,965.30

Interest Credit Subsidy
Difference in Payment \$1,753.68
\$1,753.68 [PMT]
0.0450 [i]
360 [n]
Solve for PV \$346,108.75
-\$91,965.30
\$254,143.45

Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:
\$254,000.00

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 \$60,444 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$604,442. 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.

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:	=	\$604,442	
Price	x 0.85	= \$ 513,776	\$ 513,776

Total Value Tax Credits = \$ 515,000

Insurable Value

USDA Rural Development Insurable Value Calculation				
Property Name:		Magnolia Terrace Apartments		
Street Address:		308 Putville Street		
City, County, State, Zip:		Buena Vista, Marion, Georgia 31803		
BASE COST				
Main Structure			\$71.55	
Sprinkler				
Other				
Adjustments and/or Multipliers			0.83	Local
			1.03	Current
TOTAL BASE COST PER SQ. FT			\$61.17	
Building Area Square Footage			18,098	
TOTAL REPLACEMENT COST NEW			\$1,107,020	
EXCLUSIONS	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$1,086	
Foundations	\$3.67	6.0%	\$66,420	
Site Work	\$1.53	2.5%	\$27,690	
Site Improvements	\$2.02	3.3%	\$36,558	
Architect's Fees	\$0.61	1.0%	\$11,040	
Underground Piping	\$0.61	1.0%	\$11,040	
TOTAL EXCLUSIONS	\$8.50	13.9%	\$153,834	
INCLUSIONS				
Appliance Packages			\$41,142	
Patios/Balconies, etc.				
Parking Lot			\$13,892	
Other				
TOTAL INCLUSIONS			\$55,034	
CONCLUDED INSURABLE VALUE				
Total Replacement Cost New			\$1,107,020	
Less Total Exclusions			\$153,834	
Plus Total Inclusions			\$55,034	
CONCLUDED INSURABLE VALUE			\$1,008,220	

Total Insurable Value = \$1,008,000

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

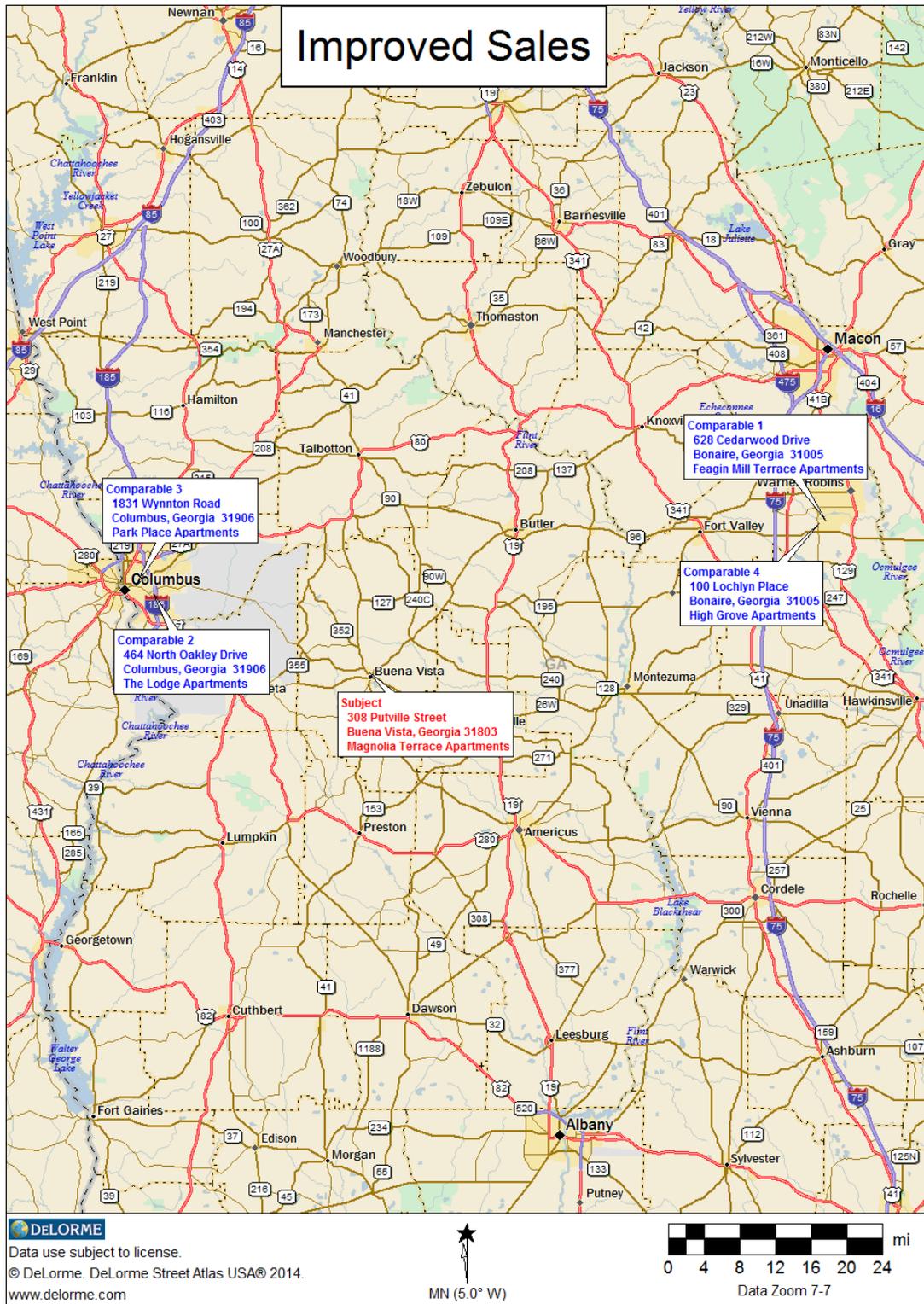
I have found that the reliability of the sales comparison approach for traditional real estate is excellent when valuing vacant land, single family homes or small commercial type properties where there is more activity, a larger data base, and greater degree of comparability. For more complex and larger 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

Record ID	3579
Property Type	Garden
Property Name	Feagin Mill Terrace Apartments
Address	628 Cedarwood Drive, Bonaire, Houston County, Georgia 31005
Tax ID	0W0910020000
Market Type	Market

Sale Data

Grantor	Livingston Property Management
Grantee	Precision Lawn Care
Sale Date	February 28, 2017
Deed Book/Page	7433/0305
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; July 14, 2017

Sale Price	\$2,550,000
Cash Equivalent	\$2,550,000
Adjusted Price	\$2,550,000

Multi-Family Sale No. 1 (Cont.)

Land Data

Land Size 13.100 Acres or 570,636 SF
Front Footage Cedarwood Drive
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>
3/1	7	1,297	\$655	\$0.51
3/2	24	1,297	\$875	\$0.67
3/2.5	17	1,297	\$882	\$0.68
Total Units	48			
Avg. Unit Size	1,297			
Avg. Rent/Unit	\$845			
Avg. Rent/SF	\$0.65			
SF	62,256			

General Physical Data

No. of Buildings 49
Construction Type Siding
HVAC Central Elec/Central Elec
Parking L/O
Stories 1
Utilities with Rent Water, Sewer, Trash Collection
Year Built 1970/1994
Condition Good

Amenities

Refrigerator, Range/Oven, Carpet, Vinyl, Blinds and Laundry Facility

Multi-Family Sale No. 2



Property Identification

Record ID	3581
Property Type	Walk-Up
Property Name	The Lodge Apartments
Address	464 North Oakley Drive, Columbus, Muskogee County, Georgia 31906
Tax ID	088-025-018
Market Type	Market

Sale Data

Grantor	Schatten Properties Management Company, Inc.
Grantee	Gladiator, LLC.
Sale Date	January 28, 2016
Deed Book/Page	2016/1745
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; July 14, 2017; Confirmed by Accounting Dept.

Sale Price	\$9,800,000
Cash Equivalent	\$9,800,000
Adjusted Price	\$9,800,000

Multi-Family Sale No. 2 (Cont.)

Land Data

Land Size 4.550 Acres or 198,198 SF
Front Footage North Oakley Drive
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	64	719	\$540	\$0.75
1/1	33	736	\$595	\$0.81
2/1	40	1,012	\$651	\$0.64
2/2	80	1,120	\$695	\$0.62
3/2	20	1,316	\$798	\$0.61
Total Units	237			
Avg. Unit Size	957			
Avg. Rent/Unit	\$640			
Avg. Rent/SF	\$0.67			

SF 226,704

General Physical Data

No. of Buildings 10
Construction Type Siding
HVAC Central Elec/Central Elec
Parking L/0
Stories 3
Utilities with Rent Water, Sewer, Trash Collection
Year Built 1973
Condition Good

Amenities

Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Volleyball Court, Tennis Court, Business Center and Laundry Facility

Multi-Family Sale No. 3



Property Identification

Record ID	3582
Property Type	Walk-Up
Property Name	Park Place Apartments
Address	1831 Wynnton Road, Columbus, Muskogee County, Georgia 31906
Tax ID	184-021-003
Market Type	Market

Sale Data

Grantor	Midtown Property Management
Grantee	Snead Properties
Sale Date	October 28, 2015
Deed Book/Page	2015/31035
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; July 14, 2017

Sale Price	\$1,800,000
Cash Equivalent	\$1,800,000
Adjusted Price	\$1,800,000

Multi-Family Sale No. 3 (Cont.)

Land Data

Land Size 2.420 Acres or 105,415 SF
Front Footage Wynnton Road
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	8	500	\$425	\$0.85
1/1	8	600	\$555	\$0.93
1/1	8	700	\$542	\$0.77
2/1	16	850	\$580	\$0.68

Total Units 40
Avg. Unit Size 700
Avg. Rent/Unit \$536
Avg. Rent/SF \$0.77

SF 28,000

General Physical Data

No. of Buildings 2
Construction Type Brick
HVAC Central Elec/None
Parking L/O
Stories 2
Utilities with Rent Water, Sewer, Trash Collection
Year Built 1950
Condition Good

Amenities

Refrigerator, Range/Oven, Hardwood, Blinds and Laundry Facility

Multi-Family Sale No. 4



Property Identification

Record ID	1277
Property Type	Walk-Up
Property Name	High Grove Apartments
Address	100 Lochlyn Place, Bonaire, Houston County, Georgia 31005
Tax ID	0W1010011000
Market Type	Market

Sale Data

Grantor	High Grove Ventures LLC
Grantee	Cenizo Ventures Florida, LLC
Sale Date	May 21, 2015
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; April 28, 2015

Sale Price	\$5,700,000
Cash Equivalent	\$5,700,000

Multi-Family Sale No. 4 (Cont.)

Land Data

Land Size 14.400 Acres or 627,264 SF
Front Footage Lochlyn Place
Zoning R-4, Residential District
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>
2/2	24	920	\$690	\$0.75
2/2	12	1,270	\$805	\$0.63
2/2	24	1,200	\$785	\$0.65
2/2	16	900	\$670	\$0.74
3/2	8	1,188	\$825	\$0.69
3/2	16	1,288	\$845	\$0.66
Total Units	100			
Avg. Unit Size	1,106			
Avg. Rent/Unit	\$759			
Avg. Rent/SF	\$0.69			
Net SF	110,632			

General Physical Data

No. of Buildings 21
Construction Type Brick
HVAC Central Elec/Central Elec
Parking L/0
Stories 2
Utilities with Rent Water, Sewer, Trash Collection
Year Built 2003
Condition Good

Amenities

Refrigerator, Range/Oven, Microwave, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Clubhouse, Community Room, Swimming Pool, Fitness Center, Playground and Business Center

Comparable Sales Chart – As Is

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	308 Putville Street	628 Cedarwood Drive	464 North Oakley Drive	1831 Wynnton Road	100 Lochlyn Place
City	Buena Vista	Bonaire	Columbus	Columbus	Bonaire
State	GA	GA	GA	GA	GA
Date	5/9/2017	2/28/2017	1/28/2016	10/28/2015	5/21/2015
Price		\$2,550,000	\$9,800,000	\$1,800,000	\$5,700,000
Total No. of Units	25	48	237	40	100
Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Market Trends Through	05/09/17	0%	0%	0%	0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Location	Average	Superior	Superior	Superior	Superior
% Adjustment		-25%	-25%	-25%	-25%
\$ Adjustment		-\$13,281	-\$10,338	-\$11,250	-\$14,250
Total No. of Units	25	48	237	40	100
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1990	1970/1994	1973	1950	2003
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Superior	Inferior	Inferior	Superior
% Adjustment		-10%	15%	5%	-10%
\$ Adjustment		-\$5,313	\$6,203	\$2,250	-\$5,700
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/None	Central Elec/Central Elec
% Adjustment		0%	0%	5%	0%
\$ Adjustment		\$0	\$0	\$2,250	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Coat Closet, Patio, Community Room and Laundry Facility	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds and Laundry Facility	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Volleyball Court, Tennis Court, Business Center and Laundry Facility	Refrigerator, Range/Oven, Hardwood, Blinds and Laundry Facility	Refrigerator, Range/Oven, Microwave, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Clubhouse, Community Room, Swimming Pool, Fitness Center, Playground and Business Center
% Adjustment		4%	-4%	4%	-6%
\$ Adjustment		\$2,125	-\$1,654	\$1,800	-\$3,420
Adjusted Price per Unit		\$36,656	\$35,561	\$40,050	\$33,630
Net adjustments		-31.0%	-14.0%	-11.0%	-41.0%
Gross adjustments		-31.0%	-14.0%	-11.0%	-41.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 9, 2017, via the Sales Comparable Approach is as follows:

25 units x \$37,000 per unit = **\$925,000**

Indicated Value = \$925,000

Comparable Sales Explanations & Value – As Is

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	628 Cedarwood Drive	2/28/2017	\$2,550,000	\$53,125	48	1970/1994
2	464 North Oakley Drive	1/28/2016	\$9,800,000	\$41,350	237	1973
3	1831 Wynnton Road	10/28/2015	\$1,800,000	\$45,000	40	1950
4	100 Lochlyn Place	5/21/2015	\$5,700,000	\$57,000	100	2003

Improved Sales Analysis

The sale prices of the comparables range from \$41,350 to \$57,000 per unit before adjustments. 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 Buena Vista, Georgia. Comparable 1 is located in Bonaire. Comparable 2 is located in Columbus. Comparable 3 is located in Columbus. Comparable 4 is located in Bonaire. Columbus and Bonaire are larger cities with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus and Bonaire than in Buena Vista. The following table shows the comparison between the cities:

U.S. Census Bureau Stats	Buena Vista	Columbus	% Diff	Bonaire	% Diff
2015 Population	2,231	200,285	98.89%	17,440	87.21%
Households	784	72,556	98.92%	6,149	87.25%
Median Home Value	\$82,300	\$134,500	38.81%	\$150,100	45.17%
Median Rent	\$388	\$830	53.25%	\$955	59.37%

After considering all factors, an adjustment of 25 percent was determined all comparables.

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 25 units. The number of units of the comparables range from 40 to 237. No adjustments were needed.

Year Built/Renovated

The subject was built in 1990. It is in good condition. Comparable 1 was built in 1970/1994. Comparable 2 was constructed in 1973. Comparable 3 was built in 1950. Comparable 4 was constructed in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

Consideration was given to the subject's condition/street appeal. Comparables 1 and 4 are superior to the subject, and Comparables 2 and 3 are inferior. Comparable 1 was adjusted downward 10 percent. Comparable 2 was adjusted upward 15 percent. Comparable 3 was adjusted upward five percent. Comparable 4 was adjusted downward 10 percent.

HVAC

The subject contains central electric heating and central electric cooling. Comparable 1 contains central electric heating and central electric cooling. Comparable 2 contains central electric heating and central electric cooling. Comparable 3 contains central electric heating and no cooling. Comparable 4 contains central electric heating and central electric cooling. Comparable 3 was adjusted upward five percent. The remaining comparables were considered to be similar and were not adjusted.

Parking

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

Amenities

The subject contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, tile, blinds, coat closet, patio, community room and laundry facility. Comparable 1 contains a refrigerator, range/oven, carpet, vinyl, blinds and laundry facility. Comparable 2 contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, balcony, patio, clubhouse, swimming pool, volleyball court, tennis court, business center and laundry facility. Comparable 3 contains a refrigerator, range/oven, hardwood, blinds and laundry facility. Comparable 4 contains a refrigerator, range/oven, microwave, dishwasher, washer/dryer hook-ups, carpet, tile, blinds, ceiling fans, walk-in closet, balcony, clubhouse, community room, swimming pool, fitness center, playground and business center. Comparable 1 was adjusted upward four percent. Comparable 2 was adjusted downward four percent. Comparable 3 was adjusted upward four percent. Comparable 4 was adjusted downward six percent.

