

Appraisal Report*

For

An Existing Senior Apartment Complex

Called

**Arbor Trace I Apartments
4668 Rolling Pine Drive
Lake Park, Georgia 31636**

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

And

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

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

**Date of Appraisal
September 20, 2017**

**Effective Date of Appraisal
May 10, 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

and

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

RE: Arbor Trace I Apartments
4668 Rolling Pine Drive
Lake Park, Georgia 31636
"As Is" and "As Stabilized" Appraisal Report
As of May 10, 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 Arbor Trace I Apartments. The site contains approximately 2.50 acres. The subject is improved with four garden one-story buildings containing 24 units and one accessory building.

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

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

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

A description of the property, together with information providing a basis for estimates, is presented in the accompanying report. This appraisal is subject to the definitions, assumptions, conditions and certification contained in the attached report. During the fieldwork, it has been determined the appraised property has no natural, cultural, scientific or recreational value. Samuel T. Gill, State Certified General Real Estate Appraiser, is the signing appraiser on this report. He completed valuation and analysis as indicated in the Scope of Work of this report. 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 upon stabilization of the fee simple estate were determined under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work and that the proposed rents indicated in the report are approved.

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

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 10, 2017, is as follows.

ONE MILLION TWENTY THOUSAND DOLLARS

\$1,020,000

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 10, 2017, is as follows.

SIX HUNDRED SEVENTY THOUSAND DOLLARS

\$670,000

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 10, 2017, is as follows.

SIX HUNDRED SEVENTY THOUSAND DOLLARS
\$670,000

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 TWENTY THOUSAND DOLLARS
\$1,220,000

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 TWENTY THOUSAND DOLLARS
\$1,220,000

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 10, 2017, is as follows:

THREE HUNDRED SIXTY ONE THOUSAND DOLLARS
\$361,000

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 10, 2017, is as follows:

TWO HUNDRED EIGHTY THOUSAND DOLLARS
\$280,000

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 10, 2017, is as follows:

FOUR HUNDRED FIFTY FIVE THOUSAND DOLLARS
\$455,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRUCU) of the 637 square feet one-bedroom units of the subject property, as of May 10, 2017, is as follows:

FIVE HUNDRED THIRTY FIVE DOLLARS
\$535.00

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

FIVE HUNDRED EIGHTY FIVE DOLLARS
\$585.00

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 10, 2017, is as follows.

NINETY THREE THOUSAND DOLLARS
\$93,000

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 10, 2017, is as follows.

ONE MILLION TWENTY THOUSAND DOLLARS
\$1,020,000

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 10, 2017, is as follows.

SIX HUNDRED SEVENTY THOUSAND DOLLARS
\$670,000

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

ONE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS
\$1,220,000

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

ONE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS
\$1,220,000

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

THREE MILLION THREE HUNDRED FOURTEEN THOUSAND DOLLARS
\$3,314,000.00

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

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

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

Respectfully submitted,

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 Arbor Trace I Apartments

Location 4668 Rolling Pine Drive, Lake Park, Lowndes County, Georgia 31636

Current Owner Arbor Trace Apartments Phase I, L.P.

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

Total Land Area 2.50 acres or 108,900+/- square feet

Floodplain Hazard According to RiskMeter, Flood Map Number 13185C350E, dated September 26, 2008, 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 Lowndes County, the subject is zoned PD, Planned Development District. The subject is a legal, non-conforming use.

Property Description The subject is improved with four garden one-story buildings containing 24 units and one accessory building. The net rentable area is approximately 15,288 square feet. The gross building area, according to the Lowndes County Assessor's Office, is 17,666 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	24	637	15,288
	24		15,288

Real Estate Taxes \$5,899.14 for 2016 **Parcel Number** 0171 070

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

Date of Inspection May 10, 2017 **Date of Report** September 20, 2017

Sales History of Subject According to the Lowndes County Assessor's Office, the property is owned by Arbor Trace Apartments Phase I, L.P. 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 Arbor Trace Apartments Phase I, L.P. (seller) and Arbor Trace Lake Park, LP (buyer). The purchase price will be negotiated based upon the fair market value of the property determined by an independent appraisal report commissioned by and paid by the purchaser from a certified and USDA-approved appraiser. The purchase price shall include the assumption of existing debt on the first lien mortgage plus gross equity to the seller in an amount to be determined after receipt and approval of the appraisal. The sale is between two related entities and is not an arms-length transaction.

EXECUTIVE SUMMARY VALUES

Cost Approach	\$705,000 (As Is Restricted) \$1,020,000 (As Is Market) \$1,210,000 (As Stabilized Restricted) \$1,210,000 (As Stabilized Market)
Income Approach	\$670,000 (As Is Restricted) \$1,020,000 (As Is Market) \$1,220,000 (As Stabilized Restricted) \$1,220,000 (As Stabilized Market)
Sales Comparison Approach	Not Developed (As Is Restricted) \$985,000 (As Is Market) Not Developed (As Stabilized Restricted) \$1,080,000 (As Stabilized Market)
Value of Land	\$93,000
Value of Existing 515 Loan	\$361,000
Value of Proposed 515 Loan	\$280,000
Value of Low Income Housing Tax Credits	\$455,000
Insurable Value	\$987,000
Market Value at Loan Maturity – Market	\$3,314,000
As Is Market Rent (CRCU) One-Bedroom with 637 SF	\$535.00
As Complete Market Rent (CRCU) One-Bedroom with 637 SF	\$585.00

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 or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. I have previously completed a market study and an appraisal in August 2015 and again in April 2016.
- ◆ I have no bias with respect to the property that is the subject of the report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- ◆ 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 includes estimating the remaining economic life of the improvements, analysis of the subject's site coverage compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- ◆ Samuel T. Gill completed an apartment market analysis that included market and sub-market overviews. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- ◆ Samuel T. Gill conducted a Highest and Best Use analysis, if required, determining the highest and best use of the subject property As-Vacant and As-Proposed. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion and continued use "as-is".
- ◆ Samuel T. Gill confirmed and analyzed financial features of the subject property including budgeted income/expense data, if available and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- ◆ The appraisal report is intended to satisfy the scope of work and requirements agreed upon by Investors Management Company and the engaged appraiser. The client requested a full narrative appraisal in the engagement letter.
- ◆ I understand the Competency Rule of USPAP and the author of this report meets the standards.
- ◆ No one provided significant real property appraisal assistance to the appraiser signing this certification, except as noted on the following page.

- ◆ Samuel T. Gill, a State Certified General Real Estate Appraiser, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this appraisal.
 - On May 10, 2017, Trey Johnson and Scott Hassler, Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Samuel T. Gill, State Certified Real Estate Appraiser, also inspected the exterior. 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 10, 2017, Trey Johnson and Scott Hassler inspected the exterior of each comparable property used in the analysis.
 - During the verification process, Samuel T. Gill or one of his associates talked with the managers or leasing agents of the comparable properties, to confirm all data and to collect additional information about each comparable, including size, age, amenities, occupancy rates and general market information. Whenever possible, floor plans and brochures were obtained, which describe the comparable properties unit size, feature and amenities.
 - Samuel T. Gill completed all data and adjustments on the analysis and determined all value conclusions determined in the appraisal.

INTRODUCTION

Identification of the Subject Property

The property appraised is the land and improvements known as Arbor Trace I Apartments. The site is located at 4668 Rolling Pine Drive, Lake Park, Lowndes County, Georgia.

Legal Description

See Addendum A.

Past Five Years Sales History of the Subject

According to the Lowndes County Assessor's Office, the property is owned by Arbor Trace Apartments Phase I, L.P. 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 Arbor Trace Apartments Phase I, L.P. (seller) and Arbor Trace Lake Park, LP (buyer). The purchase price will be negotiated based upon the fair market value of the property determined by an independent appraisal report commissioned by and paid by the purchaser from a certified and USDA-approved appraiser. The purchase price shall include the assumption of existing debt on the first lien mortgage plus gross equity to the seller in an amount to be determined after receipt and approval of the appraisal. The sale is between two related entities and is not an arms-length transaction.

Property Rights Appraised

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

Purpose of the Appraisal

The purpose of the Appraisal Report is to estimate the market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; market value, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if conventional housing as defined in the USDA-RD guidelines; the value of interest credit subsidy from the existing 515 loan as defined in the USDA-RD guidelines; the value of interest credit subsidy from the assumed 515 loan as defined in the USDA-RD guidelines; the value of favorable financing as defined in the USDA-RD guidelines; the value of the Low Income Housing Tax Credits as defined in the USDA-RD guidelines. Additional values required by Georgia Department of Community Affairs include the value of the land; as is market value; the prospective market value upon stabilization - restricted rents; the prospective market value upon stabilization – market rents; and the prospective market value at loan maturity – market rents. The date of the inspection and the effective date of the as is value are both May 10, 2017. The effective date of the as complete value is January 31, 2019.

Function of the Appraisal

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

Intended Use of Report

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

Intended Users of Report

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

Extent of the Investigation (Scope)

As part of this appraisal, the appraiser made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are as follows: City of Lake Park, the Lowndes County Recorder; the Lowndes 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 Lake Park; the Lowndes County Recorder; the Lowndes 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 Lake Park and the surrounding area. Market data on improved sales and leased properties were obtained from Lake Park 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 Lake Park, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Lake Park, Lowndes 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 upon stabilization was determined under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work and that the proposed rents indicated in the report are approved. The use of an extraordinary assumption might have affected the assignment results.

21. Americans with Disabilities Act (ADA)

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

22. Review

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

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

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

DESCRIPTIVE SECTION

Regional and Area Data and Area Maps

The following data on the City of Lake Park and Lowndes 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 Lake Park is located in Lowndes County which is located in the southern portion of Georgia. Nearby cities include Valdosta, Quitman and Statenville. Lowndes County has the following boundaries: North – Cook and Berrien Counties; East – Clinch and Echols Counties; South – State of Florida; and West – Brooks County.

Utilities

Lowndes County Utilities or the City of Lake Park provides water and sewer services to the residents in the area. Lowndes County Utilities provides these services to the subject. Colquitt EMC and Georgia Power Company provide electricity services. Georgia Power Company is the electricity provider for the subject. There are no natural gas lines in Lowndes County. Propane is provided by Amerigas or South Georgia Propane. Basic telephone service is provided by AT&T.

Health Care

SMITH Northview Hospital and South Georgia Medical Center are medical facilities that serve the residents of Lake Park and the surrounding area. Both facilities are located in Valdosta, approximately 16 miles northwest of Lake Park.

Transportation

Major highways in the County of Lowndes include Interstate 75, U.S. Highways 41, 84 and 221, and State Highways 7, 31, 38, 94, 122, 125, 133, 135, 376 and 401. Valdosta Regional Airport is approximately 11 miles from Lake Park in Valdosta.

Population and Employment Statistics

CENSUS: 2015

	City	County	State
Population	1,070	113,203	10,006,693
Households	371	39,328	3,574,362
Renter Occupied	150	19,138	1,310,665

BUREAU OF LABOR STATISTICS

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
2005	50,416	48,390	2,026	4.0
2010	51,019	46,120	4,899	9.6
March 2017	51,664	49,315	2,349	4.5

STATE				
	Labor Force	Employment	Unemployment	Unemployment Rate
2005	4,586,427	4,341,229	245,198	5.3
2010	4,696,692	4,202,061	494,631	10.5
March 2017	5,014,429	4,772,580	241,849	4.8

Major Employers

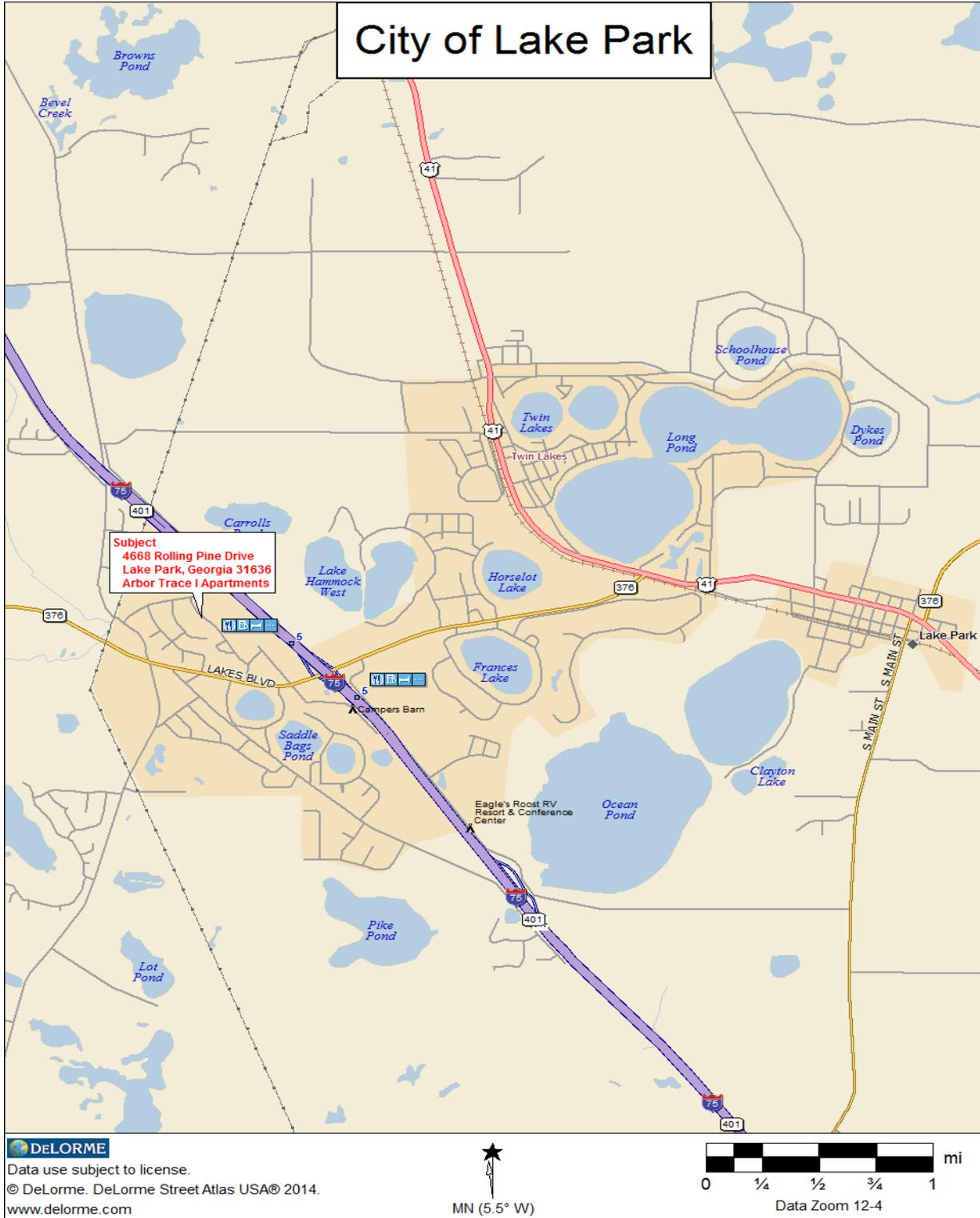
Major employers for Lowndes County, the product or service and number of employees are as follows:

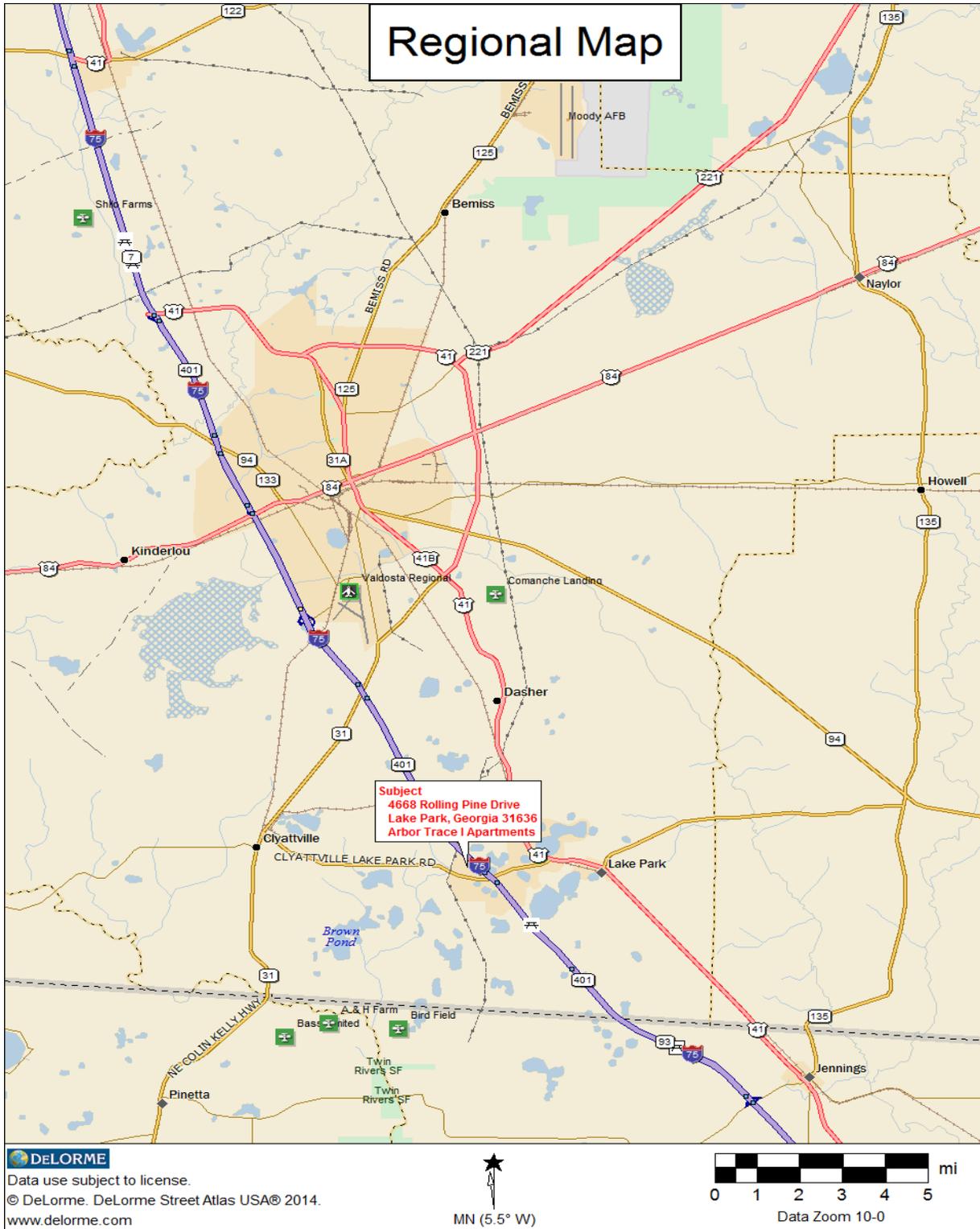
MAJOR EMPLOYERS		
Name	Product/Service	Total Employees
Moody Air Force Base	Military	6,307
South Georgia Medical Center/Smith Northview Hospital	Health Care	2,559
Fresh Beginnings, Inc. and Elead1one	Chocolate Chip Cookies, Pretzels, Etc.	1,478
Valdosta State University	Education	1,425
Lowndes County School System	Education	1,386
Valdosta City School System	Education	1,251
Wild Adventures	Theme Park	900
Lowe's Distribution Center	Retail	842
Wal-Mart Supercenter	Retail	733
City of Valdosta	Government	582
Lowndes County	Government	565
Wiregrass Georgia Technical College	Education	486
Georgia Department of Corrections	Prison	446
Convergys Corporation	Information Management	420

Source: Valdosta-Lowndes County Chamber of Commerce

Summary and Conclusions

Lake Park is a city located in the southern portion of Georgia. The unemployment rate for Lowndes County has consistently decreased since 2010. Therefore, the economic outlook for future growth and development appears to be stable.





Neighborhood Data

Location

The subject property is located in the western portion of the City of Lake Park, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – Interstate 75; South – Lakes Boulevard; East - Interstate 75; and West – City Limits.

Access

The neighborhood is accessed by Interstate 75 and Lakes Boulevard. 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	
0.4 mi	Cracker Barrel Old Country Store
0.4 mi	Pizza Hut
0.4 mi	McDonald's
0.5 mi	Wendy's
0.6 mi	Subway
0.7 mi	Krystal
0.7 mi	Domino's Pizza
0.7 mi	Waffle House
0.7 mi	Taco Bell
0.7 mi	Farm House Restaurant
0.7 mi	Rodeo Mexican Restaurant
0.7 mi	Chick-fil-A
0.7 mi	Zaxby's Chicken Fingers & Buffalo Wings
0.8 mi	Cowboys Firepit Grill & Bar
0.8 mi	Lins Hibachi Chinese Restaurant

Groceries	
0.9 mi	Winn-Dixie
0.9 mi	A & L Produce
2.3 mi	Super Grocery Jr
3.8 mi	Gulfstream Produce
6.1 mi	Sy Katz Produce Inc
6.2 mi	Coggins Farm & Produce
7.3 mi	Little River Produce
7.4 mi	South Georgia Produce Inc
7.4 mi	Southern Acres Produce
8 mi	Valdosta Farmers Market

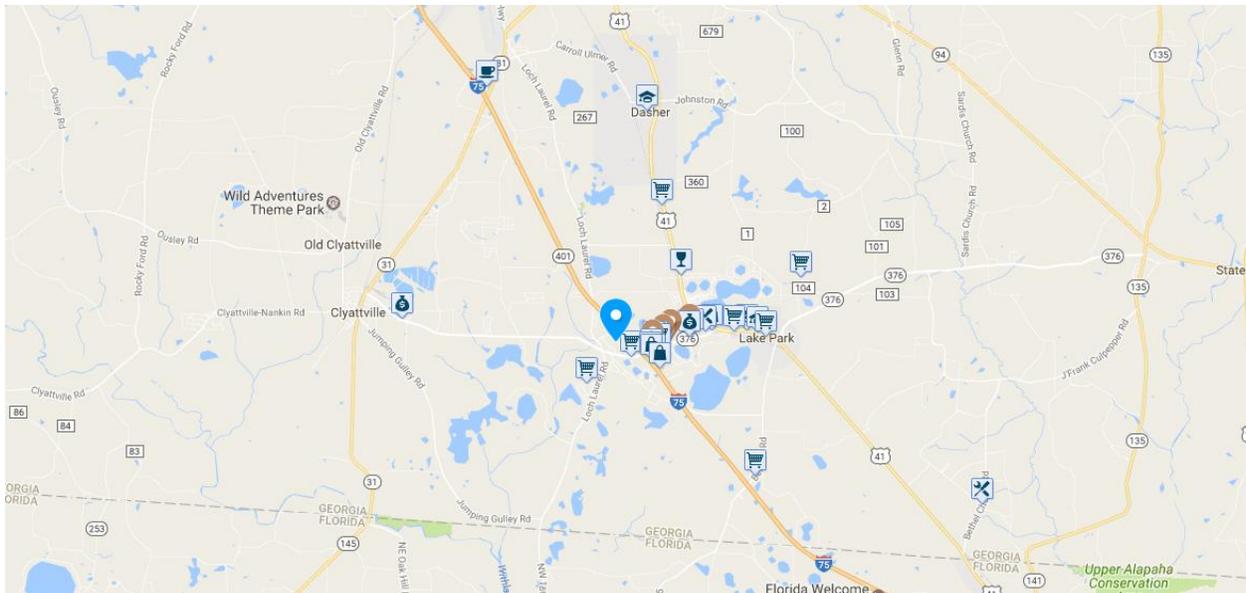
Schools	
2.6 mi	Lake Park Christian Academy
2.8 mi	Lake Park Elementary School
4.5 mi	Georgia Christian School
5 mi	Clyattville Elementary School
5.8 mi	Victory Christian School

Shopping	
0.7 mi	Dress Barn
0.7 mi	William's Military Antiques
0.8 mi	Book Warehouse
0.8 mi	Bon Worth
0.8 mi	Polo Ralph Lauren Factory Store
1 mi	Carter's
1.9 mi	On Board Maternity
1.9 mi	Marie Boutique
2 mi	Family Dollar Store
2.6 mi	Chocolate Expressions Candy
3.7 mi	Army Surplus Now

Banks	
0.9 mi	Bank of the Ozarks - Lake Park
1.4 mi	First State Bank

Police	
8.8 mi	Georgia State Patrol Post 31

Medical Facilities	
6.1 mi	Migrant Farmworkers Clinic
7.7 mi	Ingeant Farmers Clinic
9.7 mi	South GA Medical Center Clinics
10 mi	Patterson Health Clinic
11 mi	Express Care Medical Clinic
12 mi	Healthsource Medical Clinic



Land Use Pattern

The subject neighborhood is comprised primarily of multifamily developments and is 90 percent built up. Approximately 90 percent of the land use is made up of multifamily developments. The remaining 10 percent is vacant land. The area is mostly rural.

Neighborhood Characteristics

The subject is located in the City Center neighborhood, according to Neighborhood Scout. The median real estate price of the neighborhood is \$179,076, which is more expensive than 65.8 percent of the neighborhoods in Georgia and 48.4 percent of the neighborhoods in the United States. The average rental price in the neighborhood is \$784, according to Neighborhood Scout, which is lower than 78.6 percent of all Georgia neighborhoods.

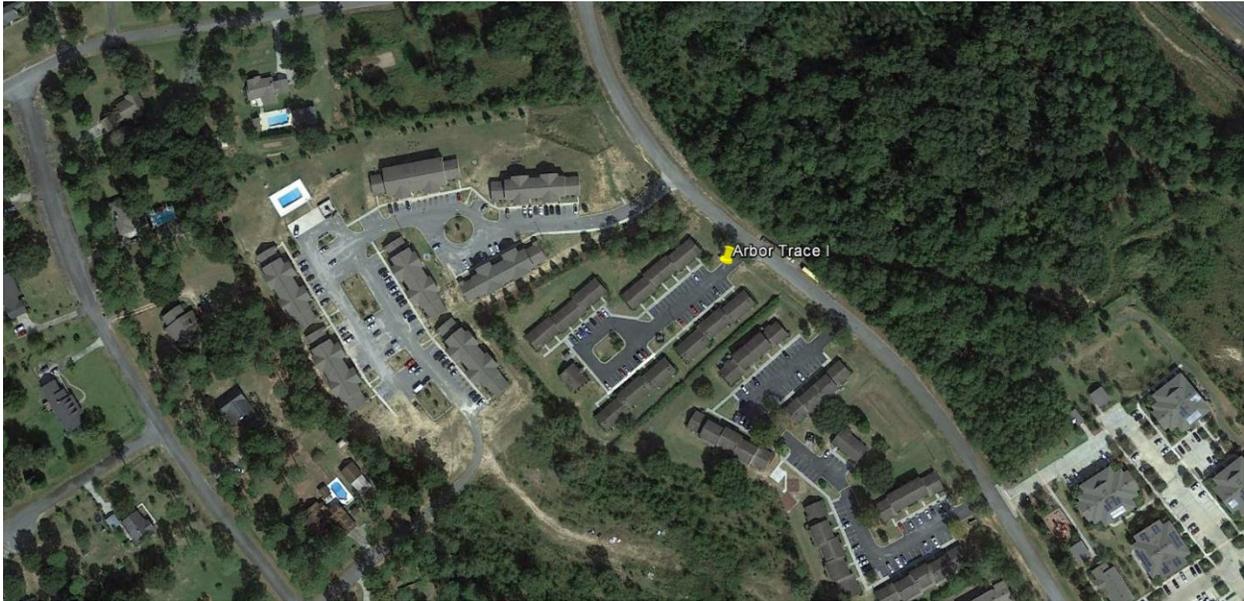
The neighborhood has 30.2 percent of the working population employed in executive, management and professional occupations. Another 26.4 percent of the residents are employed in sales and service jobs. Manufacturing and laborer occupations make up 25.9 percent, and 17.1 percent are employed in clerical, assistant and technical support occupations.

According to Neighborhood Scout, the school quality rating is 63 (100 is the best). The neighborhood is served by the Lowndes County School District which contains 12 schools and approximately 10,511 students. The school district quality is considered better than 10 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 multifamily developments. Mar-Mel-Go Apartments is located north of the site. Arbor Trace II Apartments and Brookhaven Apartments are located south of the site. Rolling Pine Apartments and vacant land are located east of the subject. Vacant land is located west of the subject.



Crime

According to www.neighborhoodscout.com, the crime index for the subject neighborhood is 76. There are 115 total crimes annually in the neighborhood, 25 of which are violent crimes and 90 of which are property crimes. The annual violent crime rate is 3.03 per 1,000 residents, while the property crime rate is 10.91 per 1,000 residents. The total annual crime rate is 13.93 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 330 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 92 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 3,886, an increase of 116 people from the 2010 population of 3,770. The population is expected to increase at an annual rate of 1.8 percent between 2017 and 2022. Therefore, the 2022 population is projected at 3,957. The median age for the neighborhood is 40.3.

The total number of households increased from 1,531 in 2010 to 1,575 in 2017. Household totals are expected to increase, with a projected 1,603 households in 2022.

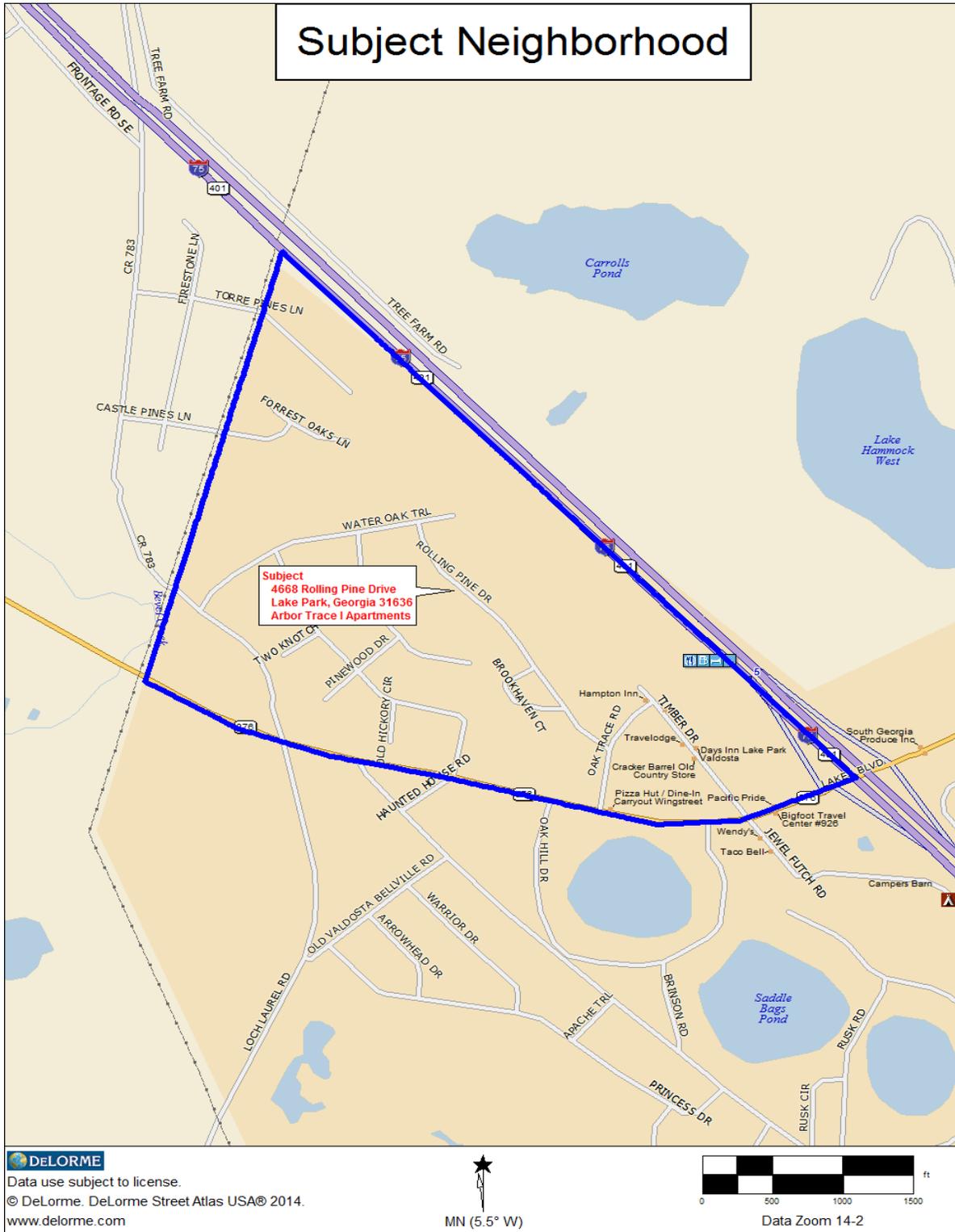
The median household income for the neighborhood in 2017 is \$46,017. It is expected to increase to \$50,582 by 2022. The per capita income is \$20,534.

The median home value for the neighborhood in 2017, according to ESRI, is \$154,700. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,732.00, or \$1,061 per month. The average amount spent for renter-occupied households is \$9,624.00, or \$802 per month.

Analysis/Comments

In conclusion, the subject is located in the western portion of Lake Park, 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 0114.03, 0115.00 and 0116.00. The market area has the following boundaries: North – U.S. Highway 84, Interstate 75 and State Highway 31; South – State of Florida; East – Mud Swamp and South George Road; and West – State Highway 37.

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

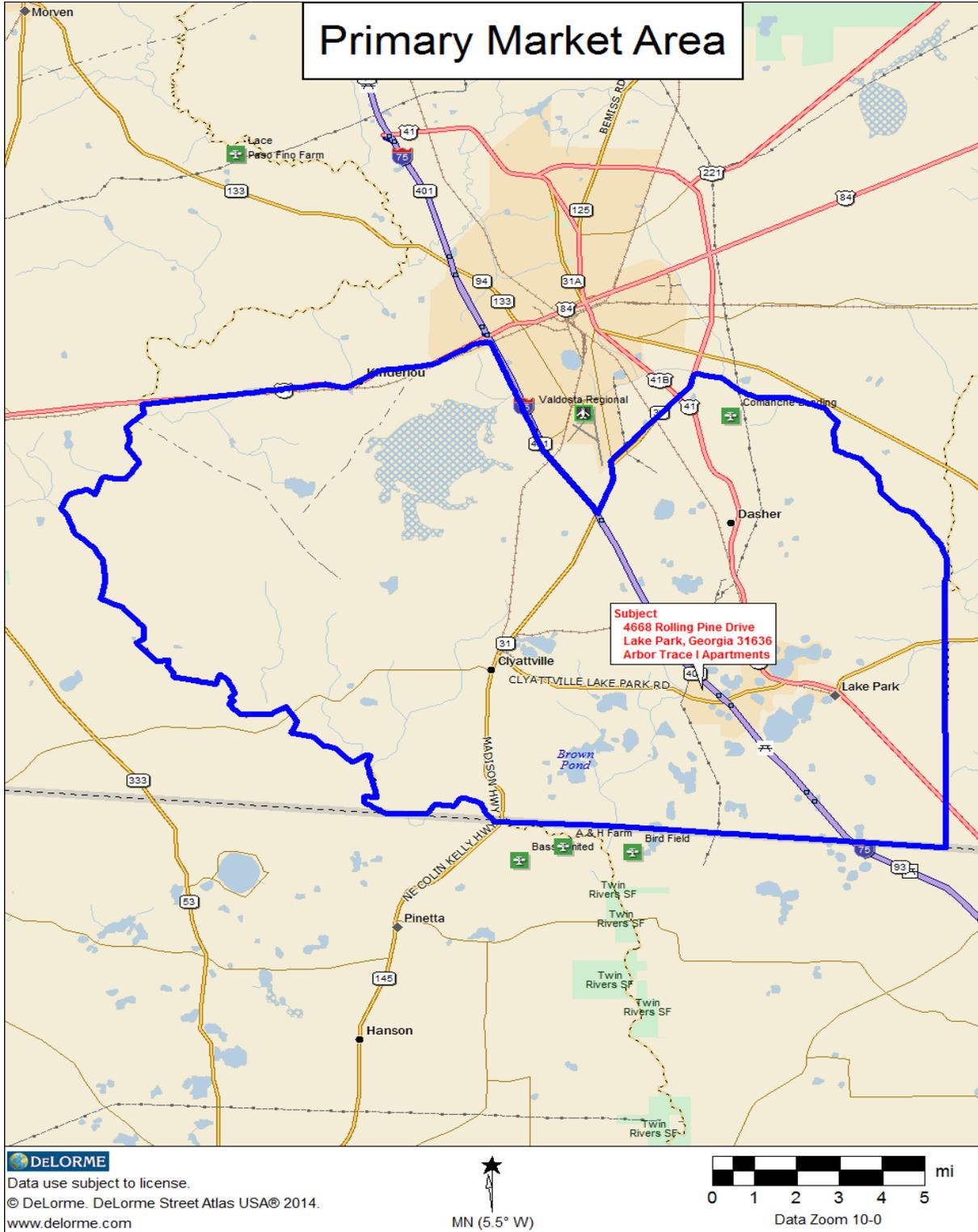
The field/phone survey was conducted in May 2017. Five market-rate properties responded to the survey and six restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of two percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 100 percent occupied. Historically, the subject's occupancy rate has averaged 99 percent since 2014. After considering the vacancy rate and collection loss 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
Three Oaks Apartments	240	5	2.1%
Staten Crossing Apartments	196	5	2.6%
Spring Chase Apartments	288	0	0.0%
Tall Tree Apartments	148	4	2.7%
Mar-Mel-Go Apartments	70	1	1.4%
TOTALS	942	15	1.6%

Market Area Vacancy by Development - Affordable			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Arbor Trace I Apartments	24	0	0.0%
Francis Lake I and II Apartments	48	1	2.1%
Arbor Trace II Apartments	43	1	2.3%
Rolling Pine Apartments	48	2	4.2%
Hillmont Apartments	43	0	0.0%
Brookhaven Apartments	48	2	4.2%
TOTALS	254	6	2.4%

Absorption Period

The subject is an existing 24-unit complex that is currently 100 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 Lowndes County Assessor's Office and a survey provided by the owner. A copy of the survey is included in the addenda.

Total Land Area 2.50 acres or 108,900+/- square feet

Shape/Dimensions Irregular

Access & Exposure The subject property is located on Rolling Pine Drive. The site is at or near pavement grade with Rolling Pine Drive. The site has ingress and egress on Rolling Pine Drive.

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

Flood Plain According to RiskMeter, Flood Map Number 13185C350E, dated September 26, 2008, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

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

Encroachments No encroachments were observed. A survey 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 7.12;

Site Coverage Ratio - 14.04 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.

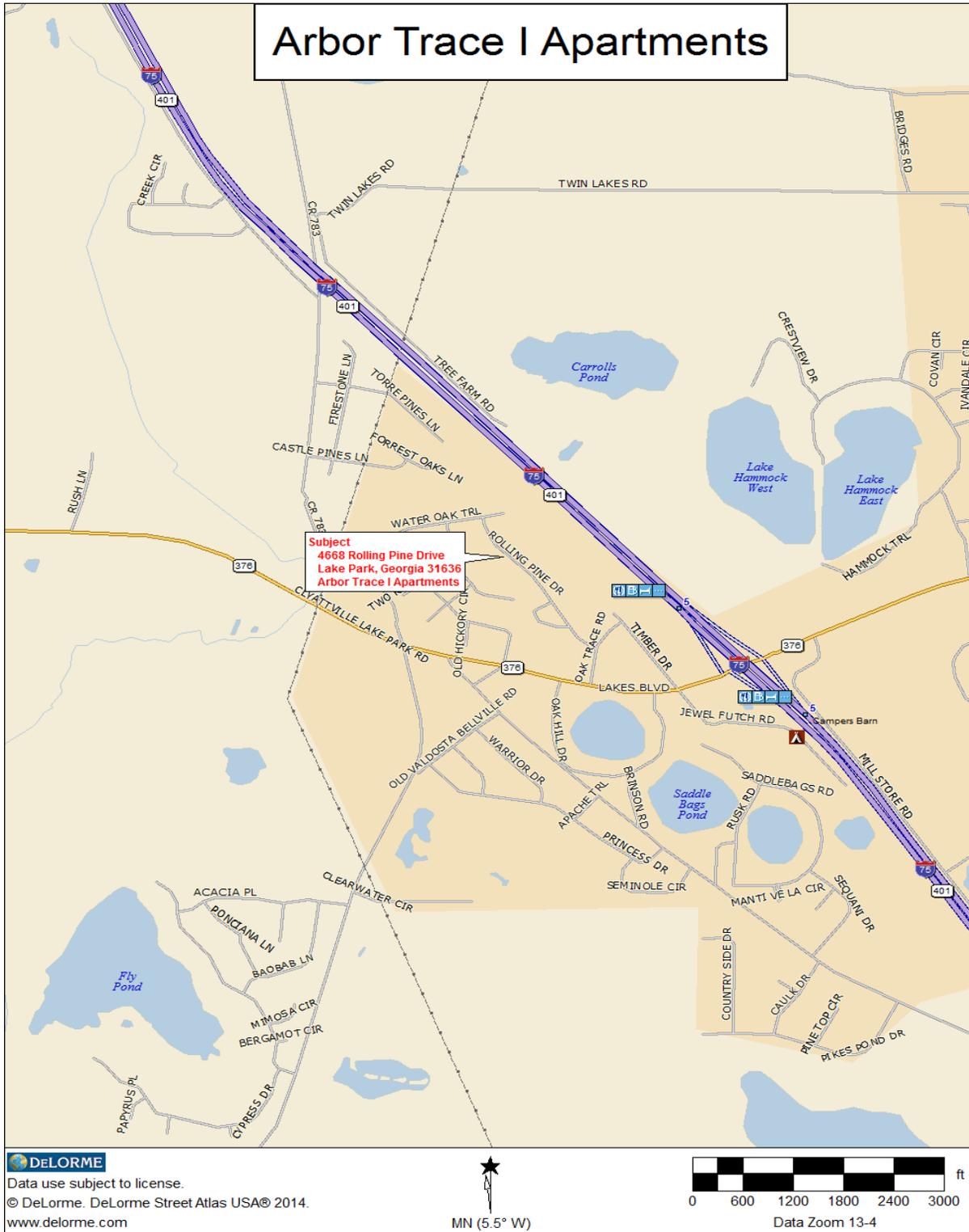
Utilities

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 Lowndes County, the subject is zoned PD, Planned Development District. The subject is a legal, non-conforming use. Therefore, it is unlikely that a zoning change will occur. The subject appears to meet site and setback requirements and appears to conform to the current zoning restrictions. The subject could be rebuilt if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning 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 garden one-story buildings containing 24 units and one accessory building.
Net Rentable Building Area	15,288 square feet
Gross Building Area	17,666 square feet
Year Built/Year Renovated	1995/Proposed
Economic Life	55 Years
Effective Age	10 Years (As Is) 5 Years (As Complete)

The subject contains four garden one-story buildings containing 24 units. The property also contains one accessory building housing the leasing office and maintenance area. According to the Lowndes County Assessor, the gross building area of the property is 17,666 square feet. A copy of the plans, dated March 12, 1993, and completed by Ellis, Ricket and Associates of Valdosta, Georgia, is included in the addenda.

