



Crown Appraisal Group

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Hillcrest Apartments

1503 John Collins Road NE

49-unit apartment complex

Pelham, Georgia

Date of Report: April 11, 2017

Prepared by

Crown Appraisal Group, Inc.

6797 N. High Street, Suite 325

Columbus, Ohio 43085

614-431-3332 (o), 614-431-3376 (f)

Prepared for

Debi Martin

Greystone Servicing Corporation, Inc.

419 Belle Air Lane

Warrenton, VA 20186

PRIVILEGED AND CONFIDENTIAL

This document, and all of the statements, opinions, contents, and all attachments and addendums are privileged and confidential to the client (the addressee), and are not intended to be disclosed to or relied upon by any third party without the express written consent of the appraiser(s).



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April 11, 2017

Greystone Servicing Corporation, Inc.

Attn: Debi Martin

419 Belle Air Lane

Warrenton, VA 20186

**Re: Hillcrest Apartments
1503 John Collins Road NE
Pelham, Georgia**

Dear Debi Martin:

At your request, Andy Moye has completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report. The accompanying report has been prepared in conformance with the requirements established by the Appraisal Institute. The appraisal is in conformance with USPAP requirements. The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to any third party. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>				
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1 Bath</u>	<u>3 Bed, 1 Bath</u>
As-is CRCU	Value 1 rents	415	485	590
Prospective (Renovated) CRCU	Value 4 rents	475	545	650

<i>Value Opinions</i>	<u>Date of Value</u>	<u>Value</u>
Value 1 - as conventional or unrestricted	January 24, 2017	\$1,215,000
Value 2-RD - subject to restricted rents	January 24, 2017	\$2,025,000
Value 3 - prospective, subject to restricted rents	February 1, 2019	\$2,100,000
Value 4 - prospective, as conventional or unrestricted	February 1, 2019	\$1,730,000
Value 5 - Interest Credit Subsidy Value from assuming the existing 515 Loan)	December 22, 2017	\$380,000
Value 6 - LIHTC Value	February 1, 2019	\$2,041,382
Value 6 - State Tax Credit Value	February 1, 2019	\$496,552
Value 7 - Insurable Value	February 1, 2019	\$2,759,940
Value 8 - Land Value	January 24, 2017	\$98,000

The opinion of value contained in the attached appraisal report is based upon the following extraordinary assumptions:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

The opinion of value contained in the attached appraisal report is based upon the following hypothetical condition:

- Hypothetical conditions are stated within the Parameters of Assignment section of the report.

The opinion of value contained in the attached appraisal report is based upon the following assumptions and limiting conditions:

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Servicing Corporation, Inc., or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Servicing Corporation, Inc., or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Servicing Corporation, Inc., or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

Debi Martin
April 11, 2017
Page Four

The attached appraisal report contains the results of the investigation and opinion of value. We appreciate this opportunity to serve you and your firm. Should you or anyone authorized to use this report have any questions, contact us at your convenience.

Sincerely,

CROWN APPRAISAL GROUP

A handwritten signature in blue ink, appearing to read "AJMoye", written over a faint, light blue grid background.

Andrew J. Moye, MAI, AI-GRS
Principal

AJM
Enclosure

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Executive Summary

Subject Real Estate Identification: The subject is known as Hillcrest Apartments and has an address of 1503 John Collins Road NE in Pelham, Georgia. The complex operates as a Class C, subsidized income, non-age restricted property. Hillcrest Apartments is on the north side of John Collins Road NE about 1 mile northeast of downtown Pelham. The property is in Mitchell County. Pelham is in southwest Georgia.

The subject improvements include a 49-unit apartment complex (housed in 13 single-story buildings). The property includes one, two, and three bedroom units. The improvements were built in 1981. The property is in average physical and functional condition. The 49 units total 36,314 sf. The property is currently 93.9% occupied. The subject site is ±12.540 acres.

Existing Use of Real Estate: Apartment Complex
 Highest and Best Use: Intensive Residential (current use)

Parcel Number: 01020020000 & 01020020001
 Legal Description: HILLCREST APTS & JOHN COLLINS RD

Zoning: AG

USPAP Report Option: Appraisal report

Pertinent dates:
 Date of valuation: see chart
 Prospective date of valuation: see chart
 Date of inspection: January 24, 2017
 Date of report: April 11, 2017

Values, interests appraised: see next page

Conclusions:

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>				
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1 Bath</u>	<u>3 Bed, 1 Bath</u>
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Value 8 - Land Value		January 24, 2017	\$98,000	

Parameters of Assignment

Purpose, Intended Use

The purpose of this assignment is to arrive at an opinion of the market value of the property known as Hillcrest Apartments. A number of value opinions of a number of interests are provided. The value opinions, applicable notes (including discussion about the use of a hypothetical condition), and intended use, are detailed below:

Value 1	<p>Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon A Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i).</p> <p><i>Note - using the hypothetical condition “as unsubsidized conventional housing” according to 7 CFR Part 3560.656(c)(1)(i) means that when the appraiser develops their highest and best use analysis they will not recognize any Rural Development restrictions or subsidies and must only consider the property as continued use as housing.</i></p> <p>The intended use of this appraised value is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 1, as conventional or unrestricted”.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 2-RD	<p>Market Value, within 7 CFR Part 3560.752(b)(1)(ii).</p> <p><i>Note – this value opinion must consider all existing restrictions and prohibitions including Restrictive-Use Provisions (RUPs).</i></p> <p>The intended use of this appraised value is to determine the value of the property for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)”.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of “safeness” of RA units) used.</i></p>
Value 3	<p>Prospective Market Value, Subject To Restricted Rents within 7 CFR Part 3560.752(b)(1)(i).</p> <p><i>Note – this value opinion must consider any rent limits, rent subsidies, expense abatements, and restrict-use conditions that will affect the property. All intangible assets must be evaluated individually and separately from real estate.</i></p> <p>The intended use of this appraised value for a new or subsequent loan is to assist the underwriter with calculating the security value for the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 3, prospective, subject to restricted rents”.</p>

	<i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate (with recognition of "safeness" of RA) units used.</i>
Value 4	<p>The intended use of the appraised value "Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i)." is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p><i>Note – this value opinion is based upon a highest and best use analysis as-if not encumbered by USDA program provisions.</i></p> <p>The intended use of this appraised value is for reasonable analysis and comparison as to how the USDA restrictions affect the property. It should not be used as the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or "Value 4, prospective, as conventional or unrestricted".</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 5	Value of the interest credit subsidy from assumed 515 loan.
Value 6	Market Value of LIHTC (tax credits).
Value 7	Insurable Value.
Value 8	Market Value of Underlying Land

Definitions

Market Value, incorporated in Value Opinions 1, 2, 5, 6, 8

The 6th edition of The Dictionary of Real Estate Appraisal includes several definitions for *market value*. The following definition from the dictionary is used by the federal agencies that regulate insured financial institutions in the United States.

“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 is 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.

Comments from HB-1-3560

Most appraisers and users of Agency Multi-Family Housing appraisals understand the definition of *market value* to mean the value as a conventional or unrestricted or market property. However, to avoid confusion when requesting or reporting this value type, the term “as conventional or unrestricted” should be added to the term *market value* (i.e. “market value, as conventional or unrestricted”).

Market Value, subject to restricted rents – incorporated in Value Opinions 2 (possible), 3

A definition of market value, subject to restricted rents, as the term is used by RHS, derived from the definition of market value above, is stated as follows. 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 is 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.

Comments from HB-1-3560

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.

Market value, subject to restricted rents, refers only to the value of the subject real estate, as restricted, and excludes the value of any favorable financing. The market value, subject to restricted rents, is based on a pro forma that projects income, vacancy, operating expenses, and reserves for the property under a restricted (subsidized) scenario. This restricted pro forma includes the scheduled restricted rents, a vacancy and collection loss factor that reflects any rental assistance (RA) or Section 8, and operating expenses and reserves projected for the subject as a subsidized property. Subsidized apartments typically experience higher management, auditing, and bookkeeping expenses, relative to similar conventional apartments, but often have lower real estate tax expenses.

Real Property Interest Valued, Value Opinions 1, 2 (possible), 4, 8

fee simple estate, subject to short term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “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.” Recognition is made that there are leases with tenants that are short term (no more than one year) in nature for the units in the apartment building improvements.

Real Property Interest Valued, Value Opinions 2 (possible), 3
fee simple estate, as restricted, subject to short-term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “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.”

Prospective Value, Value Opinions 3, 4, 7

The term *prospective value* is defined by the 6th edition of The Dictionary of Real Estate Appraisal as follows. “*Prospective value: a forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.*”

Comments from HB-1-3560

As used in Agency regulations and instructions, the term “as-improved value” refers to the value of real property after completion of proposed improvements. The Agency’s intended meaning of “as-improved value” is the same as the definition of *prospective value*. However, use of the term “as-improved value” can cause confusion for two reasons, as follows. 1) The term “as improved”, as used in a Highest and Best Use analysis, refers to the subject real estate as it has already been improved at the time of the appraisal, not as it is proposed to be improved. Therefore, “as-improved value” could be interpreted to refer to the value of the subject property as it has already been improved at the time of the appraisal. 2) There is a common misconception with the use of the term “as-improved value” that this is a value based on a hypothetical condition; that is, the value of the property as if it were improved, as proposed, as of the date of inspection. Since this scenario is impossible, an “as-improved value”, as of appraisal date (inspection date), is not useful. The term *prospective value* is better understood than the terms “as-improved value” and “as-complete value” by appraisers and users of appraisals and has replaced these terms in appraisal literature and common usage. Therefore, the term *prospective value* should be used when requesting or reporting a forecasted value, and the associated date of value should be the projected date of completion of construction.

“As-Is” Value

The 6th edition of the Dictionary of Real Estate Appraisal defines value as is as follows. “Value as is: 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.”

Comments from HB-1-3560

HB-1-3560, Attachment 7-A, Page 5 of 8 notes that, “...the term ‘As-Is’ should not be used with the term *market value* unless the property is a conventional or market property at the time of the appraisal. The term ‘As-Is’ should precede the term *market value, subject to restricted rents*, when the *market value, subject to restricted rents*, of the project at the time of the appraisal is required.” In this assignment, the appraisers have tried to not use of the term “as-is”.

Insurable Value, Value 7

A definition of *insurable value* acceptable for use in Agency Multi-Family Housing appraisals is as follows: *Insurable value: the value of the destructible portions of a property which determines*

the amount of insurance that may, or should, be carried to indemnify the insured in the event of loss. The estimate is based on replacement cost new of the physical improvements that are subject to loss from hazards, plus allowances for debris removal or demolition. It should reflect only direct (hard) construction costs, such as construction labor and materials, repair design, engineering, permit fees, and contractor's profit, contingency, and overhead. It should not include indirect (soft) costs, such as administrative costs, professional fees, and financing costs.

The term “insurable cost” is sometimes used instead of the term *insurable value* because it is based strictly on a cost estimate, not a value concluded in an appraisal. However, the term *insurable value* is more commonly used. Attachment 7-I, *Insurable Value Calculation*, is a worksheet that should be used as a guide by State Appraisers and fee appraisers contracted by the Agency in calculating *insurable value*.

Extraordinary Assumption:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusion.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate an extraordinary assumption, USPAP requires that the appraiser provide notice to the user of the report that the use of the extraordinary assumption might affect the assignment results. The appraiser(s) is not required to report on the impact of the extraordinary assumption on assignment results. The following extraordinary assumptions are incorporated:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

Hypothetical Condition:

That which is contrary to what exists but is supposed for the purpose of analysis.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate a hypothetical condition, USPAP requires that the appraiser provide notice to the user of the report that the use of the hypothetical condition might affect the assignment results. The appraiser(s) is not required to report on the impact of the hypothetical condition on assignment results. Applicable hypothetical conditions have been identified earlier in this section.

Intended Use, User

The intended use for most of the values developed and reported have been shown in the prior section. For those values that do not have an intended use, the use is to assist the client in their understanding and analysis of the property. Unless otherwise identified within this report, the intended use of the report has not been more fully described to the appraiser(s). The client, or intended user, for whom the report is prepared is identified in the letter of transmittal, Debi Martin of Greystone Servicing Corporation, Inc. Other known intended users are representatives from the USDA, Georgia Department of Community Affairs, and other lenders. Unless otherwise identified within this report, no other intended users have been identified to the appraiser(s).

The Uniform Standards of Professional Appraisal Practice (USPAP) have a number of rules, comments, advisory opinions, and frequently asked questions relating to control or use of reports. The signatory(ies) of this report is/are bound by USPAP. Therefore, as noted in the letter of transmittal, no party other than the intended user may use this report without receiving written consent from the signing appraiser(s). Further, no part of the report shall be published or made available to the general public, nor shall any part of the report be published or made available for public or private offering memorandum or prospectus, without the written consent of the signing appraiser(s) of this report.

Scope

The scope of services was focused on reviewing issues considered relevant and appropriate by the appraisers based on their knowledge of the subject's real estate market. The appraisers believe that the scope was sufficient to arrive at an accurate value opinion. A summary of the scope of work is presented below. Additional explanatory comments regarding the scope undertaken can be found throughout the report. The scope included the following:

- Review and analysis of the subject market area, economic and demographic issues.
- Review of existing and planned comparable and/or competitive properties located within the subject area.
- Analysis of economic, demographic and development factors within the subject market area.
- Physical inspection of the real estate; specifically, observation of the above ground attributes of the site was made, observation of representative exterior facades of building(s) on site was made, observation of representative property amenities on site was made, and interior viewing of a sufficient number of representative living units within the building(s) was made in a manner considered sufficient to comprehend and analyze the physical and functional adequacy and appropriateness of the real estate in light of market conditions as of the date of valuation.
- Evaluation of the highest and best use of the property.
- Consideration of all applicable and appropriate valuation approaches.
- Reconciliation of the above opinions to a point value opinion.

Note that:

- Crown Appraisal Group, Inc. employees are not engineers and are not competent to judge matters of an engineering nature.
- Inspection of 93.9% of the units or other improvements at the real estate was not made.

Pertinent Dates

The various dates of valuation are noted in the charts on the first page of the letter of transmittal and the Executive Summary Page. The most recent inspection of the real estate was on January 24, 2017. It is noted that the term *inspection* is not intended to convey a complete, exhaustive examination of the real estate. Such an inspection is best suited for an engineer, architect, or building inspector formally educated and trained in such matters. Rather, the term denotes that the individual viewing the real estate was at the property on the date and observed the general condition and quality of the real estate at that time. The date of report--the date the report was written—is April 11, 2017.

Events subsequent to these dates may have an impact on the opinions developed through the course of the assignment, and on the opinions contained within this report. All such subsequent events are beyond the control of the appraiser(s), and any consequences thereof are beyond the scope of this assignment.

Comments Regarding Appraisal

A number of comments regarding the subject and appraisal assignment are discussed below:

- **Property.** The subject is known as Hillcrest Apartments and has an address of 1503 John Collins Road NE in Pelham, Georgia. The property is a 49-unit apartment complex. The property includes one, two, and three bedroom units. The complex operates as a Class C, restricted income, non-age restricted property. The improvements were built in 1981. Overall, the property is in average physical and functional condition.

The unit size is based on the best information provided. Crown was given floor plans, square foot summary pages, and building plans. The information was generally consistent, but not identical.

Tenancy at the subject property is restricted to households with incomes of less than the area median household income. The units at the subject have long maintained a high level of occupancy. Demand for subsidized rental units is high locally.

Historical operating information for the subject was available for 2013, 2014, and 2015. In addition, the budget for 2016 and 2017 were also provided. In general the information provided indicated that the property is being run in an efficient manner. Historical information will be used when developing expenses and for valuation purposes, while market data will be used as support.

- **Near Term.** The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. There is a letter of intent on the subject property, proposing an option to purchase. The letter of intent was requested but not provided. The transfer is assumed to be between related parties and not one that is considered to be arms-length. The purchase price amount given to the appraisers is \$1,033,845. As the transfer is not arms-length no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. Among the items that will be replaced and/or renovated (depending upon the condition of the individual components) are air conditioning units, windows, roofs, plumbing and electric, parking areas, and kitchens and bathrooms. Microwaves will be added to each unit. In addition, a pavilion will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate.
- **Property Location.** The property is on the north side of John Collins Road NE about 1 mile northeast of downtown Pelham. The property is in Pulaski County. Pelham is in southwest Georgia. Pelham is a relatively small Georgia town. There are few truly comparable properties in the area.
- **Value Opinions Developed and Reported.** There are a number of value opinions developed and reported in the appraisal report. In large part, this is due to the number of intended users – who have similar, but not identical – needs. The values that are not required by a specific intended user should be ignored.

Apartment Housing

There is a continual change in the definition and implications of various apartment types. A number of the more prevalent apartment classifications include *luxury*, *Class A*, *Class B*, *conventional*, *LIHTC*, *HUD*, and *affordable*. With respect to the senior market, there are classifications such as *independent* or *assisted*. Some terms have specific definitions, while some can be used interchangeably (upscale or luxury, etc.). In some cases, the terms are meant to suggest a specific resident profile or income level (LIHTC or affordable are examples). To minimize confusion, the following definitions and comments are presented:

- Luxury, Class A, Class B, Class C - The type of property is designated by the year of construction and the amenities (unit and project). A luxury complex will have more amenities than a Class A property, while a Class A property has more amenities than Class B. A Class C property typically possesses few amenities. An *upscale* property could be either a luxury or a Class A property. A Class B property could be new. A Class B property does not possess all the amenities of a Class A or luxury property.
- Market rate, LIHTC, HUD - Refers to the rent limits, or rent payment structure. A market rate property has no rent constraints (other than the market) while a LIHTC (Low-Income Housing Tax Credit) property is (or could be) constrained by income levels as well as the market. A market rate property is also known as a *conventional* property. Low-income, subsidized, or affordable (such as HUD Section 8 and/or Section 236) are designations used to denote subsidy programs other than the LIHTC program, and refer to the entity (or entities) that make the rent payment to the property owner.
- Independent, assisted - Refers to the level of service offered, particularly with respect to the senior housing/care market. An independent complex has few, if any, services (such as meals, housekeeping). An assisted living facility offers more ADL (Activities of Daily Living) services. This classification also has implications as to the typical design of apartment units within a complex – an independent complex generally has apartments with full kitchens and exterior entries, while the units at an assisted living complex typically have a small kitchenette, many common areas, and interior enclosed hallways.
- Elderly Only (Age Restricted) - Refers to the minimum age of at least one of the residents of a unit. Depending upon the specific nature of a given program, the typical minimum age limit is within the 55 to 65 range.

Based on the above, the complex operates as a Class C, restricted income, non-age restricted property.

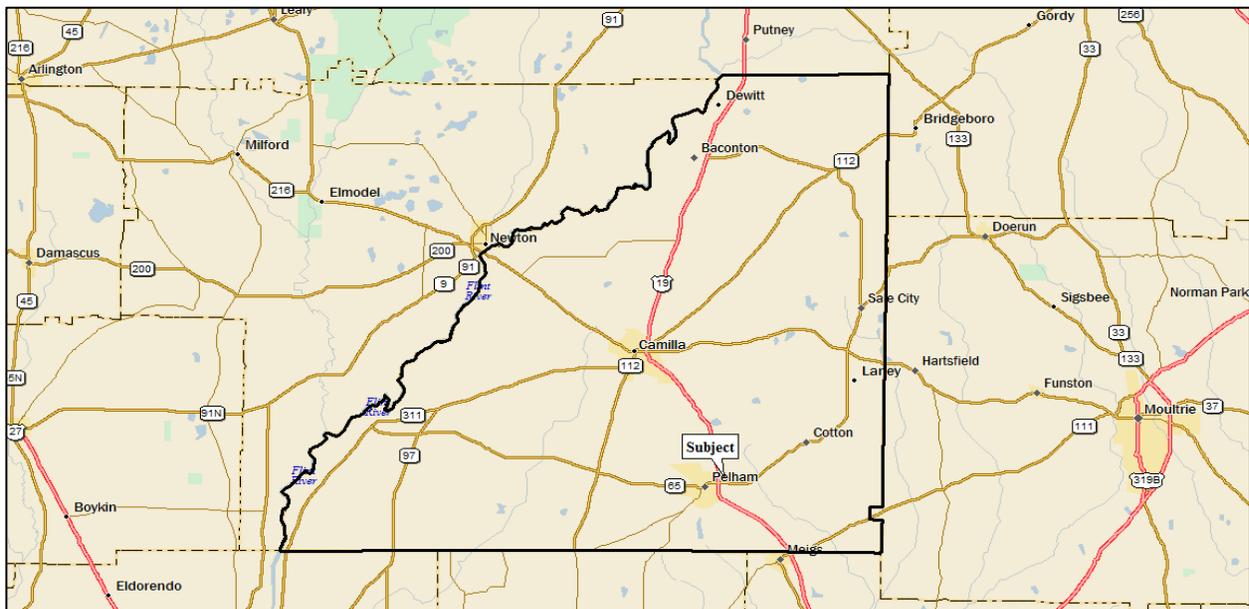
City Overview

Pelham is in Mitchell County, in the state of Georgia. Mitchell County is in the southwestern portion of Georgia. The city of Pelham is 50 miles northeast of Tallahassee, FL; about 105 miles southeast of Columbus, GA; and about 180 miles southeast of Atlanta, GA. The maps below show the subject's location within the state of Georgia, Mitchell County and Pelham. The aerial below locates the property relative to downtown Pelham.

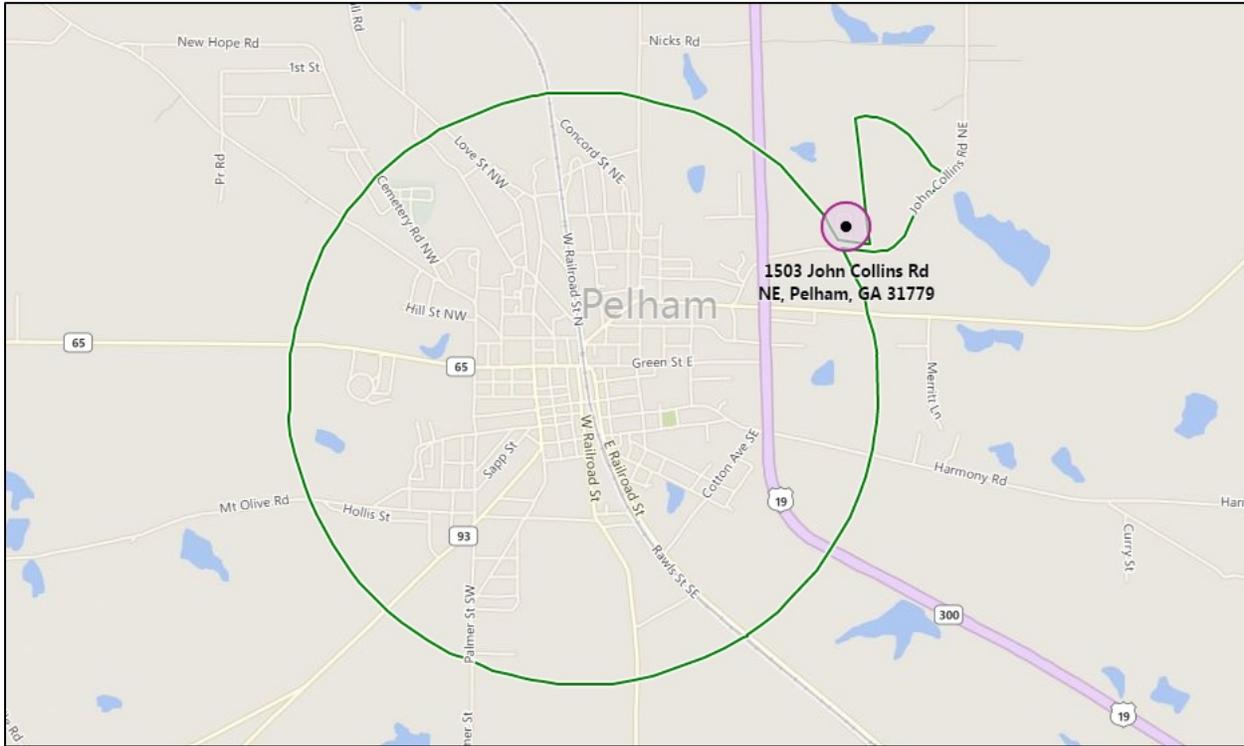
Georgia



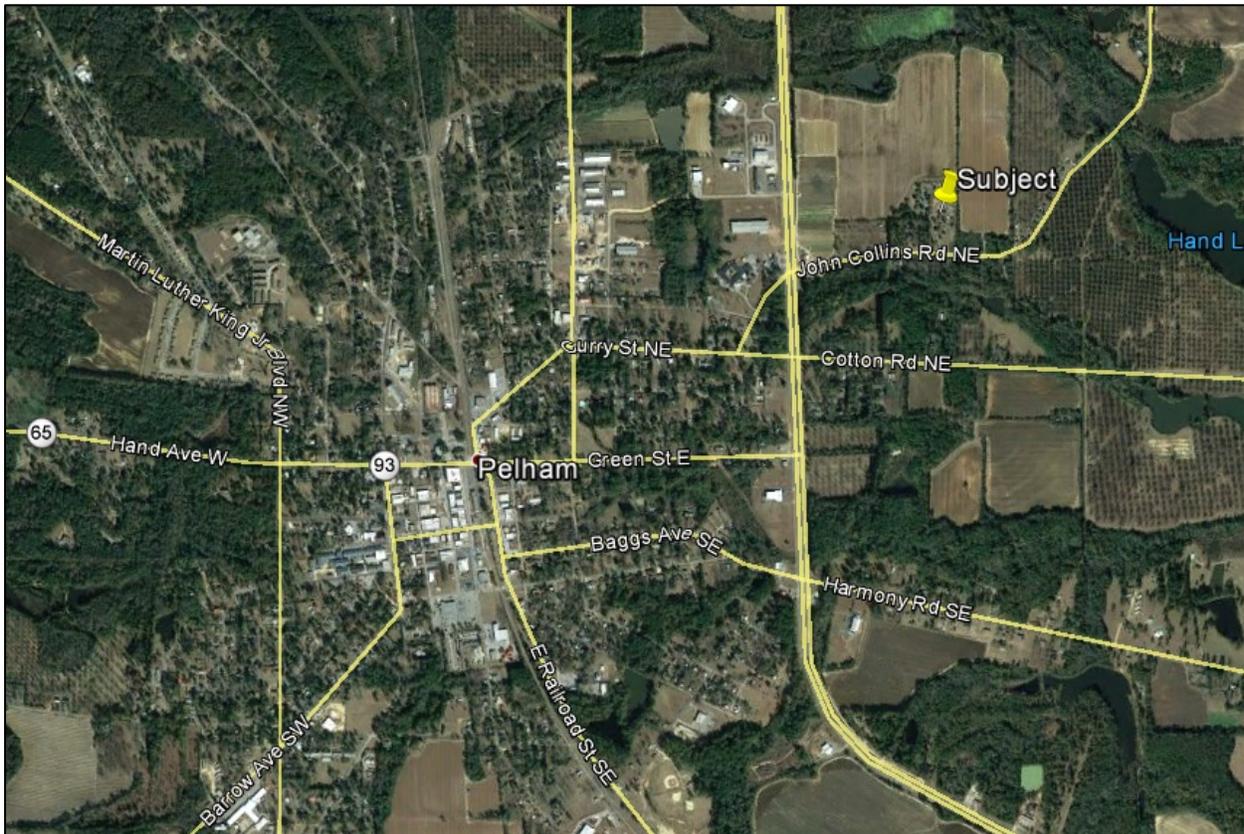
Mitchell County



Pelham



Aerial



Physical Boundaries

Pelham is roughly bordered by Concord Street Northeast to the north, Merritt Lane to the east, Herndon Lane to the south, and Aldridge Street Southwest to the west.

Road Infrastructure

The primary roadways that service Pelham are US 19, SR 93/Cotton Road, and SR 65/Hand Avenue.

US 19 enters the city on the northeast side, travels along the east side of the city, and then turns in a southeast direction. It intersects with SR 93 on the east side of the city. SR 93 enters the city on the east side, and then turns south and merges with SR 65 in downtown Pelham. Just west of downtown, SR 93 splits from SR 65 and continues in a southwest direction. SR 65 enters the city on the east side, and terminates at SR 93 in downtown Pelham.

Population

The Pelham population according to the 2000 census was 4,073. In 2010, the population was 3,898 (a decrease of 0.4% compounded annual growth or CAG). The 2016 population estimation is 3,673 (population decrease of 1.0% CAG from 2010). The population is expected to decrease by 0.5% CAG in 2021 to 3,582.

History

Pelham was incorporated in 1881. The city was named for Civil War officer John Pelham. It is known for its lakes and trails. Its industry is tied to retail stores, outlets, and industrial properties. There is no known planned future development. According to the demographics of the area, the population is expected to decrease and the viability of the area is stable.

Land Uses and Development

The primary commercial corridor in Pelham is Railroad Street (north/south). The commercial users are mostly smaller ones. Some of these users are Dollar General, Piggly Wiggly, Casa Maya Mexican restaurant, and Chicken Trax. Other users further north on Railroad Street are Hardee's, Pelham Café, and Jamerson Braswell Funeral Home.

Schools in the area are Pelham High School, Pelham Elementary School, and Pelham Middle School. These institutions are primarily on the west/southwest sides of the city.

There are some industrial users on the north side of the city, including H&L Distributors, Sunbelt Metal Works, Southern Gin, and Flint Agriculture & Turf.

The remaining users are mostly single family residential.

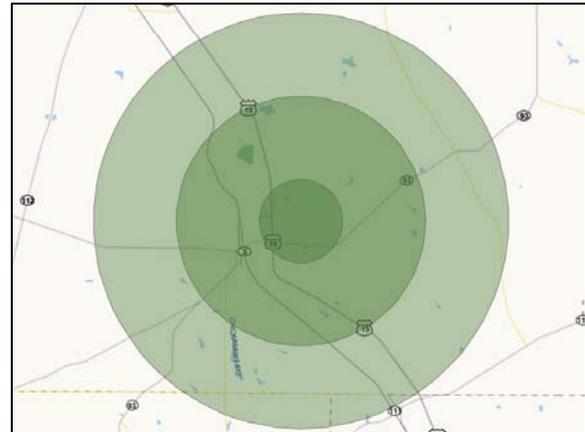
Immediate (Adjacent) Land Uses

North, East and West: To the north, east and west of the subject is agricultural land.

South: To the south of the subject is single family residential and undeveloped land.

Market Area Demographic Profile

The chart below shows demographic data for the subject market for a number of identified areas. The map depicts the areas covered.



Hillcrest Apartments										
Demographic Profile: 1, 3 and 5-mile Radii										
	Pelham		Radius from subject				Mitchell			
	City	CAG	1 Mile	CAG	3 Mile	CAG	5 Mile	CAG	County	CAG
Population										
2000	4,073		405		5,260		8,799		23,932	
2010	3,898	-0.4%	398	-0.2%	5,014	-0.5%	8,708	-0.1%	23,498	-0.2%
2016 est.	3,673	-1.0%	382	-0.7%	4,702	-1.1%	8,296	-0.8%	22,461	-0.7%
2021 proj.	3,582	-0.5%	377	-0.3%	4,586	-0.5%	8,169	-0.3%	22,127	-0.3%
Median Age	38.30		44.30		38.20		37.50		37.90	
Average Age	39.00		43.80		39.10		38.70		38.80	
Households										
2000	1,489		156		1,914		2,885		8,063	
2010	1,451	-0.3%	147	-0.6%	1,860	-0.3%	2,839	-0.2%	8,055	0.0%
2016 est.	1,380	-0.8%	143	-0.5%	1,756	-0.9%	2,683	-0.9%	7,713	-0.7%
2021 proj.	1,350	-0.4%	142	-0.2%	1,719	-0.4%	2,628	-0.4%	7,601	-0.3%
Average Household Size										
2000	2.74		2.60		2.75		3.05		2.97	
2010	2.69	-0.2%	2.70	0.4%	2.70	-0.2%	3.07	0.1%	2.92	-0.2%
2016 est.	2.66	-0.2%	2.67	-0.2%	2.68	-0.1%	3.09	0.1%	2.91	0.0%
2021 proj.	2.65	-0.1%	2.66	-0.1%	2.67	-0.1%	3.11	0.1%	2.91	0.0%
Owner Occupied (est.)	867	62.83%	92	64.33%	1,102	62.74%	1,748	65.13%	5,202	67.44%
Renter Occupied (est.)	513	37.17%	51	35.67%	654	37.26%	936	34.87%	2,511	32.56%
Est. Household Income										
\$0-\$14,999	31.16%		20.99%		30.54%		29.57%		27.02%	
\$15,000-\$24,999	15.94%		19.41%		16.30%		16.51%		14.20%	
\$25,000-\$34,999	16.74%		16.93%		16.76%		16.16%		15.64%	
\$35,000-\$49,999	14.49%		19.64%		14.89%		14.56%		12.54%	
\$50,000-74,999	9.64%		10.38%		9.53%		11.82%		14.59%	
\$75,000-\$99,000	8.19%		8.35%		8.18%		7.43%		9.70%	
\$100,000 +	<u>3.84%</u>		<u>4.29%</u>		<u>3.80%</u>		<u>3.94%</u>		<u>6.33%</u>	
	100.0%		100.0%		100.0%		100.0%		100.0%	
Average Household Income (est.)	\$35,730		\$40,717		\$35,758		\$36,175		\$40,921	
Median Household Income (est.)	\$26,732		\$30,667		\$26,887		\$27,427		\$30,618	

¹ Compounded Annual Growth
Source: The Nielsen Company

Supply Side Analysis - Competitive Properties Survey

A survey of multi-family complexes is detailed on the following pages. The map below shows the locations of the rent comparables and the subject. Given the relatively small population in the market area, there are few apartment properties, and it was necessary to use properties that are somewhat geographically distant.



