

**Appraisal Report\***

**For**

**An Existing Senior Apartment Complex**

**Called**

**Fox Chase II Apartments  
11 Fox Chase Circle  
Greensboro, Georgia 30642**

**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 15, 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: Fox Chase II Apartments  
11 Fox Chase Circle  
Greensboro, Georgia 30642  
"As Is" and "As Stabilized" Appraisal Report  
As of May 15, 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 Fox Chase II Apartments. The site contains approximately 3.21 acres. The subject is improved with six garden one-story buildings containing 33 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; the prospective market value at loan maturity – market rents. The property interest being appraised is the fee simple interest. The function of this appraisal is to aid the client, Investors Management Company, Georgia Department of Community Affairs and United States Department of Agriculture, Rural Development in the decision-making process involved in evaluating the value of the subject property.

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

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

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

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

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

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

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 15, 2017, is as follows.

**ONE MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS**

**\$1,370,000**

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 15, 2017, is as follows.

**EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**\$875,000**

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 15, 2017, is as follows.

**EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**\$875,000**

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

**ONE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS**  
**\$1,640,000**

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

**ONE MILLION EIGHT HUNDRED SIXTY THOUSAND DOLLARS**  
**\$1,860,000**

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 15, 2017, is as follows:

**THREE HUNDRED EIGHTY THOUSAND DOLLARS**  
**\$380,000**

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 15, 2017, is as follows:

**THREE HUNDRED THIRTY SIX THOUSAND DOLLARS**  
**\$336,000**

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 15, 2017, is as follows:

**SIX HUNDRED NINETY FIVE THOUSAND DOLLARS**  
**\$695,000**

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 654 square feet one-bedroom units of the subject property, as of May 15, 2017, is as follows:

**FIVE HUNDRED FIFTY DOLLARS**  
**\$550.00**

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

**SIX HUNDRED DOLLARS**  
**\$600.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 796 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SEVEN HUNDRED FIFTEEN DOLLARS**  
**\$715.00**

*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 15, 2017, is as follows.

**EIGHTY SEVEN THOUSAND DOLLARS**  
**\$87,000**

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 15, 2017, is as follows.

**ONE MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS**  
**\$1,370,000**

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 15, 2017, is as follows.

**EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**\$875,000**

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

**ONE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS**  
**\$1,640,000**

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

**ONE MILLION EIGHT HUNDRED SIXTY THOUSAND DOLLARS**  
**\$1,860,000**

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.

**FOUR MILLION FOUR HUNDRED FIFTY FOUR THOUSAND DOLLARS**  
**\$4,454,000.00**

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 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** Fox Chase II Apartments

**Location** 11 Fox Chase Circle, Greensboro, Greene County, Georgia 30642

**Current Owner** Greensboro Properties L.P. Phase II.

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

**Total Land Area** 3.21 acres or 139,828+/- square feet

**Floodplain Hazard** According to RiskMeter, Flood Map Number 13133C0183B, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

**Zoning** According to the City of Greensboro, the subject is zoned RM, Residential Multifamily District. The subject is a legal, conforming use.

**Property Description** The subject is improved with six garden one-story buildings containing 33 units and one accessory building. The net rentable area is approximately 21,724 square feet. The gross building area, according to the Greene County Assessor's Office, is 22,570 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	32	654	20,928
2/1	1	796	796
	<b>33</b>		<b>21,724</b>

**Real Estate Taxes** \$2,735.34 for 2016      **Parcel Numbers** 087000009C and 0870000090

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

**Date of Inspection** May 15, 2017      **Date of Report** September 20, 2017

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

**EXECUTIVE SUMMARY VALUES**

<b>Cost Approach</b>	<b>\$905,000 (As Is Restricted)</b> <b>\$1,360,000 (As Is Market)</b> <b>\$1,540,000 (As Stabilized Restricted)</b> <b>\$1,540,000 (As Stabilized Market)</b>
<b>Income Approach</b>	<b>\$875,000 (As Is Restricted)</b> <b>\$1,370,000 (As Is Market)</b> <b>\$1,860,000 (As Stabilized Restricted)</b> <b>\$1,640,000 (As Stabilized Market)</b>
<b>Sales Comparison Approach</b>	<b>Not Developed (As Is Restricted)</b> <b>\$1,405,000 (As Is Market)</b> <b>Not Developed (As Stabilized Restricted)</b> <b>\$1,550,000 (As Stabilized Market)</b>
<b>Value of Land</b>	<b>\$87,000</b>
<b>Value of Existing 515 Loan</b>	<b>\$380,000</b>
<b>Value of Proposed 515 Loan</b>	<b>\$336,000</b>
<b>Value of Low Income Housing Tax Credits</b>	<b>\$695,000</b>
<b>Insurable Value</b>	<b>\$1,265,000</b>
<b>Market Value at Loan Maturity - Market</b>	<b>\$4,128,000</b>
<b>As Is Market Rent (CRCU)</b>	
<b>One-Bedroom with 654 SF</b>	<b>\$550.00</b>
<b>As Complete Market Rent (CRCU)</b>	
<b>One-Bedroom with 654 SF</b>	<b>\$600.00</b>
<b>Two-Bedroom with 796 SF</b>	<b>\$715.00</b>

## CERTIFICATION

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

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial and unbiased professional analyses, opinions and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ◆ I have performed services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. I have previously completed a market study and an appraisal in August 2015 and again in April 2016.
- ◆ I have no bias with respect to the property that is the subject of the report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- ◆ Jamie Cox and Caroline Borgini inspected the interior and exterior of the subject property and inspected the exteriors of the properties used as comparables in this report. Samuel T. Gill inspected the exterior of the property that is the subject of this report.
- ◆ No one provided significant professional assistance to the person signing this report.
- ◆ The appraiser retained by the lender inspected the subject property.



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

## **SCOPE OF WORK**

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

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

- ◆ Samuel T. Gill, a State Certified General Real Estate Appraiser, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this appraisal.
  - On May 15, 2017, Jamie Cox and Caroline Borgini, Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Samuel T. Gill, State Certified Real Estate Appraiser, also inspected the exterior. Jamie Cox and Caroline Borgini inspected all common areas and at least one unit of each varying type.
  - Jamie Cox and Caroline Borgini and Samuel T. Gill researched comparable apartment rental activity in the subject market and competing locations. The research retrieve data from several of the following: internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers and the appraiser's office files.
  - During the week of May 15, 2017, Jamie Cox and Caroline Borgini inspected the exterior of each comparable property used in the analysis.
  - During the verification process, Samuel T. Gill or one of his associates talked with the managers or leasing agents of the comparable properties, to confirm all data and to collect additional information about each comparable, including size, age, amenities, occupancy rates and general market information. Whenever possible, floor plans and brochures were obtained, which describe the comparable properties unit size, feature and amenities.
  - Samuel T. Gill completed all data and adjustments on the analysis and determined all value conclusions determined in the appraisal.

## INTRODUCTION

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

The property appraised is the land and improvements known as Fox Chase II Apartments. The site is located at 11 Fox Chase Circle, Greensboro, Greene County, Georgia.

### **Legal Description**

See Addendum A.

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

According to the Greene County Assessor's Office, the property is owned by Greensboro Properties L.P. Phase II. 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 Greensboro Properties L.P. Phase II (seller) and Fox Chase II Greensboro, 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 15, 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 Greensboro, the Greene County Recorder; the Greene County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; Walkscore; ESRI Business Information Solutions; and Nielsen Claritas and Ribbon Demographics.

### **Area and Neighborhood Analyses**

Primary data was gathered pertaining to the subject neighborhood and the area during the week of May 15, 2017, to May 19, 2017. This information was analyzed and summarized in this report. Area data was obtained from the City of Greensboro; the Greene County Recorder; the Greene 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 Greensboro and the surrounding area. Market data on improved sales and leased properties were obtained from Greensboro 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 Greensboro, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Greensboro, Greene County, Georgia, which were leased.

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

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

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

### **Summary**

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

### **Estimated Marketing Time**

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

## **Definition of Terms**

### **Market Value**

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of U.S. cash dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

### **Market Value, Subject to Restricted Rents**

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

It considers any rent limits, rent subsidies, expense abatements or restrictive-use conditions imposed by any government or non-government financing sources but does not consider any favorable financing involved in the development of the property.<sup>2</sup>

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

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

### **“As-Is” Value**

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.<sup>3</sup>

### **Prospective Value**

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

### **Investment Value**

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

### **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

### **Leased Fee Estate**

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

### **Leasehold Estate**

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

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

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

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

**Replacement Cost**

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

**Reproduction Cost**

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

**Contract Rent**

The actual rental income specified in a lease.

**Market Rent**

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

**Excess Rent**

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

**Percentage Rent**

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

**Overage Rent**

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

**Special Purpose Property**

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

## **Special Limited Conditions and Assumptions**

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

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

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

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

### **3. Confidentiality**

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

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

### **4. Information Used**

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

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

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

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

#### **6. Exhibits**

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

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

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

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

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

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

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

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

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

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

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

## **8. Legality of Use**

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

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

#### **9. Component Values**

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

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

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

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

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

#### **12. Inclusions**

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

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

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

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

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

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

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

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

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

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

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

#### **16. Fee**

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

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

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

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

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

**19. Hypothetical Conditions\***

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

**20. Extraordinary Assumptions\***

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

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

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

**22. Review**

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

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

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

**DESCRIPTIVE SECTION**

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

The following data on the City of Greensboro and Greene 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 Greensboro is located in Greene County which is located in the northeastern portion of Georgia. Nearby cities include Union Point, Woodville, Washington and Madison. Greene County has the following borders: North – Oconee County; East – Oglethorpe and Tallaferro Counties; South – Hancock County; and West – Putnam and Morgan Counties.

### **Utilities**

The City of Greensboro provides water and sewer services to the residents of the city. Rayle Electric Membership Corporation provides electricity services. Natural gas services are provided by Atlanta Gas Light. Basic telephone service is provided by AT&T Georgia.

### **Health Care**

St. Mary's Good Samaritan Hospital is a health care facility located in Greensboro that serves the residents of the city and the surrounding area. Additional health care and medical facilities nearby include Morgan Memorial Hospital, approximately 22 miles from the city in Madison; and Putnam General Hospital in Eatonton, approximately 23 miles from the city and St. Mary's Hospital and Athens Regional Medical Center, both located in Athens, approximately 33 miles from Greensboro.

### **Transportation**

Major highways in Greene County include Interstate 20; U.S. Highway 278; and State Highways 12, 15, 44, 77 and 402. Greensboro is home to the Greene County Regional Airport and Smith Airport. Athens-Ben Epps Airport is approximately 26 miles from the city in Athens.

**Population and Employment Statistics**

CENSUS: 2015

	City	County	State
<b>Population</b>	3,405	16,331	10,006,693
<b>Households</b>	1,256	6,707	3,574,362
<b>Renter Occupied</b>	830	1,887	1,310,665

**LABOR STATISTICS**

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
<b>2005</b>	6,639	6,156	483	7.3
<b>2010</b>	6,412	5,567	845	13.2
<b>March 2017</b>	6,941	6,586	355	5.1

STATE				
	Labor Force	Employment	Unemployment	Unemployment Rate
<b>2005</b>	4,586,427	4,341,229	245,198	5.3
<b>2010</b>	4,696,692	4,202,061	494,631	10.5
<b>March 2017</b>	5,003,700	4,747,227	256,473	5.1

**Major Employers**

Major employers for the area are as follows:

MAJOR EMPLOYERS	
Name	Total Employees
Daniel Corporation, Reynolds Plantation	645
The Ritz-Carlton Lodge, Reynolds Plantation	472
Greene County Board of Education	390
Nibco	184
Green County Board of Commissioners	178
St. Mary's Good Samaritan Hospital	140
Novelis, Inc.	130
Publix Supermarket	121

*Source: Green County Economic Development Department*

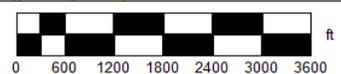
**Summary and Conclusions**

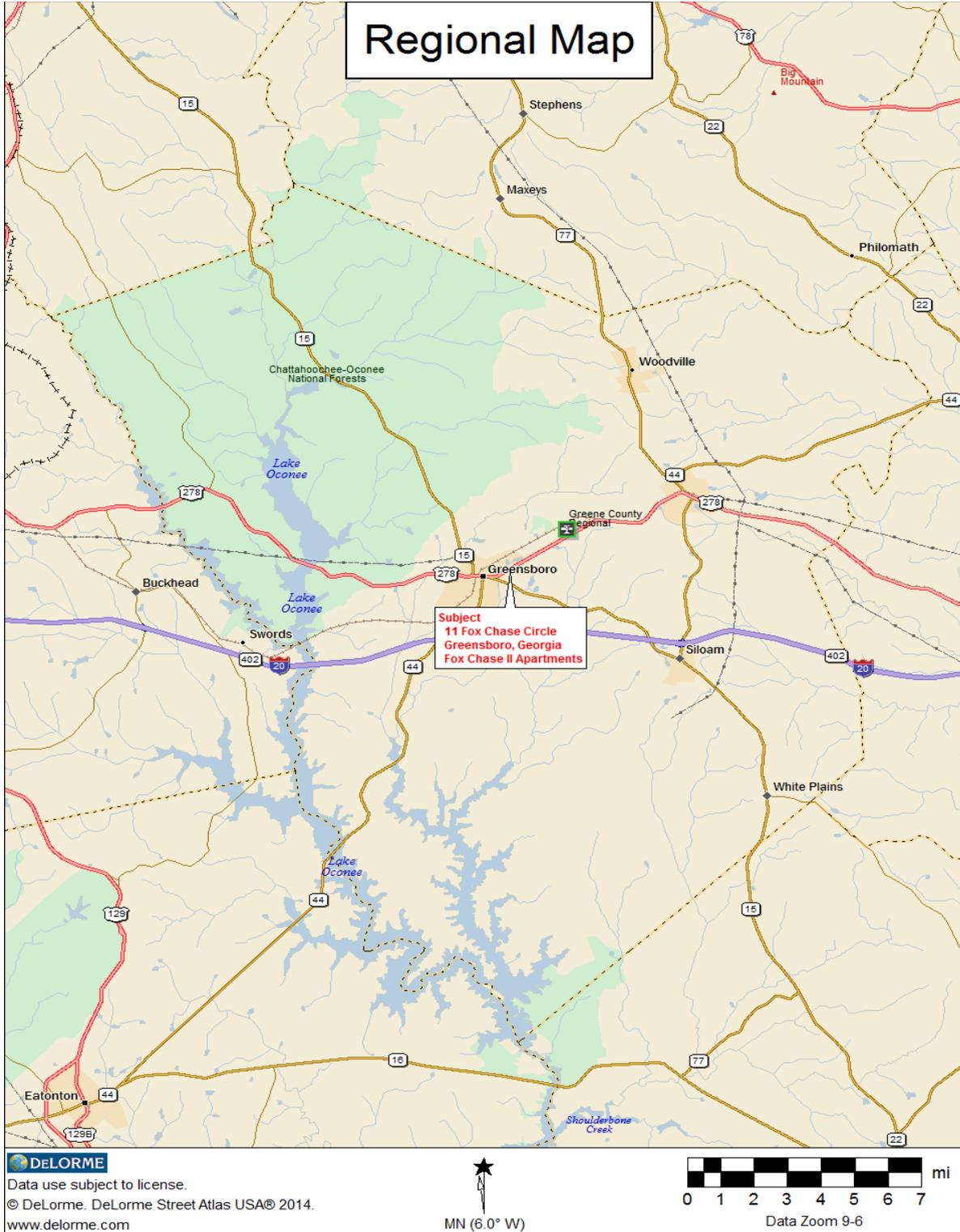
Greensboro is a city located in the northeastern portion of Georgia. The unemployment rate for the county has decreased significantly since 2010. The economic outlook for future growth and development appears to be stable.



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www.delorme.com

  
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**Neighborhood Data**

**Location**

The subject property is located in the eastern portion of the City of Greensboro, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – U.S. Highway 278; South – Bowden Pond Road; East - Webb Road; and West – State Highway 15.

**Access**

The neighborhood is accessed by U.S. Highway 278, State Highway 15, Bowden Pond Road and Webb Road. There are additional roads running north to south and west to east that provide access to the neighborhood as well. Street widths and patterns appear to be adequate for the surrounding uses.

**Proximity to Services**

<b>Restaurants</b>	
0.4 mi	Jeremy's Place
0.6 mi	Lupitas Mexican Restaurant
0.8 mi	Los Torres Mexican Grill
0.9 mi	Tastee Chick
0.9 mi	The Yesterday Cafe
1.2 mi	Holcomb's Bar B Que
1.5 mi	Jailhouse Rock Cafe
2 mi	Pizza Hut
2.8 mi	DQ GRILL & CHILL RESTAURANT
2.8 mi	Waffle House
2.8 mi	Wendy's
2.9 mi	Subway
2.9 mi	Zaxby's
2.9 mi	McDonald's
3 mi	Crawford Kicking Chicken

<b>Schools</b>	
1.1 mi	Greensboro Elementary School
1.2 mi	Greene County High School
1.2 mi	Anita White Carson Middle School
6.3 mi	Lake Oconee Charter School
6.3 mi	Nathanael Greene Academy
6.4 mi	Union Point Elementary School
6.5 mi	Greene County Preschool
12 mi	Redeemer Episcopal Academy
14 mi	Morgan County Elementary School
14 mi	Taliaferro County School
15 mi	Murden School
15 mi	Stephens Institute
16 mi	Crawfordville Baptist School
16 mi	Putnam County High School

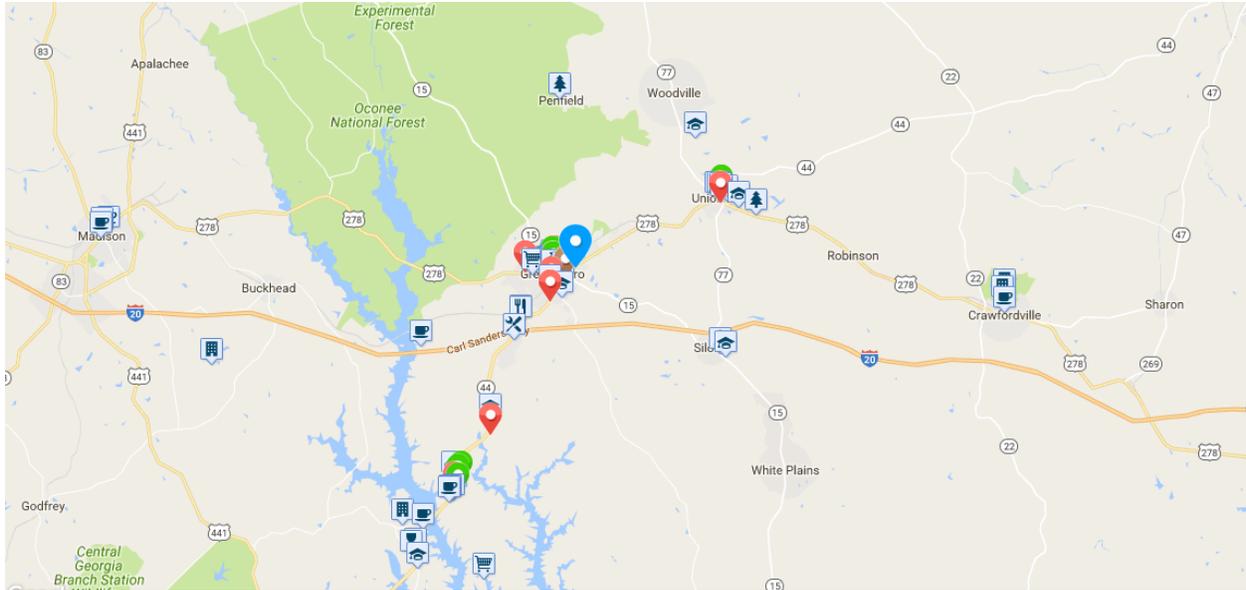
<b>Banks</b>	
0.7 mi	Nationwide Money Services, Inc.
0.8 mi	BankSouth
0.9 mi	ATM USA, LLC
0.9 mi	Farmers Bank
0.9 mi	BB&T ATM
0.9 mi	BB&T - Greensboro GA Main Branch
3.3 mi	Cashtrans
5.9 mi	Farmers Bank
6.1 mi	The Peoples Bank
8.9 mi	Community & Southern Bank
9.1 mi	Exchange Bank
9.3 mi	Century Bank & Trust
9.3 mi	Wells Fargo Bank
9.4 mi	BankSouth
9.4 mi	BB&T - Lake Oconee Branch

<b>Groceries</b>	
0.2 mi	Ingles Market
0.5 mi	Moon's Supermarket
0.8 mi	El Sol
0.9 mi	Ripe Thing Market
1.6 mi	Duvall Livestock Market
5.8 mi	Union Point Grocery & Deli
9.5 mi	Publix Super Market at Lake Oconee Village
9.6 mi	Village Organics
11 mi	Greensboro Arts Alliance
12 mi	Manwell Produce Inc
16 mi	Open Air Produce
17 mi	El Sol
17 mi	Fred's Great-Valu
17 mi	Georgia Food Systems
17 mi	Sunflower Foodmart

<b>Shopping</b>	
0.9 mi	Family Dollar Store
0.9 mi	Clothes Closet
5.8 mi	Short Stop
5.8 mi	Dollar General
6.1 mi	Bliss
9.2 mi	J C Food Mart
12 mi	Camille & Co
17 mi	Rainbow Food Mart
17 mi	Amelia's Apparels & Accessories
17 mi	Lee's Fashion Corner
17 mi	Chris Hudson Couture
17 mi	Town & Country
17 mi	Clothes Closet
17 mi	Shanay's Boutique
17 mi	Peebles

<b>Police</b>	
0.6 mi	Greensboro Police Department
26 mi	Athens-Clarke County Police Department East Precinct
60 mi	Gwinnett County Police Department

<b>Medical Facilities</b>	
0.5 mi	Kidney Clinic of Athens
0.8 mi	Moore Family & Cosmetic Dentistry
1.2 mi	Tendercare Clinic
1.6 mi	Greensboro Cosmetic and Family Dentistry: B Scott Hillin DMD
1.9 mi	Gro Industries
5.7 mi	Remarket Medical Inc
6.9 mi	Family Medical of Lake Oconee
9.4 mi	Augusta University Lake Oconee Village
9.4 mi	Middle Georgia Medical Associates
9.4 mi	PruittHealth Home Health (Greensboro)
9.6 mi	Cowles Clinic Center For Urology
12 mi	Lake Oconee Urgent & Specialty
18 mi	Madison Family Medicine
28 mi	Reddy Medical Group



### **Land Use Pattern**

The subject neighborhood is comprised primarily of commercial and multifamily properties and is 50 percent built up. Approximately 20 percent of the land use is made up of commercial properties. About 20 percent is comprised of multifamily properties. Another 10 percent of the land use is made up of single-family properties. The remaining 50 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 \$69,983, which is less expensive than 89.8 percent of the neighborhoods in Georgia and 89.8 percent of the neighborhoods in the United States. The average rental price in the neighborhood is \$759, according to Neighborhood Scout, which is lower than 84.5 percent of all Georgia neighborhoods.

The neighborhood has 20.5 percent of the working population employed in executive, management and professional occupations. Another 29.1 percent of the residents are employed in sales and service jobs. Manufacturing and laborer occupations make up 34.3 percent, and 14.5 percent are employed in clerical, assistant and technical support occupations.

According to Neighborhood Scout, the school quality rating is 12 (100 is the best). The neighborhood is served by the Greensboro Public School District which contains five schools and approximately 2,348 students. The school district quality is considered better than 8.0 percent of Georgia school districts.

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

### **Neighboring Property Use**

The neighborhood is comprised primarily of commercial and multifamily properties. Vacant land and single-family residences are located north of the site. Commercial and multifamily properties are located south of the site. Vacant land is located east of the subject. Vacant land is located west of the subject.



### **Crime**

According to [www.neighborhoodscout.com](http://www.neighborhoodscout.com), the crime index for the subject neighborhood is 47. There are 76 total crimes annually in the neighborhood, 18 of which are violent crimes and 58 of which are property crimes. The annual violent crime rate is 6.27 per 1,000 residents, while the property crime rate is 20.22 per 1,000 residents. The total annual crime rate is 26.49 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 159 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 49 which is lower than the rate for the state which is 1 in 30.

### **Adverse Influences**

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

### **Utilities**

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

## **Demographics**

The population for the subject's neighborhood for 2017, according to ESRI, is 5,444, an increase of 411 people from the 2010 population of 5,033. The population is expected to increase at an annual rate of 6.6 percent between 2017 and 2022. Therefore, the 2022 population is projected at 5,801. The median age for the neighborhood is 37.2.

The total number of households increased from 1,913 in 2010 to 2,082 in 2017. Household totals are expected to increase, with a projected 2,224 households in 2022.

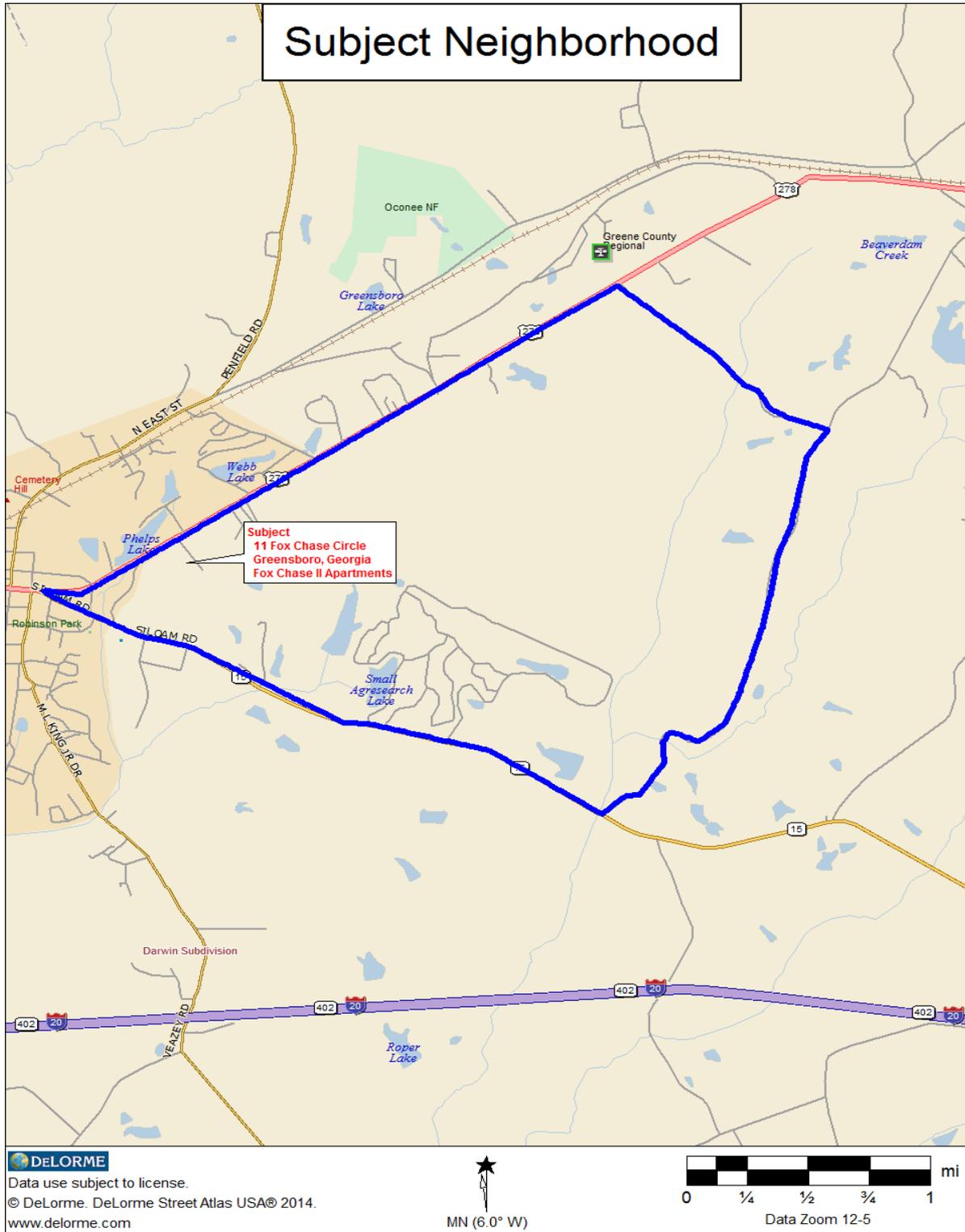
The median household income for the neighborhood in 2017 is \$26,319. It is expected to increase to \$30,263 by 2022. The per capita income is \$15,996.

The median home value for the neighborhood in 2017, according to ESRI, is \$93,989. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month.

## **Analysis/Comments**

In conclusion, the subject is located in the eastern portion of Greensboro, 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 9503.02 and 9503.03 in Greene County. The market area has the following boundaries: North – Lake Oconee, Town Creek, State Highway 15, Shiloh Road and Hensley Road; South – O’Neal Road, Siloam Veazey Road, Stewarts Creek, Lake Oconee and State Highway 44; East – Hensley Road, Cunningham Road, Bowden Pond Road and Sibley School Road; and West – Lake Oconee.

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.

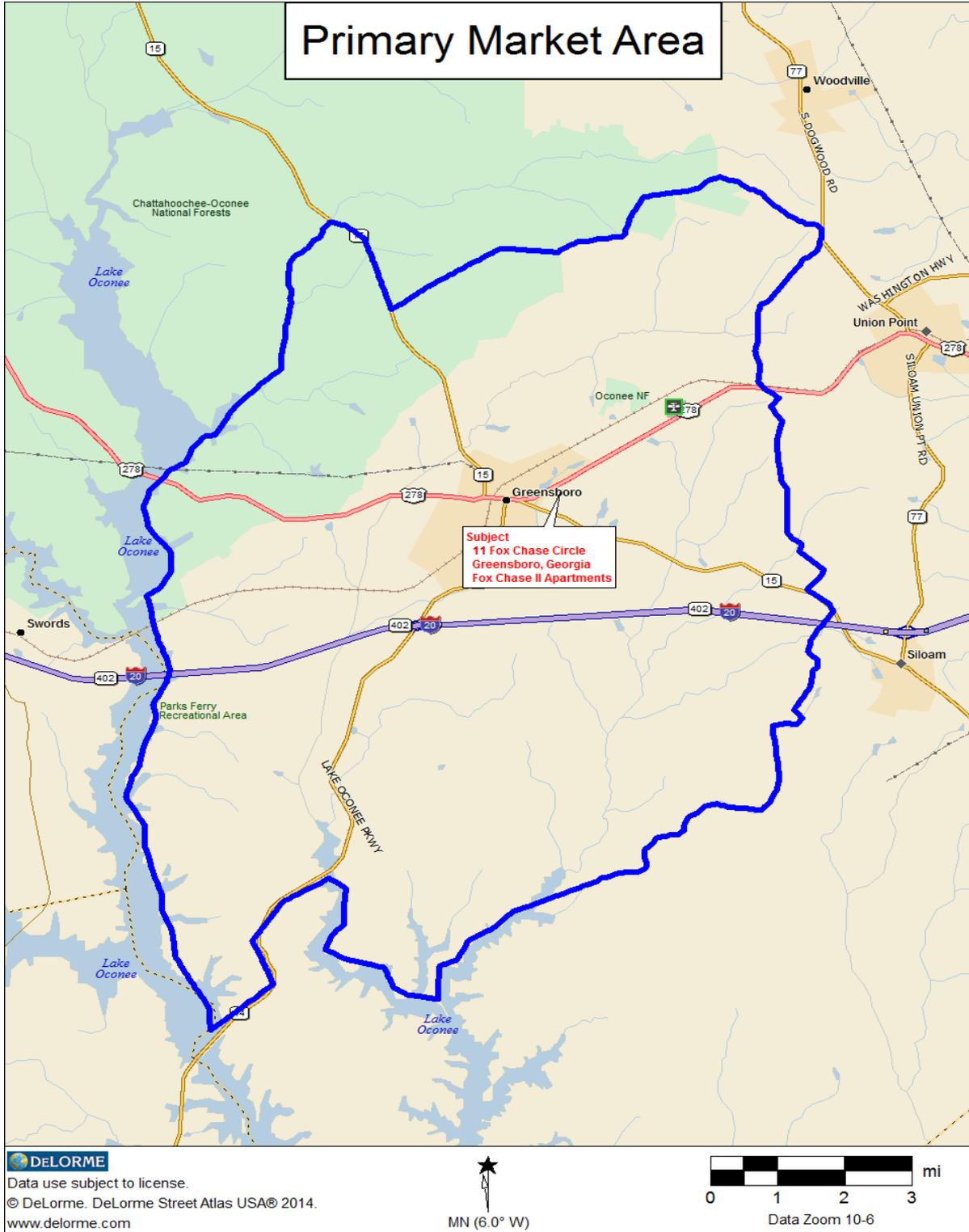
The field/phone survey was conducted in May 2017. Five market-rate properties responded to the survey and five restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of four percent was determined for the market-rate vacancy and 15 percent was determined for the restricted vacancy. However, the restricted vacancy includes the newly opened Mary Leila Lofts which is still currently in its lease-up period. The property opened in October 2016 and has occupied 50 units in seven months. The manager indicated she expects the units to be fully occupied by December 2017. If this property were not included in the vacancy analysis, the overall vacancy rate for restricted properties would be four percent. The subject is currently 100 percent occupied. Historically, the subject’s occupancy rate has ranged from 93 to 95 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; four percent was deemed appropriate for “as is” affordable housing; and four percent was deemed appropriate for “as complete” affordable housing.

<b>Market Area Vacancy by Development - Conventional</b>			
<b>Property Name</b>	<b># of Units</b>	<b># of Vacant Units</b>	<b>Vacancy Percentage</b>
Hillcrest Apartments	102	1	1.0%
Madison Townhomes	24	1	4.2%
The Oaks Apartments	258	18	7.0%
Jefferson Ridge Townhomes	22	0	0.0%
Brighton Park Apartments	146	0	0.0%
<b>TOTALS</b>	<b>552</b>	<b>20</b>	<b>3.6%</b>

<b>Market Area Vacancy by Development - Affordable</b>			
<b>Property Name</b>	<b># of Units</b>	<b># of Vacant Units</b>	<b>Vacancy Percentage</b>
Fox Chase II Apartments	33	0	0.0%
Fox Chase I Apartments	24	1	4.2%
Royal Manor Apartments	14	2	14.3%
East View Apartments	24	1	4.2%
Mary Leila Lofts	71	21	29.6%
<b>TOTALS</b>	<b>166</b>	<b>25</b>	<b>15.1%</b>

**Absorption Period**

The subject is an existing 33-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 Greene County Assessor's Office. A copy of the survey is included in the addenda.

**Total Land Area** 3.21 acres or 139,828+/- square feet

**Shape/Dimensions** Irregular

**Access & Exposure** The subject property is located on Fox Chase Circle. The site is at or near pavement grade with Fox Chase Circle. The site has ingress and egress on Fox Chase Circle.

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

**Flood Plain** According to RiskMeter, Flood Map Number 13133C0183B, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

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

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

**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 6.20;

Site Coverage Ratio - 16.14 percent

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

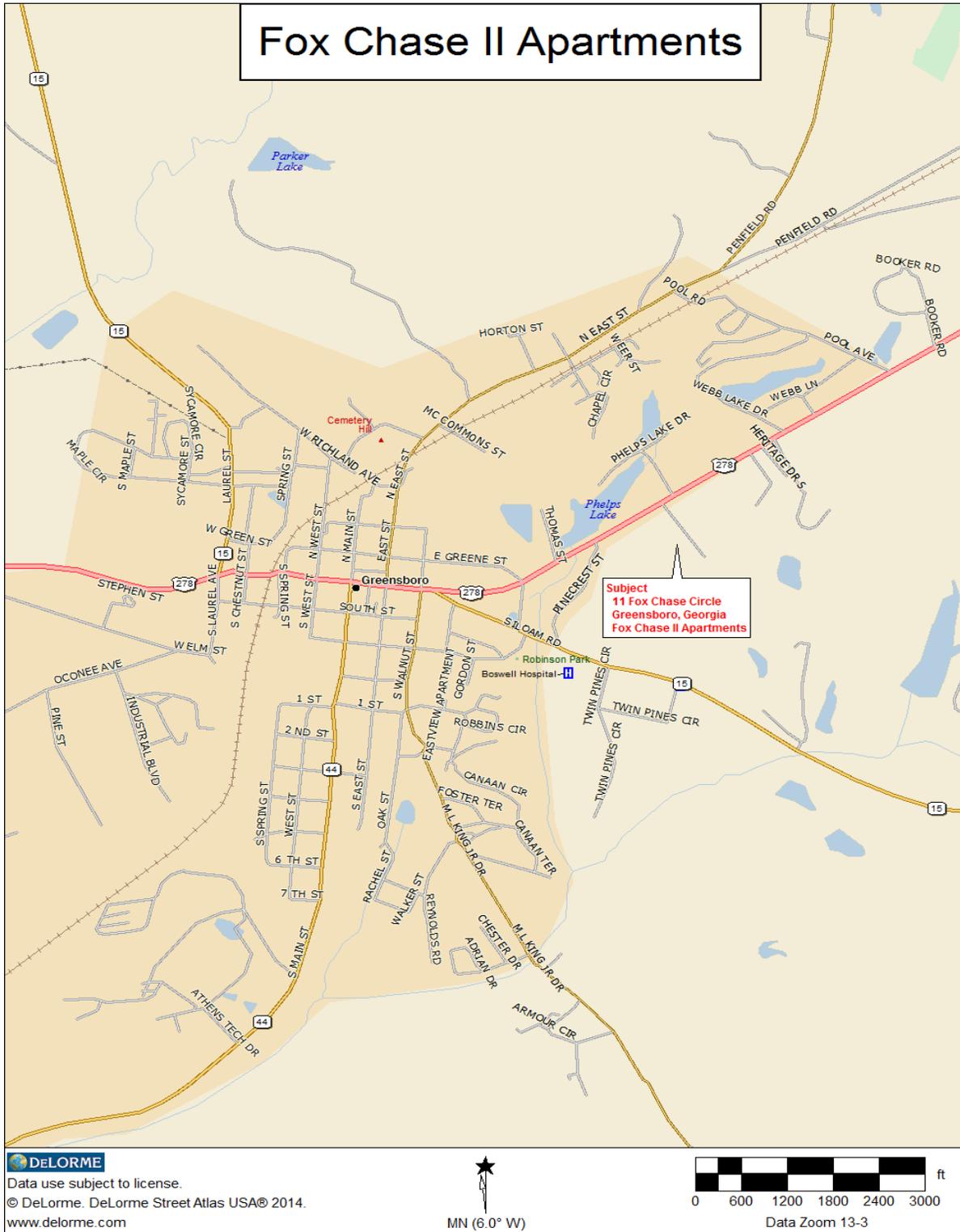
**Utilities**

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

**Zoning**

According to the City of Greensboro, the subject is zoned RM, Residential Multifamily District. The subject is a legal, conforming use. Therefore, it is unlikely that a zoning change will occur. The subject appears to meet site and setback requirements and appears to conform to the current zoning restrictions. The subject could be re-built if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning ordinance is included in the addenda. Since there are no obvious conflicts between the subject property and the zoning of the property, there is no negative impact on the market value by the zoning classification.

Subject Map



**Improvement Description**

<b>Number of Buildings</b>	The subject contains six garden one-story buildings containing 33 units and one accessory building.
<b>Net Rentable Building Area</b>	21,724 square feet
<b>Gross Building Area</b>	22,570 square feet
<b>Year Built/Year Renovated</b>	1992/Proposed
<b>Economic Life</b>	55 Years
<b>Effective Age</b>	10 Years (As Is) 5 Years (As Complete)

The subject contains six garden one-story buildings containing 33 units and one accessory building housing the leasing office, laundry facility, meeting room and maintenance area. According to the Greene County Assessor, the gross building area of the property is 22,570 square feet. A copy of the plans, dated May 24, 1991, and completed by Ellis, Ricket and Associates of Valdosta, Georgia, is included in the addenda.