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

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	24	637	15,288
	24		15,288

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	X	
Carpet	X		Playground		
Vinyl	X		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	X		Exterior Storage	X	\$0
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet			Service Coordinator/HUD Paid		
Coat Closet	X		Concierge Services		
Balcony			Computer Room		
Patio	X		Car Wash Area		
Pull Cords	X		Laundry Facility	X	
Emergency Call			On-Site Management	X	
Safety Bars	X		On-Site Maintenance	X	
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X/31	\$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	637	\$470	\$115

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

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

Unit Type	# of Units	Square Footage	Proposed Rent	Utility Allowance
1/1	24	637	\$452	\$115

The rents indicated in the table are assuming LIHTC restrictions, but the subject will retain its Rental Assistance for 24 units. The subject is currently a Rural Development property that, after rehabilitation, will remain a Rural Development property with Rental Assistance for 24 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 in those units will never be asked to pay more than 30 percent of their gross annual income for rent and utilities.

CONSTRUCTION SUMMARY

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

UTILITIES

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

APPEAL

Landscaping	Grass, Trees and Shrubs
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Age, Life and Condition

The subject was constructed in 1995 using both residential and commercial industry standard workmanship and materials. At the time of the inspection, the facility was observed to be in average physical condition. The subject will be in good condition after the rehabilitation is complete. The remaining estimated useful life is calculated by subtracting the effective age of a property as determined by the appraiser from the total economic life as determined by *Marshall and Swift Cost Valuation Services*. The effective age of a property is its age as compared with other properties performing like functions. It is the

actual age less the age which has been taken off by face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, etc. It is an age which reflects the true remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and its usage. It is a matter of judgment, taking all factors, current and those anticipated in the immediate future, into consideration.

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

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

As noted in the Neighborhood Data section of this report, the subject is considered to be compatible with the adjacent properties in its neighborhood. The median home value for the neighborhood in 2017, according to ESRI, is \$154,700. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,732.00, or \$1,061 per month. The average amount spent for renter-occupied households is \$9,624.00, or \$802 per month. This data indicates that the cost to rent is significantly lower than the cost to own, thereby increasing the demand for rental housing. Therefore, the demand for rental units continues to be strong.

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

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

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

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

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

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

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

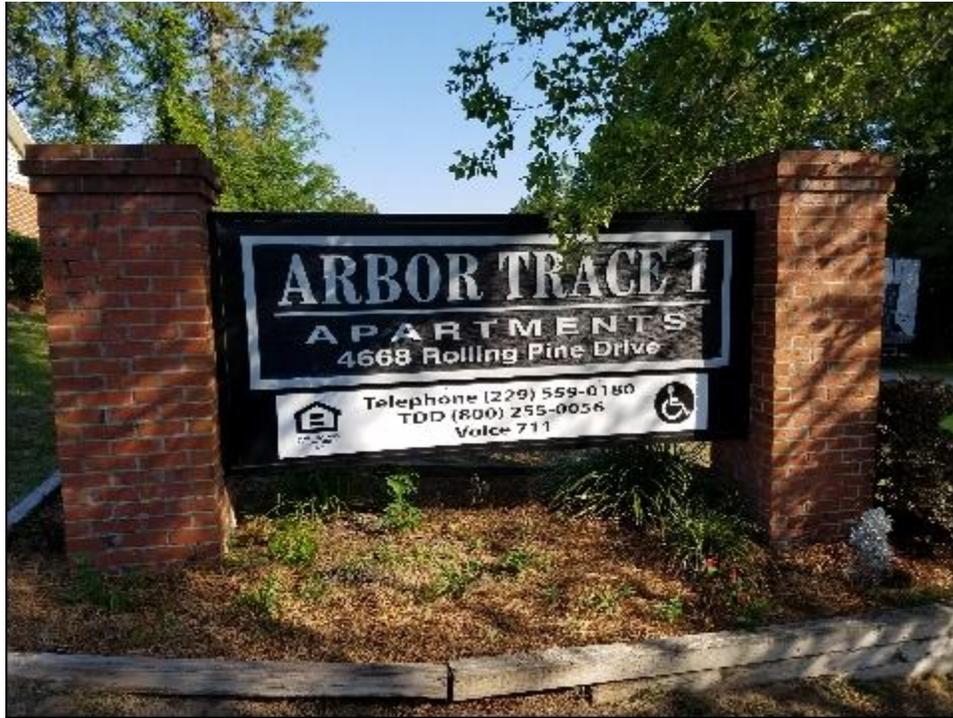
The physical aspects reflect Class D construction which is viewed as having good durability.

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

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

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

Subject Photos



View of Sign



View of Exterior



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 Exterior



View of Mailboxes



View of Meeting Room



View of Meeting Room



View of Laundry Facility



View of Leasing Office



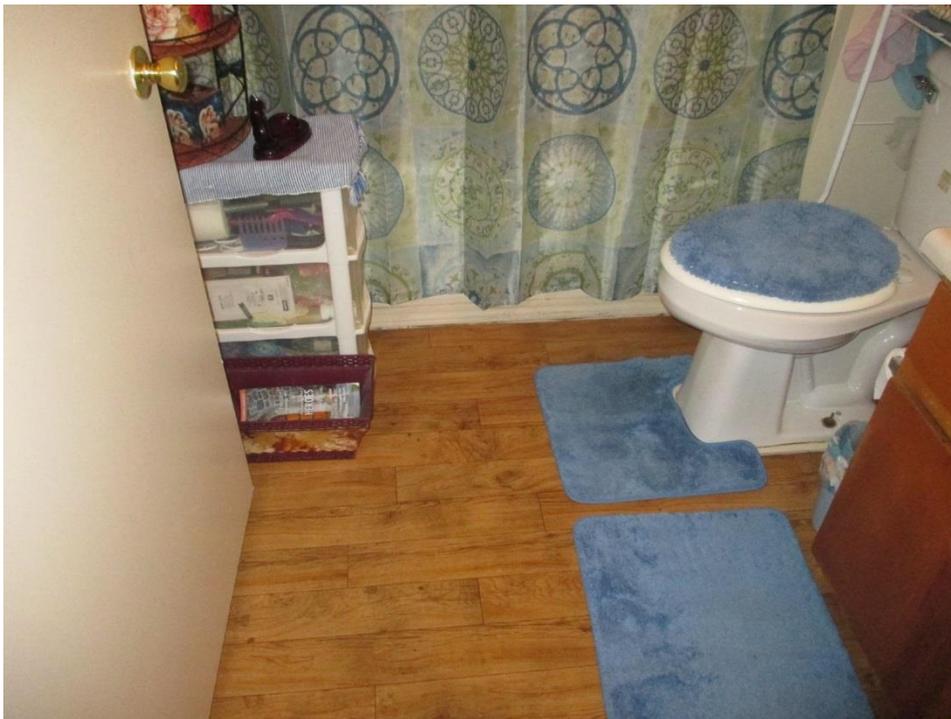
View of Living Area – One-Bedroom Unit



View of Kitchen – One-Bedroom Unit



View of Bedroom – One-Bedroom Unit



View of Bath – One-Bedroom Unit



View of Utility Area – One-Bedroom Unit



View of Parking Lot



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 combined tax rate for Lowndes County is 28.135 per \$1,000 of assessed value. The property has a total appraised value of \$616,686, with \$48,062 allocated to land and \$568,624 allocated to improvements. The assessor uses 34 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$209,673. The 2016 real estate taxes for the subject were \$5,899.14. The taxes have been paid.

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

Property	No. of Units	Year Built	Parcel #	FMV - Land - 2016	FMV - Improvements - 2016	FMV - Total - 2016	Real Estate Taxes - 2016	Taxes Per Unit
Mar-Mel-Go Apartments 4650 Rolling Pine Drive Lake Park, Lowndes County, Georgia	70	2008	0171 042D	\$570,600	\$2,854,922	\$3,425,522	\$38,550.83	\$550.73
Three Oaks Apartments 3833 North Oak Street Valdosta, Lowndes County, Georgia	240	1991	0107D 102	\$583,200	\$3,794,571	\$4,377,771	\$63,309.63	\$263.79
Tall Tree Apartments 420 Connell Road Valdosta, Lowndes County, Georgia	148	1985	0112A 006	\$900,000	\$3,339,769	\$4,239,769	\$61,313.78	\$414.28
Spring Chase Apartments 1601 Norman Drive Valdosta, Lowndes County, Georgia	288	1996	0084C 006 0084C 007	\$2,745,766	\$11,480,499	\$14,226,265	\$205,734.50	\$714.36
Staten Crossing 3925 North Oak Street Valdosta, Lowndes County, Georgia	196	1997	0107D 104	\$837,200	\$8,617,368	\$9,454,568	\$136,728.26	\$697.59
Park East Apartments 1635 East Park Drive Valdosta, Lowndes County, Georgia	100	1992	0153C 079	\$161,250	\$2,540,404	\$2,701,654	\$39,070.21	\$390.70

These comparables are all market-rate facilities in Lowndes County. The comparables indicated a range of \$263.79 per unit to \$714.36 per unit. The subject's actual real estate taxes are \$246.00 per unit. The subject's real estate taxes are lower than the comparable range. According to the assessor's office, restricted and market properties are assessed the same. for the market scenario. 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 \$450 per unit, or \$21,600, 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 2.50 acres. Topographically, the site is gently rolling. 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 17,666 square feet. The subject does suffer from functional or external obsolescence. The subject is in average condition.

LEGALLY PERMISSIBLE AS IMPROVED

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

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 area. The comparables found are summarized on the following pages.

Land Sale No. 1



Property Identification

Record ID	4418
Property Name	1843 West Hill Avenue
Address	1843 West Hill Avenue, Valdosta, Lowndes County, Georgia 31601
Tax ID	0088B 016
Market Type	Land

Sale Data

Grantor	Deutsche Bank 2005-b
Grantee	M & M Stalvey Properties, LLC.
Sale Date	September 16, 2015
Deed Book/Page	005815000031
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 10, 2017

Sale Price	\$31,649
Cash Equivalent	\$31,649
Adjusted Price	\$31,649

Land Data

Zoning	H-C, Highway-Commercial District
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Sale No. 1 (Cont.)

Land Size Information

Gross Land Size

1.250 Acres or 54,450 SF

Front Footage

West Hill Avenue

Indicators

Sale Price/Gross Acre

\$25,319

Sale Price/Gross SF

\$0.58

Land Sale No. 2



Property Identification

Record ID	4422
Property Name	State Highway 133
Address	State Highway 133, Valdosta, Brooks County, Georgia 31602
Tax ID	146 00117
Market Type	Land

Sale Data

Grantor	Tim Blanton
Grantee	Dosta Development, LLC
Sale Date	April 15, 2016
Deed Book/Page	763/179
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 03, 2017

Sale Price	\$69,000
Cash Equivalent	\$69,000
Adjusted Price	\$69,000

Land Data

Zoning	C-4, Commercial
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Sale No. 2 (Cont.)

Land Size Information

Gross Land Size

1.700 Acres or 74,052 SF

Front Footage

State Highway 133

Indicators

Sale Price/Gross Acre

\$40,588

Sale Price/Gross SF

\$0.93

Land Sale No. 3



Property Identification

Record ID	4423
Property Name	4100 Old Pine Road
Address	4100 Old Pine Road, Valdosta, Lowndes County, Georgia 31605
Tax ID	0145B 071
Market Type	Land

Sale Data

Grantor	Kight Chong Hui
Grantee	Zirkles Ltd., LLC
Sale Date	April 08, 2016
Deed Book/Page	005935000111
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 10, 2017

Sale Price	\$45,000
Cash Equivalent	\$45,000
Adjusted Price	\$45,000

Land Data

Zoning	R-M, Residential Multifamily District
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Sale No. 3 (Cont.)

Land Size Information

Gross Land Size

Front Footage

1.000 Acres or 43,560 SF

Old Pine Road

Indicators

Sale Price/Gross Acre

Sale Price/Gross SF

\$45,000

\$1.03

Land Listing No. 4



Property Identification

Record ID	4522
Property Name	7066 Lakes Boulevard
Address	7066 Lakes Boulevard, Lake Park, Lowndes County, Georgia 31636
Tax ID	0171 032
Market Type	Land

Sale Data

Grantor	SBATL Real Estate Holdings, LLC
Survey Date	May 10, 2017
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Broker; May 10, 2017

Listing Price	\$450,000
Cash Equivalent	\$450,000
Adjusted Price	\$450,000

Land Data

Zoning	H-C, Highway-Commercial District
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular
Depth	550

Land Listing No. 4 (Cont.)

Land Size Information

Gross Land Size

8.980 Acres or 391,169 SF

Front Footage

665 ft. Total Frontage; 665 ft. Lakes Boulevard

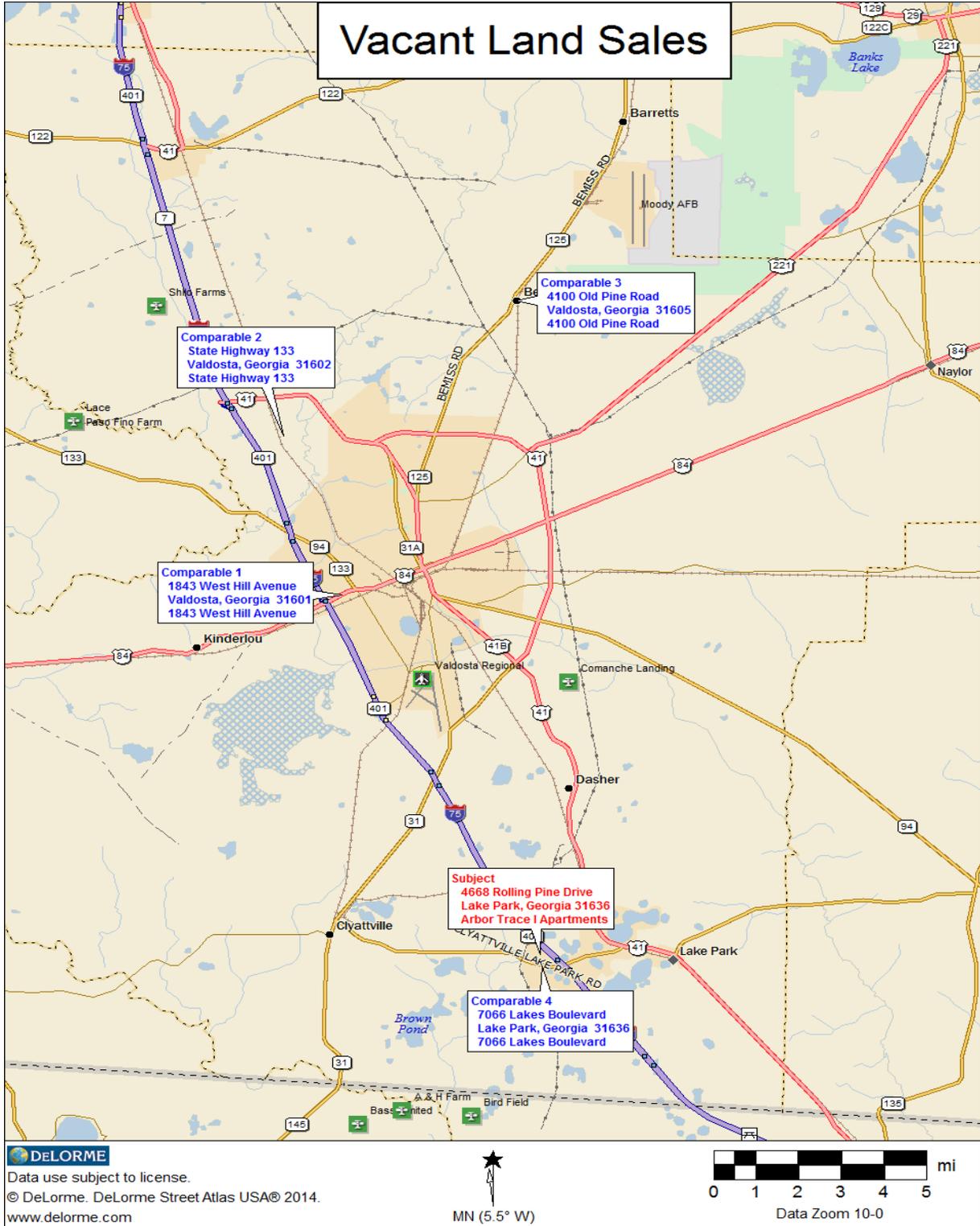
Indicators

Sale Price/Gross Acre

\$50,111

Sale Price/Gross SF

\$1.15



Arbor Trace I Apartments * 4668 Rolling Pine Drive * Lake Park, Georgia

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	4668 Rolling Pine	1843 West Hill Avenue	State Highway 133	4100 Old Pine Road	7066 Lakes Boulevard
City	Lake Park	Valdosta	Valdosta	Valdosta	Lake Park
State	GA	GA	GA	GA	GA
Date	5/10/2017	9/16/2015	4/15/2016	4/8/2016	Listing
Price		\$31,649	\$69,000	\$45,000	\$450,000
Acres	2.50	1.25	1.70	1.00	8.98
Acre Unit Price		\$25,319	\$40,588	\$45,000	\$50,111
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 Acre Unit Price		\$25,319	\$40,588	\$45,000	\$40,089
Market Trends Through	05/10/17	0%	0%	0%	0%
Adjusted GBA Unit Price		\$25,319	\$40,588	\$45,000	\$40,089
Location	Average	Superior	Superior	Superior	Similar
% Adjustment		-10%	-10%	-10%	0%
\$ Adjustment		-\$2,532	-\$4,059	-\$4,500	\$0
Acres	2.50	1.25	1.70	1.00	8.98
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Visibility/Access	Average	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Topography	Gently Rolling	Nearly Level	Nearly Level	Nearly Level	Nearly Level
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Zoning	PD	H-C	C-4	R-M	H-C
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Utilities	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Adjusted Acre Unit Price		\$22,787	\$36,529	\$40,500	\$40,089
Net adjustments		-10.0%	-10.0%	-10.0%	0.0%
Gross adjustments		-10.0%	-10.0%	-10.0%	0.0%

After analyzing the land sales and adjusting each sale accordingly, it is our opinion that the estimated Market Value of the subject site as of May 10, 2017, is as follows:

2.50 acres x \$37,000 per acre = \$92,500

Rounded \$93,000

Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	Land SF	Zoning
1	1843 West Hill Avenue	9/16/2015	\$31,649	\$25,319	1.25	54,450	H-C
2	State Highway 133	4/15/2016	\$69,000	\$40,588	1.70	74,052	C-4
3	4100 Old Pine Road	4/8/2016	\$45,000	\$45,000	1.00	43,560	R-M
4	7066 Lakes Boulevard	5/10/2017	\$450,000	\$50,111	8.98	391,169	H-C

Adjustments

The prices of the comparable land sales range from \$25,319 to \$50,111 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 Lake Park. Comparable 1 is located in Valdosta. Comparable 2 is located in Valdosta. Comparable 3 is located in Valdosta. The following table was utilized to determine appropriate adjustments for differences in location between Lake Park and Valdosta.

U.S. Census Bureau Stats	Lake Park	Valdosta	% Diff
2015 Population	1,070	56,504	98.11%
Households	371	21,029	98.24%
Median Income	\$43,661	\$29,336	-48.83%
Median Home Value	\$162,800	\$125,700	-29.51%
Median Rent	\$742	\$732	-1.37%

Valdosta is larger in population than Lake Park. However, the median income and median home value are higher for Lake Park than for Valdosta. The median rent between the two cities is very similar. In general, the higher median income and home value would offset the larger population in Lake Park. However, Valdosta services as the major employment hub for the county. Therefore, it was considered to be superior to the subject. Based on the previous table as well as considering all other factors, a downward adjustment of 10 percent was determined for the comparables in Valdosta.

Size

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total area of 2.50 acres. The comparables

range in size from 1.00 acres to 8.98 acres. The market did not indicate a need for adjustment due to size. Therefore, no adjustments were made.

Visibility/Access

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

Topography

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

Zoning

The adjustment for zoning reflects not only the zoning of the comparables relative to the subject property but also the potential utility of the sites. The subject is zoned PD. Comparable 1 is zoned H-C. Comparable 2 is zoned C-4. Comparable 3 is zoned R-M. Comparable 4 is zoned H-C. The market did not indicate an adjustment was needed for zoning differences. Therefore, no adjustments were made.

Utilities

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

Summary Conclusions

The land sales analysis indicates the quantitative or qualitative adjustments. The comparable land sales range from \$22,787 to \$40,500 per acre after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$37,000 per acre. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

2.50 acres x \$37,000 per Acre = \$92,500

Rounded \$93,000

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				\$1,139,455
Plus: Entrepreneur's Profit				\$113,946
Depreciation				(\$232,428)
Cost of Structures before External Obsolescence				<u>\$1,020,973</u>
Value of Land				\$93,000
Plus: Entrepreneur's Profit				<u>\$9,300</u>
Cost before External Obsolescence				\$1,123,273
Current Capitalization Rate				6.00%
Economic Net Operating Income (RCN x CR)				\$67,396
Net Operating Income from the Subject				<u>\$40,336</u>
Net Loss Due to Economic Obsolescence				(\$27,061)
Ratio of Improvements Total Property Value				0.9089
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$27,061)	6.00%	(\$451,014)
Times ratio of Improvements to Total Property				0.9089
Total External Obsolescence				(\$409,938)

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	17,666	0.855	\$1,080,596
Built-Ins	Per Unit	\$1,925.00	24	0.855	\$39,496
Total Building Improvement Costs					\$1,120,092
Price per SF Gross Building Area					\$63.40

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	31	0.855	\$17,226
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$19,363
Subtotal: Building & Site Costs					\$1,139,455
Price per SF Gross Building Area					\$64.50

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,139,455
Developer's Profit 10.0%		\$113,946
Total Cost		\$1,253,401
Price per SF Gross Building Area		\$70.95

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$221,778
Physical Depreciation: Site	10	20	50%	\$10,650
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$409,938
Total Depreciation				\$642,366
Depreciated Value of Improvements				\$611,035
Cost Per Square Foot Gross Building Area				\$34.59

Additional Cost Sections

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

Land Value

Land Value	\$93,000	
Other	\$0	
Cost Approach Value Indication		\$704,035
Rounded		\$705,000
Price per SF Gross Building Area		\$39.91

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 = \$705,000

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

External Obsolescence - As Is Market

Total Construction Cost of Structures				\$1,139,455
Plus: Entrepreneur's Profit				\$113,946
Depreciation				(\$232,428)
Cost of Structures before External Obsolescence				<u>\$1,020,973</u>
Value of Land				\$93,000
Plus: Entrepreneur's Profit				<u>\$9,300</u>
Cost before External Obsolescence				\$1,123,273
Current Capitalization Rate				7.00%
Economic Net Operating Income (RCN x CR)				\$78,629
Net Operating Income from the Subject				<u>\$71,377</u>
Net Loss Due to Economic Obsolescence				(\$7,252)
Ratio of Improvements Total Property Value				0.9089
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$7,252)	7.00%	(\$103,602)
Times ratio of Improvements to Total Property				0.9089
Total External Obsolescence				(\$94,167)

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	17,666	0.855	\$1,080,596
Built-Ins	Per Unit	\$1,925.00	24	0.855	\$39,496
Total Building Improvement Costs					\$1,120,092
Price per SF Gross Building Area					\$63.40

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	31	0.855	\$17,226
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$19,363
Subtotal: Building & Site Costs					\$1,139,455
Price per SF Gross Building Area					\$64.50

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,139,455
Developer's Profit 10.0%		\$113,946
Total Cost		\$1,253,401
Price per SF Gross Building Area		\$70.95

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$221,778
Physical Depreciation: Site	10	20	50%	\$10,650
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$94,167
Total Depreciation				\$326,595
Depreciated Value of Improvements				\$926,806
Cost Per Square Foot Gross Building Area				\$52.46

Additional Cost Sections

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

Land Value

Land Value	\$93,000	
Other	\$0	
Cost Approach Value Indication		\$1,019,806
Rounded		\$1,020,000
Price per SF Gross Building Area		\$57.74

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 = \$1,020,000

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

External Obsolescence - As Complete Restricted

Total Construction Cost of Structures				\$1,139,455
Plus: Entrepreneur's Profit				\$113,946
Depreciation				(\$116,214)
Cost of Structures before External Obsolescence				<u>\$1,137,187</u>
Value of Land				\$93,000
Plus: Entrepreneur's Profit				<u>\$9,300</u>
Cost before External Obsolescence				\$1,239,487
Current Capitalization Rate				6.00%
Economic Net Operating Income (RCN x CR)				\$74,369
Net Operating Income from the Subject				<u>\$73,062</u>
Net Loss Due to Economic Obsolescence				(\$1,307)
Ratio of Improvements Total Property Value				0.9175
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$1,307)	6.00%	(\$21,788)
Times ratio of Improvements to Total Property				0.9175
Total External Obsolescence				(\$19,989)

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	17,666	0.855	\$1,080,596
Built-Ins	Per Unit	\$1,925.00	24	0.855	\$39,496
Total Building Improvement Costs					\$1,120,092
Price per SF Gross Building Area					\$63.40

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	31	0.855	\$17,226
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$19,363
Subtotal: Building & Site Costs					\$1,139,455
Price per SF Gross Building Area					\$64.50

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,139,455
Developer's Profit 10.0%		\$113,946
Total Cost		\$1,253,401
Price per SF Gross Building Area		\$70.95

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$110,889
Physical Depreciation: Site	5	20	25%	\$5,325
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$19,989
Total Depreciation				\$136,203
Depreciated Value of Improvements				\$1,117,198
Cost Per Square Foot Gross Building Area				\$63.24

Additional Cost Sections

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

Land Value

Land Value	\$93,000	
Other	\$0	
Cost Approach Value Indication		\$1,210,198
Rounded		\$1,210,000
Price per SF Gross Building Area		\$68.49

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 = \$1,210,000

The following formula shows the external obsolescence for the “as complete” market value.

External Obsolescence - As Complete Market

Total Construction Cost of Structures		\$1,139,455	
Plus: Entrepreneur's Profit		\$113,946	
Depreciation		(\$116,214)	
Cost of Structures before External Obsolescence		<u>\$1,137,187</u>	
Value of Land		\$93,000	
Plus: Entrepreneur's Profit		<u>\$9,300</u>	
 Cost before External Obsolescence		 \$1,239,487	
 Current Capitalization Rate		 7.00%	
 Economic Net Operating Income (RCN x CR)		 \$86,764	
Net Operating Income from the Subject		<u>\$85,230</u>	
Net Loss Due to Economic Obsolescence		(\$1,534)	
 Ratio of Improvements Total Property Value		 0.9175	
 Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	(\$1,534)	7.00%	(\$21,919)
Times ratio of Improvements to Total Property			0.9175
 Total External Obsolescence			 (\$20,110)

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	17666	0.855	\$1,080,596
Built-Ins	Per Unit	\$1,925.00	24	0.855	\$39,496
Total Building Improvement Costs					\$1,120,092
Price per SF Gross Building Area					\$63.40

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	31	0.855	\$17,226
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$19,363
Subtotal: Building & Site Costs					\$1,139,455
Price per SF Gross Building Area					\$64.50

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,139,455
Developer's Profit 10.0%		\$113,946
Total Cost		\$1,253,401
Price per SF Gross Building Area		\$70.95

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$110,889
Physical Depreciation: Site	5	20	25%	\$5,325
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$20,110
Total Depreciation				\$136,324
Depreciated Value of Improvements				\$1,117,077
Cost Per Square Foot Gross Building Area				\$63.23

Additional Cost Sections

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

Land Value

Land Value	\$93,000	
Other	\$0	
Cost Approach Value Indication		\$1,210,077
Rounded		\$1,210,000
Price per SF Gross Building Area		\$68.49

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 = \$1,210,000

Income Approach

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

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

Income Analysis

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

HUD-Forms 92273 – As Is

One-Bedroom Units (637 SF) – As Is

Estimates of Market Rent
by Comparison - As Is

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)							
One-Bedroom	Arbor Trace I Apartments 4668 Rolling Pine Drive Lake Park, Lowndes, GA	Three Oaks Apartments 3833 North Oak Street Valdosta, Lowndes, GA	Staten Crossing Apartments 3925 North Oak Street Valdosta, Lowndes, GA	Spring Chase Apartments 1601 Norman Drive Valdosta, Lowndes, GA	Tall Tree Apartments 420 Connell Road Valdosta, Lowndes, GA	Mar-Mel-Go Apartments 4650 Rolling Pine Drive Lake Park, Lowndes, GA							
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments		
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017			
4. Type of Project/Stories	G/1	WU/2		WU/3		WU/2		WU/2		WU/2			
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies			
6. Project Occupancy %	100%	98%		97%		99%		97%		99%			
7. Concessions	N	N		N		N		N		N			
8. Year Built	1995	1991/Ren		1997		1996/Ren		1985	\$30	2008	(\$20)		
9. Sq. Ft. Area	637	809	(\$35)	815	(\$35)	690	(\$10)	770	(\$30)	775	(\$30)		
10. Number of Bedrooms	1	1		1		1		1		1			
11. Number of Baths	1.0	1.0		1.0		1.0		1.0		1.0			
12. Number of Rooms	3	3		3		3		3		3			
13. Balc./Terrace/Patio	Y	Y		Y		Y		Y		Y			
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0			
15. Equipment	a. A/C	C		C		C		C		C			
	b. Range/Refrigerator	RF		RF		RF		RF		RF			
	c. Disposal	N		Y		Y		Y		Y			
	d. Microwave/Dishwasher	N	(\$10)	MD	(\$15)	D	(\$10)	MD	(\$15)	D	(\$10)		
	e. Washer/Dryer	HU		WD	(\$20)	HU		L	\$5	HU			
	f. Carpet	C		C		C		C		C			
	g. Drapes	B		B		B		B		B			
	h. Pool/Rec. Area	R	PER (\$20)	PER	(\$20)	PER	(\$20)	PER	(\$20)	P			
16. Services	a. Heat/Type	N/E		N/G		N/E		N/E		N/E			
	b. Cooling	N/E		N/E		N/E		N/E		N/E			
	c. Cook/Type	N/E		N/E		N/E		N/E		N/E			
	d. Electricity	N		N		N		N		N			
	e. Hot Water	N/E		N/G		N/E		N/E		N/E			
	f. Cold Water/Sewer	N	Y (\$38)	N		N		Y	(\$38)	N			
	g. Trash	Y		Y		N	\$15	Y		N	\$15		
17. Storage	Y/0	Y/0		Y/0		N	\$5	N	\$5	N	\$5		
18. Project Location	Average	Superior	(\$25)	Superior	(\$25)	Superior	(\$25)	Superior	(\$25)	Similar			
19. Security	N	Y	(\$5)	Y	(\$10)	Y	(\$10)	N		N			
20. Clubhouse/Meeting Room	MR	C		C		MR		N	\$5	N	\$5		
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10		
22. Business Center / Nbdh Netwk	N	BC	(\$5)	N		BC	(\$5)	N		N			
23. Unit Rent Per Month		\$676		\$675		\$675		\$547		\$550			
24. Total Adjustment			(\$128)		(\$100)		(\$50)		(\$73)		(\$25)		
25. Indicated Rent		\$548		\$575		\$625		\$474		\$525			
26. Correlated Subject Rent	\$535	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.											
	high rent	\$625	low rent	\$474	60% range	\$504	to	\$595					
Appraiser's Signature				Date (mm/dd/yy)				Reviewer's Signature				Date (mm/dd/yyyy)	
				05/10/17									

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.

Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Is

Arbor Trace I Apartments

Primary Unit Types – One-Bedroom Units (637 SF)

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

A rent comparability grid was prepared for the primary unit types with 637 square feet. Comparable apartments used include the following: Three Oaks Apartments (Comparable 1), Staten Crossing Apartments (Comparable 2), Spring Chase Apartments (Comparable 3), Tall Tree Apartments (Comparable 4) and Mar-Mel-Go Apartments (Comparable 5).

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

Project Occupancy – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 97 to 99 percent. No adjustments were needed.

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

Year Built/Year Renovated – The subject was constructed in 1995. Comparable 1 was built in 1991, and Comparable 2 was constructed in 1997. Comparable 3 was constructed in 1996, and Comparable 4 was built in 1985. Comparable 5 was constructed in 2008. The majority of the comparables were considered similar in condition as there were no differences significant enough to warrant an adjustment. Comparable 5, however, is newer than the subject and was considered superior in condition, while Comparable 3, though similar in age, was considered inferior to the subject. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. When performing the analysis, the appraiser compared the units at Comparable 5 individually to the units

at Comparables 1, 2, 3 and 4. The first three tables below show the comparison of Comparable 5 and Comparables 1, 2 and 3. As can be seen in the following table, the appraiser adjusted the street rent of each comparable for all differences between the subject and comparables to come up with a net adjusted rent for each comparable. The differences that warranted adjustments included unit size, number of baths, microwave/dishwasher, washer/dryer, pool/exercise room/recreation area, cold water/sewer, trash, location, security, clubhouse/meeting room and business center. Once the net adjusted rents were determined, these rents were compared to the street rent at Comparable 5. The differences between the rents indicate the appropriate adjustments for condition.

Paired Analysis - One-Bedroom Units			
Item	Comparable 1	Comparable 2	Comparable 3
Street Rent	\$676	\$675	\$675
Unit Size	-\$5	-\$10	\$20
Microwave/Dishwasher	\$0	-\$5	\$0
Washer/Dryer	\$0	-\$20	\$0
Pool/Exercise Room/Rec. Area	-\$20	-\$20	-\$20
Cold Water/Sewer	-\$38	\$0	\$0
Trash	-\$15	\$0	\$0
Location	-\$15	-\$25	-\$25
Security	-\$5	-\$10	-\$10
Clubhouse/Meeting Room	-\$5	-\$5	-\$5
Business Center	-\$5	\$0	-\$5
Net Rent	\$568	\$580	\$630
Comparable 5 Street Rent	\$550	\$550	\$550
Indicated Adjustment	-\$18	-\$30	-\$80

Paired Analysis - Two-Bedroom Units			
Item	Comparable 1	Comparable 2	Comparable 3
Street Rent	\$696	\$790	\$787
Number of Baths	\$20	\$0	\$20
Unit Size	-\$30	-\$40	-\$15
Microwave/Dishwasher	\$0	-\$5	\$0
Washer/Dryer	\$0	-\$20	\$0
Pool/Exercise Room/Rec. Area	-\$20	-\$20	-\$20
Cold Water/Sewer	-\$47	\$0	\$0
Trash	-\$15	\$0	\$0
Location	-\$15	-\$25	-\$25
Security	-\$5	-\$10	-\$10
Clubhouse/Meeting Room	-\$5	-\$5	-\$5
Business Center	-\$5	\$0	-\$5
Net Rent	\$574	\$665	\$727
Comparable 5 Street Rent	\$600	\$600	\$600
Indicated Adjustment	\$26	-\$65	-\$127

Paired Analysis - Three-Bedroom Units			
Item	Comparable 1	Comparable 2	Comparable 3
Street Rent	\$780	\$875	\$896
Unit Size	-\$25	-\$45	-\$45
Microwave/Dishwasher	\$0	-\$5	\$0
Washer/Dryer	\$0	-\$20	\$0
Pool/Exercise Room/Rec. Area	-\$20	-\$20	-\$20
Cold Water/Sewer	-\$57	\$0	\$0
Trash	-\$15	\$0	\$0
Location	-\$15	-\$25	-\$25
Security	-\$5	-\$10	-\$10
Clubhouse/Meeting Room	-\$5	-\$5	-\$5
Business Center	-\$5	\$0	-\$5
Net Rent	\$633	\$745	\$786
Comparable 5 Street Rent	\$695	\$695	\$695
Indicated Adjustment	\$62	-\$50	-\$91

The adjustments for each comparable were averaged, and the results were grouped together to determine a range for the adjustments for condition. Because the paired analysis cannot always account for renter perceptions, the results were multiplied by 50 percent. A range of (\$50) to \$12 was determined, and an adjustment within this range was considered appropriate. After considering all factors, an adjustment of (\$20) was selected for Comparable 5. The adjustment is negative because Comparable 5 is considered superior to these comparables. Comparable 5 was also compared to Comparable 4. The results of that paired analysis are shown below:

Paired Analysis - One-Bedroom Units	
Item	Comparable 4
Street Rent	\$547
Unit Size	\$0
Microwave/Dishwasher	-\$5
Washer/Dryer	\$5
Pool/Exercise Room/Rec. Area	-\$20
Cold Water/Sewer	-\$38
Trash	-\$15
Location	-\$25
Security	\$0
Clubhouse/Meeting Room	\$0
Business Center	\$0
Net Rent	\$449
Comparable 5 Street Rent	\$550
Indicated Adjustment	\$101

Paired Analysis - Two-Bedroom Units	
Item	Comparable 4
Street Rent	\$626
Number of Baths	\$20
Unit Size	-\$10
Microwave/Dishwasher	-\$5
Washer/Dryer	\$5
Pool/Exercise Room/Rec. Area	-\$20
Cold Water/Sewer	-\$47
Trash	-\$15
Location	-\$25
Security	\$0
Clubhouse/Meeting Room	\$0
Business Center	\$0
Net Rent	\$529
Comparable 5 Street Rent	\$600
Indicated Adjustment	\$71

Paired Analysis - Three-Bedroom Units	
Item	Comparable 4
Street Rent	\$730
Unit Size	-\$40
Microwave/Dishwasher	-\$5
Washer/Dryer	\$5
Pool/Exercise Room/Rec. Area	-\$20
Cold Water/Sewer	-\$57
Trash	-\$15
Location	-\$25
Security	\$0
Clubhouse/Meeting Room	\$0
Business Center	\$0
Net Rent	\$573
Comparable 5 Street Rent	\$695
Indicated Adjustment	\$122

The indicated adjustments for this comparison were averaged and then multiplied by 50 percent as indicated above. The result was \$49 which was rounded to \$50. Therefore, it was determined that Comparable 4 is \$50 inferior to Comparable 5. Since Comparable 5 was adjusted downward \$20 per month for the as is analysis, Comparable 4 was adjusted upward \$30 per month.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable’s dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The 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 \$0.21. 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-bedroom units. All comparables are similar. No adjustments were needed.

of Baths – The subject contains one bath in the one-bedroom units. All comparables are similar. No adjustments were needed.

Balcony/Patio – The subject contains patios. All comparables are similar. No adjustments were needed.

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

AC: Central/Wall – The subject contains central air conditioning. All comparables are similar. No adjustments were needed.

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

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

Microwave/Dishwasher – The subject does not contain either microwave or dishwasher. All comparables contain dishwashers. Comparables 2 and 4 also contain microwaves. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 3 and 5 were adjusted downward \$10 per month, and Comparables 2 and 4 were adjusted downward \$15 per month.

Washer/Dryer – The subject contains washer/dryer hook-ups in the units. Comparables 1, 3 and 5 are similar. Comparable 2 contains washers and dryers in the units and was adjusted downward \$20 per month. Comparable 4 contains a laundry facility and was adjusted upward \$5 per month. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit.

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

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

Pool/Exercise Room/Recreation Areas – The subject contains a picnic area. Comparable 1 contains swimming pool, exercise room, picnic area and playground. Comparable 2 contains a swimming pool, exercise room, playground, volleyball court and tennis court. Comparable 3 contains swimming pool, exercise room, playground and basketball court. Comparable 4 contains swimming pool, exercise room and picnic area. Comparable 5 contains swimming pool. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, the comparables with all types of recreation areas were adjusted downward \$20 per month.

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

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

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

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

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

Cold Water/Sewer – The subject does not have these utilities provided by the landlord. Comparables 2, 3 and 5 do not provide these utilities. The remaining comparables do provide these utilities. The comparables were adjusted \$38 per month for one-bedroom units, \$47 per month for two-bedroom units and \$57 per month for three-bedroom units as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

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

Extra Storage – The subject does contain this feature. Comparable 1 and 2 are similar. The remaining comparables do not contain this feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit. Therefore, the comparables without this amenity were adjusted upward \$5 per month.