Rent Comparable 1

General Data

Property Name:	Jac-Lyn Apts
Property Address:	517 26th Ave SE
City:	Moultrie
County:	Colquitt
MSA:	Not in a MSA
State:	GA
Zip:	31768
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1986	1	1.0	Garden	664	17	\$416	\$0.63
Size (Number of Units):	84	1	1.0	Garden	798	17	\$533	\$0.67
Rentable Size (rsf):	70,152	2	1.0	Garden	720	18	\$446	\$0.62
Gross Size (gsf):	71,210	2	1.0	Garden	927	18	\$561	\$0.61
Site Size (acres):	5.720	3	2.0	Garden	1,118	14	\$760	\$0.68
Density (units/acre):	14.7							
Occ. At Time Of Survey:	92.9%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	Y Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

"The property is on the north side of 26th Avenue just east of US 319B and about 3 miles southeast of downtown Moultrie. Additional amenities include walking/biking trails. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Regina (229) 985-7113

Rent Comparable 2

General Data

Property Name:	Pineland Apts
Property Address:	707 26th Ave SE
City:	Moultrie
County:	Colquitt
MSA:	Not in a MSA
State:	GA
Zip:	31768
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1984	1	1.0	Garden	666	8	\$448	\$0.67
Size (Number of Units):	40	2	1.5	Garden	915	26	\$449	\$0.49
Rentable Size (rsf):	35,688	3	1.5	Garden	1,095	6	\$534	\$0.49
Gross Size (gsf):	36,843							
Site Size (acres):	5.000							
Density (units/acre):	8.0							
Occ. At Time Of Survey:	98.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
- Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
N Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Other Comments

The property is on the north side of 26th Avenue just east of US 319B, and about 3 miles southeast of downtown Moultrie. Additional site amenities include a basketball court. At the time of the survey, approximately 5 of the 40 units were paid for in full or in part with Section 8 housing vouchers. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Kathy (229) 985-0236

Rent Comparable 3

General Data

Property Name:	Regency Apts
Property Address:	411 N Virginia Ave
City:	Tifton
County:	Tift
MSA:	Not in a MSA
State:	GA
Zip:	31794
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1968	2	1.0	Garden	900	32	\$545	\$0.61
Size (Number of Units):	48	3	2.0	Garden	1,200	16	\$645	\$0.54
Rentable Size (rsf):	48,000							
Gross Size (gsf):	50,056							
Site Size (acres):	2.670							
Density (units/acre):	18.0							
Occ. At Time Of Survey:	94.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
- Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The property is located on the southeast quadrant of N Virginia Avenue and Texas Drive, and about 1 mile northwest of downtown Tifton. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Jaime (229) 378-0800

Rent Comparable 4

General Data

Property Name:	Georgetown Apts
Property Address:	315 15th St SE
City:	Moultrie
County:	Colquitt
MSA:	Not in a MSA
State:	GA
Zip:	31768
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1982	1	1.0	Garden	850	16	\$478	\$0.56
Size (Number of Units):	102	2	1.0	Garden	1,000	48	\$510	\$0.51
Rentable Size (rsf):	120,400	2	1.5	Garden	1,200	16	\$538	\$0.45
Gross Size (gsf):	122,062	2	2.0	Garden	1,800	22	\$735	\$0.41
Site Size (acres):	12.130							
Density (units/acre):	8.4							
Occ. At Time Of Survey:	95.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	N Trash
- Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	Y Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	Y Det. Garages
Y Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The property is on the east side of 15th Street just west of US 319, and about 2 miles southeast of downtown Moultrie. Additional site amenities include a basketball court and a picnic area. Detached garage with storage is available for an additional \$70 a month. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Dee (229) 985-1915

Rent Comparable 5

General Data

Property Name:	Holly Cove Apts
Property Address:	2809 5th St SE
City:	Moultrie
County:	Colquitt
MSA:	Not in a MSA
State:	GA
Zip:	31768
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1999	2	1.0	Garden	968	72	\$605	\$0.63
Size (Number of Units):	72							
Rentable Size (rsf):	69,696							
Gross Size (gsf):	70,904							
Site Size (acres):	9.750							
Density (units/acre):	7.4							
Occ. At Time Of Survey:	100.0%							
Floors:	1							
Property Design:	Walk Up							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
N W/D Hookups	N Security System

Complex Amenities

Y Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Other Comments

The property is on the east side of 5th Street just north of the US 319B/5th Street intersection, and about 3 miles southeast of downtown Moultrie. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Larry (229) 890-1044

Analysis

Hillcrest Apartments: The subject has 49-units, was built in 1981, and is in average physical and functional condition. It is more fully described and discussed in the Property Description section of the report. It is summarized below.

Hillcrest Apartments										
Property and Unit Amenity Summary										
Street Address	1503 John Collins Road NE			Year Built	1981		Floors	1		
City	Pelham			Total Units	49		Occupancy	93.9%		
Unit Types	# units	Size (sf)		Utilities (L-landlord, T-tenant, na-not applicable)						
1 Bed, 1 Bath	16	586		Water	Sewer	Electric	Heat	Trash	Cable	
2 Bed, 1 Bath	24	770		L	L	T	T	L	T	
3 Bed, 1 Bath	8	949								
2 Bed, 1 Bath (Manager's Unit)	1	866								
Complex Amenities (Y/N)										
Pool	N		Bus. Ctr.	N		Basketball Ct	Y			
Clubhouse	N		Laundry	Y		Gated	N			
Tennis	N		Det. Garages	N		Car Wash	N			
Jacuzzi	N		Cov. Storage	N		Elevators	N			
Fit. Ctr	N		Open Storage	N		Playground	Y			
Unit Amenities (Y/N)										
Refrigerator	Y	Disposal	N	Fireplace	N	Central A/C	Y	Ceil. Fans	N	
Range	Y	Double Sink	Y	Patio	Y	Wall A/C	N	Vlt Ceiling	N	
Microwave	N	Fan Hood	Y	Balcony	N	W/D hk ups	Y	Sec Sys	N	
Dishwasher	N	Att Garage	N	Bsmt	N	W/D	N	Storage	Y	

During the renovations, microwaves will be added to each unit. In addition, a pavilion will be added to the complex.

Market Rent Conclusions

Apartment Survey Ranges				
Hillcrest Apartments				
		Unit Size	Adj. Monthly Rent	Rent/sf
As-Is	1 Bed, 1 Bath			
	Hillcrest Apartments	586	\$415	\$0.71
	Comparable Properties	664 - 850	\$410 - \$427	\$0.48 - \$0.64
	average of comparables	727	\$416	\$0.58
As-Is	2 Bed, 1 Bath			
	Hillcrest Apartments	770	\$485	\$0.63
	Comparable Properties	720 - 1,000	\$400 - \$595	\$0.44 - \$0.65
	average of comparables	901	\$487	\$0.55
As-Is	3 Bed, 1 Bath			
	Hillcrest Apartments	949	\$590	\$0.62
	Comparable Properties	1,095 - 1,200	\$485 - \$721	\$0.44 - \$0.65
	average of comparables	1,138	\$592	\$0.52
As Ren.	1 Bed, 1 Bath			
	Hillcrest Apartments	586	\$475	\$0.81
	Comparable Properties	664 - 850	\$470 - \$487	\$0.55 - \$0.73
	average of comparables	727	\$476	\$0.66
As Ren.	2 Bed, 1 Bath			
	Hillcrest Apartments	770	\$545	\$0.71
	Comparable Properties	720 - 1,000	\$460 - \$655	\$0.50 - \$0.74
	average of comparables	901	\$547	\$0.61
As Ren.	3 Bed, 1 Bath			
	Hillcrest Apartments	949	\$650	\$0.68
	Comparable Properties	1,095 - 1,200	\$545 - \$781	\$0.50 - \$0.70
	average of comparables	1,138	\$652	\$0.57

Source: Crown Appraisal Group

The chart above details the current (not renovated) and as renovated market-derived rents for the subject as well as the range of rents offered at the comparable properties.

Adjustments are made to the comparables for perceived, material differences. (For example, while a given comparable unit might be 3 square feet larger than a given subject unit, there is no material difference in the unit size, so no adjustment is warranted, nor made.) Adjustments are considered for property attributes such as location (specific or general), condition/street appeal, or complex amenities, as well as unit attributes such as unit size, configuration (number of bedrooms or bathrooms, style), utility payment structure, unit amenities, and any concessions. If no adjustment is made, it is because there is no perceived difference between the comparable and the subject.

The charts that follow detail the analysis, and show the adjustments considered appropriate.

Unrenovated Market Rent, 1 br-1 ba (586 sf)

The subject is comprised of 16 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

<i>1 Bed, 1 Bath</i>				
<i>As is</i>				
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 4</u>
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Georgetown Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	315 15th St SE
Unadjusted Rent		\$416	\$448	\$478
<i>Location</i>				
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	315 15th St SE
City	Pelham	Moultrie	Moultrie	Moultrie
Population	3,673	15,655	15,655	15,655
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10
<i>Year Built</i>	1981	1986	1984	1982
<i>Condition/Street Appeal</i>		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Unit Size (sf)</i>	586	664	666	850
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$16	-\$16	-\$53
<i>Bedrooms</i>	1	1	1	1
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Bathrooms</i>	1.0	1.0	1.0	1.0
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Utilities (who pays?)</i>				
Heat	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord
Sewer	Landlord	Tenant	Landlord	Landlord
Trash	Landlord	Tenant	Landlord	Tenant
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Inferior</i>
		\$10	\$0	\$5
<i>Unit Amenities</i>	<i>Ref, Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, Disp, A/C, W/D HU, Bal/Pat</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Similar</i>
		\$10	\$5	\$0
<i>Complex Amenities</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, CH, Tennis Ct, Basketball Ct, Picnic Area</i>
		<i>Similar</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	-\$10
<i>Concessions</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
<i>Net Adjustment</i>		<u>-\$6</u>	<u>-\$21</u>	<u>-\$68</u>
Adjusted Rent		\$410	\$427	\$410
Market Rent Conclusion	\$415			

Source: Crown Appraisal Group

The comparables range in size from 664 sf to 850 sf. After making the adjustments considered appropriate, the rent range is \$410 to \$427. Central tendencies are \$416 (average) and \$410 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-is market rent of \$415/month is concluded to be appropriate.

As Renovated Market Rent, 1 br-1 ba (586 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

1 Bed, 1 Bath As Renovated				
	Subject	Rent 1	Rent 2	Rent 4
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Georgetown Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	315 15th St SE
Unadjusted Rent		\$416	\$448	\$478
<i>Location</i>				
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	315 15th St SE
City	Pelham	Moultrie	Moultrie	Moultrie
Population	3,673	15,655	15,655	15,655
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10
<i>Year Built</i>	1981/2019R	1986	1984	1982
<i>Condition/Street Appeal</i>		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$50	\$50	\$50
<i>Unit Size (sf)</i>	586	664	666	850
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$16	-\$16	-\$53
<i>Bedrooms</i>	1	1	1	1
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Bathrooms</i>	1.0	1.0	1.0	1.0
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Utilities (who pays?)</i>				
Heat	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord
Sewer	Landlord	Tenant	Landlord	Landlord
Trash	Landlord	Tenant	Landlord	Tenant
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Inferior</i>
		\$10	\$0	\$5
<i>Unit Amenities</i>	<i>Ref, Range, A/C, Patio, W/D HU, Storage, Micro</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, Disp, A/C, W/D HU, Bal/Pat</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$10	\$5
<i>Complex Amenities</i>	<i>Laundry, Playground, Basketball Ct, Pavillion</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, CH, Tennis Ct, Basketball Ct, Picnic Area</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>
		\$5	\$5	-\$5
<i>Concessions</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
Net Adjustment		\$54	\$39	-\$8
Adjusted Rent		\$470	\$487	\$470
Market Rent Conclusion	\$475			

Source: Crown Appraisal Group

The comparables range in size from 664 sf to 850 sf. After making the adjustments considered appropriate, the rent range is \$470 to \$487. Central tendencies are \$476 (average) and \$470 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-renovated market rent of \$475/month is concluded to be appropriate.

Unrenovated Market Rent, 2 br-1 ba (770 sf)

The subject is comprised of 24 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

2 Bed, 1 Bath						
<i>As is</i>						
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 3</u>	<u>Rent 4</u>	<u>Rent 5</u>
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Regency Apts	Georgetown Apts	Holly Cove Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave	315 15th St SE	2809 5th St SE
Unadjusted Rent		\$446	\$449	\$545	\$510	\$605
<i>Location</i>						
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave	315 15th St SE	2809 5th St SE
City	Pelham	Moultrie	Moultrie	Tifton	Moultrie	Moultrie
Population	3,673	15,655	15,655	17,023	15,655	15,655
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10	-\$10	-\$10
Year Built	1981	1986	1984	1968	1982	1999
Condition/Street Appeal		<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	\$10	\$0	-\$10
Unit Size (sf)	770	720	915	900	1,000	968
		<i>Inferior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		\$10	-\$29	-\$26	-\$46	-\$40
Bedrooms	2	2	2	2	2	2
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.0	1.0	1.5	1.0	1.0	1.0
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$15	\$0	\$0	\$0
<i>Utilities (who pays?)</i>						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant
Sewer	Landlord	Tenant	Landlord	Landlord	Landlord	Tenant
Trash	Landlord	Tenant	Landlord	Landlord	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$0	\$0	\$5	\$30
Unit Amenities	<i>Ref, Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, DW, Disp, A/C, W/D HU</i>	<i>Ref, Range, Disp, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, DW, A/C</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>
		\$10	\$5	\$0	\$0	\$10
Complex Amenities	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Storage</i>	<i>Pool, CH, Tennis Ct, Basketball Ct, Picnic Area</i>	<i>Pool</i>
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>
		\$0	\$0	\$0	-\$10	\$10
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		\$25	-\$49	-\$26	-\$61	-\$10
Adjusted Rent		\$471	\$400	\$519	\$449	\$595
Market Rent Conclusion	\$485					

Source: Crown Appraisal Group

The comparables range in size from 720 sf to 1,000 sf. After making the adjustments considered appropriate, the rent range is \$400 to \$595. Central tendencies are \$487 (average) and \$471 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-is market rent of \$485/month is concluded to be appropriate.

As Renovated Market Rent, 2 br-1 ba (770 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

2 Bed, 1 Bath As Renovated						
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Regency Apts	Georgetown Apts	Holly Cove Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave	315 15th St SE	2809 5th St SE
Unadjusted Rent		\$446	\$449	\$545	\$510	\$605
Location						
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave	315 15th St SE	2809 5th St SE
City	Pelham	Moultrie	Moultrie	Tifton	Moultrie	Moultrie
Population	3,673	15,655	15,655	17,023	15,655	15,655
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10	-\$10	-\$10
Year Built	1981/2019R	1986	1984	1968	1982	1999
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$50	\$50	\$60	\$50	\$40
Unit Size (sf)	770	720	915	900	1,000	968
		<i>Inferior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		\$10	-\$29	-\$26	-\$46	-\$40
Bedrooms	2	2	2	2	2	2
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.0	1.0	1.5	1.0	1.0	1.0
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$15	\$0	\$0	\$0
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant
Sewer	Landlord	Tenant	Landlord	Landlord	Landlord	Tenant
Trash	Landlord	Tenant	Landlord	Landlord	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$0	\$0	\$5	\$30
Unit Amenities	<i>Ref. Range, A/C, Patio, W/D HU, Storage, Micro</i>	<i>Ref. Range, A/C, W/D HU</i>	<i>Ref. Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU</i>	<i>Ref. Range, Disp, A/C, W/D HU, Bal/Pat</i>	<i>Ref. Range, DW, A/C</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$10	\$5	\$5	\$15
Complex Amenities	<i>Laundry, Playground, Basketball Ct, Pavillion</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Storage</i>	<i>Pool, CH, Tennis Ct, Basketball Ct, Picnic Area</i>	<i>Pool</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>
		\$5	\$5	\$5	-\$5	\$15
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		\$85	\$11	\$34	-\$1	\$50
Adjusted Rent		\$531	\$460	\$579	\$509	\$655
Market Rent Conclusion	\$545					

Source: Crown Appraisal Group

The comparables range in size from 720 sf to 1,000 sf. After making the adjustments considered appropriate, the rent range is \$460 to \$655. Central tendencies are \$547 (average) and \$531 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-renovated market rent of \$545/month is concluded to be appropriate.

Unrenovated Market Rent, 3 br-1 ba (949 sf)

The subject is comprised of 8 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

3 Bed, 1 Bath				
<i>As is</i>				
	Subject	Rent 1	Rent 2	Rent 3
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Regency Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave
Unadjusted Rent		\$760	\$534	\$645
<i>Location</i>				
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave
City	Pelham	Moultrie	Moultrie	Moultrie
Population	3,673	15,655	15,655	17,023
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10
<i>Year Built</i>	1981	1986	1984	1968
<i>Condition/Street Appeal</i>		<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>
		\$0	\$0	\$10
<i>Unit Size (sf)</i>	949	1,118	1,095	1,200
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$34	-\$29	-\$50
<i>Bedrooms</i>	3	3	3	3
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Bathrooms</i>	1.0	2.0	1.5	2.0
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$25	-\$15	-\$25
<i>Utilities (who pays?)</i>				
Heat	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord
Sewer	Landlord	Tenant	Landlord	Landlord
Trash	Landlord	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>
		\$20	\$0	\$0
<i>Unit Amenities</i>	<i>Ref, Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, DW, Disp, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Similar</i>
		\$10	\$5	\$0
<i>Complex Amenities</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Storage</i>
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Concessions</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
Net Adjustment		-\$39	-\$49	-\$75
Adjusted Rent		\$721	\$485	\$570
Market Rent Conclusion	\$590			

Source: Crown Appraisal Group

The comparables range in size from 1,095 sf to 1,200 sf. After making the adjustments considered appropriate, the rent range is \$485 to \$721. Central tendencies are \$592 (average) and \$570 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-is market rent of \$590/month is concluded to be appropriate.

As Renovated Market Rent, 3 br-1 ba (949 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

3 Bed, 1 Bath As Renovated				
	Subject	Rent 1	Rent 2	Rent 3
Name	Hillcrest Apartments	Jac-Lyn Apts	Pineland Apts	Regency Apts
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave
Unadjusted Rent		\$760	\$534	\$645
Location				
Address	1503 John Collins Road NE	517 26th Ave SE	707 26th Ave SE	411 N Virginia Ave
City	Pelham	Moultrie	Moultrie	Moultrie
Population	3,673	15,655	15,655	17,023
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10
Year Built	1981/2019R	1986	1984	1968
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$50	\$50	\$60
Unit Size (sf)	949	1,118	1,095	1,200
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$34	-\$29	-\$50
Bedrooms	3	3	3	3
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		0	0	0
Bathrooms	1.0	2.0	1.5	2.0
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$25	-\$15	-\$25
Utilities (who pays?)				
Heat	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant
Water	Landlord	Landlord	Landlord	Landlord
Sewer	Landlord	Tenant	Landlord	Landlord
Trash	Landlord	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>
		\$20	\$0	\$0
Unit Amenities	<i>Ref, Range, A/C, Patio, W/D HU, Storage, Micro</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, DW, Disp, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$10	\$5
Complex Amenities	<i>Laundry, Playground, Basketball Ct, Pavillion</i>	<i>Pool, Laundry, Biking/Walk Trails</i>	<i>Laundry, Playground, Basketball Ct</i>	<i>Pool, Laundry, Storage</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$5	\$5	\$5
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
Net Adjustment		<u>\$21</u>	<u>\$11</u>	<u>-\$15</u>
Adjusted Rent		\$781	\$545	\$630
Market Rent Conclusion		\$650		

Source: Crown Appraisal Group

The comparables range in size from 1,095 sf to 1,200 sf. After making the adjustments considered appropriate, the rent range is \$545 to \$781. Central tendencies are \$652 (average) and \$630 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-renovated market rent of \$650/month is concluded to be appropriate.

Market Vacancy Conclusion

Five market rate properties have been detailed. There are relatively few market rate rent comparables. Occupancy of the comparable properties ranges from 92.9%-100.0% with an average of 95.7%.

Apartment Vacancy Hillcrest Apartments					
<u>Name</u>	<u>Location</u>	<u>Total Units</u>	<u>Occ.</u>	<u>Vacancy</u>	
Hillcrest Apartments	1503 John Collins Road NE	49	93.9%	6.1%	
Jac-Lyn Apts	517 26th Ave SE	84	92.9%	7.1%	
Pineland Apts	707 26th Ave SE	40	98.0%	2.0%	
Regency Apts	411 N Virginia Ave	48	94.0%	6.0%	
Georgetown Apts	315 15th St SE	102	95.0%	5.0%	
Holly Cove Apts	2809 5th St SE	72	100.0%		
	Minimum		92.9%		
	Maximum		100.0%	7.1%	
Totals and average (excluding subject)		346	95.7%	4.3%	

Source: *Area Managers; Crown Appraisal Group*

The subject has historically operated as a government subsidized property. Most of the units are available for rental assistance, with the tenant paying 30% of their income towards the rent figure. Historic vacancy at Hillcrest Apartments has been low. When inspected, there were 3 vacant units.

Therefore, in recognizing the economic benefit due to the governmental assistance as well as historic vacancy, a vacancy below 5% is reasonable when developing the value opinions for the **restricted rent** scenarios. However, additional consideration is given the possible uncertainty of increased vacancy when considering the **prospective restricted** valuation as a function of the as renovated rent conclusions.

After consideration of the market vacancy and the area supply/demand components, the following vacancy conclusions are drawn:

Value 1, as conventional or unrestricted –5%

Value 2-RD, subject to restricted rents within 7 CFR Part 3560.752(b)(1)(i) – 3%

Value 3, prospective, subject to restricted rents – 3%

Value 4, prospective, as conventional or unrestricted - 5%

Property Description

This section will present a description of the physical and economic characteristics of the site and building improvements. The description is based upon an inspection of the property, discussions with local municipal authorities, and data provided by the client and management.

General Location

The subject is located on the north side of John Collins Road NE about 1 mile northeast of downtown Pelham. The property is in Pulaski County. Pelham is located in southwest Georgia. The property has an address of 1503 John Collins Road NE, Pelham, Georgia. The maps in the preceding section show the property's location.

Access, Ingress, Egress, Visibility

Overall, access is average from both a neighborhood (local) perspective, as well as a macro (regional) perspective. Ingress/egress to the property is from John Collins Road NE. The ingress and egress attributes are average. Visibility to the subject is considered average.

History of the Property

According to public records, the subject is owned by Pelham Limited Partnership. The current owner has owned the property for more than 3 years. The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. While the sale price is in the final stages of negotiation, the price is expected to be about \$1,033,845. The transfer is assumed to be between related parties and not one that is considered to be arms-length. As the transfer is presumably not arms-length, no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) The developer estimates the renovation cost to be about \$33,404 per unit, or about \$1,636,785. Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. It is expected that the air conditioning units will be replaced, windows will be repaired/replaced, new roofs will be installed, parking areas will be repaired, and kitchens and bathrooms will be updated as needed. Microwaves will be added to each unit. In addition, a pavilion will be added to the complex.

Fair Housing

There are no known violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. There are 3 units that are UFAS (Uniform Federal Accessibility Standards) accessible, 1 unit that is equipped for the sight/hearing impaired and 4 ADA (Americans with Disabilities Act) parking spaces at the subject. **Note: The appraisers are not experts in such matters. It is assumed that fair housing practices are implemented at the subject. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to fair housing issues.**

Easements

No detrimental easements that would substantially deter development are known to exist. Others, such as utility easements, allow for development of the site and are considered beneficial to the tract.

Environmental Hazards

Soil conditions are assumed to be adequate. The site appears to be well drained. No engineering or soil testing has been performed to the knowledge of the appraisers, and no further conclusion as to the condition of the foundation or soil condition is made. There is no reason to suspect that hazardous materials are on the property such as discolored vegetation, oil residue, asbestos-containing materials, and lead-based paint. **Note: The appraisers are not experts in environmental matters. It is assumed that the site is clean from an environmental standpoint. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to environmental issues.**

Third Party Reports

No third party reports (such as market studies, environmental or physical condition) have been reviewed, and, unless noted, no warranty is made for any such reports that may exist.

Topography

The topography at the site is generally level.

Flood Plain

According to FEMA's flood insurance rate map community panel number 13205C0395D, dated September 25, 2009, the subject is located in Zone X. Zone X is identified as not being in a flood plain.

Zoning

The property is zoned AG. According to local government officials, the current use is a legal, conforming use under this zoning classification and if damaged or destroyed the improvements could be rebuilt. No zoning ordinance is given for public use.

Utilities

The subject site is serviced by the following utilities (the payor of the utilities is also shown):

<i>Utility Details</i>	
<i>Hillcrest Apartments</i>	
<u>Service</u>	<u>Paid by</u>
Heat	Tenant
Electric	Tenant
Water	Landlord
Sewer	Landlord
Trash	Landlord
Cable	Tenant

Source: *Management*

Improvements

The subject improvements include a 49-unit apartment complex (housed in 13 single-story buildings). The improvements were initially developed in 1981.

The buildings have a poured concrete foundation. The buildings have a brick exterior and a pitched roof covered with shingles.

Each unit has a living room/living area, kitchen, one, two, or three bedrooms, and one bathroom. The floors in the units are a combination of carpet and tile. Windows are double hung. Exterior doors are metal; interior doors are hollow core wood. Interior walls are painted drywall; ceilings are painted drywall. Ceiling height is generally 8 feet. Hot water is supplied via individual water heaters. Each unit includes a washer/dryer hook-up.

Kitchens have vinyl flooring. They are equipped with a refrigerator, double sink, fan hood, and range.

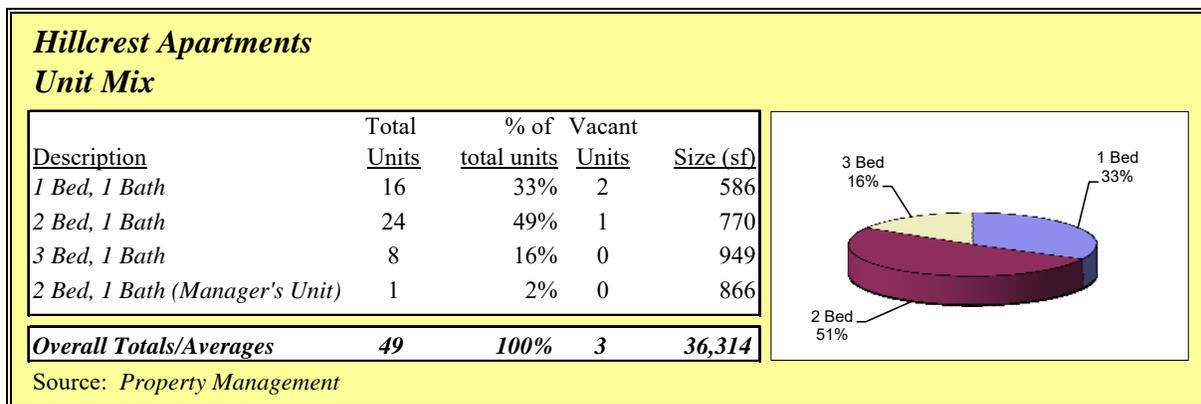
Each unit has an individual forced air furnace. The units have central air conditioning. The units have battery powered and hard wired smoke alarms.

Property amenities include a laundry room, playground, and basketball court. While not a property amenity per se, the units have a small enclosed storage room to the rear of the units off of the patio.

Parking areas are in average condition. There appears to be sufficient parking for the property. Overall parking at the subject is adequate.

Unit Mix

The composition of the property is shown in the chart below.



Physical and Functional Condition

The improvements were completed in 1981 and renovated periodically over time. The property has been maintained on an as needed basis.

The total building size is 36,314 sf. This is the sum of the apartment units (1 Bedroom - 586 sf/unit * 16 units – 9,376 sf plus 2 Bedroom – 770 sf/unit * 24 units – 18,480 sf plus 3 Bedroom – 949 sf/unit * 8 units – 7,592 sf plus 2 Bedroom (Manager’s Unit) – 866 sf/unit * 1 units – 866 sf) plus the office/laundry/maintenance facilities (835 sf).

A major renovation is planned for the property improvements. Preliminary plans, completed by Wallace Architects, LLC, are include in the addendum of the report. Per the client, finalized plans will be provided to Rural Development and DCA for review and approval separately. Planned renovations include replacement of all existing flooring, replacement of kitchen cabinets and countertops, replacement of existing kitchen appliances, plumbing fixtures, lighting fixtures, bathroom cabinets and countertops, HVAC, repainting, re-roofing (new shingles), as well as exterior upgrades and improvements, and re-paving and re-striping of drive and parking areas. Microwaves will be added to each unit. In addition, a pavilion will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate. The renovation is expected to cost about \$33,404 per unit, or about \$1,636,785.

Upon completion of the renovations, the property’s marketability, overall quality, and aesthetic appeal will be increased and enhanced. Following the renovations, the subject is projected to have a remaining economic life – assuming normal maintenance and repairs - of 60 years. If the property were not renovated, the remaining economic life (the “remaining economic life”) is estimated at 30 years.

Current Rent Parameters/Rent Roll

The chart below illustrates the current rent parameters. As has been discussed, there are LIHTC restrictions applicable to the units at the property. The market rent and as-renovated market rent (CRCU) conclusions for the one and three bedroom units are well above the maximum LIHTC rent figure. The market rent for the two bedroom units are similar to the maximum LIHTC rent figure while the as-renovated market rent is above the maximum LIHTC rent figure.

Hillcrest Apartments												
Rent Parameters												
	Total Units	% of total	Vacant Units	% of unit type	Size (sf)	Total Size (sf)	HAP Contract	Gross LIHTC	Utility Costs	Net LIHTC	CRCU As-Is	CRCU As-Renovated
1 Bed, 1 Bath	16	33%	2	13%	586	9,376	\$509	\$510	\$123	\$387	\$415	\$475
2 Bed, 1 Bath	24	49%	1	4%	770	18,480	\$605	\$612	\$125	\$487	\$485	\$545
3 Bed, 1 Bath	8	16%	0	0%	949	7,592	\$687	\$707	\$186	\$521	\$590	\$650
2 Bed, 1 Bath (Manager's Unit)	1	2%	0	0%	866	866	--	Non-Revenue			Non-Revenue	
Overall Totals/Averages	49	100%	3	6%	741	36,314						

Source: Property Management

The HAP contract rents for the units are above the market rent and as-renovated market rent (CRCU) conclusions. The current HAP contract rents at the subject are needed to provide

decent, safe, and sanitary housing to tenants. Tenants are only required to pay 30% of their adjusted gross income toward their monthly rent. Therefore, the HAP contract is used for the as-is and prospective restricted rent scenarios.

Operating History

The chart below shows the recent operating history for the subject. Repairs and maintenance expenses also include capital improvements.

Hillcrest Apartments										
Operating History										
49 units										
Revenue	2013	Per Unit	2014	Per Unit	2015	Per Unit	2016 Budget	Per Unit	2017 Budget	Per Unit
Apartment Rental Income	341,474	6,969	317,404	6,478	253,643	5,176	316,008	6,449	321,048	6,552
Plus: Other Income	-16,552	-338	12,951	264	11,434	233	2,628	54	2,322	47
Effective Gross Income	324,922	6,631	330,355	6,742	265,077	5,410	318,636	6,503	323,370	6,599
Operating Expenses										
Real Estate Taxes	20,986	428	10,883	222	14,682	300	17,364	354	17,690	361
Insurance	9,181	187	10,252	209	10,248	209	11,291	230	12,725	260
Repairs & Maintenance	43,761	893	51,951	1,060	29,374	599	33,199	678	33,044	674
General & Administrative	15,181	310	15,200	310	16,100	329	16,783	343	16,860	344
Management Fees	24,920	509	24,965	509	26,128	533	27,072	552	28,224	576
Utilities										
Electric	5,260	107	5,987	122	5,374	110	6,245	127	7,056	144
Water/Sewer	32,017	653	37,184	759	45,880	936	46,200	943	52,240	1,066
Total Utilities	37,277	761	43,171	881	51,254	1,046	52,445	1,070	59,296	1,210
Payroll	45,116	921	42,410	866	45,222	923	55,405	1,131	50,446	1,030
Marketing			308	6	103	2	340	7	300	6
Total Expenses	196,422	4,009	199,140	4,064	193,110	3,941	213,899	4,365	218,585	4,461
operating expense ratio		60.5%		60.3%		72.9%				67.6%
Net Operating Income	128,500	2,622	131,215	2,678	71,967	1,469	104,737	6,503	104,785	2,138

Source: Property Management

While individual line items will vary depending upon the specific valuation developed later in the report, the following generally holds true:

Interest Appraised

Value 1

Market value, unrestricted rents

Comment

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by market rent levels.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Value 2-RD

Market value, subject to restricted rents

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by basic rent levels.

The total operating expense estimate will be similar to historic expenses at the subject. There will be an explicit Reserve expense.

Value 3

Prospective, subject to restricted rents.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Value 4

Prospective, as conventional or unrestricted.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will based on the (prospective) market rent figures.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit Reserve expense.

Real Estate Taxes and Assessments

The chart below shows the tax details. The assessor’s land and improvement values are shown for informational purposes only. Actual land sales are used in order to develop the value of the subject’s site while Marshall Valuation service has been used to develop the replacement cost of the improvements.

Real Estate Taxes Hillcrest Apartments		
Parcel Numbers	01020-020-000 01020-020-001	
	<u>Appraised</u>	<u>Assessed</u>
Land	\$77,197	\$30,879
Improvements	<u>895,400</u>	<u>358,160</u>
Total	972,597	389,039
Real Estate Taxes	\$14,431	
Taxes/unit	\$286	
Source: County Auditor		

The chart below shows the recent assessed values and taxes for the subject for the past few years.

Real Estate Taxes Hillcrest Apartments									
<u>Year</u>	<u>Auditors Appraised Values</u>			<u>Assessed Values</u>			<u>Annual</u>	<u>Tax</u>	
	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Taxes</u>	<u>Rate</u>	
2016	77,197	895,400	972,597	30,879	358,160	389,039	14,431	37.09307	
2015	77,197	895,400	972,597	30,879	358,160	389,039	14,450	37.14345	
2014	77,197	895,400	972,597	30,879	358,160	389,039	14,426	37.08148	
2013	77,197	895,400	972,597	30,879	358,160	389,039	13,855	35.61401	
Source: County Auditor									

The following chart notes area tax comparables. The reader is referred to the assessed value per unit column, which is the best indicator of comparability. Properties with higher real estate taxes per unit than others also have higher assessed values per unit than others. The tax comparables confirm the reasonableness of the real estate taxes.

Hillcrest Apartments Tax Comparables										
<u>Name/Location</u>	<u>Parcel #</u>	<u>Effective Millage</u>	<u>Taxes/unit</u>			<u>Land</u>	<u>Improvements</u>	<u>Total</u>	<u>Assessed</u>	
			<u>Units</u>	<u>RE Taxes</u>	<u>unit</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Value/unit</u>	
Hillcrest Apartments 1503 John Collins Road NE	01020-020-000	37.0931	49	14,431	295	30,879	358,160	389,039	7,940	
East Railroad Street Apts 476 E Railroad St NE, Pelham	P0150-00000-070-000	19.9404	24	8,452	352	4,760	419,102	423,862	17,661	
Quail Valley Apts 401 US 19 S, Camilla	C0290-00000-009-000	65.5646	48	15,284	318	19,880	213,234	233,114	4,857	
Hunters Glen Apts 340 6th Ave NE, Cairo	C0260-00000-097-000	36.1771	48	9,261	193	45,200	210,791	255,991	5,333	
Source: Crown Appraisal Group										

Highest and Best Use

Highest and best use is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

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

Some of the more germane comments from this publication regarding highest and best use are noted in the following bullet points:

- If, however, the market value of the property with the existing improvements is greater than the market value of the land as though vacant less costs to demolish the existing improvements, then the highest and best use of the property as improved is to keep the improvements for residential or commercial use.
- The use that a site or improved property is put to until it is ready for its highest and best use has traditionally been known as the interim use. An interim use is not the highest and best use of the property at the present time, and it should not be represented as the subject property's current highest and best use. Rather, the current highest and best use of a property with an interim use would be to leave the property as is until land value rises to a level for modification of the interim use (or demolition of the improvements and redevelopment for some other use) is financially feasible.
- These criteria [legally permissible, physically possible, financially feasible, maximally productive] are generally considered sequentially.

After consideration of the data, the following conclusions are drawn:

As If Vacant:

Physically Possible Uses:	Physical constraints include site area, shape, and adjacent uses. The site has all public utilities available. Noted easements are typical, and soil conditions are assumed to be adequate. There are acceptable access and visibility attributes. Based on location and site constraints, the most probable physically possible uses would be an intensive use. The existing improvements are such a use, and effectively utilize the site.
Legally Permissible Uses:	According to government officials, the current multi-family use is a permissible use.
Financially Feasible Uses:	The subject has a good location and is convenient to major traffic arteries. The surrounding area has been developed with a number of properties, including single-family residential properties, multi-family properties, retail properties, office and institutional uses (churches, schools, parkland). The residential users in the immediate area appear to have met with market acceptance. If vacant, a similar use is appropriate. The existing improvements develop a return in excess of that if the property were not improved.

