

Appraisal Report*

For

An Existing Senior Apartment Complex

Called

**Heritage Villas Apartments
78 North Irwinton Avenue
McRae-Helena, Georgia 31037**

**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 21, 2017**

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

**Appraised By
Samuel T. Gill**

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



September 21, 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: Heritage Villas Apartments
78 North Irwinton Avenue
McRae-Helena, Georgia 31037
"As Is" and "As Stabilized" Appraisal Report
As of May 16, 2017

Dear Ms. Ferrell:

In accordance with your request, I have personally appraised the existing Rural Development property targeted towards seniors ages 62 and older known as Heritage Villas Apartments. The site contains approximately 2.73 acres. The subject is improved with six garden one-story buildings containing 25 units and one accessory building.

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

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

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

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

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

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

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

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

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

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

THREE HUNDRED TWENTY THOUSAND DOLLARS
\$320,000

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

THREE HUNDRED TWENTY THOUSAND DOLLARS

\$320,000

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 FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,475,000

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 FIVE HUNDRED SIXTY THOUSAND DOLLARS

\$1,560,000

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

TWO HUNDRED EIGHTY SIX THOUSAND DOLLARS

\$286,000

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

TWO HUNDRED FIFTY SEVEN THOUSAND DOLLARS

\$257,000

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

FIVE HUNDRED THIRTY THOUSAND DOLLARS
\$530,000

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 625 square feet one-bedroom units of the subject property, as of May 16, 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 Is Market Rent (CRCU) of the 824 square feet two-bedroom units of the subject property, as of May 16, 2017, is as follows:

SIX HUNDRED DOLLARS
\$600.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 625 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 824 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FIFTY DOLLARS
\$650.00

The following values are determined for the DCA:

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

ONE HUNDRED FIFTY FIVE THOUSAND DOLLARS

\$155,000

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

ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS

\$1,270,000

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

THREE HUNDRED TWENTY THOUSAND DOLLARS

\$320,000

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 FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS

\$1,475,000

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 FIVE HUNDRED SIXTY THOUSAND DOLLARS

\$1,560,000

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

FOUR MILLION TWENTY THOUSAND DOLLARS
\$4,020,000.00

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

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

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

Respectfully submitted,



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

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EXECUTIVE SUMMARY

Name of the Property Heritage Villas Apartments

Location 78 North Irwinton Avenue, McRae-Helena, Telfair County, Georgia 31037

Current Owner Heritage Villas, L.P.

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

Total Land Area 2.73 acres or 118,919+/- square feet

Floodplain Hazard According to RiskMeter, Flood Map Number 13271C0075C, dated August 19, 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 McRae-Helena, the subject is zoned R-3, High Density Residential District. The subject is a legal, conforming use.

Property Description The subject is improved with six garden one-story buildings containing 25 units and one accessory building. The net rentable area is approximately 16,620 square feet. The gross building area, according to the Telfair County Assessor's Office, is 17,572 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	20	625	12,500
2/1	5	824	4,120
	25		16,620

Real Estate Taxes \$6,380.02 for 2016 **Parcel Number** H01100 045

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

Date of Inspection May 16, 2017 **Date of Report** September 21, 2017

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

EXECUTIVE SUMMARY VALUES

Cost Approach	\$430,000 (As Is Restricted) \$1,175,000 (As Is Market) \$1,290,000 (As Stabilized Restricted) \$1,290,000 (As Stabilized Market)
Income Approach	\$320,000 (As Is Restricted) \$1,270,000 (As Is Market) \$1,560,000 (As Stabilized Restricted) \$1,475,000 (As Stabilized Market)
Sales Comparison Approach	Not Developed (As Is Restricted) \$1,000,000 (As Is Market) Not Developed (As Stabilized Restricted) \$1,100,000 (As Stabilized Market)
Value of Land	\$155,000
Value of Existing 515 Loan	\$286,000
Value of Proposed 515 Loan	\$257,000
Value of Low Income Housing Tax Credits	\$530,000
Insurable Value	\$987,000
Market Value at Loan Maturity - Market	\$3,857,000
As Is Market Rent (CRCU)	
One-Bedroom with 625 SF	\$550.00
Two-Bedroom with 824 SF	\$600.00
As Complete Market Rent (CRCU)	
One-Bedroom with 625 SF	\$600.00
Two-Bedroom with 824 SF	\$650.00

CERTIFICATION

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

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial and unbiased professional analyses, opinions and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ◆ I have performed services as an appraiser 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 Carolina Borgini inspected the interior and exterior of the subject property and inspected the exteriors of the properties used as comparables in this report. Samuel T. Gill inspected the exterior of the property that is the subject of this report.
- ◆ No one provided significant professional assistance to the person signing this report.
- ◆ The appraiser retained by the lender inspected the subject property.



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

SCOPE OF WORK

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

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

- ◆ Samuel T. Gill, a State Certified General Real Estate Appraiser, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this appraisal.
 - On May 16, 2017, Jamie Cox and Carolina Borgini, Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Samuel T. Gill, State Certified General Real Estate Appraiser, also inspected the exterior. Jamie Cox and Carolina Borgini inspected all common areas and at least one unit of each varying type.
 - Jamie Cox and Carolina Borgini and Samuel T. Gill researched comparable apartment rental activity in the subject market and competing locations. The research retrieve data from several of the following: internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers and the appraiser's office files.
 - During the week of May 16, 2017, Jamie Cox and Carolina 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 Heritage Villas Apartments. The site is located at 78 North Irwinton Avenue, McRae-Helena, Telfair County, Georgia.

Legal Description

See Addendum A.

Past Five Years Sales History of the Subject

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

Property Rights Appraised

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

Purpose of the Appraisal

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

Function of the Appraisal

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

Intended Use of Report

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

Intended Users of Report

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

Extent of the Investigation (Scope)

As part of this appraisal, the appraiser made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are as follows: City of McRae-Helena, the Telfair County Recorder; the Telfair 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 McRae-Helena; the Telfair County Recorder; the Telfair 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 McRae-Helena and the surrounding area. Market data on improved sales and leased properties were obtained from McRae-Helena 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 McRae-Helena, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in McRae-Helena, Telfair County, Georgia, which were leased.

Revenue and Expense Changes and Future Market Conditions

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

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

Summary

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

Estimated Marketing Time

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

Definition of Terms

Market Value

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

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

Market Value, Subject to Restricted Rents

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

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

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

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

² Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560

“As-Is” Value

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

Prospective Value

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

Investment Value

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

Fee Simple Estate

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

Leased Fee Estate

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

Leasehold Estate

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

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

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

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

Replacement Cost

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

Reproduction Cost

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

Contract Rent

The actual rental income specified in a lease.

Market Rent

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

Excess Rent

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

Percentage Rent

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

Overage Rent

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

Special Purpose Property

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

Special Limited Conditions and Assumptions

1. Limit of Liability

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

2. Copies, Publications, Distribution, Use of Report

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

3. Confidentiality

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

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

4. Information Used

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

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

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

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

6. Exhibits

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

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

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

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

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

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

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

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

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

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

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

8. Legality of Use

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

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

9. Component Values

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

10. Auxiliary and Related Studies

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

11. Dollar Values, Purchasing Power

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

12. Inclusions

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

13. Proposed Improvements, Conditioned Value

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

14. Value Change, Dynamic Market, Influences

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

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

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

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

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

15. Management of the Property

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

16. Fee

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

17. Authentic Copies

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

18. Insulation and Toxic Materials

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

19. Hypothetical Conditions*

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

20. Extraordinary Assumptions*

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

21. Americans with Disabilities Act (ADA)

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

22. Review

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

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

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

DESCRIPTIVE SECTION

Regional and Area Data and Area Maps

The following data on the City of McRae-Helena and Telfair 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 McRae-Helena is located in Telfair County which is located in the southeast portion of Georgia. Nearby cities include Vidalia, Douglas, Fitzgerald and Dublin. Telfair County has the following boundaries: North – Laurens County; East – Wheeler and Jeff Davis Counties; South – Coffee, Ben Hill and Wilcox Counties; and West – Dodge County.

Utilities

The City of McRae-Helena provides water services to the residents of the city. Georgia Power provides electricity services. Natural gas services are provided by SCANA Energy. Basic telephone service is provided by AT&T.

Health Care

Community Healthcare Systems and Taylor Telfair County Hospital are health care facilities in McRae-Helena that serve the residents of the city and the surrounding area. Additional health care and medical facilities nearby include Dodge County Hospital in Eastman, approximately 20 miles from the city; Jeff Davis Hospital in Hazlehurst, approximately 24 miles from McRae-Helena; and Irwin County Hospital, approximately 48 miles away in Ocilla.

Transportation

Major highways in the County of Telfair include Interstate 75, U.S. Highways 23, 280, 319, 341 and 441 and State Highways 19, 27, 30, 31, 117, 132, 149 and 165. The Telfair-Wheeler Airport is located in the county. Vidalia Regional Airport is approximately 36 miles from McRae-Helena in Vidalia, and W.H. Bud Barron Airport is approximately 37 miles from the city in Dublin. There is no public transportation in McRae-Helena.

Population and Employment Statistics

CENSUS: 2015

	City of McRae	City of Helena	County	State
Population	5,762	2,940	16,493	9,907,756
Households	2,297	831	5,428	3,540,690
Renter Occupied	1,065	385	2,205	1,268,689

BUREAU OF LABOR STATISTICS

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
2000	4,177	3,898	279	6.7
2010	5,026	4,286	740	14.7
March 2017	5,156	4,815	341	6.6

STATE				
	Labor Force	Employment	Unemployment	Unemployment Rate
2000	4,263,305	4,134,257	129,048	3.0
2010	4,721,252	4,221,004	500,248	10.6
March 2017	5,014,429	4,772,580	241,849	4.8

Major Employers

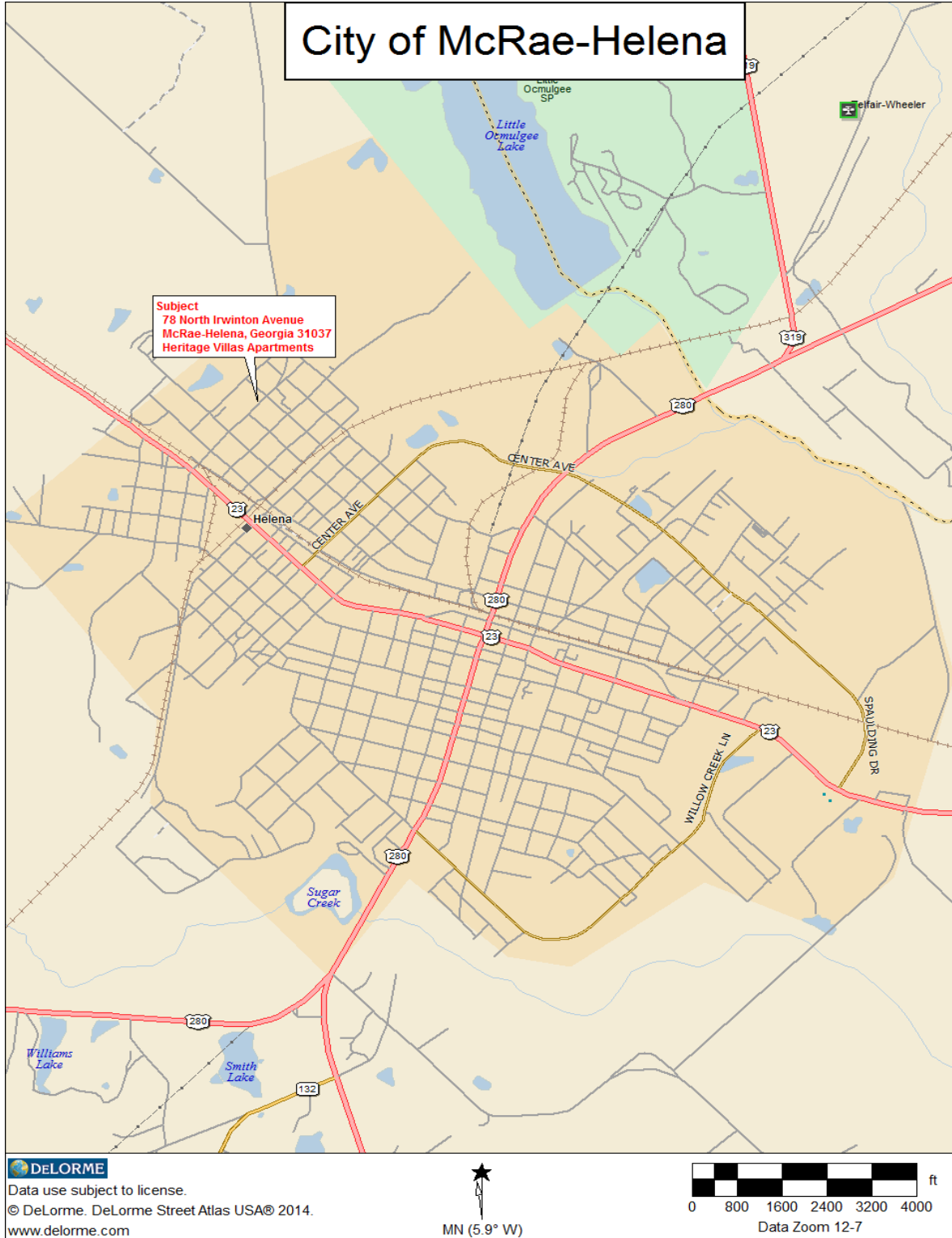
Major employers for the area are as follows:

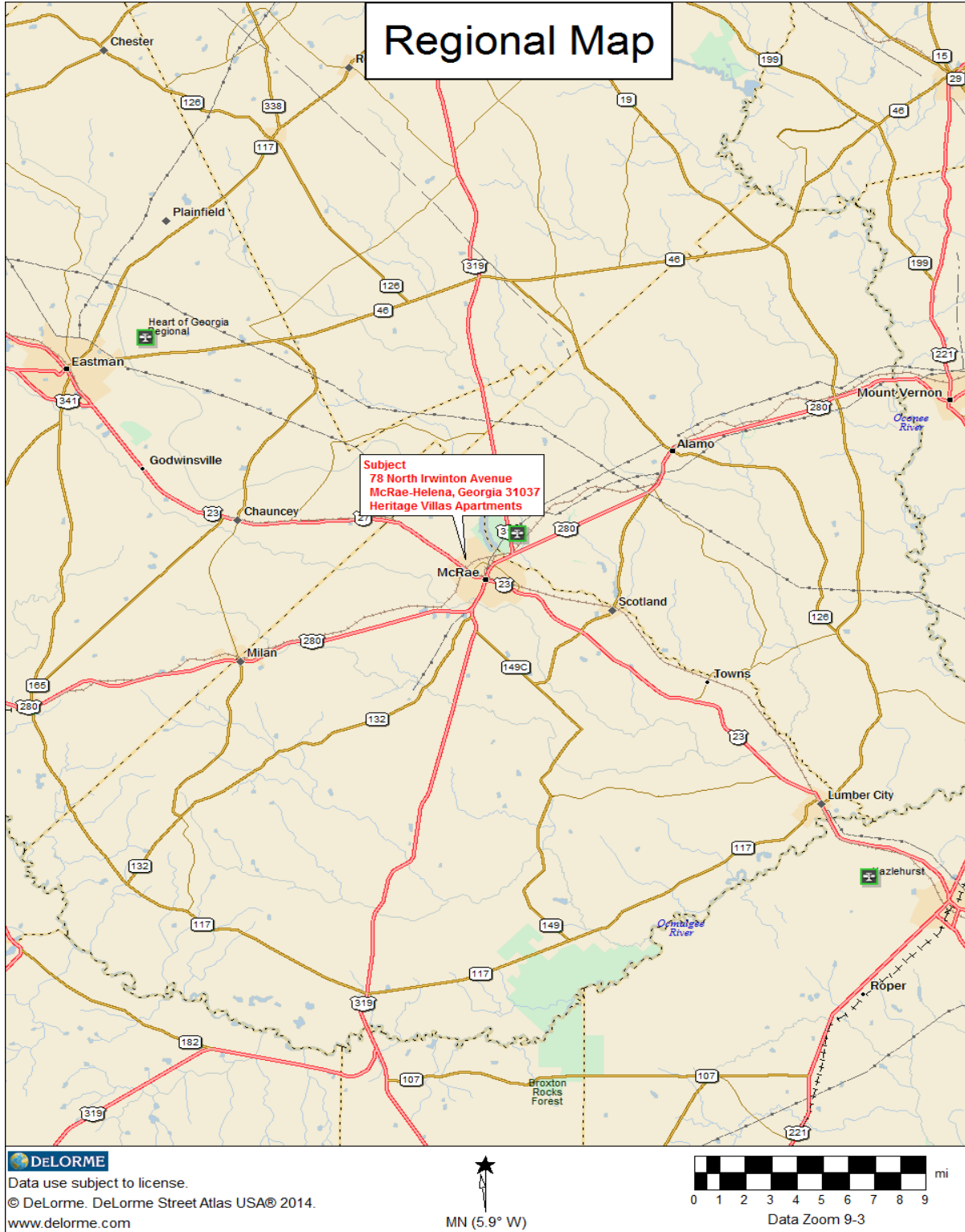
MAJOR EMPLOYERS	
Name	Product/Service
Husqvarna Outdoor Products	Yard Equipment Manufacturer
CCA-McRae Correctional Facility	Prison
Telfair State Prison	Prison
McRae Manor Nursing Home	Health Care
Lumber City Nursing Home	Health Care
Telfair Forest Products	Pine Wood Shavings
McRae Coca Cola	Beverage Production

Source: Telfair County Chamber of Commerce

Summary and Conclusions

McRae-Helena is a city located in the southeast portion of Georgia. The unemployment rate for the county has consistently decreased since 2010. Therefore, the economic outlook for future growth and development appears to be stable.





Neighborhood Data

Location

The subject property is located in the northwestern portion of the City of McRae-Helena, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – 14th Street; South – 9th Street; East - Seaboard Avenue; and West – Jackson Avenue.

Access

The neighborhood is accessed by 14th Street, 9th Street, Seaboard Avenue and Jackson Avenue. There are additional roads running north to south and west to east that provide access to the neighborhood as well. Street widths and patterns appear to be adequate for the surrounding uses.

Proximity to Services

Restaurants	
0.9 mi	Huddle House
0.9 mi	Subway
1 mi	Waylon's Family Restaurant
1.1 mi	Day Day New Restaurant
1.3 mi	La Fiesta
1.3 mi	Pizza Hut
1.3 mi	McDonald's
1.5 mi	Village Pizza
1.5 mi	Dairy Queen Brazier
1.8 mi	Willow Creek Drive Inn
2 mi	Southern Star Grill
2.1 mi	El Aguila Mexican Restaurant
2.4 mi	Village Pizza
3.9 mi	Cedar Lane Supper Club
4.7 mi	Swine & Dine

Groceries	
0.8 mi	Harvey's Supermarket
1.5 mi	Piggly Wiggly
3.7 mi	M and M Fruit and Vegetables

Schools	
1.6 mi	Telfair County High School
1.6 mi	Telfair County Middle School
5.3 mi	Wheeler County Elementary School
5.9 mi	Telfair County Elementary School

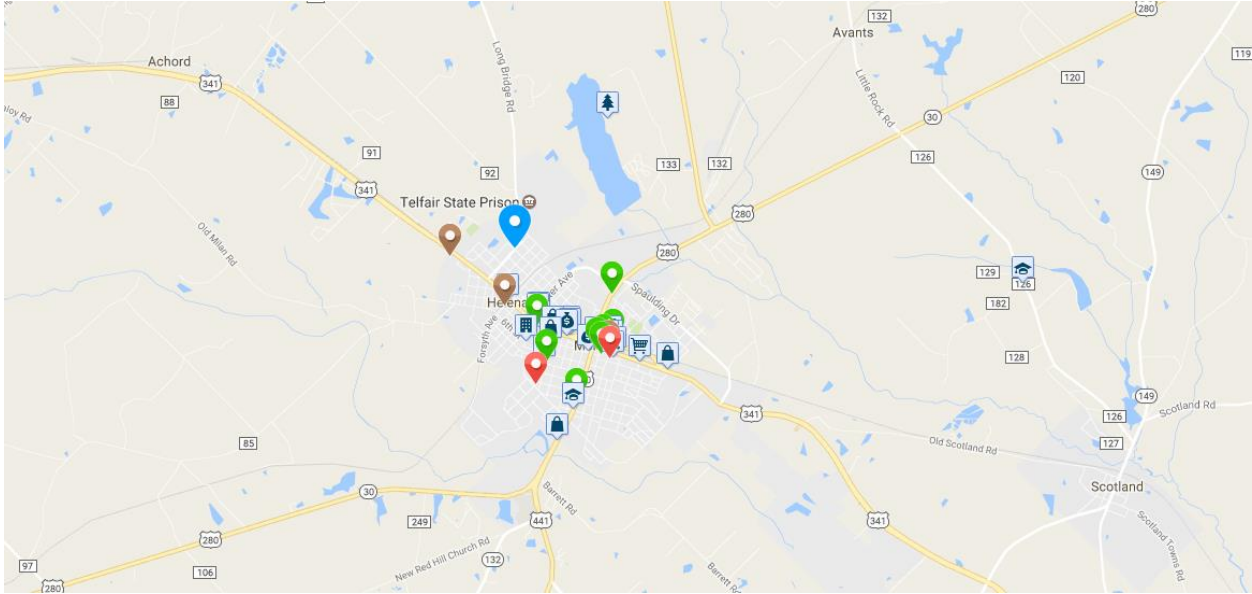
Shopping	
0.5 mi	Helena Fat Boys
0.8 mi	Goody's
0.9 mi	Dollar General
1.8 mi	Trudie's Bridal Formal & Gift

Banks	
0.8 mi	Citizens Bank
1.2 mi	Merchants & Citizens Bank
1.2 mi	Security State Bank
1.3 mi	Wells Fargo Bank
1.7 mi	Telfair County Bank

Police	
0.5 mi	Helena Police Department
0.6 mi	State Patrol
1.3 mi	Mc Rae Police Department

Medical Facilities	
1.3 mi	Lower Oconee Urgent Care
1.4 mi	Community Health Care Systems
14 mi	Hanger Clinic

Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia



Land Use Pattern

The subject neighborhood is comprised primarily of single-family residences and is 100 percent built up. Approximately 90 percent of the land use is made up of single-family residences. About 5 percent is comprised of multifamily properties. The remaining 5 percent is commercial properties. The area is mostly rural.

Neighborhood Characteristics

The median real estate price of the neighborhood is \$37,430, which is less expensive than 99.0 percent of the neighborhoods in Georgia and 99.0 percent of the neighborhoods in the United States. The average rental price in the neighborhood is \$698, according to Neighborhood Scout, which is lower than 91.2 percent of all Georgia neighborhoods.

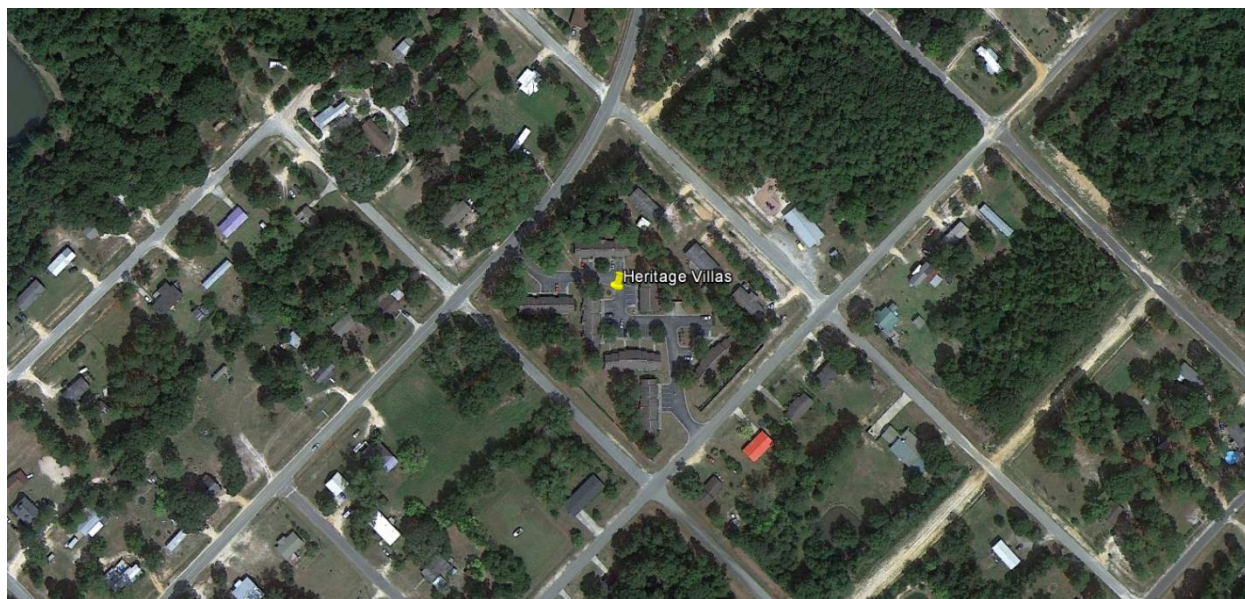
The neighborhood has 24.1 percent of the working population employed in executive, management and professional occupations. Another 30.4 percent of the residents are employed in sales and service jobs. Manufacturing and laborer occupations make up 26.6 percent, and 15.4 percent are employed in clerical, assistant and technical support occupations.

According to Neighborhood Scout, the school quality rating is 27 (100 is the best). The neighborhood is served by the Telfair County School District which contains 3 schools and approximately 1,706 students. The school district quality is considered better than 34.5 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 single-family residences. Single-family residences and Telfair County Correctional Facility are located north of the site. Single-family residences are located south of the site. Single-family residences are located east of the subject. Single-family residences are located west of the subject.



Crime

According to www.neighborhoodscout.com, the crime index for the subject neighborhood is 55. There are 136 total crimes annually in the neighborhood, 5 of which are violent crimes and 131 of which are property crimes. The annual violent crime rate is 0.83 per 1,000 residents, while the property crime rate is 21.62 per 1,000 residents. The total annual crime rate is 22.44 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 1,212 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 46 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 11,252, an decrease of (45) people from the 2010 population of 11,297. The population is expected to decrease at an annual rate of 2.4 percent between 2017 and 2022. Therefore, the 2022 population is projected at 10,978. The median age for the neighborhood is 38.3.

The total number of households decreased from 3,365 in 2010 to 3,198 in 2017. Household totals are expected to decrease, with a projected 3,089 households in 2022.

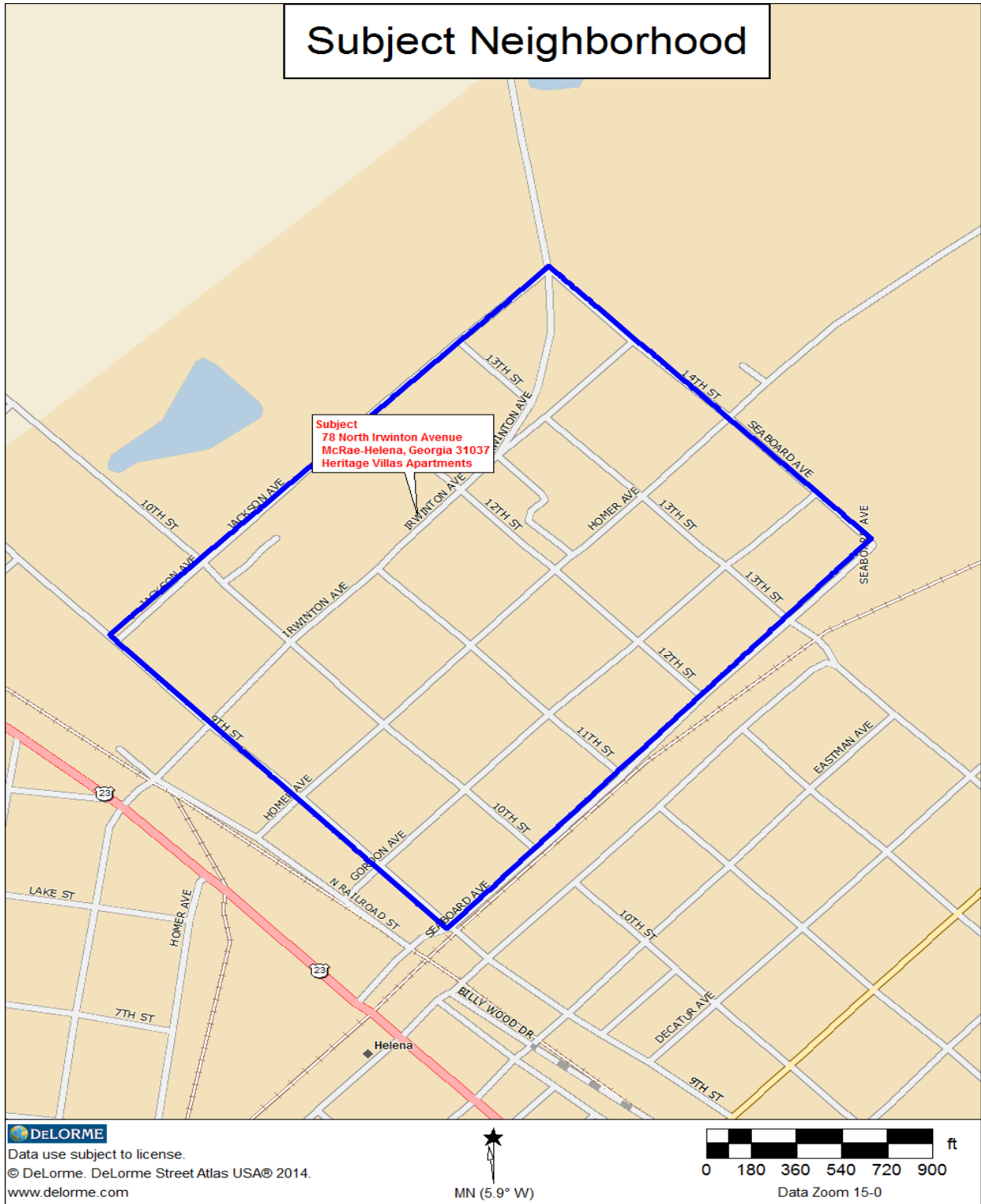
The median household income for the neighborhood in 2017 is \$28,265. It is expected to increase to \$32,396 by 2022. The per capita income is \$13,607.

The median home value for the neighborhood in 2017, according to ESRI, is \$69,021. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$9,072.00, or \$756 per month. The average amount spent for renter-occupied households is \$6,864.00, or \$572 per month.

Analysis/Comments

In conclusion, the subject is located in the northwestern portion of McRae-Helena, 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



DeLORME
Data use subject to license.
© DeLorme. DeLorme Street Atlas USA© 2014.
www.delorme.com

★
MN (5.9° W)

0 180 360 540 720 900 ft
Data Zoom 15-0

Defining the Market Area

The market area for the subject consists of Census Tracts 9501.00, 9502.00 and 9505.00 in Telfair County and Census Tract 7802.00 in Wheeler County. The market area has the following boundaries: North – Dodge County and Bear Creek; South – Jeff Davis and Ben Hill Counties; East – Bear Creek and Jeff Davis Counties; and West – Ben Hill and Dodge Counties.

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.

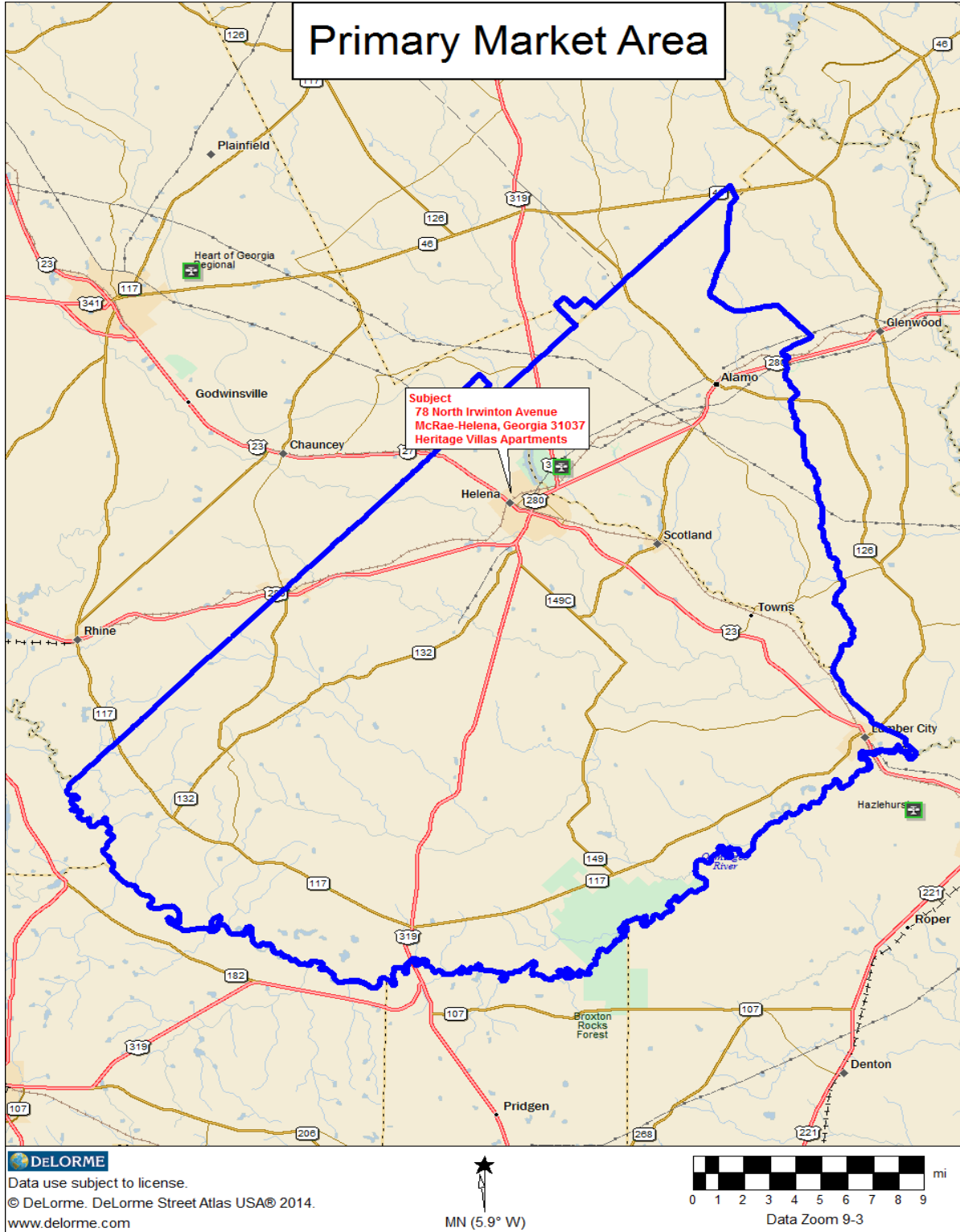
The field/phone survey was conducted in May 2017. Five market-rate properties responded to the survey and three restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of one percent was determined for the market-rate vacancy and seven percent was determined for the restricted vacancy. The subject is currently 92 percent occupied. Historically, the subject’s occupancy rate has ranged from 92 to 94 percent since 2014. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for “as is” conventional housing; five percent was deemed appropriate for “as complete” conventional housing; three percent was deemed appropriate for “as is” affordable housing; and three percent was deemed appropriate for “as complete” affordable housing.

Market Area Vacancy by Development - Conventional			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Brookington Apartments	96	0	0.0%
Pecan Ridge Apartments	51	0	0.0%
Carriage Hill Apartments	60	2	3.3%
Hill House Apartments	12	0	0.0%
The Gables Apartment Homes	32	0	0.0%
TOTALS	251	2	0.8%

Market Area Vacancy by Development - Affordable			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Heritage Villas Apartments	25	2	8.0%
Willow Creek Apartments	36	4	11.1%
Tree Loft Apartments	36	1	2.8%
TOTALS	97	7	7.2%

Absorption Period

The subject is an existing 25-unit complex that is currently 92 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 Telfair County Assessor's Office and a survey provided by the owner. A copy of the survey is included in the addenda.

Total Land Area 2.73 acres or 118,919+/- square feet

Shape/Dimensions Irregular

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

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 13271C0075C, dated August 19, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

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

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

Site Ratios

Building to Land Ratio: 1 to 7.16;

Site Coverage Ratio - 13.98 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 McRae-Helena, the subject is zoned R-3, High Density Residential District. The subject is a legal, conforming use. Therefore, it is unlikely that a zoning change will occur. The subject appears to meet site and setback requirements and appears to conform to the current zoning restrictions. The subject could be re-built if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning ordinance was not available. Since there are no obvious conflicts between the subject property and the zoning of the property, there is no negative impact on the market value by the zoning classification.

