

Appraisal Report*

For

An Existing Family Apartment Complex

Called

**Meadow Run I Apartments
875 Meadow Run Lane Southeast
Dawson, Georgia 39842**

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

August 1, 2017

Effective Date of Appraisal

May 9, 2017

Appraised By

Samuel T. Gill

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



August 1, 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: Meadow Run I Apartments
875 Meadow Run Lane Southeast
Dawson, Georgia 39842
"As Is" and "As Stabilized" Appraisal Report
As of May 9, 2017

Dear Ms. Ferrell:

In accordance with your request, I have personally appraised the existing Rural Development property targeted towards families known as Meadow Run I Apartments. The site contains approximately 4.00 acres. The subject is improved with six one- and two-story buildings containing 49 units and an accessory building.

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

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

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

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

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

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

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

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 9, 2017, is as follows.

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS
\$2,120,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of May 9, 2017, is as follows.

NINE HUNDRED THIRTY THOUSAND DOLLARS
\$930,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), as of May 9, 2017, is as follows.

NINE HUNDRED THIRTY THOUSAND DOLLARS
\$930,000

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.

TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS
\$2,585,000

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 THREE HUNDRED THOUSAND DOLLARS
\$1,300,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan of the subject property, as of May 9, 2017, is as follows:

SIX HUNDRED FIFTY SIX THOUSAND DOLLARS
\$656,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Proposed USDA RD Section 515 Loan of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED THIRTY THREE THOUSAND DOLLARS
\$533,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the Low Income Housing Tax Credits, as of May 9, 2017, is as follows:

NINE HUNDRED THOUSAND DOLLARS
\$900,000

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

FOUR HUNDRED THIRTY FIVE DOLLARS
\$435.00

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 909 square feet two-bedroom units of the subject property, as of May 9, 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 949 square feet three-bedroom units of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED NINETY FIVE DOLLARS
\$595.00

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

FOUR HUNDRED EIGHTY FIVE DOLLARS
\$485.00

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

FIVE HUNDRED SEVENTY FIVE DOLLARS
\$575.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 909 square feet two-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 949 square feet three-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FORTY FIVE DOLLARS
\$645.00

The following values are determined for the DCA:

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the market value of the land, as of May 9, 2017, is as follows.

FORTY SEVEN THOUSAND DOLLARS
\$47,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the "As Is" market value of the subject property, subject to market rents, as of May 9, 2017, is as follows.

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS
\$2,120,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to restricted rents, as of May 9, 2017, is as follows.

NINE HUNDRED THIRTY THOUSAND DOLLARS
\$930,000

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.

TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS
\$2,585,000

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 THREE HUNDRED THOUSAND DOLLARS
\$1,300,000

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

NINE MILLION SIX HUNDRED NINETY SEVEN THOUSAND DOLLARS
\$9,697,000.00

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

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

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

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

Respectfully submitted,

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

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

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EXECUTIVE SUMMARY

Name of the Property Meadow Run I Apartments
Location 875 Meadow Run Lane Southeast, Dawson, Terrell County, Georgia 39842
Current Owner Meadow Run Apartments, LP
Type of Report "As Is" and "As Complete" Appraisal Report
Total Land Area 4.00 acres or 174,240+/- square feet
Floodplain Hazard According to CoreLogic, Flood Map Number 13273C-0120A, dated September 2, 2009, 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 Dawson, the subject is zoned R-2, One, Two, and Multiple Family Residential District. The subject is a legal, conforming use.

Property Description The subject is improved with six one- and two-story buildings containing 49 units and an accessory building. The net rentable area is approximately 41,848 square feet. The gross building area, according to the Terrell County Assessor's Office, is 48,024 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	10	643	6,430
2/1	1	796	796
2/1.5 TH	36	909	32,724
3/1.5	2	949	1,898
	49		41,848

Real Estate Taxes \$12,952.64 for 2016 **Parcel Number** 042B 020
Property Type Apartment Complex **Highest and Best Use** Apartment Complex
Date of Inspection May 9, 2017 **Date of Report** August 1, 2017

Sales History of Subject According to the Terrell County Assessor's Office, the property is owned by Meadow Run Apartments, LP. The property has not transferred ownership within the past five years. The property is currently under contract for sale between Meadow Run Apartments, LP (seller) and Meadow Run Dawson, 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	\$960,000 (As Is Restricted) \$2,125,000 (As Is Market) \$1,325,000 (As Stabilized Restricted) \$2,590,000 (As Stabilized Market)
Income Approach	\$930,000 (As Is Restricted) \$2,120,000 (As Is Market) \$1,300,000 (As Stabilized Restricted) \$2,585,000 (As Stabilized Market)
Sales Comparison Approach	Not Developed (As Is Restricted) \$2,060,000 (As Is Market) Not Developed (As Stabilized Restricted) \$2,255,000 (As Stabilized Market)
Value of Land	\$47,000
Value of Existing 515 Loan	\$656,000
Value of Proposed 515 Loan	\$533,000
Value of Low Income Housing Tax Credits	\$900,000
Insurable Value	\$2,654,000
Unrestricted Market Value at Loan Maturity	\$9,697,000
As Is Market Rent (CRCU)	
One-Bedroom with 643 SF	\$435.00
Two-Bedroom with 909 SF	\$550.00
Three-Bedroom with 949 SF	\$595.00
As Complete Market Rent (CRCU)	
One-Bedroom with 643 SF	\$485.00
Two-Bedroom with 796 SF	\$575.00
Two-Bedroom with 909 SF	\$600.00
Three-Bedroom with 949 SF	\$645.00

CERTIFICATION

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

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



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

SCOPE OF WORK

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

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

- ◆ Samuel T. Gill, a State Certified General Real Estate Appraiser, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this appraisal.
 - On May 9, 2017, Trey Johnson and Scott Hassler, Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Samuel T. Gill, State Certified General Real Estate Appraisal, also inspected the exterior. Trey Johnson and Scott Hassler inspected all common areas and at least one unit of each varying type.
 - Trey Johnson and Scott Hassler and Samuel T. Gill researched comparable apartment rental activity in the subject market and competing locations. The research retrieve data from several of the following: internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers and the appraiser's office files.
 - During the week of May 9, 2017, Trey Johnson and Scott Hassler inspected the exterior of each comparable property used in the analysis.
 - During the verification process, Samuel T. Gill 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 Meadow Run I Apartments. The site is located at 875 Meadow Run Lane Southeast, Dawson, Terrell County, Georgia.

Legal Description

See Addendum A.

Past Five Years Sales History of the Subject

According to the Terrell County Assessor's Office, the property is owned by Meadow Run Apartments, LP. The property has not transferred ownership within the past five years. The property is currently under contract for sale between Meadow Run Apartments, LP (seller) and Meadow Run Dawson, 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 9, 2017. The effective date of the as complete value is January 31, 2019.

Function of the Appraisal

The function of this appraisal is to aid the client, Investors Management Company, 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 Dawson, the Terrell County Recorder; the Terrell County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; Walkscore; ESRI Business Information Solutions; and Nielsen Claritas and Ribbon Demographics.

Area and Neighborhood Analyses

Primary data was gathered pertaining to the subject neighborhood and the area during the week of May 8, 2017, to May 12, 2017. This information was analyzed and summarized in this report. Area data was obtained from the City of Dawson; the Terrell County Recorder; the Terrell 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 Dawson and the surrounding area. Market data on improved sales and leased properties were obtained from Dawson 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 market area 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 Dawson, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Dawson, Terrell 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 Dawson and Terrell 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 Dawson is located in Terrell County which is located in the southwest portion of Georgia. The nearest cities include the following: Bronwood, Georgia; Sasser, Georgia; Parrott, Georgia; Shellman, Georgia; Smithville, Georgia; Leesburg, Georgia; Weston, Georgia; and Plains, Georgia.

Utilities

The City of Dawson provides water, sewer, and natural gas services to the residents of the city. Electricity is provided by Georgia Power. Basic phone service is provided by Windstream.

Health Care

Terrell Community Hospital is located in Dawson and serves the residents of the city and the surrounding area. Additional health care and medical facilities nearby include Southwest Georgia Regional Medical Center in Cuthbert, approximately 23 miles from Dawson, and Phoebe Sumter Medical Center, approximately 28 miles from the city in Americus.

Transportation

Major highways in the County of Terrell include U.S. Route 82, and State Highways 32, 41, 45, 49, 50, 55, 118, and 520. Dawson is home to Dawson Municipal Airport and Young Airport. Southwest Georgia Regional Airport is approximately 25 miles from the city in Albany.

Population and Employment Statistics

CENSUS

	City	County	State
Population	4,388	9,213	10,006,693
Households	1,516	3,312	3,574,362
Renter Occupied	934	1,370	1,310,665

LABOR STATISTICS

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
2005	4,586	4,271	315	6.9
2010	3,917	3,439	478	12.2
March 2017	3,740	3,502	238	6.4

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

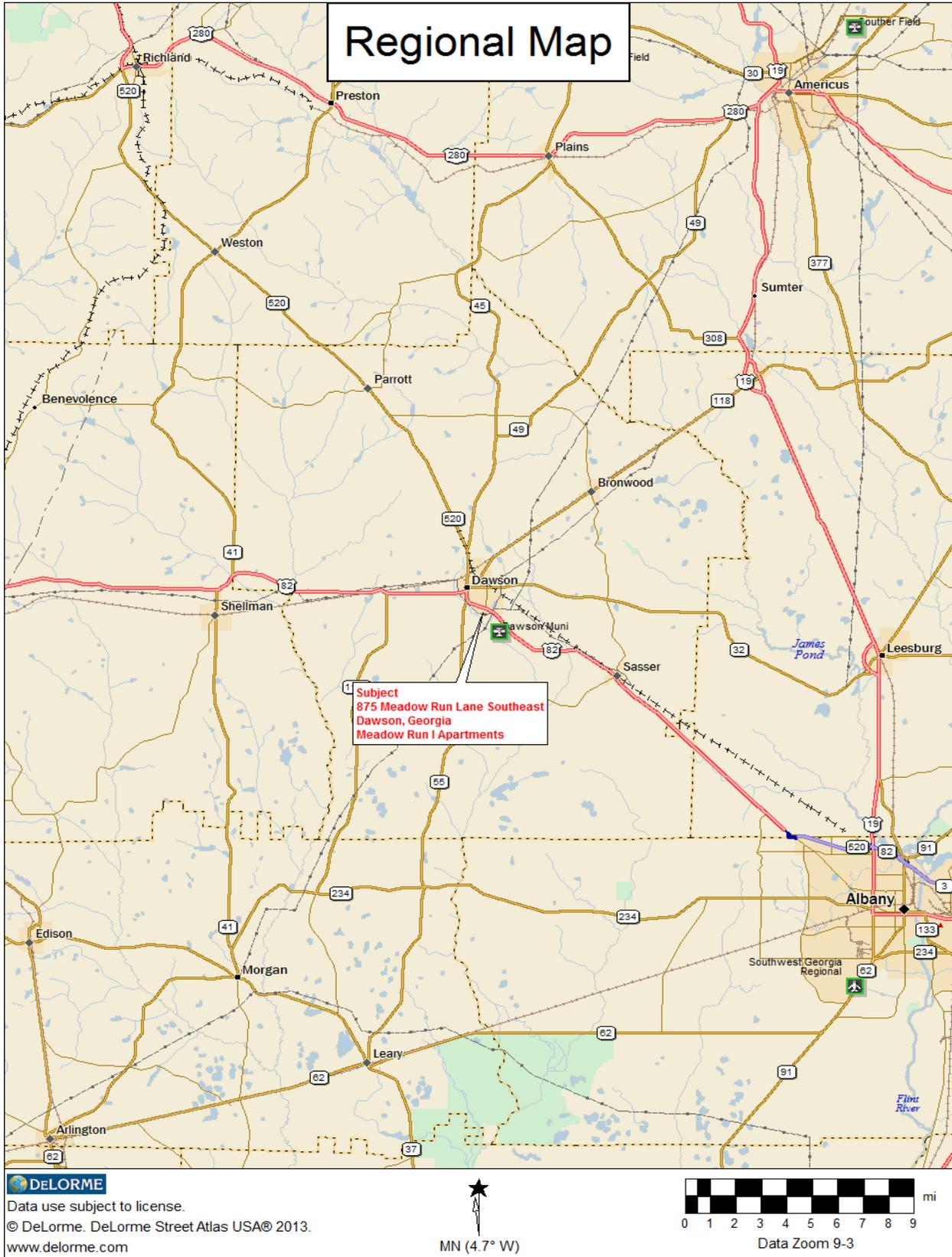
Major Employers

Major employers for the area are as follows:

MAJOR EMPLOYERS	
Name	Product/Industry
Badcock Home Furniture and More	Retail
Bank of Terrell	Finance
Dawson Health and Rehabilitation	Health Care
Golden Peanut Co.	Manufacturing
Harvey's Supermarket	Grocery
McCleskey Cotton Co., LLC	Manufacturing
McDonald's	Restaurant
Rainey Used Cars, Inc.	Automobile Sales
Terrell Academy, Inc.	Education
Tyson Farms, Inc.	Manufacturing

Summary and Conclusions

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



Neighborhood Data

Location

The subject property is located in the southern portion of the City of Dawson, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – U.S. Highway 82; South – County Road 135 and City Limits; East – U.S. Highway 82; and West – State Highway 55

Access

The neighborhood is accessed by U.S. Highway 82, State Highway 55 and County Road 135. 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	
0.1 mi	Huddle House
0.1 mi	520 Rib Shack
0.1 mi	Hardee's
0.3 mi	Subway
0.3 mi	Wayne's Restaurant & Grill
0.8 mi	San Joe's Mexican Grill
0.9 mi	McDonald's
0.9 mi	Main St Steak & Seafood
0.9 mi	Pizza Hut
1.1 mi	No 1 Chinese Restaurant
1.2 mi	Carters Fried Chicken
1.4 mi	The Farmhouse
1.5 mi	Peanut Meal

Groceries	
0.8 mi	Manders & Mims Go Market
1 mi	Piggly Wiggly
1 mi	Harvey's Supermarket
1.4 mi	Brumby Foods
6.4 mi	AMI Grocery and Gas
10 mi	Brumby Foods IGA

Schools	
0.3 mi	Terrell Academy
0.6 mi	Carver Elementary School
0.7 mi	Terrell Middle School
1.8 mi	Cooper Primary School
3.1 mi	Terrell Middle High School
10 mi	Randolph Southern School
15 mi	Lee County Middle School
15 mi	Lee County High School

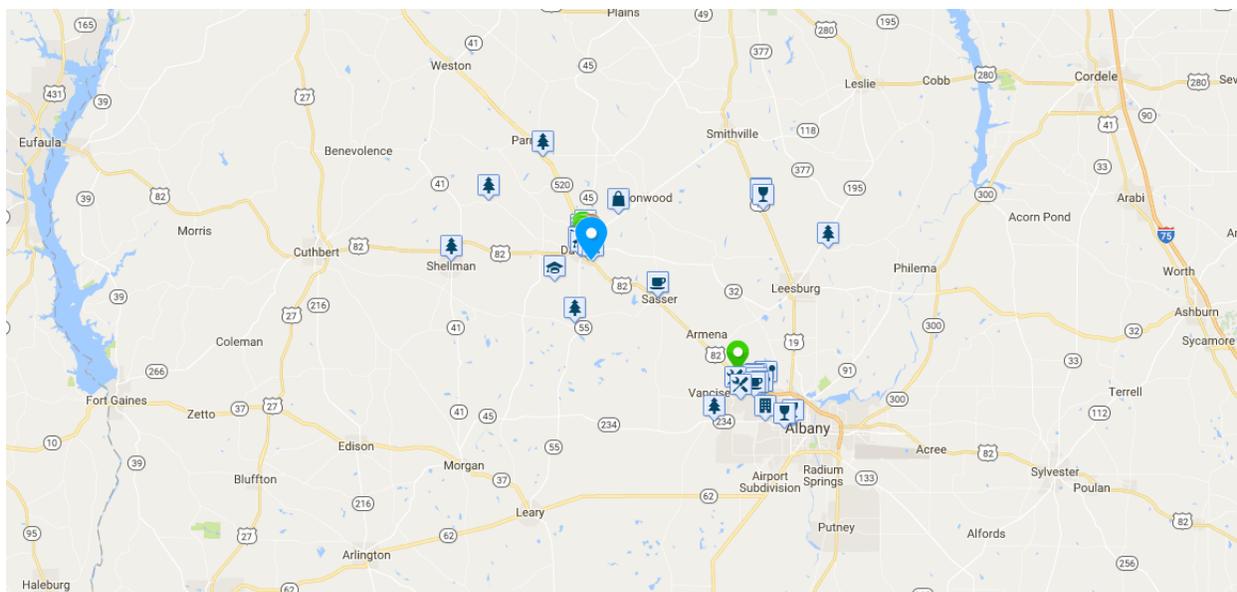
Shopping	
1 mi	Knight's Outlet
4.1 mi	Weston Enterprises
10 mi	Maridean's
13 mi	Doublegate EE-ZZ Mart
13 mi	Factory Connection
14 mi	Edwin Watts Golf
15 mi	Powersports Plus
15 mi	Family Dollar Store
15 mi	Target
15 mi	Cato Fashions
15 mi	Party City
15 mi	Southern Peach
16 mi	Catherines
16 mi	Hibbett Sports
16 mi	It's Fashion Metro

Banks	
0.1 mi	OneSouth Bank
1.1 mi	Bank of Terrell
1.2 mi	Bank of Dawson
14 mi	Synovus - SB&T Bank

Police	
1.1 mi	Dawson Public Safety Department

Medical Facilities	
1 mi	Dawson Medical Center
14 mi	Hughston Clinic
16 mi	Private Clinic Albany
16 mi	FastTrack Immediate Care
17 mi	Phoebe Primary Care
17 mi	Albany Area Primary Health Care

Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, Georgia



Land Use Pattern

The subject neighborhood is comprised primarily of multifamily dwellings and is 90 percent built up. Approximately 60 percent of the land use is made up of multifamily dwellings. About 30 percent is comprised of commercial properties. The remaining 10 percent is vacant land. The area is mostly rural.

Neighborhood Characteristics

The subject is located in the City Center neighborhood, according to Neighborhood Scout. The median real estate price of the neighborhood is \$85,179, which is less expensive than 81.2 percent of the neighborhoods in Georgia and 81.2 percent of the neighborhoods in the United States. The average rental price in the neighborhood is \$840, according to Neighborhood Scout, which is lower than 74.9 percent of all Georgia neighborhoods.

The neighborhood has 32.0 percent of the working population employed in sales and service jobs. Another 25.1 percent of the residents are employed in manufacturing and laborer occupations. Clerical, assistant and technical support occupations make up 23.5 percent, and 19.4 percent are employed in executive, management and professional occupations.

According to Neighborhood Scout, the school quality rating is 8 (100 is the best). The neighborhood is served by the Terrell County School District which contains four schools and approximately 1,479 students. The school district quality is considered better than 5.9 percent of Georgia school districts.

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

Neighboring Property Use

The neighborhood is comprised primarily of multifamily dwellings. Commercial properties are located north of the site. Meadow Run II Apartments and wooded vacant land are located south of the site. Commercial properties are located east of the subject. Autumn Crest Apartments is located west of the subject.



Crime

According to www.neighborhoodscout.com, the crime index for the subject neighborhood is 14. There are 171 total crimes annually in the neighborhood, 28 of which are violent crimes and 143 of which are property crimes. The annual violent crime rate is 9.23 per 1,000 residents, while the property crime rate is 47.12 per 1,000 residents. The total annual crime rate is 56.35 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 108 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 21 which is lower than the rate for the state which is 1 in 30.

Adverse Influences

The crime index for the subject neighborhood is elevated. However, the subject has video surveillance which offset any adverse influence due to crime. Therefore, there are no major adverse influences or hazards observed or known by the appraiser in the immediate surrounding area.

Utilities

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

Demographics

The population for the subject's neighborhood for 2017, according to ESRI, is 3,106, an decrease of (31) people from the 2010 population of 3,137. The population is expected to decrease at an annual rate of 1.4 percent between 2017 and 2022. Therefore, the 2022 population is projected at 3,063. The median age for the neighborhood is 43.9.

The total number of households decreased from 1,147 in 2010 to 1,139 in 2017. Household totals are expected to decrease, with a projected 1,123 households in 2022.

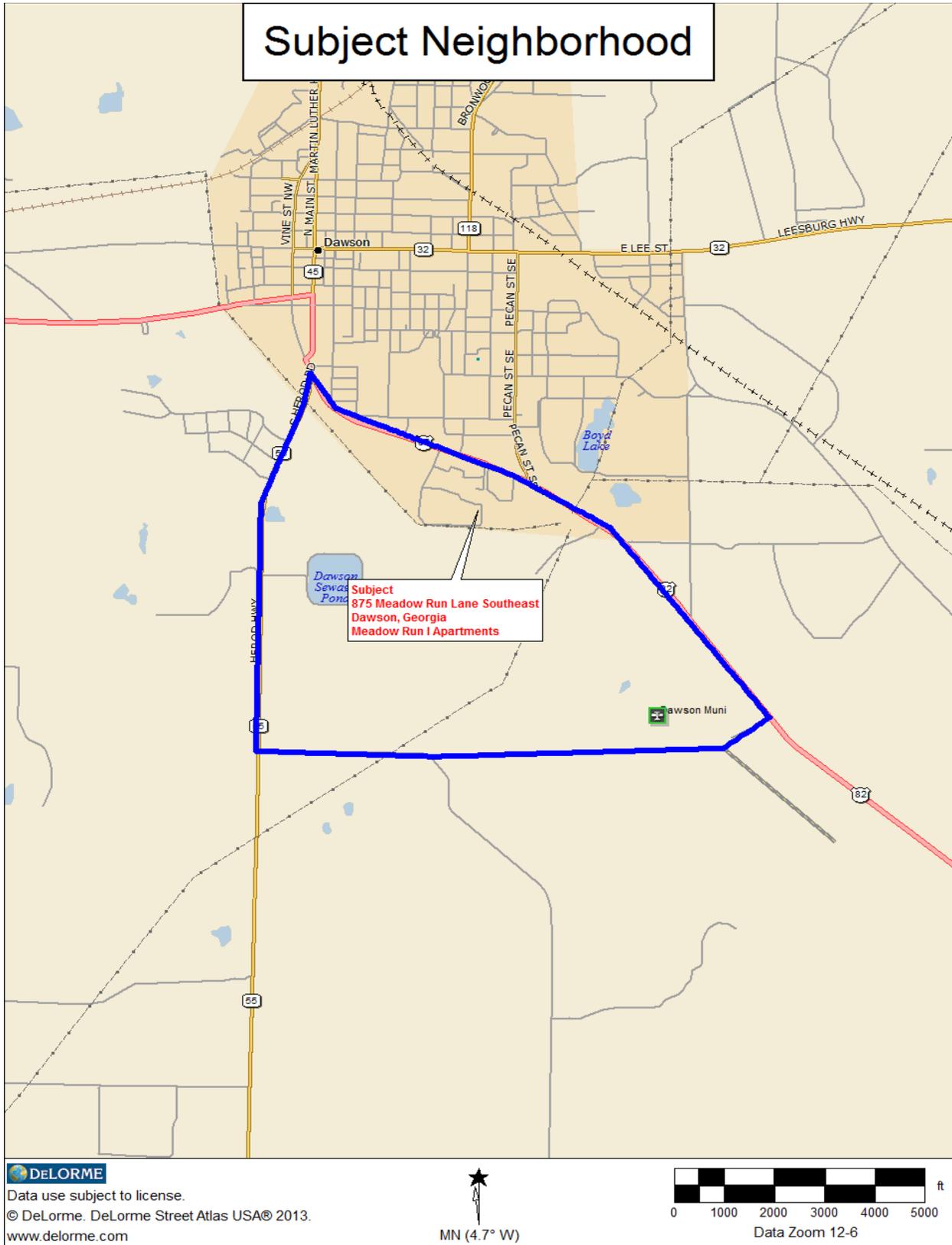
The median household income for the neighborhood in 2017 is \$31,094. It is expected to increase to \$32,796 by 2022. The per capita income is \$19,475.

The median home value for the neighborhood in 2017, according to ESRI, is \$82,200. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$7,860.00, or \$655 per month. The average amount spent for renter-occupied households is \$7,500.00, or \$625 per month.

Analysis/Comments

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

Neighborhood Map



Defining the Market Area

The market area for the subject consists of the following Census Tracts: 1202.00, 1203.00 and 1204.00. The market area has the following boundaries: North – Webster County; South – Calhoun County; East – Sumter County, Lee County, State Highway 32 and Chickasawhatchee Creek; and West – Randolph County.

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

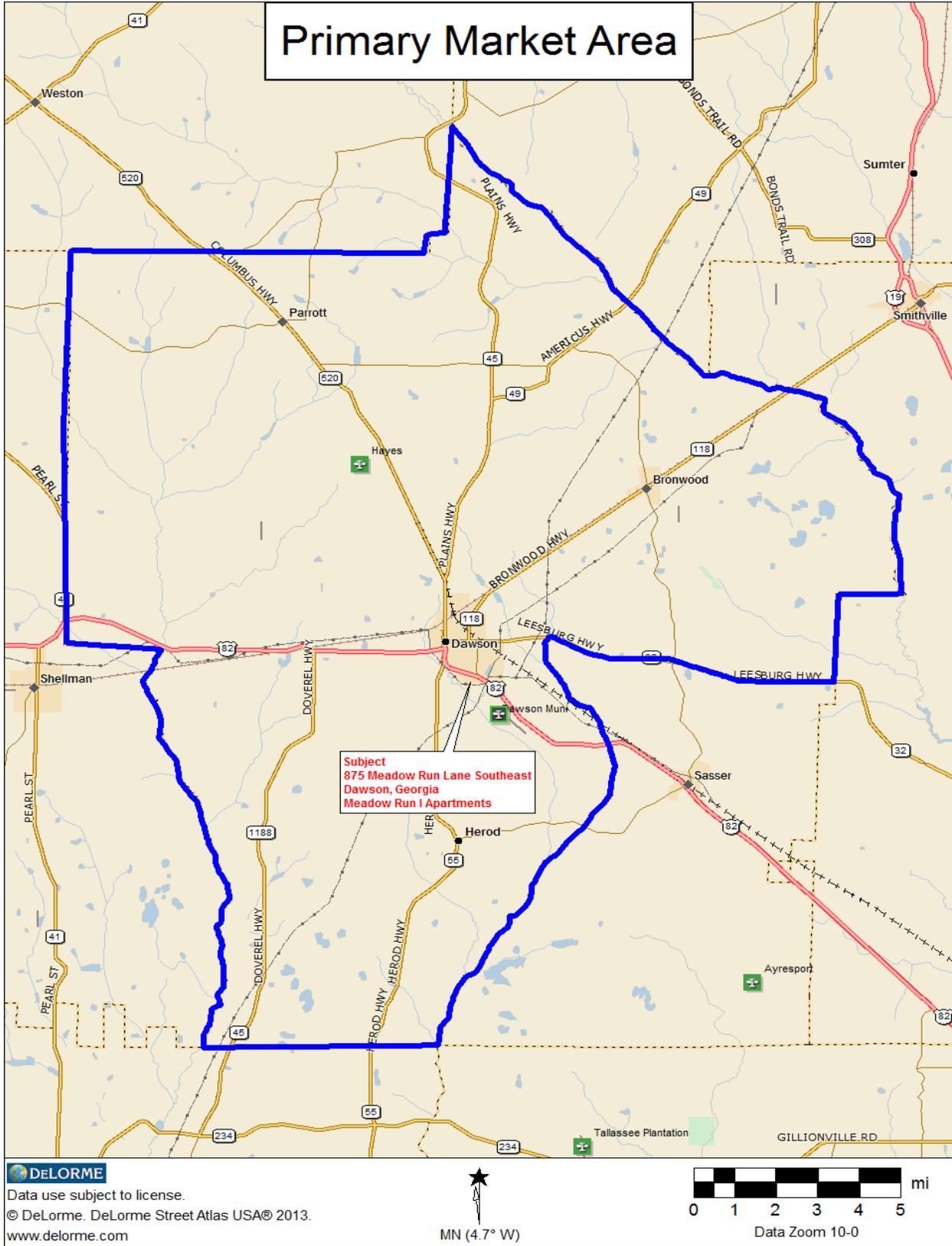
The field/phone survey was conducted in March 2017. Nine market-rate properties responded to the survey and four restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of five percent was determined for the market-rate vacancy and four percent was determined for the restricted vacancy. The subject is currently 90 percent occupied. Historically, the subject’s occupancy rate has ranged from 88 to 96 percent since 2013. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for “as is” conventional housing; five percent was deemed appropriate for “as complete” conventional housing; 10 percent was deemed appropriate for “as is” affordable housing; and five percent was deemed appropriate for “as complete” affordable housing.

Market Area Vacancy by Development - Conventional			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Southland Heights Apartments	89	0	0.0%
Lexington Place Apartments	97	7	7.0%
Cripple Creek Apartments	50	3	5.0%
Georgetown Apartments	32	1	4.0%
Troy Hill Apartments	57	6	10.0%
Country Club Drive Apartments	24	0	0.0%
St. Charles Apartments	42	4	10.0%
Hillside Manor Apartments	60	3	5.0%
Pecan Villas Apartments	8	0	0.0%
TOTALS	459	23	5.1%

Market Area Vacancy by Development - Affordable			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Meadow Run I Apartments	49	5	10.2%
Meadow Run II Apartments	40	1	2.5%
Autumn Crest Apartments	36	0	0.0%
Dawson Housing Authority	135	4	3.0%
TOTALS	260	10	3.8%

Absorption Period

The subject is an existing 49-unit complex that is currently 90 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 Terrell County Assessor's Office.

Total Land Area 4.00 acres or 174,240+/- square feet

Shape/Dimensions Irregular

Access & Exposure The subject property is located on Meadow Run Lane Southeast. The site is at or near pavement grade with Meadow Run Lane Southeast. The site has ingress and egress on Meadow Run Lane Southeast.

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

Flood Plain According to CoreLogic, Flood Map Number 13273C-0120A, dated September 2, 2009, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

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

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

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

Site Ratios

Building to Land Ratio: 1 to 7.40;

Site Coverage Ratio - 13.51 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.

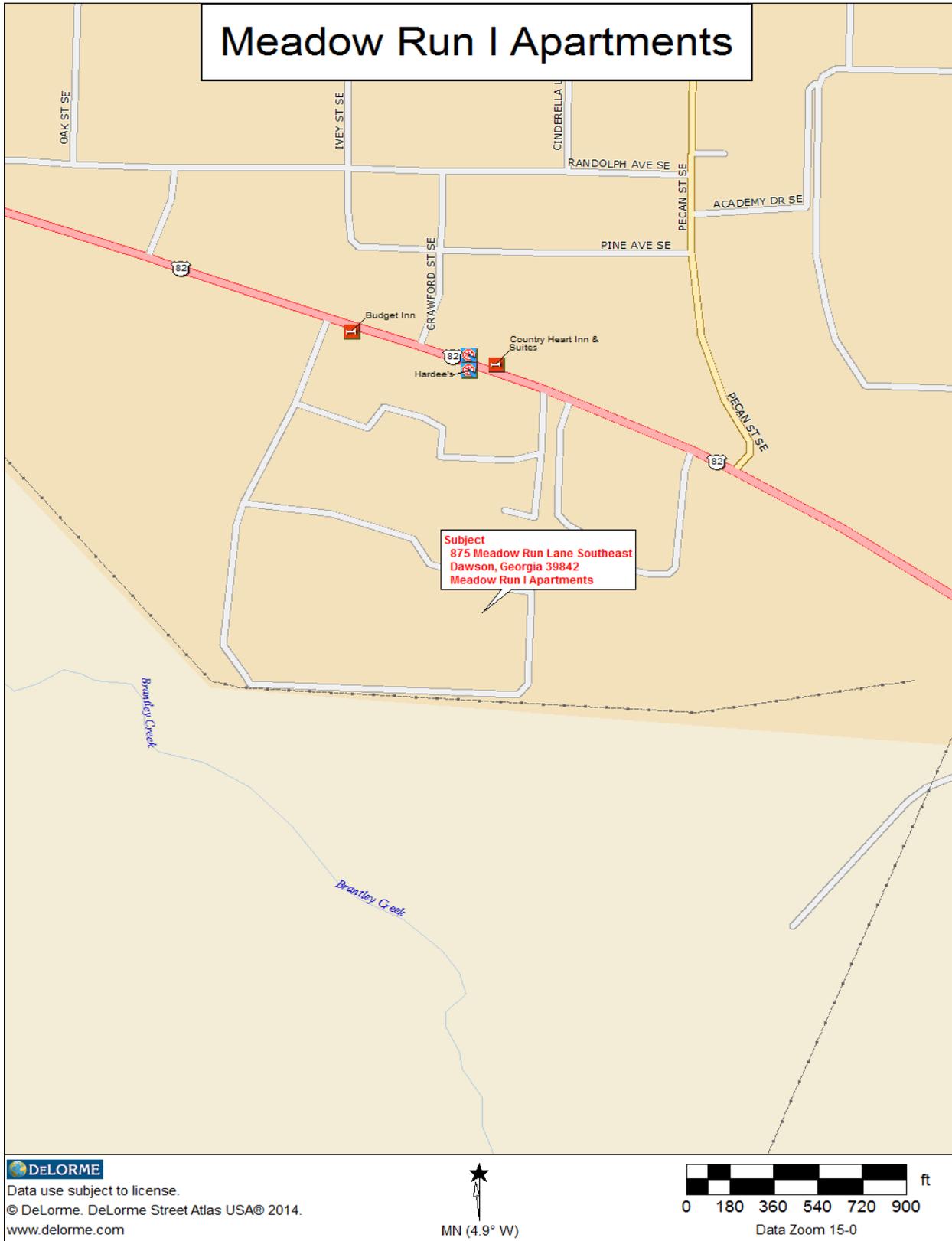
Utilities

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 Dawson, the subject is zoned R-2, One, Two, and Multiple Family Residential District. The subject is a legal, conforming use. The subject appears to meet site and setback requirements and appears to conform to the current zoning restrictions. The subject could be re-built if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning ordinances was not available. Since there are no obvious conflicts between the subject property and the zoning of the property, there is no negative impact on the market value by the zoning classification.

Subject Map



Improvement Description

Number of Buildings	The subject contains six one- and two-story buildings containing 49 units and an accessory building.
Net Rentable Building Area	41,848 square feet
Gross Building Area	48,024 square feet
Year Built/Year Renovated	1993
Economic Life	55 Years
Effective Age	10 Years (As Is) 5 Years (As Complete)

The subject contains six one- and two-story buildings containing 49 units. The property also contains an accessory building housing the community room, laundry facility, leasing office and maintenance area. According to the Terrell County Assessor, the gross building area of the property is 48,024 square feet. A copy of the plans, dated June 18, 1992, and completed by Ellis, Ricket and Associates Architects of Valdosta, Georgia, is included in the addenda.

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

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	10	643	6,430
2/1	1	796	796
2/1.5 TH	36	909	32,724
3/1.5	2	949	1,898
	49		41,848

The property includes the following amenities:

Unit Amenities	Included	Fee	Project Amenities	Included	Fee
Refrigerator	x		Clubhouse		
Range/Oven	x		Meeting Room	x	
Garbage Disposal			Dining Room		
Dishwasher			Swimming Pool		
Microwave			Spa/Hot Tub		
Washer/Dryer			Exercise Room		
Washer/Dryer Hook-Ups	x		Picnic Area	x	
Carpet	x		Playground		
Vinyl	x		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	x		Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet			Service Coordinator/HUD Paid		
Coat Closet	x		Concierge Services		
Balcony			Computer Room		
Patio	x		Car Wash Area		
Pull Cords			Laundry Facility	x	
Emergency Call			On-Site Management	x	
Safety Bars			On-Site Maintenance	x	
Parking	Included	Fee	Intercom/Electronic Entry		
Parking Lot/# of Spaces	x/75	\$0	Limited Access Gate		
Covered Parking/# of Spaces			Perimeter Fencing		
Garage/# of Spaces			Security Patrol		
Parking Garage/Underground/# of Spaces			Video Surveillance	x	

The subject is 100 percent Rural Development with Rental Assistance for 19 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	10	643	\$386	\$138
2/1 (Non-Rev)	1	796	N/A	N/A
2/1.5 TH	36	909	\$421	\$170
3/1.5	2	949	\$456	\$207

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

The unit types, proposed rents after completion of the rehabilitation, utility allowances and square footages for the units are shown in the table below. The current non-revenue unit will be converted and rented after rehabilitation.

Unit Type	# of Units	Square Footage	Proposed Rent	Utility Allowance
1/1	10	643	\$372	\$138
2/1	1	796	\$427	\$170
2/1.5 TH	36	909	\$442	\$170
3/1.5	2	949	\$500	\$207

The rents indicated in the table are assuming LIHTC restrictions, but the subject will retain its Rental Assistance for 19 units. The subject is currently a Rural Development property that, after rehabilitation, will remain a Rural Development property with Rental Assistance for 19 units as well as be a Low Income Housing Tax Credit property at 60 percent of the area median income. As a result of the Rental Assistance, tenants will never be asked to pay more than 30 percent of their gross annual income for rent.

Once rehabilitation is complete, the property will include the following amenities:

Unit Amenities	Included	Fee	Project Amenities	Included	Fee
Refrigerator	x		Clubhouse		
Range/Oven	x		Meeting Room	x	
Garbage Disposal			Dining Room		
Dishwasher			Swimming Pool		
Microwave			Spa/Hot Tub		
Washer/Dryer			Exercise Room		
Washer/Dryer Hook-Ups	x		Picnic Area	x	
Carpet	x		Playground		
Vinyl	x		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	x		Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet			Service Coordinator/HUD Paid		
Coat Closet	x		Concierge Services		
Balcony			Computer Room		
Patio	x		Car Wash Area		
Pull Cords			Laundry Facility	x	
Emergency Call			On-Site Management	x	
Safety Bars			On-Site Maintenance	x	
Parking		Included	Fee	Intercom/Electronic Entry	
Parking Lot/# of Spaces		x/75		Limited Access Gate	
Covered Parking/# of Spaces				Perimeter Fencing	
Garage/# of Spaces				Security Patrol	
Parking Garage/Underground/# of Spaces				Video Surveillance	x

CONSTRUCTION SUMMARY

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

UTILITIES

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

APPEAL

Landscaping Trees, Grass, Shrubs

Age, Life and Condition

The subject was constructed in 1993 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 \$82,200. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$7,860.00, or \$655 per month. The average amount spent for renter-occupied households is \$7,500.00, or \$625 per month. This data indicates that the cost to rent is lower than the cost to own, thereby increasing the demand for rental housing. Therefore, the demand for rental units continues to be strong.

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

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

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

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

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

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

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

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

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

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

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

Subject Photos



View of Sign



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Laundry Facility



View of Leasing Office



View of Maintenance Area



View of Mail Center



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 Stairs - Two-Bedroom Unit



View of Utility Area - Two-Bedroom Unit



View of Living Area - Three-Bedroom Unit



View of Kitchen - Three-Bedroom Unit



View of Bedroom - Three-Bedroom Unit



View of Bath - Three-Bedroom Unit



View of Parking Lot



View of Street



View to the North



View to the South



View to the East



View to the West

Assessments and Current Real Estate Taxes

The tax rate for Terrell County is 29.98400 per \$1,000 of assessed value, and the tax rate for Dawson is 8.11200 per \$1,000 of the assessed value. The property has a total appraised value of \$850,000, with \$120,000 allocated to land and \$730,000 allocated to improvements. The assessor uses 40 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$340,000. The 2016 real estate taxes for the subject were \$12,952.64: \$10,194.56 for the county and \$2,758.08 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 - 2016	FMV - Total - 2016	Real Estate Taxes - 2016	Taxes Per Unit
Lexington Place Apartments 1130 Felder Street Americus, Sumter County, Georgia	97	1998	73-1	\$216,200	\$3,099,800	\$3,316,000	\$58,611.00	\$604.24
Troy Hill Apartments 303 East Glessner Street Americus, Sumter County, Georgia	57	1970	58-5-2	\$224,700	\$2,624,800	\$2,849,500	\$50,365.00	\$883.60
Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter County, Georgia	50	1983	33B-69	\$122,500	\$936,500	\$1,059,000	\$18,718.00	\$374.36
Georgetown Apartments 1034 Elm Avenue Americus, Sumter County, Georgia	32	1996	58-1-1	\$97,500	\$1,783,100	\$1,880,600	\$33,240.00	\$1,038.75
Pecan Villas 578 Pecan Street Southeast Dawson, Terrell County, Georgia	8	1981	D21-021	\$10,100	\$195,374	\$205,474	\$3,131.10	\$391.39

These comparables are all market-rate facilities in Sumter and Terrell Counties. The comparables indicated a range of \$374.36 per unit to \$1,038.75 per unit. The subject's actual real estate taxes are \$264.00 per unit. The subject's real estate taxes are lower than the range of the tax comparables. Pecan Villas is the only comparable in Terrell County and has per unit taxes of \$391.39. This comparable was given considerable weight. Therefore, real estate taxes were projected at \$450 per unit, or \$22,050, for the market "as is" scenario.

Highest and Best Use Analysis

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

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

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

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

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

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

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

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

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

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

Highest and Best Use as though Vacant

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

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

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

Physically Possible Use as Vacant

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

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

As noted in the Site Data section of this report, the subject site has a land area of 4.00 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 48,024 square feet. The subject does appear to 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 neighborhood. The comparables found are summarized on the following pages.