Conclusion/Maximum Productivity: Of those uses that are physically possible, legally permissible, and financially supported, a residential development is concluded to be the highest and best use of the site as if vacant. Given the area demographics, development should not be speculative – rather, development should only occur with an identified end user in place.

As Improved:

Physically Possible Uses: The presence of the improvements demonstrate their physical possibility.

Legally Permissible Uses: The current multi-family use is a permissible use.

Financially Feasible Uses: As is shown in the valuation, the existing improvements develop a return well in excess of that if the property were not improved.

Conclusion/Maximum Productivity: The existing improvements are considered to be financially feasible. The chart below demonstrates that the proposed renovation is appropriate and financially viable – when considering the inclusion of the additional value from the interest credit subsidy and LIHTC. As shown, the sum of the prospective market value, interest credit values, and LIHTC values are in excess of the property's as is value plus renovation costs. Therefore, the proposed renovations provide a higher return to the property than if the property were not renovated, and the highest and best as improved is concluded to be with the renovations made to the property. There are no negative market trends that would influence the value of the property.

<i>Financial Feasibility</i>		
<i>Hillcrest Apartments</i>		
<u>Initial Test of Financial Feasibility</u>		
Value 3, prospective, subject to restricted rents		\$2,100,000
Value 1, as-is, as conventional or unrestricted		<u>\$1,215,000</u>
	Incremental difference	\$885,000
Renovation Cost		<u>\$1,636,785</u>
	Benefit (cost) of renovating <i>before</i> consideration of other benefits	-\$751,785
<u>Other Benefits</u>		
Value 5	Interest Credit Subsidy Value from assuming the existing 515 Loan)	\$380,000
Value 6	LIHTC Value	<u>\$2,041,382</u>
	Value of additional benefits of renovation	\$2,421,382
		<u><i>Net benefits, or added value, of renovation</i></u> <u>\$1,669,597</u>
<u>Initial Test of Financial Feasibility</u>		
Value 3, prospective, subject to restricted rents		\$2,100,000
Value 2-RD, as-is, subject to restricted rents		<u>\$2,025,000</u>
	Incremental difference	\$75,000
Renovation Cost		<u>\$1,636,785</u>
	Benefit (cost) of renovating <i>before</i> consideration of other benefits	-\$1,561,785
<u>Other Benefits</u>		
Value 5	Interest Credit Subsidy Value from assuming the existing 515 Loan)	\$380,000
Value 6	LIHTC Value	<u>\$2,041,382</u>
	Value of additional benefits of renovation	\$2,421,382
		<u><i>Net benefits, or added value, of renovation</i></u> <u>\$859,597</u>

These thoughts are carried to the Valuation section.

Valuation

The valuation process involves the gathering of data in order to develop opinions of value for the subject. A number of value opinions are provided; the value opinions are identified and the applicable approaches to value are also identified.

<p>Value 1 as conventional or unrestricted</p>	<p>The income capitalization and sales comparison approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 2-RD subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of "safeness" of RA units) used.</i></p>
<p>Value 3 prospective, subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 4 prospective, as conventional or unrestricted</p>	<p>The income capitalization and cost approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 5 Market value of the interest credit subsidy from assumed loan</p>	<p>The income capitalization approach is used.</p>
<p>Value 6 Market value of LIHTC (tax credits)</p>	<p>The income capitalization approach is used.</p>
<p>Value 7 Insurable value</p>	<p>The cost approach is used.</p>
<p>Value 8 Market value of underlying land</p>	<p>This value is developed within the cost approach valuation used for Value 4.</p>

Market Valuation

An opinion of the market value, unrestricted rents (fee simple estate, as conventional or unrestricted, as of the date of valuation) is subject to the hypothetical condition that the subject property is operated as a conventional, market rate property. Historically, the subject property has been operated as a subsidized property. Both the income capitalization approach and the sales comparison approach are utilized to arrive at opinions of the market value of Hillcrest Apartments, as conventional or unrestricted (Value 1). The income capitalization approach is used to arrive at the market value, subject to restricted rents (Value 2).

Income Capitalization Approach Value 1, as conventional or unrestricted

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. Market value is developed through the use of market derived financial opinions and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the market rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are estimated.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be based on market rent figures.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Pro Forma Capitalization

Base Rent Revenue – is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below.

Hillcrest Apartments							Value 1	
Base Rent Revenue							as conventional or unrestricted	
	Total Units	% of total	Size (rsf)	Total rsf	Rent/Month	Market Rent		Yearly
						Rent/sf	Monthly	
1 Bed, 1 Bath	16	33%	586	9,376	\$415	\$0.71	\$6,640	\$79,680
2 Bed, 1 Bath	24	49%	770	18,480	\$485	0.63	11,640	139,680
3 Bed, 1 Bath	8	16%	949	7,592	\$590	0.62	4,720	56,640
2 Bed, 1 Bath (Manager's Unit)	1	2%	866	866			Non-Revenue	
Overall Totals/Averages	49	100%	741	36,314	469	0.63	23,000	276,000

Source: Crown Appraisal Group

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 5%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$50/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are those costs necessary to maintain the property at or near a maximum level of economic performance. These expenses are categorized as real estate taxes, insurance, repairs and maintenance, general and administrative, management fees, utilities, payroll, and marketing. In addition, reserves are also considered. Estimated operating expenses are based on historical figures, and support from market data. The market data information is of properties similar in size, age, condition, and location relative to the subject that have been appraised by Crown Appraisal Group. All of these properties are RD properties – none are market rate ones. Like the subject, the operating histories reflect the benefits – and costs – associated with operating as a rural property subject to various RD operating costs.

With respect to operating expense line items, Real Estate Taxes, Insurance, and Utilities should be near historic. Repairs & Maintenance, General & Administrative, Management Fees and Payroll should be lower than historic due to the nature of market rate operations as compared to subsidized operations. Marketing should be above historic, also due to the nature of market rate operations. An explicit Reserve will be recognized.

The line item operating expenses are presented in the chart below. The chart details the median and average operating expenses by the operating expense comparables, the historic operating expenses at the subject, and the pro forma operating expense projections.

Operating Expense Comparables										
Hillcrest Apartments										
	1	2	3	4	5	6	7	8	9	10
Units	55	51	51	55	18	20	55	65	55	24
Year	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Per Unit Basis										
Real Estate Taxes	197	227	125	197	432	393	341	208	171	213
Insurance	274	166	499	274	154	222	189	316	400	296
Repairs and Maintenance	345	472	791	345	1,198	778	976	447	319	735
General and Administrative	259	253	242	259	527	368	283	204	211	306
Management Fees	540	528	506	540	524	520	500	529	529	337
Utilities										
Electric	122	98	155	122	111	190	162	101	108	95
Water/Sewer	<u>556</u>	<u>24</u>	<u>20</u>	<u>556</u>	<u>46</u>	<u>42</u>	<u>35</u>	<u>32</u>	<u>556</u>	<u>6</u>
Total Utilities	679	122	175	679	156	232	197	132	664	101
Payroll	900	1,096	457	900	636	1,066	1,245	768	955	1,331
Marketing	2	1	9	2	23	4	0	0	2	2
Total	3,196	2,865	2,803	3,196	3,649	3,582	3,731	2,603	3,251	3,321
Per Unit Basis										
<u>Category</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Median</u>						
Real Estate Taxes	125	432	250	210						
Insurance	154	499	279	274						
Repairs and Maintenance	319	1,198	641	604						
General and Administrative	204	527	291	259						
Management Fees	337	540	505	526						
Utilities										
Electric	95	190	126	116						
Water/Sewer	<u>6</u>	<u>556</u>	<u>187</u>	<u>38</u>						
Total Utilities	101	679	314	186						
Payroll	457	1,331	935	927						
Marketing	<u>0</u>	<u>23</u>	<u>4</u>	<u>2</u>						
Total	2,603	3,731	3,220	3,224						
Source: Apartment Management, Crown Appraisal Group										

Hillcrest Apartments											<i>as conventional or unrestricted</i>	
Operating Expense Estimates											<i>as-is</i>	
Real Estate Taxes												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	210	med	250	avg	428	222	300	354	361	286	\$14,022	
Insurance												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	274	med	279	avg	187	209	209	230	260	233	\$11,438	
Repairs & Maintenance												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	604	med	641	avg	893	1,060	599	678	674	550	\$26,950	
General & Administrative												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	259	med	291	avg	310	310	329	343	344	250	\$12,250	
Management												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	526	med	505	avg	509	509	533	552	576	270	\$13,233	
Electric Utilities												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	116	med	126	avg	107	122	110	127	144	110	\$5,390	
Water & Sewer												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	38	med	187	avg	653	759	936	943	1066	936	\$45,864	
Total Utilities												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	186	med	314	avg	761	881	1,046	1,070	1,210	1,046	\$51,254	
Payroll												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	927	med	935	avg	921	866	923	1,131	1,030	825	\$40,425	
Marketing												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	2	med	4	avg		6	2	7	6	15	\$735	
Total Operating Expenses (including consideration of Reserve)												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	3,224	med	3,220	avg	4,009	4,064	3,941	4,365	4,461	3,726	\$182,557	
Source: <i>Property Management; Crown Appraisal Group</i>												

Hillcrest Apartments		Value 1
Operating Expense Estimates		as conventional or unrestricted
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	286	Based on the current real estate taxes of the subject as reported by the county.
Insurance	233	Based on historic with support from market.
Repairs & Maintenance	550	Below historic; property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	250	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	110 Electric	Based on historic with support from market.
	936 Water and sewer	Based on historic with support from market.
Payroll	825	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense is based on the probable cost if the property were operated as a market rate one.
Marketing	15	Above historic; market rate properties require a higher cost for marketing.
Reserve	250	Based on market participant attitudes.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma. Notice the market estimates are lower than the historical figures as government subsidized properties typically cost more to operate than market rate.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)					Value 1					
Hillcrest Apartments					as conventional or unrestricted					
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	250	210	428	222	300	354	361	286
Insurance	154	499	279	274	187	209	209	230	260	233
Repairs and Maintenance	319	1,198	641	604	893	1,060	599	678	674	550
General and Administrative	204	527	291	259	310	310	329	343	344	250
Management Fees	337	540	505	526	509	509	533	552	576	270
Utilities										
Electric	95	190	126	116	107	122	110	127	144	110
Water/Sewer	6	556	187	38	653	759	936	943	1,066	936
Total Utilities	101	679	314	186	761	881	1,046	1,070	1,210	1,046
Payroll	457	1,331	935	927	921	866	923	1,131	1,030	825
Marketing	0	23	4	2		6	2	7	6	15
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	250
Total Operating Expenses	2,603	3,731	3,220	3,224	4,009	4,064	3,941	4,365	4,461	3,726

Note: columns with low, high, average, and median figures may not add to total
 Source: *Property Managers; Crown Appraisal Group*

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

<i>Pro Forma Operating Statement</i>		<i>as conventional or unrestricted</i>		
<i>Hillcrest Apartments</i>		<i>Value 1</i>		
		49 units		
		<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue		104.3%	\$5,633	\$276,000
Less: Vacancy and Collection Loss @ 5.0%		<u>-5.2%</u>	<u>-282</u>	<u>-13,800</u>
Effective Rent		99.1%	5,351	262,200
Plus Other Revenue:				
Other Income		0.9%	50	2,450
Effective Gross Income		100.0%	5,401	264,650
Less: Operating Expenses				
Real Estate Taxes		5.3%	286	14,022
Insurance		4.3%	233	11,438
Repairs and Maintenance		10.2%	550	26,950
General and Administrative		4.6%	250	12,250
Management Fees @ 5.0%		5.0%	270	13,233
Utilities				
Electric		2.0%	110	
Water/Sewer		<u>17.3%</u>	<u>936</u>	
Total Utilities		19.4%	1,046	51,254
Payroll		15.3%	825	40,425
Marketing		0.3%	15	735
Reserve		<u>4.6%</u>	<u>250</u>	<u>12,250</u>
Total Operating Expenses		69.0%	3,726	182,557
Net Operating Income		31.0%	1,675	82,094

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

Comparable Sales

The comparable sales utilized in the Sales Comparison Approach section indicate an overall capitalization rate range as shown below. Other data is shown, including the dates of the sales. Overall, the sales properties are comparable in the sense that they are recent sales of similar apartment complexes in the greater market area.

Comparable Sales						
Overall Capitalization Rates						
<u>Name/Location</u>	<u>Sale Date</u>	<u>Year Built</u>	<u>Units</u>	<u>Sale Price</u>	<u>Price/Unit</u>	<u>OAR</u>
Douglas Pines Apts Douglas, GA	Oct-16	1987	48	1,925,100	40,106	7.02%
Spanish Mission Valdosta, GA	Sep-15	1976	150	7,000,000	46,667	7.36%
The Reserve at Altama Brunswick, GA	Jul-16	1972	108	6,300,000	58,333	6.75%
Ashley Park Apts Thomasville, GA	Oct-16	2013	84	8,000,000	95,238	5.70%
The Gables of St Augustine Valdosta, GA	May-15	1989	144	4,000,000	27,778	6.10%
Average, Median, Range		6.59%	6.75%	5.70% - 7.36%		

Source: *Crown Appraisal Group*

A number of differences between the properties and the specifics of transaction, however, make correlation to a specific rate within the range problematic. The sales do represent current market activity and characteristics of the properties that are similar to the subject. An overall rate near the range is appropriate. Certainly, the market data alone does not support the selection of a rate below 5.70% or a rate above 7.36%. If the sales were the only data source from which to select the overall capitalization rate, a rate near the middle of the range is most appropriate given the net operating income figure.

Final consideration of an appropriate rate is through an analysis of lender requirements. After all, properties such as the subject are usually transferred only after financing has been arranged. The debt coverage ratio technique calculates an overall rate by multiplying the mortgage constant by the loan-to-value ratio and then by the debt coverage figure.

Financing Techniques

Debt Coverage Ratio

The debt coverage ratio technique places emphasis on lender requirements while inherently providing for a reasonable equity return. Rather than developing an explicit equity dividend, the equity position is left with a residual dividend return. This has good applicability for properties such as the subject. Using current parameters, development of the overall rate can be seen in the following chart.

Overall Rate Derivation					
Debt Coverage Ratio Technique					
<u>Mtg. Rate</u>	<u>Term of Mtg.</u>	<u>Mtg. Constant</u>	<u>Loan to Value</u>	<u>DCR</u>	<u>OAR</u>
5.00%	30	0.0644	70.0%	1.25	5.64%
5.00%	30	0.0644	75.0%	1.20	5.80%
5.25%	30	0.0663	70.0%	1.25	5.80%
5.25%	30	0.0663	75.0%	1.20	5.96%
5.50%	30	0.0681	70.0%	1.25	5.96%
5.50%	30	0.0681	75.0%	1.20	6.13%
rounded to					5.6% - 6.1%

Source: Crown Appraisal Group

Given the specific characteristics of the property, the overall capitalization rate range derived from the debt coverage ratio appears to be reasonable.

Band of Investment

There are two primary components utilized in the band of investment technique. These are the debt and equity components. Both are explicitly developed. A weighted average, which combines these two components, is used to capitalize the net operating income. The strength of the band of investment is that it has long been used by real estate market participants in developing an overall rate. The band of investment technique quantifies the appropriate overall rate as follows:

Overall Rate Derivation					
Band of Investment Technique					
<u>Interest Rate</u>	<u>Amort.</u>			<u>Constant</u>	<u>Weighted Average</u>
5.00%	30	75%	(loan to value)	x 0.0644	= 4.831%
		25%	(equity to value)	x 6.0%	= 1.500%
					Overall Rate = 6.331%
Rounded To:					6.3%

Source: Crown Appraisal Group

Conclusion

In summarizing, most of the market-based indicators suggest that a rate toward the middle of the range is most appropriate. The weakness in the rates indicated by the comparable sales is that the figures are historic. The overall rates from the comparable sales are also suspect to relatively wide fluctuations when relatively minor changes are made (as an example, an change to the net operating income of only \$1,000 on a \$1,000,000 sale impacts the overall rate by 10 basis points). The strength in the debt coverage and the band of investment techniques, is that they are based on real participants and real mortgage rates. The information from the latter analysis suggests that the appropriate rate is in the upper 6.0% range.

In the final analysis, an overall rate that lies between the comparable sale and financing technique analysis of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio). Application of the rate to the pro forma net operating income is shown in the chart below.

<i>Pro Forma Technique Value Conclusion</i>	<i>Value 1</i>
<i>Hillcrest Apartments</i>	<i>as conventional or unrestricted</i>
Net Operating Income	\$82,094
Overall Capitalization Rate	<u>6.75%</u>
Value Conclusion	1,216,200
<i>Rounded To:</i>	<i>\$1,215,000</i>

Source: *Crown Appraisal Group*

Value 2-RD, subject to restricted rents

A pro forma is used. Much of the valuation is based on the analysis previously presented. Major differences (and similarities) are detailed below.

Base Rent

The appropriate unit rent to use is the basic rent figure.

Hillcrest Apartments					Value 2-RD			
Base Rent Revenue					subject to restricted rents			
	Total	% of	Size	Total	Basic Rent			
	<u>Units</u>	<u>total</u>	<u>(rsf)</u>	<u>rsf</u>	<u>Rent/Month</u>	<u>Rent/sf</u>	<u>Monthly</u>	<u>Yearly</u>
1 Bed, 1 Bath	16	33%	586	9,376	\$509	\$0.87	\$8,144	\$97,728
2 Bed, 1 Bath	24	49%	770	18,480	\$605	0.79	14,520	174,240
3 Bed, 1 Bath	8	16%	949	7,592	\$687	0.72	5,496	65,952
2 Bed, 1 Bath (Manager's Unit)	1	2%	866	866	Non-Revenue			
Overall Totals/Averages	49	100%	741	36,314	575	0.78	28,160	337,920

Source: Crown Appraisal Group

Vacancy

Based on historic.

Operating Expenses

The operating expenses are largely based on recent history at the subject. Figures used are shown below.

Hillcrest Apartments			Value 2-RD
Operating Expense Estimates			subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>		<u>Discussion</u>
Real Estate Taxes	286		Based on the current real estate taxes of the subject as reported by the county.
Insurance	233		Based on historic with support from market.
Repairs & Maintenance	600		Near the recent historic figures with the recognition that some of the historic amounts have some costs better categorized as capital expenditures.
General & Administrative	330		Based on historic.
Management	49.00		Based on cost per occupied door per month.
Utilities	110	Electric	Based on historic with support from market.
	936	Water and sewer	Based on historic with support from market.
Payroll	925		Based on historic.
Marketing	5		Based on historic.
Reserve	350		Based on market participant attitudes.

The pro forma is shown below.

Pro Forma Operating Statement		Value 2-RD	
Hillcrest Apartments		as-is	
49 units			
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	102.6%	\$6,896	\$337,920
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-207</u>	<u>-10,138</u>
Effective Rent	99.5%	6,689	327,782
Plus Other Revenue:			
Other Income	0.5%	35	1,715
Effective Gross Income	100.0%	6,724	329,497
Less: Operating Expenses			
Real Estate Taxes	4.3%	286	14,022
Insurance	3.5%	233	11,438
Repairs and Maintenance	8.9%	600	29,400
General and Administrative	4.9%	330	16,170
Management Fees	8.5%	570	27,948
Utilities			
Electric	1.6%	110	
Water/Sewer	<u>13.9%</u>	<u>936</u>	
Total Utilities	15.6%	1,046	51,254
Payroll	13.8%	925	45,325
Marketing	0.1%	5	245
Reserve	<u>5.2%</u>	<u>350</u>	<u>17,150</u>
Total Operating Expenses	64.6%	4,346	212,952
Net Operating Income	35.4%	2,378	116,546

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

The appropriate rate selected should recognize two primary characteristics. There is a need for affordable housing in the area. Second, the net operating income developed is within the range at that seen during the prior three years. In that sense, the net operating income is one that is relatively “safe”. The conclusion is that the appropriate overall rate should be less than that selected for the market, unrestricted. The question is, of course, how much lower. There is some information available from RD that helps answer this. The consensus is that, for properties that are comprised of all (or mostly all) RA units, the appropriate rate should be about 100 basis points less than the market rate conclusion (the rate used for market unrestricted). For properties that do not have a high percentage of RA units, the overall rate should not be significantly different than the overall rate used in the unrestricted valuation. The chart quantifying this is shown below, with the value opinion shown after.

Overall Capitalization Rate Selection			Value 2-RD	
Hillcrest Apartments			subject to restricted rents	
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	0	0.0%	6.75%	0.000%
Rental Assistance	49	100.0%	5.75%	5.750%
Total	49	100.0%		5.750%
Indicated OAR				5.75%

Source: Crown Appraisal Group

Pro Forma Technique Value Conclusion		Value 2-RD
Hillcrest Apartments		subject to restricted rents
Net Operating Income		\$116,546
Overall Capitalization Rate		5.75%
Value Conclusion		2,026,883
Rounded To:		\$2,025,000

Source: Crown Appraisal Group

Sales Comparison Approach

Value 1, as conventional or unrestricted

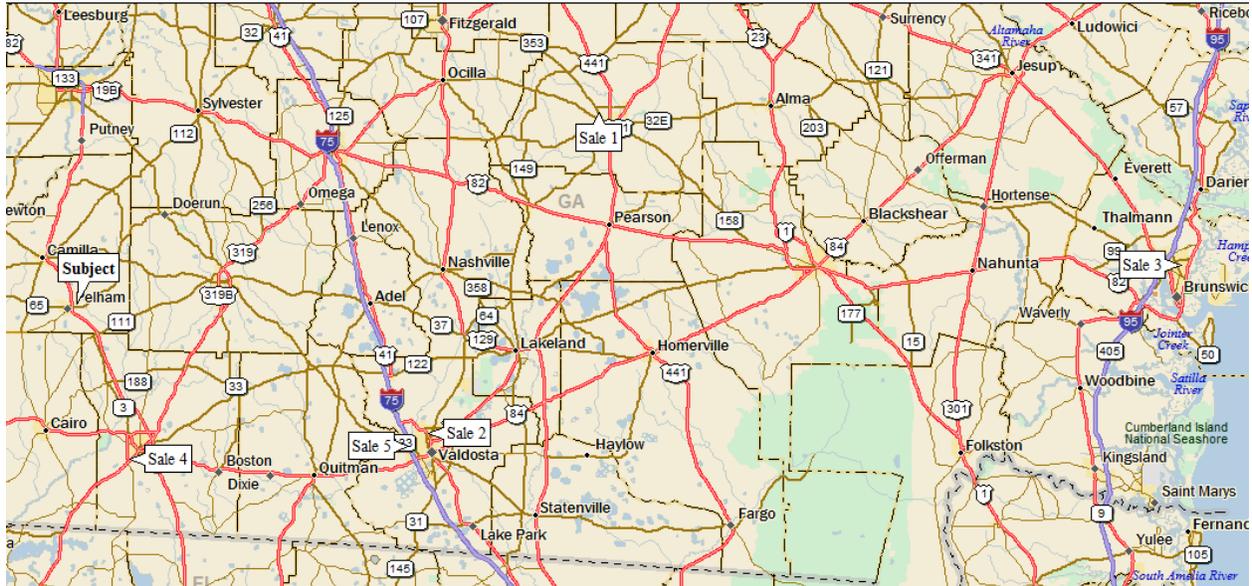
The sales comparison approach is based upon the theory that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute property. The principle of substitution confirms that the maximum value of a property is set by the cost of acquisition of an equally desirable and valuable substitute property, assuming that substitution can be made without costly delay. Other appraisal principles and concepts relating to the approach include supply and demand, balance, and externalities.

In order to obtain an indication of value from the sales comparison approach, recent sales of similar properties have been analyzed and the sales prices adjusted to reflect dissimilarities between these properties and the subject. From these sales prices an indication of market value for the subject has been developed.

One of the fundamental considerations in the sales comparison approach is defining substitute or comparable properties. Issues that are involved in this consideration involve determination of physically similar properties as well as similarly located properties. Sales properties analyzed involve small to medium-sized multi-family properties. All are located in the regional area.

The accuracy of this approach relies upon the similarities, or lack thereof, between the sales properties and the subject. The greater the differences, the more subjective this valuation technique becomes. Multi-family properties, like any specialized real estate product, are complex and involve a variety of considerations. A comparison of sales properties includes reviewing size, location, financing and date of transaction. In essence, these categories are all tied to one over-riding factor--the financial aspects and implications arising from the improvements.

The initial sales search was limited to sales of similar size properties, built during the same time period as the subject, having the same general economic characteristics, and having occurred within the immediate market area during the past six months. There were no sales meeting these criteria. When expanding the time frame and geographical area, a sufficient number of comparable sales were uncovered. While the research uncovered several sales properties which share similar attributes with the subject, dissimilarities do exist. The map below locates the comparable sales that were utilized. A detailed write up page and photograph of each sale can be found after the map.



Sale Comparable 1

General Data

Property Name:	Douglas Pines Apts
Property Address:	820 Bowens Mill Rd SE
City:	Douglas
County:	Coffee
MSA:	Not in a MSA
State:	GA
Zip:	31533
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

Sale Price:	\$1,925,100		<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price/unit:	\$40,106	Net Operating Income:	135,142	2,815	3.27	100.0%
Sale Price/rsf:	\$46.64	Overall rate:	7.02%			
Sale Date:	10/21/2016	Occupancy at time of sale:	95.0%			
Parcel Number:	0117C-131					
Legal Description:	LL 222 6LD SPRING LAKE APTS.PH I					
Buyer (Grantee):	Bpp Douglas Pines Llc					
Seller (Grantor):	Reef Properties Of Georgia Llc					

Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>
Year Built:	1987	2	2.0	Garden	841	48
Size (Number of Units):	48					
Rentable Size (rsf):	41,280					
Site Size (acres):	7.590					
Density (units/acre):	6.3					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Siding					

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
N Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
Y Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

Douglas Pines Apartments consists of five two-story buildings. The property is situated on SR-206 (Bowens Mill Road), 1.5 miles west of SR-441, and a mile north of SR-32 and two miles northwest of downtown Douglas.

Sale Comparable 2

General Data

Property Name:	Spanish Mission
Property Address:	422 Connell Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$7,000,000					
Sale Price/unit:	\$46,667	Net Operating Income:	515,200	3,435	2.73	100.0%
Sale Price/rsf:	\$37.09	Overall rate:	7.36%			
Sale Price/gsf:	\$35.00					
Sale Date:	9/9/2015	Occupancy at time of sale:	93.0%			
Parcel Number:	0112A-113					
Legal Description:	SPANISH MISSION APTS					
Buyer (Grantee):	Magnolia Mission Partners LLC					
Seller (Grantor):	Valdosta Associates LTD					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	
Year Built:	1976	1	1.0	Garden	890
Size (Number of Units):	150	2	2.0	Garden	1,213
Rentable Size (rsf):	188,716	2	2.5	Townhouse	1,125
Gross Size (gsf):	200,000	3	2.5	Townhouse	1,456
Site Size (acres):	12.000				
Density (units/acre):	12.5				
Floors:	2				
Property Design:	Walk Up				
Exterior:	Stucco				

Landlord Paid Utilities

N Cable	N Sewer
N Electric	Y Trash
N Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
Y Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	N Det. Garages
Y Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	Y Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	N Trash
Y Gas	Y Water

Other Comments

Spanish Mission Apartments is located on the northeast corner of Connell Road and Tara Drive in Valdosta, Georgia. It is 3 miles north of downtown Valdosta in Lowndes County.

Sale Comparable 3

General Data

Property Name:	The Reserve at Altama
Property Address:	5801 Altama Ave
City:	Brunswick
County:	Glynn
MSA:	Brunswick
State:	GA
Zip:	31525
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

Sale Price:	\$6,300,000		<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price/unit:	\$58,333	Net Operating Income:	425,250	3,938	3.37	100.0%
Sale Price/rsf:	\$49.90	Overall rate:	6.75%			
Sale Price/gsf:	\$46.71	EGIM:	14.8			
Sale Date:	7/5/2016	Occupancy at time of sale:	98.2%			
Parcel Number:	03-00925					
Legal Description:	10.45 AC ALTAMA					
Buyer (Grantee):	Reserve at Altama, LLC					
Seller (Grantor):	South Shore, LLC					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	1972	1	1.0	Garden	960	20
Size (Number of Units):	108	2	1.5	Garden	1,160	72
Rentable Size (rsf):	126,240	3	2.0	Garden	1,470	16
Gross Size (gsf):	134,886					
Site Size (acres):	10.220					
Density (units/acre):	10.6					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Other Comments

The Reserve at Altama is located on the west side of Altama Ave south of Chapel Crossing Rd about 5 miles north of downtown Brunswick.

Sale Comparable 4

General Data

Property Name:	Ashley Park Apartments
Property Address:	1 Ashley Park Pl
City:	Thomasville
County:	Thomas
MSA:	Not in a MSA
State:	GA
Zip:	31792
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$8,000,000					
Sale Price/unit:	95,238	Net Operating Income:	456,000	5,429	5.06	100.0%
Sale Price/rsf:	\$88.80	Overall rate:	5.70%			
Sale Price/gsf:	\$54.24					
Sale Date:	10/28/2016	Occupancy at time of sale:	99.0%			
Parcel Number:	2051-317					
Legal Description:	25.61 AC/ W BYPASS @ SUNSET DR/Ashley Park					
Buyer (Grantee):	Young America Property, LLC					
Seller (Grantor):	Ashley Park Llc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	2013	1	1.0	Garden	644	6
Size (Number of Units):	84	1	1.0	Garden	751	6
Rentable Size (rsf):	90,090	2	2.0	Garden	1,047	48
Gross Size (gsf):	147,480	3	2.0	Garden	1,311	24
Site Size (acres):	25.610					
Density (units/acre):	3.3					
Floors:	4					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
N W/D Hookups	Y Security Systems

Complex Amenities

N Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
Y Gated	Y Playground
N Bus. Center	N Racquetball

Other Comments

Ashley Park Apartments is located on the north side of Sunset Dr east of US 319 about 2 miles southwest of downtown Thomasville. This property is in Thomas County.

Sale Comparable 5

General Data

Property Name:	The Gables of St Augustine
Property Address:	1415 N Saint Augustine Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$4,000,000					
Sale Price/unit:	\$27,778	Net Operating Income:	244,000	1,694	2.29	100.0%
Sale Price/rsf:	\$37.48	Overall rate:	6.10%			
Sale Price/gsf:	\$30.28	EGIM:	N/A			
Sale Date:	5/29/2015	Occupancy at time of sale:	96.5%			
Parcel Number:	0081A-003					
Legal Description:	LL 14 & 15 LD 12 TRACT 1					
Buyer (Grantee):	Hi-lo Investments Llc					
Seller (Grantor):	Benton Properties Inc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	1989	0	1.0	Garden	360	20
Size (Number of Units):	144	1	1.0	Garden	480	25
Rentable Size (rsf):	106,728	1	2.0	Garden	500	5
Gross Size (gsf):	132,080	2	2.0	Garden	792	34
Site Size (acres):	26.990	2	2.0	Garden	800	20
Density (units/acre):	5.3	3	2.0	Garden	1,040	35
Floors:	3	3	2.0	Garden	1,140	5
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The Gables of St Augustine is located on the northeast side of N Saint Augustine Rd west of I-75 about 4 miles northwest of downtown Valdosta. This property is in Lowndes County.

Comparable Sales Data

The sales that were utilized to develop the value of the subject are detailed in the chart that follows. The sale price per unit of comparison is used to develop the value of the subject. To arrive at a value conclusion, the comparables are adjusted for dissimilarities to the subject with respect to property rights conveyed, financing terms, conditions of sale, date of sale, location, physical and economic attributes. Adjustments are made based on a comparison with one another as well as the appraisers' knowledge about the sales as they relate to the subject. Based on discussions with market participants, the marketing period and exposure period for each of the sales is estimated at 12 months. The chart also notes the adjustments.

<i>Hillcrest Apartments</i>							<i>Value 1</i>
<i>Improved Sales</i>							<i>as conventional or unrestricted</i>
Sale	Subject	1	2	3	4	5	
Name	Hillcrest Apartments	Douglas Pines Apts	Spanish Mission	The Reserve at Altama	Ashley Park Apts	The Gables of St Augustine	
Location	1503 John Collins Road NE	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
City or Township	Pelham	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
County	Mitchell	Coffee	Lowndes	Glynn	Thomas	Lowndes	
MSA	Not in a MSA	Not in a MSA	Valdosta	Brunswick	Not in a MSA	Valdosta	
Date of Sale		October-16	September-15	July-16	October-16	May-15	
Sale Price		\$1,925,100	\$7,000,000	\$6,300,000	\$8,000,000	\$4,000,000	
Building Size (units)	49	48	150	108	84	144	
Building Size (inc. community)	37,149	41,280	188,716	126,240	90,090	106,728	
Sale Price/Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Sale Price/sf		\$46.64	\$37.09	\$49.90	\$88.80	\$37.48	
Year Built	1981	1987	1976	1972	2013	1989	
Site Size	12.540	7.590	12.000	10.220	25.610	26.990	
Coverage	7%	12%	36%	28%	8%	9%	
Average Unit Size (sf)	758	860	1,258	1,169	1,073	741	
Units per Acre	3.9	6.3	12.5	10.6	3.3	5.3	
EGI/unit	\$5,401						
EGIM							
Expenses/Unit	\$3,726						
NOI/unit	\$1,675	\$2,815	\$3,435	\$3,938	\$5,429	\$1,694	
OAR		7.02%	7.36%	6.75%	5.70%	6.10%	
Sale Adjustments							
Property Rights Conveyed	<i>Fee Simple</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Financing Terms	<i>Market</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Conditions of Sale	<i>Arm's Length</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Market Conditions	<i>Current</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Total Sale Adjustments		0%	0%	0%	0%	0%	
Adjusted Price per Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Property Adjustments							
Location	1503 John Collins Road NE	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
	Pelham	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
	Mitchell	Coffee	Lowndes	Glynn	Thomas	Lowndes	
Population	3,673	12,002	55,754	15,133	18,413	55,754	
Comparison to subject		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-10%	-25%	-10%	-10%	-25%	
<i>Physical</i>							
Avg. Unit Size	758	860	1,258	1,169	1,073	741	
Comparison to subject		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Similar</i>	
		-5%	-25%	-20%	-15%	0%	
Age	1981	1987	1976	1972	2013	1989	
Quality/Condition	Average	Average	<i>Below Average</i>	<i>Below Average</i>	<i>Good</i>	Average	
Comparison to subject		<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Similar</i>	
		0%	5%	5%	-15%	0%	
Total Property Adjustments		-15%	-45%	-25%	-40%	-25%	
Value Indication per Unit		\$34,090	\$25,667	\$43,750	\$57,143	\$20,833	

Source: Crown Appraisal Group

As shown, no sale adjustments are indicated as appropriate for property rights conveyed, financing terms, conditions of sale, and market conditions, as they are considered to be the same as the subject. With respect to property adjustments, all location, physical, and economic attributes were reviewed – the analysis of each comparable sale is below.

Douglas Pines Apartments (Comparable 1) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. Combined, the adjustments total -15%. This results in a value indication of \$34,090/unit for Hillcrest Apartments.