Location – The subject's location is average with easy access to all services available within the city limits. Comparable 1 is similar. The remaining comparables are located in Valdosta and were considered superior in 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 renter. The following table was utilized to determine appropriate adjustments for any differences in location between Lake Park and Valdosta.

U.S. Census Bureau Stats	Lake Park	Valdosta	% Diff
2015 Population	1,070	56,504	98.11%
Households	371	21,029	98.24%
Median Income	\$43,661	\$29,336	-48.83%
Median Home Value	\$162,800	\$125,700	-29.51%
Median Rent	\$742	\$732	-1.37%

Valdosta has a larger population and larger number of households. The median income and median home value are higher for Lake Park. The median rent is very similar for the two cities. Lake Park has fewer services available than Valdosta, and Valdosta serves as the major employment hub for the county. Therefore, it was considered superior. Based on the previous table as well as considering all other factors, a downward adjustment of \$25 was determined for the comparables in Valdosta.

Security – The subject does not contain security features. Comparable 1 contains security patrol. Comparable 2 contains limited access gate. Comparable 3 contains intercom entry, limited access gate and video surveillance. Comparables 4 and 5 do not contain security features. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit, particularly security that limits access to the property. Therefore, Comparables 2 and 3 were adjusted downward \$10 per month, and Comparable 1 was adjusted downward \$5 per month.

Clubhouse/Meeting Room – The subject contains a meeting room. Comparable 3 contains a meeting room. Comparables 1 and 2 contain clubhouses. The remaining comparables do not contain either feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, all comparables without either feature were adjusted upward \$5 per month for each amenity.

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

Business Center/Neighborhood Network – The subject does not contain a business center. Comparables 1 and 3 contain business centers. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, Comparables 1 and 3 were adjusted \$5 per month.

Conclusion of Market Rents – As Is

The adjusted rents range from \$474 to \$625 for the one-bedroom comparison. All comparables were given consideration. Comparable 5 is located within the same city as the subject and is very similar to the subject in terms of amenities provided. Therefore, this comparable was given significant consideration. The remaining comparables were also considered. The appraiser concluded the market rent for the units at the subject as follows:

- **637 SF One-Bedroom Units** - **\$535**

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	637	\$452	\$470	\$115

HUD-Forms 92273 – As Complete

One-Bedroom Units (637 SF) – As Complete

Estimates of Market Rent
by Comparison - As Complete

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

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

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	Arbor Trace I Apartments 4668 Rolling Pine Drive Lake Park, Lowndes, GA	Three Oaks Apartments 3833 North Oak Street Valdosta, Lowndes, GA	Staten Crossing Apartments 3925 North Oak Street Valdosta, Lowndes, GA	Spring Chase Apartments 1601 Norman Drive Valdosta, Lowndes, GA	Tall Tree Apartments 420 Connell Road Valdosta, Lowndes, GA	Mar-Mel-Go Apartments 4650 Rolling Pine Drive Lake Park, Lowndes, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		WU/3		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	100%	98%		97%		99%		97%		99%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1995/Proposed	1991/Ren	\$50	1997	\$50	1996/Ren	\$50	1985	\$80	2008	\$30
9. Sq. Ft. Area	637	809	(\$35)	815	(\$35)	690	(\$10)	770	(\$30)	775	(\$30)
10. Number of Bedrooms	1	1		1		1		1		1	
11. Number of Baths	1.0	1.0		1.0		1.0		1.0		1.0	
12. Number of Rooms	3	3		3		3		3		3	
13. Balc./Terrace/Patio	Y	Y		Y		Y		Y		Y	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	MD	(\$15)	D	(\$10)	MD	(\$15)	D	(\$10)
e. Washer/Dryer	HU	HU		WD	(\$20)	HU		L	\$5	HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	R	PER	(\$20)	PER	(\$20)	PER	(\$20)	PER	(\$20)	P	
16. Services a. Heat/Type	N/E	N/G		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/G		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	N	Y	(\$38)	N		N		Y	(\$38)	N	
g. Trash	Y	Y		N	\$15	N	\$15	Y		N	\$15
17. Storage	Y/0	Y/0		Y/0		N	\$5	N	\$5	N	\$5
18. Project Location	Average	Superior	(\$25)	Superior	(\$25)	Superior	(\$25)	Superior	(\$25)	Similar	
19. Security	N	Y	(\$5)	Y	(\$10)	Y	(\$10)	N		N	
20. Clubhouse/Meeting Room	MR	C		C		MR		N	\$5	N	\$5
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nhd Netwk	N	BC	(\$5)	N		BC	(\$5)	N		N	
23. Unit Rent Per Month		\$676		\$675		\$675		\$547		\$550	
24. Total Adjustment			(\$78)		(\$50)				(\$23)		\$25
25. Indicated Rent		\$598		\$625		\$675		\$524		\$575	
26. Correlated Subject Rent	\$585	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$675	low rent	\$524	60% range	\$554	to	\$645	Reviewer's Signature		Date (mm/dd/yyyy)
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature		Date (mm/dd/yyyy)		Reviewer's Signature		Date (mm/dd/yyyy)	
				Samuel J. Hill		05/10/17					

Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Complete

Arbor Trace I Apartments

Primary Unit Types – One-Bedroom Units (637 SF)

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

Rent comparability grids were prepared for the primary unit types with 637, 865 and 924 square feet. Comparable apartments used include the following: Three Oaks Apartments (Comparable 1), Staten Crossing Apartments (Comparable 2), Spring Chase Apartments (Comparable 3), Tall Tree Apartments (Comparable 4) and Mar-Mel-Go Apartments (Comparable 5).

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

Project Occupancy – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 97 to 99 percent. No adjustments were needed.

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

Year Built/Year Renovated – The subject was constructed in 1995 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1991, and Comparable 2 was constructed in 1997. Comparable 3 was constructed in 1996, and Comparable 4 was built in 1985. Comparable 5 was constructed in 2008. All comparables were considered inferior to varying degrees. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. After considering all factors, Comparables 1, 2, 3 and 4 were adjusted upward \$50 per month, and Comparable 5 was adjusted upward \$30 per month.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable's dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The 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 \$0.21. 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-bedroom units. All comparables are similar. No adjustments were needed.

of Baths – The subject contains one bath in the one-bedroom units. All comparables are similar. No adjustments were needed.

Balcony/Patio – The subject contains patios. All comparables are similar. No adjustments were needed.

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

AC: Central/Wall – The subject contains central air conditioning. All comparables are similar. No adjustments were needed.

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

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

Microwave/Dishwasher – The subject does not contain either microwave or dishwasher. All comparables contain dishwashers. Comparables 2 and 4 also contain microwaves. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 3 and 5 were adjusted downward \$10 per month, and Comparables 2 and 4 were adjusted downward \$15 per month.

Washer/Dryer – The subject contains washer/dryer hook-ups in the units. Comparables 1, 3 and 5 are similar. Comparable 2 contains washers and dryers in the units and was adjusted downward \$20 per month. Comparable 4 contains a laundry facility and was adjusted upward \$5 per month. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit.

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

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

Pool/Exercise Room/Recreation Areas – The subject contains a picnic area. Comparable 1 contains swimming pool, exercise room, picnic area and playground. Comparable 2 contains a swimming pool, exercise room, playground, volleyball court and tennis court. Comparable 3 contains swimming pool, exercise room, playground and basketball court. Comparable 4 contains swimming pool, exercise room and picnic area. Comparable 5 contains swimming pool. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, the comparables with all types of recreation areas were adjusted downward \$20 per month.

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

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

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

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

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

Cold Water/Sewer – The subject does not have these utilities provided by the landlord. Comparables 2, 3 and 5 do not provide these utilities. The remaining comparables do provide these utilities. The comparables were adjusted \$38 per month for one-bedroom units, \$47 per month for two-bedroom units

and \$57 per month for three-bedroom units as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

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

Extra Storage – The subject does contain this feature. Comparable 1 and 2 are similar. The remaining comparables do not contain this feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit. Therefore, the comparables without this amenity were adjusted upward \$5 per month.

Location – The subject's location is average with easy access to all services available within the city limits. Comparable 1 is similar. The remaining comparables are located in Valdosta and were considered superior in 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 renter. The following table was utilized to determine appropriate adjustments for any differences in location between Lake Park and Valdosta.

U.S. Census Bureau Stats	Lake Park	Valdosta	% Diff
2015 Population	1,070	56,504	98.11%
Households	371	21,029	98.24%
Median Income	\$43,661	\$29,336	-48.83%
Median Home Value	\$162,800	\$125,700	-29.51%
Median Rent	\$742	\$732	-1.37%

Valdosta has a larger population and larger number of households. The median income and median home value are higher for Lake Park. The median rent is very similar for the two cities. Lake Park has fewer services available than Valdosta, and Valdosta serves as the major employment hub for the county. Therefore, it was considered superior. Based on the previous table as well as considering all other factors, a downward adjustment of \$25 was determined for the comparables in Valdosta.

Security – The subject does not contain security features. Comparable 1 contains security patrol. Comparable 2 contains limited access gate. Comparable 3 contains intercom entry, limited access gate and video surveillance. Comparables 4 and 5 do not contain security features. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit, particularly security that limits access to the property. Therefore, Comparables 2 and 3 were adjusted downward \$10 per month, and Comparable 1 was adjusted downward \$5 per month.

Clubhouse/Meeting Room – The subject contains a meeting room. Comparable 3 contains a meeting room Comparables 1 and 2 contain clubhouses. The remaining comparables do not contain either feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, all comparables without either feature were adjusted upward \$5 per month for each amenity.

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

Business Center/Neighborhood Network – The subject does not contain a business center. Comparables 1 and 3 contain business centers. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, Comparables 1 and 3 were adjusted \$5 per month.

Conclusion of Market Rents – As Complete

The adjusted rents range from \$524 to \$675 for the one-bedroom comparison. Comparable 5 is located within the same city as the subject and is very similar to the subject in terms of amenities provided. Therefore, this comparable was given significant consideration. The remaining comparables were also considered. The appraiser concluded the market rent for the units at the subject as follows:

- **637 SF One-Bedroom Units** - **\$585**

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

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Proposed Rent	Utility Allowance
1/1	24	637	\$452	\$452	\$115

Rent Comparables

Multi-Family Lease No. 1



Property Identification

Record ID 4814
Property Type Walk-Up
Property Name Three Oaks Apartments
Address 3833 North Oak Street, Valdosta, Lowndes County, Georgia 31605
Market Type Market

Verification Jennifer; 229-247-1175, May 10, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	24	809	\$676	\$0.84
1/1		809	\$906	\$1.12
1/1	24	809	\$756	\$0.93
1/1		809	\$858	\$1.06
2/1	60	1,044	\$696	\$0.67
2/1		1,044	\$834	\$0.80
2/2	60	1,044	\$783	\$0.75
2/2		1,044	\$904	\$0.87
3/2	36	1,220	\$780	\$0.64
3/2		1,220	\$949	\$0.78
3/2	36	1,236	\$695	\$0.56
3/2		1,236	\$984	\$0.80

Occupancy 98%
Rent Premiums None
Total Units 240
Unit Size Range 809 - 1236
Avg. Unit Size 1,052

Multi-Family Lease No. 1 (Cont.)

Avg. Rent/Unit	\$734
Avg. Rent/SF	\$0.70
SF	252,528

Physical Data

No. of Buildings	20
Construction Type	Siding
HVAC	Central Gas/Central Elec
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Parking	L/0
Year Built	1991/Ren
Condition	Average
Gas Utilities	Heating, Hot Water
Electric Utilities	Cooling, Cooking, Other Electric

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Hardwood, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Coat Closet, Balcony, Patio, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Basketball Court, Tennis Court, Extra Storage, Business Center, Car Wash Area, Laundry Facility, On-Site Management, On-Site Maintenance, Security Patrol

Remarks

The property does not maintain an active waiting list. The annual turnover rate was not disclosed. The rental ranges are due to renovations, unit amenities and floor layouts.

Multi-Family Lease No. 2



Property Identification

Record ID 4840
Property Type Walk-Up
Property Name Staten Crossing Apartments
Address 3925 North Oak Street, Valdosta, Lowndes County, Georgia 31605
Market Type Market

Verification Kyle; 229-247-9880, May 10, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	48	815	\$675	\$0.83
1/1		815	\$780	\$0.96
2/2	58	1,150	\$780	\$0.68
2/2		1,150	\$815	\$0.71
2/2	58	1,128	\$790	\$0.70
2/2		1,128	\$815	\$0.72
3/2	32	1,362	\$875	\$0.64
3/2		1,362	\$905	\$0.66

Occupancy 97%
Rent Premiums None
Total Units 196
Unit Size Range 815 - 1362
Avg. Unit Size 1,096
Avg. Rent/Unit \$773
Avg. Rent/SF \$0.71

SF 214,828

Multi-Family Lease No. 2 (Cont.)

Physical Data

No. of Buildings	11
Construction Type	Brick/Siding
HVAC	Central Elec/Central Elec
Stories	3
Utilities with Rent	None
Parking	L/0
Year Built	1997
Condition	Average
Gas Utilities	None
Electric Utilities	All

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer, Dryer, Carpet, Vinyl, Blinds, Walk-In Closet, Balcony, Patio, Clubhouse, Swimming Pool, Exercise Room, Playground, Volleyball Court, Tennis Court, Extra Storage, Cabana, Pet Play Area, Walking/Bike Trail, Car Wash Area, Landry Facility, On-Site Management, On-Site Maintenance, Limited Access Gate

Remarks

The property has a waiting list but does not currently have any applicants on the waiting list. The property charges the tenants flat rates of \$25 per adult per month for the water, sewer and trash. Rents range based upon floor and view.

Multi-Family Lease No. 3



Property Identification

Record ID 4831
Property Type Walk-Up
Property Name Spring Chase Apartments
Address 1601 Norman Drive, Valdosta, Lowndes County, Georgia 31601
Market Type Market

Verification Glen; 229-247-8472, May 10, 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	24	690	\$675	\$0.98
1/1 w/Den	8	1,126	\$753	\$0.67
2/1	104	960	\$787	\$0.82
2/2	72	1,226	\$811	\$0.66
2/2		1,226	\$850	\$0.69
3/2	72	1,376	\$896	\$0.65
3/2	8	1,400	\$943	\$0.67

Occupancy 100%
Rent Premiums None
Total Units 288
Unit Size Range 690 - 1400
Avg. Unit Size 1,125
Avg. Rent/Unit \$814
Avg. Rent/SF \$0.72

SF 323,952

Multi-Family Lease No. 3 (Cont.)

Physical Data

No. of Buildings	33
Construction Type	Siding
HVAC	Central Elec/Central Elec
Stories	2
Utilities with Rent	None
Parking	L/0
Year Built	1996
Condition	Average
Gas Utilities	None
Electric Utilities	All

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Hardwood (select), Blinds, Ceiling Fans, Walk-In Closet (select), Balcony, Patio, Meeting Room, Swimming Pool, Exercise Room, Playground, Basketball Court, Tennis Court, Business Center, Computer Room, Laundry Facility, On-Site Management, On-Site Maintenance, Intercom/Electronic Entry, Limited Access Gate, Video Surveillance, Library

Remarks

The property contains a waiting list of 15-20 applicants. The annual turnover rate was not disclosed. The rental range is due to renovations.

Multi-Family Lease No. 4



Property Identification

Record ID 4834
Property Type Walk-Up/Townhouse
Property Name Tall Tree Apartments
Address 420 Connell Road, Valdosta, Lowndes County, Georgia 31602
Market Type Market

Verification Emma; 229-244-9632, May 02, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
Efficiency	8	457	\$455	\$1.00
1/1	36	770	\$547	\$0.71
1/1	20	852	\$595	\$0.70
2/1	28	928	\$626	\$0.67
2/1.5 TH	16	971	\$597	\$0.61
2/2	24	1,072	\$667	\$0.62
3/2	16	1,333	\$730	\$0.55

Occupancy 97%
Rent Premiums None
Total Units 148
Unit Size Range 457 - 1333
Avg. Unit Size 926
Avg. Rent/Unit \$608
Avg. Rent/SF \$0.66

SF 136,992

Multi-Family Lease No. 4 (Cont.)

Physical Data

No. of Buildings	39
Construction Type	Brick/Siding
HVAC	Central Elec/Central Elec
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Parking	L/O
Year Built	1985
Condition	Average
Gas Utilities	None
Electric Utilities	All

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups (select), Carpet, Vinyl, Blinds, Ceiling Fans, Walk-In Closet, Coat Closet, Balcony, Patio, Swimming Pool, Exercise Room, Picnic Area, Pet Play Area, Playground, Laundry Facility, On-Site Management, On-Site Maintenance

Remarks

The property does not maintain an active waiting list. The annual turnover rate is 16.2 percent.

Multi-Family Lease No. 5



Property Identification

Record ID 4809
Property Type Walk-Up
Property Name Mar-Mel-Go Apartments
Address 4650 Rolling Pine Drive, Lake Park, Lowndes County, Georgia 31636
Market Type Market

Verification Clair; 229-559-7368, May 02, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	14	775	\$550	\$0.71
2/2	48	880	\$600	\$0.68
3/2	8	1,081	\$695	\$0.64

Occupancy 99%
Rent Premiums None
Total Units 70
Unit Size Range 775 - 1081
Avg. Unit Size 882
Avg. Rent/Unit \$601
Avg. Rent/SF \$0.68

SF 61,738

Physical Data

No. of Buildings 7
Construction Type Siding
HVAC Central Elec/Central Elec
Stories 2
Utilities with Rent None
Parking L/0
Year Built 2008

Multi-Family Lease No. 5 (Cont.)

Condition	Good
Gas Utilities	None
Electric Utilities	All

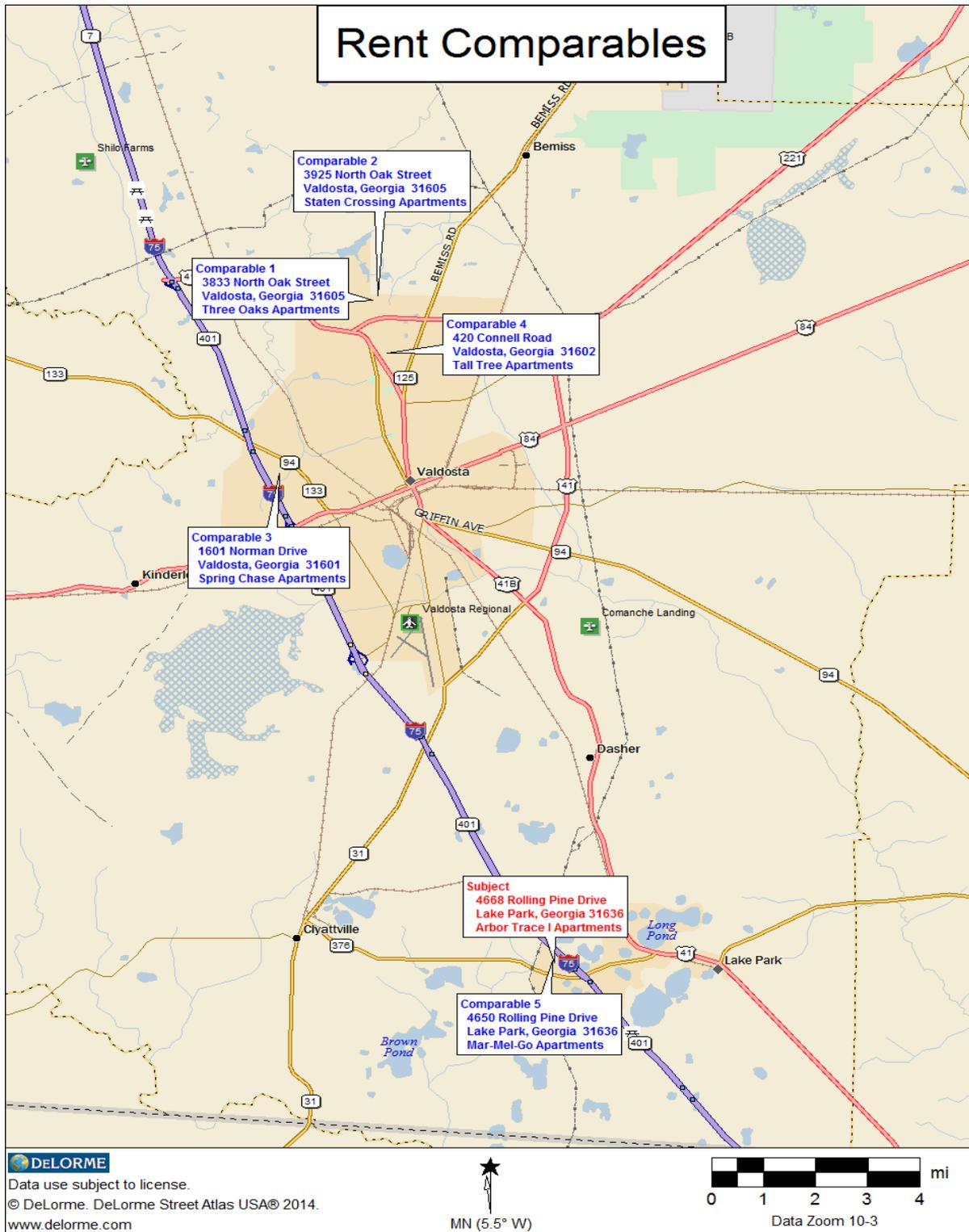
Amenities

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

Remarks

There are two applicants on the waiting list. The annual turnover rate is 51.4 percent.

Rent Comparable Map



Summary and Conclusion

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

Potential Gross Rental Income

Total Potential Gross Rental Income (Restricted Rent As Is)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Current Rent	Potential Gross Income
24	1/1	637	\$452	\$470	\$11,280
Total Potential Monthly Rental Income					\$11,280
					x 12
Total Potential Gross Rental Income					\$135,360
Miscellaneous Income					\$500
Total Potential Gross Income					\$135,860

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	637	\$452	\$535	\$12,840
Total Potential Monthly Rental Income					\$12,840
					x 12
Total Potential Gross Rental Income					\$154,080
Miscellaneous Income					\$500
Total Potential Gross Income					\$154,580

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	637	\$452	\$585	\$14,040
Total Potential Monthly Rental Income					\$14,040
					x 12
Total Potential Gross Rental Income					\$168,480
Miscellaneous Income					\$500
Total Potential Gross Income					\$168,980

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

Total Potential Gross Rental Income (Market Rent As Complete)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
24	1/1	637	\$452	\$585	\$14,040
Total Potential Monthly Rental Income					\$14,040
					x 12
Total Potential Gross Rental Income					\$168,480
Miscellaneous Income					\$500
Total Potential Gross Income					\$168,980

Vacancy and Expense Explanations

Vacancy and Collection Loss

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

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

The field/phone survey was conducted in May 2017. Five market-rate properties responded to the survey and six restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of two percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 100 percent occupied. Historically, the subject’s occupancy rate has averaged 99 percent since 2014. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for “as is” conventional housing; five percent was deemed appropriate for “as complete” conventional housing; three percent was deemed appropriate for “as is” affordable housing; and three percent was deemed appropriate for “as complete” affordable housing.

Expenses

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

Management

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

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

Tax and Assessment Information

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

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

Insurance

The insurance expense is the responsibility of the landlord.

Maintenance

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

Utilities and Service

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

Reserves for Replacement

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

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

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

For example, apartment managers often record air conditioning as an expense category. In some cases, this may simply cover the cost of maintaining the equipment, while in others it includes allocations for water, electricity, supplies (filters) and maintenance. Similarly, the category for management may reflect

different items because of different ways of operating a property. Some apartment managers will contract for landscaping, snow removal, boiler maintenance and redecoration, while others have these functions performed by on-site managers. By grouping all expense items that are management-controllable, the appraiser will be able to compare the operations of building maintained on contract accounts with those of buildings that employ a permanent workforce to look after maintenance.

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

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

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

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

Market Rent and Contract Rent

In the income capitalization approach, the appraiser arrives at an estimate of market rent, or rental income the subject property would likely command in the open market, by analyzing current rents paid and asked for space in comparable buildings. Estimated market rent is important for both proposed and operating properties. In the case of the former, market rent allows the forecast of gross income, and with the latter it is used to calculate the income for vacant rental space or space occupied by the ownership or property management. Contract rent is the actual rental income specified in a lease. It is calculated for operating properties from existing leases, including month-to-month extensions of former leases. It is essential to specify whether the cited rent is 1) the former or existing contract rent, 2) the asking amount sought by the landlord or property manager or 3) the market rent estimated by the appraiser.

Other Miscellaneous Income

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

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

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

Operating Expenses & Restricted Projections

Property: Arbor Trace I Apartments
 # of Rental Units: 24
 Revenue and Expense Analysis
 Historical and Proforma

REVENUE - Annual											REVENUE - Annual						
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA				%	
Residential & Ancillary Income																	
Annual Gross Potential Rental Income	122,400	5,100	126,720	5,280	4%	131,040	5,460	3%	45,120	135,360	5,640	3%	135,360	5,640	3%	Residential & Ancillary Income	
Annual Ancillary Income	345	14	151	6	-56%	99	4	-34%	78	234	10	136%	500	21	405%	Annual Ancillary Income	
Annual Gross Potential Income	122,745	5,114	126,871	5,286	3%	131,139	5,464	3%	45,198	135,594	5,650	3%	135,860	5,661	4%	Annual Gross Potential Income	
Occupancy	98.83%	60	98.95%	56	0%	99.71%	16	1%	99.21%	1	45	-1%	97.01%	169	0%	Occupancy	
Effective Gross Income (EGI)	121,303	5,054	125,538	5,231	3%	130,759	5,448	4%	44,840	134,520	5,605	3%	131,799	5,492	1%	Effective Gross Income (EGI)	

ITEMIZED EXPENSES - Annual											ITEMIZED EXPENSES - Annual						
Estimate of Annual Expense	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA				%	
Administrative																	
Advertising	283	12	132	6	-53%	311	13	135%	26	79	3	-75%	300	13	-4%	Administrative	
Management Fee	12,772	532	13,166	549	3%	13,512	563	3%	4,656	13,968	582	3%	14,112	588	4%	Advertising	
Other (Specify)	20,090	837	19,277	803	-4%	19,322	805	0%	8,859	26,577	1,107	38%	18,736	781	-3%	Management Fee	
Total Administrative	33,145	1,381	32,575	1,357	-2%	33,145	1,381	2%	13,541	40,624	1,693	23%	33,148	1,381	0%	Total Administrative	
Operating																	
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Operating	
Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.	
Lighting and Misc. Power	3,584	149	3,627	151	1%	4,152	173	14%	1,099	3,298	137	-21%	3,400	142	-18%	Fuel - Heating	
Water	518	22	483	20	-7%	559	23	16%	163	490	20	-12%	600	25	7%	Lighting and Misc. Power	
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Water	
Garbage and Trash Removal	4,410	184	4,157	173	-6%	3,879	162	-7%	1,512	4,537	189	17%	4,100	171	6%	Gas	
Payroll	12,654	527	16,203	675	28%	7,855	327	-52%	2,908	8,725	364	11%	11,000	458	40%	Garbage and Trash Removal	
Other (Specify)	7,605	317	6,212	259	-18%	6,747	281	9%	2,147	6,440	268	-5%	8,130	339	20%	Payroll	
Total Operating	28,770	1,199	30,682	1,278	7%	23,192	966	-24%	7,830	23,490	979	1%	27,230	1,135	17%	Total Operating	
Maintenance																	
Decorating	1,103	46	751	31	-32%	533	22	-29%	225	675	28	27%	1,000	42	88%	Maintenance	
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Decorating	
Exterminating	1,480	62	1,540	64	4%	1,480	62	-4%	180	540	23	-64%	2,540	106	72%	Repairs	
Insurance	4,756	198	4,812	201	1%	4,815	201	0%	4,772	14,316	597	197%	5,478	228	14%	Exterminating	
Ground Expense	9,977	416	9,300	388	-7%	9,611	400	3%	4,776	14,327	597	49%	11,300	471	18%	Insurance	
Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Ground Expense	
Total Maintenance	17,316	722	16,403	683	-5%	16,439	685	0%	9,953	29,858	1,244	82%	20,318	847	24%	Total Maintenance	
Taxes																	
Real Estate Tax	7,231	301	5,651	235	-22%	5,899	246	4%	0	0	0	-100%	9,800	408	66%	Taxes	
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Real Estate Tax	
Employee Payroll Tax	1,941	81	2,251	94	16%	1,449	60	-36%	501	1,502	63	4%	1,600	67	10%	Personal Property Tax	
Employee Benefits	504	21	1,364	57	171%	1,420	59	4%	702	2,106	88	48%	2,300	96	62%	Employee Payroll Tax	
Other	78	3	53	2	-32%	203	8	280%	128	384	16	90%	110	5	-46%	Employee Benefits	
Total Taxes	9,754	406	9,319	388	-4%	8,971	374	-4%	1,331	3,992	166	-56%	13,810	575	54%	Total Taxes	
Operating Exp. before RFR	88,985	3,708	88,979	3,707	0%	81,747	3,406	-8%	32,654	97,963	4,082	20%	94,506	3,938	16%	Operating Exp. before RFR	
Reserve For Replacement	12,572	524	12,572	524	0%	12,572	524	0%	0	0	0	-100%	14,572	607	16%	Reserve For Replacement	
Operating Exp. Incl. RFR	101,557	4,232	101,551	4,231	0%	94,319	3,930	-7%	32,654	97,963	4,082	4%	109,078	4,545	16%	Operating Exp. Incl. RFR	
NOI	19,746	823	23,987	999	21%	36,440	1,518	52%	12,186	36,557	1,523	0%	22,721	947	-38%	NOI	

Arbor Trace I Apartments * 4668 Rolling Pine Drive * Lake Park, Georgia

Property: Arbor Trace I Apartments

of Rental Units: 24

**Revenue and Expense Analysis
Historical and Proforma**

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	135,360	5,640	3%	168,480	7,020	29%	Annual Gross Potential Rental Income
Annual Ancillary Income	500	21	405%	500	21	405%	Annual Ancillary Income
Annual Gross Potential Income	135,860	5,661	4%	168,980	7,041	29%	Annual Gross Potential Income
Occupancy	97.00%	170	0%	97.00%	211	0%	Occupancy
Effective Gross Income (EGI)	131,784	5,491	1%	163,911	6,830	25%	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	240	10	-23%	240	10	-23%	Advertising
Management Fee	13,689	570	1%	13,689	570	1%	Management Fee
Other (Specify)	18,840	785	-2%	18,840	785	-2%	Other (Specify)
Total Administrative	32,769	1,365	-1%	32,769	1,365	-1%	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
Lighting and Misc. Power	3,600	150	-13%	3,600	150	-13%	Lighting and Misc. Power
Water	600	25	7%	600	25	7%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	3,960	165	2%	3,960	165	2%	Garbage and Trash Removal
Payroll	9,960	415	27%	9,960	415	27%	Payroll
Other (Specify)	6,840	285	1%	5,640	235	-16%	Other (Specify)
Total Operating	24,960	1,040	8%	23,760	990	2%	Total Operating
Maintenance							Maintenance
Decorating	600	25	13%	600	25	13%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	1,800	75	22%	1,800	75	22%	Exterminating
Insurance	5,400	225	12%	5,400	225	12%	Insurance
Ground Expense	9,600	400	0%	9,600	400	0%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
Total Maintenance	17,400	725	6%	17,400	725	6%	Total Maintenance
Taxes							Taxes
Real Estate Tax	6,000	250	2%	6,600	275	12%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,080	45	-25%	1,080	45	-25%	Employee Payroll Tax
Employee Benefits	720	30	-49%	720	30	-49%	Employee Benefits
Other	120	5	-41%	120	5	-41%	Other
Total Taxes	7,920	330	-12%	8,520	355	-5%	Total Taxes
Operating Exp. before RFR	83,049	3,460	2%	82,449	3,435	1%	Operating Exp. before RFR
Reserve For Replacement	8,400	350	-33%	8,400	350	-33%	Reserve For Replacement
Operating Exp. Incl. RFR	91,449	3,810	-3%	90,849	3,785	-4%	Operating Exp. Incl. RFR
NOI	40,336	1,681	11%	73,062	3,044	100%	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
\$10	Advertising	\$10	\$4	\$12	\$21	\$14	\$0
\$570	Management	\$570	\$539	\$537	\$539	\$501	\$441
\$785	Other Administrative Expenses	\$785	\$575	\$366	\$443	\$368	\$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	\$109	\$131	\$164	\$148	\$177
\$25	Water/Sewer	\$25	\$493	\$12	\$1,025	\$1,316	\$199
\$0	Gas	\$0	\$0	\$0	\$12	\$43	\$10
\$165	Garbage/Trash Removal	\$165	\$27	\$161	\$0	\$145	\$0
\$415	Payroll	\$415	\$439	\$680	\$935	\$1,292	\$732
\$285	Other Operating Expenses	\$235	\$0	\$0	\$297	\$190	\$272
\$25	Decorating	\$25	\$0	\$0	\$0	\$200	\$92
\$0	Repairs	\$0	\$0	\$0	\$223	\$1,575	\$252
\$75	Exterminating	\$75	\$86	\$0	\$0	\$0	\$0
\$225	Insurance	\$225	\$201	\$201	\$599	\$308	\$355
\$400	Ground Expenses	\$400	\$272	\$297	\$0	\$393	\$249
\$0	Other Maintenance	\$0	\$624	\$509	\$0	\$0	\$0
\$250	Real Estate Taxes	\$275	\$255	\$248	\$440	\$824	\$422
\$45	Payroll Taxes	\$45	\$0	\$0	\$0	\$124	\$0
\$30	Employee Benefits	\$30	\$21	\$45	\$0	\$243	\$0
\$5	Other Taxes	\$5	\$14	\$6	\$0	\$14	\$3
\$350	Replacement Reserves	\$350	\$262	\$461	\$0	\$0	\$0
\$3,810	Total Per Unit	\$3,785	\$3,921	\$3,666	\$4,698	\$7,698	\$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 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 51 and 79 percent of the gross rent potential. The subject's expenses were estimated at 54 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	\$10	\$10	\$0- \$21
<p>An advertising expense of \$10 per unit was projected for the subject. A comparable range of \$0 to \$21 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	\$570	\$570	\$501-\$539
<p>A management expense of \$570 per unit was projected for the as is scenario, and a management expense of \$570 per unit was projected for the as complete scenario. A comparable range of \$501 to \$539 was determined. The expense was projected based on \$49 per unit as indicated by the budget.</p>			
3. Other Administrative	\$785	\$785	\$366- \$575
<p>An other administrative expense of \$785 per unit was projected. A comparable range of \$366 to \$575 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.</p>			
4. Elevator	\$0	\$0	\$0- \$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	\$109-\$164
<p>A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$109 to \$164 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.</p>			

- | | | | | |
|----|-------------|------|------|---------------|
| 7. | Water/Sewer | \$25 | \$25 | \$12- \$1,316 |
|----|-------------|------|------|---------------|
- A water/sewer expense of \$25 per unit was projected for the subject. A comparable range of \$12 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 | \$0-\$43 |
|----|-----|-----|-----|----------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$43 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|----|-----------------------|-------|-------|------------|
| 9. | Garbage/Trash Removal | \$165 | \$165 | \$0- \$161 |
|----|-----------------------|-------|-------|------------|
- A garbage/trash removal expense of \$165 per unit was projected for the subject. A comparable range of \$0 to \$161 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 | \$415 | \$415 | \$439-\$1,292 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$415 per unit was projected. A comparable range of \$439 to \$1,292 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$285 | \$235 | \$0-\$297 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$285 per unit was projected for the "as is" scenario and \$235 was projected for the "as complete" scenario. A comparable range of \$0 to \$297 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|------------|------|------|------------|
| 12. | Decorating | \$25 | \$25 | \$0- \$200 |
|-----|------------|------|------|------------|
- A decorating expense of \$25 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.

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|-----|-------------------|-------|-------|--------------|
| 18. | Real Estate Taxes | \$250 | \$275 | \$248- \$824 |
|-----|-------------------|-------|-------|--------------|

A real estate tax expense of \$250 per unit was projected for the subject based on the information obtained by the Lowndes 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 | \$45 | \$45 | \$0- \$124 |
|-----|---------------|------|------|------------|

Payroll taxes were projected at \$45 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-\$461 |
|-----|----------------------|-------|-------|-----------|

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 "as is" expenses per unit are \$3,460 before reserves for replacement. This is two percent higher than the 2016 data. The comparables range from \$3,666 to \$7,698 per unit before reserves for replacement. All comparables are Rural Development properties located in the State of Georgia. Comparables 1 and 2 have an identity-of-interest with the subject. The subject is slightly lower 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 1991, contains 25 units and has total overall expenses of \$3,921 per unit; Comparable 2 was constructed in 1974, contains 43 units and has total overall expenses of \$3,666 per unit; Comparable 3 was constructed in 1992, contains 100 units and has total overall expenses of \$4,698 per unit. Comparable 4 was constructed in 1983, contains 88 units and has total overall expenses of \$7,698 per unit. The subject was constructed in 1979 and 1983 and is a 48-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$3,406 to \$3,708 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

Operating Expenses & Market Projections

Property: **Arbor Trace I Apartments**

of Rental Units: 24

Revenue and Expense Analysis Historical and Proforma

REVENUE - Annual													REVENUE - Annual			
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months			Budget	PUPA	%	
										2017	Annualized	PUPA				
Residential & Ancillary Income																Residential & Ancillary Income
Annual Gross Potential Rental Income	122,400	5,100	126,720	5,280	4%	131,040	5,460	3%	45,120	135,360	5,640	3%	135,360	5,640	3%	Annual Gross Potential Rental Income
Annual Ancillary Income	345	14	151	6	-56%	99	4	-34%	78	234	10	136%	500	21	405%	Annual Ancillary Income
Annual Gross Potential Income	122,745	5,114	126,871	5,286	3%	131,139	5,464	3%	45,198	135,594	5,650	3%	135,860	5,661	4%	Annual Gross Potential Income
Occupancy	98.83%	60	98.95%	56	0%	99.71%	16	1%	99.21%	1	45	-1%	97.01%	169	0%	Occupancy
Effective Gross Income (EGI)	121,303	5,054	125,538	5,231	3%	130,759	5,448	4%	44,840	134,520	5,605	3%	131,799	5,492	1%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual													ITEMIZED EXPENSES - Annual			
Estimate of Annual Expense	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months			Budget	PUPA	%	Estimate of Annual Expense
										2017	Annualized	PUPA				
Administrative																Administrative
Advertising	283	12	132	6	-53%	311	13	138%	26	79	3	-75%	300	13	-4%	Advertising
Management Fee	12,772	532	13,166	549	-3%	13,512	563	3%	4,656	13,968	562	3%	14,112	588	4%	Management Fee
Other (Specify)	20,060	837	19,277	803	-4%	19,322	805	0%	8,859	26,577	1,107	38%	18,736	781	-3%	Other (Specify)
Total Administrative	33,145	1,381	32,575	1,357	-2%	33,145	1,381	2%	13,541	40,624	1,693	23%	33,148	1,381	0%	Total Administrative
Operating																Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	3,584	149	3,627	151	1%	4,152	173	14%	1,099	3,298	137	-21%	3,400	142	-18%	Lighting and Misc. Power
Water	518	22	483	20	-7%	559	23	16%	163	490	20	-12%	600	25	7%	Water
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	4,410	184	4,157	173	-6%	3,879	162	-7%	1,512	4,537	189	17%	4,100	171	6%	Garbage and Trash Removal
Payroll	12,654	527	16,203	675	28%	7,855	327	-52%	2,908	8,725	364	11%	11,000	458	40%	Payroll
Other (Specify)	7,605	317	6,212	259	-18%	6,747	281	9%	2,147	6,440	268	-5%	8,130	339	20%	Other (Specify)
Total Operating	28,770	1,199	30,682	1,278	7%	23,192	966	-24%	7,830	23,490	979	1%	27,230	1,135	17%	Total Operating
Maintenance																Maintenance
Decorating	1,103	46	751	31	-32%	533	22	-29%	225	675	28	27%	1,000	42	88%	Decorating
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	1,480	62	1,540	64	4%	1,480	62	-4%	180	540	23	-64%	2,540	106	72%	Exterminating
Insurance	4,756	198	4,812	201	1%	4,815	201	0%	4,772	14,316	597	197%	5,478	228	14%	Insurance
Ground Expense	9,977	416	9,300	388	-7%	9,611	400	3%	4,776	14,327	597	49%	11,300	471	18%	Ground Expense
Other (Specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Other (Specify)
Total Maintenance	17,316	722	16,403	683	-5%	16,439	685	0%	9,953	29,858	1,244	82%	20,318	847	24%	Total Maintenance
Taxes																Taxes
Real Estate Tax	7,231	301	5,651	235	-22%	5,899	246	4%	0	0	0	-100%	9,800	408	66%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,941	81	2,251	94	16%	1,449	60	-36%	501	1,502	63	4%	1,600	67	10%	Employee Payroll Tax
Employee Benefits	504	21	1,364	57	171%	1,420	59	4%	702	2,106	88	48%	2,300	96	62%	Employee Benefits
Other	78	3	53	2	-32%	203	8	280%	128	384	16	90%	110	5	-46%	Other
Total Taxes	9,754	406	9,319	388	-4%	8,971	374	-4%	1,331	3,992	166	-56%	13,810	575	54%	Total Taxes
Operating Exp. before RFR	88,985	3,708	88,979	3,707	0%	81,747	3,406	-8%	32,654	97,963	4,082	20%	94,506	3,938	16%	Operating Exp. before RFR
Reserve For Replacement	12,572	524	12,572	524	0%	12,572	524	0%	0	0	0	-100%	14,572	607	16%	Reserve For Replacement
Operating Exp. Incl. RFR	101,557	4,232	101,551	4,231	0%	94,319	3,930	-7%	32,654	97,963	4,082	4%	109,078	4,545	16%	Operating Exp. Incl. RFR
NOI	19,746	823	23,987	999	21%	36,440	1,518	52%	12,186	36,557	1,523	0%	22,721	947	-38%	NOI

Arbor Trace I Apartments * 4668 Rolling Pine Drive * Lake Park, Georgia

Property: **Arbor Trace I Apartments**

of Rental Units: 24

**Revenue and Expense Analysis
Historical and Proforma**

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Market Projections	PUPA	%	Market Projections	PUPA	%	
Residential & Ancillary Income							Residential & Ancillary Income
Annual Gross Potential Rental Income	154,080	6,420	18%	168,480	7,020	29%	Annual Gross Potential Rental Income
Annual Ancillary Income	500	21	405%	500	21	405%	Annual Ancillary Income
Annual Gross Potential Income	154,580	6,441	18%	168,980	7,041	29%	Annual Gross Potential Income
Occupancy	95.00%	322	0%	95.00%	352	0%	Occupancy
Effective Gross Income (EGI)	146,851	6,119	12%	160,531	6,689	23%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Market Projections	PUPA	%	Market Projections	PUPA	%	
Administrative							Administrative
Advertising	240	10	-23%	240	10	-23%	Advertising
Management Fee	5,874	245	-57%	6,421	268	-52%	4.000% Management Fee
Other (Specify)	10,200	425	-47%	10,200	425	-47%	Other (Specify)
Total Administrative	16,314	680	-51%	16,861	703	-49%	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
Lighting and Misc. Power	3,600	150	-13%	3,600	150	-13%	Lighting and Misc. Power
Water	600	25	7%	600	25	7%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	3,960	165	2%	3,960	165	2%	Garbage and Trash Removal
Payroll	8,400	350	7%	8,400	350	7%	Payroll
Other (Specify)	6,840	285	1%	5,640	235	-16%	Other (Specify)
Total Operating	23,400	975	1%	22,200	925	-4%	Total Operating
Maintenance							Maintenance
Decorating	600	25	13%	600	25	13%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	1,800	75	22%	1,800	75	22%	Exterminating
Insurance	5,400	225	12%	5,400	225	12%	Insurance
Ground Expense	9,600	400	0%	9,600	400	0%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
Total Maintenance	17,400	725	6%	17,400	725	6%	Total Maintenance
Taxes							Taxes
Real Estate Tax	10,800	450	83%	11,400	475	93%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	840	35	-42%	840	35	-42%	Employee Payroll Tax
Employee Benefits	600	25	-58%	600	25	-58%	Employee Benefits
Other	120	5	-41%	0	0	-100%	Other
Total Taxes	12,360	515	38%	12,840	535	43%	Total Taxes
Operating Exp. before RFR	69,474	2,895	-15%	69,301	2,888	-15%	Operating Exp. before RFR
Reserve For Replacement	6,000	250	-52%	6,000	250	-52%	Reserve For Replacement
Operating Exp. Incl. RFR	75,474	3,145	-20%	75,301	3,138	-20%	Operating Exp. Incl. RFR
NOI	71,377	2,974	96%	85,230	3,551	134%	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
\$10	Advertising	\$10	\$506	\$128	\$100	\$0	\$0
\$245	Management	\$268	\$256	\$417	\$300	\$0	\$382
\$425	Other Administrative Expenses	\$425	\$128	\$341	\$250	\$70	\$650
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$150	Lighting & Misc. Power	\$150	\$197	\$300	\$195	\$191	\$161
\$25	Water/Sewer	\$25	\$0	\$463	\$764	\$136	\$278
\$0	Gas	\$0	\$0	\$0	\$0	\$0	\$7
\$165	Garbage/Trash Removal	\$165	\$0	\$0	\$0	\$148	\$0
\$350	Payroll	\$350	\$1,344	\$974	\$900	\$382	\$628
\$285	Other Operating Expenses	\$235	\$55	\$200	\$300	\$0	\$282
\$25	Decorating	\$25	\$285	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$453	\$0	\$500	\$0	\$407
\$75	Exterminating	\$75	\$0	\$244	\$300	\$65	\$0
\$225	Insurance	\$225	\$416	\$378	\$250	\$0	\$248
\$400	Ground Expenses	\$400	\$117	\$116	\$0	\$142	\$193
\$0	Other Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
\$450	Real Estate Taxes	\$475	\$417	\$638	\$1,013	\$0	\$696
\$35	Payroll Taxes	\$35	\$0	\$0	\$0	\$0	\$0
\$25	Employee Benefits	\$25	\$0	\$0	\$0	\$0	\$0
\$5	Other Taxes	\$0	\$0	\$0	\$0	\$0	\$11
\$250	Replacement Reserves	\$250	\$0	\$250	\$300	\$0	\$0
\$3,145	Total Per Unit	\$3,138	\$4,174	\$4,449	\$5,172	\$1,134	\$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 48 percent of the gross rent potential. The subject's expenses were estimated at 45 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	\$10	\$10	\$0- \$506
An advertising expense of \$10 per unit was projected for the subject. A comparable range of \$0 to \$506 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
2. Management	\$245	\$268	\$0-\$417
A management expense of \$245 per unit was projected for the as is scenario, and a management expense of \$268 per unit was projected for the as complete scenario. A comparable range of \$0to \$417 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.			
3. Other Administrative	\$425	\$425	\$70-\$341
An other administrative expense of \$425 per unit was projected. A comparable range of \$70 to \$341 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
4. Elevator	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
5. Fuel	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
6. Lighting & Misc. Power	\$150	\$150	\$191-\$300
A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$191 to \$300 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.			