Land Sale No. 1

Property Identification

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

Sale Data

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

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

Land Data

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

Land Size Information

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

Indicators

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

Land Sale No. 2

Property Identification

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

Sale Data

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

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

Land Data

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

Land Size Information

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

Indicators

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

Land Sale No. 3

Property Identification

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

Sale Data

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

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

Land Data

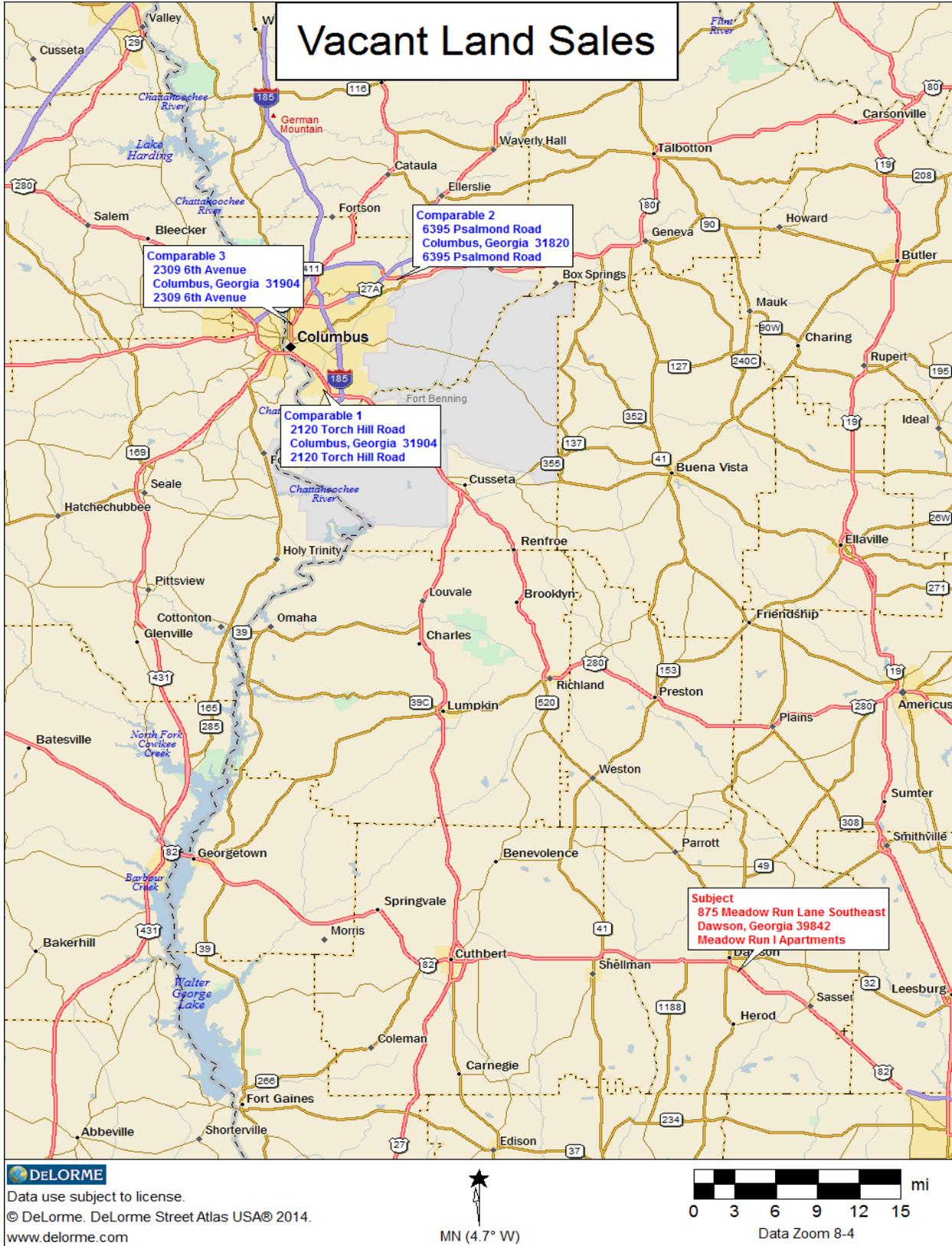
Zoning RMF2, Residential Multi-Family
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Land Size Information

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

Indicators

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



Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, Georgia

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	875 Meadow Run	2120 Torch Hill Road		6395 Psalmound Road		2309 6th Avenue	
City	Dawson	Columbus		Columbus		Columbus	
State	GA	GA		GA		GA	
Date	5/9/2017	10/11/2013		8/2/2012		10/29/2014	
Price		\$20,900		\$62,720		\$2,300	
No. of Units	49	25		51		2	
Acre Unit Price		\$836		\$1,230		\$1,150	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted Acre Unit Price		\$836		\$1,230		\$1,150	
Market Trends Through	05/09/17		0%		0%		0%
Adjusted GBA Unit Price		\$836		\$1,230		\$1,150	
Location	Good	Superior		Superior		Superior	
% Adjustment		-15%		-15%		-15%	
\$ Adjustment		-\$125		-\$184		-\$173	
No. of Units	49	25		51		2	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Zoning	R-2	RMF2		PUD		RMF2	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Density/Acre	12.25	16.56		16.45		15.38	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Acres	4.00	1.51		3.10		0.13	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$711		\$1,045		\$978	
Net adjustments		-15.0%		-15.0%		-15.0%	
Gross adjustments		-15.0%		-15.0%		-15.0%	

After analyzing the land sales and adjusting each sale accordingly, it is our opinion that the estimated Market Value of the subject site as of May 9, 2017, is as follows:

49 units x \$950 per unit = \$46,550

Rounded \$47,000

Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	No. of Units	Zoning
1	2120 Torch Hill Road	10/11/2013	\$20,900	\$13,841	1.51	25	RMF2
2	6395 Psalmound Road	8/2/2012	\$62,720	\$20,232	3.10	51	PUD
3	2309 6th Avenue	10/29/2014	\$2,300	\$17,692	0.13	2	RMF2

Adjustments

The appraiser attempted to locate land sales within the City of Dawson or Terrell County. However, the appraiser was unable to locate any land sales for which information could be verified. However, no land sales within the vicinity could be verified. Because it was necessary to utilize comparables in larger cities within a reasonably close proximity to Dawson, it was considered necessary to utilize comparables zoned multifamily. Therefore, the comparables selected and utilized were considered the most reasonable indicators of value for the subject. The prices of the comparable land sales range from \$836 to \$1,230 per acre before adjustments. Each of the comparables was adjusted for differences from the subject site. The adjustments are based on the following characteristics.

Location

The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser’s judgment as to the relative desirability of the property to a potential commercial or multifamily investor. These factors also include degree and quality of surrounding development and view. The subject is located in Dawson. All comparables are located in Columbus. Columbus is a larger city with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus than in Dawson. The following table shows the comparison between the two cities:

U.S. Census Bureau Stats	Dawson	Columbus	% Diff
2015 Population	4,388	200,285	97.81%
Households	1,516	72,556	97.91%
Median Home Value	\$82,800	\$134,500	38.44%
Median Rent	\$576	\$830	30.60%

After considering all factors, an adjustment of 15 percent was determined for the difference in location between Dawson and Columbus.

Size/Density/Units

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total area of 4.00 acres and contains 49 units. The density per acre is 12.25. The comparables range in size from 0.13 acres to 3.10 acres and from 2 to 51 units. The density per acre for the comparables ranges from 15.38 to 16.56. The market did not indicate a need for adjustment due to size. Therefore, no adjustments were made.

Visibility/Access

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

Topography

Consideration was given to the subject's topography. The subject is nearly level. All comparables are similar to the subject. No adjustment was needed.

Zoning

The adjustment for zoning reflects not only the zoning of the comparables relative to the subject property but also the potential utility of the sites. The subject is zoned R-2. Comparable 1 is zoned RMF2. Comparable 2 is zoned PUD. Comparable 3 is zoned RMF2. All comparables have multifamily zoning. No adjustments were made.

Utilities

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

Summary Conclusions

The land sales analysis indicates the quantitative or qualitative adjustments. The comparable land sales range from \$711 to \$1,045 per unit after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$950 per unit. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

49 units x \$950 per Unit = \$46,550

Rounded \$47,000

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			\$3,061,989
Plus: Entrepreneur's Profit			\$306,199
Depreciation			<u>(\$621,696)</u>
Cost of Structures before External Obsolescence			\$2,746,491
Value of Land			\$47,000
Plus: Entrepreneur's Profit			<u>\$4,700</u>
Cost before External Obsolescence			\$2,798,191
Current Capitalization Rate			6.50%
Economic Net Operating Income (RCN x CR)			\$181,882
Net Operating Income from the Subject			<u>\$60,388</u>
Net Loss Due to Economic Obsolescence			<u>(\$121,494)</u>
Ratio of Improvements Total Property Value			0.9815
Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	(\$121,494)	6.50%	(\$1,869,139)
Times ratio of Improvements to Total Property			0.9815
Total External Obsolescence			(\$1,834,604)

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	48,024	0.855	\$2,937,537
Built-Ins	Per Unit	\$1,925.00	49	0.855	\$80,638
Total Building Improvement Costs					\$3,018,175
Price per SF Gross Building Area					\$62.85

Site Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	75	0.855	\$41,676
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$43,814
Subtotal: Building & Site Costs					\$3,061,989
Price per SF Gross Building Area					\$63.76

Total Costs	
Subtotal: Building, Site & Soft Costs	\$3,061,989
Developer's Profit 10.0%	\$306,199
Total Cost	\$3,368,188
Price per SF Gross Building Area	
	\$70.14

Depreciation				
Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$597,599
Physical Depreciation: Site	10	20	50%	\$24,097
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$1,834,604
Total Depreciation				\$2,456,300
Depreciated Value of Improvements				\$911,887
Cost Per Square Foot Gross Building Area				\$18.99

Additional Cost Sections	
Cost Section 2	\$0
Cost Section 3	\$0

Land Value	
Land Value	\$47,000
Other	\$0
Cost Approach Value Indication	
	\$958,887
Rounded	
	\$960,000
Price per SF Gross Building Area	
	\$19.99

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 = \$960,000

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

External Obsolescence - As Is Market

Total Construction Cost of Structures		\$3,061,989	
Plus: Entrepreneur's Profit		\$306,199	
Depreciation		(\$621,696)	
Cost of Structures before External Obsolescence		\$2,746,491	
Value of Land		\$47,000	
Plus: Entrepreneur's Profit		\$4,700	
 Cost before External Obsolescence		 \$2,798,191	
 Current Capitalization Rate		 7.00%	
 Economic Net Operating Income (RCN x CR)		 \$195,873	
Net Operating Income from the Subject		\$148,304	
Net Loss Due to Economic Obsolescence		(\$47,569)	
 Ratio of Improvements Total Property Value		 0.9815	
 Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	(\$47,569)	7.00%	(\$679,561)
Times ratio of Improvements to Total Property			0.9815
 Total External Obsolescence			 (\$667,005)

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	48,024	0.855	\$2,937,537
Built-Ins	Per Unit	\$1,925.00	49	0.855	\$80,638
Total Building Improvement Costs					\$3,018,175
Price per SF Gross Building Area					\$62.85

Site Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$ 650.00	75	0.855	\$41,676
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$43,814
Subtotal: Building & Site Costs					\$3,061,989
Price per SF Gross Building Area					\$63.76

Total Costs	
Subtotal: Building, Site & Soft Costs	\$3,061,989
Developer's Profit 10.0%	\$306,199
Total Cost	\$3,368,188
Price per SF Gross Building Area	\$70.14

Depreciation					
Component	Eff. Age	Life	Percent	Amount	
Physical Depreciation: Building	10	55	18%	\$597,599	
Physical Depreciation: Site	10	20	50%	\$24,097	
Functional Obsolescence Building			0%	\$0	
External Obsolescence Building			0%	\$667,005	
Total Depreciation					\$1,288,701
Depreciated Value of Improvements					\$2,079,486
Cost Per Square Foot Gross Building Area					\$43.30

Additional Cost Sections	
Cost Section 2	\$0
Cost Section 3	\$0

Land Value	
Land Value	\$47,000
Other	\$0
Cost Approach Value Indication	\$2,126,486
Rounded	\$2,125,000
Price per SF Gross Building Area	\$44.25

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 = \$2,125,000

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

External Obsolescence - As Complete Restricted

Total Construction Cost of Structures				\$3,061,989
Plus: Entrepreneur's Profit				\$306,199
Depreciation				<u>(\$310,848)</u>
Cost of Structures before External Obsolescence				\$3,057,339
Value of Land				\$47,000
Plus: Entrepreneur's Profit				<u>\$4,700</u>
Cost before External Obsolescence				\$3,109,039
Current Capitalization Rate				6.50%
Economic Net Operating Income (RCN x CR)				\$202,088
Net Operating Income from the Subject				<u>\$84,341</u>
Net Loss Due to Economic Obsolescence				<u>(\$117,747)</u>
Ratio of Improvements Total Property Value				0.9834
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$117,747)	6.50%	(\$1,811,492)
Times ratio of Improvements to Total Property				0.9834
Total External Obsolescence				(\$1,781,369)

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	48,024	0.855	\$2,937,537
Built-Ins	Per Unit	\$1,925.00	49	0.855	\$80,638
Total Building Improvement Costs					\$3,018,175
Price per SF Gross Building Area					\$62.85

Site Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	75	0.855	\$41,676
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$43,814
Subtotal: Building & Site Costs					\$3,061,989
Price per SF Gross Building Area					\$63.76

Total Costs	
Subtotal: Building, Site & Soft Costs	\$3,061,989
Developer's Profit 10.0%	\$306,199
Total Cost	\$3,368,188
Price per SF Gross Building Area	
	\$70.14

Depreciation: Section 1 of 1				
Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$298,799
Physical Depreciation: Site	5	20	25%	\$12,049
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$1,781,369
Total Depreciation				\$2,092,217
Depreciated Value of Improvements				\$1,275,970
Cost Per Square Foot Gross Building Area				\$26.57

Additional Cost Sections	
Cost Section 2	\$0
Cost Section 3	\$0

Land Value	
Land Value	\$47,000
Other	\$0
Cost Approach Value Indication	
Rounded	
	\$1,325,000
Price per SF Gross Building Area	
	\$27.59

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 = \$1,325,000

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

External Obsolescence - As Complete Market

Total Construction Cost of Structures				\$3,061,989
Plus: Entrepreneur's Profit				\$306,199
Depreciation				(\$310,848)
Cost of Structures before External Obsolescence				<u>\$3,057,339</u>
Value of Land				\$47,000
Plus: Entrepreneur's Profit				<u>\$4,700</u>
Cost before External Obsolescence				\$3,109,039
Current Capitalization Rate				7.00%
Economic Net Operating Income (RCN x CR)				\$217,633
Net Operating Income from the Subject				<u>\$181,108</u>
Net Loss Due to Economic Obsolescence				(\$36,525)
Ratio of Improvements Total Property Value				0.9834
Year		Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1		(\$36,525)	7.00%	(\$521,789)
Times ratio of Improvements to Total Property				0.9834
Total External Obsolescence				(\$513,112)

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	48024	0.855	\$2,937,537
Built-Ins	Per Unit	\$1,925.00	49	0.855	\$80,638
Total Building Improvement Costs					\$3,018,175
Price per SF Gross Building Area					\$62.85

Site Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	75	0.855	\$41,676
Recreation Area	Lump Sum	\$2,500.00	1	0.855	\$2,137
Total Site Improvement Costs					\$43,814
Subtotal: Building & Site Costs					\$3,061,989
Price per SF Gross Building Area					\$63.76

Total Costs

Subtotal: Building, Site & Soft Costs	\$3,061,989
Developer's Profit 10.0%	\$306,199
Total Cost	\$3,368,188
Price per SF Gross Building Area	\$70.14

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$298,799
Physical Depreciation: Site	5	20	25%	\$12,049
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$513,112
Total Depreciation				\$823,960
Depreciated Value of Improvements				\$2,544,227
Cost Per Square Foot Gross Building Area				\$52.98

Additional Cost Sections

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

Land Value

Land Value	\$47,000
Other	\$0
Cost Approach Value Indication	\$2,591,227
Rounded	\$2,590,000
Price per SF Gross Building Area	\$53.93

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 = \$2,590,000

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 (643 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 or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)					
One-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA	Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA	Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA	Georgetown Apartments 1034 Elm Avenue Americus, Sumter, GA	Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		First		Varies	
6. Project Occupancy %	90%	93%		90%		95%		96%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1993	1998		1970	\$55	1983	\$75	1996		1981	\$70
9. Sq. Ft. Area	643	850	(\$30)	750	(\$15)	678	(\$5)	500	\$20	750	(\$15)
10. Number of Bedrooms	1	1		1		1		1		2	(\$50)
11. Number of Baths	10	10		10		10		10		10	
12. Number of Rooms	3	3		3		3		3		4	
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	N	\$5	N	\$5
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		N		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	R	P		P		R		P		N	\$10
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	N	N		N		N		N		N	
g. Trash	N	N		Y	(\$15)	N		N		N	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N	N		N		N		N		N	
22. Business Center / Nbnhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$559		\$400		\$410		\$459		\$395	
24. Total Adjustment			(\$75)		(\$30)		\$30		(\$10)		\$20
25. Indicated Rent		\$484		\$370		\$440		\$449		\$415	
26. Correlated Subject Rent	\$435	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$484	low rent	\$370	60% range	\$393	to	\$461			
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) 05/09/17		Reviewer's Signature		Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (909 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 or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered nonsensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 6 (address)		E. Comparable Property No. 5 (address)		
Two-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017		
4. Type of Project/Stories	T/2	WU/2		WU/2		WU/2		WU/2		WU/2		
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies		
6. Project Occupancy %	90%	93%		90%		95%		90%		100%		
7. Concessions	N	N		N		N		N		N		
8. Year Built	1993	1998		1970	\$55	1983	\$75	1996/2000		1981	\$70	
9. Sq. Ft. Area	909	140	(\$30)	1200	(\$40)	864	\$5	1440	(\$30)	750	\$20	
10. Number of Bedrooms	2	2		2		2		2		2		
11. Number of Baths	15	2	(\$10)	15		10	\$10	2.5	(\$20)	10	\$10	
12. Number of Rooms	5	4		4		4		4		4		
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		C		W	\$15	C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF		
c. Disposal	N	N		Y		N		Y		N		
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		C		
g. Drapes	B	B		B		B		B		B		
h. Pool/Rec. Area	R	P		P		R		P		N	\$10	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		
d. Electricity	N	N		N		N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E		
f. Cold Water/Sewer	N	N		N		N		N		N		
g. Trash	N	N		Y	(\$15)	N		N		N		
17. Storage	N	N		N		N		N		N		
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar		
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		N		
22. Business Center / Nbd Netwk	N	N		N		N		N		N		
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395		
24. Total Adjustment			(\$85)		(\$55)		\$50		(\$85)		\$115	
25. Indicated Rent		\$574		\$545		\$500		\$574		\$510		
26. Correlated Subject Rent	\$550	If there are any Remarks, check here and add the remarks to the back of page.										
	high rent	\$574	low rent	\$500	60% range	\$515	to	\$559				
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) 05/09/17		Reviewer's Signature		Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)

Three-Bedroom Units (949 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 or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 6 (address)		E. Comparable Property No. 5 (address)		
Three-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017		
4. Type of Project/Stories	G/1	T/2		WU/2		WU/2		WU/2		WU/2		
5. Floor of Unit in Building	First	First		Varies		Varies		Varies		Varies		
6. Project Occupancy %	90%	93%		90%		95%		90%		100%		
7. Concessions	N	N		N		N		N		N		
8. Year Built	1993	1998		1970	\$55	1983	\$75	1996/2000		1981	\$70	
9. Sq. Ft. Area	949	1400	(\$60)	1200	(\$35)	1078	(\$15)	1400	(\$60)	750	\$25	
10. Number of Bedrooms	3	3		2		3		3		2	\$50	
11. Number of Baths	15	3.5	(\$40)	15		15		3.0	(\$30)	10	\$10	
12. Number of Rooms	5	5		4		5		5		4		
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		C		W	\$15	C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF		
c. Disposal	N	N		Y		N		Y		N		
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		C		
g. Drapes	B	B		B		B		B		B		
h. Pool/Rec. Area	R	P		P		R		P		N	\$10	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		
d. Electricity	N	N		N		N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E		
f. Cold Water/Sewer	N	N		N		N		N		N		
g. Trash	N	N		Y	(\$15)	N		N		N		
17. Storage	N	N		N		N		N		N		
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar		
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		N		
22. Business Center / Nbd Netwk	N	N		N		N		N		N		
23. Unit Rent Per Month		\$759		\$600		\$485		\$759		\$395		
24. Total Adjustment			(\$45)		(\$50)		\$20		(\$125)		\$170	
25. Indicated Rent		\$614		\$550		\$505		\$634		\$565		
26. Correlated Subject Rent	\$595	If there are any Remarks, check here and add the remarks to the back of page.										
	high rent	\$634	low rent	\$505	60% range	\$531	to	\$608				
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) 05/09/17		Reviewer's Signature		Date (mm/dd/yyyy)

Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Is

Meadow Run I Apartments

Primary Unit Types – One-Bedroom Units (643 SF), Two-Bedroom Units (909 SF) and Three-Bedroom Units (949 SF)

Rent comparability grids were prepared for the primary unit types with 643, 909 and 949 square feet. Comparable apartments used include the following: Lexington Place Apartments (Comparable 1), Troy Hill Apartments (Comparable 2), Cripple Creek Apartments (Comparable 3), Georgetown Apartments (Comparable 4), Pecan Villas Apartments (Comparable 5) and St. Charles Apartments (Comparable 6).

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

Project Occupancy – The subject is currently 90 percent occupied. The occupancy rates of the comparables range from 90 to 100 percent. No adjustment was needed.

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

Year Built/Year Renovated – The subject was constructed in 1993. Comparable 1 was built in 1998, and Comparable 2 was constructed in 1970. Comparable 3 was built in 1983, and Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1981. Comparable 6 was constructed in 1996 and renovated in 2000. Comparables 1, 4 and 6 are relatively similar to the subject and were not adjusted. The remaining comparables are considered to be inferior to varying degrees. In order to determine the appropriate adjustments for condition (year built/year renovated), the appraiser utilized paired analysis to compare the comparables. Comparable 1 was deemed the most similar to the subject. Therefore, this comparable was considered the subject in the paired analysis calculation. When performing the analysis, the appraiser compared the units at Comparables 2, 3 and 5 individually to the units at Comparable 1. As can be seen in the following tables, the appraiser adjusted the street rent of each comparable for all differences between the subject and comparables to come up with a net adjusted rent for each comparable. The differences that warranted adjustments included unit size, # of bedrooms, # of bathrooms, balcony/patio, AC: central/wall, microwave/dishwasher, pool/recreation area, trash collection and clubhouse/meeting room. Once the net adjusted rents were determined, these rents were compared to the street rent at Comparable 1. The differences between the rents indicate the appropriate adjustments for condition.

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

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

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

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparables' dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the

determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the one-bedroom comparison is \$0.15, for the two-bedroom comparison is \$0.13 and for three-bedroom comparison is \$0.13. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Forms 92273, which are attached.

of Bedrooms – The subject contains one-, two- and three-bedroom units. Comparables 1 and 3 are similar. Comparable 4 contains one-bedroom units only and was compared to the one-bedroom units at the subject. Comparable 5 contains two-bedroom units only but was utilized on all rent grids as it is located in the subject's city. Comparable 6 contains two- and three-bedroom units only and was not utilized on the one-bedroom analysis. Due to the lack of three-bedroom conventional units in the area, however, Comparable 2 was compared to the subject's three-bedroom units. Comparables 2 and 5 were adjusted \$50 per bedroom when compared to the differing bedroom types as the subject. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional bedrooms. The extra room will enhance the marketability of the unit even if the square footage remains the same. Paired analysis was conducted to determine an appropriate adjustment for the number of baths. The following table shows the paired analysis results:

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

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

of Baths – The subject contains one bath in the one- and two-bedroom garden units. The remaining unit types contain one-and-one-half-baths. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath per month adjustment was selected, and a \$20 per full bath per month adjustment was selected.

Balcony/Patio – The subject contains patios. Comparables 2 and 6 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

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

AC: Central/Wall – The subject contains central air conditioning as do Comparables 1, 2, 3 and 5. Comparables 4 and 6 contain through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparables 4 and 6 were adjusted upward \$15 per month.

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

Garbage Disposal – The subject does not contain a garbage disposal in the units. Comparables 2 and 6 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

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

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

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

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

Pool/Recreation Areas – The subject contains a picnic area. Comparables 1, 2, 4 and 6 each contain a swimming pool. Comparable 2 contains fitness center, picnic area, tennis court and walking trail. Comparable 3 contains a playground. Comparable 5 does not contain either amenity. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, the comparable without either pool or recreation area was considered inferior and was adjusted upward \$10 per month.

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

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

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

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

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

Cold Water/Sewer – The subject does not have either utility provided by the landlord. All comparables are similar to the subject. No adjustment was needed.

Trash – The subject does not provide trash. Comparable 2 is the only comparable that provides this utility. It was adjusted downward \$15 per month for both bedroom types based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

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

Location – The subject's location is good. All comparables except Comparable 5 are located in Americus which is superior to the subject. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential renter. The following table was utilized to determine appropriate adjustments for any differences in location between Dawson and Americus:

U.S. Census Bureau Stats	Dawson	Americus	% Diff
2015 Population	4,388	16,345	73.15%
Households	1,516	3,775	59.84%
Median Home Value	\$82,800	\$83,700	1.08%
Median Rent	\$576	\$632	8.86%

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

Security – The subject contains video surveillance. None of the comparables contain any form of security. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement, particularly security that limits access to the property. Therefore, all comparables were adjusted upward \$5 per month.

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

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

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

Conclusion of Market Rents – As Is

The adjusted rents range from \$370 to \$484 for the one-bedroom comparison; from \$500 to \$574 for the two-bedroom comparison and from \$505 to \$634 for the three-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **643 SF One-Bedroom Units** - **\$435**
- **909 SF Two-Bedroom Units** - **\$550**
- **949 SF Three-Bedroom Units** - **\$595**

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	10	643	\$372	\$386	\$138
2/1 (Non-Rev)	1	796	\$442	N/A	N/A
2/1.5 TH	36	909	\$442	\$421	\$170
3/1.5	2	949	\$500	\$456	\$207

HUD-Forms 92273 – As Complete

One-Bedroom Units (643 SF) – As Complete

Estimates of Market Rent
by Comparison - As Complete

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

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

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)					
One-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 1130 Felder Street Americus, Sumter, GA	Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA	Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA	Georgetown Apartments 1034 Elm Avenue Americus, Sumter, GA	Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		G/1		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		First		Varies	
6. Project Occupancy %	90%	93%		90%		95%		96%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1993/Proposed	1998	\$50	1970	\$105	1983	\$125	1996	\$50	1981	\$120
9. Sq. Ft. Area	643	850	(\$30)	750	(\$15)	678	(\$5)	500	\$20	750	(\$15)
10. Number of Bedrooms	1	1		1		1		1		2	(\$50)
11. Number of Baths	10	10		10		10		10		10	
12. Number of Rooms	3	3		3		3		3		4	
13. Balc/Terrace/Patio	Y	N	\$5	Y		N	\$5	N	\$5	N	\$5
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		N		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	R	P		P		R		P		N	\$10
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	N	N		N		N		N		N	
g. Trash	N	N		Y	(\$15)	N		N		N	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N	N		N		N		N		N	
22. Business Center / Nbd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$559		\$400		\$410		\$459		\$395	
24. Total Adjustment			(\$25)		\$20		\$80		\$40		\$70
25. Indicated Rent		\$534		\$420		\$490		\$499		\$465	
26. Correlated Subject Rent	\$485	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$534	low rent	\$420	60% range	\$443	to	\$511			

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

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

Reviewer's Signature: _____ Date (mm/dd/yyyy): _____

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (796 SF) – As Complete

Estimates of Market Rent
by Comparison - As Complete

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 6 (address)		E. Comparable Property No. 5 (address)	
Two-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017	
4. Type of Project/Stories	G/1	WU/2		WU/2		WU/2		WU/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies	
6. Project Occupancy %	90%	93%		90%		95%		90%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1993/Proposed	1998	\$50	1970	\$105	1983	\$125	1996/2000	\$50	1981	\$120
9. Sq. Ft. Area	796	140	(\$45)	1200	(\$55)	864	(\$10)	140	(\$45)	750	\$5
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	1.0	2.0	(\$20)	1.5	(\$10)	1.0		2.5	(\$30)	1.0	
12. Number of Rooms	4	4		4		4		4		4	
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		W	\$15	C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	N		Y		N		Y		N	
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	R	P		P		R		P		N	\$10
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	N	N		N		N		N		N	
g. Trash	N	N		Y	(\$15)	N		N		N	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar	
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5
21. Special Features	N	N		N		N		N		N	
22. Business Center / Nbnhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395	
24. Total Adjustment			(\$60)		(\$30)		\$75		(\$60)		\$140
25. Indicated Rent		\$599		\$570		\$525		\$599		\$535	
26. Correlated Subject Rent	\$ 575	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$599	low rent	\$525	60% range	\$540	to	\$584			
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) 05/09/17		Reviewer's Signature		Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (909 SF) – As Complete

Estimates of Market Rent
by Comparison - As Complete

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

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

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 6 (address)		E. Comparable Property No. 5 (address)		
Two-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017		
4. Type of Project/Stories	T/2	WU/2		WU/2		WU/2		WU/2		WU/2		
5. Floor of Unit in Building	First	Varies		Varies		Varies		Varies		Varies		
6. Project Occupancy %	90%	93%		90%		95%		90%		100%		
7. Concessions	N	N		N		N		N		N		
8. Year Built	1993/Proposed	1998	\$50	1970	\$105	1983	\$125	1996/2000	\$50	1981	\$120	
9. Sq. Ft. Area	909	140	(\$30)	1200	(\$40)	864	\$5	140	(\$30)	750	\$20	
10. Number of Bedrooms	2	2		2		2		2		2		
11. Number of Baths	1.5	2.0	(\$10)	1.5		1.0	\$10	2.5	(\$20)	1.0	\$10	
12. Number of Rooms	4	4		4		4		4		4		
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O		
15. Equipment a. A/C	C	C		C		C		W	\$15	C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF		
c. Disposal	N	N		Y		N		Y		N		
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		C		
g. Drapes	B	B		B		B		B		B		
h. Pool/Rec. Area	R	P		P		R		P		N	\$10	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		
d. Electricity	N	N		N		N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E		
f. Cold Water/Sewer	N	N		N		N		N		N		
g. Trash	N	N		Y	(\$15)	N		N		N		
17. Storage	N	N		N		N		N		N		
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar		
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		N		
22. Business Center / Nbnhd Netwk	N	N		N		N		N		N		
23. Unit Rent Per Month		\$659		\$600		\$450		\$659		\$395		
24. Total Adjustment			(\$35)		(\$5)		\$100		(\$35)		\$165	
25. Indicated Rent		\$624		\$595		\$550		\$624		\$560		
26. Correlated Subject Rent	\$600	If there are any Remarks, check here and add the remarks to the back of page.										
	high rent	\$624	low rent	\$550	60% range	\$565	to	\$609				
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) 05/09/17		Reviewer's Signature			Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)

Three-Bedroom Units (949 SF) – As Complete

Estimates of Market Rent
by Comparison - As Complete

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

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

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 6 (address)		E. Comparable Property No. 5 (address)		
Three-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Lexington Place Apartments 130 Felder Street Americus, Sumter, GA		Troy Hill Apartments 303 East Glessner Street Americus, Sumter, GA		Cripple Creek Apartments 110 Knollwood Drive Americus, Sumter, GA		St. Charles Apartments 1034 Elm Avenue Americus, Sumter, GA		Pecan Villas Apartments 578 Pecan Street Southeast Dawson, Terrell, GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		04/2017		
4. Type of Project/Stories	G/1	T/2		WU/2		WU/2		WU/2		WU/2		
5. Floor of Unit in Building	First	First		Varies		Varies		Varies		Varies		
6. Project Occupancy %	90%	93%		90%		95%		90%		100%		
7. Concessions	N	N		N		N		N		N		
8. Year Built	1993/Proposed	1998	\$50	1970	\$105	1983	\$125	1996/2000	\$50	1981	\$120	
9. Sq. Ft. Area	949	1400	(\$60)	1200	(\$35)	1078	(\$15)	1400	(\$60)	750	\$25	
10. Number of Bedrooms	3	3		2		3		3		2	\$50	
11. Number of Baths	1.5	3.5	(\$40)	1.5		1.5		3.0	(\$30)	1.0	\$10	
12. Number of Rooms	5	5		4		5		5		4		
13. Balc./Terrace/Patio	Y	N	\$5	Y		N	\$5	Y		N	\$5	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		C		W	\$15	C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF		
c. Disposal	N	N		Y		N		Y		N		
d. Microwave/Dishwasher	N	D	(\$10)	D	(\$10)	N		D	(\$10)	D	(\$10)	
e. Washer/Dryer	HU	HU		HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		C		
g. Drapes	B	B		B		B		B		B		
h. Pool/Rec. Area	R	P		P		R		P		N	\$10	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E		
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		
d. Electricity	N	N		N		N		N		N		
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E		
f. Cold Water/Sewer	N	N		N		N		N		N		
g. Trash	N	N		Y	(\$15)	N		N		N		
17. Storage	N	N		N		N		N		N		
18. Project Location	Average	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Superior	(\$50)	Similar		
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	N	\$5	C		MR		N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		N		
22. Business Center / Nbnhd Netwk	N	N		N		N		N		N		
23. Unit Rent Per Month		\$759		\$600		\$485		\$759		\$395		
24. Total Adjustment			(\$95)				\$70		(\$75)		\$220	
25. Indicated Rent		\$664		\$600		\$555		\$684		\$615		
26. Correlated Subject Rent	\$645	If there are any Remarks, check here and add the remarks to the back of page.										
	high rent	\$684	low rent	\$555	60% range	\$581	to	\$658				
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) 05/09/17		Reviewer's Signature			Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)

Explanation of Adjustments and Market Rent Conclusions – As Complete

Meadow Run I Apartments

Primary Unit Types – One-Bedroom Units (643 SF), Two-Bedroom Units (796 SF), Two-Bedroom Units (909 SF) and Three-Bedroom Units (949 SF)

Rent comparability grids were prepared for the primary unit types with 643, 796, 909 and 949 square feet. Comparable apartments used include the following: Lexington Place Apartments (Comparable 1), Troy Hill Apartments (Comparable 2), Cripple Creek Apartments (Comparable 3), Georgetown Apartments (Comparable 4), Pecan Villas Apartments (Comparable 5) and St. Charles Apartments (Comparable 6).

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

Project Occupancy – The subject is currently 90 percent occupied. The occupancy rates of the comparables range from 90 to 100 percent. No adjustment was needed.

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

Year Built/Year Renovated – The subject was constructed in 1993. It will undergo a substantial renovation and will be in good condition. Comparable 1 was built in 1998, and Comparable 2 was constructed in 1970. Comparable 3 was built in 1983, and Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1981. Comparable 6 was constructed in 1996 and renovated in 2000. As renovated, all comparables will be inferior to varying degrees. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. After considering all factors, the comparables were adjusted as follows: Comparable 1 - \$50; Comparable 2 - \$105; Comparable 3 - \$125; Comparable 4 - \$50; Comparable 5 - \$120; and Comparable 6 - \$50.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparables' dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the

determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the one-bedroom comparison is \$0.15, for the two-bedroom comparison is \$0.13, for the two-bedroom comparison is \$0.13 and for the three-bedroom comparison is \$0.13. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Forms 92273, which are attached.

of Bedrooms – The subject contains one-, two- and three-bedroom units. Comparables 1 and 3 are similar. Comparable 4 contains one-bedroom units only and was compared to the one-bedroom units at the subject. Comparable 5 contains two-bedroom units only but was utilized on all rent grids as it is located in the subject's city. Comparable 6 contains two- and three-bedroom units only and was not utilized on the one-bedroom analysis. Due to the lack of three-bedroom conventional units in the area, however, Comparable 2 was compared to the subject's three-bedroom units. Comparables 2 and 5 were adjusted \$50 per bedroom when compared to the differing bedroom types as the subject. The majority of the difference in number of bedrooms is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional bedrooms. The extra room will enhance the marketability of the unit even if the square footage remains the same. Paired analysis was conducted to determine an appropriate adjustment for the number of baths. The following table shows the paired analysis results:

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

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

of Baths – The subject contains one bath in the one- and two-bedroom garden units. The remaining unit types contain one-and-one-half-baths. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath per month adjustment was selected, and a \$20 per full bath per month adjustment was selected.

Balcony/Patio – The subject contains patios. Comparables 2 and 6 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

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

AC: Central/Wall – The subject contains central air conditioning as do Comparables 1, 2, 3 and 5. Comparables 4 and 6 contain through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparables 4 and 6 were adjusted upward \$15 per month.

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

Garbage Disposal – The subject does not contain a garbage disposal in the units. Comparables 2 and 6 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

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

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

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

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

Pool/Recreation Areas – The subject contains a picnic area. Comparables 1, 2, 4 and 6 each contain a swimming pool. Comparable 2 contains fitness center, picnic area, tennis court and walking trail. Comparable 3 contains a playground. Comparable 5 does not contain either amenity. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, the comparable without either pool or recreation area was considered inferior and was adjusted upward \$10 per month.

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

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

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

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

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

Cold Water/Sewer – The subject does not have either utility provided by the landlord. All comparables are similar to the subject. No adjustment was needed.

Trash – The subject does not provide trash. Comparable 2 is the only comparable that provides this utility. It was adjusted downward \$15 per month for both bedroom types based on the Allowances for Tenant-Furnished Utilities and Other Services for the Southern Georgia Region. The amounts were substantiated by local utility companies.

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

Location – The subject's location is good. All comparables except Comparable 5 are located in Americus which is superior to the subject. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential renter. The following table was utilized to determine appropriate adjustments for any differences in location between Dawson and Americus:

U.S. Census Bureau Stats	Dawson	Americus	% Diff
2015 Population	4,388	16,345	73.15%
Households	1,516	3,775	59.84%
Median Home Value	\$82,800	\$83,700	1.08%
Median Rent	\$576	\$632	8.86%

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

Security – The subject contains video surveillance. None of the comparables contain any form of security. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement, particularly security that limits access to the property. Therefore, all comparables were adjusted upward \$5 per month.

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

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

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

Conclusion of Market Rents – As Complete

The adjusted rents range from \$420 to \$534 for the one-bedroom comparison; from \$525 to \$599 for the two-bedroom comparison; from \$550 to \$624 for the two-bedroom comparison; and from \$555 to \$684 for the three-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **643 SF One-Bedroom Units** - **\$485**
- **796 SF Two-Bedroom Units** - **\$575**
- **909 SF Two-Bedroom Units** - **\$600**
- **949 SF Three-Bedroom Units** - **\$645**

The following table shows the proposed rents at the subject. The estimated “as complete” market rents are above the proposed rents. Additionally, a restricted analysis was completed to determine the achievable rents for the subject. This analysis is shown in the addendum. Therefore, the proposed rents were considered achievable.

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Proposed Rent	Utility Allowance
1/1	10	643	\$372	\$372	\$138
2/1	1	796	\$442	\$427	\$170
2/1.5 TH	36	909	\$442	\$442	\$170
3/1.5	2	949	\$500	\$500	\$207

Rent Comparables

Multi-Family Lease No. 1



Property Identification

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

Verification Tasha; 229-928-8413, May 9, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	Unknown	850	\$559	\$0.66
2/2	Unknown	1,140	\$659	\$0.58
2/2	Unknown	1,140	\$685	\$0.60
2/2.5TH	Unknown	1,150	\$659	\$0.57
2/2.5TH	Unknown	1,150	\$685	\$0.60
3/3.5TH	Unknown	1,400	\$759	\$0.54
3/3.5TH	Unknown	1,400	\$785	\$0.56

Occupancy 93%

Rent Premiums N

Multi-Family Lease No. 1 (Cont.)

Physical Data

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

Amenities

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

Remarks

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

Multi-Family Lease No. 2



Property Identification

Record ID 5978
Property Type Walk-Up
Property Name Troy Hill Apartments
Address 303 East Glessner Street, Americus, Sumter County, Georgia 31709
Market Type Market
Verification Rachael; 229-924-8440, May 9, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	36	750	\$400	\$0.53
2/1.5	21	1,200	\$600	\$0.50

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

Multi-Family Lease No. 2 (Cont.)

Physical Data

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

Amenities

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

Remarks

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

Multi-Family Lease No. 3



Property Identification

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

Verification Angela; 229-928-0854, May 9, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	12	676	\$410	\$0.06
1/1	13	678	\$410	\$0.60
2/1	15	864	\$450	\$0.52
3/1.5	10	1,078	\$485	\$0.45

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

SF 40,666

Multi-Family Lease No. 3 (Cont.)

Physical Data

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

Amenities

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

Remarks

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

Multi-Family Lease No. 4



Property Identification

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

Verification Tasha; 229-928-8413, May 9, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	18	500	\$459	\$0.92
1/1	14	850	\$559	\$0.66

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

SF 20,900

Multi-Family Lease No. 4 (Cont.)

Physical Data

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

Amenities

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

Remarks

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

Multi-Family Lease No. 5



Property Identification

Record ID 7777
Property Type Walk-Up
Property Name Pecan Villas Apartments
Address 578 Pecan Street Southeast, Dawson, Terrell County, Georgia 39842
Market Type Market
Verification Alton Dobbs; 229-995-3252, May 9, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/1	8	750	\$395	\$0.53
Occupancy	100%			
Rent Premiums	N			
Total Units	8			
Unit Size Range	750			
Avg. Unit Size	750			
Avg. Rent/Unit	\$395			
Avg. Rent/SF	\$0.53			
SF	6,000			

Multi-Family Lease No. 5 (Cont.)

Physical Data

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

Amenities

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

Remarks

The property does not maintain an active waiting list.

Multi-Family Lease No. 6



Property Identification

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

Verification Tasha; 229-928-8413, May 9, 2017

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/2.5	38	1,140	\$659	\$0.58
3/3	3	1,400	\$759	\$0.54
4/4	1	Unknown	\$859	Unknown

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

SF 47,520

Multi-Family Lease No. 6 (Cont.)