Spanish Mission (Comparable 2) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -45%. This results in a value indication of \$25,667/unit for Hillcrest Apartments.

The Reserve at Altama (Comparable 3) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -25%. This results in a value indication of \$43,750/unit for Hillcrest Apartments.

Ashley Park Apartments (Comparable 4) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were superior to the subject, and an adjustment is made. Combined, the adjustments total -40%. This results in a value indication of \$57,143/unit for Hillcrest Apartments.

The Gables of St Augustine (Comparable 5) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. The adjustments total -25%. This results in a value indication of \$20,833/unit for Hillcrest Apartments.

All of the sales were given credence when determining the value via this approach. This approach is used only as support for the primary approach, and the value conclusion reflects a hypothetical condition. This value indication is concluded to be representative of the property's value as if operated under the hypothetical conventional, market rate scenario. **A value conclusion of \$27,000/unit is selected to represent the market value as of the date of valuation. This indicates an aggregate value of \$1,000,000.** The following summarizes the projections of value via the sales comparison approach.

<i>Sales Comparison Approach Summary</i>	<i>Value 1</i>		
<i>Hillcrest Apartments</i>	<i>as conventional or unrestricted</i>		
Unadjusted Value Range Per Unit	27,778	-	95,238
Indicated Value Range (rounded)	1,400,000	-	4,700,000
Adjusted Value Range Per Unit	20,833	-	57,143
Indicated Value Range (rounded)	1,000,000	-	2,800,000
Average, Median (adjusted)	36,297		34,090
Indicated Value (rounded)	1,325,000		
Value per Unit	27,000 /unit		
Source: <i>Crown Appraisal Group</i>			

Prospective Market Value

The prospective market value subject to restricted rents is projected under the extraordinary assumption that the proposed renovations to the subject property are complete. This valuation also assumes that the subject is operated as a subsidized, rural housing property. The income capitalization approach is utilized to project the prospective market value, subject to restricted rents (Value 3). The income capitalization approach and cost approach are used to arrive at the prospective market value, as conventional or unrestricted (Value 4).

Income Capitalization Approach Value 3, prospective, subject to restricted rents

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. A discounted case flow technique is not considered appropriate. Market value is projected through the use of market derived financial projections and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is projected by the rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints.

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Pro Forma Capitalization

Base Rent Revenue –is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below. The rent is typically based on the lesser of market rent or LIHTC restrictions. However, in this case the HAP contract rents are above the market rent and as-renovated market rent (CRCU) conclusions. The current HAP contract rents at the subject are needed to provide decent, safe, and sanitary housing to tenants. Tenants are only required to pay 30% of their adjusted gross income toward their monthly rent. Therefore, the HAP contract is used.

Hillcrest Apartments						Value 3			
Base Rent Revenue						prospective			
						subject to restricted rents			
	Rent Constraint	Total Units	% of total	Size (rsf)	Total rsf	Rent/Month	Market Rent Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	HAP Contract	16	33%	586	9,376	509	\$0.87	\$8,144	\$97,728
2 Bed, 1 Bath	HAP Contract	24	49%	770	18,480	605	\$0.79	\$14,520	174,240
3 Bed, 1 Bath	HAP Contract	8	16%	949	7,592	687	\$0.72	\$5,496	65,952
2 Bed, 1 Bath (Manager's Unit)		1	2%	866	866			Non-Revenue	
Overall Totals/Averages		49	100%	741	36,314	575	0.78	28,160	337,920

Source: Crown Appraisal Group

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 3%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$50/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on historic and comparable data. The comparable data has been presented previously. As noted, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Hillcrest Apartments		Value 3
Operating Expense Estimates		prospective
		subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	315	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.
Insurance	233	Based on historic with support from market.
Repairs & Maintenance	550	Lower end of the historic range reflecting the renovation.
General & Administrative	330	Based on historic.
Management	49.00	Based on cost per occupied door per month.
Utilities	110	Based on historic with support from market.
	936	Based on historic with support from market.
		Electric
		Water and sewer
Payroll	875	Near the lower end of historic range reflecting the renovation.
Marketing	5	Based on historic.
Reserve	350	Based on market participant attitudes recognizing the renovation.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)		Value 3								
Hillcrest Apartments		prospective								
		subject to restricted rents								
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	250	210	428	222	300	354	361	315
Insurance	154	499	279	274	187	209	209	230	260	233
Repairs and Maintenance	319	1,198	641	604	893	1,060	599	678	674	550
General and Administrative	204	527	291	259	310	310	329	343	344	330
Management Fees	337	540	505	526	509	509	533	552	576	570
Utilities										
Electric	95	190	126	116	107	122	110	127	144	110
Water/Sewer	6	556	187	38	653	759	936	943	1,066	936
Total Utilities	101	679	314	186	761	881	1,046	1,070	1,210	1,046
Payroll	457	1,331	935	927	921	866	923	1,131	1,030	875
Marketing	0	23	4	2		6	2	7	6	5
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	350
Total Operating Expenses	2,603	3,731	3,220	3,224	4,009	4,064	3,941	4,365	4,461	4,275

Note: columns with low, high, average, and median figures may not add to total

Source: *Property Managers; Crown Appraisal Group*

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

Pro Forma Operating Statement		<i>subject to restricted rents</i>	
Hillcrest Apartments		<i>prospective</i>	
		49 units	Value 3
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	102.3%	\$6,896	\$337,920
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-207</u>	<u>-10,138</u>
Effective Rent	99.3%	6,689	327,782
Plus Other Revenue:			
Other Income	0.7%	50	2,450
Effective Gross Income	100.0%	6,739	330,232
Less: Operating Expenses			
Real Estate Taxes	4.7%	315	15,424
Insurance	3.5%	233	11,438
Repairs and Maintenance	8.2%	550	26,950
General and Administrative	4.9%	330	16,170
Management Fees	8.5%	570	27,948
Utilities			
Electric	1.6%	110	5,390
Water/Sewer	<u>13.9%</u>	<u>936</u>	45,864
Total Utilities	15.5%	1,046	51,254
Payroll	13.0%	875	42,875
Marketing	0.1%	5	245
Reserve	<u>5.2%</u>	<u>350</u>	<u>17,150</u>
Total Operating Expenses	63.4%	4,275	209,454
Net Operating Income	36.6%	2,465	120,779

Source: Crown Appraisal Group

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

It is noted that Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

Use of an overall rate from the conventional market, which reflects conventional financing, is appropriate because all favorable financing will be valued separately from the market value, subject to restricted rents, of the real estate.

The handbook also notes that there is additional value of RA (rental assistance) to the net operating income stream through reducing the risk of investment by improving the durability of the [rental] income stream (through the assistance of the rent subsidy). The handbook further recognizes that the overall rate can be adjusted downward to account for the reduced risk due to RA.

Before consideration of the ramifications of the RA units, an overall rate of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio).

Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

When the subject property has RA, the appraisal must include a discussion of the Section 521 Rental Assistance Program, the number of RA units at the subject, and how RA affects the market value, subject to restricted rents, of the property. Rental assistance is a rent subsidy provided to owners of 514/515 projects. The renter of an RA unit is required to pay a tenant contribution toward the approved shelter cost (rent plus tenant based utilities) of the unit that is equal to no more than 30 percent of his/her income. RA is the portion of the approved shelter cost paid by the Agency to compensate a borrower for the difference between the approved shelter cost and the tenant contribution. RA usually adds value to a 514/515 project in three ways: 1) it guarantees that the scheduled base rate rent for all occupied RA units will be attained; 2) it usually increases demand for the subject's units and consequently decreases the vacancy rate; and 3) it reduces the risk of investment in the subject project by improving the durability of the income stream. Rental assistance need not be separately valued; the value of RA can be incorporated within the market value, subject to restricted rents. This can be accomplished within the Income Approach by taking into account the three ways that RA increases value, listed above, as follows. 1) Base rate rents should be included as Potential Gross Income (PGI) in the restricted pro forma; 2) a vacancy and collection loss factor that reflects the amount of RA at the property should be included; and 3) a capitalization rate for the subject may be adjusted downward to account for the reduced risk to the investor due to RA.

Based on market participant attitudes and prior experience in the valuation of subsidized properties, overall capitalization rates for properties that have 93.9% subsidized tenancy typically are ± 100 basis points lower than the overall capitalization rates of similar properties than are market rate properties. This is due to market participant attitudes that view the income that is provided by a government funded source to be “safer” than income that is provided from market rate tenants.

When arriving at an opinion of the *Market Value of the fee simple estate, as conventional or unrestricted, subject to the short term leases as of the date of valuation* a weighted average technique is utilized to arrive at an overall capitalization rate conclusion. The weighted average technique take the relative “safeness” of the income streams attributable to the rental assistance and non rental assistance units at the property into consideration. The chart below summarizes the technique utilized to arrive at a final overall capitalization rate opinion.

Overall Capitalization Rate Selection				Value 3
				prospective
				subject to restricted rents
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	0	0.0%	6.75%	0.000%
Rental Assistance	49	100.0%	5.75%	5.750%
Total	49	100.0%		5.750%
Indicated OAR				5.75%

Source: *Crown Appraisal Group*

Recognizing that all of the units have RA, an overall rate of 5.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the subject income stream. Application of the rate to the pro forma net operating income is shown in the chart below.

Pro Forma Technique Value Conclusion		Value 3
Hillcrest Apartments		prospective
		subject to restricted rents
Net Operating Income		\$120,779
Overall Capitalization Rate		<u>5.75%</u>
Value Conclusion		2,100,497
Rounded To:		\$2,100,000

Source: *Crown Appraisal Group*

Value 4, prospective, as conventional or unrestricted

As has been discussed, the prospective market value market value upon completion and as stabilized (unrestricted rents) assumes that the subject is operated as a conventional, market rate property.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by market rent.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit reserve expense.

Many of the parameters used in this valuation have been extensively discussed and analyzed. A summary of them follows.

<i>Hillcrest Apartments</i>		<i>Value 4</i>
<i>Operating Expense Estimates</i>		<i>prospective</i>
		<i>as conventional or unrestricted</i>
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	315	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.
Insurance	233	Based on historic with support from market.
Repairs & Maintenance	500	Below historic; reflects the renovation as well as the recognition that the property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	250	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	110 Electric	Based on historic with support from market.
	936 Water and sewer	Based on historic with support from market.
Payroll	775	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense recognizes the renovation and is based on the probable cost if the property were operated as a market rate one.
Marketing	15	Above historic; market rate properties require a higher cost for marketing.
Reserve	250	Based on market participant attitudes reflecting the renovation.

The pro forma and value conclusion are below.

Hillcrest Apartments					Value 4			
Base Rent Revenue					prospective			
					as conventional or unrestricted			
	Total	% of	Size	Total	Market Rent			
	Units	total	(rsf)	rsf	Rent/Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	16	33%	586	9,376	\$475	\$0.81	\$7,600	\$91,200
2 Bed, 1 Bath	24	49%	770	18,480	\$545	0.71	13,080	156,960
3 Bed, 1 Bath	8	16%	949	7,592	\$650	0.68	5,200	62,400
2 Bed, 1 Bath (Manager's Unit)	1	2%	866	866	Non-Revenue			
Overall Totals/Averages	49	100%	741	36,314	528	0.71	25,880	310,560

Source: Crown Appraisal Group

Pro Forma Operating Statement					prospective	
Hillcrest Apartments					as conventional or unrestricted	
					49 units	Value 4
		% of EGI	Per Unit		Amount	
Potential Rental Revenue		104.4%	\$6,338		\$310,560	
Less: Vacancy and Collection Loss @	5.0%	-5.2%	-317		-15,528	
Effective Rent		99.2%	6,021		295,032	
Plus Other Revenue:						
Other Income		0.8%	50		2,450	
Effective Gross Income		100.0%	6,071		297,482	
Less: Operating Expenses						
Real Estate Taxes		5.2%	315		15,424	
Insurance		3.8%	233		11,438	
Repairs and Maintenance		8.2%	500		24,500	
General and Administrative		4.1%	250		12,250	
Management Fees		5.0%	304		14,874	
Utilities						
Electric		1.8%	110	5,390		
Water/Sewer		15.4%	936	45,864		
Total Utilities		17.2%	1,046		51,254	
Payroll		12.8%	775		37,975	
Marketing		0.2%	15		735	
Reserve		4.1%	250		12,250	
Total Operating Expenses		60.7%	3,688		180,700	
Net Operating Income		39.3%	2,383		116,782	

Source: Crown Appraisal Group

Pro Forma Technique Value Conclusion		Value 4
Hillcrest Apartments		prospective
		as conventional or unrestricted
Net Operating Income		\$116,782
Overall Capitalization Rate		6.75%
Value Conclusion		1,730,099
Rounded To:		\$1,730,000

Source: Crown Appraisal Group

Cost Approach

Value 4, prospective, as conventional or unrestricted

The cost approach aggregates land value as if vacant, plus the cost to replace the existing improvements, less any accrued depreciation. The cost approach reflects value by recognizing that participants relate value to cost. Appraisal principles and concepts relating to this approach include substitution, supply and demand, balance, externalities, and highest and best use. Land valuation concepts and principles include anticipation, change, supply and demand, substitution, and balance. This approach provides an opinion of value principally based on the principle of substitution that states that:

No rational person would pay more for a property than that amount by which he or she can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility.

Methodology

The cost approach involves several steps (presented below) that have been employed to project the value of the subject:

- Comparable land sales are typically analyzed and adjusted to provide an estimate of the subject's site as if vacant.
- The improvement cost was projected using the Marshall Valuation Service.
- The amount of accrued depreciation or obsolescence (physical, functional and economic) has been projected and deducted from the replacement cost opinion.
- The depreciated replacement cost opinion is then added to the land value projected for the subject site.
- The sum of these opinions produces an indication of value by the cost approach.

Value 8, Land Value

Typically, land sales within the area are utilized to develop a land value. However, a search for comparable land sales in the subject's market area found insufficient results. The reality is that few properties have been acquired to construct new multi-family properties in this part of the state. This is understood through a review of the rent comparables – the newest of these was constructed in 1999 – 18 years ago.

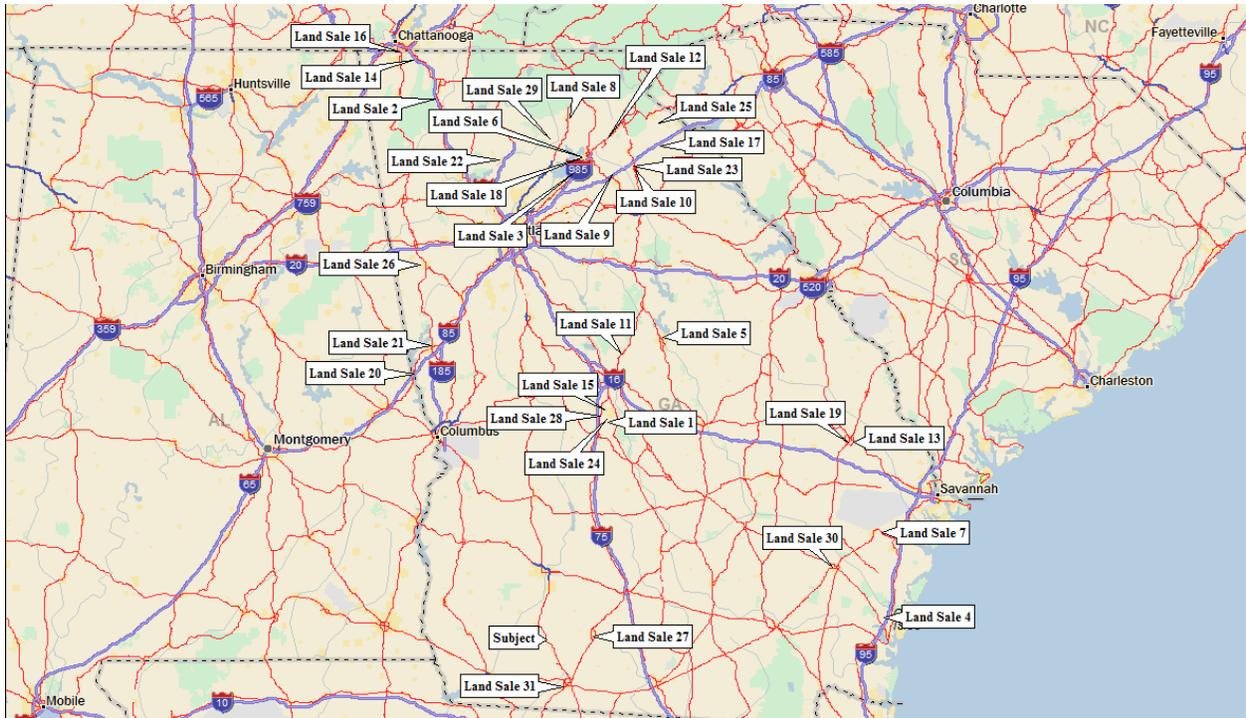
With the absence of comparable land sales, the appraiser is left with several alternative techniques. These include extraction, allocation, and a number of income capitalization methods such as land residual, ground rent capitalization, and discounted cash flow analysis.

Extraction and land residual methods have too many variables to be of use. (In part, improved sales are required, with an accurate knowledge of the contributory improvement value to those sales.) Ground rent capitalization is often used for properties that are ground leased. The discounted cash flow analysis is appropriate for subdivision development valuation. Neither of these are appropriate in this case.

Of the alternative techniques, allocation is left. As noted in The Appraisal of Real Estate, 14th edition, this technique is applicable when relatively few sales are available, which is certainly the case here. However, the same text notes that the allocation method does not produce credible value indications unless ample sales data is available. This commentary is somewhat ironic – after all, if ample sales data was available, the allocation method would not even be considered by the appraiser.

Allocation, though, incorporates the principles of balance and contribution. That is, market participants recognize there is a land value for property that is based on typical ratios that translates to specific value conclusions. To that end, the appraiser has worked on many multi-family developments and had discussion with many developers of those properties. In major MSA locations, developers are willing to pay \$10,000 per unit to \$15,000 per unit for sites to develop multifamily. For smaller MSAs, land costs are somewhat less. In rural settings, the appraiser has observed and developers have indicated prices of \pm \$1,000 up to \pm \$8,000 per unit. The range is understandably large due to the variables inherent in the specific attributes of the particular site in question.

The subject is part of a number of properties that were appraised at the same time period. The properties that comprise this portfolio share similar locational features as the subject. The majority of the properties are located in rural Georgia areas. In the course of valuing these properties, a number of land sales were uncovered. Though the sales are not all in the same county, they share a number of attributes similar to the subject. They are generally recent and they are in a generally similar (non-urban) locale. The map and sales are summarized below.



Georgia Land Sales Rural Counties																
Sale	County	Location	City	Sale Date	Sale Price	Size (ac)	Sale Price/ac	# of Units	Sale Price/unit	Location Adjustment	Adjusted Price/unit	Broker	Seller	Identification	Comments	
1	Houston	725 SR 96	Warner Robins	Nov-16	\$ 75,000	12,450	\$ 6,024	72	\$ 1,042	-10%	\$ 938	The Laser Investment Group LLC	Sandia East II Apartments Inc.	0W980159000	Multi-Family Commercial	
2	Whitfield	3432 Dug Gap Rd SW	Dalton	Nov-16	\$ 200,000	22,950	\$ 8,715					All Environmental Services, LLC	Jeanette S Longley	13-103-03-000	Commercial	
3	Hall	5941 Lights Ferry Rd	Flowers Branch	Oct-16	\$ 882,000	18,680	\$ 47,216					Southern Heritage Hm Bldgs LLC	McGowan Family Farming Partnership	08118 001004A	Multi-Family-Commercial	
4	Glynn	5999 SR 99	Brunswick	Aug-16	\$ 280,000	26,000	\$ 10,769					LWD Properties LLC	Ameris Bank	03-23259	Multi-Family-Commercial	
5	Baldwin	1963 N Jefferson St	Milledgeville	Aug-16	\$ 93,000	11,000	\$ 8,455					Dan Tomlin	First American Bank & Trust	088 003	Multi-Family-Commercial	
6	Hall	2380 Spring Rd	Gainesville	Aug-16	\$ 645,000	10,120	\$ 63,735	101	\$ 6,386	-10%	\$ 5,748	Spring Road Group LLC	Henry B Humphries	08005 000042	Multi-Family-Commercial	
7	Liberty	5502 E Oglethorpe Hwy & McIntosh Lake Rd	Hainesville	May-16	\$ 299,000	5,660	\$ 52,827					Terramore Development LLC	Fine Land Holdings Inc.	101-039	Multi-Family	
8	Lumpkin	Rock House Rd	Dahlonega	Dec-15	\$ 115,000	14,450	\$ 7,958					William Mason	RAD Enterprises	078-000-158-000	Multi-Family	
9	Jackson	915 Bill Wright Rd	Pendergrass	Nov-15	\$ 90,000	15,000	\$ 6,000					CBD Investments LLC	Rocio Woody Altmann	078-029	Multi-Family-Commercial	
10	Jackson	970 State St	Commerce	Sep-15	\$ 350,000	12,000	\$ 29,167	48	\$ 7,292	-5%	\$ 6,927	Mason Manor LP	Olympic Construction Inc.	009-007C	Multi-Family	
11	Jones	140 Senior Center Way	Gray	Aug-15	\$ 739,800	10,279	\$ 71,972	72	\$ 10,275	-25%	\$ 7,706	Water Tower Park Senior Village LP	Water Tower Park Investments	G07-00-037	Multi-Family	
12	Hall	5108 Mountain View Pky	Lula	Aug-15	\$ 250,325	29,450	\$ 8,500					William N Turk	Dac Enterprises Inc.	09-0053-00-009	Multi-Family-Commercial	
13	Bulloch	1881 S&S Railroad Bed Rd	Statesboro	May-15	\$ 879,000	38,600	\$ 15,000	176	\$ 3,290	-25%	\$ 2,467	Beacon Place Statesboro LLC	Johnay Coots & Dan Bradford	N/A	Multi-Family	
14	Catoosa	Summer Breeze & Sunny Ln	Summerville	Apr-15	\$ 325,000	7,030	\$ 46,230	72	\$ 4,514	0%	\$ 4,514	Summer Breeze Park LP	Georgia A Oliver	0023A080	Multi-Family-Commercial	
15	Houston	716 Brantley Rd	Warner Robins	Dec-14	\$ 280,000	5,500	\$ 50,909					Brantley MPH LLC	Stein Construction Co., Inc.	0C0260081000	Multi-Family-Commercial	
16	Walker	Chickamauga Ave	Rossville	Oct-14	\$ 28,600	15,390	\$ 1,858					David Bart	CBNA-GA LLC	2005-034	Multi-Family-Commercial	
17	Franklin	SWQ Commerce Rd & Cross Roads Ln	Cameville	Oct-14	\$ 55,000	17,610	\$ 3,123					Judy H Clay	Benjamin M Smith	08-00015-09-008	Multi-Family-Commercial	
18	Hall	1263 McElver Rd	Gainesville	Sep-14	\$ 600,000	33,320	\$ 18,007					America's Home Place, Inc.	Racker Holdings LLC	MS2000004 000	Multi-Family	
19	Bulloch	350 Rucker Ln	Statesboro	Jul-14	\$ 1,823,000	24,060	\$ 75,769	237	\$ 7,692	-25%	\$ 5,769	The Hampton Statesboro LLC	West Point Village, LP	094-4C-007-088	Multi-Family	
20	Troup	West St	Forest Park	Apr-14	\$ 515,400	8,590	\$ 60,000	80	\$ 6,443	-25%	\$ 4,832	Forest MB Apartments, LP	Margaret Ann Maglin	0611A009013A	Multi-Family-Commercial	
21	Troup	911 N Greenwood St	Lagrange	Apr-14	\$ 175,000	7,900	\$ 22,152					Knight LLC	Laurel Canyon GP LLC	14-0135-0001	Multi-Family-Office	
22	Cherokee	30 Laurel Canyon Village Cir	Canton	Mar-14	\$ 2,162,000	50,550	\$ 42,770	350	\$ 6,177	-10%	\$ 5,559	Lifestyle at Laurel Canyon LLC	KRM Properties, LLC	CBNA-GA LLC	020 009K	Multi-Family-Commercial
23	Jackson	NWQ Mt Olive Rd & Harden Orchard Rd	Commerce	Mar-14	\$ 77,000	26,130	\$ 2,947					State Bank & Trust	0W1060 017000	Multi-Family-Commercial		
24	Houston	1131 S Houston Lake Rd	Warner Robins	Feb-14	\$ 145,000	13,370	\$ 10,845					KKLN Properties LLC	Chomper Real Estate, LLC	045B-053	Multi-Family-Commercial	
25	Stephens	Turner Rd	Eastman	Feb-14	\$ 37,600	28,800	\$ 1,306					Haven Campus Communities - Carrollton LLC	Yves R Heintzen	C08-0330227	Multi-Family-Commercial	
26	Carroll	1321 Vovoren Rd	Carrollton	Jul-13	\$ 495,000	14,780	\$ 33,491	120	\$ 4,125	-10%	\$ 3,713	Talhoukas Pointe Apartments LP	Lynn W Lasseter	C046 113	Multi-Family-Commercial	
27	Colquitt	2001 Talhoukas Pointe Rd	Moultrie	May-13	\$ 325,000	9,130	\$ 35,597	68	\$ 4,779	0%	\$ 4,779	Ashby Parks Associates LLC	Houston Healthcare Properties Inc.	0W1200 101000	Multi-Family-Commercial	
28	Houston	2300 Creechview Church Rd	Warner Robins	Nov-12	\$ 1,120,000	28,000	\$ 40,000	224	\$ 5,000	-10%	\$ 4,500	Farmington Woods LP	Daniel Louis Centofanti	93041	Multi-Family	
29	Dawson	2201 Peimeter Rd	Dawsonville	Jul-12	\$ 488,000	15,520	\$ 31,443	72	\$ 6,778	-10%	\$ 6,100	Manis Senior Gardens LP	South Rincon Development Assoc	86A-9-1	Multi-Family	
30	Wayne	1401 S 1st St	Jenop	May-12	\$ 284,200	11,660	\$ 24,374	44	\$ 6,459	-10%	\$ 5,813	Ashley Park LLC	H & M Investment Group LLC	066 TH 022 N	Multi-Family	
31	Thomas	1 Ashley Park Pl	Thomasville	Mar-12	\$ 293,750	25,610	\$ 11,470	84	\$ 3,497	0%	\$ 3,497					

minimum	Mar-12	\$ 28,600	5.50	\$ 1,306	44	\$ 1,042	\$ 938
median	Oct-14	\$ 293,750	15.00	\$ 22,152	80	\$ 6,177	\$ 4,832
average	Nov-14	\$ 446,054	18.37	\$ 27,375	121	\$ 5,583	\$ 4,857
maximum	Nov-16	\$ 2,162,000	50.55	\$ 75,769	350	\$ 10,275	\$ 7,706

Source: County Records; Crown Appraisal Group

As can be seen, fifteen of the sales are proposed for multi-family development. The number of proposed units is shown in the chart above.

Analysis and Value Conclusion

As shown, the unadjusted comparable land sales indicate a sale price per unit of \$1,042 to \$10,275. The low end range is for a property is a rural town in central Georgia that is located to the rear of commercial properties with limited visibility. The upper end of the range is for a property located in close proximity to the Atlantic Ocean. These comparable sales have been adjusted for location. This narrows the adjusted sale price per unit range to \$938 - \$7,706 with an average of \$4,857. Due to the subject's location, a value near the low to middle of the range is considered appropriate.

The auditor's appraised land value is \$77,197 or \$1,575/unit. This is near the low end of the range from the comparable land sales. A value conclusion closer to the low to middle of the comparable land sales is considered more appropriate.

A point value of \$2,000/unit is estimated for the subject land. This indicates an aggregate value of \$98,000 as of the date of valuation. This value is above the auditor's land value and between the low to middle of the range of the comparable sales.

Improvement Valuation

The Marshall Valuation service has been used to develop the replacement cost of the improvements. The chart below develops the improvement replacement cost, and the value via the cost approach.

<i>Improvement Value</i>							<i>Value 3</i>	
<i>Hillcrest Apartments</i>							<i>prospective</i>	
							<i>subject to restricted rents</i>	
	Square feet	Unadjusted Cost/sf	Current Multiplier	Local Multiplier	Total Multiplier	Adjusted Cost/sf	Total Cost	
Multiple Residences, Sec. 12, Average/Good, Class D	36,314	84.55	1.04	0.86	0.89	75.62	2,746,120	
Additional buildings	835	84.55	1.04	0.86	0.89	75.62	63,144	
Total Cost Estimate							2,809,264	
Less: Depreciation								
Effective Age						5		
Economic Life						60		
Depreciation						8.3%		
Total Depreciation							234,105	
Improvement Cost							2,575,159	
Improvement Cost (rounded)							2,575,000	

Source: *Marshall Valuation; Crown Appraisal Group*

A base cost per square foot is developed. Adjustments are made for current and local multipliers; the adjusted cost is multiplied by the size of the improvements. After adjusting for the current and local cost multipliers, the undepreciated replacement cost estimate for the subject improvements is \$2,809,264.

Depreciation/Obsolescence Estimates for Improvements

A depreciated age-life method is used to estimate depreciation. There are two types of depreciation and/or obsolescence that need to be considered for the improvements. Physical deterioration and functional/economic obsolescence are considered. Following renovations, the improvements will be in good physical and functional condition. Marshall Valuation estimates the economic life of the improvements at 60 years. The effective age of the building (following renovations) is estimated at 5 years. Total depreciation of the subject improvements is estimated at 8.3% or \$234,105. The total depreciation is deducted from the undepreciated replacement cost opinion to arrive at a depreciated improvement cost opinion.

Entrepreneurial Incentive

Entrepreneurial incentive is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

A market derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk.

Typically, properties like the subject are constructed as investment properties. Entrepreneurs, or developers/builders, of these properties usually seek profit margins of 12% to 25%. Rather than develop an explicit opinion of entrepreneurial incentive, this item is considered in the Reconciliation and Final Value Opinion section of the report. The reasoning for the treatment of entrepreneurial incentive in this manner is that entrepreneurial incentive is, in reality, only realized as a result of how

well a particular property meets market [participant] attitudes. The reality is that the incentive may be less than anticipated by a developer, or may be more, depending upon the circumstances.

Conclusion

The cost approach value opinion is reached by adding the land value and depreciated improvement cost opinions. *The following value indication, before entrepreneurial incentive, is reached for the subject.*

<i>Cost Approach Summary</i>	<i>land value</i>	<i>Value 8</i>
<i>Hillcrest Apartments</i>	<i>cost approach total</i>	<i>Value 3</i>
Land Value		\$98,000
Depreciated Improvement Cost		<u>2,575,000</u>
<i>Cost Approach Value Estimate (rounded)</i>		<i>2,675,000</i>
<i>before entrepreneurial incentive</i>		
Source: <i>Crown Appraisal Group</i>		

Reconciliation and Final Value Opinion

The purpose of this assignment is to develop and report an opinion of value for Hillcrest Apartments. The specific real property interest, real estate, and type of value have been detailed within the body of this report. The values developed by the approaches are summarized as follows:

Reconciliation and Final Value Conclusions				
Hillcrest Apartments				
	Value 1	Value 2-RD	Value 3	Value 4
	<u>as conventional or unrestricted</u>	<u>subject to restricted rents</u>	<u>prospective subject to restricted rents</u>	<u>prospective as conventional or unrestricted</u>
Income Capitalization Approach	1,215,000	2,025,000	2,100,000	1,730,000
Sales Comparison Approach	1,325,000	n/a	n/a	n/a
Cost Approach before entrepreneurial incentive	n/a	n/a	2,675,000	n/a

Source: Crown Appraisal Group

The methodology and applicability of each approach has been previously explained.

Value 1

The income capitalization approach is the primary approach, with support from the sales comparison approach.

Value 2-RD

The income capitalization approach is the only approach considered applicable.

Value 3

The income capitalization approach is the primary approach, with support from the cost approach.

Value 4

The income capitalization approach is the primary approach, with support from the cost approach.

Therefore, based upon the analyses and conclusions contained within this report and subject to the assumptions and limiting conditions contained herein, the value opinions, as of the respective dates of valuation are:

Value Opinions	Date of Value	Value
<i>Value 1 - as conventional or unrestricted</i>	January 24, 2017	\$1,215,000
<i>Value 2-RD - subject to restricted rents</i>	January 24, 2017	\$2,025,000
<i>Value 3 - prospective, subject to restricted rents</i>	February 1, 2019	\$2,100,000
<i>Value 4 - prospective, as conventional or unrestricted</i>	February 1, 2019	\$1,730,000

Interest Credit Subsidy Value Opinion

Value 5

Interest credit is a form of federal assistance available to eligible borrowers that reduces the effective interest rate of a loan. The USDA Rural Housing Service (RHS or RD) offers direct loans with favorable terms for affordable housing in the Rural Rental Housing Program and the Farm Labor Housing Program. The 515 loan falls within this program. In this case, Section 515 permanent loans for new construction and subsequent loans for rehabilitation include interest rates as low as 1 percent. These loans are made at a “note rate” of interest, but a “basic rate” of interest to the borrower is typically 1 percent. A monthly mortgage payment is calculated at the note rate of interest, and the loan is amortized at the note rate of interest, but the borrower's actual mortgage payment is based on the basic rate of 1 percent. The difference between the note rate payment and the basic rate payment is the *interest credit*. The borrower is effectively subsidized with an income stream represented by the monthly *interest credit* that is available for the term of the loan.

In appraisals of Section 515 funded properties, valuation of the *interest credit subsidy* (favorable financing) is part of the assignment when the *market value, subject to restricted rents*, must be concluded. When *interest credit subsidy* is the only favorable financing involved, the security value, on which the loan is based, has two components: 1) the *market value, subject to restricted rents*, of the real estate, and 2) the value of the *interest credit subsidy*.

The value of the *interest credit subsidy* from RD direct loans on most existing properties can be calculated by subtracting the monthly debt service at the below-market rate of interest from the monthly payment at the current rate offered for conventional loans and discounting the difference by the current conventional interest rate over the remaining loan term. For the subject, interest credit subsidy values are calculated for the existing Section 515 loan and the subsequent “new” 515 loan (the existing 515 loan that is rewritten with new terms. These calculations are as of the [unrenovated] date of valuation and are summarized in the following chart:

Interest Credit Subsidy Valuation		
Existing Section 515 Loan/Restated 515 Loan Terms		
Hillcrest Apartments		
Value 5		
Existing/Restated 515 Loan		
<i>Existing Lender's Terms (market rate)</i>		
Principal Balance of	December 22, 2017	\$762,483
Conventional Loan Interest Rate		5.250%
Term of Existing Section 515 Loan (years)		30
Loan Monthly Payment		\$4,210
Restated Section 515 Loan Terms		
Principal Balance		\$762,483
Interest Rate		1.000%
Term (years)		50
Section 515 Loan Monthly Payment		\$1,615
Monthly Savings from Below Market Financing		\$2,595
Present Value of Monthly Savings from Below Market Financing		\$469,948
Note Rate		3.000%
Monthly Payment at Note Rate		\$2,455
Future Value of Balloon Payment		\$442,668
Present Value of Balloon Payment		<u>\$91,951</u>
Value of Interest Credit Subsidy		<u>\$377,997</u>
Existing Section 515 Loan Interest Credit Subsidy Value (Rounded)		\$380,000

Source: Greystone; Crown Appraisal Group

LIHTC Value Opinion

Value 6

An annual LIHTC of \$110,356 is anticipated to be granted for the acquisition and rehabilitation of the subject. This low income housing tax credit will be granted annually over a 10-year term. The overall net sum of the LIHTC to the ownership entity of the subject over the 10-year term is \$1,103,560. The tax credits reduce the owner’s tax liability. Thus, they have value to the owner. The tax credits can be transferred if the seller guarantees that the transfer will still maintain the LIHTC requirements.