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

<b>Unit Type</b>	<b># of Units</b>	<b>Square Footage</b>	<b>Total Square Footage</b>
1/1	32	654	20,928
2/1	1	796	796
	<b>33</b>		<b>21,724</b>

The property includes the following amenities:

Unit Amenities	Included	Fee	Project Amenities	Included	Fee
Refrigerator	X		Clubhouse		
Range/Oven	X		Meeting Room	X	
Garbage Disposal			Dining Room		
Dishwasher			Swimming Pool		
Microwave			Spa/Hot Tub		
Washer/Dryer			Exercise Room		
Washer/Dryer Hook-Ups	X		Picnic Area		
Carpet	X		Playground		
Vinyl	X		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	X		Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet			Service Coordinator/HUD Paid		
Coat Closet	X		Concierge Services		
Balcony			Computer Room		
Patio	X		Car Wash Area		
Pull Cords	X		Laundry Facility	X	
Emergency Call			On-Site Management	X	
Safety Bars			On-Site Maintenance	X	
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X/39	\$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 32 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	32	654	\$465	\$73
2/1	1	796	N/A	N/A

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. After rehabilitation, the non-revenue unit will be converted into a revenue unit.

Unit Type	# of Units	Square Footage	Proposed Rent	Utility Allowance
1/1	32	654	\$500	\$73
2/1	1	796	\$565	\$66

The rents indicated in the table are assuming LIHTC restrictions, but the subject will retain its Rental Assistance for 12 units. The subject is currently a Rural Development property that, after rehabilitation, will remain a Rural Development property with Rental Assistance for all units as well as be a Low Income Housing Tax Credit property at 60 percent of the area median income. As a result of the Rental Assistance, tenants will never be asked to pay more than 30 percent of their gross annual income for rent.

**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	Landlord
Trash Collection	N/A	Landlord

**APPEAL**

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

The subject was constructed in 1992 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 \$93,989. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month. This data indicates that the cost to rent is significantly lower than the cost to own, thereby increasing the demand for rental housing. Therefore, the demand for rental units continues to be strong.

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

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

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

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

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

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

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

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

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

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

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

**Subject Photos**



View of Sign



View of Exterior



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 Accessory Building



View of Meeting Room



View of Leasing Office



View of Laundry Facility



View of Maintenance Area



View of Mailboxes



View of Living Area – One-Bedroom Unit



View of Kitchen – One-Bedroom Unit



View of Bedroom – One-Bedroom Unit



View of Bath – One-Bedroom Unit



View of Living Area – Two-Bedroom Unit



View of Kitchen – Two-Bedroom Unit



View of Bedroom – Two-Bedroom Unit



View of Bath – Two-Bedroom Unit



View of Parking Lot



View of Street



View to the North



View to the South



View to the East



View to the West

**Assessments and Current Real Estate Taxes**

The tax rate for Greene County is 19.588 per \$1,000 of assessed value, and the tax rate for Greensboro is 6.644 per \$1,000 of the assessed value. The property has a total appraised value of \$255,644, with \$8,343 allocated to land and \$247,301 allocated to improvements. The assessor uses 40 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$102,258. The 2016 real estate taxes for the subject were \$2,735.34: \$2,055.95 for the county and \$679.39 for the city. The taxes have been paid.

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

Property	No. of Units	Year Built	Parcel #	FMV - Land - 2016	FMV - Improvements - 2016	FMV - Total - 2016	Real Estate Taxes - 2016	Taxes Per Unit
Hillcrest Apartments 490 Gainesville Highway Winder, Barrow County, Georgia	102	1988	WN18 054A, WN18 076, WN18 078, WN18 079, WN18 081, WN18 082 WN18 084	\$309,600	\$2,239,536	\$2,549,136	\$31,073.51	\$304.64
Pine Creek Apartments 282 Apperson Drive Winder, Barrow County, Georgia	24	2000	WN12 548, WN12 548A	\$150,000	\$1,337,400	\$1,487,400	\$7,881.34	\$328.39
Holly Hill Apartments 291 Apperson Drive Winder, Barrow County, Georgia	64	2007	WN11D 001, WN11D 001B, WN11D 001C	\$499,800	\$1,203,928	\$1,703,728	\$30,311.62	\$473.62
Jefferson Ridge Townhomes 363 East Jefferson Street Madison, Morgan County, Georgia	22	2000/2012	M18 072	\$50,000	\$1,099,990	\$1,149,990	\$13,329.03	\$605.87

These comparables are all market-rate facilities in Barrow and Morgan Counties. These comparables were utilized due to a lack of conventional apartment complexes in the subject’s county. The comparables indicated a range of \$304.64 per unit to \$605.87 per unit. The subject’s actual real estate taxes are \$83.00 per unit. The subject’s real estate taxes are lower than the tax comparables. Based on the tax comparables shown above, the subject “as is” would have real estate taxes more similar to these comparables. Therefore, real estate taxes were projected at \$350 per unit, or \$11,550, 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?<sup>6</sup>

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

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

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

As noted in the Site Data section of this report, the subject site has a land area of 3.21 acres. Topographically, the site is nearly level. The subject is not located in a flood hazard area. No subsoil or drainage conditions are known that would adversely affect the development of the site. Public utilities available to the subject include electricity, water, sewer and telephone. The size of the subject and the adjacent properties suggest a number of possible uses for the subject site.

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

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

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

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

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

### **MAXIMALLY PRODUCTIVE AS VACANT**

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

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

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

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

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

### **PHYSICALLY POSSIBLE AS IMPROVED**

The subject site supports an existing multifamily development with a gross building area of approximately 22,570 square feet. The subject does suffer from functional or external obsolescence. The subject is in average condition.

### **LEGALLY PERMISSIBLE AS IMPROVED**

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

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

**FINANCIALLY FEASIBLE AS IMPROVED**

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

**MAXIMALLY PRODUCTIVE AS IMPROVED**

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

## **Appraisal Procedures**

### **The Cost Approach**

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

### **The Income Approach**

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

### **The Sales Comparison Approach**

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

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

**VALUATION SECTION**

### **Cost Approach**

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

### **Site Value**

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

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

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

**Land Sale No. 1**



**Property Identification**

<b>Record ID</b>	1526
<b>Property Name</b>	Meadow Crest Road
<b>Address</b>	Meadow Crest Road, Greensboro, Greene County, Georgia 30642
<b>Tax ID</b>	071-0-00-034-0
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	Charter Bank
<b>Grantee</b>	Meadowcrest 46 LLC
<b>Sale Date</b>	April 17, 2014
<b>Deed Book/Page</b>	001112000547
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 15, 2017

<b>Sale Price</b>	\$112,000
<b>Cash Equivalent</b>	\$112,000
<b>Adjusted Price</b>	\$112,000

**Land Data**

<b>Zoning</b>	B-2, General Commercial Highway Oriented District
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

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

**Land Size Information**

<b>Gross Land Size</b>	4.250 Acres or 185,130 SF
<b>Front Footage</b>	Meadow Crest Road

**Indicators**

<b>Sale Price/Gross Acre</b>	\$26,353
<b>Sale Price/Gross SF</b>	\$0.60

**Land Sale No. 2**



**Property Identification**

<b>Record ID</b>	4611
<b>Property Type</b>	Business
<b>Property Name</b>	1280 East Broad Street
<b>Address</b>	1280 East Broad Street, Greensboro, Greene County, Georgia 30642
<b>Tax ID</b>	G11-0-00-002-0
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	Strickland William H
<b>Grantee</b>	Samjon LLC
<b>Sale Date</b>	November 19, 2015
<b>Deed Book/Page</b>	001157000337
<b>Property Rights</b>	Free Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 15, 2017

<b>Sale Price</b>	\$32,000
<b>Cash Equivalent</b>	\$32,000
<b>Adjusted Price</b>	\$32,000

**Land Data**

<b>Zoning</b>	B-1, Neighborhood Commercial District
<b>Topography</b>	Nearly Level

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

**Utilities**  
**Shape**

E, G, W, S  
Irregular

**Land Size Information**

**Gross Land Size**

1.670 Acres or 72,745 SF

**Front Footage**

East Broad Street

**Indicators**

**Sale Price/Gross Acre**

\$19,162

**Sale Price/Gross SF**

\$0.44

**Land Sale No. 3**



**Property Identification**

<b>Record ID</b>	4693
<b>Property Name</b>	Martin Luther King Drive
<b>Address</b>	Martin Luther King Drive at Canaan Street, Greensboro, Greene County, Georgia 30642
<b>Tax ID</b>	G07000146B
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	James Griggs
<b>Grantee</b>	Historic Springfield Baptist Church, Inc.
<b>Sale Date</b>	December 19, 2016
<b>Deed Book/Page</b>	SL790/3
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 15, 2017

<b>Sale Price</b>	\$110,000
<b>Cash Equivalent</b>	\$110,000
<b>Adjusted Price</b>	\$110,000

**Land Data**

<b>Zoning</b>	B-2, General Commercial Highway Oriented District
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

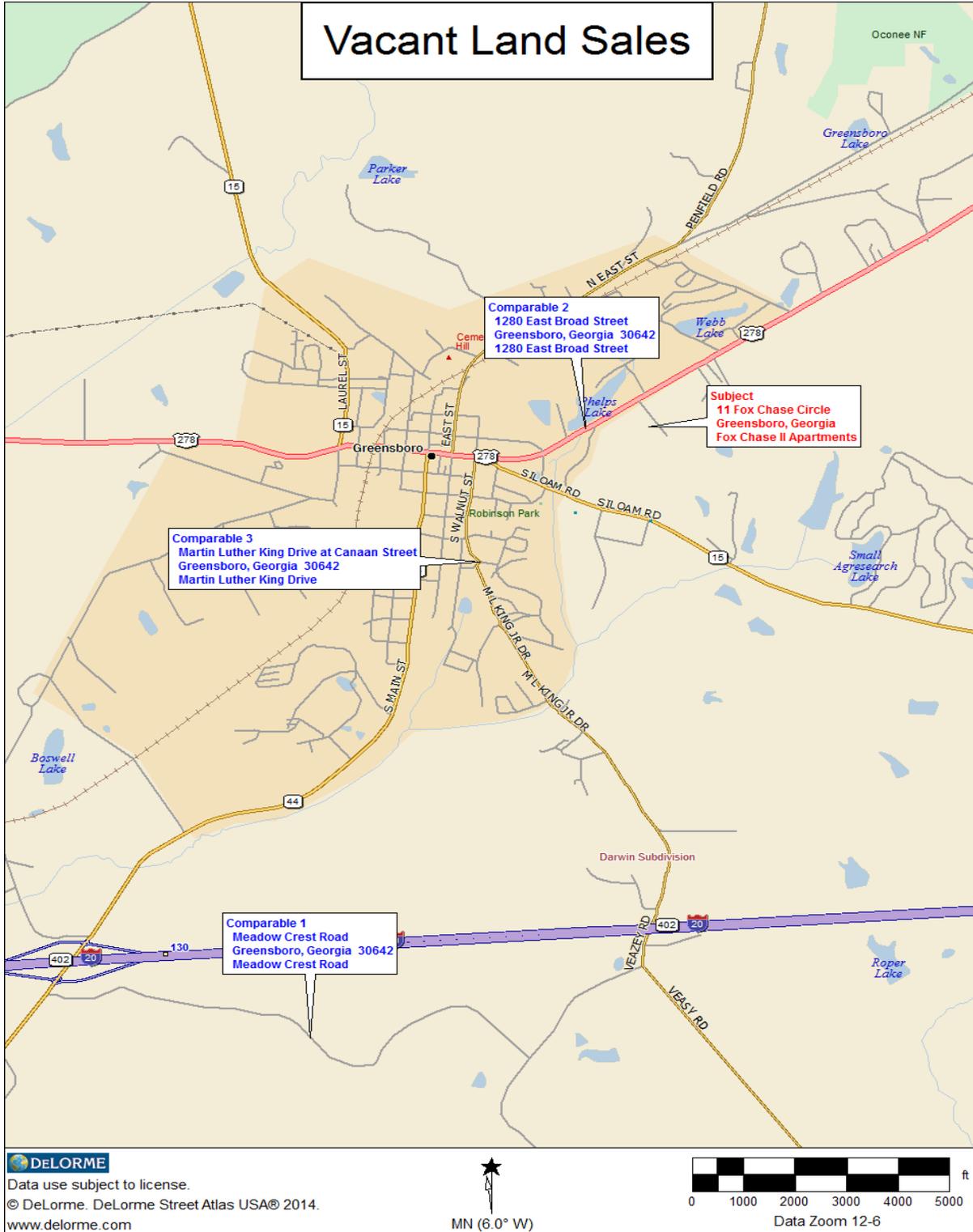
**Land Sale No. 3 (Cont.)**

**Land Size Information**

<b>Gross Land Size</b>	2.080 Acres or 90,605 SF
<b>Front Footage</b>	Martin Luther King Drive

**Indicators**

<b>Sale Price/Gross Acre</b>	\$52,885
<b>Sale Price/Gross SF</b>	\$1.21



Fox Chase II Apartments \* 11 Fox Chase Circle \* Greensboro, Georgia

Land Analysis Grid		Comp 1	Comp 2	Comp 3			
Address	11 Fox Chase Circle	Meadow Crest Road	1280 East Broad Street	Martin Luther King Drive at Canaan Street			
City	Greensboro	Greensboro	Greensboro	Greensboro			
State	GA	GA	GA	GA			
Date	5/15/2017	4/17/2014	11/19/2015	12/19/2016			
Price		\$112,000	\$32,000	\$110,000			
Acres	3.21	4.25	1.67	2.08			
Acre Unit Price		\$26,353	\$19,162	\$52,885			
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	0.0%	Free Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$26,353</b>		<b>\$19,162</b>		<b>\$52,885</b>	
Market Trends Through	05/15/17	0%		0%		0%	
<b>Adjusted GBA Unit Price</b>		<b>\$26,353</b>		<b>\$19,162</b>		<b>\$52,885</b>	
Location	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Acres	3.21	4.25		1.67		2.08	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Zoning	RM	B-2		B-1		B-2	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
<b>Adjusted Acre Unit Price</b>		<b>\$26,353</b>		<b>\$19,162</b>		<b>\$52,885</b>	
Net adjustments		0.0%		0.0%		0.0%	
Gross adjustments		0.0%		0.0%		0.0%	

After analyzing the land sales and adjusting each sale accordingly, it is our opinion that the estimated Market Value of the subject site as of May 15, 2017, is as follows:

**3.21 acres x \$27,000 per acre = \$86,670**

**Rounded \$87,000**

### Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	Land SF	Zoning
1	Meadow Crest Road	4/17/2014	\$112,000	\$26,353	4.25	185,130	B-2
2	1280 East Broad Street	11/19/2015	\$32,000	\$19,162	1.67	72,745	B-1
3	Martin Luther King Drive at Canaan Street	12/19/2016	\$110,000	\$52,885	2.08	90,605	B-2

### Adjustments

The prices of the comparable land sales range from \$19,162 to \$52,885 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 Greensboro as are all comparables. No adjustments were needed.

### Size

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total area of 3.21 acres. The comparables range in size from 1.67 acres to 4.25 acres. The market did not indicate a need for adjustment due to size. Therefore, no adjustments were made.

### Visibility/Access

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

### Topography

Consideration was given to the subject's topography. The subject is nearly level. All comparables are similar. 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 RM. Comparable 1 is zoned B-2. Comparable 2 is zoned B-1. Comparable 3 is zoned B-2. The market did not indicate an adjustment was needed for zoning differences. 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 \$19,162 to \$52,885 per acre after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$27,000 per acre. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

**3.21 acres x \$27,000 per Acre = \$86,670**

**Rounded \$87,000**

## **Improvement Valuation**

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

Replacement cost new (RCN) is defined as follows:

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

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

## **Depreciation Analysis**

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

## **Physical Deterioration**

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

## **Depreciation Accrued To The Subject**

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

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

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

**External Obsolescence**

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

**Deferred Maintenance**

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

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

**External Obsolescence - As Is Restricted**

<b>Total Construction Cost of Structures</b>	\$1,456,543
<b>Plus: Entrepreneur's Profit</b>	\$145,654
<b>Depreciation</b>	(\$296,024)
<b>Cost of Structures before External Obsolescence</b>	\$1,306,173
<b>Value of Land</b>	\$87,000
<b>Plus: Entrepreneur's Profit</b>	\$8,700
 <b>Cost before External Obsolescence</b>	 \$1,401,873
 <b>Current Capitalization Rate</b>	 6.00%
 <b>Economic Net Operating Income (RCN x CR)</b>	 \$84,112
<b>Net Operating Income from the Subject</b>	\$52,629
<b>Net Loss Due to Economic Obsolescence</b>	(\$31,484)
 <b>Ratio of Improvements Total Property Value</b>	 0.9317
 <b>Year</b>	 <b>Actual NOI Loss</b>
1	(\$31,484)
	<b>Overall Cap Rate</b>
	6.00%
	<b>Capitalized NOI Loss</b>
	(\$524,730)
<b>Times ratio of Improvements to Total Property</b>	0.9317
 <b>Total External Obsolescence</b>	 (\$488,909)

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

**Marshall & Swift**

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

**Building Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Average Class D Multiple Residences	Sq. Ft.	\$71.55	22,570	0.855	\$1,380,564
Built-Ins	Per Unit	\$1,925.00	33	0.855	\$54,308
<b>Total Building Improvement Costs</b>					<b>\$1,434,871</b>
Price per SF Gross Building Area					\$63.57

**Site Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Paving	Per Unit	\$650.00	39	0.855	\$21,672
<b>Total Site Improvement Costs</b>					<b>\$21,672</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,456,543</b>
Price per SF Gross Building Area					\$64.53

**Total Costs**

Subtotal: Building, Site & Soft Costs		\$1,456,543
Developer's Profit 10.0%		\$145,654
<b>Total Cost</b>		<b>\$1,602,197</b>
Price per SF Gross Building Area		\$70.99

**Depreciation**

<b>Component</b>	<b>Eff. Age</b>	<b>Life</b>	<b>Percent</b>	<b>Amount</b>
Physical Depreciation: Building	10	55	18%	\$284,105
Physical Depreciation: Site	10	20	50%	\$11,919
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$488,909
<b>Total Depreciation</b>				<b>\$784,933</b>
<b>Depreciated Value of Improvements</b>				<b>\$817,264</b>
Cost Per Square Foot Gross Building Area				\$36.21

**Additional Cost Sections**

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

**Land Value**

Land Value	\$87,000	
Other	\$0	
<b>Cost Approach Value Indication</b>		<b>\$904,264</b>
<b>Rounded</b>		<b>\$905,000</b>
<b>Price per SF Gross Building Area</b>		<b>\$40.10</b>

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

**Restricted Value As Is = \$905,000**

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

**External Obsolescence - As Is Market**

<b>Total Construction Cost of Structures</b>		\$1,456,543	
<b>Plus: Entrepreneur's Profit</b>		\$145,654	
<b>Depreciation</b>		(\$296,024)	
<b>Cost of Structures before External Obsolescence</b>		\$1,306,173	
<b>Value of Land</b>		\$87,000	
<b>Plus: Entrepreneur's Profit</b>		\$8,700	
 <b>Cost before External Obsolescence</b>		 \$1,401,873	
 <b>Current Capitalization Rate</b>		 7.00%	
 <b>Economic Net Operating Income (RCN x CR)</b>		 \$98,131	
<b>Net Operating Income from the Subject</b>		\$95,821	
<b>Net Loss Due to Economic Obsolescence</b>		(\$2,310)	
 <b>Ratio of Improvements Total Property Value</b>		 0.9317	
 <b>Year</b>	<b>Actual NOI Loss</b>	<b>Overall Cap Rate</b>	<b>Capitalized NOI Loss</b>
1	(\$2,310)	7.00%	(\$33,003)
<b>Times ratio of Improvements to Total Property</b>			0.9317
 <b>Total External Obsolescence</b>			 (\$30,750)

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

**Marshall & Swift**

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

**Building Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	22,570	0.855	\$1,380,564
Built-Ins	Per Unit	\$1,925.00	33	0.855	\$54,308
<b>Total Building Improvement Costs</b>					<b>\$1,434,871</b>
Price per SF Gross Building Area					\$63.57

**Site Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	39	0.855	\$21,672
<b>Total Site Improvement Costs</b>					<b>\$21,672</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,456,543</b>
Price per SF Gross Building Area					\$64.53

**Total Costs**

Subtotal: Building, Site & Soft Costs	\$1,456,543
Developer's Profit 10.0%	\$145,654
<b>Total Cost</b>	<b>\$1,602,197</b>
Price per SF Gross Building Area	\$70.99

**Depreciation**

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$284,105
Physical Depreciation: Site	10	20	50%	\$11,919
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$30,750
<b>Total Depreciation</b>				<b>\$326,774</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,275,423</b>
Cost Per Square Foot Gross Building Area				\$56.51

**Additional Cost Sections**

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

**Land Value**

Land Value	\$87,000
Other	\$0
<b>Cost Approach Value Indication</b>	<b>\$1,362,423</b>
<b>Rounded</b>	<b>\$1,360,000</b>
<b>Price per SF Gross Building Area</b>	<b>\$60.26</b>

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

**Market Value As Is = \$1,360,000**

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

**Marshall & Swift**

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

**Building Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	22,570	0.855	\$1,380,564
Built-Ins	Per Unit	\$1,925.00	33	0.855	\$54,308
<b>Total Building Improvement Costs</b>					<b>\$1,434,871</b>
Price per SF Gross Building Area					\$63.57

**Site Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	39	0.855	\$21,672
<b>Total Site Improvement Costs</b>					<b>\$21,672</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,456,543</b>
Price per SF Gross Building Area					\$64.53

**Total Costs**

Subtotal: Building, Site & Soft Costs		\$1,456,543
Developer's Profit 10.0%		\$145,654
<b>Total Cost</b>		<b>\$1,602,197</b>
Price per SF Gross Building Area		\$70.99

**Depreciation: Section 1 of 1**

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$142,052
Physical Depreciation: Site	5	20	25%	\$5,960
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
<b>Total Depreciation</b>				<b>\$148,012</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,454,185</b>
Cost Per Square Foot Gross Building Area				\$64.43

**Additional Cost Sections**

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

**Land Value**

Land Value	\$87,000	
Other	\$0	
<b>Cost Approach Value Indication</b>		<b>\$1,541,185</b>
<b>Rounded</b>		<b>\$1,540,000</b>
<b>Price per SF Gross Building Area</b>		<b>\$68.23</b>

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

**Restricted Value As Stabilized = \$1,540,000**

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

**Marshall & Swift**

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

**Building Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Average Class D Multiple Residences	Sq. Ft.	\$71.55	22570	0.855	\$1,380,564
Built-Ins	Per Unit	\$1,925.00	33	0.855	\$54,308
<b>Total Building Improvement Costs</b>					<b>\$1,434,871</b>
Price per SF Gross Building Area					\$63.57

**Site Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Paving	Per Unit	\$650.00	39	0.855	\$21,672
<b>Total Site Improvement Costs</b>					<b>\$21,672</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,456,543</b>
Price per SF Gross Building Area					\$64.53

**Total Costs**

Subtotal: Building, Site & Soft Costs	\$1,456,543
Developer's Profit 10.0%	\$145,654
<b>Total Cost</b>	<b>\$1,602,197</b>
Price per SF Gross Building Area	\$70.99

**Depreciation: Section 1 of 1**

<b>Component</b>	<b>Eff. Age</b>	<b>Life</b>	<b>Percent</b>	<b>Amount</b>
Physical Depreciation: Building	5	55	9%	\$142,052
Physical Depreciation: Site	5	20	25%	\$5,960
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
<b>Total Depreciation</b>				<b>\$148,012</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,454,185</b>
Cost Per Square Foot Gross Building Area				\$64.43

**Additional Cost Sections**

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

**Land Value**

Land Value	\$87,000	
Other	\$0	
<b>Cost Approach Value Indication</b>		<b>\$1,541,185</b>
<b>Rounded</b>		<b>\$1,540,000</b>
<b>Price per SF Gross Building Area</b>		<b>\$68.23</b>

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

**Market Value As Stabilized = \$1,540,000**

### **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 (654 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	Fox Chase II Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Hillcrest Apartments 490 Gainesville Highway Winder, Barrow, GA			Madison Townhomes 101 Concord Lane Madison, Morgan, GA			The Oaks Apartments 175 Woodlake Place Athens, Clarke, GA			Jefferson Ridge Townhomes 363 East Jefferson Street Madison, Morgan, GA			Brighton Park Apartments 4315 Lexington Road Athens, Clarke, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments				
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017		05/2017		05/2017					
4. Type of Project/Stories	G/1	G/1, T/2		T/2		WU/2, T/2		T/2		WU/2, T/2		T/2		WU/2					
5. Floor of Unit in Building	First	Varies		Varies		Varies		First		First		First		Varies					
6. Project Occupancy %	100%	100%		96%		93%		100%		100%		100%		100%					
7. Concessions	N	N		N		N		N		N		N		N					
8. Year Built	1992	1988		1983		1969/2017	(\$50)	2000/2012	(\$50)	1996		1996		1996					
9. Sq. Ft. Area	654	700	(\$5)	1,000	(\$55)	950	(\$50)	1,075	(\$70)	660		660		660					
10. Number of Bedrooms	1	1		2	(\$75)	1		2	(\$75)	1		1		1					
11. Number of Baths	1.0	1.0		1.5	(\$10)	1.0		2.5	(\$20)	1.0		1.0		1.0					
12. Number of Rooms	3	3		4		3		4		3		3		3					
13. Balc./Terrace/Patio	Y	Y		N	\$5	N	\$5	N	\$5	Y		Y		Y					
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O		L/O		L/O					
15. Equipment	a. A/C	C		C		C		C		C		C		C					
	b. Range/Refrigerator	RF		RF		RF		RF		RF		RF		RF					
	c. Disposal	N		Y		Y		Y		Y		Y		Y					
	d. Microwave/Dishwasher	N	(\$10)	D	(\$10)	D	(\$10)	D	(\$10)	N		N		N					
	e. Washer/Dryer	HU		HU		HU		HU		HU		HU		HU					
	f. Carpet	C		C		C		C		C		C		C					
	g. Drapes	B		B		B		B		B		B		B					
	h. Pool/Rec. Area	N		N		N		PER	(\$30)	N		PE	(\$20)	N					
16. Services	a. Heat/Type	N/E		N/G		N/E		N/E		N/E		N/E		N/E					
	b. Cooling	N/E		N/E		N/E		N/E		N/E		N/E		N/E					
	c. Cook/Type	N/E		N/E		N/E		N/E		N/E		N/E		N/E					
	d. Electricity	N		N		N		N		N		N		N					
	e. Hot Water	N/E		N/G		N/E		N/E		N/E		N/E		N/E					
	f. Cold Water/Sewer	Y		Y		N	\$38	N	\$38	N	\$38	N	\$38	N	\$38				
	g. Trash	Y		Y		N	\$15	N	\$15	N	\$15	N	\$15	Y					
17. Storage	N	N		N		N		N		N		N		N					
18. Project Location	Average	Similar		Similar		Superior	(\$10)	Similar		Superior	(\$10)	Similar		Superior	(\$10)				
19. Security	N	N		N		N		N		N		N		Y	(\$5)				
20. Clubhouse/Meeting Room	MR	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5				
21. Special Features	A	N	\$10	F		F		N	\$10	N	\$10	N	\$10	N	\$10				
22. Business Center / Nbdh Netwk	N	N		N		N		N		N		N		N					
23. Unit Rent Per Month		\$675		\$650		\$595		\$700		\$500		\$500		\$500					
24. Total Adjustment					(\$87)		(\$87)		(\$152)		(\$152)		(\$152)		\$18				
25. Indicated Rent		\$675		\$563		\$508		\$548		\$518		\$548		\$518					
26. Correlated Subject Rent	\$550	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.																	
	high rent	\$675	low rent	\$508	60% range	\$541	to	\$642											
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature <i>Samuel J. Hill</i>				Date (mm/dd/yy) 05/15/17				Reviewer's Signature				Date (mm/dd/yyyy)			

Previous editions are obsolete

form HUD-92273 (07/2003)

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

### **Fox Chase II Apartments**

#### **Primary Unit Types – One-Bedroom Units (654 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 654 square feet. Comparable apartments used include the following: Hillcrest Apartments (Comparable 1), Madison Townhomes (Comparable 2), The Oaks Apartments (Comparable 3), Jefferson Ridge Townhomes (Comparable 4) and Brighton Park Apartments (Comparable 5).

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

**Project Occupancy** – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 93 to 100 percent. No adjustments were needed.

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

**Year Built/Year Renovated** – The subject was constructed in 1992. Comparable 1 was built in 1988, and Comparable 2 was constructed in 1983. Comparable 3 was constructed in 1969 and is currently being renovated, and Comparable 4 was built in 2000 and was renovated in 2012. Comparable 5 was constructed in 1996. Comparables 1, 2 and 5 are similar to the subject in condition as there were no differences considered significant enough to warrant an adjustment. Comparables 3 and 4 are superior to the subject. Comparable 3 is currently being renovated, and Comparable 4 was renovated in 2012. All comparables will be inferior to varying degrees. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. When performing the analysis, the appraiser

compared the units at Comparables 3 and 4 individually to the units at Comparable 5. As can be seen in the following tables, the appraiser adjusted the street rent of each comparable for all differences between the subject and comparables to come up with a net adjusted rent for each comparable. The differences that warranted adjustments included # of bedrooms, # of baths, unit size, balcony/patio, microwave/dishwasher, pool/exercise room/recreation area, cold water/sewer, trash, security, special features and location. 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.

<b>Paired Analysis - One-Bedroom Units</b>		
<b>Item</b>	<b>Comparable 3</b>	<b>Comparable 4</b>
Street Rent	\$500	\$700
Unit Size	-\$45	-\$65
Number of Bedrooms	-\$75	\$0
Number of Baths	\$0	-\$20
Balcony/Patio	\$5	\$5
Microwave/Dishwasher	-\$10	-\$10
Pool/Exercise Room/Rec. Area	-\$10	\$20
Cold Water/Sewer	\$0	\$0
Trash	\$0	\$15
Security	\$5	\$5
Special Features	-\$10	\$0
Location	\$0	\$10
Net Rent	\$360	\$660
Comparable 5 Street Rent	\$500	\$500
Indicated Adjustment	<b>\$140</b>	<b>-\$160</b>

<b>Paired Analysis - Two-Bedroom Units</b>		
<b>Item</b>	<b>Comparable 3</b>	<b>Comparable 4</b>
Street Rent	\$786	\$700
Unit Size	\$0	\$5
Number of Baths	-\$10	-\$20
Balcony/Patio	\$5	\$5
Microwave/Dishwasher	-\$10	-\$10
Pool/Exercise Room/Rec. Area	-\$10	\$20
Cold Water/Sewer	\$0	\$0
Trash	\$0	\$15
Security	\$5	\$5
Special Features	-\$10	\$0
Location	\$0	\$10
Net Rent	\$756	\$730
Comparable 5 Street Rent	\$585	\$585
Indicated Adjustment	<b>-\$171</b>	<b>-\$145</b>

Paired Analysis - Three-Bedroom Units		
Item	Comparable 3	Comparable 4
Street Rent	\$952	\$700
Unit Size	-\$15	\$45
Number of Bedrooms	\$0	\$75
Number of Baths	\$0	-\$20
Balcony/Patio	\$5	\$5
Microwave/Dishwasher	-\$10	-\$10
Pool/Exercise Room/Rec. Area	-\$10	\$20
Cold Water/Sewer	\$0	\$0
Trash	\$0	\$15
Security	\$5	\$5
Special Features	-\$10	\$0
Location	\$0	\$10
Net Rent	\$917	\$845
Comparable 5 Street Rent	\$775	\$775
Indicated Adjustment	-\$142	-\$70

As can be seen on the analysis, the amount of adjustments indicated was different for each bedroom type. Due to the nature of the adjustment and the fact that all of the difference may not be attributable entirely to differences in condition, the results were averaged and then divided in half. Comparables 3 and 4 are considered similar in condition to each other. Therefore, the average of each of these comparables were grouped to form a reasonable range of adjustments. The comparables indicated a range of \$29 to \$63 per month for condition differences from the subject. After considering all factors, both comparables were adjusted downward \$50 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 \$0.16. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Forms 92273, which are attached.

**# of Bedrooms** – The subject contains one-bedroom units. Due to the lack of conventional one-bedroom units in the vicinity, two two-bedroom comparables were used on this grid to compare to the subject’s units. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment.

However, an adjustment is made here to consider the convenience of additional bedrooms. The extra room(s) will enhance the marketability of a unit even if the square footage remains the same. The following table shows the paired analysis utilized to determine the bedroom adjustment. Comparables 1 and 5 also contain one-half bath difference in the two- and three-bedroom units.

	Comp 1	Comp 3	Comp 5
<b>2 BR Rent</b>	\$750	\$625	\$585
<b>2 BR Size</b>	900	1,125	1,100
<b>3 BR Rent</b>	\$825	\$750	\$775
<b>3 BR Size</b>	1,000	1,175	1,350
<b>Size Adj Factor</b>	\$0.16	\$0.16	\$0.16
<b>Size Difference</b>	100	50	250
<b>Indicated Size Adj.</b>	\$16	\$8	\$40
<b>Adjusted 3 BR Rent</b>	\$809	\$742	\$735
<b>Indicated BR Adj.</b>	<b>\$59</b>	<b>\$117</b>	<b>\$150</b>

An adjustment within the range of the comparables is considered appropriate. After considering all factors, an adjustment of \$75 per bedroom was selected.

**# of Baths** – Each complex with a differing number of baths than the subject was adjusted \$10 per half-bath and \$20 per full bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. The comparables contained insufficient data for a paired analysis determination. Therefore, only nominal adjustments were selected for differences in number of baths.

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

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

**AC: Central/Wall** – The subject contains central air conditioning. All comparables 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 except Comparable 5 contain dishwashers. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 2, 3 and 4 were adjusted downward \$10 per month.

**Washer/Dryer** – The subject contains washer/dryer hook-ups. All comparables contain washer/dryer hook-ups. No adjustments were needed.

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

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

**Pool/Exercise Room/Recreation Areas** – The subject does not contain any of these features. Comparable 3 contains a swimming pool, exercise room, volleyball court and tennis court. Comparable 5 contains a swimming pool and exercise room. The remaining comparables are similar to the subject. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, Comparable 3 was adjusted downward \$30 per month, and Comparable 5 was 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 has cold water and sewer provided by the landlord. Comparable 1 is similar. The remaining comparables do provide these utilities. Comparables 2, 3, 4 and 5 were adjusted upward \$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 5 are similar. The remaining comparables do not provide this utility. Comparables 2, 3 and 4 were adjusted upward \$15 per month for all unit types as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

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

**Location** – The subject's location is average with easy access to all services available within the city limits. The comparables are located outside the market area but were utilized due to the lack of conventional comparables in the market area. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential renter. The comparables were located in Winder, Madison and Athens. Winder and Madison were considered similar overall to Greensboro, though there were slight differences in population and economic indicators. However, the differences were not considered significant enough to warrant an adjustment. Athens, however, has a larger population and a higher median home value and median rent as can be seen in the following table:

U.S. Census Bureau St	Greensboro	Athens	% Diff
2015 Population	3,405	120,905	97.18%
Households	1,256	43,356	97.10%
Median Home Value	\$77,900	\$150,300	48.17%
Median Rent	\$627	\$790	20.63%

After considering all factors, an adjustment of \$10 for the comparables in Athens was considered appropriate.

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

**Clubhouse/Meeting Room** – The subject contains a meeting room. The 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 were adjusted upward \$5 per month.

**Special Features** – The subject contains pull cords in the units. Comparables 2 and 3 contain fireplaces in the units. 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. The comparables without fireplaces were adjusted upward \$10 per month.

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

**Conclusion of Market Rents – As Is**

The adjusted rents range from \$508 to \$675 for the one-bedroom comparison. Comparables 1, 2 and 5 were given the most consideration as they similar in condition. The remaining comparables were also given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **654 SF One-Bedroom Units** - **\$550**

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	32	654	\$500	\$465	\$73
2/1	1	796	N/A	N/A	N/A

HUD-Forms 92273 – As Complete

One-Bedroom Units (654 SF) – As Complete

Estimates of Market Rent  
by Comparison - As Complete

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
One-Bedroom	Fox Chase II Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Hillcrest Apartments 490 Gainesville Highway Winder, Barrow, GA		Madison Townhomes 101 Concord Lane Madison, Morgan, GA		The Oaks Apartments 175 Woodlake Place Athens, Clarke, GA		Jefferson Ridge Townhomes 363 East Jefferson Street Madison, Morgan, GA		Brighton Park Apartments 4315 Lexington Road Athens, Clarke, 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	G/1, T/2		T/2		WU/2, T/2		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		First		Varies	
6. Project Occupancy %	100%	100%		96%		93%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1992/Proposed	1988	\$50	1983	\$50	1969/2017		2000/2012		1996	\$50
9. Sq. Ft. Area	654	700	(\$5)	1,000	(\$55)	950	(\$50)	1,075	(\$70)	660	
10. Number of Bedrooms	1	1		2	(\$75)	1		2	(\$75)	1	
11. Number of Baths	1.0	1.0		1.5	(\$10)	1.0		2.5	(\$20)	1.0	
12. Number of Rooms	3	3		4		3		4		3	
13. Balc./Terrace/Patio	Y	Y		N		N	\$5	N	\$5	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		[Text14-4]		C	
b. Range/Refrigerator	RF	RF		RF		RF		[Text15-4]		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	D	(\$10)	[Text16-4]	(\$10)	N	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	N		N		PER	(\$30)	N		PE	(\$20)
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	Y	Y		N	\$38	N	\$38	N	\$38	N	\$38
g. Trash	Y	Y		N	\$15	N	\$15	N	\$15	Y	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Superior	(\$10)	Similar		Superior	(\$10)
19. Security	N	N		N		N		N		Y	(\$5)
20. Clubhouse/Meeting Room	MR	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	F		F		N	\$10	N	\$10
22. Business Center / Nbdh Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$675		\$650		\$595		\$700		\$500	
24. Total Adjustment			\$50		(\$37)		(\$37)		(\$102)		\$68
25. Indicated Rent		\$725		\$613		\$558		\$598		\$568	
26. Correlated Subject Rent	\$600	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$725	low rent	\$558	60% range	\$591	to	\$692			

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

Appraiser's Signature: *Samuel J. Hill* Date (mm/dd/yy): 05/15/17  
 Reviewer's Signature: \_\_\_\_\_ Date (mm/dd/yyyy): \_\_\_\_\_

**Two-Bedroom Units (796 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)	
Two-Bedroom	Fox Chase II Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Hillcrest Apartments 490 Gainesville Highway Winder, Barrow, GA		Madison Townhomes 101 Concord Lane Madison, Morgan, GA		The Oaks Apartments 175 Woodlake Place Athens, Clarke, GA		Jefferson Ridge Townhomes 363 East Jefferson Street Madison, Morgan, GA		Brighton Park Apartments 4315 Lexington Road Athens, Clarke, 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	G/1, T/2		T/2		WU/2, T/2		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		First		Varies	
6. Project Occupancy %	100%	100%		96%		93%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1992/Proposed	1988	\$50	1983	\$50	1969/2017		2000/2012		1996	\$50
9. Sq. Ft. Area	796	940	(\$25)	1,000	(\$35)	1,125	(\$55)	1,075	(\$45)	1,100	(\$50)
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	1.0	1.5	(\$10)	1.5	(\$10)	2.0	(\$20)	2.5	(\$30)	1.5	(\$10)
12. Number of Rooms	4	4		4		4		4		4	
13. Balc./Terrace/Patio	Y	Y		N	\$5	N	\$5	N	\$5	Y	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		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)	D	(\$10)	D	(\$10)	D	(\$10)	N	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	N		N		PER	(\$30)	N		PE	(\$20)
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	Y	Y		N	\$47	N	\$47	N	\$47	N	\$47
g. Trash	Y	Y		N	\$15	N	\$15	N	\$15	Y	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Superior	(\$10)	Similar		Superior	(\$10)
19. Security	N	N		N		N		N		Y	(\$5)
20. Clubhouse/Meeting Room	MR	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	F		F		N	\$10	N	\$10
22. Business Center / Nbdh Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$775		\$650		\$786		\$700		\$585	
24. Total Adjustment			\$20		\$67		(\$53)		(\$3)		\$17
25. Indicated Rent		\$795		\$717		\$733		\$697		\$602	
26. Correlated Subject Rent	<b>\$715</b>	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$795	low rent	\$602	60% range	\$641	to	\$756			

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

Appraiser's Signature <i>Samuel J. Hill</i>	Date (mm/dd/yy) 05/15/17	Reviewer's Signature	Date (mm/dd/yyyy)
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Previous editions are obsolete

form HUD-92273 (07/2003)

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

### **Fox Chase II Apartments**

#### **Primary Unit Types – One-Bedroom Units (654 SF) and Two-Bedroom Units (796 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 654 and 796 square feet. Comparable apartments used include the following: Hillcrest Apartments (Comparable 1), Madison Townhomes (Comparable 2), The Oaks Apartments (Comparable 3), Jefferson Ridge Townhomes (Comparable 4) and Brighton Park Apartments (Comparable 5).