Physical Data

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

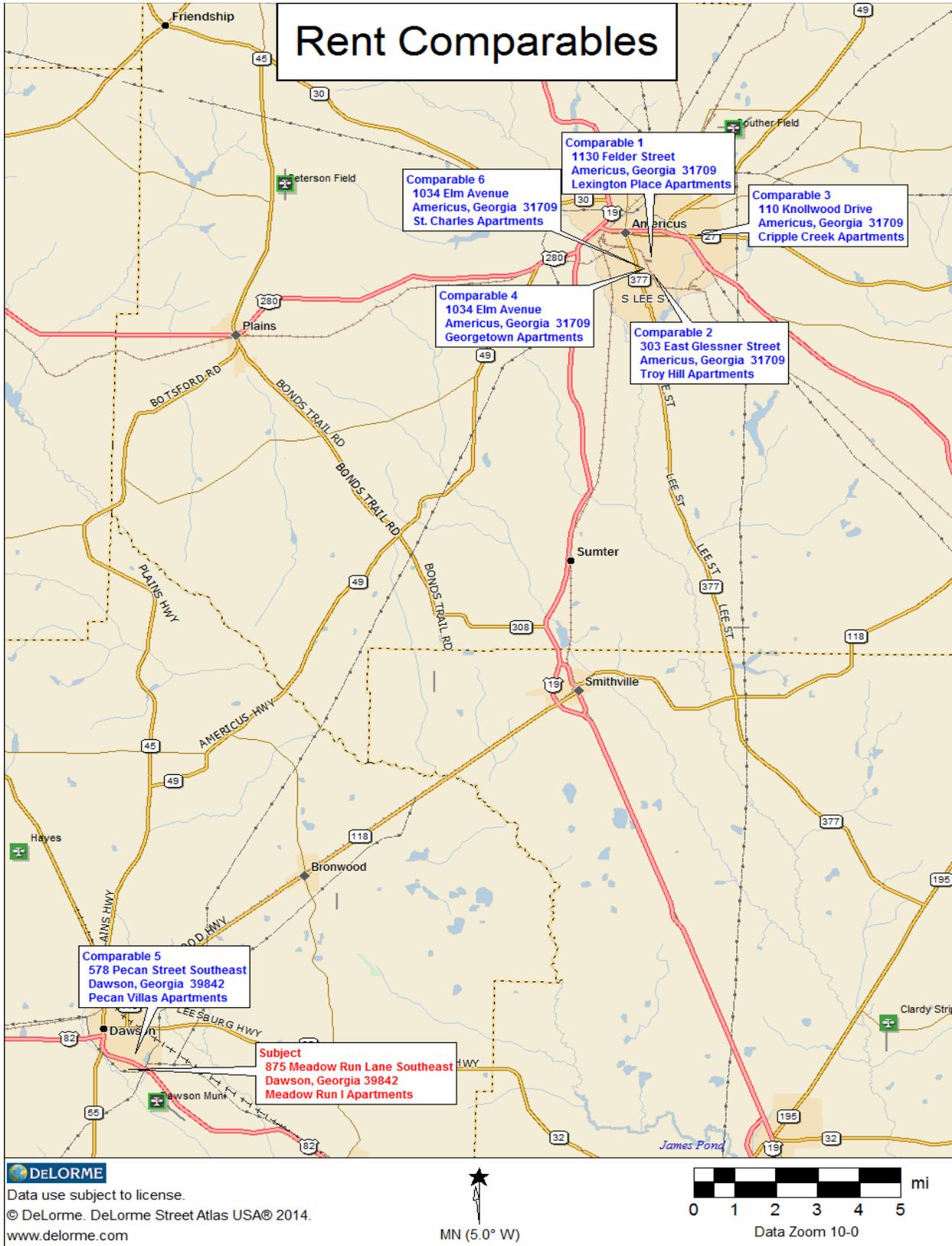
Amenities

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

Remarks

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

Rent Comparable Map



Summary and Conclusion

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

Potential Gross Rental Income

Total Potential Gross Rental Income (Restricted Rent As Is)

# of Units	Unit Type	Unit SF	Contract Rent	Potential Gross Income
10	1/1	643	\$386	\$3,860
1	2/1 (Non-Rev)	796	\$0	\$0
36	2/1.5 TH	909	\$421	\$15,156
2	3/1.5	949	\$456	\$912
Total Potential Monthly Rental Income				\$19,928
				x 12
Total Potential Gross Rental Income				\$239,136
Tenant Charges				\$3,600
Total Potential Gross Income				\$242,736

Total Potential Gross Rental Income (Market Rent As Is)

# of Units	Unit Type	Unit SF	Market Rent	Potential Gross Income
10	1/1	643	\$435	\$4,350
1	2/1 (Non-Rev)	796	\$0	\$0
36	2/1.5 TH	909	\$550	\$19,800
2	3/1.5	949	\$595	\$1,190
Total Potential Monthly Rental Income				\$25,340
				x 12
Total Potential Gross Rental Income				\$304,080
Tenant Charges				\$3,600
Total Potential Gross Income				\$307,680

Total Potential Gross Rental Income (Restricted Rent As Complete)

# of Units	Unit Type	Unit SF	Contract Rent	Potential Gross Income
10	1/1	643	\$372	\$3,720
1	2/1	796	\$427	\$427
36	2/1.5 TH	909	\$442	\$15,912
2	3/1.5	949	\$500	\$1,000
Total Potential Monthly Rental Income				\$21,059
				x 12
Total Potential Gross Rental Income				\$252,708
Tenant Charges				\$3,600
Total Potential Gross Income				\$256,308

Total Potential Gross Rental Income (Market Rent As Complete)

# of Units	Unit Type	Unit SF	Market Rent	Potential Gross Income
10	1/1	643	\$485	\$4,850
1	2/1	796	\$575	\$575
36	2/1.5 TH	909	\$600	\$21,600
2	3/1.5	949	\$645	\$1,290
Total Potential Monthly Rental Income				\$28,315
				x 12
Total Potential Gross Rental Income				\$339,780
Tenant Charges				\$3,600
Total Potential Gross Income				\$343,380

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 March 2017. Nine market-rate properties responded to the survey and four restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of five percent was determined for the market-rate vacancy and four percent was determined for the restricted vacancy. The subject is currently 90 percent occupied. Historically, the subject's occupancy rate has ranged from 88 to 96 percent since 2013. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for "as is" conventional housing; five percent was deemed appropriate for "as complete" conventional housing; 10 percent was deemed appropriate for "as is" affordable housing; and five percent was deemed appropriate for "as complete" affordable housing.

Expenses

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

Management

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

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

Tax and Assessment Information

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

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

Insurance

The insurance expense is the responsibility of the landlord.

Maintenance

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

Utilities and Service

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

Reserves for Replacement

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

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

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

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

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

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

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

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

Market Rent and Contract Rent

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

Other Miscellaneous Income

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

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

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

Operating Expenses & Restricted Projections

Property: Meadow Run I Apartments
 Project #: # of Rental Units: 49

Revenue and Expense Analysis Historical and Proforma

% change compared to preceding year.

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

REVENUE - Annual												REVENUE - Annual						
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	12			Budget	PUPA	%	
												Pro Forma	PUPA	%				
Residential & Ancillary Income																		Residential & Ancillary Income
Annual Gross Potential Rental Income	228,735	4,668	230,072	4,695	1%	216,660	4,422	-6%	210,608	4,298	-3%	241,056	4,920	14%	239,136	4,880	14%	Annual Gross Potential Rental Income
Annual Ancillary Income	3,360	69	3,876	79	15%	4,091	83	6%	4,594	94	12%	3,900	80	-15%	3,200	65	-30%	Annual Ancillary Income
Annual Gross Potential Income	232,095	4,737	233,948	4,774	1%	220,752	4,505	-6%	215,202	4,392	-3%	244,956	4,999	14%	242,336	4,946	13%	Annual Gross Potential Income
Occupancy	88.77%	532	93.89%	292	6%	96.34%	165	3%	92.10%	347	-4%	93.11%	344	1%	94.08%	293	2%	Occupancy
Effective Gross Income (EGI)	206,031	4,205	219,643	4,483	7%	212,676	4,340	-3%	198,194	4,045	-7%	228,082	4,655	15%	227,988	4,653	15%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual												ITEMIZED EXPENSES - Annual						
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	12			Budget	PUPA	%	
												Pro Forma	PUPA	%				
Administrative																		Administrative
Advertising	315	6	96	2	-70%	225	5	135%	307	6	37%	316	6	3%	400	8	30%	Advertising
Management Fee	23,318	476	24,742	505	6%	26,012	531	5%	25,524	521	-2%	25,155	513	-1%	28,224	576	11%	Management Fee
Other (Specify)	28,015	572	29,586	604	6%	27,985	571	-5%	26,999	551	-4%	30,567	624	13%	29,722	607	10%	Other (Specify)
Total Administrative	51,648	1,054	54,424	1,111	5%	54,222	1,107	0%	52,830	1,078	-3%	56,038	1,144	6%	58,346	1,191	10%	Total Administrative
Operating																		Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	63	1	15	0	-76%	0	0	-100%	0	0	0	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hotwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Domestic Hotwater
Lighting and Misc. Power	7,037	144	7,178	146	2%	6,704	137	-7%	5,872	120	-12%	7,000	143	19%	7,000	143	19%	Lighting and Misc. Power
Water	2,856	58	2,383	49	-17%	2,758	56	16%	2,611	53	-5%	2,689	55	3%	4,000	82	53%	Water
Gas	0	0	0	0	0	73	1	0	84	2	14%	87	2	4%	100	2	19%	Gas
Garbage and Trash Removal	979	20	1,881	38	92%	1,951	40	4%	1,055	22	-46%	1,400	29	33%	1,800	37	71%	Garbage and Trash Removal
Payroll	14,616	298	15,458	315	6%	15,420	315	0%	16,036	327	4%	16,517	337	3%	17,500	357	9%	Payroll
Other (Specify)	7,308	149	10,033	205	37%	9,728	199	-3%	11,216	229	15%	10,056	205	-10%	16,100	329	44%	Other (Specify)
Total Operating	32,859	671	36,948	754	12%	36,634	748	-1%	36,874	753	1%	37,749	770	2%	46,500	949	26%	Total Operating
Maintenance																		Maintenance
Decorating	6,252	128	11,701	239	87%	3,709	76	-68%	3,641	74	-2%	3,000	61	-18%	6,000	122	65%	Decorating
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	2,819	58	2,491	51	-12%	3,241	66	30%	2,590	53	-20%	3,000	61	16%	3,091	63	19%	Exterminating
Insurance	9,522	194	9,710	198	2%	9,823	200	1%	9,831	201	0%	10,323	211	5%	10,878	222	11%	Insurance
Ground Expense	7,422	151	7,806	159	5%	7,562	154	-3%	7,390	151	-2%	7,612	155	3%	8,200	167	11%	Ground Expense
Other (specify)	136	3	290	6	113%	278	6	-4%	115	2	-59%	200	4	74%	200	4	74%	Other (specify)
Total Maintenance	26,152	534	31,997	653	22%	24,613	502	-23%	23,567	481	-4%	24,135	493	2%	28,369	579	20%	Total Maintenance
Taxes																		Taxes
Real Estate Tax	11,724	239	12,987	265	11%	25,956	530	100%	12,953	264	-50%	14,247	291	10%	29,000	592	124%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	3,272	67	3,340	68	2%	3,169	65	-5%	2,720	56	-14%	2,802	57	3%	3,400	69	25%	Employee Payroll Tax
Employee Benefits	1,076	22	1,786	36	66%	2,150	44	20%	2,987	61	39%	3,078	63	3%	2,925	60	-2%	Employee Benefits
Other	53	1	88	2	67%	53	1	-39%	203	4	280%	125	3	-38%	320	7	58%	Other
Total Taxes	16,126	329	18,201	371	13%	31,329	639	72%	18,863	385	-40%	20,252	413	7%	35,645	727	89%	Total Taxes
Operating Exp. before RFR	126,785	2,587	141,569	2,889	12%	146,797	2,996	4%	132,134	2,697	-10%	138,174	2,820	5%	168,860	3,446	28%	Operating Exp. before RFR
Reserve For Replacement	13,453	275	14,676	300	9%	14,676	300	0%	14,676	300	0%	17,150	350	17%	14,666	299	0%	Reserve For Replacement
Operating Exp. Incl. RFR	140,238	2,862	156,245	3,189	11%	161,473	3,295	3%	146,810	2,996	-9%	155,324	3,170	6%	183,526	3,745	25%	Operating Exp. Incl. RFR
NOI	65,793	1,343	63,397	1,294	-4%	51,202	1,045	-19%	51,384	1,049	0%	72,758	1,485	42%	44,462	907	-13%	NOI

Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, Georgia

Property: Meadow Run I Apartments

Project #:

of Rental Units: 49

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	239,136	4,880	14%	252,708	5,157	20%	Annual Gross Potential Rental Income
Annual Ancillary Income	3,600	73	-22%	3,600	73	-22%	Annual Ancillary Income
Annual Gross Potential Income	242,736	4,954	13%	256,308	5,231	19%	Annual Gross Potential Income
Occupancy	90.00%	495	-2%	95.00%	262	3%	Occupancy
Effective Gross Income (EGI)	218,462	4,458	10%	243,493	4,969	23%	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	245	5	-20%	245	5	-20%	Advertising
Management Fee	23,814	486	-7%	25,137	513	-2%	9.050% Management Fee
Other (Specify)	29,400	600	9%	29,400	600	9%	Other (Specify)
Total Administrative	53,459	1,091	1%	54,782	1,118	4%	Total Administrative
Operating							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hot water	0	0	0	0	0	0	Fuel - Domestic Hot water
Lighting and Misc. Power	7,350	150	25%	7,350	150	25%	Lighting and Misc. Power
Water	3,185	65	22%	3,185	65	22%	Water
Gas	245	5	193%	245	5	193%	Gas
Garbage and Trash Removal	1,470	30	39%	1,470	30	39%	Garbage and Trash Removal
Payroll	15,925	325	-1%	15,925	325	-1%	Payroll
Other (Specify)	9,800	200	-13%	8,330	170	-26%	Other (Specify)
Total Operating	37,975	775	3%	36,505	745	-1%	Total Operating
Maintenance							Maintenance
Decorating	4,900	100	35%	4,900	100	35%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	3,185	65	23%	3,185	65	23%	Exterminating
Insurance	11,025	225	12%	11,025	225	12%	Insurance
Ground Expense	8,085	165	9%	8,085	165	9%	Ground Expense
Other (specify)	245	5	113%	245	5	113%	Other (specify)
Total Maintenance	27,440	560	16%	27,440	560	16%	Total Maintenance
Taxes							Taxes
Real Estate Tax	12,985	265	0%	14,210	290	10%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	3,430	70	26%	3,430	70	26%	Employee Payroll Tax
Employee Benefits	2,940	60	-2%	2,940	60	-2%	Employee Benefits
Other	245	5	21%	245	5	21%	Other
Total Taxes	19,600	400	4%	20,825	425	10%	Total Taxes
Operating Exp. before RFR	138,474	2,826	5%	139,552	2,848	6%	Operating Exp. before RFR
Reserve For Replacement	19,600	400	34%	19,600	400	34%	Reserve For Replacement
Operating Exp. Incl. RFR	158,074	3,226	8%	159,152	3,248	8%	Operating Exp. Incl. RFR
NOI	60,388	1,232	18%	84,341	1,721	64%	NOI

Estimating Restricted Expenses Per Unit

Estimating Restricted Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$3	\$21	\$14	\$31	\$0
\$486	Management	\$513	\$362	\$539	\$501	\$408	\$441
\$600	Other Administrative Expenses	\$600	\$280	\$443	\$368	\$713	\$1,272
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$150	Lighting & Misc. Power	\$150	\$119	\$164	\$148	\$238	\$177
\$65	Water/Sewer	\$65	\$254	\$1,025	\$1,316	\$322	\$199
\$5	Gas	\$5	\$22	\$12	\$43	\$322	\$10
\$30	Garbage/Trash Removal	\$30	\$0	\$0	\$145	\$90	\$0
\$325	Payroll	\$325	\$441	\$935	\$1,292	\$666	\$732
\$200	Other Operating Expenses	\$170	\$272	\$297	\$190	\$304	\$272
\$100	Decorating	\$100	\$0	\$0	\$200	\$58	\$92
\$0	Repairs	\$0	\$96	\$223	\$1,575	\$84	\$252
\$65	Exterminating	\$65	\$0	\$0	\$0	\$29	\$0
\$225	Insurance	\$225	\$203	\$599	\$308	\$334	\$355
\$165	Ground Expenses	\$165	\$0	\$0	\$393	\$151	\$249
\$5	Other Maintenance	\$5	\$0	\$0	\$0	\$0	\$0
\$265	Real Estate Taxes	\$290	\$277	\$440	\$824	\$411	\$422
\$70	Payroll Taxes	\$70	\$0	\$0	\$124	\$87	\$0
\$60	Employee Benefits	\$60	\$0	\$0	\$243	\$111	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$14	\$0	\$3
\$400	Replacement Reserves	\$400	\$0	\$0	\$0	\$0	\$0
\$3,226	Total Per Unit	\$3,248	\$2,329	\$4,698	\$7,698	\$4,359	\$4,476

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 *2016 Income/Expense Analysis: Federally Assisted Apartments printed by the Institute of Real Estate Management*. 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.

The expenses for the comparable apartments vary per unit but are consistently between 38 and 55 percent of the gross rent potential. The subject's expenses were estimated at 63 percent of the gross rent potential which is higher than 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.

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

Expense	As Is	As Complete	Comp Range
1. Advertising	\$5	\$5	\$0- \$31
An advertising expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$31 per unit was determined. The expense was projected considering the subject's historical financials and the comparable range.			
2. Management	\$486	\$513	\$362-\$539
A management expense of \$486 per unit was projected for the "as is" scenario, and a management expense of \$513 per unit was projected for the "as complete" scenario. A comparable range of \$362 to \$539 was determined. The expense was projected based on \$45 per unit as indicated by the budget.			
3. Other Administrative	\$600	\$600	\$280- \$713
An other administrative expense of \$600 per unit was projected. The other administrative expenses include office supplies, other renting expenses, office salaries, office furniture and equipment, training expenses, office salaries, telephone and answering services, legal expenses, audit expense, bank fees and utility allowance fees. A comparable range of \$280 to \$713 was determined. The expense was projected considering the subject's historical financials and the comparable range.			
4. Elevator	\$0	\$0	\$0- \$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
5. Fuel	\$0	\$0	\$0- \$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
6. Lighting & Misc. Power	\$150	\$150	\$119-\$238
A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$119 to \$238 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.			

- | | | | | |
|----|-------------|------|------|----------------|
| 7. | Water/Sewer | \$65 | \$65 | \$254- \$1,316 |
|----|-------------|------|------|----------------|
- A water/sewer expense of \$65 per unit was projected for the subject. A comparable range of \$254 to \$1,316 per unit was determined. The subject does not provide this utility. 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 | \$5 | \$5 | \$12-\$322 |
|----|-----|-----|-----|------------|
- A gas expense of \$5 per unit was projected for the subject. A comparable range of \$12 to \$322 per unit was determined. The subject does not provide this utility. 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 | \$30 | \$30 | \$0- \$145 |
|----|-----------------------|------|------|------------|
- A garbage/trash removal expense of \$30 per unit was projected for the subject. A comparable range of \$0 to \$145 per unit was determined. The expense was projected considering the subject's historical financials and the comparable range.
- | | | | | |
|-----|---------|-------|-------|---------------|
| 10. | Payroll | \$325 | \$325 | \$441-\$1,292 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$325 per unit was projected. A comparable range of \$441 to \$1,292 was determined. The expense was projected considering the subject's historical financials.
- | | | | | |
|-----|--------------------------|-------|-------|-------------|
| 11. | Other Operating Expenses | \$200 | \$170 | \$190-\$304 |
|-----|--------------------------|-------|-------|-------------|
- An other operating expense of \$200 per unit was projected for the "as is" scenario and \$170 was projected for the "as complete" scenario. A comparable range of \$190 to \$304 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. The subject will undergo a substantial rehabilitation. Upon completion of the rehabilitation, fewer other operating expenses will be required. Therefore, the "as complete" expense was projected lower than the "as is" expense.
- | | | | | |
|-----|------------|-------|-------|------------|
| 12. | Decorating | \$100 | \$100 | \$0- \$200 |
|-----|------------|-------|-------|------------|
- A decorating expense of \$100 was projected. A comparable range of \$0 to \$200 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|---|-------|-------|---------------|
| 13. | Repairs | \$0 | \$0 | \$84- \$1,575 |
| | A repairs expense of \$0 was projected for the “as is” scenario. A comparable range of \$84 to \$1,575 was determined. While the subject does contain repairs, in the historical financial data they have been allocated into other categories, including decorating contracts, exterminating contracts and grounds expenses. Therefore, no specific repairs were included in the historical data. The expense was projected using the subject’s historical financials. | | | |
| 14. | Exterminating | \$65 | \$65 | \$0- \$29 |
| | An exterminating expense of \$65 per unit was projected. A comparable range of \$0 to \$29 was determined. Expenses such as exterminating are typically based on unique property characteristics. Therefore, the subject’s historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject’s historical financials. | | | |
| 15. | Insurance | \$225 | \$225 | \$203- \$599 |
| | An insurance expense of \$225 per unit was projected for the subject’s “as is” scenario, and \$225 per unit for the subject’s as complete scenario. A comparable range of \$203 to \$599 per unit was determined. The expense was projected considering the subject’s historical financials and the comparable range. | | | |
| 16. | Ground Expenses | \$165 | \$165 | \$0-\$393 |
| | A ground expense of \$165 per unit was projected. A comparable range of \$0 to \$393 was determined. The expense was projected considering the subject’s historical financials and the comparable range. | | | |
| 17. | Other Maintenance | \$5 | \$5 | \$0- \$0 |
| | Other maintenance expenses of \$5 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Expenses such as other maintenance are typically based on unique property characteristics. Therefore, the subject’s historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject’s historical financials. | | | |
| 18. | Real Estate Taxes | \$265 | \$290 | \$277- \$824 |
| | A real estate tax expense of \$265 per unit was projected for the subject based on the information obtained by the Terrell 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 | \$70 | \$70 | \$0- \$124 |
|-----|---------------|------|------|------------|
- Payroll taxes were projected at \$70 per unit. A comparable range of \$0 to \$124 was determined. The expense was projected considering the subject's historical financials and the comparable range.
- | | | | | |
|-----|-------------------|------|------|-----------|
| 20. | Employee Benefits | \$60 | \$60 | \$0-\$243 |
|-----|-------------------|------|------|-----------|
- Employee benefits were projected at \$60 per unit. A comparable range of \$0 to \$243 was determined. The expense was projected considering the subject's historical financials and the comparable range.
- | | | | | |
|-----|----------------------|-------|-------|---------|
| 21. | Replacement Reserves | \$400 | \$400 | \$0-\$0 |
|-----|----------------------|-------|-------|---------|
- A replacement reserves expense \$400 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 \$2,826 before reserves for replacement. This is five percent higher than the 2016 data. The comparables range from \$2,329 to \$7,698 per unit before reserves for replacement. All comparables are Section 8 or Rural Development properties located in the State of Georgia. The subject is within than the comparable range. The *2016 Income/Expense Analysis: Federally Assisted Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,476. Comparable 1 was constructed in 1975, contains 80 units and has total overall expenses of \$2,329 per unit; Comparable 2 was constructed in 1974, contains 100 units and has total overall expenses of \$4,698 per unit; Comparable 3 was constructed in 1983, contains 88 units and has total overall expenses of \$7,697 per unit; and Comparable 4 was constructed in 1974, contains 100 units and has total overall expenses of \$4,359 per unit. The subject was constructed in 1993 and is a 49-unit Rural Development property. Historically, the subject's overall expenses have ranged from \$2,587 to \$2,996 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

Operating Expenses & Market Projections

Property: Meadow Run I Apartments

Project #:

of Rental Units: 49

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

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

REVENUE - Annual										REVENUE - Annual								
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	12 Pro Forma	PUPA	%	Budget	PUPA	%	
Residential & Ancillary Income																		Residential & Ancillary Income
Annual Gross Potential Rental Income	228,735	4,668	230,072	4,695	1%	216,660	4,422	-6%	210,608	4,298	-3%	241,056	4,920	14%	239,136	4,880	14%	Annual Gross Potential Rental Income
Annual Ancillary Income	3,360	69	3,876	79	15%	4,091	83	6%	4,594	94	12%	3,900	80	-15%	3,200	65	-30%	Annual Ancillary Income
Annual Gross Potential Income	232,095	4,737	233,948	4,774	1%	220,752	4,505	-6%	215,202	4,392	-3%	244,956	4,999	14%	242,336	4,946	13%	Annual Gross Potential Income
Occupancy	88.77%	532	93.89%	292	6%	96.34%	165	3%	92.10%	347	-4%	93.11%	344	1%	94.08%	293	2%	Occupancy
Effective Gross Income (EGI)	206,031	4,205	219,643	4,483	7%	212,676	4,340	-3%	198,194	4,045	-7%	228,082	4,655	15%	227,988	4,653	15%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual										ITEMIZED EXPENSES - Annual								
Estimate of Annual Expense										Estimate of Annual Expense								
	2013	PUPA	2014	PUPA	%	2015	PUPA	%	2016	PUPA	%	12 Pro Forma	PUPA	%	Budget	PUPA	%	
Administrative																		Administrative
Advertising	315	6	96	2	-70%	225	5	135%	307	6	37%	316	6	3%	400	8	30%	Advertising
Management Fee	23,318	476	24,742	505	6%	26,012	531	5%	25,524	521	-2%	25,155	513	-1%	28,224	576	11%	Management Fee
Other (Specify)	28,015	572	29,586	604	6%	27,985	571	-5%	26,999	551	-4%	30,567	624	13%	29,722	607	10%	Other (Specify)
Total Administrative	51,648	1,054	54,424	1,111	5%	54,222	1,107	0%	52,830	1,078	-3%	56,038	1,144	6%	58,346	1,191	10%	Total Administrative
Operating																		Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	63	1	15	0	-76%	0	0	-100%	0	0	0	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hotwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Fuel - Domestic Hotwater
Lighting and Msc. Power	7,037	144	7,178	146	2%	6,704	137	-7%	5,872	120	-12%	7,000	143	19%	7,000	143	19%	Lighting and Msc. Power
Water	2,856	58	2,383	49	-17%	2,758	56	16%	2,611	53	-5%	2,689	55	3%	4,000	82	53%	Water
Gas	0	0	0	0	0	73	1	0	84	2	14%	87	2	4%	100	2	19%	Gas
Garbage and Trash Removal	979	20	1,881	38	92%	1,951	40	4%	1,055	22	-46%	1,400	29	33%	1,800	37	71%	Garbage and Trash Removal
Payroll	14,616	298	15,458	315	6%	15,420	315	0%	16,036	327	4%	16,517	337	3%	17,500	357	9%	Payroll
Other (Specify)	7,308	149	10,033	205	37%	9,728	199	-3%	11,216	229	15%	10,056	205	-10%	16,100	329	44%	Other (Specify)
Total Operating	32,859	671	36,948	754	12%	36,634	748	-1%	36,874	753	1%	37,749	770	2%	46,500	949	26%	Total Operating
Maintenance																		Maintenance
Decorating	6,252	128	11,701	239	87%	3,709	76	-68%	3,641	74	-2%	3,000	61	-18%	6,000	122	65%	Decorating
Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Repairs
Exterminating	2,819	58	2,491	51	-12%	3,241	66	30%	2,590	53	-20%	3,000	61	16%	3,091	63	19%	Exterminating
Insurance	9,522	194	9,710	198	2%	9,823	200	1%	9,831	201	0%	10,323	211	5%	10,878	222	11%	Insurance
Ground Expense	7,422	151	7,806	159	5%	7,562	154	-3%	7,390	151	-2%	7,612	155	3%	8,200	167	11%	Ground Expense
Other (specify)	136	3	290	6	113%	278	6	-4%	115	2	-59%	200	4	74%	200	4	74%	Other (specify)
Total Maintenance	26,152	534	31,997	653	22%	24,613	502	-23%	23,567	481	-4%	24,135	493	2%	28,369	579	20%	Total Maintenance
Taxes																		Taxes
Real Estate Tax	11,724	239	12,987	265	11%	25,956	530	100%	12,953	264	-50%	14,247	291	10%	29,000	592	124%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	3,272	67	3,340	68	2%	3,169	65	-5%	2,720	56	-14%	2,802	57	3%	3,400	69	25%	Employee Payroll Tax
Employee Benefits	1,076	22	1,786	36	66%	2,150	44	20%	2,987	61	39%	3,078	63	3%	2,925	60	-2%	Employee Benefits
Other	53	1	88	2	67%	53	1	-39%	203	4	280%	125	3	-38%	320	7	58%	Other
Total Taxes	16,126	329	18,201	371	13%	31,329	639	72%	18,863	385	-40%	20,252	413	7%	35,645	727	89%	Total Taxes
Operating Exp. before RFR	126,785	2,587	141,569	2,889	12%	146,797	2,996	4%	132,134	2,697	-10%	138,174	2,820	5%	168,860	3,446	28%	Operating Exp. before RFR
Reserve For Replacement	13,453	275	14,676	300	9%	14,676	300	0%	14,676	300	0%	17,150	350	17%	14,666	299	0%	Reserve For Replacement
Operating Exp. Incl. RFR	140,238	2,862	156,245	3,189	11%	161,473	3,295	3%	146,810	2,996	-9%	155,324	3,170	6%	183,526	3,745	25%	Operating Exp. Incl. RFR
NOI	65,793	1,343	63,397	1,294	-4%	51,202	1,045	-19%	51,384	1,049	0%	72,758	1,485	42%	44,462	907	-13%	NOI

Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, Georgia

Property: Meadow Run I Apartments

Project #:

of Rental Units: 49

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	304,080	6,206	44%	339,780	6,934	61%	Annual Gross Potential Rental Income
Annual Ancillary Income	3,600	73	-22%	3,600	73	-22%	Annual Ancillary Income
Annual Gross Potential Income	307,680	6,279	43%	343,380	7,008	60%	Annual Gross Potential Income
Occupancy	95.00%	314	3%	95.00%	350	3%	Occupancy
Effective Gross Income (EGI)	292,296	5,965	47%	326,211	6,657	65%	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	245	5	-20%	245	5	-20%	Advertising
Management Fee	11,692	239	-54%	13,048	266	-49%	4.000% Management Fee
Other (Specify)	25,725	525	-5%	25,725	525	-5%	Other (Specify)
Total Administrative	37,662	769	-29%	39,018	796	-26%	Total Administrative
Operating							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hotw ater	0	0	0	0	0	0	Fuel - Domestic Hotw ater
Lighting and Misc. Pow er	7,350	150	25%	7,350	150	25%	Lighting and Misc. Pow er
Water	3,185	65	22%	3,185	65	22%	Water
Gas	245	5	193%	245	5	193%	Gas
Garbage and Trash Removal	1,470	30	39%	1,470	30	39%	Garbage and Trash Removal
Payroll	15,925	325	-1%	15,925	325	-1%	Payroll
Other (Specify)	9,800	200	-13%	8,330	170	-26%	Other (Specify)
Total Operating	37,975	775	3%	36,505	745	-1%	Total Operating
Maintenance							Maintenance
Decorating	4,900	100	35%	4,900	100	35%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	3,185	65	23%	3,185	65	23%	Exterminating
Insurance	11,025	225	12%	11,025	225	12%	Insurance
Ground Expense	8,085	165	9%	8,085	165	9%	Ground Expense
Other (specify)	245	5	113%	245	5	113%	Other (specify)
Total Maintenance	27,440	560	16%	27,440	560	16%	Total Maintenance
Taxes							Taxes
Real Estate Tax	22,050	450	70%	23,275	475	80%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	3,430	70	26%	3,430	70	26%	Employee Payroll Tax
Employee Benefits	2,940	60	-2%	2,940	60	-2%	Employee Benefits
Other	245	5	21%	245	5	21%	Other
Total Taxes	28,665	585	52%	29,890	610	58%	Total Taxes
Operating Exp. before RFR	131,742	2,689	0%	132,853	2,711	1%	Operating Exp. before RFR
Reserve For Replacement	12,250	250	-17%	12,250	250	-17%	Reserve For Replacement
Operating Exp. Incl. RFR	143,992	2,939	-2%	145,103	2,961	-1%	Operating Exp. Incl. RFR
NOI	148,304	3,027	189%	181,108	3,696	252%	NOI

Estimating Market Expenses Per Unit

Estimating Market Expenses Per Unit							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$5	Advertising	\$5	\$15	\$0	\$0	\$150	\$0
\$239	Management	\$266	\$344	\$191	\$0	\$299	\$382
\$525	Other Administrative Expenses	\$525	\$113	\$0	\$70	\$300	\$650
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$150	Lighting & Misc. Power	\$150	\$150	\$298	\$191	\$0	\$161
\$65	Water/Sewer	\$65	\$306	\$0	\$136	\$1,127	\$278
\$5	Gas	\$5	\$2	\$0	\$0	\$244	\$7
\$30	Garbage/Trash Removal	\$30	\$60	\$0	\$148	\$0	\$0
\$325	Payroll	\$325	\$1,783	\$190	\$382	\$1,200	\$628
\$200	Other Operating Expenses	\$170	\$0	\$0	\$0	\$0	\$282
\$100	Decorating	\$100	\$0	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$450	\$632	\$0	\$500	\$407
\$65	Exterminating	\$65	\$0	\$68	\$65	\$0	\$0
\$225	Insurance	\$225	\$338	\$452	\$0	\$250	\$248
\$165	Ground Expenses	\$165	\$0	\$0	\$142	\$0	\$193
\$5	Other Maintenance	\$5	\$0	\$5	\$0	\$0	\$0
\$450	Real Estate Taxes	\$475	\$501	\$922	\$0	\$699	\$696
\$70	Payroll Taxes	\$70	\$0	\$0	\$0	\$0	\$0
\$60	Employee Benefits	\$60	\$0	\$0	\$0	\$0	\$0
\$5	Other Taxes	\$5	\$0	\$0	\$0	\$0	\$11
\$250	Replacement Reserves	\$250	\$375	\$0	\$0	\$300	\$0
\$2,939	Total Per Unit	\$2,961	\$4,437	\$2,758	\$1,134	\$5,069	\$4,133

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 *2016 Income/Expense Analysis: Conventional Apartments* printed by the Institute of Real Estate Management. 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.

The expenses for the comparable apartments vary per unit but are consistently between 30 and 60 percent of the gross rent potential. The subject's expenses were estimated at 43 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.

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

Expense	As Is	As Complete	Comp Range
1. Advertising	\$5	\$5	\$0- \$150
An advertising expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$150 per unit was determined. The expense was projected considering the subject's historical financials and the comparable range.			
2. Management	\$239	\$266	\$0-\$344
A management expense of \$239 per unit was projected for the "as is" scenario, and a management expense of \$266 per unit was projected for the "as complete" scenario. A comparable range of \$0 to \$344 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.			
3. Other Administrative	\$525	\$525	\$0-\$300
An other administrative expense of \$525 per unit was projected. A comparable range of \$0 to \$300 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
4. Elevator	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
5. Fuel	\$0	\$0	\$0-\$0
The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
6. Lighting & Misc. Power	\$150	\$150	\$0-\$298
A lighting and miscellaneous power expense of \$150 was projected for the subject. A comparable range of \$0 to \$298 per unit was determined. The landlord does not provide this utility. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			

- | | | | | |
|----|-------------|------|------|-------------|
| 7. | Water/Sewer | \$65 | \$65 | \$0-\$1,127 |
|----|-------------|------|------|-------------|
- A water/sewer expense of \$65 per unit was projected for the subject. A comparable range of \$0 to \$1,127 per unit was determined. The landlord does not provide this utility. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|----|-----|-----|-----|-----------|
| 8. | Gas | \$5 | \$5 | \$0-\$244 |
|----|-----|-----|-----|-----------|
- A gas expense of \$5 per unit was projected for the subject. A comparable range of \$0 to \$244 per unit was determined. The landlord does not provide this utility. 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.
- | | | | | |
|----|-----------------------|------|------|-----------|
| 9. | Garbage/Trash Removal | \$30 | \$30 | \$0-\$148 |
|----|-----------------------|------|------|-----------|
- A garbage/trash removal expense of \$30 per unit was projected for the subject. A comparable range of \$0 to \$148 per unit was determined. The expense was projected considering the subject's historical financials and the comparable range.
- | | | | | |
|-----|---------|-------|-------|---------------|
| 10. | Payroll | \$325 | \$325 | \$190-\$1,783 |
|-----|---------|-------|-------|---------------|
- The payroll expense of \$325 per unit was projected. A comparable range of \$190 to \$1,783 was determined. The expense was projected considering the subject's historical financials and the comparable range.
- | | | | | |
|-----|--------------------------|-------|-------|---------|
| 11. | Other Operating Expenses | \$200 | \$170 | \$0-\$0 |
|-----|--------------------------|-------|-------|---------|
- An other operating expense of \$200 per unit was projected. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management. The subject will undergo a substantial rehabilitation. Upon completion of the rehabilitation, fewer other operating expenses will be required. Therefore, the "as complete" expense was projected lower than the "as is" expense.
- | | | | | |
|-----|------------|-------|-------|---------|
| 12. | Decorating | \$100 | \$100 | \$0-\$0 |
|-----|------------|-------|-------|---------|
- A decorating expense of \$100 was projected. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- | | | | | |
|-----|---------|-----|-----|-----------|
| 13. | Repairs | \$0 | \$0 | \$0-\$632 |
|-----|---------|-----|-----|-----------|
- A repairs expense of \$0 was projected for the “as is” scenario. A comparable range of \$0 to \$632 was determined. While the subject does contain repairs, in the historical financial data they have been allocated into other categories, including decorating contracts, exterminating contracts and grounds expenses. Therefore, no specific repairs were included in the historical data. The expense was projected using the subject’s historical financials.
- | | | | | |
|-----|---------------|------|------|----------|
| 14. | Exterminating | \$65 | \$65 | \$0-\$68 |
|-----|---------------|------|------|----------|
- An exterminating expense of \$65 per unit was projected. A comparable range of \$0 to \$68 was determined. The expense was projected considering the subject’s historical financials and the comparable range.
- | | | | | |
|-----|-----------|-------|-------|-----------|
| 15. | Insurance | \$225 | \$225 | \$0-\$452 |
|-----|-----------|-------|-------|-----------|
- An insurance expense of \$225 per unit was projected for the subject’s “as is” scenario, and \$225 per unit for the subject’s “as complete” scenario. A comparable range of \$0 to \$452 per unit was determined. The expense was projected considering the subject’s historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-----------------|-------|-------|-----------|
| 16. | Ground Expenses | \$165 | \$165 | \$0-\$142 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$165 per unit was projected. A comparable range of \$0 to \$142 was determined. The expense was projected considering the subject’s historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- | | | | | |
|-----|-------------------|-----|-----|---------|
| 17. | Other Maintenance | \$5 | \$5 | \$0-\$5 |
|-----|-------------------|-----|-----|---------|
- Other maintenance expenses of \$5 per unit were projected for the subject. A comparable range of \$0 to \$5 per unit was determined. Expenses such as other maintenance are typically based on unique property characteristics. Therefore, the subject’s historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject’s historical financials.
- | | | | | |
|-----|-------------------|-------|-------|-----------|
| 18. | Real Estate Taxes | \$450 | \$475 | \$0-\$922 |
|-----|-------------------|-------|-------|-----------|
- A real estate tax expense of \$450 per unit was projected for the subject based on the information obtained by the real estate analysis completed on Page 57. 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 | \$70 | \$70 | \$0-\$0 |
|-----|---------------|------|------|---------|
- Payroll taxes were projected at \$70 per unit. A comparable range of \$0 to \$0 was determined. Expenses such as payroll taxes are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|-------------------|------|------|---------|
| 20. | Employee Benefits | \$60 | \$60 | \$0-\$0 |
|-----|-------------------|------|------|---------|
- Employee benefits were projected at \$60 per unit. A comparable range of \$0 to \$0 was determined. Expenses such as employee benefits are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- | | | | | |
|-----|----------------------|-------|-------|-----------|
| 21. | Replacement Reserves | \$250 | \$250 | \$0-\$375 |
|-----|----------------------|-------|-------|-----------|
- A replacement reserves expense of \$250 per unit was projected. This reserves expense is typical for market-rate apartment complexes.

Expenses before Reserves for Replacement

The subject's projected expenses per unit are \$2,689 before reserves for replacement. This is the same percentage as the 2016 data. The comparables range from \$1,134 to \$5,069 per unit before reserves for replacement. All comparables are market-rate properties located in the State of Georgia. The subject is within the comparable range. The *2016 Income/Expense Analysis: Federally Conventional Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,133. Comparable 1 was constructed in 1985, contains 60 units and has total overall expenses of \$4,062 per unit; Comparable 2 was constructed in 1965, contains 22 units and has total overall expenses of \$2,758 per unit; Comparable 3 was constructed in 1972, contains 12 units and has total overall expenses of \$1,134 per unit; and Comparable 4 was constructed in 1972 and renovated in 2013, contains 132 units and has total overall expenses of \$5,069 per unit. The subject was constructed in 1993 and is a 49-unit Rural Development property. Historically, the subject's overall expenses have ranged from \$2,587 to \$2,996 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

Net Operating Income Conclusions

Expenses after Reserves for Replacement

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

Direct Capitalization

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

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

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

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

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

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

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

Market Derived Capitalization Rates

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

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

Comparable Capitalization Rates

Comparable #	Comparable Address	Number of Units	Date of Sale	NOI /	Sales Price =	Indicated Capitalization
1	2215 Friar Tuck Lane Albany, Georgia	44	11/30/2016	\$189,000	\$2,100,000	9.00%
2	5500 Saint Marys Road Columbus, Georgia	66	6/22/2017	\$143,220	\$2,046,000	7.00%
3	820 Bowens Mill Road Southeast Douglas, Georgia	48	10/21/2016	\$135,142	\$1,925,100	7.02%
4	100 Lochlyn Place Bonaire, Georgia	100	5/21/2015	\$421,800	\$5,700,000	7.40%
5	4226 University Avenue Columbus, Georgia	48	1/23/2015	\$284,925	\$4,350,000	6.55%
6	201 West Glenn Avenue Auburn, Georgia	30	6/8/2015	\$189,600	\$3,160,000	6.00%

The comparables indicate a range of 6.00 to 9.00 percent for indicated capitalization rates, with a mean of 7.16 percent. The appraiser selected a weighted capitalization rate of 7.00 percent.