Current LIHTC Market

Not surprising, LIHTC pricing has not remained static. In this case, according to the seller’s representative, the purchase of the tax credits will be at \$1.85 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

Value of Tax Credits

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$1.85 per tax credit. The value is shown below.

<i>LIHTC Analysis</i>	<i>Hillcrest Apartments Value 6</i>
<u>Period</u>	
Annual Tax Credits	110,356
Years	<u>10</u>
Total Tax Credits	1,103,560
Total Pricing	1.85
	Value of Tax Credits 2,041,382

Source: *Crown Appraisal Group*

State Tax Credits

An annual state tax credit of \$110,356 is anticipated to be granted for the acquisition and rehabilitation of the subject. This state tax credit will be granted annually over a 10-year term. The overall net sum of the state tax credit to the ownership entity of the subject over the 10-year term is \$1,103,560. The tax credits reduce the owner's tax liability. Thus, they have value to the owner. The tax credits can be transferred.

In this case, according to the seller's representative, the purchase of the tax credits will be at \$0.45 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$0.45 per tax credit. The value is shown below.

<i>State Tax Credit Analysis</i>	<i>Hillcrest Apartments Value 6</i>
<u>Period</u>	
Annual Tax Credits	110,356
Years	<u>10</u>
Total Tax Credits	1,103,560
Total Pricing	0.45
	Value of Tax Credits 496,552

Source: *Crown Appraisal Group*

Insurable Value Opinion

Value 7

The insurable value opinion is shown below. The insurable value opinion is based on Marshall Valuation Service figures. The reported cost is the opinion to replace the improvements described within this report with improvements of generally similar utility (physical condition, quality, and functionality), under the assumption that the improvements need to be completely replaced for insurance coverage purposes.

<i>USDA Rural Development</i>		<i>Value 7</i>	
<i>Insurable Value Calculation</i>			
Property Name		Hillcrest Apartments	
Street Address		1503 John Collins Road NE	
City, County, State, Zip		Pelham, Mitchell County, Georgia 31779	
Base Cost			
Main Structure/sf			84.55
Sprinkler/sf			0.00
Other/sf			0.00
Adjustments and/or Multipliers	1.04 current cost	0.86 local cost	0.89
Total Base Cost per square foot			75.62
Building Area square footage			37,149
Total Replacement Cost New			2,809,264
Exclusions			
	<u>per sf</u>	<u>percent</u>	
Excavations	0.00	0.0%	0
Foundations	2.65	3.5%	98,324
Site Work	0.00	0.0%	0
Site Improvements	0.00	0.0%	0
Architect's Fees	0.00	0.0%	0
Underground Piping	<u>0.00</u>	<u>0.0%</u>	<u>0</u>
Total Exclusions	2.65	3.5%	98,324
Inclusions			
	<u>per unit</u>	<u>units</u>	
Appliance Packages	750	49	36,750
Patios/Balconies	250	49	12,250
Total Inclusions			49,000
Concluded Insurable Value			
Total Replacement Cost New			2,809,264
Less Total Exclusions			98,324
Plus Total Inclusions			49,000
Concluded Insurable Value			2,759,940

Source: *Marshall Valuation; Crown Appraisal Group*

Certification

Andrew J. Moye

The undersigned hereby certifies that, to the best of his knowledge and belief, or as otherwise noted in the report:

- 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 are 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 or bias with respect to the parties involved.
- I have performed no 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 no bias with respect to the property that is the subject of this 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 the stipulated results, or the occurrence of a subsequent event directly related to the intended user 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.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the person signing this certification.



Andrew J. Moye, MAI, AI-GRS

ADDENDUM



Front & Side



Side & Rear



Family Room



Bedroom



Kitchen



Bathroom

RENT ROLL DETAIL

As of 12/31/2016

Parameters: Property - ALL; SubJournal - ALL; Formers excluded - Yes; Unit Designation - ALL;

Details

Unit	Floorplan	Unit Designation (3.0 only)	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
A-1	1A	N/A	0	Occupied	Davis, Shellie	06/02/2016	06/02/2016	06/01/2017	497.00	RESIDENT RENT	102.00	0.00	102.00	0.00	143.00
										SUBSIDY SUBRENT	395.00	0.00	395.00	0.00	0.00
A-2	1A	N/A	0	Occupied	Williams, Jada	12/23/2016	12/23/2016	12/22/2017	497.00	RESIDENT UTILREIMB	0.00	(93.00)	(93.00)	0.00	(27.00)
										SUBSIDY SUBRENT	497.00	0.00	590.00	0.00	171.00
										SUBSIDY UTAC	0.00	93.00			
A-3	1A	N/A	0	Occupied	IRVIN, ROSE	02/24/2006	02/01/2007	01/31/2009	497.00	RESIDENT RENT	183.00	0.00	183.00	206.00	1,157.00
										SUBSIDY SUBRENT	314.00	0.00	314.00	0.00	474.00
A-4	1A	N/A	0	Occupied	Griggs, Ricardo	04/12/2013	04/12/2013	04/11/2014	497.00	RESIDENT UTILREIMB	0.00	(93.00)	(93.00)	25.00	(571.00)
										SUBSIDY SUBRENT	497.00	0.00	590.00	0.00	0.00
										SUBSIDY UTAC	0.00	93.00			
B-1	2A	N/A	0	Occupied	Gardner, Tycaria	09/26/2013	09/26/2013	09/25/2014	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	25.00	(628.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	33.00
										SUBSIDY UTAC	0.00	104.00			
B-2	2A	N/A	0	Occupied	Silas, Jasmine	04/04/2014	04/04/2014	04/03/2015	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	50.00	(628.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	24.00
										SUBSIDY UTAC	0.00	104.00			
B-3	2A	N/A	0	Occupied	Hopkins, Jasmine	08/31/2015	08/31/2015	08/30/2016	591.00	RESIDENT RENT	79.00	0.00	79.00	105.00	(260.00)
										SUBSIDY SUBRENT	512.00	0.00	512.00	0.00	0.00
B-4	2A	N/A	0	Occupied	BARNES, ABRIANNA	12/16/2010	12/16/2010	12/15/2011	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	75.00	(832.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	791.00
										SUBSIDY UTAC	0.00	104.00			
C-1	2A	Conventional	0	Vacant	VACANT				591.00		0.00 *	0.00 *			
D-1	2A	N/A	0	Occupied	Freeman, Marquita	06/28/2014	06/28/2014	06/30/2015	591.00	RESIDENT UTILREIMB	0.00	(33.00)	(33.00)	251.00	(306.00)
										SUBSIDY SUBRENT	591.00	0.00	624.00	0.00	24.00
										SUBSIDY UTAC	0.00	33.00			
D-2	2A	N/A	0	Occupied	Adair, Shat'ara	12/21/2016	12/21/2016	12/20/2017	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	0.00	(37.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	247.00
										SUBSIDY UTAC	0.00	104.00			
D-3	2A	N/A	0	Occupied	Cole, Amneasha	12/22/2016	12/22/2016	12/21/2017	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	0.00	(34.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	225.00
										SUBSIDY UTAC	0.00	104.00			
D-4	2A	N/A	0	Occupied	Hopkins Jr., Willie	11/09/2016	11/09/2016	11/08/2017	591.00	RESIDENT RENT	69.00	0.00	69.00	216.00	290.00

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 12/31/2016

Parameters: Property - ALL; SubJournal - ALL; Formers excluded - Yes; Unit Designation - ALL;

Details

Unit	Floorplan	Unit Designation (3.0 only)	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
E-1	2A	N/A	0	Occupied	Hall, Ava	05/21/2015	05/21/2015	05/20/2016	591.00	RESIDENT	522.00	0.00	522.00	0.00	182.00
										SUBSIDY	36.00	0.00	36.00	122.66	(273.00)
										SUBRENT	555.00	0.00	555.00	0.00	0.00
E-2	2A	N/A	0	Occupied	Stovall, Michelle	08/23/2012	08/23/2012	08/22/2013	591.00	RESIDENT	0.00	(38.00)	(38.00)	146.00	(247.00)
										SUBSIDY	591.00	0.00	629.00	0.00	598.00
										SUBRENT	0.00	38.00			
										UTAC					
E-3	2A	N/A	0	Occupied	Davis, Nancy	07/10/2015	07/10/2015	07/09/2016	591.00	RESIDENT	0.00	(104.00)	(104.00)	219.00	(183.00)
										SUBSIDY	591.00	0.00	695.00	0.00	24.00
										SUBRENT	0.00	104.00			
										UTAC					
E-4	2A	N/A	0	Occupied	Flemming, La'Quita	12/10/2010	12/10/2010	12/09/2011	591.00	RESIDENT	70.00	0.00	70.00	25.00	(141.00)
										SUBSIDY	521.00	0.00	521.00	0.00	74.00
										SUBRENT	0.00	(139.00)	(139.00)	112.00	(1,000.00)
F-1	3A	N/A	0	Occupied	DENNARD, SHUQUITA	05/09/2011	05/09/2011	05/08/2012	671.00	RESIDENT	671.00	0.00	810.00	0.00	0.00
										SUBSIDY	0.00	139.00			
										UTAC					
F-2	3A	N/A	0	Occupied	Lamons, Monica	08/23/2014	08/23/2014	08/22/2015	671.00	RESIDENT	187.00	0.00	187.00	442.81	744.00
										SUBSIDY	484.00	0.00	484.00	0.00	0.00
										SUBRENT	0.00	(79.00)	(79.00)	0.00	(888.00)
F-3	3A	N/A	0	Occupied	Stovall, Shirley	08/23/2012	08/23/2012	08/22/2013	671.00	RESIDENT	671.00	0.00	750.00	0.00	0.00
										SUBSIDY	0.00	79.00			
										UTAC					
F-4	3A	N/A	0	Occupied	COOPER, DENISE	04/08/2010	04/08/2010	04/08/2011	671.00	RESIDENT	0.00	(82.00)	(82.00)	25.00	(525.00)
										SUBSIDY	671.00	0.00	753.00	0.00	0.00
										SUBRENT	0.00	82.00			
										UTAC					
G-1	2A	N/A	0	Occupied	OBENOSKEY, TIFFANY	08/02/2012	08/02/2012	08/01/2013	591.00	RESIDENT	379.00	0.00	379.00	33.00	656.25
										SUBSIDY	212.00	0.00	212.00	0.00	24.00
										SUBRENT	0.00	(50.00)	(50.00)	320.00	(304.00)
G-2	2A	N/A	0	Occupied	CHEEVERS, CONNIE	01/31/2007	05/01/2008	05/01/2009	591.00	RESIDENT	591.00	0.00	641.00	0.00	24.00
										SUBSIDY	0.00	50.00			
										UTAC					
G-3	2A	N/A	0	Occupied	ANDERSON, KASHONA	07/10/2009	07/10/2009	07/10/2010	591.00	RESIDENT	0.00	(59.00)	(59.00)	68.00	(507.00)
										SUBSIDY	591.00	0.00	650.00	0.00	(37.00)
										SUBRENT	0.00	59.00			
										UTAC					

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RENT ROLL DETAIL

As of 12/31/2016

Parameters: Property - ALL; SubJournal - ALL; Formers excluded - Yes; Unit Designation - ALL;

Details

Unit	Floorplan	Unit Designation (3.0 only)	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
G-4	2A	N/A	0	Occupied	RHYMES, HELEN	03/21/2008	03/21/2008	03/21/2009	591.00	RESIDENT RENT	219.00	0.00	219.00	184.00	446.00
										SUBSIDY SUBRENT	372.00	0.00	372.00	0.00	79.00
H-1	3A	N/A	0	Occupied	Dailey, Kenyetta	08/11/2014	08/11/2014	08/10/2015	671.00	RESIDENT UTILREIMB	0.00	(139.00)	(139.00)	25.00	(861.00)
										SUBSIDY SUBRENT	671.00	0.00	810.00	0.00	0.00
										SUBSIDY UTAC	0.00	139.00			
H-2	3A	N/A	0	Occupied	SANDERS, SHANERICA	02/09/2014	02/09/2014	02/08/2015	671.00	RESIDENT RENT	8.00	0.00	8.00	34.00	(264.00)
										SUBSIDY SUBRENT	663.00	0.00	663.00	0.00	626.00
H-3	3A	N/A	0	Occupied	KIRSCH, SARAH	12/12/2008	12/12/2008	12/12/2009	671.00	RESIDENT UTILREIMB	0.00	(68.00)	(68.00)	126.00	(503.00)
										SUBSIDY SUBRENT	671.00	0.00	739.00	0.00	0.00
										SUBSIDY UTAC	0.00	68.00			
H-4	3A	N/A	0	Occupied	SIMPSON, R. JR	11/23/2007	11/23/2007	11/23/2008	671.00	RESIDENT RENT	23.00	0.00	23.00	265.00	(40.73)
										SUBSIDY SUBRENT	648.00	0.00	648.00	0.00	575.00
I-1	2A	N/A	0	Occupied	Conage, Konisha	12/17/2014	12/17/2014	12/16/2015	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	50.00	(702.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	34.00
										SUBSIDY UTAC	0.00	104.00			
I-2	2A	N/A	0	Occupied	SIMS, NABRIKA	04/30/2009	04/30/2009	04/30/2010	591.00	RESIDENT RENT	238.00	0.00	238.00	140.00	919.00
										SUBSIDY SUBRENT	353.00	0.00	353.00	0.00	621.00
I-3	2A	N/A	0	Occupied	SMART, TAMIKA	06/09/2004	06/01/2008	06/01/2009	591.00	RESIDENT RENT	457.00	0.00	457.00	102.00	1,258.00
										SUBSIDY SUBRENT	134.00	0.00	134.00	0.00	257.00
I-4	2A	N/A	0	Occupied	Rhymes, Laquesha	12/19/2016	12/19/2016	12/18/2017	591.00	RESIDENT UTILREIMB	0.00	(104.00)	(104.00)	25.00	(654.00)
										SUBSIDY SUBRENT	591.00	0.00	695.00	0.00	45.00
										SUBSIDY UTAC	0.00	104.00			
J-1	2A	N/A	0	Occupied	Williams, Nasheka	09/29/2016	09/29/2016	09/28/2017	591.00	RESIDENT RENT	50.00	0.00	50.00	25.00	(176.00)
										SUBSIDY SUBRENT	541.00	0.00	541.00	0.00	140.00
J-2	2A	N/A	0	Occupied	Mobley, Dara	12/01/2016	12/01/2016	11/30/2017	591.00	RESIDENT RENT	85.00	0.00	85.00	25.00	(577.00)
										SUBSIDY SUBRENT	506.00	0.00	506.00	0.00	504.00
J-3	2A	N/A	0	Occupied	RICHARDSON, VANESSA	09/29/2016	09/29/2016	09/28/2017	591.00	RESIDENT UTILREIMB	0.00	(21.00)	(21.00)	33.00	(137.00)
										SUBSIDY SUBRENT	591.00	0.00	612.00	0.00	24.00
										SUBSIDY UTAC	0.00	21.00			
J-4	2A	N/A	0	Occupied	Lee, Laquita	02/26/2016	02/26/2016	02/25/2017	591.00	RESIDENT UTILREIMB	0.00	(81.00)	(81.00)	25.00	(622.00)

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 12/31/2016

Parameters: Property - ALL; SubJournal - ALL; Formers excluded - Yes; Unit Designation - ALL;

Amt / SQFT: Market = 0 SQFT; Leased = 0 SQFT;

Floorplan	# Units	Average SQFT	Market Amt / SQFT	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
1A	16	0	497.00	0.00	497.00	14	87.50	2
2A	25	0	591.00	0.00	591.00	24	96.00	1
3A	8	0	671.00	0.00	671.00	8	100.00	0
Totals / Averages:	49	0	573.37	0.00	576.30	46	93.88	3

Occupancy and Rents Summary for Current Date

Unit Status	# Units	Potential Rent
Occupied, no NTV	46	26,510.00
Occupied, NTV	0	-
Occupied NTV Leased	0	-
Vacant Leased	0	-
Admin/Down	0	-
Vacant Not Leased	3	1,585.00
Totals:	49	28,095.00

Summary Billing by Sub Journal for Current Date

Sub Journal	Amount
RESIDENT	328.00
SUBSIDY	26,182.00
Total:	26,510.00

Summary Billing by Transaction Code for Current Date

Code	Amount
RENT	2,580.00
SUBRENT	23,930.00
UTAC	2,252.00
UTILREIMB	(2,252.00)
Total:	26,510.00

HILLCREST: HISTORICAL OPERATING EXPENSES

	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget	Post Rehab Pro Forma
Maintenance & Repairs							
R & M Payroll	-	18,472.00	13,279.00	14,203.20	-	18,933.46	20,781.00
R & M Supply	-	15,036.00	21,708.00	10,314.23	-	10,629.33	7,843.00
R & M Contract	-	1,087.00	4,897.00	276.43	-	166.67	1,044.00
Decorating / TO Painting	-	1,419.00	3,989.00	2,079.77	-	2,700.00	1,248.00
Snow Removal	-	-	-	-	-	-	-
Elevator Maintenance	-	-	-	-	-	-	-
Grounds	-	1,198.00	43.00	430.69	-	1,073.33	557.00
Services / Extermination	-	5,809.00	5,588.00	4,740.48	-	5,393.33	5,393.00
Capital Improvements (Operations)	-	9,837.00	6,427.00	-	-	-	500.00
Other - R&M Expenses (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	52,858.00	55,931.00	32,044.80	-	38,896.13	37,366.00
Utilities							
Electricity	-	5,260.00	5,987.00	5,374.02	-	6,273.33	7,056.00
Water	-	16,394.00	19,002.00	23,010.44	-	23,400.00	25,960.00
Sewer	-	15,623.00	18,182.00	22,869.12	-	22,800.00	26,280.00
Fuel	-	1,170.00	787.00	1,823.79	-	1,800.00	1,350.00
Trash Removal	-	8,205.00	8,512.00	9,708.21	-	10,528.00	10,752.00
Other - Utilities (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	46,652.00	52,470.00	62,785.58	-	64,801.33	71,398.00
Administrative							
Site Management Payroll	-	14,785.00	16,403.00	17,826.07	-	19,245.89	21,204.00
Management Fee	-	24,920.00	24,965.00	26,128.00	-	27,072.00	28,224.00
Accounting	-	5,500.00	5,500.00	6,075.00	-	7,700.00	6,075.00
Audit	-	-	-	-	-	-	-
Legal	-	323.00	282.00	279.00	-	320.00	320.00
Advertising	-	-	308.00	102.50	-	266.67	267.00
Telephone	-	2,462.00	2,533.00	2,690.10	-	2,664.00	2,928.00
Office Supplies	-	1,956.00	2,270.00	3,269.32	-	2,944.00	3,269.00
Office Furniture & Equipment	-	-	-	-	-	-	-
Training	-	611.00	4.00	518.77	-	1,200.00	519.00
Health Insurance & Other Benefits	-	8,041.00	7,197.00	9,233.21	-	11,949.71	9,233.00
Payroll Taxes	-	3,009.00	2,872.00	3,131.64	-	3,710.95	3,716.00
Workman's Compensation	-	809.00	2,659.00	828.32	-	992.36	1,380.00
Other - Administrative (DESCRIBE)	-	2,102.00	1,982.00	976.59	-	1,793.33	1,793.00
Subtotal	-	64,518.00	66,975.00	71,058.52	-	79,858.91	78,928.00
Taxes & Insurance							
Real Estate Taxes	-	19,686.00	7,787.00	14,270.01	-	16,814.40	17,124.00
Special Assessments	-	1,300.00	3,096.00	411.60	-	533.33	566.00
Misc Taxes, Licenses & Permits	-	2,227.00	2,629.00	2,291.45	-	2,380.00	2,480.00
Property & Liability Insurance	-	9,181.00	10,252.00	10,247.73	-	11,163.90	12,725.00
Fidelity Coverage Insurance	-	-	-	-	-	-	-
Other - Insurance (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	32,394.00	23,764.00	27,220.79	-	30,891.63	32,895.00
TOTAL OPERATING EXPENSES	-	196,422.00	199,140.00	193,109.69	-	214,448.00	220,587.00

HILLCREST: HISTORICAL OPERATING STATEMENT

	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget
1. Rental Income	-	341,474.00	317,404.00	33,252.00	-	79,368.00
2. RHS Rental Assist. Received	-	-	-	220,391.00	-	180,000.00
3. Application Fees	-	-	-	-	-	-
4. Laundry and Vending Income	-	441.00	843.00	386.10	-	624.00
5. Interest Income	-	37.00	28.00	24.21	-	33.33
6. Tenant Charges	-	(17,513.00)	12,015.00	9,834.92	-	1,937.33
7. Other - Project Sources	-	520.00	93.00	1,213.00	-	-
8. Less (Vcncy @ Cntgncy Allw)	-	-	-	-	-	-
9. Less (Agncy Aprvd Incentv)	-	-	-	-	-	-
10. Sub-Ttl [(1 thru 7) - (8@9)]	-	324,959.00	330,383.00	265,101.23	-	261,962.67
11. Cash - Non Project	-	-	-	-	-	-
12. Authorized Loan (Non-RHS)	-	-	-	-	-	-
13. Transfer From Reserve	-	15,058.00	14,830.00	-	-	23,030.67
14. Sub-Total (11 thru 13)	-	15,058.00	14,830.00	-	-	23,030.67
15. Total Cash Sources (10+14)	-	340,017.00	345,213.00	265,101.23	-	284,993.33
16. Total O&M Exp (From Part II)	-	196,422.00	199,140.00	193,109.69	-	214,448.00
17. RHS Debt Payment	-	30,093.00	30,093.00	8,215.62	-	30,093.36
18. RHS Payment (Overage)	-	54,610.00	55,055.00	55,115.00	-	54,924.00
19. RHS Payment (Late Fee)	-	-	-	-	-	-
20. Reductn In Prior Yr Pybles	-	-	-	-	-	-
21. Tenant Utility Payments	-	-	-	20,555.00	-	-
22. Transfer to Reserve	-	11,903.00	15,538.00	-	-	-
23. RTN Owner / NP Asset Mgt Fee	-	4,984.00	4,984.00	-	-	6,645.33
24. Sub-Total (16 thru 23)	-	298,012.00	304,810.00	276,995.31	-	306,110.69
25. Authzd Debt Pymnt (NonRHS)	-	-	-	-	-	-
26. Capital Budget (III 4-6)	-	15,058.00	14,830.00	-	-	23,030.67
27. Miscellaneous	-	27,128.00	22,816.00	-	-	-
28. Sub-Total (25 thru 27)	-	42,186.00	37,646.00	-	-	23,030.67
29. Total Cash Uses (24+28)	-	340,198.00	342,456.00	276,995.31	-	329,141.36
30. Net (Deficit) (15-29)	-	(181.00)	2,757.00	(11,894.08)	-	(44,148.03)
31. Beginning Cash Balance	-	58,786.00	57,193.00	-	-	-
32. Accrual To Cash Adjustment	-	(1,415.00)	12,511.00	-	-	-
33. Ending Cash Balance	-	57,190.00	72,461.00	(11,894.08)	-	(44,148.03)

Proposed Budget

Project Name:	HILLCREST APT
Borrower Name:	PELHAM LTD
Borrower ID and Project No:	821376950 01-2
Date of Operation:	01/29/1982

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$2,507.78

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

I hereby request ___ units of RA. Current number of RA units ___ 0 ___.

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

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

PART I - CASH FLOW STATEMENT

Operational Cash Sources

1. Rental Income	330,048.00		337,920.00	
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	624.00		420.00	
5. Interest Income	25.00		27.00	
6. Tenant Charges	2,004.00		1,902.00	
7. Other - Project Sources	0.00		0.00	
8. Less (Vncy @ Cntgncy Allw)	-14,040.00		-16,872.00	
9. Less (Agncy Aprvd Incentv)	0.00		0.00	
10. Sub-Ttl [(1 thru 7)-(8+9)]	318,661.00		323,397.00	

Non-Operational Cash Sources

1. Cash - Non Project	0.00		0.00	
2. Authorized Loan (Non-RHS)	0.00		0.00	
3. Transfer From Reserve	17,273.00		22,484.00	
4. Sub-Total (11 thru 13)	17,273.00		22,484.00	
5. Total Cash Sources (10+14)	335,934.00		345,881.00	

Operational Cash Uses

6. Ttl O&M Exp (From Part II)	213,899.00		218,585.00	
7. RHS Debt Payment	30,093.00		30,093.00	
8. RHS Payment (Overage)				
9. RHS Payment (Late Fee)				
10. Reductn In Prior Yr Pybles				
11. Tenant Utility Payments				
12. Transfer to Reserve	11,837.00		11,837.00	
13. RTN Owner/NP Asset Mgt Fee	4,984.00		4,984.00	RTO
14. Sub-Total (16 thru 23)	260,813.00		265,499.00	

Non-Operational Cash Uses

5. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
6. Capital Budget (III 4-6)	17,273.00		22,484.00	
7. Miscellaneous	54,924.00		54,924.00	overage
8. Sub-Total (25 thru 27)	72,197.00		77,408.00	
9. Total Cash Uses (24+28)	333,010.00		342,907.00	
10. Net (Deficit) (15-29)	2,924.00		2,974.00	

Cash Balance

1. Beginning Cash Balance	61,587.00		56,669.00	
2. Accrual To Cash Adjustment				
3. Ending Cash Bal (30+31+32)	64,511.00		59,643.00	

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

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

PART II - O&M EXPENSE SCHEDULE

1. Maint. @ Repairs Payroll	19,027.00		19,792.00	
2. Maint. @ Repairs Supply	10,621.00		13,461.00	
3. Maint. @ Repairs Contract	150.00		150.00	
4. Painting	2,700.00		1,200.00	
5. Snow Removal	0.00		0.00	
5. Elevator Maint./Contract	0.00		0.00	
7. Grounds	840.00		210.00	
3. Services	4,920.00		4,921.00	
3. Cptl Bgt(Part V operating)	1,500.00		1,000.00	
10. Other Operating Expenses	0.00		0.00	
11. Sub-Ttl O&M (1 thru 10)	39,758.00		40,734.00	
12. Electricity	6,245.00		7,056.00	
13. Water	23,400.00		25,960.00	
14. Sewer	22,800.00		26,280.00	
15. Fuel (Oil/Coal/Gas)	1,800.00		1,350.00	
16. Garbage @ Trash Removal	10,668.00		10,752.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	64,913.00		71,398.00	
19. Site Management Payroll	19,262.00		20,195.00	
20. Management Fee	27,072.00		28,224.00	
21. Project Auditing Expense	5,775.00		6,064.00	
22. Proj. Bookkeeping/Accting	0.00		0.00	
23. Legal Expenses	240.00		333.00	
24. Advertising	340.00		300.00	
25. Phone @ Answering Service	2,664.00		2,928.00	
26. Office Supplies	2,934.00		2,750.00	
27. Office Furniture @ Equip.	0.00		0.00	
28. Training Expense	900.00		495.00	
29. Hlth Ins. @ Other Benefits	12,537.00		5,363.00	
30. Payroll Taxes	3,580.00		3,716.00	
1. Workmans Compensation	999.00		1,380.00	
2. Other Admin. Expenses	1,675.00		1,811.00	MILEAGE, CREDIT CK, BANK CHG
3. Sub-Ttl Admin (19 thru 32)	77,978.00		73,559.00	
4. Real Estate Taxes	16,814.00		17,124.00	
5. Special Assessments	550.00		566.00	
6. Othr Taxes, Lenses, Permts	2,595.00		2,479.00	SOFTWARE BUSINESS LIC
7. Property @ Liability Ins.	11,291.00		12,725.00	
8. Fidelity Coverage Ins.	0.00		0.00	
9. Other Insurance	0.00		0.00	
30. Sub-Ttl Tx/In (34 thru 39)	31,250.00		32,894.00	
1. Ttl O&M Exps (11+18+33+40)	213,899.00		218,585.00	

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

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

PART III - ACCT BUDGET/STATUS

Reserve Account

1. Beginning Balance	46,218.00		27,345.00	
2. Transfer to Reserve	11,837.00		11,837.00	

Transfer From Reserve

3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	17,273.00		11,242.00	
5. Building @ Equip Repair	0.00		11,242.00	
5. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	17,273.00		22,484.00	
8. Ending Balance [(1+2)-7]	40,782.00		16,698.00	

General Operating Account

Beginning Balance				
Ending Balance				

Real Estate Tax And Ins Escrow

Beginning Balance				
Ending Balance				

Tenant Security Deposit Acct

Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	11,933.60
Number of Applicants Needing RA		Amount Ahead/Behind	113,889.19

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

ART IV RENT SCHEDULE

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
	1	N	F		16	425	497	497	81,600	95,424	95,424	118
	3	N	F		8	570	671	671	54,720	64,416	64,416	164
	2	N	F		24	476	591	591	137,088	170,208	170,208	129
CURRENT RENT TOTALS									273,408	330,048	330,048	

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

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
	1	N			118	0	0	0	0	118
	3	N			164	0	0	0	0	164
	2	N			129	0	0	0	0	129

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

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
	1	N			16	437	509	509	83,904	97,728	97,728	123
	2	N			24	490	605	605	141,120	174,240	174,240	125
	3	N			8	586	687	687	56,256	65,952	65,952	186
PROPOSED RENT TOTALS									281,280	337,920	337,920	

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

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
	1	N			123	0	0	0	0	123
	2	N			125	0	0	0	0	125
	3	N			186	0	0	0	0	186

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016

ANNUAL CAPITAL BUDGET

Appliances

Appliances - Range	1	400.00	0.00	0.00	0.00	0.00	0
Appliances - Refrigerator	2	1,092.00	0.00	0.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0

Carpet and Vinyl

Carpet @ Vinyl - 1 Br.	2	1,610.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	2	1,892.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	1	1,548.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0

Cabinets

Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0

Doors

Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0

Window Coverings

Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0

Heat and Air Conditioning

Heat @ Air - Heating	0	0.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	2	4,700.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0

Plumbing

Plumbing - Water Heater	2	0.00	0.00	1,000.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0

Major Electrical

Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0

Structures

Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A Fiscal Year: 2017 Version: 01/01/2017 APPROVED Totals: By Project Analyzed: Y

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	11,242.00	0.00	1,000.00	0.00	0.00	0

Project Name: HILLCREST APT State: 11 Servicing Office: 605 County: 1
 Borrower Name: PELHAM LTD Borr ID: 821376950 Prj Nbr: 01-2 Paid Code: Active
 Classification: A 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."
---------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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>10/03/2016</u> (Date Submitted)	<u>HALLMARK GROUP REAL ESTATE</u> (Management Agency)	<u>MA202860</u> (MA#)
---------------------------------------	----------------------------------------------------------	--------------------------

_____ (Date)	_____ (Signature of Borrower or Borrower's Representative)
-----------------	---------------------------------------------------------------

(Title)

<u>Theresa Taylor, Area Specialist</u> Agency Approval (Rural Development Approval Official):	<u>10/17/16</u> (Date)
--------------------------------------------------------------------------------------------------	---------------------------

Project Name: HILLCREST APT	State: 11	Servicing Office: 605	County: 1
Borrower Name: PELHAM LTD	Borr ID: 821376950	Prj Nbr: 01-2	Paid Code: Active
Classification: A	Fiscal Year: 2017	Version: 01/01/2017 APPROVED	Totals: By Project Analyzed: Y

SPVS Comment:
Batched/ II 100316

Narrative:

BUDGET NARRATIVE PROJECT NAME - Hillcrest Apartments BORROWER NAME - Pelham, Ltd. BORROWER ID AND PROJECT NO 11-001-821376950 01-2 * Hillcrest Apartments is a forty nine unit community located in Pelham, Georgia. In 2016 the property has maintained a 90% average occupancy. * The property remains in compliance and has no outstanding findings that have not been addressed by the management company. * At this time the property is financially sound and has not experienced any changes in project expenses that would contribute to any financial difficulties. * The property has not experienced any changes that exceed the tolerance threshold. * Administrative expenses exceed 23% of gross rents due to expenses for health insurances. The costs are necessary expenses to carry out the administrative responsibilities associated with the property and we feel that these expenses are in line with other complexes, are not inflated and reflect the actual amounts needed to operate. * We will continue to replace carpets, stoves, refrigerators, etc. on an as needed basis. It is expected the following will be replaced in 2017 - \$11,242 will be paid from the reserve account and includes 2 refrigerators, 1 stove, 5 carpets and 2 HVAC units. \$1,000 will be spent from the operating account for 2 water heaters. Replacements for 2018 through 2020 are as follows - 2018- 2 stoves, 2 carpets, 3 HVAC units, 2 refrigerators, 3 water heaters, roofing replacement, window replacements and accessibility items. 2019- 2 stoves, 3 carpets, 3 HVAC units, 2 refrigerators, 3 water heaters, roofing replacement and window replacements. 2020- 2 stoves, 3 carpets, 3 HVAC units, 3 refrigerators, 3 water heaters and window replacements. * The rent increases of \$12.00, \$14.00 and \$16.00 per month is set by HUD and based on an OCAF, Operating Cost Adjustment Factor, which begins January 13, 2017, the contract renewal date. The rent increase is necessary due to an increase in maintenance supplies and repairs,

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

Project-based Section 8

**HOUSING ASSISTANCE PAYMENTS
BASIC RENEWAL CONTRACT
MULTI-YEAR TERM**

OMB Control #2502-0587

"Public reporting burden for this collection of information is estimated to average 1 hour. This includes the time for collecting, reviewing, and reporting the data. The information is being collected for obtaining a signature on legally binding documents and will be used to enforce contractual obligations. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it has a currently valid OMB control number. No confidentiality is assured."

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Basic Renewal Contract. The instructions are not part of the Renewal Contract

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

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT¹

MULTI-YEAR TERM

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number: GA06R000020

Section 8 Project Number of Expiring Contract: _____

FHA Project Number (if applicable): _____

Project Name: Hillcrest Apartments (Pelham Ltd)

Project Description:

1503 John Collins Road, Pelham, Georgia 31779

TYPE OF RENEWAL

- Check this box for a project renewed under Section 524(a) of MAHRA (not including a Mark-Up-To-Market renewal).
- Check this box for a project renewed at exception rents under Section 524(b)(1) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

National Housing Compliance

Address of Contract Administrator

1975 Lakeside Parkway

Suite 310

Atlanta, Georgia 30084

Name of Owner⁵

Pelham Ltd.

Address of Owner

3111 Paces Mill Road

Suite A-250

Atlanta, Georgia 30339

2 TERM AND FUNDING OF RENEWAL CONTRACT

a The Renewal Contract begins on 01/01/2017⁶ and shall run for a period of five⁷ years and nineteen days.

b Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ 287,940,⁸ an amount sufficient to

provide housing assistance payments for approximately twelve⁹ months of the first annual increment of the Renewal Contract term.

- c** HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Fifth year anniversary. The Renewal Contract annual anniversary that falls at expiration of each 5-year period of the Renewal Contract term.

Fifth year comparability adjustment. An adjustment of contract rents by the contract administrator at the Fifth Year Anniversary. The contract rent for each unit size is set at comparable rent as shown by comparability analysis.