Summary and Conclusion

The comparables range from \$33,630 to \$40,050 per unit after adjustments. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 9, 2017, via the Sales Comparable Approach is as follows:

25 units x \$37,000 per unit = \$925,000

Indicated As Is Market Value = \$925,000

Comparable Sales Chart – As Complete

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	308 Putville Street	628 Cedarwood Drive	464 North Oakley Drive	1831 Wynnton Road	100 Lochlyn Place
City	Buena Vista	Bonaire	Columbus	Columbus	Bonaire
State	GA	GA	GA	GA	GA
Date	5/9/2017	2/28/2017	1/28/2016	10/28/2015	5/21/2015
Price		\$2,550,000	\$9,800,000	\$1,800,000	\$5,700,000
Total No. of Units	25	48	237	40	100
Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Market Trends Through 05/09/17		0%	0%	0%	0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Location	Average	Superior	Superior	Superior	Superior
% Adjustment		-25%	-25%	-25%	-25%
\$ Adjustment		-\$13,281	-\$10,338	-\$11,250	-\$14,250
Total No. of Units	25	48	237	40	100
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1990	1970/1994	1973	1950	2003
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Good	Similar	Inferior	Inferior	Similar
% Adjustment		0%	25%	15%	0%
\$ Adjustment		\$0	\$10,338	\$6,750	\$0
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/None	Central Elec/Central Elec
% Adjustment		0%	0%	5%	0%
\$ Adjustment		\$0	\$0	\$2,250	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Coat Closet, Patio, Community Room and Laundry Facility	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds and Laundry Facility	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Volleyball Court, Tennis Court, Business Center and Laundry Facility	Refrigerator, Range/Oven, Hardwood, Blinds and Laundry Facility	Refrigerator, Range/Oven, Microwave, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Clubhouse, Community Room, Swimming Pool, Fitness Center, Playground and Business Center
% Adjustment		4%	-4%	4%	-6%
\$ Adjustment		\$2,125	-\$1,654	\$1,800	-\$3,420
Adjusted Price per Unit		\$41,969	\$39,696	\$44,550	\$39,330
Net adjustments		-21.0%	-4.0%	-1.0%	-31.0%
Gross adjustments		-21.0%	-4.0%	-1.0%	-31.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 9, 2017, via the Sales Comparable Approach is as follows:

$$25 \text{ units} \times \$42,000 \text{ per unit} = \$1,050,000$$

Indicated Value = \$1,050,000

Comparable Sales Explanations & Value – As Complete

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	628 Cedarwood Drive	2/28/2017	\$2,550,000	\$53,125	48	1970/1994
2	464 North Oakley Drive	1/28/2016	\$9,800,000	\$41,350	237	1973
3	1831 Wynnton Road	10/28/2015	\$1,800,000	\$45,000	40	1950
4	100 Lochlyn Place	5/21/2015	\$5,700,000	\$57,000	100	2003

Improved Sales Analysis

The sale prices of the comparables range from \$41,350 to \$57,000 per unit before adjustments. 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 Buena Vista, Georgia. Comparable 1 is located in Bonaire. Comparable 2 is located in Columbus. Comparable 3 is located in Columbus. Comparable 4 is located in Bonaire. Columbus and Bonaire are larger cities with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus and Bonaire than in Buena Vista. The following table shows the comparison between the cities:

U.S. Census Bureau Stats	Buena Vista	Columbus	% Diff	Bonaire	% Diff
2015 Population	2,231	200,285	98.89%	17,440	87.21%
Households	784	72,556	98.92%	6,149	87.25%
Median Home Value	\$82,300	\$134,500	38.81%	\$150,100	45.17%
Median Rent	\$388	\$830	53.25%	\$955	59.37%

After considering all factors, an adjustment of 25 percent was determined all comparables.

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 25 units. The number of units of the comparables range from 40 to 237. No adjustments were needed.

Year Built/Renovated

The subject was built in 1990 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1970/1994. Comparable 2 was constructed in 1973. Comparable 3 was built in 1950. Comparable 4 was constructed in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

After rehabilitation, the subject will be in good condition. Comparables 1 and 2 will be similar to the subject, and Comparables 2 and 3 will be inferior. Comparable 1 was not adjusted. Comparable 2 was adjusted upward 25 percent. Comparable 3 was adjusted upward 15 percent. Comparable 4 was not adjusted.

HVAC

The subject contains central electric heating and central electric cooling. Comparable 1 contains central electric heating and central electric cooling. Comparable 2 contains central electric heating and central electric cooling. Comparable 3 contains central electric heating and no cooling. Comparable 4 contains central electric heating and central electric cooling. Comparable 3 was adjusted upward five percent. The remaining comparables were considered to be similar and were not adjusted.

Parking

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

Amenities

The subject will contain a refrigerator, range/oven, washer/dryer hook-ups, carpet, tile, blinds, coat closet, patio, community room and laundry facility. Comparable 1 contains a refrigerator, range/oven, carpet, vinyl, blinds and laundry facility. Comparable 2 contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, balcony, patio, clubhouse, swimming pool, volleyball court, tennis court, business center and laundry facility. Comparable 3 contains a refrigerator, range/oven, hardwood, blinds and laundry facility. Comparable 4 contains a refrigerator, range/oven, microwave, dishwasher, washer/dryer hook-ups, carpet, tile, blinds, ceiling fans, walk-in closet, balcony, clubhouse, community room, swimming pool, fitness center, playground and business center. Comparable 1 was adjusted upward four percent. Comparable 2 was adjusted downward four percent. Comparable 3 was adjusted upward four percent. Comparable 4 was adjusted downward six percent.

Summary and Conclusion

The comparables range from \$39,330 to \$44,550 per unit after adjustments. 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:

25 x \$42,000 per unit = \$\$1,050,000

Indicated As Is Market Value = \$1,050,000

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 Buena Vista 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 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 9, 2017, is as follows.

ONE MILLION SIXTY FIVE THOUSAND DOLLARS

\$1,065,000

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 9, 2017, is as follows.

SIX HUNDRED THOUSAND DOLLARS

\$600,000

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 TWO HUNDRED SEVENTY THOUSAND DOLLARS

\$1,270,000

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 TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,275,000

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 9, 2017, is as follows:

THREE HUNDRED SEVENTEEN THOUSAND DOLLARS

\$317,000

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 9, 2017, is as follows:

TWO HUNDRED FIFTY FOUR THOUSAND DOLLARS
\$254,000

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 9, 2017, is as follows:

FIVE HUNDRED FIFTEEN THOUSAND DOLLARS
\$515,000

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 650 square feet one-bedroom units of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED TWENTY FIVE DOLLARS
\$525.00

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 855 square feet two-bedroom units of the subject property, as of May 9, 2017, is as follows:

SIX HUNDRED DOLLARS
\$600.00

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 650 square feet one-bedroom units of the subject property, as of January 31, 2019, is as follows:

FIVE HUNDRED SEVENTY FIVE DOLLARS
\$575.00

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 855 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FIFTY DOLLARS
\$650.00

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 9, 2017, is as follows.

TWENTY ONE THOUSAND DOLLARS
\$21,000

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 9, 2017, is as follows.

ONE MILLION SIXTY FIVE THOUSAND DOLLARS
\$1,065,000

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 9, 2017, is as follows.

SIX HUNDRED THOUSAND DOLLARS
\$600,000

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

ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS
\$1,270,000

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

ONE MILLION TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,275,000

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

THREE MILLION FOUR HUNDRED FORTY NINE THOUSAND DOLLARS

\$3,449,000.00

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 DESCR 13

All that tract or parcel of land lying and being in Land Lot 109 of the 4th Land District of Marion County, Georgia, more particularly described as follows:

To arrive at the POINT OF BEGINNING start at a point where the center line of First Avenue in the City of Buena Vista intersects the center line of Baker Street; thence running North 03° 02' 55" East a distance of 339.18 feet to a point; thence South 86° 52' 11" East a distance of 25.0 feet to a point; thence North 02° 00' 00" East 161.25 feet to a point; thence North 01° 15' 35" East a distance of 161.60 feet to the point of beginning; thence North 01° 15' 35" East a distance of 65.38 feet to a point; thence North 22° 34' 36" East a distance of 92.76 feet to a point; thence North 36° 47' 29" East a distance of 42.41 feet to a point; thence North 58° 07' 26" East a distance of 16.67 feet to a point; thence North 74° 58' 05" East a distance of 15.03 feet to a point; thence South 76° 58' 19" East a distance of 15.08 feet to a point; thence South 59° 09' 03" East a distance of 71.92 feet to a point; thence South 64° 05' 06" East a distance of 42.01 feet to a point; thence South 01° 20' 30" West a distance of 150.11 feet to a point; thence North 86° 52' 11" West a distance of 202.13 feet to the POINT OF BEGINNING containing 0.778 acres according to a Plat of Survey by Earl D. Raines, Georgia Registered Surveyor #1512, dated May 27, 1989 and recorded in Plat Book D, page 155, Marion County, Georgia Records. Said property is described on said plat as being 0.778 acres and by reference made a part hereof.

Continued Next Page

ADDENDUM B

Rent Roll

Magnolia Terrace Apartments (260)

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>
Units with Square Footage Set								
400	JOHNSON, AGNES	02/03/2009	01/31/2018	S1	\$445.00	\$242.00	242.00	650
401	LICKLITER, BILLIE	01/12/2006	01/31/2018	S1	\$445.00	\$152.00	152.00	650
402	Saint, Janice	01/03/2002	05/31/2017	S1	\$445.00	\$172.00	172.00	650
403	CRAWFORD, THELMA	04/09/1991	06/30/2017	S1	\$445.00	\$199.00	199.00	650
404	* VACANT * 4/1/2017 - 4/30/2017			S1	\$445.00	\$0.00	0.00	650
405	RUSH, TONI	11/15/2012	11/30/2017	S1	\$445.00	\$204.00	204.00	650
Units in Building:					6			
Occupied Units:					5	\$2,670.00	\$969.00	969.00
% Occupied:					83%			

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>
Units with Square Footage Set								
406	PHILLIPS, MARY JO	02/09/2012	02/28/2018	S1	\$445.00	\$162.00	162.00	650
407	MUSGROVE, ELIZABETH	03/02/2012	03/31/2018	S1	\$445.00	\$152.00	152.00	650
408	TYNER, JOAN	09/21/2013	09/30/2017	S1	\$445.00	\$242.00	242.00	650
409	Cobbs, Vernon	08/30/2016	08/31/2017	S1	\$445.00	\$251.00	251.00	650
410	Simmons, James	03/05/2016	03/31/2018	S1	\$445.00	\$207.00	207.00	650
411	WHITLEY, ANNIE	03/15/2002	12/31/2017	S1	\$445.00	\$258.00	258.00	650
Units in Building:					6			
Occupied Units:					6	\$2,670.00	\$1,272.00	1,272.00
% Occupied:					100%			

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>
Units with Square Footage Set								
413	Bridges, James	02/13/2016	02/28/2018	S1	\$445.00	\$152.00	152.00	650
414	COBBS, MARY	06/27/2008	06/30/2017	S1	\$445.00	\$235.00	235.00	650
415	MOULTON, CAS	06/23/2010	11/30/2017	S1	\$445.00	\$272.00	272.00	650
416	TYMES, HUBERT	10/03/2007	02/28/2018	S1	\$445.00	\$313.00	313.00	650
417	Westberry, Velma	08/03/2014	08/31/2017	S1	\$445.00	\$295.00	295.00	650
418	HOLLOMAN, REAFER	08/18/2010	08/31/2017	S1	\$445.00	\$151.00	151.00	650
Units in Building:					6			
Occupied Units:					6	\$2,670.00	\$1,418.00	1,418.00
% Occupied:					100%			

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>
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** = Expired Lease

*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 10:40:52AM

Rent Roll

Magnolia Terrace Apartments (260)

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>
Units with Square Footage Set								
419	DAVIS, STANLEY	05/01/1992	02/28/2018	S1	\$445.00	\$269.00	269.00	650
420	JACKSON, LOIS	08/01/1994	04/30/2017	S1	\$445.00	\$235.00	235.00	650
421	STUCKEY, LILLIAN	01/01/2001	12/31/2017	S1	\$445.00	\$146.00	146.00	650
422	CARDEN, GRACIE	05/10/2014	05/31/2017	S1	\$445.00	\$151.00	151.00	650
423	Minyard, Addie Mae	02/13/2015	02/28/2018	S1	\$445.00	\$165.00	165.00	650
424	WILLIAMS, JANIE	06/06/2005	09/30/2017	S1	\$445.00	\$363.00	363.00	650
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,670.00	\$1,329.00	1,329.00	

Building: Z

<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>
Units with Square Footage Set								
412	OWL, EVELYN	10/15/1999	12/31/2017	M2	\$465.00	\$224.00	224.00	855
Units in Building:					1			
Occupied Units:					1			
% Occupied:					100%			
					\$465.00	\$224.00	224.00	

Total Units: 25
Total Occupied: 24.00
Total % Occupied: 96.00

Grand Totals:

\$11,145.00 \$5,212.00 5,212.00

Selected Parameters:

Property Name - Magnolia Terrace 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 10:40:52AM

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year 2013

Row Labels	Sum of Amount
Advertising	\$127
Advertising	\$127
Annual Ancillary Income	\$129
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$99
Application Fees Received	\$30
Annual Gross Potential Rental Income	\$130,740
Rental Income from Current Year Budget	\$130,740
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$742
Painting	\$742
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$772
Health Insurance & Other Emp. Benefits	\$432
Workmen's Compensation	\$340
Employee Payroll Tax	\$2,396
Payroll Taxes	\$2,396
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$128,773
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$62,282
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$66,491
Special Claims Revenue	\$0
Exterminating	\$2,314
Services	\$2,314
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$3,888
Garbage & Trash Removal	\$3,888
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$7,130
Grounds	\$7,130
Snow Removal	\$0
Insurance	\$3,900

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$3,900
Lighting and Miscellaneous Power	\$3,242
Electricity	\$3,242
Management Fee	\$13,172
Management Fee	\$13,172
Misc. Taxes/Licenses	\$59
Other Taxes, Licenses & Permits	\$59
Special Assessments	\$0
Other Administrative	\$17,109
Legal Expense	\$50
Office Furniture & Equipment	\$1,112
Office Supplies	\$414
Other Administrative Expenses	\$359
Project Auditing Expense	\$3,680
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,522
Telephone & Answering Service	\$1,712
Training Expense	\$261
Other Maintenance	\$101
Other Maintenance	\$0
Other Operating Expense	\$101
Other Operating	\$8,412
Maintenance & Repairs Supply	\$8,412
Other Utilities	\$0
Payroll	\$4,253
Maintenance & Repairs Payroll	\$4,253
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$8,232
Real Estate Taxes	\$8,232
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$87,222
Transfer to Reserve	\$87,222
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,967
Vacancies - Apartments	-\$1,967
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$1,977
Sewer	\$1,071

Water	\$906
(blank)	\$542,228
Net Rental Revenue	\$128,773
Operating Expenses	
Subtotal	\$65,635
Total Operating Expenses	\$77,825
Total Other Revenue	\$129
Total Rent Revenue	\$130,740
Total Revenue	\$128,902
Total Taxes and Insurance	\$12,191
Total Vacancies	-\$1,967
(blank)	
Grand Total	\$964,950

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year 2014

Row Labels	Sum of Amount
Advertising	\$32
Advertising	\$32
Annual Ancillary Income	\$30
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$0
Application Fees Received	\$30
Annual Gross Potential Rental Income	\$130,740
Rental Income from Current Year Budget	\$130,740
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$872
Painting	\$872
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$612
Health Insurance & Other Emp. Benefits	\$300
Workmen's Compensation	\$311
Employee Payroll Tax	\$2,316
Payroll Taxes	\$2,316
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$129,548
Interest Income	\$0
Other Project Sources	\$100
Rental Income from Current Year Actual	\$64,641
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$64,807
Special Claims Revenue	\$0
Exterminating	\$1,803
Services	\$1,803
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$3,888
Garbage & Trash Removal	\$3,888
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$7,831
Grounds	\$7,831
Snow Removal	\$0
Insurance	\$4,738