Realty Rates Survey

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

PwC Real Estate Investor Survey

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

Band of Investment – Conventional Terms

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

Capitalization Rate Analysis					
Mortgage Interest Rate	4.50%		Loan To Value Ratio		80%
Loan Term (Years)	30		Debt Coverage Ratio		1.25
			Equity Dividend Rate		10.00%
Band of Investment					
Mortgage Constant	0.06080	x	Loan Ratio	80%	= 0.0486
					Mortgage Component
Equity Dividend Rate	10%	x	Equity Ratio	0.20	= 0.02
					Equity Component
			Capitalization Rate		6.86%
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	1.25	x	LTV	80%	x
					Mortgage Constant
					= 0.06080
			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	\$148,304 /7.00%	= \$2,118,631
Market	As Complete	\$181,108 /7.00%	= \$2,587,251
		Market Rate As Is Value	= \$2,120,000
		Market Rate As Complete Value	= \$2,585,000

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 19 of the 49 units. Therefore, the capitalization rate was adjusted from the market-indicated rate of 7.00 percent to a capitalization rate one-half point lower at **6.50 percent** for the property's restricted valuations.

Restricted	As Is	\$60,388 /6.50%	=	\$929,046
Restricted	As Complete	\$84,341 /6.50%	=	\$1,297,554
		Restricted Rate As Is Value	=	\$930,000
		Restricted Rate As Complete Value	=	\$1,300,000

Prospective Market Value Upon Loan Maturity	
\$2,565,000 Prospective Market Value (As Complete and Stabilized)	
50 Term of Loan (years)	
2.00% Growth Rate	
Market Value	
\$2,565,000 PV	
50 [g] [n]	
2.00 [g] [i]	
Solve for FV	\$6,966,591.43
Using these factors, a prospective market value upon loan maturity of \$6,966,591.43 was determined.	
Prospective Market Value Upon Loan Maturity	
\$6,967,000.00	

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

Population

The population for the subject's neighborhood for 2017, according to ESRI, is 3,106, an decrease of (31) people from the 2010 population of 3,137. The population is expected to decrease at an annual rate of 1.4 percent between 2017 and 2022. Therefore, the 2022 population is projected at 3,063. The median age for the neighborhood is 43.9.

Unemployment Trends

The unemployment rate has fluctuated from 5.8 percent to 12.2 percent over the past 12 years. These fluctuations are in line with the unemployment rates for the State of Georgia.

LABOR FORCE AND EMPLOYMENT TRENDS FOR TERRELL COUNTY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2005	4,586	4,271	93.1%	315	6.9%
2006	4,554	4,292	94.2%	262	5.8%
2007	4,430	4,166	94.0%	264	6.0%
2008	4,437	4,144	93.4%	293	6.6%
2009	4,442	3,982	89.6%	460	10.4%
2010	3,917	3,439	87.8%	478	12.2%
2011	3,850	3,388	88.0%	462	12.0%
2012	3,755	3,345	89.1%	410	10.9%
2013	3,668	3,308	90.2%	360	9.8%
2014	3,621	3,331	92.0%	290	8.0%
2015	3,630	3,360	92.6%	270	7.4%
2016	3,675	3,434	93.4%	241	6.6%
2017**	3,740	3,502	93.6%	238	6.4%

* Data based on place of residence.

**Preliminary - based on monthly data through March 2017

Source: U.S. Bureau of Labor Statistics Data

Median Household Income

The median household income for the neighborhood in 2017 is \$31,094. It is expected to increase to \$32,796 by 2022. The per capita income is \$19,475.

Median Home Value

The median home value for the neighborhood in 2017, according to ESRI, is \$82,200. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$7,860.00, or \$655 per month. The average amount spent for renter-occupied households is \$7,500.00, or \$625 per month.

Realty Rates Market Survey

The Realty Rates Market Survey was considered in this analysis. The following table indicates the fluctuation of capitalization rates within the South Atlantic Region. Capitalization rates ranged from 8.10 to 8.30 percent in 2014, with an average of 8.23 percent.

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

Source: RealtyRates.com: South Atlantic Region

Comparable Sales Analysis

Comparable market sales that sold within the State of Georgia were analyzed to determine any trend in the area. The following table lists the comparables used in this analysis. Capitalization rates ranged from 5.00 to 9.00 percent between 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%

Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, 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 1.4 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$31,094. It is expected to increase to \$32,796 by 2022. The per capita income is \$19,475.

The unemployment rate has fluctuated from 5.8 percent to 12.2 percent, and due to the recent economic trends, Terrell 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 Dawson'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 = \$9,697,000.00

Value of Interest Credit Subsidy

Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan	
\$1,466,640	Original RD Loan Amount
\$1,269,206	Balance of the Original Loan
600	Months for the Term of the Loan
328	Remaining Months for the Term of the RD Loan
4.50%	Market Interest Rate
8.25%	Note Rate of Interest
1.00%	Base Rate of Interest
Market Loan	Original RD Loan
\$1,269,206	\$1,466,640
PV	PV
0.0450	0.0100
[i]	[i]
360	600
[n]	[n]
Solve for PMT	Solve for PMT
\$6,430.88	\$3,107.21
per month	per month
Interest Credit Subsidy	
Difference in Payment	\$3,323.67
\$3,323.67	[PMT]
0.0450	[i]
360	[n]
Solve for PV	\$655,963.51
Value of Subsidy from the Existing 515 Loan (Existing Terms) Rounded:	
\$656,000	

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

\$1,269,206 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

\$1,269,206 PV
0.0450 [i]
360 [n]
Solve for PMT \$6,430.88 per month

With 1% interest

\$1,269,206 PV
0.0100 [i]
600 [n]
Solve for PMT \$2,688.93 per month

Value of Balloon

\$1,269,206 [CHS] [PV]
0.0375 [i]
600 [n]
Solve for PMT \$4,687.18
360 [n]
Solve for FV \$790,566.47

\$790,566.47 [CHS] [FV]
0.0450 [i]
360 [n]
Solve for PV \$205,464.79

Interest Credit Subsidy

Difference in Payment \$3,741.95
\$3,741.95 [PMT]
0.0450 [i]
360 [n]
Solve for PV \$738,515.99
-\$205,464.79
\$533,051.20

Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:
\$533,000.00

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 \$105,924 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$1,059,240. 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:	=	\$1,059,240	
Price	x 0.85	= \$900,354	\$900,354

Total Value Tax Credits = \$900,000

Insurable Value

USDA Rural Development Insurable Value Calculation				
Property Name:		Meadow Run I Apartments		
Street Address:		875 Meadow Run Lane Southeast		
City, County, State, Zip:		Dawson, Terrell, Georgia 39842		
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			48,024	
TOTAL REPLACEMENT COST NEW			\$2,937,537	
EXCLUSIONS	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$2,881	
Foundations	\$3.67	6.0%	\$176,248	
Site Work	\$1.53	2.5%	\$73,477	
Site Improvements	\$2.02	3.3%	\$97,008	
Architect's Fees	\$0.61	1.0%	\$29,295	
Underground Piping	\$0.61	1.0%	\$29,295	
TOTAL EXCLUSIONS	\$8.50	13.9%	\$408,204	
INCLUSIONS				
Appliance Packages			\$80,638	
Patios/Balconies, etc.				
Parking Lot			\$41,676	
Other			\$2,137	
TOTAL INCLUSIONS			\$124,452	
CONCLUDED INSURABLE VALUE				
Total Replacement Cost New			\$2,937,537	
Less Total Exclusions			\$408,204	
Plus Total Inclusions			\$124,452	
CONCLUDED INSURABLE VALUE			\$2,653,784	

Total Insurable Value (Rounded) = \$2,654,000

Sales Comparison Approach

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

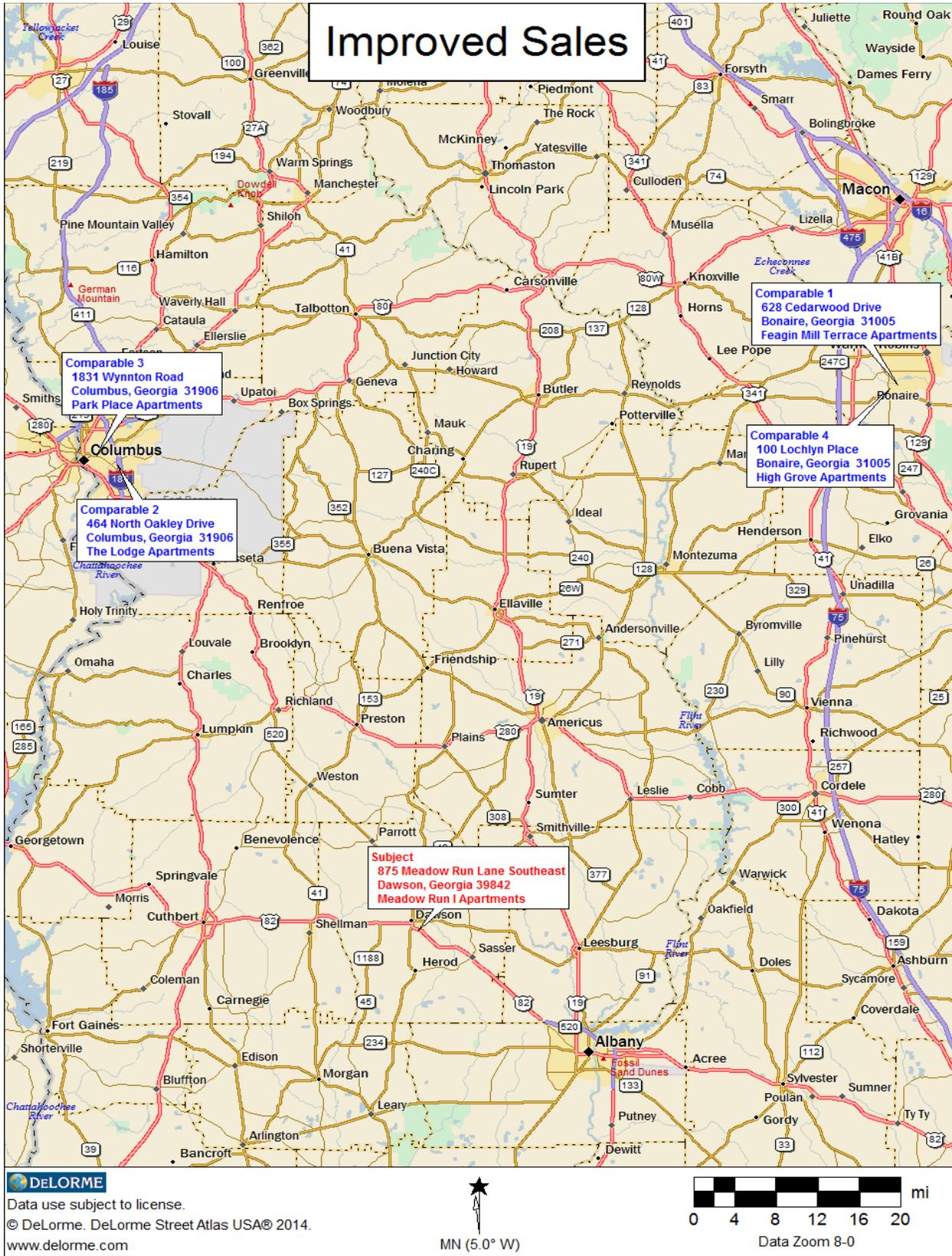
- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

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

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

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

Comparable Sales Map



Comparable Sales

Multi-Family Sale No. 1



Property Identification

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

Sale Data

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

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

Multi-Family Sale No. 1 (Cont.)

Land Data

Land Size 13.100 Acres or 570,636 SF
Front Footage Cedarwood Drive
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
3/1	7	1,297	\$655	\$0.51
3/2	24	1,297	\$875	\$0.67
3/2.5	17	1,297	\$882	\$0.68

Total Units 48
Avg. Unit Size 1,297
Avg. Rent/Unit \$845
Avg. Rent/SF \$0.65

SF 62,256

General Physical Data

No. of Buildings 49
Construction Type Siding
HVAC Central Elec/Central Elec
Parking L/0
Stories 1
Utilities with Rent Water, Sewer, Trash Collection
Year Built 1970/1994
Condition Good

Amenities

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

Multi-Family Sale No. 2



Property Identification

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

Sale Data

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

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

Multi-Family Sale No. 2 (Cont.)

Land Data

Land Size 4.550 Acres or 198,198 SF
Front Footage North Oakley Drive
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	64	719	\$540	\$0.75
1/1	33	736	\$595	\$0.81
2/1	40	1,012	\$651	\$0.64
2/2	80	1,120	\$695	\$0.62
3/2	20	1,316	\$798	\$0.61
Total Units	237			
Avg. Unit Size	957			
Avg. Rent/Unit	\$640			
Avg. Rent/SF	\$0.67			
SF	226,704			

General Physical Data

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

Amenities

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

Multi-Family Sale No. 3



Property Identification

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

Sale Data

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

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

Multi-Family Sale No. 3 (Cont.)

Land Data

Land Size 2.420 Acres or 105,415 SF
Front Footage Wynnton Road
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	8	500	\$425	\$0.85
1/1	8	600	\$555	\$0.93
1/1	8	700	\$542	\$0.77
2/1	16	850	\$580	\$0.68

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

SF 28,000

General Physical Data

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

Amenities

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

Multi-Family Sale No. 4



Property Identification

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

Sale Data

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

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

Multi-Family Sale No. 4 (Cont.)

Land Data

Land Size 14.400 Acres or 627,264 SF
Front Footage Lochlyn Place
Zoning R-4, Residential District
Topography Nearly Level
Utilities E, G, W, S
Shape Irregular

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/2	24	920	\$690	\$0.75
2/2	12	1,270	\$805	\$0.63
2/2	24	1,200	\$785	\$0.65
2/2	16	900	\$670	\$0.74
3/2	8	1,188	\$825	\$0.69
3/2	16	1,288	\$845	\$0.66
Total Units	100			
Avg. Unit Size	1,106			
Avg. Rent/Unit	\$759			
Avg. Rent/SF	\$0.69			
Net SF	110,632			

General Physical Data

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

Amenities

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

Comparable Sales Chart – As Is

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	875 Meadow Run Lane Southeast	628 Cedarwood Drive	464 North Oakley Drive	1831 Wynnton Road	100 Lochlyn Place
City	Dawson	Bonaire	Columbus	Columbus	Bonaire
State	GA	GA	GA	GA	GA
Date	5/9/2017	2/28/2017	1/28/2016	10/28/2015	5/21/2015
Price		\$2,550,000	\$9,800,000	\$1,800,000	\$5,700,000
Total No. of Units	49	48	237	40	100
Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Market Trends Through 05/09/17		0%	0%	0%	0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Location	Average	Superior	Superior	Superior	Superior
% Adjustment		-15%	-15%	-15%	-15%
\$ Adjustment		-\$7,969	-\$6,203	-\$6,750	-\$8,550
Total No. of Units	49	48	237	40	100
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1993	1970/1994	1973	1950	2003
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Superior	Inferior	Inferior	Superior
% Adjustment		-10%	15%	5%	-10%
\$ Adjustment		-\$5,313	\$6,203	\$2,250	-\$5,700
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/None	Central Elec/Central Elec
% Adjustment		0%	0%	5%	0%
\$ Adjustment		\$0	\$0	\$2,250	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Coat Closet, Patio, Community Room, Picnic Area, Laundry Facility and Video Surveillance	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds and Laundry Facility	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Volleyball Court, Tennis Court, Business Center and Laundry Facility	Refrigerator, Range/Oven, Hardwood, Blinds and Laundry Facility	Refrigerator, Range/Oven, Microwave, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Clubhouse, Community Room, Swimming Pool, Fitness Center, Playground and Business Center
% Adjustment		5%	-2%	5%	-3%
\$ Adjustment		\$2,656	-\$827	\$2,250	-\$1,710
Adjusted Price per Unit		\$42,500	\$40,523	\$45,000	\$41,040
Net adjustments		-20.0%	-2.0%	0.0%	-28.0%
Gross adjustments		-20.0%	-2.0%	0.0%	-28.0%

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

49 units x \$42,000 per unit = **\$2,058,000**

Indicated Value = \$2,060,000

Comparable Sales Explanations & Value – As Is

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

Improved Sales Analysis

The sale prices of the comparables range from \$41,350 to \$57,000 per unit before adjustments. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

Location

The subject is located in Dawson, Georgia. Comparable 1 is located in Bonaire. Comparable 2 is located in Columbus. Comparable 3 is located in Columbus. Comparable 4 is located in Bonaire. Columbus and Bonaire are larger cities with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus and Bonaire than in Dawson. The following table shows the comparison between the cities:

U.S. Census Bureau Stats	Dawson	Bonaire	% Diff	Columbus	% Diff
2015 Population	4,388	17,440	74.84%	200,285	97.81%
Households	1,516	6,149	75.35%	72,556	97.91%
Median Home Value	\$82,800	\$150,100	44.84%	\$134,500	38.44%
Median Rent	\$576	\$955	39.69%	\$830	30.60%

After considering all factors, an adjustment of 15 percent was determined all comparables.

Total No. of Units

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 49 units. The number of units of the comparables range from 40 to 237. No adjustments were needed.

Year Built/Renovated

The subject was built in 1993. It is in average condition. Comparable 1 was built in 1970/1994. Comparable 2 was constructed in 1973. Comparable 3 was built in 1950. Comparable 4 was constructed in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

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

HVAC

The subject contains Central Electric/Central Electric heating and cooling. Comparable 1 contains Central Elec/Central Elec heating and cooling. Comparable 2 contains Central Elec/Central Elec heating and cooling. Comparable 3 contains Central Elec/None heating and cooling. Comparable 4 contains Central Elec/Central Elec heating and cooling. Comparable 3 was adjusted upward five percent. The remaining comparables were considered to be similar and were not adjusted.

Parking

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

Amenities

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

Summary and Conclusion

The comparables range from \$40,523 to \$45,000 per unit after adjustments. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 9, 2017, via the Sales Comparable Approach is as follows:

49 units x \$42,000 per unit = \$2,058,000

Indicated As Is Market Value = \$2,060,000

Comparable Sales Chart – As Complete

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	875 Meadow Run Lane Southeast	628 Cedarwood Drive	464 North Oakley Drive	1831 Wynnton Road	100 Lochlyn Place
City	Dawson	Bonaire	Columbus	Columbus	Bonaire
State	GA	GA	GA	GA	GA
Date	5/9/2017	2/28/2017	1/28/2016	10/28/2015	5/21/2015
Price		\$2,550,000	\$9,800,000	\$1,800,000	\$5,700,000
Total No. of Units	49	48	237	40	100
Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Market Trends Through 05/09/17		0%	0%	0%	0%
Adjusted Price per Unit		\$53,125	\$41,350	\$45,000	\$57,000
Location	Average	Superior	Superior	Superior	Superior
% Adjustment		-15%	-15%	-15%	-15%
\$ Adjustment		-\$7,969	-\$6,203	-\$6,750	-\$8,550
Total No. of Units	49	48	237	40	100
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
YearBuilt/Renovated	1993/Proposed	1970/1994	1973	1950	2003
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Condition/Street Appeal	Good	Similar	Inferior	Inferior	Similar
% Adjustment		0%	25%	15%	0%
\$ Adjustment		\$0	\$10,338	\$6,750	\$0
HVAC	Central Electric/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/None	Central Elec/Central Elec
% Adjustment		0%	0%	5%	0%
\$ Adjustment		\$0	\$0	\$2,250	\$0
Parking	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Coat Closet, Patio, Community Room, Picnic Area, Laundry Facility and Video Surveillance	Refrigerator, Range/Oven, Carpet, Vinyl, Blinds and Laundry Facility	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Volleyball Court, Tennis Court, Business Center and Laundry Facility	Refrigerator, Range/Oven, Hardwood, Blinds and Laundry Facility	Refrigerator, Range/Oven, Microwave, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Clubhouse, Community Room, Swimming Pool, Fitness Center, Playground and Business Center
% Adjustment		5%	-2%	5%	-3%
\$ Adjustment		\$2,656	-\$827	\$2,250	-\$1,710
Adjusted Price per Unit		\$47,813	\$44,658	\$49,500	\$46,740
Net adjustments		-10.0%	8.0%	10.0%	-18.0%
Gross adjustments		-10.0%	8.0%	10.0%	-18.0%

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:

$$49 \text{ units} \times \$46,000 \text{ per unit} = 2254000$$

Indicated Value = \$2,255,000

Comparable Sales Explanations & Value – As Complete

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

Improved Sales Analysis

The sale prices of the comparables range from \$41,350 to \$57,000 per unit before adjustments. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

Location

The subject is located in Dawson, Georgia. Comparable 1 is located in Bonaire. Comparable 2 is located in Columbus. Comparable 3 is located in Columbus. Comparable 4 is located in Bonaire. Columbus and Bonaire are larger cities with a significantly greater proximity to services. In addition, the median income and median home value are all higher in Columbus and Bonaire than in Dawson. The following table shows the comparison between the cities:

U.S. Census Bureau Stats	Dawson	Bonaire	% Diff	Columbus	% Diff
2015 Population	4,388	17,440	74.84%	200,285	97.81%
Households	1,516	6,149	75.35%	72,556	97.91%
Median Home Value	\$82,800	\$150,100	44.84%	\$134,500	38.44%
Median Rent	\$576	\$955	39.69%	\$830	30.60%

After considering all factors, an adjustment of 15 percent was determined all comparables.

Total No. of Units

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 49 units. The number of units of the comparables range from 40 to 237. No adjustments were needed.

Year Built/Renovated

The subject was built in 1993 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1970/1994. Comparable 2 was constructed in 1973. Comparable 3 was built in 1950. Comparable 4

was constructed in 2003. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

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

HVAC

The subject will contain Central Electric/Central Electric heating and cooling. Comparable 1 contains Central Elec/Central Elec heating and cooling. Comparable 2 contains Central Elec/Central Elec heating and cooling. Comparable 3 contains Central Elec/None heating and cooling. Comparable 4 contains Central Elec/Central Elec heating and cooling. Comparable 3 was adjusted upward five percent. The remaining comparables were considered to be similar and were not adjusted.

Parking

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

Amenities

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

Summary and Conclusion

The comparables range from \$44,658 to \$49,500 per unit after adjustments. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of January 31, 2019, via the Sales Comparable Approach is as follows:

$$49 \text{ units} \times \$46,000 \text{ per unit} = 2254000$$

Meadow Run I Apartments * 875 Meadow Run Lane Southeast * Dawson, Georgia

Indicated As Is Market Value = \$2,255,000

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

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

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

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

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

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

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 9, 2017, is as follows.

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

\$2,120,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of May 9, 2017, is as follows.

NINE HUNDRED THIRTY THOUSAND DOLLARS

\$930,000

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.

TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

\$2,585,000

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 THREE HUNDRED THOUSAND DOLLARS

\$1,300,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan of the subject property, as of May 9, 2017, is as follows:

SIX HUNDRED FIFTY SIX THOUSAND DOLLARS

\$656,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Proposed USDA RD Section 515 Loan of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED THIRTY THREE THOUSAND DOLLARS
\$533,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the Low Income Housing Tax Credits, as of May 9, 2017, is as follows:

NINE HUNDRED THOUSAND DOLLARS
\$900,000

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRUCU) of the 643 square feet one-bedroom units of the subject property, as of May 9, 2017, is as follows:

FOUR HUNDRED THIRTY FIVE DOLLARS
\$435.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRUCU) of the 909 square feet two-bedroom units of the subject property, as of May 9, 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 (CRUCU) of the 949 square feet three-bedroom units of the subject property, as of May 9, 2017, is as follows:

FIVE HUNDRED NINETY FIVE DOLLARS
\$595.00

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

FOUR HUNDRED EIGHTY FIVE DOLLARS
\$485.00

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

FIVE HUNDRED SEVENTY FIVE DOLLARS
\$575.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 909 square feet two-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 949 square feet three-bedroom units of the subject property, as of January 31, 2019, is as follows:

SIX HUNDRED FORTY FIVE DOLLARS
\$645.00

The following values are determined for the DCA:

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the market value of the land, as of May 9, 2017, is as follows.

FORTY SEVEN THOUSAND DOLLARS

\$47,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to market rents, as of May 9, 2017, is as follows.

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

\$2,120,000

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to restricted rents, as of May 9, 2017, is as follows.

NINE HUNDRED THIRTY THOUSAND DOLLARS

\$930,000

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.

TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

\$2,585,000

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 THREE HUNDRED THOUSAND DOLLARS

\$1,300,000

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

NINE MILLION SIX HUNDRED NINETY SEVEN THOUSAND DOLLARS

\$9,697,000.00

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

008

EXHIBIT "A"
PROPERTY DESCRIPTION FOR MEADOW RUN APARTMENTS, LP

All that tract or parcel of land situate, lying and being in Land Lot 18 of the 3rd Land District of Terrell County, Georgia, and containing 4.000 acres, more or less, and being described as follows: COMMENCE at the point of intersection of the south right of way of Highway 520 (formerly known as U. S. Highway 82 and Georgia Highway 50) with the north land lot line of Land Lot 18 and from said point of intersection thence go in a westerly direction along the south right of way of said highway to a point which is north 89 degrees 23 minutes 43 seconds west a distance of 756.5 feet from the point of intersection of the south right of way of said highway with the north land lot line of Land Lot 18 and which point is indicated by an iron pin; thence go south 00 degrees 51 minutes 33 seconds west a distance of 730.95 feet along the east right of way of a proposed 60 foot road; thence go north 73 degrees 17 minutes 00 seconds west a distance of 62.37 feet to a point on the west right of way of said proposed 60 foot road and the Point of Beginning of the herein described and herein conveyed property which point is indicated by an iron pin; from said point of beginning thence go north 73 degrees 17 minutes 06 seconds west a distance of 523.34 feet to an iron pin; thence go south 16 degrees 32 minutes 52 seconds west a distance of 307.83 feet to an iron pin; thence go south 73 degrees 17 minutes 03 seconds east a distance of 659.75 feet to an iron pin located on the west right of way of a proposed 60 foot road; thence go north 00 degrees 51 minutes 33 seconds east a distance of 320.00 feet along the west right of way of said proposed 60 foot road to the Point of Beginning.

The herein described and herein conveyed property being more accurately shown on a plat of survey drawn by Langford & Associates, Inc., entitled "Survey for: Meadow Run, LP" and drawn under date of June 26, 1993. Said plat of survey being recorded in plat book 5, page 129, in the office of the Clerk of Superior Court of Terrell County, Georgia, and incorporated herein by reference.

RECORDED ON *June 21 1994*
M. S. Bryant
CLERK

ADDENDUM B

Achievable Rent Analysis

Estimates of Restricted Rent by Comparison - As Complete

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)			
One-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Howell Mill Apartments 61 Howell Mill Road Cuthbert, Randolph, GA	Hamilton Village Apartments 6670 Hamilton Street Preston, Webster, GA	Briarwood I & II Apartments 307 Geneva Road Buena Vista, Marion, GA	Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, GA				
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	G/1		T/2		T/2		T/2	
5. Floor of Unit in Building	First	First		First		First		First	
6. Project Occupancy %	88%	100%		100%		100%		88%	
7. Concessions	N	N		N		N		N	
8. Year Built	1993/Proposed	1982	\$50	1992	\$25	1991	\$25	1993	\$25
9. Sq. Ft. Area	643	600	\$5	652		950	(\$45)	700	(\$10)
10. Number of Bedrooms	1	1		1	(\$75)	2	(\$75)	1	
11. Number of Baths	10	10		10		10		10	
12. Number of Rooms	3	3		3		4		3	
13. Balc./Terrace/Patio	Y	Y		Y		Y		Y	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF	
c. Disposal	N	Y		N		N		N	
d. Microwave/Dishwasher	N	MD	(\$5)	N		N		N	
e. Washer/Dryer	HU	HU		HU		HU		HU	
f. Carpet	C	C		C		C		C	
g. Drapes	B	B		B		B		B	
h. Pool/Rec. Area	R	ER	(\$10)	R		R		R	
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	N	Y	(\$38)	N		Y	(\$38)	Y	(\$38)
g. Trash	N	Y	(\$5)	N		Y	(\$5)	Y	(\$5)
17. Storage	N	N		Y/0	(\$5)	N		N	
18. Project Location	Average	Similar		Inferior	\$50	Inferior	\$50	Inferior	\$50
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5
21. Special Features	N	N		N		N		N	
22. Business Center / Nbhd Netwk	N	BC	(\$5)	N		N		N	
23. Unit Rent Per Month		\$40		\$428		\$546		\$405	
24. Total Adjustment			(\$23)		\$5		(\$88)		\$22
25. Indicated Rent		\$387		\$433		\$458		\$427	
26. Correlated Subject Rent	\$395	If there are any Remarks, check here and add the remarks to the back of page.							
	high rent	\$458	low rent	\$387	60% range	\$401 to \$444			
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)	
		IN PROGRESS		05/09/17					

Previous editions are obsolete

form HUD-92273 (07/2003)

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

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)			
Two-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Howell Mill Apartments 61 Howell Mill Road Cuthbert, Randolph, GA	Hamilton Village Apartments 6670 Hamilton Street Preston, Webster, GA	Briarwood I & II Apartments 307 Geneva Road Buena Vista, Marion, GA	Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, GA				
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	G/1		T/2		T/2		T/2	
5. Floor of Unit in Building	First	First		First		First		First	
6. Project Occupancy %	88%	100%		100%		100%		88%	
7. Concessions	N	N		N		N		N	
8. Year Built	1993/Proposed	1982	\$50	1992	\$25	1991	\$25	1993	\$25
9. Sq. Ft. Area	796	800		925	(\$15)	950	(\$20)	850	(\$5)
10. Number of Bedrooms	2	2		2		2		2	
11. Number of Baths	10	10		10		10		10	
12. Number of Rooms	4	4		4		4		4	
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF	
c. Disposal	N	Y		N		N		N	
d. Microwave/Dishwasher	N	MD	(\$15)	N		N		N	
e. Washer/Dryer	HU	HU		HU		HU		HU	
f. Carpet	C	C		C		C		C	
g. Drapes	B	B		B		B		B	
h. Pool/Rec. Area	R	ER	(\$10)	R		R		R	
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	N	Y	(\$47)	N		Y	(\$47)	Y	(\$47)
g. Trash	N	Y	(\$15)	N		Y	(\$15)	Y	(\$15)
17. Storage	N	N		Y/0	(\$5)	N		N	
18. Project Location	Average	Similar		Inferior	\$50	Inferior	\$50	Inferior	\$50
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5
21. Special Features	N	N		N		N		N	
22. Business Center / Nbhd Netwk	N	BC	(\$5)	N		N		N	
23. Unit Rent Per Month		\$445		\$470		\$546		\$440	
24. Total Adjustment			(\$37)		\$65		\$3		\$18
25. Indicated Rent		\$408		\$535		\$549		\$458	
26. Correlated Subject Rent	\$450	If there are any Remarks, check here and add the remarks to the back of page.		\$408	60% range	\$436	to	\$521	
	high rent	\$549	low rent	\$408					
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)	
				IN PROGRESS		Insert Text			

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

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)				
Two-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Howell Mill Apartments 61 Howell Mill Road Cuthbert, Randolph, GA	Hamilton Village Apartments 6670 Hamilton Street Preston, Webster, GA	Briarwood I & II Apartments 307 Geneva Road Buena Vista, Marion, GA	Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		
4. Type of Project/Stories	T/2	G/1		T/2		T/2		T/2		
5. Floor of Unit in Building	First	First		First		First		First		
6. Project Occupancy %	88%	100%		100%		100%		88%		
7. Concessions	N	N		N		N		N		
8. Year Built	1993/Proposed	1982	\$50	1992	\$25	1991	\$25	1993	\$25	
9. Sq. Ft. Area	909	800	\$15	925		950	(\$5)	850	\$10	
10. Number of Bedrooms	2	2		2		2		2		
11. Number of Baths	15	10	\$10	10	\$10	10	\$10	10	\$10	
12. Number of Rooms	4	4		4		4		4		
13. Balc./Terrace/Patio	Y	Y		Y		Y		Y		
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		C		C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		
c. Disposal	N	Y		N		N		N		
d. Microwave/Dishwasher	N	MD	(\$15)	N		N		N		
e. Washer/Dryer	HU	HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		
g. Drapes	B	B		B		B		B		
h. Pool/Rec. Area	R	ER	(\$10)	R		R		R		
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	N	Y	(\$47)	N		Y	(\$47)	Y	(\$47)	
g. Trash	N	Y	(\$15)	N		Y	(\$15)	Y	(\$15)	
17. Storage	N	N		Y/0	(\$5)	N		N		
18. Project Location	Average	Similar		Inferior	\$50	Inferior	\$50	Inferior	\$50	
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		
22. Business Center / Nbdh Netwk	N	BC	(\$5)	N		N		N		
23. Unit Rent Per Month		\$445		\$470		\$546		\$440		
24. Total Adjustment			(\$12)	\$90		\$28		\$43		
25. Indicated Rent		\$433		\$560		\$574		\$483		
26. Correlated Subject Rent	\$469		If there are any Remarks, check here and add the remarks to the back of page.							
	high rent	\$574	low rent	\$433	60% range	\$461	to	\$546		
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)
				IN PROGRESS		05/09/17				

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

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

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

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

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)				
Three-Bedroom	Meadow Run I Apartments 875 Meadow Run Lane Southeast Dawson, Terrell, GA	Howell Mill Apartments 61 Howell Mill Road Cuthbert, Randolph, GA	Hamilton Village Apartments 6670 Hamilton Street Preston, Webster, GA	Briarwood I & II Apartments 307 Geneva Road Buena Vista, Marion, GA	Hampton Lane Apartments 307 Geneva Road Buena Vista, Marion, GA					
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		
4. Type of Project/Stories	G/1	G/1		T/2		T/2		T/2		
5. Floor of Unit in Building	First	First		First		First		First		
6. Project Occupancy %	88%	100%		100%		100%		88%		
7. Concessions	N	N		N		N		N		
8. Year Built	1993/Proposed	1982	\$50	1992	\$25	1991	\$25	1993	\$25	
9. Sq. Ft. Area	949	1,050	(\$10)	1,050	(\$10)	1,500	(\$65)	950		
10. Number of Bedrooms	3	3		3		3		3		
11. Number of Baths	1.5	2.0	(\$10)	2.0	(\$10)	1.5	(\$10)	1.0	\$10	
12. Number of Rooms	5	5		5		5		5		
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y		
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		
15. Equipment a. A/C	C	C		C		C		C		
b. Range/Refrigerator	RF	RF		RF		RF		RF		
c. Disposal	N	Y		N		N		N		
d. Microwave/Dishwasher	N	MD	(\$15)	N		N		N		
e. Washer/Dryer	HU	HU		HU		HU		HU		
f. Carpet	C	C		C		C		C		
g. Drapes	B	B		B		B		B		
h. Pool/Rec. Area	R	ER	(\$10)	R		R		R		
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	N	Y	(\$57)	N		Y	(\$57)	Y	(\$57)	
g. Trash	N	Y	(\$15)	N		Y	(\$15)	Y	(\$15)	
17. Storage	N	N		Y/0	(\$5)	N		N		
18. Project Location	Average	Similar		Inferior	\$50	Inferior	\$50	Inferior	\$50	
19. Security	Y	N	\$5	N	\$5	N	\$5	N	\$5	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	
21. Special Features	N	N		N		N		N		
22. Business Center / Nbhd Netwk	N	BC	(\$5)	N		N		N		
23. Unit Rent Per Month		\$475		\$561		\$604		\$465		
24. Total Adjustment			(\$67)		\$60		(\$62)		\$23	
25. Indicated Rent		\$408		\$621		\$542		\$488		
26. Correlated Subject Rent	\$531	If there are any Remarks, check here and add the remarks to the back of page.								
	high rent	\$621	low rent	\$408	60% range	\$451	to	\$578		
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)
				IN PROGRESS		05/09/17				

ADDENDUM C

Rent Roll

Meadow Run Apts PH I (290)

Report Date: 04/2017

Building: 0

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
49	Res. Mgr. Harrison, Jonathan	08/27/2013	08/31/2017	Z2	\$0.00	\$0.00	0.00	796
Units in Building:					1			
Occupied Units:					1	\$0.00	\$0.00	0.00
% Occupied:					100%			

Building: 1

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
01	CALLOWAY, CASSANDRA	02/01/2008	01/31/2018	S1	\$386.00	\$386.00	386.00	643
02	Harris, Catherine	12/18/2013	12/31/2017	M2	\$421.00	\$113.00	113.00	909
03	OXFORD, SABRINA	06/27/2014	06/26/2017	M2	\$421.00	\$550.00	550.00	909
04	Moore, William	03/07/2017	03/31/2018	M2	\$421.00	\$421.00	421.00	909
05	Fulton, Jalisa	03/31/2017	03/31/2018	M2	\$421.00	\$421.00	421.00	909
06	Bob, Albert	07/27/2016	07/26/2017	M2	\$421.00	\$0.00	0.00	909
07	Blackmon, Juandolyn	04/30/2015	04/30/2017	M2	\$421.00	\$0.00	0.00	909
08	THOMAS, CASSIE	09/01/2009	08/31/2017	S1	\$386.00	\$386.00	386.00	643
Units in Building:					8	\$3,298.00	\$2,277.00	2,277.00
Occupied Units:					8			
% Occupied:					100%			

Building: 2

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
09	SMITH, BONITA	02/01/2012	01/31/2018	S1	\$386.00	\$129.00	129.00	643
10	* VACANT * 4/1/2017 - 4/30/2017			M2	\$421.00	\$0.00	0.00	909
11	Currington, Shekera	09/30/2016	09/29/2017	M2	\$421.00	\$421.00	421.00	909
12	Ward, Crystal	02/27/2017	02/28/2018	M2	\$421.00	\$396.00	421.00	909
13	Peak, Shanequa	04/27/2016	04/30/2017	M2	\$421.00	\$421.00	421.00	909
14	* VACANT * 4/1/2017 - 4/30/2017			M2	\$421.00	\$0.00	0.00	909
15	Benjamin, Lashonda	03/23/2016	03/31/2018	M2	\$421.00	\$61.00	61.00	909
16	*MR Buffin, Christopher	12/27/2013	04/25/2017	S1	\$322.00	\$68.00	57.00	643
16	* VACANT * 4/26/2017 - 4/30/2017			S1	\$64.00	\$0.00	0.00	643
Units in Building:					8	\$3,298.00	\$1,496.00	1,510.00
Occupied Units:					5			
% Occupied:					63%			

** = Expired Lease

*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 10:42:52AM

Page 1 of 3

Rent Roll

Meadow Run Apts PH I (290)

Report Date: 04/2017

Building: 3

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
17	Herrington, George	11/30/2016	11/29/2017	S1	\$386.00	\$386.00	386.00	643
18	Carter, Deloise	12/16/2013	12/15/2017	M2	\$421.00	\$1.00	56.00	909
19	Williams, Jacquelyne	12/04/2014	04/30/2017	M2	\$421.00	\$56.00	56.00	909
20	Riggins, Tamerra	03/31/2017	03/31/2018	M2	\$421.00	\$396.00	421.00	909
21	LANEY, PATRICIA	01/04/2011	01/31/2018	M2	\$421.00	\$0.00	0.00	909
22	King, Dianne	04/10/2015	04/30/2017	M2	\$421.00	\$421.00	421.00	909
23	Bridges, Shevelle	08/29/2014	08/28/2017	M2	\$421.00	\$421.00	421.00	909
24	Yarbrough, Mildred	02/18/2002	02/28/2018	S1	\$386.00	\$386.00	386.00	643
Units in Building: 8					\$3,298.00	\$2,067.00	2,147.00	
Occupied Units: 8								
% Occupied: 100%								

Building: 4

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
25	Cooper, Kimberly	01/31/2017	01/31/2018	S1	\$386.00	\$386.00	386.00	643
26	GARDNER, JERPRONCIA	04/25/2011	01/31/2018	M2	\$421.00	\$75.00	75.00	909
27	Reid, Ebony	11/01/2014	01/23/2018	M2	\$421.00	\$421.00	421.00	909
28	Peters, Shovkeira	02/27/2014	02/28/2018	M2	\$421.00	\$184.00	184.00	909
29	Lamar, Adrian	12/30/2016	12/29/2017	M2	\$421.00	\$51.00	51.00	909
30	Barnes, Swanzetta	06/26/2015	06/25/2017	M2	\$421.00	\$0.00	0.00	909
31	Brandful, Margaret	05/08/2015	05/07/2017	M2	\$421.00	\$421.00	421.00	909
32	**Gaines, Lashonna	04/27/2016	04/23/2017	S1	\$386.00	\$67.00	51.00	643
Units in Building: 8					\$3,298.00	\$1,605.00	1,589.00	
Occupied Units: 8								
% Occupied: 100%								

Building: 5

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
33	POWELL, LOVICE	02/23/2010	02/28/2018	S1	\$386.00	\$75.00	75.00	643
34	* VACANT * 4/1/2017 - 4/30/2017			M2	\$421.00	\$0.00	0.00	909
35	REID, SHINDRA	04/16/2007	09/30/2017	M2	\$421.00	\$351.00	351.00	909
36	*MR Peterson, Shamequeonna	01/23/2017	04/17/2017	M2	\$239.00	\$239.00	239.00	909
36	* VACANT * 4/18/2017 - 4/30/2017			M2	\$182.00	\$0.00	0.00	909
37	SMITH, LASHANDRIA	07/15/2010	02/28/2018	M2	\$421.00	\$287.00	287.00	909
38	Mansfield, Na`Quesia	03/17/2017	03/31/2018	M2	\$421.00	\$421.00	421.00	909
39	Wright, Ta`cosa	08/19/2016	08/18/2017	M2	\$421.00	\$421.00	421.00	909
40	FRENCH, BAUSHA	03/08/2016	03/31/2018	S1	\$386.00	\$489.00	386.00	643