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

**Project Occupancy** – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 93 to 100 percent. No adjustments were needed.

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

**Year Built/Year Renovated** – The subject was constructed in 1992 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1988, and Comparable 2 was constructed in 1983. Comparable 3 was constructed in 1969 and is currently being renovated, and Comparable 4 was built in 2000 and was renovated in 2012. Comparable 5 was constructed in 1996. Comparables 3 and 4 are considered similar to the subject after the subject's rehabilitation. 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 and 5 were adjusted upward \$50 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 \$0.16 and for the two-bedroom comparison is \$0.16. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Forms 92273, which are attached.

**# of Bedrooms** – The subject contains one- and two-bedroom units. Due to the lack of conventional one- and three-bedroom units in the vicinity, two two-bedroom comparables were used on both of these grids to compare to the subject’s units. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the convenience of additional bedrooms. The extra room(s) will enhance the marketability of a unit even if the square footage remains the same. The following table shows the paired analysis utilized to determine the bedroom adjustment. Comparables 1 and 5 also contain one-half bath difference in the two- and three-bedroom units.

	Comp 1	Comp 3	Comp 5
<b>2 BR Rent</b>	\$750	\$625	\$585
<b>2 BR Size</b>	900	1,125	1,100
<b>3 BR Rent</b>	\$825	\$750	\$775
<b>3 BR Size</b>	1,000	1,175	1,350
<b>Size Adj Factor</b>	\$0.16	\$0.16	\$0.16
<b>Size Difference</b>	100	50	250
<b>Indicated Size Adj.</b>	\$16	\$8	\$40
<b>Adjusted 3 BR Rent</b>	\$809	\$742	\$735
<b>Indicated BR Adj.</b>	<b>\$59</b>	<b>\$117</b>	<b>\$150</b>

An adjustment within the range of the comparables is considered appropriate. After considering all factors, an adjustment of \$75 per bedroom was selected.

**# of Baths** – Each complex with a differing number of baths than the subject was adjusted \$10 per half-bath and \$20 per full bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains

the same. The comparables contained insufficient data for a paired analysis determination. Therefore, only nominal adjustments were selected for differences in number of baths.

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

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

**AC: Central/Wall** – The subject contains central air conditioning. All comparables 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 except Comparable 5 contain dishwashers. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 2, 3 and 4 were adjusted downward \$10 per month.

**Washer/Dryer** – The subject contains washer/dryer hook-ups. All comparables contain washer/dryer hook-ups. No adjustments were needed.

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

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

**Pool/Exercise Room/Recreation Areas** – The subject does not contain any of these features. Comparable 3 contains a swimming pool, exercise room, volleyball court and tennis court. Comparable 5 contains a swimming pool and exercise room. The remaining comparables are similar to the subject. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an

enhancement. Therefore, Comparable 3 was adjusted downward \$30 per month, and Comparable 5 was 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 has cold water and sewer provided by the landlord. Comparable 1 is similar. The remaining comparables do provide these utilities. Comparables 2, 3, 4 and 5 were adjusted upward \$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 5 are similar. The remaining comparables do not provide this utility. Comparables 2, 3 and 4 were adjusted upward \$15 per month for all unit types as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

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

**Location** – The subject's location is average with easy access to all services available within the city limits. The comparables are located outside the market area but were utilized due to the lack of conventional comparables in the market area. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment

as to the relative desirability of the property to a potential renter. The comparables were located in Winder, Madison and Athens. Winder and Madison were considered similar overall to Greensboro, though there were slight differences in population and economic indicators. However, the differences were not considered significant enough to warrant an adjustment. Athens, however, has a larger population and a higher median home value and median rent as can be seen in the following table:

U.S. Census Bureau St	Greensboro	Athens	% Diff
2015 Population	3,405	120,905	97.18%
Households	1,256	43,356	97.10%
Median Home Value	\$77,900	\$150,300	48.17%
Median Rent	\$627	\$790	20.63%

After considering all factors, an adjustment of \$10 for the comparables in Athens was considered appropriate.

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

**Clubhouse/Meeting Room** – The subject contains a meeting room. The 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 were adjusted upward \$5 per month.

**Special Features** – The subject contains pull cords in the units. Comparables 2 and 3 contain fireplaces in the units. 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. The comparables without fireplaces were adjusted upward \$10 per month.

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

**Conclusion of Market Rents – As Complete**

The adjusted rents range from \$558 to \$725 for the one-bedroom comparison and from \$602 to \$795 for the two-bedroom comparison. Comparables 3 and 4 were given significant consideration as these comparables are similar in condition. However, the remaining comparables were also given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **654 SF One-Bedroom Units** - **\$600**
- **796 SF Two-Bedroom Units** - **\$715**

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.

<b>Unit Type</b>	<b># of Units</b>	<b>Square Footage</b>	<b>Maximum Net LIHTC Rent</b>	<b>Proposed Rent</b>	<b>Utility Allowance</b>
1/1	32	654	\$500	\$500	\$73
2/1	1	796	\$622	\$565	\$66

**Rent Comparables**

**Multi-Family Lease No. 1**



**Property Identification**

**Record ID** 5880  
**Property Type** Garden/Townhouse  
**Property Name** Hillcrest Apartments  
**Address** 490 Gainesville Highway, Winder, Barrow County, Georgia 30680  
**Market Type** Market

**Verification** Cynthia; 770-867-4007, May 15, 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	25	700	\$675	\$0.96
2/1.5 TH	10	900	\$750	\$0.83
2/1.5 TH	22	940	\$775	\$0.82
2/1.5 TH	23	1,136	\$800	\$0.70
2/1.5 TH	12	1,236	\$800	\$0.65
3/1	10	1,000	\$825	\$0.83

**Occupancy** 99%  
**Rent Premiums** N  
**Total Units** 102  
**Unit Size Range** 700 - 1236

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

<b>Avg. Unit Size</b>	962
<b>Avg. Rent/Unit</b>	\$762
<b>Avg. Rent/SF</b>	\$0.79
<b>SF</b>	98,140

**Physical Data**

<b>No. of Buildings</b>	16
<b>Construction Type</b>	Brick/Siding
<b>HVAC</b>	Central Gas/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Parking</b>	L/0
<b>Year Built</b>	1988
<b>Condition</b>	Average
<b>Gas Utilities</b>	Heating
<b>Electric Utilities</b>	Cooling, Other Electric

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups (Select Units), Carpet, Vinyl, Blinds, Ceiling Fans, Walk-In Closet (Select Units), Coat Closet, Balcony, Patio, Laundry Facility, On-Site Management, On-Site Maintenance

**Remarks**

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

**Multi-Family Lease No. 2**



**Property Identification**

**Record ID** 5356  
**Property Type** Townhouse  
**Property Name** Madison Townhomes  
**Address** 101 Concord Lane, Madison, Morgan County, Georgia 30650  
**Market Type** Market

**Verification** Ben; 704-474-6653, May 15, 2017

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/1.5	24	1,000	\$650	\$0.65

**Occupancy** 96%  
**Rent Premiums** N  
**Total Units** 24  
**Unit Size Range** 0 - 1000  
**Avg. Unit Size** 1,000  
**Avg. Rent/Unit** \$650  
**Avg. Rent/SF** \$0.65  
  
**SF** 24,000

**Physical Data**

**No. of Buildings** 6

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

<b>Construction Type</b>	Brick
<b>HVAC</b>	Central Elec/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	None
<b>Parking</b>	L/0
<b>Year Built</b>	1983
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Fireplace, Laundry Facility

**Remarks**

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

**Multi-Family Lease No. 3**



**Property Identification**

**Record ID** 5495  
**Property Type** Walk-Up  
**Property Name** The Oaks Apartments  
**Address** 175 Woodlake Place, Athens, Clarke County, Georgia 30605  
**Market Type** Market

**Verification** Cindy; 706-549-6254, May 15, 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	84	950	\$530	\$0.56
1/1		950	\$595	\$0.63
2/2	120	1,125	\$625	\$0.56
2/2		1,125	\$786	\$0.70
2/2	34	1,175	\$750	\$0.64
2/2		1,175	\$818	\$0.70
3/2	20	1,450	\$828	\$0.57
3/2		1,450	\$952	\$0.66

**Occupancy** 93%  
**Rent Premiums** N  
**Total Units** 258  
**Unit Size Range** 950 - 1450  
**Avg. Unit Size** 1,100  
**Avg. Rent/Unit** \$626  
**Avg. Rent/SF** \$0.57

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

**SF** 283,750

**Physical Data**

<b>No. of Buildings</b>	30
<b>Construction Type</b>	Stucco
<b>HVAC</b>	Central Elec/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	None
<b>Parking</b>	L/0
<b>Year Built</b>	1969/2017
<b>Condition</b>	Good
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Fireplace, Swimming Pool, Exercise Room, Volleyball Court, Tennis Court, Laundry Facility, On-Site Management, On-Site Maintenance

**Remarks**

There are currently five applicants on the waiting list. The annual turnover rate is 25 percent. The property is currently undergoing renovations. The higher rents are for the units that have been renovated.

**Multi-Family Lease No. 4**



**Property Identification**

**Record ID** 5332  
**Property Type** Townhouse  
**Property Name** Jefferson Ridge Townhomes  
**Address** 363 East Jefferson Street, Madison, Morgan County, Georgia 30650  
**Market Type** Market

**Verification** Linda; 706-818-3563, May 15, 2017

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/2.5	22	1,075	\$700	\$0.65
<b>Occupancy</b>	100%			
<b>Rent Premiums</b>	N			
<b>Total Units</b>	22			
<b>Unit Size Range</b>	0 - 1075			
<b>Avg. Unit Size</b>	1,075			
<b>Avg. Rent/Unit</b>	\$625			
<b>Avg. Rent/SF</b>	\$0.58			
<b>SF</b>	23,650			

**Physical Data**

**No. of Buildings** 4  
**Construction Type** Vinyl Siding  
**HVAC** Central Elec/Central Elec  
**Stories** 2  
**Utilities with Rent** None

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

<b>Parking</b>	L/O
<b>Year Built</b>	2000/2012
<b>Condition</b>	Good
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

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

**Remarks**

The property has a waiting list of five applicants. The annual turnover rate was not disclosed.

**Multi-Family Lease No. 5**



**Property Identification**

**Record ID** 5483  
**Property Type** Walk-Up/Townhouse  
**Property Name** Brighton Park Apartments  
**Address** 4315 Lexington Road, Athens, Clarke County, Georgia 30605  
**Market Type** Market

**Verification** Leasing Agent; 706-354-7917, May 15, 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	56	660	\$500	\$0.76
2/1.5 TH	30	1,100	\$585	\$0.53
2/1.5 TH	30	1,250	\$635	\$0.51
3/2	30	1,350	\$775	\$0.57

**Occupancy** 100%  
**Rent Premiums** N  
**Total Units** 146  
**Unit Size Range** 660 - 1350  
**Avg. Unit Size** 1,013  
**Avg. Rent/Unit** \$602  
**Avg. Rent/SF** \$0.59

**SF** 147,960

**Physical Data**

**No. of Buildings** 21  
**Construction Type** Brick  
**HVAC** Central Elec/Central Elec  
**Stories** 2  
**Utilities with Rent** Trash Collection

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

<b>Parking</b>	L/O
<b>Year Built</b>	1996
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

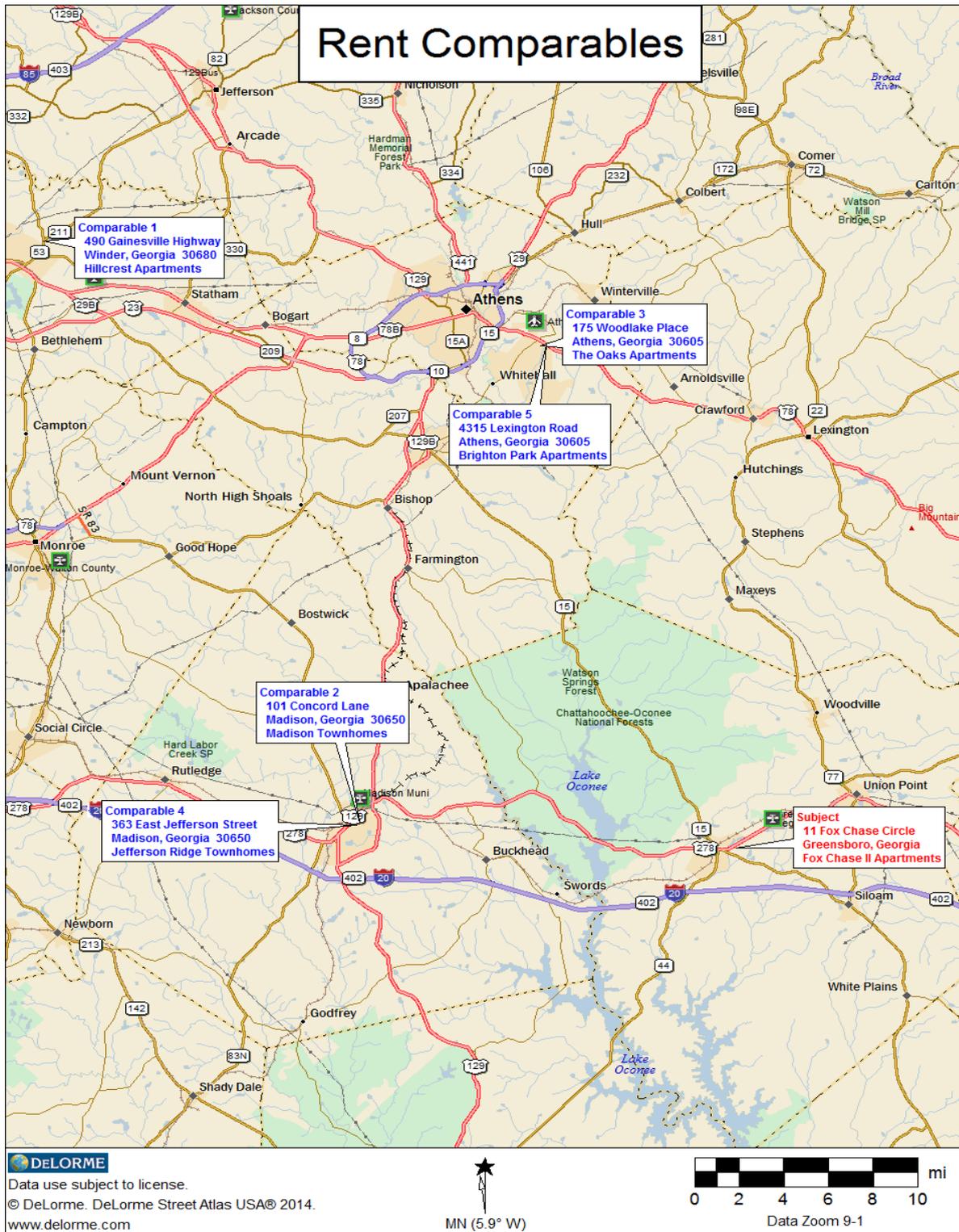
**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Patio, Swimming Pool, Exercise Room, Security Patrol

**Remarks**

The property does not maintain a waiting list. The annual turnover rate was not disclosed. The property is not considered competitive with the subject as it targets a different tenant base.

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
32	1/1	654	\$500	\$465	\$14,880
1	2/1	796	\$622	N/A	\$0
Total Potential Monthly Rental Income					\$14,880
					x 12
Total Potential Gross Rental Income					\$178,560
Miscellaneous Income					\$2,400
<b>Total Potential Gross Income</b>					<b>\$180,960</b>

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

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
32	1/1	654	\$500	\$550	\$17,600
1	2/1	796	\$622	\$665	\$665
Total Potential Monthly Rental Income					\$18,265
					x 12
Total Potential Gross Rental Income					\$219,180
Miscellaneous Income					\$2,400
<b>Total Potential Gross Income</b>					<b>\$221,580</b>

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

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Proposed Rent	Potential Gross Income
32	1/1	654	\$500	\$600	\$19,200
1	2/1	796	\$622	\$715	\$715
Total Potential Monthly Rental Income					\$19,915
					x 12
Total Potential Gross Rental Income					\$238,980
Miscellaneous Income					\$2,400
<b>Total Potential Gross Income</b>					<b>\$241,380</b>

\*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
32	1/1	654	\$500	\$600	\$19,200
1	2/1	796	\$622	\$715	\$715
Total Potential Monthly Rental Income					\$19,915
					x 12
Total Potential Gross Rental Income					\$238,980
Miscellaneous Income					\$2,400
<b>Total Potential Gross Income</b>					<b>\$241,380</b>

**Vacancy and Expense Explanations**

**Vacancy and Collection Loss**

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

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

The field/phone survey was conducted in May 2017. Five market-rate properties responded to the survey and five restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of four percent was determined for the market-rate vacancy and 15 percent was determined for the restricted vacancy. However, the restricted vacancy includes the newly opened Mary Leila Lofts which is still currently in its lease-up period. The property opened in October 2016 and has occupied 50 units in seven months. The manager indicated she expects the units to be fully occupied by December 2017. If this property were not included in the vacancy analysis, the overall vacancy rate for restricted properties would be four percent. The subject is currently 100 percent occupied. Historically, the subject’s occupancy rate has ranged from 93 to 95 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; four percent was deemed appropriate for “as is” affordable housing; and four percent was deemed appropriate for “as complete” affordable housing.

**Expenses**

To develop an estimate of the net operating income, the appraiser analyzes data for the property. Net operating income (NOI), the income remaining after total expenses have been deducted from the effective gross income, may be calculated before or after deducting replacement reserves. The actual expenses a landlord is required to defray include two specific categories: those incurred by the property itself, such as

taxes and insurance, and those resulting from the operation of the property, such as utilities and maintenance. Generally, expenses incurred by the property per se are called fixed expenses. Expenses tied to the operation of the property, which rise or fall with occupancy, are called variable expenses.

### **Management**

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

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

### **Tax and Assessment Information**

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

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

### **Insurance**

The insurance expense is the responsibility of the landlord.

### **Maintenance**

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

### **Utilities and Service**

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

### **Reserves for Replacement**

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

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

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

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

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

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

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

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

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

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

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

### **Other Miscellaneous Income**

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

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

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

## Operating Expenses & Restricted Projections

Property: Fox Chase II Apartments

# of Rental Units: 33

### Revenue and Expense Analysis

#### Historical and Proforma

% change compared to preceding year.

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

REVENUE - Annual											REVENUE - Annual						
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA					%
<b>Residential &amp; Ancillary Income</b>																	
Annual Gross Potential Rental Income	172,944	5,241	174,924	5,301	1%	178,764	5,417	2%		61,508	184,524	5,592	3%	184,524	5,592	3%	Residential & Ancillary Income
Annual Ancillary Income	980	30	1,024	31	4%	2,876	87	181%		417	1,250	38	-57%	2,400	73	-17%	Annual Gross Potential Rental Income
Annual Gross Potential Income	173,924	5,270	175,948	5,332	1%	181,640	5,504	3%		61,925	185,774	5,630	2%	186,924	5,664	3%	Annual Ancillary Income
Occupancy	94.88%	270	95.27%	252	0%	93.09%	380	-2%		94.85%	1	290	2%	95.06%	280	0%	Annual Gross Potential Income
Effective Gross Income (EGI)	165,022	5,001	167,633	5,080	2%	169,090	5,124	1%		58,733	176,198	5,339	4%	177,698	5,385	5%	Occupancy
																	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual											ITEMIZED EXPENSES - Annual						
Estimate of Annual Expense	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA					%
<b>Administrative</b>																	
Advertising	0	0	51	2	0	21	1	-59%		0	0	0	-100%	200	6	852%	Administrative
Management Fee	16,999	515	17,570	532	3%	17,781	539	1%		6,208	18,624	564	5%	18,816	570	6%	Advertising
Other (Specify)	20,870	632	21,542	653	3%	21,437	650	0%		10,014	30,041	910	40%	23,756	720	11%	Management Fee
<b>Total Administrative</b>	<b>37,869</b>	<b>1,148</b>	<b>39,163</b>	<b>1,187</b>	<b>3%</b>	<b>39,239</b>	<b>1,189</b>	<b>0%</b>		<b>16,222</b>	<b>48,665</b>	<b>1,475</b>	<b>24%</b>	<b>42,772</b>	<b>1,296</b>	<b>9%</b>	Other (Specify)
<b>Operating</b>																	
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Operating
Fuel	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Elevator Maintenance Exp.
Lighting and Misc. Power	4,005	121	4,431	134	11%	5,258	159	19%		1,340	4,021	122	-24%	5,400	164	3%	Fuel - Heating
Water	15,114	458	15,207	461	1%	18,950	574	25%		10,623	31,869	966	68%	24,000	727	27%	Lighting and Misc. Power
Gas	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Water
Garbage and Trash Removal	2,524	76	2,820	85	12%	2,920	88	4%		1,039	3,116	94	7%	3,000	91	3%	Gas
Payroll	5,463	166	9,239	280	69%	12,355	374	34%		4,052	12,155	368	-2%	10,000	303	-19%	Garbage and Trash Removal
Other (Specify)	6,020	182	8,345	253	39%	10,030	304	20%		1,769	5,306	161	-47%	9,785	297	-2%	Payroll
<b>Total Operating</b>	<b>33,125</b>	<b>1,004</b>	<b>40,041</b>	<b>1,213</b>	<b>21%</b>	<b>49,514</b>	<b>1,500</b>	<b>24%</b>		<b>18,822</b>	<b>56,466</b>	<b>1,711</b>	<b>14%</b>	<b>52,185</b>	<b>1,581</b>	<b>5%</b>	Other (Specify)
<b>Maintenance</b>																	
Decorating	1,191	36	450	14	-62%	2,520	76	460%		0	0	0	-100%	3,000	91	19%	Maintenance
Repairs	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Decorating
Exterminating	2,405	73	1,044	32	-57%	4,765	144	356%		1,613	4,839	147	2%	3,105	94	-35%	Repairs
Insurance	6,341	192	6,414	194	1%	6,420	195	0%		6,362	19,086	578	197%	7,501	227	17%	Exterminating
Ground Expense	3,620	110	9,780	296	170%	8,925	270	-9%		2,924	8,771	266	-2%	8,400	255	-6%	Insurance
Other (specify)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Ground Expense
<b>Total Maintenance</b>	<b>13,558</b>	<b>411</b>	<b>17,688</b>	<b>536</b>	<b>30%</b>	<b>22,630</b>	<b>686</b>	<b>28%</b>		<b>10,899</b>	<b>32,696</b>	<b>991</b>	<b>44%</b>	<b>22,006</b>	<b>667</b>	<b>-3%</b>	Other (specify)
<b>Taxes</b>																	
Real Estate Tax	2,614	79	2,650	80	1%	2,735	83	3%		0	0	0	-100%	8,000	242	192%	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	1,685	51	1,870	57	11%	1,763	53	-6%		690	2,069	63	17%	1,900	58	8%	Personal Property Tax
Employee Benefits	516	16	750	23	45%	1,788	54	138%		1,123	3,368	102	88%	1,600	48	-10%	Employee Payroll Tax
Other	134	4	160	5	19%	259	8	61%		109	328	10	27%	150	5	-42%	Employee Benefits
<b>Total Taxes</b>	<b>4,949</b>	<b>150</b>	<b>5,431</b>	<b>165</b>	<b>10%</b>	<b>6,545</b>	<b>198</b>	<b>21%</b>		<b>1,922</b>	<b>5,766</b>	<b>175</b>	<b>-12%</b>	<b>11,650</b>	<b>353</b>	<b>78%</b>	Other
Operating Exp. before RFR	89,501	2,712	102,324	3,101	14%	117,927	3,574	15%		47,864	143,593	4,351	22%	128,613	3,897	9%	Total Taxes
Reserve For Replacement	14,216	431	17,216	522	21%	17,216	522	0%		11,072	33,216	1,007	93%	12,608	382	-27%	Operating Exp. before RFR
<b>Operating Exp. Incl. RFR</b>	<b>103,717</b>	<b>3,143</b>	<b>119,540</b>	<b>3,622</b>	<b>15%</b>	<b>135,143</b>	<b>4,095</b>	<b>13%</b>		<b>58,936</b>	<b>176,809</b>	<b>5,358</b>	<b>31%</b>	<b>141,221</b>	<b>4,279</b>	<b>4%</b>	Reserve For Replacement
<b>NOI</b>	<b>61,306</b>	<b>1,858</b>	<b>48,093</b>	<b>1,457</b>	<b>-22%</b>	<b>33,947</b>	<b>1,029</b>	<b>-29%</b>		<b>-204</b>	<b>-611</b>	<b>-19</b>	<b>-102%</b>	<b>36,477</b>	<b>1,105</b>	<b>7%</b>	Operating Exp. Incl. RFR

Fox Chase II Apartments \* 11 Fox Chase Circle \* Greensboro, Georgia

**Property:** Fox Chase II Apartments

# of Rental Units: 33

**Revenue and Expense Analysis**

**Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Restricted		%	Restricted		%	
	Projections	PUPA		Projections	PUPA		
<b>Residential &amp; Ancillary Income</b>							Residential & Ancillary Income
Annual Gross Potential Rental Income	178,560	5,411	0%	238,980	7,242	34%	Annual Gross Potential Rental Income
Annual Ancillary Income	2,400	73	-17%	2,400	73	-17%	Annual Ancillary Income
Annual Gross Potential Income	180,960	5,484	0%	241,380	7,315	33%	Annual Gross Potential Income
Occupancy	96.00%	219	0%	96.00%	293	0%	Occupancy
Effective Gross Income (EGI)	173,722	5,264	3%	231,725	7,022	37%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Restricted		%	Restricted		%	
	Projections	PUPA		Projections	PUPA		
<b>Administrative</b>							Administrative
Advertising	165	5	686%	165	5	686%	Advertising
Management Fee	18,628	564	5%	18,628	564	5%	Management Fee
Other (Specify)	19,800	600	-8%	19,800	600	-8%	Other (Specify)
<b>Total Administrative</b>	<b>38,593</b>	<b>1,169</b>	<b>-2%</b>	<b>38,593</b>	<b>1,169</b>	<b>-2%</b>	<b>Total Administrative</b>
<b>Operating</b>							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	5,280	160	0%	5,280	160	0%	Lighting and Misc. Power
Water	18,975	575	0%	18,975	575	0%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,970	90	2%	2,970	90	2%	Garbage and Trash Removal
Payroll	11,550	350	-7%	11,550	350	-7%	Payroll
Other (Specify)	6,600	200	-34%	4,950	150	-51%	Other (Specify)
<b>Total Operating</b>	<b>45,375</b>	<b>1,375</b>	<b>-8%</b>	<b>43,725</b>	<b>1,325</b>	<b>-12%</b>	<b>Total Operating</b>
<b>Maintenance</b>							Maintenance
Decorating	1,650	50	-35%	1,650	50	-35%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	3,300	100	-31%	3,300	100	-31%	Exterminating
Insurance	6,600	200	3%	6,600	200	3%	Insurance
Ground Expense	9,075	275	2%	9,075	275	2%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>20,625</b>	<b>625</b>	<b>-9%</b>	<b>20,625</b>	<b>625</b>	<b>-9%</b>	<b>Total Maintenance</b>
<b>Taxes</b>							Taxes
Real Estate Tax	2,805	85	3%	3,630	110	33%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,155	35	-34%	1,155	35	-34%	Employee Payroll Tax
Employee Benefits	825	25	-54%	825	25	-54%	Employee Benefits
Other	165	5	-36%	165	5	-36%	Other
<b>Total Taxes</b>	<b>4,950</b>	<b>150</b>	<b>-24%</b>	<b>5,775</b>	<b>175</b>	<b>-12%</b>	<b>Total Taxes</b>
Operating Exp. before RFR	109,543	3,319	-7%	108,718	3,294	-8%	Operating Exp. before RFR
Reserve For Replacement	11,550	350	-33%	11,550	350	-33%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>121,093</b>	<b>3,669</b>	<b>-10%</b>	<b>120,268</b>	<b>3,644</b>	<b>-11%</b>	<b>Operating Exp. Incl. RFR</b>
<b>NOI</b>	<b>52,629</b>	<b>1,595</b>	<b>55%</b>	<b>111,457</b>	<b>3,377</b>	<b>228%</b>	<b>NOI</b>

**Estimating Restricted Expenses Per Unit**

<b>Estimating Restricted Expenses Per Unit</b>							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$0	\$4	\$3	\$13	\$0
\$564	Management	\$564	\$538	\$539	\$362	\$854	\$441
\$600	Other Administrative Expenses	\$600	\$0	\$575	\$280	\$844	\$1,272
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$87	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$160	Lighting & Misc. Power	\$160	\$127	\$109	\$119	\$205	\$177
\$575	Water/Sewer	\$575	\$601	\$493	\$254	\$285	\$199
\$0	Gas	\$0	\$0	\$0	\$22	\$1,004	\$10
\$90	Garbage/Trash Removal	\$90	\$155	\$27	\$0	\$54	\$0
\$350	Payroll	\$350	\$981	\$439	\$441	\$822	\$732
\$200	Other Operating Expenses	\$150	\$260	\$0	\$272	\$614	\$272
\$50	Decorating	\$50	\$0	\$0	\$0	\$48	\$92
\$0	Repairs	\$0	\$533	\$0	\$96	\$348	\$252
\$100	Exterminating	\$100	\$46	\$86	\$0	\$1	\$0
\$200	Insurance	\$200	\$191	\$201	\$203	\$348	\$355
\$275	Ground Expenses	\$275	\$250	\$272	\$0	\$1	\$249
\$0	Other Maintenance	\$0	\$0	\$624	\$0	\$0	\$0
\$85	Real Estate Taxes	\$110	\$212	\$255	\$277	\$571	\$422
\$35	Payroll Taxes	\$35	\$0	\$0	\$0	\$79	\$0
\$25	Employee Benefits	\$25	\$20	\$21	\$0	\$147	\$0
\$5	Other Taxes	\$5	\$10	\$14	\$0	\$38	\$3
\$350	Replacement Reserves	\$350	\$277	\$262	\$0	\$0	\$0
\$3,669	<b>Total Per Unit</b>	\$3,644	\$4,201	\$3,921	\$2,329	\$6,363	\$4,476
<p><b>Comments:</b>                      Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by the <i>Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 38 and 81 percent of the gross rent potential. The subject's expenses were estimated at 50 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

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

<b>Expense</b>	<b>As Is</b>	<b>As Complete</b>	<b>Comp Range</b>
1. Advertising	\$5	\$5	\$0- \$13
<p>An advertising expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$13 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.</p>			
2. Management	\$564	\$564	\$362-\$854
<p>A management expense of \$564 per unit was projected for the as is scenario, and a management expense of \$564 per unit was projected for the as complete scenario. A comparable range of \$362 to \$854 was determined. The expense was projected based on \$49 per unit as indicated by the budget.</p>			
3. Other Administrative	\$600	\$600	\$0- \$844
<p>An other administrative expense of \$600 per unit was projected. A comparable range of \$0 to \$844 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.</p>			
4. Elevator	\$0	\$0	\$0- \$87
<p>The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.</p>			
5. Fuel	\$0	\$0	\$0- \$0
<p>The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.</p>			
6. Lighting & Misc. Power	\$160	\$160	\$109-\$205
<p>A lighting and miscellaneous power expense of \$160 was projected for the subject. A comparable range of \$109 to \$205 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.</p>			

- |    |             |       |       |              |
|----|-------------|-------|-------|--------------|
| 7. | Water/Sewer | \$575 | \$575 | \$254- \$601 |
|----|-------------|-------|-------|--------------|
- A water/sewer expense of \$575 per unit was projected for the subject. A comparable range of \$254 to \$601 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |     |     |     |             |
|----|-----|-----|-----|-------------|
| 8. | Gas | \$0 | \$0 | \$0-\$1,004 |
|----|-----|-----|-----|-------------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$1,004 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |                       |      |      |            |
|----|-----------------------|------|------|------------|
| 9. | Garbage/Trash Removal | \$90 | \$90 | \$0- \$155 |
|----|-----------------------|------|------|------------|
- A garbage/trash removal expense of \$90 per unit was projected for the subject. A comparable range of \$0 to \$155 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |     |         |       |       |             |
|-----|---------|-------|-------|-------------|
| 10. | Payroll | \$350 | \$350 | \$439-\$981 |
|-----|---------|-------|-------|-------------|
- The payroll expense of \$350 per unit was projected. A comparable range of \$439 to \$981 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- |     |                          |       |       |           |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$200 | \$150 | \$0-\$614 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$200 per unit was projected for the "as is" scenario and \$150 was projected for the "as complete" scenario. A comparable range of \$0 to \$614 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- |    |            |      |      |           |
|----|------------|------|------|-----------|
| 12 | Decorating | \$50 | \$50 | \$0- \$48 |
|----|------------|------|------|-----------|
- A decorating expense of \$50 was projected. A comparable range of \$0 to \$48 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.



- |     |   |       |       |              |
|-----|---|-------|-------|--------------|
| 18. | Real Estate Taxes   | \$85  | \$110 | \$212- \$571 |
|     | <p>A real estate tax expense of \$85 per unit was projected for the subject based on the information obtained by the Greene 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.</p>          |       |       |              |
| 19. | Payroll Taxes   | \$35  | \$35  | \$0- \$79    |
|     | <p>Payroll taxes were projected at \$35 per unit. A comparable range of \$0 to \$79 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>      |       |       |              |
| 20. | Employee Benefits   | \$25  | \$25  | \$0-\$147    |
|     | <p>Employee benefits were projected at \$25 per unit. A comparable range of \$0 to \$147 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> |       |       |              |
| 21. | Replacement Reserves  | \$350 | \$350 | \$0-\$277    |
|     | <p>A replacement reserves expense \$350 per unit was projected. This reserves expense is typical for restricted apartment complexes such as the subject.</p>  |       |       |              |

**Expenses before Reserves for Replacement**

The subject's projected expenses per unit are \$3,319 before reserves for replacement. This is seven percent lower than the 2016 data. The comparables range from \$2,329 to \$6,363 per unit before reserves for replacement. Comparables 1 and 2 are Rural Development properties in the State of Georgia. These properties have an identity-of-interest with the subject. Comparables 3 and 4 are Section 8 properties in Georgia. 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 1990, contains 21 units and has total overall expenses of \$4,201 per unit; Comparable 2 was constructed in 1991, contains 25 units and has total overall expenses of \$3,921 per unit; Comparable 3 was constructed in 1975, contains 80 units and has total overall expenses of \$2,329 per unit; and Comparable 4 was constructed in 1912 and renovated in 1981, contains 194 units and has total overall expenses of \$6,363 per unit. The subject was constructed in 1992 and is a 32-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$2,712 to \$3,574 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

## Operating Expenses & Market Projections

Property: Fox Chase II Apartments

# of Rental Units: 33

### Revenue and Expense Analysis Historical and Proforma

% change compared to preceding year.