- | | | | | |
|----|-------------|------|------|-----------|
| 7. | Water/Sewer | \$25 | \$25 | \$0-\$764 |
|----|-------------|------|------|-----------|
- A water/sewer expense of \$25 per unit was projected for the subject. A comparable range of \$0 to \$764 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|----|-----|-----|-----|---------|
| 8. | Gas | \$0 | \$0 | \$0-\$0 |
|----|-----|-----|-----|---------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|----|-----------------------|-------|-------|-----------|
| 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 | \$350 | \$350 | \$382-\$1,344 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$350 per unit was projected. A comparable range of \$382 to \$1,344 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$285 | \$235 | \$0-\$300 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$285 per unit was projected. A comparable range of \$0 to \$300 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|------------|------|------|-----------|
| 12. | Decorating | \$25 | \$25 | \$0-\$285 |
|-----|------------|------|------|-----------|
- A decorating expense of \$25 was projected. A comparable range of \$0 to \$285 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|---------|-----|-----|-----------|
| 13. | Repairs | \$0 | \$0 | \$0-\$500 |
|-----|---------|-----|-----|-----------|
- A repairs expense of \$0 was projected for the as is scenario. A comparable range of \$0 to \$500 was determined. Expenses such as repairs are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The subject does not itemize specific repairs expenses. Instead, the repairs are included in other categories which are wrapped into other expense categories. Therefore, no specific repairs expense was projected.
- | | | | | |
|-----|---------------|------|------|-----------|
| 14. | Exterminating | \$75 | \$75 | \$0-\$300 |
|-----|---------------|------|------|-----------|
- An exterminating expense of \$75 per unit was projected. A comparable range of \$0 to \$300 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-----------|-------|-------|-----------|
| 15. | Insurance | \$225 | \$225 | \$0-\$416 |
|-----|-----------|-------|-------|-----------|
- An insurance expense of \$225 per unit was projected for the subject's as is scenario, and \$225 per unit for the subject's as complete scenario. A comparable range of \$0 to \$416 per unit was determined. Expenses such as insurance are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|-----------------|-------|-------|-----------|
| 16. | Ground Expenses | \$400 | \$400 | \$0-\$142 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$400 per unit was projected. A comparable range of \$0 to \$142 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-------------------|-----|-----|---------|
| 17. | Other Maintenance | \$0 | \$0 | \$0-\$0 |
|-----|-------------------|-----|-----|---------|
- Other maintenance expenses of \$0 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|-------------------|-------|-------|-------------|
| 18. | Real Estate Taxes | \$450 | \$475 | \$0-\$1,013 |
|-----|-------------------|-------|-------|-------------|
- A real estate tax expense of \$450 per unit was projected for the subject based on the information obtained by the Lowndes 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 | \$35 | \$35 | \$0-\$0 |
|-----|---------------|------|------|---------|
- Payroll taxes were projected at \$35 per unit. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-------------------|------|------|---------|
| 20. | Employee Benefits | \$25 | \$25 | \$0-\$0 |
|-----|-------------------|------|------|---------|
- Employee benefits were projected at \$25 per unit. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|----------------------|-------|-------|-----------|
| 21. | Replacement Reserves | \$250 | \$250 | \$0-\$300 |
|-----|----------------------|-------|-------|-----------|
- A replacement reserves expense of \$250 per unit was projected. This reserves expense is typical for market-rate apartment complexes.

Expenses before Reserves for Replacement

The subject's projected "as is" expenses per unit are \$2,890 before reserves for replacement. This is 15 percent lower than the 2016 data. The comparables range from \$1,134 to \$5,172 per unit before reserves for replacement. All comparables are conventional properties located in the State of Georgia. The subject is within than the comparable range. The *2016 Income/Expense Analysis: Federally Conventional Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,133. Comparable 1 was constructed in 1987, contains 300 units and has total overall expenses of \$4,174 per unit; Comparable 2 was constructed in 1979 and renovated in 2008, contains 486 units and has total overall expenses of \$4,449 per unit; Comparable 3 was constructed in 1992 and renovated in 2012, contains 260 units and has total overall expenses of \$5,172 per unit. Comparable 4 was constructed in 1972, contains 12 units and has total overall expenses of \$1,134 per unit. The subject was constructed in 1979 and 1983 and is a 48-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$3,406 to \$3,708 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

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

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	301 East Ann Street Valdosta, Georgia	8	12/22/2016	\$28,263	\$297,500	9.50%
2	1 Ashley Park Place Thomasville, Georgia	84	10/28/2016	\$488,000	\$8,000,000	6.10%
3	422 Connell Road Valdosta, Georgia	150	9/9/2015	\$515,200	\$7,000,000	7.36%
4	811 West Mary Street Valdosta, Georgia	81	6/12/2015	\$273,780	\$3,900,000	7.02%
5	5148 Northwind Boulevard Valdosta, Georgia	276	10/7/2015	\$1,571,718	\$24,330,000	6.46%
6	1514 North Oak Street Valdosta, Georgia	15	9/29/2016	\$160,950	\$1,850,000	8.70%
7	1415 North Saint Augustine Road Valdosta, Georgia	144	5/29/2015	\$244,000	\$4,000,000	6.10%

The comparables indicate a range of 6.10 to 9.50 percent for indicated capitalization rates, with a mean of 7.32 percent. Comparable 1 was constructed in 1993, and Comparable 2 was built in 2013. Comparable 3 was built in 1976. Comparable 4 was constructed in 2004, and Comparable 5 was constructed in 1976. Comparable 6 was built in 1976, and Comparable 7 was built in 1989. All comparables except Comparable 2 are located in Valdosta which is slightly superior in location to Lake Park. Comparable 2 is located in Thomasville which is also slightly superior to the subject's city due to its larger population and greater proximity to services. However, the superior location did not have a significant impact on the determination of the capitalization rate because a potential investor of a property will typically be interested in the income-producing capabilities of a property regardless of location. Therefore, even

though the comparables are in locations with larger population counts, the differences are not substantial enough to have a significant impact on the capitalization rate determination. Comparables 1, 3, 4, 6 and 7 are the most similar in date of construction, and Comparables 2, 4 and 6 are the most similar in number of units. Comparables 1, 2 and 6 have the most recent date of sale. After considering all factors, Comparables 2, 4 and 6 were given the most consideration. These three comparables have capitalization rates ranging from 6.10 to 8.70 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%	=	4.86%	Mortgage Component
Equity Dividend Rate		Equity Ratio			
10%	x	0.20	=	2.00%	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 6.86 percent was determined.

Determination of the Market Capitalization Rate

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

Income Values

Market	As Is	\$71,377 /7.00%	=	\$1,019,671
Market	As Complete	\$85,230 /7.00%	=	\$1,217,568
		Market Rate As Is Value	=	\$1,020,000
		Market Rate As Complete Value	=	\$1,220,000

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 subject has Rental Assistance for all units. The capitalization rate was adjusted from the market-indicated rate of 7.00 percent to a capitalization rate one point lower at **6.00 percent** for the property's restricted valuations.

Restricted	As Is	\$40,336 /6.00%	=	\$672,259
Restricted	As Complete	\$73,062 /6.00%	=	\$1,217,699
		Restricted Rate As Is Value	=	\$670,000
		Restricted Rate As Complete Value	=	\$1,220,000

Prospective Market Value Upon Loan Maturity	
\$1,220,000 Prospective Market Value (As Stabilized) 50 Term of Loan (years) 2.00% Growth Rate	
Market Value \$1,220,000 PV 50 [g] [n] 2.00 [g] [i] Solve for FV	\$3,313,544.46
Using these factors, a prospective market value upon loan maturity of \$3,313,544.46 was determined. <div style="text-align: center; color: red;"> Prospective Market Value Upon Loan Maturity \$3,314,000.00 </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 3,886, an increase of 116 people from the 2010 population of 3,770. The population is expected to increase at an annual rate of 1.8 percent between 2017 and 2022. Therefore, the 2022 population is projected at 3,957. The median age for the neighborhood is 40.3.

Unemployment Trends

The unemployment rate has fluctuated from 3.8 percent to 9.9 percent over the past 12 years. These fluctuations are in line with the unemployment rates for the State of Georgia.

LABOR FORCE AND EMPLOYMENT TRENDS FOR LOWNDES COUNTY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2005	50,416	48,390	96.0%	2,026	4.0%
2006	52,048	50,030	96.1%	2,018	3.9%
2007	53,698	51,634	96.2%	2,064	3.8%
2008	54,974	51,985	94.6%	2,989	5.4%
2009	53,907	49,335	91.5%	4,572	8.5%
2010	51,019	46,120	90.4%	4,899	9.6%
2011	51,359	46,277	90.1%	5,082	9.9%
2012	52,465	47,694	90.9%	4,771	9.1%
2013	51,139	47,030	92.0%	4,109	8.0%
2014	50,544	46,888	92.8%	3,656	7.2%
2015	50,355	47,359	94.1%	2,996	5.9%
2016	51,048	48,391	94.8%	2,657	5.2%
2017**	51,664	49,315	95.5%	2,349	4.5%

* 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 \$46,017. It is expected to increase to \$50,582 by 2022. The per capita income is \$20,534.

Median Home Value

The median home value for the neighborhood in 2017, according to ESRI, is \$154,700. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$12,732.00, or \$1,061 per month. The average amount spent for renter-occupied households is \$9,624.00, or \$802 per month.

Realty Rates Market Survey

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

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

Source: RealtyRates.com: South Atlantic Region

Comparable Sales Analysis

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

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

Arbor Trace I Apartments * 4668 Rolling Pine Drive * Lake Park, Georgia

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

The population is expected to increase at an annual rate of 1.8 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$46,017. It is expected to increase to \$50,582 by 2022. The per capita income is \$20,534.

The unemployment rate has fluctuated from 3.8 percent to 9.9 percent, and due to the past economic trends, Lowndes County, as well as the rest of the nation, increased in unemployment through 2012. 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 Lake Park'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 = \$3,314,000.00

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

\$666,991 Proposed Loan
600 Months for the Term of the Loan
4.50% Market Interest Rate
3.75% Note Rate of Interest
1.00% Base Rate of Interest

Proposed Loan
 \$666,991 PV
 0.0450 [i]
 360 [n]
 Solve for PMT \$3,379.55 per month

With 1% interest
 \$666,991 PV
 0.0100 [i]
 600 [n]
 Solve for PMT \$1,413.08 per month

Value of Balloon
 \$666,991 [CHS] [PV]
 0.0375 [i]
 600 [n]
 Solve for PMT \$2,463.20
 360 [n]
 Solve for FV \$415,457.04

 \$415,457.04 [CHS] [FV]
 0.0450 [i]
 360 [n]
 Solve for PV \$107,975.48

Interest Credit Subsidy
 Difference in Payment \$1,966.46
 \$1,966.46 [PMT]
 0.0450 [i]
 360 [n]
 Solve for PV \$388,103.56
-\$107,975.48
 \$280,128.09

**Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:
 \$280,000.00**

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 \$53,534 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$535,340. To determine the value of the tax credits, the average price for tax credits in the area was established by utilizing interviews with syndicators, developers and mortgage lenders as well as published sources. Interviews were conducted with Jason Maddox of MACO Companies; Matt Mills of Southeast Holdings LLC; Derrick Hamilton of Belmont Development Company; and Shawn Smith of Belmont Development Company. Based on the information obtained, a range of \$0.85 to \$0.95 was determined for federal tax credits, though there are a few instances when the price exceeds \$1.00. State tax credits vary widely, according to the interviews. A conservative value of \$0.85 per credit was estimated.

Analysis of Tax Credits

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

Value of Tax Credits

Assumed Federal Allocation:	=	\$535,340	
Price	x 0.85	= \$455,039	\$ 455,039

Total Value Tax Credits = \$ 455,000

Insurable Value

USDA Rural Development Insurable Value Calculation				
Property Name:		Arbor Trace I Apartments		
Street Address:		4668 Rolling Pine Drive		
City, County, State, Zip:		Lake Park, Lowndes, Georgia 31636		
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			17,666	
TOTAL REPLACEMENT COST NEW			\$1,080,596	
EXCLUSIONS	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$1,060	
Foundations	\$3.67	6.0%	\$64,834	
Site Work	\$1.53	2.5%	\$27,029	
Site Improvements	\$2.02	3.3%	\$35,685	
Architect's Fees	\$0.61	1.0%	\$10,776	
Underground Piping	\$0.61	1.0%	\$10,776	
TOTAL EXCLUSIONS	\$8.50	13.9%	\$150,160	
INCLUSIONS				
Appliance Packages			\$39,496	
Patios/Balconies, etc.				
Parking Lot			\$17,226	
Other				
TOTAL INCLUSIONS			\$56,723	
CONCLUDED INSURABLE VALUE				
Total Replacement Cost New			\$1,080,596	
Less Total Exclusions			\$150,160	
Plus Total Inclusions			\$56,723	
CONCLUDED INSURABLE VALUE			\$987,158	

Total Insurable Value (Rounded) = \$987,000

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:

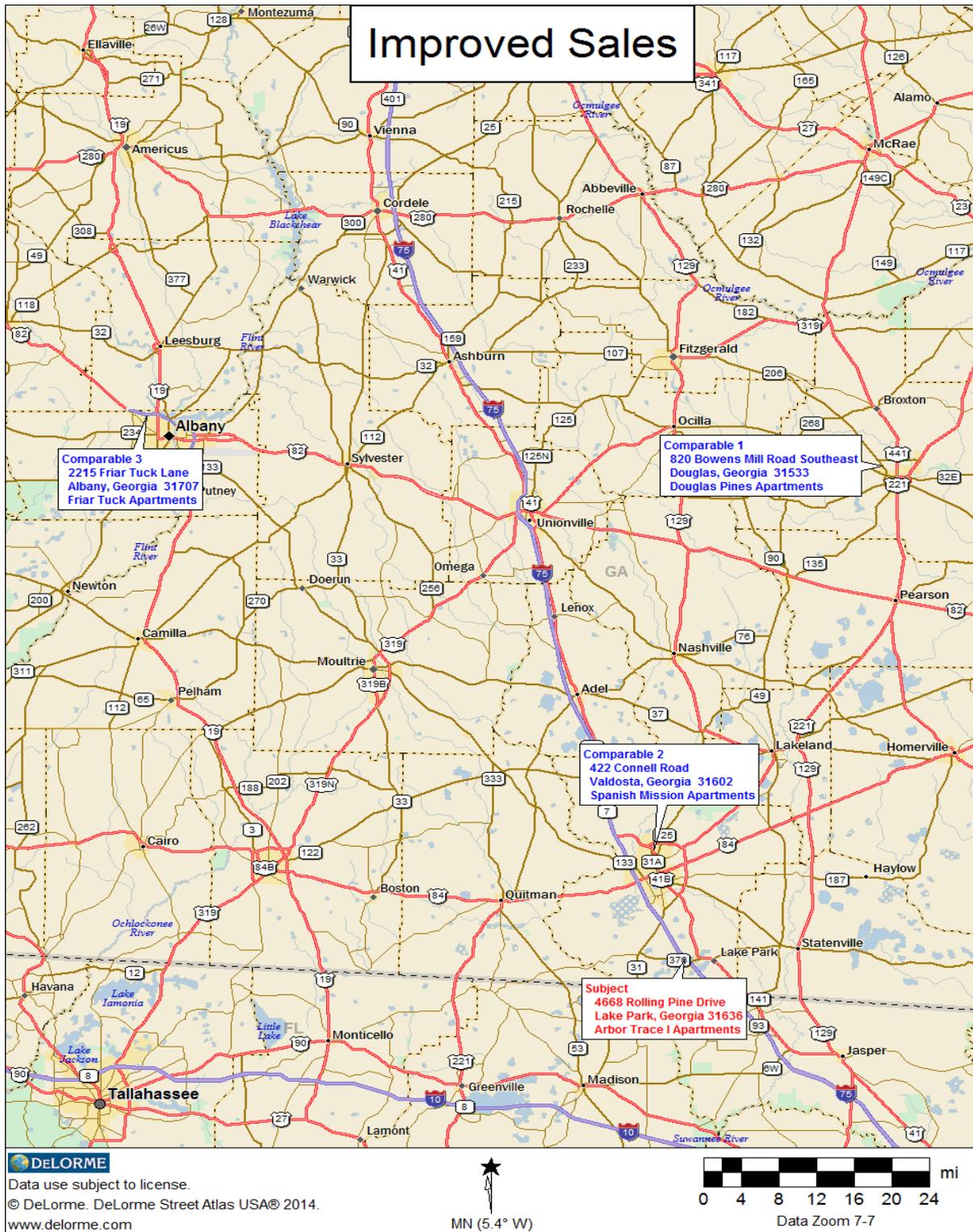
- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

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

Sale Data

Grantor	Miles E. Sears
Grantee	SHS Management
Sale Date	October 21, 2016
Deed Book/Page	001870000182
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 10, 2017

Sale Price	\$1,925,100
Cash Equivalent	\$1,925,100
Adjusted Price	\$1,925,100

Land Data

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

Multi-Family Sale No. 1 (Cont.)

Shape Irregular

<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>
2/2	48	841	\$575	\$0.68
Total Units	48			
Avg. Unit Size	841			
Avg. Rent/Unit	\$575			
Avg. Rent/SF	\$0.68			
Gross SF	45,000			
Net SF	40,368			

General Physical Data

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

Indicators

Sale Price/Gross SF	\$42.78
Sale Price/Net SF	\$47.69
Sale Price/Unit	\$40,106

Amenities

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

Multi-Family Sale No. 2



Property Identification

Record ID 3404
Property Type Walk-Up
Property Name Spanish Mission Apartments
Address 422 Connell Road, Valdosta, Lowndes County, Georgia 31602
Tax ID 0112A 113
Market Type Market

Sale Data

Grantor The Paddocks at Mt. Juliet, LLC
Grantee LIT Property Services - Cascades on the River
Sale Date September 09, 2015
Deed Book/Page 5810-0146
Property Rights Fee Simple
Conditions of Sale Normal
Financing Conventional
Verification Assessor; May 10, 2017

Sale Price \$7,000,000
Cash Equivalent \$7,000,000
Adjusted Price \$7,000,000

Land Data

Land Size 12.000 Acres or 522,720 SF
Front Footage Connell Road
Zoning C-4
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Multi-Family Sale No. 2 (Cont.)

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	10	890	\$642	\$0.72
1/1		890	\$667	\$0.75
2/2	20	1,213	\$735	\$0.61
2/2		1,213	\$760	\$0.63
2/2.5	58	1,125	\$790	\$0.70
3/2.5	62	1,456	\$815	\$0.56
3/2.5		1,456	\$865	\$0.59
Total Units	150			
Avg. Unit Size	1,258			
Avg. Rent/Unit	\$783			
Avg. Rent/SF	\$0.62			
Gross SF	200,000			
Net SF	188,682			
<u>General Physical Data</u>				
No. of Buildings	22			
Construction Type	Brick			
HVAC	Central Elec/Central Elec			
Parking	L/0			
Stories	2			
Utilities with Rent	Trash Collection			
Year Built	1976			
Condition	Average			
<u>Indicators</u>				
Sale Price/Gross SF	\$35.00			
Sale Price/Net SF	\$37.10			
Sale Price/Unit	\$46,667			

Amenities

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Fireplace, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Basketball Court, Tennis Court and Car Wash Area

Multi-Family Sale No. 3



Property Identification

Record ID	3405
Property Type	Walk-Up/Townhouse
Property Name	Friar Tuck Apartments
Address	2215 Friar Tuck Lane, Albany, Dougherty County, Georgia 31707
Tax ID	0000S-00004-01D
Market Type	Market

Sale Data

Grantor	Delta Partners
Grantee	BAM Property Management
Sale Date	November 30, 2016
Deed Book/Page	004372000246
Property Rights	Fee Simple
Conditions of Sale	Normal

Multi-Family Sale No. 3 (Cont.)

Financing Conventional
Verification Assessor; May 10, 2017

Sale Price \$2,100,000
Cash Equivalent \$2,100,000
Adjusted Price \$2,100,000

Land Data

Land Size 2.830 Acres or 123,275 SF
Front Footage Friar Tuck Lane
Zoning R-6, Multifamily
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	15	807		
2/1.5 TH	14	1,079		
2/2	15	1,146		

Total Units 44
Avg. Unit Size 1,009
Avg. Rent/Unit \$225
Avg. Rent/SF \$0.22

Gross SF 44,401
Net SF 44,401

General Physical Data

No. of Buildings 5
Construction Type Siding
HVAC Central Elec/Central Elec
Parking L/0
Stories 2
Utilities with Rent Trash Collection
Year Built 2003
Condition Average

Indicators

Sale Price/Gross SF \$47.30
Sale Price/Net SF \$47.30
Sale Price/Unit \$47,727

Amenities

Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Walk-In Closet and Laundry Facility

Comparable Sales Chart – As Is

Sales Analysis Grid		Comp 1	Comp 2	Comp 3			
Address	4668 Rolling Pine Drive	820 Bowens Mill Road	422 Connell Road	2215 Friar Tuck Lane			
City	Lake Park	Southeast	Valdosta	Albany			
State	GA	Douglas	GA	GA			
Date	5/10/2017	10/21/2016	9/9/2015	11/30/2016			
Price		\$1,925,100	\$7,000,000	\$2,100,000			
Total No. of Units	24	48	150	44			
Price per Unit		\$40,106	\$46,667	\$47,727			
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 Price per Unit		\$40,106	\$46,667	\$47,727			
Market Trends Through 05/10/17		0%	0%	0%			
Adjusted Price per Unit		\$40,106	\$46,667	\$47,727			
Location	Average	Similar	Superior	Superior			
% Adjustment		0%	-10%	-10%			
\$ Adjustment		\$0	-\$4,667	-\$4,773			
Total No. of Units	24	48	150	44			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
YearBuilt/Renovated	1995	1987	1976	2003			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Condition/Street Appeal	Average	Similar	Similar	Superior			
% Adjustment		0%	0%	-5%			
\$ Adjustment		\$0	\$0	-\$2,386			
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Parking	L/0	L/0	L/0	L/0			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Meeting Room, Picnic Area, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Fireplace, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Basketball Court, Tennis Court and Car Wash Area	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Walk-In Closet and Laundry Facility			
% Adjustment		3%	-4%	4%			
\$ Adjustment		\$1,203	-\$1,867	\$1,909			
Adjusted Price per Unit		\$41,309	\$40,133	\$42,477			
Net adjustments		3.0%	-14.0%	-11.0%			
Gross adjustments		3.0%	-14.0%	-11.0%			

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 10, 2017, via the Sales Comparable Approach is as follows:

24 units x \$41,000 per unit = **\$984,000**

Indicated Value = \$985,000

Comparable Sales Explanations & Value – As Is

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	820 Bowens Mill Road Southeast	10/21/2016	\$1,925,100	\$40,106	48	1987
2	422 Connell Road	9/9/2015	\$7,000,000	\$46,667	150	1976
3	2215 Friar Tuck Lane	11/30/2016	\$2,100,000	\$47,727	44	2003

Improved Sales Analysis

The sale prices of the comparables range from \$40,106 to \$47,727 per unit before adjustments. Attempts were made to find comparable sales properties within the subject’s city and market area. However, there were no verifiable sales found within these areas. Therefore, it was necessary to expand the search area in order to find comparables to provide a good basis of comparison. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

Location

The subject is located in Lake Park, Georgia. Comparable 1 is located in Douglas. Comparable 2 is located in Valdosta. Comparable 3 is located in Albany. The following table was utilized to determine appropriate adjustments for differences in location between Lake Park and the cities in which the comparables are located.

U.S. Census Bureau Stats	Lake Park	Valdosta	% Diff	Douglas	% Diff	Albany	% Diff
2015 Population	1,070	56,504	98.11%	11,750	90.89%	76,466	98.60%
Households	371	21,029	98.24%	4,061	90.86%	29,076	98.72%
Median Income	\$43,661	\$29,336	-48.83%	\$31,465	-38.76%	\$29,676	-47.13%
Median Home Value	\$162,800	\$125,700	-29.51%	\$96,100	-69.41%	\$98,200	-65.78%
Median Rent	\$742	\$732	-1.37%	\$570	-30.18%	\$684	-8.48%

Valdosta is larger in population than Lake Park. However, the median income and median home value are higher for Lake Park than for Valdosta. The median rent between the two cities is very similar. In general, the higher median income and home value would offset the larger population in Lake Park. However, Valdosta services as the major employment hub for the county. Therefore, it was considered to be superior to the subject. Based on the previous table as well as considering all other factors, a downward adjustment of 10 percent was determined for the comparable in Valdosta. Douglas is larger in population than Lake Park. However, it is lower in median income, median home value and median rent. The larger population is offset by the lower economic factors. Therefore, no adjustment is needed for the comparable in Douglas. Albany is also larger than Lake Park in population. The median rent is only slightly lower for Albany than for Lake Park. However, the median income and median home value are higher for Lake Park than for Albany. There are significantly more services available in Albany than in Lake Park, making it superior in location to the subject. Based on the previous table as well as considering all other factors, the comparable in Albany was adjusted downward 10 percent.

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 24 units. The number of units of the comparables range from 44 to 150. No adjustments were needed.

Year Built/Renovated

The subject was built in 1995. It is in average condition. Comparable 1 was built in 1987. Comparable 2 was constructed in 1976. Comparable 3 was built in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

The subject is currently in average condition for a property of its age. Comparable 1 is similar. Comparable 2 is similar. Comparable 3 is newer than the subject and is slightly superior in condition. This comparable was adjusted downward five percent.

HVAC

The subject contains central electric heating and cooling. All comparables are similar. No adjustment was needed.

Parking

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

Amenities

The subject contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, coat closet, patio, meeting room, picnic area, extra storage and laundry facility. Comparable 1 contains a Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility. Comparable 2 contains a Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Fireplace, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Basketball Court, Tennis Court and Car Wash Area. Comparable 3 contains a Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Walk-In Closet and Laundry Facility. Comparable 1 was adjusted upward three percent. Comparable 2 was adjusted downward four percent. Comparable 3 was adjusted upward four percent.

Summary and Conclusion

The comparables range from \$40,133 to \$42,477 per unit after adjustments. Comparables 1 and 2 were given the most consideration as they are similar in condition. However, Comparable 3 is only slightly superior in condition and was also given consideration. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 10, 2017, via the Sales Comparable Approach is as follows:

24 units x \$41,000 per unit = \$984,000

Indicated As Is Market Value = \$985,000

Comparable Sales Chart – As Complete

Sales Analysis Grid		Comp 1	Comp 2	Comp 3			
Address	4668 Rolling Pine Drive	820 Bowens Mill Road	422 Connell Road	2215 Friar Tuck Lane			
City	Lake Park	Southeast	Valdosta	Albany			
State	GA	Douglas	GA	GA			
Date	5/10/2017	10/21/2016	9/9/2015	11/30/2016			
Price		\$1,925,100	\$7,000,000	\$2,100,000			
Total No. of Units	24	48	150	44			
Price per Unit		\$40,106	\$46,667	\$47,727			
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 Price per Unit		\$40,106	\$46,667	\$47,727			
Market Trends Through 05/10/17		0%	0%	0%			
Adjusted Price per Unit		\$40,106	\$46,667	\$47,727			
Location	Average	Similar	Superior	Superior			
% Adjustment		0%	-10%	-10%			
\$ Adjustment		\$0	-\$4,667	-\$4,773			
Total No. of Units	24	48	150	44			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
YearBuilt/Renovated	1995/Proposed	1987	1976	2003			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Condition/Street Appeal	Good	Inferior	Inferior	Inferior			
% Adjustment		10%	10%	5%			
\$ Adjustment		\$4,011	\$4,667	\$2,386			
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Parking	L/0	L/0	L/0	L/0			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0	\$0	\$0			
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Meeting Room, Picnic Area, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Fireplace, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Basketball Court, Tennis Court and Car Wash Area	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Walk-In Closet and Laundry Facility			
% Adjustment		3%	-4%	4%			
\$ Adjustment		\$1,203	-\$1,867	\$1,909			
Adjusted Price per Unit		\$45,320	\$44,800	\$47,250			
Net adjustments		13.0%	-4.0%	-1.0%			
Gross adjustments		13.0%	-4.0%	-1.0%			

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 10, 2017, via the Sales Comparable Approach is as follows:

$$24 \text{ units} \times \$45,000 \text{ per unit} = \$1,080,000$$

Indicated Value = \$1,080,000

Comparable Sales Explanations & Value – As Complete

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	820 Bowens Mill Road Southeast	10/21/2016	\$1,925,100	\$40,106	48	1987
2	422 Connell Road	9/9/2015	\$7,000,000	\$46,667	150	1976
3	2215 Friar Tuck Lane	11/30/2016	\$2,100,000	\$47,727	44	2003

Improved Sales Analysis

The sale prices of the comparables range from \$40,106 to \$47,727 per unit before adjustments. Attempts were made to find comparable sales properties within the subject’s city and market area. However, there were no verifiable sales found within these areas. Therefore, it was necessary to expand the search area in order to find comparables to provide a good basis of comparison. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

Location

The subject is located in Lake Park, Georgia. Comparable 1 is located in Douglas. Comparable 2 is located in Valdosta. The following table was utilized to determine appropriate adjustments for differences in location between Lake Park and the cities in which the comparables are located.

U.S. Census Bureau Stats	Lake Park	Valdosta	% Diff	Douglas	% Diff	Albany	% Diff
2015 Population	1,070	56,504	98.11%	11,750	90.89%	76,466	98.60%
Households	371	21,029	98.24%	4,061	90.86%	29,076	98.72%
Median Income	\$43,661	\$29,336	-48.83%	\$31,465	-38.76%	\$29,676	-47.13%
Median Home Value	\$162,800	\$125,700	-29.51%	\$96,100	-69.41%	\$98,200	-65.78%
Median Rent	\$742	\$732	-1.37%	\$570	-30.18%	\$684	-8.48%

Valdosta is larger in population than Lake Park. However, the median income and median home value are higher for Lake Park than for Valdosta. The median rent between the two cities is very similar. In general, the higher median income and home value would offset the larger population in Lake Park. However, Valdosta services as the major employment hub for the county. Therefore, it was considered to be superior to the subject. Based on the previous table as well as considering all other factors, a downward adjustment of 10 percent was determined for the comparable in Valdosta. Douglas is larger in population than Lake Park. However, it is lower in median income, median home value and median rent. The larger population is offset by the lower economic factors. Therefore, no adjustment is needed for the comparable in Douglas. Albany is also larger than Lake Park in population. The median rent is only slightly lower for Albany than for Lake Park. However, the median income and median home value are higher for Lake Park than for Albany. There are significantly more services available in Albany than in Lake Park, making it superior in location to the subject. Based on the previous table as well as considering all other factors, the comparable in Albany was adjusted downward 10 percent.

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 24 units. The number of units of the comparables range from 44 to 150 . No adjustments were needed.

Year Built/Renovated

The subject was built in 1995 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1987. Comparable 2 was constructed in 1976. Comparable 3 was built in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

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

HVAC

The subject contains central electric heating and cooling. All comparables are similar. No adjustment was needed.

Parking

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

Amenities

The subject will contain a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, coat closet, patio, meeting room, picnic area, extra storage and laundry facility. Comparable 1 contains a refrigerator, range/oven, dishwasher, washer/dryer hook-ups, carpet, vinyl, blinds, swimming pool and laundry facility. Comparable 2 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer hook-ups, carpet, vinyl, fireplace, clubhouse, swimming pool, exercise room, picnic area, playground, basketball court, tennis court and car wash area. Comparable 3 contains a refrigerator, range/oven, dishwasher, carpet, vinyl, blinds, walk-in closet and laundry facility. Comparable 1 was adjusted upward three percent. Comparable 2 was adjusted downward four percent. Comparable 3 was adjusted upward four percent.

Summary and Conclusion

The comparables range from \$44,800 to \$47,250 per unit after adjustments. All comparables were given consideration. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of January 31, 2019, via the Sales Comparable Approach is as follows:

$$24 \text{ units} \times \$45,000 \text{ per unit} = \$1,080,000$$

Indicated As Complete Market Value = \$1,080,000

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 Lake Park 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 10, 2017, is as follows.

ONE MILLION TWENTY THOUSAND DOLLARS

\$1,020,000

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 10, 2017, is as follows.

SIX HUNDRED SEVENTY THOUSAND DOLLARS

\$670,000

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 TWENTY THOUSAND DOLLARS

\$1,220,000

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 TWENTY THOUSAND DOLLARS

\$1,220,000

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 10, 2017, is as follows:

THREE HUNDRED SIXTY ONE THOUSAND DOLLARS

\$361,000

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 10, 2017, is as follows:

TWO HUNDRED EIGHTY THOUSAND DOLLARS
\$280,000

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 10, 2017, is as follows:

FOUR HUNDRED FIFTY FIVE THOUSAND DOLLARS
\$455,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRCU) of the 637 square feet one-bedroom units of the subject property, as of May 10, 2017, is as follows:

FIVE HUNDRED THIRTY FIVE DOLLARS
\$535.00

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

FIVE HUNDRED EIGHTY FIVE DOLLARS
\$585.00

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 10, 2017, is as follows.

NINETY THREE THOUSAND DOLLARS
\$93,000

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 10, 2017, is as follows.

ONE MILLION TWENTY THOUSAND DOLLARS

\$1,020,000

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 10, 2017, is as follows.

SIX HUNDRED SEVENTY THOUSAND DOLLARS

\$670,000

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

ONE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS

\$1,220,000

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

ONE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS

\$1,220,000

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

THREE MILLION THREE HUNDRED FOURTEEN THOUSAND DOLLARS

\$3,314,000.00

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 DESCRIPTIC

all that tract or parcel of land situate, lying and being in Land Lot 109 of the 15th Land District of Lowndes County, Georgia, and being 2.50 acres and depicted as Lot 1 in Block "A" of Arbor Trace Subdivision as per a map or plat of survey dated February 23, 1993 by Andrew J. Fitzsimons, Georgia Registered Surveyor and recorded in Plat Record Book G, page 109, in the office of the Clerk of the Superior Court of Lowndes County, Georgia, said tract being more particularly described as follows:

For POINT OF REFERENCE ONLY, begin at the projected northwest right-of-way intersection of the Lake Park Claytonville Road (Georgia State Route No. 376) (100 foot right-of-way) and Rolling Pine Drive (50 foot right-of-way) and proceed North 10° 1' 56" East a distance of 402.37 feet along the westward right-of-way of Rolling Pine Drive to an iron pin; run thence in a northwesterly direction along the arc of a curve an arc distance of 27.39 feet to an iron pin (said arc having a chord distance of 25.46 feet and a chord course of North 29° 28' 32" West); run thence in a northwesterly direction an arc distance of 376.99 feet to an iron pin (said arc having a chord distance of 371.48 and a chord course of North 32° 00' 00" West); thence run North 35° 00' 00" West a distance of 544.20 feet to an iron pin; run thence North 28° 09' 00" West a distance of 246.14 feet to a concrete monument; run thence in a northwesterly direction an arc distance of 167.57 feet to a concrete monument (said arc having a chord distance of 166.81 feet and a chord course of North 44° 29' 46" West); run thence North 53° 59' 32" West a distance of 156.75 feet to a concrete monument which marks the POINT OF BEGINNING; from said POINT OF BEGINNING run thence North 53° 59' 32" West a distance of 193.29 feet to a concrete monument; run thence in a northwesterly direction an arc distance of 33.64 feet to a concrete monument (said arc having a chord distance of 31.63 feet and a chord course of North 51° 28' 29" West); run thence South 57° 40' 57" West a distance of 295.63 feet to a concrete monument; run thence South 46° 55' 03" East a distance of 296.03 feet to a concrete monument; run thence South 60° 00' 00" East a distance of 23.86 feet to a concrete monument; run thence North 43° 04' 57" East a distance of 407.42 feet to a concrete monument which marks the POINT OF BEGINNING.