Subject Map



Improvement Description

Number of Buildings	The subject contains six garden one-story buildings containing 25 units and one accessory building.
Net Rentable Building Area	16,620 square feet
Gross Building Area	17,572 square feet
Year Built/Year Renovated	1990/Proposed
Economic Life	55 Years
Effective Age	10 Years (As Is) 5 Years (As Complete)

The subject contains six garden one-story buildings containing 25 units. The property also contains one accessory building housing the leasing office, laundry facility, meeting room and maintenance area. According to the Telfair County Assessor, the gross building area of the property is 17,572 square feet. A copy of the plans, dated May 11, 1980, and completed by IPG Architects and Planners of Valdosta, Georgia, is included in the addenda.

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

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	20	625	12,500
2/1	5	824	4,120
	25		16,620

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			Picnic Area		
Carpet	X		Playground		
Vinyl	X		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	X		Exterior Storage	X	\$0
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet	X		Service Coordinator/HUD Paid		
Coat Closet	X		Concierge Services		
Balcony			Computer Room		
Patio	X		Car Wash Area		
Pull Cords	X		Laundry Facility	X	
Emergency Call			On-Site Management	X	
Safety Bars	X		On-Site Maintenance	X	
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X/37	\$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 23 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	20	625	\$349	\$67
2/1	5	824	\$389	\$76

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

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

Unit Type	# of Units	Square Footage	Proposed Rent	Utility Allowance
1/1	20	625	\$443	\$67
2/1	5	824	\$536	\$76

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

CONSTRUCTION SUMMARY

Foundation	Concrete Slab on Grade
Construction	Frame
Exterior Walls	Brick/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, Trees and Shrubs
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Age, Life and Condition

The subject was constructed in 1990 using both residential and commercial industry standard workmanship and materials. At the time of the inspection, the facility was observed to be in average physical condition. The subject will be in good condition after the rehabilitation is complete. The remaining estimated useful life is calculated by subtracting the effective age of a property as determined by the appraiser from the total economic life as determined by *Marshall and Swift Cost Valuation Services*. The effective age of a property is its age as compared with other properties performing like functions. It is the actual age less the age which has been taken off by face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, etc. It is an age which reflects the true remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and its usage. It is a matter of judgment, taking all factors, current and those anticipated in the immediate future, into consideration.

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

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

As noted in the Neighborhood Data section of this report, the subject is considered to be compatible with the adjacent properties in its neighborhood. The median home value for the neighborhood in 2017, according to ESRI, is \$69,021. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$9,072.00, or \$756 per month. The average amount spent for renter-occupied households is \$6,864.00, or \$572 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 Mailboxes



View of Meeting Room



View of Laundry Facility



View of Office



View of Living Area – One-Bedroom Unit



View of Kitchen – One-Bedroom Unit



View of Bedroom – One-Bedroom Unit



View of Bath – One-Bedroom Unit



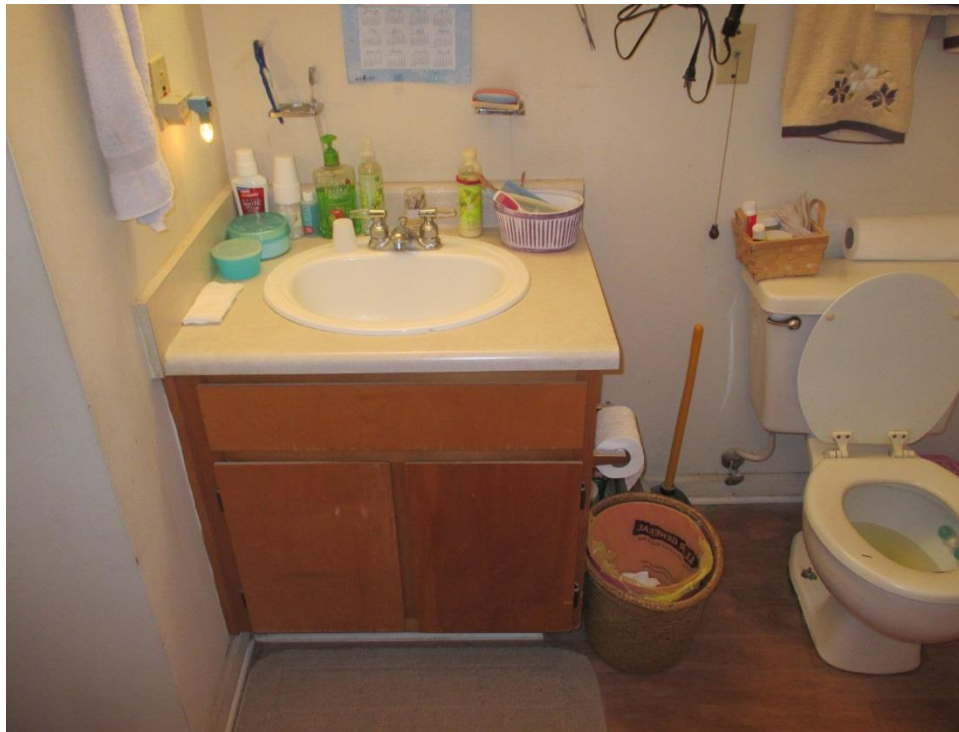
View of Living Area – Two-Bedroom Unit



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

Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia



View to the East



View to the West

Assessments and Current Real Estate Taxes

The tax rate for Telfair County is 31.858 per \$1,000 of assessed value, and the tax rate for McRae-Helena is 10.915 per \$1,000 of the assessed value. The property has a total appraised value of \$372,900, with \$22,374 allocated to land and \$350,526 allocated to improvements. The assessor uses 40 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$149,160. The 2016 real estate taxes for the subject were \$6,380.02: \$4,751.94 for the county and \$1,628.08 for the city. The taxes have been paid.

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

Property	No. of Units	Year Built	Parcel #	FMV - Land - 2016	FMV - Improvements -	FMV - Total - 2016	Real Estate Taxes - 2016	Taxes Per Unit
Brookington Apartments 504 Brookwood Drive Dublin, Laurens County, Georgia	96	1985	D03B 112	\$110,010	\$2,226,469	\$2,336,479	\$28,977.05	\$301.84
Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens County, Georgia	51	1980	D15B 006	\$63,375	\$848,531	\$911,906	\$11,043.46	\$216.54
Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens County, Georgia	60	1984	D09D 134	\$346,000	\$1,160,524	\$1,506,524	\$15,103.99	\$251.73
Hill House Apartments 620 Peachtree Street Douglas, Coffee County, Georgia	12	1972	D020 169	\$29,138	\$544,897	\$574,035	\$7,162.56	\$596.88
The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee County, Georgia	32	1995	0097B 074	\$48,000	\$950,416	\$998,416	\$12,493.03	\$390.41

These comparables are all market-rate facilities in Laurens and Coffee Counties. Due to the lack of conventional comparables in Telfair County, it was necessary to utilize comparables outside the county in Laurens and Coffee Counties. The comparables indicated a range of \$216.54 per unit to \$596.88 per unit. The subject's actual real estate taxes are \$255.00 per unit. The subject's real estate taxes are at the lower end of the range but are within the range of the tax comparables. Therefore, no adjustment was made to the real estate taxes for the market scenario.

Highest and Best Use Analysis

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

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

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

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

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

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

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

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

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

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

Highest and Best Use as though Vacant

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

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

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

Physically Possible Use as Vacant

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

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

As noted in the Site Data section of this report, the subject site has a land area of 2.73 acres. Topographically, the site is nearly level. The subject is not located in a flood hazard area. No subsoil or drainage conditions are known that would adversely affect the development of the site. Public utilities available to the subject include electricity, water, sewer and telephone. The size of the subject and the adjacent properties suggest a number of possible uses for the subject site.

Legally Permissible Use As Vacant

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

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

FINANCIALLY FEASIBLE USE AS VACANT

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

MAXIMALLY PRODUCTIVE AS VACANT

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

HIGHEST AND BEST USE AS IMPROVED

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

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

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

PHYSICALLY POSSIBLE AS IMPROVED

The subject site supports an existing multifamily development with a gross building area of approximately 17,572 square feet. The subject does suffer from functional or external obsolescence. The subject is in average condition.

LEGALLY PERMISSIBLE AS IMPROVED

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

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

FINANCIALLY FEASIBLE AS IMPROVED

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

MAXIMALLY PRODUCTIVE AS IMPROVED

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

Appraisal Procedures

The Cost Approach

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

The Income Approach

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

The Sales Comparison Approach

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

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

VALUATION SECTION

Cost Approach

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

Site Value

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

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

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

Land Sale No. 1



Property Identification

Record ID	1484
Property Type	Residential
Property Name	Willow Creek Lane
Address	Willow Creek Lane, McRae-Helena, Telfair County, Georgia 31055
Tax ID	MC2300 034
Market Type	Land

Sale Data

Grantor	Jimmy Spires
Grantee	Joan S. Selph
Sale Date	April 08, 2014
Deed Book/Page	16U/265
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017

Sale Price	\$12,500
Cash Equivalent	\$12,500
Adjusted Price	\$12,500

Land Data

Zoning	R-3, High Density Residential
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Size Information

Gross Land Size	0.220 Acres or 9,583 SF
Front Footage	Willow Creek Lane

Land Sale No. 1 (Cont.)

Indicators

Sale Price/Gross Acre	\$56,818
Sale Price/Gross SF	\$1.30

Land Sale No. 2



Property Identification

Record ID	4438
Property Name	124 Mose Coleman Drive
Address	124 Mose Coleman Drive, Vidalia, Toombs County, Georgia 30474
Tax ID	C28 002T
Market Type	Land

Sale Data

Grantor	Emerald Oak Plaza Phase I, LLC
Grantee	Bran Hospitality Vidalia II, Inc.
Sale Date	March 18, 2016
Deed Book/Page	1140/224
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017
Sale Price	\$196,270
Cash Equivalent	\$196,270
Adjusted Price	\$196,270

Land Sale No. 2 (Cont.)

Land Data

Zoning	C-2, Commercial
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Size Information

Gross Land Size	2.070 Acres or 90,169 SF
Front Footage	Mose Coleman Drive

Indicators

Sale Price/Gross Acre	\$94,816
Sale Price/Gross SF	\$2.18

Land Sale No. 3



Property Identification

Record ID	4442
Property Name	210 East 8th Avenue
Address	210 East 8th Avenue, Cordele, Crisp County, Georgia 31015
Tax ID	C10 118A
Market Type	Land

Sale Data

Grantor	Plantersfirst
Grantee	CCL Ventures LLC
Sale Date	May 04, 2015
Deed Book/Page	000993000058
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017

Sale Price	\$37,500
Cash Equivalent	\$37,500
Adjusted Price	\$37,500

Land Data

Zoning	C-2, Commercial
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Sale No. 3 (Cont.)

Land Size Information

Gross Land Size

0.600 Acres or 26,136 SF

Front Footage

East 8th Avenue

Indicators

Sale Price/Gross Acre

\$62,500

Sale Price/Gross SF

\$1.43

Land Sale No. 4



Property Identification

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

Sale Data

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

Sale Price	\$594,196
Cash Equivalent	\$594,196
Adjusted Price	\$594,196

Land Sale No. 4 (Cont.)

Land Data

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

Land Size Information

Gross Land Size	17.300 Acres or 753,588 SF
Front Footage	East First Street

Indicators

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

Land Sale No. 5



Property Identification

Record ID	4646
Property Name	Pine Haven Drive and U.S. 341 Bypass
Address	Pine Haven Drive and U.S. 341 Bypass, Eastman, Dodge County, Georgia 31023
Tax ID	048 041
Market Type	Land

Sale Data

Grantor	Horton-American
Grantee	GLH Development Properties Company LLC
Sale Date	December 31, 2016
Deed Book/Page	827/212
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017

Sale Price	\$275,000
Cash Equivalent	\$275,000
Adjusted Price	\$275,000

Land Data

Zoning	B-2, Central Business District
Topography	Nearly Level

Land Sale No. 5 (Cont.)

Utilities
Shape

E, G, W, S
Rectangular

Land Size Information

Gross Land Size

4.940 Acres or 215,186 SF

Front Footage

Pine Haven Drive; U.S. 341 Bypass

Indicators

Sale Price/Gross Acre

\$55,668

Sale Price/Gross SF

\$1.28

Land Sale No. 6



Property Identification

Record ID	4647
Property Name	Sugar Creek Lane at Jim Harp Road
Address	Sugar Creek Lane at Jim Harp Road, Eastman, Dodge County, Georgia 31023
Tax ID	047 014V
Market Type	Land

Sale Data

Grantor	Paul K. Jacob and Christopher and Keri Yanovich
Grantee	Donald E. Werden III
Sale Date	January 27, 2016
Deed Book/Page	803/247
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017
Sale Price	\$235,000
Cash Equivalent	\$235,000
Adjusted Price	\$235,000

Land Sale No. 6 (Cont.)

Land Data

Zoning	None
Topography	Nearly Level
Utilities	E, G, W, S
Shape	Irregular

Land Size Information

Gross Land Size	3.000 Acres or 130,680 SF
Front Footage	Sugar Creek Lane; Jim Harp Road

Indicators

Sale Price/Gross Acre	\$78,333
Sale Price/Gross SF	\$1.80

Land Sale No. 7



Property Identification

Record ID	4648
Property Name	New Bethel Church Road
Address	New Bethel Church Road, Eastman, Dodge County, Georgia 31037
Tax ID	088 009C
Market Type	Land

Sale Data

Grantor	Connie P. Grimes
Grantee	Michael A. Hollie
Sale Date	December 15, 2016
Deed Book/Page	827/237
Property Rights	Fee Simple
Conditions of Sale	Normal
Financing	Conventional
Verification	Assessor; May 16, 2017

Sale Price	\$80,000
Cash Equivalent	\$80,000
Adjusted Price	\$80,000

Land Data

Zoning	None
Topography	Nearly Level

Land Sale No. 7 (Cont.)

Utilities
Shape

E, G, W, S
Irregular

Land Size Information

Gross Land Size

1.470 Acres or 64,033 SF

Front Footage

New Bethel Church Road

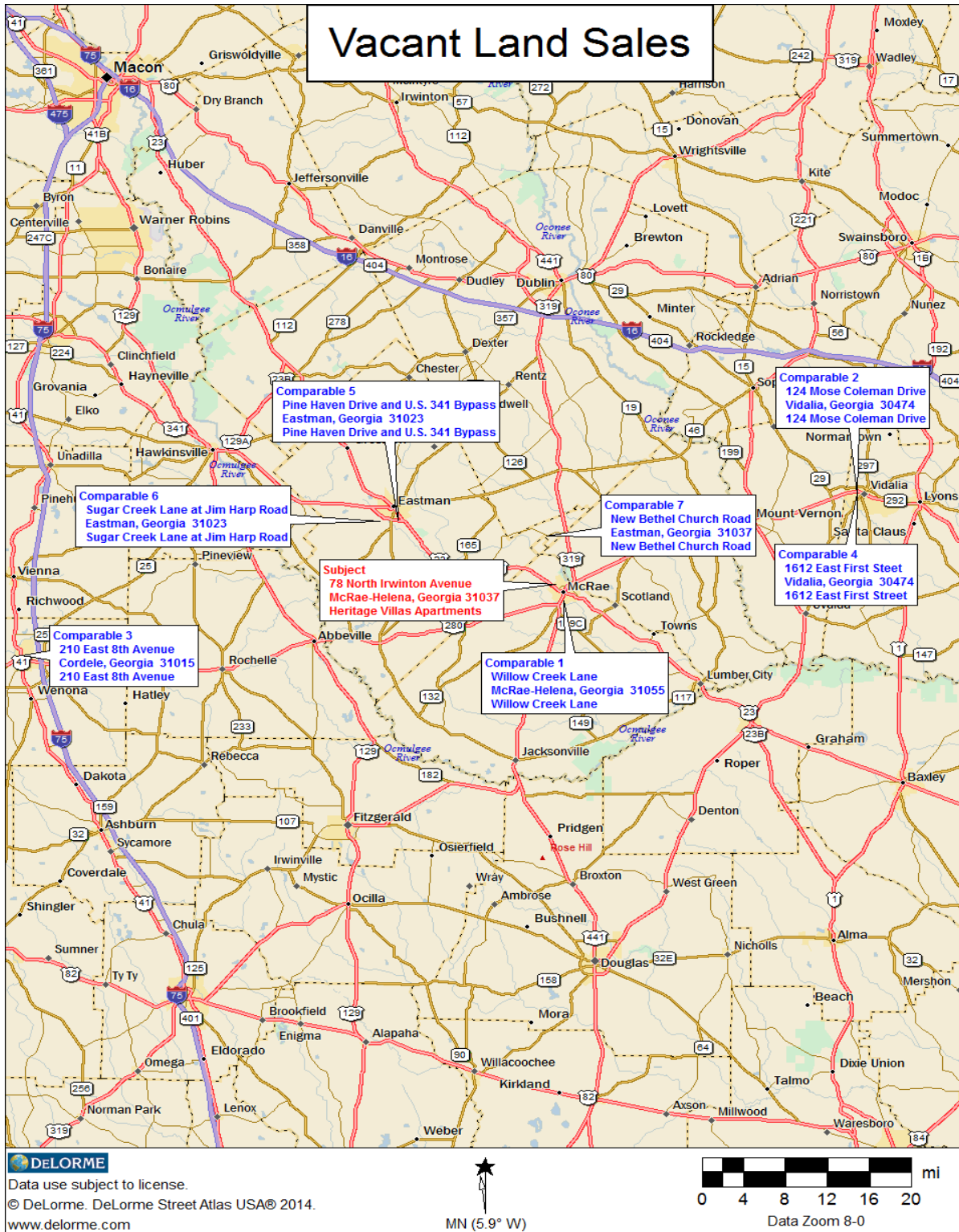
Indicators

Sale Price/Gross Acre

\$54,422

Sale Price/Gross SF

\$1.25



Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia

Land Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	
Address	78 North Irwinton Avenue	Willow Creek Lane	124 Mose Coleman Drive	210 East 8th Avenue	1612 East First Street	Pine Haven Drive and U.S. 341 Bypass	Sugar Creek Lane at Jim Harp Road	New Bethel Church Road
City	McRae-Helena	McRae-Helena	Vidalia	Cordele	Vidalia	Eastman	Eastman	Eastman
State	GA	GA	GA	GA	GA	GA	GA	GA
Date	5/16/2017	4/8/2014	3/18/2016	5/4/2015	7/22/2016	12/31/2016	1/27/2016	12/15/2016
Price		\$12,500	\$196,270	\$37,500	\$594,196	\$275,000	\$235,000	\$80,000
Acres	2.73	0.22	2.07	0.60	17.30	4.94	3.00	1.47
Acres Price		\$56,818	\$94,816	\$62,500	\$34,347	\$55,668	\$78,333	\$54,422
Transaction Adjustments								
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional
Conditions of Sale	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Acres Price	\$56,818	\$94,816	\$62,500	\$34,347	\$55,668	\$78,333	\$54,422	
Market Trends Through	05/16/17							
Adjusted Acres Price	\$56,818	\$94,816	\$62,500	\$34,347	\$55,668	\$78,333	\$54,422	
Location	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Acres	2.73	0.22	2.07	0.60	17.30	4.94	3.00	1.47
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Visibility/Access	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Topography	Nearly Level	Nearly Level	Nearly Level	Nearly Level	Nearly Level	Nearly Level	Nearly Level	Nearly Level
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Zoning	R-3	R-3	C-2	C-2	C-1	B-2	None	None
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S
% Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Acres Price	\$56,818	\$94,816	\$62,500	\$34,347	\$55,668	\$78,333	\$54,422	
Net adjustments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross adjustments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

2.73 acres x \$57,000 per acre = \$155,610

Rounded \$155,000

Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	Land SF	Zoning
1	Willow Creek Lane	4/8/2014	\$12,500	\$56,818	0.22	9,583	R-3
2	124 Mose Coleman Drive	3/18/2016	\$196,270	\$94,816	2.07	90,169	C-2
3	210 East 8th Avenue	5/4/2015	\$37,500	\$62,500	0.60	26,136	C-2
4	1612 East First Steet	7/22/2016	\$594,196	\$34,347	17.30	753,588	C-1
5	Pine Haven Drive and U.S. 341 Bypass	12/31/2016	\$275,000	\$55,668	4.94	215,186	B-2
6	Sugar Creek Lane at Jim Harp Road	1/27/2016	\$235,000	\$78,333	3.00	130,680	None
7	New Bethel Church Road	12/15/2016	\$80,000	\$54,422	1.47	64,033	None

Adjustments

The prices of the comparable land sales range from \$34,347 to \$94,816 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 McRae-Helena. Comparable 1 is located in McRae-Helena. Comparable 2 is located in Vidalia. Comparable 3 is located in Cordele. Comparable 4 is located in Vidalia. Comparable 5 is located in Eastman. Comparable 6 is located in Eastman. Comparable 7 is located in Eastman. Although there were differences in population amongst the cities, the difference in population was offset by median income and home value levels. Therefore, no adjustments were needed.

Size

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total area of 2.73 acres. The comparables range in size from 0.22 acres to 17.3 acres. The market did not indicate a need for adjustment due to size. Therefore, no adjustments were made.

Visibility/Access

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

Topography

Consideration was given to the subject's topography. The subject is nearly level. Comparable 1 is nearly level. Comparable 2 is nearly level. Comparable 3 is nearly level. Comparable 4 is nearly level. Comparable 5 is nearly level. Comparable 6 is nearly level. Comparable 7 is nearly level. No adjustment was needed.

Zoning

The adjustment for zoning reflects not only the zoning of the comparables relative to the subject property but also the potential utility of the sites. The subject is zoned R-3. Comparable 1 is zoned R-3. Comparable 2 is zoned C-2. Comparable 3 is zoned C-2. Comparable 4 is zoned C-1. Comparable 5 is zoned B-2. Comparable 6 is not zoned. Comparable 7 is not zoned. The market did not indicate an adjustment was needed for zoning differences. Therefore, no adjustments were made.

Utilities

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

Summary Conclusions

The land sales analysis indicates the quantitative or qualitative adjustments. The comparable land sales range from \$34,347 to \$94,816 per acre after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$57,000 per acre. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

2.73 acres x \$57,000 per Acre = \$155,610

Rounded \$155,000

Improvement Valuation

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

Replacement cost new (RCN) is defined as follows:

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

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

Depreciation Analysis

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

Physical Deterioration

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

Depreciation Accrued To The Subject

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

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

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

External Obsolescence

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

Deferred Maintenance

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

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

External Obsolescence - As Is Restricted

Total Construction Cost of Structures				\$1,136,548
Plus: Entrepreneur's Profit				\$113,655
Depreciation				<u>(\$232,274)</u>
Cost of Structures before External Obsolescence				\$1,017,929
Value of Land				\$155,000
Plus: Entrepreneur's Profit				<u>\$15,500</u>
Cost before External Obsolescence				\$1,188,429
Current Capitalization Rate				6.00%
Economic Net Operating Income (RCN x CR)				\$71,306
Net Operating Income from the Subject				<u>\$19,346</u>
Net Loss Due to Economic Obsolescence				(\$51,960)
Ratio of Improvements Total Property Value				0.8565
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$51,960)	6.00%	(\$865,996)
Times ratio of Improvements to Total Property				0.8565
Total External Obsolescence				(\$741,754)

Cost Analysis - Restricted As Is - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	17,572	0.855	\$1,074,846
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,115,988
Price per SF Gross Building Area					\$63.51

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	37	0.855	\$20,560
Total Site Improvement Costs					\$20,560
Subtotal: Building & Site Costs					\$1,136,548
Price per SF Gross Building Area					\$64.68

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,136,548
Developer's Profit 10.0%		\$113,655
Total Cost		\$1,250,203
Price per SF Gross Building Area		\$71.15

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$220,966
Physical Depreciation: Site	10	20	50%	\$11,308
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$741,754
Total Depreciation				\$974,028
Depreciated Value of Improvements				\$276,175
Cost Per Square Foot Gross Building Area				\$15.72

Additional Cost Sections

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

Land Value

Land Value	\$155,000	
Other	\$0	
Cost Approach Value Indication		\$431,175
Rounded		\$430,000
Price per SF Gross Building Area		\$24.47

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 = \$430,000

Cost Analysis - Market As Is - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	17,572	0.855	\$1,074,846
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,115,988
Price per SF Gross Building Area					\$63.51

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	37	0.855	\$20,560
Total Site Improvement Costs					\$20,560
Subtotal: Building & Site Costs					\$1,136,548
Price per SF Gross Building Area					\$64.68

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,136,548
Developer's Profit 10.0%		\$113,655
Total Cost		\$1,250,203
Price per SF Gross Building Area		\$71.15

Depreciation

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$220,966
Physical Depreciation: Site	10	20	50%	\$11,308
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$232,274
Depreciated Value of Improvements				\$1,017,929
Cost Per Square Foot Gross Building Area				\$57.93

Additional Cost Sections

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

Land Value

Land Value	\$155,000	
Other	\$0	
Cost Approach Value Indication		\$1,172,929
Rounded		\$1,175,000
Price per SF Gross Building Area		\$66.87

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 = \$1,175,000

Cost Analysis - Restricted As Complete - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	17,572	0.855	\$1,074,846
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,115,988
Price per SF Gross Building Area					\$63.51

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	37	0.855	\$20,560
Total Site Improvement Costs					\$20,560
Subtotal: Building & Site Costs					\$1,136,548
Price per SF Gross Building Area					\$64.68

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,136,548
Developer's Profit 10.0%		\$113,655
Total Cost		\$1,250,203
Price per SF Gross Building Area		\$71.15

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$110,483
Physical Depreciation: Site	5	20	25%	\$5,654
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$116,137
Depreciated Value of Improvements				\$1,134,066
Cost Per Square Foot Gross Building Area				\$64.54

Additional Cost Sections

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

Land Value

Land Value	\$155,000	
Other	\$0	
Cost Approach Value Indication		\$1,289,066
Rounded		\$1,290,000
Price per SF Gross Building Area		\$73.41

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

Restricted Value As Complete = \$1,290,000

Cost Analysis - Market As Complete - Section 1 of 1

Marshall & Swift

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

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	17572	0.855	\$1,074,846
Built-Ins	Per Unit	\$1,925.00	25	0.855	\$41,142
Total Building Improvement Costs					\$1,115,988
Price per SF Gross Building Area					\$63.51

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	37	0.855	\$20,560
Total Site Improvement Costs					\$20,560
Subtotal: Building & Site Costs					\$1,136,548
Price per SF Gross Building Area					\$64.68

Total Costs

Subtotal: Building, Site & Soft Costs		\$1,136,548
Developer's Profit 10.0%		\$113,655
Total Cost		\$1,250,203
Price per SF Gross Building Area		\$71.15

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$110,483
Physical Depreciation: Site	5	20	25%	\$5,654
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$116,137
Depreciated Value of Improvements				\$1,134,066
Cost Per Square Foot Gross Building Area				\$64.54

Additional Cost Sections

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

Land Value

Land Value	\$155,000	
Other	\$0	
Cost Approach Value Indication		\$1,289,066
Rounded		\$1,290,000
Price per SF Gross Building Area		\$73.41

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

Market Value As Complete = \$1,290,000

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 (625 SF) – As Is

**Estimates of Market Rent
by Comparison - As Is**

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)				
One-Bedroom	Heritage Villas Apartments 78 North Irwinton Avenue McRae-Helena, Telfair, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA	Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA	Carrige Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA	Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA	The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA				
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments			
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		G/1		T/2		
5. Floor of Unit in Building	First	Varies		Varies		First		First		
6. Project Occupancy %	92%	100%		96%		96%		100%		
7. Concessions	N	N		N		N		N		
8. Year Built	1990	1985		1980		1984		1972	\$30	
9. Sq. Ft. Area	625	900	(\$45)	630		600		800	(\$30)	
10. Number of Bedrooms	1	1		1		1		1		
11. Number of Baths	1.0	1.0		1.0		1.0		1.0		
12. Number of Rooms	3	3		3		3		3		
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		Y		
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		
15. Equipment a. A/C	C	C		C		W	\$15	C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		
c. Disposal	N	Y		Y		Y		Y		
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	D	(\$10)	
e. Washer/Dryer	L	HU	(\$5)	HU	(\$5)	HU	(\$5)	HU	(\$5)	
f. Carpet	C	C		C		C		C		
g. Drapes	B	B		B		B		B		
h. Pool/Rec. Area	N	P	(\$10)	N		N		N		
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	Y		Y		N	\$38	N	\$38	
g. Trash	Y	Y		Y		N	\$15	N	\$15	
17. Storage	Y/O	N	\$5	N	\$5	N	\$5	N	\$5	
18. Project Location	Average	Similar		Similar		Similar		Similar		
19. Security	N	N		N		Y	(\$5)	N		
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	
22. Business Center / Nhd Netwk	N	N		N		N		N		
23. Unit Rent Per Month		\$510		\$430		\$530		\$545		
24. Total Adjustment			(\$55)		\$20		\$68		\$58	
25. Indicated Rent		\$455		\$450		\$598		\$603		
26. Correlated Subject Rent	\$550	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.							\$653	
	high rent	\$653	low rent	\$450	60% range	\$491	to	\$612		
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)		
				05/16/17						

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (824 SF) – As Is

**Estimates of Market Rent
by Comparison - As Is**

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
Two-Bedroom	Heritage Villas Apartments 78 North Irwinton Avenue McRae-Helena, Telfair, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA		Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA		Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA		Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA		The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		G/1		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		First		First		Varies	
6. Project Occupancy %	92%	100%		96%		96%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1990	1985		1980		1984		1972	\$30	1995	
9. Sq. Ft. Area	824	1,200	(\$60)	900	(\$10)	900	(\$10)	800		1,120	(\$50)
10. Number of Bedrooms	2	2		2		2		1	\$50	2	
11. Number of Baths	1.0	1.5	(\$20)	1.5	(\$20)	1.0		1.0		1.0	
12. Number of Rooms	4	4		4		4		3		4	
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		Y		Y	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		W	\$15	C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	D	(\$10)	D	(\$10)
e. Washer/Dryer	L	HU	(\$5)	HU	(\$5)	HU	(\$5)	HU	(\$5)	HU	(\$5)
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	P	(\$10)	N		N		N		N	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y		Y		N	\$47	N	\$47	N	\$38
g. Trash	Y	Y		Y		N	\$15	N	\$15	N	\$15
17. Storage	Y/O	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	N	N		N		Y	(\$5)	N		N	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nbdh Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$575		\$495		\$600		\$545		\$725	
24. Total Adjustment			(\$90)		(\$10)		\$67		\$147		\$8
25. Indicated Rent		\$485		\$485		\$667		\$692		\$733	
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	\$733	low rent	\$485	60% range	\$535	to	\$683			

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) 05/16/17	Reviewer's Signature	Date (mm/dd/yyyy)
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Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Is

Heritage Villas Apartments

Primary Unit Types – One-Bedroom Units (625 SF) and Two-Bedroom Units (824 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 625 and 824 square feet. Comparable apartments used include the following: Brookington Apartments (Comparable 1), Pecan Ridge Apartments (Comparable 2), Carriage Hill Apartments (Comparable 3), Hill House Apartments (Comparable 4) and The Gables Apartment Homes (Comparable 5).

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

Project Occupancy – The subject is currently 92 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

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

Year Built/Year Renovated – The subject was constructed in 1990. Comparable 1 was built in 1995, and Comparable 2 was constructed in 1980. Comparable 3 was constructed in 1984, and Comparable 4 was built in 1972. Comparable 5 was constructed in 1995. The majority of the comparables were considered similar in condition as there were no differences significant enough to warrant an adjustment. Comparable 4, however, is older than the subject and inferior in condition. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. When performing the analysis, the appraiser compared the units at Comparable 4 individually to the units at Comparables 1, 2, 3 and 5. As can be seen in the following table, the appraiser adjusted the street rent

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Extra Storage – The subject contains extra storage. None of the comparables contain this feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit. Therefore, the comparables were adjusted upward \$5 per month.

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

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

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

Special Features – The subject contains pull cords and safety bars. None of the comparables contain special features. Pull cords are an enhancement to the unit, particularly when the tenant base is senior or

disabled such as the subject. Although there is little market area available by which to determine an adjustment, it was considered appropriate to adjust for the lack of these features. Therefore, a \$10 adjustment was applied to all comparables.

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

Conclusion of Market Rents – As Is

The adjusted rents range from \$450 to \$653 for the one-bedroom comparison and from \$485 to \$733 for the two-bedroom comparison. All comparables were given equal consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **625 SF One-Bedroom Units** - **\$550**
- **824 SF Two-Bedroom Units** - **\$600**

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

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Current Rent	Utility Allowance
1/1	20	625	\$443	\$349	\$67
2/1	5	824	\$536	\$389	\$76

HUD-Forms 92273 – As Complete

One-Bedroom Units (625 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	Heritage Villas Apartments 78 North Irwinton Avenue McRae-Helena, Telfair, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA	Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA	Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA	Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA	The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		T/2		
5. Floor of Unit in Building	First	Varies		Varies		First		
6. Project Occupancy %	92%	100%		96%		100%		
7. Concessions	N	N		N		N		
8. Year Built	1990/Proposed	1985	\$50	1980	\$50	1984	\$50	
9. Sq. Ft. Area	625	900	(\$45)	630		600		
10. Number of Bedrooms	1	1		1		1		
11. Number of Baths	1.0	1.0		1.0		1.0		
12. Number of Rooms	3	3		3		3		
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		
14. Garage or Carport	L/0	L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		W	\$15	
b. Range/Refrigerator	RF	RF		RF		RF		
c. Disposal	N	Y		Y		Y		
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	
e. Washer/Dryer	L	HU	(\$5)	HU	(\$5)	HU	(\$5)	
f. Carpet	C	C		C		C		
g. Drapes	B	B		B		B		
h. Pool/Rec. Area	N	P	(\$10)	N		N		
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		
d. Electricity	N	N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		
f. Cold Water/Sewer	Y	Y		Y		N	\$38	
g. Trash	Y	Y		Y		N	\$15	
17. Storage	Y/0	N	\$5	N	\$5	N	\$5	
18. Project Location	Average	Similar		Similar		Similar		
19. Security	N	N		N		Y	(\$5)	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	
21. Special Features	A	N	\$10	N	\$10	N	\$10	
22. Business Center / Nbdh Netwk	N	N		N		N		
23. Unit Rent Per Month		\$510		\$430		\$530		
24. Total Adjustment			(\$5)		\$70		\$118	
25. Indicated Rent		\$505		\$500		\$648	\$108	
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	\$703	low rent	\$500	60% range	\$541	to \$662	

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

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

form HUD-92273 (07/2003)

Two-Bedroom Units (824 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	Heritage Villas Apartments 78 North Irwinton Avenue McRae-Helena, Telfair, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA			Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA			Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA			Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA			The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA		
Characteristics		Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	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			G/1, WU/2				G/1				T/2			
5. Floor of Unit in Building	First	Varies			Varies				First				First			
6. Project Occupancy %	92%	100%			96%				96%				100%			
7. Concessions	N	N			N				N				N			
8. Year Built	1990/Proposed	1985		\$50	1980		\$50		1984		\$50		1972		\$80	
9. Sq. Ft. Area	824	1,200		(\$60)	900		(\$10)		900		(\$10)		800			
10. Number of Bedrooms	2	2			2				2				1		\$50	
11. Number of Baths	1.0	1.5		(\$20)	1.5		(\$20)		1.0				1.0			
12. Number of Rooms	4	4			4				4				3			
13. Balc./Terrace/Patio	Y	Y			N		\$5		Y				Y			
14. Garage or Carport	L/O	L/O			L/O				L/O				L/O			
15. Equipment a. A/C	C	C			C				W		\$15		C			
b. Range/Refrigerator	RF	RF			RF				RF				RF			
c. Disposal	N	Y			Y				Y				Y			
d. Microwave/Dishwasher	N	D		(\$10)	N				D		(\$10)		D		(\$10)	
e. Washer/Dryer	L	HU		(\$5)	HU		(\$5)		HU		(\$5)		HU		(\$5)	
f. Carpet	C	C			C				C				C			
g. Drapes	B	B			B				B				B			
h. Pool/Rec. Area	N	P		(\$10)	N				N				N			
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	Y			Y				N		\$47		N		\$47	
g. Trash	Y	Y			Y				N		\$15		N		\$15	
17. Storage	Y/O	N		\$5	N		\$5		N		\$5		N		\$5	
18. Project Location	Average	Similar			Similar				Similar				Similar			
19. Security	N	N			N				Y		(\$5)		N			
20. Clubhouse/Meeting Room	MR	C			N		\$5		N		\$5		N		\$5	
21. Special Features	A	N		\$10	N		\$10		N		\$10		N		\$10	
22. Business Center / Nbdh Netwk	N	N			N				N				N			
23. Unit Rent Per Month		\$575			\$495				\$600				\$545			
24. Total Adjustment				(\$40)			\$40				\$117				\$197	
25. Indicated Rent		\$535			\$535				\$717				\$742			
26. Correlated Subject Rent	\$650	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.														
	high rent	\$783		low rent	\$535		60% range	\$585	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 <i>Samuel J. Hill</i>	Date (mm/dd/yy) 05/16/17	Reviewer's Signature	Date (mm/dd/yyyy)
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Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Complete

Heritage Villas Apartments

Primary Unit Types – One-Bedroom Units (625 SF) and Two-Bedroom Units (824 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 625 and 824 square feet. Comparable apartments used include the following: Brookington Apartments (Comparable 1), Pecan Ridge Apartments (Comparable 2), Carriage Hill Apartments (Comparable 3), Hill House Apartments (Comparable 4) and The Gables Apartment Homes (Comparable 5).