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,738
Lighting and Miscellaneous Power	\$3,576
Electricity	\$3,576
Management Fee	\$13,261
Management Fee	\$13,261
Misc. Taxes/Licenses	\$84
Other Taxes, Licenses & Permits	\$84
Special Assessments	\$0
Other Administrative	\$18,428
Legal Expense	\$37
Office Furniture & Equipment	\$1,114
Office Supplies	\$835
Other Administrative Expenses	\$422
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,074
Telephone & Answering Service	\$1,744
Training Expense	\$322
Other Maintenance	\$104
Other Maintenance	\$0
Other Operating Expense	\$104
Other Operating	\$9,338
Maintenance & Repairs Supply	\$9,338
Other Utilities	\$0
Payroll	\$4,597
Maintenance & Repairs Payroll	\$4,597
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$8,481
Real Estate Taxes	\$8,481
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$31,337
Transfer to Reserve	\$31,337
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,292
Vacancies - Apartments	-\$1,292
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,048
Sewer	\$1,109

Water	\$939
(blank)	\$552,623
Net Rental Revenue	\$129,448
Operating Expenses	
Subtotal	\$68,707
Total Operating Expenses	\$82,009
Total Other Revenue	\$130
Total Rent Revenue	\$130,740
Total Revenue	\$129,578
Total Taxes and Insurance	\$13,303
Total Vacancies	-\$1,292
(blank)	
Grand Total	\$924,995

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year 2015

Row Labels	Sum of Amount
Advertising	\$56
Advertising	\$56
Annual Ancillary Income	\$196
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$181
Application Fees Received	\$15
Annual Gross Potential Rental Income	\$130,740
Rental Income from Current Year Budget	\$130,740
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$172
Painting	\$172
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$766
Health Insurance & Other Emp. Benefits	\$327
Workmen's Compensation	\$440
Employee Payroll Tax	\$2,048
Payroll Taxes	\$2,048
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$124,965
Interest Income	\$0
Other Project Sources	\$100
Rental Income from Current Year Actual	\$65,925
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$58,940
Special Claims Revenue	\$0
Exterminating	\$1,906
Services	\$1,906
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$3,888
Garbage & Trash Removal	\$3,888
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$7,997
Grounds	\$7,997
Snow Removal	\$0
Insurance	\$5,398

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$5,398
Lighting and Miscellaneous Power	\$3,646
Electricity	\$3,646
Management Fee	\$13,671
Management Fee	\$13,671
Misc. Taxes/Licenses	\$60
Other Taxes, Licenses & Permits	\$60
Special Assessments	\$0
Other Administrative	\$17,969
Legal Expense	\$17
Office Furniture & Equipment	\$1,153
Office Supplies	\$415
Other Administrative Expenses	\$322
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,132
Telephone & Answering Service	\$1,768
Training Expense	\$282
Other Maintenance	\$116
Other Maintenance	\$0
Other Operating Expense	\$116
Other Operating	\$12,137
Maintenance & Repairs Supply	\$12,137
Other Utilities	\$0
Payroll	\$3,278
Maintenance & Repairs Payroll	\$3,278
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$8,481
Real Estate Taxes	\$8,481
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Released as Expense	\$0
Reserves for Replacement	\$11,648
Transfer to Reserve	\$11,648
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$5,875
Vacancies - Apartments	-\$5,875
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,280
Sewer	\$1,235

Water	\$1,045
(blank)	\$542,923
Net Rental Revenue	\$124,865
Operating Expenses	
Subtotal	\$69,929
Total Operating Expenses	\$83,868
Total Other Revenue	\$296
Total Rent Revenue	\$130,740
Total Revenue	\$125,161
Total Taxes and Insurance	\$13,939
Total Vacancies	-\$5,875
(blank)	
Grand Total	\$888,465

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year 2016

Row Labels	Sum of Amount
Advertising	\$35
Advertising	\$35
Annual Ancillary Income	\$5,429
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$5,354
Application Fees Received	\$75
Annual Gross Potential Rental Income	\$132,240
Rental Income from Current Year Budget	\$132,240
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$111
Painting	\$111
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$742
Health Insurance & Other Emp. Benefits	\$338
Workmen's Compensation	\$404
Employee Payroll Tax	\$1,914
Payroll Taxes	\$1,914
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$131,399
Interest Income	\$0
Other Project Sources	\$200
Rental Income from Current Year Actual	\$64,353
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$66,846
Special Claims Revenue	\$0
Exterminating	\$1,597
Services	\$1,597
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$3,888
Garbage & Trash Removal	\$3,888
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$7,763
Grounds	\$7,763
Snow Removal	\$0
Insurance	\$4,815

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,815
Lighting and Miscellaneous Power	\$3,787
Electricity	\$3,787
Management Fee	\$14,075
Management Fee	\$14,075
Misc. Taxes/Licenses	\$209
Other Taxes, Licenses & Permits	\$209
Special Assessments	\$0
Other Administrative	\$19,582
Legal Expense	\$0
Office Supplies	\$522
Other Administrative Expenses	\$1,373
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,053
Telephone & Answering Service	\$1,953
Training Expense	\$320
Auto/Truck Exp	\$1,481
Other Maintenance	\$115
Other Maintenance	\$0
Other Operating Expense	\$115
Other Operating	\$5,196
Maintenance & Repairs Supply	\$5,196
Other Utilities	\$0
Payroll	\$2,951
Maintenance & Repairs Payroll	\$2,951
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$3,494
Real Estate Taxes	\$3,494
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$11,648
Transfer to Reserve	\$11,648
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,041
Vacancies - Apartments	-\$1,041
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,384
Sewer	\$1,291

Water	\$1,093
(blank)	\$550,169
Net Rental Revenue	\$131,199
Operating Expenses	
Subtotal	\$64,139
Total Operating Expenses	\$72,657
Total Other Revenue	\$5,629
Total Rent Revenue	\$132,240
Total Revenue	\$136,828
Total Taxes and Insurance	\$8,518
Total Vacancies	-\$1,041
(blank)	
Grand Total	\$902,501

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year 2017
of Months 4

Row Labels	Sum of Amount
Advertising	\$0
Advertising	\$0
Annual Ancillary Income	\$18
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$0
Application Fees	\$18
Annual Gross Potential Rental Income	\$44,580
Rental Income from Current Year Budget	\$44,580
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$0
Painting	\$0
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$614
Workmen's Compensation	\$501
Health Insurance & Other Emp. Benefits	\$113
Employee Payroll Tax	\$513
Payroll Taxes	\$513
Excluded Income	\$43,366
Retained Excess Income	\$0
Special Claims Revenue	\$0
Rental Income from Current Year Actual	\$21,250
RHS Rental Assist. Received from Actual	\$22,116
Interest Income	\$0
Other Project Sources	\$0
Exterminating	\$309
Services	\$309
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$972
Garbage & Trash Removal	\$972
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$2,442
Snow Removal	\$0
Grounds	\$2,442
Insurance	\$4,772
Property & Liability Insurance	\$4,772

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Lighting and Miscellaneous Power	\$1,301
Electricity	\$1,301
Management Fee	\$4,752
Management Fee	\$4,752
Misc. Taxes/Licenses	\$159
Special Assessments	\$0
Other Taxes, Licenses & Permits	\$159
Other Administrative	\$9,486
Site Management Payroll	\$3,251
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Legal Expense	\$0
Telephone & Answering Service	\$702
Office Supplies	\$308
Office Furniture & Equipment	\$482
Training Expense	\$36
Other Administrative Expenses	\$827
Other Maintenance	\$364
Other Operating Expense	\$364
Other Maintenance	\$0
Other Operating	\$4,169
Maintenance & Repairs Supply	\$4,169
Other Utilities	\$0
Payroll	\$1,054
Maintenance & Repairs Payroll	\$1,054
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$0
Real Estate Taxes	\$0
Repairs	\$0
Maintenance & Repairs Contract	\$0
Reserves for Replacement	\$0
Transfer to Reserve	\$0
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,214
Vacancies - Apartments	-\$1,214
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,138
Sewer	\$1,158
Water	\$980
(blank)	\$196,225

Net Rental Revenue	\$43,366
Operating Expenses	
Total Operating Expenses	\$33,045
Total Other Revenue	\$18
Total Rent Revenue	\$44,580
Total Revenue	\$43,384
Total Taxes and Insurance	\$4,931
Total Vacancies	-\$1,214
(blank)	
Subtotal	\$28,114
Excluded Expense	\$0
Annual Capital Budget	\$0
Grand Total	\$316,020

Magnolia Terrace Apartments
Buena Vista, Georgia

Expense Year

Budget

Row Labels	Sum of Amount
Advertising	\$100
Advertising	\$100
Annual Ancillary Income	\$200
Application Fees	\$0
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$200
Annual Gross Potential Rental Income	\$133,740
Rental Income from Current Year Budget	\$133,740
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$2,000
Painting	\$2,000
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$700
Health Insurance & Other Emp. Benefits	\$300
Workmen's Compensation	\$400
Employee Payroll Tax	\$2,050
Payroll Taxes	\$2,050
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$0
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
Exterminating	\$2,916
Services	\$2,916
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$4,400
Garbage & Trash Removal	\$4,400
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$8,200
Grounds	\$8,200
Snow Removal	\$0
Insurance	\$5,675

Fidelity Coverage Insurance	\$0
Other Insurance	\$125
Property & Liability Insurance	\$5,550
Lighting and Miscellaneous Power	\$4,300
Electricity	\$4,300
Management Fee	\$14,700
Management Fee	\$14,700
Misc. Taxes/Licenses	\$100
Other Taxes, Licenses & Permits	\$100
Special Assessments	\$0
Other Administrative	\$19,073
Legal Expense	\$100
Office Furniture & Equipment	\$1,166
Office Supplies	\$600
Other Administrative Expenses	\$300
Project Auditing Expense	\$4,000
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,996
Telephone & Answering Service	\$1,800
Training Expense	\$1,111
Other Maintenance	\$125
Other Maintenance	\$0
Other Operating Expense	\$125
Other Operating	\$8,000
Maintenance & Repairs Supply	\$8,000
Other Utilities	\$0
Payroll	\$5,000
Maintenance & Repairs Payroll	\$5,000
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$11,000
Real Estate Taxes	\$11,000
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$13,645
Transfer to Reserve	\$13,645
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$6,687
Vacancies - Apartments	-\$6,687
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$3,100
Sewer	\$1,600

Water	\$1,500
(blank)	\$564,437
Net Rental Revenue	\$127,053
Operating Expenses	
Subtotal	\$74,664
Total Operating Expenses	\$91,439
Total Other Revenue	\$200
Total Rent Revenue	\$133,740
Total Revenue	\$127,253
Total Taxes and Insurance	\$16,775
Total Vacancies	-\$6,687
(blank)	
Grand Total	\$796,774

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**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BUENA VISTA, GEORGIA**

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2014 AND 2013

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)**

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Buena Vista Housing, LTD
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Buena Vista Housing, LTD (a Limited Partnership), USDA, RD No: 10-098-601024798 which comprises the balance sheets as of December 31, 2014 and 2013, and the related statements of income, partners' (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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buena Vista Housing, LTD as of December 31, 2014 and 2013, and the results of its operations, partners' (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 and 24-33 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, 2015 on our consideration of Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control over financial reporting and compliance.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2015

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013**

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	2014	2013
ASSETS		
Current Assets		
Cash	\$ 28,034	\$ 34,643
Accounts receivable - RD	3,965	4,072
Total Current Assets	31,999	38,715
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	3,399	3,399
Escrow-replacement reserve	111,658	89,438
Escrow-tax reserve	10,378	6,398
Total Restricted Deposits and Funded Reserves	125,435	99,235
Property, Plant and Equipment		
Property, plant and equipment, at cost	814,227	814,227
Accumulated depreciation	(660,757)	(634,924)
Net Property, Plant and Equipment	153,470	179,303
Total Assets	\$ 310,904	\$ 317,253

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013**

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	2014	2013
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 6,235	\$ 5,686
Accounts payable	941	1,124
	7,176	6,810
Total Current Liabilities		
Deposits and Prepayment Liabilities		
Tenants' security deposits	3,399	3,399
Prepaid rent	-	49
	3,399	3,448
Total Deposits and Prepayment Liabilities		
Long-Term Liabilities		
Notes payable, general partners	13,700	13,700
Mortgage payable, less current maturities	601,063	607,298
	614,763	620,998
Total Long-Term Liabilities		
Total Liabilities	625,338	631,256
Partners' (Deficit)		
Partners' (Deficit)	(314,434)	(314,003)
	(314,434)	(314,003)
Total Liabilities And Partners' (Deficit)	\$ 310,904	\$ 317,253

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

DRAFT

	2014	2013
Revenues		
Gross potential rental income	\$ 130,740	\$ 130,740
Less: vacancy loss	(1,292)	(1,967)
Net rental income	129,448	128,773
Other income	130	129
Total Revenues	129,578	128,902
Expenses		
Operating and maintenance	33,663	36,019
Utilities	9,512	9,107
Administrative	34,648	33,576
Taxes and insurance	13,303	12,191
Total Operating Expenses	91,126	90,893
Net Operating Income	38,452	38,009
Non-Operating Expenses		
Interest subsidy income	(45,058)	(45,218)
Interest expense	56,464	56,964
Depreciation and amortization	25,833	25,833
Total Non-Operating Expenses	37,239	37,579
Net Income	\$ 1,213	\$ 430

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

DRAFT

	2014	2013
Limited Partners' (Deficit)		
Balance, January 1	\$ (297,220)	\$ (296,824)
Distributions	(822)	(822)
Net Income	1,201	426
	\$ (296,841)	\$ (297,220)
General Partner's (Deficit)		
Balance, January 1	\$ (16,783)	\$ (15,965)
Distributions	(822)	(822)
Net Income	12	4
	\$ (17,593)	\$ (16,783)
Total Partners' (Deficit)		
Balance, January 1	\$ (314,003)	\$ (312,789)
Distributions	(1,644)	(1,644)
Net Income	1,213	430
	\$ (314,434)	\$ (314,003)

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

DRAFT

	2014	2013
Cash Flows From Operating Activities		
Net Income	\$ 1,213	\$ 430
Adjustments To Reconcile Net Income To Net Cash		
Provided By (Used In) Operating Activities:		
Depreciation and amortization	25,833	25,833
Changes In Operating Assets And Liabilities:		
Accounts receivable	107	(264)
Security deposits	-	(135)
Replacement reserve	(22,220)	(74,154)
Tax reserve	(3,980)	913
Accounts payable	(183)	176
Tenants' security deposits	-	135
Unearned rents	(49)	49
Total Adjustments	(492)	(47,447)
Net Cash Provided By (Used In) Operating Activities	721	(47,017)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(5,686)	(5,185)
Distributions	(1,644)	(1,644)
Net Cash (Used In) Financing Activities	(7,330)	(6,829)
Net (Decrease) In Cash	(6,609)	(53,846)
Cash, Beginning Of Year	34,643	88,489
Cash, End Of Year	\$ 28,034	\$ 34,643

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

DRAFT

	<u>2014</u>	<u>2013</u>
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 56,464	\$ 56,964
Less: subsidized portion	<u>(45,058)</u>	<u>(45,218)</u>
Interest paid, net of subsidy	<u>\$ 11,406</u>	<u>\$ 11,746</u>

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 Buena Vista Housing, LTD, was formed as a limited liability limited partnership under the laws of the State of Georgia, to develop, own and operate a 25-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective September 1, 1989, to admit a new limited partner, Gateway Tax Credit Fund, Ltd. (a Florida limited partnership), and retain as the general partner, Rural Housing Partnerships, Inc. 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.

Effective December 31, 2009, the partnership agreement was amended to admit Bainbridge Properties Special Limited Partner – DAB, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund, Ltd., (a Florida limited partnership). Effective January 1, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Bainbridge Properties Special Limited Partner.

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. The Partnership believes it is no longer subject to income tax examinations prior to 2011.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2014 and 2013, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$0, at December 31, 2014 and 2013, 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, 2014 and 2013 were \$32 and \$127, respectively.

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

Under provisions of the Mortgage Agreement with USDA, RD the Partnership has agreed to transfer \$6,645 annually, in monthly payments, into a reserve account. Any disbursements from this account are subject to the approval of USDA, RD. The reserve's status at December 31 is:

	2014	2013
Annual funding required by loan agreement	\$ 6,645	\$ 6,645
Actual funding including interest income	31,337	87,222
Withdrawals approved by Rural Development Operating and maintenance expenses	9,117	13,068
Reserve balance at year end	111,658	89,438
Fully funded balance per loan agreement	(38,022)	(30,597)
Excess (Deficit)	\$ 149,680	\$ 120,035

There have been no approved withdrawals for operating expenses that require increasing the reserve payment level.