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

Mid-term comparability adjustment. An adjustment of contract rents by the contract administrator within each 5-year period of the Renewal Contract term (in addition to the comparability analysis and adjustment at the Fifth Year Anniversary). The contract rent for each unit size is set at comparable rent as shown by comparability analysis.

OCAF. An operating cost adjustment factor established by HUD.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.).

Project. The housing described in section 1 of the Renewal Contract.

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

4 RENEWAL CONTRACT

a Parties

- (1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (HUD requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the Owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).

b All provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:

-
- (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called "HAP reserve" or "project reserve") as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.

- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A of the Renewal Contract.

b Contract rent adjustments

(1) OCAF or Budget-Based Rent Adjustments

- (a) Except as provided in section 6b(2) below (concerning comparability adjustments at each Fifth Year Anniversary and discretionary comparability adjustments within each five-year term), during the term of the Renewal Contract the Contract Administrator shall annually, on the anniversary of the Renewal Contract, adjust the amounts of the monthly contract rents in accordance with HUD requirements by either of the following methods (as determined by the Contract Administrator in accordance with HUD requirements):

- (i) Using an OCAF; or

(ii) At the request of the owner, based on the budget for the Project, as approved by the Contract Administrator in accordance with HUD requirements.

(b) Adjustments by use of the OCAF shall not result in a negative adjustment (decrease) of the contract rents. The OCAF shall not be used for adjustment of rent at each Fifth Year Anniversary (as determined in accordance with section 6b(2)(b) below).

(2) Comparability adjustments

(a) **Applicability.** This section 6b(2) is applicable only if the contract has been renewed pursuant to Section 524(a) of MAHRA. This section 6b(2) does not apply to a project renewed at exception rents under Section 524(b)(1) of MAHRA (See section 1 of the Renewal Contract).

(b) **Fifth year adjustment (comparability adjustment at expiration of each 5-year period, if applicable).**

(i) This section 6b(2)(b) is only applicable if the term of the Renewal Contract is longer than five (5) years (from the first day of the term specified in section 2a).

(ii) At the expiration of each 5-year period of the Renewal Contract term ("Fifth Year Anniversary"), the Contract Administrator shall conduct a comparability analysis of existing contract rents. At such Fifth Year Anniversary of the Renewal Contract, the Contract Administrator shall make any adjustments in the monthly contract rents, as reasonably determined by the Contract Administrator in accordance with HUD requirements, necessary to set the contract rent for each unit size at comparable market rent. Such adjustment may result in a negative adjustment (decrease) or positive adjustment (increase) of the contract rents for one or more unit sizes.

(iii) To assist in the redetermination of contract rents at each Fifth Year Anniversary, the

Contract Administrator may require that the Owner submit to the Contract Administrator a rent comparability study prepared (at the Owner's expense) in accordance with HUD requirements.

(c) Mid-term adjustment (discretionary comparability adjustment within 5-year term)

In addition to the comparability analysis and adjustment of contract rents at the Fifth Year Anniversary, HUD may, at HUD's discretion, require or permit the Contract Administrator to conduct a comparability analysis and adjustment of contract rents ("mid-term adjustment"), one more time within each 5-year period of the Renewal Contract term

(d) Adjusting contract rent

At the time of a fifth year or mid-term comparability adjustment, the Contract Administrator shall make any adjustments in the monthly contract rents, as reasonably determined by the Contract Administrator in accordance with HUD requirements, necessary to set the contract rent for each unit size at comparable rent. Such adjustment may result in a negative adjustment (decrease) or positive adjustment (increase) of the contract rents for one or more unit sizes.

(3) Procedure for rent adjustments during renewal term

- (a)** To adjust contract rents during the term of the Renewal Contract (including an OCAF or budget-based adjustment in accordance with section 6b(1), or a fifth year or midterm adjustment in accordance with section 6b(2)), the Contract Administrator shall give the Owner notice with a revised Exhibit A that specifies the adjusted contract rent amounts.
- (b)** The revised Exhibit A shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall

specify when the adjustment of contract rent is effective.

- (c) Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the Renewal Contract.

(4) No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the

agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

National Housing Compliance

By: _____

Signature of authorized representative

Jeffery K. Wirrick, Chief Asset Management Officer

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____

Signature of authorized representative

Authorized Agent

Name and official title

Date _____

Owner

Name of Owner

Pelham Ltd.

By: _____

Signature of authorized representative



Name and title

Martin H. Petersen

Managing Memeber

Date 01/20/2017

(HUD-9637)

Basic Renewal Contract
Multi-Year Term
REV-11-05-2007

EXHIBIT B
DISTRIBUTIONS LIMITATION

FOR PROJECT NOT SUBJECT TO DISTRIBUTIONS LIMITATION:

If the project is not subject to any limitation on distributions of project funds, either pursuant to an FHA Regulatory Agreement or pursuant to the Expiring Contract, neither HUD nor the PHA may impose any additional limitation on distributions of project funds during the term of the Renewal Contract.

FOR PROJECT SUBJECT TO DISTRIBUTIONS LIMITATION:

If the project is subject to any limitation on distributions of project funds pursuant to an FHA Regulatory Agreement or pursuant to the Expiring Contract, such limitation on distributions shall continue to be applicable during the term of the Renewal Contract, provided that the owner may take an increased distribution in accordance with the Section 8 Renewal Policy Guidance for Renewal of Project-Based Section 8 Contracts, (the "Guidebook").

However, owners of Section 8 properties must maintain the property in good condition, as demonstrated by a REAC score of 60 or higher, in order to take increased distributions.

The owner shall comply with the distribution limitations. The maximum distribution to the owner shall be equal to the total of:

- 1** The limited distribution permitted pursuant to the FHA Regulatory agreement or the Expiring Contract, **plus**
- 2** Any increased distribution as approved by HUD in accordance with the Guidebook.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract is to be used for initial and subsequent renewals of an expiring Section 8 project-based HAP contract under the authority of Section 524(a) or 524(b)(1) of MAHRA for a term of two years or more. Attachment 11-1 is to be used for renewals under the authority of Section 524(a) or 524(b)(1) of MAHRA for a renewal term of one year.

This form may not be used for Mark-Up-To-Market Renewals. The HUD prescribed form of Mark-Up-To-Market Renewal Contract must be used for this purpose.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state, and zip code, block and lot number (if known), and any other information, necessary to clearly designate the covered Project.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

Basic Renewal Contract
Multi-Year Term
REV-11-05-2007

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁷ Enter a whole number of two or more years.

⁸ Enter the amount of funding obligated.

⁹ Enter a whole number of months.

ESTIMATE AND CERTIFICATE OF ACTUAL COST

This form is to be used by the contractor and borrower to estimate the cost of construction and total PROJECT NUMBER (Borrower ID Number) development cost, or to certify the actual cost of project construction and development.

--

BORROWER/OWNER-BUILDER	CONTRACTOR
NAME OF PROJECT	LOCATION

This certificate is made pursuant to existing regulations of the United States of America acting through the Rural Development in order to induce the Government to provide or extend assistance. As part of that inducement, the following certifications are made:

Check and Complete Applicable Box:

A. ESTIMATE

I certify that the estimates of costs as set forth through line 44 in the ESTIMATED COST column are true and correct as computed by me _____ or as given to me by the subcontractors or payees named, as general contractor or owner-builder for the development of the project described above, as determined from the plans and specifications accepted, signed and dated by the Rural Development State Director of Rural Development or the State Directors's delegated representative, on _____ 20____. As borrower or owner-builder for the development of the project described above, I certify that the estimates of cost as set forth from line 44 in the ESTIMATED COST column are true and correct as computed by me or as given to me by the subcontractors or payees named. Subsequent to this estimate and prior to final payment, when directed by Rural Development, I agree to furnish a certification of actual cost. The estimate and the final certification will be in accordance with Rural Development regulations requiring estimates and certifications.

B. ACTUAL COST

I certify that the actual cost of labor, materials, and necessary services for the construction of the physical improvements in connection with the project described above, after deduction of all rebates, adjustments, or discounts made or to be made to the undersigned borrower or general contractor, or any corporation, trust partnership, joint venture, or other legal or business entity in which the undersigned borrower or general contractor, or any of their members, stockholders, officers, directors, beneficiaries, or partners hold any interest, is as represented herein. The deduction of such rebates, adjustments, or discounts from actual hard costs will not be used to increase builder's profit over and above the final estimated amount. I further certify that all soft costs associated with construction of the project as set forth on lines 45 through 57 are correct as represented herein.

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 0575-0042. 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.

Line	Div	Trade Item	Estimated Cost	Actual Cost		Name of Subcontractor or Payee	101 *
				Paid	To Be Paid		
1	3	Concrete					
2	4	Masonry					
3	5	Metals					
4	6	Rough Carpentry					
5	6	Finish Carpentry					
6	7	Waterproofing					
7	7	Insulation					
8	7	Roofing					
9	7	Sheet Metal					
10	8	Doors					
11	8	Windows					
12	8	Glass					
13	9	Drywall					
14	9	Tile Work					
15	9	Acoustical					
16	9	Resilient Flooring					
17	9	Painting and Decorating					
18	10	Specialties					
19	11	Special Equipment					
20	11	Cabinets					
21	11	Appliances					
22	12	Blinds and Shades, Artwork					
23	12	Carpets					
24	13	Special Construction					
25	14	Elevators					
26	15	Plumbing and Hot Water					
27	15	Heat and Ventilation					
28	15	Air Conditioning					
29	16	Electrical					
30	2	Earth Work					
31	2	On-Site Utilities					
32	2	Roads and Walks					
33	2	On-Site Improvements					
34	2	Lawns and Planting					
35	2	Unusual On-Site Conditions					
36	2	Off-Site Development					
37		Miscellaneous (Labor and Materials)					
38		Total Hard Costs					
39	1	General Requirements					
40		General Overhead					
41		Other Fees Paid By Contractor					
42		Total Costs					

NOTE: (If additional space is required for these other items, append Rider thereto, with references and initial. When more than one subcontractor is performing a trade item, the attached work sheet must be completed giving the information indicated.) Form RD 1924-13 (Rev. 12-98)

* Breakdown on page 4.

CONTRACTOR'S AND BORROWER'S ESTIMATE AND CERTIFICATE OF ACTUAL COST						
Line	Trade Item	Estimated Cost	Paid	Actual Cost To Be Paid	Total	Name of Subcontractor or Payee
	Balance Brwt. Forward (line 42)					
43	Builder's Profit					
44	Total Construction Cost					
45	Architectural Fees					
46	Survey and Engineering					
47	Financing Costs Loan Fees					
48	Interest During Construction					
49	Closing Costs & Legal Fees					
50	Land Cost or Value					
51	Nonprofit O&M Capital					
52	Tap and or Impact Fees					
53	Tax Credit Fees					
54	Environmental Fees					
55	Market Study Cost					
56						
57						
58	Total Development Cost					

"Whoever, in any matter, with the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by 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 statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

WARNING: Section 1001 of Title 18, United States Code provides: Furthermore, submission of false information relating to the content of this Estimate and Certificate of Actual Cost will subject the submitter to any and all administrative remedies available to USDA. Such remedies may include suspension and debarment from participating in any Rural Development or other Federal program.

The undersigned hereby certifies that: *(check as appropriate)*

There has not been and is not now any identity of interest between or among the borrower and/or general contractor on the one hand and any subcontractor, material supplier, equipment lessor, or payee on the other (including any of their members, officers, directors, beneficiaries, or partners).

Attached to and made part of this certificate is a signed statement fully describing any rebates, adjustments, discounts, or any other devices which may have or have had the effect of reducing cost, and all amounts shown above as "to be paid in cash" will be so paid within forty-five (45) days.

ESTIMATES:

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

Title: _____

Title: _____

ACTUAL

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

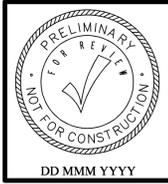
Title: _____

Title: _____

HILLCREST APARTMENTS RENOVATION

Pelham,

Georgia



HILLCREST APARTMENTS RENOVATION
PELHAM, MITCHELL COUNTY, GEORGIA

Wallace
ARCHITECTS, L.L.C.
Columbia, MO
P 572-256-7200

WALLACE ARCHITECTS, L.L.C.

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SHEET NO.
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JOB NO.
3455

PROJECT INFORMATION

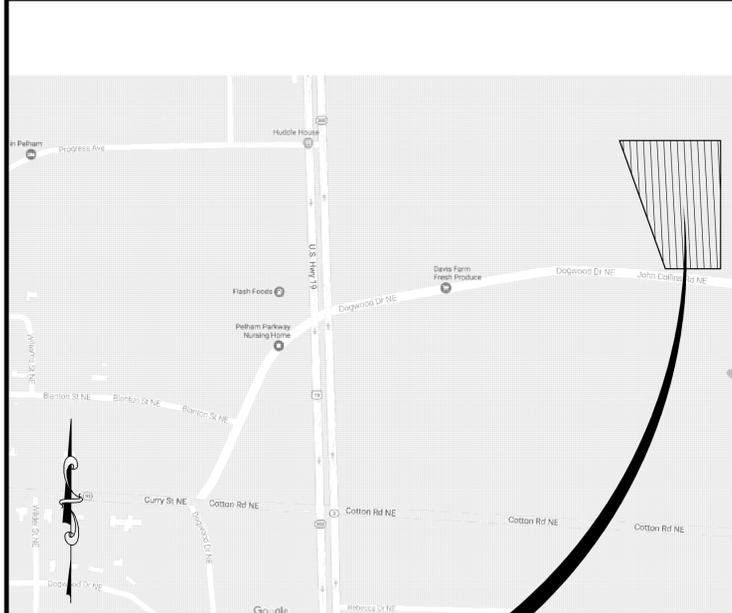
SITE DATA	
SITE ZONING:	EXISTING TO REMAIN
SITE SIZE:	EXISTING TO REMAIN
SITE DENSITY:	EXISTING TO REMAIN
NO. OF PARKING SPACES:	(79) TYPICAL + (4) ACC. + (1) VAN ACC. = (84) TOTAL
BUILDING DATA	
RENTAL UNITS BY BUILDING:	BLDG. A = (4) TYP. 1-BR UNITS; BLDG. B = (4) TYP. 2-BR UNITS; BLDG. C = (1) TYP. 2-BR-MGR UNIT; BLDG. D = (3) TYP. 2-BR UNITS, (1) UFAS 2-BR UNIT; BLDG. E = (4) TYP. 2-BR UNITS; BLDG. F = (4) TYP. 3-BR UNITS; BLDG. G = (4) TYP. 2-BR UNITS; BLDG. H = (3) TYP. 3-BR UNITS, (1) UFAS 3-BR UNIT; BLDG. I = (4) TYP. 2-BR UNITS; BLDG. J = (3) TYP. 2-BR UNITS, (1) AUDIOVISUAL 2-BR UNIT; BLDG. K = (4) TYP. 2-BR UNITS; BLDG. L = (4) TYP. 1-BR UNITS; BLDG. M = (2) TYP. 1-BR UNITS, (1) UFAS 1-BR UNIT
RENTAL UNITS BY TYPE:	(1) TYP. 1-BR UNITS; (1) UFAS 1-BR UNITS; (26) TYP. 2-BR UNITS; (1) UFAS 2-BR UNIT; (1) AUDIOVISUAL 2-BR UNIT; (7) TYP. 3-BR UNITS; (1) UFAS 3-BR UNIT; (1) TYP. 2-BR-MGR UNIT
TOTAL RENTAL UNITS:	(49) TOTAL UNITS
NO. & MIX OF UNITS:	(12) 1-BR UNITS; (26) 2-BR UNITS; (8) 3-BR UNITS; (1) 2-BR-MGR UNIT
DWELLING UNIT AREA:	(1) TYP. 1-BR UNITS @ 586 SF = 6,446 SF; (1) UFAS 1-BR UNIT @ 586 SF = 586 SF; (26) TYP. 2-BR UNITS @ 770 SF = 20,020 SF; (1) UFAS 2-BR UNIT @ 770 SF = 770 SF; (1) AUDIOVISUAL 2-BR UNIT @ 770 SF = 770 SF; (7) TYP. 3-BR UNITS @ 949 SF = 6,643 SF; (1) UFAS 3-BR UNIT @ 949 SF = 949 SF; (1) TYP. 2-BR-MGR UNIT @ 866 SF = 866 SF; 37,050 TOTAL SF DWELLING AREA
NON-DWELLING UNIT AREA:	835 SF (OFFICE/LAUNDRY/COMMUNITY ROOM)
TOTAL BUILDING AREA:	37,885 SF (GROSS)
TOTAL ACTUAL AREA:	BLDG. A = 2,344 SF; BLDG. B = 3,080 SF; BLDG. C = 1,701 SF; BLDG. D = 3,080 SF; BLDG. E = 3,080 SF; BLDG. F = 3,796 SF; BLDG. G = 3,080 SF; BLDG. H = 3,796 SF; BLDG. I = 3,080 SF; BLDG. J = 3,080 SF; BLDG. K = 3,080 SF; BLDG. L = 2,344 SF; BLDG. M = 2,344 SF

INDEX TO DRAWINGS

0.0	COVER SHEET
A51.0	ARCHITECTURAL SITE PLAN
A1.0	BUILDING PLANS
A1.1	TYP. 1-BR AND UFAS 1-BR DEMO & RENO PLANS
A1.2	TYP. 2-BR, UFAS 2-BR AND TYP. 3-BR DEMO & RENO PLANS
A1.3	UFAS 3-BR AND OFFICE/ LAUNDRY/MANT. DEMO & RENO PLANS
A3.0	EXTERIOR ELEVATIONS
A3.1	EXTERIOR ELEVATIONS

ARCHITECT'S JOB NO. 3455

PROJECT LOCATION MAP



SITE: 1503 John Collins Rd
Pelham, GA 31779

SIGNATURE AREAS

NOTE: PROJECT CONSTRUCTION MUST BE IN COMPLIANCE WITH ALL APPLICABLE CODES, ORDINANCES, LAWS, AND REGULATIONS AS ENUMERATED ELSEWHERE IN THE PLANS AND SPECIFICATIONS.

ARCHITECT: WALLACE ARCHITECTS, L.L.C.
302 CAMPUS VIEW DRIVE SUITE 208, COLUMBIA, MO 65201

BY: _____ DATE: _____

OWNER: NAME _____ DATE: _____
ADDRESS _____
BY: _____

CONTRACTOR: NAME _____ DATE: _____
ADDRESS _____
BY: _____

STATE REPRESENTATIVE: _____ DATE: _____
ADDRESS _____
BY: _____

MATERIAL SQ. FT. DISCLAIMER:

SQUARE FOOTAGE CALCULATION OF FINISH MATERIALS ARE BASED ON EXISTING LAYOUTS & INFORMATION IN PART AS PROVIDED BY OTHERS. THESE NUMBERS ARE NOT TO BE UTILIZED FOR BIDDING PURPOSES. WHILE THIS INFORMATION IS BELIEVED TO BE RELIABLE THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY. CONTRACTORS SHALL PERFORM INDEPENDENT FIELD VERIFICATION FOR SITUATIONAL DEPENDANT ACCURACY.

PM: ZW
PC: JL

PLAN SET NO. _____

REVIEW SET

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.



PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

HILLCREST APARTMENTS RENOVATION
PELHAM, MITCHELL COUNTY, GEORGIA

Wallace ARCHITECTS, L.L.C.
Columbia, MO
P 572-256-7200

WALLACE ARCHITECTS, L.L.C.

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NOTE: INSTALL NEW HANDRAILS AS NOTED AND ON ACCESSIBLE ROUTES EXCEEDING 5% BUT LESS THAN 8.33% SLOPE. 5'-0" LANDING REQUIRED AT TOP AND BOTTOM OF RAMPS.

NOTE: APARTMENT NUMBERS ARE TO BE FIELD VERIFIED BY GENERAL CONTRACTOR. ARCHITECT TO BE NOTIFIED OF ANY DISCREPANCY PRIOR TO FINAL PRODUCTION / INSTALLATION

ACCESSIBILITY NOTES

1. SIDEWALK SHALL NOT EXCEED 5% (1'-0" IN 20'-0") SLOPE WITH A 2% (1'-0" IN 50'-0") CROSS-SLOPE AND SHALL BE 4' WIDE EXCEPT AS NOTED ON SITE PLAN. PROVIDE STAIRS, RAMPS, CURBS, ETC., AS NOTED AND DETAILED.
2. PARKING AREAS AND ACCESSIBLE SPACES AND ACCESS AISLES SHALL NOT EXCEED A 2% (1'-0" IN 50'-0") SLOPE IN ANY DIRECTION. OTHER PORTIONS OF THE ACCESSIBLE ROUTE SHALL NOT EXCEED A 5% (1'-0" IN 20'-0") LONGITUDINAL SLOPE NOR A 2% (1'-0" IN 50'-0") CROSS-SLOPE.

POLLUTION / EROSION CONTROL NOTES:

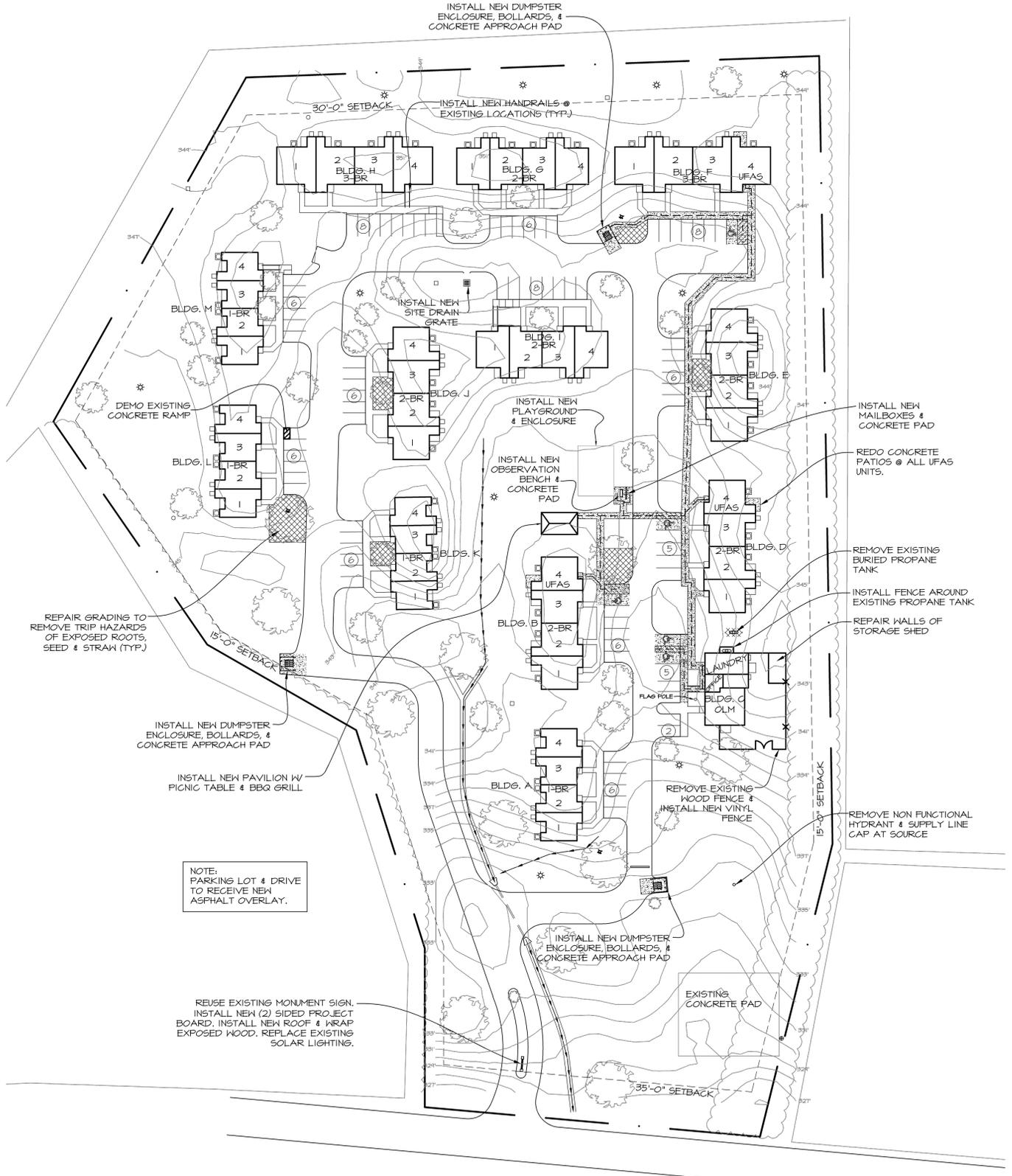
1. DUST ON SITE SHALL BE CONTROLLED. THE USE OF MOTOR OILS AND OTHER PETROLEUM BASED OR TOXIC LIQUIDS FOR DUST SUPPRESSION OPERATIONS IS PROHIBITED.
2. SUFFICIENT OIL AND GREASE ABSORBING MATERIALS AND FLOATATION BOOMS SHALL BE MAINTAINED ON SITE OR READILY AVAILABLE TO CONTAIN AND CLEAN-UP FUEL OR CHEMICAL SPILLS AND LEAKS.
3. ACTIVE UNDERGROUND PIPES, CONDUITS, OR OTHER UTILITIES OF ANY TYPE, WHETHER INDICATED ON THE DOCUMENTS OR NOT, MUST BE PROTECTED BY THE CONTRACTOR DURING THE COURSE OF THE WORK AND REMAIN ACTIVE, UNLESS OTHERWISE NOTED.
4. CONTRACTOR SHALL PROTECT ALL EXISTING ON-SITE STORMWATER INLET STRUCTURES AND SHALES A THROUGHOUT THE CONSTRUCTION PHASE WITH TEMPORARY STORMWATER SEDIMENT COLLECTION BAGS ON ALL INLET SIDES OR SEDIMENT BARRICADE AT PROPERTY LINE WHERE SHALES CONNECT TO EXISTING CITY DRAINAGE. STORM WATER PROTECTION SHALL REMAIN IN PLACE AND BE MONITORED TO MAINTAIN QUALITY OF PROTECTION MEASURES THROUGHOUT THE CONSTRUCTION PHASE.
5. ALL MATERIALS SPILLED, DROPPED, WASHED, OR TRACKED FROM VEHICLES ONTO ROADWAYS OR INTO STORM DRAINS MUST BE REMOVED IMMEDIATELY. CONTRACTORS OR SUBCONTRACTORS WILL BE RESPONSIBLE FOR REMOVING SEDIMENT THAT MAY HAVE COLLECTED IN ANY STORM SEWER DRAINAGE SYSTEM IN CONJUNCTION WITH THE STABILIZATION OF THE SITE.
6. ALL CONSTRUCTION SHALL BE STABILIZED AT THE END OF EACH WORKING DAY. THIS INCLUDES BACKFILLING OF TRENCHES FOR UTILITY CONSTRUCTION AND PLACEMENT OF GRAVEL OR BITUMINOUS PAVING FOR ROADS.
7. CONTRACTOR SHALL IMPLEMENT BEST MANAGEMENT PRACTICES AND SHALL CONFORM TO THE FEDERAL, STATE AND LOCAL REQUIREMENTS AND MANUALS OF PRACTICE. AS APPLICABLE CONTRACTOR SHALL IMPLEMENT ADDITIONAL CONTROLS AS DIRECTED BY PERMITTING AGENCY OR OWNER.
8. CONFLICTING AND / OR UNFORESEEN FIELD CONDITIONS SHALL BE BROUGHT TO THE ATTENTION OF THE GENERAL CONTRACTOR - WHO SHALL NOTIFY THE ARCHITECT IMMEDIATELY FOR RESOLUTION PRIOR TO PROCEEDING.

SITE UTILITY NOTES

- 1) ALL EXISTING SITE UTILITIES ARE PRESUMED TO BE FUNCTIONING PROPERLY AND ARE FREE OF LEAKS, BLOCKAGES, DEBRIS, ETC.
- 2) ALL EXISTING UNITS AND/OR BUILDINGS ARE PRESUMED TO HAVE PROPERLY SEALED, CONNECTED, AND WORKING VALVES, SHUT-OFFS, MANIFOLDS, ETC.
- 3) THE EXISTING WATER PRESSURE IS PRESUMED TO BE AT AN ACCEPTABLE LEVEL AND/OR PRESSURE REDUCING VALVES (PRV'S) HAVE BEEN PREVIOUSLY INSTALLED WHERE NECESSARY. THESE ITEMS WILL BE INSPECTED DURING THE COURSE OF THE REHAB AND ANY NECESSARY REPAIRS, REPLACEMENTS, AND/OR ADDITIONS WILL BE COMPLETED AND REFLECTED ON A CHANGE ORDER.
- 4) BACKFLOW PREVENTION DEVICES AND/OR PRESSURE REDUCING VALVES ARE PRESUMED TO BE EXISTING, FUNCTIONING PROPERLY, AND ARE NOT INCLUDED IN THIS SCOPE OF WORK.
- 5) SANITARY SEWER MAINS AND LATERALS ARE PRESUMED TO BE FREE OF OBSTRUCTIONS AND CURRENTLY FUNCTIONING PROPERLY. ANY DISCOVERED ISSUES SHALL BE INSPECTED AND REQUIRED MEASURES WILL BE PERFORMED TO RESTORE PROPER DRAINAGE AND WILL BE REFLECTED ON A CHANGE ORDER.

LEGEND

- AREAS OF NEW CONCRETE SIDEWALK / SURFACE
- AREAS OF NEW BASE COURSE
- EXISTING LIGHT POLE
- ACCESSIBLE ROUTE (2% CROSS SLOPE MAX, 5% RUNNING SLOPE MAX, REPLACE AS REQUIRED)
- EXISTING MANHOLE
- EXISTING FIRE HYDRANT
- DRAINAGE SHALE
- DIRECTIONAL FLOW ARROW
- SPOT ELEVATION
- DRAIN SYSTEM STRUCTURE



NOTE:
PARKING LOT & DRIVE TO RECEIVE NEW ASPHALT OVERLAY.

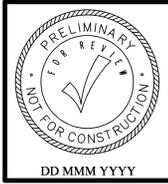
ARCHITECTURAL SITE PLAN

SCALE: 1" = 50'-0"



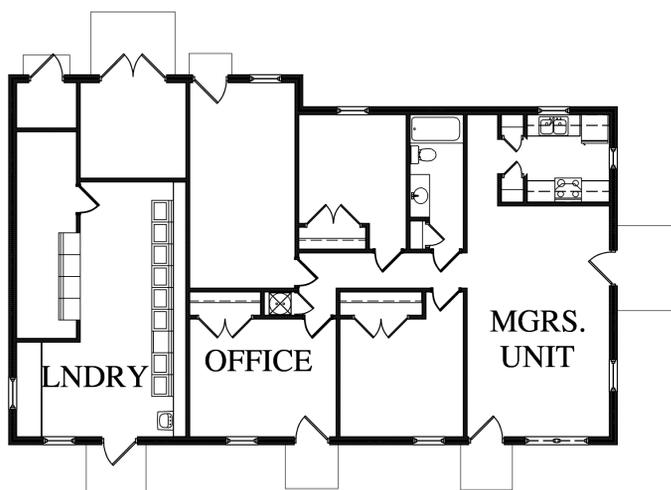
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NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.