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

REVENUE - Annual													REVENUE - Annual				
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months		PUPA	%	Budget	PUPA	%	
<b>Residential &amp; Ancillary Income</b>																	Residential & Ancillary Income
Annual Gross Potential Rental Income	172,944	5,241	174,924	5,301	1%	178,764	5,417	2%	61,508	184,524	5,592	3%	184,524	5,592	3%	Annual Gross Potential Rental Income	
Annual Ancillary Income	980	30	1,024	31	4%	2,876	87	181%	417	1,250	38	-57%	2,400	73	-17%	Annual Ancillary Income	
Annual Gross Potential Income	173,924	5,270	175,948	5,332	1%	181,640	5,504	3%	61,925	185,774	5,630	2%	186,924	5,664	3%	Annual Gross Potential Income	
Occupancy	94.88%	270	95.27%	252	0%	93.09%	380	-2%	94.85%	1	290	2%	95.06%	280	0%	Occupancy	
Effective Gross Income (EGI)	165,022	5,001	167,633	5,080	2%	169,090	5,124	1%	58,733	176,198	5,339	4%	177,698	5,385	5%	Effective Gross Income (EGI)	

ITEMIZED EXPENSES - Annual													ITEMIZED EXPENSES - Annual				
Estimate of Annual Expense													Estimate of Annual Expense				
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months		PUPA	%	Budget	PUPA	%	
<b>Administrative</b>																	Administrative
Advertising	0	0	51	2	0	21	1	-59%	0	0	0	-100%	200	6	852%	Advertising	
Management Fee	16,999	515	17,570	532	3%	17,781	539	1%	6,208	18,624	564	5%	18,816	570	6%	Management Fee	
Other (Specify)	20,870	632	21,542	653	3%	21,437	650	0%	10,014	30,041	910	40%	23,756	720	11%	Other (Specify)	
<b>Total Administrative</b>	<b>37,869</b>	<b>1,148</b>	<b>39,163</b>	<b>1,187</b>	<b>3%</b>	<b>39,239</b>	<b>1,189</b>	<b>0%</b>	<b>16,222</b>	<b>48,665</b>	<b>1,475</b>	<b>24%</b>	<b>42,772</b>	<b>1,296</b>	<b>9%</b>	<b>Total Administrative</b>	
<b>Operating</b>																	Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	4,005	121	4,431	134	11%	5,258	159	19%	1,340	4,021	122	-24%	5,400	164	3%	Lighting and Misc. Power	
Water	15,114	458	15,207	461	1%	18,950	574	25%	10,623	31,869	966	68%	24,000	727	27%	Water	
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,524	78	2,820	85	12%	2,920	88	4%	1,039	3,116	94	7%	3,000	91	3%	Garbage and Trash Removal	
Payroll	5,463	166	9,239	280	69%	12,355	374	34%	4,052	12,155	368	-2%	10,000	303	-19%	Payroll	
Other (Specify)	6,020	182	8,345	253	39%	10,030	304	20%	1,769	5,306	161	-47%	9,785	297	-2%	Other (Specify)	
<b>Total Operating</b>	<b>33,125</b>	<b>1,004</b>	<b>40,041</b>	<b>1,213</b>	<b>21%</b>	<b>49,514</b>	<b>1,500</b>	<b>24%</b>	<b>18,822</b>	<b>56,466</b>	<b>1,711</b>	<b>14%</b>	<b>52,185</b>	<b>1,581</b>	<b>5%</b>	<b>Total Operating</b>	
<b>Maintenance</b>																	Maintenance
Decorating	1,191	36	450	14	-62%	2,520	76	460%	0	0	0	-100%	3,000	91	19%	Decorating	
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	2,405	73	1,044	32	-57%	4,765	144	356%	1,613	4,839	147	2%	3,105	94	-35%	Exterminating	
Insurance	6,341	192	6,414	194	1%	6,420	195	0%	6,362	19,086	578	197%	7,501	227	17%	Insurance	
Ground Expense	3,620	110	9,780	296	170%	8,925	270	-9%	2,924	8,771	266	-2%	8,400	255	-6%	Ground Expense	
Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>13,558</b>	<b>411</b>	<b>17,688</b>	<b>536</b>	<b>30%</b>	<b>22,630</b>	<b>686</b>	<b>28%</b>	<b>10,899</b>	<b>32,696</b>	<b>991</b>	<b>44%</b>	<b>22,006</b>	<b>667</b>	<b>-3%</b>	<b>Total Maintenance</b>	
<b>Taxes</b>																	Taxes
Real Estate Tax	2,614	79	2,650	80	1%	2,735	83	3%	0	0	0	-100%	8,000	242	192%	Real Estate Tax	
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,685	51	1,870	57	11%	1,763	53	-6%	690	2,069	63	17%	1,900	58	8%	Employee Payroll Tax	
Employee Benefits	516	16	750	23	45%	1,788	54	138%	1,123	3,368	102	88%	1,600	48	-10%	Employee Benefits	
Other	134	4	160	5	19%	259	8	61%	109	328	10	27%	150	5	-42%	Other	
<b>Total Taxes</b>	<b>4,949</b>	<b>150</b>	<b>5,431</b>	<b>165</b>	<b>10%</b>	<b>6,545</b>	<b>198</b>	<b>21%</b>	<b>1,922</b>	<b>5,766</b>	<b>175</b>	<b>-12%</b>	<b>11,650</b>	<b>353</b>	<b>78%</b>	<b>Total Taxes</b>	
Operating Exp. before RFR	89,501	2,712	102,324	3,101	14%	117,927	3,574	15%	47,864	143,593	4,351	22%	128,613	3,897	9%	Operating Exp. before RFR	
Reserve For Replacement	14,216	431	17,216	522	21%	17,216	522	0%	11,072	33,216	1,007	93%	12,608	382	-27%	Reserve For Replacement	
<b>Operating Exp. Incl. RFR</b>	<b>103,717</b>	<b>3,143</b>	<b>119,540</b>	<b>3,622</b>	<b>15%</b>	<b>135,143</b>	<b>4,095</b>	<b>13%</b>	<b>58,936</b>	<b>176,809</b>	<b>5,358</b>	<b>31%</b>	<b>141,221</b>	<b>4,279</b>	<b>4%</b>	<b>Operating Exp. Incl. RFR</b>	
<b>NOI</b>	<b>61,306</b>	<b>1,858</b>	<b>48,093</b>	<b>1,457</b>	<b>-22%</b>	<b>33,947</b>	<b>1,029</b>	<b>-29%</b>	<b>-204</b>	<b>-611</b>	<b>-19</b>	<b>-102%</b>	<b>36,477</b>	<b>1,105</b>	<b>7%</b>	<b>NOI</b>	

**Property: Fox Chase II Apartments**

# of Rental Units: 33

**Revenue and Expense Analysis  
Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Market Projections	PUPA	%	Market Projections	PUPA	%	
<b>Residential &amp; Ancillary Income</b>							Residential & Ancillary Income
Annual Gross Potential Rental Income	219,180	6,642	23%	238,980	7,242	34%	Annual Gross Potential Rental Income
Annual Ancillary Income	2,400	73	-17%	2,400	73	-17%	Annual Ancillary Income
Annual Gross Potential Income	221,580	6,715	22%	241,380	7,315	33%	Annual Gross Potential Income
Occupancy	95.00%	336	0%	95.00%	366	0%	Occupancy
Effective Gross Income (EGI)	210,501	6,379	24%	229,311	6,949	36%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Market Projections	PUPA	%	Market Projections	PUPA	%	
<b>Administrative</b>							Administrative
Advertising	165	5	686%	165	5	686%	Advertising
Management Fee	8,420	255	-53%	9,172	278	-48%	4.000% Management Fee
Other (Specify)	18,150	550	-15%	18,150	550	-15%	Other (Specify)
<b>Total Administrative</b>	<b>26,735</b>	<b>810</b>	<b>-32%</b>	<b>27,487</b>	<b>833</b>	<b>-30%</b>	<b>Total Administrative</b>
<b>Operating</b>							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	5,280	160	0%	5,280	160	0%	Lighting and Misc. Power
Water	18,975	575	0%	18,975	575	0%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,970	90	2%	2,970	90	2%	Garbage and Trash Removal
Payroll	11,550	350	-7%	11,550	350	-7%	Payroll
Other (Specify)	6,600	200	-34%	4,950	150	-51%	Other (Specify)
<b>Total Operating</b>	<b>45,375</b>	<b>1,375</b>	<b>-8%</b>	<b>43,725</b>	<b>1,325</b>	<b>-12%</b>	<b>Total Operating</b>
<b>Maintenance</b>							Maintenance
Decorating	1,650	50	-35%	1,650	50	-35%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	3,300	100	-31%	3,300	100	-31%	Exterminating
Insurance	6,600	200	3%	6,600	200	3%	Insurance
Ground Expense	9,075	275	2%	9,075	275	2%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>20,625</b>	<b>625</b>	<b>-9%</b>	<b>20,625</b>	<b>625</b>	<b>-9%</b>	<b>Total Maintenance</b>
<b>Taxes</b>							Taxes
Real Estate Tax	11,550	350	322%	12,375	375	352%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,155	35	-34%	1,155	35	-34%	Employee Payroll Tax
Employee Benefits	825	25	-54%	825	25	-54%	Employee Benefits
Other	165	5	-36%	165	5	-36%	Other
<b>Total Taxes</b>	<b>13,695</b>	<b>415</b>	<b>109%</b>	<b>14,520</b>	<b>440</b>	<b>122%</b>	<b>Total Taxes</b>
Operating Exp. before RFR	106,430	3,225	-10%	106,357	3,223	-10%	Operating Exp. before RFR
Reserve For Replacement	8,250	250	-52%	8,250	250	-52%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>114,680</b>	<b>3,475</b>	<b>-15%</b>	<b>114,607</b>	<b>3,473</b>	<b>-15%</b>	<b>Operating Exp. Incl. RFR</b>
<b>NOI</b>	<b>95,821</b>	<b>2,904</b>	<b>182%</b>	<b>114,704</b>	<b>3,476</b>	<b>238%</b>	<b>NOI</b>

**Estimating Market Expenses Per Unit**

<b>Estimating Market Expenses Per Unit</b>							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$506	\$0	\$128	\$150	\$0
\$255	Management	\$278	\$256	\$290	\$417	\$299	\$382
\$550	Other Administrative Expenses	\$550	\$128	\$150	\$341	\$300	\$650
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$160	Lighting & Misc. Power	\$160	\$197	\$735	\$300	\$0	\$161
\$575	Water/Sewer	\$575	\$0	\$1,025	\$463	\$1,127	\$278
\$0	Gas	\$0	\$0	\$0	\$0	\$244	\$7
\$90	Garbage/Trash Removal	\$90	\$0	\$0	\$0	\$0	\$0
\$350	Payroll	\$350	\$1,344	\$75	\$974	\$1,200	\$628
\$200	Other Operating Expenses	\$150	\$55	\$0	\$200	\$0	\$282
\$50	Decorating	\$50	\$285	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$453	\$500	\$0	\$500	\$407
\$100	Exterminating	\$100	\$0	\$150	\$244	\$0	\$0
\$200	Insurance	\$200	\$416	\$225	\$378	\$250	\$248
\$275	Ground Expenses	\$275	\$117	\$0	\$116	\$0	\$193
\$0	Other Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
\$350	Real Estate Taxes	\$375	\$417	\$671	\$638	\$699	\$696
\$35	Payroll Taxes	\$35	\$0	\$0	\$0	\$0	\$0
\$25	Employee Benefits	\$25	\$0	\$0	\$0	\$0	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$0	\$0	\$11
\$250	Replacement Reserves	\$250	\$0	\$300	\$250	\$300	\$0
\$3,475	<b>Total Per Unit</b>	\$3,473	\$4,174	\$4,121	\$4,449	\$5,069	\$4,133
<p><b>Comments:</b>                      Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Conventional Apartments printed by the Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 42 and 53 percent of the gross rent potential. The subject's expenses were estimated at 48 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

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

<b>Expense</b>	<b>As Is</b>	<b>As Complete</b>	<b>Comp Range</b>
1. Advertising	\$5	\$5	\$0- \$506
<p>An advertising expense of \$5 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.</p>			
2. Management	\$255	\$278	\$256-\$417
<p>A management expense of \$255 per unit was projected for the as is scenario, and a management expense of \$278 per unit was projected for the as complete scenario. A comparable range of \$256to \$417 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.</p>			
3. Other Administrative	\$550	\$550	\$128-\$341
<p>An other administrative expense of \$550 per unit was projected. A comparable range of \$128 to \$341 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.</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	\$160	\$160	\$0-\$735
<p>A lighting and miscellaneous power expense of \$160 was projected for the subject. A comparable range of \$0 to \$735 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.</p>			

- |    |             |       |       |             |
|----|-------------|-------|-------|-------------|
| 7. | Water/Sewer | \$575 | \$575 | \$0-\$1,127 |
|----|-------------|-------|-------|-------------|
- A water/sewer expense of \$575 per unit was projected for the subject. A comparable range of \$0 to \$1,127 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |     |     |     |           |
|----|-----|-----|-----|-----------|
| 8. | Gas | \$0 | \$0 | \$0-\$244 |
|----|-----|-----|-----|-----------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$244 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |                       |      |      |         |
|----|-----------------------|------|------|---------|
| 9. | Garbage/Trash Removal | \$90 | \$90 | \$0-\$0 |
|----|-----------------------|------|------|---------|
- A garbage/trash removal expense of \$90 per unit was projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |     |         |       |       |              |
|-----|---------|-------|-------|--------------|
| 10. | Payroll | \$350 | \$350 | \$75-\$1,344 |
|-----|---------|-------|-------|--------------|
- The payroll expense of \$350 per unit was projected. A comparable range of \$75 to \$1,344 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |                          |       |       |           |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$200 | \$150 | \$0-\$200 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$200 per unit was projected. A comparable range of \$0 to \$200 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |            |      |      |           |
|-----|------------|------|------|-----------|
| 12. | Decorating | \$50 | \$50 | \$0-\$285 |
|-----|------------|------|------|-----------|
- A decorating expense of \$50 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.



18.	Real Estate Taxes	\$350	\$375	\$417-\$699
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A real estate tax expense of \$350 per unit was projected for the subject based on the information obtained by the Greene 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
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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
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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
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A replacement reserves expense of \$250 per unit was projected. This reserves expense is typical for market-rate apartment complexes.

**Expenses before Reserves for Replacement**

The subject's projected expenses per unit are \$3,225 before reserves for replacement. This is ten percent lower than the 2016 data. The comparables range from \$4,121 to \$5,069 per unit before reserves for replacement. All comparables are conventional properties located in the State of Pennsylvania. The subject is within than the comparable range. The *2016 Income/Expense Analysis: Federally Conventional Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,133. Comparable 1 was constructed in 1987, contains 300 units and has total overall expenses of \$4,174 per unit; Comparable 2 was constructed in 1969 and renovated in 2015, contains 209 units and has total overall expenses of \$4,121 per unit; Comparable 3 was constructed in 1979 and was renovated in 2008, contains 486 units and has total overall expenses of \$4,449 per unit; and Comparable 4 was constructed in 1972 and renovated in 2013, contains 132 units and has total overall expenses of \$5,069 per unit. The subject was constructed in 1992 and is a 32-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$2,712 to \$3,574 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

## **Net Operating Income Conclusions**

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

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

### **Direct Capitalization**

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

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

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

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

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

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

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

**Market Derived Capitalization Rates**

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

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

**Comparable Capitalization Rates**

Comparable #	Comparable Address	Number of Units	Date of Sale	NOI /	Sales Price =	Indicated Capitalization
1	537 4th Street Athens, Georgia	64	7/27/2016	\$197,904	\$3,360,000	5.89%
2	100 Ashley Circle Athens, Georgia	240	1/27/2016	\$876,940	\$13,450,000	6.52%
3	475 Baldwin Street Athens, Georgia	56	6/1/2016	\$281,517	\$4,385,000	6.42%
4	407 Maple Lane Monroe, Georgia	20	5/15/2015	\$34,867	\$685,000	5.09%
5	301 Cedar Creek Road Winder, Georgia	8	11/30/2016	\$30,000	\$375,000	8.00%
6	1287 Cedar Shoals Drive Athens, Georgia	220	3/11/2016	\$1,085,400	\$18,000,000	6.03%
7	101 Concord Lane Madison, Georgia	24	5/8/2015	\$88,200	\$980,000	9.00%
8	189 Herring Street Athens, Georgia	12	5/11/2015	\$90,000	\$1,250,000	7.20%
9	101 Hunters Run Road Athens, Georgia	20	2/22/2016	\$142,100	\$1,750,000	8.12%
10	156 Oak Bluff Drive Athens, Georgia	42	1/7/2015	\$275,500	\$2,900,000	9.50%

The comparables indicate a range of 5.09 to 9.50 percent for indicated capitalization rates, with a mean of 7.18 percent. Comparable 1 was constructed in 1969, and Comparable 2 was built in 1970 and renovated in 2011. Comparable 3 was built in 1965. Comparable 4 was constructed in 2004, and Comparable 5 was built in 1978. Comparable 6 was constructed in 1997, and Comparable 7 was constructed in 1983. Comparable 8 was built in 2001, and Comparable 9 was built in 1998. Comparable 10 was constructed in 2001. Comparables 4, 5 and 7 are similar in location. The remaining comparables are slightly superior in

location due to the larger population and greater proximity to services in Athens. 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 these comparables are in locations with larger population counts, the differences are not substantial enough to have a significant impact on the capitalization rate determination. Comparables 6, 8, 9 and 10 are the most similar dates of construction, and Comparables 3, 4, 7, 9 and 10 are the most similar in number of units. Comparables 1, 2, 3, 5, 6 and 9 have the most recent date of sale. After considering all factors, Comparables 3, 6, 9 and 10 were given the most consideration. These comparables have capitalization rates ranging from 6.03 to 9.50 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
		<b>Capitalization Rate</b>		<b>6.86%</b>	
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	x	LTV	x	Mortgage Constant	
1.25	x	80%	x	6.08%	= 0.060802
		<b>Capitalization Rate</b>		<b>6.08%</b>	

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

**Determination of the Market Capitalization Rate**

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

**Income Values**

<b>Market</b>	<b>As Is</b>	<b>\$95,821 /7.00%</b>	<b>= \$1,368,871</b>
<b>Market</b>	<b>As Complete</b>	<b>\$114,704 /7.00%</b>	<b>= \$1,638,622</b>
		<b>Market Rate As Is Value</b>	<b>= \$1,370,000</b>
		<b>Market Rate As Complete Value</b>	<b>= \$1,640,000</b>

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

Due to the presence of Rental Assistance, properties similar to the subject have guaranteed income streams and typically have higher occupancy rates than market properties. As a result, the marketplace shows a preference for these types of properties with Rental Assistance, and the market indicates a lower capitalization rate as a result. Therefore, a slightly more aggressive capitalization rate of one half-point to one full point is seen in the market. The subject has Rental Assistance for 32 of the 33 units. The capitalization rate was adjusted from the market-indicated rate of 7.00 percent to a capitalization rate one point lower at **6.00 percent** for the property's restricted valuations.

<b>Restricted</b>	<b>As Is</b>	<b>\$52,629 /6.00%</b>	<b>=</b>	<b>\$877,143</b>
<b>Restricted</b>	<b>As Complete</b>	<b>\$111,457 /6.00%</b>	<b>=</b>	<b>\$1,857,613</b>
		<b>Restricted Rate As Is Value</b>	<b>=</b>	<b>\$875,000</b>
		<b>Restricted Rate As Complete Value</b>	<b>=</b>	<b>\$1,860,000</b>

Prospective Market Value Upon Loan Maturity	
<b>\$1,640,000</b> Prospective Market Value (As Complete and Stabilized) 50 Term of Loan (years) 2.00% Growth Rate	
<b>Market Value</b> \$1,640,000 PV 50 [g] [n] 2.00 [g] [i] Solve for FV	<b>\$4,454,272.88</b>
Using these factors, a prospective market value upon loan maturity of <b>\$4,454,272.88</b> was determined. <div style="text-align: center; color: red;"> <b>Prospective Market Value Upon Loan Maturity</b>  <b>\$4,454,000.00</b> </div>	

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

### Population

The population for the subject's neighborhood for 2017, according to ESRI, is 5,444, an increase of 411 people from the 2010 population of 5,033. The population is expected to increase at an annual rate of 6.6 percent between 2017 and 2022. Therefore, the 2022 population is projected at 5,801. The median age for the neighborhood is 37.2.

### Unemployment Trends

The unemployment rate has fluctuated from 5.3 percent to 13.2 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 GREENE COUNTY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2005	6,639	6,156	92.7%	483	7.3%
2006	6,953	6,553	94.2%	400	5.8%
2007	7,458	7,061	94.7%	397	5.3%
2008	7,624	7,107	93.2%	517	6.8%
2009	7,588	6,727	88.7%	861	11.3%
2010	6,412	5,567	86.8%	845	13.2%
2011	6,379	5,592	87.7%	787	12.3%
2012	6,420	5,708	88.9%	712	11.1%
2013	6,355	5,723	90.1%	632	9.9%
2014	6,430	5,903	91.8%	527	8.2%
2015	6,826	6,374	93.4%	452	6.6%
2016	6,910	6,511	94.2%	399	5.8%
2017**	6,941	6,586	94.9%	355	5.1%

\* 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 \$26,319. It is expected to increase to \$30,263 by 2022. The per capita income is \$15,996.

**Median Home Value**

The median home value for the neighborhood in 2017, according to ESRI, is \$93,989. According to ESRI, the average amount spent for owner-occupied households in the subject’s neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month.

**Realty Rates Market Survey**

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

<b>REALTY RATES MARKET SURVEY – AREA CAPITALIZATION RATES</b>			
<b>QUARTER</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
1 <sup>ST</sup> Quarter	8.20%	8.30%	8.10%
2 <sup>nd</sup> Quarter	8.10%	8.30%	---
3 <sup>rd</sup> Quarter	8.50%	8.20%	---
4 <sup>th</sup> Quarter	8.40%	8.10%	---

Source: RealtyRates.com: South Atlantic Region

### Comparable Sales Analysis

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

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

Fox Chase II Apartments \* 11 Fox Chase Circle \* Greensboro, 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 6.6 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$26,319. It is expected to increase to \$30,263 by 2022. The per capita income is \$15,996.

The unemployment rate has fluctuated from 5.3 percent to 13.2 percent, and due to the recent economic trends, Greene County, as well as the rest of the nation, increased in unemployment. However, the unemployment rate has stabilized and is anticipated to decrease to at least the high end of the historical range by the loan's maturity date.

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

**Prospective Market Value Upon Loan Maturity = \$4,454,000.00**

Value of Interest Credit Subsidy

Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan		
	\$926,353	Original RD Loan Amount
	\$799,824	Balance of the Original Loan
	600	Months for the Term of the Loan
	306	Remaining Months for the Term of the RD Loan
	4.50%	Market Interest Rate
	7.75%	Note Rate of Interest
	1.00%	Base Rate of Interest
<b>Market Loan</b>		<b>Original RD Loan</b>
	\$799,824	PV
	0.0450	[i]
	360	[n]
Solve for PMT	\$4,052.59	per month
	\$926,353	PV
	0.0100	[i]
	600	[n]
Solve for PMT	\$1,962.56	per month
<b>Interest Credit Subsidy</b>		
Difference in Payment	\$2,090.03	
	\$2,090.03	[PMT]
	0.0450	[i]
	306	[n]
Solve for PV	\$380,044.04	
	<b>Value of Subsidy from the Existing 515 Loan (Existing Terms) Rounded:</b>	
	<b>\$380,000</b>	

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

**\$799,824 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**  
 \$799,824 PV  
 0.0450 [i]  
 360 [n]  
 Solve for PMT \$4,052.59 per month

**With 1% interest**  
 \$799,824 PV  
 0.0100 [i]  
 600 [n]  
 Solve for PMT \$1,694.50 per month

**Value of Balloon**  
 \$799,824 [CHS] [PV]  
 0.0375 [i]  
 600 [n]  
 Solve for PMT \$2,953.75  
 360 [n]  
 Solve for FV \$498,196.39  
  
 \$498,196.39 [CHS] [FV]  
 0.0450 [i]  
 360 [n]  
 Solve for PV \$129,479.08

**Interest Credit Subsidy**  
 Difference in Payment \$2,358.09  
 \$2,358.09 [PMT]  
 0.0450 [i]  
 360 [n]  
 Solve for PV \$465,395.40  
-\$129,479.08  
**\$335,916.33**

**Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:  
 \$336,000.00**

**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 \$82,017 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$820,170. 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:	=	\$820,170	
<b>Price</b>	<b>x 0.85</b>	<b>= \$697,145</b>	<b>\$ 697,145</b>

**Total Value Tax Credits = \$695,000**

**Insurable Value**

<b>USDA Rural Development Insurable Value Calculation</b>				
<b>Property Name:</b>	Fox Chase II Apartments			
<b>Street Address:</b>	11 Fox Chase Circle			
<b>City, County, State, Zip:</b>	Greensboro, Greene, Georgia 30642			
<b>BASE COST</b>				
Main Structure			\$71.55	
Sprinkler				
Other				
Adjustments and/or Multipliers			0.83	Local
			1.03	Current
<b>TOTAL BASE COST PER SQ. FT</b>			\$61.17	
Building Area Square Footage			22,570	
<b>TOTAL REPLACEMENT COST NEW</b>			\$1,380,564	
<b>EXCLUSIONS</b>	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$1,354	
Foundations	\$3.67	6.0%	\$82,832	
Site Work	\$1.53	2.5%	\$34,532	
Site Improvements	\$2.02	3.3%	\$45,591	
Architect's Fees	\$0.61	1.0%	\$13,768	
Underground Piping	\$0.61	1.0%	\$13,768	
<b>TOTAL EXCLUSIONS</b>	\$8.50	13.9%	\$191,845	
<b>INCLUSIONS</b>				
Appliance Packages			\$54,308	
Patios/Balconies, etc.				
Parking Lot			\$21,672	
Other				
<b>TOTAL INCLUSIONS</b>			\$75,979	
<b>CONCLUDED INSURABLE VALUE</b>				
Total Replacement Cost New			\$1,380,564	
Less Total Exclusions			\$191,845	
Plus Total Inclusions			\$75,979	
<b>CONCLUDED INSURABLE VALUE</b>			<b>\$1,264,698</b>	

**Total Insurable Value (Rounded) = \$1,265,000**

## **Sales Comparison Approach**

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

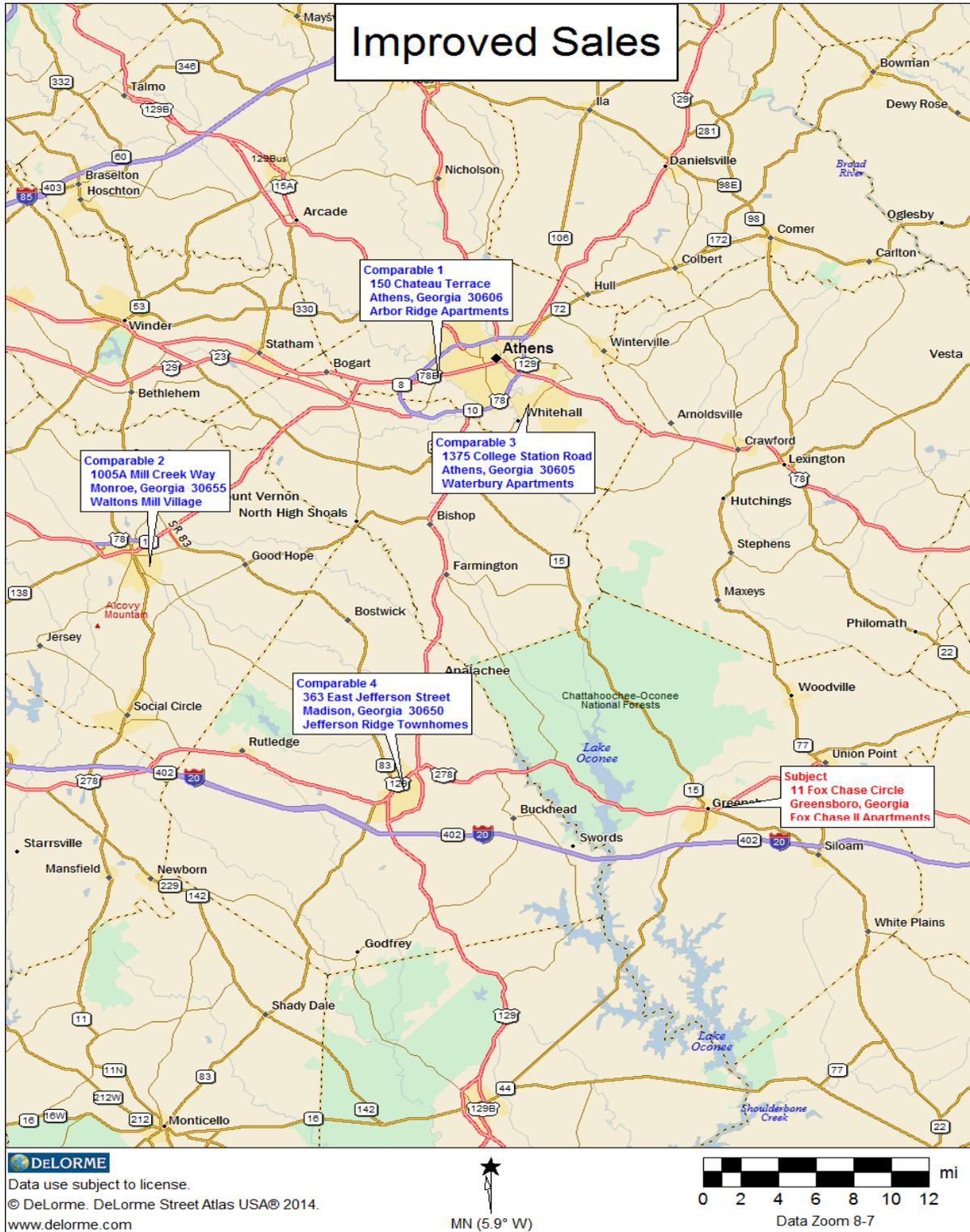
- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

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

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

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

Comparable Sales Map



**Comparable Sales**

**Multi-Family Sale No. 1**



**Property Identification**

<b>Record ID</b>	1644
<b>Property Type</b>	Walk-Up
<b>Property Name</b>	Arbor Ridge Apartments
<b>Address</b>	150 Chateau Terrace, Athens, Clarke County, Georgia 30606
<b>Tax ID</b>	123 007
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	Juniper Epps Bridge II, LLC
<b>Grantee</b>	Arbor Ridge Equities, LLC
<b>Sale Date</b>	May 01, 2015
<b>Deed Book/Page</b>	4335/0121
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 15, 2017

<b>Sale Price</b>	\$10,000,000
<b>Cash Equivalent</b>	\$10,000,000
<b>Adjusted Price</b>	\$10,000,000

**Land Data**

<b>Land Size</b>	12.000 Acres or 522,720 SF
------------------	----------------------------

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

<b>Front Footage</b>	Chateau Terrace
<b>Zoning</b>	Multifamily
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	40	740	\$540	\$0.73
2/1.5	140	960	\$635	\$0.66
3/2	32	1,200	\$755	\$0.63
<b>Total Units</b>	212			
<b>Avg. Unit Size</b>	955			
<b>Avg. Rent/Unit</b>	\$635			
<b>Avg. Rent/SF</b>	\$0.67			

**Net SF** 202,400

**General Physical Data**

<b>Construction Type</b>	Brick/Siding
<b>HVAC</b>	Central Elec/Central Elec
<b>Parking</b>	L/O
<b>Stories</b>	2
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Year Built</b>	1969/2008
<b>Condition</b>	Average

**Income Analysis**

<b>Potential Gross Income</b>	\$1,615,920
<b>Vacancy</b>	\$80,796
<b>Effective Gross Income</b>	\$1,535,124
<b>Expenses</b>	\$989,124
<b>Net Operating Income</b>	\$546,000

**Indicators**

<b>Sale Price/Net SF</b>	\$49.41
<b>Sale Price/Unit</b>	\$47,170
<b>Occupancy at Sale</b>	95%
<b>PGIM</b>	6.19
<b>EGIM</b>	6.51
<b>Expenses/SF</b>	\$4.89 Net
<b>Expenses/Unit</b>	\$4,666
<b>Expenses as % of PGI</b>	61.21%
<b>Expenses as % of EGI</b>	64.43%
<b>Overall or Cap Rate</b>	5.46%
<b>NOI/SF</b>	\$2.70 Net
<b>NOI/Unit</b>	\$2,575

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio and Laundry Facility

**Multi-Family Sale No. 2**



**Property Identification**

<b>Record ID</b>	3553
<b>Property Type</b>	Townhouse
<b>Property Name</b>	Waltons Mill Village
<b>Address</b>	1005A Mill Creek Way, Monroe, Walton County, Georgia 30655
<b>Tax ID</b>	m02500000118125, m025000001181266, m02500000118127, m02500000118128
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	Rialto Capital Management LLC
<b>Grantee</b>	Douglas P Griffin
<b>Sale Date</b>	November 18, 2016
<b>Deed Book/Page</b>	3995-463
<b>Property Rights</b>	Fee Simple
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 15, 2017
<b>Sale Price</b>	\$2,800,000
<b>Cash Equivalent</b>	\$2,800,000
<b>Adjusted Price</b>	\$2,800,000

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

**Land Data**

**Land Size** 30.190 Acres or 1,315,076 SF  
**Front Footage** 1005 A Mill Creek Way  
**Zoning** F, Multifamily District  
**Topography** Nearly Level  
**Utilities** E, G, W, S  
**Shape** Irregular

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
3/2	67	1,450		
<b>Total Units</b>	67			
<b>Avg. Unit Size</b>	1,450			
<b>Net SF</b>	97,150			

**General Physical Data**

**No. of Buildings** 38  
**Construction Type** Brick/Siding  
**HVAC** Central Elec/Central Elec  
**Parking** L/0  
**Stories** 2  
**Utilities with Rent** None  
**Year Built** 2007  
**Condition** Good

**Indicators**

**Sale Price/Net SF** \$28.82  
**Sale Price/Unit** \$41,791

**Amenities**

Refrigerator, Range/Oven, Dishwasher, Carpet, Ceramic Tile, Blinds, Balcony and Playground

**Multi-Family Sale No. 3**



**Property Identification**

**Record ID** 3555  
**Property Type** Garden  
**Property Name** Waterbury Apartments  
**Address** 1375 College Station Road, Athens, Clarke County, Georgia  
 30605  
**Tax ID** 182B 007-H  
**Market Type** Market

**Sale Data**

**Grantor** Arcan Capital  
**Grantee** Opportune Companies  
**Sale Date** May 01, 2017  
**Deed Book/Page** 004583000429  
**Property Rights** Fee Simple  
**Financing** Conventional  
**Verification** Assessor; May 15, 2017

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

**Land Data**

**Land Size** 4.090 Acres or 178,160 SF  
**Front Footage** 1375 College Station Road  
**Zoning** RM-1, Multifamily Dwelling District  
**Topography** Nearly Level  
**Utilities** E, G, W, S  
**Shape** Irregular

**Unit Mix**

<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
Efficiency	6	288	\$506	\$1.76
1/1	37	576	\$598	\$1.04
2/1	5	864	\$711	\$0.82
2/2	5	864	\$741	\$0.86

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

<b>Total Units</b>	53
<b>Avg. Unit Size</b>	598
<b>Avg. Rent/Unit</b>	\$612
<b>Avg. Rent/SF</b>	\$1.02
<b>Net SF</b>	31,680

**General Physical Data**

<b>No. of Buildings</b>	10
<b>Construction Type</b>	Siding
<b>HVAC</b>	PTAC Elec/PTAC Elec
<b>Parking</b>	L/O
<b>Stories</b>	1
<b>Utilities with Rent</b>	Trash Collection
<b>Year Built</b>	1985/2006
<b>Condition</b>	Good

**Indicators**

<b>Sale Price/Net SF</b>	\$80.49
<b>Sale Price/Unit</b>	\$48,113

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer, Dryer, Carpet, Vinyl, Blinds, Ceiling Fans, Vaulted Ceilings, Patio, Meeting Room, Extra Storage and Laundry Facility

**Multi-Family Sale No. 4**



**Property Identification**

<b>Record ID</b>	1213
<b>Property Type</b>	Townhouse
<b>Property Name</b>	Jefferson Ridge Townhomes
<b>Address</b>	363 East Jefferson Street, Madison, Morgan County, Georgia 30650
<b>Tax ID</b>	M18072000
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	Jacobs Family Trustee
<b>Grantee</b>	Jefferson Ridge Townhomes, LLC
<b>Sale Date</b>	April 18, 2016
<b>Deed Book/Page</b>	527-513
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; 706-818-3563, May 15, 2017

<b>Sale Price</b>	\$1,150,000
<b>Cash Equivalent</b>	\$1,150,000
<b>Adjusted Price</b>	\$1,150,000

**Land Data**

<b>Land Size</b>	2.490 Acres or 108,464 SF
<b>Front Footage</b>	East Jefferson Street
<b>Zoning</b>	R-8, Residential District
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

**Multi-Family Sale No. 4 (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>	
2/2.5	22	1,075	\$700	\$0.65
<b>Total Units</b>	22			
<b>Avg. Unit Size</b>	1,075			
<b>Avg. Rent/Unit</b>	\$700			
<b>Avg. Rent/SF</b>	\$0.65			
<b>Net SF</b>	23,650			
<b><u>General Physical Data</u></b>				
<b>No. of Buildings</b>	4			
<b>Construction Type</b>	Siding			
<b>HVAC</b>	Central Elec/Central Elec			
<b>Parking</b>	L/O			
<b>Stories</b>	2			
<b>Utilities with Rent</b>	None			
<b>Year Built</b>	2000/2012			
<b>Condition</b>	Good			
<b><u>Indicators</u></b>				
<b>Sale Price/Net SF</b>	\$48.63			
<b>Sale Price/Unit</b>	\$52,273			

**Amenities**

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

**Comparable Sales Chart – As Is**

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	11 Fox Chase Circle	150 Chateau Terrace	1005A Mill Creek Way	1375 College Station Road	363 East Jefferson Street
City	Greensboro	Athens	Monroe	Athens	Madison
State	GA	GA	GA	GA	GA
Date	5/15/2017	5/1/2015	11/18/2016	5/1/2017	4/18/2016
Price		\$10,000,000	\$2,800,000	\$2,550,000	\$1,150,000
Total No. of Units	33	212	67	53	22
Price per Unit		\$47,170	\$41,791	\$48,113	\$52,273
<b>Transaction Adjustments</b>					
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%
<b>Adjusted Price per Unit</b>		<b>\$47,170</b>	<b>\$41,791</b>	<b>\$48,113</b>	<b>\$52,273</b>
Market Trends Through 05/15/17		0%	0%	0%	0%
<b>Adjusted Price per Unit</b>		<b>\$47,170</b>	<b>\$41,791</b>	<b>\$48,113</b>	<b>\$52,273</b>
Location	Average	Superior	Similar	Superior	Similar
% Adjustment		-5%	0%	-5%	0%
\$ Adjustment		-\$2,358	\$0	-\$2,406	\$0
Total No. of Units	33	212	67	53	22
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1992	1968/2008	2007	1985/2006	2000/2012
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Superior	Superior	Similar	Superior
% Adjustment		-10%	-10%	0%	-10%
\$ Adjustment		-\$4,717	-\$4,179	\$0	-\$5,227
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	PTAC Elec/PTAC Elec	Central Elec/Central Elec
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Pull Cords and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Carpet, Ceramic Tile, Blinds, Balcony and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer, Dryer, Carpet, Vinyl, Blinds, Ceiling Fans, Vaulted Ceilings, Patio, Meeting Room, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl and Blinds
% Adjustment		0%	0%	-4%	0%
\$ Adjustment		\$0	\$0	-\$1,925	\$0
<b>Adjusted Price per Unit</b>		<b>\$40,094</b>	<b>\$37,612</b>	<b>\$43,783</b>	<b>\$47,045</b>
Net adjustments		-15.0%	-10.0%	-9.0%	-10.0%
Gross adjustments		-15.0%	-10.0%	-9.0%	-10.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 15, 2017, via the Sales Comparable Approach is as follows:

33 units x \$42,500 per unit = **\$1,402,500**

**Indicated Value = \$1,405,000**

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

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	150 Chateau Terrace	5/1/2015	\$10,000,000	\$47,170	212	1968/2008
2	1005A Mill Creek Way	11/18/2016	\$2,800,000	\$41,791	67	2007
3	1375 College Station Road	5/1/2017	\$2,550,000	\$48,113	53	1985/2006
4	363 East Jefferson Street	4/18/2016	\$1,150,000	\$52,273	22	2000/2012

**Improved Sales Analysis**

The sale prices of the comparables range from \$41,791 to \$52,273 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 Greensboro, Georgia. Comparable 1 is located in Athens. Comparable 2 is located in Monroe. Comparable 3 is located in Athens. Comparable 4 is located in Madison. Although there were slight differences between the subject city and Monroe and Madison, overall there were no differences considered significant enough to warrant an adjustment. However, Athens was considered superior to the subject in location. The following table was utilized to determine appropriate adjustments for differences in location between Greensboro and Athens.

U.S. Census Bureau St	Greensboro	Athens	% Diff
2015 Population	3,405	120,905	97.18%
Households	1,256	43,356	97.10%
Median Home Value	\$77,900	\$150,300	48.17%
Median Rent	\$627	\$790	20.63%

Athen’s population, median income, median home value and median rent are all higher than Greensboro. After considering all factors, an adjustment of 5 percent was considered appropriate for the comparables in Macon.

**Total No. of Units**

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 33 units. The number of units of the comparables range from 22 to 212. No adjustments were needed.

### **Year Built/Renovated**

The subject was built in 1992. It is in average condition. Comparable 1 was built in 1968/2008. Comparable 2 was constructed in 2007. Comparable 3 was built in 1985/2006. Comparable 4 was constructed in 2000/2012. Any necessary adjustment was utilized in the condition/street appeal adjustment.

### **Condition/Street Appeal**

The subject is currently in average condition for a property of its age. Comparables 3 is similar. The remaining comparables are newer or have been renovated and are considered superior in condition. The comparables were adjusted accordingly.

### **HVAC**

The subject contains Central Electric/Central Electric heating and cooling. Comparable 1 contains Central Elec/Central Elec heating and cooling. Comparable 2 contains Central Elec/Central Elec heating and cooling. Comparable 3 contains PTAC Elec/PTAC Elec heating and cooling. Comparable 4 contains Central Elec/Central Elec heating and cooling. 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, pull cords and laundry facility. Comparable 1 contains a refrigerator, range/oven, garbage disposal, dishwasher, carpet, vinyl, blinds, balcony, patio and laundry facility. Comparable 2 contains a refrigerator, range/oven, dishwasher, carpet, cermaic tile, blinds, balcony and playground. Comparable 3 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer, dryer, carpet, vinyl, blinds, ceiling fans, vaulted ceilings, patio, meeting room, extra storage and laundry facility . Comparable 4 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer hook-ups, carpet, vinyl and blinds. Comparable 1 was not adjusted. Comparable 2 was not adjusted. Comparable 3 was adjusted downward four percent. Comparable 4 was not adjusted.

### **Summary and Conclusion**

The comparables range from \$37,612 to \$47,045 per unit after adjustments. All comparables are given consideration. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 15, 2017, via the Sales Comparable Approach is as follows:

33 units x \$42,500 per unit = \$1,402,500

**Indicated As Is Market Value = \$1,405,000**

**Comparable Sales Chart – As Complete**

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	11 Fox Chase Circle	150 Chateau Terrace	1005A Mill Creek Way	1375 College Station Road	363 East Jefferson Street
City	Greensboro	Athens	Monroe	Athens	Madison
State	GA	GA	GA	GA	GA
Date	5/15/2017	5/1/2015	11/18/2016	5/1/2017	4/18/2016
Price		\$10,000,000	\$2,800,000	\$2,550,000	\$1,150,000
Total No. of Units	33	212	67	53	22
Price per Unit		\$47,170	\$41,791	\$48,113	\$52,273
<b>Transaction Adjustments</b>					
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Conventional	Conventional	Conventional	Conventional	Conventional
Conditions of Sale	Normal	Normal	Normal	Normal	Normal
Adjusted Price per Unit		\$47,170	\$41,791	\$48,113	\$52,273
Market Trends Through 05/15/17		0%	0%	0%	0%
Adjusted Price per Unit		\$47,170	\$41,791	\$48,113	\$52,273
Location	Average	Superior	Similar	Superior	Similar
% Adjustment		-5%	0%	-5%	0%
\$ Adjustment		-\$2,358	\$0	-\$2,406	\$0
Total No. of Units	33	212	67	53	22
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1992/Proposed	1968/2008	2007	1985/2006	2000/2012
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Good	Similar	Similar	Inferior	Similar
% Adjustment		0%	0%	10%	0%
\$ Adjustment		\$0	\$0	\$4,811	\$0
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	PTAC Elec/PTAC Elec	Central Elec/Central Elec
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Pull Cords and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Carpet, Cermaic Tile, Blinds, Balcony and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer, Dryer, Carpet, Vinyl, Blinds, Ceiling Fans, Vaulted Ceilings, Patio, Meeting Room, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl and Blinds
% Adjustment		0%	0%	-4%	0%
\$ Adjustment		\$0	\$0	-\$1,925	\$0
Adjusted Price per Unit		\$44,811	\$41,791	\$48,594	\$52,273
Net adjustments		-5.0%	0.0%	1.0%	0.0%
Gross adjustments		-5.0%	0.0%	1.0%	0.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 15, 2017, via the Sales Comparable Approach is as follows:

33 units x \$47,000 per unit = \$1,551,000

**Indicated Value = \$1,550,000**

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

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	150 Chateau Terrace	5/1/2015	\$10,000,000	\$47,170	212	1969/2008
2	1005A Mill Creek Way	11/18/2016	\$2,800,000	\$41,791	67	2007
3	1375 College Station Road	5/1/2017	\$2,550,000	\$48,113	53	1985/2006
4	363 East Jefferson Street	4/18/2016	\$1,150,000	\$52,273	22	2000/2012

**Improved Sales Analysis**

The sale prices of the comparables range from \$41,791 to \$52,273 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 Greensboro, Georgia. Comparable 1 is located in Athens. Comparable 2 is located in Monroe. Comparable 3 is located in Athens. Comparable 4 is located in Madison. Although there were slight differences between the subject city and Monroe and Madison, overall there were no differences considered significant enough to warrant an adjustment. However, Athens was considered superior to the subject in location. The following table was utilized to determine appropriate adjustments for differences in location between Greensboro and Athens.