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

Project Occupancy – The subject is currently 92 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Extra Storage – The subject contains extra storage. None of the comparables contain this feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit. Therefore, the comparables were adjusted upward \$5 per month.

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

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

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

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

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

Conclusion of Market Rents – As Complete

The adjusted rents range from \$500 to \$703 for the one-bedroom comparison and from \$535 to \$783 for the two-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **625 SF One-Bedroom Units** - **\$600**
- **824 SF Two-Bedroom Units** - **\$650**

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

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Proposed Rent	Utility Allowance
1/1	20	625	\$443	\$443	\$67
2/1	5	824	\$536	\$536	\$76

Rent Comparables

Multi-Family Lease No. 1



Property Identification

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

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

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	48	900	\$510	\$0.57
2/1.5	40	1,200	\$575	\$0.48
2/2	8	1,200	\$600	\$0.50

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

SF 100,800

Multi-Family Lease No. 1 (Cont.)

Physical Data

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

Amenities

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

Remarks

The property does not maintain a waiting list. The annual turnover rate is 10 percent. The property is a family development. The typical lease terms is 12 months. The property is not considered competitive as it targets a different tenant base than the subject. However, due to the lack of comparables in the market area, it was included for comparison purposes.

Multi-Family Lease No. 2



Property Identification

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

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

Unit Mix

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

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

Net SF 41,490

Physical Data

No. of Buildings 11
Construction Type Brick/Siding
HVAC Central Elec/Central Elec
Stories 1, 2
Utilities with Rent Water, Sewer, Trash Collection
Parking L/O
Year Built 1980

Multi-Family Lease No. 2 (Cont.)

Condition	Average
Gas Utilities	None
Electric Utilities	All

Amenities

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

Remarks

The property does not maintain a waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months. The property is not considered competitive with the subject as it targets a different tenant base. However, due to the lack of comparables in the market area, it was included for comparison purposes.

Multi-Family Lease No. 3



Property Identification

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

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

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

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

Net SF 36,000

Multi-Family Lease No. 3 (Cont.)

Physical Data

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

Amenities

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

Remarks

The property does not maintain a waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months. The property is not considered competitive with the subject as they target different tenant bases. However, due to the lack of comparables in the market area, it was included for comparison purposes.

Multi-Family Lease No. 4



Property Identification

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

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

Unit Mix

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

Multi-Family Lease No. 4 (Cont.)

Physical Data

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

Amenities

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

Remarks

There are three applicants on the waiting list. The annual turnover rate was not disclosed. The property is a general occupancy development. The typical lease term is 12 months. The property is not considered competitive with the subject as it targets a different tenant base. However, due to the lack of comparables in the market area, it was included for comparison purposes.

Multi-Family Lease No. 5



Property Identification

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

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

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

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

Net SF 34,176

Multi-Family Lease No. 5 (Cont.)

Physical Data

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

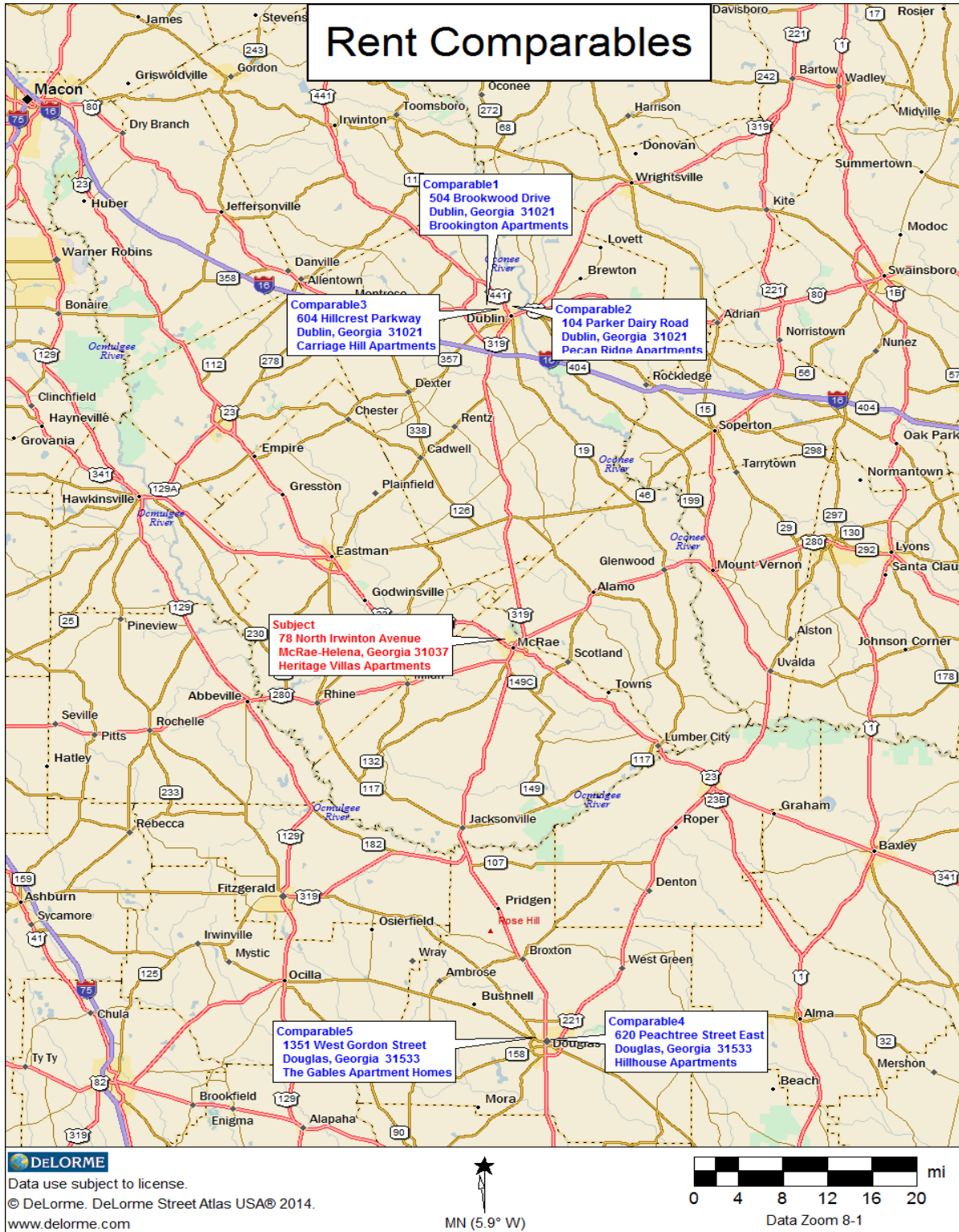
Amenities

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

Remarks

There are seven applicants on the waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months. The property is not considered competitive with the subject as they target different tenant bases. However, due to the lack of comparables in the market area, it was included for comparison purposes.

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
20	1/1	625	\$443	\$349	\$6,980
5	2/1	824	\$536	\$389	\$1,945
Total Potential Monthly Rental Income					\$8,925
					x 12
Total Potential Gross Rental Income					\$107,100
Miscellaneous Income					\$1,000
Total Potential Gross Income					\$108,100

Total Potential Gross Rental Income (Market Rent As Is)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
20	1/1	625	\$443	\$550	\$11,000
5	2/1	824	\$536	\$600	\$3,000
Total Potential Monthly Rental Income					\$14,000
					x 12
Total Potential Gross Rental Income					\$168,000
Miscellaneous Income					\$1,000
Total Potential Gross Income					\$169,000

Total Potential Gross Rental Income (Restricted Rent As Complete)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Proposed Rent	Potential Gross Income
20	1/1	625	\$443	\$600	\$12,000
5	2/1	824	\$536	\$650	\$3,250
Total Potential Monthly Rental Income					\$15,250
					x 12
Total Potential Gross Rental Income					\$183,000
Miscellaneous Income					\$1,000
Total Potential Gross Income					\$184,000

*The subject contains Rental Assistance for 23 of 25 units. The Rental Assistance at the property will make up the difference between the maximum net LIHTC rent and the rent charged at the subject. The “as complete” market rent determined on the rent grids is the maximum achievable rent at the subject. As the subject has Rental Assistance for all but two of the units, the “as complete” market rent was used as the proposed rent in the restricted “as complete” analysis.

Total Potential Gross Rental Income (Market Rent As Complete)

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
20	1/1	625	\$443	\$600	\$12,000
5	2/1	824	\$536	\$650	\$3,250
Total Potential Monthly Rental Income					\$15,250
					x 12
Total Potential Gross Rental Income					\$183,000
Miscellaneous Income					\$1,000
Total Potential Gross Income					\$184,000

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 three restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of one percent was determined for the market-rate vacancy and seven percent was determined for the restricted vacancy. The subject is currently 92 percent occupied. Historically, the subject’s occupancy rate has ranged from 92 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; three percent was deemed appropriate for “as is” affordable housing; and three percent was deemed appropriate for “as complete” affordable housing.

Expenses

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

Management

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

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

Tax and Assessment Information

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

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

Insurance

The insurance expense is the responsibility of the landlord.

Maintenance

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

Utilities and Service

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

Reserves for Replacement

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

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

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

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

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

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

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

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

Market Rent and Contract Rent

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

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

Other Miscellaneous Income

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

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

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

Operating Expenses & Restricted Projections

Property: Heritage Villas Apartments
 Project #:
 # of Rental Units: 25

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				
Residential & Ancillary Income																Residential & Ancillary Income
Annual Gross Potential Rental Income	105,600	4,224	105,600	4,224	0%	105,600	4,224	0%	35,700	107,100	4,284	1%	107,100	4,284	1%	Annual Gross Potential Rental Income
Annual Ancillary Income	378	15	98	4	-74%	116	5	19%	305	915	37	686%	2,000	80	1618%	Annual Ancillary Income
Annual Gross Potential Income	105,978	4,239	105,698	4,228	0%	105,716	4,229	0%	36,005	108,015	4,321	2%	109,100	4,364	3%	Annual Gross Potential Income
Occupancy	93.34%	283	94.98%	212	2%	92.09%	334	-3%	92.90%	1	307	1%	96.07%	171	0%	Occupancy
Effective Gross Income (EGI)	98,915	3,957	100,390	4,016	1%	97,358	3,894	-3%	33,449	100,347	4,014	3%	104,816	4,193	8%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual											ITEMIZED EXPENSES - Annual					
Estimate of Annual Expense											Estimate of Annual Expense					
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%	
									YTD	2017	Annualized	PUPA				
Administrative																Administrative
Advertising	0	0	64	3	0	107	4	69%	0	0	0	-100%	50	2	-53%	Advertising
Management Fee	12,459	498	13,212	528	6%	13,138	526	-1%	4,560	13,680	547	4%	14,700	588	12%	Management Fee
Other (Specify)	17,935	717	18,108	724	1%	20,062	802	11%	8,908	26,723	1,069	33%	18,513	741	-8%	Other (Specify)
Total Administrative	30,394	1,216	31,383	1,255	3%	33,307	1,332	6%	13,468	40,403	1,616	21%	33,263	1,331	0%	Total Administrative
Operating																Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	4,309	172	4,268	171	-1%	4,812	192	13%	1,448	4,343	174	-10%	4,800	192	0%	Lighting and Misc. Power
Water	2,491	100	3,614	145	45%	3,487	139	-4%	1,151	3,452	138	-1%	3,600	144	3%	Water
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	1,495	60	1,419	57	-5%	1,427	57	1%	441	1,323	53	-7%	1,500	60	5%	Garbage and Trash Removal
Payroll	4,339	174	5,161	206	19%	7,894	316	53%	1,254	3,762	150	-52%	6,000	240	-24%	Payroll
Other (Specify)	5,534	221	3,700	148	-33%	7,580	303	105%	4,351	13,052	522	72%	5,620	225	-26%	Other (Specify)
Total Operating	18,168	727	18,163	727	0%	25,200	1,008	39%	8,644	25,932	1,037	3%	21,520	861	-15%	Total Operating
Maintenance																Maintenance
Decorating	801	32	335	13	-58%	1,231	49	267%	150	450	18	-63%	800	32	-35%	Decorating
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	840	34	7,680	307	814%	1,545	62	-80%	1,246	3,738	150	142%	2,115	85	37%	Exterminating
Insurance	4,955	198	5,012	200	1%	5,016	201	0%	4,971	14,913	597	197%	5,690	228	13%	Insurance
Ground Expense	5,402	216	5,400	216	0%	6,497	260	20%	1,425	4,275	171	-34%	6,400	256	-1%	Ground Expense
Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Other (specify)
Total Maintenance	11,998	480	18,427	737	54%	14,289	572	-22%	7,792	23,376	935	64%	15,005	600	5%	Total Maintenance
Taxes																Taxes
Real Estate Tax	6,247	250	6,316	253	1%	6,459	258	2%	0	0	0	-100%	7,000	280	8%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,381	55	1,199	48	-13%	1,569	63	31%	376	1,129	45	-28%	1,050	42	-33%	Employee Payroll Tax
Employee Benefits	407	16	521	21	28%	1,552	62	198%	1,033	3,098	124	100%	600	24	-61%	Employee Benefits
Other	81	3	60	2	-26%	206	8	244%	106	319	13	55%	150	6	-27%	Other
Total Taxes	8,117	325	8,096	324	0%	9,787	391	21%	1,515	4,546	182	-54%	8,800	352	-10%	Total Taxes
Operating Exp. before RFR	68,676	2,747	76,069	3,043	11%	82,582	3,303	9%	31,419	94,257	3,770	14%	78,588	3,144	-5%	Operating Exp. before RFR
Reserve For Replacement	6,876	275	6,876	275	0%	22,844	914	232%	0	0	0	-100%	6,876	275	-70%	Reserve For Replacement
Operating Exp. Incl. RFR	75,552	3,022	82,945	3,318	10%	105,426	4,217	27%	31,419	94,257	3,770	-11%	85,464	3,419	-19%	Operating Exp. Incl. RFR
NOI	23,363	935	17,445	698	-25%	-8,068	-323	-146%	2,030	6,090	244	-175%	19,352	774	-340%	NOI

Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia

Property: Heritage Villas Apartments

Project #:
 # of Rental Units: 25

**Revenue and Expense Analysis
Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Residential & Ancillary Income							Residential & Ancillary Income
Annual Gross Potential Rental Income	107,100	4,284	1%	183,000	7,320	73%	Annual Gross Potential Rental Income
Annual Ancillary Income	1,000	40	759%	1,000	40	759%	Annual Ancillary Income
Annual Gross Potential Income	108,100	4,324	2%	184,000	7,360	74%	Annual Gross Potential Income
Occupancy	97.00%	130	0%	97.00%	221	0%	Occupancy
Effective Gross Income (EGI)	104,857	4,194	8%	178,480	7,139	83%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Restricted Projections	PUPA	%	Restricted Projections	PUPA	%	
Administrative							Administrative
Advertising	125	5	16%	125	5	16%	Advertising
Management Fee	13,386	535	2%	13,386	535	2%	5.000% Management Fee
Other (Specify)	18,125	725	-10%	18,125	725	-10%	Other (Specify)
Total Administrative	31,636	1,265	-5%	31,636	1,265	-5%	Total Administrative
Operating							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	4,875	195	1%	4,875	195	1%	Lighting and Misc. Power
Water	3,500	140	0%	3,500	140	0%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	1,500	60	5%	1,500	60	5%	Garbage and Trash Removal
Payroll	6,250	250	-21%	6,250	250	-21%	Payroll
Other (Specify)	6,250	250	-18%	5,000	200	-34%	Other (Specify)
Total Operating	22,375	895	-11%	21,125	845	-16%	Total Operating
Maintenance							Maintenance
Decorating	750	30	-39%	750	30	-39%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	2,125	85	38%	2,125	85	38%	Exterminating
Insurance	5,125	205	2%	5,125	205	2%	Insurance
Ground Expense	5,625	225	-13%	5,625	225	-13%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
Total Maintenance	13,625	545	-5%	13,625	545	-5%	Total Maintenance
Taxes							Taxes
Real Estate Tax	6,500	260	1%	7,125	285	10%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,250	50	-20%	1,250	50	-20%	Employee Payroll Tax
Employee Benefits	1,250	50	-19%	1,250	50	-19%	Employee Benefits
Other	125	5	-39%	125	5	-39%	Other
Total Taxes	9,125	365	-7%	9,750	390	0%	Total Taxes
Operating Exp. before RFR	76,761	3,070	-7%	76,136	3,045	-8%	Operating Exp. before RFR
Reserve For Replacement	8,750	350	-62%	8,750	350	-62%	Reserve For Replacement
Operating Exp. Incl. RFR	85,511	3,420	-19%	84,886	3,395	-19%	Operating Exp. Incl. RFR
NOI	19,346	774	-340%	93,594	3,744	-1260%	NOI

Estimating Restricted Expenses Per Unit

Estimating Restricted Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$0	\$4	\$3	\$13	\$0
\$535	Management	\$535	\$538	\$539	\$362	\$854	\$441
\$725	Other Administrative Expenses	\$725	\$0	\$575	\$280	\$844	\$1,272
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$87	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$195	Lighting & Misc. Power	\$195	\$127	\$109	\$119	\$205	\$177
\$140	Water/Sewer	\$140	\$601	\$493	\$254	\$285	\$199
\$0	Gas	\$0	\$0	\$0	\$22	\$1,004	\$10
\$60	Garbage/Trash Removal	\$60	\$155	\$27	\$0	\$54	\$0
\$250	Payroll	\$250	\$981	\$439	\$441	\$822	\$732
\$250	Other Operating Expenses	\$200	\$260	\$0	\$272	\$614	\$272
\$30	Decorating	\$30	\$0	\$0	\$0	\$48	\$92
\$0	Repairs	\$0	\$533	\$0	\$96	\$348	\$252
\$85	Exterminating	\$85	\$46	\$86	\$0	\$1	\$0
\$205	Insurance	\$205	\$191	\$201	\$203	\$348	\$355
\$225	Ground Expenses	\$225	\$250	\$272	\$0	\$1	\$249
\$0	Other Maintenance	\$0	\$0	\$624	\$0	\$0	\$0
\$260	Real Estate Taxes	\$285	\$212	\$255	\$277	\$571	\$422
\$50	Payroll Taxes	\$50	\$0	\$0	\$0	\$79	\$0
\$50	Employee Benefits	\$50	\$20	\$21	\$0	\$147	\$0
\$5	Other Taxes	\$5	\$10	\$14	\$0	\$38	\$3
\$350	Replacement Reserves	\$350	\$277	\$262	\$0	\$0	\$0
\$3,420	Total Per Unit	\$3,395	\$4,201	\$3,921	\$2,329	\$6,363	\$4,476
<p>Comments: Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by the <i>Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 38 and 632 percent of the gross rent potential. The subject's expenses were estimated at 46 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

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

Expense	As Is	As Complete	Comp Range
1. Advertising	\$5	\$5	\$0- \$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	\$535	\$535	\$362-\$854
<p>A management expense of \$535 per unit was projected for the as is scenario, and a management expense of \$535 per unit was projected for the as complete scenario. A comparable range of \$362 to \$854 was determined. The expense was projected based on \$46 per unit as indicated by the budget.</p>			
3. Other Administrative	\$725	\$725	\$0- \$844
<p>An other administrative expense of \$725 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	\$195	\$195	\$109-\$205
<p>A lighting and miscellaneous power expense of \$195 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 | \$140 | \$140 | \$254- \$601 |
|----|-------------|-------|-------|--------------|
- A water/sewer expense of \$140 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 | \$60 | \$60 | \$0- \$155 |
|----|-----------------------|------|------|------------|
- A garbage/trash removal expense of \$60 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 | \$250 | \$250 | \$439-\$981 |
|-----|---------|-------|-------|-------------|
- The payroll expense of \$250 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 | \$250 | \$200 | \$0-\$614 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$250 per unit was projected for the "as is" scenario and \$200 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 | \$30 | \$30 | \$0- \$48 |
|-----|------------|------|------|-----------|
- A decorating expense of \$30 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 | \$260 | \$285 | \$212- \$571 |
|-----|-------------------|-------|-------|--------------|

A real estate tax expense of \$260 per unit was projected for the subject based on the information obtained by the Telfair 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 | \$50 | \$50 | \$0- \$79 |
|-----|---------------|------|------|-----------|

Payroll taxes were projected at \$50 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 *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|-------------------|------|------|-----------|
| 20. | Employee Benefits | \$50 | \$50 | \$0-\$147 |
|-----|-------------------|------|------|-----------|

Employee benefits were projected at \$50 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 *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.

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|-----|----------------------|-------|-------|-----------|
| 21. | Replacement Reserves | \$350 | \$350 | \$0-\$277 |
|-----|----------------------|-------|-------|-----------|

A replacement reserves expense \$350 per unit was projected. This reserves expense is typical for restricted apartment complexes such as the subject.

Expenses before Reserves for Replacement

The subject's projected expenses per unit are \$3,070 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 1990 and is a 25-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$3,022 to \$4,217 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

Operating Expenses & Market Projections

Property: Heritage Villas Apartments

Project #: # of Rental Units: 25

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	%	
										2017	Annualized						
Residential & Ancillary Income																	Residential & Ancillary Income
Annual Gross Potential Rental Income	105,600	4,224	105,600	4,224	0%	105,600	4,224	0%		35,700	107,100	4,284	1%	107,100	4,284	1%	Annual Gross Potential Rental Income
Annual Ancillary Income	378	15	98	4	-74%	116	5	19%		305	915	37	686%	2,000	80	1618%	Annual Ancillary Income
Annual Gross Potential Income	105,978	4,239	105,698	4,228	0%	105,716	4,229	0%		36,005	108,015	4,321	2%	109,100	4,364	3%	Annual Gross Potential Income
Occupancy	93.34%	283	94.98%	212	2%	92.09%	334	-3%		92.90%	1	307	1%	96.07%	171	0%	Occupancy
Effective Gross Income (EGI)	98,915	3,957	100,390	4,016	1%	97,358	3,894	-3%		33,449	100,347	4,014	3%	104,816	4,193	8%	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	%	
										2017	Annualized						
Administrative																	Administrative
Advertising	0	0	64	3	0	107	4	69%		0	0	0	-100%	50	2	-53%	Advertising
Management Fee	12,459	499	13,212	528	6%	13,138	526	-1%		4,560	13,680	547	4%	14,700	588	12%	Management Fee
Other (Specify)	17,935	717	18,108	724	1%	20,062	802	11%		8,908	26,723	1,069	33%	18,513	741	-6%	Other (Specify)
Total Administrative	30,394	1,216	31,383	1,255	3%	33,307	1,332	6%		13,468	40,403	1,616	21%	33,263	1,331	0%	Total Administrative
Operating																	Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	4,309	172	4,268	171	-1%	4,812	192	13%		1,448	4,343	174	-10%	4,800	192	0%	Lighting and Misc. Power
Water	2,491	100	3,614	145	45%	3,487	139	-4%		1,151	3,452	138	-1%	3,600	144	3%	Water
Gas	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	1,495	60	1,419	57	-5%	1,427	57	1%		441	1,323	53	-7%	1,500	60	5%	Garbage and Trash Removal
Payroll	4,339	174	5,161	206	19%	7,894	316	53%		1,254	3,762	150	-52%	6,000	240	-24%	Payroll
Other (Specify)	5,534	221	3,700	148	-33%	7,580	303	105%		4,351	13,052	522	72%	5,620	225	-26%	Other (Specify)
Total Operating	18,168	727	18,163	727	0%	25,200	1,008	39%		8,644	25,932	1,037	3%	21,520	861	-15%	Total Operating
Maintenance																	Maintenance
Decorating	801	32	335	13	-58%	1,231	49	267%		150	450	18	-63%	800	32	-35%	Decorating
Repairs	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Repairs
Exterminating	840	34	7,680	307	814%	1,545	62	-80%		1,246	3,738	150	142%	2,115	85	37%	Exterminating
Insurance	4,955	198	5,012	200	1%	5,016	201	0%		4,971	14,913	597	197%	5,690	228	13%	Insurance
Ground Expense	5,402	216	5,400	216	0%	6,497	260	20%		1,425	4,275	171	-34%	6,400	256	-1%	Ground Expense
Other (specify)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Other (specify)
Total Maintenance	11,998	480	18,427	737	54%	14,289	572	-22%		7,792	23,376	935	64%	15,005	600	5%	Total Maintenance
Taxes																	Taxes
Real Estate Tax	6,247	250	6,316	253	1%	6,459	258	2%		0	0	0	-100%	7,000	280	8%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,381	55	1,199	48	-13%	1,569	63	31%		376	1,129	45	-28%	1,050	42	-33%	Employee Payroll Tax
Employee Benefits	407	16	521	21	28%	1,552	62	198%		1,033	3,098	124	100%	600	24	-61%	Employee Benefits
Other	81	3	60	2	-26%	206	8	244%		106	319	13	55%	150	6	-27%	Other
Total Taxes	8,117	325	8,096	324	0%	9,787	391	21%		1,515	4,546	182	-54%	8,800	352	-10%	Total Taxes
Operating Exp. before RFR	68,676	2,747	76,069	3,043	11%	82,582	3,303	9%		31,419	94,257	3,770	14%	78,588	3,144	-5%	Operating Exp. before RFR
Reserve For Replacement	6,876	275	6,876	275	0%	22,844	914	232%		0	0	0	-100%	6,876	275	-70%	Reserve For Replacement
Operating Exp. Incl. RFR	75,552	3,022	82,945	3,318	10%	105,426	4,217	27%		31,419	94,257	3,770	-11%	85,464	3,419	-19%	Operating Exp. Incl. RFR
NOI	23,363	935	17,445	698	-25%	-8,068	-323	-146%		2,030	6,090	244	-175%	19,352	774	-340%	NOI

Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia

Property: Heritage Villas Apartments

Project #:

of Rental Units: 25

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Market Projections	PUPA	%	Market Projections	PUPA	%	
Residential & Ancillary Income							Residential & Ancillary Income
Annual Gross Potential Rental Income	168,000	6,720	59%	183,000	7,320	73%	Annual Gross Potential Rental Income
Annual Ancillary Income	1,000	40	759%	1,000	40	759%	Annual Ancillary Income
Annual Gross Potential Income	169,000	6,760	60%	184,000	7,360	74%	Annual Gross Potential Income
Occupancy	95.00%	338	0%	95.00%	368	0%	Occupancy
Effective Gross Income (EGI)	160,550	6,422	65%	174,800	6,992	80%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Market Projections	PUPA	%	Market Projections	PUPA	%	
Administrative							Administrative
Advertising	125	5	16%	125	5	16%	Advertising
Management Fee	6,422	257	-51%	6,992	280	-47%	4.000% Management Fee
Other (Specify)	13,750	550	-31%	13,750	550	-31%	Other (Specify)
Total Administrative	20,297	812	-39%	20,867	835	-37%	Total Administrative
Operating							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	4,875	195	1%	4,875	195	1%	Lighting and Misc. Power
Water	3,500	140	0%	3,500	140	0%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	1,500	60	5%	1,500	60	5%	Garbage and Trash Removal
Payroll	6,250	250	-21%	6,250	250	-21%	Payroll
Other (Specify)	6,250	250	-18%	5,000	200	-34%	Other (Specify)
Total Operating	22,375	895	-11%	21,125	845	-16%	Total Operating
Maintenance							Maintenance
Decorating	750	30	-39%	750	30	-39%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	2,125	85	38%	2,125	85	38%	Exterminating
Insurance	5,125	205	2%	5,125	205	2%	Insurance
Ground Expense	5,625	225	-13%	5,550	222	-15%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
Total Maintenance	13,625	545	-5%	13,550	542	-5%	Total Maintenance
Taxes							Taxes
Real Estate Tax	6,500	260	1%	7,125	285	10%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,250	50	-20%	1,250	50	-20%	Employee Payroll Tax
Employee Benefits	1,250	50	-19%	1,250	50	-19%	Employee Benefits
Other	125	5	-39%	125	5	-39%	Other
Total Taxes	9,125	365	-7%	9,750	390	0%	Total Taxes
Operating Exp. before RFR	65,422	2,617	-21%	65,292	2,612	-21%	Operating Exp. before RFR
Reserve For Replacement	6,250	250	-73%	6,250	250	-73%	Reserve For Replacement
Operating Exp. Incl. RFR	71,672	2,867	-32%	71,542	2,862	-32%	Operating Exp. Incl. RFR
NOI	88,878	3,555	-1202%	103,258	4,130	-1380%	NOI

Estimating Market Expenses Per Unit

Estimating Market Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$506	\$0	\$128	\$150	\$0
\$257	Management	\$280	\$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
\$195	Lighting & Misc. Power	\$195	\$197	\$735	\$300	\$0	\$161
\$140	Water/Sewer	\$140	\$0	\$1,025	\$463	\$1,127	\$278
\$0	Gas	\$0	\$0	\$0	\$0	\$244	\$7
\$60	Garbage/Trash Removal	\$60	\$0	\$0	\$0	\$0	\$0
\$250	Payroll	\$250	\$1,344	\$75	\$974	\$1,200	\$628
\$250	Other Operating Expenses	\$200	\$55	\$0	\$200	\$0	\$282
\$30	Decorating	\$30	\$285	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$453	\$500	\$0	\$500	\$407
\$85	Exterminating	\$85	\$0	\$150	\$244	\$0	\$0
\$205	Insurance	\$205	\$416	\$225	\$378	\$250	\$248
\$225	Ground Expenses	\$222	\$117	\$0	\$116	\$0	\$193
\$0	Other Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
\$260	Real Estate Taxes	\$285	\$417	\$671	\$638	\$699	\$696
\$50	Payroll Taxes	\$50	\$0	\$0	\$0	\$0	\$0
\$50	Employee Benefits	\$50	\$0	\$0	\$0	\$0	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$0	\$0	\$11
\$250	Replacement Reserves	\$250	\$0	\$300	\$250	\$300	\$0
\$2,867	Total Per Unit	\$2,862	\$4,174	\$4,121	\$4,449	\$5,069	\$4,133
<p>Comments: Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Conventional Apartments printed by the Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 42 and 53 percent of the gross rent potential. The subject's expenses were estimated at 39 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

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

Expense	As Is	As Complete	Comp Range
1. Advertising	\$5	\$5	\$0- \$506
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.			
2. Management	\$257	\$280	\$256-\$417
A management expense of \$257 per unit was projected for the as is scenario, and a management expense of \$280 per unit was projected for the as complete scenario. A comparable range of \$256to \$417 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.			
3. Other Administrative	\$550	\$550	\$128-\$341
An other administrative expense of \$550 per unit was projected. A comparable range of \$128 to \$341 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
4. Elevator	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
5. Fuel	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
6. Lighting & Misc. Power	\$195	\$195	\$0-\$735
A lighting and miscellaneous power expense of \$195 was projected for the subject. A comparable range of \$0 to \$735 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.			

- | | | | | |
|----|-------------|-------|-------|-------------|
| 7. | Water/Sewer | \$140 | \$140 | \$0-\$1,127 |
|----|-------------|-------|-------|-------------|
- A water/sewer expense of \$140 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 | \$60 | \$60 | \$0-\$0 |
|----|-----------------------|------|------|---------|
- A garbage/trash removal expense of \$60 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 | \$250 | \$250 | \$75-\$1,344 |
|-----|---------|-------|-------|--------------|
- The payroll expense of \$250 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 | \$250 | \$200 | \$0-\$200 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$250 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 | \$30 | \$30 | \$0-\$285 |
|-----|------------|------|------|-----------|
- A decorating expense of \$30 was projected. A comparable range of \$0 to \$285 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|---------|-----|-----|-----------|
| 13. | Repairs | \$0 | \$0 | \$0-\$500 |
|-----|---------|-----|-----|-----------|
- A repairs expense of \$0 was projected for the as is scenario. A comparable range of \$0 to \$500 was determined. Expenses such as repairs are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The subject does not itemize specific repairs expenses. Instead, the repairs are included in other categories which are wrapped into other expense categories. Therefore, no specific repairs expense was projected.
- | | | | | |
|-----|---------------|------|------|-----------|
| 14. | Exterminating | \$85 | \$85 | \$0-\$244 |
|-----|---------------|------|------|-----------|
- An exterminating expense of \$85 per unit was projected. A comparable range of \$0 to \$244 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-----------|-------|-------|-------------|
| 15. | Insurance | \$205 | \$205 | \$225-\$416 |
|-----|-----------|-------|-------|-------------|
- An insurance expense of \$205 per unit was projected for the subject's as is scenario, and \$205 per unit for the subject's as complete scenario. A comparable range of \$225 to \$416 per unit was determined. Expenses such as insurance are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|-----------------|-------|-------|-----------|
| 16. | Ground Expenses | \$225 | \$222 | \$0-\$117 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$225 per unit was projected. A comparable range of \$0 to \$117 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-------------------|-----|-----|---------|
| 17. | Other Maintenance | \$0 | \$0 | \$0-\$0 |
|-----|-------------------|-----|-----|---------|
- Other maintenance expenses of \$0 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

Net Operating Income Conclusions

Expenses after Reserves for Replacement

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

Direct Capitalization

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

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

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

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

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

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

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

Market Derived Capitalization Rates

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

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

Comparable Capitalization Rates

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

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

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

Realty Rates Survey

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

PwC Real Estate Investor Survey

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

Band of Investment – Conventional Terms

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

Capitalization Rate Analysis					
Mortgage Interest Rate	4.50%	Loan To Value Ratio	80%		
Loan Term (Years)	30	Debt Coverage Ratio	1.25		
		Equity Dividend Rate	10.00%		
Band of Investment					
Mortgage Constant		Loan Ratio			
0.06080	x	80%	=	4.86%	Mortgage Component
Equity Dividend Rate		Equity Ratio			
10%	x	0.20	=	2.00%	Equity Component
		Capitalization Rate		6.86%	
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	x	LTV	x	Mortgage Constant	
1.25	x	80%	x	0.06080	= 0.060802
		Capitalization Rate		6.08%	

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

Determination of the Market Capitalization Rate

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

Income Values

Market	As Is	\$88,878 /7.00%	= \$1,269,686
Market	As Complete	\$103,258 /7.00%	= \$1,475,114
		Market Rate As Is Value	= \$1,270,000
		Market Rate As Complete Value	= \$1,475,000

Determination of Capitalization Rate Considering Subject's Rental Assistance

Due to the presence of Rental Assistance, properties similar to the subject have guaranteed income streams and typically have higher occupancy rates than market properties. As a result, the marketplace shows a preference for these types of properties with Rental Assistance, and the market indicates a lower capitalization rate as a result. Therefore, a slightly more aggressive capitalization rate of one half-point to one full point is seen in the market. The subject has Rental Assistance for 23 of the 25 units. The capitalization rate was adjusted from the market-indicated rate of 7.00 percent to a capitalization rate one point lower at **6.00 percent** for the property's restricted valuations.

Restricted	As Is	\$19,346 /6.00%	=	\$322,433
Restricted	As Complete	\$93,594 /6.00%	=	\$1,559,900
		Restricted Rate As Is Value	=	\$320,000
		Restricted Rate As Complete Value	=	\$1,560,000

Prospective Market Value Upon Loan Maturity	
<p>\$1,480,000 Prospective Market Value (As Complete and Stabilized) 50 Term of Loan (years) 2.00% Growth Rate</p>	
Market Value	
<p>\$1,480,000 PV 50 [g] [n] 2.00 [g] [i] Solve for FV</p>	\$4,019,709.67
<p>Using these factors, a prospective market value upon loan maturity of \$4,019,709.67 was determined.</p> <p align="center">Prospective Market Value Upon Loan Maturity \$4,020,000.00</p>	

*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 11,252, an decrease of (45) people from the 2010 population of 11,297. The population is expected to decrease at an annual rate of 2.4 percent between 2017 and 2022. Therefore, the 2022 population is projected at 10,978. The median age for the neighborhood is 38.3.

Unemployment Trends

The unemployment rate has fluctuated from 7.6 percent to 14.7 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 TELFAIR COUNTY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2005	4,594	4,246	92.4%	348	7.6%
2006	5,041	4,658	92.4%	383	7.6%
2007	4,998	4,612	92.3%	386	7.7%
2008	4,713	4,207	89.3%	506	10.7%
2009	4,616	3,973	86.1%	643	13.9%
2010	5,234	4,462	85.3%	772	14.7%
2011	5,282	4,583	86.8%	699	13.2%
2012	5,344	4,715	88.2%	629	11.8%
2013	5,299	4,692	88.5%	607	11.5%
2014	5,254	4,740	90.2%	514	9.8%
2015	4,823	4,404	91.3%	419	8.7%
2016	4,765	4,355	91.4%	410	8.6%
2017**	5,156	4,815	93.4%	341	6.6%

* Data based on place of residence.