ADDENDUM B

Rent Roll

Arbor Trace I Apartments (020)

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								
H45	HAMMOND, PEARLINE	02/19/1998	02/18/2018	S1	\$470.00	\$102.00	102.00	645
H46	Hart, Nancy	01/11/2013	01/10/2018	S1	\$470.00	\$180.00	180.00	645
H47	Trejo, San Juanita	08/22/2014	08/21/2017	S1	\$470.00	\$101.00	101.00	645
H48	Thompson, Patsy	04/04/2012	04/30/2017	S1	\$470.00	\$111.00	111.00	645
H49	Hutchinson, Shirley	06/13/2014	06/12/2017	S1	\$470.00	\$138.00	138.00	645
H50	Williams, Gloria	12/03/2015	12/02/2017	S1	\$470.00	\$102.00	102.00	645
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,820.00	\$734.00	734.00	

Building: 2

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
I51	Burgess, Pearlie	03/20/2015	03/19/2018	S1	\$470.00	\$286.00	286.00	645
I52	Williams, Marilyn	09/04/2015	09/03/2017	S1	\$470.00	\$159.00	159.00	645
I53	Bearrentine, James	03/23/2016	03/22/2018	S1	\$470.00	\$263.00	263.00	645
I54	BAUNOCH, CYNTHIA	05/06/2011	05/05/2017	S1	\$470.00	\$277.00	277.00	645
I55	North, Terry	04/01/2015	03/31/2018	S1	\$470.00	\$104.00	104.00	645
I56	LA ROSA, ANN	11/01/2008	10/31/2017	S1	\$470.00	\$205.00	205.00	645
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,820.00	\$1,294.00	1,294.00	

Building: 3

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
J57	COX, MARTHA	12/01/2009	11/30/2017	S1	\$470.00	\$102.00	102.00	645
J58	BALL, MARY	09/07/2006	09/06/2017	S1	\$470.00	\$101.00	101.00	645
J59	NEECE, PATRICIA	06/02/2006	04/30/2017	S1	\$470.00	\$123.00	123.00	645
J60	GOLDEN, LINDA	04/10/1997	08/31/2017	S1	\$470.00	\$187.00	187.00	645
J61	SPENCER, MICHEAL	10/28/2010	10/27/2017	S1	\$470.00	\$163.00	163.00	645
J62	HART, ERIC	06/16/1995	01/31/2018	S1	\$470.00	\$143.00	143.00	645
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,820.00	\$819.00	819.00	

Building: 4

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

** = Expired Lease

*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 8:51:05AM

Rent Roll

Arbor Trace I Apartments (020)

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>
K63	Harrell, Vanessa	09/01/2013	08/31/2017	S1	\$470.00	\$125.00	125.00	645
K64	AMES, LOA	11/06/2009	11/30/2017	S1	\$470.00	\$95.00	95.00	645
K65	HENDERSON, JANICE	10/05/2000	10/04/2017	S1	\$470.00	\$68.00	68.00	645
K66	Wells, Tara	09/01/2013	08/31/2017	S1	\$470.00	\$137.00	137.00	645
K67	Carnell, Janice	11/30/2013	11/29/2017	S1	\$470.00	\$157.00	157.00	645
K68	Adams, Lawanna	10/19/2012	10/18/2017	S1	\$470.00	\$170.00	170.00	645
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
Total Units:					24			
Total Occupied:					24.00			
Total % Occupied:					100.00			
Grand Totals:					\$11,280.00	\$3,599.00	3,599.00	

Selected Parameters:
 Property Name - Arbor Trace I 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 8:51:05AM

Arbor Trace I Apartments
 Lake Park, Georgia

0

Expense Year

Dec-14

Row Labels	Sum of Amount
Advertising	\$283
Advertising	\$283
Annual Ancillary Income	\$345
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$275
Application Fees Received	\$70
Annual Gross Potential Rental Income	\$122,400
Rental Income from Current Year Budget	\$122,400
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$1,103
Painting	\$1,103
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$504
Health Insurance & Other Emp. Benefits	\$205
Workmen's Compensation	\$299
Employee Payroll Tax	\$1,941
Payroll Taxes	\$1,941
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$120,958
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$34,425
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$86,533
Special Claims Revenue	\$0
Exterminating	\$1,480
Services	\$1,480
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$4,410
Garbage & Trash Removal	\$4,410
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$9,977
Grounds	\$9,977
Snow Removal	\$0
Insurance	\$4,756

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,756
Lighting and Miscellaneous Power	\$3,584
Electricity	\$3,584
Management Fee	\$12,772
Management Fee	\$12,772
Misc. Taxes/Licenses	\$78
Other Taxes, Licenses & Permits	\$78
Special Assessments	\$0
Other Administrative	\$20,090
Legal Expense	\$189
Office Furniture & Equipment	\$554
Office Supplies	\$1,497
Other Administrative Expenses	\$2,513
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,398
Telephone & Answering Service	\$1,636
Training Expense	\$423
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$7,605
Maintenance & Repairs Supply	\$7,459
Other Operating Expense	\$146
Other Utilities	\$0
Payroll	\$12,654
Maintenance & Repairs Payroll	\$12,654
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$7,231
Real Estate Taxes	\$7,231
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$12,572
Transfer to Reserve	\$12,572
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,442
Vacancies - Apartments	-\$1,442
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$518
Sewer	\$295

Water	\$223
(blank)	\$420,231
Net Rental Revenue	\$120,958
Operating Expenses	
Subtotal	\$76,920
Total Operating Expenses	\$88,985
Total Other Revenue	\$345
Total Rent Revenue	\$122,400
Total Revenue	
Total Taxes and Insurance	\$12,065
Total Vacancies	-\$1,442
(blank)	
Grand Total	\$764,049

Arbor Trace I Apartments
Lake Park, Georgia

0

Expense Year

Dec-15

Row Labels	Sum of Amount
Advertising	\$132
Advertising	\$132
Annual Ancillary Income	\$151
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$71
Application Fees Received	\$80
Annual Gross Potential Rental Income	\$126,720
Rental Income from Current Year Budget	\$126,720
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$751
Painting	\$751
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$1,364
Health Insurance & Other Emp. Benefits	\$942
Workmen's Compensation	\$422
Employee Payroll Tax	\$2,251
Payroll Taxes	\$2,251
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$125,387
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$39,086
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$86,301
Special Claims Revenue	\$0
Exterminating	\$1,540
Services	\$1,540
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$4,157
Garbage & Trash Removal	\$4,157
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$9,300
Grounds	\$9,300
Snow Removal	\$0
Insurance	\$4,812

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,812
Lighting and Miscellaneous Power	\$3,627
Electricity	\$3,627
Management Fee	\$13,166
Management Fee	\$13,166
Misc. Taxes/Licenses	\$53
Other Taxes, Licenses & Permits	\$53
Special Assessments	\$0
Other Administrative	\$19,277
Legal Expense	\$1,442
Office Furniture & Equipment	\$524
Office Supplies	\$837
Other Administrative Expenses	\$442
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,437
Telephone & Answering Service	\$2,209
Training Expense	\$506
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$6,212
Maintenance & Repairs Supply	\$6,052
Other Operating Expense	\$160
Other Utilities	\$0
Payroll	\$16,203
Maintenance & Repairs Payroll	\$16,203
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$5,651
Real Estate Taxes	\$5,651
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$12,572
Transfer to Reserve	\$12,572
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$1,333
Vacancies - Apartments	-\$1,333
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$483
Sewer	\$275

Water	\$208
(blank)	\$554,420
Net Rental Revenue	\$125,387
Operating Expenses	
Subtotal	\$78,462
Total Operating Expenses	\$88,979
Total Other Revenue	\$151
Total Rent Revenue	\$126,720
Total Revenue	\$125,538
Total Taxes and Insurance	\$10,516
Total Vacancies	-\$1,333
(blank)	
Grand Total	\$906,896

Arbor Trace I Apartments
 Lake Park, Georgia

0

Expense Year

Dec-16

Row Labels	Sum of Amount
Advertising	\$311
Advertising	\$311
Annual Ancillary Income	\$99
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$24
Application Fees Received	\$75
Annual Gross Potential Rental Income	\$131,040
Rental Income from Current Year Budget	\$131,040
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$533
Painting	\$533
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$1,420
Health Insurance & Other Emp. Benefits	\$1,032
Workmen's Compensation	\$388
Employee Payroll Tax	\$1,449
Payroll Taxes	\$1,449
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$130,660
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$42,401
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$88,259
Special Claims Revenue	\$0
Exterminating	\$1,480
Services	\$1,480
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$3,879
Garbage & Trash Removal	\$3,879
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$9,611
Grounds	\$9,611
Snow Removal	\$0
Insurance	\$4,815

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,815
Lighting and Miscellaneous Power	\$4,152
Electricity	\$4,152
Management Fee	\$13,512
Management Fee	\$13,512
Misc. Taxes/Licenses	\$203
Other Taxes, Licenses & Permits	\$203
Special Assessments	\$0
Other Administrative	\$19,322
Legal Expense	\$1,793
Office Furniture & Equipment	\$736
Office Supplies	\$1,245
Other Administrative Expenses	\$349
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,579
Telephone & Answering Service	\$1,278
Training Expense	\$461
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$6,747
Maintenance & Repairs Supply	\$6,632
Other Operating Expense	\$115
Other Utilities	\$0
Payroll	\$7,855
Maintenance & Repairs Payroll	\$7,855
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$5,899
Real Estate Taxes	\$5,899
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Released as Expense	\$0
Reserves for Replacement	\$12,572
Transfer to Reserve	\$12,572
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$380
Vacancies - Apartments	-\$380
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$559
Sewer	\$306

Water	\$252
(blank)	\$555,672
Net Rental Revenue	\$130,660
Operating Expenses	
Subtotal	\$70,830
Total Operating Expenses	\$81,747
Total Other Revenue	\$99
Total Rent Revenue	\$131,040
Total Revenue	\$130,759
Total Taxes and Insurance	\$10,917
Total Vacancies	-\$380
(blank)	
Grand Total	\$911,409

Arbor Trace I Apartments
 Lake Park, Georgia

0

Expense Year Budget

Row Labels	Sum of Amount
Advertising	\$300
Advertising	\$300
Annual Ancillary Income	\$500
Application Fees	\$0
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$500
Annual Gross Potential Rental Income	\$135,360
Rental Income from Current Year Budget	\$135,360
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$1,000
Painting	\$1,000
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$2,300
Health Insurance & Other Emp. Benefits	\$1,800
Workmen's Compensation	\$500
Employee Payroll Tax	\$1,600
Payroll Taxes	\$1,600
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	\$2,540
Services	\$2,540
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$4,100
Garbage & Trash Removal	\$4,100
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$11,300
Grounds	\$11,300
Snow Removal	\$0
Insurance	\$5,478

Fidelity Coverage Insurance	\$0
Other Insurance	\$150
Property & Liability Insurance	\$5,328
Lighting and Miscellaneous Power	\$3,400
Electricity	\$3,400
Management Fee	\$14,112
Management Fee	\$14,112
Misc. Taxes/Licenses	\$110
Other Taxes, Licenses & Permits	\$110
Special Assessments	\$0
Other Administrative	\$18,736
Legal Expense	\$300
Office Furniture & Equipment	\$533
Office Supplies	\$1,500
Other Administrative Expenses	\$500
Project Auditing Expense	\$4,000
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,396
Telephone & Answering Service	\$1,900
Training Expense	\$607
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$8,130
Maintenance & Repairs Supply	\$8,000
Other Operating Expense	\$130
Other Utilities	\$0
Payroll	\$11,000
Maintenance & Repairs Payroll	\$11,000
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$9,800
Real Estate Taxes	\$9,800
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Released as Expense	\$0
Reserves for Replacement	\$14,572
Transfer to Reserve	\$14,572
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$4,061
Vacancies - Apartments	-\$4,061
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$600
Sewer	\$300

Water	\$300
(blank)	\$583,909
Net Rental Revenue	\$131,299
Operating Expenses	
Subtotal	\$79,118
Total Operating Expenses	\$94,506
Total Other Revenue	\$500
Total Rent Revenue	\$135,360
Total Revenue	\$131,799
Total Taxes and Insurance	\$15,388
Total Vacancies	-\$4,061
(blank)	
Grand Total	\$824,786

Arbor Trace I Apartments
Lake Park, Georgia

0

Expense Year Dec-17
of Months 4

Row Labels	Sum of Amount
Advertising	\$26
Advertising	\$26
Annual Ancillary Income	\$78
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Application Fees	\$0
Tenant Charges/Damages	\$0
Income - Cleaning & Rep	\$70
Income - Late Fees	\$8
Forfeited Security Deposits	\$0
Annual Gross Potential Rental Income	\$45,120
Rental Income from Current Year Budget	\$45,120
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$225
Unit Turns	\$225
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$702
Workmen's Compensation	\$481
Group Health Insurance	\$56
Retirement Plan Expense	\$165
Employee Payroll Tax	\$501
Payroll Taxes-FICA	\$434
Unemployment Taxes	\$66
Excluded Income	\$44,762
Retained Excess Income	\$0
Special Claims Revenue	\$0
Rental Income from Current Year Actual	\$14,408
RHS Rental Assist. Received from Actual	\$30,354
Interest Income	\$0
Exterminating	\$180
Services	\$180
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$1,512
Garbage & Trash Removal	\$1,512
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$4,776

Snow Removal	\$0
Grounds	\$4,776
Insurance	\$4,772
Property & Liability Insurance	\$4,772
Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Lighting and Miscellaneous Power	\$1,099
Electricity	\$1,099
Management Fee	\$4,656
Management Fee	\$4,656
Misc. Taxes/Licenses	\$128
Special Assessments	\$0
Other Taxes, Licenses & Permits	\$128
Other Administrative	\$8,859
Site Management Payroll	\$3,063
Accounting/Auditing Fees	\$3,880
Project Bookkeeping/Accounting	\$0
Legal Expense	\$146
Telephone	\$636
Office Supplies	\$556
Computer Equipment	\$275
Prospect Screening	\$54
Training Expense	\$35
Bank Charges/Fees	\$24
Postage and Shipping	\$0
Professional Services/Fees	\$167
Travel Expenses	\$24
Late Charges/Fees	\$0
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$2,147
Maintenance & Repairs Supply	\$2,147
Other Operating Expense	\$0
Other Utilities	\$0
Payroll	\$2,908
Maintenance & Repairs Payroll	\$2,908
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)	-\$358
Vacancies - Apartments	-\$358
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$163
Sewer	\$93
Water	\$70
(blank)	\$199,750
Net Rental Revenue	\$44,762
Operating Expenses	
Total Operating Expenses	\$32,654
Total Other Revenue	\$78
Total Rent Revenue	\$45,120
Total Revenue	\$44,840
Total Taxes and Insurance	\$4,900
Total Vacancies	-\$358
(blank)	
Subtotal	\$27,754
Excluded Expense	\$0
Annual Capital Budget	\$0
Grand Total	\$322,007

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

PROJECT NAME Arbor Trace I Apartments		BORROWER NAME Arbor Trace Apts, Ph I, Lp		BORROWER ID AND PROJECT NO. 725432342 011	
Loan/Transfer Amount \$ 756,600.00		Note Rate Payment \$ 4,707.94		IC Payment \$ 1,608.23	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input 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 - 14) (12 - 31 - 14)	ACTUAL (01 - 01 - 14) (12 - 31 - 14)	PROPOSED BUDGET (01 - 01 - 15) (12 - 31 - 15)	COMMENTS or (YTD) (01 - 01 - 14) (12 - 31 - 14)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	122,400.00	34,425.00	126,720.00	24 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED		86,533.00		
3. APPLICATION FEES RECEIVED		70.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	500.00	275.00	500.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance)	(3,672.00)		(3,802.00)	3%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	119,228.00	121,303.00	123,418.00	
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	20,150.00	9,565.94	20,150.00	
14. SUB-TOTAL (11 thru 13)	20,150.00	9,565.94	20,150.00	
15. TOTAL CASH SOURCES (10+14)	139,378.00	130,868.94	143,568.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	84,513.00	88,985.10	89,199.00	
17. RHS DEBT PAYMENT	19,299.00	19,298.76	19,299.00	
18. RHS PAYMENT (Overage)		0.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		0.00		
22. TRANSFER TO RESERVE	12,572.00	12,572.00	12,572.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	1,872.00	1,872.00	1,872.00	2013 RTO paic
24. SUB-TOTAL (16 thru 23)	118,256.00	122,727.86	122,942.00	
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)	20,150.00	9,565.94	20,150.00	
27. MISCELLANEOUS	0.00	-1.24	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	20,150.00	9,564.70	20,150.00	
29. TOTAL CASH USES (24+28)	138,406.00	132,292.56	143,092.00	
30. NET CASH (DEFICIT) (15-29)	972.00	-1,423.62	476.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	20,901.34	41,369.82	21,873.34	
32. ACCRUAL TO CASH ADJUSTMENT		-1,243.80		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	21,873.34	38,702.40	22,349.34	

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

PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	6,000.00	12,654.04	8,500.00	
2. MAINTENANCE AND REPAIRS SUPPLY	7,300.00	7,458.83	7,500.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	1,000.00	1,102.77	1,200.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	11,300.00	9,977.36	11,300.00	775/M + 2000
8. SERVICES	2,510.00	1,480.00	2,540.00	60/M PestCont
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	130.00	146.14	130.00	UA CALC FEE
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	28,240.00	32,819.14	31,170.00	
12. ELECTRICITY If master metered	3,000.00	3,583.59	3,300.00	
13. WATER check box on	300.00	223.19	300.00	
14. SEWER front.	300.00	294.79	300.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	4,200.00	4,409.90	4,100.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	7,800.00	8,511.47	8,000.00	
19. SITE MANAGEMENT PAYROLL	8,856.00	9,398.00	9,120.00	\$760/M (3% inc
20. MANAGEMENT FEE	12,816.00	12,771.50	13,248.00	46x24Ux12M
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	300.00	188.74	300.00	
24. ADVERTISING	350.00	283.28	350.00	
25. TELEPHONE & ANSWERING SERVICE	1,600.00	1,636.42	1,600.00	
26. OFFICE SUPPLIES	1,500.00	1,496.97	1,600.00	
27. OFFICE FURNITURE & EQUIPMENT	491.00	554.27	507.00	26.87/MCompE
28. TRAINING EXPENSE	604.00	422.96	604.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	250.00	205.16	250.00	
30. PAYROLL TAXES	1,400.00	1,941.00	2,100.00	
31. WORKER'S COMPENSATION	550.00	298.78	550.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	500.00	2,512.58	500.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	33,217.00	35,589.66	34,729.00	
34. REAL ESTATE TAXES	10,100.00	7,230.70	10,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	110.00	78.13	110.00	REG. FEES
37. PROPERTY & LIABILITY INSURANCE	4,896.00	4,756.00	5,040.00	210/U (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	15,256.00	12,064.83	15,300.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	84,513.00	88,985.10	89,199.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	8,965.71	37,490.57	39,699.43	Prop bea buda
2. TRANSFER TO RESERVE	12,572.00	12,572.00	12,572.00	\$631/M + \$5k ε
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	20,150.00	9,565.94	20,150.00	
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)	(20,150.00)	(9,565.94)	(20,150.00)	
8. ENDING BALANCE [(1+2)-7]	1,387.71	40,496.63	32,121.43	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	34,267.15	
ENDING BALANCE	27,884.43	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	7,102.67	
ENDING BALANCE	10,817.97	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	5,389.00	
ENDING BALANCE	5,188.00	

(*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	*	24	425.00	575.00	0.00	122,400.00	165,600.00	0.00	120.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						122,400.00	165,600.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 12 / 31 / 14

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	*	24	440.00	590.00	0.00	126,720.00	169,920.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						126,720.00	169,920.00	0.00	
						BASIC	NOTE	HUD	

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 14

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	*	24	75.00	0.00	17.00	23.00	0.00	0.00	115.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		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	2	950.00	0.00	0.00	0.00	0.00	C
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	C
Range Hood	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	4,600.00	3,187.14	0.00	0.00	3,187.14	2
2BR	0	0.00	0.00	0.00	0.00	0.00	C
3BR	0	0.00	0.00	0.00	0.00	0.00	C
4BR	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	C
Interior	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Heating & Air Conditioning:							
Heating	0	0.00	1,480.00	0.00	0.00	1,480.00	1
Air Conditioning	1	4,000.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	0	0.00	345.51	0.00	0.00	345.51	1
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	650.00	0.00	0.00	650.00	1
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	C
Screens	0	0.00	0.00	0.00	0.00	0.00	C
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		9,500.00	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	1,910.00	0.00	0.00	1,910.00	
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	1,993.29	0.00	0.00	1,993.29	
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:	7	20,150.00	9,565.94	0.00	0.00	9,565.94	5

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 within budget.

Line 23. The RTO paid in 2014 was the 2013 RTO.

Page 2

Line 11. Actual Maintenance and Operating Expenses were 16% over budget due to higher maintenance payroll than budgeted.

Line 18. Actual Utilities were 9% over budget.

Line 33. Actual Administrative Expenses were 7% over budget.

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

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	2	950.00	0.00	0.00	0.00	0.00	C
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	C
Range Hood	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	4,600.00	3,187.14	0.00	0.00	3,187.14	2
2BR	0	0.00	0.00	0.00	0.00	0.00	C
3BR	0	0.00	0.00	0.00	0.00	0.00	C
4BR	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	C
Interior	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Heating & Air Conditioning:							
Heating	0	0.00	1,480.00	0.00	0.00	1,480.00	1
Air Conditioning	1	4,000.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	0	0.00	345.51	0.00	0.00	345.51	1
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	650.00	0.00	0.00	650.00	1
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	C
Screens	0	0.00	0.00	0.00	0.00	0.00	C
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		9,500.00	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	1,910.00	0.00	0.00	1,910.00	
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	
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Other:							
List:		0.00	1,993.29	0.00	0.00	1,993.29	
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:	7	20,150.00	9,565.94	0.00	0.00	9,565.94	5

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
LAKE PARK, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2015 AND 2014

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)

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Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Arbor Trace Apartments Phase I, L.P.
(A Georgia Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Arbor Trace Apartments Phase I, L.P. (a Georgia Limited Partnership), USDA, RD No: 10-092-725432342 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

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

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

Opinion

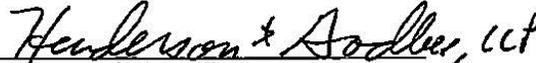
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor Trace Apartments Phase I, L.P. as of December 31, 2015 and 2014, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in 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 Arbor Trace Apartments Phase I, L.P. 's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arbor Trace Apartments Phase I, L.P. 's internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ 29,222	\$ 27,884
Accounts receivable - RD	5,226	5,580
Total Current Assets	<u>34,448</u>	<u>33,464</u>
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	5,057	5,188
Escrow-replacement reserve	51,452	40,497
Escrow-tax reserve	13,147	10,818
Total Restricted Deposits and Funded Reserves	<u>69,656</u>	<u>56,503</u>
Property, Plant and Equipment		
Property, plant and equipment, at cost	918,358	918,358
Accumulated depreciation	<u>(600,655)</u>	<u>(573,311)</u>
Net Property, Plant and Equipment	<u>317,703</u>	<u>345,047</u>
Total Assets	<u>\$ 421,807</u>	<u>\$ 435,014</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 7,877	\$ 7,327
Accounts payable	616	232
Water deposit payable	600	600
	9,093	8,159
Deposits and Prepayment Liabilities		
Tenants' security deposits	5,057	5,188
Unearned rents	121	9
	5,178	5,197
Long-Term Liabilities		
Mortgage payable, less current maturities	666,289	674,165
	666,289	674,165
Total Liabilities	680,560	687,521
Partners' (Deficit)		
Partners' (Deficit)	(258,753)	(252,507)
	(258,753)	(252,507)
Total Liabilities And Partners' (Deficit)	\$ 421,807	\$ 435,014

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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	\$ 126,720	\$ 122,400
Less: vacancy loss	(1,333)	(1,442)
Net rental income	<u>125,387</u>	<u>120,958</u>
Other income	151	345
Total Revenues	<u>125,538</u>	<u>121,303</u>
Expenses		
Operating and maintenance	35,623	42,385
Utilities	8,267	8,512
Administrative	36,190	35,588
Taxes and insurance	<u>10,516</u>	<u>12,065</u>
Total Operating Expenses	<u>90,596</u>	<u>98,550</u>
Net Operating Income	<u>34,942</u>	<u>22,753</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(37,197)	(37,197)
Interest expense	49,168	49,679
Depreciation	<u>27,345</u>	<u>27,345</u>
Total Non-Operating Expenses	<u>39,316</u>	<u>39,827</u>
Net (Loss)	<u>\$ (4,374)</u>	<u>\$ (17,074)</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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	\$ (229,930)	\$ (212,427)
Distributions	(600)	(600)
Net (Loss)	<u>(4,330)</u>	<u>(16,903)</u>
Balance, December 31	<u>\$ (234,860)</u>	<u>\$ (229,930)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (22,577)	\$ (21,134)
Distributions	(1,272)	(1,272)
Net (Loss)	<u>(44)</u>	<u>(171)</u>
Balance, December 31	<u>\$ (23,893)</u>	<u>\$ (22,577)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (252,507)	\$ (233,561)
Distributions	(1,872)	(1,872)
Net (Loss)	<u>(4,374)</u>	<u>(17,074)</u>
Balance, December 31	<u>\$ (258,753)</u>	<u>\$ (252,507)</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Net (Loss)	<u>\$ (4,374)</u>	<u>\$ (17,074)</u>
Adjustments To Reconcile Net (Loss) To Net Cash Provided By Operating Activities:		
Depreciation	27,345	27,345
Changes In Operating Assets And Liabilities:		
Accounts receivable	354	(223)
Security deposits	131	201
Replacement reserve	(10,955)	(3,006)
Tax reserve	(2,329)	(3,715)
Accounts payable	383	(1,010)
Tenant's security deposits	(131)	(201)
Deferred revenue	<u>112</u>	<u>(11)</u>
Total Adjustments	<u>14,910</u>	<u>19,380</u>
Net Cash Provided By Operating Activities	<u>10,536</u>	<u>2,306</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(7,326)	(6,817)
Distributions	<u>(1,872)</u>	<u>(1,872)</u>
Net Cash (Used In) Financing Activities	<u>(9,198)</u>	<u>(8,689)</u>
Net Increase (Decrease) In Cash	1,338	(6,383)
Cash, Beginning Of Year	<u>27,884</u>	<u>34,267</u>
Cash, End Of Year	<u><u>\$ 29,222</u></u>	<u><u>\$ 27,884</u></u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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	\$ 49,168	\$ 49,679
Less: subsidized portion	(37,197)	(37,197)
Interest paid, net of subsidy	\$ 11,971	\$ 12,482

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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 Arbor Trace Apartments Phase I, L.P. was formed as a limited partnership under the laws of the State of Georgia on February 22, 1993, to develop, own and operate a 24-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective November 1, 1993, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partners, 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 April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership).

Basis of Accounting

The financial statements of the partnership are prepared on the accrual basis of accounting, whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Income Taxes

The Partnership is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$0 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 \$132 and \$283, respectively.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 –RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2015</u>	<u>2014</u>
Annual funding required by loan agreement	<u>\$ 7,566</u>	<u>\$ 7,566</u>
Actual funding including interest income	<u>12,572</u>	<u>12,572</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>1,617</u>	<u>9,566</u>
Reserve balance at year end	\$ 51,452	\$ 40,497
Fully funded balance per loan agreement	<u>14,324</u>	<u>8,375</u>
Excess	<u>\$ 37,128</u>	<u>\$ 32,122</u>

Tenant Security Deposits

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

	<u>2015</u>	<u>2014</u>
Tenant security deposits cash	\$ 5,057	\$ 5,188
Tenant security deposits payable	<u>5,057</u>	<u>5,188</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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	\$ 13,147	\$ 10,818
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 13,147</u>	<u>\$ 10,818</u>

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

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

	<u>Depreciable Life</u>	<u>2015</u>	<u>2014</u>
Land		\$ 62,500	\$ 62,500
Buildings	30 Years	820,336	820,336
Equipment	10 Years	<u>35,522</u>	<u>35,522</u>
Total		918,358	918,358
Less: Accumulated depreciation		<u>(600,655)</u>	<u>(573,311)</u>
Net Property, Plant and Equipment		<u>\$ 317,703</u>	<u>\$ 345,047</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$27,345 and \$27,345 for the years ended December 31, 2015 and 2014.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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>
Insurance	\$ -	\$ 17
Utilities and telephone	458	-
Office and administration	157	171
Repairs and maintenance	-	44
	<u>\$ 616</u>	<u>\$ 232</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 September 6, 1990, 9.00%. Due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$1,794,542.	\$ 674,166	\$ 681,492
Less current maturities	<u>(7,877)</u>	<u>(7,327)</u>
Long-term portion	<u>\$ 666,289</u>	<u>\$ 674,165</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	\$ 7,877
2017	8,467
2018	9,102
2019	9,784
2020	10,517

**ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

Arbor Trace Apartments Phase I, L.P. incurred interest costs of \$49,168 and \$49,679 for the years ended December 31, 2015 and 2014, respectively, all of which was properly charged to expense.

NOTE 6 -- RENTAL ASSISTANCE PAYMENTS

USDA, RD has contracted with the Partnership pursuant to Section 521(a)(2)(A) of Title V of the Housing Act of 1949 to make housing assistance payments to the Partnership on behalf of qualified tenants. Payments under the contract period ended December 31, are as follows:

	<u>2015</u>	<u>2014</u>
Rental assistance payments	<u>\$ 86,301</u>	<u>\$ 86,533</u>

NOTE 7 - TAXABLE INCOME (LOSS)

The financial statements of the Partnership and the Partnership tax returns are prepared on the accrual basis. The following is a reconciliation between net income (loss) as reported and Partnership income (loss) for tax purposes:

	<u>2015</u>	<u>2014</u>
Net (Loss) per financial statement	\$ (4,374)	\$ (17,074)
Book depreciation in excess of tax depreciation	<u>6,245</u>	<u>6,245</u>
Partnership Income (Loss) per tax return	<u>\$ 1,871</u>	<u>\$ (10,829)</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 Arbor Trace Apartments Phase I, L.P. The partnership paid Investors Management Company, Inc. management fees of \$13,166 and \$12,772 for the years ended December 31, 2015 and 2014, respectively.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)

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

An affiliate of the general ledger is also an owner of CJ Thomas Company, Inc., which provides property insurance to Arbor Trace Apartments Phase I, L.P. The partnership paid CJ Thomas Company, Inc. insurance fees of \$4,812 and \$4,756 for the years ended December 31, 2015 and 2014, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$1,872, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Arbor Trace Apartments Phase I, L.P. maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending December 31, 2015 and 2014. A summary of the total insured and uninsured cash balances at December 31, consists of the following:

	2015	2014
Total cash in bank	\$ 98,778	\$ 84,287
Portion insured by FDIC	98,778	84,287
Uninsured cash balances	\$ -	\$ -

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.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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 Arbor Trace Apartments Phase I. 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.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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 (24 * 1 months)	24
Less: Rent Free Units	
Vacancies	-
Total Occupied Units	<u>24</u>
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
Management Fee January 2015	<u>\$ 1,068</u>
Total Qualified Units (24 * 11 months)	264
Less: Rent Free Units	
Vacancies	<u>(1)</u>
Total Occupied Units	263
Fee Per Unit (Effective February, 2015)	<u>\$ 46.00</u>
Management Fee February through December 2015	<u>\$ 12,098</u>
Management Fee Expense	<u><u>\$ 13,166</u></u>

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 1,860,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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>\$ 1,872</u>
Budget Return to Owner	<u>\$ 1,872</u>
Return to Owner Paid:	
General Partner Distribution	\$ 1,272
Limited Partner Distribution	600
	<u>\$ 1,872</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
Arbor Trace Apartments Phase I, L.P.
Valdosta, Georgia

USDA Rural Development
Tifton, 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 Arbor Trace Apartments Phase I, L.P., 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 Arbor Trace Apartments Phase I, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arbor Trace Apartments Phase I, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Arbor Trace Apartments Phase I, L.P.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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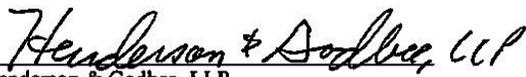
P.O. Box 2241
Valdosta, GA 31604-2241

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arbor Trace Apartments Phase I, L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arbor Trace Apartments Phase I, L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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 for 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
Arbor Trace Apartments Phase I, L.P.
(A Georgia Limited Partnership)
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Tifton, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Arbor Trace Apartments Phase I, L.P. ("Owner") the owner of Arbor Trace Apartments Phase I ("Project") located in Lake Park, 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 300
Total Dollar Amount of Invoices in Population: \$77,430
Total Number of Invoices Reviewed: 10
Total Dollar Amount of Invoices Reviewed: \$1,181
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$775
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: \$1,617
Total Dollar Amount of Withdrawals Authorized by RD: \$1,617
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: \$13,166
Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$13,166

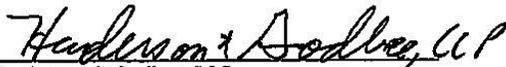
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,166

Company Name 2: Rural Housing Reinsurance Company International, Ltd. (CJ Thomas Company, Inc)
Total Dollar Amount for the Year: \$4,812
Total Number of Invoices in Population: 1
Total Dollar Amount of Invoices in Population: \$4,812
Total Number of Invoices Reviewed: 1
Total Dollar Amount of Invoices Reviewed: \$4,812

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 Arbor Trace Apartments Phase I, L.P. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the owner and management agent of Arbor Trace Apartments Phase I, L.P. , and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

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

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.	
Arbor Trace Apartments Phase I	Arbor Trace Apartments Phase I, L.P.	10-092-725432342	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>	01-01-15	01-01-14	
ENDING DATES>	12-31-15	12-31-14	
ASSETS			
CURRENT ASSETS			
1. GENERAL OPERATING ACCOUNT.....	29,222	27,884	
2. R.E. TAX & INSURANCE ACCOUNT.....	13,147	10,818	
3. RESERVE ACCOUNT.....	51,452	40,497	
4. SECURITY DEPOSIT ACCOUNT.....	5,057	5,188	
5. OTHER CASH (Identify)			
6. OTHER (Identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	5,226	5,580	
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)	104,104	89,967	
FIXED ASSETS			
13. LAND.....	62,500	62,500	
14. BUILDINGS.....	820,336	820,336	
15. LESS: ACCUMULATED DEPRECIATION.....	(565,133)	(537,789)	
16. FURNITURE & EQUIPMENT.....	35,522	35,522	
17. LESS: ACCUMULATED DEPRECIATION.....	(35,522)	(35,522)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	317,703	345,047	
OTHER ASSETS			
20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	421,807	435,014	
LIABILITIES AND OWNERS EQUITY			
CURRENT LIABILITIES			
22. TOTAL ACCOUNTS PAYABLE (Attach list)	616	232	
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) ...	600	600	
24. SECURITY DEPOSITS (Attach list).....	5,178	5,197	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	6,394	6,029	

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	674,166	681,492	
27. OTHER (Identify) N/P General Partners	-	-	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	674,166	681,492	
29. TOTAL LIABILITIES (Add 25 and 28)	680,560	687,521	
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(258,753)	(252,507)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	421,807	435,014	

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.

ARBOR TRACE APARTMENTS PHASE I, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>Page 25, Line 7</u>		
Due from rural development	\$ 5,226	\$ 5,580
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ 458	\$ -
Insurance	-	17
Office and administration	157	171
Repairs and maintenance	-	44
	\$ 616	\$ 232
<u>Page 25, Line 23</u>		
Water deposits payable	\$ 600	\$ 600
<u>Page 25, Line 24</u>		
Unearned rents	\$ 121	\$ 9
Tenant Security Deposits	5,057	5,188
	\$ 5,178	\$ 5,197

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

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

PROJECT NAME Arbor Trace I Apartments		BORROWER NAME Arbor Trace Apts, Ph I, Lp		BORROWER ID AND PROJECT NO. 725432342 011	
Loan/Transfer Amount \$ 756,600.00		Note Rate Payment \$ 4,707.64		IC Payment \$ 1,608.23	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				I hereby request 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

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	126,720.00	39,086.00	131,040.00	24 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED		86,301.00		
3. APPLICATION FEES RECEIVED		80.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	500.00	71.00	500.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance)	(3,602.00)		(3,931.00)	3%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	123,418.00	125,538.00	127,609.00	
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	20,150.00	1,616.66	22,200.00	
14. SUB-TOTAL (11 thru 13)	20,150.00	1,616.66	22,200.00	
15. TOTAL CASH SOURCES (10+14)	143,568.00	127,154.66	149,809.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	89,199.00	88,978.68	93,684.00	
17. RHS DEBT PAYMENT	19,299.00	19,298.76	19,299.00	
18. RHS PAYMENT (Overage)		0.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		0.00		
22. TRANSFER TO RESERVE	12,572.00	12,572.00	12,572.00	
23. RETURN TO OWNER / NP ASSET MANAGEMENT FEE	1,872.00	1,872.00	1,872.00	2014 RTO paid
24. SUB-TOTAL (16 thru 23)	122,942.00	122,721.44	127,427.00	
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)	20,150.00	1,616.66	22,200.00	
27. MISCELLANEOUS	0.00	-0.97	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	20,150.00	1,615.69	22,200.00	
29. TOTAL CASH USES (24+28)	143,092.00	124,337.13	149,627.00	
30. NET CASH (DEFICIT) (15-29)	476.00	2,817.53	182.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	21,873.34	38,702.40	22,349.34	
32. ACCRUAL TO CASH ADJUSTMENT		849.17		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	22,349.34	42,369.10	22,531.34	

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	8,500.00	16,203.27	11,000.00	
2. MAINTENANCE AND REPAIRS SUPPLY	7,500.00	6,051.63	8,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	1,200.00	750.80	1,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	11,300.00	9,300.00	11,300.00	775/M + 2000
8. SERVICES	2,540.00	1,540.00	2,540.00	60/M PestCont
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	130.00	160.17	130.00	UA CALC FEE
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	31,170.00	34,005.67	33,970.00	
12. ELECTRICITY <input type="checkbox"/> If meter metered	3,300.00	3,626.93	3,400.00	
13. WATER <input type="checkbox"/> check box on	300.00	208.14	300.00	
14. SEWER <input type="checkbox"/> front	300.00	274.98	300.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	4,100.00	4,157.00	4,100.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	8,000.00	8,267.05	8,100.00	
19. SITE MANAGEMENT PAYROLL	9,120.00	9,436.86	9,398.00	\$783/M (3% Int
20. MANAGEMENT FEE	13,248.00	13,166.00	13,536.00	47x24Ux12M
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	300.00	1,442.27	400.00	
24. ADVERTISING	350.00	132.20	350.00	
25. TELEPHONE & ANSWERING SERVICE	1,600.00	2,209.04	1,800.00	
26. OFFICE SUPPLIES	1,600.00	636.78	1,400.00	
27. OFFICE FURNITURE & EQUIPMENT	507.00	523.84	534.00	28.87/MCompE
28. TRAINING EXPENSE	604.00	505.97	604.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	250.00	941.52	500.00	
30. PAYROLL TAXES	2,100.00	2,250.73	2,400.00	
31. WORKER'S COMPENSATION	550.00	422.36	550.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	500.00	441.76	500.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	34,729.00	36,189.33	35,970.00	
34. REAL ESTATE TAXES	10,000.00	5,651.10	10,200.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	110.00	53.33	110.00	REG. FEES
37. PROPERTY & LIABILITY INSURANCE	5,040.00	4,812.00	5,184.00	216/U (3% Inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	15,300.00	10,516.43	15,644.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	89,199.00	88,978.68	93,684.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	38,699.43	40,496.63	32,121.43	
2. TRANSFER TO RESERVE	12,572.00	12,572.00	12,572.00	\$631/M + \$5k r
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	20,150.00	1,616.66	22,200.00	
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)	(20,150.00)	(1,616.66)	(22,200.00)	
8. ENDING BALANCE [(1+2)-7]	32,121.43	51,451.97	22,493.43	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	27,684.43	
ENDING BALANCE	29,222.23	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	10,817.97	
ENDING BALANCE	13,146.87	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	5,188.00	
ENDING BALANCE	5,057.00	

(*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	*	24	440.00	590.00	0.00	126,720.00	169,920.00	0.00	115.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						126,720.00	169,920.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	*	24	455.00	605.00	0.00	131,040.00	174,240.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						131,040.00	174,240.00	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	*	24	75.00	0.00	17.00	23.00	0.00	0.00	115.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		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	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,100.00	468.66	0.00	0.00	468.66	1
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	4,600.00	0.00	0.00	0.00	0.00	0
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	7,000.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	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		9,500.00	1,148.00	0.00	0.00	1,148.00	
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:	6	22,200.00	1,616.66	0.00	0.00	1,616.66	1

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 much less than budget. The roofing repair/replacement budgeted for 2015 was not completed.

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

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Line 11. Actual Maintenance and Operating Expenses were 9% over budget.

Line 18. Actual Utilities were 3% over budget.

Line 33. Actual Administrative Expenses were 4% over budget.

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

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.....	2	950.00	0.00	0.00	0.00	0.00	0
Refrigerator.....	2	1,100.00	468.66	0.00	0.00	468.66	1
Range Hood.....	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR.....	2	4,500.00	0.00	0.00	0.00	0.00	0
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.....	1	4,000.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater.....	0	0.00	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.....		9,500.00	1,148.00	0.00	0.00	1,148.00	
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:	7	20,150.00	1,616.66	0.00	0.00	1,616.66	1

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
LAKE PARK, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2016 AND 2015

**ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)**

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Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Arbor Trace Apartments Phase I, L.P.
(A Georgia Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Arbor Trace Apartments Phase I, L.P. (a Georgia Limited Partnership), USDA, RD No: 10-092-725432342 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

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

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

Opinion

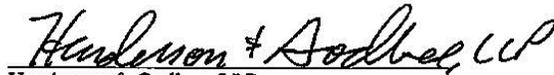
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor Trace Apartments Phase I, L.P. as of December 31, 2016 and 2015, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in 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 Arbor Trace Apartments Phase I, L.P.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arbor Trace Apartments Phase I, L.P.'s internal control over financial reporting and compliance.



Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 43,867	\$ 29,222
Accounts receivable - RD	<u>5,717</u>	<u>5,226</u>
Total Current Assets	<u>49,584</u>	<u>34,448</u>
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	5,027	5,057
Escrow-replacement reserve	32,718	51,452
Escrow-tax reserve	<u>13,059</u>	<u>13,147</u>
Total Restricted Deposits and Funded Reserves	<u>50,804</u>	<u>69,656</u>
Property, Plant and Equipment		
Property, plant and equipment, at cost	918,358	918,358
Accumulated depreciation	<u>(628,000)</u>	<u>(600,655)</u>
Net Property, Plant and Equipment	<u>290,358</u>	<u>317,703</u>
Total Assets	<u>\$ 390,746</u>	<u>\$ 421,807</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 8,467	\$ 7,877
Accounts payable	470	616
Water deposit payable	600	600
	9,537	9,093
Deposits and Prepayment Liabilities		
Tenants' security deposits	5,027	5,057
Unearned rents	46	121
	5,073	5,178
Long-Term Liabilities		
Mortgage payable, less current maturities	657,822	666,289
	657,822	666,289
Total Liabilities	672,432	680,560
Partners' (Deficit)		
Partners' (Deficit)	(281,686)	(258,753)
Total Liabilities And Partners' (Deficit)	\$ 390,746	\$ 421,807

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Gross potential rental income	\$ 131,040	\$ 126,720
Less: vacancy loss	(380)	(1,333)
Net rental income	<u>130,660</u>	<u>125,387</u>
Other income	99	151
Total Revenues	<u>130,759</u>	<u>125,538</u>
Expenses		
Operating and maintenance	57,533	35,623
Utilities	8,589	8,267
Administrative	36,014	36,190
Taxes and insurance	<u>10,917</u>	<u>10,516</u>
Total Operating Expenses	<u>113,053</u>	<u>90,596</u>
Net Operating Income	<u>17,706</u>	<u>34,942</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(37,197)	(37,197)
Interest expense	48,619	49,168
Depreciation	<u>27,345</u>	<u>27,345</u>
Total Non-Operating Expenses	<u>38,767</u>	<u>39,316</u>
Net (Loss)	<u>\$ (21,061)</u>	<u>\$ (4,374)</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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	\$ (234,860)	\$ (229,930)
Distributions	(600)	(600)
Net (Loss)	<u>(20,850)</u>	<u>(4,330)</u>
Balance, December 31	<u>\$ (256,310)</u>	<u>\$ (234,860)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (23,893)	\$ (22,577)
Distributions	(1,272)	(1,272)
Net (Loss)	<u>(211)</u>	<u>(44)</u>
Balance, December 31	<u>\$ (25,376)</u>	<u>\$ (23,893)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (258,753)	\$ (252,507)
Distributions	(1,872)	(1,872)
Net (Loss)	<u>(21,061)</u>	<u>(4,374)</u>
Balance, December 31	<u>\$ (281,686)</u>	<u>\$ (258,753)</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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 (Loss)	\$ (21,061)	\$ (4,374)
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation	27,345	27,345
Changes In Operating Assets And Liabilities:		
Accounts receivable	(491)	354
Security deposits	30	131
Replacement reserve	18,734	(10,955)
Tax reserve	88	(2,329)
Accounts payable	(146)	383
Tenant's security deposits	(30)	(131)
Deferred revenue	(75)	112
Total Adjustments	<u>45,455</u>	<u>14,910</u>
Net Cash Provided By Operating Activities	<u>24,394</u>	<u>10,536</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(7,877)	(7,326)
Distributions	(1,872)	(1,872)
Net Cash (Used In) Financing Activities	<u>(9,749)</u>	<u>(9,198)</u>
Net Increase In Cash	14,645	1,338
Cash, Beginning Of Year	<u>29,222</u>	<u>27,884</u>
Cash, End Of Year	<u>\$ 43,867</u>	<u>\$ 29,222</u>

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(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	\$ 48,619	\$ 49,168
Less: subsidized portion	(37,197)	(37,197)
Interest paid, net of subsidy	\$ 11,422	\$ 11,971

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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 Arbor Trace Apartments Phase I, L.P. was formed as a limited partnership under the laws of the State of Georgia on February 22, 1993, to develop, own and operate a 24-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective November 1, 1993, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partners, 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 April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership).

Basis of Accounting

The financial statements of the partnership are prepared on the accrual basis of accounting, whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Income Taxes

The Partnership is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$0, at December 31, 2016 and 2015, respectively.

Mortgage Subsidy

Under an interest credit agreement with the USDA, RD, a mortgage subsidy is provided, thus reducing the interest rate to approximately 1% over the life of the agreement. The interest subsidy is treated as additional income with interest expense being recorded at the note rate.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were \$311 and \$132, respectively.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 –RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2016</u>	<u>2015</u>
Annual funding required by loan agreement	<u>\$ 7,566</u>	<u>\$ 7,566</u>
Actual funding including interest income	<u>12,572</u>	<u>12,572</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>31,306</u>	<u>1,617</u>
Reserve balance at year end	<u>\$ 32,718</u>	<u>\$ 51,452</u>
Fully funded balance per loan agreement	<u>(9,416)</u>	<u>14,324</u>
Excess	<u>\$ 42,134</u>	<u>\$ 37,128</u>

Tenant Security Deposits

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

	<u>2016</u>	<u>2015</u>
Tenant security deposits cash	<u>\$ 5,027</u>	<u>\$ 5,057</u>
Tenant security deposits payable	<u>5,027</u>	<u>5,057</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE 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	\$ 13,059	\$ 13,147
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 13,059</u>	<u>\$ 13,147</u>

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

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

	<u>Depreciable Life</u>	<u>2016</u>	<u>2015</u>
Land		\$ 62,500	\$ 62,500
Buildings	30 Years	820,336	820,336
Equipment	10 Years	<u>35,522</u>	<u>35,522</u>
Total		918,358	918,358
Less: Accumulated depreciation		<u>(628,000)</u>	<u>(600,655)</u>
Net Property, Plant and Equipment		<u>\$ 290,358</u>	<u>\$ 317,703</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$27,345 and \$27,345 for the years ended December 31, 2016 and 2015.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 - ACCOUNTS PAYABLE

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

	<u>2016</u>	<u>2015</u>
Utilities and telephone	\$ 114	\$ 458
Office and administration	205	158
Repairs and maintenance	<u>151</u>	<u>-</u>
	<u>\$ 470</u>	<u>\$ 616</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 September 6, 1990, 9.00%. Due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$1,794,542.	\$ 666,289	\$ 674,166
Less current maturities	<u>(8,467)</u>	<u>(7,877)</u>
Long-term portion	<u>\$ 657,822</u>	<u>\$ 666,289</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	\$ 8,467
2018	9,102
2019	9,784
2020	10,517
2021	11,306

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

Arbor Trace Apartments Phase I, L.P. incurred interest costs of \$48,619 and \$49,168 for the years ended December 31, 2016 and 2015, respectively, all of which was properly charged to expense.

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

USDA, RD has contracted with the Partnership pursuant to Section 521(a)(2)(A) of Title V of the Housing Act of 1949 to make housing assistance payments to the Partnership on behalf of qualified tenants. Payments under the contract period ended December 31, are as follows:

	<u>2016</u>	<u>2015</u>
Rental assistance payments	<u>\$ 88,259</u>	<u>\$ 86,301</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 (Loss) per financial statement	\$ (21,061)	\$ (4,374)
Book depreciation in excess of tax depreciation	<u>6,245</u>	<u>6,245</u>
Partnership Income (Loss) per tax return	<u>\$ (14,816)</u>	<u>\$ 1,871</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 Arbor Trace Apartments Phase I, L.P. The partnership paid Investors Management Company, Inc. management fees of \$13,512 and \$13,166 for the years ended December 31, 2016 and 2015, respectively.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)

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

An affiliate of the general ledger is also an owner of CJ Thomas Company, Inc., which provides property insurance to Arbor Trace Apartments Phase I, L.P. The partnership paid CJ Thomas Company, Inc. insurance fees of \$4,815 and \$4,812 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$1,872, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Arbor Trace Apartments Phase I, L.P. maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending December 31, 2016 and 2015. A summary of the total insured and uninsured cash balances at December 31, consists of the following:

	2016	2015
Total cash in bank	\$ 94,571	\$ 98,778
Portion insured by FDIC	94,571	98,778
Uninsured cash balances	\$ -	\$ -

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, 2016, no impairment loss recognition has been required.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA LIMITED PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Arbor Trace Apartments Phase I. 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.

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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 (24 * 1 months)	24
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	24
Fee Per Unit (Effective February 2015)	\$ 46
Management Fee January 2016	\$ 1,104
Total Qualified Units (24 * 11 months)	264
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	264
Fee Per Unit (Effective February 2016)	\$ 47
Management Fee February through December 2016	\$ 12,408
Management Fee Expense	\$ 13,512

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

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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>\$ 1,872</u>
Budget Return to Owner	<u>\$ 1,872</u>
Return to Owner Paid:	
General Partner Distribution	\$ 1,272
Limited Partner Distribution	<u>600</u>
	<u>\$ 1,872</u>



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Troy D. Newham, CPA

Scott R. Simpson, CPA
J. Philip Young, CPA
Billie A. Baxter, CPA
Max A. Johnson, CPA
Keeley T. Collins, CPA
Kaitlyn E. Hanmy, CPA
Jacey B. Pittman, CPA
M. Allison Hutchins, CPA

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Partners of
Arbor Trace Apartments Phase I, L.P.
Valdosta, Georgia

USDA Rural Development
Tifton, 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 Arbor Trace Apartments Phase I, L.P., 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 Arbor Trace Apartments Phase I, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arbor Trace Apartments Phase I, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Arbor Trace Apartments Phase I, L.P.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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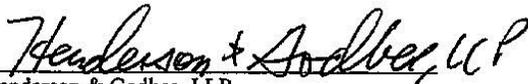
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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arbor Trace Apartments Phase I, L.P. 's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arbor Trace Apartments Phase I, L.P. 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

ARBOR TRACE APARTMENTS PHASE I, L.P.
(A GEORGIA 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 for 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
Arbor Trace Apartments Phase I, L.P.
(A Georgia Limited Partnership)
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Tifton, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Arbor Trace Apartments Phase I, L.P. ("Owner") the owner of Arbor Trace Apartments Phase I ("Project") located in Lake Park, 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 300
Total Dollar Amount of Invoices in Population: \$99,541
Total Number of Invoices Reviewed: 10
Total Dollar Amount of Invoices Reviewed: \$1,801
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$775
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: 2
Total Number of Withdrawals Authorized by RD: 2
Total Dollar Amount of Reserve Account Withdrawals: \$31,306
Total Dollar Amount of Withdrawals Authorized by RD: \$31,306
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: \$13,512
Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$13,512

Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,512

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 Arbor Trace Apartments Phase I, L.P. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the owner and management agent of Arbor Trace Apartments Phase I, L.P. , and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

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

PROJECT NAME Arbor Trace Apartments Phase I	BORROWER NAME Arbor Trace Apartments Phase I, L.P.	BORROWER ID AND PROJECT NO. 10-092-725432342	
BEGINNING DATES>	CURRENT YEAR	PRIOR YEAR	COMMENTS
ENDING DATES>	01-01-16	01-01-15	
	12-31-16	12-31-15	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	43,867	29,222	
2. R.E. TAX & INSURANCE ACCOUNT.....	13,059	13,147	
3. RESERVE ACCOUNT.....	32,718	51,452	
4. SECURITY DEPOSIT ACCOUNT.....	5,027	5,057	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	5,717	5,226	
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)	100,388	104,104	

FIXED ASSETS

13. LAND.....	62,500	62,500	
14. BUILDINGS.....	820,336	820,336	
15. LESS: ACCUMULATED DEPRECIATION.....	(592,478)	(565,133)	
16. FURNITURE & EQUIPMENT.....	35,522	35,522	
17. LESS: ACCUMULATED DEPRECIATION.....	(35,522)	(35,522)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	290,358	317,703	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	390,746	421,807	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	470	616	
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) ...	600	600	
24. SECURITY DEPOSITS (Attach list)	5,073	5,178	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	6,143	6,394	

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	666,289	674,166	
27. OTHER (Identify) N/P General Partners	-	-	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	666,289	674,166	
29. TOTAL LIABILITIES (Add 25 and 28)	672,432	680,560	
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(281,686)	(258,753)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	390,746	421,807	

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.

ARBOR TRACE APARTMENTS PHASE I, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2016 AND 2015

	2016	2015
<u>Page 25, Line 7</u>		
Due from rural development	\$ 5,717	\$ 5,226
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ 114	\$ 458
Office and administration	205	158
Repairs and maintenance	151	-
	\$ 470	\$ 616
<u>Page 25, Line 23</u>		
Water deposits payable	\$ 600	\$ 600
<u>Page 25, Line 24</u>		
Unearned rents	\$ 46	\$ 121
Tenant Security Deposits	5,027	5,057
	\$ 5,073	\$ 5,178

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

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

PROJECT NAME Arbor Trace I Apartments		BORROWER NAME Arbor Trace Apls, Ph I, Lp		BORROWER ID AND PROJECT NO. 725432342 011	
Loan/Transfer Amount \$ 758,600.00		Note Rate Payment \$ 4,707.94		IC Payment \$ 1,608.23	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input 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 - 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		131,040.00	42,401.00	135,360.00	24 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED			88,259.00		
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		500.00	24.00	500.00	
7. OTHER - PROJECT SOURCES		0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance)		(3,931.00)		(4,061.00)	3%
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]		127,609.00	130,759.00	131,799.00	
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		22,200.00	31,305.54	22,200.00	
14. SUB-TOTAL (11 thru 13)		22,200.00	31,305.54	22,200.00	
15. TOTAL CASH SOURCES (10+14)		149,809.00	162,064.54	153,999.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)		93,684.00	81,746.75	94,506.00	
17. RHS DEBT PAYMENT		19,299.00	18,298.76	19,299.00	
18. RHS PAYMENT (Overage)			0.00		
19. RHS PAYMENT (Late Fee)			0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES			0.00		
21. TENANT UTILITY PAYMENTS			0.00		
22. TRANSFER TO RESERVE		12,572.00	12,572.00	14,572.00	
23. RETURN TO OWNER AND ASSET MANAGEMENT FEE		1,872.00	1,872.00	1,872.00	2015 RTO paid
24. SUB-TOTAL (16 thru 23)		127,427.00	115,489.51	130,249.00	
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)		22,200.00	31,305.54	22,200.00	
27. MISCELLANEOUS		0.00	0.67	0.00	Rounding
28. SUB-TOTAL (25 thru 27)		22,200.00	31,306.21	22,200.00	
29. TOTAL CASH USES (24+28)		149,627.00	146,795.72	152,449.00	
30. NET CASH (DEFICIT) (15-29)		182.00	15,268.82	1,550.00	
CASH BALANCE					
31. BEGINNING CASH BALANCE		22,349.34	42,369.10	22,531.34	
32. ACCRUAL TO CASH ADJUSTMENT			-711.76		Adjust to accr
33. ENDING CASH BALANCE (30+31+32)		22,531.34	56,926.16	24,081.34	

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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	11,000.00	7,855.25	11,000.00	
2. MAINTENANCE AND REPAIRS SUPPLY	8,000.00	6,631.59	8,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	1,000.00	532.60	1,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	11,300.00	9,611.24	11,300.00	775/M + 2000
8. SERVICES	2,540.00	1,480.00	2,540.00	60/M PestCont
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	130.00	115.93	130.00	UA CALC FEE
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	33,970.00	26,226.01	33,970.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	3,400.00	4,151.91	3,400.00	
13. WATER <input type="checkbox"/> check box on	300.00	252.26	300.00	
14. SEWER <input type="checkbox"/> front	300.00	305.37	300.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	4,100.00	3,879.30	4,100.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	8,100.00	8,589.84	8,100.00	
19. SITE MANAGEMENT PAYROLL	9,395.00	9,579.28	9,395.00	\$783/M (3% inc)
20. MANAGEMENT FEE	13,536.00	13,512.00	14,112.00	49x24Ux12M
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	400.00	1,792.88	300.00	
24. ADVERTISING	350.00	310.92	300.00	
25. TELEPHONE & ANSWERING SERVICE	1,800.00	1,278.41	1,900.00	
26. OFFICE SUPPLIES	1,400.00	1,244.84	1,500.00	
27. OFFICE FURNITURE & EQUIPMENT	534.00	736.36	533.00	28.87/MCompE
28. TRAINING EXPENSE	604.00	461.28	607.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	500.00	1,032.32	1,800.00	
30. PAYROLL TAXES	2,400.00	1,449.02	1,600.00	
31. WORKER'S COMPENSATION	550.00	387.87	500.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	500.00	348.80	500.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	35,970.00	36,013.88	37,048.00	
34. REAL ESTATE TAXES	10,200.00	5,899.14	9,800.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	110.00	202.78	110.00	REG. FEES
37. PROPERTY & LIABILITY INSURANCE	5,184.00	4,815.00	5,328.00	222/U (3% Inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	15,644.00	10,916.92	15,388.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	93,984.00	81,746.75	94,806.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	32,121.43	51,461.97	22,493.43	
2. TRANSFER TO RESERVE	12,572.00	12,572.00	14,572.00	\$631/M + \$7k :
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	22,200.00	31,305.54	22,200.00	
5. BUILDING & EQUIPMENT REPAIR	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES	0.00	0.00	0.00	
7. TOTAL (3 thru 6)	(22,200.00)	(31,305.54)	(22,200.00)	
8. ENDING BALANCE [(1+2)-7]	22,493.43	32,718.43	14,865.43	
GENERAL OPERATING ACCOUNT:*				
BEGINNING BALANCE		29,222.23		
ENDING BALANCE		43,867.43		
REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*				
BEGINNING BALANCE		13,146.87		
ENDING BALANCE		13,058.73		
TENANT SECURITY DEPOSIT ACCOUNT:*				
BEGINNING BALANCE		5,057.00		
ENDING BALANCE		5,027.00		
<i>(*Complete upon submission of actual expenses.)</i>				
NUMBER OF APPLICANTS ON THE WAITING LIST		9	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	*	24	455.00	605.00	0.00	131,040.00	174,240.00	0.00	115.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						131,040.00	174,240.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 12 / 31 / 16

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	*	24	470.00	620.00	0.00	135,360.00	178,560.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						135,360.00	178,560.00	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	*	24	76.00	0.00	17.00	22.00	0.00	0.00	115.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		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	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,100.00	495.54	0.00	0.00	495.54	1
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	4,800.00	0.00	0.00	0.00	0.00	0
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	7,000.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	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
Screening	0	0.00	0.00	0.00	0.00	0.00	0
Walls		9,500.00	30,810.00	0.00	0.00	30,810.00	
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:	6	22,200.00	31,305.54	0.00	0.00	31,305.54	1

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 41% over budget due to the roof replacement for Buildings H & J.

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

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Line 11. Actual Maintenance and Operating Expenses were 23% less than budget due to lower maintenance payroll and lower maintenance supplies costs than budgeted.

Line 18. Actual Utilities were 6% over budget.

Line 33. Actual Administrative Expenses were slightly over budget.

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

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	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,100.00	495.54	0.00	0.00	495.54	1
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	4,600.00	0.00	0.00	0.00	0.00	0
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	7,000.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	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		8,500.00	30,810.00	0.00	0.00	30,810.00	
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:	6	22,200.00	31,305.54	0.00	0.00	31,305.54	1

Yardi Classic Addendum Page

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

**Balance Sheet (Cash)
Arbor Trace I - (020)
April 2017**

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CURRENT ASSETS

CASH

1010.0 Petty Cash	100.00
1020.0 CDA-Checking	1,284.13
1021.0 Operating-Checking	41,284.02
1030.0 Tax & Insurance Reserve	10,286.73
1040.0 Replacement Reserve	42,242.43
TOTAL CASH	95,197.31

1140.0 A/R Rents/FMHA Receivable	5,716.77
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FIXED ASSETS

2010.0 Land	62,500.00
2030.0 Buildings	820,336.00
2050.0 Equipment	33,619.80
2070.0 Lawn Equipment	1,901.82
2110.0 Accumulated Depreciation-Buildings	-592,477.69
2120.0 Accumulated Depreciation-Furniture & Fixt	-35,521.62
TOTAL FIXED ASSETS	290,358.31

OTHER ASSETS

2510.0 Security Deposits-Checking	5,027.00
TOTAL OTHER ASSETS	5,027.00

TOTAL ASSETS	396,299.39
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LIABILITIES & CAPITAL

CURRENT LIABILITIES

3021.0 Security Deposits Payable	5,027.00
3024.0 Water Deposit Payable	600.00
3028.0 Accounts Payable	469.82
3029.0 Prepaid Tenants Rent	46.00
TOTAL CURRENT LIABILITIES	6,142.82

LONG TERM LIABILITIES

4020.0 Mortgage Payable	666,288.89
TOTAL LONG TERM LIABILITIES	666,288.89

TOTAL LIABILITIES	672,431.71
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CAPITAL

5006.0 Return To Owners	-1,872.00
5020.0 General Partners Equity	-22,535.43
5030.0 Retained Earnings	-15,507.32
5040.0 Limited Partners Equity	-225,721.30
5050.0 General Partners Capital	-1,357.57
5051.0 Limited Partners Capital	-9,138.70
TOTAL CAPITAL	-276,132.32

TOTAL LIABILITIES & CAPITAL	396,299.39
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Budget Comparison (Cash)
Arbor Trace I - (020)
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	3,610.00	11,280.00	-7,670.00	-68.00	14,408.00	45,120.00	-30,712.00	-68.07	135,360.00
6011.0 Income-Rental Assistan	7,675.00	0.00	7,675.00	0	30,354.00	0.00	30,354.00	0	0.00
TOTAL RENT INCOME	11,285.00	11,280.00	5.00	0.04	44,762.00	45,120.00	-358.00	-0.79	135,360.00
OTHER INCOME									
6018.0 Tenant Charges/Damag	0.00	5.21	-5.21	-100.0	0.00	20.84	-20.84	-100.0	62.50
6029.0 Income-Cleaning & Rep	0.00	5.21	-5.21	-100.0	70.00	20.84	49.16	235.8	62.50
6030.0 Income-Late Fees	0.00	20.83	-20.83	-100.0	8.00	83.32	-75.32	-90.40	250.00
6031.0 Forfeited Security Depo	0.00	5.21	-5.21	-100.0	0.00	20.84	-20.84	-100.0	62.50
6033.0 Income-Miscellaneous	0.00	5.21	-5.21	-100.0	0.00	20.84	-20.84	-100.0	62.50
TOTAL OTHER INCOME	0.00	41.67	-41.67	-100.0	78.00	166.68	-88.68	-53.20	500.00
TOTAL INCOME	11,285.00	11,321.67	-36.67	-0.32	44,840.00	45,286.68	-446.68	-0.99	135,860.00
OFFSETS TO INCOME									
7100.0 Vacancy Allowance	0.00	-338.42	338.42	100.0	0.00	-1,353.68	1,353.68	100.0	-4,061.00
TOTAL OFFSETS	0.00	-338.42	338.42	100.0	0.00	-1,353.68	1,353.68	100.0	-4,061.00
TOTAL INCOME AFTER O	11,285.00	10,983.25	301.75	2.75	44,840.00	43,933.00	907.00	2.06	131,799.00
OPERATING EXPENSES									
OPERATING & MAINTENANCE									
MAINTENANCE & REPAIRS PAYR									
8045.0 Payroll-Maintenance Pe	395.98	916.67	520.69	56.80	2,706.54	3,666.68	960.14	26.19	11,000.00
8050.0 Payroll-Gas/Travel Allo	47.08	0.00	-47.08	0	201.64	0.00	-201.64	0	0.00
TOTAL MAINTENANCE & RE	443.06	916.67	473.61	51.67	2,908.18	3,666.68	758.50	20.69	11,000.00
MAINTENANCE & REPAIRS SUP									
8075.0 R&M Building Supplies	865.34	166.67	-698.67	-419.1	1,119.14	666.68	-452.46	-67.87	2,000.00
8080.0 R&M-Heating & Air Sup	360.00	166.67	-193.33	-116.0	572.34	666.68	94.34	14.15	2,000.00
8085.0 R&M-Plumbing Supplie	57.17	166.67	109.50	65.70	387.22	666.68	279.46	41.92	2,000.00
8090.0 R&M-Appliance Supplie	51.54	166.67	115.13	69.08	68.12	666.68	598.56	89.78	2,000.00
TOTAL MAINTENANCE & RE	1,334.05	666.68	-667.37	-100.1	2,146.82	2,666.72	519.90	19.50	8,000.00
UNIT TURNS									
8135.0 Paint/Clean/Clean Carp	0.00	83.33	83.33	100.0	225.00	333.32	108.32	32.50	1,000.00
TOTAL UNIT TURNS	0.00	83.33	83.33	100.0	225.00	333.32	108.32	32.50	1,000.00
GROUNDS									
8160.0 Monthly Contracted Gr	775.00	775.00	0.00	0.00	4,038.00	3,100.00	-938.00	-30.26	9,300.00
8175.0 Grounds Supplies	0.00	166.67	166.67	100.0	737.50	666.68	-70.82	-10.62	2,000.00
TOTAL GROUNDS	775.00	941.67	166.67	17.70	4,775.50	3,766.68	-1,008.82	-26.78	11,300.00
PEST CONTROL									
8195.0 Pest Control Service	0.00	60.00	60.00	100.0	180.00	240.00	60.00	25.00	1,720.00
8200.0 Termite Service/Bond	0.00	0.00	0.00	0	0.00	0.00	0.00	0	820.00
TOTAL PEST CONTROL	0.00	60.00	60.00	100.0	180.00	240.00	60.00	25.00	2,540.00
OTHER OPERATING EXPENSES									
8220.0 Outside Services	0.00	10.83	10.83	100.0	0.00	43.32	43.32	100.0	130.00
TOTAL OTHER OPERATING	0.00	10.83	10.83	100.0	0.00	43.32	43.32	100.0	130.00
TOTAL OPERATING & MAIN	2,552.11	2,679.18	127.07	4.74	10,235.50	10,716.72	481.22	4.49	33,970.00
UTILITIES									
8255.0 Utilities-Electricity	331.18	283.33	-47.85	-16.89	1,099.28	1,133.32	34.04	3.00	3,400.00
8260.0 Utilities-Water	17.60	25.00	7.40	29.60	70.40	100.00	29.60	29.60	300.00
8265.0 Utilities-Sewer	23.26	25.00	1.74	6.96	93.04	100.00	6.96	6.96	300.00
8275.0 Utilities-Sanitation	369.83	341.67	-28.16	-8.24	1,512.19	1,366.68	-145.51	-10.65	4,100.00
TOTAL UTILITIES	741.87	675.00	-66.87	-9.91	2,774.91	2,700.00	-74.91	-2.77	8,100.00

Budget Comparison (Cash)
Arbor Trace I - (020)
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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
ADMINISTRATIVE									
8310.0 Site Management Payro	783.19	783.00	-0.19	-0.02	3,063.01	3,132.00	68.99	2.20	9,396.00
8315.0 Management Fees	1,176.00	1,176.00	0.00	0.00	4,656.00	4,704.00	48.00	1.02	14,112.00
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	46.11	25.00	-21.11	-84.44	146.11	100.00	-46.11	-46.11	300.00
8330.0 Advertising	0.00	25.00	25.00	100.0	26.19	100.00	73.81	73.81	300.00
8335.0 Telephone	86.60	158.33	71.73	45.30	636.03	633.32	-2.71	-0.43	1,900.00
8340.0 Office Supplies	0.00	125.00	125.00	100.0	555.97	500.00	-55.97	-11.19	1,500.00
8350.0 Computer Equipment,	28.87	44.42	15.55	35.01	274.85	177.68	-97.17	-54.69	533.00
8355.0 Prospect Screening Ex	32.65	0.00	-32.65	0	54.32	0.00	-54.32	0	0.00
8360.0 Training Expenses	8.64	50.58	41.94	82.92	34.56	202.32	167.76	82.92	607.00
8361.0 Travel Expenses	0.00	0.00	0.00	0	23.82	0.00	-23.82	0	0.00
8365.0 Group Health Insurance	14.04	75.00	60.96	81.28	56.16	300.00	243.84	81.28	900.00
8370.0 Retirement Plan Expen	33.10	75.00	41.90	55.87	164.98	300.00	135.02	45.01	900.00
8375.0 Payroll Taxes-FICA	88.40	120.00	31.60	26.33	434.45	480.00	45.55	9.49	1,440.00
8380.0 Unemployment Taxes	9.49	13.33	3.84	28.81	66.09	53.32	-12.77	-23.95	160.00
8385.0 Workmans Compensati	0.00	41.67	41.67	100.0	480.72	166.68	-314.04	-188.4	500.00
8390.0 Bank Charges/Fees	0.00	0.00	0.00	0	23.70	0.00	-23.70	0	0.00
8400.0 Late Charges/Fees	7.20	0.00	-7.20	0	41.90	0.00	-41.90	0	0.00
8405.0 Postage & Shipping	0.00	0.00	0.00	0	24.96	0.00	-24.96	0	0.00
8410.0 Professional Services/F	300.00	41.67	-258.33	-619.9	300.00	166.68	-133.32	-79.99	500.00
TOTAL ADMINISTRATIVE	2,614.29	2,754.00	139.71	5.07	14,943.82	15,016.00	72.18	0.48	37,048.00
TAXES & INSURANCE									
8440.0 Taxes-Real Estate	0.00	0.00	0.00	0	0.00	0.00	0.00	0	9,800.00
8445.0 Licenses & Permits	0.00	9.17	9.17	100.0	128.13	36.68	-91.45	-249.3	110.00
8450.0 Property Insurance	0.00	0.00	0.00	0	4,772.00	5,328.00	556.00	10.44	5,328.00
8460.0 EPL Insurance	0.00	12.50	12.50	100.0	0.00	50.00	50.00	100.0	150.00
TOTAL TAXES & INSURANC	0.00	21.67	21.67	100.0	4,900.13	5,414.68	514.55	9.50	15,388.00
8510.0 Replacement Reserve P	631.00	631.00	0.00	0.00	9,524.00	9,524.00	0.00	0.00	14,572.00
TOTAL OPERATING EXPE	6,539.27	6,760.85	221.58	3.28	42,378.36	43,371.40	993.04	2.29	109,078.00
OPERATING INCOME BEFORE D	4,745.73	4,222.40	523.33	12.39	2,461.64	561.60	1,900.04	338.3	22,721.00
DEBT SERVICE									
8805.0 Rural Development Pay	1,608.23	1,608.25	0.02	0.00	6,432.92	6,433.00	0.08	0.00	19,299.00
TOTAL DEBT SERVICE	1,608.23	1,608.25	0.02	0.00	6,432.92	6,433.00	0.08	0.00	19,299.00
OPERATING INCOME AFTER DE	3,137.50	2,614.15	523.35	20.02	-3,971.28	-5,871.40	1,900.12	32.36	3,422.00
REPLACEMENT RESERVE									
8910.0 1% Building Repair & I	0.00	1,175.00	1,175.00	100.0	0.00	4,700.00	4,700.00	100.0	14,100.00
8915.0 1% Equipment Repair &	0.00	675.00	675.00	100.0	0.00	2,700.00	2,700.00	100.0	8,100.00
TOTAL REPLACEMENT RES	0.00	1,850.00	1,850.00	100.0	0.00	7,400.00	7,400.00	100.0	22,200.00
8945.0 Reserve Payments Adjustm	-631.00	0.00	631.00	0	-9,524.00	0.00	9,524.00	0	0.00
NET	3,768.50	764.15	3,004.35	393.1	5,552.72	-13,271.40	18,824.12	141.8	-18,778.00



United States Department of Agriculture

October 31, 2016

RECEIVED NOV - 3 2016

Mr. David Brown
Investor Management Company
3548 North Crossing Circle
Valdosta, GA 31604

RE: Arbor Trace Apartments, Phase I, Lake Park, Georgia

Dear Mr. Brown:

The following information is enclosed for the 2017 budget year:

Form RD 3560-7, "Multiple Family Housing Budget" approved.

Rent increase approval letter.

Approved Management Certification, Form RD 3560-13.

Approved renewal of Servicing Workout Plan (SWP)

Should you have any questions regarding the above documents, please advise.

Sincerely,

LINDA BAKER
Area Specialist

Enclosures

Rural Development • Tifton Area Office
2406 North Tift Avenue Suite 103 • Tifton, GA 31794
Voice (229) 382-0273 • TDD (706) 546-2011 • Fax (855) 803-3870

USDA is an equal opportunity provider and employer.

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



United States Department of Agriculture

October 31, 2016

Mr. David Brown
Investors Management Company
3548 North Crossing Circle
Valdosta, GA 31604

NOTICE OF APPROVED RENT AND/OR UTILITY ALLOWANCE CHANGE

Dear Mr. Brown:

You are hereby notified that Rural Development has reviewed the request for a change in shelter costs for **Arbor Trace Apartments, Phase I, Lake Park, Georgia**, and considered all justifications provided by project management. The Rural Development has approved the following rent and/or utility allowance rates listed below. The changes for all units will become effective on **January 1, 2017** or later effective date in accordance with state or local laws. The change is needed for the following reason(s): Increased Operating and Maintenance Expenses.

The approved changes are as follows:

Unit Size	Present Rent		Approved Rent	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	\$ 455	\$ 605	\$ 470	\$ 620
	Present Utility	Proposed	Utility changed	
1-Bedroom	\$ 115	\$ 115	No Change	

Should you have any questions or concerns, you may contact Rural Development. The Rural Development Servicing Office address is:

**USDA, Rural Development
2406 North Tift Avenue, Suite 103
Tifton, Georgia 31794**

You must notify the tenants of Rural Development's approval of the rent and utility allowance changes by posting this letter in the same manner as the "NOTICE TO

Rural Development • Tifton Area Office
2406 North Tift Avenue Suite 103 • Tifton, GA 31794
Voice (229) 382-0273 • TDD (706) 546-2011 • Fax (855) 803-3870

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9952 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

TENANTS OR PROPOSED RENT AND UTILITY ALLOWANCE CHANGE." This notification must be posted in a conspicuous place and cannot be substituted for the usual written notice to each individual tenant.

This approval does not authorize you to violate the terms of any lease you currently have with your tenants.

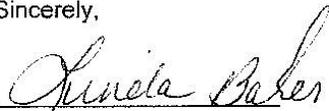
For those tenants receiving rental assistance (RA), their costs for rent and utilities will continue to be based on the higher of 30 percent of their adjusted monthly income or 10 percent of gross monthly income or if the household is receiving payments for public assistance from a public agency, the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

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

You must inform the tenants of their right to request an explanation of the rate and utility allowance change approval decision within 45 days of the date of this notice by writing to State Director, USDA Rural Development, 355 East Hancock Avenue, Athens, Georgia 30601. All tenants are required to pay the changed amount of rent as indicated in the notice of approval.

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

Sincerely,

A handwritten signature in cursive script that reads "Linda Baker". The signature is written in black ink and is positioned above the typed name.

LINDA BAKER
AREA SPECIALIST

Project Name:	ARBOR TRACE APT I
Borrower Name:	ARBOR TRACE APT PH I LP
Borrower ID and Project No:	725432342 01-1
Date of Operation:	04/20/1995

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,608.23

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

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

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH I LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	131,040.00		135,360.00	24 REVENUE PRODUCING UNITS
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	0.00		0.00	
5. Interest Income	0.00		0.00	
6. Tenant Charges	500.00		500.00	
7. Other - Project Sources	0.00		0.00	
8. Less (Vcnyc @ Cntgncy Allw)	-3,931.00		-4,061.00	3%
9. Less (Agency Aprvd Incentv)	0.00		0.00	
10. Sub-Ttl [(1 thru 7)-(8+9)]	127,609.00		131,799.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	22,200.00		22,200.00	
14. Sub-Total (11 thru 13)	22,200.00		22,200.00	
15. Total Cash Sources (10+14)	149,809.00		153,999.00	
Operational Cash Uses				
16. Ttl O&M Exp (From Part II)	93,684.00		94,506.00	
17. RHS Debt Payment	19,299.00		19,299.00	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn In Prior Yr Pyles				
21. Tenant Utility Payments				
22. Transfer to Reserve	12,572.00		14,572.00	
23. RTN Owner/NP Asset Mgt Fee	1,872.00		1,872.00	2016 RTO TO BE PAID IN 2017
24. Sub-Total (16 thru 23)	127,427.00		130,249.00	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-6)	22,200.00		22,200.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	22,200.00		22,200.00	
29. Total Cash Uses (24+28)	149,627.00		152,449.00	
30. Net (Deficit) (15-29)	182.00		1,550.00	
Cash Balance				
31. Beginning Cash Balance	22,349.34		22,531.34	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	22,531.34		24,081.34	

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH I LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

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

PART II - O&M EXPENSE SCHEDULE

1. Maint. @ Repairs Payroll	11,000.00		11,000.00	
2. Maint. @ Repairs Supply	8,000.00		8,000.00	
3. Maint. @ Repairs Contract	0.00		0.00	
4. Painting	1,000.00		1,000.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	11,300.00		11,300.00	775/M + 2000
8. Services	2,540.00		2,540.00	60/M PESTCONTROL+ 820TERMITEBOND +1000BEDEUGCONTINGENCY
9. Cptl Bgt(Part V operating)	0.00		0.00	
10. Other Operating Expenses	130.00		130.00	UA CALC FEE
11. Sub-Ttl O&M (1 thru 10)	33,970.00		33,970.00	
12. Electricity	3,400.00		3,400.00	
13. Water	300.00		300.00	
14. Sewer	300.00		300.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	4,100.00		4,100.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	8,100.00		8,100.00	
19. Site Management Payroll	9,396.00		9,396.00	\$783/M (3% INCREASE)
20. Management Fee	13,536.00		14,112.00	49X24UX12M
21. Project Auditing Expense	4,000.00		4,000.00	
22. Proj. Bookkeeping/Accnting	0.00		0.00	
23. Legal Expenses	400.00		300.00	
24. Advertising	350.00		300.00	
25. Phone @ Answering Service	1,800.00		1,900.00	
26. Office Supplies	1,400.00		1,500.00	
27. Office Furniture @ Equip.	534.00		533.00	28.87/MCCMPSUPPORT+161YARDI+25 EMAILACCT
28. Training Expense	604.00		607.00	
29. Hlth Ins. @ Other Benefits	500.00		1,800.00	
30. Payroll Taxes	2,400.00		1,600.00	
31. Workmans Compensation	550.00		500.00	
32. Other Admin. Expenses	500.00		500.00	PROP TAX CONSULTANT
33. Sub-Ttl Admin (19 thru 32)	35,970.00		37,048.00	
34. Real Estate Taxes	10,200.00		9,800.00	
35. Special Assessments	0.00		0.00	
36. Othr Taxes, Lcnsses, Permts	110.00		110.00	REG. FEES
37. Property @ Liability Ins.	5,184.00		5,328.00	222/U (3% INC)
38. Fidelity Coverage Ins.	0.00		0.00	
39. Other Insurance	150.00		150.00	EPL
40. Sub-Ttl Tx/In (34 thru 39)	15,644.00		15,388.00	
41. Ttl O&M Exps (11+18+33+40)	93,684.00		94,506.00	

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH 1 LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

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

PART III - ACCT BUDGET/STATUS

Reserve Account

1. Beginning Balance	32,121.43		22,493.43	
2. Transfer to Reserve	12,572.00		14,572.00	\$631/M + \$7K ADD'L
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	22,200.00		22,200.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	22,200.00		22,200.00	
8. Ending Balance [(1+2)-7]	22,493.43		14,865.43	

General Operating Account

Beginning Balance				
Ending Balance				

Real Estate Tax And Ins Escrow

Beginning Balance				
Ending Balance				

Tenant Security Deposit Acct

Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	15,215.72
Number of Applicants Needing RA		Amount Ahead/Behind	36,236.25

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH I LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
All	1	All			24	455	605	0	131,040	174,240	0	115
CURRENT RENT TOTALS									131,040	174,240	0	

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

Unit Description					Utility Types					Total Allow
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
All	1	All			75	0	23	0	0	115

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
All	1	All			24	470	620	0	135,360	178,560	0	115
PROPOSED RENT TOTALS									135,360	178,560	0	

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

Unit Description					Utility Types					Total Allow
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
All	1	All			76	0	22	0	0	115

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH I LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	2	4,600.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	0	0.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	2	7,000.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	9,500.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: ARBOR TRACE APT I State: 10 Servicing Office: 605 County: 92
 Borrower Name: ARBOR TRACE APT PH I LP Borr ID: 725432342 Prj Nbr: 01-1 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	22,200.00	0.00	0.00	0.00	0.00	0

Project Name: ARBOR TRACE APT I	State: 10	Servicing Office: 605	County: 92
Borrower Name: ARBOR TRACE APT PH I LP	Borr ID: 725432342	Prj Nbr: 01-1	Paid Code: Active
Classification: A	Fiscal Year: 2017	Version: 01/01/2017 RECEIVED	Totals: By Project Analyzed: N

Part VI - SIGNATURES, DATES AND COMMENTS

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

09/21/2016
(Date Submitted)

INVESTORS MANAGEMENT COMPANY
(Management Agency)

MA734114
(MA#)

(Date)

(Signature of Borrower or Borrower's Representative)

(Title)

Shunda Baker, Area Specialist

 Agency Approval (Rural Development Approval Official):

10/31/2016
(Date)

Project Name: ARBOR TRACE APT I	State: 10	Servicing Office: 605	County: 92
Borrower Name: ARBOR TRACE APT PH I LP	Borr ID: 725432342	Prj Nbr: 01-1	Paid Code: Active
Classification: A	Fiscal Year: 2017	Version: 01/01/2017 RECEIVED	Totals: By Project Analyzed: N

SPVS Comment:
Batched/ II 092016

Narrative:

A) Arbor Trace Phase I Apartments is a 24 unit elderly complex in Lake Park, GA. The property has 24 1-BR units. The property has 24 RA units. The property has good occupancy (over 95%). B) The property is in compliance with its loan agreement and RD regulations. The property is in compliance with its 504 accessibility plan. C) The property's financial status is stable. The 1% reserve is at or ahead of its required balance, however, the actual balance is lower than desired for a property this age. We plan to deposit additional funds into the Reserve Account as cash flow permits, beginning with an additional deposit of \$7000 in 2017. D) There are no changes in project expenses or cash sources for 2017 that exceed the 10% tolerance threshold. Administrative Expenses are 27% of Gross Potential and within the 27% threshold used by the state of Georgia. E) 2017 projected capital expenditures and reserve withdrawals -Replacement of appliances -Carpet and vinyl -HVAC units -Re-roofing 1% Estimate \$22,200 Projected capital needs 2018-2020 -Replacement of appliances -Carpet and vinyl -HVAC units -Exterior painting -Roof repairs Estimate \$30,000 F) The 2017 proposed budget includes a rent increase of \$15 per unit per month. The rent increase is needed due to the projected increases in operating and maintenance expenses. The property is getting older and is more expensive to maintain. We are requesting no change in utility allowance of \$115. We are requesting an increase in the current management fee from \$47 per unit per month to \$49 per unit per month. The property is well maintained and is in stable financial condition. The proposed rental rates are reasonable for the market area. The 1% reserve is at or ahead of its required funding and the property is in compliance with its loan agreement and RD regulations.