U.S. Census Bureau St	Greensboro	Athens	% Diff
2015 Population	3,405	120,905	97.18%
Households	1,256	43,356	97.10%
Median Home Value	\$77,900	\$150,300	48.17%
Median Rent	\$627	\$790	20.63%

Athen’s population, median income, median home value and median rent are all higher than Greensboro. After considering all factors, an adjustment of 5 percent was considered appropriate for the comparables in Macon.

**Total No. of Units**

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 33 units. The number of units of the comparables range from 22 to 212. No adjustments were needed.

### **Year Built/Renovated**

The subject was built in 1992. It is in average condition. Comparable 1 was built in 1968/2008. Comparable 2 was constructed in 2007. Comparable 3 was built in 1985/2006. Comparable 4 was constructed in 2000/2012. Any necessary adjustment was utilized in the condition/street appeal adjustment.

### **Condition/Street Appeal**

After rehabilitation, the subject will be in good condition. After the subject's rehabilitation, Comparables 1, 2 and 4 will be similar in condition. Comparable 3 will be inferior and was adjusted accordingly.

### **HVAC**

The subject contains Central Electric/Central Electric heating and cooling. Comparable 1 contains Central Elec/Central Elec heating and cooling. Comparable 2 contains Central Elec/Central Elec heating and cooling. Comparable 3 contains PTAC Elec/PTAC Elec heating and cooling. Comparable 4 contains Central Elec/Central Elec heating and cooling. 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, pull cords and laundry facility. Comparable 1 contains a refrigerator, range/oven, garbage disposal, dishwasher, carpet, vinyl, blinds, balcony, patio and laundry facility. Comparable 2 contains a refrigerator, range/oven, dishwasher, carpet, cermaic tile, blinds, balcony and playground. Comparable 3 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer, dryer, carpet, vinyl, blinds, ceiling fans, vaulted ceilings, patio, meeting room, extra storage and laundry facility . Comparable 4 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer hook-ups, carpet, vinyl and blinds. Comparable 1 was not adjusted. Comparable 2 was not adjusted. Comparable 3 was adjusted downward four percent. Comparable 4 was not adjusted.

### **Summary and Conclusion**

The comparables range from \$41,791 to \$52,273 per unit after adjustments. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of January 31, 2019, via the Sales Comparable Approach is as follows:

33 units x \$47,000 per unit = \$1,551,000

**Indicated As Stabilized Market Value = \$1,550,000**

**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 Greensboro and the surrounding area were used in this analysis. The most weight is accorded to the indication via the Income Comparison Approach in the final value conclusion.

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

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

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

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

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

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 15, 2017, is as follows.

**ONE MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS**  
**\$1,370,000**

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 15, 2017, is as follows.

**EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**\$875,000**

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

**ONE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS**  
**\$1,640,000**

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

**ONE MILLION EIGHT HUNDRED SIXTY THOUSAND DOLLARS**  
**\$1,860,000**

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 15, 2017, is as follows:

**THREE HUNDRED EIGHTY THOUSAND DOLLARS**  
**\$380,000**

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 15, 2017, is as follows:

**THREE HUNDRED THIRTY SIX THOUSAND DOLLARS**  
**\$336,000**

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 15, 2017, is as follows:

**SIX HUNDRED NINETY FIVE THOUSAND DOLLARS**  
**\$695,000**

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 654 square feet one-bedroom units of the subject property, as of May 15, 2017, is as follows:

**FIVE HUNDRED FIFTY DOLLARS**  
**\$550.00**

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

**SIX HUNDRED DOLLARS**  
**\$600.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 796 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SEVEN HUNDRED FIFTEEN DOLLARS**  
**\$715.00**

*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 15, 2017, is as follows.

**EIGHTY SEVEN THOUSAND DOLLARS**

**\$87,000**

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 15, 2017, is as follows.

**ONE MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS**

**\$1,370,000**

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 15, 2017, is as follows.

**EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**\$875,000**

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

**ONE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS**

**\$1,640,000**

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

**ONE MILLION EIGHT HUNDRED SIXTY THOUSAND DOLLARS**

**\$1,860,000**

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.

**FOUR MILLION FOUR HUNDRED FIFTY FOUR THOUSAND DOLLARS**

**\$4,454,000.00**

**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**



## **ADDENDUM B**

# Achievable Rent Analysis Estimates of Restricted 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 or 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	Fox Chase I Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Royal Manor Apartments 1140 Country Club Lane Union Point, Greene, GA		Mary Leila Lofts 316 North West Street Greensboro, Greene, GA		Main Street Braselton 111 State Highway 211 Northwest Hoschton, Barrow, GA		Farmington Hills I 1525 Farmington Way Winder, Barrow, GA		Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, 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		E/2		WU/3		WU/2		T/2		
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies		
6. Project Occupancy %	96%	86%		70%		100%		100%		100%		
7. Concessions	N	N		N		N		N		N		
8. Year Built	1992/Proposed	1983	\$50	2016		2014		2012		1993	\$50	
9. Sq. Ft. Area	643	650		750	(\$5)	713	(\$10)	829	(\$30)	700	(\$10)	
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	N		Y		Y		Y		N		
d. Microwave/Dishwasher	N	N		MD	(\$5)	MD	(\$5)	MD	(\$5)	N		
e. Washer/Dryer	HU	L	\$5	WD	(\$20)	HU		HU		HU		
f. Carpet	C	C		C		C		C		C		
g. Drapes	B	B		B		B		B		B		
h. Pool/Rec. Area	N	N		ER	(\$20)	ER	(\$20)	PER	(\$30)	R	(\$10)	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		
d. Electricity	N	N		N		N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E		
f. Cold Water/Sewer	Y	N	\$38	N	\$38	Y		N	\$38	Y		
g. Trash	Y	N	\$5	Y		Y		Y		Y		
17. Storage	Y/0	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar		
19. Security	N	N		Y	(\$10)	Y	(\$10)	Y	(\$5)	N		
20. Clubhouse/Meeting Room	MR	N	\$5	C/MR	(\$5)	MR		MR		N	\$5	
21. Special Features	N	N		N		N		N		N		
22. Business Center / Nbd Netwk	N	N		BC	(\$5)	BC	(\$5)	BC	(\$5)	N		
23. Unit Rent Per Month		\$390		\$425		\$550		\$640		\$405		
24. Total Adjustment			\$18		(\$47)		(\$55)		(\$42)		\$40	
25. Indicated Rent		\$508		\$378		\$495		\$598		\$445		
26. Correlated Subject Rent	\$479	If there are any Remarks, check here and add the remarks to the back of page.										
	high rent	\$598	low rent	\$378	60% range	\$422	to	\$554				
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature			Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)	
							05/10/17					

Previous editions are obsolete

form HUD-92273 (07/2003)

**Estimates of Restricted Rent  
by Comparison - As Complete**

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

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

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Two-Bedroom	Fox Chase I Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Royal Manor Apartments 1140 Country Club Lane Union Point, Greene, GA		Mary Leila Lofts 316 North West Street Greensboro, Greene, GA		Main Street Braselton 111 State Highway 211 North West Hoschton, Barrow, GA		Farmington Hills I 1525 Farmington Way Winder, Barrow, GA		Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, 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	T/2	WU/2		E/2		WU/3		WU/2		T/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	96%	86%		70%		100%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1992/Proposed	1983	\$50	2016		2014		2012		1993	\$50
9. Sq. Ft. Area	909	850	\$10	993	(\$10)	964	(\$5)	1094	(\$25)	850	\$10
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	1.5	1.0	\$10	2.0	(\$10)	2.0	(\$10)	2.0	(\$10)	1.0	\$10
12. Number of Rooms	4	4		4		4		4		4	
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	N		Y		Y		Y		N	
d. Microwave/Dishwasher	N	N		MD	(\$5)	MD	(\$5)	MD	(\$5)	N	
e. Washer/Dryer	HU	L	\$5	WD	(\$20)	HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	N		ER	(\$20)	ER	(\$20)	PER	(\$30)	R	(\$10)
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	N	\$47	N	\$47	Y		N	\$47	Y	
g. Trash	Y	N	\$5	Y		Y		Y		Y	
17. Storage	Y/0	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	N	N		Y	(\$10)	Y	(\$10)	Y	(\$5)	N	
20. Clubhouse/Meeting Room	MR	N	\$5	C/MR	(\$5)	MR		MR		N	\$5
21. Special Features	N	N		N		N		N		N	
22. Business Center / Nhbhd Netwk	N	N		BC	(\$5)	BC	(\$5)	BC	(\$5)	N	
23. Unit Rent Per Month		\$395		\$499		\$650		\$750		\$440	
24. Total Adjustment			\$147		(\$43)		(\$60)		(\$38)		\$70
25. Indicated Rent		\$542		\$456		\$590		\$712		\$510	
26. Correlated Subject Rent	\$550	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$712	low rent	\$456	60% range	\$507	to	\$661			

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

Appraiser's Signature

Date (mm/dd/yy)

Reviewer's Signature

Date (mm/dd/yyyy)

05/10/17

**Estimates of Restricted Rent  
by Comparison - As Complete**

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

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

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)					
Three-Bedroom	Fox Chase I Apartments 11 Fox Chase Circle Greensboro, Greene, GA	Royal Manor Apartments 1140 Country Club Lane Union Point, Greene, GA	Mary Leila Lofts 316 North West Street Greensboro, Greene, GA	Main Street Braselton 1911 State Highway 211 North West Hoschtown, Barrow, GA	Farmington Hills I 1525 Farmington Way Winder, Barrow, GA	Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments		
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017			
4. Type of Project/Stories	G/1	WU/2		E/2		WU/3		WU/2			
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies			
6. Project Occupancy %	96%	86%		70%		100%		100%			
7. Concessions	N	N		N		N		N			
8. Year Built	1992/Proposed	1983	\$50	2016		2014		2012	\$50		
9. Sq. Ft. Area	949	850	\$10	1267	(\$40)	964		1286	(\$40)		
10. Number of Bedrooms	3	2	\$75	3		2	\$75	3			
11. Number of Baths	15	10	\$10	3.0	(\$30)	2.0	(\$10)	2.0	(\$10)		
12. Number of Rooms	5	4		5		4		5			
13. Balc./Terrace/Patio	Y	Y		Y		Y		Y			
14. Garage or Carport	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	N		Y		Y		Y			
d. Microwave/Dishwasher	N	N		MD	(\$15)	MD	(\$15)	MD	(\$15)		
e. Washer/Dryer	HU	L	\$5	WD	(\$20)	HU		HU			
f. Carpet	C	C		C		C		C			
g. Drapes	B	B		B		B		B			
h. Pool/Rec. Area	N	N		ER	(\$20)	ER	(\$20)	PER	(\$30)		
16. Services a. Heat/Type	N/E	N/E		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/E		N/E		N/E		N/E			
f. Cold Water/Sewer	Y	N	\$57	N		Y		N	\$57		
g. Trash	Y	N	\$15	Y		Y		Y			
17. Storage	Y/0	N	\$5	N		N	\$5	N	\$5		
18. Project Location	Average	Similar		Similar		Similar		Similar			
19. Security	N	N		Y	(\$10)	Y	(\$10)	Y	(\$5)		
20. Clubhouse/Meeting Room	MR	N	\$5	C/MR	(\$5)	MR		MR			
21. Special Features	N	N		N		N		N			
22. Business Center / Nbhd Netwk	N	N		BC	(\$5)	BC	(\$5)	BC	(\$5)		
23. Unit Rent Per Month		\$395		\$559		\$650		\$840			
24. Total Adjustment			\$232		(\$83)		\$20		(\$43)		
25. Indicated Rent		\$627		\$476		\$670		\$797			
26. Correlated Subject Rent	\$625	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$797	low rent	\$476	60% range	\$540	to	\$733			
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature		Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)	
						05/10/17					

Previous editions are obsolete

form HUD-92273 (07/2003)

## **ADDENDUM C**

## Rent Roll

### Fox Chase II Apartments (140)

Report Date: 04/2017

**Building: 1**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
01	McWhorter, Betty	03/01/2016	02/28/2018	S1	\$465.00	\$138.00	138.00	654
02	Brown, Lenard	05/27/2015	05/31/2017	S1	\$465.00	\$279.00	279.00	654
03	Hall, Josephine	11/22/2002	04/30/2017	S1	\$465.00	\$188.00	188.00	654
04	Shelton, Mary	08/31/2016	08/30/2017	S1	\$465.00	\$131.00	131.00	654
Units in Building: 4					\$1,860.00	\$736.00	736.00	
Occupied Units: 4								
% Occupied: 100%								

**Building: 2**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
05	Alexander, Catherine	07/08/2010	02/28/2018	S1	\$465.00	\$361.00	361.00	654
06	Wood, Frank	08/09/2002	05/31/2017	S1	\$465.00	\$131.00	131.00	654
07	Richard, Jean	09/23/2015	09/22/2017	S1	\$465.00	\$131.00	131.00	654
08	Redd, Jessie	08/18/2010	08/17/2017	S1	\$465.00	\$131.00	131.00	654
09	Marker, Jeffery	08/22/2013	08/21/2017	S1	\$465.00	\$109.00	109.00	654
10	Porter, Mae Lue	07/31/2015	09/30/2017	S1	\$465.00	\$160.00	160.00	654
Units in Building: 6					\$2,790.00	\$1,023.00	1,023.00	
Occupied Units: 6								
% Occupied: 100%								

**Building: 3**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
13	* VACANT * 4/1/2017 - 4/5/2017			S1	\$78.00	\$0.00	0.00	654
13	Cooper, Donna	04/06/2017	04/30/2018	S1	\$388.00	\$153.00	153.00	654
14	Bates, Patricia	01/09/2012	01/31/2018	S1	\$465.00	\$138.00	138.00	654
15	WEST, ANNA	08/17/2009	12/31/2017	S1	\$465.00	\$141.00	141.00	654
16	Brown, Willie	08/01/2012	07/31/2017	S1	\$465.00	\$249.00	249.00	654
17	Reid, Sandra	10/29/2011	10/28/2017	S1	\$465.00	\$131.00	131.00	654
18	Terrell, Rickie	09/15/2014	09/14/2017	S1	\$465.00	\$245.00	245.00	654
Units in Building: 6					\$2,791.00	\$1,057.00	1,057.00	
Occupied Units: 6								
% Occupied: 100%								

**Building: 4**

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

\*\* = Expired Lease

\*MR = Moved out during the report range.

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## Rent Roll

### *Fox Chase II Apartments (140)*

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>
19	Kendrick, Alice	02/28/2014	02/28/2018	S1	\$465.00	\$139.00	139.00	654
20	Ellison, Vicky	04/01/2016	03/31/2018	S1	\$465.00	\$180.00	180.00	654
21	Robbins, Clifford	09/18/2002	08/31/2017	S1	\$465.00	\$137.00	137.00	654
22	Brinkley, George	11/11/2016	11/10/2017	S1	\$465.00	\$132.00	132.00	654

Units in Building: 4  
 Occupied Units: 4  
 % Occupied: 100%

\$1,860.00    \$588.00    588.00

**Building: 5**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
23	Ransome, Doshia	12/28/2016	12/27/2017	S1	\$465.00	\$132.00	132.00	654
24	Burdette, Ada	03/04/1996	03/31/2018	S1	\$465.00	\$138.00	138.00	654
25	WILDBERGER, GWEN	10/19/2007	10/18/2017	S1	\$465.00	\$191.00	191.00	654
26	Bullington, Amanda	09/24/2010	09/23/2017	S1	\$465.00	\$146.00	146.00	654
27	ARMOUR, JEFF	06/10/2009	06/09/2017	S1	\$465.00	\$139.00	139.00	654
28	Porter, Maggie	06/06/2016	06/05/2017	S1	\$465.00	\$130.00	130.00	654

Units in Building: 6  
 Occupied Units: 6  
 % Occupied: 100%

\$2,790.00    \$876.00    876.00

**Building: 6**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
29	Styles, Donald	07/20/2016	07/19/2017	S1	\$465.00	\$263.00	263.00	654
30	Ashe, Alicia	05/25/2016	05/24/2017	S1	\$465.00	\$85.00	85.00	654
31	Perry, Derrick	11/30/2016	11/29/2017	S1	\$465.00	\$132.00	132.00	654
32	Alexander, William	10/02/2009	10/01/2017	S1	\$465.00	\$137.00	137.00	654
33	Armour, Cornelius	04/18/2011	05/31/2017	S1	\$465.00	\$282.00	282.00	654
34	Smith, Samuel	12/03/1992	01/31/2018	S1	\$465.00	\$145.00	145.00	654

Units in Building: 6  
 Occupied Units: 6  
 % Occupied: 100%

\$2,790.00    \$1,044.00    1,044.00

**Building: COMMUNITY**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
12	* VACANT * 4/1/2017 - 4/30/2017			Z2	\$0.00	\$0.00	0.00	796

\*\* = Expired Lease

\*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 8:56:18AM

## Rent Roll

### *Fox Chase II Apartments (140)*

Report Date: 04/2017  
Building: COMMUNITY

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units in Building:	1							
Occupied Units:	0				\$0.00	\$0.00	0.00	
% Occupied:	0%							
<b>Total Units:</b>	<b>33</b>			<b>Grand Totals:</b>	<b>\$14,881.00</b>	<b>\$5,324.00</b>	<b>5,324.00</b>	
<b>Total Occupied:</b>	<b>32.00</b>							
<b>Total % Occupied:</b>	<b>96.97</b>							

Selected Parameters:

Property Name - Fox Chase II 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.

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Page 3 of 3

Fox Chase II Apartments  
Greensboro, Georgia

0

Expense Year

Dec-14

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$0</b>
Advertising	\$0
<b>Annual Ancillary Income</b>	<b>\$980</b>
Laundry and Vending Revenue	\$304
Miscellaneous Revenue	\$0
Tenant Charges	\$466
Application Fees Received	\$210
<b>Annual Gross Potential Rental Income</b>	<b>\$172,944</b>
Rental Income from Current Year Budget	\$172,944
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$1,191</b>
Painting	\$1,191
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$516</b>
Health Insurance & Other Emp. Benefits	\$105
Workmen's Compensation	\$411
<b>Employee Payroll Tax</b>	<b>\$1,685</b>
Payroll Taxes	\$1,685
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$164,042</b>
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$68,382
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$95,660
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$2,405</b>
Services	\$2,405
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,524</b>
Garbage & Trash Removal	\$2,524
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$3,620</b>
Grounds	\$3,620
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,341</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,341
<b>Lighting and Miscellaneous Power</b>	<b>\$4,005</b>
Electricity	\$4,005
<b>Management Fee</b>	<b>\$16,999</b>
Management Fee	\$16,999
<b>Misc. Taxes/Licenses</b>	<b>\$134</b>
Other Taxes, Licenses & Permits	\$134
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$20,870</b>
Legal Expense	\$46
Office Furniture & Equipment	\$798
Office Supplies	\$774
Other Administrative Expenses	\$342
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$13,004
Telephone & Answering Service	\$1,467
Training Expense	\$558
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$6,020</b>
Maintenance & Repairs Supply	\$5,914
Other Operating Expense	\$106
Other Utilities	\$0
<b>Payroll</b>	<b>\$5,463</b>
Maintenance & Repairs Payroll	\$5,463
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$2,614</b>
Real Estate Taxes	\$2,614
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$14,216</b>
Transfer to Reserve	\$14,216
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$8,902</b>
Vacancies - Apartments	-\$8,902
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$15,114</b>
Sewer	\$7,404

Water	\$7,709
<b>(blank)</b>	<b>\$508,066</b>
Net Rental Revenue	\$164,042
Operating Expenses	
Subtotal	\$80,411
Total Operating Expenses	\$89,501
Total Other Revenue	\$980
Total Rent Revenue	\$172,944
Total Revenue	
Total Taxes and Insurance	\$9,090
Total Vacancies	-\$8,902
(blank)	
<b>Grand Total</b>	<b>\$940,847</b>

Fox Chase II Apartments  
Greensboro, Georgia

0

Expense Year

Dec-15

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$51</b>
Advertising	\$51
<b>Annual Ancillary Income</b>	<b>\$1,024</b>
Laundry and Vending Revenue	\$393
Miscellaneous Revenue	\$0
Tenant Charges	\$466
Application Fees Received	\$165
<b>Annual Gross Potential Rental Income</b>	<b>\$174,924</b>
Rental Income from Current Year Budget	\$174,924
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$450</b>
Painting	\$450
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$750</b>
Health Insurance & Other Emp. Benefits	\$170
Workmen's Compensation	\$581
<b>Employee Payroll Tax</b>	<b>\$1,870</b>
Payroll Taxes	\$1,870
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$166,609</b>
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$65,406
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$101,203
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$1,044</b>
Services	\$1,044
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,820</b>
Garbage & Trash Removal	\$2,820
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$9,780</b>
Grounds	\$9,780
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,414</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,414
<b>Lighting and Miscellaneous Power</b>	<b>\$4,431</b>
Electricity	\$4,431
<b>Management Fee</b>	<b>\$17,570</b>
Management Fee	\$17,570
<b>Misc. Taxes/Licenses</b>	<b>\$160</b>
Other Taxes, Licenses & Permits	\$160
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$21,542</b>
Legal Expense	\$489
Office Furniture & Equipment	\$791
Office Supplies	\$750
Other Administrative Expenses	\$382
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$13,081
Telephone & Answering Service	\$1,477
Training Expense	\$692
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$8,345</b>
Maintenance & Repairs Supply	\$8,170
Other Operating Expense	\$175
Other Utilities	\$0
<b>Payroll</b>	<b>\$9,239</b>
Maintenance & Repairs Payroll	\$9,239
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$2,650</b>
Real Estate Taxes	\$2,650
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$17,216</b>
Transfer to Reserve	\$17,216
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$8,316</b>
Vacancies - Apartments	-\$8,316
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$15,207</b>
Sewer	\$7,451

Water	\$7,756
<b>(blank)</b>	<b>\$706,522</b>
Net Rental Revenue	\$166,609
Operating Expenses	
Subtotal	\$93,099
Total Operating Expenses	\$102,324
Total Other Revenue	\$1,024
Total Rent Revenue	\$174,924
Total Revenue	\$167,633
Total Taxes and Insurance	\$9,225
Total Vacancies	-\$8,316
(blank)	
<b>Grand Total</b>	<b>\$1,160,303</b>

Fox Chase II Apartments  
Greensboro, Georgia

0

Expense Year

Dec-16

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$21</b>
Advertising	\$21
<b>Annual Ancillary Income</b>	<b>\$2,876</b>
Laundry and Vending Revenue	\$532
Miscellaneous Revenue	\$0
Tenant Charges	\$2,089
Application Fees Received	\$255
<b>Annual Gross Potential Rental Income</b>	<b>\$178,764</b>
Rental Income from Current Year Budget	\$178,764
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$2,520</b>
Painting	\$2,520
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$1,788</b>
Health Insurance & Other Emp. Benefits	\$1,254
Workmen's Compensation	\$533
<b>Employee Payroll Tax</b>	<b>\$1,763</b>
Payroll Taxes	\$1,763
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$166,364</b>
Interest Income	\$0
Other Project Sources	\$150
Rental Income from Current Year Actual	\$61,354
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$104,860
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$4,765</b>
Services	\$4,765
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,920</b>
Garbage & Trash Removal	\$2,920
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$8,925</b>
Grounds	\$8,925
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,420</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,420
<b>Lighting and Miscellaneous Power</b>	<b>\$5,258</b>
Electricity	\$5,258
<b>Management Fee</b>	<b>\$17,781</b>
Management Fee	\$17,781
<b>Misc. Taxes/Licenses</b>	<b>\$259</b>
Other Taxes, Licenses & Permits	\$259
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$21,437</b>
Legal Expense	-\$192
Office Furniture & Equipment	\$1,084
Office Supplies	\$1,101
Other Administrative Expenses	\$375
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$13,479
Telephone & Answering Service	\$1,119
Training Expense	\$592
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$10,030</b>
Maintenance & Repairs Supply	\$9,913
Other Operating Expense	\$117
Other Utilities	\$0
<b>Payroll</b>	<b>\$12,355</b>
Maintenance & Repairs Payroll	\$12,355
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$2,735</b>
Real Estate Taxes	\$2,735
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$17,216</b>
Transfer to Reserve	\$17,216
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$12,550</b>
Vacancies - Apartments	-\$12,550
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$18,950</b>
Sewer	\$9,323

Water	\$9,628
<b>(blank)</b>	<b>\$740,548</b>
Net Rental Revenue	\$166,214
Operating Expenses	
Subtotal	\$108,513
Total Operating Expenses	\$117,927
Total Other Revenue	\$3,026
Total Rent Revenue	\$178,764
Total Revenue	\$169,240
Total Taxes and Insurance	\$9,414
Total Vacancies	-\$12,550
(blank)	
<b>Grand Total</b>	<b>\$1,211,145</b>

Fox Chase II Apartments  
Greensboro, Georgia

0

Expense Year

Budget

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$200</b>
Advertising	\$200
<b>Annual Ancillary Income</b>	<b>\$2,400</b>
Application Fees	\$0
Laundry and Vending Revenue	\$400
Miscellaneous Revenue	\$0
Tenant Charges	\$2,000
<b>Annual Gross Potential Rental Income</b>	<b>\$184,524</b>
Rental Income from Current Year Budget	\$184,524
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$3,000</b>
Painting	\$3,000
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$1,600</b>
Health Insurance & Other Emp. Benefits	\$1,000
Workmen's Compensation	\$600
<b>Employee Payroll Tax</b>	<b>\$1,900</b>
Payroll Taxes	\$1,900
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$0</b>
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$0
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$0
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$3,105</b>
Services	\$3,105
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$3,000</b>
Garbage & Trash Removal	\$3,000
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$8,400</b>
Grounds	\$8,400
Snow Removal	\$0
<b>Insurance</b>	<b>\$7,501</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$175
Property & Liability Insurance	\$7,326
<b>Lighting and Miscellaneous Power</b>	<b>\$5,400</b>
Electricity	\$5,400
<b>Management Fee</b>	<b>\$18,816</b>
Management Fee	\$18,816
<b>Misc. Taxes/Licenses</b>	<b>\$150</b>
Other Taxes, Licenses & Permits	\$150
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$23,756</b>
Legal Expense	\$400
Office Furniture & Equipment	\$804
Office Supplies	\$1,400
Other Administrative Expenses	\$300
Project Auditing Expense	\$4,000
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$14,572
Telephone & Answering Service	\$1,800
Training Expense	\$480
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$9,785</b>
Maintenance & Repairs Supply	\$9,600
Other Operating Expense	\$185
Other Utilities	\$0
<b>Payroll</b>	<b>\$10,000</b>
Maintenance & Repairs Payroll	\$10,000
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$8,000</b>
Real Estate Taxes	\$8,000
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$12,608</b>
Transfer to Reserve	\$12,608
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$9,226</b>
Vacancies - Apartments	-\$9,226
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$24,000</b>
Sewer	\$12,000

Water	\$12,000
<b>(blank)</b>	<b>\$787,920</b>
Net Rental Revenue	\$175,298
Operating Expenses	
Subtotal	\$112,962
Total Operating Expenses	\$128,613
Total Other Revenue	\$2,400
Total Rent Revenue	\$184,524
Total Revenue	\$177,698
Total Taxes and Insurance	\$15,651
Total Vacancies	-\$9,226
(blank)	
<b>Grand Total</b>	<b>\$1,106,839</b>

Fox Chase II Apartments  
Greensboro, Georgia

0

Expense Year Dec-17  
# of Months 4

<b>Row Labels</b>	<b>Sum of Amount</b>
<b>Advertising</b>	<b>\$0</b>
Advertising	\$0
<b>Annual Ancillary Income</b>	<b>\$417</b>
Laundry and Vending Revenue	\$110
Miscellaneous Revenue	\$34
Application Fees	\$0
Tenant Charges/Damages	\$110
Income - Cleaning & Rep	\$0
Income - Late Fees	\$88
Forfeited Security Deposits	\$75
<b>Annual Gross Potential Rental Income</b>	<b>\$61,508</b>
Rental Income from Current Year Budget	\$61,508
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$0</b>
Unit Turns	\$0
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$1,123</b>
Workmen's Compensation	\$661
Group Health Insurance	\$462
Retirement Plan Expense	\$0
<b>Employee Payroll Tax</b>	<b>\$690</b>
Payroll Taxes-FICA	\$601
Unemployment Taxes	\$88
<b>Excluded Income</b>	<b>\$58,316</b>
Retained Excess Income	\$0
Special Claims Revenue	\$0
Rental Income from Current Year Actual	\$20,164
RHS Rental Assist. Received from Actual	\$38,152
Interest Income	\$0
<b>Exterminating</b>	<b>\$1,613</b>
Services	\$1,613
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$1,039</b>
Garbage & Trash Removal	\$1,039
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$2,924</b>

Snow Removal	\$0
Grounds	\$2,924
<b>Insurance</b>	<b>\$6,362</b>
Property & Liability Insurance	\$6,362
Fidelity Coverage Insurance	\$0
Other Insurance	\$0
<b>Lighting and Miscellaneous Power</b>	<b>\$1,340</b>
Electricity	\$1,340
<b>Management Fee</b>	<b>\$6,208</b>
Management Fee	\$6,208
<b>Misc. Taxes/Licenses</b>	<b>\$109</b>
Special Assessments	\$0
Other Taxes, Licenses & Permits	\$109
<b>Other Administrative</b>	<b>\$10,014</b>
Site Management Payroll	\$4,427
Accounting/Auditing Fees	\$3,880
Project Bookkeeping/Accounting	\$0
Legal Expense	-\$192
Telephone	\$313
Office Supplies	\$598
Computer Equipment	\$405
Prospect Screening	\$62
Training Expense	\$48
Bank Charges/Fees	\$33
Postage and Shipping	\$34
Professional Services/Fees	\$300
Travel Expenses	\$100
Late Charges/Fees	\$7
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$1,769</b>
Maintenance & Repairs Supply	\$1,769
Other Operating Expense	\$0
Other Utilities	\$0
<b>Payroll</b>	<b>\$4,052</b>
Maintenance & Repairs Payroll	\$4,052
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$0</b>
Real Estate Taxes	\$0
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
<b>Reserves for Replacement</b>	<b>\$11,072</b>
Transfer to Reserve	\$11,072
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0

<b>Vacancy (Apartments)</b>	<b>-\$3,192</b>
Vacancies - Apartments	-\$3,192
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$10,623</b>
Sewer	\$5,261
Water	\$5,362
<b>(blank)</b>	<b>\$271,510</b>
Net Rental Revenue	\$58,316
Operating Expenses	
Total Operating Expenses	\$47,864
Total Other Revenue	\$417
Total Rent Revenue	\$61,508
Total Revenue	\$58,733
Total Taxes and Insurance	\$6,471
Total Vacancies	-\$3,192
(blank)	
Subtotal	\$41,393
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Grand Total</b>	<b>\$447,495</b>

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

PROJECT NAME Fox Chase II Apartments		BORROWER NAME Fox Chase II/Greensboro Prop		BORROWER ID AND PROJECT NO. 892480880 016	
Loan/Transfer Amount \$ 921,000.00		Note Rate Payment \$ 6,111.97		IC Payment \$ 1,965.09	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				I hereby request _____ units of RA. Current number of RA units <u>32</u> . Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

BEGINNING DATES> ENDING DATES>	CURRENT BUDGET (01 - 01 - 14 ) (12 - 31 - 14 )	ACTUAL (01 - 01 - 14 ) (12 - 31 - 14 )	PROPOSED BUDGET (01 - 01 - 15 ) (12 - 31 - 15 )	COMMENTS or (YTD) (01 - 01 - 14 ) (12 - 31 - 14 )
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	172,944.00	68,382.00	174,924.00	33 rev producir
2. RHS RENTAL ASSISTANCE RECEIVED .....		95,660.00		
3. APPLICATION FEES RECEIVED .....		210.00		
4. LAUNDRY AND VENDING .....	350.00	304.40	350.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,500.00	466.00	1,000.00	
7. OTHER - PROJECT SOURCES .....	0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance) .....	( 8,647.00)		( 8,746.00)	5%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	166,147.00	165,022.40	167,528.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	12,620.00	11,240.65	8,900.00	
14. SUB-TOTAL (11 thru 13) .....	12,620.00	11,240.65	8,900.00	
15. <b>TOTAL CASH SOURCES (10+14)</b> .....	178,767.00	176,263.05	176,428.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	123,283.00	89,500.61	124,227.00	
17. RHS DEBT PAYMENT .....	23,581.00	23,581.08	23,581.00	
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 .....	14,210.00	14,216.00	17,210.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	2,320.00	2,320.00	2,320.00	2013 RTO paic
24. SUB-TOTAL (16 thru 23) .....	163,394.00	129,617.69	167,338.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	12,620.00	11,240.65	8,900.00	
27. MISCELLANEOUS .....	0.00	-1.44	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....	12,620.00	11,239.21	8,900.00	
29. <b>TOTAL CASH USES (24+28)</b> .....	176,014.00	140,856.90	176,238.00	
30. <b>NET CASH (DEFICIT) (15-29)</b> .....	2,753.00	35,406.15	190.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	33,682.80	83,135.78	36,435.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		551.90		Adjust to accru
33. ENDING CASH BALANCE (30+31+32) .....	36,435.80	119,093.83	36,625.80	

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	12,000.00	5,462.92	12,000.00	Maintenance p
2. MAINTENANCE AND REPAIRS SUPPLY .....	6,500.00	5,913.92	6,500.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	1,191.18	2,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	3,920.00	3,620.00	3,920.00	\$160/M + 2000
8. SERVICES .....	4,311.00	2,405.40	3,105.00	\$87/M/PestCon
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	1,900.00	0.00	3,200.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	185.00	105.84	185.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	30,816.00	18,699.26	30,910.00	
12. ELECTRICITY <span style="font-size: small;">If master metered</span> .....	5,000.00	4,004.95	5,000.00	
13. WATER <span style="font-size: small;">check box on</span> .....	13,000.00	7,709.16	12,000.00	
14. SEWER <span style="font-size: small;">front.</span> .....	15,000.00	7,404.36	14,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,600.00	2,523.64	2,700.00	
17. OTHER UTILITIES .....	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	35,600.00	21,642.11	33,700.00	
19. SITE MANAGEMENT PAYROLL .....	12,432.00	13,004.44	13,804.00	1067/M (3% inc
20. MANAGEMENT FEE .....	17,622.00	16,999.00	18,216.00	\$46x33Ux12M
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 .....	200.00	46.00	200.00	
24. ADVERTISING .....	200.00	0.00	200.00	
25. TELEPHONE & ANSWERING SERVICE .....	1,800.00	1,466.82	1,800.00	
26. OFFICE SUPPLIES .....	1,400.00	774.00	1,400.00	
27. OFFICE FURNITURE & EQUIPMENT .....	760.00	798.15	766.00	\$43.42/MComp
28. TRAINING EXPENSE .....	476.00	558.29	476.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	150.00	104.86	150.00	
30. PAYROLL TAXES .....	2,200.00	1,684.68	2,400.00	
31. WORKER'S COMPENSATION .....	500.00	410.82	550.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	100.00	342.34	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	41,840.00	40,069.40	44,262.00	
34. REAL ESTATE TAXES .....	8,000.00	2,614.46	8,100.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	120.00	134.38	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,732.00	6,341.00	6,930.00	210/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	175.00	0.00	175.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	15,027.00	9,089.84	15,355.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	123,283.00	89,500.61	124,227.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	3,701.78	18,498.18	5,291.78	
2. TRANSFER TO RESERVE .....	14,210.00	14,216.00	17,210.00	\$768/M + \$8k ε
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	12,620.00	11,240.65	8,900.00	
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) .....	( 12,620.00)	( 11,240.65)	( 8,900.00)	
8. ENDING BALANCE [(1+2)-7] .....	5,291.78	21,473.53	13,601.78	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	74,415.28	
ENDING BALANCE .....	105,172.79	

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE .....	8,720.50	
ENDING BALANCE .....	13,921.04	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	7,754.00	
ENDING BALANCE .....	7,493.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	32	435.00	575.00	0.00	167,040.00	220,800.00	0.00	68.00
2	N	1	492.00	653.00	0.00	5,904.00	7,836.00	0.00	66.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CURRENT RENT TOTALS:</b>						<b>172,944.00</b>	<b>228,636.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	32	440.00	580.00	0.00	168,960.00	222,720.00	0.00	
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
	*		0.00	0.00	0.00	0.00	0.00	0.00	
<b>PROPOSED RENT TOTALS:</b>						<b>174,924.00</b>	<b>230,616.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

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

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	32	73.00	0.00	0.00	0.00	0.00	0.00	73.00
2	N	1	66.00	0.00	0.00	0.00	0.00	0.00	66.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	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
<b>Appliances:</b>							
Range .....	2	700.00	1,328.47	0.00	0.00	1,328.47	2
Refrigerator .....	3	1,000.00	1,223.24	0.00	0.00	1,223.24	2
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	2	3,200.00	7,008.94	0.00	0.00	7,008.94	5
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
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	32	0.00	0.00	1,600.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning .....	2	2,400.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	2	600.00	0.00	0.00	0.00	0.00	C
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	1,680.00	0.00	0.00	1,680.00	4
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	0	0.00	0.00	0.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	1,600.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		1,000.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>43</b>	<b>8,900.00</b>	<b>11,240.65</b>	<b>3,200.00</b>	<b>0.00</b>	<b>11,240.65</b>	<b>13</b>

**PART VI -- SIGNATURES, DATES AND COMMENTS**

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

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

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
AGENCY APPROVAL (Rural Development Approval Official):

\_\_\_\_\_  
DATE:

**COMMENTS:**

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 was 39% budget. Maintenance & Repairs costs were much lower than anticipated.

Line 18. Actual Utilities were 39% less than budget because of much lower water and sewer expense than budgeted. The 2014 budget was prepared based on actual results from 2013. Water & Sewer expenses were much higher in 2013 because there was a leak.