**Preliminary - based on monthly data through March 2017

Source: U.S. Bureau of Labor Statistics Data

Median Household Income

The median household income for the neighborhood in 2017 is \$28,265. It is expected to increase to \$32,396 by 2022. The per capita income is \$13,607.

Median Home Value

The median home value for the neighborhood in 2017, according to ESRI, is \$69,021. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$9,072.00, or \$756 per month. The average amount spent for renter-occupied households is \$6,864.00, or \$572 per month.

Realty Rates Market Survey

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

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

Source: RealtyRates.com: South Atlantic Region

Comparable Sales Analysis

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

Property Name	Number of Units	Sale Date	NOI	Sale Price	Capitalization Rate
Jasmine Gardens	40	1/5/2005	\$114,750	\$1,350,000	8.50%
Knox Landing Apartments	40	1/31/2005	\$83,928	\$1,475,000	5.69%
Lauren Heights Apartments	48	3/25/2005	\$188,100	\$2,200,000	8.55%
Highland Springs Apartments	66	8/19/2005	\$203,235	\$2,550,000	7.97%
Auburn Place Apartments	28	9/30/2005	\$89,565	\$1,050,000	8.53%
Highland Glen Apartments	31	11/23/2005	\$90,520	\$1,550,000	5.84%
North Avenue Apartments	34	11/23/2005	\$107,300	\$1,850,000	5.80%
Washington Arms Apartments	40	1/13/2006	\$115,130	\$1,588,000	7.25%
Forest Grove Apartments	20	1/27/2006	\$82,560	\$960,000	8.60%
Somerset Apartments	40	6/30/2006	\$148,800	\$2,000,000	7.44%
Brighton Manor Apartments	40	8/9/2006	\$131,840	\$1,600,000	8.24%
Kirkwood Apartments	53	10/28/2007	\$201,760	\$2,600,000	7.76%
Waters Edge Apartments	48	1/25/2008	\$149,850	\$1,850,000	8.10%
Northside Apartments	22	2/22/2008	\$81,035	\$950,000	8.53%
Waldan Chase Apartments	60	4/7/2008	\$273,192	\$3,414,900	8.00%
Twin Keys Apartments	68	3/30/2009	\$201,000	\$3,350,000	6.00%
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%

Heritage Villas Apartments * 78 North Irwinton Avenue * McRae-Helena, Georgia

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

The population is expected to decrease at an annual rate of 2.4 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$28,265. It is expected to increase to \$32,396 by 2022. The per capita income is \$13,607.

The unemployment rate has fluctuated from 7.6 percent to 14.7 percent, and due to the recent economic trends, Telfair County, as well as the rest of the nation, increased in unemployment. However, the unemployment rate has stabilized and is anticipated to decrease to at least the high end of the historical range by the loan's maturity date.

A growth rate of 2.00 percent is typically used in projections and McRae-Helena'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 = \$4,020,000.00

Value of Interest Credit Subsidy

Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan		
	\$689,331	Original RD Loan Amount
	\$612,162	Balance of the Original Loan
	600	Months for the Term of the Loan
	283	Remaining Months for the Term of the RD Loan
	4.50%	Market Interest Rate
	8.75%	Note Rate of Interest
	1.00%	Base Rate of Interest
Market Loan		Original RD Loan
	\$612,162	PV
	0.0450	[i]
	360	[n]
Solve for PMT	\$3,101.73	per month
		Solve for PMT
		\$1,460.41
		per month
Interest Credit Subsidy		
Difference in Payment	\$1,641.32	
	\$1,641.32	[PMT]
	0.0450	[i]
	283	[n]
Solve for PV	\$285,935.56	
Value of Subsidy from the Existing 515 Loan (Existing Terms) Rounded:		
\$286,000		

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

\$612,162 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
 \$612,162 PV
 0.0450 [i]
 360 [n]
 Solve for PMT \$3,101.73 per month

With 1% interest
 \$612,162 PV
 0.0100 [i]
 600 [n]
 Solve for PMT \$1,296.92 per month

Value of Balloon
 \$612,162 [CHS] [PV]
 0.0375 [i]
 600 [n]
 Solve for PMT \$2,260.71
 360 [n]
 Solve for FV \$381,304.83

 \$381,304.83 [CHS] [FV]
 0.0450 [i]
 360 [n]
 Solve for PV \$99,099.47

Interest Credit Subsidy
 Difference in Payment \$1,804.81
 \$1,804.81 [PMT]
 0.0450 [i]
 360 [n]
 Solve for PV \$356,199.92
 -\$99,099.47

 \$257,100.45

**Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:
 \$257,000.00**

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 \$62,213 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$622,130. 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:	=	\$622,130	
Price	x 0.85	= \$528,811	\$ 528,811

Total Value Tax Credits = \$530,000

Insurable Value

USDA Rural Development Insurable Value Calculation				
Property Name:	Heritage Villas Apartments			
Street Address:	78 North Irwinton Avenue			
City, County, State, Zip:	McRae-Helena, Telfair, Georgia 31037			
BASE COST				
Main Structure			\$71.55	
Sprinkler				
Other				
Adjustments and/or Multipliers			0.83	Local
			1.03	Current
TOTAL BASE COST PER SQ. FT			\$61.17	
Building Area Square Footage			17,572	
TOTAL REPLACEMENT COST NEW			\$1,074,846	
EXCLUSIONS	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$1,054	
Foundations	\$3.67	6.0%	\$64,489	
Site Work	\$1.53	2.5%	\$26,885	
Site Improvements	\$2.02	3.3%	\$35,495	
Architect's Fees	\$0.61	1.0%	\$10,719	
Underground Piping	\$0.61	1.0%	\$10,719	
TOTAL EXCLUSIONS	\$8.50	13.9%	\$149,361	
INCLUSIONS				
Appliance Packages			\$41,142	
Patios/Balconies, etc.				
Parking Lot			\$20,560	
Other				
TOTAL INCLUSIONS			\$61,702	
CONCLUDED INSURABLE VALUE				
Total Replacement Cost New			\$1,074,846	
Less Total Exclusions			\$149,361	
Plus Total Inclusions			\$61,702	
CONCLUDED INSURABLE VALUE			\$987,187	

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

Sales Comparison Approach

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

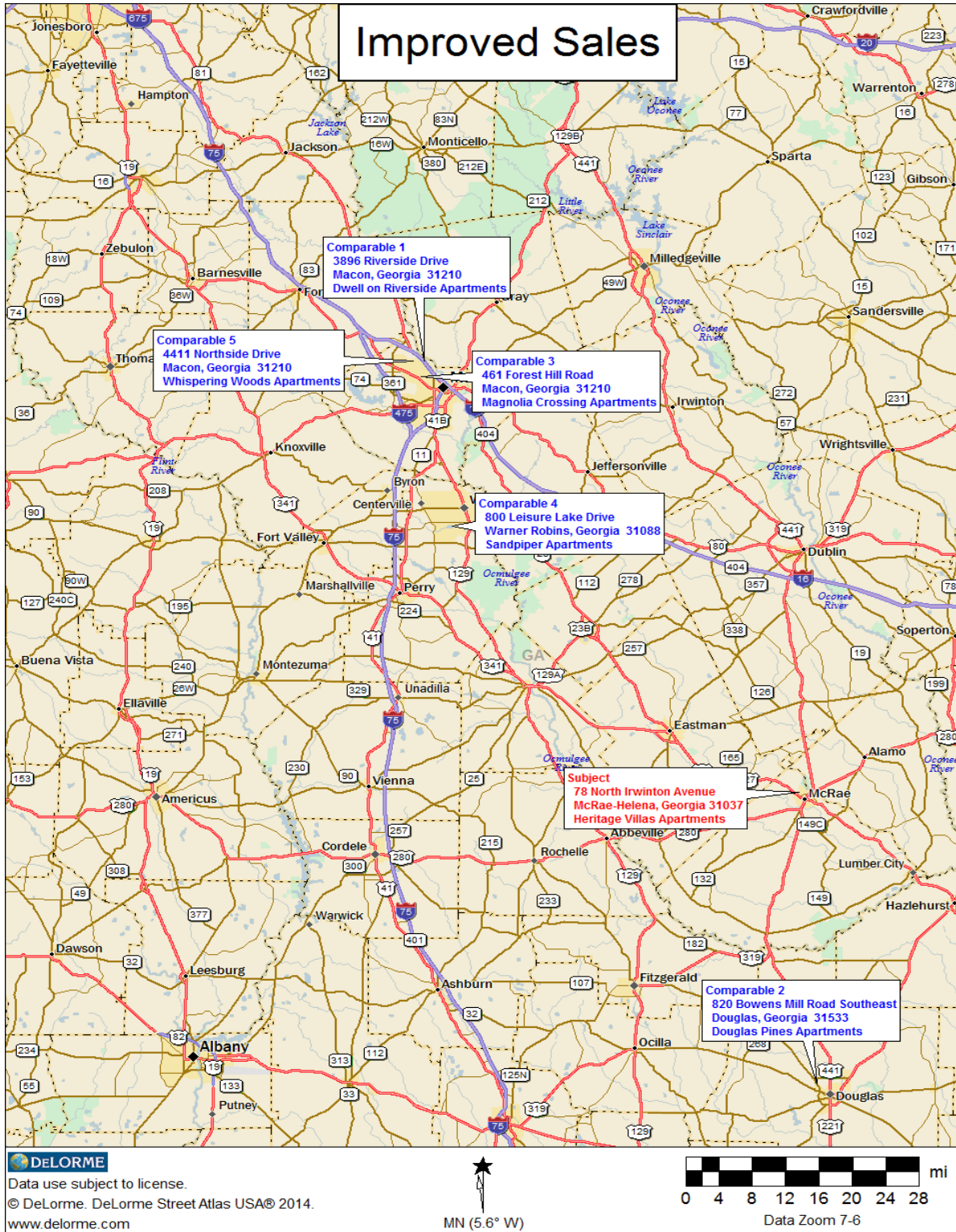
- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

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

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

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

Comparable Sales Map



Comparable Sales

Multi-Family Sale No. 1



Property Identification

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

Sale Data

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

Multi-Family Sale No. 1 (Cont.)

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

Land Data

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

Unit Mix

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

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

Net Rentable SF 159,550

General Physical Data

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

Indicators

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

Amenities

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

Multi-Family Sale No. 2



Property Identification

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

Sale Data

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

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

Land Data

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

Multi-Family Sale No. 2 (Cont.)

Shape Irregular

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

General Physical Data

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

Indicators

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

Amenities

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

Multi-Family Sale No. 3



Property Identification

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

Sale Data

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

Sale Price	\$4,200,000
Cash Equivalent	\$4,200,000
Adjusted Price	\$4,200,000

Multi-Family Sale No. 3 (Cont.)

Land Data

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

Unit Mix

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

General Physical Data

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

Indicators

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

Amenities

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

Multi-Family Sale No. 4



Property Identification

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

Sale Data

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

Sale Price \$22,531,875
Cash Equivalent \$22,531,875
Adjusted Price \$22,531,875

Land Data

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

Multi-Family Sale No. 4 (Cont.)

Shape Irregular

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

Net Rentable SF 467,800

General Physical Data

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

Indicators

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

Amenities

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

Multi-Family Sale No. 5



Property Identification

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

Sale Data

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

Sale Price	\$4,900,000
Cash Equivalent	\$4,900,000
Adjusted Price	\$4,900,000

Land Data

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

Multi-Family Sale No. 5 (Cont.)

Shape Irregular

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

Total Units 108
Avg. Unit Size 1,165
Avg. Rent/Unit \$620
Avg. Rent/SF \$0.53

Net Rentable SF 125,800

General Physical Data

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

Indicators

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

Amenities

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

Comparable Sales Chart – As Is

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	78 North Irwinton Avenue	3896 Riverside Drive	820 BOWENS Mill Road	461 Forest Hill Road	800 Leisure Lake Drive	4411 Northside Drive
City	McRae-Helena	Macon	Douglas	Macon	Warner Robins	Macon
State	GA	GA	GA	GA	GA	GA
Date	5/16/2017	10/1/2015	10/21/2016	7/31/2015	6/2/2016	6/8/2015
Price		\$4,600,000	\$1,925,100	\$4,200,000	\$22,531,875	\$4,900,000
Total No. of Units	25	116	48	115	530	108
Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Market Trends Through 05/16/17		0%	0%	0%	0%	0%
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Location	Average	Superior	Similar	Superior	Similar	Superior
% Adjustment		-10%	0%	-10%	0%	-10%
\$ Adjustment		-\$3,966	\$0	-\$3,652	\$0	-\$4,537
Total No. of Units	25	116	48	115	530	108
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Year Built/Renovated	1990	1974	1987	1980	1982	1984/2002
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Inferior	Similar	Inferior	Similar	Similar
% Adjustment		10%	0%	20%	0%	0%
\$ Adjustment		\$3,966	\$0	\$7,304	\$0	\$0
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Wall Elec	Central Elec/Central Elec
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds, Walk-In Closet, Coat Closet, Patio, Pull Cords, Meeting Room, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Basketball Court, Tennis Court and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Clubhouse, Swimming Pool and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Balcony, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Theater, Car Wash Area, Laundry Facility and Limited Access Gate	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Ceiling Fans, Balcony, Swimming Pool, Exercise Room and Laundry Facility
% Adjustment		0%	2%	-1%	-6%	0%
\$ Adjustment		\$0	\$802	-\$365	-\$2,551	\$0
Adjusted Price per Unit		\$39,655	\$40,908	\$39,809	\$39,562	\$40,833
Net adjustments		0.0%	2.0%	9.0%	-6.0%	-10.0%
Gross adjustments		0.0%	2.0%	9.0%	-6.0%	-10.0%

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

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

Indicated Value = \$1,000,000

Comparable Sales Explanations & Value – As Is

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

Improved Sales Analysis

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

Location

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

	McRae-Helena	Macon	% Diff
2015 Population	8,720	154,608	94.36%
Median Income	\$28,177	\$36,568	22.95%
Median Home Value	\$57,800	\$118,800	51.35%
Median Rent	\$563	\$744	24.33%

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

Total No. of Units

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 25 units. The number of units of the comparables range from 48 to 530. No adjustments were needed.

Year Built/Renovated

The subject was built in 1990. It is in average condition. Comparable 1 was built in 1974. Comparable 2 was constructed in 1987. Comparable 3 was built in 1980. Comparable 4 was constructed in 1982. Comparable 5 was built in 1984/2002. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

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

HVAC

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

Parking

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

Amenities

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

was adjusted downward six percent. Comparable 5 was not adjusted. Comparable 6 was not adjusted. Comparable 7 was not adjusted. Comparable 8 was not adjusted. Comparable 9 was not adjusted. Comparable 10 was not adjusted.

Summary and Conclusion

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

$$25 \text{ units} \times \$40,000 \text{ per unit} = \$1,000,000$$

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

Comparable Sales Chart – As Complete

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	78 North Irwinton Avenue	3896 Riverside Drive	820 BOWENS Mill Road	461 Forest Hill Road	800 Leisure Lake Drive	4411 Northside Drive
City	McRae-Helena	Macon	Douglas	Macon	Warner Robins	Macon
State	GA	GA	GA	GA	GA	GA
Date	5/16/2017	10/1/2015	10/21/2016	7/31/2015	6/2/2016	6/8/2015
Price		\$4,600,000	\$1,925,100	\$4,200,000	\$22,531,875	\$4,900,000
Total No. of Units	25	116	48	115	530	108
Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Market Trends Through 05/16/17		0%	0%	0%	0%	0%
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Location	Average	Superior	Similar	Superior	Similar	Superior
% Adjustment		-10%	0%	-10%	0%	-10%
\$ Adjustment		-\$3,966	\$0	-\$3,652	\$0	-\$4,537
Total No. of Units	25	116	48	115	530	108
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
YearBuilt/Renovated	1990/Proposed	1974	1987	1980	1982	1984/2002
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Condition/Street Appeal	Good	Inferior	Inferior	Inferior	Inferior	Inferior
% Adjustment		20%	10%	30%	10%	10%
\$ Adjustment		\$7,931	\$4,011	\$10,957	\$4,251	\$4,537
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Wall Elec	Central Elec/Central Elec
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds, Walk-In Closet, Coat Closet, Patio, Pull Cords, Meeting Room, Extra Storage and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Basketball Court, Tennis Court and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Clubhouse, Swimming Pool and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Balcony, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Theater, Car Wash Area, Laundry Facility and Limited Access Gate	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Ceiling Fans, Balcony, Swimming Pool, Exercise Room and Laundry Facility
% Adjustment		0%	2%	-1%	-6%	0%
\$ Adjustment		\$0	\$802	-\$365	-\$2,551	\$0
Adjusted Price per Unit		\$43,621	\$44,919	\$43,461	\$44,213	\$45,370
Net adjustments		10.0%	12.0%	19.0%	4.0%	0.0%
Gross adjustments		10.0%	12.0%	19.0%	4.0%	0.0%

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

25 units x \$44,000 per unit = \$1,100,000

Indicated Value = \$1,100,000

Comparable Sales Explanations & Value – As Complete

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

Improved Sales Analysis

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

Location

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

	McRae-Helena	Macon	% Diff
2015 Population	8,720	154,608	94.36%
Median Income	\$28,177	\$36,568	22.95%
Median Home Value	\$57,800	\$118,800	51.35%
Median Rent	\$563	\$744	24.33%

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

Total No. of Units

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 25 units. The number of units of the comparables range from 48 to 530. No adjustments were needed.

Year Built/Renovated

The subject was built in 1990. It is in average condition. Comparable 1 was built in 1974. Comparable 2 was constructed in 1987. Comparable 3 was built in 1980. Comparable 4 was constructed in 1982. Comparable 5 was built in 1984/2002. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

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

HVAC

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

Parking

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

Amenities

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

was adjusted downward six percent. Comparable 5 was not adjusted. Comparable 6 was not adjusted. Comparable 7 was not adjusted. Comparable 8 was not adjusted. Comparable 9 was not adjusted. Comparable 10 was not adjusted.

Summary and Conclusion

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

25 units x \$44,000 per unit = \$1,100,000

Indicated As Is Market Value = \$1,100,000

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

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

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

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

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

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

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

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

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

THREE HUNDRED TWENTY THOUSAND DOLLARS
\$320,000

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 FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS
\$1,475,000

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 FIVE HUNDRED SIXTY THOUSAND DOLLARS
\$1,560,000

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

TWO HUNDRED EIGHTY SIX THOUSAND DOLLARS
\$286,000

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

TWO HUNDRED FIFTY SEVEN THOUSAND DOLLARS
\$257,000

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

FIVE HUNDRED THIRTY THOUSAND DOLLARS
\$530,000

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 625 square feet one-bedroom units of the subject property, as of May 16, 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 Is Market Rent (CRCU) of the 824 square feet two-bedroom units of the subject property, as of May 16, 2017, is as follows:

SIX HUNDRED DOLLARS
\$600.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 625 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 824 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FIFTY DOLLARS
\$650.00

The following values are determined for the DCA:

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

ONE HUNDRED FIFTY FIVE THOUSAND DOLLARS
\$155,000

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

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

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

THREE HUNDRED TWENTY THOUSAND DOLLARS
\$320,000

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 FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS
\$1,475,000

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 FIVE HUNDRED SIXTY THOUSAND DOLLARS

\$1,560,000

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

FOUR MILLION TWENTY THOUSAND DOLLARS

\$4,020,000.00

Sources Used

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

ADDENDUM A

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT A - LEGAL DESCRIPTION
(HERITAGE VILLAS, L.P.)

All that tract or parcel of land situate, lying and being in the City of Solena, Telfair County, Georgia, being a portion of Block Number One Hundred Nineteen (119) in said City, containing 2.73 acres, more or less, and being more particularly described as follows, to-wit:
BEGINNING at the point of intersection of the Northeasterly right of way of Twelfth Street with the Northwesterly right of way of Homer Avenue and run thence North 45 degrees 16 minutes 33 seconds East, along the Northwest right of way of Homer Avenue a distance of 2 feet to an iron pin; thence North 44 degrees 44 minutes 27 seconds West 343.25 feet to an iron pin; thence North 89 degrees 48 minutes 28 seconds West a distance of 102.00 feet to an iron pin located on the Southeast right of way of Irwinton Avenue; thence South 45 degrees 15 minutes 33 seconds West, along the Southeast right of way of Irwinton Avenue, a distance of 213.38 feet to its point of intersection with the Northeast right of way of Twelfth Street; thence South 44 degrees 14 minutes 27 seconds East, along the Northeast right of way of Twelfth Street a distance of 420 feet to its point of intersection with the Northwest right of way of Homer Avenue and the POINT OF BEGINNING of this description. All as will appear by reference to a certain plat of survey by Gady Honey, JLS #2460, dated December 10, 1989, and recorded in Plat Book 7, page 332, Telfair County Records, said plat of survey being by reference incorporated herein and made a part of this description.

ADDENDUM B

Rent Roll

Heritage Villas, LP (180)

Report Date: 04/2017

Building: 01

Unit	Tenant	Move In	Lease End	Description	Potential	Net Rent	Lease	Sq. Ft.
Units without Square Footage Set								
01	FINCH, JASPER	09/27/2007	09/26/2017		\$349.00	\$221.00	221.00	0
02	Davis, Willie	01/04/2017	01/03/2018		\$349.00	\$264.00	264.00	0
03	Wright, Claude	12/14/2011	05/11/2017		\$349.00	\$66.00	66.00	0
04	Smith, Willie	11/07/2016	11/06/2017		\$349.00	\$194.00	194.00	0
05	POWELL, WYLLENE	02/02/2010	08/31/2017		\$349.00	\$171.00	171.00	0
06	DARDEN, JACKIE	09/20/2002	04/30/2017		\$349.00	\$208.00	208.00	0
07	*MR Hulett, Johnnie	04/25/2011	04/10/2017		\$116.00	\$215.00	72.00	0
07	* VACANT * 4/11/2017 - 4/30/2017				\$233.00	\$0.00	0.00	0
08	kinchen, earl	06/10/2011	06/09/2017		\$349.00	\$138.00	138.00	0
09	* VACANT * 4/1/2017 - 4/30/2017			Z2	\$0.00	\$0.00	0.00	0
11	TILLMAN, BRANDIES	03/15/2011	03/31/2018		\$349.00	\$137.00	137.00	0
12	Powell, Nathaniel	08/09/2016	08/08/2017		\$349.00	\$312.00	312.00	0
13	Carroll, Patricia	04/01/2017	03/31/2018		\$349.00	\$145.00	145.00	0
14	Atkinson, Jackie	09/01/2016	08/31/2017		\$349.00	\$95.00	95.00	0
15	McDermott, Barbara	04/05/2016	04/30/2017		\$349.00	\$180.00	180.00	0
16	RENEW, MURLE	05/31/2001	04/30/2017		\$389.00	\$158.00	158.00	0
17	HORNE, MATTIE	04/28/1998	04/30/2017		\$389.00	\$145.00	145.00	0
18	Walker, Jack	04/01/2017	03/31/2018		\$349.00	\$145.00	145.00	0
19	Reaves, Lelia	04/02/2014	04/30/2017		\$349.00	\$157.00	157.00	0
20	STUDSTILL, HORACE	01/02/2004	11/30/2017		\$389.00	\$175.00	175.00	0
21	COLLINS, MARY	04/01/2005	06/30/2017		\$389.00	\$186.00	186.00	0
22	MOORE, DOROTHY	04/01/2009	03/31/2018		\$349.00	\$225.00	225.00	0
23	* VACANT * 4/1/2017 - 4/19/2017				\$221.00	\$0.00	0.00	0
23	Brown, Lillie	04/20/2017	04/30/2018		\$128.00	\$51.00	51.00	0
24	Cason, William	11/04/2016	11/03/2017		\$349.00	\$145.00	145.00	0
25	MCRAE, ARTIS	02/01/2011	01/31/2018		\$349.00	\$136.00	136.00	0
26	Tumblin, Loyd	02/15/2012	02/28/2018		\$349.00	\$157.00	157.00	0

Units in Building: 25
 Occupied Units: 23
 % Occupied: 92%

\$8,536.00 \$4,026.00 3,883.00

Total Units: 25
Total Occupied: 23.00
Total % Occupied: 92.00

Grand Totals:

\$8,536.00 \$4,026.00 3,883.00

Selected Parameters:

Property Name - Heritage Villas, LP
 Rent Roll for - 04/2017
 Show Negative Rents as Zero - True
 Sort By Unit - True
 Include Inactive Units - False

** = Expired Lease

*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 10:35:56AM

Page 1 of 1

Heritage Villas
McRae-Helena, GA

0

Expense Year

Dec-14

Row Labels	Sum of Amount
Advertising	\$0
Advertising	\$0
Annual Ancillary Income	\$378
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$318
Application Fees Received	\$60
Annual Gross Potential Rental Income	\$105,600
Rental Income from Current Year Budget	\$105,600
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$801
Painting	\$801
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$407
Health Insurance & Other Emp. Benefits	\$96
Workmen's Compensation	\$311
Employee Payroll Tax	\$1,381
Payroll Taxes	\$1,381
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$98,537
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$52,030
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$46,507
Special Claims Revenue	\$0
Exterminating	\$840
Services	\$840
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$1,495
Garbage & Trash Removal	\$1,495
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$5,402
Grounds	\$5,402
Snow Removal	\$0
Insurance	\$4,955

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$4,955
Lighting and Miscellaneous Power	\$4,309
Electricity	\$4,309
Management Fee	\$12,459
Management Fee	\$12,459
Misc. Taxes/Licenses	\$81
Other Taxes, Licenses & Permits	\$81
Special Assessments	\$0
Other Administrative	\$17,935
Legal Expense	\$0
Office Furniture & Equipment	\$1,114
Office Supplies	\$412
Other Administrative Expenses	\$590
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,071
Telephone & Answering Service	\$1,525
Training Expense	\$343
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$5,534
Maintenance & Repairs Supply	\$5,428
Other Operating Expense	\$106
Other Utilities	\$0
Payroll	\$4,339
Maintenance & Repairs Payroll	\$4,339
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$6,247
Real Estate Taxes	\$6,247
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$6,876
Transfer to Reserve	\$6,876
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$7,063
Vacancies - Apartments	-\$7,063
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,491
Sewer	\$1,639

Water	\$852
(blank)	\$334,804
Net Rental Revenue	\$98,537
Operating Expenses	
Subtotal	\$57,393
Total Operating Expenses	\$68,676
Total Other Revenue	\$378
Total Rent Revenue	\$105,600
Total Revenue	
Total Taxes and Insurance	\$11,284
Total Vacancies	-\$7,063
(blank)	
Grand Total	\$607,809

Heritage Villas
McRae-Helena, GA

0

Expense Year

Dec-15

Row Labels	Sum of Amount
Advertising	\$64
Advertising	\$64
Annual Ancillary Income	\$98
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$98
Application Fees Received	\$0
Annual Gross Potential Rental Income	\$105,600
Rental Income from Current Year Budget	\$105,600
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$335
Painting	\$335
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$521
Health Insurance & Other Emp. Benefits	\$81
Workmen's Compensation	\$440
Employee Payroll Tax	\$1,199
Payroll Taxes	\$1,199
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$100,292
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$51,699
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$48,593
Special Claims Revenue	\$0
Exterminating	\$7,680
Services	\$7,680
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$1,419
Garbage & Trash Removal	\$1,419
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$5,400
Grounds	\$5,400
Snow Removal	\$0
Insurance	\$5,012

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$5,012
Lighting and Miscellaneous Power	\$4,268
Electricity	\$4,268
Management Fee	\$13,212
Management Fee	\$13,212
Misc. Taxes/Licenses	\$60
Other Taxes, Licenses & Permits	\$60
Special Assessments	\$0
Other Administrative	\$18,108
Legal Expense	\$7
Office Furniture & Equipment	\$1,153
Office Supplies	\$782
Other Administrative Expenses	\$662
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$8,736
Telephone & Answering Service	\$1,544
Training Expense	\$1,344
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$3,700
Maintenance & Repairs Supply	\$3,520
Other Operating Expense	\$116
Other Utilities	\$64
Payroll	\$5,161
Maintenance & Repairs Payroll	\$5,161
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$6,316
Real Estate Taxes	\$6,316
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Released as Expense	\$0
Reserves for Replacement	\$6,876
Transfer to Reserve	\$6,876
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$5,308
Vacancies - Apartments	-\$5,308
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$3,614
Sewer	\$1,807

Water	\$1,807
(blank)	\$453,209
Net Rental Revenue	\$100,292
Operating Expenses	
Subtotal	\$64,681
Total Operating Expenses	\$76,069
Total Other Revenue	\$98
Total Rent Revenue	\$105,600
Total Revenue	\$100,390
Total Taxes and Insurance	\$11,388
Total Vacancies	-\$5,308
(blank)	
Grand Total	\$736,836

Heritage Villas
McRae-Helena, GA

0

Expense Year

Dec-16

Row Labels	Sum of Amount
Advertising	\$107
Advertising	\$107
Annual Ancillary Income	\$116
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$26
Application Fees Received	\$90
Annual Gross Potential Rental Income	\$105,600
Rental Income from Current Year Budget	\$105,600
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$1,231
Painting	\$1,231
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$1,552
Health Insurance & Other Emp. Benefits	\$1,148
Workmen's Compensation	\$404
Employee Payroll Tax	\$1,569
Payroll Taxes	\$1,569
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$97,242
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$49,703
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$47,539
Special Claims Revenue	\$0
Exterminating	\$1,545
Services	\$1,545
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$1,427
Garbage & Trash Removal	\$1,427
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$6,497
Grounds	\$6,497
Snow Removal	\$0
Insurance	\$5,016

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$5,016
Lighting and Miscellaneous Power	\$4,812
Electricity	\$4,812
Management Fee	\$13,138
Management Fee	\$13,138
Misc. Taxes/Licenses	\$206
Other Taxes, Licenses & Permits	\$206
Special Assessments	\$0
Other Administrative	\$20,062
Legal Expense	\$70
Office Furniture & Equipment	\$1,378
Office Supplies	\$1,442
Other Administrative Expenses	\$344
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,733
Telephone & Answering Service	\$1,525
Training Expense	\$690
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$7,580
Maintenance & Repairs Supply	\$7,463
Other Operating Expense	\$117
Other Utilities	\$0
Payroll	\$7,894
Maintenance & Repairs Payroll	\$7,894
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$6,459
Real Estate Taxes	\$6,459
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$22,844
Transfer to Reserve	\$22,844
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$8,358
Vacancies - Apartments	-\$8,358
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$3,487
Sewer	\$1,740

Water	\$1,746
(blank)	\$457,124
Net Rental Revenue	\$97,242
Operating Expenses	
Subtotal	\$70,901
Total Operating Expenses	\$82,582
Total Other Revenue	\$116
Total Rent Revenue	\$105,600
Total Revenue	\$97,358
Total Taxes and Insurance	\$11,682
Total Vacancies	-\$8,358
(blank)	
Grand Total	\$757,150

Heritage Villas
McRae-Helena, GA

0

Expense Year

Budget

Row Labels	Sum of Amount
Advertising	\$50
Advertising	\$50
Annual Ancillary Income	\$2,000
Application Fees	\$0
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$2,000
Annual Gross Potential Rental Income	\$107,100
Rental Income from Current Year Budget	\$107,100
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$800
Painting	\$800
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$600
Health Insurance & Other Emp. Benefits	\$200
Workmen's Compensation	\$400
Employee Payroll Tax	\$1,050
Payroll Taxes	\$1,050
Excluded Expense	\$0
Annual Capital Budget	\$0
Excluded Income	\$0
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$0
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$0
Special Claims Revenue	\$0
Exterminating	\$2,115
Services	\$2,115
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$1,500
Garbage & Trash Removal	\$1,500
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$6,400
Grounds	\$6,400
Snow Removal	\$0
Insurance	\$5,690

Fidelity Coverage Insurance	\$0
Other Insurance	\$140
Property & Liability Insurance	\$5,550
Lighting and Miscellaneous Power	\$4,800
Electricity	\$4,800
Management Fee	\$14,700
Management Fee	\$14,700
Misc. Taxes/Licenses	\$150
Other Taxes, Licenses & Permits	\$150
Special Assessments	\$0
Other Administrative	\$18,513
Legal Expense	\$25
Office Furniture & Equipment	\$1,166
Office Supplies	\$350
Other Administrative Expenses	\$300
Project Auditing Expense	\$3,900
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$10,728
Telephone & Answering Service	\$1,400
Training Expense	\$644
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$5,620
Maintenance & Repairs Supply	\$5,500
Other Operating Expense	\$120
Other Utilities	\$0
Payroll	\$6,000
Maintenance & Repairs Payroll	\$6,000
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$7,000
Real Estate Taxes	\$7,000
Repairs	\$0
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Reserves for Replacement	\$6,876
Transfer to Reserve	\$6,876
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$4,284
Vacancies - Apartments	-\$4,284
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$3,600
Sewer	\$1,800

Water	\$1,800
(blank)	\$469,624
Net Rental Revenue	\$102,816
Operating Expenses	
Subtotal	\$65,748
Total Operating Expenses	\$78,588
Total Other Revenue	\$2,000
Total Rent Revenue	\$107,100
Total Revenue	\$104,816
Total Taxes and Insurance	\$12,840
Total Vacancies	-\$4,284
(blank)	
Grand Total	\$659,904

Heritage Villas
McRae-Helena, GA

0

Expense Year Dec-17
of Months 4

Row Labels	Sum of Amount
Advertising	\$0
Advertising	\$0
Annual Ancillary Income	\$305
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$25
Application Fees	\$130
Tenant Charges/Damages	\$0
Income - Cleaning & Rep	\$70
Income - Late Fees	\$34
Forfeited Security Deposits	\$46
Annual Gross Potential Rental Income	\$35,700
Rental Income from Current Year Budget	\$35,700
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$150
Unit Turns	\$150
Elevator Maintenance Expense	\$0
Elevator Maintenance/Contract	\$0
Employee Benefits	\$1,033
Workmen's Compensation	\$501
Group Health Insurance	\$418
Retirement Plan Expense	\$114
Employee Payroll Tax	\$376
Payroll Taxes-FICA	\$325
Unemployment Taxes	\$51
Excluded Income	\$33,144
Retained Excess Income	\$0
Special Claims Revenue	\$0
Rental Income from Current Year Actual	\$16,116
RHS Rental Assist. Received from Actual	\$17,028
Interest Income	\$0
Exterminating	\$1,246
Services	\$1,246
Fuel	\$0
Fuel (Oil/Coal/Gas)	\$0
Garbage and Trash Removal	\$441
Garbage & Trash Removal	\$441
Gas	\$0
Fuel (Oil/Coal/Gas)	\$0
Ground Expense	\$1,425

Snow Removal	\$0
Grounds	\$1,425
Insurance	\$4,971
Property & Liability Insurance	\$4,971
Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Lighting and Miscellaneous Power	\$1,448
Electricity	\$1,448
Management Fee	\$4,560
Management Fee	\$4,560
Misc. Taxes/Licenses	\$106
Special Assessments	\$0
Other Taxes, Licenses & Permits	\$106
Other Administrative	\$8,908
Site Management Payroll	\$3,150
Accounting/Auditing Fees	\$3,880
Project Bookkeeping/Accounting	\$0
Legal Expense	\$96
Telephone	\$515
Office Supplies	\$250
Computer Equipment	\$482
Prospect Screening	\$44
Training Expense	\$36
Bank Charges/Fees	\$25
Postage and Shipping	\$110
Professional Services/Fees	\$300
Travel Expenses	\$0
Late Charges/Fees	\$21
Other Maintenance	\$0
Other Maintenance	\$0
Other Operating	\$4,351
Maintenance & Repairs Supply	\$4,305
Other Operating Expense	\$0
Other Utilities	\$46
Payroll	\$1,254
Maintenance & Repairs Payroll	\$1,254
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$0
Real Estate Taxes	\$0
Repairs	\$0
Maintenance & Repairs Contract	\$0
Reserves for Replacement	\$0
Transfer to Reserve	\$0
Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0

Vacancy (Apartments)	-\$2,556
Vacancies - Apartments	-\$2,556
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$1,151
Sewer	\$421
Water	\$730
(blank)	\$162,880
Net Rental Revenue	\$33,144
Operating Expenses	
Total Operating Expenses	\$31,419
Total Other Revenue	\$305
Total Rent Revenue	\$35,700
Total Revenue	\$33,449
Total Taxes and Insurance	\$5,077
Total Vacancies	-\$2,556
(blank)	
Subtotal	\$26,342
Excluded Expense	\$0
Annual Capital Budget	\$0
Grand Total	\$260,892