** = Expired Lease

*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 10:42:52AM

Page 2 of 3

Rent Roll

Meadow Run Apts PH I (290)

Report Date: 04/2017
Building: 5

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units in Building:	8				\$3,298.00	\$2,283.00	2,180.00	
Occupied Units:	6							
% Occupied:	75%							

Building: 6

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
Units with Square Footage Set								
41	Johnson, Brianca	02/28/2017	02/28/2018	M3	\$456.00	\$456.00	456.00	949
42	Melendez, Theresa	12/20/2016	12/31/2017	M2	\$421.00	\$421.00	421.00	909
43	Williams, Kimrika	03/29/2017	03/31/2018	M2	\$421.00	\$421.00	421.00	909
44	* VACANT * 4/1/2017 - 4/25/2017			M2	\$351.00	\$0.00	0.00	909
44	Buffin, Christopher	04/26/2017	04/30/2018	M2	\$70.00	\$42.00	41.00	909
45	PETERS, GAIL	11/18/2008	07/31/2017	M2	\$421.00	\$52.00	52.00	909
46	Florida, Antenetta	08/09/2016	08/08/2017	M2	\$421.00	\$421.00	421.00	909
47	Ponder, Hope	07/11/2014	09/30/2017	M2	\$421.00	\$0.00	0.00	909
48	KING, SHIRELLE	01/01/2012	05/31/2017	M3	\$456.00	\$456.00	456.00	949
Units in Building:	8				\$3,438.00	\$2,269.00	2,268.00	
Occupied Units:	8							
% Occupied:	100%							

Total Units:	49	Grand Totals:	\$19,928.00	\$11,997.00	11,971.00
Total Occupied:	44.00				
Total % Occupied:	89.80				

Selected Parameters:
 Property Name - Meadow Run Apts PH I
 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 10:42:52AM

Meadow Run I Apartments
 Dawson, Georgia
 Expense Year

2013

Row Labels	Sum of Amount
Advertising	\$315
Advertising and Marketing	\$315
Annual Ancillary Income	\$3,360
Laundry and Vending Revenue	\$179
Miscellaneous Revenue	\$0
Tenant Charges	\$2,251
Application Fees Received	\$930
Annual Gross Potential Rental Income	\$228,735
Rent Revenue - Gross Potential	\$228,735
Tenant Assistance Payments	\$0
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$6,252
Painting	\$6,252
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$1,076
Health Insurance and Other Employee Benefits	\$409
Workmen's Compensation	\$667
Employee Payroll Tax	\$3,272
Payroll Taxes (Project's Share)	\$3,272
Excluded Income	\$0
Financial Revenue	\$0
Interest Reduction Payments Revenue	\$0
Retained Excess Income	\$0
Special Claims Revenue	\$0
Exterminating	\$2,819
Exterminating	\$2,819
Fuel	\$63
Fuel	\$63
Garbage and Trash Removal	\$979
Garbage and Trash Removal	\$979
Gas	\$0
Gas	\$0
Ground Expense	\$7,422
Snow Removal	\$0
Grounds	\$7,422

Insurance	\$9,522
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$9,522
Lighting and Miscellaneous Power	\$7,037
Electricity	\$7,037
Management Fee	\$23,318
Management Fee	\$23,318
Misc. Taxes/Licenses	\$53
Miscellaneous Taxes, Licenses, Permits and Insurance	\$53
Other Administrative	\$28,015
Administrative Rent Free Unit	\$0
Audit Expense	\$3,680
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	\$0
Legal Expense - Project	\$1,442
Management Consultants	\$0
Manager or Superintendent Salaries	\$15,677
Miscellaneous Administrative Expenses	\$1,773
Office Expenses	\$0
Office Salaries	\$0
Other Renting Expenses	\$0
Telephone and Answering Service	\$1,356
Office Supplies	\$2,186
Office Furniture and Equipment	\$1,100
Training Expense	\$802
Other Maintenance	\$136
Miscellaneous Operating and Maintenance Expense	\$136
Other Operating	\$7,308
Operating/Maintenance Rent Free Unit	\$0
Maintenance and Repairs Supplies	\$7,308
Payroll	\$14,616
Security Payroll/Contract	\$0
Maintenance and Repairs Payroll	\$14,616
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$11,724
Real Estate Taxes	\$11,724
Repairs	\$0
Heating/Cooling Repairs and Maintenance	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Maintenance and Repairs Contracts	\$0
Reserves for Replacement	\$13,453
Replacement Reserve Deposits	\$13,453

Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$26,064
Vacancies - Apartments	-\$26,064
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,856
Sewer	\$1,368
Water	\$1,488
(blank)	\$869,232
Net Rental Revenue	\$203,601
Operating Expenses	
Total Administrative Expenses	\$51,648
Total Operating and Maintenance Expenses	\$39,532
Total Operating Expenses	\$126,785
Total Other Revenue	\$2,430
Total Rent Revenue	\$229,665
Total Revenue	\$206,031
Total Taxes and Insurance	\$25,648
Total Utilities Expense	\$9,956
Total Vacancies	-\$26,064
(blank)	
Grand Total	\$1,215,501

Meadow Run I Apartments
 Dawson, Georgia
 Expense Year

2014

Row Labels	Sum of Amount
Advertising	\$96
Advertising and Marketing	\$96
Annual Ancillary Income	\$3,876
Laundry and Vending Revenue	\$43
Miscellaneous Revenue	
Tenant Charges	\$2,663
Application Fees Received	\$1,170
Annual Gross Potential Rental Income	\$230,072
Rent Revenue - Gross Potential	\$230,072
Tenant Assistance Payments	\$0
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$11,701
Painting	\$11,701
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$1,786
Health Insurance and Other Employee Benefits	\$1,176
Workmen's Compensation	\$610
Employee Payroll Tax	\$3,340
Payroll Taxes (Project's Share)	\$3,340
Excluded Income	\$0
Financial Revenue	\$0
Interest Reduction Payments Revenue	
Retained Excess Income	\$0
Special Claims Revenue	\$0
Exterminating	\$2,491
Exterminating	\$2,491
Fuel	\$15
Fuel	\$15
Garbage and Trash Removal	\$1,881
Garbage and Trash Removal	\$1,881
Gas	\$0
Gas	\$0
Ground Expense	\$7,806
Snow Removal	\$0
Grounds	\$7,806

Insurance	\$9,710
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$9,710
Lighting and Miscellaneous Power	\$7,178
Electricity	\$7,178
Management Fee	\$24,742
Management Fee	\$24,742
Misc. Taxes/Licenses	\$88
Miscellaneous Taxes, Licenses, Permits and Insurance	\$88
Other Administrative	\$29,586
Administrative Rent Free Unit	\$0
Audit Expense	\$3,880
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	\$0
Legal Expense - Project	\$2,598
Management Consultants	\$0
Manager or Superintendent Salaries	\$17,557
Miscellaneous Administrative Expenses	\$629
Office Expenses	\$0
Office Salaries	\$0
Other Renting Expenses	\$0
Telephone and Answering Service	\$1,260
Office Supplies	\$2,008
Office Furniture and Equipment	\$959
Training Expense	\$696
Other Maintenance	\$290
Miscellaneous Operating and Maintenance Expense	\$290
Other Operating	\$10,033
Operating/Maintenance Rent Free Unit	\$0
Maintenance and Repairs Supply	\$10,033
Payroll	\$15,458
Security Payroll/Contract	\$0
Maintenance and Repairs Payroll	\$15,458
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$12,987
Real Estate Taxes	\$12,987
Repairs	\$0
Heating/Cooling Repairs and Maintenance	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Maintenance and Repairs Contract	\$0
Reserves for Replacement	\$14,676
Replacement Reserve Deposits	\$14,676

☐ Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
☐ Vacancy (Apartments)	-\$14,305
Vacancies - Apartments	-\$14,305
Vacancies - Concessions	\$0
☐ Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
☐ Water/Sewer	\$2,383
Sewer	\$1,058
Water	\$1,325
☐ (blank)	\$939,360
Net Rental Revenue	\$216,937
Operating Expenses	
Total Administrative Expenses	\$54,424
Total Operating and Maintenance Expenses	\$49,660
Total Operating Expenses	\$141,569
Total Other Revenue	\$2,706
Total Rent Revenue	\$231,242
Total Revenue	\$219,643
Total Taxes and Insurance	\$27,911
Total Utilities Expense	\$9,575
Total Vacancies	-\$14,305
(blank)	
Grand Total	\$1,315,248

Meadow Run I Apartments
 Dawson, Georgia
 Expense Year

2015

Row Labels	Sum of Amount
Advertising	\$225
Advertising and Marketing	\$225
Annual Ancillary Income	\$4,091
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$3,266
Application Fees Received	\$825
Annual Gross Potential Rental Income	\$216,660
Rent Revenue - Gross Potential	\$145,219
Tenant Assistance Payments	\$71,441
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$3,709
Painting	\$3,709
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$2,150
Health Insurance and Other Employee Benefits	\$1,288
Workmen's Compensation	\$862
Employee Payroll Tax	\$3,169
Payroll Taxes (Project's Share)	\$3,169
Excluded Income	\$0
Financial Revenue	\$0
Retained Excess Income	\$0
Special Claims Revenue	\$0
Grant Revenue	\$0
Exterminating	\$3,241
Exterminating	\$3,241
Fuel	\$0
Fuel	\$0
Garbage and Trash Removal	\$1,951
Garbage and Trash Removal	\$1,951
Gas	\$73
Gas	\$73
Ground Expense	\$7,562
Snow Removal	\$0
Grounds	\$7,562

Insurance	\$9,823
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$9,823
Lighting and Miscellaneous Power	\$6,704
Electricity	\$6,704
Management Fee	\$26,012
Management Fee	\$26,012
Misc. Taxes/Licenses	\$53
Miscellaneous Taxes, Licenses, Permits and Insurance	\$53
Other Administrative	\$27,985
Administrative Rent Free Unit	\$0
Audit Expense	\$3,880
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	\$0
Legal Expense - Project	-\$401
Management Consultants	\$0
Manager or Superintendent Salaries	\$17,780
Miscellaneous Administrative Expenses	\$614
Office Expenses	\$0
Office Salaries	\$0
Other Renting Expenses	\$0
Telephone and Answering Service	\$1,416
Office Supplies	\$1,724
Office Furniture and Equipment	\$1,587
Training Expense	\$1,385
Other Maintenance	\$278
Miscellaneous Operating and Maintenance Expense	\$278
Other Operating	\$9,728
Operating/Maintenance Rent Free Unit	\$0
Maintenance and Repairs Supply	\$9,728
Payroll	\$15,420
Security Payroll/Contract	\$0
Maintenance and Repairs Payroll	\$15,420
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$25,956
Real Estate Taxes	\$25,956
Repairs	\$0
Heating/Cooling Repairs and Maintenance	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Maintenance and Repairs Contract	\$0
Reserves for Replacement	\$14,676
Replacement Reserve Deposits	\$14,676

☐ Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
☐ Vacancy (Apartments)	-\$8,076
Vacancies - Apartments	-\$8,076
Vacancies - Concessions	\$0
☐ Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
☐ Water/Sewer	\$2,758
Sewer	\$1,028
Water	\$1,729
☐ (blank)	\$928,355
Net Rental Revenue	\$209,409
Operating Expenses	
Total Administrative Expenses	\$54,222
Total Operating and Maintenance Expenses	\$41,889
Total Operating Expenses	\$146,797
Total Other Revenue	\$3,266
Total Rent Revenue	\$217,485
Total Revenue	\$212,676
Total Taxes and Insurance	\$41,152
Total Utilities Expense	\$9,535
Total Vacancies	-\$8,076
(blank)	
Grand Total	\$1,302,505

Meadow Run I Apartments
 Dawson, Georgia
 Expense Year

2016

Row Labels	Sum of Amount
Advertising	\$307
Advertising and Marketing	\$307
Annual Ancillary Income	\$4,594
Laundry and Vending Revenue	\$0
Tenant Charges	\$3,694
Application Fees	\$900
Annual Gross Potential Rental Income	\$210,608
Rent Revenue - Gross Potential	\$133,275
Tenant Assistance Payments	\$77,333
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$3,641
Decorating	\$3,641
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$2,987
Health Insurance and Other Employee Benefits	\$2,196
Workmen's Compensation	\$792
Employee Payroll Tax	\$2,720
Payroll Taxes (Project's Share)	\$2,720
Excluded Income	\$0
Financial Revenue	\$0
Interest Reduction Payments Revenue	\$0
Miscellaneous Rent Revenue	\$0
Special Claims Revenue	\$0
Exterminating	\$2,590
Exterminating	\$2,590
Fuel	\$0
Fuel	\$0
Garbage and Trash Removal	\$1,055
Garbage and Trash Removal	\$1,055
Gas	\$84
Gas	\$84
Ground Expense	\$7,390
Snow Removal	\$7,390

Insurance	\$9,831
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$9,831
Lighting and Miscellaneous Power	\$5,872
Electricity	\$5,872
Management Fee	\$25,524
Management Fee	\$25,524
Misc. Taxes/Licenses	\$203
Miscellaneous Taxes, Licenses, Permits and Insurance	\$203
Other Administrative	\$26,999
Audit Expense	\$3,880
Bad Debts	\$0
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	
Legal Expense - Project	-\$587
Management Consultants	
Miscellaneous Administrative Expenses	\$394
Office Salaries	\$17,960
Telephone and Answering Service	\$1,231
Office Supplies	\$2,212
Office Furniture and Equipment	\$1,324
Training Expense	\$585
Other Maintenance	\$115
Miscellaneous Operating and Maintenance Expense	\$115
Other Operating	\$11,216
Supplies	\$11,162
Other Utilities	\$54
Payroll	\$16,036
Payroll	\$16,036
Security Payroll/Contract	\$0
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$12,953
Real Estate Taxes	\$12,953
Repairs	\$0
Contracts	\$0
Heating/Cooling Repairs and Maintenance	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Reserves for Replacement	\$14,676
Replacement Reserve Deposits	\$14,676

Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$17,008
Vacancies - Apartments	-\$17,008
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,611
Sewer	\$1,276
Water	\$1,335
(blank)	\$854,257
Net Rental Revenue	\$193,600
Operating Expenses	
Total Administrative Expenses	\$52,830
Total Operating and Maintenance Expenses	\$42,043
Total Operating Expenses	\$132,134
Total Other Revenue	\$4,594
Total Rent Revenue	\$210,608
Total Revenue	\$198,194
Total Taxes and Insurance	\$28,694
Total Utilities Expense	\$8,567
Total Vacancies	-\$17,008
(blank)	
Grand Total	\$1,199,262

Meadow Run I Apartments
 Dawson, Georgia
 Expense Year

Budget

Row Labels	Sum of Amount
Advertising	\$400
Advertising and Marketing	\$400
Annual Ancillary Income	\$3,200
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$3,200
Annual Gross Potential Rental Income	\$239,136
Application Fees Received	\$0
Rent Revenue - Gross Potential	\$239,136
Tenant Assistance Payments	\$0
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$6,000
Painting	\$6,000
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$2,925
Health Insurance and Other Employee Benefits	\$2,100
Workmen's Compensation	\$825
Employee Payroll Tax	\$3,400
Payroll Taxes (Project's Share)	\$3,400
Excluded Income	\$0
Financial Revenue	\$0
Interest Reduction Payments Revenue	\$0
Retained Excess Income	\$0
Special Claims Revenue	\$0
Exterminating	\$3,091
Exterminating	\$3,091
Fuel	\$0
Fuel	\$0
Garbage and Trash Removal	\$1,800
Garbage and Trash Removal	\$1,800
Gas	\$100
Gas	\$100
Ground Expense	\$8,200
Grounds	\$8,200
Snow Removal	\$0

Insurance	\$10,878
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$10,878
Lighting and Miscellaneous Power	\$7,000
Electricity	\$7,000
Management Fee	\$28,224
Management Fee	\$28,224
Misc. Taxes/Licenses	\$320
Miscellaneous Taxes, Licenses, Permits and Insurance	\$320
Other Administrative	\$29,722
Audit Expense	\$4,000
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	\$0
Legal Expense - Project	\$500
Management Consultants	\$0
Manager or Superintendent Salaries	\$20,048
Miscellaneous Administrative Expenses	\$350
Office Expenses	\$0
Office Salaries	\$0
Office Supplies	\$2,000
Other Renting Expenses	\$0
Telephone and Answering Service	\$1,400
Training Expense	\$551
Office Furniture & Equipment	\$873
Other Maintenance	\$200
Miscellaneous Operating and Maintenance Expense	\$200
Other Operating	\$16,100
Maintenance and Repairs Supply	\$16,100
Operating/Maintenance Rent Free Unit	\$0
Payroll	\$17,500
Maintenance and Repairs Payroll	\$17,500
Security Payroll/Contract	\$0
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$29,000
Real Estate Taxes	\$29,000
Repairs	\$0
Heating/Cooling Repairs and Maintenance	\$0
Maintenance and Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Reserves for Replacement	\$14,666
Replacement Reserve Deposits	\$14,666

☐ Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
☐ Vacancy (Apartments)	-\$14,348
Vacancies - Apartments	-\$14,348
Vacancies - Concessions	\$0
☐ Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
☐ Water/Sewer	\$4,000
Sewer	\$2,000
Water	\$2,000
☐ (blank)	\$1,018,484
Net Rental Revenue	\$224,788
Operating Expenses	
Total Administrative Expenses	\$58,346
Total Operating and Maintenance Expenses	\$52,891
Total Operating Expenses	\$168,860
Total Other Revenue	\$3,200
Total Rent Revenue	\$239,136
Total Revenue	\$227,988
Total Taxes and Insurance	\$46,523
Total Utilities Expense	\$11,100
Total Vacancies	-\$14,348
(blank)	
Grand Total	\$1,429,998

Meadow Run I Apartments

Dawson, Georgia

Expense Year

Pro Forma

of Months

12

Row Labels	Sum of Amount
Advertising	\$316
Advertising and Marketing	\$316
Annual Ancillary Income	\$3,900
Laundry and Vending Revenue	\$0
Tenant Charges	\$3,000
Application Fees Received	\$900
Annual Gross Potential Rental Income	\$241,056
Rent Revenue - Gross Potential	\$241,056
Tenant Assistance Payments	\$0
Utility Income	\$0
Annual Income (Commercial)	\$0
Rent Revenue - Stores and Commercial	\$0
Decorating	\$3,000
Painting	\$3,000
Elevator Maintenance Expense	\$0
Elevator Maintenance Expense	\$0
Employee Benefits	\$3,078
Health Insurance and Other Employee Benefits	\$2,262
Workmen's Compensation	\$816
Employee Payroll Tax	\$2,802
Payroll Taxes (Project's Share)	\$2,802
Excluded Income	\$0
Financial Revenue	\$0
Interest Reduction Payments Revenue	\$0
Retained Excess Income	\$0
Exterminating	\$3,000
Exterminating	\$3,000
Fuel	\$0
Fuel	\$0
Garbage and Trash Removal	\$1,400
Garbage and Trash Removal	\$1,400
Gas	\$87
Gas	\$87
Ground Expense	\$7,612
Snow Removal	\$0
Grounds	\$7,612

Insurance	\$10,323
Fidelity Bond Insurance	\$0
Property and Liability Insurance (Hazard)	\$10,323
Lighting and Miscellaneous Power	\$7,000
Electricity	\$7,000
Management Fee	\$25,155
Management Fee	\$25,155
Misc. Taxes/Licenses	\$125
Miscellaneous Taxes, Licenses, Permits and Insurance	\$125
Other Administrative	\$30,567
Administrative Rent Free Unit	\$0
Audit Expense	\$4,000
Bad Debts	\$0
Bookkeeping Fees/Accounting Services	\$0
Conventions and Meetings	\$0
Legal Expense - Project	\$500
Management Consultants	\$0
Manager or Superintendent Salaries	\$18,499
Miscellaneous Administrative Expenses	\$2,650
Office Expenses	\$0
Office Salaries	\$0
Other Renting Expenses	\$0
Telephone and Answering Service	\$1,268
Office Supplies	\$2,000
Office Furniture and Equipment	\$900
Training Expense	\$750
Other Maintenance	\$200
Miscellaneous Operating and Maintenance Expense	\$200
Other Operating	\$10,056
Operating/Maintenance Rent Free Unit	\$0
Maintenance and Repairs Supplies	\$10,056
Payroll	\$16,517
Security Payroll/Contract	\$0
Maintenance and Repair Payroll	\$16,517
Personal Property Tax	\$0
Personal Property Taxes	\$0
Real Estate Tax	\$14,247
Real Estate Taxes	\$14,247
Repairs	\$0
Heating/Cooling Repairs and Maintenance	\$0
Replacement Reserves Releases Included as Expense	\$0
Vehicle and Maintenance Equipment Operation and Repairs	\$0
Maintenance and Repairs Contract	\$0
Reserves for Replacement	\$17,150
Replacement Reserve Deposits	\$17,150

Service Coordinator	\$0
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
Vacancy (Apartments)	-\$16,874
Vacancies - Apartments	-\$16,874
Vacancies - Concessions	\$0
Vacancy (Commercial)	\$0
Vacancies - Stores and Commercial	\$0
Water/Sewer	\$2,689
Sewer	\$1,314
Water	\$1,375
(blank)	\$956,694
Net Rental Revenue	\$224,182
Operating Expenses	
Total Administrative Expenses	\$56,038
Total Operating and Maintenance Expenses	\$41,785
Total Operating Expenses	\$138,174
Total Other Revenue	\$3,900
Total Rent Revenue	\$241,056
Total Revenue	\$228,082
Total Taxes and Insurance	\$30,575
Total Utilities Expense	\$9,776
Total Vacancies	-\$16,874
(blank)	
Grand Total	\$1,340,100

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
DAWSON, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2013 AND 2012

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Meadow Run Apartments, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Run Apartments, L.P. (a Limited Partnership), USDA, RD No: 11-035-660450428 which comprises the balance sheets as of December 31, 2013 and 2012, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadow Run Apartments, L.P. as of December 31, 2013 and 2012, 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, 2014 on our consideration of Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2014

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets		
Cash	\$ 25,414	\$ 26,348
Accounts receivable - RD	4,069	3,739
Accounts receivable - tenants	697	1,970
Total Current Assets	30,180	32,057
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	8,078	7,590
Escrow-replacement reserve	62,303	81,722
Escrow-tax reserve	31,183	15,679
Total Restricted Deposits and Funded Reserves	101,564	104,991
Property, Plant and Equipment		
Property, plant and equipment, at cost	1,744,840	1,744,840
Accumulated depreciation	(1,233,306)	(1,172,134)
Net Property, Plant and Equipment	511,534	572,706
Total Assets	\$ 643,278	\$ 709,754

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 14,463	\$ 13,555
Accounts payable	680	709
Accrued mortgage interest	1,877	-
Total Current Liabilities	17,020	14,264
Deposits and Prepayment Liabilities		
Tenants' security deposits	8,078	7,590
Total Deposits and Prepayment Liabilities	8,078	7,590
Long-Term Liabilities		
Mortgage payable, less current maturities	1,297,151	1,310,384
Total Long-Term Liabilities	1,297,151	1,310,384
Total Liabilities	1,322,249	1,332,238
Partners' (Deficit)		
Partners' (Deficit)	(678,971)	(622,484)
Total Liabilities And Partners' (Deficit)	\$ 643,278	\$ 709,754

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues		
Gross potential rental income	\$ 228,735	\$ 222,040
Less: vacancy loss	<u>(26,064)</u>	<u>(15,885)</u>
Net rental income	202,671	206,155
Other income	<u>3,360</u>	<u>3,539</u>
 Total Revenues	 <u>206,031</u>	 <u>209,694</u>
Expenses		
Operating and maintenance	71,392	66,389
Utilities	23,463	16,929
Administrative	55,995	52,311
Taxes and insurance	<u>21,299</u>	<u>36,590</u>
 Total Operating Expenses	 <u>172,149</u>	 <u>172,219</u>
 Net Operating Income	 <u>33,882</u>	 <u>37,475</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(60,089)	(57,033)
Interest expense	85,657	86,508
Depreciation	<u>61,172</u>	<u>61,172</u>
 Total Non-Operating Expenses	 <u>86,740</u>	 <u>90,647</u>
 Net (Loss)	 <u>\$ (52,858)</u>	 <u>\$ (53,172)</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (594,726)	\$ (540,886)
Distributions	(1,200)	(1,200)
Net (Loss)	<u>(52,329)</u>	<u>(52,640)</u>
Balance, December 31	<u>\$ (648,255)</u>	<u>\$ (594,726)</u>
 General Partner's (Deficit)		
Balance, January 1	\$ (27,758)	\$ (24,797)
Distributions	(2,429)	(2,429)
Net (Loss)	<u>(529)</u>	<u>(532)</u>
Balance, December 31	<u>\$ (30,716)</u>	<u>\$ (27,758)</u>
 Total Partners' (Deficit)		
Balance, January 1	\$ (622,484)	\$ (565,683)
Distributions	(3,629)	(3,629)
Net (Loss)	<u>(52,858)</u>	<u>(53,172)</u>
Balance, December 31	<u>\$ (678,971)</u>	<u>\$ (622,484)</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Net (Loss)	<u>\$ (52,858)</u>	<u>\$ (53,172)</u>
Adjustments To Reconcile Net (Loss) To Net Cash Provided By Operating Activities:		
Depreciation	61,172	61,172
Changes In Operating Assets And Liabilities:		
Accounts receivable	943	(3,102)
Security deposits	(488)	181
Replacement reserve	19,419	13,853
Tax reserve	(15,504)	4,198
Accounts payable	(29)	(3,793)
Tenants' security deposits	488	(181)
Accrued mortgage interest	<u>1,877</u>	<u>-</u>
Total Adjustments	<u>67,878</u>	<u>72,328</u>
Net Cash Provided By Operating Activities	<u>15,020</u>	<u>19,156</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(12,325)	(12,705)
Distributions	<u>(3,629)</u>	<u>(3,629)</u>
Net Cash (Used In) Financing Activities	<u>(15,954)</u>	<u>(16,334)</u>
Net Increase (Decrease) In Cash	(934)	2,822
Cash, Beginning Of Year	<u>26,348</u>	<u>23,526</u>
Cash, End Of Year	<u>\$ 25,414</u>	<u>\$ 26,348</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 83,780	\$ 86,508
Less: subsidized portion	<u>(60,089)</u>	<u>(57,033)</u>
Interest paid, net of subsidy	<u>\$ 23,691</u>	<u>\$ 29,475</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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 Meadow Run Apartments, L.P., was formed as a limited liability limited partnership under the laws of the State of Georgia on November 18, 1992, to develop, own and operate a 48-unit rental housing project for persons of low and moderate income in the community. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

Effective April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, LTD., (a Florida limited partnership).

Basis of Accounting

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

Income Taxes

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

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Partnership believes it is no longer subject to income tax examinations prior to 2010.

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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Tenant Receivables

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

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2013 and 2012, there was no allowance balance required. Tenant receivables had a balance in the amount of \$697 and \$1,970, at December 31, 2013 and 2012, 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, 2013 and 2012 were \$315 and \$700, respectively.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2013</u>	<u>2012</u>
Annual funding required by loan agreement	<u>\$ 14,666</u>	<u>\$ 14,666</u>
Actual funding including interest income	<u>13,453</u>	<u>14,676</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>32,872</u>	<u>28,529</u>
Reserve balance at year end	<u>\$ 62,303</u>	<u>\$ 81,722</u>
Fully funded balance per loan agreement	<u>48,282</u>	<u>66,488</u>
Excess	<u>\$ 14,021</u>	<u>\$ 15,234</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>2013</u>	<u>2012</u>
Tenant security deposits cash	<u>\$ 8,078</u>	<u>\$ 7,590</u>
Tenant security deposits payable	<u>8,078</u>	<u>7,590</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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>2013</u>	<u>2012</u>
Real estate tax and insurance escrow	\$ 31,183	\$ 15,679
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 31,183</u>	<u>\$ 15,679</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>2013</u>	<u>2012</u>
Land		\$ 40,000	\$ 40,000
Buildings	27.5 Years	<u>1,704,840</u>	<u>1,704,840</u>
Total		1,744,840	1,744,840
Less: Accumulated depreciation		<u>(1,233,306)</u>	<u>(1,172,134)</u>
Net Property, Plant and Equipment		<u>\$ 511,534</u>	<u>\$ 572,706</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$61,172 and \$61,172 for the years ended December 31, 2013 and 2012.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - ACCOUNTS PAYABLE

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

	<u>2013</u>	<u>2012</u>
Utilities and telephone	\$ 126	\$ 71
Office and administration	428	393
Grounds	-	-
Outside Services	100	245
Pest control	-	-
Repairs and maintenance	26	-
	<u>\$ 680</u>	<u>\$ 709</u>

NOTE 5 - LONG-TERM INDEBTEDNESS

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

	<u>2013</u>	<u>2012</u>
USDA, RD, made March 1, 1994, 6.50%, due in 600 monthly installments, secured by land, buildings and equipment with an original cost of \$1,744,840.	\$ 1,311,614	\$ 1,323,939
Less current maturities	<u>(14,463)</u>	<u>(13,555)</u>
Long-term portion	<u>\$ 1,297,151</u>	<u>\$ 1,310,384</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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

Maturities of long-term debt as of December 31, 2013, for the succeeding five years are as follows:

<u>Year</u>		
2014	\$	14,463
2015		15,432
2016		16,465
2017		17,568
2018		18,745

Meadow Run Apartments, L.P. incurred interest costs of \$85,657 and \$86,508 for the years ended December 31, 2013 and 2012, respectively, all of which was properly charged to expense.

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

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

	<u>2013</u>	<u>2012</u>
Rental assistance payments	<u>\$ 89,553</u>	<u>\$ 82,470</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>2013</u>	<u>2012</u>
Net (Loss) per financial statement	\$ (52,858)	\$ (53,172)
Book depreciation in excess of tax depreciation	<u>18,063</u>	<u>18,063</u>
Partnership (Loss) per tax return	<u>\$ (34,795)</u>	<u>\$ (35,109)</u>

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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 Meadow Run Apartments, L.P. The partnership paid Investors Management Company, Inc. management fees of \$23,318 and \$24,208 for the years ended December 31, 2013 and 2012, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$3,629, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

Meadow Run Apartments, L.P. maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending December 31, 2013 and 2012. A summary of the total insured and uninsured cash balances at December 31, consists of the following:

	<u>2013</u>	<u>2012</u>
Total cash in bank	\$ 126,878	\$ 131,239
Portion insured by FDIC	<u>126,878</u>	<u>131,239</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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013, no impairment loss recognition has been required.

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Meadow Run 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, 2014, which is the date the financial statements were available to be issued.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Management Fee Calculation

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

Total Qualified Units (49 * 12 months)	588
Less: Rent Free Manager Unit	(12)
Vacancies	<u>(52)</u>
Total Occupied Units	524
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
Management Fee Expense	<u>\$ 23,318</u>

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 2,900,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

3. Return to Owner

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

Maximum Return to Owner (See Note 9)	<u>\$ 3,629</u>
Budget Return to Owner	<u>\$ 3,629</u>
Return to Owner Paid:	
General Partner Distribution	\$ 2,429
Limited Partner Distribution	<u>1,200</u>
	<u>\$ 3,629</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
Meadow Run Apartments, L.P.
Valdosta, Georgia

USDA Rural Development Area 5
Servicing Office
Fort Valley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meadow Run Apartments, L.P. which comprise the balance sheet as of December 31, 2013, 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, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Meadow Run Apartments, 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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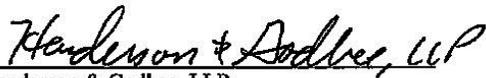
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Meadow Run Apartments, L.P.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meadow Run Apartments, 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 Meadow Run Apartments, 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, 2014

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013 financial statements. There were no compliance findings noted during our audit of the 2013 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
Meadow Run Apartments, L.P.
Valdosta, Georgia

And

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

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Meadow Run Apartments, L.P. ("Owner") the owner of Meadow Run Apartments ("Project") located in Dawson, 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, 2013. The owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of RD and the owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

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with Attachment 4-A of HB-2-3560, and the shipping address agreed to the project address. In addition, we confirmed a sample of the expenditures with the vendors to determine the invoice paid agreed to the vendor's records.

Findings:

Total Number of Invoices in Population: Approximately 470
Total Dollar Amount of Invoices in Population: \$156,383
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$1,738
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$275
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: 22
Total Number of Withdrawals Authorized by RD: 22
Total Dollar Amount of Reserve Account Withdrawals: \$32,872
Total Dollar Amount of Withdrawals Authorized by RD: \$32,872
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: \$23,318
Total Number of Invoices in Population: 12

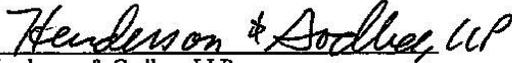
Total Dollar Amount of Invoices in Population: \$23,318
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$23,318

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

The agreed-upon procedures performed above and the Management Representation Letter revealed no undisclosed IOI companies.

We are not engaged to, and did not, conduct an audit of the subject matter, the objective of which would be the expression of an opinion on the agreed-upon procedures, applied to the financial reports and supporting documentation of Meadow Run Apartments, 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 Meadow Run Apartments, 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, 2014

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

PROJECT NAME Meadow Run Apartments	BORROWER NAME Meadow Run Apartments, L.P.	BORROWER ID AND PROJECT NO. 11-035-660450428	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>	01-01-13	01-01-12	
ENDING DATES>	12-31-13	12-31-12	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	25,414	26,348	
2. R.E. TAX & INSURANCE ACCOUNT.....	31,183	15,679	
3. RESERVE ACCOUNT.....	62,303	81,722	
4. SECURITY DEPOSIT ACCOUNT.....	8,078	7,590	
5. OTHER CASH (Identify)			
6. OTHER (Identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	4,766	5,709	
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)	131,744	137,048	

FIXED ASSETS

13. LAND.....	40,000	40,000	
14. BUILDINGS.....	1,704,840	1,704,840	
15. LESS: ACCUMULATED DEPRECIATION.....	(1,233,306)	(1,172,134)	
16. FURNITURE & EQUIPMENT.....	-	-	
17. LESS: ACCUMULATED DEPRECIATION.....	-	-	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	511,534	572,706	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	643,278	709,754	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	680	709	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ...Accrued Interest	1,877	-	
24. SECURITY DEPOSITS.....	8,078	7,590	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	10,635	8,299	

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	1,311,614	1,323,939
27. OTHER (Identify) N/P General Partners	-	-
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	1,311,614	1,323,939
29. TOTAL LIABILITIES (Add 25 and 28)	1,322,249	1,332,238
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(678,971)	(622,484)
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	643,278	709,754

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.

MEADOW RUN APARTMENTS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2013 AND 2012

	2013	2012
<u>Page 24, Line 7</u>		
Due from rural development	\$ 4,069	\$ 3,739
Due from tenants	697	1,970
	\$ 4,766	\$ 5,709
 <u>Page 24, Line 22</u>		
Utilities and telephone	\$ 126	\$ 71
Office and administration	428	393
Prospect screening expense	100	245
Repairs and maintenance	26	-
	\$ 680	\$ 709

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

Position 3

Form RD 3560-7
(Rev. 05-06)

MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE

FORM APPROVED
OMB NO. 0575-0189

PROJECT NAME Meadow Run Apts PH I		BORROWER NAME Meadow Run Apts, L.p.		BORROWER ID AND PROJECT NO. 680450428 019	
Loan/Transfer Amount \$ 1,466,640.00		Note Rate Payment \$ 9,267.70		IC Payment \$ 3,107.21	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	
					I hereby request 15 units of RA. Current number of RA units 19. 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 - 13) (12 - 31 - 13)	ACTUAL (01 - 01 - 13) (12 - 31 - 13)	PROPOSED BUDGET (01 - 01 - 14) (12 - 31 - 14)	COMMENTS or (YTD) (01 - 01 - 13) (12 - 31 - 13)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	216,086.00	113,118.00	221,656.00	48 rent prod u
2. RHS RENTAL ASSISTANCE RECEIVED		89,653.00		
3. APPLICATION FEES RECEIVED		930.00		
4. LAUNDRY AND VENDING	0.00	179.07	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	2,400.00	2,250.90	2,500.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)	(12,666.00)		(13,311.00)	8%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	205,530.00	208,030.97	211,045.00	
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	16,100.00	32,872.31	19,700.00	
14. SUB-TOTAL (11 thru 13)	16,100.00	32,872.31	19,700.00	
15. TOTAL CASH SOURCES (10+14)	221,630.00	238,903.28	230,745.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	148,153.00	126,785.20	155,333.00	
17. RHS DEBT PAYMENT	37,287.00	34,179.31	37,287.00	
18. RHS PAYMENT (Overage)		1,837.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		12,493.00		
22. TRANSFER TO RESERVE	14,666.00	13,453.00	14,666.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	3,629.00	3,629.00	3,629.00	2012 RTO paid
24. SUB-TOTAL (16 thru 23)	203,735.00	192,376.51	210,915.00	
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)	16,100.00	32,872.31	19,700.00	
27. MISCELLANEOUS	0.00	-1.59	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	16,100.00	32,870.72	19,700.00	
29. TOTAL CASH USES (24+28)	219,835.00	225,247.23	230,615.00	
30. NET CASH (DEFICIT) (15-29)	1,795.00	13,656.05	130.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	27,467.64	42,026.57	29,282.64	
32. ACCRUAL TO CASH ADJUSTMENT		913.84		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	29,262.64	56,696.46	29,412.64	

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

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

PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	11,000.00	14,816.00	16,500.00	
2. MAINTENANCE AND REPAIRS SUPPLY	18,000.00	7,307.86	12,700.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	2,000.00	6,252.10	6,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	7,584.00	7,422.17	7,276.00	523/M + 1000
8. SERVICES	2,670.00	2,819.20	3,194.00	125.35/M PestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	2,700.00	0.00	1,600.00	
10. OTHER OPERATING EXPENSES (Itemize)	200.00	101.48	200.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	44,134.00	38,518.82	47,470.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	5,400.00	7,037.00	6,100.00	
13. WATER <input type="checkbox"/> check box on	1,175.00	1,488.15	1,200.00	
14. SEWER <input type="checkbox"/> front	700.00	1,368.15	850.00	
15. FUEL (Oil/Coal/Gas)	200.00	63.07	150.00	
16. GARBAGE & TRASH REMOVAL	650.00	978.67	600.00	
17. OTHER UTILITIES	0.00	35.12	50.00	Other
18. SUB-TOTAL UTILITIES (12 thru 17)	8,125.00	10,970.16	8,950.00	
19. SITE MANAGEMENT PAYROLL	14,160.00	15,677.15	17,004.00	1417/M (3% inc)
20. MANAGEMENT FEE	25,832.00	23,318.00	25,632.00	\$44.50x48Ux1
21. PROJECT AUDITING EXPENSE	4,000.00	3,680.00	4,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	450.00	1,442.00	475.00	
24. ADVERTISING	400.00	314.90	450.00	
25. TELEPHONE & ANSWERING SERVICE	1,000.00	1,355.51	1,100.00	
26. OFFICE SUPPLIES	2,200.00	2,185.73	1,800.00	
27. OFFICE FURNITURE & EQUIPMENT	450.00	1,099.56	836.00	41.49/MCompS
28. TRAINING EXPENSE	500.00	802.01	500.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	200.00	409.27	300.00	
30. PAYROLL TAXES	2,000.00	3,272.26	2,400.00	
31. WORKER'S COMPENSATION	800.00	667.20	800.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	100.00	1,773.41	300.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	51,892.00	55,997.00	55,597.00	
34. REAL ESTATE TAXES	34,000.00	11,724.44	33,080.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	100.00	52.78	120.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	9,702.00	9,522.00	9,996.00	204/LJ (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	200.00	0.00	200.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	44,002.00	21,299.22	43,316.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	146,163.00	126,785.20	155,333.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	48,751.15	81,721.91	48,317.15	
2. TRANSFER TO RESERVE	14,666.00	13,453.00	14,666.00	\$1223/M
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	16,100.00	32,872.31	19,700.00	
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)	(16,100.00)	(32,872.31)	(19,700.00)	
8. ENDING BALANCE [(1+2)-7]	48,317.15	62,302.60	43,283.15	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	26,347.77	
ENDING BALANCE	25,413.12	

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

BEGINNING BALANCE	15,678.80	
ENDING BALANCE	31,183.34	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	7,580.00	
ENDING BALANCE	8,076.00	

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	9	RESERVE ACCT. REQ. BALANCE	0.00
NUMBER OF APPLICANTS NEEDING RA	9	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	10	346.00	472.00	0.00	41,520.00	56,640.00	0.00	138.00
2	N	36	381.00	510.00	0.00	164,592.00	220,320.00	0.00	177.00
3	N	2	416.00	526.00	0.00	9,984.00	12,624.00	0.00	199.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						216,086.00	289,584.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 12 / 31 / 13

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	10	356.00	482.00	0.00	42,720.00	57,840.00	0.00
2	N	36	391.00	520.00	0.00	168,912.00	224,640.00	0.00
3	N	2	426.00	536.00	0.00	10,224.00	12,664.00	0.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						221,856.00	295,344.00	0.00
						BASIC	NOTE	HUD

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 13

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	10	85.00	0.00	11.00	12.00	27.00	3.00	138.00
2	N	36	113.00	0.00	16.00	18.00	27.00	3.00	177.00
3	N	2	131.00	0.00	18.00	20.00	27.00	3.00	199.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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	800.00	877.39	0.00	0.00	877.39	2
Refrigerator	2	1,100.00	1,227.62	0.00	0.00	1,227.62	2
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	3,200.00	3,947.13	0.00	0.00	3,947.13	3
2BR	2	3,400.00	18,020.17	0.00	0.00	18,020.17	11
3BR	1	2,100.00	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	2	2,800.00	2,900.00	0.00	0.00	2,900.00	1
Air Conditioning	2	2,800.00	3,450.00	0.00	0.00	3,450.00	1
Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	600.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	1,200.00	0.00	0.00	1,200.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		2,700.00	1,250.00	0.00	0.00	1,250.00	
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	1,600.00	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:	15	19,700.00	32,872.31	1,600.00	0.00	32,872.31	20

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 more than budget because more flooring replacement was needed than budgeted.