Line 33. Actual Administrative Expenses were within 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
<b>Appliances:</b>							
Range .....	2	700.00	1,328.47	0.00	0.00	1,328.47	2
Refrigerator .....	3	1,320.00	1,223.24	0.00	0.00	1,223.24	2
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	3	6,000.00	7,008.94	0.00	0.00	7,008.94	5
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
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning .....	2	2,400.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	2	600.00	0.00	0.00	0.00	0.00	C
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	1,680.00	0.00	0.00	1,680.00	4
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	30	0.00	0.00	200.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		800.00	0.00	0.00	0.00	0.00	
Concrete .....		800.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	1,700.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	42	12,620.00	11,240.65	1,900.00	0.00	11,240.65	13

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
GREENSBORO, GEORGIA**

**FINANCIAL AND COMPLIANCE REPORTS**

**AS OF DECEMBER 31, 2015 AND 2014**

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)**

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# Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Greensboro Properties, L.P., Phase II  
(A Limited Partnership)  
Valdosta, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of Greensboro Properties, L.P., Phase II (a Limited Partnership), USDA, RD No: 10-066-892480880 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 Greensboro Properties, L.P., Phase II 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 Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control over financial reporting and compliance.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 11, 2016

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 124,567	\$ 105,173
Accounts receivable - RD	6,540	6,030
<b>Total Current Assets</b>	<b>131,107</b>	<b>111,203</b>
<b>Restricted Deposits and Funded Reserves</b>		
Escrow-tenants' security deposits	7,323	7,493
Escrow-replacement reserve	34,114	21,474
Escrow-tax reserve	16,085	13,921
<b>Total Restricted Deposits and Funded Reserves</b>	<b>57,522</b>	<b>42,888</b>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment, at cost	1,088,664	1,088,664
Accumulated depreciation	(837,665)	(803,399)
<b>Net Property, Plant and Equipment</b>	<b>250,999</b>	<b>285,265</b>
<b>Total Assets</b>	<b>\$ 439,628</b>	<b>\$ 439,356</b>

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>LIABILITIES AND PARTNERS' (DEFICIT)</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 10,965	\$ 10,150
Accounts payable	2,802	2,905
	13,767	13,055
<b>Total Current Liabilities</b>		
<b>Deposits and Prepayment Liabilities</b>		
Tenants' security deposits	7,323	7,493
Prepaid tenant rent	310	332
	7,633	7,825
<b>Total Deposits and Prepayment Liabilities</b>		
<b>Long-Term Liabilities</b>		
Notes payable, general partners	6,958	6,958
Mortgage payable, less current maturities	798,881	809,845
	805,839	816,803
<b>Total Long-Term Liabilities</b>		
	827,239	837,683
<b>Total Liabilities</b>		
<b>Partners' (Deficit)</b>		
Partners' (Deficit)	(387,611)	(398,327)
	(387,611)	(398,327)
<b>Total Liabilities And Partners' (Deficit)</b>		
	\$ 439,628	\$ 439,356

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Gross potential rental income	\$ 167,040	\$ 167,640
Less: vacancy loss	(431)	(3,598)
Net rental income	<u>166,609</u>	<u>164,042</u>
Other income	<u>1,024</u>	<u>980</u>
<b>Total Revenues</b>	<u>167,633</u>	<u>165,022</u>
<b>Expenses</b>		
Operating and maintenance	33,434	29,937
Utilities	22,458	21,642
Administrative	41,784	40,072
Taxes and insurance	<u>9,224</u>	<u>9,089</u>
<b>Total Operating Expenses</b>	<u>106,900</u>	<u>100,740</u>
<b>Net Operating Income</b>	<u>60,733</u>	<u>64,282</u>
<b>Non-Operating Expenses</b>		
Interest subsidy income	(49,763)	(49,763)
Interest expense	63,194	63,949
Depreciation	<u>34,266</u>	<u>34,266</u>
<b>Total Non-Operating Expenses</b>	<u>47,697</u>	<u>48,452</u>
<b>Net Income</b>	<u>\$ 13,036</u>	<u>\$ 15,830</u>

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF PARTNERS' (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Limited Partners' (Deficit)</b>		
Balance, January 1	\$ (375,693)	\$ (390,646)
Distributions	(825)	(825)
Net Income	<u>12,993</u>	<u>15,778</u>
Balance, December 31	<u>\$ (363,525)</u>	<u>\$ (375,693)</u>
<b>General Partner's (Deficit)</b>		
Balance, January 1	\$ (22,634)	\$ (21,191)
Distributions	(1,495)	(1,495)
Net Income	<u>43</u>	<u>52</u>
Balance, December 31	<u>\$ (24,086)</u>	<u>\$ (22,634)</u>
<b>Total Partners' (Deficit)</b>		
Balance, January 1	\$ (398,327)	\$ (411,837)
Distributions	(2,320)	(2,320)
Net Income	<u>13,036</u>	<u>15,830</u>
Balance, December 31	<u>\$ (387,611)</u>	<u>\$ (398,327)</u>

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Net Income	\$ 13,036	\$ 15,830
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation	34,266	34,266
Changes In Operating Assets And Liabilities:		
Accounts receivable	(510)	(94)
Security deposits	170	261
Replacement reserve	(12,640)	(2,976)
Tax reserve	(2,164)	(5,200)
Accounts payable	(103)	612
Tenants' security deposits	(170)	(261)
Unearned rents	(22)	34
Total Adjustments	<u>18,827</u>	<u>26,642</u>
Net Cash Provided By Operating Activities	<u>31,863</u>	<u>42,472</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	(10,149)	(9,395)
Distributions	(2,320)	(2,320)
Net Cash (Used In) Financing Activities	<u>(12,469)</u>	<u>(11,715)</u>
Net Increase In Cash	19,394	30,757
Cash, Beginning Of Year	<u>105,173</u>	<u>74,416</u>
Cash, End Of Year	<u>\$ 124,567</u>	<u>\$ 105,173</u>

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>Supplemental Disclosures Of Cash Flow Information:</b>		
<b>Cash Paid During The Year For:</b>		
Interest expense	\$ 63,194	\$ 63,949
Less: subsidized portion	(49,763)	(49,763)
Interest paid, net of subsidy	\$ 13,431	\$ 14,186

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The partnership known as Greensboro Properties, L.P., Phase II, was formed as a limited partnership under the laws of the State of Georgia on September 11, 1990, to develop, own and operate a 33-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective September 1, 1991, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partners, David Brown, William Rea and Rural Housing Partnerships, Inc. Effective January 1, 1999, the general partnership interest of David Brown and William Rea was converted to a limited partnership interest (Class B). 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 August 13, 2010, 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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

**Use of Estimates**

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

**Tenant Receivables**

Tenant receivables are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed.

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2015 and 2014, there was no allowance balance required. Tenant receivables had a balance in the amount of \$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 \$51 and \$0, respectively.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2—RESTRICTED CASH AND ESCROW ACCOUNTS**

**Replacement Reserve**

	<u>2015</u>	<u>2014</u>
Annual funding required by loan agreement	<u>\$ 9,210</u>	<u>\$ 9,210</u>
Actual funding including interest income	<u>\$ 17,216</u>	<u>\$ 14,216</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>\$ 4,575</u>	<u>\$ 11,240</u>
Reserve balance at year end	\$ 34,114	\$ 21,474
Fully funded balance per loan agreement	<u>(2,066)</u>	<u>(6,701)</u>
Excess	<u>\$ 36,180</u>	<u>\$ 28,175</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	\$ 7,323	\$ 7,493
Tenant security deposits payable	<u>7,323</u>	<u>7,493</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)**

**Real Estate Tax and Insurance Escrow**

USDA, RD regulations require the Partnership to make monthly appropriations of cash to a tax reserve account to insure that adequate cash is available when taxes are due. The account's status at December 31 is:

	<u>2015</u>	<u>2014</u>
Real estate tax and insurance escrow	\$ 16,085	\$ 13,921
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 16,085</u>	<u>\$ 13,921</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		\$ 16,845	\$ 16,845
Buildings	30 Years	1,027,989	1,027,989
Equipment	10 Years	42,953	42,953
Furniture and fixtures	5 Years	<u>877</u>	<u>877</u>
Total		1,088,664	1,088,664
Less: Accumulated depreciation		<u>(837,665)</u>	<u>(803,399)</u>
Net Property, Plant and Equipment		<u>\$ 250,999</u>	<u>\$ 285,265</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$34,266 and \$34,266 for the years ended December 31, 2015 and 2014.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4 - ACCOUNTS PAYABLE**

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

	<u>2015</u>	<u>2014</u>
Utilities and telephone	\$ 1,508	\$ 1,601
Office and administration	217	240
Outside services	116	-
Pest control	261	87
Grounds maintenance	700	-
Group health insurance	-	9
Repairs and maintenance	-	968
	<u>\$ 2,802</u>	<u>\$ 2,905</u>

**NOTE 5 - LONG-TERM INDEBTEDNESS**

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

	<u>2015</u>	<u>2014</u>
USDA, RD, made November 3, 1992, 7.75%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$1,092,272.	\$ 809,846	\$ 819,995
Less current maturities	<u>(10,965)</u>	<u>(10,150)</u>
Long-term portion	<u>\$ 798,881</u>	<u>\$ 809,845</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	\$ 10,965
2017	11,845
2018	12,797
2019	13,825
2020	14,935

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)**

Greensboro Properties, L.P., Phase II incurred interest costs of \$63,194 and \$63,949 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>\$ 101,203</u>	<u>\$ 95,660</u>

**NOTE 7 - TAXABLE INCOME (LOSS)**

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

	<u>2015</u>	<u>2014</u>
Net Income per financial statement	\$ 13,036	\$ 15,830
Book depreciation in excess of tax depreciation	<u>6,117</u>	<u>6,117</u>
Partnership Income per tax return	<u>\$ 19,153</u>	<u>\$ 21,947</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 Greensboro Properties, L.P., Phase II. The partnership paid Investors Management Company, Inc. management fees of \$17,570 and \$16,999 for the years ended December 31, 2015 and 2014, respectively.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)**

**Rural Housing Reinsurance Company, Inc. (C.J. Thomas Company, Inc.)**

An affiliate of the general partner is also an owner of C.J. Thomas Company, Inc., which provides property insurance to the project. The partnership paid C.J. Thomas Company, Inc. insurance fees of \$6,414 and \$6,341 for the years ended December 31, 2015 and 2014, respectively.

**Partners**

The general partners advanced \$16,958 and made available \$2,042 through a letter of credit from Park Avenue Bank to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. To the extent these funds were not used for that stated purpose, the partnership shall return such funds to the general partners only with USDA, RD approval. Of these funds \$10,000 was returned to the general partners and the line of credit released during the year ended December 31, 1998.

**NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS**

Profits or losses from operations are allocated 99.67% to the Limited Partner and .33% to the General Partner. Tax credits are to be allocated 99.67% to the Limited Partner and .33% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$2,320, which is 8% of the borrowers' initial capital investment required by USDA, RD.

**NOTE 10 - CONCENTRATION OF CREDIT RISK - CASH IN BANKS**

Greensboro Properties, L.P., Phase II maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. A summary of the total insured and uninsured cash balances at December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
Total cash in bank	\$ 182,014	\$ 147,986
Portion insured by FDIC	<u>182,014</u>	<u>147,986</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

USDA, RD may terminate the interest subsidy agreement if it determines that no subsidy is necessary or if the Partnership is determined to be in violation of USDA, RD rules or regulations.

**NOTE 12 - IMPAIRMENT OF LONG-LIVED ASSETS**

FASB ASC 360-10 (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), requires long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. Through December 31, 2015, no impairment loss recognition has been required.

**NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Partnership's sole asset is Fox Chase Apartments, Phase II. 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.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**1. Management Fee Calculation**

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

Total Qualified Units (33 * 1 month)	33
Less: Rent Free Units	-
Vacancies	<u>(1)</u>
Total Occupied Units	32
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
 Management Fees January 2015	 <u>\$ 1,424</u>
 Total Qualified Units (33 * 11 months)	 363
Less: Rent Free Units	-
Vacancies	<u>(12)</u>
Total Occupied Units	351
Fee Per Unit (Effective February, 2015)	<u>\$ 46.00</u>
 Management Fees February through December 2015	 <u>\$ 16,146</u>
 Management Fee Expense	 <u>\$ 17,570</u>

**2. Insurance Disclosure**

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 2,480,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**3. Return to Owner**

In accordance with the Loan Agreement, the annual return to owner is as follows:

Maximum Return to Owner (See Note 9)	<u>\$ 2,320</u>
Budget Return to Owner	<u>\$ 2,320</u>
Return to Owner Paid:	
General Partner Distribution	\$ 1,495
Limited Partner Distribution	825
	<u>\$ 2,320</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  
Greensboro Properties, L.P., Phase II  
Valdosta, Georgia

USDA Rural Development  
Servicing Office  
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 Greensboro Properties, L.P., Phase II, 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 Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greensboro Properties, L.P., Phase II's internal control.

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

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greensboro Properties, L.P., Phase II'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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Current Year Findings**

There were no findings this year.

**Status of Prior Year Findings**

There were no findings 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  
Greensboro Properties, L.P., Phase II  
Valdosta, Georgia

And

United States Department of Agriculture  
Rural Development  
Monroe, Georgia

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

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or checks imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, line items 1-10 and 19-32 to determine they were incurred as part of the supporting documentation, based on the sample size determined by RD in Attached 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32

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of Form RD 3560-7 and determined that the services were eligible expenses, in accordance with Attachment 4-A of HB-2-3560, and the shipping address agreed to the project address. In addition, we confirmed a sample of the expenditures with the vendors to determine the invoice paid agreed to the vendor's records.

**Findings:**

Total Number of Invoices in Population: Approximately 230  
Total Dollar Amount of Invoices in Population: \$89,330  
Total Number of Invoices Reviewed: 15  
Total Dollar Amount of Invoices Reviewed: \$3,122  
Total Number of Invoices in Vendor Confirmation Sample: 1  
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$1,821  
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: \$4,575  
Total Dollar Amount of Withdrawals Authorized by RD: \$4,575  
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: \$17,570  
Total Number of Invoices in Population: 12  
Total Dollar Amount of Invoices in Population: \$17,570  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$17,570

Company Name 2: Rural Housing Reinsurance Company International, Ltd.  
Total Dollar Amount for the Year: \$6,414  
Total Number of Invoices in Population: 1  
Total Dollar Amount of Invoices in Population: \$6,414  
Total Number of Invoices Reviewed: 1  
Total Dollar Amount of Invoices Reviewed: \$6,414

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 Greensboro Properties, L.P., Phase II. 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 Greensboro Properties, L.P., Phase II, and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 11, 2016

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

<b>PROJECT NAME</b> Fox Chase Apartments, Phase II	<b>BORROWER NAME</b> Greensboro Properties, L.P., Phase II	<b>BORROWER ID AND PROJECT NO.</b> 10-066-892480880	
BEGINNING DATES>	CURRENT YEAR 01-01-15	PRIOR YEAR 01-01-14	COMMENTS
ENDING DATES>	12-31-15	12-31-14	

ASSETS

**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT.....	124,567	105,173	
2. R.E. TAX & INSURANCE ACCOUNT.....	16,085	13,921	
3. RESERVE ACCOUNT.....	34,114	21,474	
4. SECURITY DEPOSIT ACCOUNT.....	7,323	7,493	
5. OTHER CASH (identify) .....			
6. OTHER (identify) .....			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list) .....	6,540	6,030	
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)	188,629	154,091	

**FIXED ASSETS**

13. LAND.....	16,845	16,845	
14. BUILDINGS.....	1,027,989	1,027,989	
15. LESS: ACCUMULATED DEPRECIATION.....	(793,835)	(759,569)	
16. FURNITURE & EQUIPMENT.....	43,830	43,830	
17. LESS: ACCUMULATED DEPRECIATION.....	(43,830)	(43,830)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18) .....	250,999	285,265	

**OTHER ASSETS**

20.			
21. TOTAL ASSETS (Add 12, 19, and 20) .....	439,628	439,356	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (Attach list) .....	2,802	2,905	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ...Deferred Revenue	310	332	
24. SECURITY DEPOSITS.....	7,323	7,493	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	10,435	10,730	

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 7 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	809,846	819,995	
27. OTHER (Identify) N/P General Partners	6,958	6,958	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	816,804	826,953	
29. TOTAL LIABILITIES (Add 25 and 28) .....	827,239	837,683	
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	(387,611)	(398,327)	
31 TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	439,628	439,356	

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.

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**ATTACHMENT TO FORM RD 3560-10**  
**DECEMBER 31, 2015 AND 2014**

	2015	2014
<b><u>Page 25, Line 7</u></b>		
Due from rural development	\$ 6,540	\$ 6,030
	\$ 6,540	\$ 6,030
<b><u>Page 25, Line 22</u></b>		
Utilities and telephone	\$ 1,508	\$ 1,601
Office and administration	217	240
Outside services	116	-
Pest control	700	87
Group health insurance	-	9
Repairs and maintenance	-	968
	\$ 2,802	\$ 2,905
<b><u>Page 25, Line 23</u></b>		
Prepaid tenant rent	\$ 310	\$ 332
	\$ 310	\$ 332

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

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

PROJECT NAME Fox Chase II Apartments		BORROWER NAME Fox Chase II/Greensboro Prop		BORROWER ID AND PROJECT NO. 862480880 016	
Loan/Transfer Amount \$ 921,000.00		Note Rate Payment \$ 6,111.97		IC Payment \$ 1,965.09	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				I hereby request <u>0</u> units of RA. Current number of RA units <u>32</u> . Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

	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 )
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	174,924.00	65,405.50	178,764.00	33 rev producr
2. RHS RENTAL ASSISTANCE RECEIVED .....		101,203.00		
3. APPLICATION FEES RECEIVED .....		165.00		
4. LAUNDRY AND VENDING .....	350.00	393.08	350.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,000.00	486.00	1,350.00	
7. OTHER - PROJECT SOURCES .....	0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance) .....	( 8,746.00)		( 8,938.00)	5%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL ((1 thru 7) - (8 & 9)) .....	167,528.00	167,632.58	171,526.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	8,900.00	4,575.46	12,400.00	
14. SUB-TOTAL (11 thru 13) .....	8,900.00	4,575.46	12,400.00	
15. TOTAL CASH SOURCES (10+14) .....	176,428.00	172,208.04	183,926.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	124,227.00	102,323.93	128,386.00	
17. RHS DEBT PAYMENT .....	23,581.00	23,581.08	23,581.00	
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 .....	17,210.00	17,216.00	17,210.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	2,320.00	2,320.00	2,320.00	2014 RTO paid
24. SUB-TOTAL (16 thru 23) .....	167,338.00	145,441.01	171,497.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	8,900.00	4,575.46	12,400.00	
27. MISCELLANEOUS .....	0.00	-1.13	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....	8,900.00	4,574.33	12,400.00	
29. TOTAL CASH USES (24+28) .....	176,238.00	150,015.34	183,897.00	
30. NET CASH (DEFICIT) (15-29) .....	190.00	22,192.70	29.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	36,436.80	119,093.83	36,625.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		-635.15		Adjust to accr
33. ENDING CASH BALANCE (30+31+32) .....	36,625.80	140,651.38	36,654.80	

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	12,000.00	9,238.73	11,500.00	Maintenance p
2. MAINTENANCE AND REPAIRS SUPPLY .....	6,500.00	8,170.44	9,400.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	450.36	2,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	3,820.00	9,780.05	7,800.00	650/M
8. SERVICES .....	3,105.00	1,044.00	3,105.00	\$87/MPostCorr
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	3,200.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	185.00	174.73	185.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	30,910.00	28,858.31	33,990.00	
12. ELECTRICITY <input type="checkbox"/> If master metered .....	5,000.00	4,431.05	5,500.00	
13. WATER <input type="checkbox"/> check box on .....	12,000.00	7,755.75	12,500.00	
14. SEWER <input type="checkbox"/> front .....	14,000.00	7,450.95	12,500.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,700.00	2,819.72	2,800.00	
17. OTHER UTILITIES .....	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	33,700.00	22,457.47	33,300.00	
19. SITE MANAGEMENT PAYROLL .....	13,804.00	13,080.65	14,200.00	1160/M (3% inc)
20. MANAGEMENT FEE .....	18,216.00	17,570.00	18,612.00	\$47x33Ux12M
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 .....	200.00	488.92	400.00	
24. ADVERTISING .....	200.00	51.12	200.00	
25. TELEPHONE & ANSWERING SERVICE .....	1,800.00	1,477.21	1,800.00	
26. OFFICE SUPPLIES .....	1,400.00	750.30	1,400.00	
27. OFFICE FURNITURE & EQUIPMENT .....	766.00	791.09	805.00	\$46.42/MComc
28. TRAINING EXPENSE .....	476.00	692.32	476.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	150.00	169.56	150.00	
30. PAYROLL TAXES .....	2,400.00	1,869.81	2,400.00	
31. WORKER'S COMPENSATION .....	550.00	580.73	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	381.60	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	44,282.00	41,783.31	45,343.00	
34. REAL ESTATE TAXES .....	8,100.00	2,650.37	8,300.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	150.00	160.47	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,830.00	6,414.00	7,128.00	216/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	175.00	0.00	175.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	15,355.00	9,224.84	15,753.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	124,227.00	102,323.93	128,388.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	5,281.78	21,473.63	13,801.78	
2. TRANSFER TO RESERVE .....	17,210.00	17,216.00	17,210.00	\$768/M + \$8k i
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	8,900.00	4,575.46	12,400.00	
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) .....	( 8,900.00)	( 4,575.46)	( 12,400.00)	
8. ENDING BALANCE [(1+2)-7] .....	13,801.78	34,114.07	18,411.78	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	105,172.79	
ENDING BALANCE .....	124,566.71	

**REAL ESTATE TAX AND INSURANCE ESCROW  
ACCOUNT:\***

BEGINNING BALANCE .....	13,821.04	
ENDING BALANCE .....	16,084.67	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	7,493.00	
ENDING BALANCE .....	7,323.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	32	440.00	580.00	0.00	168,960.00	222,720.00	0.00	73.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00	66.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CURRENT RENT TOTALS:</b>						<b>174,924.00</b>	<b>230,616.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	32	450.00	590.00	0.00	172,800.00	228,560.00	0.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
<b>PROPOSED RENT TOTALS:</b>						<b>178,764.00</b>	<b>234,456.00</b>	<b>0.00</b>
						BASIC	NOTE	HUD

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 15**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	32	73.00	0.00	0.00	0.00	0.00	0.00	73.00
2	N	1	67.00	0.00	0.00	0.00	0.00	0.00	67.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	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
<b>Appliances:</b>							
Rango .....	2	1,200.00	0.00	0.00	0.00	0.00	0
Refrigerator .....	2	1,400.00	0.00	0.00	0.00	0.00	0
Range Hood .....	4	800.00	0.00	0.00	0.00	0.00	0
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR .....	2	4,400.00	2,500.46	0.00	0.00	2,500.46	1
2BR .....	0	0.00	0.00	0.00	0.00	0.00	0
3BR .....	0	0.00	0.00	0.00	0.00	0.00	0
4BR .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
Interior .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning .....	2	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
<b>Plumbing:</b>							
Water Heater .....	2	600.00	0.00	0.00	0.00	0.00	0
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
Screens .....	0	0.00	0.00	0.00	0.00	0.00	0
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	2,075.00	0.00	0.00	2,075.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List .....		0.00	0.00	0.00	0.00	0.00	
List .....		0.00	0.00	0.00	0.00	0.00	
List .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	14	12,400.00	4,575.46	0.00	0.00	4,575.46	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:**

Page 1  
Line 13. Actual transfers from 1% reserve were within budget.  
Line 23. The RTO paid in 2015 was the 2014 RTO.

Page 2  
Line 11. Actual Maintenance and Operating Expenses was 7% under budget.  
Line 18. Actual Utilities were 33% less than budget because of much lower water and sewer expense than budgeted.  
Line 33. Actual Administrative Expenses were 6% under budget.  
Line 40. Actual Tax & Insurance Expense was less than budgeted due to a lower property tax bill than budgeted.

Fox Chase II Apartments

**PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)**

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range	2	700.00	0.00	0.00	0.00	0.00	0
Refrigerator	3	1,000.00	0.00	0.00	0.00	0.00	0
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR	2	3,200.00	2,500.46	0.00	0.00	2,500.46	1
2BR	0	0.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior	32	0.00	0.00	1,600.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	2,400.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater	2	600.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		0.00	2,075.00	1,600.00	0.00	2,075.00	
<b>Paving:</b>							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		1,000.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>43</b>	<b>8,900.00</b>	<b>4,575.46</b>	<b>3,200.00</b>	<b>0.00</b>	<b>4,575.46</b>	<b>1</b>

Yardi Classic Addendum Page

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
GREENSBORO, GEORGIA**

**FINANCIAL AND COMPLIANCE REPORTS**

**AS OF DECEMBER 31, 2016 AND 2015**

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)**

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# Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Greensboro Properties, L.P., Phase II  
(A Limited Partnership)  
Valdosta, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Greensboro Properties, L.P., Phase II (a Limited Partnership), USDA, RD No: 10-066-892480880 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 Greensboro Properties, L.P., Phase II 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 Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control over financial reporting and compliance.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 10, 2017

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 133,598	\$ 124,567
Accounts receivable - RD	6,888	6,540
Total Current Assets	140,486	131,107
<b>Restricted Deposits and Funded Reserves</b>		
Escrow-tenants' security deposits	6,678	7,323
Escrow-replacement reserve	45,015	34,114
Escrow-tax reserve	15,070	16,085
Total Restricted Deposits and Funded Reserves	66,763	57,522
<b>Property, Plant and Equipment</b>		
Property, plant and equipment, at cost	1,088,664	1,088,664
Accumulated depreciation	(871,932)	(837,665)
Net Property, Plant and Equipment	216,732	250,999
Total Assets	\$ 423,981	\$ 439,628

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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>LIABILITIES AND PARTNERS' (DEFICIT)</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 11,845	\$ 10,965
Accounts payable	3,002	2,802
Total Current Liabilities	14,847	13,767
<b>Deposits and Prepayment Liabilities</b>		
Tenants' security deposits	6,678	7,323
Prepaid tenant rent	278	310
Total Deposits and Prepayment Liabilities	6,956	7,633
<b>Long-Term Liabilities</b>		
Notes payable, general partners	6,958	6,958
Mortgage payable, less current maturities	787,035	798,881
Total Long-Term Liabilities	793,993	805,839
Total Liabilities	815,796	827,239
<b>Partners' (Deficit)</b>		
Partners' (Deficit)	(391,815)	(387,611)
Total Liabilities And Partners' (Deficit)	\$ 423,981	\$ 439,628

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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>Revenues</b>		
Gross potential rental income	\$ 168,960	\$ 167,040
Less: vacancy loss	(2,746)	(431)
Net rental income	166,214	166,609
Other income	3,026	1,024
Total Revenues	169,240	167,633
<b>Expenses</b>		
Operating and maintenance	44,911	33,434
Utilities	27,129	22,458
Administrative	42,788	41,784
Taxes and insurance	9,414	9,224
Total Operating Expenses	124,242	106,900
Net Operating Income	44,998	60,733
<b>Non-Operating Expenses</b>		
Interest subsidy income	(49,763)	(49,763)
Interest expense	62,379	63,194
Depreciation	34,266	34,266
Total Non-Operating Expenses	46,882	47,697
Net Income (Loss)	\$ (1,884)	\$ 13,036

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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF PARTNERS' (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Limited Partners' (Deficit)</b>		
Balance, January 1	\$ (363,525)	\$ (375,693)
Distributions	(825)	(825)
Net Income (Loss)	<u>(1,878)</u>	<u>12,993</u>
Balance, December 31	<u>\$ (366,228)</u>	<u>\$ (363,525)</u>
<b>General Partner's (Deficit)</b>		
Balance, January 1	\$ (24,086)	\$ (22,634)
Distributions	(1,495)	(1,495)
Net Income (Loss)	<u>(6)</u>	<u>43</u>
Balance, December 31	<u>\$ (25,587)</u>	<u>\$ (24,086)</u>
<b>Total Partners' (Deficit)</b>		
Balance, January 1	\$ (387,611)	\$ (398,327)
Distributions	(2,320)	(2,320)
Net Income (Loss)	<u>(1,884)</u>	<u>13,036</u>
Balance, December 31	<u>\$ (391,815)</u>	<u>\$ (387,611)</u>

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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Net Income (Loss)	\$ (1,884)	\$ 13,036
Adjustments To Reconcile Net Income (Loss) To Net Cash Provided By Operating Activities:		
Depreciation	34,266	34,266
Changes In Operating Assets And Liabilities:		
Accounts receivable	(348)	(510)
Security deposits	645	170
Replacement reserve	(10,901)	(12,640)
Tax reserve	1,015	(2,164)
Accounts payable	201	(103)
Tenants' security deposits	(645)	(170)
Unearned rents	(32)	(22)
Total Adjustments	<u>24,201</u>	<u>18,827</u>
Net Cash Provided By Operating Activities	<u>22,317</u>	<u>31,863</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	(10,966)	(10,149)
Distributions	(2,320)	(2,320)
Net Cash (Used In) Financing Activities	<u>(13,286)</u>	<u>(12,469)</u>
Net Increase In Cash	9,031	19,394
Cash, Beginning Of Year	<u>124,567</u>	<u>105,173</u>
Cash, End Of Year	<u>\$ 133,598</u>	<u>\$ 124,567</u>

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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>Supplemental Disclosures Of Cash Flow Information:</b>		
<b>Cash Paid During The Year For:</b>		
Interest expense	\$ 62,379	\$ 63,194
Less: subsidized portion	(49,763)	(49,763)
Interest paid, net of subsidy	\$ 12,616	\$ 13,431

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

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The partnership known as Greensboro Properties, L.P., Phase II, was formed as a limited partnership under the laws of the State of Georgia on September 11, 1990, to develop, own and operate a 33-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated, effective September 1, 1991, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partners, David Brown, William Rea and Rural Housing Partnerships, Inc. Effective January 1, 1999, the general partnership interest of David Brown and William Rea was converted to a limited partnership interest (Class B). 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 August 13, 2010, 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

GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

Use of Estimates

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

Tenant Receivables

Tenant receivables are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed.

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2016 and 2015, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$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 \$21 and \$51, respectively.

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS**

**Replacement Reserve**

	<u>2016</u>	<u>2015</u>
Annual funding required by loan agreement	\$ 9,210	\$ 9,210
Actual funding including interest income	\$ 17,216	\$ 17,216
Withdrawals approved by Rural Development Operating and maintenance expenses	\$ 6,315	\$ 4,575
Reserve balance at year end	\$ 45,015	\$ 34,114
Fully funded balance per loan agreement	829	(2,066)
Excess	\$ 44,186	\$ 36,180

**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	\$ 6,678	\$ 7,323
Tenant security deposits payable	6,678	7,323
Excess (Deficit)	\$ -	\$ -

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)**

**Real Estate Tax and Insurance Escrow**

USDA, RD regulations require the Partnership to make monthly appropriations of cash to a tax reserve account to insure that adequate cash is available when taxes are due. The account's status at December 31 is:

	<u>2016</u>	<u>2015</u>
Real estate tax and insurance escrow	\$ 15,070	\$ 16,085
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 15,070</u>	<u>\$ 16,085</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		\$ 16,845	\$ 16,845
Buildings	30 Years	1,027,989	1,027,989
Equipment	10 Years	42,953	42,953
Furniture and fixtures	5 Years	<u>877</u>	<u>877</u>
Total		1,088,664	1,088,664
Less: Accumulated depreciation		<u>(871,932)</u>	<u>(837,665)</u>
Net Property, Plant and Equipment		<u>\$ 216,732</u>	<u>\$ 250,999</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$34,266 and \$34,266 for the years ended December 31, 2016 and 2015.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

---

**NOTE 4 - ACCOUNTS PAYABLE**

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

	<u>2016</u>	<u>2015</u>
Utilities and telephone	\$ 2,436	\$ 1,508
Office and administration	479	217
Outside services	-	116
Pest control	87	261
Grounds maintenance	-	700
	<u>\$ 3,002</u>	<u>\$ 2,802</u>

**NOTE 5 - LONG-TERM INDEBTEDNESS**

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

	<u>2016</u>	<u>2015</u>
USDA, RD, made November 3, 1992, 7.75%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$1,092,272.	\$ 798,880	\$ 809,846
Less current maturities	<u>(11,845)</u>	<u>(10,965)</u>
Long-term portion	<u>\$ 787,035</u>	<u>\$ 798,881</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	\$ 11,845
2018	12,797
2019	13,825
2020	14,935
2021	16,134

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)**

Greensboro Properties, L.P., Phase II incurred interest costs of \$62,379 and \$63,194 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>\$ 104,860</u>	<u>\$ 101,203</u>

**NOTE 7 - TAXABLE INCOME (LOSS)**

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

	<u>2016</u>	<u>2015</u>
Net Income (Loss) per financial statement	\$ (1,884)	\$ 13,036
Book depreciation in excess of tax depreciation	<u>6,117</u>	<u>6,117</u>
Partnership Income per tax return	<u>\$ 4,233</u>	<u>\$ 19,153</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 Greensboro Properties, L.P., Phase II. The partnership paid Investors Management Company, Inc. management fees of \$17,781 and \$17,570 for the years ended December 31, 2016 and 2015, respectively.

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)**

**Rural Housing Reinsurance Company, Inc. (C.J. Thomas Company, Inc.)**

An affiliate of the general partner is also an owner of C.J. Thomas Company, Inc., which provides property insurance to the project. The partnership paid C.J. Thomas Company, Inc. insurance fees of \$6,420 and \$6,414 for the years ended December 31, 2016 and 2015, respectively.

**Partners**

The general partners advanced \$16,958 and made available \$2,042 through a letter of credit from Park Avenue Bank to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. To the extent these funds were not used for that stated purpose, the partnership shall return such funds to the general partners only with USDA, RD approval. Of these funds \$10,000 was returned to the general partners and the line of credit released during the year ended December 31, 1998.

**NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS**

Profits or losses from operations are allocated 99.67% to the Limited Partner and .33% to the General Partner. Tax credits are to be allocated 99.67% to the Limited Partner and .33% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$2,320, which is 8% of the borrowers' initial capital investment required by USDA, RD.

**NOTE 10 - CONCENTRATION OF CREDIT RISK - CASH IN BANKS**

Greensboro Properties, L.P., Phase II maintains its cash accounts at two banks in Valdosta, Georgia. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. A summary of the total insured and uninsured cash balances at December 31 consists of the following:

	<u>2016</u>	<u>2015</u>
Total cash in bank	\$ 200,286	\$ 182,014
Portion insured by FDIC	<u>200,286</u>	<u>182,014</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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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.

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Fox Chase Apartments, Phase II. 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.

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. Management Fee Calculation**

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

Total Qualified Units (33 * 1 month)	33
Less: Rent Free Units	-
Vacancies	<u>(1)</u>
Total Occupied Units	32
Fee Per Unit (Effective February, 2015)	<u>\$ 46.00</u>
Management Fees January 2016	<u>\$ 1,472</u>
Total Qualified Units (33 * 11 months)	363
Less: Rent Free Units	-
Vacancies	<u>(16)</u>
Total Occupied Units	347
Fee Per Unit (Effective February, 2016)	<u>\$ 47.00</u>
Management Fees February through December 2016	<u>\$ 16,309</u>
Management Fee Expense	<u>\$ 17,781</u>

**2. Insurance Disclosure**

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 1,000	\$ 2,560,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**3. Return to Owner**

In accordance with the Loan Agreement, the annual return to owner is as follows:

Maximum Return to Owner (See Note 9)	<u>\$ 2,320</u>
Budget Return to Owner	<u>\$ 2,320</u>
Return to Owner Paid:	
General Partner Distribution	\$ 1,495
Limited Partner Distribution	<u>825</u>
	<u>\$ 2,320</u>



# Henderson & Godbee, LLP

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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  
Greensboro Properties, L.P., Phase II  
Valdosta, Georgia

USDA Rural Development  
Servicing Office  
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 Greensboro Properties, L.P., Phase II, 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 Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greensboro Properties, L.P., Phase II's internal control.

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

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

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[www.hgncpa.com](http://www.hgncpa.com) - [www.facebook.com/hendersonandgodbee](https://www.facebook.com/hendersonandgodbee)

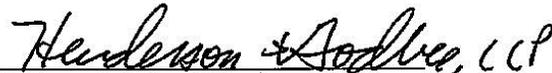
deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Greensboro Properties, L.P., Phase II'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 Greensboro Properties, L.P., Phase II's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greensboro Properties, L.P., Phase II'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

**GREENSBORO PROPERTIES, L.P., PHASE II  
(A LIMITED PARTNERSHIP)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**Current Year Findings**

There were no findings this year.

**Status of Prior Year Findings**

There were no findings 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  
Greensboro Properties, L.P., Phase II  
Valdosta, Georgia

And

United States Department of Agriculture  
Rural Development  
Monroe, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Greensboro Properties, L.P., Phase II ("Owner") the owner of Fox Chase Apartments, Phase II ("Project") located in Greensboro, Georgia, solely to assist those parties in evaluating that the accompanying Form RD 3560-10, Multiple Family Housing Borrower Balance Sheet, Form RD 3560-7, Multiple Family Housing Project Budget ("Financial Reports") and Supporting Documentation are prepared in accordance with the criteria specified in RD Regulations contained in 7 CFR 3560 Section 303(b) and section 306, in accordance with the determinations noted in Attachment 4-D of RD Handbook HB-2-3560, for the year ended December 31, 2016. The owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of RD and the owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or checks imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, line items 1-10 and 19-32 to determine they were incurred as part of the supporting documentation, based on the sample size determined by RD in Attached 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32

of Form RD 3560-7 and determined that the services were eligible expenses, in accordance with Attachment 4-A of HB-2-3560, and the shipping address agreed to the project address. In addition, we confirmed a sample of the expenditures with the vendors to determine the invoice paid agreed to the vendor's records.

Findings:

Total Number of Invoices in Population: Approximately 260  
Total Dollar Amount of Invoices in Population: \$106,461  
Total Number of Invoices Reviewed: 15  
Total Dollar Amount of Invoices Reviewed: \$3,779  
Total Number of Invoices in Vendor Confirmation Sample: 1  
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$700  
Total Number of Vendor Confirmations Not Received: 0  
Total Dollar Amount of Vendor Confirmations Not Received: \$0  
Total Number of Deviations: 0  
Total Dollar Amount of Deviations: \$0

2. We confirmed the balance in the replacement reserve account presented on Form RD 3560-7, Part III, and confirmed that no amounts were encumbered by the financial institution that holds the accounts. We determined that all balances are within the FDIC insurance limits. We determined number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by RD on Form RD 3560-12. We compared the invoices and cancelled checks (or check imaging on original bank statement) to the approved withdrawals from RD.

Findings:

Total Number of Reserve Account Withdrawals: 3  
Total Number of Withdrawals Authorized by RD: 3  
Total Dollar Amount of Reserve Account Withdrawals: \$6,315  
Total Dollar Amount of Withdrawals Authorized by RD: \$6,315  
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:

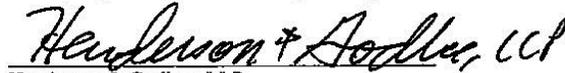
Total Number of Forms RD 3560-31 Received: 2  
Company Name 1: Investor's Management Company, Inc.  
Total Dollar Amount for the Year: \$17,781  
Total Number of Invoices in Population: 12  
Total Dollar Amount of Invoices in Population: \$17,781  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$17,781

Company Name 2: Rural Housing Reinsurance Company International, Ltd.  
Total Dollar Amount for the Year: \$6,420  
Total Number of Invoices in Population: 1  
Total Dollar Amount of Invoices in Population: \$6,420  
Total Number of Invoices Reviewed: 1  
Total Dollar Amount of Invoices Reviewed: \$6,420

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 Greensboro Properties, L.P., Phase II. 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 Greensboro Properties, L.P., Phase II, and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.



Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 10, 2017

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

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.	
Fox Chase Apartments, Phase II	Greensboro Properties, L.P., Phase II	10-066-892480880	
	<b>CURRENT YEAR</b>	<b>PRIOR YEAR</b>	<b>COMMENTS</b>
BEGINNING DATES>	01-01-16	01-01-15	
ENDING DATES>	12-31-16	12-31-15	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
1. GENERAL OPERATING ACCOUNT.....	133,598	124,567	
2. R.E. TAX & INSURANCE ACCOUNT.....	15,070	16,085	
3. RESERVE ACCOUNT.....	45,015	34,114	
4. SECURITY DEPOSIT ACCOUNT.....	6,678	7,323	
5. OTHER CASH (identify) .....			
6. OTHER (identify) .....			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list) .....	6,888	6,540	
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)	207,249	188,629	
<b>FIXED ASSETS</b>			
13. LAND.....	16,845	16,845	
14. BUILDINGS.....	1,027,989	1,027,989	
15. LESS: ACCUMULATED DEPRECIATION.....	(828,102)	(793,835)	
16. FURNITURE & EQUIPMENT.....	43,830	43,830	
17. LESS: ACCUMULATED DEPRECIATION.....	(43,830)	(43,830)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	216,732	250,999	
<b>OTHER ASSETS</b>			
20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	423,981	439,628	
<b>LIABILITIES AND OWNERS EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
22. TOTAL ACCOUNTS PAYABLE (Attach list) .....	3,002	2,802	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ...Deferred Revenue	278	310	
24. SECURITY DEPOSITS.....	6,678	7,323	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	9,958	10,435	

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	798,880	809,846	
27. OTHER (Identify) N/P General Partners	6,958	6,958	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	805,838	816,804	
29. TOTAL LIABILITIES (Add 25 and 28) .....	815,796	827,239	
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	(391,815)	(387,611)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	423,981	439,628	

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.