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

PROJECT NAME Heritage Villas, LP		BORROWER NAME HERITAGE VILLAS, L.P.		BORROWER ID AND PROJECT NO. 595283404 015	
Loan/Transfer Amount \$ 687,160.00		Note Rate Payment \$ 5,091.97		IC Payment \$ 1,462.29	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				I hereby request <u>2</u> units of RA. Current number of RA units <u>23</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)
OPERATIONAL CASH SOURCES					
1. RENTAL INCOME		105,600.00	52,030.00	105,600.00	25 Rev Prod U
2. RHS RENTAL ASSISTANCE RECEIVED			46,507.00		
3. APPLICATION FEES RECEIVED			60.00		
4. LAUNDRY AND VENDING		0.00	0.00	0.00	
5. INTEREST INCOME		0.00	0.00	0.00	
6. TENANT CHARGES		1,000.00	318.00	1,100.00	
7. OTHER - PROJECT SOURCES		0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)		(4,224.00)		(4,224.00)	4%
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]		102,376.00	98,915.00	102,476.00	
NON-OPERATIONAL CASH SOURCES					
11. CASH - NON PROJECT		0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)		0.00	0.00	0.00	
13. TRANSFER FROM RESERVE		16,500.00	268.92	18,500.00	
14. SUB-TOTAL (11 thru 13)		16,500.00	268.92	18,500.00	
15. TOTAL CASH SOURCES (10+14)		118,876.00	99,183.92	120,976.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)		76,204.00	68,766.21	76,266.00	
17. RHS DEBT PAYMENT		17,547.00	17,547.48	17,547.00	
18. RHS PAYMENT (Overage)			1,074.00		
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		6,876.00	6,876.00	6,876.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .		1,747.00	1,747.00	1,747.00	2013 RTO paic
24. SUB-TOTAL (16 thru 23)		102,374.00	96,010.69	102,436.00	
NON-OPERATIONAL CASH USES					
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)		16,500.00	268.92	18,500.00	
27. MISCELLANEOUS		0.00	-1.97	0.00	Rounding
28. SUB-TOTAL (25 thru 27)		16,500.00	266.95	18,500.00	
29. TOTAL CASH USES (24+28)		118,874.00	96,277.64	120,936.00	
30. NET CASH (DEFICIT) (15-29)		2.00	2,906.28	40.00	
CASH BALANCE					
31. BEGINNING CASH BALANCE		30,961.54	33,466.76	30,963.54	
32. ACCRUAL TO CASH ADJUSTMENT			-532.10		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)		30,963.54	35,840.94	31,003.54	

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	5,100.00	4,339.04	5,000.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY	6,000.00	5,428.01	5,600.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	850.00	800.57	1,600.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	6,800.00	5,402.06	6,600.00	400/M + 1800
8. SERVICES	2,173.00	840.00	2,173.00	70/M Pest Contr
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	120.00	106.37	120.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	21,043.00	16,916.05	21,093.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	4,800.00	4,308.87	5,100.00	
13. WATER <input type="checkbox"/> check box on	1,200.00	852.00	1,000.00	
14. SEWER <input type="checkbox"/> front	2,100.00	1,639.00	1,800.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	1,625.00	1,495.00	1,500.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	9,725.00	8,294.87	9,400.00	
19. SITE MANAGEMENT PAYROLL	8,220.00	10,071.10	9,816.00	\$818/mo (no in
20. MANAGEMENT FEE	13,350.00	12,549.00	13,800.00	\$46x25Ux12M
21. PROJECT AUDITING EXPENSE	4,000.00	3,880.00	4,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	100.00	0.00	50.00	
24. ADVERTISING	150.00	0.00	100.00	
25. TELEPHONE & ANSWERING SERVICE	1,425.00	1,524.84	1,400.00	internet service
26. OFFICE SUPPLIES	900.00	411.90	300.00	
27. OFFICE FURNITURE & EQUIPMENT	1,110.00	1,114.09	1,116.00	75/MCompSup
28. TRAINING EXPENSE	441.00	343.05	441.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	250.00	96.23	95.00	
30. PAYROLL TAXES	1,150.00	1,380.70	1,000.00	
31. WORKER'S COMPENSATION	300.00	311.23	315.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	589.64	300.00	Prop Tax Cons
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	31,696.00	32,271.78	32,733.00	
34. REAL ESTATE TAXES	8,400.00	6,247.26	7,500.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	100.00	81.25	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	5,100.00	4,955.00	5,250.00	\$210/U (3% inc
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	140.00	0.00	140.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	13,740.00	11,283.51	13,040.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	76,204.00	68,766.21	76,266.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	27,732.00	65,259.95	68,429.03	Prop bea buda
2. TRANSFER TO RESERVE	6,876.00	6,876.00	6,876.00	\$573/M
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	16,500.00	268.92	18,500.00	
5. BUILDING & EQUIPMENT REPAIR	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES	0.00	0.00	0.00	
7. TOTAL (3 thru 6)	(16,500.00)	(268.92)	(18,500.00)	
8. ENDING BALANCE [(1+2)-7]	18,108.00	71,867.03	56,805.03	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	27,257.26	
ENDING BALANCE	26,979.70	

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

BEGINNING BALANCE	6,209.50	
ENDING BALANCE	8,861.24	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	3,094.00	
ENDING BALANCE	3,244.00	

(*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	20	344.00	503.00	0.00	82,560.00	120,720.00	0.00	67.00
2	N	5	384.00	560.00	0.00	23,040.00	33,600.00	0.00	71.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						105,600.00	154,320.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	20	344.00	503.00	0.00	82,560.00	120,720.00	0.00	
2	N	5	384.00	560.00	0.00	23,040.00	33,600.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						105,600.00	154,320.00	0.00	
						BASIC	NOTE	HUD	

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

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	20	67.00	0.00	0.00	0.00	0.00	0.00	67.00
2	N	5	76.00	0.00	0.00	0.00	0.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range	2	900.00	0.00	0.00	0.00	0.00	C
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	C
Range Hood	2	500.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	5,000.00	0.00	0.00	0.00	0.00	C
2BR	0	0.00	0.00	0.00	0.00	0.00	C
3BR	0	0.00	0.00	0.00	0.00	0.00	C
4BR	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	C
Interior	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning	2	6,000.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	0	0.00	268.92	0.00	0.00	268.92	1
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	C
Screens	0	0.00	0.00	0.00	0.00	0.00	C
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		5,000.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	10	18,500.00	268.92	0.00	0.00	268.92	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 well under budget because no appliance replacement, carpet replacement, or HVAC replacement that was budgeted was needed in 2014.

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

Page 2

Line 11. Actual Maintenance and Operating Expenses were within budget.

Line 18. Actual Utilities were within budget.

Line 33. Actual Administrative Expenses were 2% over budget.

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

Heritage Villas, LP

PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
Appliances:							
Range	2	900.00	0.00	0.00	0.00	0.00	C
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	C
Range Hood	2	500.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	5,000.00	0.00	0.00	0.00	0.00	C
2BR	0	0.00	0.00	0.00	0.00	0.00	C
3BR	0	0.00	0.00	0.00	0.00	0.00	C
4BR	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	C
Interior	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning	2	6,000.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	0	0.00	268.92	0.00	0.00	268.92	1
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	C
Screens	0	0.00	0.00	0.00	0.00	0.00	C
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		3,000.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	10	16,500.00	268.92	0.00	0.00	268.92	1

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
HELENA, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2015 AND 2014

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Heritage Villas, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Heritage Villas, L.P. (a Limited Partnership), USDA, RD No: 11-034-595283404 which comprises the balance sheets as of December 31, 2015 and 2014, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

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

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

Opinion

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 17 and 24-33 is presented for purposes of additional analysis as required by the *Multi Family Housing Asset Management Handbook* issued by the U.S. Department of Agriculture Rural Development, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2016 on our consideration of Heritage Villas, L.P.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heritage Villas, L.P.'s internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 25,345	\$ 26,980
Accounts receivable - RD	2,315	2,542
Total Current Assets	27,660	29,522
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	3,044	3,244
Escrow-replacement reserve	74,860	71,867
Escrow-tax reserve	8,794	8,861
Total Restricted Deposits and Funded Reserves	86,698	83,972
Property, Plant and Equipment		
Property, plant and equipment, at cost	824,759	824,759
Accumulated depreciation	(674,971)	(649,382)
Net Property, Plant and Equipment	149,788	175,377
Total Assets	\$ 264,146	\$ 288,871

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 7,246	\$ 6,641
Accounts payable	1,320	526
	8,566	7,167
Total Current Liabilities		
Deposits and Prepayment Liabilities		
Tenants' security deposits	3,044	3,244
Unearned rents	151	320
	3,195	3,564
Total Deposits and Prepayment Liabilities		
Long-Term Liabilities		
Notes payable, general partners	7,276	7,276
Mortgage payable, less current maturities	611,534	618,781
	618,810	626,057
Total Long-Term Liabilities		
	630,571	636,788
Total Liabilities		
Partners' (Deficit)		
Partners' (Deficit)	(366,425)	(347,917)
	(366,425)	(347,917)
Total Liabilities And Partners' (Deficit)		
	\$ 264,146	\$ 288,871

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Gross potential rental income	\$ 101,697	\$ 101,615
Less: vacancy loss	(1,405)	(3,078)
Net rental income	<u>100,292</u>	<u>98,537</u>
Other income	<u>98</u>	<u>378</u>
 Total Revenues	 <u>100,390</u>	 <u>98,915</u>
 Expenses		
Operating and maintenance	26,096	17,186
Utilities	9,365	8,295
Administrative	33,102	32,271
Taxes and insurance	<u>11,388</u>	<u>11,283</u>
 Total Operating Expenses	 <u>79,951</u>	 <u>69,035</u>
 Net Operating Income	 <u>20,439</u>	 <u>29,880</u>
 Non-Operating Expenses		
Interest subsidy income	(42,851)	(42,482)
Interest expense	54,462	55,017
Depreciation and amortization	<u>25,589</u>	<u>25,589</u>
 Total Non-Operating Expenses	 <u>37,200</u>	 <u>38,124</u>
 Net (Loss)	 <u>\$ (16,761)</u>	 <u>\$ (8,244)</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (329,547)	\$ (319,639)
Distributions	(1,747)	(1,747)
Net (Loss)	<u>(16,593)</u>	<u>(8,161)</u>
Balance, December 31	<u>\$ (347,887)</u>	<u>\$ (329,547)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (18,370)	\$ (18,287)
Net (Loss)	<u>(168)</u>	<u>(83)</u>
Balance, December 31	<u>\$ (18,538)</u>	<u>\$ (18,370)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (347,917)	\$ (337,926)
Distributions	(1,747)	(1,747)
Net (Loss)	<u>(16,761)</u>	<u>(8,244)</u>
Balance, December 31	<u>\$ (366,425)</u>	<u>\$ (347,917)</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Net (Loss)	<u>\$ (16,761)</u>	<u>\$ (8,244)</u>
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation and amortization	25,589	25,589
Changes In Operating Assets And Liabilities:		
Accounts receivable	227	(87)
Security deposits	200	(150)
Replacement reserve	(2,993)	(6,607)
Tax reserve	67	(2,651)
Accounts payable	794	(481)
Tenants' security deposits	(200)	150
Unearned rents	(169)	37
Total Adjustments	<u>23,515</u>	<u>15,800</u>
Net Cash Provided By Operating Activities	<u>6,754</u>	<u>7,556</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(6,642)	(6,087)
Distributions	(1,747)	(1,747)
Net Cash (Used In) Financing Activities	<u>(8,389)</u>	<u>(7,834)</u>
Net (Decrease) In Cash	(1,635)	(278)
Cash, Beginning Of Year	<u>26,980</u>	<u>27,258</u>
Cash, End Of Year	<u>\$ 25,345</u>	<u>\$ 26,980</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 54,462	\$ 55,017
Less: subsidized portion	(42,851)	(42,482)
Interest paid, net of subsidy	\$ 11,611	\$ 12,535

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

The partnership known as Heritage Villas, L.P., was formed as a limited partnership under the laws of the State of Georgia on May 31, 1990, to develop, own and operate a 25-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated effective January 7, 1991, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partner, David Brown, Bryant Martin, Jr. and William Routh, Jr. 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, Bryant Martin, Jr., and William Routh, Jr., 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.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization and Depreciation

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

Use of Estimates

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

Tenant Receivables

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

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2015 and 2014, there was no allowance balance required. Tenant receivables had a balance in the amount of \$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 \$64 and \$0, respectively.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2015</u>	<u>2014</u>
Annual funding required by loan agreement	<u>\$ 6,872</u>	<u>\$ 6,872</u>
Actual funding including interest income	<u>6,876</u>	<u>6,876</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>3,883</u>	<u>269</u>
Reserve balance at year end	74,860	71,867
Fully funded balance per loan agreement	<u>51,204</u>	<u>48,215</u>
Excess	<u>\$ 23,656</u>	<u>\$ 23,652</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	\$ 3,044	\$ 3,244
Tenant security deposits payable	<u>3,044</u>	<u>3,244</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)

Real Estate Tax and Insurance Escrow

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

	<u>2015</u>	<u>2014</u>
Real estate tax and insurance escrow	\$ 8,794	\$ 8,861
Accrued or unpaid taxes and insurance	-	-
Excess	<u>\$ 8,794</u>	<u>\$ 8,861</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		\$ 21,840	\$ 21,840
Buildings	30 Years	767,684	767,684
Equipment	10 Years	<u>35,235</u>	<u>35,235</u>
Total		824,759	824,759
Less: Accumulated depreciation		<u>(674,971)</u>	<u>(649,382)</u>
Net Property, Plant and Equipment		<u>\$ 149,788</u>	<u>\$ 175,377</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$25,589 and \$25,589 for the years ended December 31, 2015 and 2014.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – ACCOUNTS PAYABLE

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

	<u>2015</u>	<u>2014</u>
Utilities and telephone	\$ 406	\$ 278
Office supplies	234	5
Outside services	116	-
Group health insurance	-	9
Pest control	70	70
Travel	331	-
Repairs and maintenance	163	164
	<u>\$ 1,320</u>	<u>\$ 526</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 December 17, 1990, 8.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$819,514.	\$ 618,780	\$ 625,422
Less current maturities	<u>(7,246)</u>	<u>(6,641)</u>
Long-term portion	<u>\$ 611,534</u>	<u>\$ 618,781</u>

Management has determined it is not practicable to determine the fair value of the mortgage debt because of the unique terms of the note. It would not be possible to obtain replacement financing under similar terms.

Maturities of long-term debt as of December 31, 2015, for the succeeding five years are as follows:

<u>Year</u>	
2016	\$ 7,246
2017	7,907
2018	8,627
2019	9,413
2020	10,270

Heritage Villas, L.P. incurred interest costs of \$54,462 and \$55,017 for the years ended December 31, 2015 and 2014, respectively, all of which was properly charged to expense.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

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

	<u>2015</u>	<u>2014</u>
Rental assistance payments	<u>\$ 48,593</u>	<u>\$ 46,507</u>

NOTE 7 – TAXABLE INCOME (LOSS)

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

	<u>2015</u>	<u>2014</u>
Net (Loss) per financial statement	\$ (16,761)	\$ (8,244)
Book depreciation in excess of tax depreciation	<u>6,244</u>	<u>6,244</u>
Partnership (Loss) per tax return	<u>\$ (10,517)</u>	<u>\$ (2,000)</u>

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 Heritage Villas, L.P. The partnership paid Investors Management Company, Inc. management fees of \$13,212 and \$12,549 for the years ended December 31, 2015 and 2014, respectively.

CJ Thomas Company, Inc.

An affiliate of the general partner is also an owner of CJ Thomas Company, Inc., which provides property insurance to the project. The partnership paid CJ Thomas Company, Inc. \$5,012 and \$4,955 for property insurance for the years ended December 31, 2015 and 2014, respectively.

Partners

The general partners advanced \$14,180, as required by USDA, RD, to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. During 1997, the partnership returned permission from USDA, RD to return \$7,300 of the above loan to the general partners, leaving a balance of \$6,880. Interest of \$396 earned prior to Gateway Tax Credit Fund's entrance into the partnership is included in notes payable – general partners, but will not be paid back through project operations.

NOTE 9 – PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$1,747, which is 8% of the borrowers' initial capital investment required by USDA, RD.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 – CONCENTRATION OF CREDIT RISK – CASH IN BANKS

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

	<u>2015</u>	<u>2014</u>
Total cash in all banks	\$ 112,043	\$ 110,852
Portion insured by FDIC	<u>112,043</u>	<u>110,852</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

NOTE 12 – IMPAIRMENT OF LONG-LIVED ASSETS

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

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Heritage Villas Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, RD and state agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by RD or state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 11, 2016, which is the date the financial statements were available to be issued.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Management Fee Calculation

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

Total Qualified Units (25 * 1 month)	25
Less: Rent Free Units (1 * 1 month)	(1)
Vacancies	-
Total Occupied Units	24
Fee Per Unit (Effective January, 2011)	\$ 44.50
Management Fees January 2015	1,068
Total Qualified Units (25 * 11 months)	275
Less: Rent Free Units (1 * 11 months)	(11)
Vacancies	-
Total Occupied Units	264
Fee Per Unit (Effective February, 2015)	\$ 46.00
Management fees February through December 2015	12,144
Management Fee Expense	\$ 13,212

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 1,000	\$ 1,937,500
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

3. Return to Owner

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

Maximum Return to Owner (See Note 9)	\$ 1,747
Budget Return to Owner	\$ 1,747
Return to Owner Paid:	
General Partner Distribution	\$ -
Limited Partner Distribution	1,747
	\$ 1,747



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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
Heritage Villas, L.P.
Valdosta, Georgia

USDA Rural Development
Servicing Office
Douglas, 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 Heritage Villas, L.P., which comprise the balance sheet as of December 31, 2015, and the related statements of income, changes in partner's (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heritage Villas, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heritage Villas, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Heritage Villas, L.P.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and Heritage Villas, L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heritage Villas, L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015

Current Year Findings

There were no findings this year.

Status Of Prior Year Findings

There were no findings in the prior year.

AUDITEE'S COMMENTS ON PRIOR AUDIT RESOLUTION MATTERS RELATED TO UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT PROGRAMS

There are no significant unresolved findings from previous annual audits, physical inspections or management review reports during our audit of the 2015 financial statements. There were no compliance findings noted during our audit of the 2015 financial statements relating to physical inspections or management reviews for which the Partnership has not taken corrective action.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of
Heritage Villas, L.P.
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Douglas, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Heritage Villas, L.P. ("Owner") the owner of Heritage Villas Apartments ("Project") located in Helena, 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 220
Total Dollar Amount of Invoices in Population: \$66,739
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$2,297
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$500
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: \$3,883
Total Dollar Amount of Withdrawals Authorized by RD: \$3,883
Total Number of Deviations: 0
Total Dollar Amount of Deviations: \$0

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

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

Findings:

Total Number of Forms RD 3560-31 Received: 2
Company Name 1: Investor's Management Company, Inc.
Total Dollar Amount for the Year: \$13,212
Total Number of Invoices in Population: 12

Total Dollar Amount of Invoices in Population: \$13,212
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,212

Company Name 2: Rural Housing Reinsurance Company (CJ Thomas Company, Inc.)
Total Dollar Amount for the Year: \$5,012
Total Number of Invoices in Population: 1
Total Dollar Amount of Invoices in Population: \$5,012
Total Number of Invoices Reviewed: 1
Total Dollar Amount of Invoices Reviewed: \$5,012

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

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


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

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

PROJECT NAME Heritage Villas Apartments	BORROWER NAME Heritage Villas, L.P.	BORROWER ID AND PROJECT NO. 11-034-595283404	
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.....	25,345	26,980	
2. R.E. TAX & INSURANCE ACCOUNT.....	8,794	8,861	
3. RESERVE ACCOUNT.....	74,860	71,867	
4. SECURITY DEPOSIT ACCOUNT.....	3,044	3,244	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	2,315	2,542	
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)	114,358	113,494	

FIXED ASSETS

13. LAND.....	21,840	21,840	
14. BUILDINGS.....	767,684	767,684	
15. LESS: ACCUMULATED DEPRECIATION.....	(639,736)	(614,147)	
16. FURNITURE & EQUIPMENT.....	35,235	35,235	
17. LESS: ACCUMULATED DEPRECIATION.....	(35,235)	(35,235)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	149,788	175,377	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	264,146	288,871	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	1,320	526	
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)	151	320	
24. SECURITY DEPOSITS.....	3,044	3,244	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	4,515	4,090	

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	618,780	625,422
27. OTHER (Identify) N/P General Partners	7,276	7,276
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	626,056	632,698
29. TOTAL LIABILITIES (Add 25 and 28)	630,571	636,788
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(366,425)	(347,917)
31 TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	264,146	288,871

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.

HERITAGE VILLAS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>Page 24, Line 7</u>		
Due from rural development	\$ 2,315	\$ 2,542
	\$ 2,315	\$ 2,542
<u>Page 24, Line 22</u>		
Utilities and telephone	\$ 406	\$ 278
Office supplies	234	5
Outside services	116	-
Group health insurance	-	9
Pest control	70	70
Travel	331	-
Repairs and maintenance	163	164
	\$ 1,320	\$ 526
<u>Page 24, Line 23</u>		
Deferred revenue	\$ 151	\$ 320
	\$ 151	\$ 320

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

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

PROJECT NAME Heritage Villas, LP		BORROWER NAME HERITAGE VILLAS, L.P.		BORROWER ID AND PROJECT NO. 595283404 015	
Loan/Transfer Amount \$ 687,180.00		Note Rate Payment \$ 5,091.97		IC Payment \$ 1,462.29	
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	
				<input checked="" type="checkbox"/> I hereby request <u>2</u> units of RA. Current number of RA units <u>23</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)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	105,600.00	51,699.00	105,600.00	2/5 Rev Prod U
2. RHS RENTAL ASSISTANCE RECEIVED		48,693.00		
3. APPLICATION FEES RECEIVED		0.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	1,100.00	98.00	1,200.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)	(4,224.00)		(4,224.00)	4%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	102,476.00	100,390.00	102,576.00	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE	18,500.00	3,882.89	9,300.00	
14. SUB-TOTAL (11 thru 13)	18,500.00	3,882.89	9,300.00	
15. TOTAL CASH SOURCES (10+14)	120,976.00	104,272.89	111,876.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	76,266.00	76,068.59	76,322.00	
17. RHS DEBT PAYMENT	17,547.00	17,547.48	17,547.00	
18. RHS PAYMENT (Overage)		705.00		
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	6,876.00	6,876.00	6,876.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	1,747.00	1,747.00	1,747.00	2014 RTO paid
24. SUB-TOTAL (16 thru 23)	102,436.00	102,944.07	102,492.00	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	18,500.00	3,882.89	9,300.00	
27. MISCELLANEOUS	0.00	-0.13	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	18,500.00	3,882.76	9,300.00	
29. TOTAL CASH USES (24+28)	120,936.00	106,826.83	111,792.00	
30. NET CASH (DEFICIT) (15-29)	40.00	-2,553.94	84.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	30,963.54	35,840.94	31,003.54	
32. ACCRUAL TO CASH ADJUSTMENT		852.48		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	31,003.54	34,139.48	31,087.54	

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	5,000.00	5,161.00	5,100.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY	5,600.00	3,519.83	5,100.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	1,600.00	335.00	600.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	6,600.00	5,400.00	7,200.00	450/M + 1600
8. SERVICES	2,173.00	7,680.00	1,863.00	70MPestContr
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	120.00	118.13	120.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	21,093.00	22,211.96	19,983.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	5,100.00	4,268.42	4,500.00	
13. WATER <input type="checkbox"/> check box on	1,000.00	1,807.12	1,800.00	
14. SEWER <input type="checkbox"/> front	1,800.00	1,807.12	1,700.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	1,500.00	1,418.90	1,500.00	
17. OTHER UTILITIES	0.00	64.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	9,400.00	9,365.56	9,500.00	
19. SITE MANAGEMENT PAYROLL	9,816.00	8,735.61	10,416.00	\$866/mo (3% lr
20. MANAGEMENT FEE	13,800.00	13,212.00	14,100.00	\$47x25Ux12M
21. PROJECT AUDITING EXPENSE	4,000.00	3,880.00	3,930.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	50.00	6.76	25.00	
24. ADVERTISING	100.00	63.55	50.00	
25. TELEPHONE & ANSWERING SERVICE	1,400.00	1,544.49	1,400.00	internet service
26. OFFICE SUPPLIES	300.00	782.19	305.00	
27. OFFICE FURNITURE & EQUIPMENT	1,116.00	1,152.82	1,167.00	79/MCompSup
28. TRAINING EXPENSE	441.00	1,344.14	441.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	95.00	80.82	95.00	
30. PAYROLL TAXES	1,000.00	1,199.08	1,000.00	
31. WORKER'S COMPENSATION	315.00	439.95	320.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	661.52	300.00	Prop Tax Cons
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	32,733.00	33,103.04	33,549.00	
34. REAL ESTATE TAXES	7,500.00	6,316.03	7,600.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	150.00	60.00	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	5,250.00	5,012.00	5,400.00	\$216/U (3% Inc
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	140.00	0.00	140.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	13,040.00	11,368.03	13,280.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	76,266.00	76,068.59	76,322.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	68,429.03	71,867.03	56,805.03	
2. TRANSFER TO RESERVE	6,876.00	6,876.00	6,876.00	\$573/M
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	18,500.00	3,882.88	9,300.00	
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)	(18,500.00)	(3,882.88)	(9,300.00)	
8. ENDING BALANCE [(1+2)-7]	56,805.03	74,860.14	54,361.03	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	26,979.70	
ENDING BALANCE	25,345.27	

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

BEGINNING BALANCE	8,861.24	
ENDING BALANCE	8,794.21	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	3,244.00	
ENDING BALANCE	3,044.00	

(*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	20	344.00	503.00	0.00	82,560.00	120,720.00	0.00	67.00
2	N	5	384.00	560.00	0.00	23,040.00	33,600.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						105,600.00	164,320.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	20	344.00	503.00	0.00	82,560.00	120,720.00	0.00	67.00
2	N	5	384.00	560.00	0.00	23,040.00	33,600.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						105,600.00	164,320.00	0.00	
						BASIC	NOTE	HUD	

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 15

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	20	67.00	0.00	0.00	0.00	0.00	0.00	67.00
2	N	5	76.00	0.00	0.00	0.00	0.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range	1	450.00	0.00	0.00	0.00	0.00	0
Refrigerator	1	550.00	1,236.89	0.00	0.00	1,236.89	2
Range Hood	1	300.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	5,000.00	0.00	0.00	0.00	0.00	0
2BR	0	0.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	1	3,000.00	2,646.00	0.00	0.00	2,646.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	6	9,300.00	3,882.89	0.00	0.00	3,882.89	3

PART VI -- SIGNATURES, DATES AND COMMENTS

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

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

(DATE)

(Signature of Borrower or Borrower's Representative)

(Title)

AGENCY APPROVAL (Rural Development Approval Official):

DATE:

COMMENTS:

Page 1

Line 13. Actual transfers from 1% reserve were well under budget because no carpet replacement replacement that was budgeted was needed in 2015.

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

Page 2

Line 11. Actual Maintenance and Operating Expenses were 5% above budget.

Line 18. Actual Utilities were within budget.

Line 33. Actual Administrative Expenses were 1% over budget.

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

Heritage Villas, LP

PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
Appliances:							
Range	2	800.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,100.00	1,238.88	0.00	0.00	1,238.88	2
Range Hood	2	500.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	5,000.00	0.00	0.00	0.00	0.00	0
2BR	0	0.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	6,000.00	2,646.00	0.00	0.00	2,646.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		5,000.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	10	18,500.00	3,882.88	0.00	0.00	3,882.88	3

Yardi Classic Addendum Page

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
HELENA, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2016 AND 2015

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)

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Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Heritage Villas, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Heritage Villas, L.P. (a Limited Partnership), USDA, RD No: 11-034-595283404 which comprises the balance sheets as of December 31, 2016 and 2015, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

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

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

Opinion

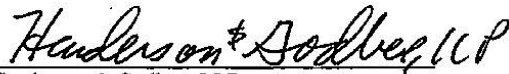
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heritage Villas, L.P. as of December 31, 2016 and 2015, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 18-19 and 26-35 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 Heritage Villas, L.P.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heritage Villas, L.P.'s internal control over financial reporting and compliance.



Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 1,296	\$ 25,345
Accounts receivable - RD	2,692	2,315
Total Current Assets	3,988	27,660
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	3,394	3,044
Escrow-replacement reserve	90,056	74,860
Escrow-tax reserve	5,475	8,794
Total Restricted Deposits and Funded Reserves	98,925	86,698
Property, Plant and Equipment		
Property, plant and equipment, at cost	824,759	824,759
Accumulated depreciation	(700,560)	(674,971)
Net Property, Plant and Equipment	124,199	149,788
Total Assets	\$ 227,112	\$ 264,146

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 7,907	\$ 7,246
Accounts payable	418	1,320
	8,325	8,566
Deposits and Prepayment Liabilities		
Tenants' security deposits	3,394	3,044
Unearned rents	7	151
	3,401	3,195
Long-Term Liabilities		
Notes payable, general partners	7,276	7,276
Mortgage payable, less current maturities	603,627	611,534
	610,903	618,810
Total Liabilities	622,629	630,571
Partners' (Deficit)		
Partners' (Deficit)	(395,517)	(366,425)
	(395,517)	(366,425)
Total Liabilities And Partners' (Deficit)	\$ 227,112	\$ 264,146

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Gross potential rental income	\$ 101,299	\$ 101,697
Less: vacancy loss	(4,057)	(1,405)
Net rental income	<u>97,242</u>	<u>100,292</u>
Other income	<u>116</u>	<u>98</u>
Total Revenues	<u>97,358</u>	<u>100,390</u>
Expenses		
Operating and maintenance	32,394	26,096
Utilities	9,749	9,365
Administrative	36,429	33,102
Taxes and insurance	<u>11,681</u>	<u>11,388</u>
Total Operating Expenses	<u>90,253</u>	<u>79,951</u>
Net Operating Income	<u>7,105</u>	<u>20,439</u>
Non-Operating Expenses		
Interest subsidy income	(43,249)	(42,851)
Interest expense	53,857	54,462
Depreciation and amortization	<u>25,589</u>	<u>25,589</u>
Total Non-Operating Expenses	<u>36,197</u>	<u>37,200</u>
Net (Loss)	<u>\$ (29,092)</u>	<u>\$ (16,761)</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (347,887)	\$ (329,547)
Distributions	-	(1,747)
Net (Loss)	<u>(28,800)</u>	<u>(16,593)</u>
Balance, December 31	<u>\$ (376,687)</u>	<u>\$ (347,887)</u>
 General Partner's (Deficit)		
Balance, January 1	\$ (18,538)	\$ (18,370)
Net (Loss)	<u>(292)</u>	<u>(168)</u>
Balance, December 31	<u>\$ (18,830)</u>	<u>\$ (18,538)</u>
 Total Partners' (Deficit)		
Balance, January 1	\$ (366,425)	\$ (347,917)
Distributions	-	(1,747)
Net (Loss)	<u>(29,092)</u>	<u>(16,761)</u>
Balance, December 31	<u>\$ (395,517)</u>	<u>\$ (366,425)</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities		
Net (Loss)	\$ (29,092)	\$ (16,761)
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By (Used In) Operating Activities:		
Depreciation and amortization	25,589	25,589
Changes In Operating Assets And Liabilities:		
Accounts receivable	(377)	227
Security deposits	(350)	200
Replacement reserve	(15,196)	(2,993)
Tax reserve	3,319	67
Accounts payable	(902)	794
Tenants' security deposits	350	(200)
Unearned rents	(144)	(169)
Total Adjustments	12,289	23,515
Net Cash Provided By (Used In) Operating Activities	(16,803)	6,754
Cash Flows From Financing Activities		
Principal payments on long-term debt	(7,246)	(6,642)
Distributions	-	(1,747)
Net Cash (Used In) Financing Activities	(7,246)	(8,389)
Net (Decrease) In Cash	(24,049)	(1,635)
Cash, Beginning Of Year	25,345	26,980
Cash, End Of Year	\$ 1,296	\$ 25,345

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 53,857	\$ 54,462
Less: subsidized portion	<u>(43,249)</u>	<u>(42,851)</u>
Interest paid, net of subsidy	<u>\$ 10,608</u>	<u>\$ 11,611</u>

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

The partnership known as Heritage Villas, L.P., was formed as a limited partnership under the laws of the State of Georgia on May 31, 1990, to develop, own and operate a 25-unit rental housing project for persons of low and moderate income in the community. The partnership agreement was amended and restated effective January 7, 1991, to admit a new limited partner, Gateway Tax Credit Fund II, Ltd., (a Florida limited partnership), and retain as the general partner, David Brown, Bryant Martin, Jr. and William Routh, Jr. 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, Bryant Martin, Jr., and William Routh, Jr., 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.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization and Depreciation

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

Use of Estimates

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

Tenant Receivables

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

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2016 and 2015, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$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 \$107 and \$64, respectively.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2016</u>	<u>2015</u>
Annual funding required by loan agreement	<u>\$ 6,872</u>	<u>\$ 6,872</u>
Actual funding including interest income	<u>22,844</u>	<u>6,876</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>7,648</u>	<u>3,883</u>
Reserve balance at year end	90,056	74,860
Fully funded balance per loan agreement	<u>50,427</u>	<u>51,204</u>
Excess	<u>\$ 39,629</u>	<u>\$ 23,656</u>

Tenant Security Deposits

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

	<u>2016</u>	<u>2015</u>
Tenant security deposits cash	\$ 3,394	\$ 3,044
Tenant security deposits payable	<u>3,394</u>	<u>3,044</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)

Real Estate Tax and Insurance Escrow

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

	<u>2016</u>	<u>2015</u>
Real estate tax and insurance escrow	\$ 5,475	\$ 8,794
Accrued or unpaid taxes and insurance	-	-
Excess	<u>\$ 5,475</u>	<u>\$ 8,794</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		\$ 21,840	\$ 21,840
Buildings	30 Years	767,684	767,684
Equipment	10 Years	<u>35,235</u>	<u>35,235</u>
Total		824,759	824,759
Less: Accumulated depreciation		<u>(700,560)</u>	<u>(674,971)</u>
Net Property, Plant and Equipment		<u>\$ 124,199</u>	<u>\$ 149,788</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$25,589 and \$25,589 for the years ended December 31, 2016 and 2015.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 – ACCOUNTS PAYABLE

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

	<u>2016</u>	<u>2015</u>
Utilities and telephone	\$ 451	\$ 406
Office supplies	345	234
Outside services	(464)	116
Pest control	-	70
Travel	-	331
Repairs and maintenance	86	163
	<u>\$ 418</u>	<u>\$ 1,320</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 December 17, 1990, 8.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$819,514.	\$ 611,534	\$ 618,780
Less current maturities	<u>(7,907)</u>	<u>(7,246)</u>
Long-term portion	<u>\$ 603,627</u>	<u>\$ 611,534</u>

Management has determined it is not practicable to determine the fair value of the mortgage debt because of the unique terms of the note. It would not be possible to obtain replacement financing under similar terms.

Maturities of long-term debt as of December 31, 2016, for the succeeding five years are as follows:

<u>Year</u>	
2017	\$ 7,907
2018	8,627
2019	9,413
2020	10,270
2021	11,206

Heritage Villas, L.P. incurred interest costs of \$53,857 and \$54,462 for the years ended December 31, 2016 and 2015, respectively, all of which was properly charged to expense.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

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

	<u>2016</u>	<u>2015</u>
Rental assistance payments	<u>\$ 47,539</u>	<u>\$ 48,593</u>

NOTE 7 – TAXABLE INCOME (LOSS)

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

	<u>2016</u>	<u>2015</u>
Net (Loss) per financial statement	\$ (29,092)	\$ (16,761)
Book depreciation in excess of tax depreciation	<u>6,244</u>	<u>6,244</u>
Partnership (Loss) per tax return	<u>\$ (22,848)</u>	<u>\$ (10,517)</u>

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 Heritage Villas, L.P. The partnership paid Investors Management Company, Inc. management fees of \$13,138 and \$13,212 for the years ended December 31, 2016 and 2015, respectively.

CJ Thomas Company, Inc.

An affiliate of the general partner is also an owner of CJ Thomas Company, Inc., which provides property insurance to the project. The partnership paid CJ Thomas Company, Inc. \$5,016 and \$5,012 for property insurance for the years ended December 31, 2016 and 2015, respectively.

Partners

The general partners advanced \$14,180, as required by USDA, RD, to the partnership to be used solely for the purpose of funding operating deficits during the early years of operations of the project. During 1997, the partnership returned permission from USDA, RD to return \$7,300 of the above loan to the general partners, leaving a balance of \$6,880. Interest of \$396 earned prior to Gateway Tax Credit Fund's entrance into the partnership is included in notes payable – general partners, but will not be paid back through project operations.