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

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

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

Project Name: Arbor Trace Apartments I Borrower Case# /Project ID: 01-1

City/State: Lake Park, Georgia

Acting on behalf of Arbor Trace Apartments, LP, the project borrower (Borrower), and Investors Management Co., the management agent (Agent), make the following certifications and agreements to the United States Department of Agriculture regarding management of the above project.

1. We certify that:

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

(1) Term of Agreement (xx-xx-20xx through xx-xx-20xx): 1/1/2017-1/1/2020

(2) Fees:

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

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

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

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

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

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

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

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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

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

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

Warnings:

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

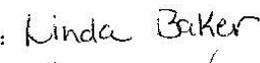
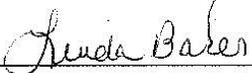
There are fines and imprisonment for anyone who misuses rents and proceeds in violation of Rural Development regulations relative to this project. (Section 543 of the Housing Act of 1949).

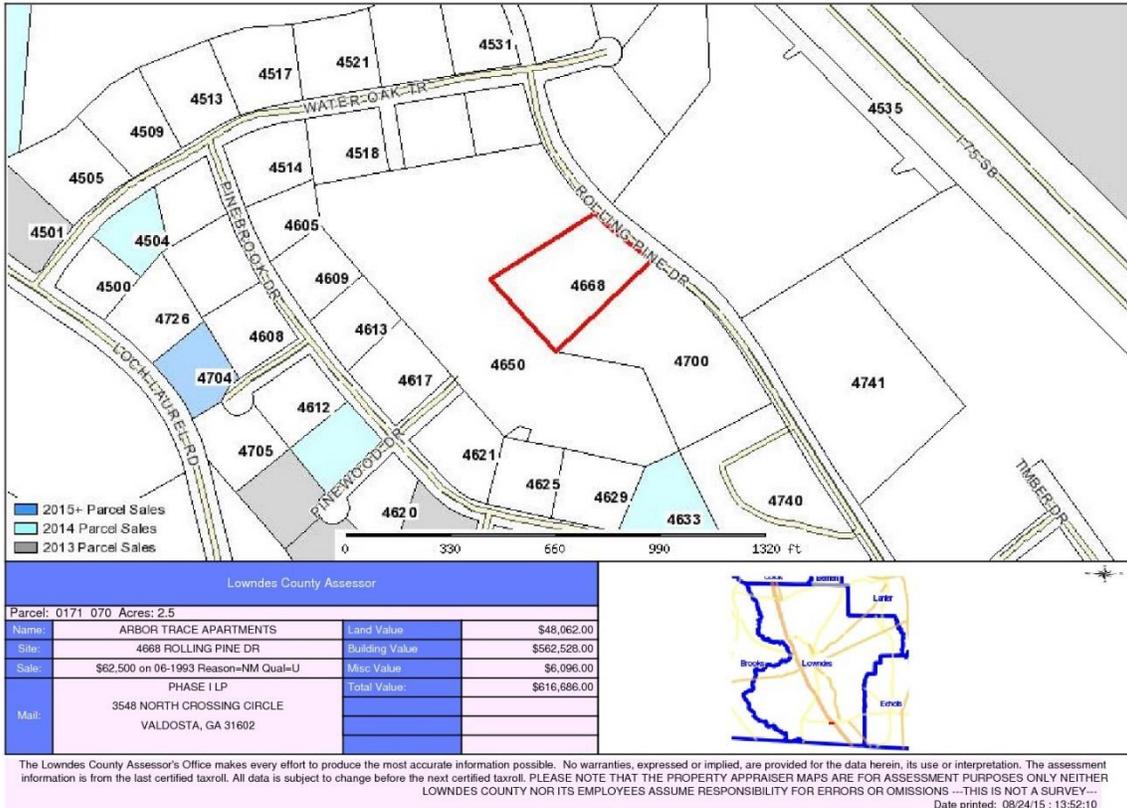
Rural Development may seek a "double damages" civil money damages remedy for the use of assets or income in violation of any Loan Agreement/Resolution or any applicable Rural Development regulations.

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

By Project Borrower: Arbor Trace Apartments, Phase I, LP		
Name/Title: David A. Brown		
Signature:		Date: 09-01-2016

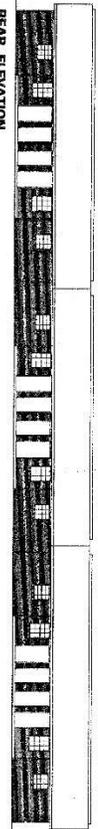
By Management Agent: Investors Management Company		
Name/Title: Becky Watson		
Signature:		Date: 09-01-2016

By Servicing Official:		
Name/Title: Linda Baker		
Signature: 		Date: 10/31/2016

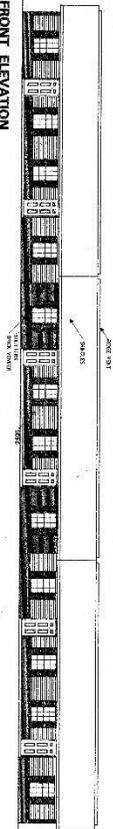


link_Survey

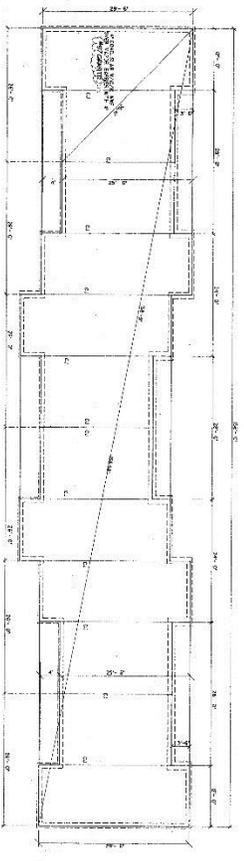
REAR ELEVATION



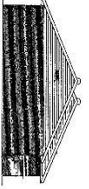
FRONT ELEVATION



FOUNDATION PLAN



END ELEVATION



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ELLIS, RICKET & ASSOCIATES



ELLIS, RICKET & ASSOCIATES
ARCHITECTS
Post Office Box 2917 Valdosta, Georgia 31601 Telephone (912) 742-3556

DATE	NOV 1 1977	
BY	ELLIS, RICKET & ASSOCIATES	
CHECKED		
APPROVED		
SCALE		
PROJECT		
DESCRIPTION		
REVISIONS		
NO.	DATE	DESCRIPTION



ELEVATIONS AND FOUNDATION PLAN
6- ONE-BEDROOM UNITS

FINISH SCHEDULE

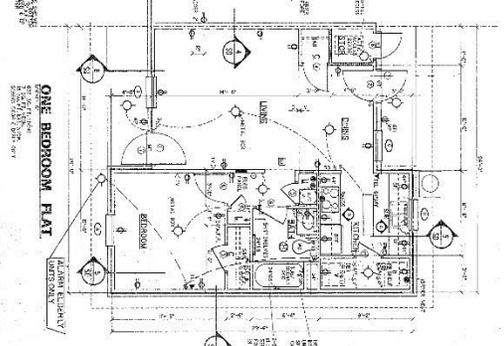
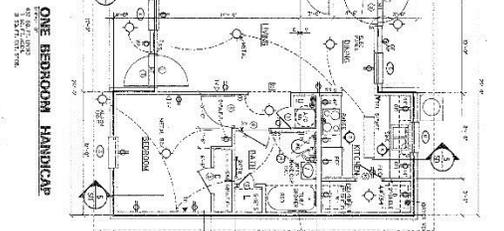
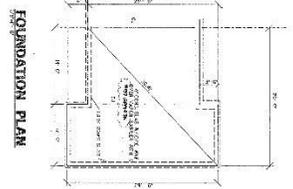
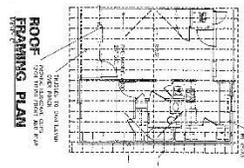
NO.	DESCRIPTION	FINISH
1	CEILING	AC
2	FLOOR	AC
3	WALL	AC
4	DOOR	AC
5	WINDOW	AC
6	BASE	AC
7	TRIM	AC
8	STAIR	AC
9	ROOF	AC
10	MECHANICAL	AC
11	ELECTRICAL	AC
12	PLUMBING	AC
13	PAINT	AC
14	GLASS	AC
15	METAL	AC
16	WOOD	AC
17	CONCRETE	AC
18	BRICK	AC
19	STONE	AC
20	OTHER	AC

DOOR SCHEDULE

NO.	DESCRIPTION	TYPE	FINISH
1	ENTRY	SWING	AC
2	BEDROOM	SLIDING	AC
3	BATH	SWING	AC
4	KITCHEN	SWING	AC
5	CL. (CLOSET)	SWING	AC
6	CL. (CLOSET)	SWING	AC
7	CL. (CLOSET)	SWING	AC
8	CL. (CLOSET)	SWING	AC
9	CL. (CLOSET)	SWING	AC
10	CL. (CLOSET)	SWING	AC
11	CL. (CLOSET)	SWING	AC
12	CL. (CLOSET)	SWING	AC
13	CL. (CLOSET)	SWING	AC
14	CL. (CLOSET)	SWING	AC
15	CL. (CLOSET)	SWING	AC
16	CL. (CLOSET)	SWING	AC
17	CL. (CLOSET)	SWING	AC
18	CL. (CLOSET)	SWING	AC
19	CL. (CLOSET)	SWING	AC
20	CL. (CLOSET)	SWING	AC

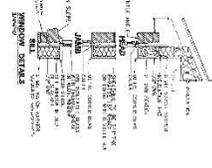
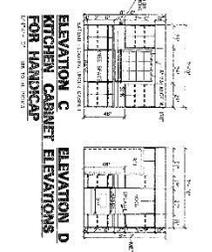
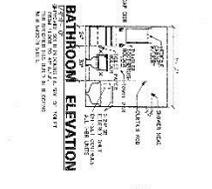
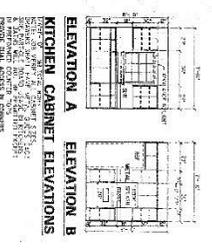
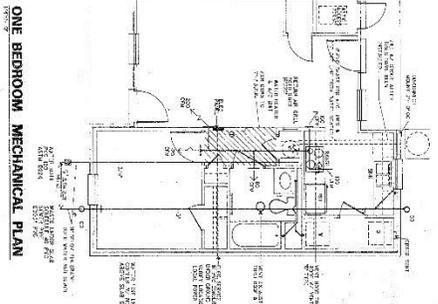
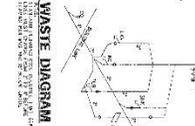
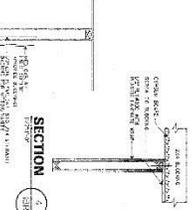
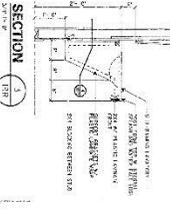
WINDOW SCHEDULE

NO.	DESCRIPTION	TYPE	FINISH
1	ENTRY	FIXED	AC
2	BEDROOM	FIXED	AC
3	BATH	FIXED	AC
4	KITCHEN	FIXED	AC
5	CL. (CLOSET)	FIXED	AC
6	CL. (CLOSET)	FIXED	AC
7	CL. (CLOSET)	FIXED	AC
8	CL. (CLOSET)	FIXED	AC
9	CL. (CLOSET)	FIXED	AC
10	CL. (CLOSET)	FIXED	AC
11	CL. (CLOSET)	FIXED	AC
12	CL. (CLOSET)	FIXED	AC
13	CL. (CLOSET)	FIXED	AC
14	CL. (CLOSET)	FIXED	AC
15	CL. (CLOSET)	FIXED	AC
16	CL. (CLOSET)	FIXED	AC
17	CL. (CLOSET)	FIXED	AC
18	CL. (CLOSET)	FIXED	AC
19	CL. (CLOSET)	FIXED	AC
20	CL. (CLOSET)	FIXED	AC



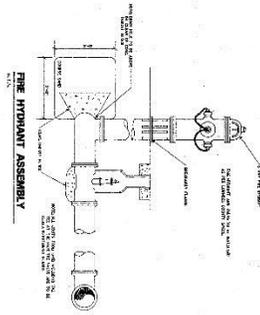
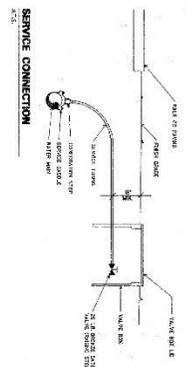
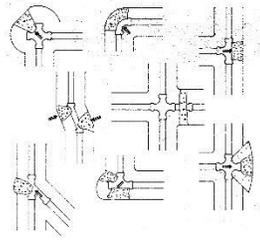
NOTES

1. SEE GENERAL NOTES ON DRAWING SHEET NO. 1.
2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
3. FINISH FLOOR IS 1" ABOVE FINISH GRADE.
4. ALL WALLS ARE 1/2" THICK UNLESS OTHERWISE NOTED.
5. ALL DOORS ARE 2" THICK UNLESS OTHERWISE NOTED.
6. ALL WINDOWS ARE 1/2" THICK UNLESS OTHERWISE NOTED.
7. ALL ROOF PITCHES ARE AS SHOWN.
8. ALL ROOF FINISHES ARE TO BE AS SHOWN.
9. ALL FOUNDATION WALLS ARE TO BE AS SHOWN.
10. ALL FOUNDATION FOOTINGS ARE TO BE AS SHOWN.
11. ALL MECHANICAL AND ELECTRICAL WORK IS TO BE AS SHOWN.
12. ALL PLUMBING WORK IS TO BE AS SHOWN.
13. ALL PAINT WORK IS TO BE AS SHOWN.
14. ALL GLASS WORK IS TO BE AS SHOWN.
15. ALL METAL WORK IS TO BE AS SHOWN.
16. ALL WOOD WORK IS TO BE AS SHOWN.
17. ALL CONCRETE WORK IS TO BE AS SHOWN.
18. ALL BRICK WORK IS TO BE AS SHOWN.
19. ALL STONE WORK IS TO BE AS SHOWN.
20. ALL OTHER WORK IS TO BE AS SHOWN.



REVISIONS

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	10/1/85
2	ISSUED FOR CONSTRUCTION	10/1/85
3	ISSUED FOR RECORD	10/1/85



THRUST BLOCK SCHEDULE

1. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

2. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

3. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

4. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

5. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

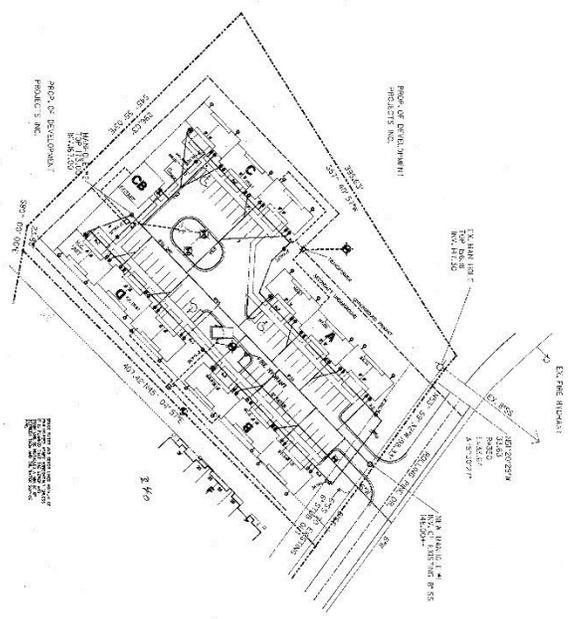
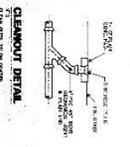
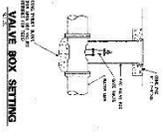
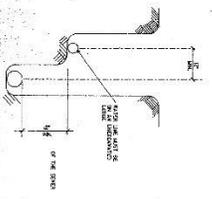
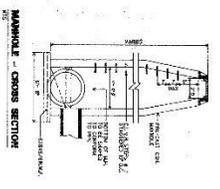
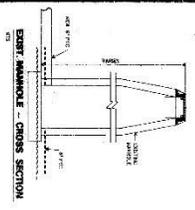
6. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

7. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

8. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

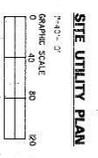
9. 12" DIA. 15' MIN. DIST. FROM END OF PIPE

10. 12" DIA. 15' MIN. DIST. FROM END OF PIPE



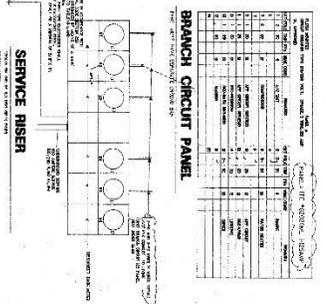
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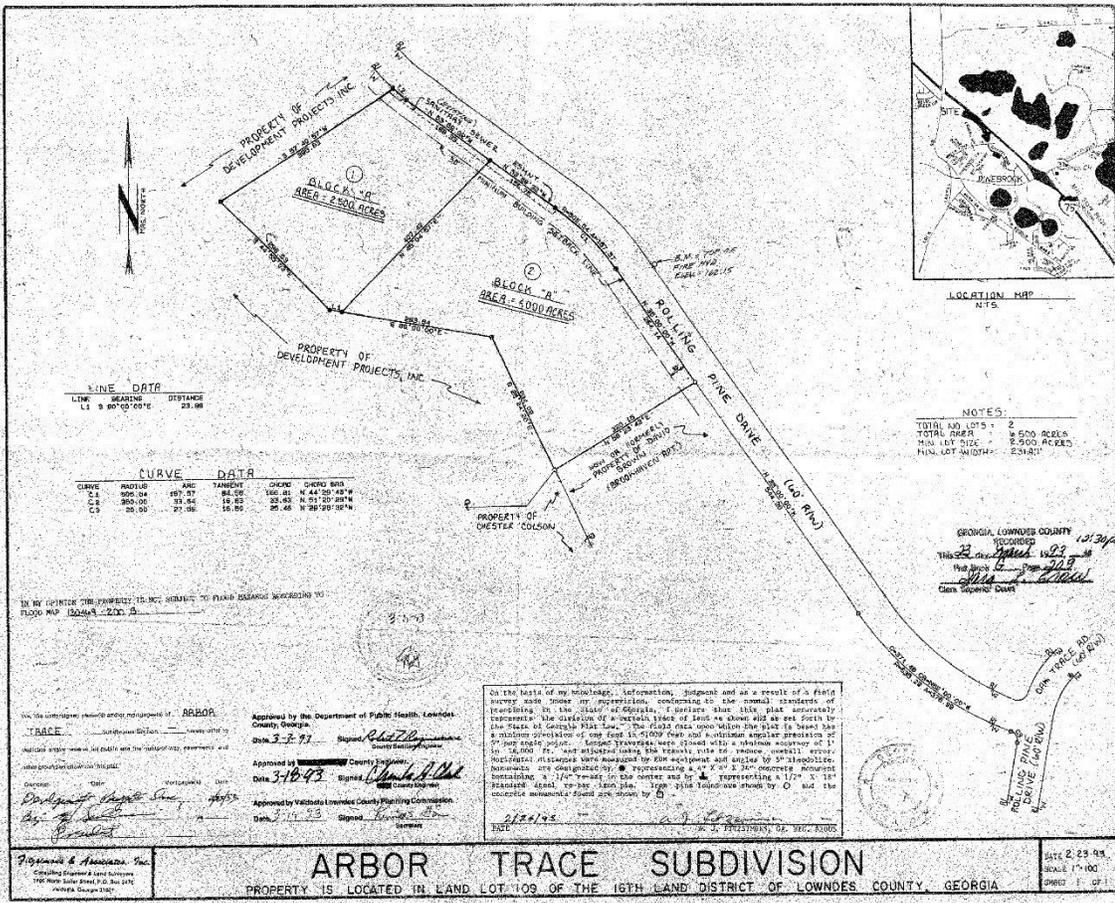
1. SEE THE CITY SPECIFICATIONS FOR THE UTILITY INSTALLATION.
2. THE UTILITY INSTALLATION SHALL BE IN ACCORDANCE WITH THE CITY SPECIFICATIONS.
3. THE UTILITY INSTALLATION SHALL BE IN ACCORDANCE WITH THE CITY SPECIFICATIONS.
4. THE UTILITY INSTALLATION SHALL BE IN ACCORDANCE WITH THE CITY SPECIFICATIONS.



WATER LOSS TEST DATA

TEST NO.	DATE	TIME	TESTER	RESULTS
1	10/15/10	10:00	J. R. RICKET	NO LEAKS DETECTED
2	10/15/10	10:30	J. R. RICKET	NO LEAKS DETECTED
3	10/15/10	11:00	J. R. RICKET	NO LEAKS DETECTED
4	10/15/10	11:30	J. R. RICKET	NO LEAKS DETECTED
5	10/15/10	12:00	J. R. RICKET	NO LEAKS DETECTED
6	10/15/10	12:30	J. R. RICKET	NO LEAKS DETECTED
7	10/15/10	13:00	J. R. RICKET	NO LEAKS DETECTED
8	10/15/10	13:30	J. R. RICKET	NO LEAKS DETECTED
9	10/15/10	14:00	J. R. RICKET	NO LEAKS DETECTED
10	10/15/10	14:30	J. R. RICKET	NO LEAKS DETECTED
11	10/15/10	15:00	J. R. RICKET	NO LEAKS DETECTED
12	10/15/10	15:30	J. R. RICKET	NO LEAKS DETECTED
13	10/15/10	16:00	J. R. RICKET	NO LEAKS DETECTED
14	10/15/10	16:30	J. R. RICKET	NO LEAKS DETECTED
15	10/15/10	17:00	J. R. RICKET	NO LEAKS DETECTED
16	10/15/10	17:30	J. R. RICKET	NO LEAKS DETECTED
17	10/15/10	18:00	J. R. RICKET	NO LEAKS DETECTED
18	10/15/10	18:30	J. R. RICKET	NO LEAKS DETECTED
19	10/15/10	19:00	J. R. RICKET	NO LEAKS DETECTED
20	10/15/10	19:30	J. R. RICKET	NO LEAKS DETECTED
21	10/15/10	20:00	J. R. RICKET	NO LEAKS DETECTED
22	10/15/10	20:30	J. R. RICKET	NO LEAKS DETECTED
23	10/15/10	21:00	J. R. RICKET	NO LEAKS DETECTED
24	10/15/10	21:30	J. R. RICKET	NO LEAKS DETECTED
25	10/15/10	22:00	J. R. RICKET	NO LEAKS DETECTED
26	10/15/10	22:30	J. R. RICKET	NO LEAKS DETECTED
27	10/15/10	23:00	J. R. RICKET	NO LEAKS DETECTED
28	10/15/10	23:30	J. R. RICKET	NO LEAKS DETECTED
29	10/15/10	00:00	J. R. RICKET	NO LEAKS DETECTED
30	10/15/10	00:30	J. R. RICKET	NO LEAKS DETECTED
31	10/15/10	01:00	J. R. RICKET	NO LEAKS DETECTED
32	10/15/10	01:30	J. R. RICKET	NO LEAKS DETECTED
33	10/15/10	02:00	J. R. RICKET	NO LEAKS DETECTED
34	10/15/10	02:30	J. R. RICKET	NO LEAKS DETECTED
35	10/15/10	03:00	J. R. RICKET	NO LEAKS DETECTED
36	10/15/10	03:30	J. R. RICKET	NO LEAKS DETECTED
37	10/15/10	04:00	J. R. RICKET	NO LEAKS DETECTED
38	10/15/10	04:30	J. R. RICKET	NO LEAKS DETECTED
39	10/15/10	05:00	J. R. RICKET	NO LEAKS DETECTED
40	10/15/10	05:30	J. R. RICKET	NO LEAKS DETECTED
41	10/15/10	06:00	J. R. RICKET	NO LEAKS DETECTED
42	10/15/10	06:30	J. R. RICKET	NO LEAKS DETECTED
43	10/15/10	07:00	J. R. RICKET	NO LEAKS DETECTED
44	10/15/10	07:30	J. R. RICKET	NO LEAKS DETECTED
45	10/15/10	08:00	J. R. RICKET	NO LEAKS DETECTED
46	10/15/10	08:30	J. R. RICKET	NO LEAKS DETECTED
47	10/15/10	09:00	J. R. RICKET	NO LEAKS DETECTED
48	10/15/10	09:30	J. R. RICKET	NO LEAKS DETECTED
49	10/15/10	10:00	J. R. RICKET	NO LEAKS DETECTED
50	10/15/10	10:30	J. R. RICKET	NO LEAKS DETECTED
51	10/15/10	11:00	J. R. RICKET	NO LEAKS DETECTED
52	10/15/10	11:30	J. R. RICKET	NO LEAKS DETECTED
53	10/15/10	12:00	J. R. RICKET	NO LEAKS DETECTED
54	10/15/10	12:30	J. R. RICKET	NO LEAKS DETECTED
55	10/15/10	13:00	J. R. RICKET	NO LEAKS DETECTED
56	10/15/10	13:30	J. R. RICKET	NO LEAKS DETECTED
57	10/15/10	14:00	J. R. RICKET	NO LEAKS DETECTED
58	10/15/10	14:30	J. R. RICKET	NO LEAKS DETECTED
59	10/15/10	15:00	J. R. RICKET	NO LEAKS DETECTED
60	10/15/10	15:30	J. R. RICKET	NO LEAKS DETECTED
61	10/15/10	16:00	J. R. RICKET	NO LEAKS DETECTED
62	10/15/10	16:30	J. R. RICKET	NO LEAKS DETECTED
63	10/15/10	17:00	J. R. RICKET	NO LEAKS DETECTED
64	10/15/10	17:30	J. R. RICKET	NO LEAKS DETECTED
65	10/15/10	18:00	J. R. RICKET	NO LEAKS DETECTED
66	10/15/10	18:30	J. R. RICKET	NO LEAKS DETECTED
67	10/15/10	19:00	J. R. RICKET	NO LEAKS DETECTED
68	10/15/10	19:30	J. R. RICKET	NO LEAKS DETECTED
69	10/15/10	20:00	J. R. RICKET	NO LEAKS DETECTED
70	10/15/10	20:30	J. R. RICKET	NO LEAKS DETECTED
71	10/15/10	21:00	J. R. RICKET	NO LEAKS DETECTED
72	10/15/10	21:30	J. R. RICKET	NO LEAKS DETECTED
73	10/15/10	22:00	J. R. RICKET	NO LEAKS DETECTED
74	10/15/10	22:30	J. R. RICKET	NO LEAKS DETECTED
75	10/15/10	23:00	J. R. RICKET	NO LEAKS DETECTED
76	10/15/10	23:30	J. R. RICKET	NO LEAKS DETECTED
77	10/15/10	00:00	J. R. RICKET	NO LEAKS DETECTED
78	10/15/10	00:30	J. R. RICKET	NO LEAKS DETECTED
79	10/15/10	01:00	J. R. RICKET	NO LEAKS DETECTED
80	10/15/10	01:30	J. R. RICKET	NO LEAKS DETECTED
81	10/15/10	02:00	J. R. RICKET	NO LEAKS DETECTED
82	10/15/10	02:30	J. R. RICKET	NO LEAKS DETECTED
83	10/15/10	03:00	J. R. RICKET	NO LEAKS DETECTED
84	10/15/10	03:30	J. R. RICKET	NO LEAKS DETECTED
85	10/15/10	04:00	J. R. RICKET	NO LEAKS DETECTED
86	10/15/10	04:30	J. R. RICKET	NO LEAKS DETECTED
87	10/15/10	05:00	J. R. RICKET	NO LEAKS DETECTED
88	10/15/10	05:30	J. R. RICKET	NO LEAKS DETECTED
89	10/15/10	06:00	J. R. RICKET	NO LEAKS DETECTED
90	10/15/10	06:30	J. R. RICKET	NO LEAKS DETECTED
91	10/15/10	07:00	J. R. RICKET	NO LEAKS DETECTED
92	10/15/10	07:30	J. R. RICKET	NO LEAKS DETECTED
93	10/15/10	08:00	J. R. RICKET	NO LEAKS DETECTED
94	10/15/10	08:30	J. R. RICKET	NO LEAKS DETECTED
95	10/15/10	09:00	J. R. RICKET	NO LEAKS DETECTED
96	10/15/10	09:30	J. R. RICKET	NO LEAKS DETECTED
97	10/15/10	10:00	J. R. RICKET	NO LEAKS DETECTED
98	10/15/10	10:30	J. R. RICKET	NO LEAKS DETECTED
99	10/15/10	11:00	J. R. RICKET	NO LEAKS DETECTED
100	10/15/10	11:30	J. R. RICKET	NO LEAKS DETECTED





By the undersigned engineer and registered in the State of Georgia as a Professional Engineer in the State of Georgia, I hereby certify that I am a duly licensed Professional Engineer in the State of Georgia and that I am the author of this plat and that I am a duly licensed Professional Engineer in the State of Georgia.

Signature: [Signature]
 Date: 3-1-83

Approved by the Department of Public Health, Lowndes County, Georgia.
 Date: 3-2-83
 Signature: [Signature]

Approved by the County Engineer, Lowndes County, Georgia.
 Date: 3-18-83
 Signature: [Signature]

Approved by the Board of Supervisors, Lowndes County Planning Commission.
 Date: 3-14-83
 Signature: [Signature]

Professional Engineer, Inc.
 Civil and Surveying Engineers
 1700 North Lake Street, P.O. Box 2472
 Marietta, Georgia 30067

ARBOR TRACE SUBDIVISION

PROPERTY IS LOCATED IN LAND LOT 109 OF THE 16TH LAND DISTRICT OF LOWNDES COUNTY, GEORGIA

DATE: 2-23-83
 SCALE: 1" = 100'
 SHEET 1 OF 1

2015 REHABILITATION WORK SCOPE

PROJECT NAME: Arbor Trace 1 Apartments	YEAR BUILT: 1995
PROJECT LOCATION: 4668 Rolling Pine Drive Lake Park, Ga. 31636	UNIT COUNT: 24
	GROSS SQUARE FOOTAGE: 15,888

CSI DIVISION		TRADE ITEM	Describe scope: materials, performance specifications	Percentage of total existing to be demoed or replaced	QUANTITY	UNIT (sf, lf, ea, cy, sy, etc.)	UNIT COST	TOTAL (quantity * unit cost)
New Format	Old Format							
24	n/a	Accessibility						\$0
24		convert existing units to UFAS-complaint units	Two 1 Bedroom accessible Units , Demo existing kitchen, bathroom, HVAC, and part of bedroom walls. Demo bathroom concrete floor to relocate plumbing. Relocate laundry room and HVAC closet. Frame new walls, install new plumbing lines, new electrical lines in walls that were moved. Install new drywall, paint and floor covering. Provide one sight and hearing impaired kit to be left in the office for the manager.	65	2	Apts.	17540	\$35,080
24		retrofit existing units for Fair Housing compliance	Blocking missing in bathrooms for Grabbars	100	24	units	265	\$6,360
24		retrofit existing clubhouse to meet UFAS, Fair Housing, & ADA	Refinish Community room cabinets and make the cabinets accessible, replace laundry sink that is not accessible.	100	1	unit	5400	\$5,400
24		retrofit existing site to meet Fair Housing, ADA	84% of the Main Sidewalks cross slope exceeds 2% and must be redone to have a 2% or less cross slope. 146 LF of Main sidewalks have slopes between 5% and 8.33 % and need hand rails added to both sides of the sidewalks. The sidewalk entrance to the office is 10.9% and must be removed and a switch back sidewalk installed. 6 Apartment entrance sidewalks are between 5% and 8.33 % and need handrails installed on both sides of the sidewalk. 3 Handicap parking spaces have a slope greater then 2% slope and cross slope and need to be redone. The Picnic Building has a cross slope of 3.5% and needs to have a cross slope of 2% or less.	34	7314	SF	5.5	\$44,227
		Total (Accessibility)						\$91,067
37	2	Demolition						\$0
37		site						\$0
37		bdg interiors: ceilings, walls, floor, plumbing, HVAC, elec						\$0
37		bdg exteriors: siding, roofing, patios, decks, stairs, breezeways						\$0
35	2	Unusual site conditions (such as lead, asbestos, mold abatement)						\$0
35		lead abatement						\$0
35		asbestos abatement						\$0
35		mold abatement						\$0
30	2	Earth Work						\$0
30		regrade for drainage control	regrade swells, fill and level ponding areas	8	60	LF	45	\$2,700
30		regrade for elimination of erosion situations						\$0
30								\$0
34	2	Landscaping & irrigation						\$0
34		sodding/seeding						\$0
34		trees, shrubs, and annuals	Add native and drought tolerant trees and plants	5	100	Each	85	\$8,500
34		irrigation						\$0
34		tree pruning, root removal						\$0
33	2	Retaining walls						\$0
33	2	Site Improvements						\$0
33		fencing	Repair chain link fencing around Detention pond and property line	25	1	each	3680	\$3,680
33		exterior amenities construction (list each amenity separately)	New Picnic Table, repair pergola, and grill	100	1	each	2450	\$2,450
32	2	Roads (paving)						\$0
32		asphalt paving	Overlay asphalt paving and Restripe	100	19400	SF	2	\$38,800
32	2	Site concrete (curbs, gutters, & sidewalks)						\$0
32		curb & gutter	Repair Cracked Curb and Gutter	5	22	LF	12	\$264
32		sidewalks						\$0
32		Video utilities						\$0
31	2	Site Utilities						\$0
31		water service						\$0
31		fire service						\$0
31		storm water piping						\$0
31		sewer service						\$0
31		electrical service						\$0
31		gas service						\$0
		Total (Land Improvements)						\$56,394

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	20	Fire Walls	145		\$2,900
4		exterior wood decks/patios and rails							\$0
5	6	Finish Carpentry (window sills, wood base, wood paneling, exterior wood trim, shutters, etc)	Replace casing at Ext Doors. Damaged base and wind	19	2245	LF	1.8		\$4,041
5		exterior trim including shutters							\$0
5		interior trim including wood base							\$0
6	7	Waterproofing	Caulk all receptacles, light fixture boxes, windows, doc	100	24	units	160		\$3,840
7	7	Insulation							\$0
7		wall insulation							\$0
7		roof insulation	Boost Attic Insulation to R-38	100	15888	SF	0.39		\$6,196
7		sound insulation							\$0
8	7	Roofing							\$0
8		shingles (or other roofing material)	Replace with 25 year asphalt Shingles	100	229	SQ	250		\$57,250
8		gutters & downspouts							\$0
6	7	Siding/stucco	Repair Damaged Vinyl siding and Vinyl trim	8	664	SF	4		\$2,656
10	8	Doors & hardware							\$0
10		interior doors	Replace interior door units	100	148	each	90		\$13,320
10		exterior doors	Replace exterior door units	100	49	each	390		\$19,110
10		hardware	Replace door Hardware	100	24	each	320		\$7,680
10		Storm Doors	Replace Storm Doors	100	48	each	120		\$5,760
11	8	Windows/glass							\$0
11		Windows	Replace all windows with Low-E, U-Factor 0.35 and SH	100	102	each	330		\$33,660
11		mirrors							\$0
13	9	Drywall							\$0
13		repair and replacement-walls	Repair damaged areas	2.5	398	SF	4		\$1,592
13		repair and placement-ceiling	Repair damaged areas and spray finish	1.8	286	SF	4		\$1,144
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	38	655	SY	18.75		\$12,281
16		wood flooring							\$0
17	9	Painting							\$0
17		exterior walls							\$0
17		interior walls	Semi Gloss Enamel	100	15888	SF	0.75		\$11,916
17		ceilings							\$0
17		doors & trim	Semi Gloss Enamel	100	15888	SF	0.25		\$3,972
17		steel: handrails, stairs, etc	Hand Rails	100	400	LF	5.5		\$2,200
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	USPS certified with parcel Lockers with mail kiosk und	100	1	each	12540		\$12,540
18		stovetop fire suppression	2 per range hood	100	25	units	92		\$2,300
20	11	Cabinets (incl. countertops)							\$0
20		unit kitchens	Refinish Cabinets	100	25	units	880		\$22,000
20		countertops	Replace Countertops	100	25	units	560		\$14,000
20		bathroom vanities	refinish vanities	100	25	units	45		\$1,125
21	11	Appliances							\$0
21		refrigerators	Replace with Energy Star Refrigerator	88	22	Each	705.12		\$15,513
21		stove	Replace Stove	100	25	Each	459.03		\$11,476
21		vent hood	Replace Vent Hood	100	25	Each	84.53		\$2,113
21		dishwasher							\$0
21		microwave							\$0
21		disposables							\$0
22	12	Blinds & Shades	Replace with 2" faux blinds	100	102	each	55		\$5,610
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-fab showers	Repair and refinish bathtubs	100	24	units	200		\$4,800
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							\$0
26		water heaters	Replace	88	22	Each	450		\$9,900
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		100	24	Each	100		\$2,400
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	n/a - GA Power maintained						\$0
29		ceiling fans	included in Light						\$0
29		electrical wiring (within unit)	Replace switches and outlets	100	24	Apts.	450		\$10,800
29		outlets & light switches	Install GFCI outlets in Laundry and kitchen	100	48	Each	50		\$2,400
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	100	Each	50		\$5,000
29		fire alarm system							\$0
29		security alarm system							\$0
29		access control system							\$0
29		camera system							\$0
Subtotal (structures)									\$439,580
Total (Structure & Land Imprvmts & Accessibility)									\$587,041

ADDENDUM C

SECTION 4**ZONING DISTRICTS**

4-1 Establishment of Districts. In order that the purposes of this ordinance as defined in Section 1 may be accomplished, there are hereby established within City of Lake Park the zoning districts identified as follows:

R-1 Single-Family Residential: The purpose of this district is to provide for residential areas restricted to single-family uses with a minimum lot size of one acre, said areas being protected from the effects of higher density and the encroachment of those areas which are incompatible to a low density residential environment.

R-15 Single Family Residential: The purpose of this district is to provide for residential areas restricted to single family uses with a minimum lot size of 15,000 square feet, said areas being protected from the effects of higher density and the encroachment of those areas which are incompatible to a low density residential environment.

R-10 Single Family Residential: The purpose of this district is to provide for residential areas restricted to single family uses with a minimum lot size of 10,000 square feet.

R-6 Multi-Family Residential: The purpose of this district is to provide orderly development of high density residential areas for one family dwellings, with minimum lot sizes of 6,000 square feet for a one family dwelling, said areas being protected from the encroachment of those uses which are incompatible to a desirable residential environment. If developed multi-family housing, the maximum allowable density is 14 units per acre provided water and sewerage is approved by the Lowndes County Health Department.

M-H Manufactured Home Residential: The purpose of this district is to create an area that, in addition to conventional housing, allows manufactured homes as a matter of right in a conventional subdivision. Lots in this district must have a minimum of 10,000 square feet with a community water and sewage disposal system. If such a water and sewage disposal system is not available, all lots must meet the requirements of the Lowndes County Health Department.

R-P Residential Professional: The purpose of this district shall be to create an area in which residential, business, professional, educational, and institutional uses can be compatibly mixed while maintaining a healthful living environment for the residents of the district and at the same time preventing the development of blight and slum conditions.

R-C Cluster Residential: The purpose of this district is to provide areas of sufficient size and reasonable flexibility in land use for the development of a group of structures resulting in an efficient use of land with smaller utility and street systems, thus lowering housing costs. To be considered for this district, property must be located on an approved paved street or road. For a one family dwelling, the minimum lot size shall be 6,000 square feet. If developed multi-family housing, the maximum allowable density is 14 units per acre provided water and sewerage is approved by the Lowndes County Health Department.