Tenant Security Deposits

Security deposits collected from tenants are held in a separate bank account. The account's status at December 31 is:

	2014	2013
Tenant security deposits cash	\$ 3,399	\$ 3,399
Tenant security deposits payable	3,399	3,399
Excess (Deficit)	\$ -	\$ -

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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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:

	2014	2013
Real estate tax and insurance escrow	\$ 10,378	\$ 6,398
Accrued or unpaid taxes and insurance	-	-
Excess	\$ 10,378	\$ 6,398

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

A summary of the property, plant and equipment is as follows at December 31:

	Depreciable Life	2014	2013
Land		\$ 11,390	\$ 11,390
Buildings	30 Years	774,985	774,985
Equipment	10 Years	27,852	27,852
Total		814,227	814,227
Less: Accumulated depreciation		(660,757)	(634,924)
Net Property, Plant and Equipment		\$ 153,470	\$ 179,303

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$25,833 and \$25,833 for the years ended December 31, 2014 and 2013.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

DRAFT

NOTE 4 – ACCOUNTS PAYABLE

The following is a list of accounts payable at December 31:

	2014	2013
Utilities and telephone	\$ -	\$ 253
Office supplies	5	319
Late fees	5	-
Pest control	670	-
Group health insurance	27	25
Repairs and maintenance	234	527
	\$ 941	\$ 1,124

NOTE 5 – LONG-TERM INDEBTEDNESS

Long-term indebtedness consists of the following at December 31:

	2014	2013
USDA, RD, made June 26, 1990, 9.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$812,375.	\$ 607,298	\$ 612,984
Less current maturities	(6,235)	(5,686)
Long-term portion	\$ 601,063	\$ 607,298

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, 2014, for the succeeding five years are as follows:

<u>Year</u>		
2015	\$	6,235
2016		6,837
2017		7,497
2018		8,220
2019		9,014

Buena Vista Housing, LTD incurred interest costs of \$56,464 and \$56,964 for the years ended December 31, 2014 and 2013, respectively, all of which was properly charged to expense.

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**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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>2014</u>	<u>2013</u>
Rental Assistance Payments	<u>\$ 64,807</u>	<u>\$ 66,491</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>2014</u>	<u>2013</u>
Net Income per financial statement	\$ 1,213	\$ 430
Book depreciation in excess of tax depreciation	<u>5,210</u>	<u>5,210</u>
Partnership Income per tax return	<u>\$ 6,423</u>	<u>\$ 5,640</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 Buena Vista Housing, LTD. The partnership paid Investors Management Company, Inc. management fees of \$13,261 and \$13,172 for the years ended December 31, 2014 and 2013, respectively.

Partners

The general partners advanced \$13,700, as required by USDA, RD, to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. To the extent these funds are not expended for that stated purpose, the partnership shall return such funds to the general partners only with USDA, RD approval.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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 \$1,644, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 – CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Buena Vista Housing, LTD maintains its cash accounts at one bank in Valdosta, Georgia. Accounts 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>2014</u>	<u>2013</u>
Total cash in all banks	\$ 153,469	\$ 133,878
Portion insured by FDIC	<u>153,469</u>	<u>133,878</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, 2014, no impairment loss recognition has been required.

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**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Magnolia Terrace 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, 2015, which is the date the financial statements were available to be issued.

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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 (25 * 12 months)	300
Less: Rent Free Units	-
Vacancies	(2)
Total Occupied Units	298
Fee Per Unit (Effective January, 2011)	\$ 44.50
Management Fee Expense	\$ 13,261

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 5,000	\$ 1,500,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

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)	\$ 1,644
Budget Return to Owner	\$ 1,644
Return to Owner Paid:	
General Partner Distribution	\$ 822
Limited Partner Distribution	822
	\$ 1,644

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**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
Buena Vista Housing, LTD
Valdosta, Georgia

USDA Rural Development
Area 3
Fort Valley, 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 Buena Vista Housing, LTD, which comprise the balance sheet as of December 31, 2014, and the related statements of income, changes in partner's (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, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buena Vista Housing, LTD'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 Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista Housing, LTD'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, 2015

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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 2014 financial statements. There were no compliance findings noted during our audit of the 2014 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
Buena Vista Housing, LTD
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Area 3
Fort Valley, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Buena Vista Housing, LTD ("Owner") the owner of Magnolia Terrace Apartments ("Project") located in Buena Vista, 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, 2014. 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 210
Total Dollar Amount of Invoices in Population: \$78,865
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$1,547
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$320
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: \$9,117
Total Dollar Amount of Withdrawals Authorized by RD: \$9,117
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: \$13,261

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Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$13,261
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,261

Company Name 2: Rural Housing Reinsurance Company International Ltd.
Total Dollar Amount for the Year: \$0
Total Number of Invoices in Population: 0
Total Dollar Amount of Invoices in Population: \$0
Total Number of Invoices Reviewed: 0
Total Dollar Amount of Invoices Reviewed: \$0

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 Buena Vista Housing, LTD. 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 Buena Vista Housing, LTD, 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, 2015

Position 3
**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET**
PART 1 - BALANCE SHEET

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.	
Magnolia Terrace Apartments	Buena Vista Housing, LTD	10-098-601024798	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES->	01-01-14	01-01-13	
ENDING DATES->	12-31-14	12-31-13	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	28,034	34,643	
2. R.E. TAX & INSURANCE ACCOUNT.....	10,378	6,398	
3. RESERVE ACCOUNT.....	111,658	89,438	
4. SECURITY DEPOSIT ACCOUNT.....	3,399	3,399	
5. OTHER CASH (<i>identify</i>)			
6. OTHER (<i>identify</i>)			
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)	3,965	4,072	
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 (<i>supplies</i>)			
10. PREPAYMENTS.....	-	-	
11.			
12. TOTAL CURRENT ASSETS (Add 1 thru 11)	157,434	137,950	

FIXED ASSETS

13. LAND.....	11,390	11,390	
14. BUILDINGS.....	774,985	774,985	
15. LESS: ACCUMULATED DEPRECIATION.....	(632,905)	(607,072)	
16. FURNITURE & EQUIPMENT.....	27,852	27,852	
17. LESS: ACCUMULATED DEPRECIATION.....	(27,852)	(27,852)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	153,470	179,303	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	310,904	317,253	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)	941	1,124	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (<i>Attach list</i>) ...Deferred Revenue	-	49	
24. SECURITY DEPOSITS.....	3,399	3,399	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	4,340	4,572	

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.

DRAFT

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT	607,298	612,984	
27. OTHER (<i>Identify</i>) N/P General Partners	13,700	13,700	
28. TOTAL LONG-TERM LIABILITIES (<i>Add 26 and 27</i>)	620,998	626,684	
29. TOTAL LIABILITIES (<i>Add 25 and 28</i>)	625,338	631,256	
30. OWNER'S EQUITY (Net Worth) (<i>21 minus 29</i>)	(314,434)	(314,003)	
31 TOTAL LIABILITIES AND OWNER'S EQUITY (<i>Add 29 and 30</i>)	310,904	317,253	

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.

BUENA VISTA HOUSING, LTD
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2014 AND 2013

DRAFT

	<u>2014</u>	<u>2013</u>
<u>Page 24, Line 7</u>		
Due from rural development	\$ 3,965	\$ 4,072
	<u> </u>	<u> </u>
<u>Page 24, Line 22</u>		
Utilities and telephone	\$ -	\$ 253
Office supplies	5	319
Late fees	5	-
Pest control	670	-
Group health insurance	27	25
Repairs and maintenance	234	527
	<u> </u>	<u> </u>
	\$ 941	\$ 1,124
	<u> </u>	<u> </u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BUENA VISTA, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2015 AND 2014

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Buena Vista Housing, LTD
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Buena Vista Housing, LTD (a Limited Partnership), USDA, RD No: 10-098-601024798 which comprises the balance sheets as of December 31, 2015 and 2014, and the related statements of income, partners' (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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

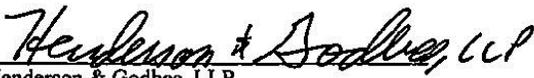
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buena Vista Housing, LTD as of December 31, 2015 and 2014, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity with 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 Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 37,813	\$ 28,034
Accounts receivable - RD	3,742	3,965
Accounts receivable - tenants	1	-
Total Current Assets	41,556	31,999
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	3,400	3,399
Escrow-replacement reserve	116,962	111,658
Escrow-tax reserve	19,752	10,378
Total Restricted Deposits and Funded Reserves	140,114	125,435
Property, Plant and Equipment		
Property, plant and equipment, at cost	814,227	814,227
Accumulated depreciation	(686,590)	(660,757)
Net Property, Plant and Equipment	127,637	153,470
Total Assets	\$ 309,307	\$ 310,904

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	2015	2014
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 6,837	\$ 6,235
Accounts payable	1,363	941
Accrued property tax	8,481	-
Total Current Liabilities	16,681	7,176
Deposits and Prepayment Liabilities		
Tenants' security deposits	3,400	3,399
Total Deposits and Prepayment Liabilities	3,400	3,399
Long-Term Liabilities		
Notes payable, general partners	13,700	13,700
Mortgage payable, less current maturities	594,226	601,063
Total Long-Term Liabilities	607,926	614,763
Total Liabilities	628,007	625,338
Partners' (Deficit)		
Partners' (Deficit)	(318,700)	(314,434)
Total Liabilities And Partners' (Deficit)	\$ 309,307	\$ 310,904

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Gross potential rental income	\$ 130,740	\$ 130,740
Less: vacancy loss	<u>(5,875)</u>	<u>(1,292)</u>
Net rental income	124,865	129,448
Other income	<u>296</u>	<u>130</u>
Total Revenues	<u>125,161</u>	<u>129,578</u>
Expenses		
Operating and maintenance	31,949	33,663
Utilities	9,814	9,512
Administrative	34,511	34,648
Taxes and insurance	<u>13,939</u>	<u>13,303</u>
Total Operating Expenses	<u>90,213</u>	<u>91,126</u>
Net Operating Income	<u>34,948</u>	<u>38,452</u>
Non-Operating Expenses		
Interest subsidy income	(44,178)	(45,058)
Interest expense	55,915	56,464
Depreciation and amortization	<u>25,833</u>	<u>25,833</u>
Total Non-Operating Expenses	<u>37,570</u>	<u>37,239</u>
Net Income (Loss)	<u>\$ (2,622)</u>	<u>\$ 1,213</u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (296,841)	\$ (297,220)
Distributions	(822)	(822)
Net Income (Loss)	<u>(2,596)</u>	<u>1,201</u>
Balance, December 31	<u>\$ (300,259)</u>	<u>\$ (296,841)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (17,593)	\$ (16,783)
Distributions	(822)	(822)
Net Income (Loss)	<u>(26)</u>	<u>12</u>
Balance, December 31	<u>\$ (18,441)</u>	<u>\$ (17,593)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (314,434)	\$ (314,003)
Distributions	(1,644)	(1,644)
Net Income (Loss)	<u>(2,622)</u>	<u>1,213</u>
Balance, December 31	<u>\$ (318,700)</u>	<u>\$ (314,434)</u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Net Income (Loss)	\$ (2,622)	\$ 1,213
Adjustments To Reconcile Net Income (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation and amortization	25,833	25,833
Changes In Operating Assets And Liabilities:		
Accounts receivable	222	107
Security deposits	(1)	-
Replacement reserve	(5,304)	(22,220)
Tax reserve	(9,374)	(3,980)
Accounts payable	422	(183)
Accrued property tax	8,481	-
Tenants' security deposits	1	-
Unearned rents	-	(49)
	20,280	(492)
Total Adjustments		
Net Cash Provided By Operating Activities	17,658	721
Cash Flows From Financing Activities		
Principal payments on long-term debt	(6,235)	(5,686)
Distributions	(1,644)	(1,644)
Net Cash (Used In) Financing Activities	(7,879)	(7,330)
Net Increase (Decrease) In Cash	9,779	(6,609)
Cash, Beginning Of Year	28,034	34,643
Cash, End Of Year	\$ 37,813	\$ 28,034

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 55,915	\$ 56,464
Less: subsidized portion	(44,178)	(45,058)
Interest paid, net of subsidy	\$ 11,737	\$ 11,406

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 Buena Vista Housing, LTD, was formed as a limited liability limited partnership under the laws of the State of Georgia, to develop, own and operate a 25-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective September 1, 1989, to admit a new limited partner, Gateway Tax Credit Fund, Ltd. (a Florida limited partnership), and retain as the general partner, Rural Housing Partnerships, Inc. 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.

Effective December 31, 2009, the partnership agreement was amended to admit Bainbridge Properties Special Limited Partner – DAB, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund, Ltd., (a Florida limited partnership). Effective January 1, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Bainbridge Properties Special Limited Partner.

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.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$1 and \$0, 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 \$56 and \$32, respectively.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

Under provisions of the Mortgage Agreement with USDA, RD the Partnership has agreed to transfer \$6,645 annually, in monthly payments, into a reserve account. Any disbursements from this account are subject to the approval of USDA, RD. The reserve's status at December 31 is:

	<u>2015</u>	<u>2014</u>
Annual funding required by loan agreement	<u>\$ 6,645</u>	<u>\$ 6,645</u>
Actual funding including interest income	<u>11,648</u>	<u>31,337</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>6,344</u>	<u>9,117</u>
Reserve balance at year end	116,962	111,658
Fully funded balance per loan agreement	<u>(37,722)</u>	<u>(38,022)</u>
Excess (Deficit)	<u>\$ 154,684</u>	<u>\$ 149,680</u>

There have been no approved withdrawals for operating expenses that require increasing the reserve payment level.

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	\$ 3,400	\$ 3,399
Tenant security deposits payable	<u>3,400</u>	<u>3,399</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

**BUENA VISTA HOUSING, LTD
(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	\$ 19,752	\$ 10,378
Accrued or unpaid taxes and insurance	<u>8,481</u>	<u>-</u>
Excess	<u>\$ 11,271</u>	<u>\$ 10,378</u>

The property tax assessment is under appeal. Accrued property taxes are due upon settlement of the appeal. There were no delinquent taxes as of December 31, 2015.

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		\$ 11,390	\$ 11,390
Buildings	30 Years	774,985	774,985
Equipment	10 Years	<u>27,852</u>	<u>27,852</u>
Total		814,227	814,227
Less: Accumulated depreciation		<u>(686,590)</u>	<u>(660,757)</u>
Net Property, Plant and Equipment		<u>\$ 127,637</u>	<u>\$ 153,470</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$25,833 and \$25,833 for the years ended December 31, 2015 and 2014.

BUENA VISTA HOUSING, LTD
(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>
Outside services	\$ 116	\$ -
Office supplies	2	5
Late fees	-	5
Pest control	1,082	670
Group health insurance	-	27
Repairs and maintenance	163	234
	<u>\$ 1,363</u>	<u>\$ 941</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 June 26, 1990, 9.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$812,375.	\$ 601,063	\$ 607,298
Less current maturities	<u>(6,837)</u>	<u>(6,235)</u>
Long-term portion	<u>\$ 594,226</u>	<u>\$ 601,063</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	\$ 6,837
2017	7,497
2018	8,220
2019	9,014
2020	9,884

Buena Vista Housing, LTD incurred interest costs of \$55,915 and \$56,464 for the years ended December 31, 2015 and 2014, respectively, all of which was properly charged to expense.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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>\$ 58,940</u>	<u>\$ 64,807</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 Income (Loss) per financial statement	\$ (2,622)	\$ 1,213
Book depreciation in excess of tax depreciation	<u>5,210</u>	<u>5,210</u>
Partnership Income per tax return	<u>\$ 2,588</u>	<u>\$ 6,423</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 Buena Vista Housing, LTD. The partnership paid Investors Management Company, Inc. management fees of \$13,671 and \$13,261 for the years ended December 31, 2015 and 2014, respectively.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

Partners

The general partners advanced \$13,700, as required by USDA, RD, to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. To the extent these funds are not expended for that stated purpose, the partnership shall return such funds to the general partners only with USDA, RD approval.

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 \$1,644, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 – CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Buena Vista Housing, LTD maintains its cash accounts at one bank in Valdosta, Georgia. Accounts 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	\$ 177,927	\$ 153,469
Portion insured by FDIC	<u>177,927</u>	<u>153,469</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.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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.

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Magnolia Terrace 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.

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Management Fee Calculation

The management fee is based on a fee per unit occupied by tenants during the month.