NOTE 9 – PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$1,747, which is 8% of the borrowers' initial capital investment required by USDA, RD.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 – CONCENTRATION OF CREDIT RISK – CASH IN BANKS

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

	<u>2016</u>	<u>2015</u>
Total cash in all banks	\$ 100,121	\$ 112,043
Portion insured by FDIC	<u>100,121</u>	<u>112,043</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

NOTE 12 – IMPAIRMENT OF LONG-LIVED ASSETS

FASB ASC 360-10 (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), requires long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. Through December 31, 2016, no impairment loss recognition has been required.

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Heritage Villas Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, RD and state agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by RD or state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 10, 2017, which is the date the financial statements were available to be issued.

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Management Fee Calculation

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

Total Qualified Units (25 * 1 month)	25
Less: Rent Free Units (1 * 1 month)	(1)
Vacancies	(2)
Total Occupied Units	22
Fee Per Unit (Effective February, 2015)	\$ 46.00
Management Fees January 2016	1,012
Total Qualified Units (25 * 11 months)	275
Less: Rent Free Units (1 * 11 months)	(11)
Vacancies	(6)
Total Occupied Units	258
Fee Per Unit (Effective February, 2016)	\$ 47.00
Management fees February through December 2016	12,126
Management Fee Expense	\$ 13,138

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

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

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

3. Return to Owner

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

Maximum Return to Owner (See Note 9)	<u>\$ 1,747</u>
Budget Return to Owner	<u>\$ 1,747</u>
Return to Owner Paid:	
General Partner Distribution	\$ -
Limited Partner Distribution	-
	<u>\$ -</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
Heritage Villas, L.P.
Valdosta, Georgia

USDA Rural Development
Servicing Office
Douglas, 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 Heritage Villas, L.P., which comprise the balance sheet as of December 31, 2016, and the related statements of income, changes in partner's (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heritage Villas, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heritage Villas, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Heritage Villas, L.P.'s internal control.

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

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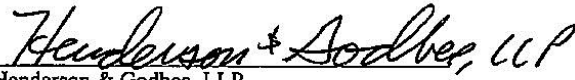
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and Heritage Villas, L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heritage Villas, L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

HERITAGE VILLAS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Current Year Findings

There were no findings this year.

Status Of Prior Year Findings

There were no findings in the prior year.

AUDITEE'S COMMENTS ON PRIOR AUDIT RESOLUTION MATTERS RELATED TO UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT PROGRAMS

There are no significant unresolved findings from previous annual audits, physical inspections or management review reports during our audit of the 2016 financial statements. There were no compliance findings noted during our audit of the 2016 financial statements relating to physical inspections or management reviews for which the Partnership has not taken corrective action.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of
Heritage Villas, L.P.
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Douglas, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Heritage Villas, L.P. ("Owner") the owner of Heritage Villas Apartments ("Project") located in Helena, 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

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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 220
Total Dollar Amount of Invoices in Population: \$92,311
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$3,482
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$600
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: 5
Total Number of Withdrawals Authorized by RD: 5
Total Dollar Amount of Reserve Account Withdrawals: \$7,648
Total Dollar Amount of Withdrawals Authorized by RD: \$7,648
Total Number of Deviations: 0
Total Dollar Amount of Deviations: \$0

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

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

Findings:

Total Number of Forms RD 3560-31 Received: 2
Company Name 1: Investor's Management Company, Inc.
Total Dollar Amount for the Year: \$13,138
Total Number of Invoices in Population: 12

Total Dollar Amount of Invoices in Population: \$13,138
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$13,138

Company Name 2: Rural Housing Reinsurance Company (CJ Thomas Company, Inc.)
Total Dollar Amount for the Year: \$5,016
Total Number of Invoices in Population: 1
Total Dollar Amount of Invoices in Population: \$5,016
Total Number of Invoices Reviewed: 1
Total Dollar Amount of Invoices Reviewed: \$5,016

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

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


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

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

PROJECT NAME Heritage Villas Apartments	BORROWER NAME Heritage Villas, L.P.	BORROWER ID AND PROJECT NO. 11-034-595283404	
BEGINNING DATES>	CURRENT YEAR 01-01-16	PRIOR YEAR 01-01-15	COMMENTS
ENDING DATES>	12-31-16	12-31-15	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	1,296	25,345	
2. R.E. TAX & INSURANCE ACCOUNT.....	5,475	8,794	
3. RESERVE ACCOUNT.....	90,056	74,860	
4. SECURITY DEPOSIT ACCOUNT.....	3,394	3,044	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	2,692	2,315	
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)	102,913	114,358	

FIXED ASSETS

13. LAND.....	21,840	21,840	
14. BUILDINGS.....	767,684	767,684	
15. LESS: ACCUMULATED DEPRECIATION.....	(665,325)	(639,736)	
16. FURNITURE & EQUIPMENT.....	35,235	35,235	
17. LESS: ACCUMULATED DEPRECIATION.....	(35,235)	(35,235)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	124,199	149,788	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	227,112	264,146	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	418	1,320	
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)	7	151	
24. SECURITY DEPOSITS.....	3,394	3,044	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	3,819	4,515	

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	611,534	618,780	
27. OTHER (Identify) N/P General Partners	7,276	7,276	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	618,810	626,056	
29. TOTAL LIABILITIES (Add 25 and 28)	622,629	630,571	
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(395,517)	(366,425)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	227,112	264,146	

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.

HERITAGE VILLAS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2016 AND 2015

	2016	2015
<u>Page 24, Line 7</u>		
Due from rural development	\$ 2,692	\$ 2,315
	\$ 2,692	\$ 2,315
<u>Page 24, Line 22</u>		
Utilities and telephone	\$ 451	\$ 406
Office supplies	345	234
Outside services	(464)	116
Pest control	-	70
Travel	-	331
Repairs and maintenance	86	163
	\$ 418	\$ 1,320
<u>Page 24, Line 23</u>		
Deferred revenue	\$ 7	\$ 151
	\$ 7	\$ 151

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

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

PROJECT NAME Heritage Villas, LP		BORROWER NAME HERITAGE VILLAS, L.P.		BORROWER ID AND PROJECT NO. 595283404 015	
Loan/Transfer Amount \$ 687,160.00		Note Rate Payment \$ 5,091.97		IC Payment \$ 1,462.29	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are 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	
				<input checked="" type="checkbox"/> I hereby request 2 units of RA. Current number of RA units 23.	
				Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

BEGINNING DATES-> ENDING DATES->	CURRENT BUDGET (01 - 01 - 16) (12 - 31 - 16)	ACTUAL (01 - 01 - 16) (12 - 31 - 16)	PROPOSED BUDGET (01 - 01 - 17) (12 - 31 - 17)	COMMENTS or (YTD) (01 - 01 - 16) (12 - 31 - 16)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	105,800.00	49,703.00	107,100.00	25 Rev Prod U
2. RHS RENTAL ASSISTANCE RECEIVED		47,638.99		
3. APPLICATION FEES RECEIVED		90.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	1,200.00	26.44	2,000.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)	(4,224.00)		(4,284.00)	4%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	102,576.00	97,358.43	104,816.00	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE	9,300.00	7,648.16	9,300.00	
14. SUB-TOTAL (11 thru 13)	9,300.00	7,648.16	9,300.00	
15. TOTAL CASH SOURCES (10+14)	111,876.00	105,006.59	114,116.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	76,322.00	82,606.33	78,588.00	
17. RHS DEBT PAYMENT	17,547.00	17,547.48	17,547.00	
18. RHS PAYMENT (Overage)		307.00		
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	6,876.00	22,844.08	6,876.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	1,747.00	0.00	1,747.00	No RTO paid ir
24. SUB-TOTAL (16 thru 23)	102,492.00	123,304.89	104,758.00	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	9,300.00	7,648.16	9,300.00	
27. MISCELLANEOUS	0.00	-0.99	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	9,300.00	7,647.17	9,300.00	
29. TOTAL CASH USES (24+28)	111,792.00	130,952.06	114,058.00	
30. NET CASH (DEFICIT) (15-29)	84.00	-25,945.47	58.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	31,003.54	34,139.48	14,666.19	
32. ACCRUAL TO CASH ADJUSTMENT		-1,423.05		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	31,087.54	6,770.96	14,724.19	

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	5,100.00	7,893.82	6,000.00	Maintenance cr
2. MAINTENANCE AND REPAIRS SUPPLY	5,100.00	7,462.87	5,500.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	600.00	1,230.63	800.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	7,200.00	6,497.28	6,400.00	450/M + 1000
8. SERVICES	1,863.00	1,545.00	2,115.00	91/M PestContr
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	120.00	116.99	120.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	19,983.00	24,746.59	20,935.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	4,500.00	4,812.44	4,800.00	
13. WATER <input type="checkbox"/> check box on	1,800.00	1,746.44	1,800.00	
14. SEWER <input type="checkbox"/> front	1,700.00	1,740.44	1,800.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	1,500.00	1,426.68	1,500.00	
17. OTHER UTILITIES	0.00	24.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	9,500.00	9,750.00	9,900.00	
19. SITE MANAGEMENT PAYROLL	10,416.00	10,793.22	10,728.00	\$894/mo (3% tr
20. MANAGEMENT FEE	14,100.00	13,138.00	14,700.00	\$49x25Ux12M
21. PROJECT AUDITING EXPENSE	3,930.00	3,880.00	3,900.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	25.00	70.05	25.00	
24. ADVERTISING	50.00	107.33	50.00	
25. TELEPHONE & ANSWERING SERVICE	1,400.00	1,524.97	1,400.00	internet service
26. OFFICE SUPPLIES	305.00	1,441.77	350.00	
27. OFFICE FURNITURE & EQUIPMENT	1,167.00	1,378.13	1,166.00	79/MCompSup
28. TRAINING EXPENSE	441.00	689.79	644.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	95.00	1,147.87	200.00	
30. PAYROLL TAXES	1,000.00	1,569.00	1,050.00	
31. WORKER'S COMPENSATION	320.00	404.03	400.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	343.95	300.00	Prop Tax Cons
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	33,549.00	36,428.11	34,913.00	
34. REAL ESTATE TAXES	7,800.00	6,459.38	7,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	150.00	206.25	150.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	5,400.00	5,016.00	5,650.00	\$222/U (3% Inc
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	140.00	0.00	140.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	13,290.00	11,681.63	12,840.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	76,322.00	82,606.33	78,588.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	56,805.03	74,860.14	54,381.03	
2. TRANSFER TO RESERVE	6,876.00	22,844.08	6,876.00	\$573/M + \$15;
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	9,300.00	7,648.16	9,300.00	
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)	(9,300.00)	(7,648.16)	(9,300.00)	
8. ENDING BALANCE [(1+2)-7]	54,381.03	90,056.06	51,967.03	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	25,345.27	
ENDING BALANCE	1,256.13	

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

BEGINNING BALANCE	8,794.21	
ENDING BALANCE	5,474.83	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	3,044.00	
ENDING BALANCE	3,394.00	

(*Complete upon submission of actual expenses.)

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

PART IV--RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	20	344.00	503.00	0.00	82,560.00	120,720.00	0.00	87.00
2	N	5	384.00	560.00	0.00	23,040.00	33,600.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						105,600.00	154,320.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	20	349.00	508.00	0.00	83,760.00	121,920.00	0.00	
2	N	5	389.00	568.00	0.00	23,340.00	34,080.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						107,100.00	156,000.00	0.00	
						BASIC	NOTE	HUD	

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 16

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	20	72.00	0.00	0.00	0.00	0.00	0.00	72.00
2	N	5	76.00	0.00	0.00	0.00	0.00	0.00	76.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range	1	450.00	0.00	0.00	0.00	0.00	0
Refrigerator	1	550.00	1,507.98	0.00	0.00	1,507.98	2
Range Hood	1	300.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	5,000.00	4,340.18	0.00	0.00	4,340.18	2
2BR	0	0.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings:							
List	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	1	3,000.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other		0.00	1,800.00	0.00	0.00	1,800.00	
Accessibility Features:							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Other:							
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	6	9,300.00	7,648.16	0.00	0.00	7,648.16	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:

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Line 13. Actual transfers from 1% reserve were 18% under budget because no HVAC replacement was required in 2016

Line 23. No RTO was paid in 2016.

Page 2

Line 11. Actual Maintenance and Operating Expenses were 24% above budget due to higher maintenance payroll and maintenance supplies cost than budgeted.

Line 18. Actual Utilities were 3% over budget.

Line 33. Actual Administrative Expenses were 9% over budget.

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

PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
Appliances:							
Range	1	450.00	0.00	0.00	0.00	0.00	0
Refrigerator	1	550.00	1,507.98	0.00	0.00	1,507.98	2
Range Hood	1	300.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	5,000.00	4,340.18	0.00	0.00	4,340.18	2
2BR	0	0.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets:							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Doors:							
Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings:							
List:	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Heating & Air Conditioning:							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	1	3,000.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	1,800.00	0.00	0.00	1,800.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	6	9,300.00	7,648.16	0.00	0.00	7,648.16	4

**Balance Sheet (Cash)
Heritage Villas - (180)
April 2017**

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CURRENT ASSETS

CASH

1010.0 Petty Cash	100.00
1020.0 CDA-Checking	850.88
1021.0 Operating-Checking	296.93
1030.0 Tax & Insurance Reserve	1,703.83
1040.0 Replacement Reserve	84,960.12
TOTAL CASH	87,911.76

1140.0 A/R Rents/FMHA Receivable	2,691.70
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FIXED ASSETS

2010.0 Land	21,840.00
2030.0 Buildings	767,684.00
2050.0 Equipment	29,990.00
2060.0 Washers & Dryers	2,200.55
2080.0 Furniture & Fixtures	3,044.25
2110.0 Accumulated Depreciation-Buildings	-665,325.49
2120.0 Accumulated Depreciation-Furniture & Fixt	-35,235.15
TOTAL FIXED ASSETS	124,198.16

OTHER ASSETS

2510.0 Security Deposits-Checking	3,344.00
TOTAL OTHER ASSETS	3,344.00

TOTAL ASSETS	218,145.62
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LIABILITIES & CAPITAL

CURRENT LIABILITIES

3021.0 Security Deposits Payable	3,344.00
3028.0 Accounts Payable	418.23
3029.0 Prepaid Tenants Rent	7.00
TOTAL CURRENT LIABILITIES	3,769.23

LONG TERM LIABILITIES

4011.0 Note Payable-General Partner	396.33
4020.0 Mortgage Payable	611,533.89
4050.0 Loan Payable-General Partner	6,880.00
TOTAL LONG TERM LIABILITIES	618,810.22

TOTAL LIABILITIES	622,579.45
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CAPITAL

5020.0 General Partners Equity	-17,580.00
5030.0 Retained Earnings	-38,008.83
5040.0 Limited Partners Equity	-338,714.00
5050.0 General Partners Capital	-958.00
5051.0 Limited Partners Capital	-9,173.00
TOTAL CAPITAL	-404,433.83

TOTAL LIABILITIES & CAPITAL	218,145.62
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**Budget Comparison (Cash)
Heritage Villas - (180)
April 2017**

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10:35 AM

	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
INCOME									
RENT INCOME									
6010.0 Income-Rent	3,922.00	8,925.00	-5,003.00	-56.06	16,116.00	35,700.00	-19,584.00	-54.86	107,100.00
6011.0 Income-Rental Assistan	4,150.00	0.00	4,150.00	0	17,028.00	0.00	17,028.00	0	0.00
TOTAL RENT INCOME	8,072.00	8,925.00	-853.00	-9.56	33,144.00	35,700.00	-2,556.00	-7.16	107,100.00
OTHER INCOME									
6015.0 Income-Application Fee	15.00	0.00	15.00	0	130.00	0.00	130.00	0	0.00
6018.0 Tenant Charges/Damag	0.00	20.83	-20.83	-100.0	0.00	83.32	-83.32	-100.0	250.00
6029.0 Income-Cleaning & Rep	0.00	20.83	-20.83	-100.0	70.00	83.32	-13.32	-15.99	250.00
6030.0 Income-Late Fees	10.00	83.33	-73.33	-88.00	34.00	333.32	-299.32	-89.80	1,000.00
6031.0 Forfeited Security Depo	-63.00	20.83	-83.83	-402.4	46.00	83.32	-37.32	-44.79	250.00
6033.0 Income-Miscellaneous	0.00	20.83	-20.83	-100.0	25.00	83.32	-58.32	-70.00	250.00
TOTAL OTHER INCOME	-38.00	166.65	-204.65	-122.8	305.00	666.60	-361.60	-54.25	2,000.00
TOTAL INCOME	8,034.00	9,091.65	-1,057.65	-11.63	33,449.00	36,366.60	-2,917.60	-8.02	109,100.00
OFFSETS TO INCOME									
7100.0 Vacancy Allowance	0.00	-357.00	357.00	100.0	0.00	-1,428.00	1,428.00	100.0	-4,284.00
TOTAL OFFSETS	0.00	-357.00	357.00	100.0	0.00	-1,428.00	1,428.00	100.0	-4,284.00
TOTAL INCOME AFTER O	8,034.00	8,734.65	-700.65	-8.02	33,449.00	34,938.60	-1,489.60	-4.26	104,816.00
OPERATING EXPENSES									
OPERATING & MAINTENANCE									
MAINTENANCE & REPAIRS PAYR									
8045.0 Payroll-Maintenance Pe	461.44	500.00	38.56	7.71	1,245.44	2,000.00	754.56	37.73	6,000.00
8050.0 Payroll-Gas/Travel Allo	0.00	0.00	0.00	0	8.56	0.00	-8.56	0	0.00
TOTAL MAINTENANCE & RE	461.44	500.00	38.56	7.71	1,254.00	2,000.00	746.00	37.30	6,000.00
MAINTENANCE & REPAIRS SUP									
8075.0 R&M Building Supplies	7.43	114.58	107.15	93.52	3,102.13	458.32	-2,643.81	-576.8	1,375.00
8080.0 R&M-Heating & Air Sup	0.00	114.58	114.58	100.0	634.44	458.32	-176.12	-38.43	1,375.00
8085.0 R&M-Plumbing Supplie	0.00	114.58	114.58	100.0	350.29	458.32	108.03	23.57	1,375.00
8090.0 R&M-Appliance Supplie	218.46	114.58	-103.88	-90.66	218.46	458.32	239.86	52.33	1,375.00
TOTAL MAINTENANCE & RE	225.89	458.32	232.43	50.71	4,305.32	1,833.28	-2,472.04	-134.8	5,500.00
UNIT TURNS									
8135.0 Paint/Clean/Clean Carp	0.00	66.67	66.67	100.0	150.00	266.68	116.68	43.75	800.00
TOTAL UNIT TURNS	0.00	66.67	66.67	100.0	150.00	266.68	116.68	43.75	800.00
GROUNDS									
8160.0 Monthly Contracted Gr	475.00	450.00	-25.00	-5.56	1,425.00	1,800.00	375.00	20.83	5,400.00
8175.0 Grounds Supplies	0.00	83.33	83.33	100.0	0.00	333.32	333.32	100.0	1,000.00
TOTAL GROUNDS	475.00	533.33	58.33	10.94	1,425.00	2,133.32	708.32	33.20	6,400.00
PEST CONTROL									
8195.0 Pest Control Service	182.00	91.00	-91.00	-100.0	1,246.00	364.00	-882.00	-242.3	1,592.00
8200.0 Termite Service/Bond	0.00	0.00	0.00	0	0.00	0.00	0.00	0	523.00
TOTAL PEST CONTROL	182.00	91.00	-91.00	-100.0	1,246.00	364.00	-882.00	-242.3	2,115.00
OTHER OPERATING EXPENSES									
8220.0 Outside Services	0.00	10.00	10.00	100.0	0.00	40.00	40.00	100.0	120.00
TOTAL OTHER OPERATING	0.00	10.00	10.00	100.0	0.00	40.00	40.00	100.0	120.00
TOTAL OPERATING & MAIN	1,344.33	1,659.32	314.99	18.98	8,380.32	6,637.28	-1,743.04	-26.26	20,935.00
UTILITIES									
8255.0 Utilities-Electricity	373.43	400.00	26.57	6.64	1,447.60	1,600.00	152.40	9.53	4,800.00
8260.0 Utilities-Water	106.86	150.00	43.14	28.76	729.60	600.00	-129.60	-21.60	1,800.00
8265.0 Utilities-Sewer	105.36	150.00	44.64	29.76	421.04	600.00	178.96	29.83	1,800.00
8275.0 Utilities-Sanitation	107.39	125.00	17.61	14.09	441.06	500.00	58.94	11.79	1,500.00
8280.0 Utilities-Other Utilities	14.50	0.00	-14.50	0	45.50	0.00	-45.50	0	0.00

**Budget Comparison (Cash)
Heritage Villas - (180)
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
TOTAL UTILITIES	707.54	825.00	117.46	14.24	3,084.80	3,300.00	215.20	6.52	9,900.00
ADMINISTRATIVE									
8310.0 Site Management Payro	768.00	894.00	126.00	14.09	3,150.00	3,576.00	426.00	11.91	10,728.00
8315.0 Management Fees	1,127.00	1,225.00	98.00	8.00	4,560.00	4,900.00	340.00	6.94	14,700.00
8320.0 Accounting/Auditing Fe	0.00	0.00	0.00	0	3,880.00	3,900.00	20.00	0.51	3,900.00
8325.0 Legal Expenses	96.00	2.08	-93.92	-4,515	96.00	8.32	-87.68	-1,053	25.00
8330.0 Advertising	0.00	4.17	4.17	100.0	0.00	16.68	16.68	100.0	50.00
8335.0 Telephone	128.71	116.67	-12.04	-10.32	514.51	466.68	-47.83	-10.25	1,400.00
8340.0 Office Supplies	0.00	29.17	29.17	100.0	249.58	116.68	-132.90	-113.9	350.00
8350.0 Computer Equipment,	79.00	97.17	18.17	18.70	482.01	388.68	-93.33	-24.01	1,166.00
8355.0 Prospect Screening Ex	11.00	0.00	-11.00	0	44.00	0.00	-44.00	0	0.00
8360.0 Training Expenses	9.00	53.67	44.67	83.23	36.00	214.68	178.68	83.23	644.00
8365.0 Group Health Insurance	102.83	8.33	-94.50	-1,134	418.37	33.32	-385.05	-1,155	100.00
8370.0 Retirement Plan Expen	42.20	8.33	-33.87	-406.6	113.66	33.32	-80.34	-241.1	100.00
8375.0 Payroll Taxes-FICA	90.81	78.75	-12.06	-15.31	325.16	315.00	-10.16	-3.23	945.00
8380.0 Unemployment Taxes	12.36	8.75	-3.61	-41.26	51.29	35.00	-16.29	-46.54	105.00
8385.0 Workmans Compensati	0.00	33.33	33.33	100.0	500.75	133.32	-367.43	-275.6	400.00
8390.0 Bank Charges/Fees	0.00	0.00	0.00	0	24.68	0.00	-24.68	0	0.00
8400.0 Late Charges/Fees	0.00	0.00	0.00	0	20.67	0.00	-20.67	0	0.00
8405.0 Postage & Shipping	29.75	0.00	-29.75	0	110.11	0.00	-110.11	0	0.00
8410.0 Professional Services/F	300.00	25.00	-275.00	-1,100	300.00	100.00	-200.00	-200.0	300.00
TOTAL ADMINISTRATIVE	2,796.66	2,584.42	-212.24	-8.21	14,876.79	14,237.68	-639.11	-4.49	34,913.00
TAXES & INSURANCE									
8440.0 Taxes-Real Estate	0.00	0.00	0.00	0	0.00	0.00	0.00	0	7,000.00
8445.0 Licenses & Permits	0.00	12.50	12.50	100.0	106.25	50.00	-56.25	-112.5	150.00
8450.0 Property Insurance	0.00	0.00	0.00	0	4,971.00	5,550.00	579.00	10.43	5,550.00
8460.0 EPL Insurance	0.00	11.67	11.67	100.0	0.00	46.68	46.68	100.0	140.00
TOTAL TAXES & INSURANC	0.00	24.17	24.17	100.0	5,077.25	5,646.68	569.43	10.08	12,840.00
8510.0 Replacement Reserve P	0.00	573.00	573.00	100.0	0.00	2,292.00	2,292.00	100.0	6,876.00
TOTAL OPERATING EXPE	4,848.53	5,665.91	817.38	14.43	31,419.16	32,113.64	694.48	2.16	85,464.00
OPERATING INCOME BEFORE D	3,185.47	3,068.74	116.73	3.80	2,029.84	2,824.96	-795.12	-28.15	19,352.00
DEBT SERVICE									
8805.0 Rural Development Pay	1,462.29	1,462.25	-0.04	0.00	5,849.16	5,849.00	-0.16	0.00	17,547.00
TOTAL DEBT SERVICE	1,462.29	1,462.25	-0.04	0.00	5,849.16	5,849.00	-0.16	0.00	17,547.00
OPERATING INCOME AFTER DE	1,723.18	1,606.49	116.69	7.26	-3,819.32	-3,024.04	-795.28	-26.30	1,805.00
REPLACEMENT RESERVE									
8910.0 1% Building Repair & I	0.00	416.67	416.67	100.0	3,629.00	1,666.68	-1,962.32	-117.7	5,000.00
8915.0 1% Equipment Repair &	759.39	358.33	-401.06	-111.9	1,466.94	1,433.32	-33.62	-2.35	4,300.00
TOTAL REPLACEMENT RES	759.39	775.00	15.61	2.01	5,095.94	3,100.00	-1,995.94	-64.39	9,300.00
NET	963.79	831.49	132.30	15.91	-8,915.26	-6,124.04	-2,791.22	-45.58	-7,495.00



United States Department of Agriculture

VIA EMAIL ONLY

December 29, 2016

Mr. David Brown
Investors Management Co.
3548 North Crossing Circle
Valdosta, GA 31602

RE: Heritage Villas, LP (Heritage Villas Apts.)
2017 Proposed Budget

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

The following items are noted:

1. The reserve account is on track and ahead of schedule
2. The property is maintained.
3. Management Fee is approved at \$49.00 POU/Month.

Please call our office if you have any questions.

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

Enclosures

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

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United States Department of Agriculture

VIA EMAIL ONLY

December 29, 2016

Mr. David Brown
Investors Management Co.
3548 North Crossing Circle
Valdosta, GA 31602

RE: Rent Increase and Utility Allowance Change

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

The change is needed for the following reasons: Operating & Maintenance Costs
The approved changes are as follows:

Unit Size	Present Rent (Occupancy Charge)		Approved Rent (Occupancy Charge)	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	\$344	\$503	\$349	\$508
2-Bedroom	\$384	\$560	\$389	\$568

The approved utility allowance changes are as follows: **DUE TO ACTUAL UTILITY COSTS**

Unit Size	Present Utility Allowance	Approved Utility Allowance
2-Bedroom	\$67	\$72
3-Bedroom	\$76	NO CHANGE

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

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

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

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

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

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

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

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

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

Sincerely,



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

Proposed Budget

Project Name:	HERITAGE VILLAS OF HELENA
Borrower Name:	HERITAGE VILLAS LP
Borrower ID and Project No:	595283404 01-5
Date of Operation:	12/17/1990

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,462.29

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

I hereby request ___ units of RA. Current number of RA units 23 .

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	105,600.00		107,100.00	25 REV PROD U
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	0.00		0.00	
5. Interest Income	0.00		0.00	
6. Tenant Charges	1,200.00		2,000.00	
7. Other - Project Sources	0.00		0.00	MISC INCOME
8. Less (Vcnry @ Cntgncy Allw)	-4,224.00		-4,264.00	4%
9. Less (Agency Aprvd Incentv)	0.00		0.00	
10. Sub-Ttl [(1 thru 7)-(8&9)]	102,576.00		104,816.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	9,300.00		9,300.00	
14. Sub-Total (11 thru 13)	9,300.00		9,300.00	
15. Total Cash Sources (10+14)	111,876.00		114,116.00	
Operational Cash Uses				
16. Ttl O&M Exp (From Part II)	76,322.00		78,568.00	
17. RHS Debt Payment	17,547.00		17,547.00	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn In Prior Yr Pyles				
21. Tenant Utility Payments				
22. Transfer to Reserve	6,876.00		6,876.00	
23. RTN Owner/NP Asset Mgt Fee	1,747.00		1,747.00	2016 RTO TO BE PAID IN 2017
24. Sub-Total (16 thru 23)	102,492.00		104,758.00	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-6)	9,300.00		9,300.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	9,300.00		9,300.00	
29. Total Cash Uses (24+28)	111,792.00		114,058.00	
30. Net (Deficit) (15-29)	84.00		58.00	
Cash Balance				
31. Beginning Cash Balance	31,003.54		14,666.19	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	31,087.54		14,724.19	

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART II - O&M EXPENSE SCHEDULE				
1. Maint. @ Repairs Payroll	5,100.00		6,000.00	MAINTENANCE ON PAYROLL
2. Maint. @ Repairs Supply	5,100.00		5,500.00	
3. Maint. @ Repairs Contract	0.00		0.00	
4. Painting	600.00		800.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	7,200.00		6,400.00	450/M + 1000
8. Services	1,863.00		2,135.00	91/MPESTCONTROL+523TERMITEBOND +500REDBUGCONTINGENCY
9. Cptl Bgt(Part V operating)	0.00		0.00	
10. Other Operating Expenses	120.00		120.00	UA CALC FEE
11. Sub-Ttl O&M (1 thru 10)	19,983.00		20,935.00	
12. Electricity	4,500.00		4,800.00	
13. Water	1,800.00		1,800.00	
14. Sewer	1,700.00		1,800.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	1,500.00		1,500.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	9,500.00		9,900.00	
19. Site Management Payroll	10,416.00		10,728.00	\$894/MO (3% INCREASE)
20. Management Fee	14,100.00		14,700.00	\$49X25UX12M
21. Project Auditing Expense	1,930.00		1,900.00	
22. Proj. Bookkeeping/Accounting	0.00		0.00	
23. Legal Expenses	25.00		25.00	
24. Advertising	50.00		50.00	
25. Phone @ Answering Service	1,400.00		1,400.00	INTERNET SERVICE
26. Office Supplies	305.00		350.00	
27. Office Furniture @ Equip.	1,167.00		1,166.00	79/MCOMPSUPPORT+168YARDI+50EMA ILACCT
28. Training Expense	441.00		644.00	
29. Hlth Ins. @ Other Benefits	95.00		200.00	
30. Payroll Taxes	1,000.00		1,050.00	
31. Workmans Compensation	320.00		400.00	
32. Other Admin. Expenses	300.00		300.00	PROP TAX CONSULTANT
33. Sub-Ttl Admin (19 thru 32)	33,549.00		34,913.00	
34. Real Estate Taxes	7,600.00		7,000.00	
35. Special Assessments	0.00		0.00	
36. Othr Taxes, Licenses, Permits	150.00		150.00	R&G FEE
37. Property @ Liability Ins.	5,400.00		5,550.00	\$222/U (3% INC)
38. Fidelity Coverage Ins.	0.00		0.00	
39. Other Insurance	140.00		140.00	EPL
40. Sub-Ttl Tx/In (34 thru 39)	13,290.00		12,840.00	
41. Ttl O&M Exps (11+18+33+40)	76,322.00		78,588.00	

Proposed Budget

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART III - ACCT BUDGET/STATUS				
Reserve Account				
1. Beginning Balance	56,805.03		54,381.03	
2. Transfer to Reserve	6,876.00		6,876.00	\$573/M + \$15,395.08 SURPLUS CASH
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	9,300.00		9,300.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	9,300.00		9,300.00	
8. Ending Balance [(1+2)-7]	54,381.03		51,957.03	
General Operating Account				
Beginning Balance				
Ending Balance				
Real Estate Tax And Ins Escrow				
Beginning Balance				
Ending Balance				
Tenant Security Deposit Acct				
Beginning Balance				
Ending Balance				
Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	51,204.01	
Number of Applicants Needing RA		Amount Ahead/Behind	23,656.13	

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			5	384	560	0	23,040	33,600	0	76
N	1	All			20	344	503	0	82,560	120,720	0	67
CURRENT RENT TOTALS									105,600	154,320	0	

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

Unit Description					Utility Types					Total Allow
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
N	2	All			76	0	0	0	0	76
N	1	All			67	0	0	0	0	67

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			5	389	568	0	23,340	34,080	0	76
N	1	All			20	349	508	0	83,760	121,920	0	72
PROPOSED RENT TOTALS									107,100	156,000	0	

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

Unit Description					Utility Types					Total Allow
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
N	2	All			76	0	0	0	0	76
N	1	All			72	0	0	0	0	72

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	1	450.00	0.00	0.00	0.00	0.00	0
Appliances - Refrigerator	1	550.00	0.00	0.00	0.00	0.00	0
Appliances - Range Hood	1	300.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	2	5,000.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	0	0.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	1	3,000.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: HERITAGE VILLAS OF HELENA State: 11 Servicing Office: 606 County: 34
 Borrower Name: HERITAGE VILLAS LP Borr ID: 595283404 Prj Nbr: 01-5 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 RECEIVED Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	9,300.00	0.00	0.00	0.00	0.00	0

Project Name: HERITAGE VILLAS OF HELENA	State: 11	Servicing Office: 606	County: 34
Borrower Name: HERITAGE VILLAS LP	Borr ID: 595283404	Prj Nbr: 01-5	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 RECEIVED	Totals: By Project Analyzed: N

Part VI - SIGNATURES, DATES AND COMMENTS

Warning	Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.
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I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

11/29/2016
(Date Submitted)

INVESTORS MANAGEMENT COMPANY
(Management Agency)

MA734114
(MA#)

(Date)

(Signature of Borrower or Borrower's Representative)

(Title):

 Agency Approval (Rural Development Approval Official):

 12-29-16
 (Date)

Project Name: HERITAGE VILLAS OP HELENA	State: 11	Servicing Office: 606	County: 34
Borrower Name: HERITAGE VILLAS LP	Borr ID: 595283404	Prj Nbr: 01-5	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 RECEIVED	Totals: By Project Analyzed: N

SPVS Comment:

Batched/ II 092216/ II 111616/ II 112916

Narrative:

A) Heritage Villas is a 25 unit elderly complex in Helena, GA. The property has 20 1-br units, and 5 2-br units. The property lost one of their RA units in 2012 and now only has 23 RA units. Property occupancy is stable at approximately 97%. B) The property is in compliance with its loan agreement and RD regulations. The property has several common area accessibility modifications to complete. C) The property financial status is stable. The 1% reserve is at or ahead of its required balance and will be fully funded when the balance reaches \$75,190. Part 3, Line 2 - The transfers to Reserve include a transfer of the 2015 Surplus Cash Balance to the Replacement Reserve Account on 11/18/16. Part I, Line 31 - The beginning budgeted cash balance is the ending actual cash balance since that's more reflective of the actual balance. D) There are no expense category subtotals that exceed the 10% threshold. Administrative Expenses are 32.6% of Gross Potential and are over the 27% threshold used by the state of Georgia. Although slightly higher than the GA threshold, they are in line with the last year's budget percentages of 31.7%. E) 2017 projected capital expenditures and reserve withdrawals

Replacement of appliances	Carpet and vinyl	HVAC unit replacement	1% Estimate \$9,300	Projected capital needs 2018-2020	Replacement of appliances
Carpet and vinyl	HVAC unit replacement	Roof repairs & 3 roof replacements	Parking lot resurfacing	Estimate \$40,000 +	F) The 2017 proposed budget includes a \$5 rent increase. This will be the first rate increase for this property since 2010. We are proposing an increase in the 1BR utility allowances from \$67 to \$72 and no change in the 2BR utility allowance of \$76. We are requesting an increase in the current management fee from \$47 per unit per month to \$49 per unit per month. The property is well maintained and is in stable financial condition. The 1% reserve is at or ahead of its requi

**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: Heritage Villas Apartments Borrower Case# /Project ID: 01-8

City/State: Helena, Georgia

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

1. We certify that:
 - a. We will comply with Rural Development requirements and contract obligations, and agree that no payments have been made to the Borrower in return for awarding the management contract to the Agent, and that no such payments will be made in the future.
 - b. We have executed or will execute, within 30 days a management agreement (Agreement) for this project. The Agreement provides that the Agent will manage the project for the term and for the Per Unit Per Month (PUPM) management fee described below. Changes in the management fee will be implemented only in accordance with Rural Development's requirements.
 - (1) Term of Agreement (xx-xx-20xx through xx-xx-20xx): 1/1/2017-1/1/2020
 - (2) Fees:
 - a) PUPM fee as specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only).
 - b) PUPM fee is below the PUPM fee specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only)
Fee Amount: \$ _____.
 - c) Add-On Fees as specified in HB-2-3560, Check all that apply. Include total add-on fees below. (applied to revenue producing occupied units only)
 - Management of properties with 15 units or less.
 - One project that has buildings located on different noncontiguous parcels of land (i.e. across town or in another town).
 - Management of properties in a remote location.
 - Troubled properties with workout plans and new management only.
 - c. We will disburse management fees from project income only after:
 - (1) We have submitted this certification to Rural Development:
 - (2) Rural Development has approved the Agent to manage this project
 - d. We understand that no fees may be earned or paid after Rural Development has terminated the Agreement
 - e. If Rural Development notifies me of a management fee above that listed in HB-2-3560; Attachment 3-F the Agent will within 30 days of the notice either:
 - (1) Reduce the compensation to an amount Rural Development determines to be reasonable and
 - (2) Require the Agent to refund to the project all excessive fees collected, or
 - (3) Appeal the decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of the decision letter on the appeal.