Line 23. The RTO paid in 2013 was the 2012 RTO.

Page 2

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

Line 18. Actual Utilities were 35% over budget due to higher electricity expense associated with more vacant units than budgeted.

Line 33. Actual Administrative Expenses were 8% 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	4	0.00	877.39	1,350.00	0.00	877.39	2
Refrigerator	4	0.00	1,227.62	1,350.00	0.00	1,227.62	2
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	1	1,800.00	3,847.13	0.00	0.00	3,847.13	3
2BR	2	4,400.00	18,020.17	0.00	0.00	18,020.17	11
3BR	1	3,500.00	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	2,800.00	0.00	0.00	2,800.00	1
Air Conditioning	2	6,400.00	3,450.00	0.00	0.00	3,450.00	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	1,200.00	0.00	0.00	1,200.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		0.00	1,250.00	0.00	0.00	1,250.00	
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:	14	16,100.00	32,872.31	2,700.00	0.00	32,872.31	20

DRAFT

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
DAWSON, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2014 AND 2013

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Meadow Run Apartments, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Run Apartments, L.P. (a Limited Partnership), USDA, RD No: 11-035-660450428 which comprises the balance sheets as of December 31, 2014 and 2013, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

of 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 Meadow Run Apartments, L.P. as of December 31, 2014 and 2013, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2015 on our consideration of Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control over financial reporting and compliance.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2015

DRAFT

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 53,852	\$ 25,414
Accounts receivable - RD	3,130	4,069
Accounts receivable - tenants	-	697
	<u>56,982</u>	<u>30,180</u>
Total Current Assets		
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	7,544	8,078
Escrow-replacement reserve	49,469	62,303
Escrow-tax reserve	31,377	31,183
	<u>88,390</u>	<u>101,564</u>
Total Restricted Deposits and Funded Reserves		
Property, Plant and Equipment		
Property, plant and equipment, at cost	1,744,840	1,744,840
Accumulated depreciation	<u>(1,294,478)</u>	<u>(1,233,306)</u>
	<u>450,362</u>	<u>511,534</u>
Net Property, Plant and Equipment		
	<u>450,362</u>	<u>511,534</u>
Total Assets		
	<u>\$ 595,734</u>	<u>\$ 643,278</u>

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

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MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES AND PARTNERS' (DEFICIT)		
Current Liabilities		
Current maturities of long-term debt	\$ 15,432	\$ 14,463
Accounts payable	344	680
Accrued property taxes	12,987	-
Prepaid tenants rent	81	-
Accrued mortgage interest	1,877	1,877
	<u>30,721</u>	<u>17,020</u>
Deposits and Prepayment Liabilities		
Tenants' security deposits	7,544	8,078
	<u>7,544</u>	<u>8,078</u>
Long-Term Liabilities		
Mortgage payable, less current maturities	1,281,719	1,297,151
	<u>1,281,719</u>	<u>1,297,151</u>
	1,319,984	1,322,249
Partners' (Deficit)		
Partners' (Deficit)	(724,250)	(678,971)
	<u>(724,250)</u>	<u>(678,971)</u>
	1,319,984	1,322,249
Total Liabilities And Partners' (Deficit)	<u>\$ 595,734</u>	<u>\$ 643,278</u>

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

DRAFT

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Gross potential rental income	\$ 230,072	\$ 228,735
Less: vacancy loss	(14,305)	(26,064)
Net rental income	<u>215,767</u>	<u>202,671</u>
Other income	<u>3,876</u>	<u>3,360</u>
Total Revenues	<u>219,643</u>	<u>206,031</u>
Expenses		
Operating and maintenance	75,259	71,392
Utilities	18,912	23,463
Administrative	59,551	55,995
Taxes and insurance	<u>22,785</u>	<u>21,299</u>
Total Operating Expenses	<u>176,507</u>	<u>172,149</u>
Net Operating Income	<u>43,136</u>	<u>33,882</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(61,135)	(60,089)
Interest expense	84,749	85,657
Depreciation	<u>61,172</u>	<u>61,172</u>
Total Non-Operating Expenses	<u>84,786</u>	<u>86,740</u>
Net (Loss)	<u>\$ (41,650)</u>	<u>\$ (52,858)</u>

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

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MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF PARTNERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Limited Partners' (Deficit)		
Balance, January 1	\$ (648,255)	\$ (594,726)
Distributions	(1,200)	(1,200)
Net (Loss)	<u>(41,234)</u>	<u>(52,329)</u>
Balance, December 31	<u>\$ (690,689)</u>	<u>\$ (648,255)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (30,716)	\$ (27,758)
Distributions	(2,429)	(2,429)
Net (Loss)	<u>(416)</u>	<u>(529)</u>
Balance, December 31	<u>\$ (33,561)</u>	<u>\$ (30,716)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (678,971)	\$ (622,484)
Distributions	(3,629)	(3,629)
Net (Loss)	<u>(41,650)</u>	<u>(52,858)</u>
Balance, December 31	<u>\$ (724,250)</u>	<u>\$ (678,971)</u>

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

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MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Net (Loss)	\$ (41,650)	\$ (52,858)
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation	61,172	61,172
Changes In Operating Assets And Liabilities:		
Accounts receivable	1,636	943
Security deposits	534	(488)
Replacement reserve	12,834	19,419
Tax reserve	(194)	(15,504)
Accounts payable	(336)	(29)
Accrued property taxes	12,987	-
Prepaid tenants rent	81	-
Tenants' security deposits	(534)	488
Accrued mortgage interest	-	1,877
Total Adjustments	<u>88,180</u>	<u>67,878</u>
Net Cash Provided By Operating Activities	<u>46,530</u>	<u>15,020</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(14,463)	(12,325)
Distributions	(3,629)	(3,629)
Net Cash (Used In) Financing Activities	<u>(18,092)</u>	<u>(15,954)</u>
Net Increase (Decrease) In Cash	28,438	(934)
Cash, Beginning Of Year	<u>25,414</u>	<u>26,348</u>
Cash, End Of Year	<u>\$ 53,852</u>	<u>\$ 25,414</u>

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

DRAFT

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Supplemental Disclosures Of Cash Flow Information:		
Cash Paid During The Year For:		
Interest expense	\$ 82,872	\$ 83,780
Less: subsidized portion	<u>(61,135)</u>	<u>(60,089)</u>
Interest paid, net of subsidy	<u>\$ 21,737</u>	<u>\$ 23,691</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

The partnership known as Meadow Run Apartments, L.P., was formed as a limited liability limited partnership under the laws of the State of Georgia on November 18, 1992, to develop, own and operate a 48-unit rental housing project for persons of low and moderate income in the community. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

Effective April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, LTD., (a Florida limited partnership).

Basis of Accounting

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

Income Taxes

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

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Partnership believes it is no longer subject to income tax examinations prior to 2011.

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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Tenant Receivables

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

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2014 and 2013, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$697, at December 31, 2014 and 2013, respectively.

Mortgage Subsidy

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2014 and 2013 were \$96 and \$315, respectively.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2014</u>	<u>2013</u>
Annual funding required by loan agreement	<u>\$ 14,666</u>	<u>\$ 14,666</u>
Actual funding including interest income	<u>14,676</u>	<u>13,453</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>27,509</u>	<u>32,872</u>
Reserve balance at year end	<u>\$ 49,469</u>	<u>\$ 62,303</u>
Fully funded balance per loan agreement	<u>28,051</u>	<u>48,282</u>
Excess	<u>\$ 21,418</u>	<u>\$ 14,021</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>2014</u>	<u>2013</u>
Tenant security deposits cash	<u>\$ 7,544</u>	<u>\$ 8,078</u>
Tenant security deposits payable	<u>7,544</u>	<u>8,078</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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>2014</u>	<u>2013</u>
Real estate tax and insurance escrow	\$ 31,377	\$ 31,183
Accrued or unpaid taxes and insurance	<u>12,987</u>	<u>-</u>
Excess	<u>\$ 18,390</u>	<u>\$ 31,183</u>

The property taxes accrued at December 31, 2014 were not due until February 9 and February 13, 2015, and thus were not delinquent at year end.

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>2014</u>	<u>2013</u>
Land		\$ 40,000	\$ 40,000
Buildings	27.5 Years	<u>1,704,840</u>	<u>1,704,840</u>
Total		1,744,840	1,744,840
Less: Accumulated depreciation		<u>(1,294,478)</u>	<u>(1,233,306)</u>
Net Property, Plant and Equipment		<u>\$ 450,362</u>	<u>\$ 511,534</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$61,172 and \$61,172 for the years ended December 31, 2014 and 2013.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - ACCOUNTS PAYABLE

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

	<u>2014</u>	<u>2013</u>
Utilities and telephone	\$ -	\$ 126
Office and administration	22	428
Outside Services	-	100
Repairs and maintenance	<u>322</u>	<u>26</u>
	<u>\$ 344</u>	<u>\$ 680</u>

NOTE 5 - LONG-TERM INDEBTEDNESS

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

	<u>2014</u>	<u>2013</u>
USDA, RD, made March 1, 1994, 6.50%, due in 600 monthly installments, secured by land, buildings and equipment with an original cost of \$1,744,840.	\$ 1,297,151	\$ 1,311,614
Less current maturities	<u>(15,432)</u>	<u>(14,463)</u>
Long-term portion	<u>\$ 1,281,719</u>	<u>\$ 1,297,151</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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

Maturities of long-term debt as of December 31, 2014, for the succeeding five years are as follows:

<u>Year</u>	
2015	\$ 15,432
2016	16,465
2017	17,568
2018	18,745
2019	20,000

Meadow Run Apartments, L.P. incurred interest costs of \$84,749 and \$85,657 for the years ended December 31, 2014 and 2013, respectively, all of which was properly charged to expense.

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

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

	<u>2014</u>	<u>2013</u>
Rental assistance payments	<u>\$ 81,654</u>	<u>\$ 89,553</u>

NOTE 7 - TAXABLE INCOME (LOSS)

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

	<u>2014</u>	<u>2013</u>
Net (Loss) per financial statement	\$ (41,650)	\$ (52,858)
Book depreciation in excess of tax depreciation	<u>18,063</u>	<u>18,063</u>
Partnership (Loss) per tax return	<u>\$ (23,587)</u>	<u>\$ (34,795)</u>

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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 Meadow Run Apartments, L.P. The partnership paid Investors Management Company, Inc. management fees of \$24,742 and \$23,318 for the years ended December 31, 2014 and 2013, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$3,629, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

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

	<u>2014</u>	<u>2013</u>
Total cash in bank	\$ 142,142	\$ 126,878
Portion insured by FDIC	<u>142,142</u>	<u>126,878</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 12 – IMPAIRMENT OF LONG-LIVED ASSETS

FASB ASC 360-10 (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), requires long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. Through December 31, 2014, no impairment loss recognition has been required.

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 11, 2015, which is the date the financial statements were available to be issued.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Management Fee Calculation

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

Total Qualified Units (49 * 12 months)	588
Less: Rent Free Manager Unit	(12)
Vacancies	<u>(20)</u>
Total Occupied Units	556
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
Management Fee Expense	<u>\$ 24,742</u>

2. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 3,675,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

3. Return to Owner

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

Maximum Return to Owner (See Note 9)	<u>\$ 3,629</u>
Budget Return to Owner	<u>\$ 3,629</u>
Return to Owner Paid:	
General Partner Distribution	\$ 2,429
Limited Partner Distribution	<u>1,200</u>
	<u>\$ 3,629</u>

**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
Meadow Run Apartments, L.P.
Valdosta, Georgia

USDA Rural Development Area 5
Servicing Office
Fort Valley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meadow Run Apartments, L.P. which comprise the balance sheet as of December 31, 2014, and the related statements of income, changes in partner's (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Meadow Run Apartments, 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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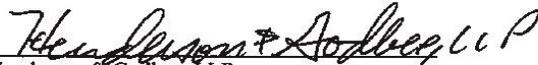
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Meadow Run Apartments, L.P.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meadow Run Apartments, 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 Meadow Run Apartments, 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, 2015

**MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Current Year Findings

There were no findings this year.

Status Of Prior Year Findings

There were no findings in the prior year.

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

There are no significant unresolved findings from previous annual audits, physical inspections or management review reports during our audit of the 2014 financial statements. There were no compliance findings noted during our audit of the 2014 financial statements relating to physical inspections or management reviews for which the Partnership has not taken corrective action .

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

To the Partners of
Meadow Run Apartments, L.P.
Valdosta, Georgia

And

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

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Meadow Run Apartments, L.P. ("Owner") the owner of Meadow Run Apartments ("Project") located in Dawson, Georgia, solely to assist those parties in evaluating that the accompanying Form RD 3560-10, Multiple Family Housing Borrower Balance Sheet, Form RD 3560-7, Multiple Family Housing Project Budget ("Financial Reports") and Supporting Documentation are prepared in accordance with the criteria specified in RD Regulations contained in 7 CFR 3560 Section 303(b) and section 306, in accordance with the determinations noted in Attachment 4-D of RD Handbook HB-2-3560, for the year ended December 31, 2014. The owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of RD and the owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or checks imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, line items 1-10 and 19-32 to determine they were incurred as part of the supporting documentation, based on the sample size determined by RD in Attached 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32 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 420
Total Dollar Amount of Invoices in Population: \$138,778
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$2,188
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$480
Total Number of Vendor Confirmations Not Received: 1
Total Dollar Amount of Vendor Confirmations Not Received: \$480
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: 15
Total Number of Withdrawals Authorized by RD: 15
Total Dollar Amount of Reserve Account Withdrawals: \$27,509
Total Dollar Amount of Withdrawals Authorized by RD: \$27,509
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: \$24,742
Total Number of Invoices in Population: 12

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Total Dollar Amount of Invoices in Population: \$24,742
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$24,742

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

The agreed-upon procedures performed above and the Management Representation Letter revealed no undisclosed IOI companies.

We are not engaged to, and did not, conduct an audit of the subject matter, the objective of which would be the expression of an opinion on the agreed-upon procedures, applied to the financial reports and supporting documentation of Meadow Run Apartments, 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 Meadow Run Apartments, 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, 2015

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

PROJECT NAME Meadow Run Apartments	BORROWER NAME Meadow Run Apartments, L.P.	BORROWER ID AND PROJECT NO. 11-035-660450428	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>	01-01-14	01-01-13	
ENDING DATES>	12-31-14	12-31-13	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	53,852	25,414	
2. R.E. TAX & INSURANCE ACCOUNT.....	31,377	31,183	
3. RESERVE ACCOUNT.....	49,469	62,303	
4. SECURITY DEPOSIT ACCOUNT.....	7,544	8,078	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	3,130	4,766	
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)	145,372	131,744	

FIXED ASSETS

13. LAND.....	40,000	40,000	
14. BUILDINGS	1,704,840	1,704,840	
15. LESS: ACCUMULATED DEPRECIATION.....	(1,294,478)	(1,233,306)	
16. FURNITURE & EQUIPMENT.....	-	-	
17. LESS: ACCUMULATED DEPRECIATION.....	-	-	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	450,362	511,534	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	595,734	643,278	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	344	680	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ...Accrued Interest	1,877	1,877	
24. ACCRUED PROPERTY TAXES.....	12,987	-	
25. SECURITY DEPOSITS.....	7,544	8,078	
26. PREPAID TENANTS RENT	81	-	
27. TOTAL CURRENT LIABILITIES (Add 22 thru 26) ...	22,833	10,635	

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

28. NOTES PAYABLE RURAL DEVELOPMENT	1,297,151	1,311,614	
29. OTHER (Identify) N/P General Partners	-	-	
30. TOTAL LONG-TERM LIABILITIES (Add 28 and 29)	1,297,151	1,311,614	
31. TOTAL LIABILITIES (Add 27 and 30)	1,319,984	1,322,249	
32. OWNER'S EQUITY (Net Worth) (21 minus 31)	(724,250)	(678,971)	
32 TOTAL LIABILITIES AND OWNER'S EQUITY (Add 30 and 31)	595,734	643,278	

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.

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MEADOW RUN APARTMENTS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Page 24, Line 7</u>		
Due from rural development	\$ 3,130	\$ 4,069
Due from tenants	-	697
	<u>\$ 3,130</u>	<u>\$ 4,766</u>
<u>Page 24, Line 22</u>		
Utilities and telephone	\$ -	\$ 126
Office and administration	22	428
Prospect screening expense	-	100
Repairs and maintenance	322	26
	<u>\$ 344</u>	<u>\$ 680</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
DAWSON, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS
AS OF DECEMBER 31, 2015 AND 2014

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Meadow Run Apartments, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Run Apartments, L.P. (a Limited Partnership), USDA, RD No: 11-035-660450428 which comprises the balance sheets as of December 31, 2015 and 2014, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

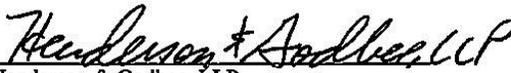
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadow Run Apartments, L.P. as of December 31, 2015 and 2014, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 17-18 and 25-34 is presented for purposes of additional analysis as required by the *Multi Family Housing Asset Management Handbook* issued by the U.S. Department of Agriculture Rural Development, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2016 on our consideration of Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 11, 2016

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 70,732	\$ 53,852
Accounts receivable - RD	6,036	3,130
Accounts receivable - tenants	1,308	-
	78,076	56,982
Total Current Assets		
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	7,420	7,544
Escrow-replacement reserve	63,128	49,469
Escrow-tax reserve	22,881	31,377
	93,429	88,390
Total Restricted Deposits and Funded Reserves		
Property, Plant and Equipment		
Property, plant and equipment, at cost	1,744,840	1,744,840
Accumulated depreciation	(1,355,650)	(1,294,478)
	389,190	450,362
Net Property, Plant and Equipment		
Total Assets	\$ 560,695	\$ 595,734

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

MEADOW RUN APARTMENTS, 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	\$ 16,465	\$ 15,432
Accounts payable	1,300	344
Accrued property taxes	-	12,987
Prepaid tenants rent	-	81
Accrued mortgage interest	1,877	1,877
	19,642	30,721
Deposits and Prepayment Liabilities		
Tenants' security deposits	7,420	7,544
	7,420	7,544
Long-Term Liabilities		
Mortgage payable, less current maturities	1,265,254	1,281,719
	1,265,254	1,281,719
Total Liabilities	1,292,316	1,319,984
Partners' (Deficit)		
Partners' (Deficit)	(731,621)	(724,250)
	(731,621)	(724,250)
Total Liabilities And Partners' (Deficit)	\$ 560,695	\$ 595,734

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

MEADOW RUN APARTMENTS, 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	\$ 231,374	\$ 230,072
Less: vacancy loss	(14,714)	(14,305)
Net rental income	<u>216,660</u>	<u>215,767</u>
Other income	4,091	3,876
Total Revenues	<u>220,751</u>	<u>219,643</u>
Expenses		
Operating and maintenance	40,947	75,259
Utilities	15,240	18,912
Administrative	59,541	59,551
Taxes and insurance	<u>22,846</u>	<u>22,785</u>
Total Operating Expenses	<u>138,574</u>	<u>176,507</u>
Net Operating Income	<u>82,177</u>	<u>43,136</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(59,033)	(61,135)
Interest expense	83,780	84,749
Depreciation	<u>61,172</u>	<u>61,172</u>
Total Non-Operating Expenses	<u>85,919</u>	<u>84,786</u>
Net (Loss)	<u>\$ (3,742)</u>	<u>\$ (41,650)</u>

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

MEADOW RUN APARTMENTS, 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	\$ (690,689)	\$ (648,255)
Distributions	(1,200)	(1,200)
Net (Loss)	<u>(3,705)</u>	<u>(41,234)</u>
Balance, December 31	<u>\$ (695,594)</u>	<u>\$ (690,689)</u>
General Partner's (Deficit)		
Balance, January 1	\$ (33,561)	\$ (30,716)
Distributions	(2,429)	(2,429)
Net (Loss)	<u>(37)</u>	<u>(416)</u>
Balance, December 31	<u>\$ (36,027)</u>	<u>\$ (33,561)</u>
Total Partners' (Deficit)		
Balance, January 1	\$ (724,250)	\$ (678,971)
Distributions	(3,629)	(3,629)
Net (Loss)	<u>(3,742)</u>	<u>(41,650)</u>
Balance, December 31	<u>\$ (731,621)</u>	<u>\$ (724,250)</u>

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

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

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Net (Loss)	<u>\$ (3,742)</u>	<u>\$ (41,650)</u>
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation	61,172	61,172
Changes In Operating Assets And Liabilities:		
Accounts receivable	(4,214)	1,636
Security deposits	124	534
Replacement reserve	(13,659)	12,834
Tax reserve	8,496	(194)
Accounts payable	956	(336)
Accrued property taxes	(12,987)	12,987
Prepaid tenants rent	(81)	81
Tenants' security deposits	<u>(124)</u>	<u>(534)</u>
Total Adjustments	<u>39,683</u>	<u>88,180</u>
Net Cash Provided By Operating Activities	<u>35,941</u>	<u>46,530</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(15,432)	(14,463)
Distributions	<u>(3,629)</u>	<u>(3,629)</u>
Net Cash (Used In) Financing Activities	<u>(19,061)</u>	<u>(18,092)</u>
Net Increase In Cash	16,880	28,438
Cash, Beginning Of Year	<u>53,852</u>	<u>25,414</u>
Cash, End Of Year	<u><u>\$ 70,732</u></u>	<u><u>\$ 53,852</u></u>

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

MEADOW RUN APARTMENTS, 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	\$ 81,903	\$ 82,872
Less: subsidized portion	(59,033)	(61,135)
Interest paid, net of subsidy	\$ 22,870	\$ 21,737

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

MEADOW RUN APARTMENTS, 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 Meadow Run Apartments, L.P., was formed as a limited liability limited partnership under the laws of the State of Georgia on November 18, 1992, to develop, own and operate a 48-unit rental housing project for persons of low and moderate income in the community. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

Effective April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, LTD., (a Florida limited partnership).

Basis of Accounting

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

Income Taxes

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

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

Capitalization and Depreciation

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

MEADOW RUN APARTMENTS, 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)

Use of Estimates

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

Tenant Receivables

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

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2015 and 2014, there was no allowance balance required. Tenant receivables had a balance in the amount of \$1,308 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 \$225 and \$96, respectively.

MEADOW RUN APARTMENTS, 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>\$ 14,666</u>	<u>\$ 14,666</u>
Actual funding including interest income	<u>14,676</u>	<u>14,676</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>1,017</u>	<u>27,509</u>
Reserve balance at year end	63,128	49,469
Fully funded balance per loan agreement	<u>41,700</u>	<u>28,051</u>
Excess	<u>\$ 21,428</u>	<u>\$ 21,418</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	<u>\$ 7,420</u>	<u>\$ 7,544</u>
Tenant security deposits payable	<u>7,420</u>	<u>7,544</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

MEADOW RUN APARTMENTS, 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	\$ 22,881	\$ 31,377
Accrued or unpaid taxes and insurance	-	<u>12,987</u>
Excess	<u>\$ 22,881</u>	<u>\$ 18,390</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		\$ 40,000	\$ 40,000
Buildings	27.5 Years	<u>1,704,840</u>	<u>1,704,840</u>
Total		1,744,840	1,744,840
Less: Accumulated depreciation		<u>(1,355,650)</u>	<u>(1,294,478)</u>
Net Property, Plant and Equipment		<u>\$ 389,190</u>	<u>\$ 450,362</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$61,172 and \$61,172 for the years ended December 31, 2015 and 2014.

MEADOW RUN APARTMENTS, 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	\$ 78	\$ -
Office and administration	1	22
Grounds	660	-
Outside Services	116	-
Pest control	125	-
Repairs and maintenance	320	322
	<u>\$ 1,300</u>	<u>\$ 344</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 March 1, 1994, 6.50%, due in 600 monthly installments, secured by land, buildings and equipment with an original cost of \$1,744,840.	\$ 1,281,719	\$ 1,297,151
Less current maturities	<u>(16,465)</u>	<u>(15,432)</u>
Long-term portion	<u>\$ 1,265,254</u>	<u>\$ 1,281,719</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.

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

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

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

<u>Year</u>	
2016	\$ 16,465
2017	17,568
2018	18,745
2019	20,000
2020	21,340

Meadow Run Apartments, L.P. incurred interest costs of \$83,780 and \$84,749 for the years ended December 31, 2015 and 2014, respectively, all of which was properly charged to expense.

NOTE 6 - RENTAL ASSISTANCE PAYMENTS

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

	<u>2015</u>	<u>2014</u>
Rental assistance payments	<u>\$ 71,441</u>	<u>\$ 81,654</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	\$ (3,742)	\$ (41,650)
Book depreciation in excess of tax depreciation	<u>18,063</u>	<u>18,063</u>
Partnership Income (Loss) per tax return	<u>\$ 14,321</u>	<u>\$ (23,587)</u>

MEADOW RUN APARTMENTS, 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 Meadow Run Apartments, L.P. The partnership paid Investors Management Company, Inc. management fees of \$26,012 and \$24,742 for the years ended December 31, 2015 and 2014, respectively.

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

An affiliate of the general partner is also an owner of C.J. Thomas Company, Inc., which provides property insurance to the project. The partnership paid C.J. Thomas Company, Inc. insurance fees of \$9,823 and \$9,710 for the years ended December 31, 2015 and 2014, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$3,629, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

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

	<u>2015</u>	<u>2014</u>
Total cash in bank	\$ 164,061	\$ 142,142
Portion insured by FDIC	<u>164,061</u>	<u>142,142</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

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

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 Meadow Run 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.

MEADOW RUN APARTMENTS, 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 (49 * 1 month)	49
Less: Rent Free Manager Unit	(1)
Vacancies	(1)
Total Occupied Units	<u>47</u>
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
 Management Fees January 2015	 <u>\$ 2,092</u>
 Total Qualified Units (49 * 11 months)	 539
Less: Rent Free Manager Unit	(11)
Vacancies	(8)
Total Occupied Units	<u>520</u>
Fee Per Unit (Effective February, 2015)	<u>\$ 46.00</u>
 Management Fees February through December 2015	 <u>\$ 23,920</u>
 Management Fee Expense	 <u><u>\$ 26,012</u></u>

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 3,797,500
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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>\$ 3,629</u>
Budget Return to Owner	<u>\$ 3,629</u>
Return to Owner Paid:	
General Partner Distribution	\$ 2,429
Limited Partner Distribution	<u>1,200</u>
	<u>\$ 3,629</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
Meadow Run Apartments, L.P.
Valdosta, Georgia

USDA Rural Development
Servicing Office
Fort Valley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meadow Run Apartments, 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 Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Meadow Run Apartments, L.P.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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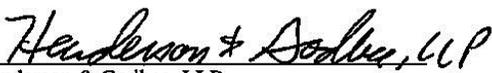
weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meadow Run Apartments, 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 Meadow Run Apartments, 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

MEADOW RUN APARTMENTS, 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 .



Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

Members of American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of
Meadow Run Apartments, L.P.
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Fort Valley, Georgia

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

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or checks imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, line items 1-10 and 19-32 to determine they were incurred as part of the supporting documentation, based on the sample size determined by RD in Attached 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32 of Form RD 3560-7 and determined that the services were eligible expenses, in accordance 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 380
Total Dollar Amount of Invoices in Population: \$112,561
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$4,104
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$1,900
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: 1
Total Number of Withdrawals Authorized by RD: 1
Total Dollar Amount of Reserve Account Withdrawals: \$1,017
Total Dollar Amount of Withdrawals Authorized by RD: \$1,017
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: \$26,012
Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$26,012

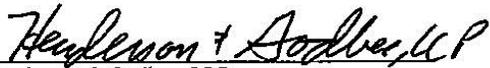
Total Number of Invoices Reviewed: 12
Total Dollar Amount of Invoices Reviewed: \$26,012

Company Name 2: Rural Housing Reinsurance Company International, Ltd. (C.J. Thomas Company, Inc.)
Total Dollar Amount for the Year: \$9,823
Total Number of Invoices in Population: 1
Total Dollar Amount of Invoices in Population: \$9,823
Total Number of Invoices Reviewed: 1
Total Dollar Amount of Invoices Reviewed: \$9,823

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 Meadow Run Apartments, 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 Meadow Run Apartments, 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 1 - BALANCE SHEET

PROJECT NAME Meadow Run Apartments	BORROWER NAME Meadow Run Apartments, L.P.	BORROWER ID AND PROJECT NO. 11-035-660450428	
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.....	70,732	53,852	
2. R.E. TAX & INSURANCE ACCOUNT.....	22,881	31,377	
3. RESERVE ACCOUNT.....	63,128	49,469	
4. SECURITY DEPOSIT ACCOUNT.....	7,420	7,544	
5. OTHER CASH (identify)			
6. OTHER (identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	7,344	3,130	
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)	171,505	145,372	

FIXED ASSETS

13. LAND.....	40,000	40,000	
14. BUILDINGS.....	1,704,840	1,704,840	
15. LESS: ACCUMULATED DEPRECIATION.....	(1,355,650)	(1,294,478)	
16. FURNITURE & EQUIPMENT.....	-	-	
17. LESS: ACCUMULATED DEPRECIATION.....	-	-	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	389,190	450,362	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	560,695	595,734	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	1,300	344	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ...Accrued Interest	1,877	1,877	
24. ACCRUED PROPERTY TAXES.....	-	12,987	
25. SECURITY DEPOSITS.....	7,420	7,544	
26. PREPAID TENANTS RENT	-	81	
27. TOTAL CURRENT LIABILITIES (Add 22 thru 26) ...	10,597	22,833	

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

28. NOTES PAYABLE RURAL DEVELOPMENT	1,281,719	1,297,151	
29. OTHER (Identify) N/P General Partners	-	-	
30. TOTAL LONG-TERM LIABILITIES (Add 28 and 29)	1,281,719	1,297,151	
31. TOTAL LIABILITIES (Add 27 and 30)	1,292,316	1,319,984	
32. OWNER'S EQUITY (Net Worth) (21 minus 31)	(731,621)	(724,250)	
32 TOTAL LIABILITIES AND OWNER'S EQUITY (Add 30 and 31)	560,695	595,734	

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.

MEADOW RUN APARTMENTS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>Page 25, Line 7</u>		
Due from rural development	\$ 6,036	\$ 3,130
Due from tenants	1,308	-
	\$ 7,344	\$ 3,130
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ 78	\$ -
Office and administration	1	22
Grounds	660	-
Prospect screening expense	116	-
Pest control	125	-
Repairs and maintenance	320	322
	\$ 1,300	\$ 344
<u>Page 25, Line 23</u>		
Accrued interest	\$ 1,877	\$ 1,877
	\$ 1,877	\$ 1,877

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

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

PROJECT NAME Meadow Run Apts PH I		BORROWER NAME Meadow Run Apts, L.p.		BORROWER ID AND PROJECT NO. 660450428 019	
Loan/Transfer Amount \$ 1,466,640.00		Note Rate Payment \$ 8,267.70		IC Payment \$ 3,107.21	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	
				<input checked="" type="checkbox"/> I hereby request 15 units of RA. Current number of RA units 19. 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	224,736.00	145,219.00	227,616.00	48 rent prod u
2. RHS RENTAL ASSISTANCE RECEIVED		71,441.21		
3. APPLICATION FEES RECEIVED		625.00		
4. LAUNDRY AND VENDING	100.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	2,600.00	3,266.44	3,600.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)	(13,484.00)		(13,657.00)	6%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	213,952.00	220,751.65	217,559.00	
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	16,400.00	1,017.24	17,400.00	
14. SUB-TOTAL (11 thru 13)	16,400.00	1,017.24	17,400.00	
15. TOTAL CASH SOURCES (10+14)	230,352.00	221,768.89	234,959.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	158,300.00	146,797.45	160,712.00	
17. RHS DEBT PAYMENT	37,287.00	37,286.52	37,287.00	
18. RHS PAYMENT (Overage)		2,893.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		3,745.00		
22. TRANSFER TO RESERVE	14,666.00	14,676.00	14,666.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	3,629.00	3,629.00	3,629.00	2014 RTO paid
24. SUB-TOTAL (16 thru 23)	213,682.00	208,026.97	216,294.00	
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)	16,400.00	1,017.24	17,400.00	
27. MISCELLANEOUS	0.00	1.44	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	16,400.00	1,018.68	17,400.00	
29. TOTAL CASH USES (24+28)	230,282.00	210,045.65	233,694.00	
30. NET CASH (DEFICIT) (15-29)	70.00	11,723.24	1,265.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	29,412.64	85,230.05	29,482.64	
32. ACCRUAL TO CASH ADJUSTMENT		-3,339.70		Adjust to accru
33. ENDING CASH BALANCE (30+31+32)	29,482.64	93,613.59	30,747.64	

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	16,500.00	15,420.24	17,500.00	
2. MAINTENANCE AND REPAIRS SUPPLY	10,000.00	9,718.30	11,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	8,200.00	3,709.23	8,500.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	7,276.00	7,561.76	7,276.00	523/M + 1000
8. SERVICES	3,091.00	3,240.70	3,091.00	125.35/M PestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	2,200.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	200.00	278.36	200.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	47,467.00	39,928.59	47,567.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	6,300.00	6,703.65	6,600.00	
13. WATER <input type="checkbox"/> check box on	1,220.00	1,729.42	2,100.00	
14. SEWER <input type="checkbox"/> front	1,000.00	1,028.25	1,000.00	
15. FUEL (Oil/Coal/Gas)	100.00	73.35	100.00	
16. GARBAGE & TRASH REMOVAL	1,200.00	1,950.52	2,000.00	
17. OTHER UTILITIES	0.00	9.98	0.00	Other
18. SUB-TOTAL UTILITIES (12 thru 17)	9,820.00	11,495.17	11,800.00	
19. SITE MANAGEMENT PAYROLL	17,508.00	17,780.30	18,048.00	1504/M (3% inc)
20. MANAGEMENT FEE	26,486.00	26,011.50	27,072.00	\$47x48Ux12M
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	500.00	-400.76	500.00	
24. ADVERTISING	400.00	224.84	400.00	
25. TELEPHONE & ANSWERING SERVICE	1,400.00	1,416.44	1,400.00	
26. OFFICE SUPPLIES	1,850.00	1,723.53	1,850.00	
27. OFFICE FURNITURE & EQUIPMENT	849.00	1,586.84	876.00	4329/MCompé
28. TRAINING EXPENSE	1,100.00	1,385.39	545.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	1,000.00	1,287.92	1,200.00	
30. PAYROLL TAXES	3,200.00	3,169.13	3,400.00	
31. WORKER'S COMPENSATION	800.00	862.30	800.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	300.00	613.65	350.00	Prep tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	59,403.00	59,541.08	60,441.00	
34. REAL ESTATE TAXES	31,000.00	25,956.28	30,000.00	2014 Prop tax i
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	120.00	53.33	120.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	10,290.00	9,823.00	10,584.00	216/U (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	200.00	0.00	200.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	41,610.00	35,832.61	40,904.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	159,300.00	146,797.45	160,712.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	43,283.15	49,469.42	41,549.15	
2. TRANSFER TO RESERVE	14,666.00	14,676.00	14,666.00	\$1223/M
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	16,400.00	1,017.24	17,400.00	
5. BUILDING & EQUIPMENT REPAIR	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES	0.00	0.00	0.00	
7. TOTAL (3 thru 6)	(16,400.00)	(1,017.24)	(17,400.00)	
8. ENDING BALANCE [(1+2)-7]	41,549.15	63,128.18	38,815.15	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	53,852.71	
ENDING BALANCE	70,732.53	

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

BEGINNING BALANCE	31,377.34	
ENDING BALANCE	22,881.08	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	7,544.00	
ENDING BALANCE	7,420.00	

(*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	10	361.00	487.00	0.00	43,320.00	58,440.00	0.00	138.00
2	N	36	398.00	525.00	0.00	171,072.00	226,800.00	0.00	170.00
3	N	2	431.00	541.00	0.00	10,344.00	12,984.00	0.00	207.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						224,736.00	298,224.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	10	368.00	492.00	0.00	43,920.00	59,040.00	0.00
2	N	36	401.00	530.00	0.00	173,232.00	228,960.00	0.00
3	N	2	436.00	546.00	0.00	10,464.00	13,104.00	0.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						227,616.00	301,104.00	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	10	85.00	0.00	11.00	12.00	27.00	3.00	138.00
2	N	36	105.00	0.00	17.00	18.00	27.00	3.00	170.00
3	N	2	136.00	0.00	20.00	21.00	27.00	3.00	207.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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:								
	Rmgs	2	800.00	0.00	0.00	0.00	0.00	0
	Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	0
	Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
	Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
	Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:								
	1BR	2	3,200.00	0.00	0.00	0.00	0.00	0
	2BR	2	3,400.00	1,017.24	0.00	0.00	1,017.24	1
	3BR	1	2,100.00	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	2	3,000.00	0.00	0.00	0.00	0.00	0
	Air Conditioning	2	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	2	800.00	0.00	0.00	0.00	0.00	0
	Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
	Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
	Faucets	0	0.00	0.00	0.00	0.00	0.00	0
	Toilets	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
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:		15	17,400.00	1,017.24	0.00	0.00	1,017.24	1

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

PART VI -- SIGNATURES, DATES AND COMMENTS

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

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

(DATE)

(Signature of Borrower or Borrower's Representative)

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

Page 1

Line 13. Actual transfers from 1% reserve were less than budget because less flooring replacement was needed than budgeted.

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

Page 2

Line 11. Actual Maintenance and Operating Expenses were 16% under budget. Turn costs were much lower than budgeted.

Line 18. Actual Utilities were 17% over budget due to higher electricity expense, higher water expense, and higher sanitation expenses than budgeted.

Line 33. Actual Administrative Expenses were right at budget.

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

Meadow Run Apts PH I

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:							
Rango	2	800.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	0
Rango Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	3,200.00	0.00	0.00	0.00	0.00	0
2BR	2	3,400.00	1,017.24	0.00	0.00	1,017.24	1
3BR	1	2,100.00	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	2	2,900.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	2,900.00	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	2	0.00	0.00	600.00	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	1,600.00	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:	15	16,400.00	1,017.24	2,200.00	0.00	1,017.24	1

Yardi Classic Addendum Page

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
DAWSON, GEORGIA

FINANCIAL AND COMPLIANCE REPORTS

AS OF DECEMBER 31, 2016 AND 2015

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)

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Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Meadow Run Apartments, L.P.
(A Limited Partnership)
Valdosta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Run Apartments, L.P. (a Limited Partnership), USDA, RD No: 11-035-660450428 which comprises the balance sheets as of December 31, 2016 and 2015, and the related statements of income, partners' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

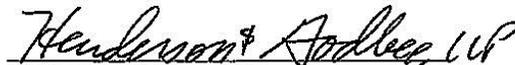
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadow Run Apartments, L.P. as of December 31, 2016 and 2015, and the results of its operations, partners' (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 17-18 and 25-34 is presented for purposes of additional analysis as required by the *Multi Family Housing Asset Management Handbook* issued by the U.S. Department of Agriculture Rural Development, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2017 on our consideration of Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control over financial reporting and compliance.


Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

February 10, 2017

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 96,897	\$ 70,732
Accounts receivable - RD	2,939	6,036
Accounts receivable - tenants	1,076	1,308
Total Current Assets	100,912	78,076
Restricted Deposits and Funded Reserves		
Escrow-tenants' security deposits	7,319	7,420
Escrow-replacement reserve	72,711	63,128
Escrow-tax reserve	20,500	22,881
Total Restricted Deposits and Funded Reserves	100,530	93,429
Property, Plant and Equipment		
Property, plant and equipment, at cost	1,744,840	1,744,840
Accumulated depreciation	(1,416,822)	(1,355,650)
Net Property, Plant and Equipment	328,018	389,190
Total Assets	\$ 529,460	\$ 560,695

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

MEADOW RUN APARTMENTS, 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	\$ 17,568	\$ 16,465
Accounts payable	1,335	1,300
Accrued mortgage interest	1,877	1,877
Total Current Liabilities	20,780	19,642
Deposits and Prepayment Liabilities		
Tenants' security deposits	7,319	7,420
Total Deposits and Prepayment Liabilities	7,319	7,420
Long-Term Liabilities		
Mortgage payable, less current maturities	1,247,685	1,265,254
Total Long-Term Liabilities	1,247,685	1,265,254
Total Liabilities	1,275,784	1,292,316
Partners' (Deficit)		
Partners' (Deficit)	(746,324)	(731,621)
Total Liabilities And Partners' (Deficit)	\$ 529,460	\$ 560,695

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

MEADOW RUN APARTMENTS, 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	\$ 234,672	\$ 231,374
Less: vacancy loss	<u>(24,064)</u>	<u>(14,714)</u>
Net rental income	210,608	216,660
Other income	<u>4,594</u>	<u>4,091</u>
 Total Revenues	 <u>215,202</u>	 <u>220,751</u>
Expenses		
Operating and maintenance	46,028	40,947
Utilities	14,160	15,240
Administrative	58,537	59,541
Taxes and insurance	<u>22,986</u>	<u>22,846</u>
 Total Operating Expenses	 <u>141,711</u>	 <u>138,574</u>
 Net Operating Income	 <u>73,491</u>	 <u>82,177</u>
Non-Operating (Income) Expenses		
Interest subsidy income	(59,354)	(59,033)
Interest expense	82,747	83,780
Depreciation	<u>61,172</u>	<u>61,172</u>
 Total Non-Operating Expenses	 <u>84,565</u>	 <u>85,919</u>
 Net (Loss)	 <u>\$ (11,074)</u>	 <u>\$ (3,742)</u>

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

MEADOW RUN APARTMENTS, 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	\$ (695,594)	\$ (690,689)
Distributions	(1,200)	(1,200)
Net (Loss)	<u>(10,963)</u>	<u>(3,705)</u>
Balance, December 31	<u>\$ (707,757)</u>	<u>\$ (695,594)</u>
 General Partner's (Deficit)		
Balance, January 1	\$ (36,027)	\$ (33,561)
Distributions	(2,429)	(2,429)
Net (Loss)	<u>(111)</u>	<u>(37)</u>
Balance, December 31	<u>\$ (38,567)</u>	<u>\$ (36,027)</u>
 Total Partners' (Deficit)		
Balance, January 1	\$ (731,621)	\$ (724,250)
Distributions	(3,629)	(3,629)
Net (Loss)	<u>(11,074)</u>	<u>(3,742)</u>
Balance, December 31	<u>\$ (746,324)</u>	<u>\$ (731,621)</u>

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

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Net (Loss)	<u>\$ (11,074)</u>	<u>\$ (3,742)</u>
Adjustments To Reconcile Net (Loss) To Net Cash		
Provided By Operating Activities:		
Depreciation	61,172	61,172
Changes In Operating Assets And Liabilities:		
Accounts receivable	3,329	(4,214)
Security deposits	101	124
Replacement reserve	(9,583)	(13,659)
Tax reserve	2,381	8,496
Accounts payable	35	956
Accrued property taxes	-	(12,987)
Prepaid tenants rent	-	(81)
Tenants' security deposits	<u>(101)</u>	<u>(124)</u>
Total Adjustments	<u>57,334</u>	<u>39,683</u>
Net Cash Provided By Operating Activities	<u>46,260</u>	<u>35,941</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(16,466)	(15,432)
Distributions	<u>(3,629)</u>	<u>(3,629)</u>
Net Cash (Used In) Financing Activities	<u>(20,095)</u>	<u>(19,061)</u>
Net Increase In Cash	26,165	16,880
Cash, Beginning Of Year	<u>70,732</u>	<u>53,852</u>
Cash, End Of Year	<u>\$ 96,897</u>	<u>\$ 70,732</u>

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

MEADOW RUN APARTMENTS, 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	\$ 82,747	\$ 81,903
Less: subsidized portion	<u>(59,354)</u>	<u>(59,033)</u>
Interest paid, net of subsidy	<u>\$ 23,393</u>	<u>\$ 22,870</u>

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

MEADOW RUN APARTMENTS, 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 Meadow Run Apartments, L.P., was formed as a limited liability limited partnership under the laws of the State of Georgia on November 18, 1992, to develop, own and operate a 48-unit rental housing project for persons of low and moderate income in the community. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

Effective April 15, 2011, the partnership agreement was amended to admit Gantt Housing, LLC, as the limited partner and to permit the withdrawal of Gateway Tax Credit Fund II, LTD., (a Florida limited partnership).