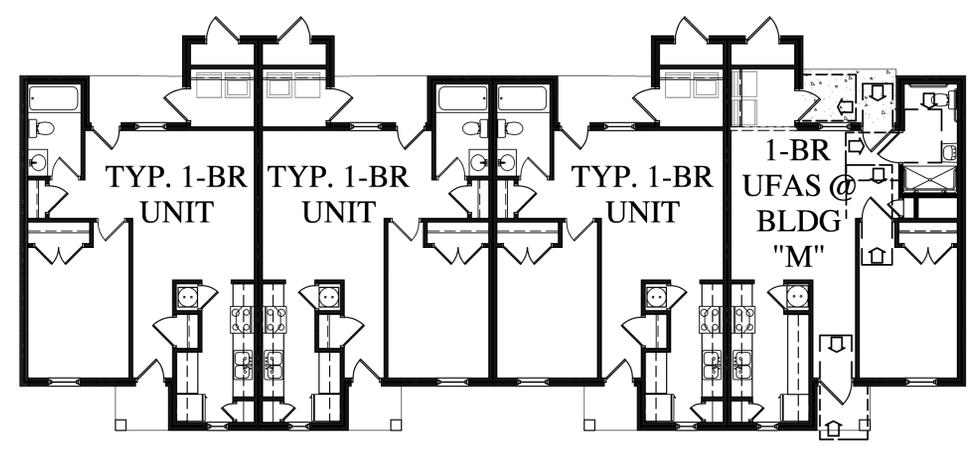


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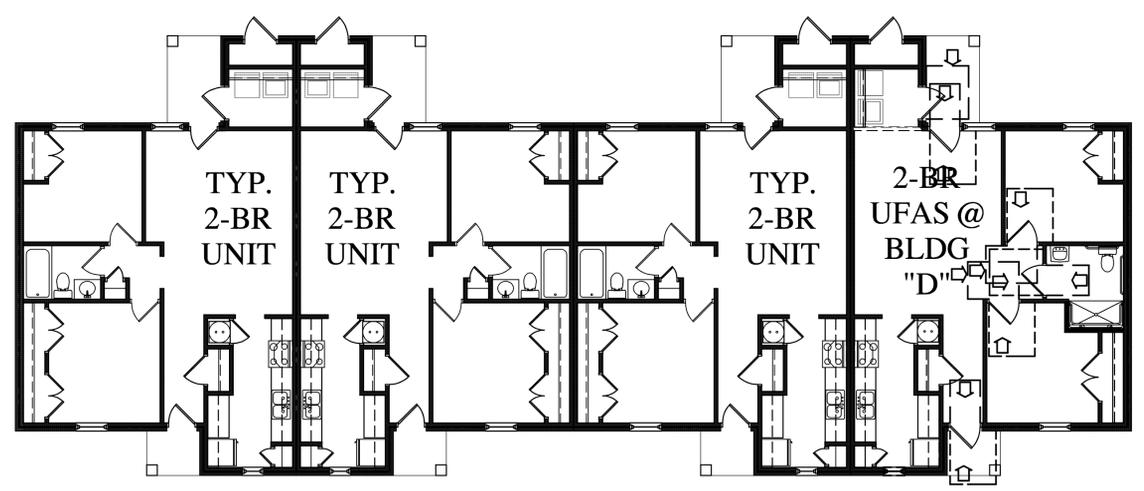
PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION



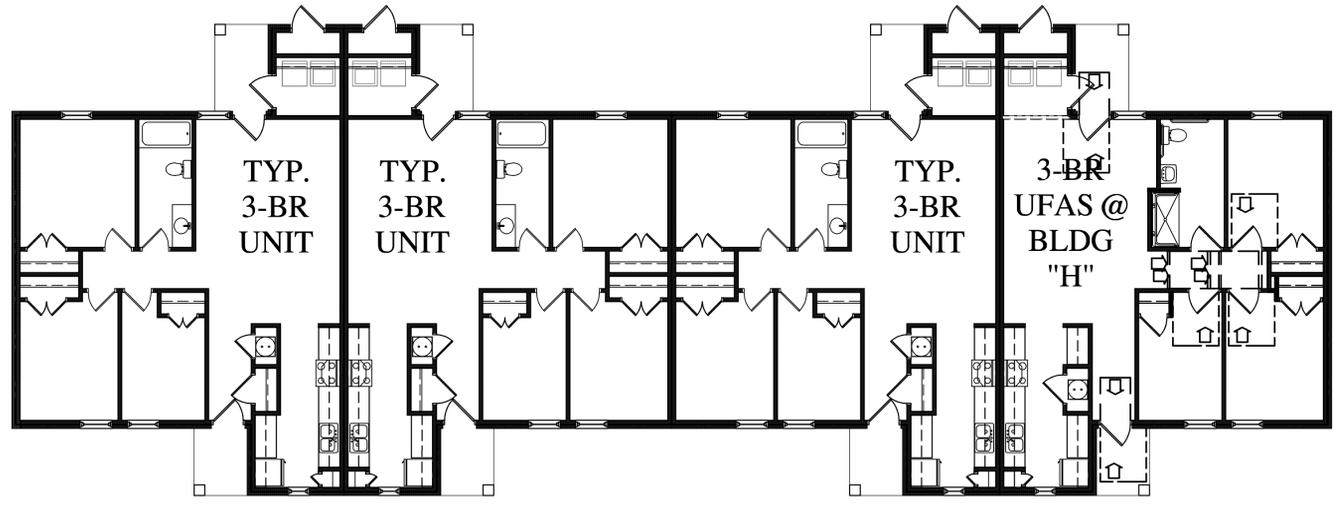
RENOVATED BUILDING "C" FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "A, K, L & M" FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "B, D, E, G, I & J" FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "F & H" FLOOR PLAN
SCALE: 1/8" = 1'-0"

HILLCREST APARTMENTS RENOVATION
PELHAM, MITCHELL COUNTY, GEORGIA

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Columbia, MO
P 572-256-7200

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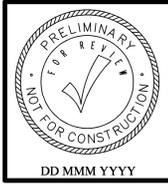
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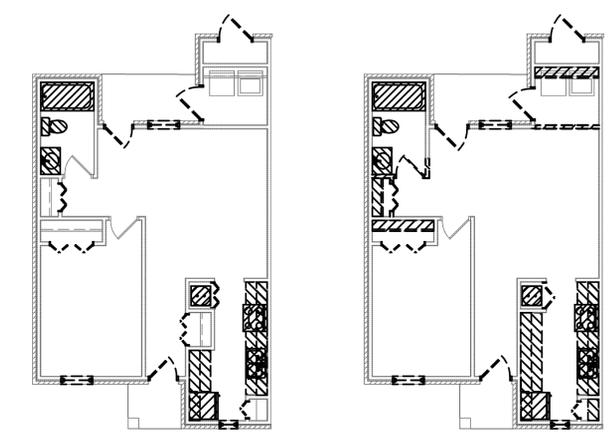
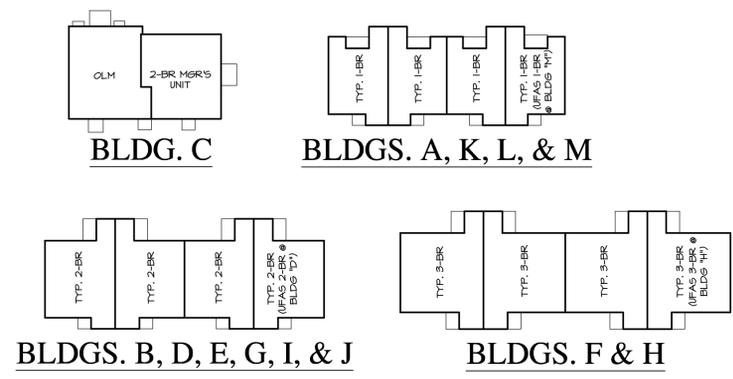
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BLDG. KEY

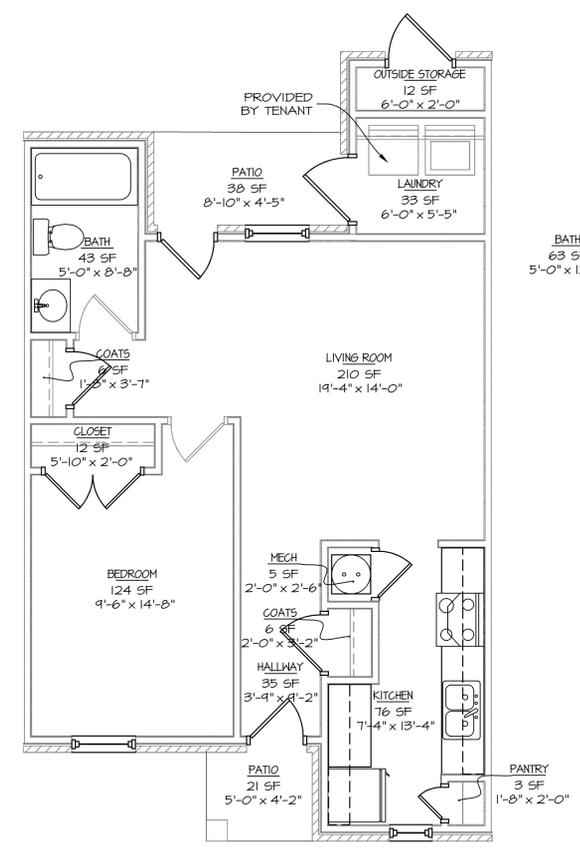


DEMO TYP. 1-BR FLOOR PLAN SCALE: 1/8" = 1'-0"

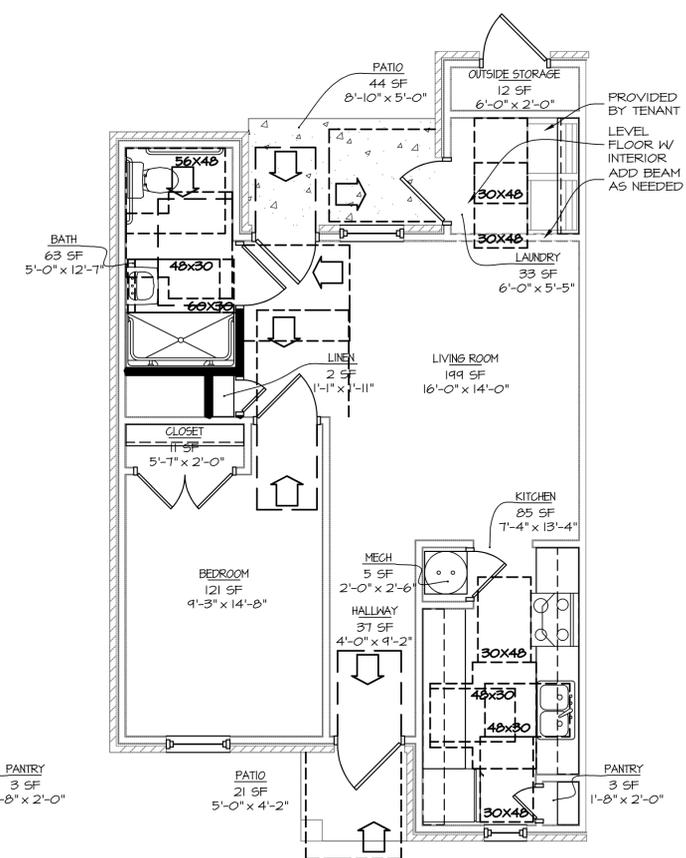
DEMO UFAS 1-BR FLOOR PLAN SCALE: 1/8" = 1'-0"

- NOTES**
- INTERIOR CASING TRIM TO BE REPLACED @ ALL REPLACED DOORS.
 - WOOD BASE TO BE INCLUDED AT ALL NEW AND/OR RELOCATED DOORS WALLS.
 - EXISTING BATHROOM VENT COVERS ARE TO BE REMOVED AND REPLACED THROUGHOUT.

- LEGEND**
- [Solid line] = EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - [Dashed line] = EXISTING DOORS
 - [Hatched pattern] = WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC. TO BE REMOVED. SEE WINDOW SCHEDULE FOR EXTENT OF WINDOW DEMOLITION REQUIRED.
 - [Dotted pattern] = DOORS TO BE REMOVED
 - [Diagonal hatching] = NEW FLOOR SLAB
 - [Stippled pattern] = NEW CONCRETE
 - [Thin solid line] = NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - [Thick solid line] = NEW WALLS
 - [New door symbol] = NEW DOORS



RENOVATED TYP. 1-BR FLOOR PLAN SCALE: 1/4" = 1'-0"



RENOVATED UFAS 1-BR FLOOR PLAN SCALE: 1/4" = 1'-0"

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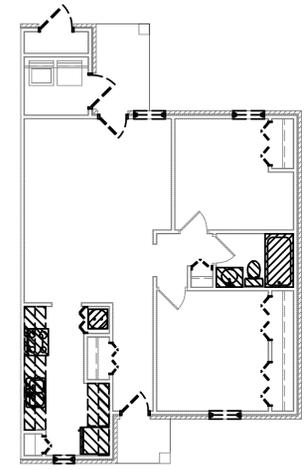
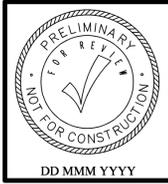
NOTES

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- WOOD BASE TO BE INCLUDED AT ALL NEW AND/OR RELOCATED DOORS WALLS.
- EXISTING BATHROOM VENT COVERS ARE TO BE REMOVED AND REPLACED THROUGHOUT.

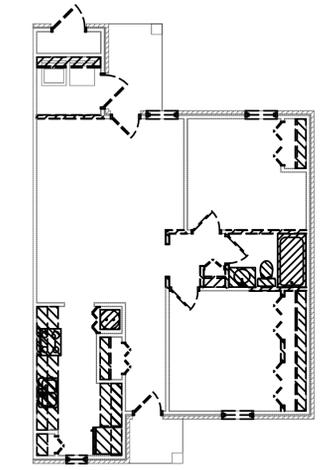
LEGEND

- EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
- EXISTING DOORS
- WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC. TO BE REMOVED. SEE WINDOW DEMOLITION REQUIRED.
- DOORS TO BE REMOVED
- NEW FLOOR SLAB
- NEW CONCRETE
- NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
- NEW WALLS
- NEW DOORS

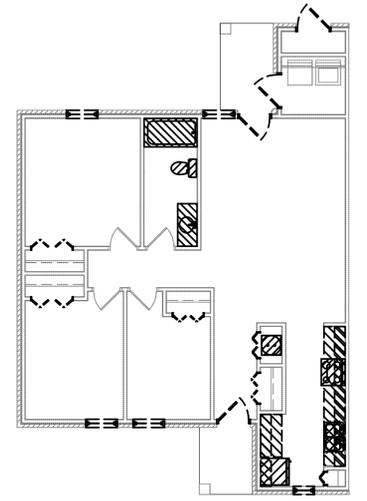
NOTE:
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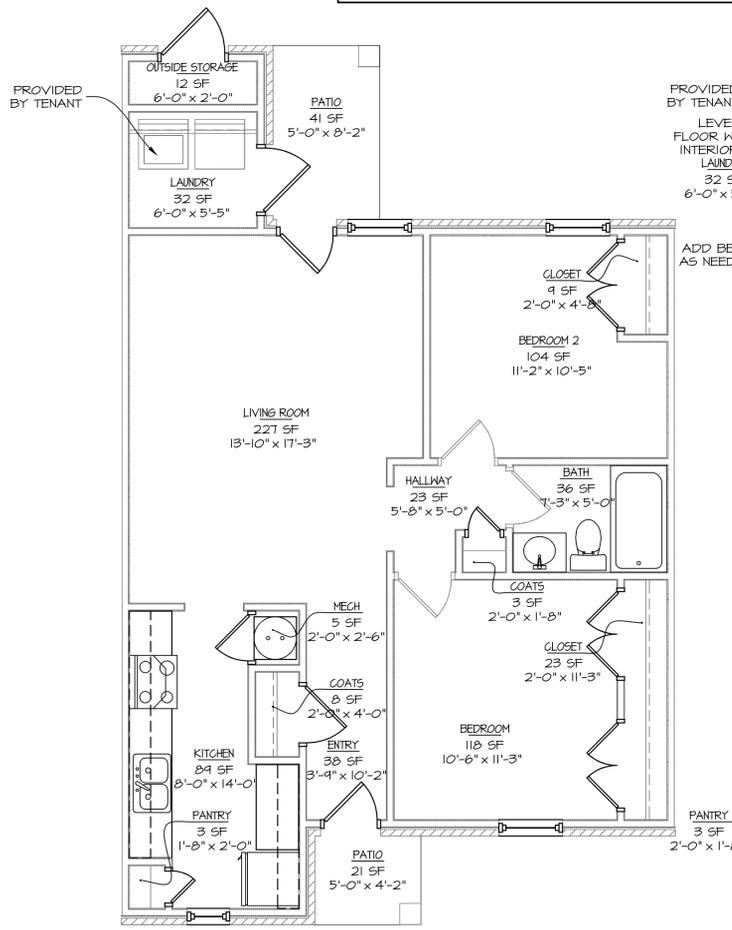
DEMO TYP.
2-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"
A1.2



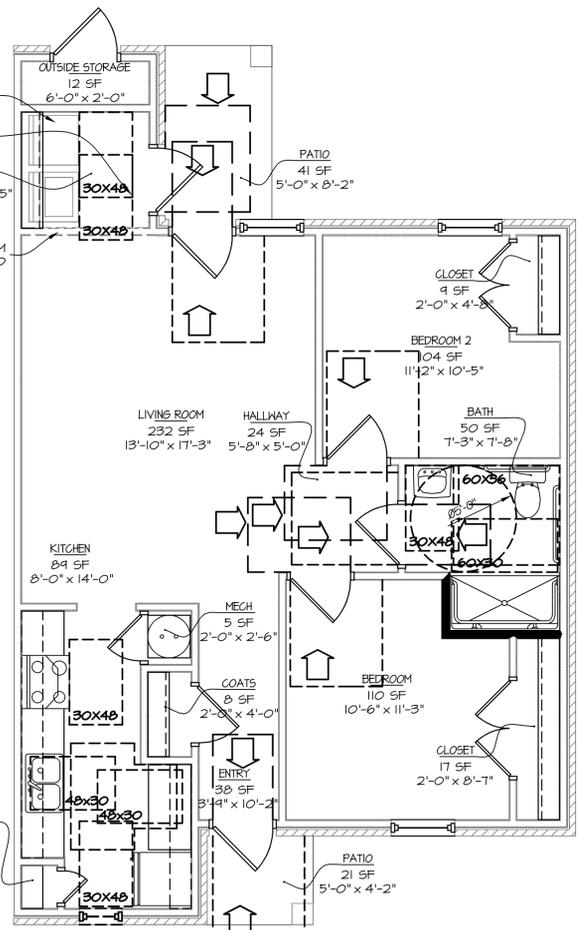
DEMO UFAS
2-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"
A1.2



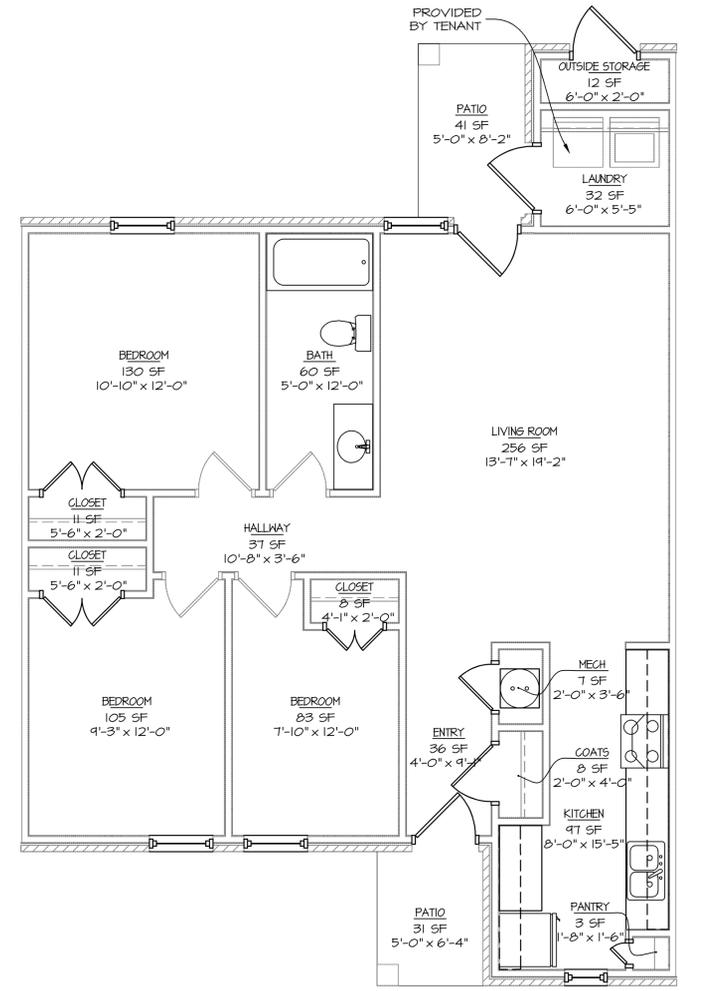
DEMO TYP.
3-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"
A1.2



RENOVATED
TYP. 2-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"
A1.2



RENOVATED
UFAS 2-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"
A1.2



RENOVATED
TYP. 3-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"
A1.2

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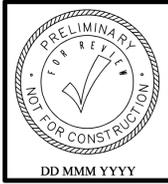
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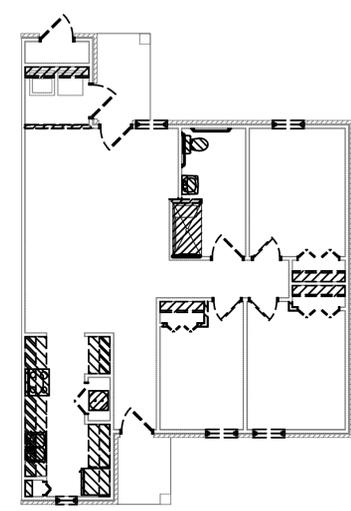


NOTES

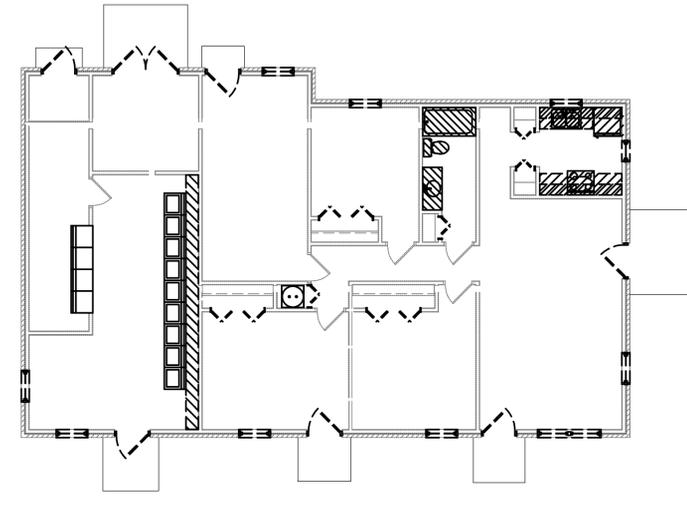
- 1) INTERIOR CASING TRIM TO BE REPLACED @ ALL REPLACED DOORS.
- 2) WOOD BASE TO BE INCLUDED AT ALL NEW AND/OR RELOCATED DOORS WALLS.
- 3) EXISTING BATHROOM VENT COVERS ARE TO BE REMOVED AND REPLACED THROUGHOUT.

LEGEND

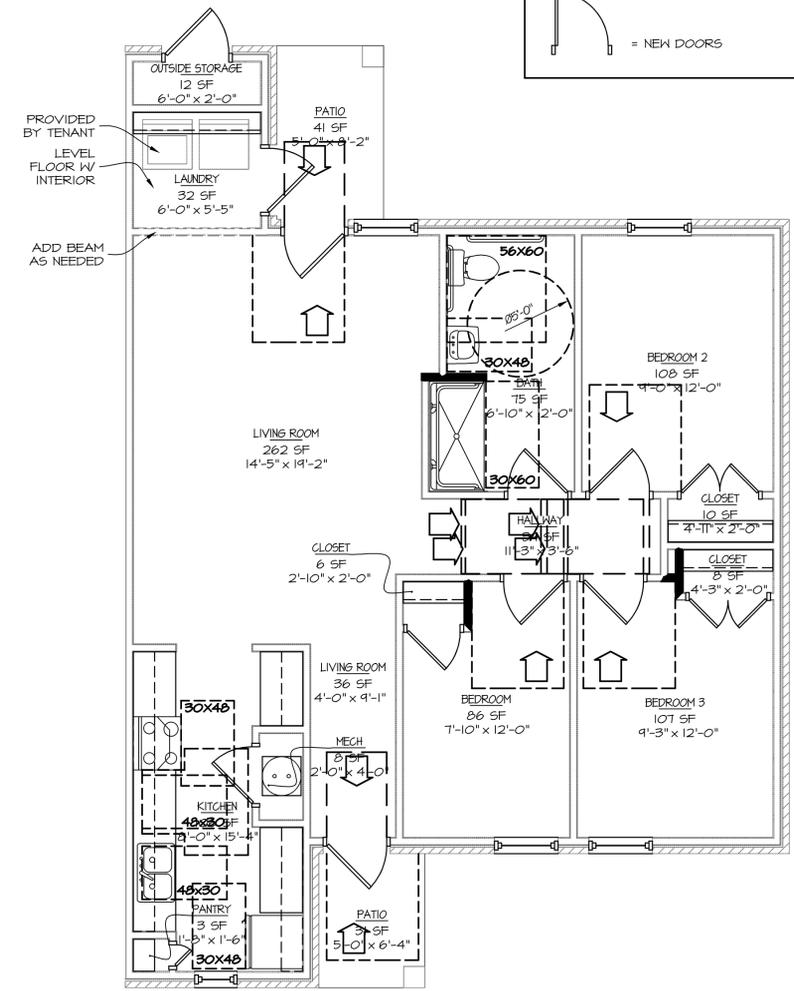
- = EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
- = EXISTING DOORS
- = WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC. TO BE REMOVED. SEE WINDOW SCHEDULE FOR EXTENT OF WINDOW DEMOLITION REQUIRED.
- = DOORS TO BE REMOVED
- = NEW FLOOR SLAB
- = NEW CONCRETE
- = NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
- = NEW HALLS
- = NEW DOORS



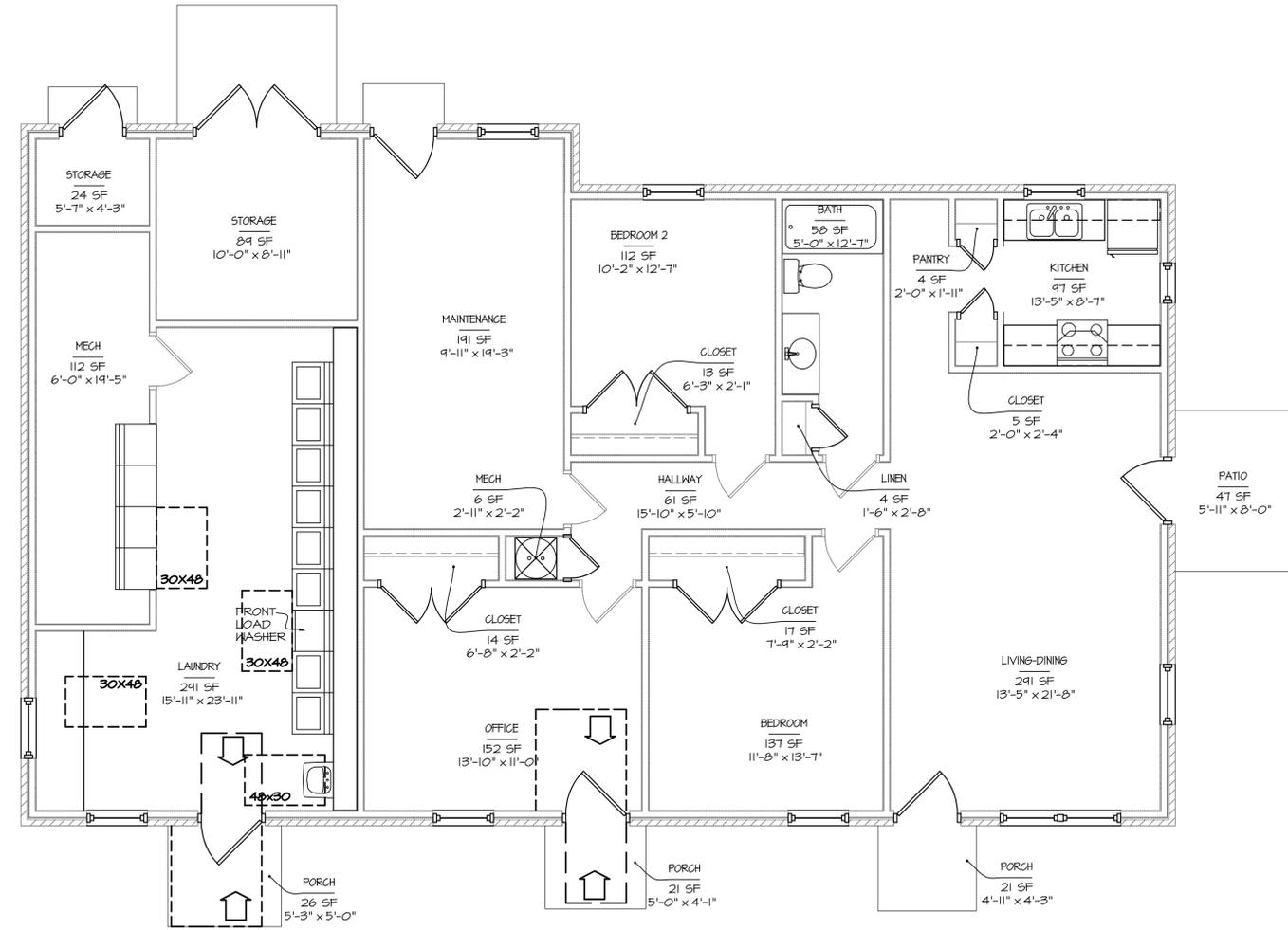
DEMO UFAS
3-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"



DEMO
OFFICE/LAUNDRY/MAINT. FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED
UFAS 3-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"



RENOVATED OFFICE/LAUNDRY/MAINT. FLOOR PLAN
SCALE: 1/4" = 1'-0"

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HILLCREST APARTMENTS RENOVATION
PELHAM, MITCHELL COUNTY, GEORGIA

Wallace
ARCHITECTS, L.L.C.
Columbia, MO
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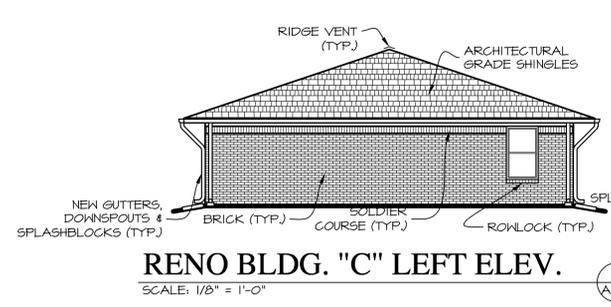
NOTE:
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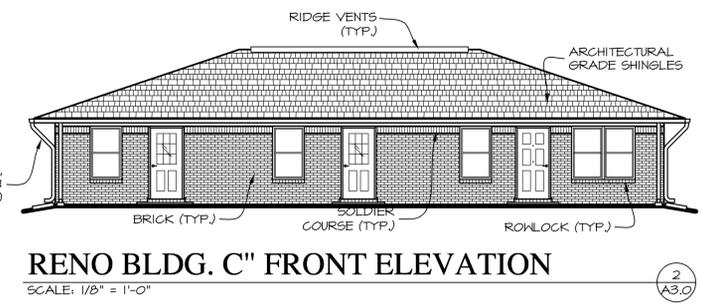
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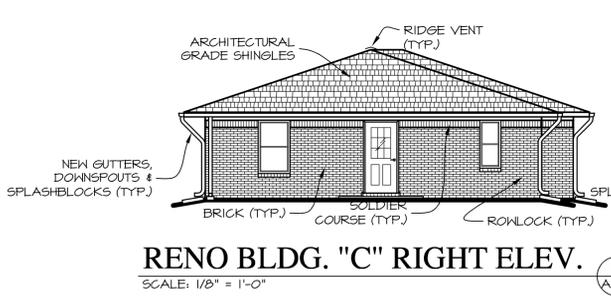
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PELHAM, MITCHELL COUNTY, GEORGIA



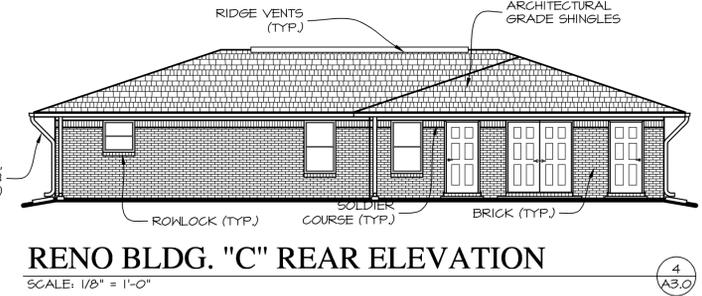
RENO BLDG. "C" LEFT ELEV.
SCALE: 1/8" = 1'-0"



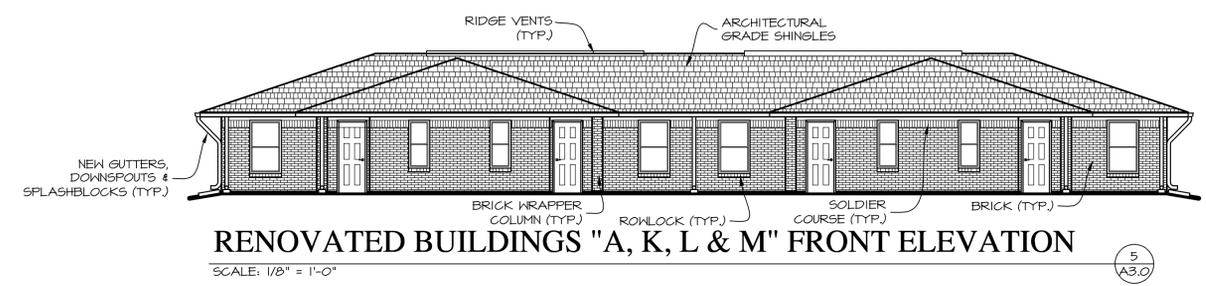
RENO BLDG. "C" FRONT ELEVATION
SCALE: 1/8" = 1'-0"



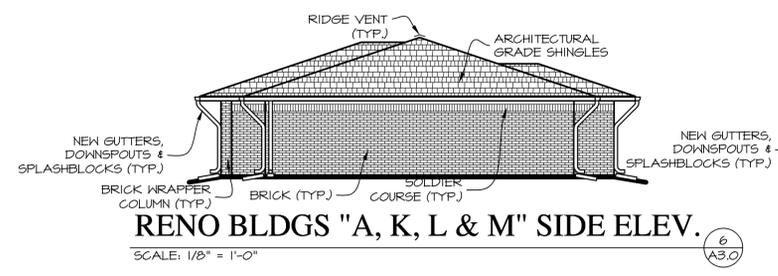
RENO BLDG. "C" RIGHT ELEV.
SCALE: 1/8" = 1'-0"



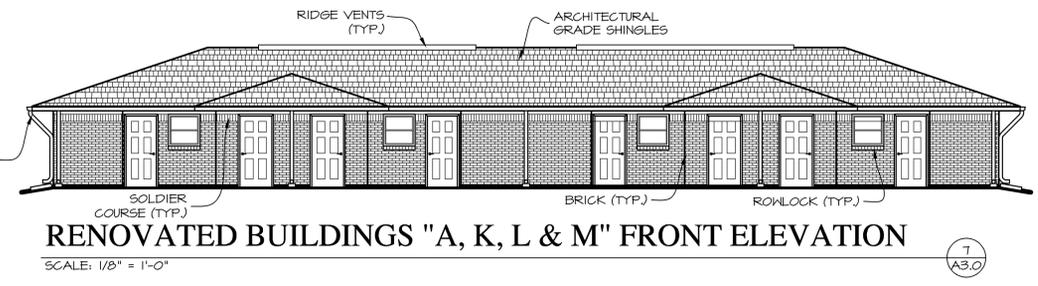
RENO BLDG. "C" REAR ELEVATION
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "A, K, L & M" FRONT ELEVATION
SCALE: 1/8" = 1'-0"



RENO BLDGS "A, K, L & M" SIDE ELEV.
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "A, K, L & M" FRONT ELEVATION
SCALE: 1/8" = 1'-0"

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Columbia, MO
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PELHAM, MITCHELL COUNTY, GEORGIA

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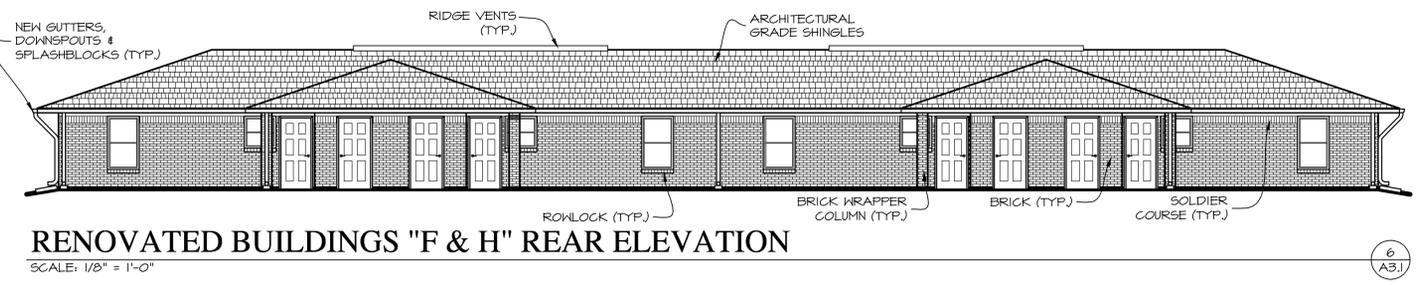
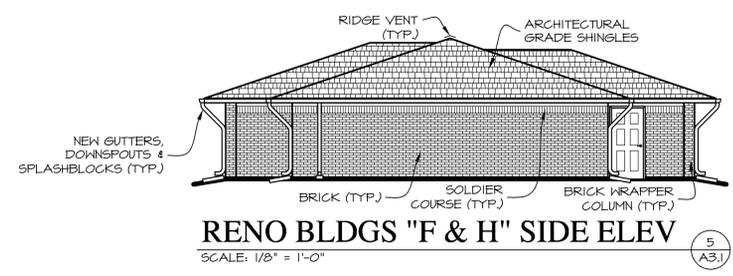
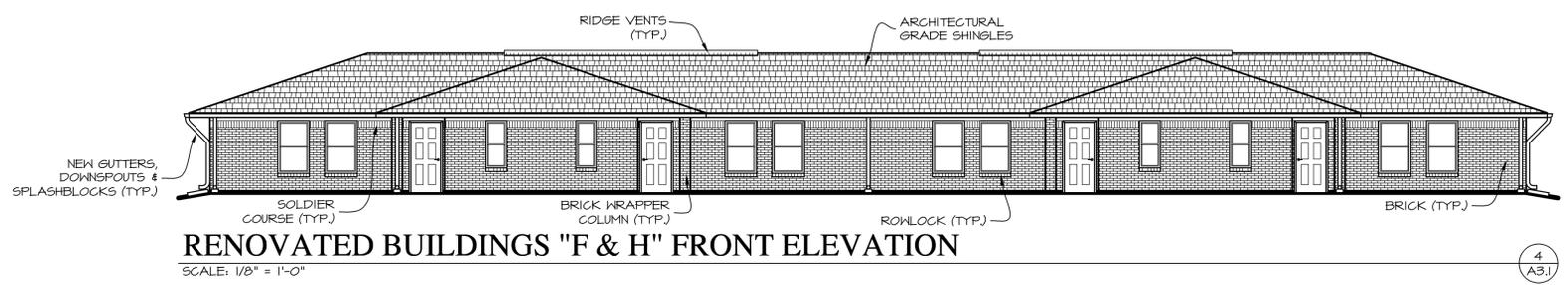
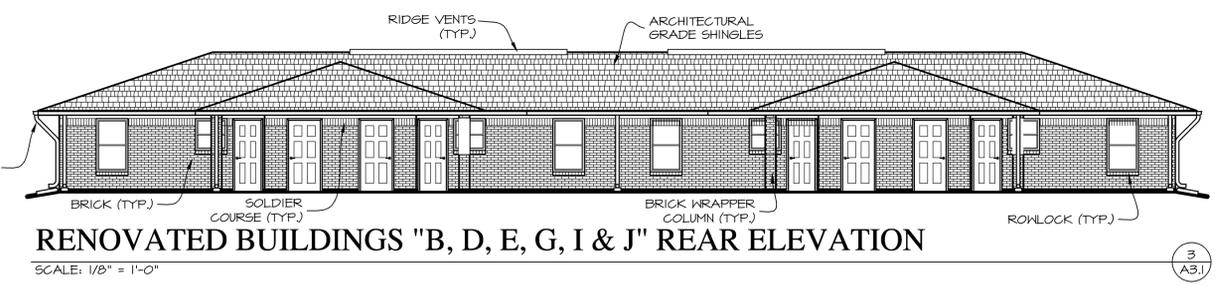
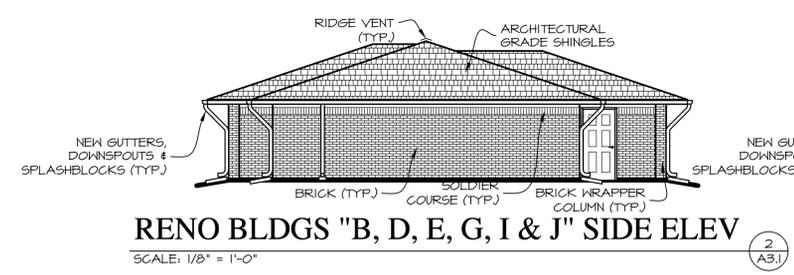
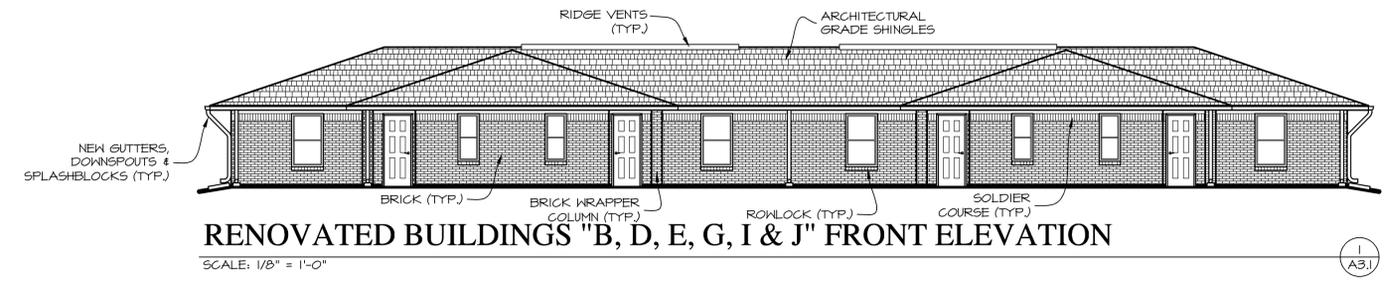
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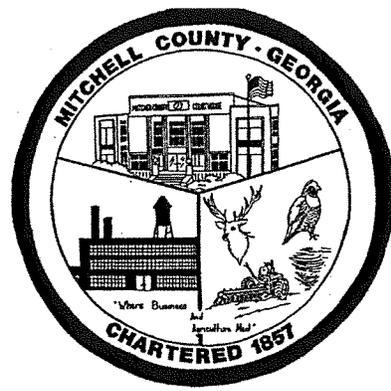
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Mitchell County Building Department
18 North Court Street
Camilla, Georgia 31730

Thomas Wade
Building Inspector

Phone 229•336•2060
Fax 229•336•2362



2/10/17

Greystone Affordable Housing Initiatives LLC
4025 Lake Boone Trail
Suite 209
Raleigh, NC 27607

Re: Hillcrest Apartments
Zoning Information

To whom it may concern:

Mitchell County is writing a letter to confirm the zoning of Hillcrest Apartments. Below are the zoning classification and other requirements. Please fill in all of the information below and attach the corresponding Future Land Use Map, and Local Government Comprehensive Plan (if applicable).