Total Qualified Units (25 * 1 month)	25
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	25
Fee Per Unit (Effective January, 2011)	\$ 44.50
 Management fees January 2015	 1,113
 Total Qualified Units (25 * 11 months)	 275
Less: Rent Free Units	-
Vacancies	(2)
Total Occupied Units	273
Fee Per Unit (Effective February, 2015)	\$ 46.00
 Management fees February through December 2015	 12,558
 Management Fee Expense	 \$ 13,671

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 5,000	\$ 1,500,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

BUENA VISTA HOUSING, LTD
(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>\$ 1,644</u>
Budget Return to Owner	<u>\$ 1,644</u>
Return to Owner Paid:	
General Partner Distribution	\$ 822
Limited Partner Distribution	822
	<u>\$ 1,644</u>



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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
Buena Vista Housing, LTD
Valdosta, Georgia

USDA Rural Development
Fort Valley, 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 Buena Vista Housing, LTD, which comprise the balance sheet as of December 31, 2015, and the related statements of income, changes in partner's (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 Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buena Vista Housing, LTD'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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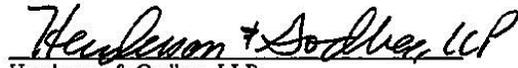
deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista Housing, LTD'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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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
Buena Vista Housing, LTD
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Fort Valley, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Buena Vista Housing, LTD ("Owner") the owner of Magnolia Terrace Apartments ("Project") located in Buena Vista, 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 of Form RD 3560-7 and determined that the services were eligible expenses, in accordance

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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 190
Total Dollar Amount of Invoices in Population: \$76,542
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$2,324
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$755
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: 3
Total Number of Withdrawals Authorized by RD: 3
Total Dollar Amount of Reserve Account Withdrawals: \$6,344
Total Dollar Amount of Withdrawals Authorized by RD: \$6,344
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: \$13,671

Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$13,671
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,671

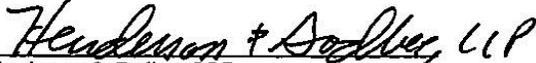
Company Name 2: Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)

Total Dollar Amount for the Year: \$0
Total Number of Invoices in Population: 0
Total Dollar Amount of Invoices in Population: \$0
Total Number of Invoices Reviewed: 0
Total Dollar Amount of Invoices Reviewed: \$0

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 Buena Vista Housing, LTD. 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 Buena Vista Housing, LTD, 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 1 - BALANCE SHEET

PROJECT NAME Magnolia Terrace Apartments	BORROWER NAME Buena Vista Housing, LTD	BORROWER ID AND PROJECT NO. 10-098-601024798	
BEGINNING DATES>	CURRENT YEAR 01-01-15	PRIOR YEAR 01-01-14	COMMENTS
ENDING DATES>	12-31-15	12-31-14	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	37,813	28,034	
2. R.E. TAX & INSURANCE ACCOUNT.....	19,752	10,378	
3. RESERVE ACCOUNT.....	116,962	111,658	
4. SECURITY DEPOSIT ACCOUNT.....	3,400	3,399	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	3,743	3,965	
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)	181,670	157,434	

FIXED ASSETS

13. LAND.....	11,390	11,390	
14. BUILDINGS.....	774,985	774,985	
15. LESS: ACCUMULATED DEPRECIATION.....	(658,738)	(632,905)	
16. FURNITURE & EQUIPMENT.....	27,852	27,852	
17. LESS: ACCUMULATED DEPRECIATION.....	(27,852)	(27,852)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	127,637	153,470	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	309,307	310,904	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	1,363	941	
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) ... Accrued taxes	8,481	-	
24. SECURITY DEPOSITS.....	3,400	3,399	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	13,244	4,340	

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	601,063	607,298
27. OTHER (Identify) N/P General Partners	13,700	13,700
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	614,763	620,998
29. TOTAL LIABILITIES (Add 25 and 28)	628,007	625,338
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(318,700)	(314,434)
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	309,307	310,904

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.

BUENA VISTA HOUSING, LTD
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>Page 25, Line 7</u>		
Due from rural development	\$ 3,742	\$ 3,965
Due from tenants	1	-
	\$ 3,743	\$ 3,965
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ 116	\$ -
Office supplies	2	5
Late fees	-	5
Pest control	1,082	670
Group health insurance	-	27
Repairs and maintenance	163	234
	\$ 1,363	\$ 941
<u>Page 25, Line 23</u>		
Accrued property taxes	\$ 8,481	\$ -

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

MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE

PROJECT NAME Magnolia Terrace Apartments		BORROWER NAME Magnolia Terrace/Bvlista Housing		BORROWER ID AND PROJECT NO. 601D24798 019	
Loan/Transfer Amount \$ 664,450.00		Note Rate Payment \$ 5,179.15		IC Payment \$ 1,410.96	
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 checked="" 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 checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				I hereby request _____ units of RA. Current number of RA units 24. 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 - 15) (12 - 31 - 15)	ACTUAL (01 - 01 - 15) (12 - 31 - 15)	PROPOSED BUDGET (01 - 01 - 16) (12 - 31 - 16)	COMMENTS or (YTD) (01 - 01 - 15) (12 - 31 - 15)
OPERATIONAL CASH SOURCES					
1. RENTAL INCOME		130,740.00	65,925.00	132,240.00	25 rént prod u
2. RHS RENTAL ASSISTANCE RECEIVED			58,940.03		
3. APPLICATION FEES RECEIVED			15.00		
4. LAUNDRY AND VENDING		0.00	0.00	0.00	
5. INTEREST INCOME		0.00	0.00	0.00	
6. TENANT CHARGES		200.00	181.00	400.00	
7. OTHER - PROJECT SOURCES		0.00	100.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance)		(6,496.00)		(6,612.00)	5%
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL ((1 thru 7) - (8 & 9))		124,444.00	125,161.03	126,028.00	
NON-OPERATIONAL CASH SOURCES					
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		16,500.00	6,344.23	15,100.00	
14. SUB-TOTAL ((1 thru 13)		16,500.00	6,344.23	15,100.00	
15. TOTAL CASH SOURCES ((10+14)		140,944.00	131,505.26	141,128.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)		93,606.00	83,867.92	94,942.00	
17. RHS DEBT PAYMENT		16,931.00	16,931.39	16,931.00	
18. RHS PAYMENT (Overage)			1,040.25		
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		11,645.00	11,648.00	11,645.00	
23. RETURN TO OWNER/MP ASSET MANAGEMENT FEE .		1,644.00	1,644.00	1,644.00	2014 RTO paid
24. SUB-TOTAL ((16 thru 23)		123,826.00	115,131.56	125,162.00	
NON-OPERATIONAL CASH USES					
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)		16,500.00	6,344.23	15,100.00	
27. MISCELLANEOUS		0.00	0.13	0.00	Rounding
28. SUB-TOTAL ((25 thru 27)		16,500.00	6,344.36	15,100.00	
29. TOTAL CASH USES ((24+28)		140,326.00	121,475.92	140,262.00	
30. NET CASH (DEFICIT) ((15-29)		618.00	10,029.34	866.00	
CASH BALANCE					
31. BEGINNING CASH BALANCE		76,574.99	38,411.54	77,192.99	
32. ACCRUAL TO CASH ADJUSTMENT			8,124.20		Adjust to accru
33. ENDING CASH BALANCE ((30+31)+32)		77,192.99	57,565.08	78,058.99	

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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	7,000.00	3,277.50	7,000.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY	9,000.00	12,136.70	9,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	2,000.00	171.97	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	7,996.84	8,200.00	600/M + 1000
8. SERVICES	2,896.00	1,906.00	2,916.00	103/MPestCon
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	125.00	115.87	125.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	29,221.00	25,604.88	29,241.00	
12. ELECTRICITY <small>If metered check box on front.</small>	4,200.00	3,646.60	4,300.00	
13. WATER	1,200.00	1,045.31	1,500.00	
14. SEWER	1,500.00	1,234.93	1,600.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	4,300.00	3,888.40	4,400.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	11,200.00	9,814.24	11,800.00	
19. SITE MANAGEMENT PAYROLL	8,696.00	10,132.22	9,996.00	833/M (3% Incr
20. MANAGEMENT FEE	13,800.00	13,670.50	14,100.00	\$47x25Lx12M
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	16.78	100.00	
24. ADVERTISING	100.00	55.55	100.00	
25. TELEPHONE & ANSWERING SERVICE	1,690.00	1,767.69	1,700.00	
26. OFFICE SUPPLIES	750.00	415.07	650.00	
27. OFFICE FURNITURE & EQUIPMENT	1,116.00	1,152.92	1,167.00	579/M CompSt
28. TRAINING EXPENSE	1,108.00	282.48	1,108.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	400.00	326.50	380.00	
30. PAYROLL TAXES	2,275.00	2,048.38	2,275.00	
31. WORKER'S COMPENSATION	475.00	439.96	400.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	322.15	300.00	Property Tax C
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	35,810.00	34,510.16	36,276.00	
34. REAL ESTATE TAXES	11,900.00	8,480.61	12,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	100.00	60.49	100.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	5,250.00	5,397.52	5,400.00	216/U (3% Inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	125.00	0.00	125.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	17,375.00	13,938.62	17,625.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	93,606.00	83,867.92	94,942.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	114,009.77	111,658.33	109,154.77	
2. TRANSFER TO RESERVE	11,645.00	11,648.00	11,645.00	\$554/M + \$5k
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT.....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	16,500.00	6,344.23	15,100.00	
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)	(16,500.00)	(6,344.23)	(15,100.00)	
8. ENDING BALANCE [(1+2)-7]	109,154.77	116,962.10	105,699.77	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	26,033.54	
ENDING BALANCE	37,812.60	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	10,378.00	
ENDING BALANCE	19,752.48	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	3,399.00	
ENDING BALANCE	3,400.00	

(*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	24	435.00	695.00	0.00	126,280.00	171,360.00	0.00	77.00
2	N	1	455.00	615.00	0.00	5,460.00	7,380.00	0.00	86.00
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
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						130,740.00	178,740.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 12 / 31 / 15

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	24	440.00	600.00	0.00	126,720.00	172,800.00	0.00	
2	N	1	460.00	620.00	0.00	5,520.00	7,440.00	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	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						132,240.00	180,240.00	0.00	
						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	24	77.00	0.00	0.00	0.00	0.00	0.00	77.00
2	N	1	100.00	0.00	0.00	0.00	0.00	0.00	100.00
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

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
Appliances:							
Range	3	1,300.00	1,086.10	0.00	0.00	1,086.10	1
Refrigerator	3	1,800.00	0.00	0.00	0.00	0.00	0
Range Hood	3	900.00	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
Carpet & Vinyl:							
1BR	3	4,500.00	2,208.13	0.00	0.00	2,208.13	1
2BR	0	0.00	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
Cabinets:							
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
Doors:							
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
Window Coverings:							
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
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	6,000.00	3,050.00	0.00	0.00	3,050.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	600.00	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
Major Electrical:							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Structures:							
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	
Paving:							
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	
Landscape & Grounds:							
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	
Accessibility Features:							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
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	
Other:							
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	
TOTAL CAPITAL EXPENSES:	16	15,100.00	6,344.23	0.00	0.00	6,344.23	2

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 budget because of less appliances and less HVAC units budgeted.

Line 23. The RTO paid in 2015 was the 2014 RTO.

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 budgeted. The property tax is accrued. It has not been paid and will not be due until the appeal is settled.

Magnolia Terrace 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
Appliances:							
Range	3	1,300.00	1,086.10	0.00	0.00	1,086.10	1
Refrigerator	3	1,800.00	0.00	0.00	0.00	0.00	0
Range Hood	3	900.00	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
Carpet & Vinyl:							
1BR	3	4,500.00	2,208.13	0.00	0.00	2,208.13	1
2BR	0	0.00	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
Cabinets:							
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
Doors:							
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
Window Coverings:							
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
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	3	7,000.00	3,050.00	0.00	0.00	3,050.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	3	1,000.00	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
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
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	
Paving:							
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	
Landscape & Grounds:							
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	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
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	
Other:							
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	
TOTAL CAPITAL EXPENSES:	18	16,500.00	6,344.23	0.00	0.00	6,344.23	3

Yardi Classic Addendum Page

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BUENA VISTA, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2016 AND 2015

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)

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Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Buena Vista Housing, LTD
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Buena Vista Housing, LTD (a Limited Partnership), USDA, RD No: 10-098-601024798 which comprises the balance sheets as of December 31, 2016 and 2015, and the related statements of income, partners' (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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

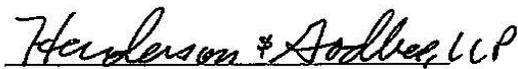
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buena Vista Housing, LTD as of December 31, 2016 and 2015, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity with 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 Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control over financial reporting and compliance.



Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 69,663	\$ 37,813
Accounts receivable - RD	4,232	3,742
Accounts receivable - tenants	-	1
	73,895	41,556
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	3,400	3,400
Escrow-replacement reserve	117,764	116,962
Escrow-tax reserve	11,514	19,752
	132,678	140,114
Property, Plant and Equipment		
Property, plant and equipment, at cost	814,227	814,227
Accumulated depreciation	(712,423)	(686,590)
	101,804	127,637
Net Property, Plant and Equipment	101,804	127,637
Total Assets	\$ 308,377	\$ 309,307

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

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

	2016	2015
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 7,497	\$ 6,837
Accounts payable	269	1,363
Accrued property tax	-	8,481
	<u>7,766</u>	<u>16,681</u>
Deposits and Prepayment Liabilities		
Tenants' security deposits	3,400	3,400
Prepaid rent	22	-
	<u>3,422</u>	<u>3,400</u>
Long-Term Liabilities		
Notes payable, general partners	13,700	13,700
Mortgage payable, less current maturities	586,730	594,226
	<u>600,430</u>	<u>607,926</u>
Total Long-Term Liabilities	600,430	607,926
Total Liabilities	611,618	628,007
Partners' (Deficit)		
Partners' (Deficit)	(303,241)	(318,700)
	<u>(303,241)</u>	<u>(318,700)</u>
Total Liabilities And Partners' (Deficit)	\$ 308,377	\$ 309,307
	<u>\$ 308,377</u>	<u>\$ 309,307</u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues		
Gross potential rental income	\$ 132,534	\$ 130,740
Less: vacancy loss	(1,335)	(5,875)
Net rental income	131,199	124,865
Other income	5,629	296
Total Revenues	136,828	125,161
Expenses		
Operating and maintenance	28,579	31,949
Utilities	10,059	9,814
Administrative	36,348	34,511
Taxes and insurance	8,517	13,939
Total Operating Expenses	83,503	90,213
Net Operating Income	53,325	34,948
Non-Operating Expenses		
Interest subsidy income	(44,924)	(44,178)
Interest expense	55,313	55,915
Depreciation and amortization	25,833	25,833
Total Non-Operating Expenses	36,222	37,570
Net Income (Loss)	\$ 17,103	\$ (2,622)

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (300,259)	\$ (296,841)
Distributions	(822)	(822)
Net Income (Loss)	<u>16,932</u>	<u>(2,596)</u>
Balance, December 31	<u>\$ (284,149)</u>	<u>\$ (300,259)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (18,441)	\$ (17,593)
Distributions	(822)	(822)
Net Income (Loss)	<u>171</u>	<u>(26)</u>
Balance, December 31	<u>\$ (19,092)</u>	<u>\$ (18,441)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (318,700)	\$ (314,434)
Distributions	(1,644)	(1,644)
Net Income (Loss)	<u>17,103</u>	<u>(2,622)</u>
Balance, December 31	<u>\$ (303,241)</u>	<u>\$ (318,700)</u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Net Income (Loss)	\$ 17,103	\$ (2,622)
 Adjustments To Reconcile Net Income (Loss) To Net Cash Provided By Operating Activities:		
Depreciation and amortization	25,833	25,833
Changes In Operating Assets And Liabilities:		
Accounts receivable	(489)	222
Security deposits	-	(1)
Replacement reserve	(802)	(5,304)
Tax reserve	8,238	(9,374)
Accounts payable	(1,094)	422
Accrued property tax	(8,481)	8,481
Tenants' security deposits	-	1
Unearned rents	22	-
 Total Adjustments	<u>23,227</u>	<u>20,280</u>
 Net Cash Provided By Operating Activities	<u>40,330</u>	<u>17,658</u>
 Cash Flows From Financing Activities		
Principal payments on long-term debt	(6,836)	(6,235)
Distributions	(1,644)	(1,644)
 Net Cash (Used In) Financing Activities	<u>(8,480)</u>	<u>(7,879)</u>
 Net Increase In Cash	31,850	9,779
 Cash, Beginning Of Year	<u>37,813</u>	<u>28,034</u>
 Cash, End Of Year	<u>\$ 69,663</u>	<u>\$ 37,813</u>

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 55,313	\$ 55,915
Less: subsidized portion	(44,924)	(44,178)
Interest paid, net of subsidy	\$ 10,389	\$ 11,737

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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 Buena Vista Housing, LTD, was formed as a limited liability limited partnership under the laws of the State of Georgia, to develop, own and operate a 25-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective September 1, 1989, to admit a new limited partner, Gateway Tax Credit Fund, Ltd. (a Florida limited partnership), and retain as the general partner, Rural Housing Partnerships, Inc. 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.