**GREENSBORO PROPERTIES, L.P., PHASE II**  
**ATTACHMENT TO FORM RD 3560-10**  
**DECEMBER 31, 2016 AND 2015**

	2016	2015
<b><u>Page 25, Line 7</u></b>		
Due from rural development	\$ 6,888	\$ 6,540
	\$ 6,888	\$ 6,540
<b><u>Page 25, Line 22</u></b>		
Utilities and telephone	\$ 2,436	\$ 1,508
Office and administration	479	217
Outside services	-	116
Grounds	87	261
Pest control	-	700
	\$ 3,002	\$ 2,802
<b><u>Page 25, Line 23</u></b>		
Prepaid tenant rent	\$ 278	\$ 310
	\$ 278	\$ 310

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

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

<b>PROJECT NAME</b> Fox Chase II Apartments		<b>BORROWER NAME</b> Fox Chase II/Greensboro Prop		<b>BORROWER ID AND PROJECT NO.</b> 892480860 016	
<b>Loan/Transfer Amount \$</b> 921,000.00		<b>Note Rate Payment \$</b> 6,111.97		<b>IC Payment \$</b> 1,965.00	
<b>Reporting Period</b> <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	<b>Budget Type</b> <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	<b>Project Rental Type</b> <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	<b>Profit Type</b> <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	<b>The following utilities are master metered:</b> <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				<input type="checkbox"/> I hereby request 0 units of RA. Current number of RA units 32.	
				<b>Borrower Accounting Method</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I--CASH FLOW STATEMENT**

	<b>BEGINNING DATES&gt; ENDING DATES&gt;</b>	<b>CURRENT BUDGET (01 - 01 - 16 ) ( 12 - 31 - 16 )</b>	<b>ACTUAL (01 - 01 - 16 ) ( 12 - 31 - 16 )</b>	<b>PROPOSED BUDGET (01 - 01 - 17 ) ( 12 - 31 - 17 )</b>	<b>COMMENTS or (YTD) (01 - 01 - 16 ) ( 12 - 31 - 16 )</b>
<b>OPERATIONAL CASH SOURCES</b>					
1. RENTAL INCOME .....		178,784.00	61,354.00	184,524.00	33 rev producir
2. RHS RENTAL ASSISTANCE RECEIVED .....			104,860.00		
3. APPLICATION FEES RECEIVED .....			255.00		
4. LAUNDRY AND VENDING .....		350.00	531.81	400.00	
5. INTEREST INCOME .....		0.00	0.00	0.00	
6. TENANT CHARGES .....		1,350.00	2,089.00	2,000.00	
7. OTHER - PROJECT SOURCES .....		0.00	150.00	0.00	
8. LESS (Vacancy and Contingency Allowance) .....		( 8,938.00)		( 9,226.00)	5%
9. LESS (Agency Approved Incentive Allowance) .....		( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....		171,526.00	189,239.81	177,698.00	
<b>NON-OPERATIONAL CASH SOURCES</b>					
11. CASH - NON PROJECT .....		0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....		0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....		12,400.00	6,315.52	15,100.00	
14. SUB-TOTAL (11 thru 13) .....		12,400.00	6,315.52	15,100.00	
15. TOTAL CASH SOURCES (10+14) .....		183,926.00	175,555.33	192,798.00	
<b>OPERATIONAL CASH USES</b>					
16. TOTAL O&M EXPENSES (From Part II) .....		128,386.00	117,927.08	128,613.00	
17. RHS DEBT PAYMENT .....		23,581.00	23,581.08	23,581.00	
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 .....		17,210.00	17,216.00	17,210.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .....		2,320.00	2,320.00	2,320.00	2015 RTO paid
24. SUB-TOTAL (16 thru 23) .....		171,497.00	161,044.17	171,724.00	
<b>NON-OPERATIONAL CASH USES</b>					
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....		0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) .....		12,400.00	6,315.52	15,100.00	
27. MISCELLANEOUS .....		0.00	-0.54	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....		12,400.00	6,314.98	15,100.00	
29. TOTAL CASH USES (24+28) .....		183,897.00	167,359.15	186,824.00	
30. NET CASH (DEFICIT) (15-29) .....		29.00	8,196.18	5,974.00	
<b>CASH BALANCE</b>					
31. BEGINNING CASH BALANCE .....		36,625.80	140,651.38	36,654.80	
32. ACCRUAL TO CASH ADJUSTMENT .....			-179.91		Adjust to accru
33. ENDING CASH BALANCE (30+31+32) .....		36,654.80	148,667.65	42,628.80	

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

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	11,500.00	12,354.95	10,000.00	Maintenance p
2. MAINTENANCE AND REPAIRS SUPPLY .....	9,400.00	9,913.14	9,600.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	2,520.00	3,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	7,800.00	8,925.00	8,400.00	700/M
8. SERVICES .....	3,105.00	4,764.90	3,105.00	\$87/M PestCon
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	185.00	116.54	185.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	33,990.00	38,594.53	34,290.00	
12. ELECTRICITY <input type="checkbox"/> If master metered .....	5,500.00	5,258.32	5,400.00	
13. WATER <input type="checkbox"/> check box on .....	12,500.00	9,627.61	12,000.00	
14. SEWER <input type="checkbox"/> front .....	12,500.00	9,322.81	12,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,800.00	2,920.31	3,000.00	
17. OTHER UTILITIES .....	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	33,300.00	27,129.05	32,400.00	
19. SITE MANAGEMENT PAYROLL .....	14,200.00	13,479.12	14,572.00	1131/M (3% inc
20. MANAGEMENT FEE .....	18,612.00	17,781.00	18,816.00	\$49x32Ux12M
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	-192.00	400.00	
24. ADVERTISING .....	200.00	21.00	200.00	
25. TELEPHONE & ANSWERING SERVICE .....	1,800.00	1,118.56	1,800.00	
26. OFFICE SUPPLIES .....	1,400.00	1,101.16	1,400.00	
27. OFFICE FURNITURE & EQUIPMENT .....	805.00	1,083.80	804.00	\$46.42/MComp
28. TRAINING EXPENSE .....	476.00	591.61	480.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	150.00	1,254.38	1,000.00	
30. PAYROLL TAXES .....	2,400.00	1,762.51	1,800.00	
31. WORKER'S COMPENSATION .....	600.00	533.32	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	374.66	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	45,343.00	42,789.14	46,272.00	
34. REAL ESTATE TAXES .....	8,300.00	2,736.34	8,000.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	150.00	259.03	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	7,128.00	6,420.00	7,326.00	222AJ (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	175.00	0.00	175.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	15,753.00	9,414.37	15,651.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	126,386.00	117,927.09	128,613.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	13,601.78	34,114.07	18,411.78	
2. TRANSFER TO RESERVE .....	17,210.00	17,216.00	17,210.00	\$768/M + \$8k +
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V- Reserve) .....	12,400.00	6,315.52	15,100.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	0.00	0.00	
7. TOTAL (3 thru 6) .....	( 12,400.00)	( 6,315.52)	( 15,100.00)	
8. ENDING BALANCE [(1+2)-7] .....	18,411.78	45,014.55	20,521.78	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	124,568.71	
ENDING BALANCE .....	133,597.32	

**REAL ESTATE TAX AND INSURANCE ESCROW  
ACCOUNT:\***

BEGINNING BALANCE .....	16,084.67	
ENDING BALANCE .....	15,070.33	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	7,323.00	
ENDING BALANCE .....	6,678.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	32	450.00	590.00	0.00	172,800.00	226,560.00	0.00	73.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00	67.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CURRENT RENT TOTALS:</b>						<b>178,764.00</b>	<b>234,456.00</b>	<b>0.00</b>	<b>0.00</b>
						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	N	32	465.00	605.00	0.00	178,560.00	232,320.00	0.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
<b>PROPOSED RENT TOTALS:</b>						<b>184,524.00</b>	<b>240,216.00</b>	<b>0.00</b>
						BASIC	NOTE	HUD

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 16**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	32	79.00	0.00	0.00	0.00	0.00	0.00	79.00
2	N	1	67.00	0.00	0.00	0.00	0.00	0.00	67.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	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
<b>Appliances:</b>							
Range .....	3	1,800.00	0.00	0.00	0.00	0.00	0
Refrigerator .....	3	2,400.00	782.59	0.00	0.00	782.59	1
Range Hood .....	3	600.00	0.00	0.00	0.00	0.00	0
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR .....	2	5,800.00	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
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
Interior .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning .....	3	3,800.00	3,627.93	0.00	0.00	3,627.93	3
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater .....	9	900.00	0.00	0.00	0.00	0.00	0
Both Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
Other .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
Screens .....	0	0.00	0.00	0.00	0.00	0.00	0
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	1,925.00	0.00	0.00	1,925.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	23	15,100.00	6,315.52	0.00	0.00	6,315.52	4

**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 2016 was the 2015 RTO.

Page 2  
Line 11. Actual Maintenance and Operating Expenses was 14% over budget primarily due to higher maintenance payroll than budgeted.  
Line 18. Actual Utilities were within budget.  
Line 33. Actual Administrative Expenses were within budget.  
Line 40. Actual Tax & Insurance Expense was less than budgeted 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
<b>Appliances:</b>							
Range .....	2	1,200.00	0.00	0.00	0.00	0.00	0
Refrigerator .....	2	1,400.00	762.59	0.00	0.00	762.59	1
Range Hood .....	4	800.00	0.00	0.00	0.00	0.00	0
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR .....	2	4,400.00	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
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
Interior .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning .....	2	4,000.00	3,627.93	0.00	0.00	3,627.93	3
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater .....	2	600.00	0.00	0.00	0.00	0.00	0
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
Screens .....	0	0.00	0.00	0.00	0.00	0.00	0
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	1,925.00	0.00	0.00	1,925.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>14</b>	<b>12,400.00</b>	<b>6,315.52</b>	<b>0.00</b>	<b>0.00</b>	<b>6,315.52</b>	<b>4</b>

**Balance Sheet (Cash)  
Fox Chase II - (140)  
April 2017**

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**CURRENT ASSETS**

**CASH**

1010.0 Petty Cash	75.00
1020.0 CDA-Checking	3,718.73
1021.0 Operating-Checking	127,701.58
1030.0 Tax & Insurance Reserve	9,108.33
1040.0 Replacement Reserve	56,086.55
<b>TOTAL CASH</b>	196,690.19

1140.0 A/R Rents/FMHA Receivable	6,887.91
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**FIXED ASSETS**

2010.0 Land	16,845.00
2030.0 Buildings	1,027,989.00
2050.0 Equipment	42,953.00
2080.0 Furniture & Fixtures	876.68
2110.0 Accumulated Depreciation-Buildings	-828,101.63
2120.0 Accumulated Depreciation-Furniture & Fixt	-43,830.00
<b>TOTAL FIXED ASSETS</b>	216,732.05

**OTHER ASSETS**

2510.0 Security Deposits-Checking	6,828.00
<b>TOTAL OTHER ASSETS</b>	6,828.00

<b>TOTAL ASSETS</b>	427,138.15
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**LIABILITIES & CAPITAL**

**CURRENT LIABILITIES**

3021.0 Security Deposits Payable	6,828.00
3028.0 Accounts Payable	3,001.93
3029.0 Prepaid Tenants Rent	278.00
<b>TOTAL CURRENT LIABILITIES</b>	10,107.93

**LONG TERM LIABILITIES**

4020.0 Mortgage Payable	798,880.62
4050.0 Loan Payable-General Partner	6,958.00
<b>TOTAL LONG TERM LIABILITIES</b>	805,838.62

<b>TOTAL LIABILITIES</b>	815,946.55
--------------------------	------------

**CAPITAL**

5006.0 Return To Owners	-2,320.00
5020.0 General Partners Equity	-22,537.67
5030.0 Retained Earnings	1,122.60
5040.0 Limited Partners Equity	-346,760.75
5050.0 General Partners Capital	-1,548.33
5051.0 Limited Partners Capital	-16,764.25
<b>TOTAL CAPITAL</b>	-388,808.40

<b>TOTAL LIABILITIES &amp; CAPITAL</b>	427,138.15
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**Budget Comparison (Cash)  
Fox Chase II - (140)  
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
<b>INCOME</b>									
<b>RENT INCOME</b>									
6010.0 Income-Rent	4,685.00	15,377.00	-10,692.00	-69.53	20,164.00	61,508.00	-41,344.00	-67.22	184,524.00
6011.0 Income-Rental Assistan	9,580.00	0.00	9,580.00	0	38,152.00	0.00	38,152.00	0	0.00
<b>TOTAL RENT INCOME</b>	<b>14,265.00</b>	<b>15,377.00</b>	<b>-1,112.00</b>	<b>-7.23</b>	<b>58,316.00</b>	<b>61,508.00</b>	<b>-3,192.00</b>	<b>-5.19</b>	<b>184,524.00</b>
<b>OTHER INCOME</b>									
6018.0 Tenant Charges/Damag	75.00	20.83	54.17	260.0	110.00	83.32	26.68	32.02	250.00
6020.0 Income-Laundry & Ven	0.00	33.33	-33.33	-100.0	109.65	133.32	-23.67	-17.75	400.00
6029.0 Income-Cleaning & Rep	0.00	20.83	-20.83	-100.0	0.00	83.32	-83.32	-100.0	250.00
6030.0 Income-Late Fees	0.00	83.33	-83.33	-100.0	88.00	333.32	-245.32	-73.60	1,000.00
6031.0 Forfeited Security Depo	75.00	20.83	54.17	260.0	75.00	83.32	-8.32	-9.99	250.00
6033.0 Income-Miscellaneous	0.00	20.83	-20.83	-100.0	34.00	83.32	-49.32	-59.19	250.00
<b>TOTAL OTHER INCOME</b>	<b>150.00</b>	<b>199.98</b>	<b>-49.98</b>	<b>-24.99</b>	<b>416.65</b>	<b>799.92</b>	<b>-383.27</b>	<b>-47.91</b>	<b>2,400.00</b>
<b>TOTAL INCOME</b>	<b>14,415.00</b>	<b>15,576.98</b>	<b>-1,161.98</b>	<b>-7.46</b>	<b>58,732.65</b>	<b>62,307.92</b>	<b>-3,575.27</b>	<b>-5.74</b>	<b>186,924.00</b>
<b>OFFSETS TO INCOME</b>									
7100.0 Vacancy Allowance	0.00	-768.83	768.83	100.0	0.00	-3,075.32	3,075.32	100.0	-9,226.00
<b>TOTAL OFFSETS</b>	<b>0.00</b>	<b>-768.83</b>	<b>768.83</b>	<b>100.0</b>	<b>0.00</b>	<b>-3,075.32</b>	<b>3,075.32</b>	<b>100.0</b>	<b>-9,226.00</b>
<b>TOTAL INCOME AFTER O</b>	<b>14,415.00</b>	<b>14,808.15</b>	<b>-393.15</b>	<b>-2.65</b>	<b>58,732.65</b>	<b>59,232.60</b>	<b>-499.95</b>	<b>-0.84</b>	<b>177,698.00</b>
<b>OPERATING EXPENSES</b>									
<b>OPERATING &amp; MAINTENANCE</b>									
<b>MAINTENANCE &amp; REPAIRS PAYR</b>									
8045.0 Payroll-Maintenance Pe	980.10	833.33	-146.77	-17.61	4,051.56	3,333.32	-718.24	-21.55	10,000.00
<b>TOTAL MAINTENANCE &amp; RE</b>	<b>980.10</b>	<b>833.33</b>	<b>-146.77</b>	<b>-17.61</b>	<b>4,051.56</b>	<b>3,333.32</b>	<b>-718.24</b>	<b>-21.55</b>	<b>10,000.00</b>
<b>MAINTENANCE &amp; REPAIRS SUP</b>									
8075.0 R&M Building Supplies	210.22	200.00	-10.22	-5.11	838.05	800.00	-38.05	-4.76	2,400.00
8080.0 R&M-Heating & Air Sup	59.66	200.00	140.34	70.17	247.55	800.00	552.45	69.06	2,400.00
8085.0 R&M-Plumbing Supplie	0.00	200.00	200.00	100.0	608.69	800.00	191.31	23.91	2,400.00
8090.0 R&M-Appliance Supplie	74.47	200.00	125.53	62.77	74.47	800.00	725.53	90.69	2,400.00
<b>TOTAL MAINTENANCE &amp; RE</b>	<b>344.35</b>	<b>800.00</b>	<b>455.65</b>	<b>56.96</b>	<b>1,768.76</b>	<b>3,200.00</b>	<b>1,431.24</b>	<b>44.73</b>	<b>9,600.00</b>
<b>UNIT TURNS</b>									
8135.0 Paint/Clean/Clean Carp	0.00	250.00	250.00	100.0	0.00	1,000.00	1,000.00	100.0	3,000.00
<b>TOTAL UNIT TURNS</b>	<b>0.00</b>	<b>250.00</b>	<b>250.00</b>	<b>100.0</b>	<b>0.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>100.0</b>	<b>3,000.00</b>
<b>GROUNDS</b>									
8160.0 Monthly Contracted Gr	700.00	700.00	0.00	0.00	2,800.00	2,800.00	0.00	0.00	8,400.00
8175.0 Grounds Supplies	0.00	0.00	0.00	0	123.77	0.00	-123.77	0	0.00
<b>TOTAL GROUNDS</b>	<b>700.00</b>	<b>700.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,923.77</b>	<b>2,800.00</b>	<b>-123.77</b>	<b>-4.42</b>	<b>8,400.00</b>
<b>PEST CONTROL</b>									
8195.0 Pest Control Service	0.00	87.00	87.00	100.0	698.00	348.00	-350.00	-100.5	2,044.00
8200.0 Termite Service/Bond	0.00	0.00	0.00	0	915.00	1,061.00	146.00	13.76	1,061.00
<b>TOTAL PEST CONTROL</b>	<b>0.00</b>	<b>87.00</b>	<b>87.00</b>	<b>100.0</b>	<b>1,613.00</b>	<b>1,409.00</b>	<b>-204.00</b>	<b>-14.48</b>	<b>3,105.00</b>
<b>OTHER OPERATING EXPENSES</b>									
8220.0 Outside Services	0.00	15.42	15.42	100.0	0.00	61.68	61.68	100.0	185.00
<b>TOTAL OTHER OPERATING</b>	<b>0.00</b>	<b>15.42</b>	<b>15.42</b>	<b>100.0</b>	<b>0.00</b>	<b>61.68</b>	<b>61.68</b>	<b>100.0</b>	<b>185.00</b>
<b>TOTAL OPERATING &amp; MAIN</b>	<b>2,024.45</b>	<b>2,685.75</b>	<b>661.30</b>	<b>24.62</b>	<b>10,357.09</b>	<b>11,804.00</b>	<b>1,446.91</b>	<b>12.26</b>	<b>34,290.00</b>
<b>UTILITIES</b>									
8255.0 Utilities-Electricity	340.29	450.00	109.71	24.38	1,340.25	1,800.00	459.75	25.54	5,400.00
8260.0 Utilities-Water	1,020.62	1,000.00	-20.62	-2.06	5,362.28	4,000.00	-1,362.28	-34.06	12,000.00
8265.0 Utilities-Sewer	995.22	1,000.00	4.78	0.48	5,260.68	4,000.00	-1,260.68	-31.52	12,000.00
8275.0 Utilities-Sanitation	529.44	250.00	-279.44	-111.7	1,038.58	1,000.00	-38.58	-3.86	3,000.00
<b>TOTAL UTILITIES</b>	<b>2,885.57</b>	<b>2,700.00</b>	<b>-185.57</b>	<b>-6.87</b>	<b>13,001.79</b>	<b>10,800.00</b>	<b>-2,201.79</b>	<b>-20.39</b>	<b>32,400.00</b>

**Budget Comparison (Cash)  
Fox Chase II - (140)  
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
<b>ADMINISTRATIVE</b>									
8310.0 Site Management Payro	1,131.47	1,131.00	-0.47	-0.04	4,427.00	4,524.00	97.00	2.14	14,572.00
8315.0 Management Fees	1,568.00	1,568.00	0.00	0.00	6,208.00	6,272.00	64.00	1.02	18,816.00
8320.0 Accounting/Auditing Fe	0.00	0.00	0.00	0	3,880.00	4,000.00	120.00	3.00	4,000.00
8325.0 Legal Expenses	0.00	33.33	33.33	100.0	-192.00	133.32	325.32	244.0	400.00
8330.0 Advertising	0.00	16.67	16.67	100.0	0.00	66.68	66.68	100.0	200.00
8335.0 Telephone	104.36	150.00	45.64	30.43	312.92	600.00	287.08	47.85	1,800.00
8340.0 Office Supplies	0.00	116.67	116.67	100.0	597.51	466.68	-130.83	-28.03	1,400.00
8350.0 Computer Equipment,	46.42	67.00	20.58	30.72	404.81	268.00	-136.81	-51.05	804.00
8355.0 Prospect Screening Ex	0.00	0.00	0.00	0	62.13	0.00	-62.13	0	0.00
8360.0 Training Expenses	11.88	40.00	28.12	70.30	47.52	160.00	112.48	70.30	480.00
8361.0 Travel Expenses	0.00	0.00	0.00	0	100.05	0.00	-100.05	0	0.00
8365.0 Group Health Insurance	115.46	41.67	-73.79	-177.0	461.83	166.68	-295.15	-177.0	500.00
8370.0 Retirement Plan Expen	0.00	41.67	41.67	100.0	0.00	166.68	166.68	100.0	500.00
8375.0 Payroll Taxes-FICA	149.75	142.50	-7.25	-5.09	601.47	570.00	-31.47	-5.52	1,710.00
8380.0 Unemployment Taxes	12.71	15.83	3.12	19.71	88.24	63.32	-24.92	-39.36	190.00
8385.0 Workmans Compensati	0.00	50.00	50.00	100.0	660.99	200.00	-460.99	-230.5	600.00
8390.0 Bank Charges/Fees	0.00	0.00	0.00	0	32.58	0.00	-32.58	0	0.00
8400.0 Late Charges/Fees	0.00	0.00	0.00	0	6.67	0.00	-6.67	0	0.00
8405.0 Postage & Shipping	0.00	0.00	0.00	0	34.32	0.00	-34.32	0	0.00
8410.0 Professional Services/F	300.00	25.00	-275.00	-1,100	300.00	100.00	-200.00	-200.0	300.00
<b>TOTAL ADMINISTRATIVE</b>	<b>3,440.05</b>	<b>3,439.34</b>	<b>-0.71</b>	<b>-0.02</b>	<b>18,034.04</b>	<b>17,757.36</b>	<b>-276.68</b>	<b>-1.56</b>	<b>46,272.00</b>
<b>TAXES &amp; INSURANCE</b>									
8440.0 Taxes-Real Estate	0.00	0.00	0.00	0	0.00	0.00	0.00	0	8,000.00
8445.0 Licenses & Permits	0.00	12.50	12.50	100.0	109.38	50.00	-59.38	-118.7	150.00
8450.0 Property Insurance	0.00	0.00	0.00	0	6,362.00	7,326.00	964.00	13.16	7,326.00
8460.0 EPL Insurance	0.00	14.58	14.58	100.0	0.00	58.32	58.32	100.0	175.00
<b>TOTAL TAXES &amp; INSURANC</b>	<b>0.00</b>	<b>27.08</b>	<b>27.08</b>	<b>100.0</b>	<b>6,471.38</b>	<b>7,434.32</b>	<b>962.94</b>	<b>12.95</b>	<b>15,651.00</b>
<b>8510.0 Replacement Reserve P</b>	<b>768.00</b>	<b>767.50</b>	<b>-0.50</b>	<b>-0.07</b>	<b>11,072.00</b>	<b>11,070.00</b>	<b>-2.00</b>	<b>-0.02</b>	<b>17,210.00</b>
<b>TOTAL OPERATING EXPE</b>	<b>9,118.07</b>	<b>9,619.67</b>	<b>501.60</b>	<b>5.21</b>	<b>58,936.30</b>	<b>58,865.68</b>	<b>-70.62</b>	<b>-0.12</b>	<b>145,823.00</b>
<b>OPERATING INCOME BEFORE D</b>	<b>5,296.93</b>	<b>5,188.48</b>	<b>108.45</b>	<b>2.09</b>	<b>-203.65</b>	<b>366.92</b>	<b>-570.57</b>	<b>-155.5</b>	<b>31,875.00</b>
<b>DEBT SERVICE</b>									
8805.0 Rural Development Pay	1,965.09	1,965.08	-0.01	0.00	7,860.36	7,860.32	-0.04	0.00	23,581.00
<b>TOTAL DEBT SERVICE</b>	<b>1,965.09</b>	<b>1,965.08</b>	<b>-0.01</b>	<b>0.00</b>	<b>7,860.36</b>	<b>7,860.32</b>	<b>-0.04</b>	<b>0.00</b>	<b>23,581.00</b>
<b>OPERATING INCOME AFTER DE</b>	<b>3,331.84</b>	<b>3,223.40</b>	<b>108.44</b>	<b>3.36</b>	<b>-8,064.01</b>	<b>-7,493.40</b>	<b>-570.61</b>	<b>-7.61</b>	<b>8,294.00</b>
<b>REPLACEMENT RESERVE</b>									
8910.0 1% Building Repair & I	0.00	483.33	483.33	100.0	0.00	1,933.32	1,933.32	100.0	5,800.00
8915.0 1% Equipment Repair &	0.00	775.00	775.00	100.0	0.00	3,100.00	3,100.00	100.0	9,300.00
<b>TOTAL REPLACEMENT RES</b>	<b>0.00</b>	<b>1,258.33</b>	<b>1,258.33</b>	<b>100.0</b>	<b>0.00</b>	<b>5,033.32</b>	<b>5,033.32</b>	<b>100.0</b>	<b>15,100.00</b>
<b>8945.0 Reserve Payments Adjustm</b>	<b>-768.00</b>	<b>0.00</b>	<b>768.00</b>	<b>0</b>	<b>-11,072.00</b>	<b>0.00</b>	<b>11,072.00</b>	<b>0</b>	<b>0.00</b>
<b>NET</b>	<b>4,099.84</b>	<b>1,965.07</b>	<b>2,134.77</b>	<b>108.6</b>	<b>3,007.99</b>	<b>-12,526.72</b>	<b>15,534.71</b>	<b>124.0</b>	<b>-6,806.00</b>



United States Department of Agriculture

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November 22, 2016

Ms. Libby Flemming  
Investors Management Company  
Greensboro Properties LTD, LP Foxchase Phase II  
3548 North Crossing Circle  
Valdosta, GA 31602

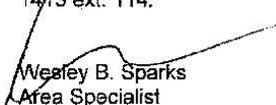
Re: Greensboro Properties LTD, LP/ FOXCHASE II  
2017 Proposed Budget

Dear Ms. Flemming:

We are herewith attaching an approved MINC version of Form RD 3560-7, Multi-Family Housing project budget for the 2017 proposed budget year. The management fee of 49.00 is approved

Thank you for the preparation of these documents.

Should you have any questions, please contact Wesley B. Sparks, Area Specialist at 770-2067-1413 ext. 114.

  
Wesley B. Sparks  
Area Specialist

Attachments

Rural Development • Monroe Area Office  
111 E. Spring Street, Suite B • Monroe, GA 30655  
Voice (770) 267-1413 • TDD (706) 546-2011 • Fax (855) 596-4589

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United States Department of Agriculture

Rural Development

November 21, 2016

Monroe Area Office

111 East Spring St.  
Suite B  
Monroe, GA 30655

Voice 706-267-1413  
Fax 855-596-4589

Libby Flemming  
Investors Management Company  
Greensboro Properties LTD, LP/ Foxchase Phase II  
3548 North Crossing Circle  
Valdosta, GA 31602

Greensboro Properties LTD, LP/ Foxchase Phase II

Dear Ms. Flemming:

You are hereby notified that USDA Rural Development has reviewed the request for a change in shelter costs for Greensboro Properties Ltd LP / Foxchase Phase II and considered all justifications provided by project management and comments provided by tenants. Rural Development has approved the rental allowance rate listed below, effective **January 01, 2017 through December 31, 2017.**

The approved rent changes are as follows:

Unit Size	Present Rent		Approved Rent		Amount Changed
	Basic	Note Rate	Basic	Note Rate	
1 BR	\$450	\$590	\$465	\$605	\$15.00

The utility allowance will be:

Unit Size	Present Rate	Approved Rate	Amount Changed
1 BR	\$73.00	\$ 79.00	\$6.00

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

111 East Spring Street  
Suite B  
Monroe, Georgia 30655

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, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9892 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. 20250-8410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

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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 TENANTS OF 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 must inform the tenants of their right to request an explanation of the rate change approval decision within 45 days of the date of this notice by writing to the State Director, Rural Development, 355 East Hancock Avenue, Athens, Georgia 30601-2769. 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 changed rent.

If you have any questions concerning this letter, please feel free to contact Wesley Sparks at (770) 267-1413, Extension 116

Sincerely,



Wesley B. Sparks  
Area Specialist

Form RD 3560-7  
(Rev. 05-06)

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

FORM APPROVED  
OMB NO. 0575-0189

PROJECT NAME Fox Chase II Apartments		BORROWER NAME Fox Chase II/Greensboro Prop		BORROWER ID AND PROJECT NO. 892460880 016	
Loan/Transfer Amount \$ 921,000.00		Note Rate Payment \$ 6,111.97		IC Payment \$ 1,665.09	
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"/> LIJ	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				I hereby request _____ units of RA. Current number of RA units <u>32</u> . Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

	CURRENT BUDGET (01 - 01 - 16) (12 - 31 - 16)	ACTUAL (01 - 01 - 16) (06 - 30 - 16)	PROPOSED BUDGET (01 - 01 - 17) (12 - 31 - 17)	COMMENTS or (YTD) (01 - 01 - 16) (06 - 30 - 16)
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	178,764.00	30,804.00	184,524.00	33 rev product
2. RHS RENTAL ASSISTANCE RECEIVED .....		51,493.00		
3. APPLICATION FEES RECEIVED .....		180.00		
4. LAUNDRY AND VENDING .....	350.00	266.35	400.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,350.00	1,661.00	2,000.00	
7. OTHER - PROJECT SOURCES .....	0.00	150.00	0.00	
8. LESS (Vacancy and Contingency Allowance) .....	( 8,938.00)		( 9,226.00)	5%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	171,526.00	84,554.35	177,698.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	12,400.00	0.00	15,100.00	
14. SUB-TOTAL (11 thru 13) .....	12,400.00	0.00	15,100.00	
15. TOTAL CASH SOURCES (10+14) .....	183,926.00	84,554.35	192,798.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	128,386.00	62,413.67	128,613.00	
17. RHS DEBT PAYMENT .....	23,581.00	11,790.54	23,581.00	
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 .....	17,210.00	12,608.00	17,210.00	
23. RETURN TO OWNER AND ASSET MANAGEMENT FEE .....	2,320.00	2,320.00	2,320.00	2016 RTO to b
24. SUB-TOTAL (16 thru 23) .....	171,497.00	89,132.21	171,724.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) .....	12,400.00	0.00	15,100.00	
27. MISCELLANEOUS .....	0.00	0.00	0.00	
28. SUB-TOTAL (25 thru 27) .....	12,400.00	0.00	15,100.00	
29. TOTAL CASH USES (24+28) .....	183,897.00	89,132.21	186,824.00	
30. NET CASH (DEFICIT) (15-29) .....	29.00	-4,577.86	5,974.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	36,626.80	140,651.38	36,654.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		0.00		
33. ENDING CASH BALANCE (30+31+32) .....	36,654.80	136,073.52	42,628.80	

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	11,500.00	4,610.79	10,000.00	Maintenance p
2. MAINTENANCE AND REPAIRS SUPPLY .....	9,400.00	4,276.80	9,600.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	1,735.00	3,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	7,800.00	5,260.00	8,400.00	700/M
8. SERVICES .....	3,105.00	3,344.40	3,105.00	\$67/MPestCon
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	185.00	116.00	185.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	33,990.00	19,332.99	34,290.00	
12. ELECTRICITY <input type="checkbox"/> If master metered .....	5,500.00	2,592.50	5,400.00	
13. WATER <input type="checkbox"/> check box on .....	12,500.00	4,560.98	12,000.00	
14. SEWER <input type="checkbox"/> front .....	12,500.00	4,408.58	12,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,800.00	1,402.14	3,000.00	
17. OTHER UTILITIES .....	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	33,300.00	12,964.20	32,400.00	
19. SITE MANAGEMENT PAYROLL .....	14,200.00	6,591.06	14,572.00	1131/M (3% inc)
20. MANAGEMENT FEE .....	18,612.00	8,851.00	18,816.00	\$49x32Ux12M
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	-288.00	400.00	
24. ADVERTISING .....	200.00	21.00	200.00	
25. TELEPHONE & ANSWERING SERVICE .....	1,000.00	888.65	1,000.00	
26. OFFICE SUPPLIES .....	1,400.00	554.89	1,400.00	
27. OFFICE FURNITURE & EQUIPMENT .....	805.00	493.57	804.00	\$46.42/MComr
28. TRAINING EXPENSE .....	476.00	309.85	480.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	150.00	565.90	1,000.00	
30. PAYROLL TAXES .....	2,400.00	942.47	1,900.00	
31. WORKER'S COMPENSATION .....	600.00	520.40	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	306.66	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	45,343.00	23,637.45	46,272.00	
34. REAL ESTATE TAXES .....	8,300.00	0.00	8,000.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	150.00	59.03	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	7,128.00	6,420.00	7,326.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	175.00	0.00	175.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	15,753.00	6,479.03	15,651.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	128,386.00	62,413.67	128,613.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	13,601.78	34,114.07	18,411.78	
2. TRANSFER TO RESERVE .....	17,210.00	12,608.00	17,210.00	\$768/M + 58k :
3. TRANSFER FROM RESERVE .....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	12,400.00	0.00	15,100.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	0.00	0.00	
7. TOTAL (3 thru 6) .....	( 12,400.00)	( 0.00)	( 15,100.00)	
8. ENDING BALANCE [(1+2)-7] .....	18,411.78	46,722.07	20,521.78	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	124,566.71	
ENDING BALANCE .....	121,954.85	

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE .....	16,064.67	
ENDING BALANCE .....	14,118.67	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	7,323.00	
ENDING BALANCE .....	7,078.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	32	450.00	590.00	0.00	172,800.00	228,560.00	0.00	79.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00	67.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	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:						178,764.00	234,456.00	0.00	0.00
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: 01 / 01 / 17**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	32	465.00	605.00	0.00	178,560.00	232,320.00	0.00
2	N	1	497.00	658.00	0.00	5,964.00	7,896.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00
	*		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:						184,524.00	240,216.00	0.00
						BASIC	NOTE	HUD

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 01 / 01 / 17**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	32	79.00	0.00	0.00	0.00	0.00	0.00	79.00
2	N	1	67.00	0.00	0.00	0.00	0.00	0.00	67.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	*		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fox Chase II Apartments

**PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)**

	Current Number of Units/Items	Current from Reserve	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range.....	2	1,200.00	0.00	0.00	0.00	0.00	0
Refrigerator.....	2	1,400.00	0.00	0.00	0.00	0.00	0
Range Hood.....	4	800.00	0.00	0.00	0.00	0.00	0
Washers & Dryers.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR.....	2	1,400.00	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
<b>Cabinets:</b>							
Kitchens.....	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior.....	0	0.00	0.00	0.00	0.00	0.00	0
Interior.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating.....	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning.....	2	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
<b>Plumbing:</b>							
Water Heater.....	2	800.00	0.00	0.00	0.00	0.00	0
Bath Sinks.....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks.....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets.....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets.....	0	0.00	0.00	0.00	0.00	0.00	0
Other.....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows.....	0	0.00	0.00	0.00	0.00	0.00	0
Screens.....	0	0.00	0.00	0.00	0.00	0.00	0
Walls.....		0.00	0.00	0.00	0.00	0.00	
Roofing.....		0.00	0.00	0.00	0.00	0.00	
Siding.....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt.....		0.00	0.00	0.00	0.00	0.00	
Concrete.....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping.....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment.....		0.00	0.00	0.00	0.00	0.00	
Fencing.....		0.00	0.00	0.00	0.00	0.00	
Recreation Area.....		0.00	0.00	0.00	0.00	0.00	
Signs.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management.....		0.00	0.00	0.00	0.00	0.00	
Common Area.....		0.00	0.00	0.00	0.00	0.00	
Other.....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List.....		0.00	0.00	0.00	0.00	0.00	
List.....		0.00	0.00	0.00	0.00	0.00	
List.....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>14</b>	<b>12,400.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>

**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: Fox Chase II Apartments Borrower Case# /Project ID: 01-6

City/State: Greensboro, Georgia

Acting on behalf of Greensboro Properties Lld., 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

c. 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).

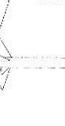
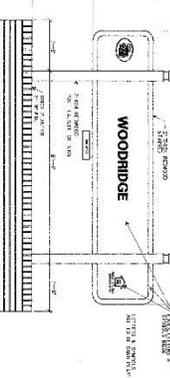
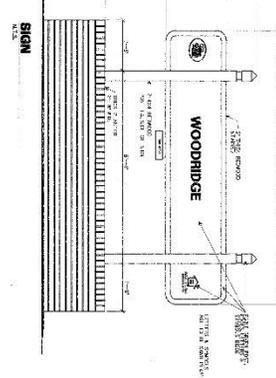
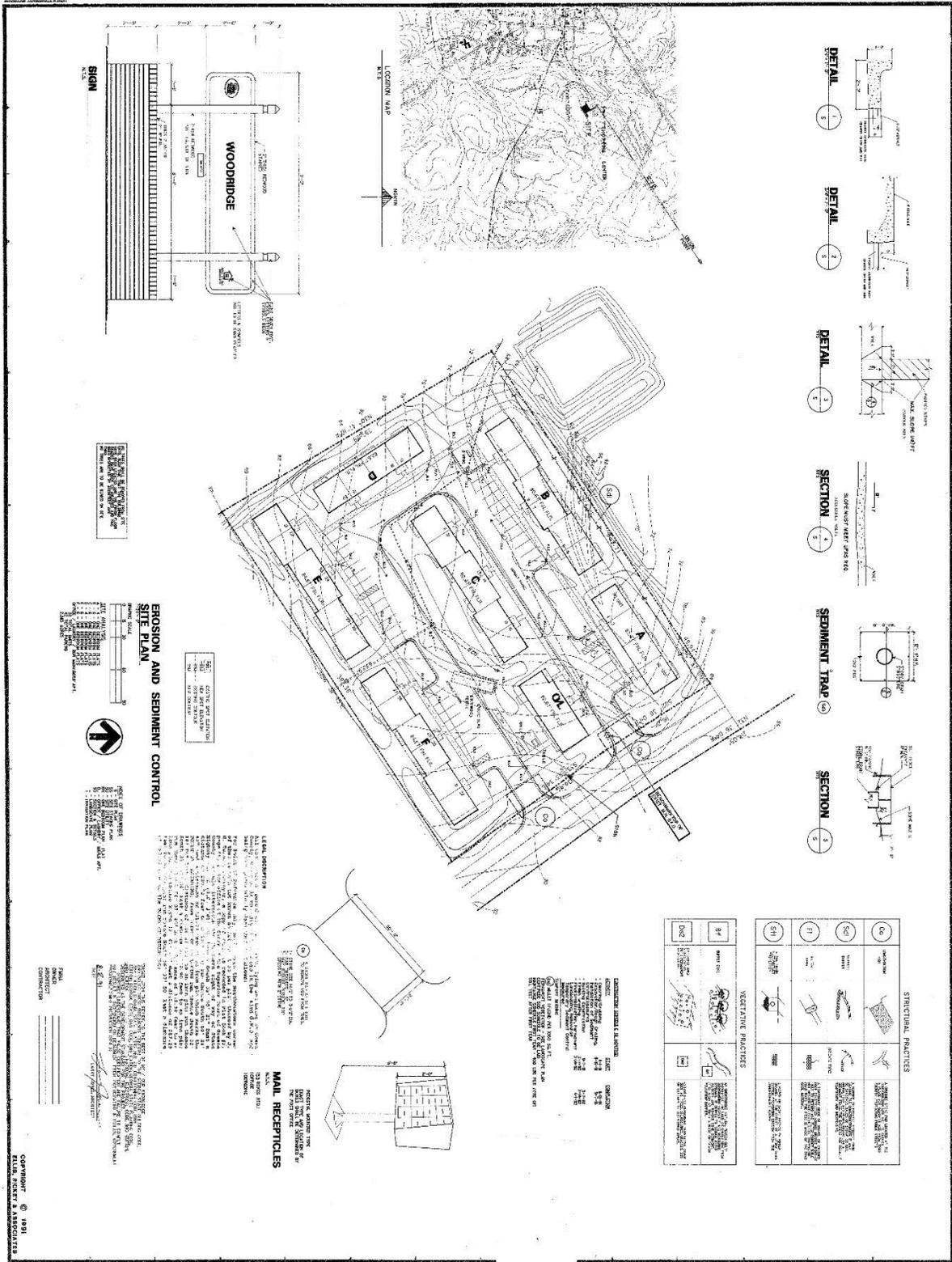
Rural Development may seek a "double damages" civil money damages remedy for the use of assets or income in violation of any Loan Agreement/Resolution or any applicable Rural Development regulations.

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 \$30,000 per violation (Section 543 (b) of the Housing Act of 1949).