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

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

3. We agree to:
 - a. Comply with this project's Mortgage and Promissory Note, and Loan Agreement/Resolution or Workout Agreement.
 - b. Comply with Rural Development Handbooks and other policy directives that relate to the management of the project.
 - c. Comply with Rural Development requirements regarding payment and reasonableness of the management fee and the project account.
 - d. Refrain from purchasing goods or services from entities that have identity of interest with us unless the requirements of 7C.F.R. §3560.102(g) are met.

4. The Agent agrees to:
 - a. Ensure that all expenses of the project are reasonable and necessary.
 - b. Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.
 - c. Obtain contracts, materials, supplies and services including the preparation of the annual financial reports on terms most advantageous to the project.
 - d. Credit the housing project with all discounts, rebates or commissions including any sales or property tax relief granted by the State or local government received.
 - e. Obtain the necessary verbal or written cost estimates and document reasons for accepting other than the lowest bid.
 - f. Maintain copies of the documentation and make such documentation available for inspection during normal business hours.
 - g. Invest project funds that Rural Development policies require to be invested and take reasonable effort to invest other project funds unless the Borrower specifically directs the Agent not to invest those funds.

5. We certify that the types of insurance policies checked below are enforceable and will be maintained to the best of our ability at all times. Fidelity bonds and hazard insurance policies will name Rural Development as co-payee in the event of loss. Note: for any box not checked, Rural Development may require an explanation as to why a certain type of insurance was not obtained.
 - a. Fidelity bond or employee dishonesty coverage for:
 - (1) all principals of the Agent and
 - (2) all persons who participate directly or indirectly in the management or maintenance of the project and its assets, accounts and records.
 - b. Hazard insurance coverage required by 7 C.F.R. §3560.105.
 - c. Public liability insurance required by 7 C.F.R. §3560.105.
 - d. Other (specify) as may be required by 7 C.F.R. §3560.105.

6. The Agent agrees to:
 - a. Furnish a written response to Rural Development's supervisory visit review reports, physical inspection reports, and written inquiries regarding the project's annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.
 - b. Establish and maintain the project's accounts, books and records in accordance with:
 - (1) Rural Development's administrative requirements; and
 - (2) Accounting principles under C.F.R. §3560.302(b).

7. We agree that:
 - a. All records related to the operation of the project, regardless of where they are housed, shall be considered the property of the project.
 - b. Rural Development, the Office of Inspector General (OIG), and those agencies' representatives may inspect:
 - (1) Any records which relate to the project's purchase of goods or services,
 - (2) The records of the Borrower and the Agent, and
 - (3) The records of companies having an identity-of-interest with the Borrower, Rural Development and the Agent.
 - c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project:

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

8. We agree to include the following provisions in the Agreement and to be bound by them:

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

Warnings:

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

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

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

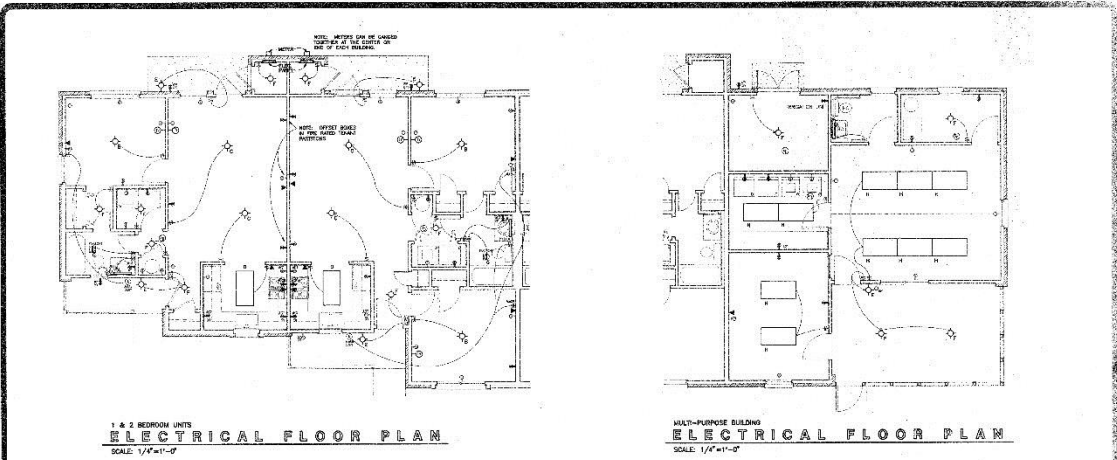
Rural Development may seek additional civil money penalties to be paid by the mortgagor through personal funds pursuant to 7 C.F.R. §3560.461(b). The penalties could be as much as \$50,000 per violation (Section 543 (b) of the Housing Act of 1949).

By Project Borrower: Heritage Villas, LP		
Name/Title: David A. Brown	<i>DA Brown</i>	
Signature:		Date: 09-01-2016

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

By Servicing Official:		
Name/Title:	<i>Sandra R. Bryant</i>	
Signature:	<i>Sandra R. Bryant</i>	Date: 12-29-16

*Area Specialist
(additional info provided prior to approval)*



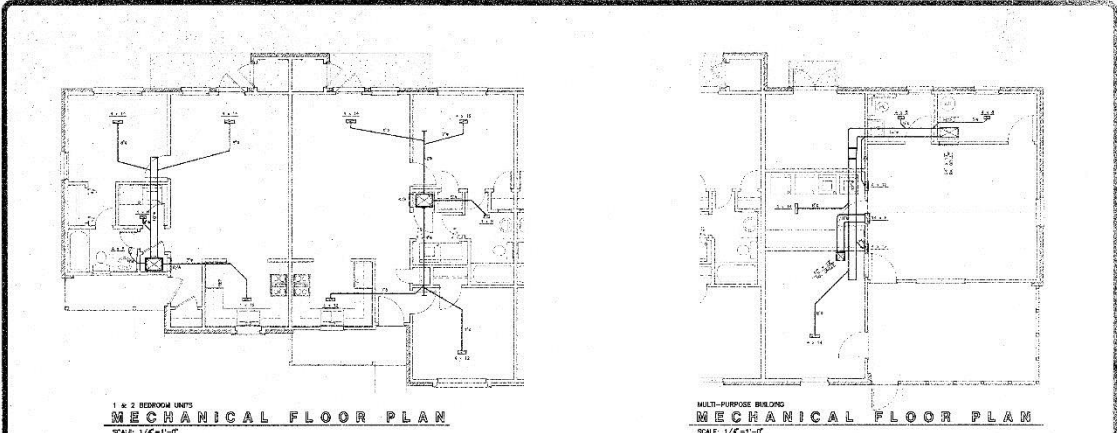
LEGEND

- 2 x 4 SUBDIVIDER UNIT
- POWDER ROOM LIGHT FIXTURE
- WALL MOUNTED POWDER ROOM LIGHT FIXTURE
- SWITCH
- 2-WAY SWITCH
- WORKSHOP OUTLET RECEPTACLE
- DUPLEX RECEPTACLE
- TWO HOT OUTLET
- SMOKE DETECTOR
- TELEPHONE JACK
- SINGLE GROUND RECEPTACLE
- TV OUTLET
- SHOWER PAN
- NURSE CALL ALARM
- NURSE CALL ALARM UNIT
- GROUND FAULT INTERRUPTER

FIXTURE SCHEDULE

TYPE	LOCATION	MANUFACTURER	MODEL	NOTE
A	BATH	NOTICE	S124D	4 - 20W
B	BEDROOM	SEAGULL	7149-13	2 NO. 60 W.
C	LIVING/DINING	SEAGULL	5328-21	2 NO. 60 W.
D	KITCHEN	METALX	8424A	FLUORESCENT
E	OUTSIDE	SEAGULL	8502-13	ONE NO. 50 W.
F	COURTDOOR	SEAGULL	1366-21	100 W
G	BATH	BROAN (FAN)	588	
H	MULTI-PURPOSE	METALX	8445A	FLUORESCENT

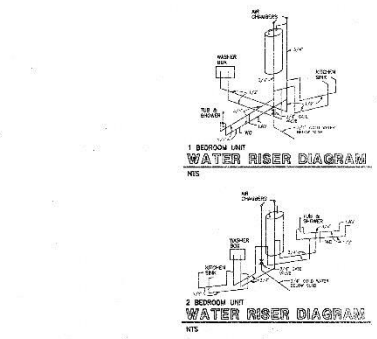
NOTES
 1. SEE SYMBOLS ON THIS SHEET FOR COMPLETE
 LISTING OF SYMBOLS TO BE INSTALLED.
 2. ALL ELECTRICAL WORK SHALL BE IN ACCORDANCE WITH THE
 NATIONAL ELECTRICAL CODE (NEC) AND ALL
 LOCAL, STATE AND FEDERAL CODES.
 3. ALL ELECTRICAL WORK SHALL BE INSTALLED
 IN ACCORDANCE WITH THE NATIONAL
 ELECTRICAL CODE (NEC) AND ALL
 LOCAL, STATE AND FEDERAL CODES.



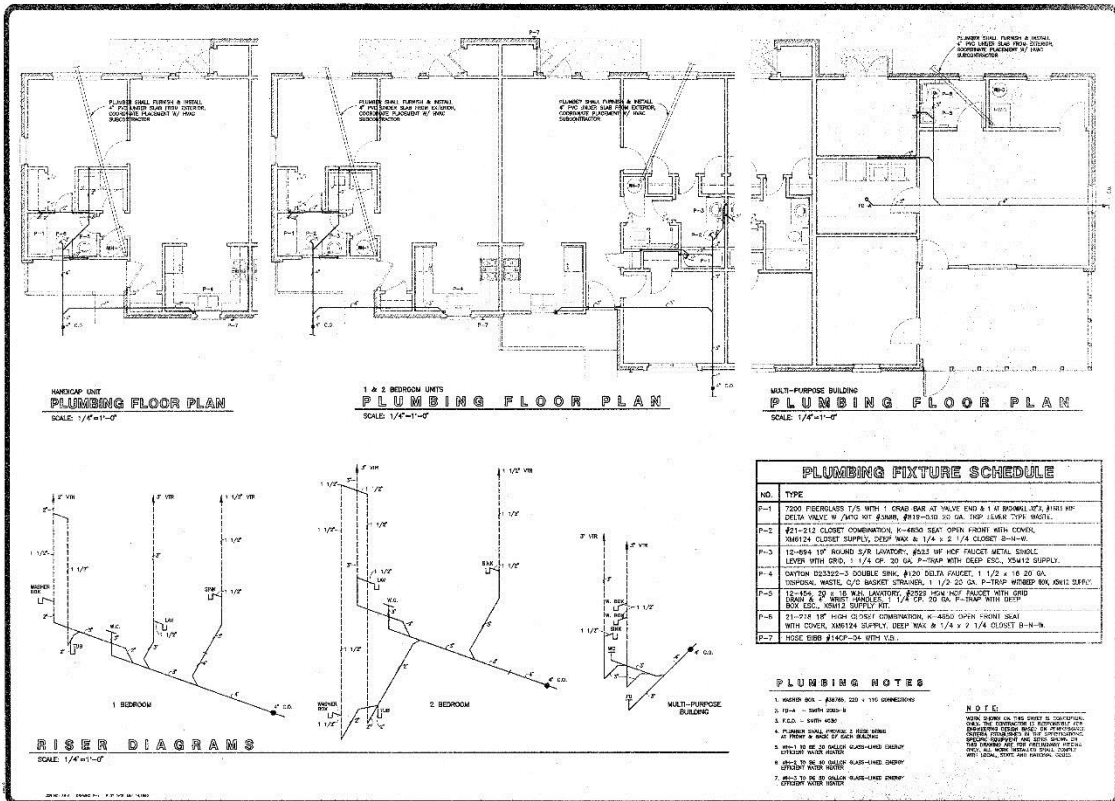
EQUIPMENT SCHEDULE

- 1. BEDROOM UNIT (STRAIGHT COOLING)
 C.O. - 3000 BTU/H
 C.O.D. - 1200 BTU/H
 SENS. E.A. - 8.8 A.S.
- 2. BEDROOM UNIT (STRAIGHT COOLING)
 C.O. - 3000 BTU/H
 C.O.D. - 1200 BTU/H
 SENS. E.A. - 8.8 A.S.
- MULTI-PURPOSE BUILDING (STRAIGHT COOLING)
 C.O. - 3000 BTU/H
 C.O.D. - 1200 BTU/H
 SENS. E.A. - 8.8 A.S.

NOTES
 1. SEE SYMBOLS ON THIS SHEET FOR COMPLETE
 LISTING OF SYMBOLS TO BE INSTALLED.
 2. ALL MECHANICAL WORK SHALL BE IN ACCORDANCE WITH THE
 NATIONAL MECHANICAL CODE (NMC) AND ALL
 LOCAL, STATE AND FEDERAL CODES.
 3. ALL MECHANICAL WORK SHALL BE INSTALLED
 IN ACCORDANCE WITH THE NATIONAL
 MECHANICAL CODE (NMC) AND ALL
 LOCAL, STATE AND FEDERAL CODES.

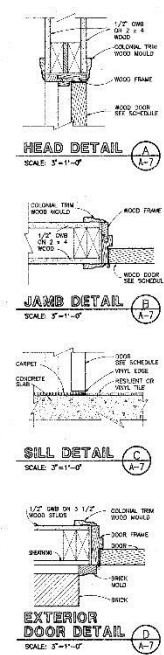


ARCHITECTS & PLANNERS
 1000 PINE BLVD. S.W.
 ATLANTA, GEORGIA 30303
 TEL. 404-525-1100
 FAX 404-525-1101
 WWW.A&P.COM



DOOR SCHEDULE

UNIT NO.	LOCATION	WIDTH	HEIGHT	THICK	DOOR TYPE	DETAILS	REMARKS	IDENT.	NO.
TWO BEDROOM UNIT									
1A	ENTRY	3'-0"	8'-0"	1 3/4"	A	MD A8A-7	2 1/2" MIN. SET		1A
2A	BEDROOM	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			2A
3A	CLOSET	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			3A
4A	HALL	1'-0"	8'-0"	1 3/8"	C	MD A8A-7			4A
5A	HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			5A
6A	LAUNDRY	5'-0"	8'-0"	1 3/8"	D	MD A8A-7			6A
7A	BATH	5'-0"	8'-0"	1 3/8"	C	MD A8A-7			7A
8A	BATH	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			8A
9A	CLOSET	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			9A
10A	CLOSET	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			10A
11A	SECUR.	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			11A
12A	LAUNDRY/DRINK	3'-0"	8'-0"	1 3/4"	B	MD S8A-7	2 1/2" MIN. SET		12A
13A	STORAGE	2'-0"	8'-0"	1 3/4"	B	MD S8A-7	ALUM. BRUSHED # 10		13A
ONE BEDROOM UNIT									
7B	ENTRY	3'-0"	8'-0"	1 3/4"	A	MD S8A-7	2 1/2" MIN. SET		7B
8B	HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			8B
9B	HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			9B
10B	BATH	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			10B
11B	BATH	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			11B
12B	CLOSET	4'-0"	8'-0"	1 3/8"	D	MD A8A-7			12B
13B	BEDROOM	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			13B
14B	LAUNDRY/DRINK	3'-0"	8'-0"	1 3/4"	B	MD S8A-7	2 1/2" MIN. SET		14B
15B	STORAGE	2'-0"	8'-0"	1 3/4"	B	MD S8A-7	ALUM. BRUSHED # 10		15B
HANDICAPPED UNIT									
1C	ENTRY	3'-0"	8'-0"	1 3/4"	A	MD S8A-7	2 1/2" MIN. SET		1C
2C	HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			2C
3C	HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			3C
4C	LAUNDRY	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			4C
5C	HALL	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			5C
6C	BATH	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			6C
7C	CLOSET	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			7C
8C	BEDROOM	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			8C
9C	LAUNDRY/DRINK	3'-0"	8'-0"	1 3/4"	B	MD S8A-7	2 1/2" MIN. SET		9C
10C	STORAGE	2'-0"	8'-0"	1 3/4"	B	MD S8A-7	ALUM. BRUSHED # 10		10C
MULTI-PURPOSE UNIT									
1D	OFFICE	2'-0"	8'-0"	1 3/4"	A	MD S8A-7	ALUM. BRUSHED # 10		1D
2D	RECEPTION ROOM	3'-0"	8'-0"	1 3/4"	A	MD S8A-7	ALUM. BRUSHED # 10		2D
3D	LAUNDRY	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			3D
4D	HALL	3'-0"	8'-0"	1 3/8"	C	MD A8A-7			4D
5D	STORAGE/HALL	2'-0"	8'-0"	1 3/8"	C	MD A8A-7			5D
6D	STORAGE	2'-0"	8'-0"	1 3/4"	B	MD S8A-7	ALUM. BRUSHED # 10		6D
7D	SCREENED PORCH	3'-0"	8'-0"	-	-	-	-		7D

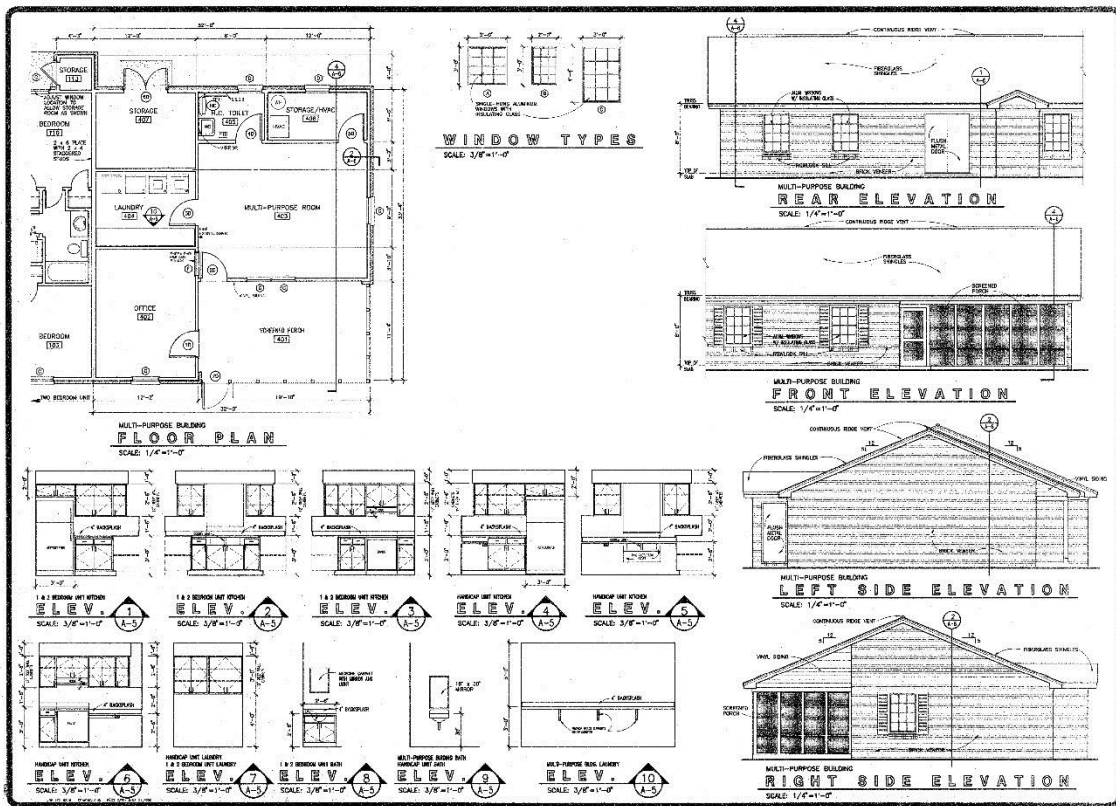
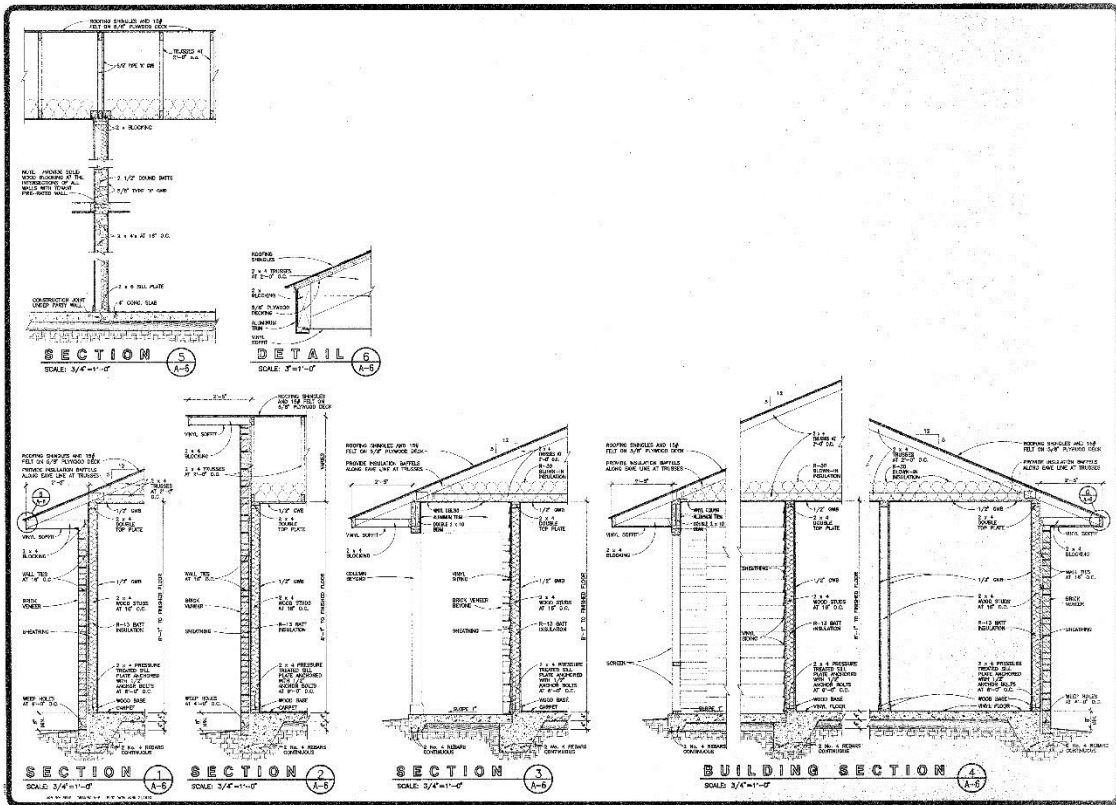


ROOM FINISH SCHEDULE

UNIT NO.	ROOM NAME	FLOOR	BASE	WALLS	CEILING	REMARKS	NO.
TWO BEDROOM UNIT							
102	LOUNGE/DRINK	1	4	3	2	W/PT	102
103	BEDROOM	1	4	3	2	W/PT	103
104	CLOSET	1	4	3	2	W/PT	104
105	KITCHEN	1	4	3	2	W/PT	105
106	COATS	1	4	3	2	W/PT	106
107	HALL	1	4	3	2	W/PT	107
108	LAUNDRY	1	4	3	2	W/PT	108
109	BATH	1	4	3	2	W/PT	109
110	BEDROOM	1	4	3	2	W/PT	110
111	CLOSET	1	4	3	2	W/PT	111
112	CLOSET	1	4	3	2	W/PT	112
113	STORAGE	1	4	3	2	W/PT	113
ONE BEDROOM UNIT							
101	PORCH	1	4	3	2	W/PT	101
202	LOUNGE/DRINK	1	4	3	2	W/PT	202
203	COATS	1	4	3	2	W/PT	203
204	KITCHEN	1	4	3	2	W/PT	204
205	HALL	1	4	3	2	W/PT	205
206	LAUNDRY	1	4	3	2	W/PT	206
207	BATH	1	4	3	2	W/PT	207
208	BEDROOM	1	4	3	2	W/PT	208
209	CLOSET	1	4	3	2	W/PT	209
210	STORAGE	1	4	3	2	W/PT	210
HANDICAPPED UNIT							
301	PORCH	1	4	3	2	W/PT	301
302	LOUNGE/DRINK	1	4	3	2	W/PT	302
303	COATS	1	4	3	2	W/PT	303
304	KITCHEN	1	4	3	2	W/PT	304
305	HALL	1	4	3	2	W/PT	305
306	LAUNDRY	1	4	3	2	W/PT	306
307	BATH	1	4	3	2	W/PT	307
308	BEDROOM	1	4	3	2	W/PT	308
309	CLOSET	1	4	3	2	W/PT	309
310	STORAGE	1	4	3	2	W/PT	310
MULTI-PURPOSE UNIT							
401	SCREENED PORCH	1	4	3	2	W/PT	401
402	OFFICE	1	4	3	2	W/PT	402
403	RECEPTION ROOM	1	4	3	2	W/PT	403
404	LAUNDRY	1	4	3	2	W/PT	404
405	HALL	1	4	3	2	W/PT	405
406	HALL	1	4	3	2	W/PT	406
407	STORAGE	1	4	3	2	W/PT	407

DOOR TYPES
SCALE: 3/8"=1'-0"

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 PHASE 1 - 24 UNITS
 HELLENA ELDREDEY HOUSING DEVELOPMENT
 HELLENA, GEORGIA
 15 OF 16



DATE: 11/15/50
 DRAWN BY: J. H. BROWN
 CHECKED BY: J. H. BROWN
 PROJECT NO.: 100-1000
 SHEET NO.: 100-1000-1

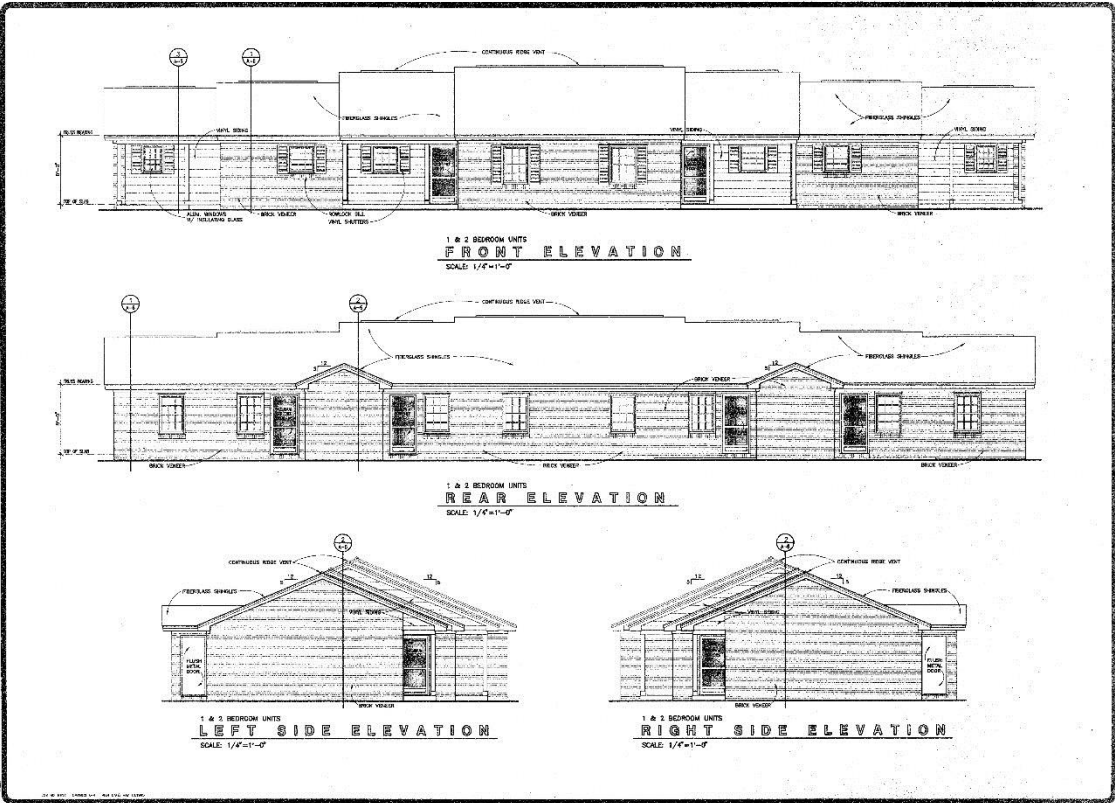
ARCHITECTS & PLANNERS
 100-1000
 PHASE 1 - 24 UNITS
 HELONA ELDERLY HOUSING DEVELOPMENT
 HELONA, GEORGIA



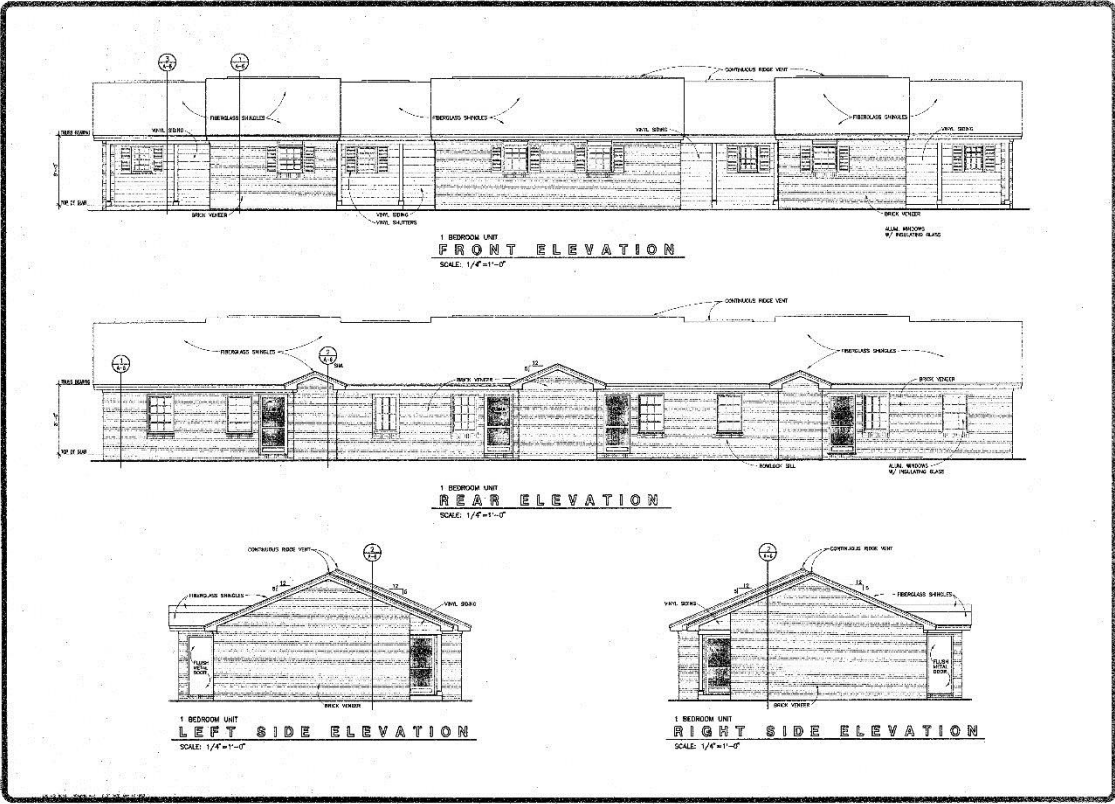
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 DRAWN BY: J. H. BROWN
 CHECKED BY: J. H. BROWN
 PROJECT NO.: 100-1000
 SHEET NO.: 100-1000-2

ARCHITECTS & PLANNERS
 100-1000
 PHASE 1 - 24 UNITS
 HELONA ELDERLY HOUSING DEVELOPMENT
 HELONA, GEORGIA



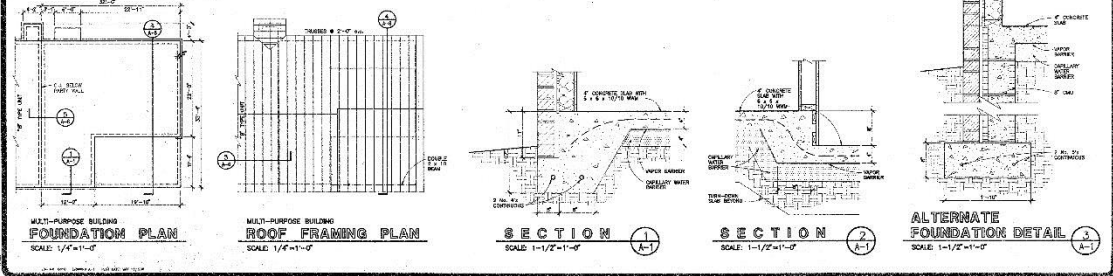
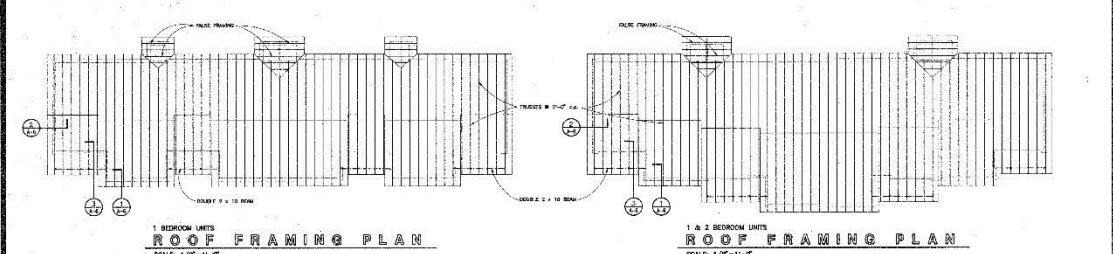
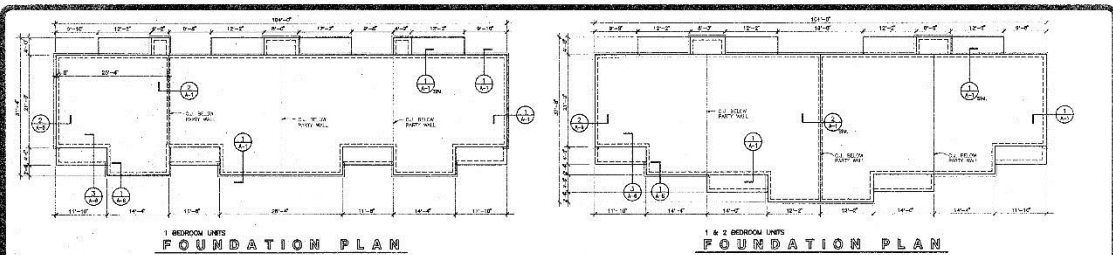
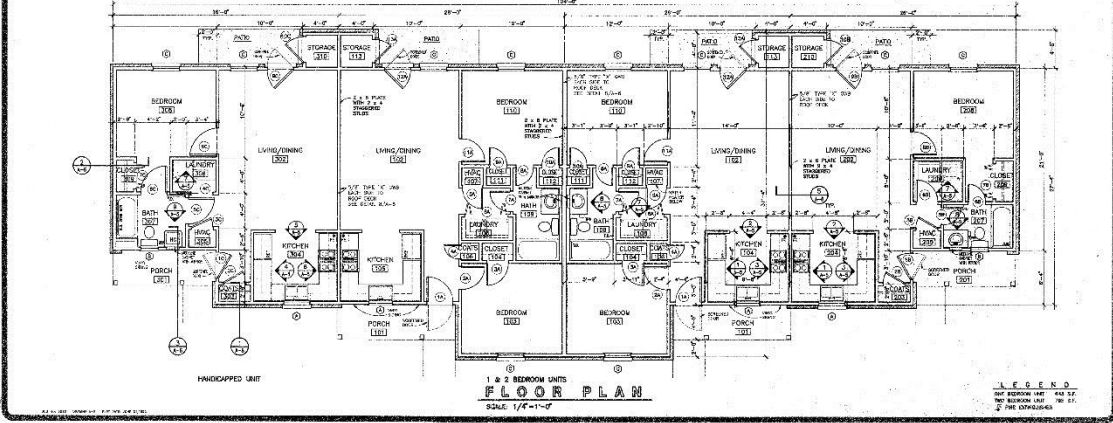
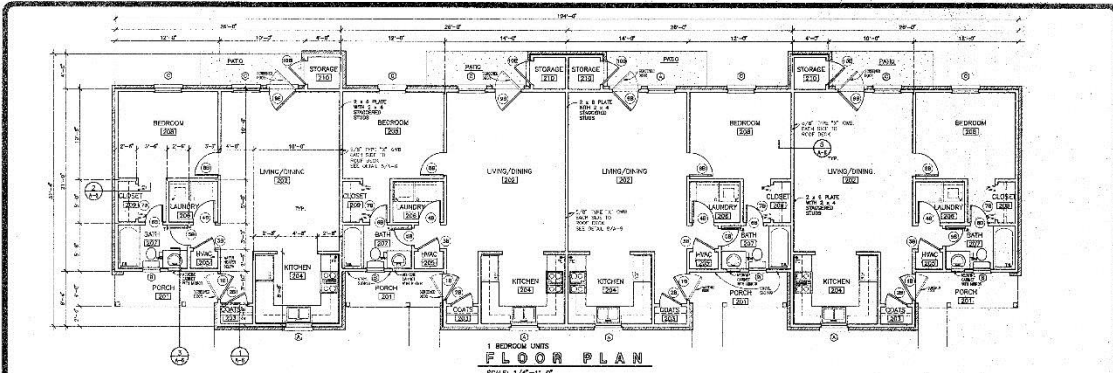