Effective December 31, 2009, the partnership agreement was amended to admit Bainbridge Properties Special Limited Partner – DAB, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund, Ltd., (a Florida limited partnership). Effective January 1, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Bainbridge Properties Special Limited Partner.

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.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$1, 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 \$35 and \$56, respectively.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

Under provisions of the Mortgage Agreement with USDA, RD the Partnership has agreed to transfer \$6,645 annually, in monthly payments, into a reserve account. Any disbursements from this account are subject to the approval of USDA, RD. The reserve's status at December 31 is:

	<u>2016</u>	<u>2015</u>
Annual funding required by loan agreement	<u>\$ 6,645</u>	<u>\$ 6,645</u>
Actual funding including interest income	<u>11,648</u>	<u>11,648</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>10,846</u>	<u>6,344</u>
Reserve balance at year end	117,764	116,962
Fully funded balance per loan agreement	<u>(41,923)</u>	<u>(37,722)</u>
Excess (Deficit)	<u>\$ 159,687</u>	<u>\$ 154,684</u>

There have been no approved withdrawals for operating expenses that require increasing the reserve payment level.

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	<u>\$ 3,400</u>	<u>\$ 3,400</u>
Tenant security deposits payable	<u>3,400</u>	<u>3,400</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

BUENA VISTA HOUSING, LTD
(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	\$ 11,514	\$ 19,752
Accrued or unpaid taxes and insurance	<u>-</u>	<u>8,481</u>
Excess	<u>\$ 11,514</u>	<u>\$ 11,271</u>

The accrued property taxes as of December 31, 2015 of \$8,481 relate to the year 2015 and were not billed by the Tax Assessor's office because there was an appeal pending. The city and county taxes were subsequently paid in February and October of 2016, respectively.

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		\$ 11,390	\$ 11,390
Buildings	30 Years	774,985	774,985
Equipment	10 Years	<u>27,852</u>	<u>27,852</u>
Total		814,227	814,227
Less: Accumulated depreciation		<u>(712,423)</u>	<u>(686,590)</u>
Net Property, Plant and Equipment		<u>\$ 101,804</u>	<u>\$ 127,637</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$25,833 and \$25,833 for the years ended December 31, 2016 and 2015.

BUENA VISTA HOUSING, LTD
(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>
Outside services	\$ -	\$ 116
Office supplies	166	2
Pest control	103	1,082
Repairs and maintenance	-	163
	<u>\$ 269</u>	<u>\$ 1,363</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 June 26, 1990, 9.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$812,375.	\$ 594,227	\$ 601,063
Less current maturities	<u>(7,497)</u>	<u>(6,837)</u>
Long-term portion	<u>\$ 586,730</u>	<u>\$ 594,226</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	\$ 7,497
2018	8,220
2019	9,014
2020	9,884
2021	10,838

Buena Vista Housing, LTD incurred interest costs of \$55,313 and \$55,915 for the years ended December 31, 2016 and 2015, respectively, all of which was properly charged to expense.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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	<u>\$ 66,846</u>	<u>\$ 58,940</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>2016</u>	<u>2015</u>
Net Income (Loss) per financial statement	\$ 17,103	\$ (2,622)
Book depreciation in excess of tax depreciation	<u>5,210</u>	<u>5,210</u>
Partnership Income per tax return	<u>\$ 22,313</u>	<u>\$ 2,588</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 Buena Vista Housing, LTD. The partnership paid Investors Management Company, Inc. management fees of \$14,075 and \$13,671 for the years ended December 31, 2016 and 2015, respectively.

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

Partners

The general partners advanced \$13,700, as required by USDA, RD, to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. To the extent these funds are not expended for that stated purpose, the partnership shall return such funds to the general partners only with USDA, RD approval.

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 \$1,644, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 – CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Buena Vista Housing, LTD maintains its cash accounts at one bank in Valdosta, Georgia. Accounts 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	\$ 202,341	\$ 177,927
Portion insured by FDIC	<u>202,341</u>	<u>177,927</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.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 Magnolia Terrace 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.

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Management Fee Calculation

The management fee is based on a fee per unit occupied by tenants during the month.

Total Qualified Units (25 * 1 month)	25
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	25
Fee Per Unit (Effective February, 2015)	\$ 46.00
Management fees January 2016	1,150
Total Qualified Units (25 * 11 months)	275
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	275
Fee Per Unit (Effective February, 2016)	\$ 47.00
Management fees February through December 2016	12,925
Management Fee Expense	\$ 14,075

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 1,000	\$ 1,920,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

**BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

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>\$ 1,644</u>
Budget Return to Owner	<u>\$ 1,644</u>
Return to Owner Paid:	
General Partner Distribution	\$ 822
Limited Partner Distribution	822
	<u>\$ 1,644</u>



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**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
Buena Vista Housing, LTD
Valdosta, Georgia

USDA Rural Development
Fort Valley, 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 Buena Vista Housing, LTD, which comprise the balance sheet as of December 31, 2016, and the related statements of income, changes in partner's (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 Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buena Vista Housing, LTD'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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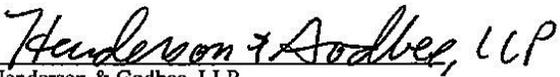
deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista Housing, LTD'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 Buena Vista Housing, LTD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista Housing, LTD'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

BUENA VISTA HOUSING, LTD
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

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
Buena Vista Housing, LTD
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Fort Valley, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Buena Vista Housing, LTD ("Owner") the owner of Magnolia Terrace Apartments ("Project") located in Buena Vista, 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

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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 180
Total Dollar Amount of Invoices in Population: \$70,230
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$2,042
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$300
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: 3
Total Number of Withdrawals Authorized by RD: 3
Total Dollar Amount of Reserve Account Withdrawals: \$10,846
Total Dollar Amount of Withdrawals Authorized by RD: \$10,846
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: \$14,075

Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$14,075
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$14,075

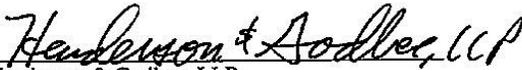
Company Name 2: Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)

Total Dollar Amount for the Year: \$4,815
Total Number of Invoices in Population: 1
Total Dollar Amount of Invoices in Population: \$4,815
Total Number of Invoices Reviewed: 1
Total Dollar Amount of Invoices Reviewed: \$4,815

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 Buena Vista Housing, LTD. 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 Buena Vista Housing, LTD, 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

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.	
Magnolia Terrace Apartments	Buena Vista Housing, LTD	10-098-601024798	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>	01-01-16	01-01-15	
ENDING DATES>	12-31-16	12-31-15	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	69,663	37,813	
2. R.E. TAX & INSURANCE ACCOUNT.....	11,514	19,752	
3. RESERVE ACCOUNT.....	117,764	116,962	
4. SECURITY DEPOSIT ACCOUNT.....	3,400	3,400	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	4,232	3,743	
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)	206,573	181,670	

FIXED ASSETS

13. LAND.....	11,390	11,390	
14. BUILDINGS.....	774,985	774,985	
15. LESS: ACCUMULATED DEPRECIATION.....	(684,571)	(658,738)	
16. FURNITURE & EQUIPMENT.....	27,852	27,852	
17. LESS: ACCUMULATED DEPRECIATION.....	(27,852)	(27,852)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	101,804	127,637	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	308,377	309,307	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	269	1,363	
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) ...	22	8,481	
24. SECURITY DEPOSITS.....	3,400	3,400	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	3,691	13,244	

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 0575-0180. 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	594,227	601,063	
27. OTHER (Identify) N/P General Partners	13,700	13,700	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	607,927	614,763	
29. TOTAL LIABILITIES (Add 25 and 28)	611,618	628,007	
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(303,241)	(318,700)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	308,377	309,307	

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.

BUENA VISTA HOUSING, LTD
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2016 AND 2015

	2016	2015
<u>Page 25, Line 7</u>		
Due from rural development	\$ 4,232	\$ 3,742
Due from tenants	-	1
	\$ 4,232	\$ 3,743
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ -	\$ 116
Office supplies	166	2
Pest control	103	1,082
Repairs and maintenance	-	163
	\$ 269	\$ 1,363
<u>Page 25, Line 23</u>		
Accrued property taxes	\$ -	\$ 8,481
Prepaid tenants rent	22	-
	\$ 22	\$ 8,481

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

Position 3
**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Magnolia Terrace Apartments		BORROWER NAME Magnolia Terrace/Bvista Housing		BORROWER ID AND PROJECT NO. 801024798 019	
Loan/Transfer Amount \$ 664,450.00		Note Rate Payment \$ 5,179.15		IC Payment \$ 1,410.98	
Reporting Period	Budget Type	Project Rental Type	Profit Type	The following utilities are master metered:	I hereby request
<input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	<input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	<input checked="" 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	<input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	<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 type="checkbox"/> 0 units of RA. Current number of RA units 24. Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual

PART I—CASH FLOW STATEMENT

		CURRENT BUDGET (01 - 01 - 16) (12 - 31 - 16)	ACTUAL (01 - 01 - 16) (12 - 31 - 16)	PROPOSED BUDGET (01 - 01 - 17) (12 - 31 - 17)	COMMENTS or (YTD) (01 - 01 - 16) (12 - 31 - 16)
OPERATIONAL CASH SOURCES					
1. RENTAL INCOME		132,240.00	64,353.00	133,740.00	25 rent prod u
2. RHS RENTAL ASSISTANCE RECEIVED			66,846.00		
3. APPLICATION FEES RECEIVED			75.00		
4. LAUNDRY AND VENDING		0.00	0.00	0.00	
5. INTEREST INCOME		0.00	0.00	0.00	
6. TENANT CHARGES		400.00	5,354.09	200.00	
7. OTHER - PROJECT SOURCES		0.00	200.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance)		(6,612.00)		(6,687.00)	5%
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]		126,028.00	136,828.09	127,253.00	
NON-OPERATIONAL CASH SOURCES					
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		15,100.00	10,845.93	15,100.00	
14. SUB-TOTAL (11 thru 13)		15,100.00	10,845.93	15,100.00	
15. TOTAL CASH SOURCES (10+14)		141,128.00	147,674.02	142,353.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)		94,942.00	72,657.00	91,439.00	
17. RHS DEBT PAYMENT		16,931.00	16,931.52	16,931.00	
18. RHS PAYMENT (Overage)			294.00		
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		11,645.00	11,648.00	13,645.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE		1,644.00	1,644.00	1,644.00	2015 RTO paid
24. SUB-TOTAL (16 thru 23)		125,162.00	103,174.52	123,659.00	
NON-OPERATIONAL CASH USES					
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)		15,100.00	10,845.93	15,100.00	
27. MISCELLANEOUS		0.00	1.20	0.00	Rounding
28. SUB-TOTAL (25 thru 27)		15,100.00	10,847.13	15,100.00	
29. TOTAL CASH USES (24+28)		140,262.00	114,021.65	138,759.00	
30. NET CASH (DEFICIT) (15-29)		866.00	33,652.37	3,594.00	
CASH BALANCE					
31. BEGINNING CASH BALANCE		77,192.99	57,565.08	78,058.99	
32. ACCRUAL TO CASH ADJUSTMENT			-10,041.17		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)		78,058.99	81,176.28	81,652.99	

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	7,000.00	2,951.00	5,000.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY	9,000.00	5,195.61	8,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	2,000.00	111.20	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	7,762.84	8,200.00	600/M + 1000
8. SERVICES	2,916.00	1,597.00	2,916.00	103/MPestCon
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	125.00	114.80	125.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	29,241.00	17,732.45	26,241.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	4,300.00	3,786.61	4,300.00	
13. WATER <input type="checkbox"/> check box on	1,500.00	1,092.59	1,500.00	
14. SEWER <input type="checkbox"/> front	1,600.00	1,291.22	1,600.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	4,400.00	3,888.00	4,400.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	11,800.00	10,058.42	11,800.00	
19. SITE MANAGEMENT PAYROLL	9,996.00	10,053.20	9,996.00	833/M (3% incr
20. MANAGEMENT FEE	14,100.00	14,075.00	14,700.00	\$47x25Ux12M
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	100.00	35.00	100.00	
25. TELEPHONE & ANSWERING SERVICE	1,700.00	1,952.75	1,800.00	
26. OFFICE SUPPLIES	650.00	522.47	600.00	
27. OFFICE FURNITURE & EQUIPMENT	1,167.00	1,481.36	1,166.00	\$79/M CompSt
28. TRAINING EXPENSE	1,108.00	319.50	1,111.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	380.00	338.40	300.00	
30. PAYROLL TAXES	2,275.00	1,913.78	2,050.00	
31. WORKER'S COMPENSATION	400.00	404.03	400.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	1,372.80	300.00	Property Tax C
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	36,276.00	36,348.29	36,623.00	
34. REAL ESTATE TAXES	12,000.00	3,493.81	11,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	100.00	209.03	100.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	5,400.00	4,815.00	5,550.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	125.00	0.00	125.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	17,625.00	8,517.84	16,775.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	94,942.00	72,657.00	91,439.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	109,154.77	116,962.10	105,699.77	
2. TRANSFER TO RESERVE	11,645.00	11,648.00	13,645.00	\$554/M + \$7k
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	15,100.00	10,845.93	15,100.00	
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)	(15,100.00)	(10,845.93)	(15,100.00)	
8. ENDING BALANCE [(1+2)-7]	105,699.77	117,764.17	104,244.77	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	37,812.60	
ENDING BALANCE	69,662.40	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	19,752.48	
ENDING BALANCE	11,513.88	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	3,400.00	
ENDING BALANCE	3,400.00	

(*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	24	440.00	600.00	0.00	126,720.00	172,800.00	0.00	77.00
2	N	1	460.00	620.00	0.00	5,520.00	7,440.00	0.00	100.00
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
CURRENT RENT TOTALS:						132,240.00	180,240.00	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	24	445.00	605.00	0.00	128,160.00	174,240.00	0.00	
2	N	1	465.00	625.00	0.00	5,580.00	7,500.00	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	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						133,740.00	181,740.00	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	24	65.00	0.00	0.00	0.00	0.00	0.00	65.00
2	N	1	70.00	0.00	0.00	0.00	0.00	0.00	70.00
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

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
Appliances:							
Range	3	1,300.00	0.00	0.00	0.00	0.00	0
Refrigerator	3	1,800.00	0.00	0.00	0.00	0.00	0
Range Hood	3	900.00	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
Carpet & Vinyl:							
1BR	3	4,500.00	3,845.93	0.00	0.00	3,845.93	1
2BR	0	0.00	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
Cabinets:							
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
Doors:							
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
Window Coverings:							
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
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	6,000.00	7,000.00	0.00	0.00	7,000.00	2
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	600.00	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
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
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	
Paving:							
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	
Landscape & Grounds:							
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	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
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	
Other:							
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	
TOTAL CAPITAL EXPENSES:	16	15,100.00	10,845.93	0.00	0.00	10,845.93	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:

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Line 13. Actual transfers from 1% reserve were 28% less than budget. No appliance replacements were required in 2016.

Line 23. The RTO paid in 2016 was the 2015 RTO.

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Line 11. Actual Maintenance and Operating Expenses were 40% less than budget. Maintenance payroll, maintenance supplies, and turn costs were less than budgeted.

Line 18. Actual Utilities were 15% less than budget. All utility categories were under budget.

Line 33. Actual Administrative Expenses were right at budget.

Line 40. Actual Tax & Insurance Expense was less than budgeted due to a lower property tax bill than budgeted.