Basis of Accounting

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

Income Taxes

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

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

Capitalization and Depreciation

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

MEADOW RUN APARTMENTS, 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)

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 \$1,076 and \$1,308, 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 \$307 and \$225, respectively.

MEADOW RUN APARTMENTS, 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>\$ 14,666</u>	<u>\$ 14,666</u>
Actual funding including interest income	<u>\$ 14,676</u>	<u>\$ 14,676</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>\$ 5,093</u>	<u>\$ 1,017</u>
Reserve balance at year end	\$ 72,711	\$ 63,128
Fully funded balance per loan agreement	<u>51,274</u>	<u>41,700</u>
Excess	<u>\$ 21,437</u>	<u>\$ 21,428</u>

Tenant Security Deposits

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

	<u>2016</u>	<u>2015</u>
Tenant security deposits cash	\$ 7,319	\$ 7,420
Tenant security deposits payable	<u>7,319</u>	<u>7,420</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

MEADOW RUN APARTMENTS, 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 ensure 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	\$ 20,500	\$ 22,881
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 20,500</u>	<u>\$ 22,881</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		\$ 40,000	\$ 40,000
Buildings	27.5 Years	<u>1,704,840</u>	<u>1,704,840</u>
Total		1,744,840	1,744,840
Less: Accumulated depreciation		<u>(1,416,822)</u>	<u>(1,355,650)</u>
Net Property, Plant and Equipment		<u>\$ 328,018</u>	<u>\$ 389,190</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$61,172 and \$61,172 for the years ended December 31, 2016 and 2015.

MEADOW RUN APARTMENTS, 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	\$ 42	\$ 78
Office and administration	367	1
Grounds	-	660
Outside Services	-	116
Pest control	125	125
Repairs and maintenance	801	320
	<u>\$ 1,335</u>	<u>\$ 1,300</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 March 1, 1994, 6.50%, due in 600 monthly installments, secured by land, buildings and equipment with an original cost of \$1,744,840.	\$ 1,265,253	\$ 1,281,719
Less current maturities	<u>(17,568)</u>	<u>(16,465)</u>
Long-term portion	<u>\$ 1,247,685</u>	<u>\$ 1,265,254</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.

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)

Maturities of long-term debt as of December 31, 2016, for the succeeding five years are as follows:

<u>Year</u>	
2017	\$ 17,568
2018	18,745
2019	20,000
2020	21,340
2021	22,769

Meadow Run Apartments, L.P. incurred interest costs of \$82,747 and \$83,780 for the years ended December 31, 2016 and 2015, respectively, all of which was properly charged to expense.

NOTE 6 – RENTAL ASSISTANCE PAYMENTS

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

	<u>2016</u>	<u>2015</u>
Rental assistance payments	<u>\$ 77,333</u>	<u>\$ 71,441</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	\$ (11,074)	\$ (3,742)
Book depreciation in excess of tax depreciation	<u>18,063</u>	<u>18,063</u>
Partnership Income per tax return	<u>\$ 6,989</u>	<u>\$ 14,321</u>

MEADOW RUN APARTMENTS, 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 Meadow Run Apartments, L.P. The partnership paid Investors Management Company, Inc. management fees of \$25,524 and \$26,012 for the years ended December 31, 2016 and 2015, respectively.

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

An affiliate of the general partner is also an owner of C.J. Thomas Company, Inc., which provides property insurance to the project. The partnership paid C.J. Thomas Company, Inc. insurance fees of \$9,831 and \$9,823 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$3,629, which is 8% of the borrowers' initial capital investment required by USDA, RD.

NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS

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

	<u>2016</u>	<u>2015</u>
Total cash in bank	\$ 197,327	\$ 164,061
Portion insured by FDIC	<u>197,327</u>	<u>164,061</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

MEADOW RUN APARTMENTS, L.P.
(A LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 10, 2017, which is the date the financial statements were available to be issued.

MEADOW RUN APARTMENTS, 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 (49 * 1 month)	49
Less: Rent Free Manager Unit	(1)
Vacancies	(4)
Total Occupied Units	44
Fee Per Unit (Effective February, 2015)	\$ 46.00
Management Fees January 2016	\$ 2,024
Total Qualified Units (49 * 11 months)	539
Less: Rent Free Manager Unit	(11)
Vacancies	(28)
Total Occupied Units	500
Fee Per Unit (Effective February, 2016)	\$ 47.00
Management Fees February through December 2016	\$ 23,500
Management Fee Expense	\$ 25,524

2. Insurance Disclosure

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 1,000	\$ 3,920,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

MEADOW RUN APARTMENTS, 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>\$ 3,629</u>
Budget Return to Owner	<u>\$ 3,629</u>
Return to Owner Paid:	
General Partner Distribution	\$ 2,429
Limited Partner Distribution	1,200
	<u>\$ 3,629</u>



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M. Allison Hutchins, CPA

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

To the Partners of
Meadow Run Apartments, L.P.
Valdosta, Georgia

USDA Rural Development
Servicing Office
Fort Valley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meadow Run Apartments, 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 Meadow Run Apartments, 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 Meadow Run Apartments, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Meadow Run Apartments, L.P.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meadow Run Apartments, 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 Meadow Run Apartments, 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

MEADOW RUN APARTMENTS, 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
Meadow Run Apartments, L.P.
Valdosta, Georgia

And

United States Department of Agriculture
Rural Development
Fort Valley, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Meadow Run Apartments, L.P. ("Owner") the owner of Meadow Run Apartments ("Project") located in Dawson, Georgia, solely to assist those parties in evaluating that the accompanying Form RD 3560-10, Multiple Family Housing Borrower Balance Sheet, Form RD 3560-7, Multiple Family Housing Project Budget ("Financial Reports") and Supporting Documentation are prepared in accordance with the criteria specified in RD Regulations contained in 7 CFR 3560 Section 303(b) and section 306, in accordance with the determinations noted in Attachment 4-D of RD Handbook HB-2-3560, for the year ended December 31, 2016. The owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of RD and the owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

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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 400
Total Dollar Amount of Invoices in Population: \$116,187
Total Number of Invoices Reviewed: 15
Total Dollar Amount of Invoices Reviewed: \$3,441
Total Number of Invoices in Vendor Confirmation Sample: 1
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$862
Total Number of Vendor Confirmations Not Received: 1
Total Dollar Amount of Vendor Confirmations Not Received: \$862
Total Number of Deviations: 0
Total Dollar Amount of Deviations: \$0

2. We confirmed the balance in the replacement reserve account presented on Form RD 3560-7, Part III, and confirmed that no amounts were encumbered by the financial institution that holds the accounts. We determined that all balances are within the FDIC insurance limits. We determined number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by RD on Form RD 3560-12. We compared the invoices and cancelled checks (or check imaging on original bank statement) to the approved withdrawals from RD.

Findings:

Total Number of Reserve Account Withdrawals: 3
Total Number of Withdrawals Authorized by RD: 3
Total Dollar Amount of Reserve Account Withdrawals: \$5,093
Total Dollar Amount of Withdrawals Authorized by RD: \$5,093
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: \$25,524
Total Number of Invoices in Population: 12
Total Dollar Amount of Invoices in Population: \$25,524
Total Number of Invoices Reviewed: 12

Total Dollar Amount of Invoices Reviewed: \$25,524

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

Total Dollar Amount for the Year: \$9,831

Total Number of Invoices in Population: 1

Total Dollar Amount of Invoices in Population: \$9,831

Total Number of Invoices Reviewed: 1

Total Dollar Amount of Invoices Reviewed: \$9,831

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 Meadow Run Apartments, 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 Meadow Run Apartments, 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 1 - BALANCE SHEET

PROJECT NAME Meadow Run Apartments	BORROWER NAME Meadow Run Apartments, L.P.	BORROWER ID AND PROJECT NO. 11-035-660450428	
	CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>	01-01-16	01-01-15	
ENDING DATES>	12-31-16	12-31-15	

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....	96,897	70,732	
2. R.E. TAX & INSURANCE ACCOUNT.....	20,500	22,881	
3. RESERVE ACCOUNT.....	72,711	63,128	
4. SECURITY DEPOSIT ACCOUNT.....	7,319	7,420	
5. OTHER CASH (Identify)			
6. OTHER (Identify)			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list)	4,015	7,344	
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)	201,442	171,505	

FIXED ASSETS

13. LAND.....	40,000	40,000	
14. BUILDINGS.....	1,704,840	1,704,840	
15. LESS: ACCUMULATED DEPRECIATION.....	(1,416,822)	(1,355,650)	
16. FURNITURE & EQUIPMENT.....	-	-	
17. LESS: ACCUMULATED DEPRECIATION.....	-	-	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18)	328,018	389,190	

OTHER ASSETS

20.			
21. TOTAL ASSETS (Add 12, 19, and 20)	529,460	560,695	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list)	1,335	1,300	
ACCTS PAYABLE 0-30 DAYS \$			
ACCTS PAYABLE 30-60 DAYS \$			
ACCTS PAYABLE 60-90 DAYS \$			
ACCTS PAYABLE OVER 90 DAYS \$			
23. NOTES PAYABLE (Attach list) ... Accrued Interest	1,877	1,877	
24. ACCRUED PROPERTY TAXES.....	-	0	
25. SECURITY DEPOSITS.....	7,319	7,420	
26. PREPAID TENANTS RENT	-	-	
27. TOTAL CURRENT LIABILITIES (Add 22 thru 26) ...	10,531	10,597	

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

28. NOTES PAYABLE RURAL DEVELOPMENT	1,265,253	1,281,719	
29. OTHER (Identify) N/P General Partners	-	-	
30. TOTAL LONG-TERM LIABILITIES (Add 28 and 29)	1,265,253	1,281,719	
31. TOTAL LIABILITIES (Add 27 and 30)	1,275,784	1,292,316	
32. OWNER'S EQUITY (Net Worth) (21 minus 31)	(746,324)	(731,621)	
32 TOTAL LIABILITIES AND OWNER'S EQUITY (Add 30 and 31)	529,460	560,695	

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.

MEADOW RUN APARTMENTS, L.P.
ATTACHMENT TO FORM RD 3560-10
DECEMBER 31, 2016 AND 2015

	2016	2015
<u>Page 25, Line 7</u>		
Due from rural development	\$ 2,939	\$ 6,036
Due from tenants	1,076	1,308
	\$ 4,015	\$ 7,344
 <u>Page 25, Line 22</u>		
Utilities and telephone	\$ 42	\$ 78
Office and administration	367	1
Grounds	-	660
Prospect screening expense	-	116
Pest control	125	125
Repairs and maintenance	801	320
	\$ 1,335	\$ 1,300
 <u>Page 25, Line 23</u>		
Accrued interest	\$ 1,877	\$ 1,877
	\$ 1,877	\$ 1,877

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

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

PROJECT NAME Meadow Run Apts PH I		BORROWER NAME Meadow Run Apts, L.p.		BORROWER ID AND PROJECT NO. 569460793 016	
Loan/Transfer Amount \$ 1,466,640.00		Note Rate Payment \$ 8,267.70		IC Payment \$ 3,107.21	
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 checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	
				I hereby request 15 units of RA. Current number of RA units 19. Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET (01 - 01 - 16) (12 - 31 - 16)	ACTUAL (01 - 01 - 16) (12 - 31 - 16)	PROPOSED BUDGET (01 - 01 - 17) (12 - 31 - 17)	COMMENTS or (YTD) (01 - 01 - 16) (12 - 31 - 16)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	227,616.00	193,275.00	239,136.00	46 rent prod u
2. RHS RENTAL ASSISTANCE RECEIVED		77,333.00		
3. APPLICATION FEES RECEIVED		900.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	3,600.00	3,522.29	3,200.00	
7. OTHER - PROJECT SOURCES	0.00	172.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance)	(13,657.00)		(14,348.00)	8%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	217,559.00	216,202.29	227,988.00	
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	17,400.00	5,092.93	26,500.00	
14. SUB-TOTAL (11 thru 13)	17,400.00	5,092.93	26,500.00	
15. TOTAL CASH SOURCES (10+14)	234,959.00	220,295.22	254,488.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	160,712.00	132,134.33	168,860.00	
17. RHS DEBT PAYMENT	37,287.00	37,286.52	37,287.00	
18. RHS PAYMENT (Overage)		2,572.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		4,484.00		
22. TRANSFER TO RESERVE	14,666.00	14,676.00	14,666.00	
23. RETURN TO OWNER NP ASSET MANAGEMENT FEE	3,629.00	3,629.00	3,628.00	2015 RTO paid
24. SUB-TOTAL (16 thru 23)	216,294.00	194,781.85	224,442.00	
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)	17,400.00	5,092.93	26,500.00	
27. MISCELLANEOUS	0.00	1.02	0.00	Rounding
28. SUB-TOTAL (25 thru 27)	17,400.00	5,093.95	26,500.00	
29. TOTAL CASH USES (24+28)	233,694.00	199,875.80	250,942.00	
30. NET CASH (DEFICIT) (15-29)	1,265.00	20,419.42	3,546.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	29,482.64	93,613.59	30,747.64	
32. ACCRUAL TO CASH ADJUSTMENT		3,364.58		Adjust to accru-
33. ENDING CASH BALANCE (30+31+32)	30,747.64	117,397.59	34,293.64	

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	17,500.00	16,036.00	17,500.00	
2. MAINTENANCE AND REPAIRS SUPPLY	11,000.00	11,162.06	16,100.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	6,500.00	3,640.63	6,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	7,276.00	7,390.00	8,200.00	600/M + 1000
8. SERVICES	3,091.00	2,590.20	3,091.00	125.35/MPestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	200.00	114.99	200.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	47,567.00	40,933.87	51,091.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	6,600.00	5,872.05	7,000.00	
13. WATER <input type="checkbox"/> check box on	2,100.00	1,335.00	2,000.00	
14. SEWER <input type="checkbox"/> front	1,000.00	1,276.30	2,000.00	
15. FUEL (Oil/Coal/Gas)	100.00	83.72	100.00	
16. GARBAGE & TRASH REMOVAL	2,000.00	1,055.09	1,800.00	
17. OTHER UTILITIES	0.00	54.24	0.00	Other
18. SUB-TOTAL UTILITIES (12 thru 17)	11,800.00	9,676.40	12,900.00	
19. SITE MANAGEMENT PAYROLL	18,048.00	17,959.60	20,048.00	1504/M (3% inc)
20. MANAGEMENT FEE	27,072.00	25,524.00	28,224.00	\$49x48Ux12M
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	500.00	-587.00	500.00	
24. ADVERTISING	400.00	306.96	400.00	
25. TELEPHONE & ANSWERING SERVICE	1,400.00	1,231.46	1,400.00	
26. OFFICE SUPPLIES	1,850.00	2,211.69	2,000.00	
27. OFFICE FURNITURE & EQUIPMENT	876.00	1,324.18	873.00	43.29/MCompE
28. TRAINING EXPENSE	545.00	585.13	551.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	1,200.00	2,195.59	2,100.00	
30. PAYROLL TAXES	3,400.00	2,720.13	3,400.00	
31. WORKER'S COMPENSATION	800.00	791.90	825.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	350.00	394.00	350.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	60,441.00	58,537.64	64,871.00	
34. REAL ESTATE TAXES	30,000.00	12,952.64	29,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	120.00	202.78	120.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	10,584.00	9,831.00	10,878.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	200.00	0.00	200.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	40,904.00	22,986.42	40,198.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	160,712.00	132,134.33	168,860.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	41,549.15	63,128.18	38,815.15	
2. TRANSFER TO RESERVE	14,666.00	14,676.00	14,666.00	\$1223/M
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V- Reserve)	17,400.00	5,092.93	26,500.00	
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)	(17,400.00)	(5,092.93)	(26,500.00)	
8. ENDING BALANCE ((1+2)-7)	38,815.15	72,711.25	26,981.15	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	70,732.53	
ENDING BALANCE	96,697.17	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	22,881.06	
ENDING BALANCE	20,500.42	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	7,420.00	
ENDING BALANCE	7,319.00	

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	<input type="text"/>	RESERVE ACCT. REQ. BALANCE.....	<input type="text"/> 0.00
NUMBER OF APPLICANTS NEEDING RA	<input type="text"/>	AMOUNT AHEAD/BEHIND	<input type="text"/> 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	10	366.00	492.00	0.00	43,920.00	59,040.00	0.00	138.00
2	N	36	401.00	530.00	0.00	173,232.00	228,960.00	0.00	170.00
3	N	2	436.00	546.00	0.00	10,464.00	13,104.00	0.00	267.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						227,616.00	301,104.00	0.00	
						BASIC	NOTE	HUD	

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

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	10	366.00	512.00	0.00	46,320.00	61,440.00	0.00
2	N	36	421.00	550.00	0.00	181,872.00	237,600.00	0.00
3	N	2	456.00	566.00	0.00	10,944.00	13,564.00	0.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						239,136.00	312,624.00	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	10	69.00	0.00	11.00	12.00	28.00	3.00	143.00
2	N	36	108.00	0.00	15.00	16.00	28.00	3.00	170.00
3	N	2	144.00	0.00	21.00	22.00	28.00	3.00	218.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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	1,200.00	0.00	0.00	0.00	0.00	0
Refrigerator	2	1,200.00	1,892.93	0.00	0.00	1,892.93	3
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	3,200.00	0.00	0.00	0.00	0.00	0
2BR	2	3,400.00	0.00	0.00	0.00	0.00	0
3BR	1	2,100.00	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	4	14,400.00	3,200.00	0.00	0.00	3,200.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	1,000.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	0	0.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	16	26,500.00	5,092.93	0.00	0.00	5,092.93	4

PART VI -- SIGNATURES, DATES AND COMMENTS

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

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

(DATE)

(Signature of Borrower or Borrower's Representative)

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

Page 1

Line 13. Actual transfers from 1% reserve were less than budget because no flooring replacement was needed in 2016.

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

Page 2

Line 11. Actual Maintenance and Operating Expenses were 14% under budget. Turn costs were much lower than budgeted.

Line 18. Actual Utilities were 18% over budget due to lower electricity expense, lower water expense, and lower sanitation expenses than budgeted.

Line 33. Actual Administrative Expenses were 3% under budget.

Line 40. Actual Tax & Insurance Expense was 44% less than budgeted due to a lower property tax bill than budgeted.

Meadow Run Apts PH I

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	1,892.93	0.00	0.00	1,892.93	3
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Carpet & Vinyl:							
1BR	2	3,200.00	0.00	0.00	0.00	0.00	0
2BR	2	3,400.00	0.00	0.00	0.00	0.00	0
3BR	1	2,100.00	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	2	3,000.00	0.00	0.00	0.00	0.00	0
Air Conditioning	2	3,000.00	3,200.00	0.00	0.00	3,200.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing:							
Water Heater	2	800.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other:	0	0.00	0.00	0.00	0.00	0.00	0
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:	15	17,400.00	5,092.93	0.00	0.00	5,092.93	4

Yardi Classic Addendum Page

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



United States Department of Agriculture
Rural Development

NOTICE OF APPROVED RENT AND UTILITY ALLOWANCE

November 14, 2016

Ms. Libby Flemming
Investors Management Company
3548 North Crossing Circle
Valdosta, GA 31602

Dear Ms. Flemming:

You are hereby notified that Rural Development has reviewed the request for a change in shelter costs for MEADOW RUN APARTMENTS, and considered all justifications provided by project management [and comments provided by tenants]. The Rural Development has approved the following rent and utility 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:

INCREASED MAINTENANCE AND OPERATING EXPENSES

The approved changes are as follows:

Unit Size	Present Rent (Occupancy Charge)		Approved Rent (Occupancy Charge)	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	\$366	\$492	\$386	\$512
2-Bedroom	\$401	\$530	\$421	\$550
3-Bedroom	\$436	\$546	\$456	\$566

The approved utility allowance changes are as follows:

Unit Size	Present Utility Allowance	Approved Utility Allowance
1-Bedroom	\$138	\$143
2-Bedroom	\$170	\$170
3-Bedroom	\$207	\$218

955 Forrester Drive SE, Dawson, GA 39842 Phone: 229-995-5811, FAX 229-995-8414
<http://www.rurdev.usda.gov/ga/>

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

Should you have any question or concerns, you may contact Rural Development. The Rural Development Servicing Office address is USDA Rural Development, 955 Forrester Dr SE, Dawson, GA 39842.

You must notify the tenants of Rural Development's approval of the rent (occupancy charge) and utility allowance charges 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.

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

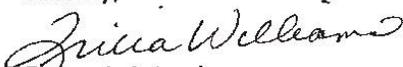
For those tenants receiving rental assistance (RA), their costs for rent (occupancy charge) and utilities will continue to be based on the higher of 30 percent of their adjusted monthly income or 10 percent of gross monthly income or if the household is receiving payments for public assistance from a 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 charge 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 appeal request should be sent to the agency.

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

Sincerely,


Jeanmarie DeLoach
Area Director

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

PROJECT NAME Meadow Run Apts PH I		BORROWER NAME Meadow Run Apts, L.p.		BORROWER ID AND PROJECT NO. 569460793 016	
Loan/Transfer Amount \$ 1,466,640.00		Note Rate Payment \$ 8,267.70		IC Payment \$ 3,107.21	
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 checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input checked="" type="checkbox"/> I hereby request _____ units of RA. Current number of RA units 19. Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET (01 - 01 - 16) (12 - 31 - 16)	ACTUAL (01 - 01 - 16) (06 - 30 - 16)	PROPOSED BUDGET (01 - 01 - 17) (12 - 31 - 17)	COMMENTS or (YTD) (01 - 01 - 16) (06 - 30 - 16)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	227,616.00	64,617.44	239,136.00	48 rent prod u
2. RHS RENTAL ASSISTANCE RECEIVED		41,121.79		
3. APPLICATION FEES RECEIVED		435.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	0.00	0.00	0.00	
6. TENANT CHARGES	3,600.00	1,640.56	3,200.00	
7. OTHER - PROJECT SOURCES	0.00	0.00	0.00	misc income
8. LESS (Vacancy and Contingency Allowance)	(13,657.00)		(14,348.00)	6%
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	217,559.00	107,814.79	227,988.00	
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	17,400.00	3,200.00	26,500.00	
14. SUB-TOTAL (11 thru 13)	17,400.00	3,200.00	26,500.00	
15. TOTAL CASH SOURCES (10+14)	234,959.00	111,014.79	254,488.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	160,712.00	67,808.35	168,860.00	
17. RHS DEBT PAYMENT	37,287.00	18,643.26	37,287.00	
18. RHS PAYMENT (Overage)		1,390.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		2,349.00		
22. TRANSFER TO RESERVE	14,666.00	7,338.00	14,666.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	3,629.00	3,629.00	3,629.00	2016 RTO to b
24. SUB-TOTAL (16 thru 23)	216,294.00	101,157.61	224,442.00	
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)	17,400.00	3,200.00	26,500.00	
27. MISCELLANEOUS	0.00	0.00	0.00	
28. SUB-TOTAL (25 thru 27)	17,400.00	3,200.00	26,500.00	
29. TOTAL CASH USES (24+28)	233,694.00	104,357.61	250,942.00	
30. NET CASH (DEFICIT) (15-29)	1,265.00	6,657.18	3,546.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	29,482.64	93,613.59	30,747.64	
32. ACCRUAL TO CASH ADJUSTMENT		0.00		
33. ENDING CASH BALANCE (30+31+32)	30,747.64	100,270.77	34,293.64	

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	17,500.00	7,740.00	17,500.00	
2. MAINTENANCE AND REPAIRS SUPPLY	11,000.00	8,032.77	16,100.00	
3. MAINTENANCE AND REPAIRS CONTRACT	0.00	0.00	0.00	
4. PAINTING	8,500.00	925.00	6,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	7,276.00	3,600.00	8,200.00	600/M + 1000
8. SERVICES	3,091.00	752.10	3,091.00	125.35/MPestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize)	200.00	116.00	200.00	UA calc fee
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	47,567.00	21,165.87	51,091.00	
12. ELECTRICITY <input type="checkbox"/> If master metered	6,600.00	3,225.75	7,000.00	
13. WATER <input type="checkbox"/> check box on	2,100.00	758.85	2,000.00	
14. SEWER <input type="checkbox"/> front.	1,000.00	752.00	2,000.00	
15. FUEL (Oil/Coal/Gas)	100.00	46.50	100.00	
16. GARBAGE & TRASH REMOVAL	2,000.00	469.91	1,800.00	
17. OTHER UTILITIES	0.00	54.24	0.00	Other
18. SUB-TOTAL UTILITIES (12 thru 17)	11,800.00	5,307.25	12,900.00	
19. SITE MANAGEMENT PAYROLL	18,048.00	8,808.80	20,048.00	1504/M (3% inc
20. MANAGEMENT FEE	27,072.00	12,458.00	28,224.00	\$49x48Ux12M
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	500.00	-41.00	500.00	
24. ADVERTISING	400.00	126.78	400.00	
25. TELEPHONE & ANSWERING SERVICE	1,400.00	685.54	1,400.00	
26. OFFICE SUPPLIES	1,850.00	1,115.96	2,000.00	
27. OFFICE FURNITURE & EQUIPMENT	876.00	613.70	873.00	43.29/MCompE
28. TRAINING EXPENSE	545.00	253.96	551.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	1,200.00	1,021.35	2,100.00	
30. PAYROLL TAXES	3,400.00	1,408.65	3,400.00	
31. WORKER'S COMPENSATION	800.00	772.71	825.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	350.00	347.00	350.00	Prop tax consu
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	60,441.00	31,451.45	64,671.00	
34. REAL ESTATE TAXES	30,000.00	0.00	29,000.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	120.00	52.78	120.00	reg fee
37. PROPERTY & LIABILITY INSURANCE	10,584.00	9,831.00	10,878.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	200.00	0.00	200.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	40,904.00	9,883.78	40,198.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	160,712.00	67,808.35	168,860.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	41,549.15	63,128.18	38,815.15	
2. TRANSFER TO RESERVE	14,666.00	7,338.00	14,666.00	\$1223/M
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)	17,400.00	3,200.00	26,500.00	
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)	(17,400.00)	(3,200.00)	(26,500.00)	
8. ENDING BALANCE [(1+2)-7]	38,815.15	67,266.18	26,981.15	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	70,732.53	
ENDING BALANCE	75,393.71	

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

BEGINNING BALANCE	22,881.06	
ENDING BALANCE	24,877.06	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	7,420.00	
ENDING BALANCE	7,035.00	

(*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	10	366.00	492.00	0.00	43,920.00	59,040.00	0.00	138.00
2	N	36	401.00	530.00	0.00	173,232.00	228,960.00	0.00	170.00
3	N	2	436.00	546.00	0.00	10,464.00	13,104.00	0.00	207.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						227,616.00	301,104.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 01 / 01 / 17

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	10	386.00	512.00	0.00	46,320.00	61,440.00	0.00	
2	N	36	421.00	550.00	0.00	181,872.00	237,600.00	0.00	
3	N	2	456.00	566.00	0.00	10,944.00	13,584.00	0.00	
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						239,136.00	312,624.00	0.00	
						BASIC	NOTE	HUD	

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 01 / 01 / 17

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	10	89.00	0.00	11.00	12.00	28.00	3.00	143.00
2	N	36	108.00	0.00	15.00	16.00	28.00	3.00	170.00
3	N	2	144.00	0.00	21.00	22.00	28.00	3.00	218.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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	1,200.00	0.00	0.00	0.00	0.00	C
Refrigerator	2	1,200.00	0.00	0.00	0.00	0.00	C
Range Hood	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	3,200.00	0.00	0.00	0.00	0.00	C
2BR	2	3,400.00	0.00	0.00	0.00	0.00	C
3BR	1	2,100.00	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	4	14,400.00	3,200.00	0.00	0.00	3,200.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	2	1,000.00	0.00	0.00	0.00	0.00	C
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
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		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:	15	26,500.00	3,200.00	0.00	0.00	3,200.00	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:

- A) Meadow Run Apartments Phase I is a 49 unit family complex in Dawson, GA. The property has 10 1-BR units, 36 2-BR units, 2 3-BR units, and 1 res. man. unit. The property has 19 RA units and more RA is needed and is requested in the budget. Occupancy has been stable this year but the property has had trouble renting units in the past. The property has 48 revenue producing units and 1 non-revenue producing unit.
- B) The property is in compliance with its loan agreement and RD regulations. The property is in compliance with its 504 accessibility plan.
- C) The property's financial status is stable. The 1% reserve is at or ahead of its required balance.
- D) There are no expense category subtotals that exceed the 10% threshold. Administrative Expenses are 27% of Gross Potential and within the 27% threshold used by the state of Georgia.
- E) 2017 projected capital expenditures and reserve withdrawal
 - Replacement of appliances
 - Carpet and vinyl
 - HVAC units
 - Water Heaters
 - 1% Estimate \$26,500
- Projected capital needs 2018-2020
 - Replacement of appliances
 - Carpet and vinyl
 - HVAC units
 - Under-slab water leaks
 - Exterior painting of doors and trim
 - Estimate \$43,000
- F) The 2017 proposed budget includes a rent increase of \$20 per unit per month. The rent increase is needed because of projected increases in operating and maintenance expenses. We are requesting an increase in the 1-BR utility allowance from \$138 to \$143, no overall change in the 2-BR utility allowance, and an increase in the 3-BR utility allowance from \$207 to \$218. 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 financially stable. The proposed rates are reasonable for the market area. The 1% reserve is at or ahead of its required balance and the property is in compliance with its loan agreement and RD regulations.

Meadow Run Apts PH I

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	C
Refrigerator	2	1,100.00	0.00	0.00	0.00	0.00	C
Range Hood	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Carpet & Vinyl:							
1BR	2	3,200.00	0.00	0.00	0.00	0.00	C
2BR	2	3,400.00	0.00	0.00	0.00	0.00	C
3BR	1	2,100.00	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	2	3,000.00	0.00	0.00	0.00	0.00	C
Air Conditioning	2	3,000.00	3,200.00	0.00	0.00	3,200.00	1
Other:	0	0.00	0.00	0.00	0.00	0.00	C
Plumbing:							
Water Heater	2	800.00	0.00	0.00	0.00	0.00	C
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	C
Faucets	0	0.00	0.00	0.00	0.00	0.00	C
Toilets	0	0.00	0.00	0.00	0.00	0.00	C
Other:	0	0.00	0.00	0.00	0.00	0.00	C
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		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:	15	17,400.00	3,200.00	0.00	0.00	3,200.00	1

Warnings:

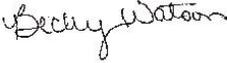
There are fines and imprisonment for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C. 1001).

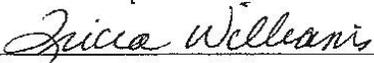
There are fines and imprisonment for anyone who misuses rents and proceeds in violation of Rural Development regulations relative to this project. (Section 543 of the Housing Act of 1949).

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. 83560.461(b). The penalties could be as much as \$50,000 per violation (Section 543 (b) of the Housing Act of 1949).

By Project Borrower: Dawson Elderly, LP
Name/Title: David A. Brown
Signature:  **Date:** 09-01-2016

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

By Servicing Official:
Name/Title:
Signature:  **Date:** 10-21-16

Report: FIN1000

Multi-Family Information System (MFIS)
Proposed Budget

Date: 11/1/2016
Page: 9 of 9

Project Name: MEADOW RUN APTS	State: 11	Servicing Office: 603	County: 35
Borrower Name: MEADOW RUN APTS LP	Borr ID: 569460793	Prj Nbr: 01-6	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 APPROVED	Totals: By Project Analyzed: Y

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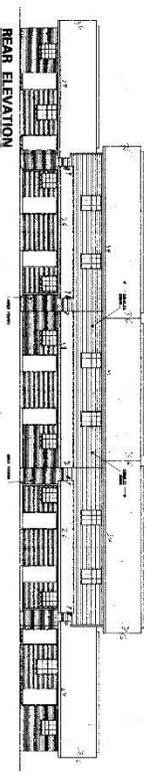
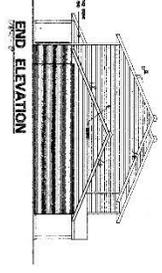
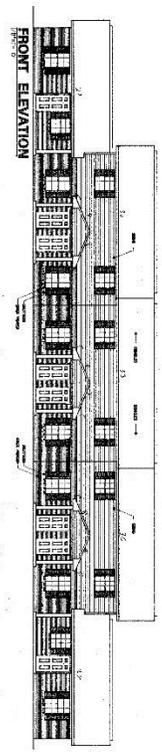
I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

<u>09/20/2016</u> (Date Submitted)	<u>INVESTORS MANAGEMENT COMPANY</u> (Management Agency)	<u>MA734116</u> (MA#)
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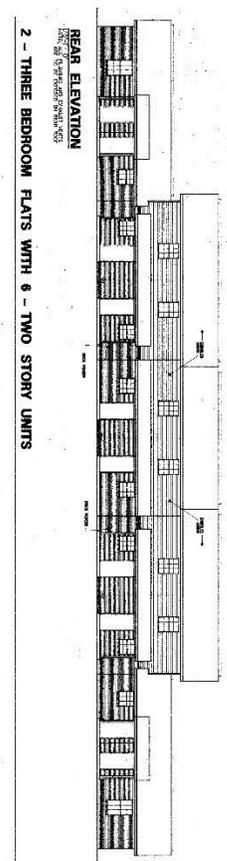
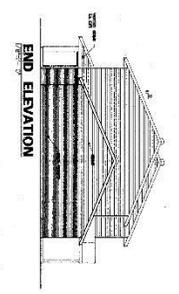
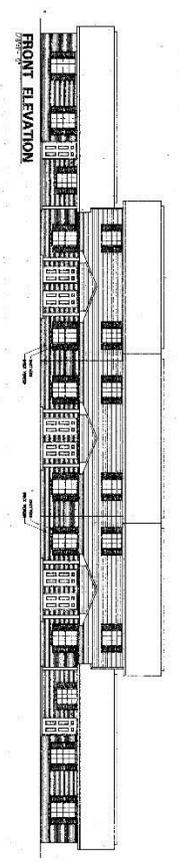
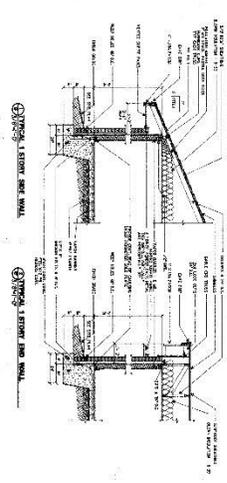
_____ (Date)	_____ (Signature of Borrower or Borrower's Representative)
-----------------	---

(Title)

<u><i>Tricia Williams</i></u> Agency Approval (Rural Development Approval Official):	<u>10-21-16</u> (Date)
---	---------------------------



2 - ONE BEDROOM FLATS WITH 6 - TWO STORY UNITS



2 - THREE BEDROOM FLATS WITH 6 - TWO STORY UNITS

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EL

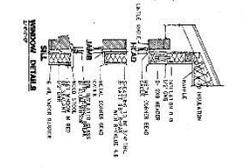
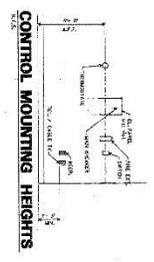
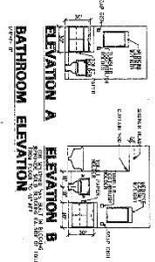
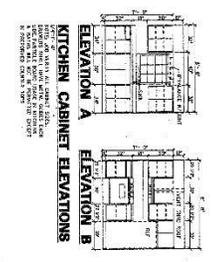
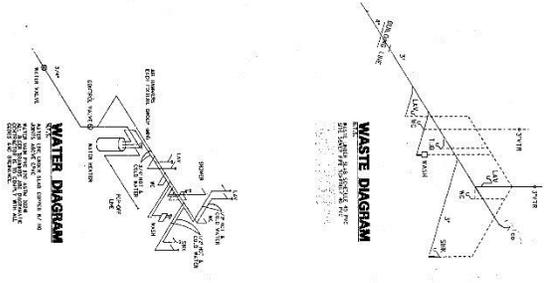
ELLIS, RICKET & ASSOCIATES
ARCHITECTS
 Post Office Box 2977 Valdez, Georgia 31101 Telephone (912) 242-3556

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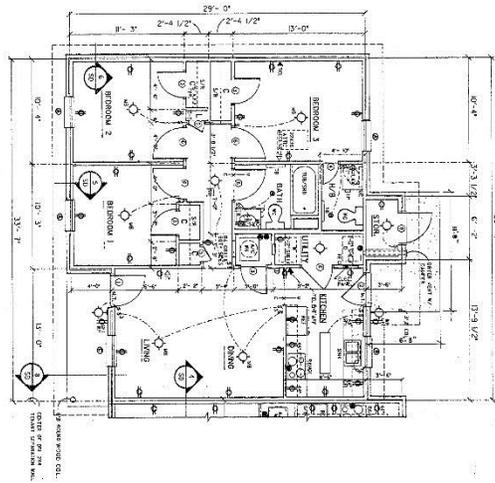
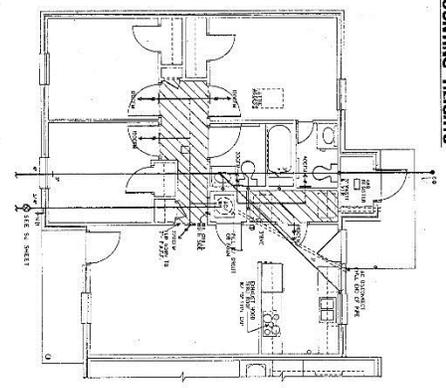
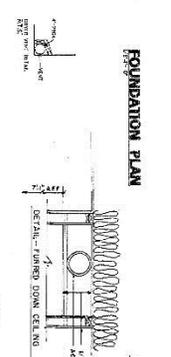
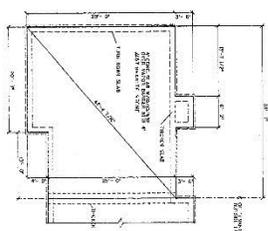
NO.	DESCRIPTION	UNIT	QTY.	REMARKS
1	CEILING	SQUARE FT.	1,200	
2	FLOOR	SQUARE FT.	1,200	
3	WALLS	SQUARE FT.	1,200	
4	DOORS	SQUARE FT.	1,200	
5	WINDOWS	SQUARE FT.	1,200	
6	PAINT	SQUARE FT.	1,200	
7	PLASTER	SQUARE FT.	1,200	
8	TRIM	SQUARE FT.	1,200	
9	MECHANICAL	SQUARE FT.	1,200	
10	ELECTRICAL	SQUARE FT.	1,200	
11	FINISH	SQUARE FT.	1,200	
12	FIXTURES	SQUARE FT.	1,200	
13	APPLIANCES	SQUARE FT.	1,200	
14	MECHANICAL	SQUARE FT.	1,200	
15	ELECTRICAL	SQUARE FT.	1,200	
16	FINISH	SQUARE FT.	1,200	
17	FIXTURES	SQUARE FT.	1,200	
18	APPLIANCES	SQUARE FT.	1,200	
19	MECHANICAL	SQUARE FT.	1,200	
20	ELECTRICAL	SQUARE FT.	1,200	
21	FINISH	SQUARE FT.	1,200	
22	FIXTURES	SQUARE FT.	1,200	
23	APPLIANCES	SQUARE FT.	1,200	
24	MECHANICAL	SQUARE FT.	1,200	
25	ELECTRICAL	SQUARE FT.	1,200	
26	FINISH	SQUARE FT.	1,200	
27	FIXTURES	SQUARE FT.	1,200	
28	APPLIANCES	SQUARE FT.	1,200	
29	MECHANICAL	SQUARE FT.	1,200	
30	ELECTRICAL	SQUARE FT.	1,200	

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24	MECHANICAL	SQUARE FT.	1,200	
25	ELECTRICAL	SQUARE FT.	1,200	
26	FINISH	SQUARE FT.	1,200	
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28	APPLIANCES	SQUARE FT.	1,200	
29	MECHANICAL	SQUARE FT.	1,200	
30	ELECTRICAL	SQUARE FT.	1,200	

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28	APPLIANCES	SQUARE FT.	1,200	
29	MECHANICAL	SQUARE FT.	1,200	
30	ELECTRICAL	SQUARE FT.	1,200	



- NOTES:
1. SEE GENERAL NOTES ON DRAWING SHEET NO. 1.
 2. ALL DIMENSIONS ARE IN FEET AND INCHES UNLESS OTHERWISE NOTED.
 3. FINISHES ARE AS NOTED ON DRAWING SHEET NO. 1.
 4. SEE SPECIFICATIONS FOR MATERIALS AND METHODS OF CONSTRUCTION.
 5. SEE SPECIFICATIONS FOR MECHANICAL AND ELECTRICAL SYSTEMS.
 6. SEE SPECIFICATIONS FOR PAINTS AND FINISHES.
 7. SEE SPECIFICATIONS FOR GLASS AND GLAZING.
 8. SEE SPECIFICATIONS FOR ROOFING AND FLOORING.
 9. SEE SPECIFICATIONS FOR CEILING AND WALL SYSTEMS.
 10. SEE SPECIFICATIONS FOR DOORS AND WINDOWS.
 11. SEE SPECIFICATIONS FOR STAIRS AND ELEVATORS.
 12. SEE SPECIFICATIONS FOR SPECIAL FEATURES AND EQUIPMENT.