<b>By Project Borrower:</b> Greensboro Properties LP, Phase II		
<b>Name/Title:</b> David A. Brown		<b>Date:</b> 09-01-2016
<b>Signature:</b>		

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

<b>By Servicing Official:</b>		
<b>Name/Title:</b> Wesley J. Smith		<b>Date:</b> 11/15/16
<b>Signature:</b>		





**RECREATION OFFICE APT.**

1. GENERAL NOTES:  
 A. ALL WORK SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND SPECIFICATIONS.  
 B. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE APPROVED BY THE ARCHITECT.  
 C. ALL WORK SHALL BE SUBJECT TO INSPECTION AND APPROVAL BY THE ARCHITECT.  
 D. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.  
 E. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND SPECIFICATIONS.

**FINISH SCHEDULE**

NO.	FINISH	LOCATION
1	PAINT	ALL INTERIORS
2	CEILING	ALL INTERIORS
3	FLOOR	ALL INTERIORS
4	WALL	ALL INTERIORS
5	DOOR	ALL INTERIORS
6	WINDOW	ALL INTERIORS
7	TRIM	ALL INTERIORS
8	STAIR	ALL INTERIORS
9	BATHROOM	ALL INTERIORS
10	KITCHEN	ALL INTERIORS
11	REAR PORCH	ALL INTERIORS
12	FRONT PORCH	ALL INTERIORS

**DOOR SCHEDULE**

NO.	TYPE	LOCATION
1	SLIP DOOR	REAR PORCH
2	SLIP DOOR	FRONT PORCH
3	SLIP DOOR	REAR PORCH
4	SLIP DOOR	FRONT PORCH
5	SLIP DOOR	REAR PORCH
6	SLIP DOOR	FRONT PORCH

**WINDOW SCHEDULE**

NO.	TYPE	LOCATION
1	DOUBLE HUNG	REAR PORCH
2	DOUBLE HUNG	FRONT PORCH
3	DOUBLE HUNG	REAR PORCH
4	DOUBLE HUNG	FRONT PORCH
5	DOUBLE HUNG	REAR PORCH
6	DOUBLE HUNG	FRONT PORCH

**REAR ELEVATION**

**FRONT ELEVATION**

**RIGHT END ELEVATION**

**LEFT END ELEVATION**

**PLUMBING / HVAC PLAN**

**WASTE RISER DIAGRAM**

**WATER RISER DIAGRAM**

**CONTROL MOUNTING HEIGHTS**

**ELEVATION A**

**ELEVATION B**

**ELEVATION C**

**ELEVATION D**

**ELEVATION E**

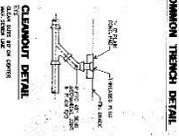
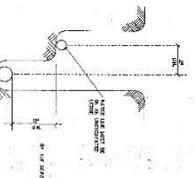
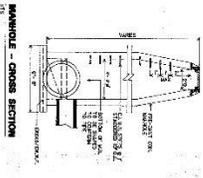
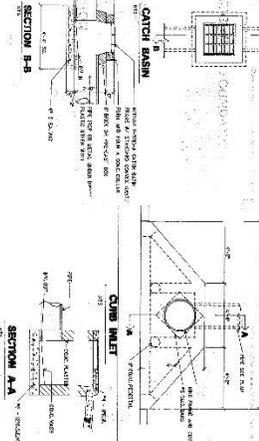
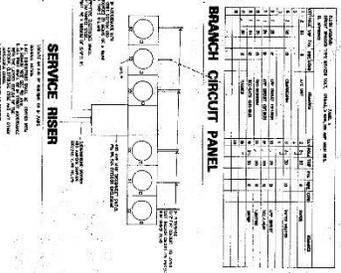
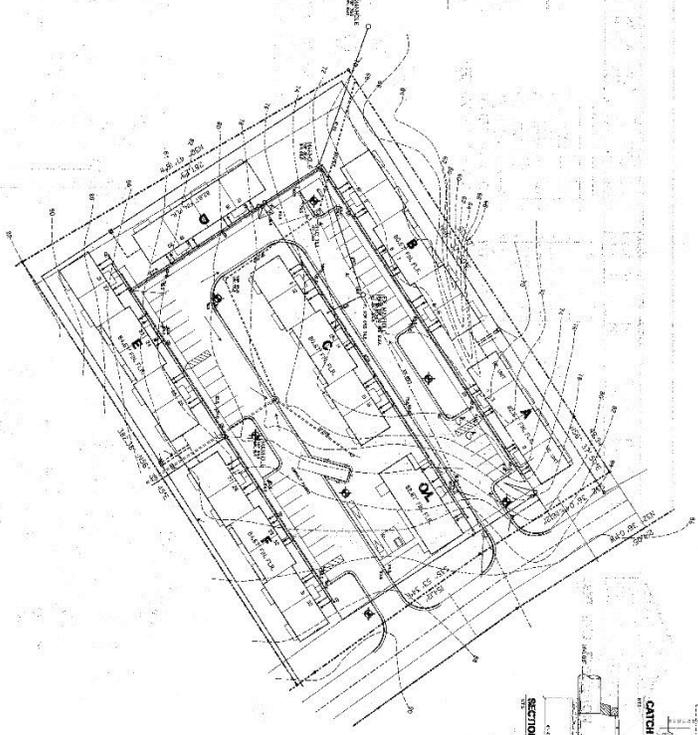
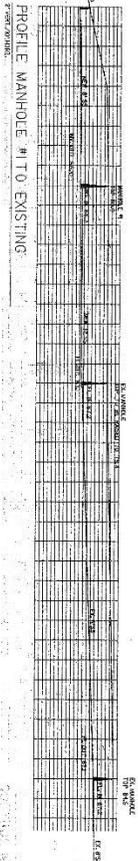
**TOILET ELEVATION**

**FOUNDATION PLAN**

**FRAMING PLAN**

**WINDOW DETAIL**





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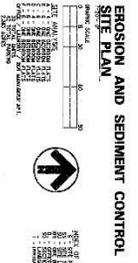
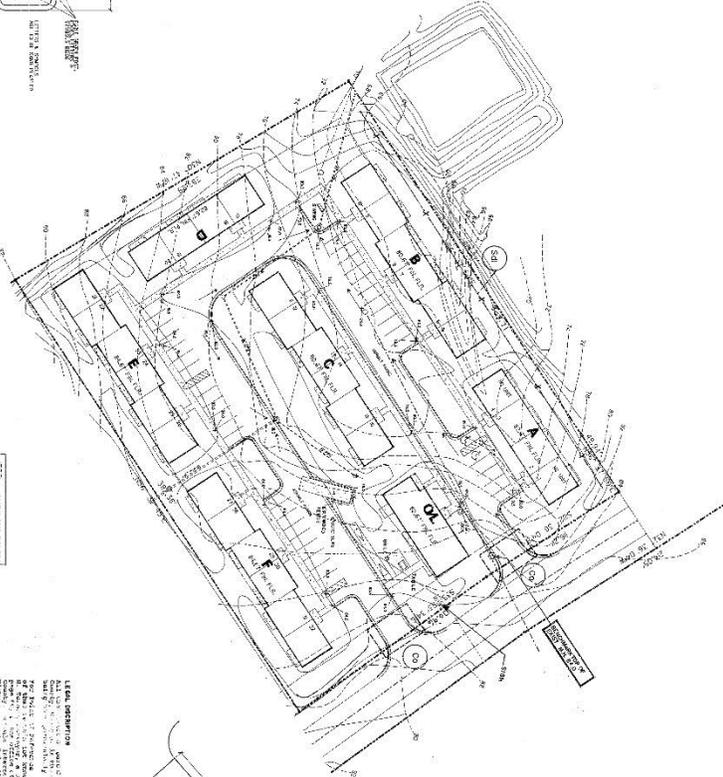
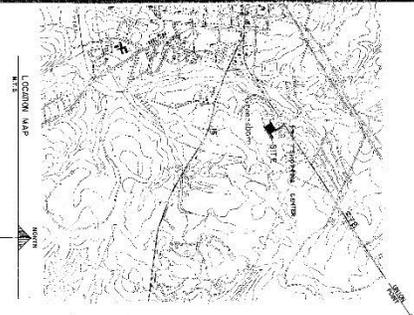
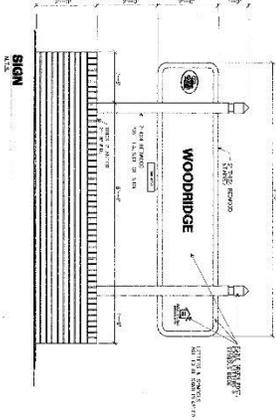
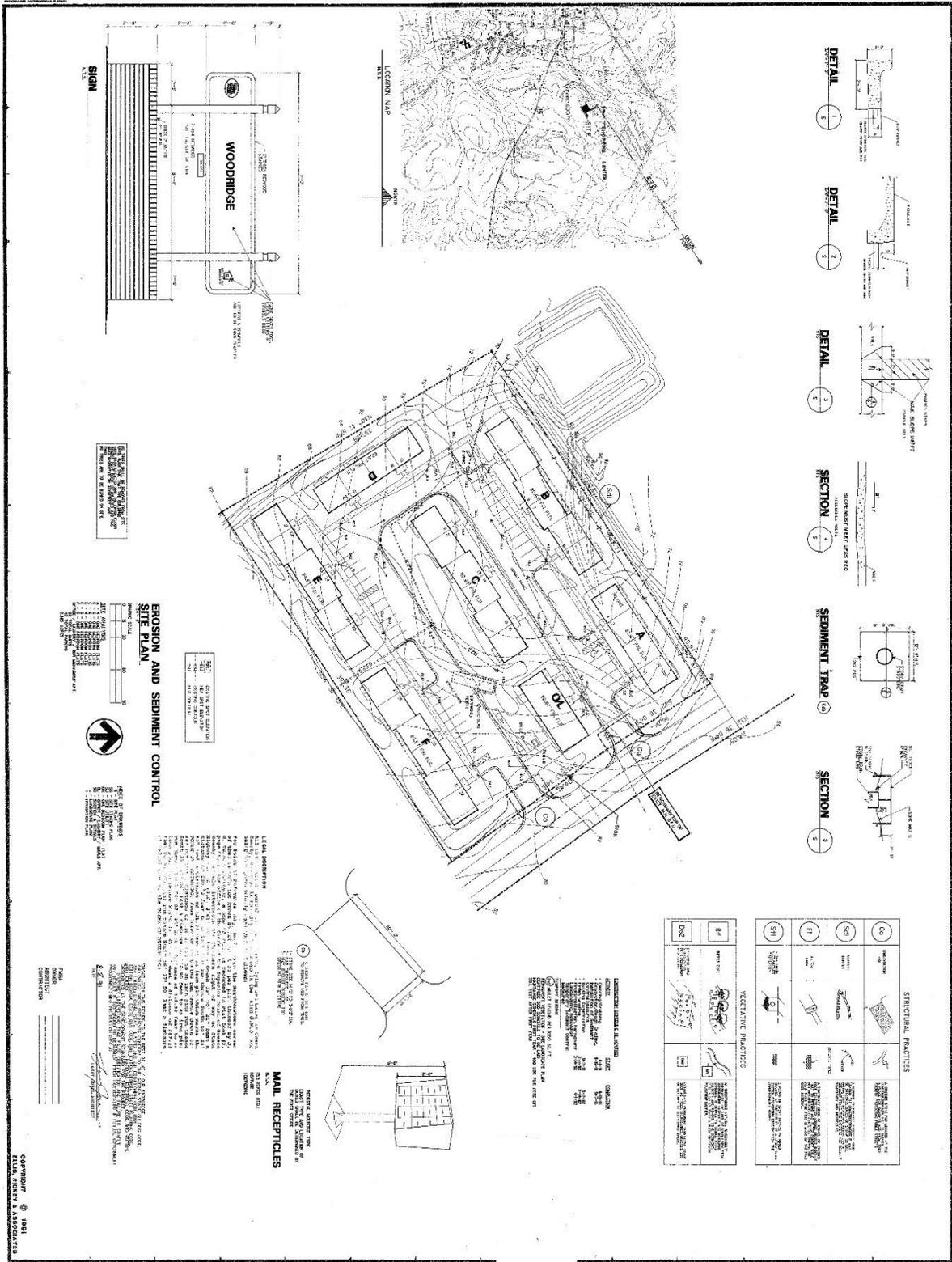
**ELLIS, RICKET & ASSOCIATES**  
ARCHITECTS  
Post Office Box 2377  
Vicksburg, Georgia 31097 Telephone (812) 292-3556

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10	10	11-15-88	ELR	ELR



GREENSBORO PROPERTIES, LTD., L.P. - PHASE II (ELDERLY)  
SITE PLAN - FINAL





**LEGEND**

1. 12" x 12" x 12" CONCRETE STRUCTURE

2. 12" x 12" x 12" CONCRETE STRUCTURE

3. 12" x 12" x 12" CONCRETE STRUCTURE

4. 12" x 12" x 12" CONCRETE STRUCTURE

5. 12" x 12" x 12" CONCRETE STRUCTURE

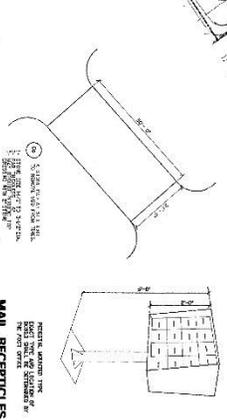
6. 12" x 12" x 12" CONCRETE STRUCTURE

7. 12" x 12" x 12" CONCRETE STRUCTURE

8. 12" x 12" x 12" CONCRETE STRUCTURE

9. 12" x 12" x 12" CONCRETE STRUCTURE

10. 12" x 12" x 12" CONCRETE STRUCTURE



**VEGETATIVE PRACTICES**

1. 12" x 12" x 12" CONCRETE STRUCTURE

2. 12" x 12" x 12" CONCRETE STRUCTURE

3. 12" x 12" x 12" CONCRETE STRUCTURE

4. 12" x 12" x 12" CONCRETE STRUCTURE

5. 12" x 12" x 12" CONCRETE STRUCTURE

6. 12" x 12" x 12" CONCRETE STRUCTURE

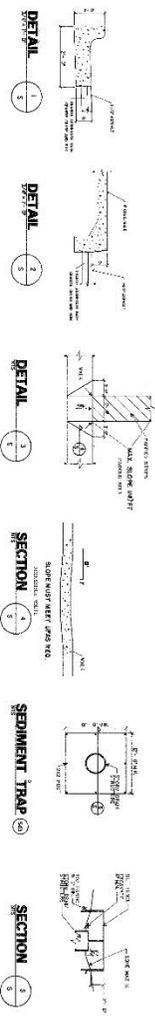
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8. 12" x 12" x 12" CONCRETE STRUCTURE

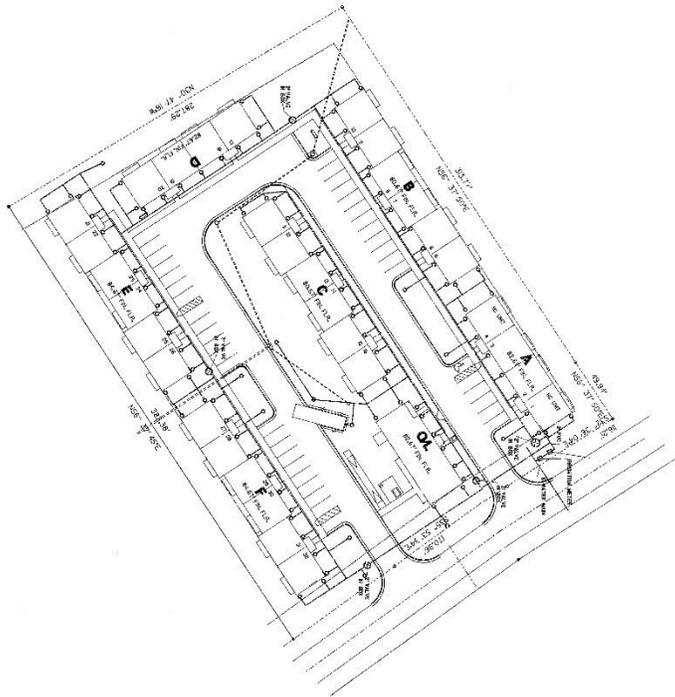
9. 12" x 12" x 12" CONCRETE STRUCTURE

10. 12" x 12" x 12" CONCRETE STRUCTURE

NO.	DESCRIPTION	VEGETATIVE PRACTICES
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11	MAIL RECEIPTAL	VEGETATIVE PRACTICES
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20	MAIL RECEIPTAL	VEGETATIVE PRACTICES



NO.	DESCRIPTION	VEGETATIVE PRACTICES
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**SITE IRRIGATION PLAN**

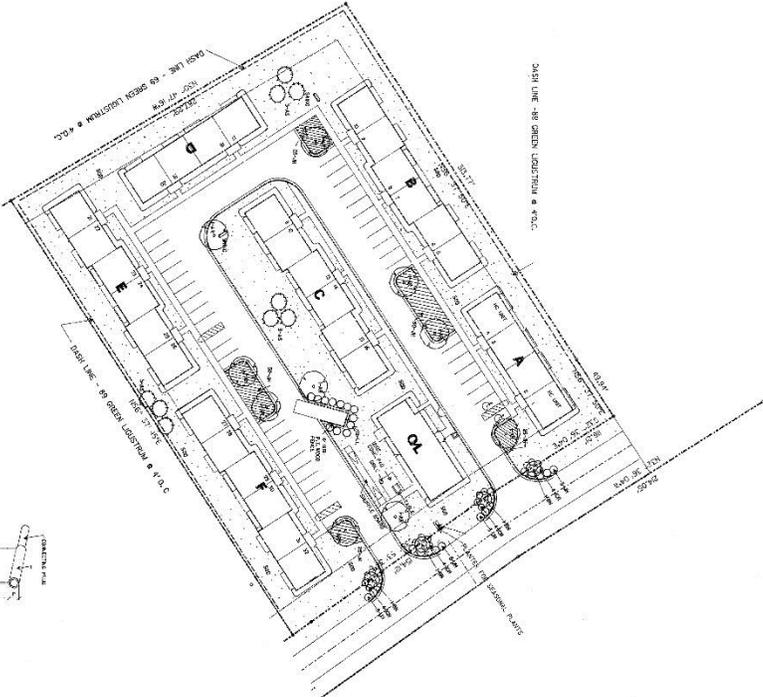
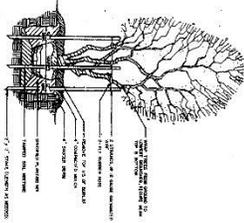


1. ALL IRRIGATION AND MAINLINE SHALL BE 10" POLYETHYLENE GLASS REINFORCED PLASTIC (PE) PIPE.  
 2. ALL IRRIGATION SHALL BE 1/2" POLYETHYLENE GLASS REINFORCED PLASTIC (PE) PIPE.  
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 4. ALL IRRIGATION SHALL BE 1/2" POLYETHYLENE GLASS REINFORCED PLASTIC (PE) PIPE.  
 5. ALL IRRIGATION SHALL BE 1/2" POLYETHYLENE GLASS REINFORCED PLASTIC (PE) PIPE.

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**ELLIS, RICKET & ASSOCIATES**  
**ARCHITECTS**  
 Post Office Box 2077 Vandalia, Georgia 31501 Telephone (912) 242-3596  
 GREENSBORO PROPERTIES, LTD., L.P. - PHASE II (ELDERLY)  
 GREENSBORO, BRUNSWICK COUNTY, GEORGIA  
 SITE IRRIGATION PLAN

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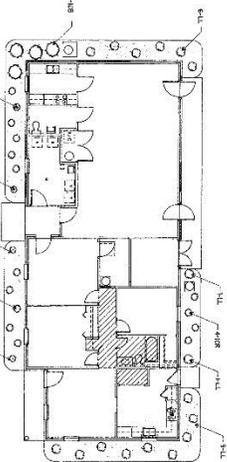
**PLANT MATERIALS SCHEDULE**

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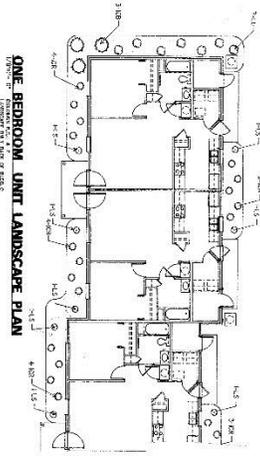
**SITE LANDSCAPE PLAN**



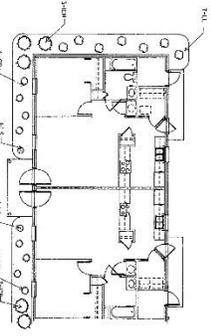
**TYPICAL BED ENDING**



**OFFICE/LAUNDRY/MGR. APT. LANDSCAPE PLAN**



**ONE BEDROOM UNIT LANDSCAPE PLAN**



**ONE BEDROOM UNIT LANDSCAPE PLAN**

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**ELLIS, RICKET & ASSOCIATES**  
**ARCHITECTS**  
 Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 742-3556  
 GREENSBORO PROPERTIES, LTD., L.P. - PHASE II (ELDERLY)  
 GREENSBORO GREENHURST COURT, GEORGIA  
 LANDSCAPE PLAN

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62	10-08	62	...	...
63	10-08	63	...	...
64	10-08	64	...	...
65	10-08	65	...	...
66	10-08	66	...	...
67	10-08	67	...	...
68	10-08	68	...	...
69	10-08	69	...	...
70	10-08	70	...	...
71	10-08	71	...	...
72	10-08	72	...	...
73	10-08	73	...	...
74	10-08	74	...	...
75	10-08	75	...	...
76	10-08	76	...	...
77	10-08	77	...	...
78	10-08	78	...	...
79	10-08	79	...	...
80	10-08	80	...	...
81	10-08	81	...	...
82	10-08	82	...	...
83	10-08	83	...	...
84	10-08	84	...	...
85	10-08	85	...	...
86	10-08	86	...	...
87	10-08	87	...	...
88	10-08	88	...	...
89	10-08	89	...	...
90	10-08	90	...	...
91	10-08	91	...	...
92	10-08	92	...	...
93	10-08	93	...	...
94	10-08	94	...	...
95	10-08	95	...	...
96	10-08	96	...	...
97	10-08	97	...	...
98	10-08	98	...	...
99	10-08	99	...	...
100	10-08	100	...	...



**2015 REHABILITATION WORK SCOPE**

PROJECT NAME: Fox Chase II	YEAR BUILT: 1991
PROJECT LOCATION: 11 Fox Chase circle, Greensboro, Ga. 30642	UNIT COUNT: 33
	GROSS SQUARE FOOTAC 21724

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 office for the manager.	65	2	Apts.	17850	\$35,700
24		retrofit existing units for Fair Housing compliance						\$0
24		retrofit existing clubhouse to meet UFAS, Fair Housing, & ADA	Laundry sink not accessible, Kitchen cabinets not accessible	100	1	each	21180	\$21,180
24		retrofit existing site to meet Fair Housing, ADA	32% of the Main Sidewalks cross slope exceeds 2%, and must be redone to have a 2% or less cross slope. 9 of the Entrance walks have sunk, causing a tripping hazard going to the front porch of the units. several main sidewalks have raised concrete causing tripping hazards . 3 Handicap parking spaces have a slope greater then 2% slope and cross slope and need to be redone.	12	4281	SF	5.5	\$48,788
		<b>Total (Accessibility)</b>						<b>\$105,668</b>
37	2	Demolition						\$0
37		site						\$0
37		bdg interiors: ceilings, walls, floor, plumbing, HVAC, elec						\$0
37		bdg exteriors: siding, roofing, patios, decks, stairs, breezeways						\$0
35	2	Unusual site conditions (such as lead, asbestos, mold abatement)						\$0
35		lead abatement						\$0
35		asbestos abatement						\$0
35		mold abatement						\$0
30	2	Earth Work						\$0
30		regrade for drainage control	regrade swells, fill and level ponding areas	8	486	LF	45	\$21,870
30		regrade for elimination of erosion situations	The front ditch on the east side needs regraded. The water has been flowing over the entrance road and has eroded the asphalt paving and base. 90 LF of the road needs to be taken out and poured back with a 6" concrete road. The swell on the west side of the road needs to be regraded to get the water away from the road during heavy rains.	100	2160	SF	12	\$25,920
30								\$0
34	2	Landscaping & irrigation						\$0
34		sodding/seeding						\$0
34		trees, shrubs, and annuals	Add native and drought tolerant trees and plants	5	100	each	85	\$8,500
34		irrigation						\$0
34		tree pruning, root removal	Remove two trees that are causing foundation problems and drainage problemsbetween bldgs. 4 and 5. Remove 2 other trees that are damaged.	5	4	each	860	\$3,440



14		tub surrounds							\$0
14		ceramic floors							\$0
16	9	Resilient/wood flooring							\$0
16		VCT							\$0
16		sheet goods							\$0
16		wood flooring	Replace Vinyl Flooring	45	1086 SY	18.75			\$20,363
17	9	Painting							\$0
17		exterior walls							\$0
17		interior walls	Semi Gloss Enamel	100	21724 SF	0.75			\$16,293
17		ceilings							\$0
17		doors & trim	Semi Gloss Enamel	100	21724 SF	0.25			\$5,431
17		steel: handrails, stairs, etc	Hand Rails	100	280 LF	5.5			\$1,540
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	33 units	88			\$2,904
18		fire extinguishers							\$0
18		shelving							\$0
18		mailboxes	New mailboxes and mail kiosk with roof	100	1 unit	12540			\$12,540
18		stovetop fire suppression	2 per range hood	100	33 units	68			\$2,244
20	11	Cabinets (incl. countertops)							\$0
20		unit kitchens	Refinish Cabinets	100	33 units	850			\$29,040
20		countertops	Replace Countertops	100	33 units	690			\$22,770
20		bathroom vanities	refinish vanities	100	33 units	85			\$2,805
21	11	Appliances							\$0
21		refrigerators	Replace with Energy Star Refrigerator	94	31 Each	705.12			\$21,859
21		stove	Replace Stove	94	31 Each	459.03			\$14,230
21		vent hood	Replace Vent Hood	100	33 Each	84.53			\$2,789
21		dishwasher							\$0
21		microwave							\$0
21		disposals							\$0
22	12	Blinds & Shades	Replace with 2" faux blinds	100	105 each	55			\$5,775
23	12	Carpets							\$0
24	13	Special Construction (pools)							\$0
25	14	Elevators							\$0
26	15	Sprinklers							\$0
26	15	Plumbing							\$0
26		bathbubs and/or pre-fab showers	Tub Repair and Refinish	100	33 units	200			\$6,600
26		shower heads							\$0
26		tub faucets	Replace with new delta faucets	100	33 units	400			\$13,200
26		bathroom sinks	Replace with new china sink, Delta faucet, trap and supp	100	33 units	385			\$12,705
26		bathroom faucets							\$0
26		kitchen sinks	Replace Kitchen Sink, Delta Faucet, Strainers, Trap and	100	33 units	385			\$12,705
26		kitchen faucets							\$0
26		toilets	Replace Toilets with HG Toilets	100	33 Each	385			\$12,705
26		new water service-piping, valves, etc							\$0
26		new waste/vent service-piping, valves, etc							\$0
26		water heaters	Replace	94	31 Each	450			\$13,950
26		individual water metering							\$0
27	15	HVAC							\$0
27		air conditioning equipment	All labor and Materials HVAC Subcontractor	97	32 Each	2900			\$92,800
27		heating equipment							\$0
27		ductwork cleaning							\$0
27		ductwork							\$0
27		duct insulation							\$0
27		bathroom ventilation fans	Replace Bath Exhaust Fans	100	33 units	100			\$3,300
27		solar hot water heating							\$0
29	16	Electrical							\$0
29		unit light fixtures	Install Energy Star ceiling fan in Living Room and Bedroo	100	33 Apts.	690			\$22,770

29		common area/exterior building mounted light fixtures	Included in Light Fixture Allowance					\$0
29		pole lights	n/a - GA Power maintained					\$0
29		ceiling fans	Included in Light fixture allowance					\$0
29		electrical wiring (within unit)	Replace switches and outlets	100	33 Apts.		450	\$14,850
29		outlets & light switches	Install GFCI outlets in Laundry and kitchen	100	66 Each		50	\$3,300
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	66 Each		50	\$3,300
29		fire alarm system						\$0
29		security alarm system						\$0
29		access control system						\$0
29		camera system	Add a camera system to the office	100	1 unit		4500	\$4,500
		Subtotal (structures)						\$635,470
		Total (Structure & Land Imprvmts & Accessibility)						\$870,287

## **ADDENDUM D**

Sec. 121-135. - RM Multifamily Residential District.

- (a) *Purpose and intent.* The RM Multifamily Residential District is composed of areas with existing or proposed high density residential use. This district is designed to accommodate open space, convenience services, and community facilities needed for high density living.
- (b) *Permitted uses.* Within the RM district, only the following uses are permitted:
- (1) Dwelling, single-family, detached.
  - (2) Dwelling, two-family.
  - (3) Dwelling, multifamily.
  - (4) Garage apartment.
  - (5) Individual manufactured home.
  - (6) Industrialized home qualifying as dwelling, single-family, detached.
  - (7) Boardinghouse.
  - (8) Apartments.
  - (9) Townhouses and condominiums, provided that the requirements in section 121-189 are met.
  - (10) Manufactured home park, provided that the requirements of sections 121-187 and 121-188 are met.
  - (11) Accessory buildings and accessory uses, provided that the requirements under sections 121-186(a)(5) and 121-190 are met.
  - (12) Daycare home/family day care home.
  - (13) Residential home occupation, provided that the requirements of section 121-191 are met.
  - (14) Swimming pools, above and below ground, provided that the location is not closer than 20 feet to any property line and the pool is enclosed by a wall or fence of at least six feet in height. Only home swimming pools and private community swimming pools are permitted.
  - (15) Utility facility, provided that a site development plan is submitted and approved by the zoning administrator, and a minimum 20 foot planted buffer strip is provided as suitable screening along property lines or within 60 feet of the developed area. (An appropriate planted buffer shall contain vegetation that will attain a height of eight feet within three years.)
- (c) *Conditional uses.* Within the RM district, the uses enumerated in this subsection may be permitted. Conditional use applications may be approved or denied as submitted or may be approved subject to specified conditions in addition to those described herein.
- (1) Home office.
  - (2) Kindergartens, play schools, and daycare centers. A complete site development sketch must be submitted with the application.
  - (3) Personal care home, community living arrangement or group home, provided that a complete site development sketch is submitted with the application showing adequate paved and lined off-street parking. All buildings must be placed at least 50 feet from any property line and bordered by a ten-foot wide buffer area along the front, side and back lot lines. The buffer area should be planted with evergreen trees or evergreen shrubs that grow at least eight feet tall within three years and provide an effective visual screen.
  - (4)

Recreational developments, including, but not limited to, public fishing lakes, public swimming pools and golf courses or driving ranges, or other recreational developments, provided that a comprehensive plan for the area is submitted which includes the location of the site on plats of not less than a one inch equals 400 feet scale, the location and function of all buildings and modifications of the natural landscape, the location and surface treatment of all roadways, appropriate details of drinking water or sanitary facilities, certificated by the health department if wells or septic tanks are involved and a time schedule setting for a development program.

- (5) Religious institutions and their customary related facilities, provided that such uses are located on a lot with a minimum of two acres and fronts on a public right-of-way or a private street which connects with a public right-of-way. The minimum building front setback is 50 feet. A ten-foot wide buffer area is required along any property line abutting residentially zoned property.

(Zoning Ord. 2007, § 7.13)

## **ADDENDUM E**

# STDB

You are currently logged in as: (CUSTID\_17921) on 19-Feb-2016

11 Fox Chase Circle, Greensboro, GA  
11 FOX CHASE CIR, GREENSBORO, GA



## MAP DATA

Map Number : 13133C0183B

Panel Date : December

17,2010

FIPS Code : 13133

Census Tract : 9503.03

Geo Result : S5 (Most Accurate) -

single close match, point located at

the street address position

## Flood

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

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## **ADDENDUM F**

# 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

02/09/2003

END OF RENEWAL  
08/30/2018



LYNN DEMPSEY  
Real Estate Commissioner

46665603

**SAMUEL TODD GILL**

# 258907  
Status ACTIVE

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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 G**

Samuel T. Gill  
512 North One Mile Road  
P.O. Box 784  
Dexter, Missouri 63841  
573-624-6614 (phone)  
573-624-2942 (fax)  
todd.gill@gillgroup.com

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**OVERVIEW**

Extensive multifamily experience over the past 25 years specializing in work for the Department of Housing and Urban Development (HUD), United States Department of Agriculture/Rural Development (USDA/RD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program including but not limited to, Section 8, Section 202, Section 236, Section 515 and Section 538 Programs. Additionally, extensive experience since inception of the Multifamily Accelerated Processing (MAP) Program of Sections 202/223(f), 232/223(f), 221(d)3, 221(d)4 and 223(f). Also, more than 20 years of experience with nursing homes, hotels and complicated commercial appraisal assignments.

**ACCREDITATIONS**

**State Certified General Real Estate Appraiser**

Alabama State License Number: G00548  
Arizona State License Number: 31453  
Colorado State License Number: CG40024048  
Connecticut State License Number: RCG.0001276  
District of Columbia License Number: GA11630  
Georgia State License Number: 258907  
Hawaii State License Number: CGA1096  
Idaho State License Number: CGA-3101  
Illinois State License Number: 153.0001384  
Indiana State License Number: CG40200270  
Iowa State License Number: CG02426  
Kansas State License Number: G-1783  
Louisiana State License Number: G1126  
Maine State License Number: CG3635  
Maryland State License Number: 32017  
Michigan State License Number: 1201068069  
Minnesota State License Number: 40186198  
Mississippi State License Number: GA-624  
Missouri State License Number: RA002563  
Montana State License Number: REA-RAG-LIC-8530  
Nebraska State License Number: CG2000046R  
New York State License Number: 46000039864  
North Carolina State License Number: A5519  
North Dakota State License Number: CG-2601  
Ohio State License Number: 448306  
Oklahoma State License Number: 12524CGA  
Oregon State License Number: C000793  
Pennsylvania State License Number: GA001813R  
South Carolina State License Number: 3976  
Tennessee State License Number: 00003478  
Texas State License Number: 1329698-G  
Utah State License Number: 5510040-CG00  
Virginia State License Number: 4001 015446  
Washington State License Number: 1101018  
West Virginia State License Number: CG358  
Wisconsin State License Number: 1078-10  
Wyoming State License Number: 479

Also received temporary licenses in the following states: Arkansas, California, Delaware, Florida, Kentucky, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, Puerto Rico, Rhode Island, South Dakota, the U.S. Virgin Islands and Vermont.

**EXPERIENCE  
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring and has worked with HUD in this capacity since inception. Completed approximately 350 appraisals assignments under this program.

Provider of HUD MAP and TAP appraisals and market studies for multiple lenders since its inception. Completed approximately 350 appraisal assignments under this program.

Contract MAP quality control reviewer and field inspector for CohnReznick and HUD. Have completed approximately 350 reviews under this program. Have completed approximately 100 field inspections under this program.

Currently approved state reviewer for HUD Rent Comparability Studies for Section 8 Renewals in Alabama, California, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, North Carolina, Oregon, Utah, Virgin Islands, Virginia, Washington, West Virginia and Wisconsin. Completed approximately 500 reviews under this program.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide. Completed approximately 400 rent comparability studies.

Provider of tax credit financing analysis and value of financing analysis. Completed approximately 300 appraisal assignments and market studies under this program.

Provider of multifamily appraisals under the RD 515 and 538 programs. Completed approximately 200 appraisal assignments under these programs.

Partial list of clients include: Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, CohnReznick, L.L.P., Group, Siegel Group, Signet Partners and Wachovia Securities.

**DEVELOPMENT/OWNERSHIP/  
MANAGEMENT EXPERIENCE  
(2006 TO PRESENT)**

For the past 10 years, he has owned three separate companies that develop, own and manage commercial, multifamily, residential, agricultural and vacant land properties.

In his portfolio are over 100,000 square feet of commercial space, over 1,000 units of multifamily, 200 acres of farmland, and 10 parcels of developable commercial and multifamily lots, all in the Midwest.

**EDUCATION**

**Bachelor of Arts Degree**

*Southeast Missouri State University*

**Associate of Arts Degree**

*Three Rivers Community College*

**HUD/FHA Appraiser Training**

*Arkansas State Office*

**Multifamily Accelerated Processing Valuation (MAP)**

*U.S. Department of Housing and Urban Development*

**2<sup>nd</sup> Annual Multifamily Accelerated Processing Basic and Advanced Valuation (MAP)**

*U.S. Department of Housing and Urban Development*

**FHA Appraising Today**

*McKissock, Inc.*

**Texas USDA Rural Development Multifamily Housing Appraiser Training**

*Texas Rural Development*

**Kentucky USDA Rural Development Multifamily Housing Appraiser Training**

*Kentucky Rural Development*

**Financial Analysis of Income Properties**

*National Association of Independent Fee Appraisers*

**Income Capitalization**

*McKissock, Inc.*

**Introduction to Income Property Appraising**

*National Association of Independent Fee Appraisers*

**Concepts, Terminology & Techniques**

*National Association of Independent Fee Appraisers*

**Uniform Standards of Professional Appraisal Practice**

*Central Missouri State University*

**Appraisal of Scenic, Recreational and Forest Properties**

*University of Missouri-Columbia*

**Appraiser Liability**

*McKissock, Inc.*

**Appraisal Trends**

*McKissock, Inc.*

**Sales Comparison Approach**

*Hondros College*

**Even Odder: More Oddball Appraisals**

*McKissock, Inc.*

**Mortgage Fraud: A Dangerous Business**

*Hondros College*

**Private Appraisal Assignments**

*McKissock, Inc.*

**Construction Details & Trends**

*McKissock, Inc.*

**Condemnation Appraising: Principles & Applications**

*Appraisal Institute*

**Michigan Law**

*McKissock, Inc.*

**Pennsylvania State Mandated Law**

*McKissock, Inc.*

**Valuing Real Estate in a Changing Market**

*National Association of Independent Fee Appraisers*

**Principles of Residential Real Estate Appraising**

*National Association of Independent Fee Appraisers*

**Real Estate Appraisal Methods**

*Southeast Missouri State University*

**Lead Inspector Training**

*The University of Kansas*

**Lead Inspector Refresher**

*Safety Support Services, Incorporated*

**Home Inspections: Common Defects in Homes**

*National Association of Independent Fee Appraisers*

**Heating and Air Conditioning Review**

*National Association of Independent Fee Appraisers*

**Professional Standards of Practice**

*National Association of Independent Fee Appraisers*

**Developing & Growing an Appraisal Practice - Virtual Classroom**

*McKissock, Inc.*

**The Appraiser as Expert Witness**

*McKissock, Inc.*

**Current Issues in Appraising**

*McKissock, Inc.*

**2011 ValExpo: Keynote-Valuation Visionaries**

*Van Education Center/Real Estate*

**Residential Report Writing**

*McKissock, Inc.*

**The Dirty Dozen**

*McKissock, Inc.*

**Risky Business: Ways to Minimize Your Liability**

*McKissock, Inc.*

**Introduction to Legal Descriptions**

*McKissock, Inc.*

**Introduction to the Uniform Appraisal Dataset**

*McKissock, Inc.*

**Mold Pollution and the Appraiser**

*McKissock, Inc.*

**Appraising Apartments: The Basics**

*McKissock, Inc.*

**Foundations in Sustainability: Greening the Real Estate and Appraisal Industries**

*McKissock, Inc.*

**Mortgage Fraud**

*McKissock, Inc.*

**The Nuts and Bolts of Green Building for Appraisers**

*McKissock, Inc.*

**The Cost Approach**

*McKissock, Inc.*

**Pennsylvania State Mandated Law for Appraisers**

*McKissock, Inc.*

**Michigan Appraisal Law**

*McKissock, Inc.*

**Modern Green Building Concepts**

*McKissock, Inc.*

**Residential Appraisal Review**

*McKissock, Inc.*

**Residential Report Writing: More Than Forms**

*McKissock, Inc.*

**2-4 Family Finesse**

*McKissock, Inc.*

**Appraisal Applications of Regression Analysis**

*McKissock, Inc.*

**Appraisal of Self-Storage Facilities**

*McKissock, Inc.*

**Supervisor-Trainee Course for Missouri**

*McKissock, Inc.*

**The Thermal Shell**

*McKissock, Inc.*

**Even Odder - More Oddball Appraisals**

*McKissock, Inc.*

**Online Data Verification Methods**

*Appraisal Institute*

**Online Comparative Analysis**

*Appraisal Institute*

**Advanced Hotel Appraising - Full Service Hotels**

*McKissock, Inc.*

**Appraisal of Fast Food Facilities**

*McKissock, Inc.*

**Appraisal Review for Commercial Appraisers**

*McKissock, Inc.*

**Exploring Appraiser Liability**

*McKissock, Inc.*