Magnolia Terrace 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
Appliances:							
Range	3	1,300.00	0.00	0.00	0.00	0.00	0
Refrigerator	3	1,800.00	0.00	0.00	0.00	0.00	0
Range Hood	3	900.00	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
Carpet & Vinyl:							
1BR	3	4,500.00	3,845.93	0.00	0.00	3,845.93	1
2BR	0	0.00	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
Cabinets:							
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
Doors:							
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
Window Coverings:							
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
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	6,000.00	7,000.00	0.00	0.00	7,000.00	2
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	600.00	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
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
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	
Paving:							
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	
Landscape & Grounds:							
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	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
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	
Other:							
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	
TOTAL CAPITAL EXPENSES:	16	15,100.00	10,845.93	0.00	0.00	10,845.93	3

Yardi Classic Addendum Page

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

**Balance Sheet (Cash)
Magnolia Terrace - (260)
April 2017**

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CURRENT ASSETS

CASH

1020.0 CDA-Checking	576.65
1021.0 Operating-Checking	73,094.62
1030.0 Tax & Insurance Reserve	7,541.88
1040.0 Replacement Reserve	126,980.17
TOTAL CASH	<u>208,193.32</u>

1140.0 A/R Rents/FMHA Receivable	4,232.04
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FIXED ASSETS

2010.0 Land	11,390.00
2030.0 Buildings	774,985.00
2050.0 Equipment	26,000.00
2080.0 Furniture & Fixtures	1,851.87
2110.0 Accumulated Depreciation-Buildings	-684,570.68
2120.0 Accumulated Depreciation-Furniture & Fixt	-27,851.87
TOTAL FIXED ASSETS	<u>101,804.32</u>

OTHER ASSETS

2510.0 Security Deposits-Checking	3,250.00
TOTAL OTHER ASSETS	<u>3,250.00</u>

TOTAL ASSETS	<u>317,479.68</u>
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LIABILITIES & CAPITAL

CURRENT LIABILITIES

3021.0 Security Deposits Payable	3,250.00
3028.0 Accounts Payable	269.01
3029.0 Prepaid Tenants Rent	22.00
TOTAL CURRENT LIABILITIES	<u>3,541.01</u>

LONG TERM LIABILITIES

4020.0 Mortgage Payable	594,226.35
4080.0 Note Payable-2% Funds	13,700.00
TOTAL LONG TERM LIABILITIES	<u>607,926.35</u>

TOTAL LIABILITIES	<u>611,467.36</u>
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CAPITAL

5006.0 Return To Owners	-1,644.00
5020.0 General Partners Equity	-17,505.78
5030.0 Retained Earnings	26,356.32
5040.0 Limited Partners Equity	-288,279.31
5050.0 General Partners Capital	-935.22
5051.0 Limited Partners Capital	-11,979.69
TOTAL CAPITAL	<u>-293,987.68</u>

TOTAL LIABILITIES & CAPITAL	<u>317,479.68</u>
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**Budget Comparison (Cash)
Magnolia Terrace - (260)
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
INCOME									
RENT INCOME									
6010.0 Income-Rent	5,214.00	11,145.00	-5,931.00	-53.22	21,250.00	44,580.00	-23,330.00	-52.33	133,740.00
6011.0 Income-Rental Assistan	5,494.00	0.00	5,494.00	0	22,116.00	0.00	22,116.00	0	0.00
TOTAL RENT INCOME	10,708.00	11,145.00	-437.00	-3.92	43,366.00	44,580.00	-1,214.00	-2.72	133,740.00
OTHER INCOME									
6018.0 Tenant Charges/Damag	0.00	2.08	-2.08	-100.0	0.00	8.32	-8.32	-100.0	25.00
6029.0 Income-Cleaning & Rep	0.00	2.08	-2.08	-100.0	0.00	8.32	-8.32	-100.0	25.00
6030.0 Income-Late Fees	0.00	8.33	-8.33	-100.0	18.00	33.32	-15.32	-45.98	100.00
6031.0 Forfeited Security Depo	0.00	2.08	-2.08	-100.0	0.00	8.32	-8.32	-100.0	25.00
6033.0 Income-Miscellaneous	0.00	2.08	-2.08	-100.0	0.00	8.32	-8.32	-100.0	25.00
TOTAL OTHER INCOME	0.00	16.65	-16.65	-100.0	18.00	66.60	-48.60	-72.97	200.00
TOTAL INCOME	10,708.00	11,161.65	-453.65	-4.06	43,384.00	44,646.60	-1,262.60	-2.83	133,940.00
OFFSETS TO INCOME									
7100.0 Vacancy Allowance	0.00	-557.25	557.25	100.0	0.00	-2,229.00	2,229.00	100.0	-6,687.00
TOTAL OFFSETS	0.00	-557.25	557.25	100.0	0.00	-2,229.00	2,229.00	100.0	-6,687.00
TOTAL INCOME AFTER O	10,708.00	10,604.40	103.60	0.98	43,384.00	42,417.60	966.40	2.28	127,253.00
OPERATING EXPENSES									
OPERATING & MAINTENANCE									
MAINTENANCE & REPAIRS PAYR									
8045.0 Payroll-Maintenance Pe	265.00	416.67	151.67	36.40	1,054.00	1,666.68	612.68	36.76	5,000.00
TOTAL MAINTENANCE & RE	265.00	416.67	151.67	36.40	1,054.00	1,666.68	612.68	36.76	5,000.00
MAINTENANCE & REPAIRS SUP									
8075.0 R&M Building Supplies	-50.68	166.67	217.35	130.4	-50.68	666.68	717.36	107.6	2,000.00
8080.0 R&M-Heating & Air Sup	0.00	166.67	166.67	100.0	140.00	666.68	526.68	79.00	2,000.00
8085.0 R&M-Plumbing Supplie	274.79	166.67	-108.12	-64.87	274.79	666.68	391.89	58.78	2,000.00
8090.0 R&M-Appliance Supplie	0.00	166.67	166.67	100.0	0.00	666.68	666.68	100.0	2,000.00
TOTAL MAINTENANCE & RE	224.11	666.68	442.57	66.38	364.11	2,666.72	2,302.61	86.35	8,000.00
UNIT TURNS									
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
TOTAL UNIT TURNS	0.00	166.67	166.67	100.0	0.00	666.68	666.68	100.0	2,000.00
GROUNDS									
8170.0 PAYROLL-GROUNDS S	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	42.09	83.33	41.24	49.49	42.09	333.32	291.23	87.37	1,000.00
TOTAL GROUNDS	642.09	683.33	41.24	6.04	2,442.09	2,733.32	291.23	10.65	8,200.00
PEST CONTROL									
8195.0 Pest Control Service	0.00	103.00	103.00	100.0	309.00	412.00	103.00	25.00	2,236.00
8200.0 Termite Service/Bond	0.00	0.00	0.00	0	0.00	680.00	680.00	100.0	680.00
TOTAL PEST CONTROL	0.00	103.00	103.00	100.0	309.00	1,092.00	783.00	71.70	2,916.00
OTHER OPERATING EXPENSES									
8220.0 Outside Services	0.00	10.42	10.42	100.0	0.00	41.68	41.68	100.0	125.00
TOTAL OTHER OPERATING	0.00	10.42	10.42	100.0	0.00	41.68	41.68	100.0	125.00
TOTAL OPERATING & MAIN	1,131.20	2,046.77	915.57	44.73	4,169.20	8,867.08	4,697.88	52.98	26,241.00
UTILITIES									
8255.0 Utilities-Electricity	327.68	358.33	30.65	8.55	1,301.41	1,433.32	131.91	9.20	4,300.00
8260.0 Utilities-Water	0.00	125.00	125.00	100.0	979.65	500.00	-479.65	-95.93	1,500.00
8265.0 Utilities-Sewer	0.00	133.33	133.33	100.0	1,158.19	533.32	-624.87	-117.1	1,600.00
8275.0 Utilities-Sanitation	0.00	366.67	366.67	100.0	972.00	1,466.68	494.68	33.73	4,400.00
TOTAL UTILITIES	327.68	983.33	655.65	66.68	4,411.25	3,933.32	-477.93	-12.15	11,800.00

**Budget Comparison (Cash)
Magnolia Terrace - (260)
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
ADMINISTRATIVE									
8310.0 Site Management Payro	824.72	833.00	8.28	0.99	3,250.52	3,332.00	81.48	2.45	9,996.00
8315.0 Management Fees	1,176.00	1,225.00	49.00	4.00	4,752.00	4,900.00	148.00	3.02	14,700.00
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	8.33	8.33	100.0	0.00	33.32	33.32	100.0	100.00
8335.0 Telephone	177.50	150.00	-27.50	-18.33	702.42	600.00	-102.42	-17.07	1,800.00
8340.0 Office Supplies	0.00	50.00	50.00	100.0	308.27	200.00	-108.27	-54.14	600.00
8350.0 Computer Equipment,	79.00	97.17	18.17	18.70	482.01	388.68	-93.33	-24.01	1,166.00
8360.0 Training Expenses	9.00	92.58	83.58	90.28	36.00	370.32	334.32	90.28	1,111.00
8365.0 Group Health Insurance	28.20	12.50	-15.70	-125.6	112.80	50.00	-62.80	-125.6	150.00
8370.0 Retirement Plan Expen	0.00	12.50	12.50	100.0	0.00	50.00	50.00	100.0	150.00
8375.0 Payroll Taxes-FICA	129.26	153.75	24.49	15.93	512.87	615.00	102.13	16.61	1,845.00
8380.0 Unemployment Taxes	21.97	17.08	-4.89	-28.63	87.15	68.32	-18.83	-27.56	205.00
8385.0 Workmans Compensati	0.00	33.33	33.33	100.0	500.75	133.32	-367.43	-275.6	400.00
8390.0 Bank Charges/Fees	0.00	0.00	0.00	0	24.68	0.00	-24.68	0	0.00
8405.0 Postage & Shipping	0.00	0.00	0.00	0	26.00	0.00	-26.00	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
TOTAL ADMINISTRATIVE	2,745.65	2,718.57	-27.08	-1.00	14,975.47	14,874.28	-101.19	-0.68	36,623.00
TAXES & INSURANCE									
8440.0 Taxes-Real Estate	0.00	0.00	0.00	0	0.00	0.00	0.00	0	11,000.00
8445.0 Licenses & Permits	0.00	8.33	8.33	100.0	159.37	33.32	-126.05	-378.3	100.00
8450.0 Property Insurance	0.00	0.00	0.00	0	4,772.00	5,550.00	778.00	14.02	5,550.00
8460.0 EPL Insurance	0.00	10.42	10.42	100.0	0.00	41.68	41.68	100.0	125.00
TOTAL TAXES & INSURANC	0.00	18.75	18.75	100.0	4,931.37	5,625.00	693.63	12.33	16,775.00
8510.0 Replacement Reserve P	554.00	553.75	-0.25	-0.05	9,216.00	9,215.00	-1.00	-0.01	13,645.00
TOTAL OPERATING EXPE	4,758.53	6,321.17	1,562.64	24.72	37,703.29	42,514.68	4,811.39	11.32	105,084.00
OPERATING INCOME BEFORE D	5,949.47	4,283.23	1,666.24	38.90	5,680.71	-97.08	5,777.79	5,951.	22,169.00
DEBT SERVICE									
8805.0 Rural Development Pay	1,410.96	1,410.92	-0.04	0.00	5,643.84	5,643.68	-0.16	0.00	16,931.00
TOTAL DEBT SERVICE	1,410.96	1,410.92	-0.04	0.00	5,643.84	5,643.68	-0.16	0.00	16,931.00
OPERATING INCOME AFTER DE	4,538.51	2,872.31	1,666.20	58.01	36.87	-5,740.76	5,777.63	100.6	5,238.00
REPLACEMENT RESERVE									
8910.0 1% Building Repair & I	0.00	375.00	375.00	100.0	0.00	1,500.00	1,500.00	100.0	4,500.00
8915.0 1% Equipment Repair &	0.00	883.33	883.33	100.0	0.00	3,533.32	3,533.32	100.0	10,600.00
TOTAL REPLACEMENT RES	0.00	1,258.33	1,258.33	100.0	0.00	5,033.32	5,033.32	100.0	15,100.00
8945.0 Reserve Payments Adjustm	-554.00	0.00	554.00	0	-9,216.00	0.00	9,216.00	0	0.00
NET	5,092.51	1,613.98	3,478.53	215.5	9,252.87	-10,774.08	20,026.95	185.8	-9,862.00

HANDICAP FLOOR PLAN

1. HANDICAP ROOMS SHALL BE SUITABLE AND ACCESSIBLE TO THE HANDICAPPED AND SHALL BE CONSIDERED AS A SEPARATE UNIT FROM THE REST OF THE HOUSE.

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FLOOR PLAN

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FINISH SCHEDULE

NO.	DESCRIPTION	FINISH
1	CEILING	PAINT
2	FLOOR	PAINT
3	WALLS	PAINT
4	DOORS	PAINT
5	WINDOWS	PAINT
6	BASEBOARDS	PAINT
7	TRIM	PAINT
8	STAIRS	PAINT
9	ROOF	PAINT
10	EXTERIOR WALLS	PAINT

DOOR SCHEDULE

NO.	DESCRIPTION	TYPE	FINISH
1	ENTRY	SWING	PAINT
2	BEDROOM	SWING	PAINT
3	BATHROOM	SWING	PAINT
4	KITCHEN	SWING	PAINT
5	LIVING	SWING	PAINT
6	HALL	SWING	PAINT
7	CLOSET	SWING	PAINT
8	REAR PORCH	SLIDING	PAINT
9	FRONT PORCH	SLIDING	PAINT

WINDOW SCHEDULE

NO.	DESCRIPTION	TYPE	FINISH
1	FRONT PORCH	FIXED	PAINT
2	REAR PORCH	FIXED	PAINT
3	HALL	FIXED	PAINT
4	BEDROOM	FIXED	PAINT
5	BATHROOM	FIXED	PAINT
6	KITCHEN	FIXED	PAINT
7	LIVING	FIXED	PAINT
8	FRONT PORCH	FIXED	PAINT
9	REAR PORCH	FIXED	PAINT

ELEVATION C

ELEVATION D

ELEVATION A

ELEVATION B

BATHROOM ELEVATION

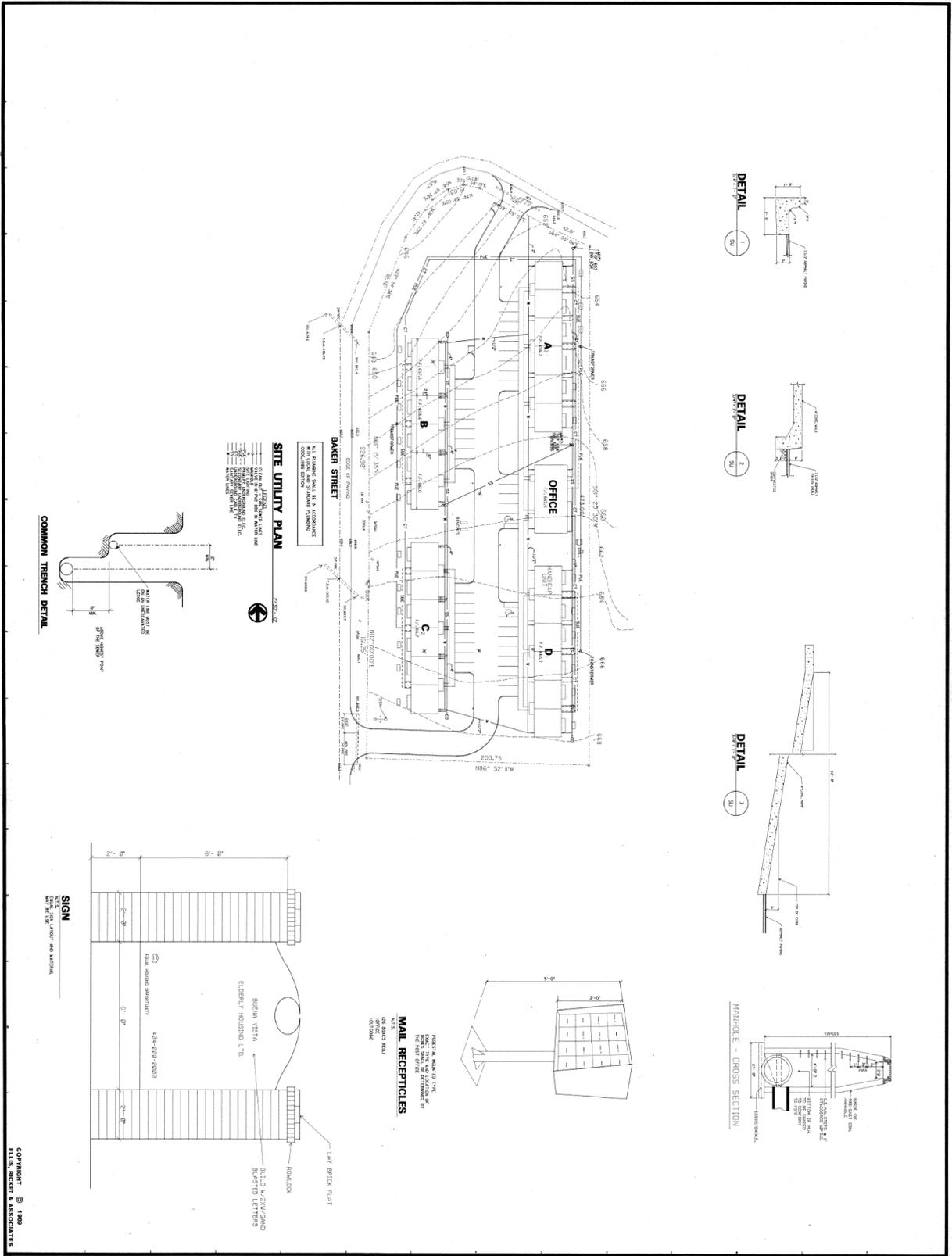
FOUNDATION PLAN

REAR ELEVATION

FRONT ELEVATION

LEFT END ELEVATION

RIGHT END ELEVATION



DETAIL 1

DETAIL 2

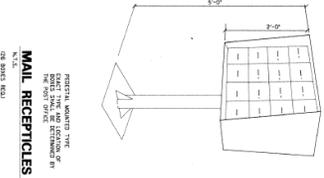
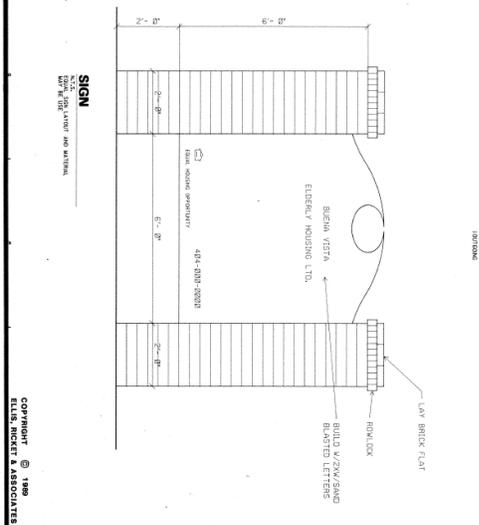
DETAIL 3