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 PHASE 1 - 24 UNITS
 HELENA ELDERLY HOUSING DEVELOPMENT
 HELENA, GEORGIA



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 PHASE 1 - 24 UNITS
 HELENA ELDERLY HOUSING DEVELOPMENT
 HELENA, GEORGIA





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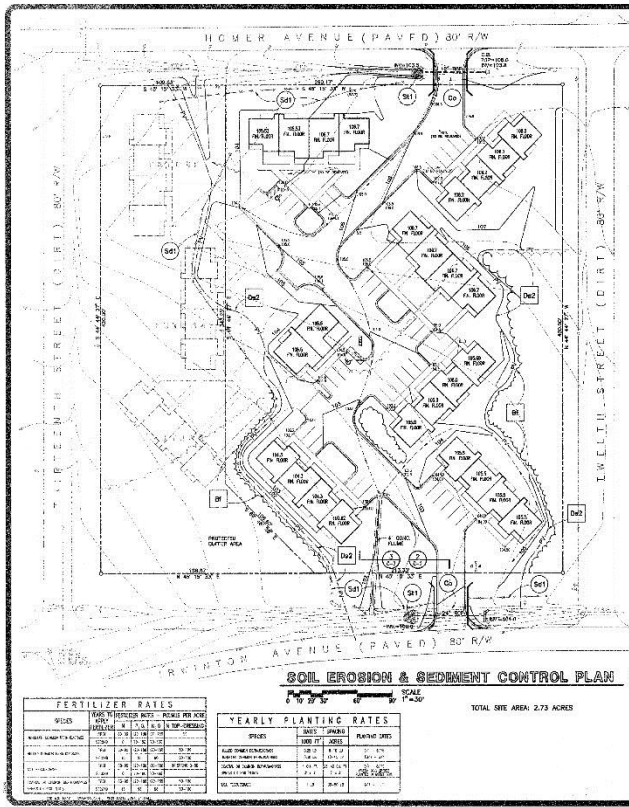
PROJECT: 1 & 2 BEDROOM UNITS
HELENA ELDERSLY HOUSING DEVELOPMENT
HELENA, GEORGIA

A-2
7 OF 10

ARCHITECTS & PLANNERS
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PROJECT: 1 & 2 BEDROOM UNITS
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HELENA, GEORGIA

A-1
7 OF 10

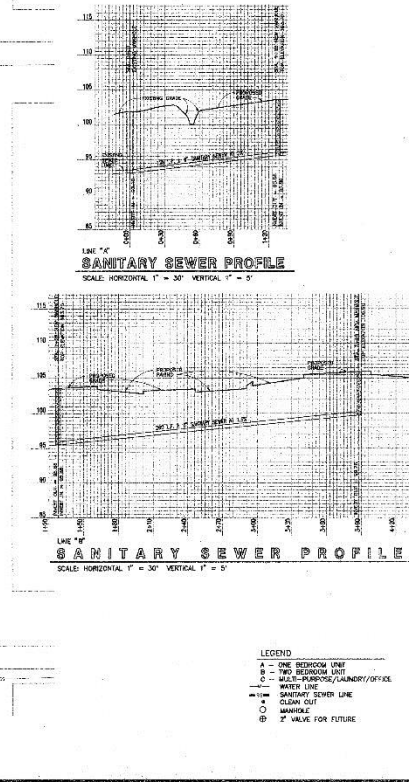
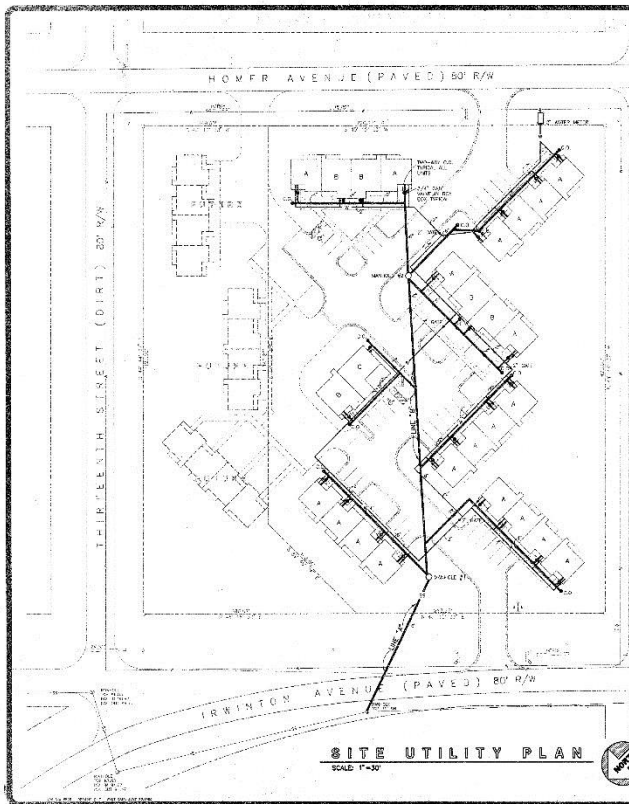
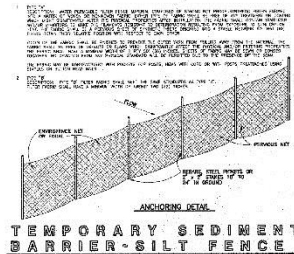


GEORGIA UNIFORM CODING SYSTEM FOR SOIL EROSION AND SEDIMENT CONTROL PRACTICES

CODE	DESCRIPTION
D02	EROSION AREA PROTECTION
D01	SOIL EROSION PROTECTION
D03	SEDIMENT BASIN
C01	CONSTRUCTION EROSION CONTROL
B01	GRADED AREA
S01	STABILIZATION MAT
S02	EROSION CONTROL MAT
S03	EROSION CONTROL MAT
S04	EROSION CONTROL MAT
S05	EROSION CONTROL MAT
S06	EROSION CONTROL MAT
S07	EROSION CONTROL MAT
S08	EROSION CONTROL MAT
S09	EROSION CONTROL MAT
S10	EROSION CONTROL MAT
S11	EROSION CONTROL MAT
S12	EROSION CONTROL MAT
S13	EROSION CONTROL MAT
S14	EROSION CONTROL MAT
S15	EROSION CONTROL MAT
S16	EROSION CONTROL MAT
S17	EROSION CONTROL MAT
S18	EROSION CONTROL MAT
S19	EROSION CONTROL MAT
S20	EROSION CONTROL MAT

NOTES

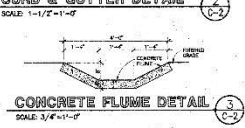
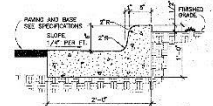
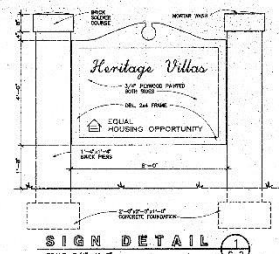
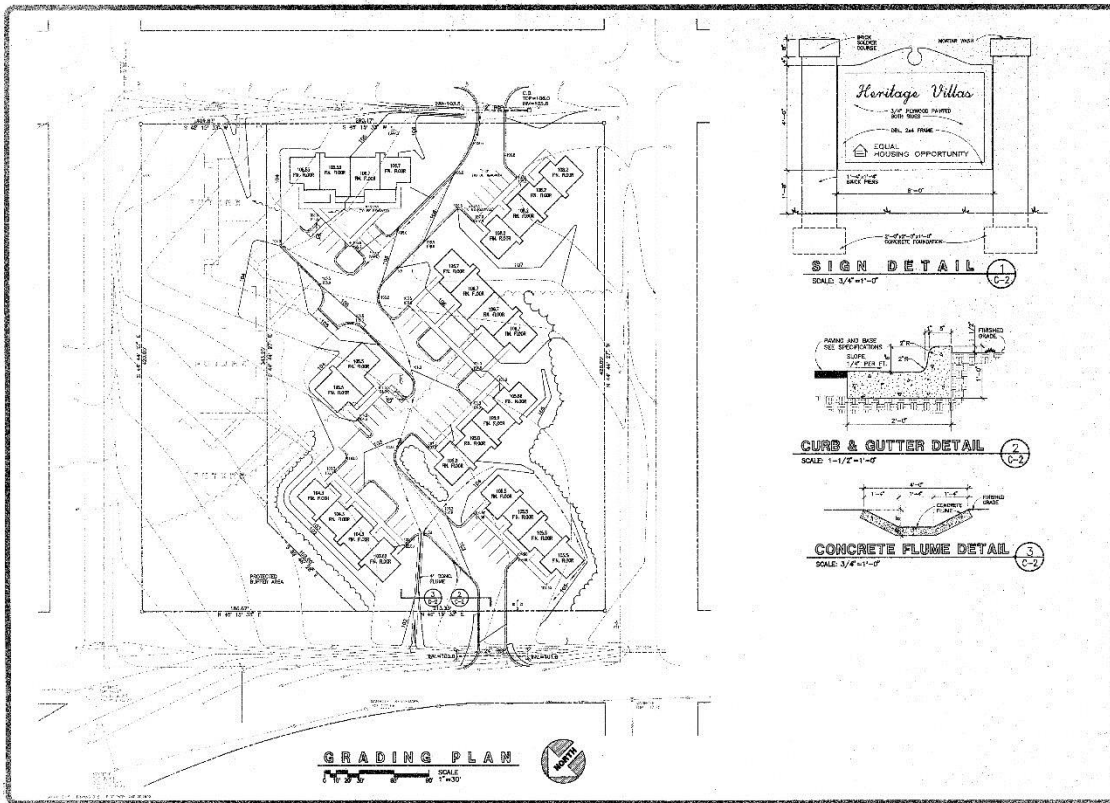
- THE INSTALLATION OF EROSION CONTROL PRACTICES SHALL OCCUR PRIOR TO THE COMMENCEMENT OF ANY LAND DISTURBING ACTIVITY.
- EROSION CONTROL PRACTICES SHALL BE MAINTAINED THROUGHOUT THE CONSTRUCTION PERIOD AND SHALL BE REMOVED OR MODIFIED AS NECESSARY.
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WWW.JTSMA.COM

HELENA ELDERSHAW HOUSING DEVELOPMENT
HELENA, GEORGIA

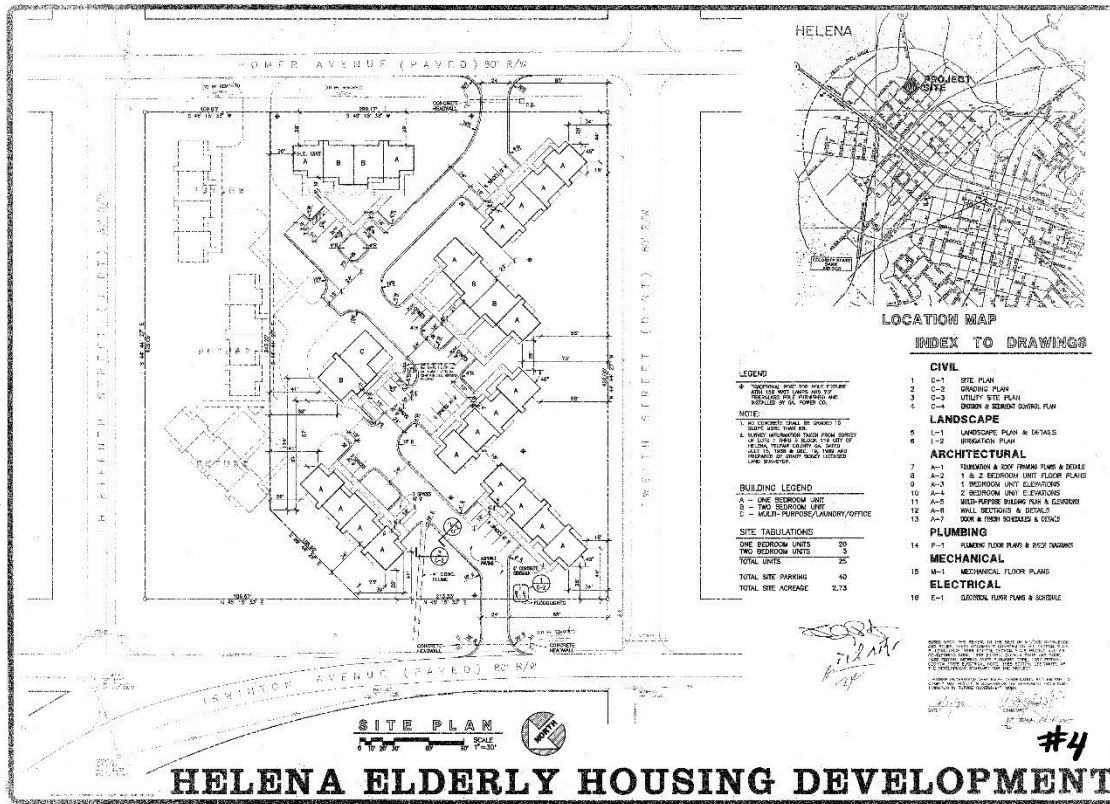
CS
3 OF 16



ARCHITECTS & PLANNERS
PHASE 1 - 24 UNITS
HELENA ELDERLY HOUSING DEVELOPMENT
HELENA, GEORGIA

ip

C-2



INDEX TO DRAWINGS

NO.	DESCRIPTION
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3-3	UTILITY SITE PLAN
4-4	DRYING & BASKING COVERING PLAN
5	LANDSCAPE
5-1	LANDSCAPE PLAN & DETAILS
5-2	IRRIGATION PLAN
6	ARCHITECTURAL
7	7-A-1 TERRACE & SOFFIT TRIMMING PLANS & DETAILS
8	8-A-2 1 & 2 BEDROOM UNIT FLOOR PLANS
9	9-A-3 1 BEDROOM UNIT ELEVATIONS
10	10-A-4 2 BEDROOM UNIT ELEVATIONS
11	11-A-5 MULTI-PURPOSE BUILDING PLAN & ELEVATIONS
12	12-A-6 WALL SECTIONS & DETAILS
13	13-A-7 DOOR & WINDOW SECTIONS & DETAILS
14	PLUMBING
14-P-1	PLUMBING FLOOR PLANS & RISE/DESCENT
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ARCHITECTS & PLANNERS
PHASE 1 - 24 UNITS
HELENA ELDERLY HOUSING DEVELOPMENT
HELENA, GEORGIA

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#4

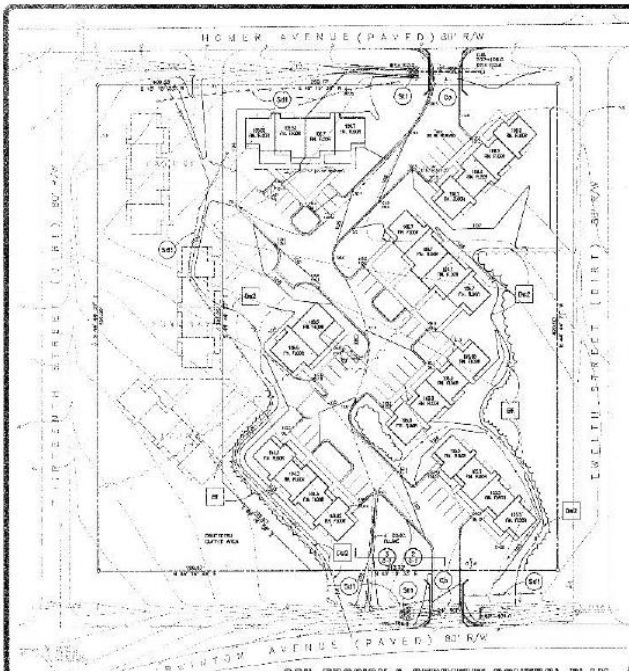
2015 REHABILITATION WORK SCOPE

PROJECT NAME: Heritage Villas Apartments	YEAR BUILT: 1990
PROJECT LOCATION: 1200 Irwinton Avenue, Helena, Ga. 31037	UNIT COUNT: 26
	GROSS SQUARE FOOTAGE: 17,048

CSI DIVISION		TRADE ITEM	Describe scope: materials, performance specifications	Percentage of total existing to be demised or replaced	QUANTITY	UNIT (sq. ft., 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	1 Bedroom and 2 bedroom accessible Units . Demo existing kitchen, bathroom, HVAC, and part of bedroom walls. Demo bathroom concrete floor to relocate plumbing. Relocate laundry room and HVAC closet. Frame new walls, install new plumbing lines, new electrical lines in walls that were moved. Install new drywall, paint and floor covering. Provide one sight and hearing impaired kit to be left in the office with manager.	65	2	Apts.	19860	\$39,720
24		retrofit existing units for Fair Housing compliance	Blocking missing in bathrooms for Grabbars					\$0
24		retrofit existing clubhouse to meet UFAS, Fair Housing, & ADA						\$0
24		retrofit existing site to meet Fair Housing, ADA	4% of the Main Sidewalks cross slope exceeds 2% and must be redone to have a 2% or less cross slope. 3 handicap parking spaces need to be redone to have the correct slope and cross slope. 6 entrance walks must be removed and replaced.	9	2420	SF	5.5	\$13,310
Total (Accessibility)								\$53,030
37	2	Demolition						\$0
37		site						\$0
37		bidg interiors: ceilings, walls, floor, plumbing, HVAC, elec						\$0
37		bidg 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	80	LF	45	\$3,600
30		regrade for elimination of erosion situations						\$0
30								\$0
34	2	Landscaping & Irrigation						\$0
34		sodding/seeding						\$0
34		trees, shrubs, and annuals	Add native and drought tolerant trees and plants	5	100	80	85	\$8,500
34		irrigation						\$0
34		tree pruning, root removal	Remove 6 dead pine trees and 12 diseased trees	6	18	trees	300	\$5,400
33	2	Retaining walls						\$0
33	2	Site Improvements						\$0
33		fencing	Remove and replace dumpster fences	100	54	LF	60	\$3,240
33		exterior amenities construction (list each amenity separately)	New Picnic Table, grill, and covered pavilion	100	1	each	22400	\$22,400
32	2	Roads (paving)						\$0
32		asphalt paving	Overlay asphalt paving and Restripe	100	20900	SF	2	\$41,800
32	2	Site concrete (curbs, gutters, & sidewalks)						\$0
32		curb & gutter	Repair Cracked Curb and Gutter	5	62	LF	12	\$744
32		sidewalks	Repair damaged sidewalks	4	1480	SF	12	\$17,760
32		Video utilities						\$0
31	2	Site Utilities						\$0
31		water service						\$0
31		fire service						\$0
31		storm water piping						\$0
31		sewer service						\$0
31		electrical service						\$0
31		gas service						\$0
Total (Land Improvements)								\$103,444
1	3	Concrete (building pads & gypcrete)						\$0
2	4	Masonry	Pressure wash brick and point up	100	7	Bldgs.	500	\$3,500
3	5	Metals (stair stringers, metal decking, handrails, structural steel)						\$0
3		stair pans/stringers						\$0
3		corrugated metal decking						\$0
3		handrails						\$0
3		structural steel						\$0
4	6	Rough carpentry (framing, sheathing, decking)						\$0
4		framing						\$0
4		ext wall sheathing						\$0
4		floor decking						\$0
4		attic draft stops	Repair and seal	repair	24	Fire Walls	145	\$3,480
4		exterior wood decks, patios and rails						\$0
5	6	Finish Carpentry (window sills, wood base, wood paneling, exterior wood trim, shutters, etc)						\$0
5		exterior trim including shutters						\$0
5		interior trim including wood base	Replace Exterior door trim and damaged window stools	22	1098	LF	1.8	\$1,976
6	7	Waterproofing	Caulk all receptacles, light fixture boxes, windows, doors	100	26	units	160	\$4,160
7	7	Insulation						\$0
7		wall insulation						\$0
7		roof insulation	Boost Attic Insulation to R-38	100	17046	SF	0.39	\$6,648
7		sound insulation						\$0
8	7	Roofing						\$0
8		shingles (or other roofing material)	Replace with 25 year asphalt Shingles	100	259	SO	250	\$64,750
8		gutters & downspouts						\$0
6	7	Siding/stucco	Replace vinyl siding	100	3600	SF	4	\$14,400
10	8	Doors & hardware						\$0
10		interior doors	Replace interior door units	100	142	each	90	\$12,780
10		exterior doors	Replace exterior door units	100	82	each	390	\$31,980
10		hardware	Replace door hardware	100	26	units	320	\$6,320
10		Storm Doors	Replace Storm Doors	100	26	each	120	\$3,120
11	8	Windows/glass						\$0
11		Windows	Replace all windows with Low-E, U-Factor 0.35 and SHG	100	110	each	330	\$36,300
11		mirrors						\$0
13	9	Drywall						\$0
13		repair and replacement-walls	Repair damaged areas	2.8	488	SF	4	\$1,952
13		repair and placement-ceiling	Repair damaged areas and spray finish	2.2	389	SF	4	\$1,556
14	9	Tile work						\$0
14		tub surrounds						\$0
14		ceramic floors						\$0

16	9	Resilient/wood flooring						\$0
16		VCT						\$0
16		sheet goods	Replace Vinyl Flooring	88	1991 SY	18.75		\$37,331
16		wood flooring						\$0
17	9	Painting						\$0
17		exterior walls						\$0
17		interior walls	Semi Gloss Enamel	100	17046 SF	0.75		\$12,785
17		ceilings						\$0
17		doors & trim	Semi Gloss Enamel	100	17046 SF	0.25		\$4,262
17		steel: handrails, stairs, etc	Hand Rails	100	426 LF	5.5		\$2,343
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	26 units	88		\$2,288
18		fire extinguishers						\$0
18		shelving						\$0
18		mailboxes	New mailboxes and mail kiosk with roof	100	1 each	12540		\$12,540
18		stove/tp fire suppression	2 per range hood	100	26 units	68		\$1,768
20	11	Cabinets (incl. countertops)						\$0
20		unit kitchens	Refinish Cabinets	100	26 units	880		\$22,880
20		countertops	Replace Countertops	100	26 units	690		\$17,940
20		bathroom vanities	refinish vanities	100	26 units	85		\$2,210
21	11	Appliances						\$0
21		refrigerators	Replace with Energy Star Refrigerator	80	21 Each	705.12		\$14,808
21		stove	Replace Stove	100	26 Each	459.03		\$11,935
21		vent hood	Replace Vent Hood	100	26 Each	84.53		\$2,198
21		dishwasher						\$0
21		microwave						\$0
21		disposals						\$0
22	12	Blinds & Shades	Replace with 2" faux blinds	100	110 each	55		\$6,050
23	12	Carpets						\$0
24	13	Special Construction (pools)						\$0
25	14	Elevators						\$0
26	15	Sprinklers						\$0
26	15	Plumbing						\$0
26		bathtubs and/or pre-fab showers	Tub Repair and Refinish	100	24 units	200		\$4,800
26		shower heads						\$0
26		tub faucets	Replace with new delta faucets	100	26 units	400		\$10,400
26		bathroom sinks	Replace with new china sink, Delta faucet, trap and sup	100	26 units	385		\$10,010
26		bathroom faucets						\$0
26		kitchen sinks	Replace Kitchen Sink, Delta Faucet, Strainers, Trap and	100	26 units	385		\$10,010
26		kitchen faucets						\$0
26		toilets	Replace Toilets with HC Toilets	100	26 Each	385		\$10,010
26		new water service--piping, valves, etc						\$0
26		new waste/vent service--piping, valves, etc						\$0
26		water heaters	Replace	100	26 Each	450		\$11,700
26		individual water metering						\$0
27	15	HVAC						\$0
27		air conditioning equipment	All labor and Materials HVAC Subcontractor	77	20 Each	2900		\$58,000
27		heating equipment						\$0
27		ductwork cleaning						\$0
27		ductwork						\$0
27		duct insulation						\$0
27		bathroom ventilation fans	Replace	100	26 each	100		\$2,600
27		solar hot water heating						\$0
29	16	Electrical						\$0
29		unit light fixtures	Install Energy Star ceiling fan in Living Room and Bedro	100	26 Apts.	690		\$17,940
29		common area/exterior building mounted light fixtures	Included in Light Fixture Allowance					\$0
29		pole lights	n/a - GA Power maintained					\$0
29		ceiling fans	included in Light					\$0
29		electrical wiring (within unit)	Replace switches and outlets	100	26 Apts.	450		\$11,700
29		outlets & light switches	Install GFCI outlets in Laundry and kitchen	100	26 Each	50		\$1,300
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	52 Each	50		\$2,600
29		fire alarm system						\$0
29		security alarm system						\$0
29		access control system						\$0
29		camera system						\$0
Subtotal (structures)								\$497,889
Total (Structure & Land Imprvmts & Accessibility)								\$654,363

Unit count \$25,167.80
square foot 38.39



GEORGIA
UNIFORM CODING SYSTEM
FOR SOIL EROSION AND SEDIMENT CONTROL PRACTICES

NO.	DESCRIPTION	NO.	DESCRIPTION
01	GENERAL SOIL EROSION CONTROL	07	CONSTRUCTION
02	STORM WATER CONTROL	08	ROADWAY
03	VEGETATION	09	LANDSCAPE
04	WATER CONTROL	10	WATER CONTROL
05	WATER CONTROL	11	WATER CONTROL
06	WATER CONTROL	12	WATER CONTROL

- NOTES**
1. ALL PRACTICES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE PROVISIONS OF THE GEORGIA UNIFORM CODING SYSTEM FOR SOIL EROSION AND SEDIMENT CONTROL PRACTICES.
 2. ALL PRACTICES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE PROVISIONS OF THE GEORGIA UNIFORM CODING SYSTEM FOR SOIL EROSION AND SEDIMENT CONTROL PRACTICES.
 3. ALL PRACTICES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE PROVISIONS OF THE GEORGIA UNIFORM CODING SYSTEM FOR SOIL EROSION AND SEDIMENT CONTROL PRACTICES.

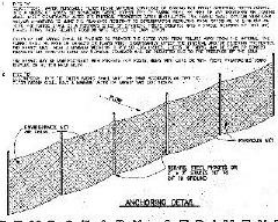
SOIL EROSION & SEDIMENT CONTROL PLAN

FERTILIZER RATES

SOIL TYPE	NITROGEN (LBS/1000 SQ FT)	PHOSPHORUS (LBS/1000 SQ FT)	POTASSIUM (LBS/1000 SQ FT)
1	1.0	1.0	1.0
2	1.0	1.0	1.0
3	1.0	1.0	1.0
4	1.0	1.0	1.0
5	1.0	1.0	1.0
6	1.0	1.0	1.0
7	1.0	1.0	1.0
8	1.0	1.0	1.0
9	1.0	1.0	1.0
10	1.0	1.0	1.0

YEARLY PLANTING RATES

SPECIES	PLANTING RATE (PLANTS/1000 SQ FT)	PLANTING DATE
1	1.0	1.0
2	1.0	1.0
3	1.0	1.0
4	1.0	1.0
5	1.0	1.0
6	1.0	1.0
7	1.0	1.0
8	1.0	1.0
9	1.0	1.0
10	1.0	1.0



TEMPORARY SEDIMENT BARRIER-SILT FENCE

ARCHITECTS & PLANNERS
 1000 ...
 HELENA, GEORGIA
 HELENA, GEORGIA

ADDENDUM C

STDB

You are currently logged in as: (CUSTID_17921) on 19-Feb-2016

1200 Irwinton Avenue, Helena, GA
1200 IRWINTON AVE, HELENA, GA



MAP DATA

Map Number : **13271C0075C**
Panel Date : **August 19,2010**
FIPS Code : **13271**

Census Tract : **9501.00**
Geo Result : **S5 (Most Accurate) -**
single close match, point located at
the street address position

Flood

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

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ADDENDUM D

STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

SAMUEL TODD GILL

258907

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

46665603

SAMUEL TODD GILL

258907
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

ORIGINALLY LICENSED

02/08/2003

END OF RENEWAL
08/30/2018



LYNN DEMPSEY
Real Estate Commissioner

46665603

SAMUEL TODD GILL

258907
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

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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



LYNN DEMPSEY
Real Estate Commissioner

46665603

ADDENDUM E

Samuel T. Gill
512 North One Mile Road
P.O. Box 784
Dexter, Missouri 63841
573-624-6614 (phone)
573-624-2942 (fax)
todd.gill@gillgroup.com

OVERVIEW

Extensive multifamily experience over the past 25 years specializing in work for the Department of Housing and Urban Development (HUD), United States Department of Agriculture/Rural Development (USDA/RD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program including but not limited to, Section 8, Section 202, Section 236, Section 515 and Section 538 Programs. Additionally, extensive experience since inception of the Multifamily Accelerated Processing (MAP) Program of Sections 202/223(f), 232/223(f), 221(d)3, 221(d)4 and 223(f). Also, more than 20 years of experience with nursing homes, hotels and complicated commercial appraisal assignments.

ACCREDITATIONS

State Certified General Real Estate Appraiser

Alabama State License Number: G00548
Arizona State License Number: 31453
Colorado State License Number: CG40024048
Connecticut State License Number: RCG.0001276
District of Columbia License Number: GA11630
Georgia State License Number: 258907
Hawaii State License Number: CGA1096
Idaho State License Number: CGA-3101
Illinois State License Number: 153.0001384
Indiana State License Number: CG40200270
Iowa State License Number: CG02426
Kansas State License Number: G-1783
Louisiana State License Number: G1126
Maine State License Number: CG3635
Maryland State License Number: 32017
Michigan State License Number: 1201068069
Minnesota State License Number: 40186198
Mississippi State License Number: GA-624
Missouri State License Number: RA002563
Montana State License Number: REA-RAG-LIC-8530
Nebraska State License Number: CG2000046R
New York State License Number: 46000039864
North Carolina State License Number: A5519
North Dakota State License Number: CG-2601
Ohio State License Number: 448306
Oklahoma State License Number: 12524CGA
Oregon State License Number: C000793
Pennsylvania State License Number: GA001813R
South Carolina State License Number: 3976
Tennessee State License Number: 00003478
Texas State License Number: 1329698-G
Utah State License Number: 5510040-CG00
Virginia State License Number: 4001 015446
Washington State License Number: 1101018
West Virginia State License Number: CG358
Wisconsin State License Number: 1078-10
Wyoming State License Number: 479

Also received temporary licenses in the following states: Arkansas, California, Delaware, Florida, Kentucky, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, Puerto Rico, Rhode Island, South Dakota, the U.S. Virgin Islands and Vermont.

**EXPERIENCE
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring and has worked with HUD in this capacity since inception. Completed approximately 350 appraisals assignments under this program.

Provider of HUD MAP and TAP appraisals and market studies for multiple lenders since its inception. Completed approximately 350 appraisal assignments under this program.

Contract MAP quality control reviewer and field inspector for CohnReznick and HUD. Have completed approximately 350 reviews under this program. Have completed approximately 100 field inspections under this program.

Currently approved state reviewer for HUD Rent Comparability Studies for Section 8 Renewals in Alabama, California, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, North Carolina, Oregon, Utah, Virgin Islands, Virginia, Washington, West Virginia and Wisconsin. Completed approximately 500 reviews under this program.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide. Completed approximately 400 rent comparability studies.

Provider of tax credit financing analysis and value of financing analysis. Completed approximately 300 appraisal assignments and market studies under this program.

Provider of multifamily appraisals under the RD 515 and 538 programs. Completed approximately 200 appraisal assignments under these programs.

Partial list of clients include: Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, CohnReznick, L.L.P., Group, Siegel Group, Signet Partners and Wachovia Securities.

**DEVELOPMENT/OWNERSHIP/
MANAGEMENT EXPERIENCE
(2006 TO PRESENT)**

For the past 10 years, he has owned three separate companies that develop, own and manage commercial, multifamily, residential, agricultural and vacant land properties.

In his portfolio are over 100,000 square feet of commercial space, over 1,000 units of multifamily, 200 acres of farmland, and 10 parcels of developable commercial and multifamily lots, all in the Midwest.

EDUCATION

Bachelor of Arts Degree

Southeast Missouri State University

Associate of Arts Degree

Three Rivers Community College

HUD/FHA Appraiser Training

Arkansas State Office

Multifamily Accelerated Processing Valuation (MAP)

U.S. Department of Housing and Urban Development

2nd Annual Multifamily Accelerated Processing Basic and Advanced Valuation (MAP)

U.S. Department of Housing and Urban Development

FHA Appraising Today

McKissock, Inc.

Texas USDA Rural Development Multifamily Housing Appraiser Training

Texas Rural Development

Kentucky USDA Rural Development Multifamily Housing Appraiser Training

Kentucky Rural Development

Financial Analysis of Income Properties

National Association of Independent Fee Appraisers

Income Capitalization

McKissock, Inc.

Introduction to Income Property Appraising

National Association of Independent Fee Appraisers

Concepts, Terminology & Techniques

National Association of Independent Fee Appraisers

Uniform Standards of Professional Appraisal Practice

Central Missouri State University

Appraisal of Scenic, Recreational and Forest Properties

University of Missouri-Columbia

Appraiser Liability

McKissock, Inc.

Appraisal Trends

McKissock, Inc.

Sales Comparison Approach

Hondros College

Even Odder: More Oddball Appraisals

McKissock, Inc.

Mortgage Fraud: A Dangerous Business

Hondros College

Private Appraisal Assignments

McKissock, Inc.

Construction Details & Trends

McKissock, Inc.

Condemnation Appraising: Principles & Applications

Appraisal Institute

Michigan Law

McKissock, Inc.

Pennsylvania State Mandated Law

McKissock, Inc.

Valuing Real Estate in a Changing Market

National Association of Independent Fee Appraisers

Principles of Residential Real Estate Appraising

National Association of Independent Fee Appraisers

Real Estate Appraisal Methods

Southeast Missouri State University

Lead Inspector Training

The University of Kansas

Lead Inspector Refresher

Safety Support Services, Incorporated

Home Inspections: Common Defects in Homes

National Association of Independent Fee Appraisers

Heating and Air Conditioning Review

National Association of Independent Fee Appraisers

Professional Standards of Practice

National Association of Independent Fee Appraisers

Developing & Growing an Appraisal Practice - Virtual Classroom

McKissock, Inc.

The Appraiser as Expert Witness

McKissock, Inc.

Current Issues in Appraising

McKissock, Inc.

2011 ValExpo: Keynote-Valuation Visionaries

Van Education Center/Real Estate

Residential Report Writing

McKissock, Inc.

The Dirty Dozen

McKissock, Inc.

Risky Business: Ways to Minimize Your Liability

McKissock, Inc.

Introduction to Legal Descriptions

McKissock, Inc.

Introduction to the Uniform Appraisal Dataset

McKissock, Inc.

Mold Pollution and the Appraiser

McKissock, Inc.

Appraising Apartments: The Basics

McKissock, Inc.

Foundations in Sustainability: Greening the Real Estate and Appraisal Industries

McKissock, Inc.

Mortgage Fraud

McKissock, Inc.

The Nuts and Bolts of Green Building for Appraisers

McKissock, Inc.

The Cost Approach

McKissock, Inc.

Pennsylvania State Mandated Law for Appraisers

McKissock, Inc.

Michigan Appraisal Law

McKissock, Inc.

Modern Green Building Concepts

McKissock, Inc.

Residential Appraisal Review

McKissock, Inc.

Residential Report Writing: More Than Forms

McKissock, Inc.

2-4 Family Finesse

McKissock, Inc.

Appraisal Applications of Regression Analysis

McKissock, Inc.

Appraisal of Self-Storage Facilities

McKissock, Inc.

Supervisor-Trainee Course for Missouri

McKissock, Inc.

The Thermal Shell

McKissock, Inc.

Even Odder - More Oddball Appraisals

McKissock, Inc.

Online Data Verification Methods

Appraisal Institute

Online Comparative Analysis

Appraisal Institute

Advanced Hotel Appraising - Full Service Hotels

McKissock, Inc.

Appraisal of Fast Food Facilities

McKissock, Inc.

Appraisal Review for Commercial Appraisers

McKissock, Inc.

Exploring Appraiser Liability

McKissock, Inc.