MHC Manufactured Home Community: The purpose of this district is to provide for the development of property that is located and planned for manufactured home use. Property developed for this district is to remain under single ownership for rental purposes only. Manufactured Home Communities shall be developed per Section 6-2 of the Zoning Ordinance for City of Lake Park. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

C-C Community Commercial: The purpose of this district is to provide for and protect areas that are convenient to and will service immediately adjacent residential neighborhoods.

C-H Highway Commercial: The purpose of this district is to provide for and encourage the proper grouping and development of highway-oriented uses which include a wide variety of sales and services that will best accommodate the needs of the city and the traveling public in order to reduce highway traffic congestion, traffic hazards or blight. To be considered for this district, properties must be located on major arterial roadways as delineated in the City of Lake Park Thoroughfare Plan.

C-A Adult Commercial: The purpose of this district shall be to provide a reasonable location within the community for the development of adult-oriented businesses including adult entertainment establishments.

M-1 Manufacturing: The purpose of this district shall be to provide and protect areas for those industrial uses which do not create excessive noise, odor, smoke, dust, and which do not possess other objectionable characteristics which might be detrimental to surrounding neighborhoods, or to the other uses permitted in the district.

M-2 Manufacturing: The purpose of this district shall be to provide and protect areas for those industrial uses which cannot comply with the regulations of an M-1 district. To be considered for this classification, properties must be located on an arterial roadway as delineated in the City of Lake Park Thoroughfare Plan. *(Approved by Lake Park Mayor/Council 11-11-03 – P. C. File # LP-2003-05)*

4-2 Zoning Map and Street and Road Classification and Major Thoroughfare Plan. The boundaries of each zoning district are shown on the Official Zoning Map as defined by this ordinance. Said map shall be maintained by the Director of the Planning Commission, certified by the Zoning Administrator, and shall be kept on file in the offices of both the Planning Commission and the Zoning Administrator. Said map is hereby made a part of this ordinance.

The classification of streets and roads within City of Lake Park are shown on a map entitled "Thoroughfare Plan, City of Lake Park, Georgia." This map shall be dated and certified by the Mayor of the City of Lake Park, Georgia. Said map is hereby made a part of this ordinance. Accurate copies of the "Thoroughfare Plan, City of Lake Park, Georgia," shall be on file in the office of the Zoning Administrator or designated official at all times. Said map shall accurately show all map amendments made in accordance with the provisions of this ordinance, and the date when said amendments became effective. It shall be the duty of the Zoning Administrator or designated official to see to it that the "Thoroughfare Plan, City of Lake Park, Georgia" displayed in the office, is kept up-to-date and accurately shows all amendments.

4-3 Interpretation of Zoning District Boundaries. When uncertainty exists with respect to the location of boundaries of any zoning district as shown on the "Zoning Map of Lake Park", the following rules shall apply:

4-3.1 Unless otherwise specifically indicated, where district boundaries are indicated on the zoning map as approximately following the centerline of a street, highway, railroad right-of-way line, stream bed or river bed; such centerlines shall be construed to be such district boundaries.

4-3.2 Boundaries indicated as approximately following platted lot lines shall be construed as following such lot lines.

4-3.3 Where district boundaries are indicated on the zoning map as approximately following the corporate limit line of the city, then such corporate limit lines shall be construed to be such district boundaries.

4-3.4 Where district boundaries are indicated on the zoning map as being set back from a street, road, highway, railroad, stream, or river, and parallel thereto, then such district boundaries unless otherwise specifically indicated, shall be construed as being at the scaled distance from the centerline of such street, road, highway, railroad, stream, or river and as being parallel thereto.

SECTION 5**SCHEDULE OF PERMITTED USES AND DEVELOPMENT STANDARDS**

5-1 Table of Permitted Uses. Within the various zoning districts as indicated on the "Zoning Map of City of Lake Park," no building or structure shall be constructed, erected, or altered except as indicated in the following schedules:

5-1.1 Uses Permitted by Right: Uses permitted as a matter of right are indicated in the following schedule by the letter "X" in the appropriate column.

5-1.2 Special Exceptions: Uses permitted only after special review and approval of the City Council are indicated on the following schedule by the letters "SE" in the appropriate column. Requests to approve a use by Special Exception shall be advertised, reviewed and processed in the same manner as an amendment to the Official Zoning Map as described in Section 12 Amendment. In the event that a rezoning is also necessary for the proposed use, the Special Exception request and rezoning request may be processed and heard in conjunction with each other at the required public hearing. *(Adopted by Lake Park Mayor/Council 4-6-04 – P. C. File # LP-2004-04)* Special Exceptions shall only be approved based on findings by the City Council that:

- a. The proposed use will not be contrary to the purpose of this ordinance.
- b. The proposed use will not be detrimental to the use or development of adjacent properties or the general neighborhood nor affect adversely the health and safety of residents and workers.
- c. The proposed use will not constitute a nuisance or hazard because of the number of persons who will attend or use such facility, vehicular movement, noise or fumes generation, or type of physical activity.
- d. The proposed use will not be affected adversely by the existing uses of adjacent properties; and the proposed use will be placed on a lot of sufficient size to satisfy the space requirements of said use.
- e. The parking and all development standards set forth for each particular use for which a permit may be granted have been met.
- f. Provided that the City Council may impose or require such additional restrictions and standards as may be necessary to protect the health and safety of workers and residents in the community, and to protect the value and use of property in the general neighborhood; and provided that wherever the City Council shall find, in the case of any permit granted pursuant to the provisions of these regulations that any term, condition or restriction upon which such permit was granted are not being complied with, said City Council shall rescind and revoke such permit after giving due notice to all parties concerned and granting full opportunity for a public hearing.
- g. Special Exceptions granted by the City Council shall be valid for 12 months from the date of approval, shall not be transferable except upon written approval of the City Council, or shall be executed within the granted period or become null and void and subject to procedures for resubmission as hereinabove established.

5-1.3 Structural modification of existing residential units shall not exceed 25% of total existing gross floor area on any property rezoned to R-P from R-15, R-10, R-6, and R-C.

LAND USE	ZONING DISTRICT												
	X --- denotes use allowed as a matter of right												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
RESIDENTIAL & RELATED USES													
Accessory Buildings or Uses (Refer to Section 3-9)	X	X	X	X	X	X	X	X	X	X	X	X	X
Accessory Building over Water (Shall not extend more than 26 feet over water measured from high water mark as per survey. Variance to rear yards must be obtained in each case.)	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE
Boarding or Rooming House													
Church or Other Place of Worship: including Sunday School buildings, parish house, convent, nursery school, kindergarten and other related uses on the same premises and operated by the church provided that within an R-15, R-10, R-6 and R-C district: a) The lot size shall be no less than 3 acres; b) any building or structure established with any such use shall have minimum side and rear yard of 50 feet; any lot for a church shall front on an arterial roadway or collector roadway as specified on the Official Street and c) Thoroughfare Plan of the City of Lake Park, Georgia. d) Within R-15 and R-10 districts, parking access shall be separated from adjoining private properties by a distance of at least 20 feet with buffer planting provided thereon.	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE
Dwelling -- Single-family detached, including Residential Industrialized Buildings. (Approved by Lake Park Mayor/Council 1-6-04 -- P. C. File # LP-2003-07)	X	X	X	X	X	X	X	X	X	X	X	X	X
Dwelling -- Two-family			X		X								
Dwelling -- Multi-family			X		X								
Garage Apartment; provided no more than one (1) shall be permitted on a lot with another dwelling and provided such shall be permitted only within a rear yard and provided that the lot on which such use is to be established meets the minimum lot area requirements for a two-family dwelling.	SE	SE	SE	X	SE	X	SE						
Guest House provided no more than one (1) shall be permitted on a lot with another dwelling and provided such shall be permitted only within a rear yard and provided that the lot on which such use is to be established meets the minimum lot area requirements for a two-family dwelling. (Adopted by Lake Park Mayor/Council 6-6-06 -- P. C. File # LP-2006-05)	X	X	X	X	X	X	X	X	X	X	X	X	X
Home Business (Refer to Section 6-6)	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE
Home Occupation (Refer to Section 6-5)	X	X	X	X	X	X	X	X	X	X	X	X	X

LAND USE	ZONING DISTRICT												
	X — denotes use allowed as a matter of right SE --- denotes use allowed only by Special Exception												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
BUSINESS USES (continued)													
Auto Washateria								X	X				
Bait and Tackle Store								X	X		X		X
Bank, Financial Institution, or Offices not specifically listed elsewhere.								SE	X				
Bookbinding, Printing, Engraving, Blueprinting, Photostatting, or Letter Shop								X	X		X		X
Building Contractor and Related Activities such as sale and storage of building supplies and materials. Provided there shall be no outside storage of equipment or materials on the premises including overnight parking of equipment.								X	X		X		X
Building Contractor and Related Activities such as sale and storage of building supplies and materials, provided that outside storage is permitted in a CH district by Special Exception under the following conditions: a) minimum front yard setbacks for storage areas shall be 80 feet or equal to the principal building setback, whichever is greater. b) opaque screening of a nature not injurious to adjoining properties shall be erected on all sides to screen outside storage to a minimum height of 8 feet. Such screening shall be of a quality and design comparable to the principal building.									SE		X		X
Business School									SE	X			
Cabaret, Nightclub, Lounge										X			
Clothing or Dry Goods Store; including shoe store, men's shop, women's shop, variety store and stores of a similar nature.										X			
Club or Lodge (private) other than recreation oriented facilities										X			
Cultural Facilities; libraries, museums, and similar facilities.									SE	X			
Dance School or Studio									SE	X			
Department Store										X			
Drive-in Restaurant											X		
Drive-in Theater											X		
Drug Store									SE	X			
Electrical Repair and similar repair of a heavy commercial nature.										X		X	X
Farmers Market												X	
Feed, Seed, and Insecticides, and Fertilizer Retail Sales												X	

LAND USE	ZONING DISTRICT												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
BUSINESS USES (continued)													
Flower Shop									X	X			
Food Store; including retail bakery, meat market, dairy products, convenience store, and stores of a similar nature.									X	X			
Freight Express Office										X		X	X
Funeral Home								SE	X	X			
Furniture Upholstery Shop									X	X		X	X
Gardens	X	X	X	X	X	X	X	X	X	X			
Glass Sales and Storage									X	X			
Golf Course, provided that: a) It shall be for daytime use only; and b) all greens and fairways shall be setback at least 60 feet from any property line; and c) all structures shall meet minimum setback requirements for single-family residences within the district.	SE	SE	SE	SE	SE	SE	SE	SE	SE	X	X		
Hardware; and similar supplies including hardware store, paint store, and stores of a similar nature.										X	X		
Home Furnishings such as appliance sales and repair, furniture store, and other stores of similar nature										X	X		
Hospitals and Nursing Homes , provided that: a) Any building or structure established with any such use shall have minimum side and rear yard of 50 feet; and, b) the setback shall be 25 feet more than required for other structures within the same district; and, c) the lot upon which any hospital is built shall front on an arterial roadway or collector roadway as specified on the Official Street and Road Classification and Major Thoroughfare Plan of the City of Lake Park, Georgia. d) lot size shall be no less than 3 acres within the R-P zoning district.								SE	X	X			
Family Personal Care Home	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE			
Group Personal Care Home , provided that minimum lot size shall be one acre.			SE	SE	SE	SE	SE	SE	X				
Congregate Personal Care Home , provided that minimum lot size shall be one acre.							SE	SE	X				
Hotel									X	X			
Laboratory Serving Medical and Dental Requirements							SE	SE	X	X			

LAND USE	ZONING DISTRICT												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
	X --- denotes use allowed as a matter of right SE --- denotes use allowed only by Special Exception												
BUSINESS USES (continued)													
Laundrette or Washeteria (self-service)									X	X			
Medical, Dental or Similar Clinic								X	X	X			
Motel or Tourist Home										X			
Music Teaching Studio								SE	X	X			
Neighborhood Drycleaning Plant a) Dry cleaning plants using cleaning systems which make use of solvents rated at above 40 by the Underwriter's Laboratories Inc (ULI) standard of classification known as Class I Systems shall be prohibited; and b) Dry cleaning plants which use cleaning systems which make use of solvents rated at more than 5 but less than 40 according to the ULI Standard Classification known as Class II and Class III Systems, shall not be established in buildings with other occupancy; and c) The building for a dry cleaning plant shall not contain more than 4,000 square feet of floor area inclusive of dry cleaning pick-up facilities within the building; and d) The dry cleaning plant shall be designed to operate in a manner that will not emit smoke, odor, or objectionable waste materials, and which will not produce noise that will carry beyond the walls of the building occupied by such plant; and e) Fuel for operation of equipment shall be smokeless fuel; and f) The applicant for the dry cleaning plant shall certify in writing, at the time of application, that all the above conditions will be met.									X	X			
Newspaper or Magazine Publishing and Distributing													
Nursery School, Daycare Center (with more than 6 children), Kindergarten a) Off-street loading and unloading spaces are supplied; and b) At least 100 feet of outdoor play area is supplied for each child accommodated; and c) The entire play area is enclosed by a fence having a minimum height of at least 4 feet and constructed in such a manner that maximum safety to the children is ensured; and d) Point of business signs and identification signs shall be allowed; provided copy area of sign shall not exceed 2 square feet and that sign shall be attached to principal building. The 2 square-foot sign requirement does not apply for this in a commercial district.									X	X			
Office Equipment Sales and Service													
Pawn Shop													
Personal Service Shop; such as barber/beauty shop, shoe repair, laundry pick-up station, locksmith, gunsmith, and other services of a similar nature. Pest Control; providing no storage of chemicals and materials except in M-1 or M-2 districts. (Adopted by LP Metro Council on 5-2-06)									X	X			
									X	X		X	X

LAND USE	ZONING DISTRICT												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
BUSINESS USES (continued)													
Photography Studio								SE	X	X			
Professional Office to include accountants, architects, attorneys dentists, physicians dentists, physicians, realtors, and offices of a similar nature carried on wholly within a structure and provided that the lot has direct access off a Federal or State highway.	SE	SE	SE	SE	SE	SE		X	X	X			
Radio / TV Studio								SE	X	X		X	X
Radio, TV Tower, Utility Substation; provided all buildings, masts, and other facilities are located at least 200 feet from adjacent property lines on lots within or adjoining residential districts.									SE	SE		X	X
Railroad or Bus Passenger Station										X		X	X
Residential Trailer Sales Room and Sales Lot										X			
Restaurant, Food Catering Service									X	X		X	X
Retail Auto Parts or Tire Store									X	X			
Retail Store, otherwise not covered elsewhere in this section									X	X			
Shell Home Display Yard										X			
Shrubbery Sales									X	X			
Specialty Shop; such as jewelry shop, gift shop, and stores of a similar nature.								SE	X	X			
Taxidermist									SE	X			
Taxi Service									X	X		X	X
Telegraph or Messenger Service									X	X			
Trade School									X	X			
Utility Trailer Rentals and Rent-Alls									X	X		X	X
Vending Machines; located out-of-doors subject to yard and setback requirements for the respective districts (as an accessory use only).							X		X	X		X	X

LAND USE	ZONING DISTRICT												
	X --- denotes use allowed as a matter of right SE --- denotes use allowed only by Special Exception												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
MANUFACTURING, WHOLESALING and INDUSTRY													
Freezer Locker Service, Ice Storage										X		X	X
Greenhouse and Plant Nursery used for the production of plants for sale at either wholesale or retail.									X			X	X
Heavy Manufacturing: any manufacturing, packaging, processing, or handling of materials provided that any uses such as the manufacturing of cement, corrosive acids, bone distillation, drop forge industry, fat rendering, fertilizer manufacturing, organic material reduction, meat processing plants, and the like which produce noise, odors, dust, fumes, fire hazards, or other nuisance features shall be set back not less than 500 feet from any M-2 district boundary.													X
Junk Yard or Auto Graveyard provided that: a) If within 500 feet of a public right-of-way, an 8 foot high solid fence or wall shall be erected to screen storage yard or area from the roads; and b) shall not be located adjacent to any residential zoning district or area developed residential. Allowed only in M-2 zoning district.													X
Light Manufacturing: a) Appliance and electronic device assembly plant including the manufacturing of parts for appliances and electronic devices; and b) manufacturing of food, cosmetic and pharmaceutical products, but not including fish and meat products, sauerkraut, vinegar, yeast, and rendering plants; and c) machine shop and related activities; and d) construction of signs, including painted signs; and e) cooperage; and f) bottling and canning plants; and g) light sheet metal products such as ventilating ducts and eaves; and h) ice manufacturing; and i) laundry, drycleaning, and dyeing plants; and j) musical instruments, toys, novelties, and similar products; and k) ceramic products provided that kilns shall only be by gas or electricity; and l) assembly of products from previously prepared materials; and m) tinsmith and roofing services; and n) other manufacturing processing, packaging, or handling of a similar nature which shall not omit or produce more smoke, noise, odor, dust, vibration or fumes than the uses listed herein.									SE			X	X
Petroleum Bulk Plant (Storage only)										SE		X	X
Truck Terminal										SE		X	X
Warehousing (not related to sales on the premises) - Storage facilities for personal property other than commercial warehousing or storage is permitted in C-H.										X		X	X
Warehousing: storage for personal property — must be wholly contained within a building. (If storage of personal property involves marine equipment (boats, etc.), the maximum height of any structure shall be 35 feet. Any structure for the storage of boats shall be enclosed on 3 sides.)									SE	X		X	X
Wholesaling of a Light Commercial Nature when operated in conjunction with or as part of a retail outlet.									SE	X		X	X

LAND USE	ZONING DISTRICT												
	X --- denotes use allowed as a matter of right SE --- denotes use allowed only by Special Exception												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
SIGNS													
Off-Premise Sign									X	X		X	X
Identification Sign or Bulletin Board	X	X	X	X	X	X	X	X	X	X		X	X
On-Premise Sign (Point of Business Sign) (Not to exceed 2 square feet if associated with Home Occupation) (For Home Business, see section 6-6) (Adopted by Lake Park Mayor/Council 3-9-04 – P. C. File # LO-2003-08)	X	X	X	X	X	X	X	X	X	X	X	X	X
Signs which do not require a permit (Refer to Section 9-6)	X	X	X	X	X	X	X	X	X	X	X	X	X
MISCELLANEOUS													
Adult Entertainment Establishment; provided that, a) No adult entertainment establishment shall advertise its location by signs more than 6 inches in height placed on the front of the building which shall state the name of the business and hours of operation only. b) No adult entertainment establishment shall advertise its location with flashing or other kinds of lights, signs, banners, or other devices, intended to attract the attention of the general public to its location. c) Adult book stores shall maintain all windows in a clear unobstructed manner so as to provide an open and unobstructed view throughout the interior of the book store. d) Adult movie houses shall maintain all windows in a clear and unobstructed manner, so that the entire reception area, lobby, ticket sales area of the theater is open and unobstructed to view by the public from all adjoining public thoroughfares and rights-of-way. e) Adult service establishments (bath houses, etc.) shall maintain all windows in a clear and unobstructed manner, so that the entire reception area, lobby, ticket sales area of the service establishment is open and unobstructed to view by the public from all adjoining public rights-of-way. Armory; for meetings and training of military organizations.										X			
Carnival, Rodeo, Horse Show, or Athletic Event, Community Fair or Other Event of interest to the public										X	X	X	X
Religious Meetings held in a tent or other temporary structure not to exceed 30 days (subject to building code restrictions).												X	X
Temporary Buildings and Storage of Materials (in conjunction with construction of a building), on a lot where construction is taking place or on adjacent lots such temporary uses to be terminated upon completion of construction.	X	X	X	X	X	X	X	X	X	X	X	X	X

5-2 Development Standards. Within the various zoning districts as indicated on the "Zoning Map of the City of Lake Park, Georgia," no building or structure, excluding all signs (see Section 9 for Sign Regulations) shall be constructed or erected except as indicated in the following schedule:

DEVELOPMENT STANDARD	ZONING DISTRICT												
	R-1	R-15	R-10	R-6	M-H	R-C	MHC	R-P	C-C	C-H	C-A	M-1	M-2
Minimum Gross Floor Area Per Dwelling Unit (Sq.Ft.)	1,800	1,200	1,000	800	700	800	+++	800	--	--	--	--	--
Minimum Lot Area For Development (Sq.Ft.)	1 acre	15,000	10,000	6,000**	10,000	6,000**	--	1 acre	--	--	1 acre	--	--
Minimum Lot Width (Feet)	120	100	80	60	80	200	---	60	60	60	150	None	None
Minimum Front Yard Setback (Feet from Centerline of Right-of-way) - Arterial Streets - Collector Streets - Local Streets	80* 70* 60*	80* 65* 55*	80* 65* 55*	80* 65* 55*	80* 65* 55*	80* 70* 60*	--- --- ---	80* 65* 55*	100* 70* 65*	80* 70* N/A	100* 70* N/A	100* 70* N/A	100* 70* N/A
Minimum Side Yard Setback (Feet)	20 ++	10 ++	10	8	10	8	---	10	None +++	None +++	40	None +++	None +++
Minimum Rear Yard Setback (Feet)	40 ++	30 ++	30	30	30	30	---	30	12 ++	12 ++	40	12 ++	12 ++

* Plus ½ any amount which the right-of-way width exceeds 60 feet for residential streets, 70 feet for collector streets, and 80 feet for principal and minor arterials.

** If developed multi-family, the maximum density is 14 units per acre, provided water and sewer is approved by the Lowndes County Health Department.

++ The minimum distance from other property lines to any building over 35 feet in height shall be increased one foot for every 2 feet (or part of 2 feet) of building height greater than 35 feet.

+++ If the adjoining yard is within a residential district, the yard requirements specified in this table shall be increased 10 feet and screening shall be provided as specified in Section 3-15 along the lot line common with the residential lot.

++++ Refer to Section 6-2.

SECTION 6

SPECIAL PROVISIONS FOR CERTAIN USES

6-1 Group Development Projects. Within any district other than R-15 or R-10, any group of buildings constructed on a plot of land not subdivided into customary streets and lots and which will not be so subdivided, intended to be operated under one management or under a condominium-type ownership arrangement, known herein as a group development project.

6-1.1 Minimum Lot Size: The minimum lot size requirement shall be sufficient so that any structure constructed on said lot or groups of lots can be located so as to meet all setback requirements, parking requirements, equal to the total for all uses in the lot, and space requirements for loading and unloading for each proposed use.

6-1.2 Street Access: All principal buildings established as a part of the group development project shall be accessible to emergency or service vehicles.

6-1.3 Setback Requirements: All buildings and structures established as a part of a group development project shall comply with the front yard setbacks and exterior side and rear yard requirements established for the district in which it is located.

6-1.4 Uses Prohibited: Uses are limited to those permitted within the district in which the project is located.

6-2 Manufactured Home Community. Manufactured home communities shall be allowed within the Manufactured Home Community (MHC) Zoning District as a matter of right provided the following requirements are met: *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

a. The minimum size shall be 3 acres.

b. The community shall have minimum side yards of 20 feet and a front yard at least 20 feet greater than that required for other uses permitted in the district. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

c. Each manufactured home shall be connected to an approved water and sewer system. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

d. The minimum lot size for each manufactured home shall be 4,000 square feet with a minimum lot width of 40 feet where lots are served by both public water and public sewer systems. The minimum lot size shall be 7,500 square feet where lots are served by a community water system and a septic tank. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

e. The minimum distance between any two (2) manufactured homes or between any manufactured home and any other building in the community shall be 20 feet. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

f. Each individual manufactured home lot shall have a properly drained and weatherproofed parking space for at least two motor vehicles, designed and built in compliance with Section 7-5 as it pertains to parking stalls. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

g. Each manufactured home lot shall be clearly defined by means of concrete, steel, or iron pipe markers placed at all corners. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

- h.** At least 200 square feet per manufactured home lot not to be a part of required manufactured home lot, shall be provided in one (1) or more locations for community playground and recreation purposes. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*
- i.** Any property line of a manufactured home community behind the frontyard set back which abuts or is within a residential zoning district shall be screened as called for in Section 3-15. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*
- j.** No manufactured home community shall be occupied by a greater number of manufactured homes than that authorized in the approved building and inspection permit. No manufactured home community shall be enlarged or extended unless a separate building permit and a separate final inspection permit have been issued. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*
- k.** Entrance to the community shall be limited to paved streets with at least 60 feet of right-of-way. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*
- l.** No building permit may be issued unless the community layout has been reviewed and approved by the Planning Commission. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*
- m.** An identification sign, including the name of the manufactured home community, and the name of the owner/manager or another designated individual who can act for the owner/manager, measuring not less than 10 square feet and no more than 16 square feet, shall be placed on private property, close to the entrance of the community and readily visible from both directions of the public right-of-way. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-3 Travel Trailer Park. A travel trailer park is permitted in a C-H district as a matter of right subject to the following conditions:

- a.** No travel trailer park shall be located except with direct access to a designated highway, or major or secondary street, with a minimum lot width of not less than 50 feet for that portion used for entrance and exit. No entrance or exit shall be through a residential district, or shall require movement of traffic from the park through a residential district.
- b.** The minimum lot area per park shall be 3 acres.
- c.** Spaces in a travel trailer park may be used by travel trailers provided they shall be rented by the day or week only, and an occupancy of such space shall remain in the same trailer park for a period of not more than 30 days.
- d.** Management headquarters, recreational facilities, toilets, showers, laundry facilities and other uses and structures customarily incidental to operation of a trailer park are permitted as accessory uses in any district in which trailer parks are allowed provided such establishments and the parking area primarily related to their operations shall not occupy more than 10% of the area of the park.
- e.** No space shall be so located that any part intended for occupancy for sleeping purposes shall be within 20 feet of the exterior property line.
- f.** In addition to meeting the above requirements, the travel trailer park site plan shall be accompanied by a certificate of approval of the Lowndes County Health Department.

6-4 Manufactured and Mobile Homes. All manufactured homes not located within a mobile home park shall meet the following requirements: *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.1 No mobile homes shall be permitted within the City Limits of Lake Park. *(Approved by Lake Park Mayor/Council 1-6-04 P. C. File # LP-2003-07)*

6-4.2 Singlewide manufactured homes shall be restricted to Manufactured Home Communities. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.3 All new manufactured homes shall be installed as required by O.C.GA 8-2-160 and 8-2-164. For the purposes of administration of this section, installation shall mean the construction of a foundation system and the placement or erection of a manufactured home on the foundation system. This also includes, without limitation, supporting, blocking, leveling, securing or anchoring such home and connecting multiple or expandable sections of such home. Said installation shall be performed by a person who is able to obtain a license pursuant to the provisions of O.C.GA 8-2-164. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.4 Manufactured homes may only be used as a dwelling unit. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.5 A curtain wall, also known as skirting or underpinning, shall be constructed of masonry material a minimum of four (4) inches thick and shall be un-pierced, except for required minimum ventilation and access so that the area under the home is enclosed to the ground level. Said access shall remain closed when not being used for that purpose. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.6 After placement on the lot and before occupancy, all tongues, axles, transporting lights and other towing apparatus are to be removed from the site. *(Approved by Lake Park Mayor/Council 1-6-04 – P. C. File # LP-2003-07)*

6-4.7 Utility meters shall be mounted directly to the manufactured home, to a pedestal, or to a pole as required by the building and electrical codes as adopted by the City of Lake Park. *(Adopted by Lake Park Mayor/Council 4-6-04 – P. C. File # LP-2004-05)*

6-4.8 At all exterior doors there shall be a landing as required by the building codes as adopted by the City of Lake Park. Said landing shall be constructed in a manner as to be permanently affixed to the ground. *(Adopted by Lake Park Mayor/Council 4-6-04 – P. C. File # LP-2004-05)*

6-4.9 All new manufactured homes shall be situated on the lot so that the conventional front of the home faces the front yard as defined by this ordinance. *(Approved by Lake Park Mayor/Council 4-6-04 – P. C. File # LP-2004-05)*

6-4.10 All new manufactured homes must meet the minimum size requirements for the district in which they are to be located.

6-5 Home Occupation. A home occupation as defined by this ordinance shall be governed by the following requirements:

6-5.1 Home occupations shall be conducted entirely within the principal dwelling, unless the occupation requires off-site work, in which case only administrative functions may be conducted at the premises.

6-5.2 Only residents of the dwelling may be engaged in the home occupation.

6-5.3 The home occupation shall be clearly incidental to the residential use of the dwelling and shall not change the essential residential character of the dwelling.

6-5.4 Except as otherwise stated by this Section, there shall be no exterior evidence of the home occupation, including but not limited to, outside storage of materials or equipment, nor shall such items be displayed in a manner to be viewed from the outside of the dwelling.

6-5.5 No internal or external alterations inconsistent with the residential use of the building shall be permitted.

6-5.6 No machinery or equipment causing noise, smoke, odor, vibration, electrical interference, or other objectionable condition may be used, nor may the occupation otherwise constitute a nuisance in the neighborhood.

6-5.7 Instruction in music and similar subjects shall be limited to two (2) students at a time.

6-5.8 No more than two (2) vehicles used in conjunction with the home occupation shall be allowed, provided that any vehicles of 7,500 pounds or greater gross vehicle weight capacity (gvwc) shall be parked in the rear yard.

6-5.9 Unless otherwise specified, there shall be no more than one (1) client or customer on the premises at any one time.

6-5.10 Signs for Home Occupations shall be limited to one (1), shall be mounted on the wall of the primary building and shall also follow the guidelines set forth in Section 5-1 of this ordinance. *(Approved by Lake Park Mayor/Council 3-9-04 – P. C. File # LP-2003-08)*

6-5.11 No variances shall be considered to the above criteria and any occupation that does not meet the above criteria shall be considered a Home Business, if it meets the Home Business restrictions.

6-6 Home Business. A home business as defined by this ordinance shall be allowed by Special Exception only, and be governed by the following restrictions:

6-6.1 Home businesses shall conform to the restrictions of the Home Occupation regulations Sections 6-5.3, 6-5.5, and 6-5.8 as it pertains to the property.

6-6.2 Accessory buildings used for home businesses shall be subject to all applicable accessory structure standards.

6-6.3 A sign for a Home Business shall be allowed as a matter of right provided that the sign is no more than two (2) square feet in size and is mounted to the wall of the primary building. Other types of signage may be allowed by Special Exception, which may be done in conjunction with the Home Business approval if included within the proposal. The total number of signs shall not equal more than one (1) per Home Business. No sign shall be approved that is larger than 2 square feet, except where located on an arterial street where a sign up to 12 square feet may be approved. No variances shall be considered to this subsection. *(Approved by Lake Park Mayor/Council 3-9-04 – P. C. File # LP-2003-08)*

SECTION 7**OFF-STREET PARKING AND SERVICE REQUIREMENTS**

7-1 Scope of Provisions. Except as provided in this section, no application for a building permit shall be approved unless there is included with the plan for such building, improvements, or use, a plat plan showing the required space reserved for off-street parking and service purposes. Occupancy shall not be allowed unless the required off-street parking and service facilities have been provided in accordance with those shown on an approved plan.

7-2 Parking Spaces Shall Not Be Reduced. Off-street parking spaces shall not be reduced below the minimum required number for the use or facility to which they are assigned.

7-3 Drainage, Construction, and Maintenance. All off-street parking, loading, and service areas shall be drained so as to prevent damage to abutting properties and/or public streets and shall be constructed of asphalt, concrete or equivalent material which will assure a surface resistant to erosion. All such areas shall be at all times maintained at the expense of the owners thereof in a clean, orderly, and dust-free condition.

7-4 Separation from Walkways, Sidewalks, and Streets. All off-street parking, loading, and service areas shall be separated from walkways, sidewalks, and streets by curbing or other suitable protective device.

7-5 Parking Area Design. Parking stalls shall have a minimum width of 8½ feet and length of 20 feet. There shall be provided adequate interior driveways to connect each parking space with a public right-of-way. Interior driveways shall be at least 24 feet wide where used with 90 degree angle parking, at least 18 feet wide where used with 60 degree angle parking, at least 12 feet wide where used with 45 degree parking, and at least 12 feet wide for one-way traffic movement, and at least 24 feet wide for two-way traffic movement.

7-6 Zoning for Parking Facilities. Parking required for, or storage parking for a principal use must be located in the same zone required for the principal use, i.e., commercial vehicles or customers of a commercial use must park in a commercial district.

7-7 Number of Parking Spaces. In order to assure a proper and uniform development of public parking areas throughout the area of jurisdiction of this ordinance, to relieve traffic congestion on the streets, and to minimize any detrimental effects on adjacent properties, off-street parking space shall be provided and maintained as called for in the following schedule, the requirements shall be the same as for a similar use as mentioned herein. Parking requirements for additions to existing uses shall be based upon the new addition even if the existing use is deficient. Each off-street parking space shall be clearly marked, and directional arrows or signs shall be provided wherever necessary. Markers, directional arrows, and signs shall be properly maintained so as to ensure their maximum efficiency. There shall be adequate provision for handicap parking in accord with current regulations.

LAND USE	PARKING SPACES
Apartment and Multi-family Dwelling	Two (2) spaces for each dwelling unit.
Auditorium, Stadium, Assembly Hall, Gymnasium, Theater, Community Recreation Center, Church	(a) One (1) space per 4 fixed seats in largest assembly room , or (b) one (1) space for each 40 square feet of floor area available for the accommodation of movable seats in the largest assembly room or combination of fixed and movable seats, or (c) one (1) space per each 150 square feet of gross floor area; whichever is greatest.
Automobile Service Station	One (1) space (in addition to service area) for each pump and grease rack and one (1) space for each two (2) employees during period of greatest employment but not less than 4 spaces.
Automobile Sales and Repair, Service Stations and Auto Washerterias	Same as Section 7-7.3 above plus one (1) space for each 500 square feet of gross floor area of the shop or washerteria.
Bowling Alley	Four (4) spaces per alley plus requirements for any other use associated with the establishment such as a restaurant, etc.
Club or Lodge	One (1) space for each two (2) employees plus one (1) space for each 200 square feet of gross floor area within the main assembly area plus additional spaces for other uses permitted within the premises.
Combined Use	Parking spaces shall be the total of the spaces required for each separate use established by this schedule.
Dance School	One (1) space for each employee plus one (1) space per 150 square feet of gross floor area plus safe and convenient loading and unloading of students.
Fraternity or Sorority or College Dormitories	One (1) parking space for each two (2) residents and one (1) space for each two (2) employees.
Golf Course	Two (2) spaces for each hole and one (1) space for each two (2) employees plus requirements for any other use associated with the golf course.
High Schools, Trade Schools, Colleges and Universities	One (1) space for each two (2) teachers, employees, and administrative personnel plus safe and convenient loading of students plus 5 spaces for each classroom.
Hospital or Care Home	One (1) space for each 3 beds plus one (1) space for each two (2) employees (nurses, attendants, etc.) plus one (1) space for each staff or visiting doctor.
Hotel	One (1) space for each 3 guest rooms, suites, or units plus one (1) space for each two (2) employees.
Indoor and Outdoor Recreational Areas (Commercial), YMCA and Similar Uses	(a) One (1) space for each 150 square feet of gross floor, building, ground area, or combination devoted to such use; or (b) one (1) space per each 4 seats or facilities available for patron use; whichever is greatest.
Industrial or Manufacturing Establishment or Warehouse	One (1) space for each 300 square feet of the gross floor area, plus one (1) space for each two (2) employees.
Kindergarten and Nursery Schools	One (1) space for each 300 square feet of the gross floor area, plus one (1) space for each two (2) employees.

Motel	One (1) space for each unit plus one (1) space for each two (2) employees.
Office, Professional Building, or Similar Use	One (1) space for each 300 square feet of the gross floor area, plus one (1) space for each two (2) employees.
One-Two Family Dwelling	One (1) space per each unit (residential driveways will satisfy this need).
Personal Service Establishment	One (1) space for each 200 square feet of gross floor area, but not less than two (2) spaces for each employee.
Restaurant or Place Dispensing Food, Drink, or Refreshments	One (1) space for each two (2) seats plus one (1) space for each two (2) employees on shift of greatest employment.
Schools, Elementary	One (1) space for each teacher, one (1) space for each two (2) employees and administrative personnel, and one (1) space for each classroom, plus safe and convenient loading and unloading of students.
Swimming Pool to be Used by the Public	One (1) space for every 200 square feet of water surface area plus requirements for additional uses in association with the establishment such as a restaurant, etc.
Shopping Center	One (1) space for every 200 square feet gross floor area.
Travel Trailer or Mobile Home Park	One (1) space for each trailer stall plus one (1) space for each two (2) employees.
Retail Stores of All Types Not Mentioned Otherwise	One (1) space per 200 square feet of gross floor area.
Wholesale Establishment	One (1) space for each employee plus sufficient spaces to accommodate vehicles used in the conduct of the business.
Adult Entertainment Establishments	One (1) parking space per 100 square feet of gross building area or one (1) for each 3 customer seats, whichever is greater.

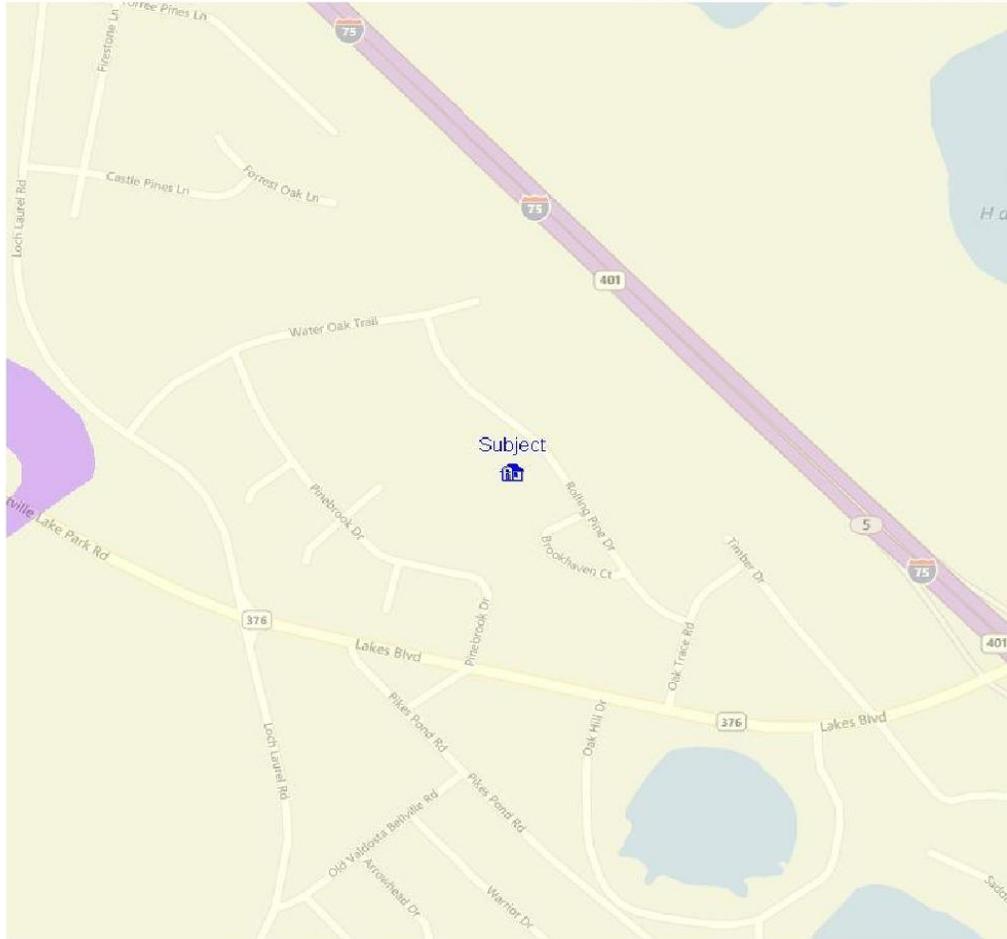
(Adopted by Lake Park Mayor/Council 11-11-03 – P. C. File # LP-2003-05)

ADDENDUM D

STDB

You are currently logged in as: (CUSTID_17921) on 19-Feb-2016

4700 Rolling Pine Drive, Lake Park, GA
4700 ROLLING PINE DR, LAKE PARK, GA



MAP DATA

Map Number : 13185C0350E

Panel Date : September 26, 2008

FIPS Code : 13185

Census Tract : 0114.03

Geo Result : **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

JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

46665603

SAMUEL TODD GILL

258907
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

ORIGINALLY LICENSED

02/08/2003

END OF RENEWAL
08/30/2018



LYNN DEMPSEY
Real Estate Commissioner

46665603

SAMUEL TODD GILL

258907
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

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State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



LYNN DEMPSEY
Real Estate Commissioner

46665603

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

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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

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The Appraiser as Expert Witness

McKissock, Inc.

Current Issues in Appraising

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2011 ValExpo: Keynote-Valuation Visionaries

Van Education Center/Real Estate

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Risky Business: Ways to Minimize Your Liability

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Introduction to the Uniform Appraisal Dataset

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Mold Pollution and the Appraiser

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McKissock, Inc.

Foundations in Sustainability: Greening the Real Estate and Appraisal Industries

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Mortgage Fraud

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The Nuts and Bolts of Green Building for Appraisers

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The Cost Approach

McKissock, Inc.

Pennsylvania State Mandated Law for Appraisers

McKissock, Inc.

Michigan Appraisal Law

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Modern Green Building Concepts

McKissock, Inc.

Residential Appraisal Review

McKissock, Inc.

Residential Report Writing: More Than Forms

McKissock, Inc.

2-4 Family Finesse

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Appraisal Applications of Regression Analysis

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Supervisor-Trainee Course for Missouri

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The Thermal Shell

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Online Data Verification Methods

Appraisal Institute

Online Comparative Analysis

Appraisal Institute

Advanced Hotel Appraising - Full Service Hotels

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Appraisal of Fast Food Facilities

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Appraisal Review for Commercial Appraisers

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Exploring Appraiser Liability

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