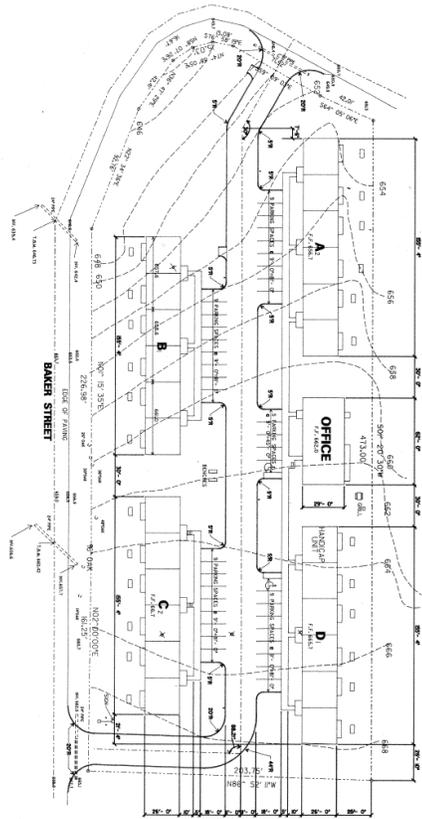
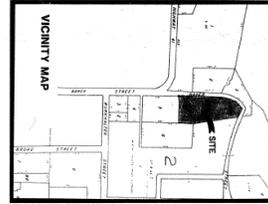
MANHOLE - CROSS SECTION

ELLIS, RICKET & ASSOCIATES
ARCHITECTS
 Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 242-3556

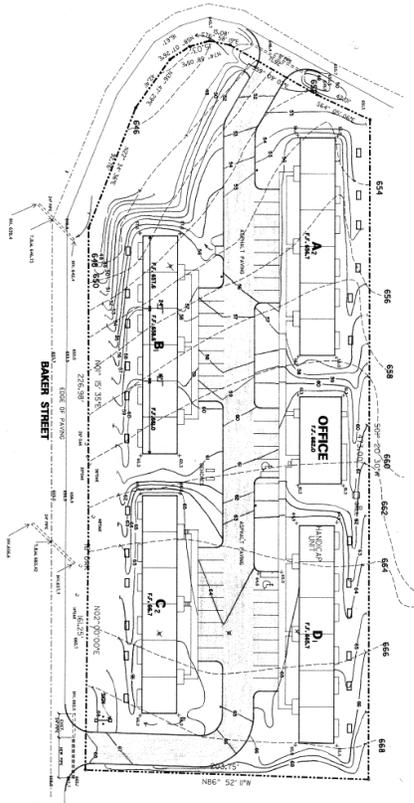
BUENA VISTA ELDERLY HOUSING LTD.
 BUENA VISTA

NO.	DATE	DESCRIPTION
1	1/27/89	PRELIMINARY
2	2/2/89	REVISED
3	2/2/89	REVISED
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9	2/2/89	REVISED
10	2/2/89	REVISED





SITE STAKING PLAN
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- NOTES:
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SITE PLAN
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 2/20/89, C

DATE
 PROJECT
 DRAWING

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 ELLIS, RICKET & ASSOCIATES



ELLIS, RICKET & ASSOCIATES
 ARCHITECTS
 Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 242-3656

BUENA VISTA ELDERLY HOUSING LTD.
 BUENA VISTA GEORGIA

NO.	DATE
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1	3	Concrete (building pads & gypcrete)							\$0
2	4	Masonry	Pressure wash brick and point up	100	5	Bldgs.	500		\$2,500
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	21	Fire Walls	145		\$3,045
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							\$0
5		interior trim including wood base	Replace Exterior door trim and damaged window stools	100	25	units	256		\$6,400
6	7	Waterproofing, caulking and sealants	Caulk all receptacles, light fixture boxes, windows, doc	100	25	units	160		\$4,000
7	7	Insulation							\$0
7		wall insulation							\$0
7		roof insulation	Boost Attic Insulation to R-38	100	16292	SF	0.39		\$6,354
7		sound insulation							\$0
8	7	Roofing							\$0
8		shingles (or other roofing material)	Replace with 25 year asphalt Shingles	100	226	SQ	250		\$56,500
8		gutters & downspouts							\$0
6	7	Siding/stucco	Replace vinyl siding	100	4625	SF	4		\$18,500
10	8	Doors & hardware							\$0
10		interior doors	Replace interior door units	100	99	each	90		\$8,910
10		exterior doors	Replace exterior door units	100	79	each	390		\$30,810
10		hardware	Replace Door hardware	100	25	each	320		\$8,000
10		Storm Doors	Replace Storm doors	100	53	each	120		\$6,360
11	8	Windows/glass							\$0
11		Windows	Replace all windows with Low-E, U-Factor 0.35 and SH	100	81	each	330		\$26,730
11		mirrors							\$0
13	9	Drywall							\$0
13		repair and replacement-walls	Repair damaged areas	2.5	482	SF	4		\$1,928
13		repair and placement-ceiling	Repair damaged areas and spray finish	1.8	332	SF	4		\$1,328
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	60	1160	SY	18.75		\$21,750
16		wood flooring							\$0
17	9	Painting							\$0
17		exterior walls							\$0
17		interior walls	Semi Gloss Enamel	100	16292	SF	0.75		\$12,219
17		ceilings							\$0
17		doors & trim	Semi Gloss Enamel	100	16292	SF	0.25		\$4,073
17		steel: handrails, stairs, etc	Hand Rails	100	340	LF	5.5		\$1,870
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	25	units	88		\$2,200
18		fire extinguishers							\$0
18		shelving							\$0
18		mailboxes	New mailboxes and mail kiosk with roof	100	1	unit	14680		\$14,680
18		sloped fire suppression	2 per range hood	100	25	units	68		\$1,700
20	11	Cabinets (incl. countertops)							\$0
20		unit kitchens	Refinish Cabinets	100	25	units	880		\$22,000
20		countertops	Replace Countertops	100	25	units	690		\$17,250
20		bathroom vanities	refinish vanities	100	25	units	85		\$2,125
21	11	Appliances							\$0
21		refrigerators	Replace with Energy Star Refrigerator	88	22	Each	705.12		\$15,513
21		stove	Replace Stove	84	21	Each	459.03		\$9,640
21		vent hood	Replace Vent Hood	100	25	Each	84.53		\$2,113
21		dishwasher							\$0
21		microwave							\$0
21		disposals							\$0
22	12	Blinds & Shades	Replace with 2" faux blinds	100	81	each	55		\$4,455
23	12	Carpets							\$0
24	13	Special Construction (pools)							\$0
25	14	Elevators							\$0
26	15	Sprinklers							\$0
26	15	Plumbing							\$0
26		bathubs and/or pre-lab showers	Tub Repair and Refinish	100	25	units	200		\$5,000
26		shower heads							\$0
26		tub faucets	Replace with new delta faucets	100	25	units	400		\$10,000
26		bathroom sinks	Replace with new china sink, Delta faucet, trap and su	100	25	units	385		\$9,625
26		bathroom faucets							\$0
26		kitchen sinks	Replace Kitchen Sink, Delta Faucet, Strainers, Trap ar	100	25	units	385		\$9,625
26		kitchen faucets							\$0
26		toilets	Replace Toilets with HC Toilets	100	25	Each	385		\$9,625
26		new water service-piping, valves, etc							\$0
26		new waste/vent service-piping, valves, etc	Replace	100	25	Each	450		\$11,250
26		water heaters							\$0
26		individual water metering							\$0
27	15	HVAC							\$0
27		air conditioning equipment	All labor and Materials HVAC Subcontractor	92	23	Each	2900		\$66,700
27		heating equipment							\$0
27		ductwork cleaning							\$0
27		ductwork							\$0
27		duct insulation							\$0
27		bathroom ventilation fans							\$0
27		solar hot water heating							\$0
29	16	Electrical							\$0
29		unit light fixtures	Install Energy Star ceiling fan in Living Room and Bedr	100	25	Apts.	690		\$17,250
29		common area/exterior building mounted light fixtures	Included in Light Fixture Allowance						\$0
29		pole lights	MA - GA Power maintained						\$0
29		ceiling fans	Included in Light fixture allowance						\$0
29		electrical wiring (within unit)	Replace switches and outlets	100	25	Apts.	450		\$11,250
29		outlets & light switches	Install GFCI outlets in Laundry and kitchen	100	50	Each	50		\$2,500
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	50	Each	50		\$2,500
29		fire alarm system							\$0
29		security alarm system							\$0
29		access control system							\$0
29		camera system							\$0
Subtotal (structures)									\$471,337
Total (Structure & Land Imprvmts & Accessibility)									\$612,064

ADDENDUM C

B. R-3 District Dimensional Standards

Table 2.4: R-3 District Dimensional Standards		
Project and Site Requirements	R-3	Old Town Overlay
Lot area, min. (square feet)	6,000 2,500 ⁶³	None
Lot area, min. (square feet), single-family attached dwellings with zero side setbacks (excluding end units) ⁶⁴	1,500	1,500
Lot width, min. (feet)	65 25 ⁶⁵	25
Lot width, min. (feet), single-family attached and two-family dwellings ⁶⁶	15	15
Lot width, max. (feet) ¹¹	None	100
Yard Requirements		
Front setback, min. (feet)	5	5
Front setback, max. (feet)	None	15
Side setback, min. (feet)	5	3
Side setback, min. (feet) between internal dwelling units for single family attached and two-family dwellings	None	None
Rear setback, min. (feet)	15 5	5 ^[2]
Rear setback, accessory structures, with alley present, min. (feet)	None	None
Rear setback, accessory structures, with no alley present, min. (feet) ⁶⁷	5	5
Building coverage, max.	25% /5% ⁶⁸	80%
Required landscaping, min. ⁶⁹	20% 15%	15%
Building Requirements		
Primary building height, max. (feet)	35 45 ⁷⁰	45
Accessory building height, max. (feet) ⁷¹	30	30
Notes:		
[1] A single-family dwelling shall not occupy more than two historic Old Town lots; a two-family dwelling shall not occupy more than three historic Old Town lots.		
[2] If alley present, then the minimum rear setback is zero.		

2.2.4. High-Density Residential District (R-3)

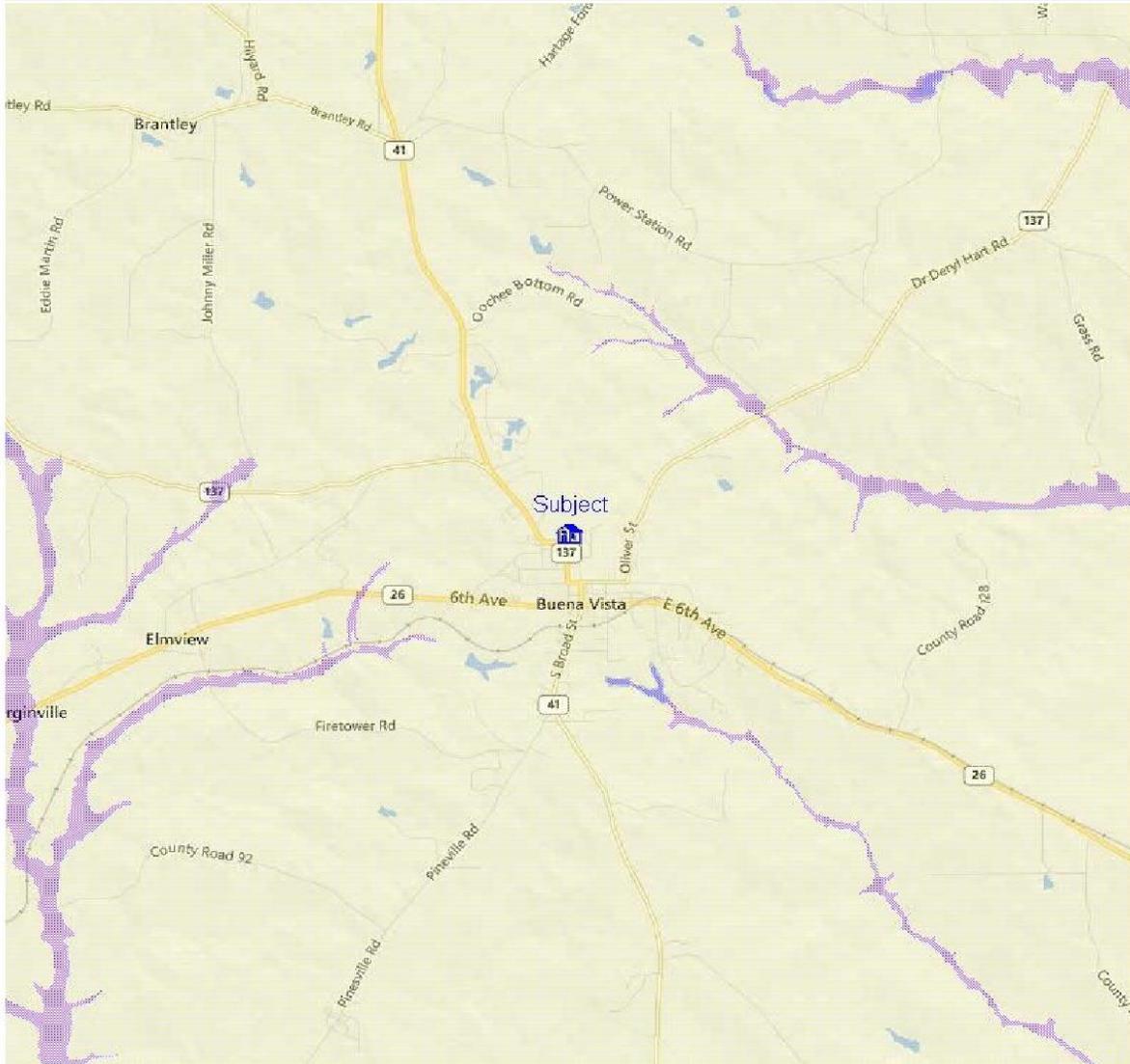
A. Purpose⁶²

The R-3 district is intended for a broad range of residential use types, including single-family and multifamily residential development at medium- and/or high-densities. The district is intended for locations close to commercial and mixed-use areas, near downtown, and may serve as a transition between lower-density residential districts and commercial or other nonresidential areas. The district should have connected streets, and accessibility to public uses such as parks, open spaces, and schools.

ADDENDUM D

STDB

Jun 9, 2017
308 Putville Street, Buena Vista, CA, 91803
Lat 32.325483 Long -84.519563



MAP DATA

Panel Date	May 20, 2010	FIPS Code	13197
Map Number	13197C0185A	Census Tract	9202.00
Geocoding Accuracy	S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)		

Flood	
	X or C Zone
	X500 or B Zone
	A Zone
	V Zone
	D Zone
	Area Not Mapped

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ADDENDUM E

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

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

46665602

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

02/06/2003

END OF RENEWAL
09/30/2017



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46665602

SAMUEL TODD GILL

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WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46665602

ADDENDUM F

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

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

2nd 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.