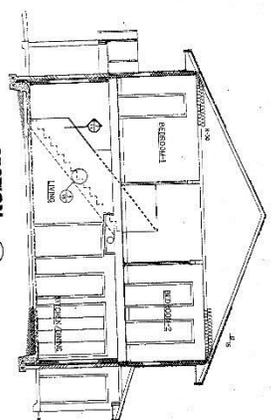
ELLIS, RICKET & ASSOCIATES
ARCHITECTS
 Post Office Box 2077 Valdosta, Georgia 31601 Telephone (912) 942-3556

THREE BEDROOM UNIT

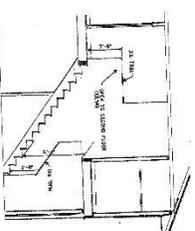
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SECTION 1-1



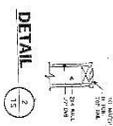
SECTION 2-2



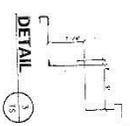
ELEVATION A ELEVATION B
KITCHEN CABINET ELEVATIONS



ELEVATION A ELEVATION B
BATHROOM ELEVATIONS



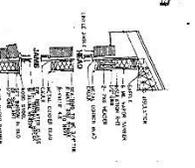
DETAIL 1-1



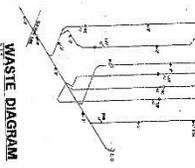
DETAIL 2-2

NOTES:
1. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE BUILDBOOK OF AMERICA AND THE NATIONAL BUILDING CODE.
2. ALL MATERIALS SHALL BE OF THE BEST QUALITY AVAILABLE.
3. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE BUILDBOOK OF AMERICA AND THE NATIONAL BUILDING CODE.
4. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE BUILDBOOK OF AMERICA AND THE NATIONAL BUILDING CODE.
5. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE BUILDBOOK OF AMERICA AND THE NATIONAL BUILDING CODE.

NO.	DESCRIPTION	QTY.	UNIT	PRICE	TOTAL
1	FOUNDATION				
2	FLOORING				
3	CEILING				
4	PAINT				
5	PLUMBING				
6	ELECTRICAL				
7	MECHANICAL				
8	LANDSCAPE				
9	PERMITS				
10	TOTAL				



WATER DIAGRAM



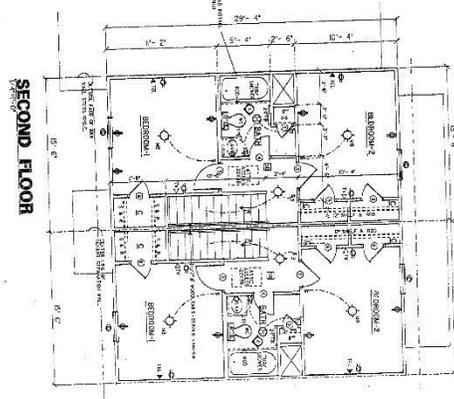
WASTE DIAGRAM



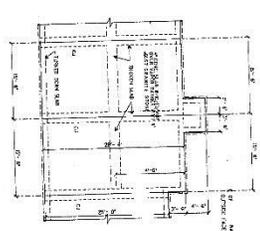
CONTROL MOUNTING HEIGHTS

DOOR SCHEDULE

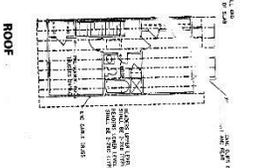
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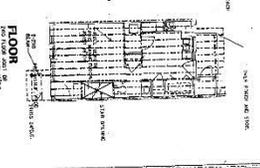
SECOND FLOOR



FOUNDATION PLAN



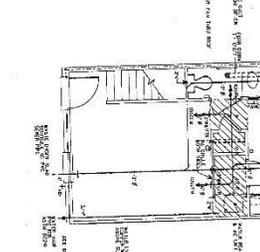
ROOF



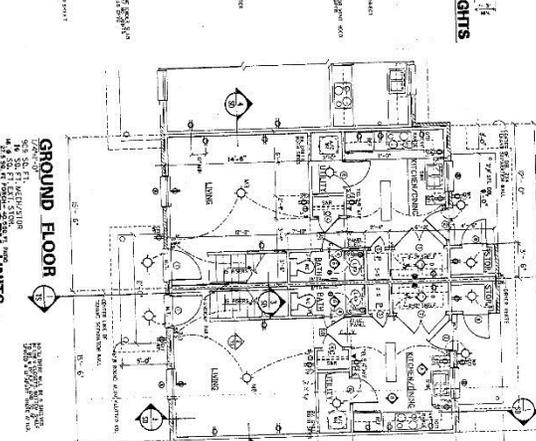
FLOOR



HVAC & PLUMBING PLANS



CONTROL MOUNTING HEIGHTS



GROUND FLOOR

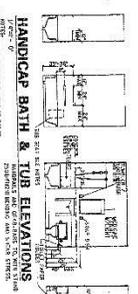
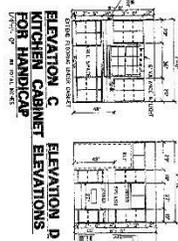
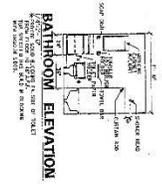
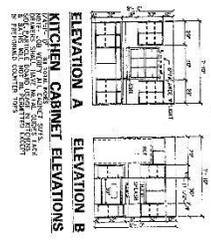
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ARCHITECTS
Post Office Box 7877 Valdosta, Georgia 31601 Telephone (812) 242-2506

NO.	DESCRIPTION	QTY.	UNIT	PRICE	TOTAL
1	FOUNDATION				
2	FLOORING				
3	CEILING				
4	PAINT				
5	PLUMBING				
6	ELECTRICAL				
7	MECHANICAL				
8	LANDSCAPE				
9	PERMITS				
10	TOTAL				

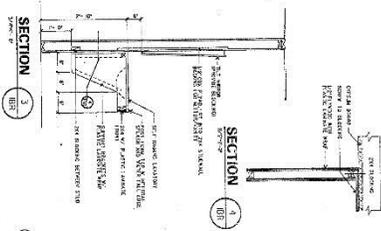
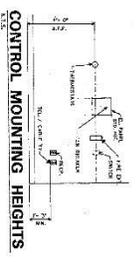




- NOTES:**
1. ALL DIMENSIONS ARE UNLESS OTHERWISE NOTED.
 2. FINISHES ARE TO BE SHOWN ON ALL SURFACES.
 3. ALL WALLS TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 4. ALL FLOORS TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 5. ALL CEILING TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 6. ALL DOORS TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 7. ALL WINDOWS TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 8. ALL LIGHT FIXTURES TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 9. ALL ELECTRICAL TO BE FINISHED WITH 1/2" GYPSUM BOARD.
 10. ALL MECHANICAL TO BE FINISHED WITH 1/2" GYPSUM BOARD.

FINISH SCHEDULE

NO.	DESCRIPTION	FINISH
1	WALLS	1/2" GYPSUM BOARD
2	FLOORS	1/2" GYPSUM BOARD
3	CEILING	1/2" GYPSUM BOARD
4	DOORS	1/2" GYPSUM BOARD
5	WINDOWS	1/2" GYPSUM BOARD
6	LIGHT FIXTURES	1/2" GYPSUM BOARD
7	ELECTRICAL	1/2" GYPSUM BOARD
8	MECHANICAL	1/2" GYPSUM BOARD



DOOR SCHEDULE

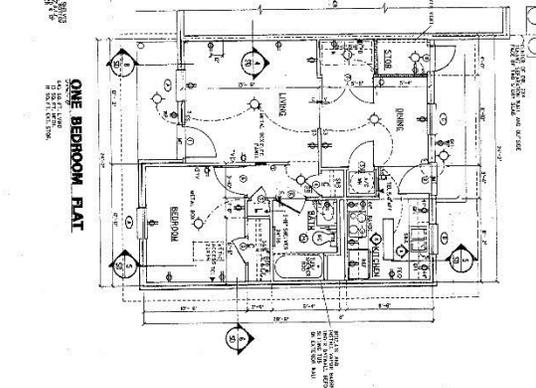
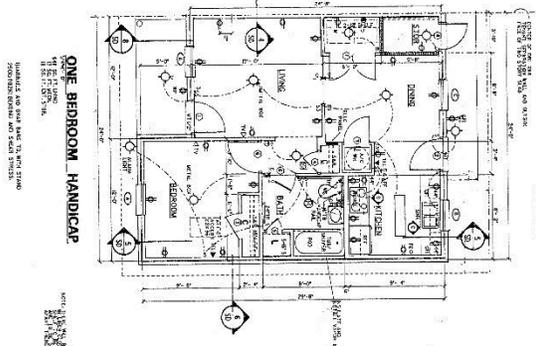
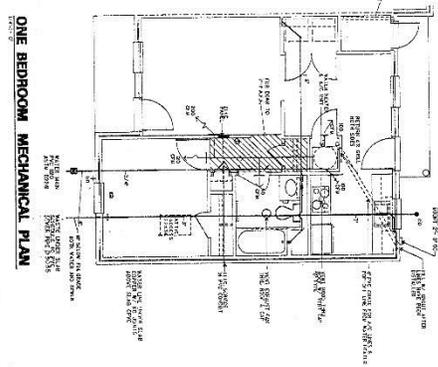
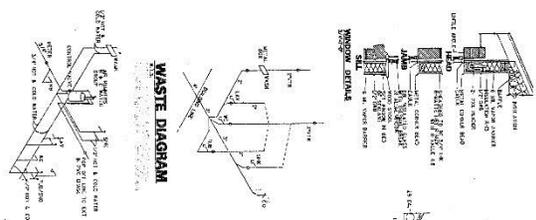
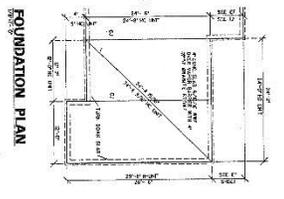
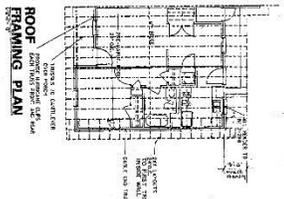
NO.	DESCRIPTION	FINISH
1	WALLS	1/2" GYPSUM BOARD
2	FLOORS	1/2" GYPSUM BOARD
3	CEILING	1/2" GYPSUM BOARD
4	DOORS	1/2" GYPSUM BOARD
5	WINDOWS	1/2" GYPSUM BOARD
6	LIGHT FIXTURES	1/2" GYPSUM BOARD
7	ELECTRICAL	1/2" GYPSUM BOARD
8	MECHANICAL	1/2" GYPSUM BOARD

WINDOW SCHEDULE

NO.	DESCRIPTION	FINISH
1	WALLS	1/2" GYPSUM BOARD
2	FLOORS	1/2" GYPSUM BOARD
3	CEILING	1/2" GYPSUM BOARD
4	DOORS	1/2" GYPSUM BOARD
5	WINDOWS	1/2" GYPSUM BOARD
6	LIGHT FIXTURES	1/2" GYPSUM BOARD
7	ELECTRICAL	1/2" GYPSUM BOARD
8	MECHANICAL	1/2" GYPSUM BOARD

LIGHT FIXTURE SCHEDULE

NO.	DESCRIPTION	FINISH
1	WALLS	1/2" GYPSUM BOARD
2	FLOORS	1/2" GYPSUM BOARD
3	CEILING	1/2" GYPSUM BOARD
4	DOORS	1/2" GYPSUM BOARD
5	WINDOWS	1/2" GYPSUM BOARD
6	LIGHT FIXTURES	1/2" GYPSUM BOARD
7	ELECTRICAL	1/2" GYPSUM BOARD
8	MECHANICAL	1/2" GYPSUM BOARD



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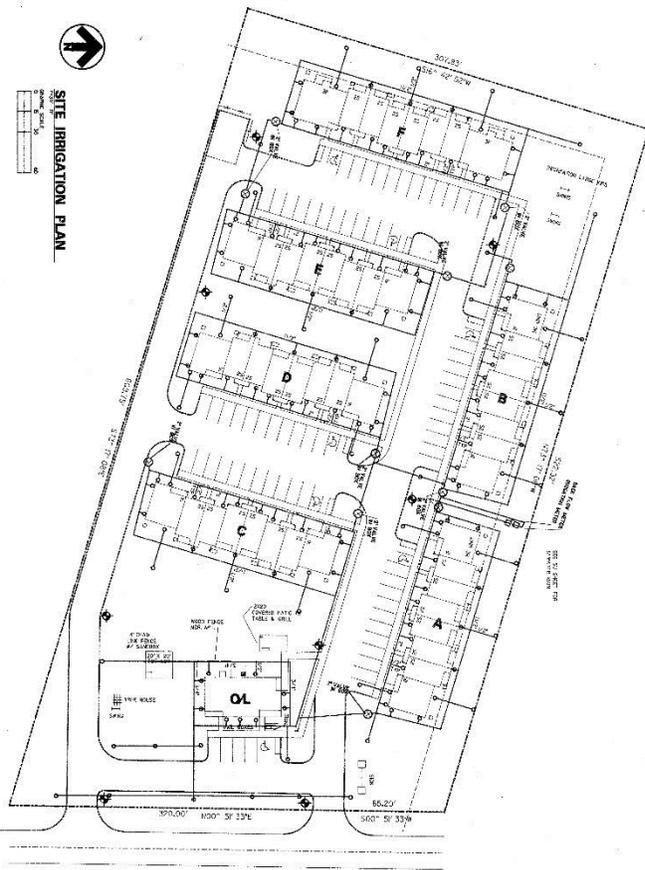
REVISIONS

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	10/15/82
2	ISSUED FOR CONSTRUCTION	10/15/82
3	ISSUED FOR OCCUPANCY	10/15/82





SITE IRRIGATION PLAN



1. ALL IRRIGATION LINES TO BE INSTALLED IN ACCORDANCE WITH THE IRRIGATION CODE OF THE STATE OF GEORGIA AND THE IRRIGATION CODE OF THE CITY OF VALOOSTA, GEORGIA.

DATE: 11/15/84
DRAWN BY: J. R. RICKET
CHECKED BY: J. R. RICKET
APPROVED BY: J. R. RICKET

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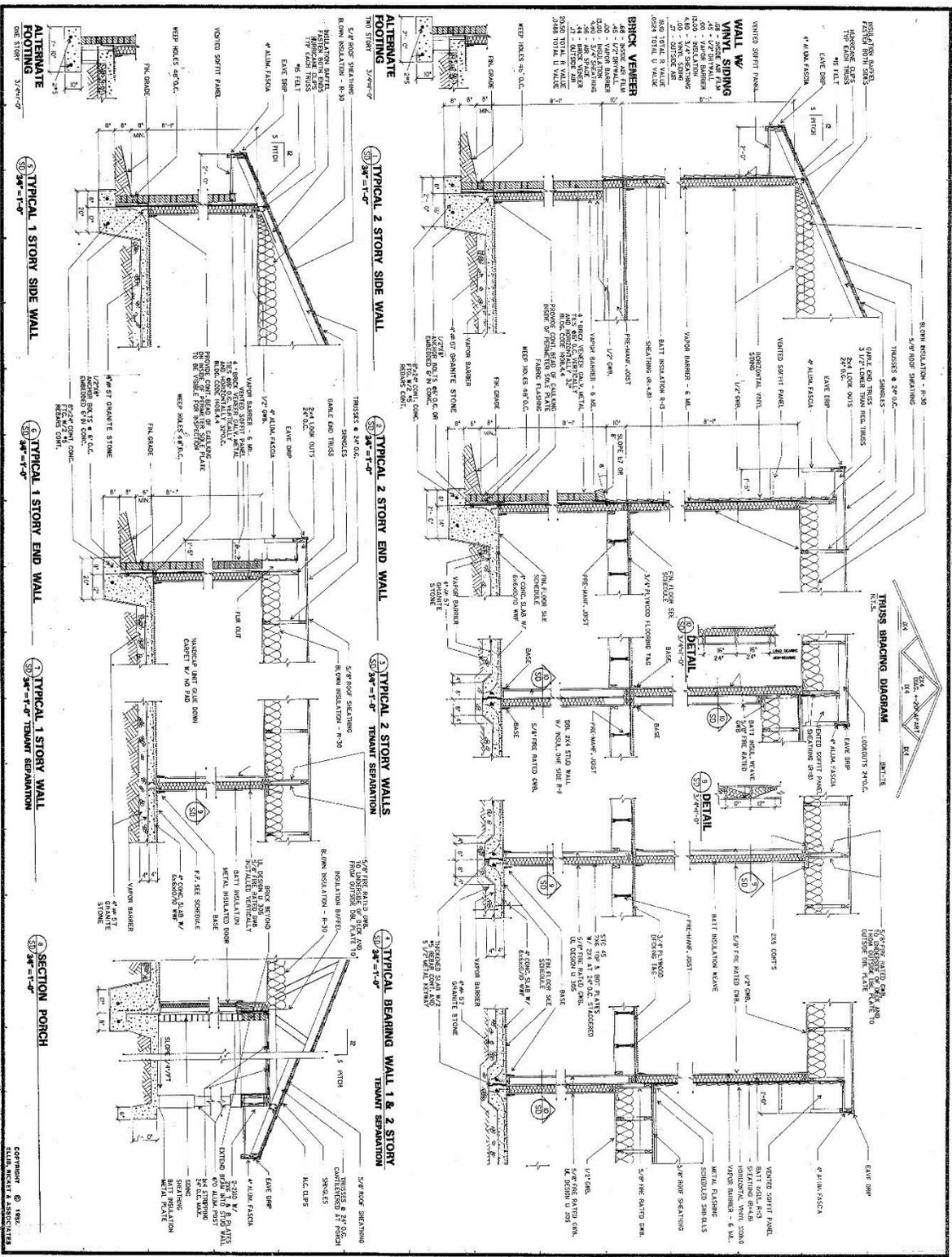
ELLIS, RICKET & ASSOCIATES
A R C H I T E C T S

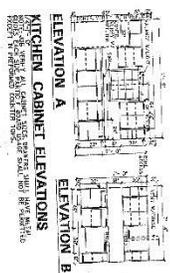
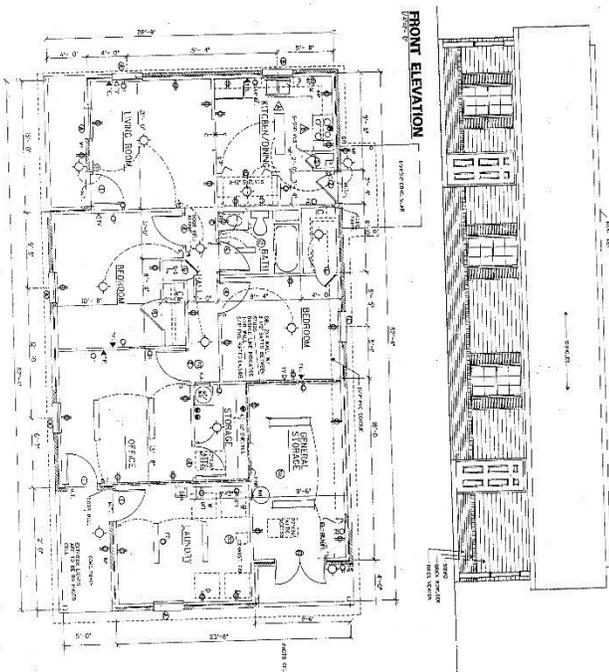
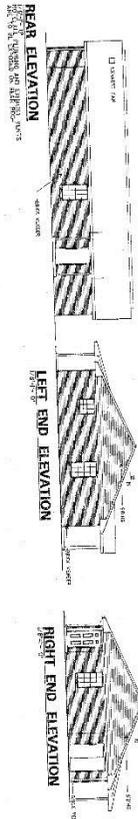
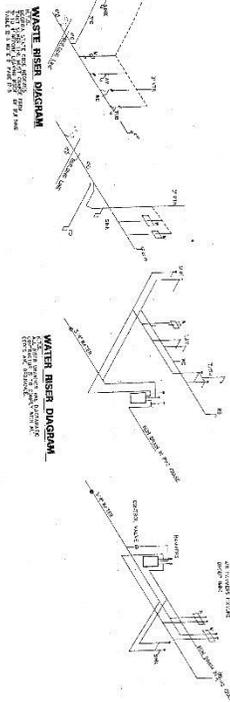
Post Office Box 2977 Valosta, Georgia 31601 Telephone (912) 242-3506

MISSION RUN APARTMENTS, L.P.
SHEETS

DATE	11/15/84
PROJECT	MISSION RUN APARTMENTS, L.P.
SHEET NO.	1
TOTAL SHEETS	1
SCALE	AS SHOWN
DESIGNED BY	J. R. RICKET
CHECKED BY	J. R. RICKET
APPROVED BY	J. R. RICKET
DATE	11/15/84







FINISH SCHEDULE

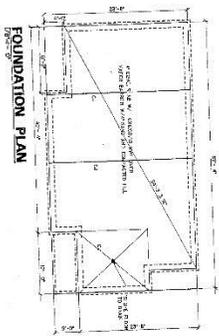
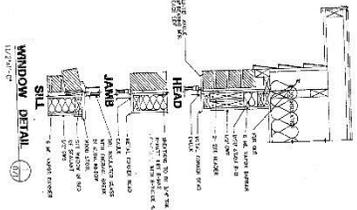
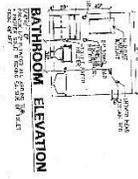
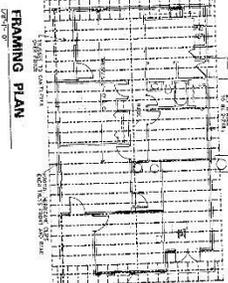
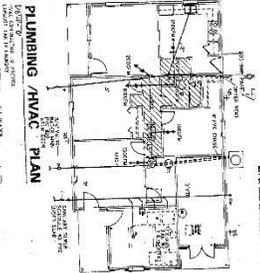
NO.	DESCRIPTION	QTY.	UNIT
1	CEILING		SQ. FT.
2	FLOOR		SQ. FT.
3	WALL		SQ. FT.
4	DOOR		EA.
5	WINDOW		EA.
6	STAIR		SQ. FT.
7	ROOF		SQ. FT.
8	PAINT		SQ. YD.
9	GLASS		SQ. FT.
10	IRONING		SQ. FT.
11	BRICK		SQ. FT.
12	CONCRETE		SQ. FT.
13	PLASTER		SQ. FT.
14	TRUSS		SQ. FT.
15	RAFTER		SQ. FT.
16	JOIST		SQ. FT.
17	BEAM		SQ. FT.
18	POST		SQ. FT.
19	TRUSS		SQ. FT.
20	RAFTER		SQ. FT.
21	JOIST		SQ. FT.
22	BEAM		SQ. FT.
23	POST		SQ. FT.

DOOR SCHEDULE

NO.	DESCRIPTION	QTY.	UNIT
1	DOOR		EA.
2	DOOR		EA.
3	DOOR		EA.
4	DOOR		EA.
5	DOOR		EA.
6	DOOR		EA.
7	DOOR		EA.
8	DOOR		EA.
9	DOOR		EA.
10	DOOR		EA.
11	DOOR		EA.
12	DOOR		EA.
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14	DOOR		EA.
15	DOOR		EA.
16	DOOR		EA.
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19	DOOR		EA.
20	DOOR		EA.
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WINDOW SCHEDULE

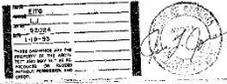
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8	WINDOW		EA.
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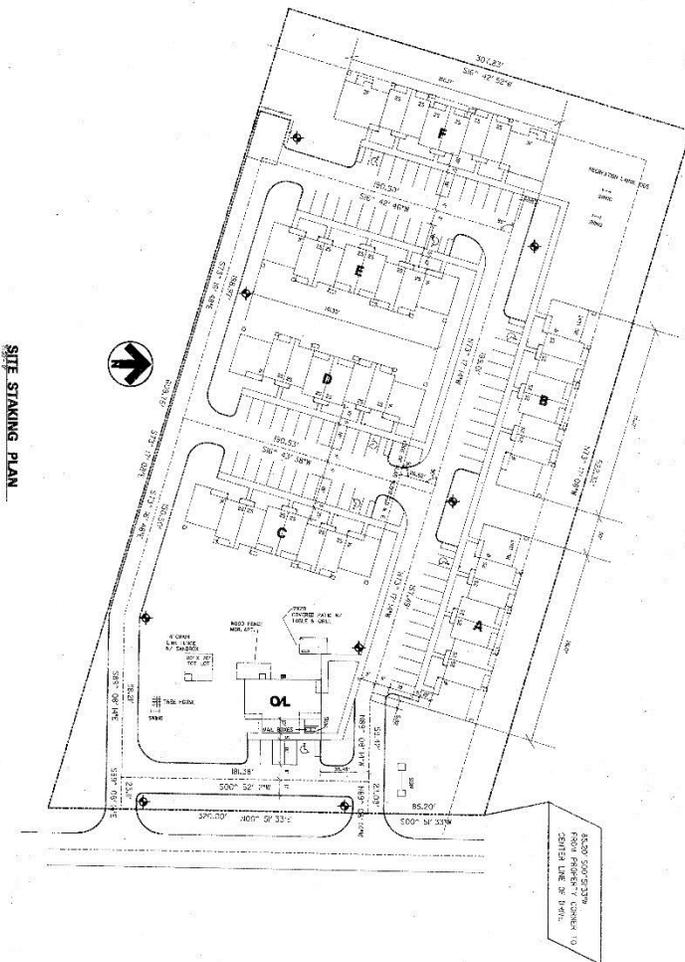
COMPILED BY
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ELLIS, RICKET & ASSOCIATES
 ARCHITECTS
 Post Office Box 2077, Valdosta, Georgia 31001 Telephone (912) 242-3555

01



OFFICE / P.O. BOX 2077



SITE STAKING PLAN

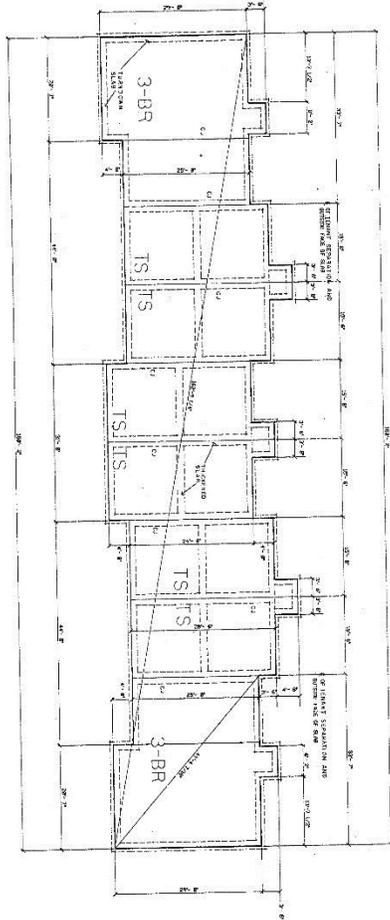
DRAWN BY: _____
 CHECKED BY: _____
 DATE: _____
 PROJECT: _____
 CONTRACTOR: _____
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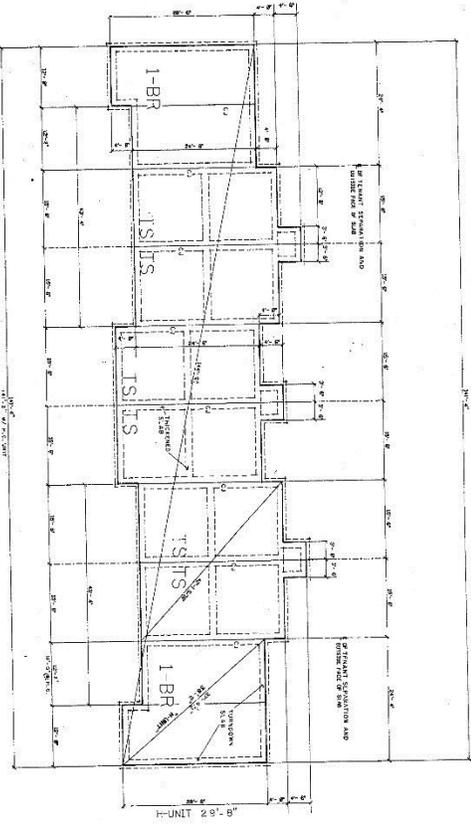
ELLIS, RICKET & ASSOCIATES
ARCHITECTS
 Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 242-3556
 MEADOW RUN APARTMENTS, L.P.
 RECORD

NO.	DATE	DESCRIPTION





FOUNDATION PLAN 3-BR AND TS



FOUNDATION PLAN 1-BR AND TS

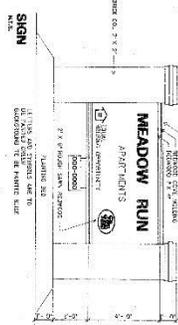
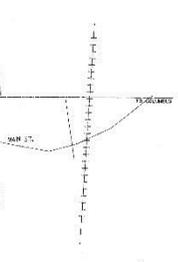
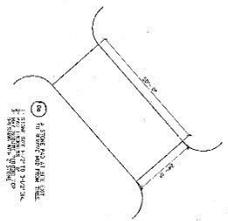
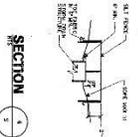
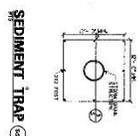
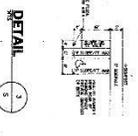
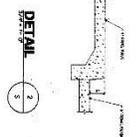
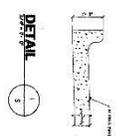
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ARCHITECTS
 Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 242-3555
 FOUNDATION PLANS
 1BR & TH / 3BR & TH

DATE	1/10/82
REVISION	1
BY	ELLIS, RICKET & ASSOCIATES
FOR	FOUNDATION PLANS
PROJECT NO.	2977
SCALE	AS SHOWN
DESIGNED BY	ELLIS, RICKET & ASSOCIATES
CHECKED BY	ELLIS, RICKET & ASSOCIATES
APPROVED BY	ELLIS, RICKET & ASSOCIATES





NO.	DESCRIPTION	DETAIL
100	CONCRETE	1
101	BRICK	2
102	WOOD	3
103	GLASS	4
104	PAINT	5
105	ROOFING	6
106	MECHANICAL	7
107	ELECTRICAL	8
108	PLUMBING	9
109	LANDSCAPE	10
110	UTILITIES	11
111	FINISHES	12
112	FIXTURES	13
113	EQUIPMENT	14
114	ACCESSORIES	15
115	DETAILS	16
116	CONNECTIONS	17
117	TRANSITIONS	18
118	TERMINATIONS	19
119	ADJUSTERS	20
120	FASTENERS	21
121	COVERS	22
122	TRIM	23
123	MOULDINGS	24
124	BASES	25
125	HEADS	26
126	TAILS	27
127	ENDS	28
128	JUNCTIONS	29
129	CORNERS	30
130	EDGES	31
131	VERTICALS	32
132	HORIZONTALS	33
133	DIAGONALS	34
134	CIRCLES	35
135	SQUARES	36
136	RECTANGLES	37
137	TRIANGLES	38
138	ELLIPSES	39
139	ARCS	40
140	SPHERES	41
141	CYLINDERS	42
142	CONES	43
143	FRUSTUMS	44
144	SECTIONS	45
145	DETAILS	46
146	CONNECTIONS	47
147	TRANSITIONS	48
148	TERMINATIONS	49
149	ADJUSTERS	50
150	FASTENERS	51
151	COVERS	52
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166	RECTANGLES	67
167	TRIANGLES	68
168	ELLIPSES	69
169	ARCS	70
170	SPHERES	71
171	CYLINDERS	72
172	CONES	73
173	FRUSTUMS	74
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175	DETAILS	76
176	CONNECTIONS	77
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178	TERMINATIONS	79
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180	FASTENERS	81
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446	CONNECTIONS	347
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448	TERMINATIONS	349
449	ADJUSTERS	350
450	FASTENERS	351
451	COVERS	352
452	TRIM	353
453	MOULDINGS	354
454	BASES	355
455	HEADS	356
45		

DIRECTIONS FOR COMPLETING THIS FORM

- (1) All line items and columns must be complete with either N/A (not applicable) or a description, percentage, quantity, unit, and cost. This form represents the minimum detail of scope that must be reported; additional line items may be added. Quantities and the approximate percentage of demolition or replacement are of utmost importance. These must clearly demonstrate the extent of the proposed work within the context of the entire existing property.
- (2) Contractor Services shall not be included on this form.
- (3) No new construction should be included in this form; the construction of new community buildings and/or additional units should not be included on this form.
- (4) The total costs should tie back to the 'Uses' statement in the Application.

2015 REHABILITATION WORK SCOPE

PROJECT NAME: Meadow Run I	YEAR BUILT: 1993
PROJECT LOCATION: 675 Meadow Run Lane SE	UNIT COUNT: 49
	GROSS SQUARE FOOTAGE: 41,848

CSI DIVISION	TRADE ITEM	Describe scope: materials, performance specifications	Percentage of total existing to be demoed or replaced	QUANTITY	UNIT (sf, lf, ea, cy, sq, etc.)	UNIT COST	TOTAL (quantity * unit cost)
24	n/a						\$0
24	Accessibility	Two - 1 Bedroom accessible Units and One - 3 Bedroom Accessible units, Demo existing kitchen, bathroom, HVAC, and part of bedroom walls. Demo bathroom concrete floor to relocate plumbing. Relocate laundry room and HVAC closet. Frame new walls, install new plumbing lines, new electrical lines in walls that were moved. Install new drywall, paint and floor covering. Provide one sight and hearing impaired kit to be left in office for the manager.	65	3	Arqs.	17540	\$52,620
24	convert existing units to UFAS-complaint units	Blocking missing in bathrooms for Grabbars	100	25	units	265	\$6,625
24	retrofit existing units for Fair Housing compliance	Laundry sink not accessible	100	1	each	440	\$440
24	retrofit existing clubhouse to meet UFAS, Fair Housing, & ADA	8% of the Main Sidewalks cross slope exceeds 2% and must be redone to have a 2% or less cross slope. 10 of the Entrance walks have sunk, causing a tripping hazard going to the front porch of the units. several main sidewalks have raised concrete causing tripping hazards. .3 Handicap parking spaces have a slope greater than 2% slope and cross slope and need to be redone.	34	594.5	SF	5.5	\$32,148
	Total (Accessibility)						\$91,933
37	2	Demolition 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					\$0
30		regrade for elimination of erosion situations	8	64.5	LF	45	\$29,025
34	2	Landscaping & irrigation					\$0
34		sodding/seeding					\$0

ADDENDUM D

ARTICLE VI
R-2, ONE, TWO-FAMILY AND MULTIPLE-FAMILY RESIDENTIAL DISTRICT

SECTION 6.01. STATEMENT OF PURPOSE. The intent of the R-2 Residential District is to provide for medium to high density residential development; to provide for variety in the City's housing stock, to encourage neighborhood maintenance and preservation by allowing the conversion of large and older single-family homes to two-family and apartment use; and to provide suitable areas for new multi-family development.

SECTION 6.02. PERMITTED USES.

- a. Any use permitted in the R-1 and residential districts.
- b. Two-family (Duplex) residential dwellings.
- c. Multi-family (apartments and condominiums)*
- d. Townhouses (See Article VIII).
- e. Manufactured homes (See Article XVI).

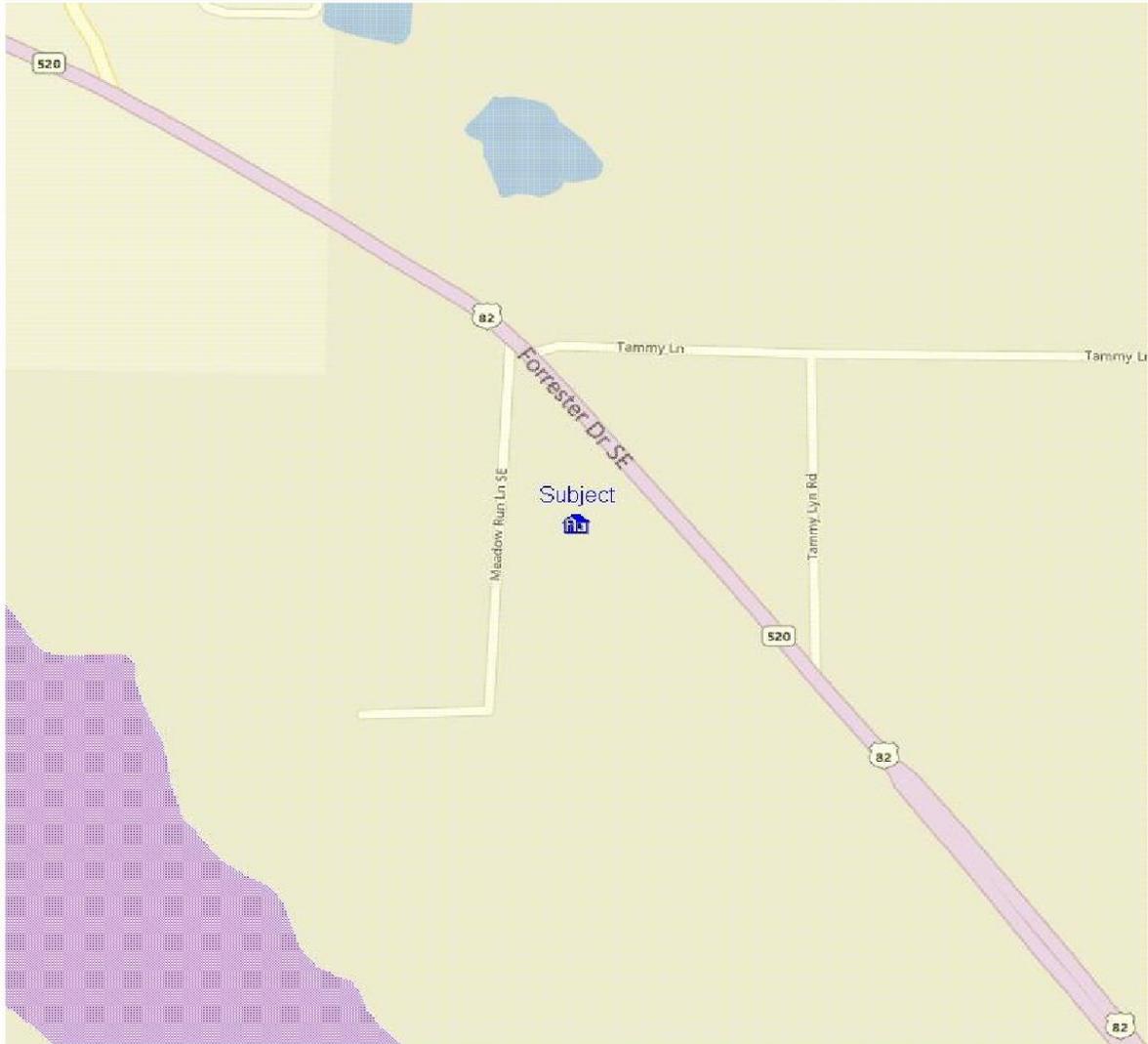
SECTION 6.03. CONDITIONAL USES.

- a. Any use listed under Section 5.03 of the R-1 zoning district.
- b. Nursing homes.
- c. Boarding homes.
- d. Group homes.
- e. Professional offices.
- f. Public building, structures and other public land uses.
- g. Group Day Care Homes (group day care homes as limited and defined in Article II) provided that no play equipment be located in the front yard and that signage be compatible to the neighborhood and not larger than regulated for home occupations. All state licensing requirements and regulations shall also apply.
- h. Group Personal Care Homes--as limited and defined in Article II.
- i. Manufactured home and travel trailer parks (See Article XVI).
- j. Halfway homes--as limited and defined in Article II.
- k. Convalescent homes--as limited and defined in Article II.

ADDENDUM E

STDB

Jun 9, 2017
875 Meadow Run Lane, Dawson, CA, 95842
Lat 31.753166 Long -84.427406



MAP DATA

Panel Date	September 2, 2009	FIPS Code	13273
Map Number	13273C0120A	Census Tract	1204.00
Geocoding Accuracy	S4 - single close match, point located at the center of shape point path		

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

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ADDENDUM F

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

SAMUEL TODD GILL

258907

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

46665602

SAMUEL TODD GILL

258907
Status ACTIVE

ORIGINALLY LICENSED

02/06/2003

END OF RENEWAL
09/30/2017

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



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46665602

SAMUEL TODD GILL

258907
Status ACTIVE

ORIGINALLY LICENSED

02/06/2003

END OF RENEWAL
09/30/2017

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State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46665602

ADDENDUM G

Samuel T. Gill
512 North One Mile Road
P.O. Box 784
Dexter, Missouri 63841
573-624-6614 (phone)
573-624-2942 (fax)
todd.gill@gillgroup.com

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.