Development Name: Hillcrest Apartments

Physical Location: 1503 John Collins Road NE, Pelham, Mitchell County, GA 31779

Proposed Intended Use: The acquisition and rehabilitation of Hillcrest Apartments, a 49-unit affordable multi-family rental community designated for family households.

Zoning and Land Development Regulations:

- Is this site appropriately zoned for the proposed Development? No Yes
- Indicate zoning designation(s) AG non-conforming R PUD
- Current zoning permits 29 units per acre, or _____ for the site (PUD).
- Total Number of Units in Development? 49
- Is the site appropriately zoned and consistent with local land use regulations regarding density and intended use? No Yes If no, please explain
Property zoned as non-conforming use of apartments prior to zoning
- Does the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Development? No Yes

Outstanding zoning and/or building violations:

- Are there any outstanding zoning or building violations? No Yes If yes, please list in detail

Rebuild Ability Threshold:

- What is the threshold to rebuild the property should it be destroyed? 1 year has to meet set-back requirements

Minimum Building Setbacks:

- What are the minimum setback requirements? 40' front 30' back 10' side
- Do setbacks meet current zoning ordinance or is the property grandfathered into ordinance? Meet current zoning ordinance

- c) _____
- d) If setbacks do not meet current zoning ordinance and are not grandfathered, please provide the variance. (please attach to this document)

Maximum Building Height:

- a) What are the maximum building height requirements? 55'
- b) Does height meet current zoning ordinance or is the property grandfathered into the ordinance?
Meet current zoning ordinance
- c) If height does not meet current zoning ordinance and is not grandfathered, please provide the variance. (please attach to this document)

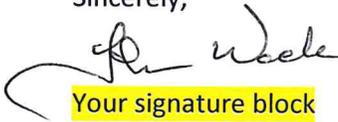
Parking Ratio:

- a) What are the parking requirements for the property? 2 space for each dwelling plus 1 space
- b) Does parking meet the current zoning ordinance or is the property grandfathered into the ordinance? for each 10
Meet current zoning ordinance
- c) If parking does not meet current zoning ordinance and is not grandfathered, please provide the variance. (please attach to this document)

Legal Conforming or Legal Non-Conforming:

- a) Is the property a legal conforming or legal non-conforming use? (if parking, setbacks or height are grandfathered into ordinance please indicate legal non-conforming): Legal non-conforming use

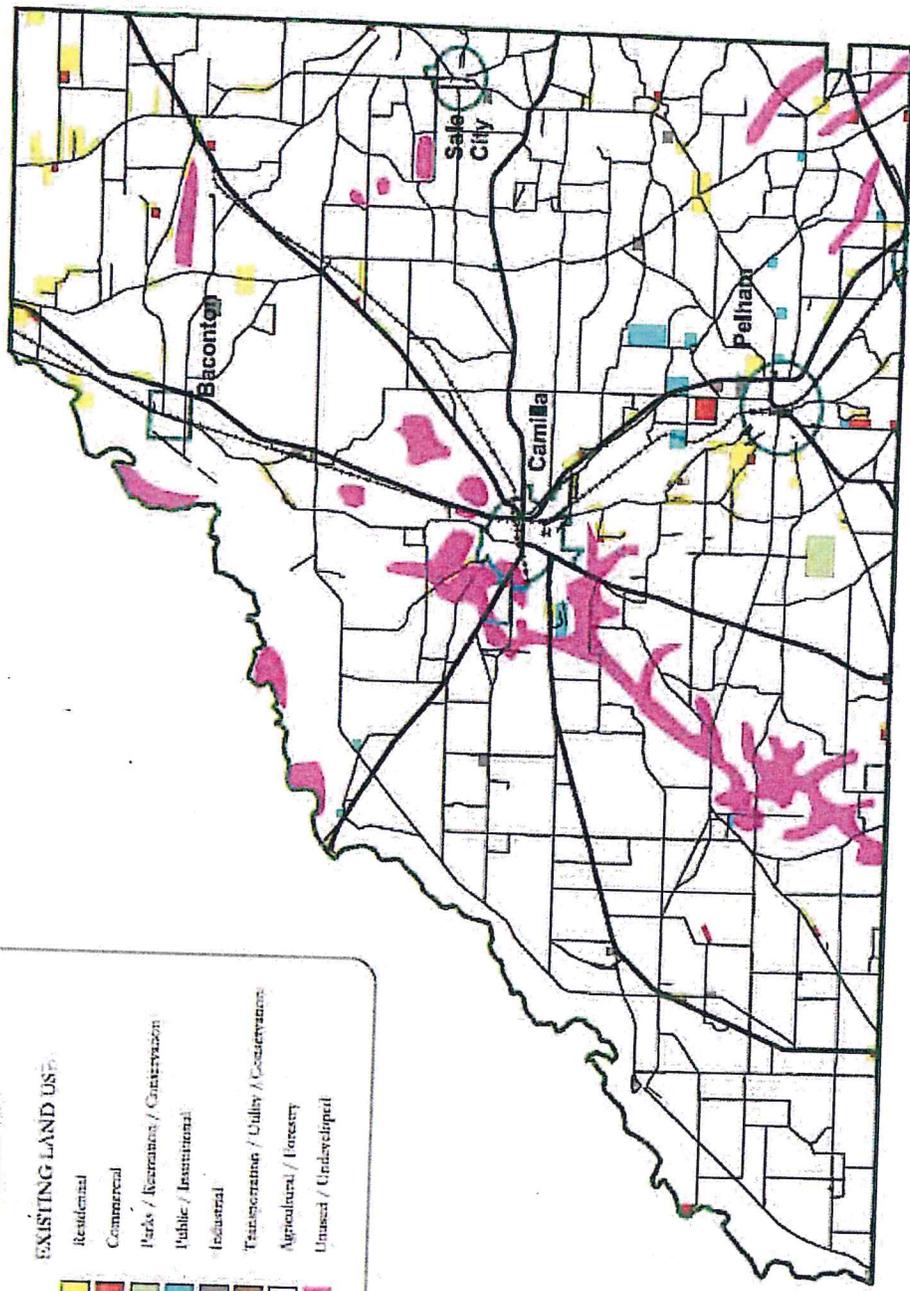
Sincerely,


Your signature block

LEGEND

EXISTING LAND USE

	Residential
	Commercial
	Parks / Recreation / Conservation
	Public / Institutional
	Industrial
	Transportation / Utility / Conservation
	Agriculture / Forestry
	Unused / Undeveloped



**SOUTHWEST GEORGIA
REGIONAL DEVELOPMENT
CENTER**

EXISTING LAND USE

**MITCHELL
COUNTY**

Section 4.01. - Districts.

The unincorporated portions of Mitchell County are hereby divided into 11 classes of districts known as follows:

R-1	Single-family residential district
R-2	One-, Two- and Multiple-family residential district
R-PUD	Residential planned unit development districts
MHP	Manufactured home park district
TT	Travel trailer and/or camper park district
AG	Agricultural-limited residential district
C-1	Community business district
C-2	General commercial district
C-PUD	Commercial planned unit development district
I	Industrial district
FH	Flood hazard district

ARTICLE XI. - AG, AGRICULTURAL DISTRICT

Section 11.01. - AG, agricultural district.

The agricultural district is established as a district in which the principal use of land is for farming, dairying, forestry operations and other agricultural related activities. For the agricultural district in promoting the general purpose of these regulations, the specific intent of this article is:

- A. To protect land, especially prime farm land, needed and used for agricultural pursuits from encroachment by untimely and unplanned residential, commercial, or industrial development and;
- B. To allow the continuation of existing agricultural pursuits in areas where, in accordance with the recommendations of the land use plan, future residential, commercial or industrial development is anticipated but where the present application of zoning controls for future, more intensive land uses would be unreasonable and premature.
- C. Subdivision (five or more lots) proposals planned for residential uses within the county's agricultural zoning districts must be rezoned to the appropriate residential zoning classification. This must be done prior to approval of the subdivision application.

Section 11.02. - Permitted uses.

- A. Residences:
 - 1. Single-family;
 - 2. Manufactured and industrialized homes;
- B. Accessory residential uses including, but not limited to, a private garage, detached home workshop, swimming pool, greenhouse, all of which shall be incidental to the use of the property as a residence.
- C. Sale of products or commodities grown on premises provided no structure shall be closer than 30 feet to any property line. All structures and displays will be removed at the end of sale (must have adequate parking).
- D. Agricultural, dairying, forestry or horticulture uses.
- E. Commercial fishing ponds.

Section 11.03. - Conditional uses permitted.

After special review by the planning commission and approved by the county commission. ([See] article V, section 5.18).

- A. Airfields.
- B. Customary home occupations (article V, section 5.24), rural businesses (article V, section 5.23),
- C. Poultry houses (commercial), animal husbandry (comply with section 11.05),
- D. Animal feeding operations, concentrated animal feeding operations (comply with section[s] 11.05 & 11.06).
- E. Hunting, fishing lodges and cabins.
- F. Fraternal organizations or private clubs.
- G. Nursery school or kindergarten, day care center.
- H. Recreational and/or cultural uses of a commercial nature.
- I. Two-family, group homes, personal care homes, and halfway homes.

- C. Ingress and egress to off-street loading spaces shall conform to driveway entrance regulations of Mitchell County.

ARTICLE XX. - AREA, HEIGHT, FRONTAGE, AND SETBACK REQUIREMENTS

Section 20.01. - Schedule of regulations.

Public water supply and sewage.

Zoning Districts	Minimum Lot Area Sq. Ft.	Frontage & Lot Width Minimum	Front Yard Ft. ¹	Side Yard Ft. ¹	Rear Yard Ft. ¹	Maximum Height Ft.	Minimum Dwelling Size (Square Footage)
R-1	15,000	100	40	10	30	55	800
R-2	15,000	100	40	10	30	55	800
Multifamily	15,000	100	40	10	30	55	-
C-1	-	100	30	<u>5</u> **	30**	-	-
C-2	-	-	30	<u>5</u> **	30**	-	-
I	-	-	30	20	30	-	-
AG	15,000	100	40	10	30	55	800

Private water supply and sewerage.

Zoning Districts	Minimum Lot Area Sq. Ft.	Frontage & Lot Width Minimum	Front Yard Ft. ¹	Side Yard Ft. ¹	Rear Yard Ft. ¹	Maximum Height Ft.	Minimum Dwelling Size (Square Footage)
R-1	43,560	150	40	20	40	55	800
R-2	43,560	150	40	20	40	55	800
Multifamily	43,560	150	40	20	40	55	
C-1	43,560		30	5 ^{**}	30 ^{**}	-	
C-2	43,560	-	30	5 ^{**}	30 ^{**}	-	
I	43,560	-	30	20	30	-	
AG	43,560	150	40	20	40	55	800

(¹) Building setbacks from property line.

(²) Denotes references to footnotes to schedule of regulations, next page.

(^{**}) See section 5.11, Protective screening.

FOOTNOTES OF ARTICLE XX

SCHEDULE OF REGULATIONS

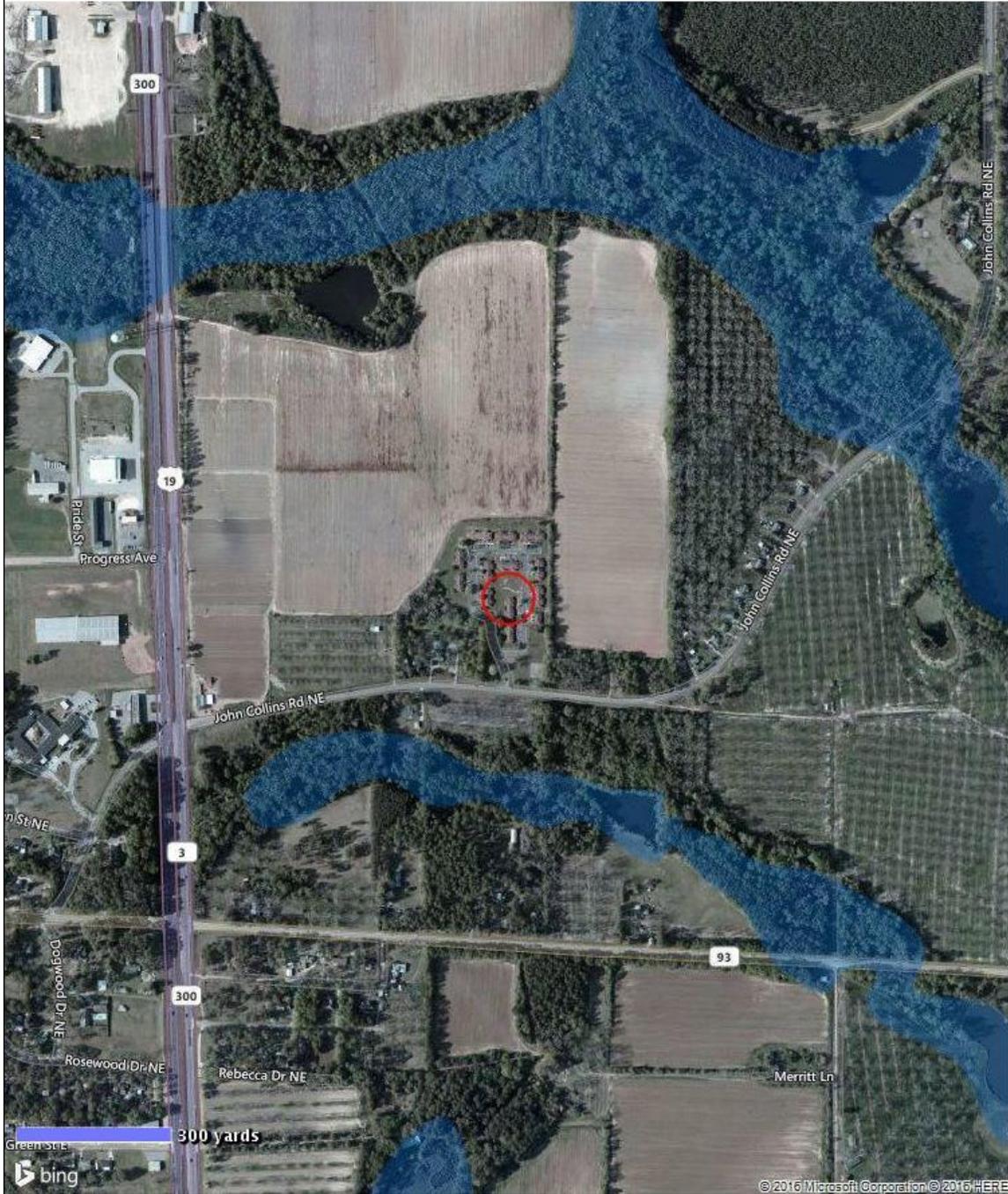
CONSULT MITCHELL COUNTY HEALTH DEPARTMENT

PRIVATE WELLS AND SEPTIC SYSTEMS

All residential lots not served by a public water system and public sewage system shall be at least 150 feet in width at the building line and at least one acre in size. Health department may require more land.

PUBLIC WATER AND PRIVATE SEPTIC SYSTEMS

USE	MINIMUM NUMBER OF PARKING SPACES REQUIRED
1. Apartment and multifamily dwelling	Two spaces for each dwelling unit plus one space for each ten units for travel trailers, boats, and other vehicles.
2. Apartments for the elderly	One space for each dwelling unit.
3. Appliance store	One space for each 400 square feet of gross floor area.
4. Auditorium, stadium assembly hall, gymnasium, theater, community recreation center	(a) One space per three fixed seats in largest assembly or area, or (b) or one space for each 40 square feet of floor area available for the accommodation of movable seats in the largest assembly room, or combination of fixed and movable seats; or (c) one space per each 150 square feet of gross floor area; whichever is greatest.
5. Automobile fueling stations	One space (in addition to service area) for each pump and grease rack and one space for each two employees during period of greatest employment but not less than four spaces.
6. Automobile parts and accessories	One space for each 400 square feet of gross floor area.
7. Automobile sales and repair, service stations and car washes	Same as use 5 above plus one space for each 500 square feet of gross floor area of the shop or car wash.



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **13205C0395D**
 Zone: **X**
 Map Date: **September 25, 2009**
 FIPS: **13205**

MAP LEGEND

- | | |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|  Areas inundated by 500-year flooding |  Protected Areas |
|  Areas inundated by 100-year flooding |  Floodway |
|  Velocity Hazard |  Subject Area |

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JOHN COLLINS

143

DESCRIPTION OF PROPERTY FOR PELHAM L.T.D.

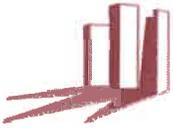
All that tract or parcel of land lying and being in Land Lot No. 254 of the 10th Land District, Mitchell County, Georgia, containing 7.783 acres, more or less, and being more fully described as follows:

COMMENCE at a concrete marker located at the intersection of the East right of way margin of U. S. Highway No. 19 with the North right of way margin of Pelham-Cotton Road (PR-1386), said concrete marker also being located at U. S. Highway 19 Station No. 285+70.75, and from said concrete marker run thence North 80 degrees 01 minutes East 952.9 feet to a point; thence run South 84 degrees 26 minutes East along the tangent of a curve 284.8 feet to the POINT OF BEGINNING of the tract herein described; thence run South 84 degrees 26 minutes East along the North right of way margin of said Pelham-Cotton Road 348.25 feet to a point; thence run North 00 degrees 45 minutes East 800.7 feet to a point; thence run North 89 degrees 15 minutes West 500.0 feet to a point; thence run South 00 degree 45 minutes West 425.7 feet to a point; thence run South 70 degrees 15 minutes 46 seconds East 182.69 feet to a point; thence run South 04 degrees 42 minutes West 287.0 feet to the point of beginning of the tract herein described. Said tract or parcel of land is more fully described and delineated according to plat of survey prepared by E. L. Carter, Surveyor, dated January 10, 1980 and recorded in Plat Book _____, page _____, Office of Clerk of Superior Court of Mitchell County, Georgia, said plat being expressly incorporated herein by reference.

LESS AND EXCEPT a fifty (50) foot roadway located at the Southwest portion of the abovesaid property containing 0.593 acres, more or less, thereby leaving a total of 7.19 acres, more or less, said fifty (50) foot roadway being more particularly shown and delineated on the abovesaid plat.

SURVEY

A survey is not currently available. A site plan has been included in the addendum. Due to the size of this portfolio transaction, and as surveys expire prior to closing, the ALTA Survey will be completed, submitted to the Agency, and approved closer to closing.



Crown Appraisal Group

Corporate Office

6797 N. High Street

Suite 325

Columbus, OH 43085

tel 614.431.3332

fax 614.431.3376

www.crownappraisal.com

October 19, 2016

Caitlin Waldie
Development Coordinator
Greystone Affordable Housing Initiatives, LLC
4025 Lake Boone Trail, Suite 209
Raleigh, NC 27607-2986

RE: Georgia Portfolio

Dear Amie:

Thank you for considering Crown Appraisal Group (“Crown”) for the appraisal of the referenced property portfolio (“portfolio”). The following details my understanding of your needs and presents our proposal.

Assignment

Crown Appraisal Group will prepare and deliver (scope of analysis as noted in Attachment 7-D to HB-1-3560) individual appraisal reports that provide the specific and separate value types as required. The reports will certify a number of entities – the lender, housing agency, USDA/RD, and the LIHTC syndicator – may rely upon our findings. The reports will also be prepared in compliance with USPAP standards and requirements.

As part of the assignment, we will identify the CRCU (Competitive Rents for Comparable Units) on the Executive Summary page for ease of location. The reports will be prepared in a manner similar to previous work product prepared by Crown for Greystone on other assignments.

Values that will be developed and reported (not all values will be developed and reported) are identified are below.

Value	USDA/RD Value	Comments
1	Market within 7 CFR Part 3560.752(b)(1)(ii) (all properties)	As is market value
2	Market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if unsubsidized conventional housing in compliance with 7 CFR Part 3560.636(c)(1)(i) (if applicable)	Prospective market value using market rents at stabilized occupancy
3	Prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if-conventional housing	Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), incorporating a market cap rate
4	Prospective market value, subject to restricted rents within CFR Part 3560.752(b)(1)(i)	7 Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), assuming existing (or proposed) bond financing, and incorporating below-market capitalization rate (band of investment method). (If applicable)
5	Market value of underlying land (if applicable)	As is land only value
6	Market value of the interest credit subsidy from assumed 514/515 loan (with new terms)	
7	Market value of the tax credits (if applicable)	
8	Prospective insurable value	

The reports will be addressed and delivered to you at the address noted above. You will be the initial contact for getting information about the properties. You can be reached at the above address, and at 919.882.2384 (o), 919.902.0938 (c), or caitlin.waldie@greycoco.com.

Timing and Fee

We anticipate that the first report(s) will be delivered within three weeks of receipt of the requested information (we recognize that not all requested information will be available). We anticipate that all reports will be sent within 60 days. Should any revisions be required, these will be made as expediently as possible. Subsequent draft reports will be delivered as completed. The final report can be delivered within five business days of approval of the draft copy.

The fee for the multi-property assignment is \$166,050.00. This assumes electronic (PDF) reports, not hard copies. If hard copies are needed, an additional fee of \$400 per report per property will be billed. The property listing at the end of letter breaks down the fee on a property by property basis. The fee is on a gross basis, with all expenses incurred by Crown. Invoices will be delivered concurrent with delivery of the individual draft reports. Payment of the fee is as follows: 10% as an initial deposit and 90% upon delivery of the initial draft reports. As in prior assignments, Crown recognizes that report revisions might be required, and Crown will make those revisions. Of course, should “updates” due to the age of the reports be required, additional compensation arrangements will be made.

Should the assignment be cancelled during any phase, the fee will be pro-rated based upon the time and cost incurred.

As part of the terms and conditions of the assignment, the signatory and any users agree that Crown’s services are and will be subject to the standard statements, limiting conditions, and other terms set forth in the appraisal report(s). The standard statements and limiting conditions include, but are not limited to, recognition of financial liability limitations as well as limitations

as to parties that may rely upon the appraisal report. It is also recognized and acknowledged that during the course of the assignment, Crown may determine additional conditions and terms affecting the appraisal assignment which may be identified in the appraisal report(s). A copy of the standard statements and limiting conditions are at the end of this engagement proposal.

Crown Appraisal Group adds 1.0% per month for delinquent accounts and charges an additional administrative fee of \$500.00 for accounts that are more than three months delinquent. All costs, including legal fees incurred in the recovery of accounts that are delinquent, are also payable by the client. The terms of the agreement shall be governed by and construed under the laws of the state of Ohio.

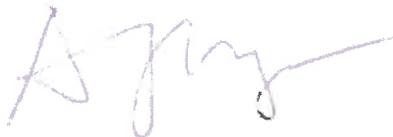
Authorization to Proceed

This proposal can serve as our agreement and understanding of the assignment. The signature at the bottom of this letter and receipt of the 10% initial deposit serves as our authorization to proceed. After signing, please return one copy to me. You may mail the copy, email it to me (amoye@crownappraisal.com, or edegood@crownappraisal.com). By signing, the signatory is acknowledging that they have the authority to authorize engagement of our services.

Again, thank you for selecting Crown Appraisal Group for this assignment. If you have any questions, please do not hesitate to call me at 614-431-3332.

Sincerely,

CROWN APPRAISAL GROUP



Andrew J. Moye, MAI, AI-GRS
Principal

AJM/ed

AGREED TO AND AUTHORIZED BY:

Jany Eeshward, President
Signature, Caitlin Waldie

10/25/16

Date

Property Identification

GA Portfolio								
Name	Address	City	County	Units	Fee before Discount	Discount	Net Fee	
1 Academy Village	203 Hillsboro Street	Monticello	Jasper	10	\$6,100.00	10.0%	\$5,490.00	
2 Arrowhead	369 Broad Street	Hawkinsville	Pulaski	51	\$6,100.00	10.0%	\$5,490.00	
3 Chester	400 Wynne Avenue	Chester	Dodge	24	\$6,100.00	10.0%	\$5,490.00	
4 Chickasaw	18158 Morgan Road NE	Arlington	Calhoun	18	\$6,100.00	10.0%	\$5,490.00	
5 Colonial Homes	319 Keller Street	Blackshear	Pierce	20	\$6,100.00	10.0%	\$5,490.00	
6 Country Manor	310 Pomeroy Street	Blackshear	Pierce	55	\$6,100.00	10.0%	\$5,490.00	
7 Cumberland Village	116 Martha Drive	St Marys	Camden	65	\$6,100.00	10.0%	\$5,490.00	
8 Gray Gardens	200 Eatonton Highway	Gray	Jones	55	\$6,100.00	10.0%	\$5,490.00	
9 Heritage Villas of Alma	234 Floyd Street	Alma	Bacon	24	\$6,100.00	10.0%	\$5,490.00	
10 Hilltop Terrace I	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$6,100.00	10.0%	\$5,490.00	
11 Hilltop Terrace II	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$3,800.00	10.0%	\$3,420.00	
12 Hunters Run	701 Lupo Lane	Douglas	Coffee	51	\$6,100.00	10.0%	\$5,490.00	
13 Meadow Crossing	408 Spinks Drive	Omega	Tift	37	\$6,100.00	10.0%	\$5,490.00	
14 Piedmont Hills	1001 West Main Street	Forsyth	Monroe	50	\$6,100.00	10.0%	\$5,490.00	
15 Plantation I, Plantation II, Plantation III	201 Casey Drive	Richmond Hill	Bryan	165	\$10,000.00	10.0%	\$9,000.00	
16 Quail Hollow I	888 Carswell Street	Homerville	Clinch	55	\$6,100.00	10.0%	\$5,490.00	
17 Quail Hollow II	962 Carswell Street	Homerville	Clinch	41	\$3,800.00	10.0%	\$3,420.00	
18 Quail Village	199 Memorial Drive	Reidsville	Tattnall	30	\$6,100.00	10.0%	\$5,490.00	
19 Sandalwood Terrace	23 Fourth Street Northwest	Ludowici	Long	31	\$6,100.00	10.0%	\$5,490.00	
20 Satilla Villas	1100 Medonald Avenue	Woodbine	Camden	59	\$6,100.00	10.0%	\$5,490.00	
21 Sawgrass Cove	534 McIntosh Road	Darien	McIntosh	51	\$6,100.00	10.0%	\$5,490.00	
22 Spring Hollow	800 Ash Street Extension	Springfield	Effingham	53	\$6,100.00	10.0%	\$5,490.00	
23 The Forest I & The Forest II	582 26th Avenue SE	Moultrie	Colquitt	119	\$6,100.00	10.0%	\$5,490.00	
24 The Forest III	2701 5th Street S E	Moultrie	Colquitt	53	\$3,600.00	10.0%	\$3,240.00	
25 The Grove	303 Jerriel Street	Vidalia	Toombs	55	\$6,100.00	10.0%	\$5,490.00	
26 Wildwood Villas I	50 Wildwood Circle	Statesboro	Bulloch	53	\$6,100.00	10.0%	\$5,490.00	
27 Wildwood Villas II	54 Wildwood Circle	Statesboro	Bulloch	58	\$3,800.00	10.0%	\$3,420.00	
28 Yester Oaks	51 Yester Oaks Drive	Lafayette	Walker	44	\$7,000.00	10.0%	\$6,300.00	
29 Charlton Court	38 Charlton Court	Folkston	Charlton	41	\$6,100.00	10.0%	\$5,490.00	
30 Hillcrest	1503 John Collins Road NE	Pelham	Mitchell	49	\$6,100.00	10.0%	\$5,490.00	
31 Hillmont	7069 Lakes Boulevard	Lake Park	Lowndes	43	\$6,100.00	10.0%	\$5,490.00	
Plantation I, II, III will be consolidated and presented in a single report - individual market values, consolidated prospective values								
The Forest I and II will be consolidated and presented in a single report - individual market values, consolidated prospective values								
					Total	\$184,500.00	\$166,050.00	

INITIAL DATA REQUEST

(for each Property)

This list details the items we will need to commence the appraisal report:

- Property contact name and telephone number.
- Current rent roll.
- Current rental subsidy contract
- Property Operating Statements for 2013, 2014, 2015, 2016 ytd.
- Completed market studies (it is Crown's understanding that there are no current market studies)
- Details regarding expected tax credits
- Details regarding expected financing (dollar amount, term, interest rate)
- Unit Floor Plans
- Detail re: improvements
 - Units - sizes (square feet and bedrooms), current rental rates, proposed rental rates etc.
 - Amenities—pool, exercise facilities, club house, etc.
- Site plan.
- Legal description and survey.
- Most recent real estate tax bills for the parcels that comprise the subject site.
- Details regarding the capital expenditures (dollar amount, scope of renovations) that are planned to be completed to the property.

Thank you,

Crown Appraisal Group
6797 N. High Street, Suite 325
Columbus, OH 43085
Phone: 614-431-3332
Fax: 614-431-3376

Financial Acknowledgement

The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to anyone not specifically identified as an intended user.

Assumptions and Limiting Conditions

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.

- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- This appraisal is to be used only in its entirety. Possession of the report or any copy does not carry with it the right of publication. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of the signing appraiser(s).
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Affordable Housing Initiatives, LLC, or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Affordable Housing Initiatives, LLC, or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Affordable Housing Initiatives, LLC, or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

PROFESSIONAL QUALIFICATIONS

ANDREW J. MOYE, MAI, AI-GRS

Business Experience

Crown Appraisal Group, Columbus, Ohio.

Principal

Real estate consulting, including appraisal, appraisal review, business valuation, and market study assignments for commercial and residential real estate.

Vista Capital/Chemical Mortgage Company, Columbus, Ohio.

Vice President.

Appraisal assignments and market studies of commercial real property.

Landauer Associates, Inc., West Palm Beach, Florida.

Assistant Vice President.

Valuation and evaluation of real property, and development of land use studies for large commercial and residential PUDs.

Education

Masters of Business Administration (Finance), The Ohio State University, Columbus, Ohio.

Bachelor of Science in Business Administration (Real Estate), The Ohio State University, Columbus, Ohio.

Professional Education (partial list)

Basic Valuation Procedures	Residential Valuation
Capitalization Theory, Part 1	Standards of Professional Practice
Capitalization Theory, Part 2	Case Studies in Real Estate Valuation
Capitalization Theory and Techniques, Part B	Valuation Analysis and Report Writing
Advanced Applications	Advanced Sales Comparison & Cost Approaches
Basic Income Capitalization	Litigation Appraising: Specialized Topics and Applications
Advanced Income Capitalization	General Appraiser Market Analysis and Highest & Best Use
The Appraiser as Expert Witness: Preparation and Expert Testimony	Market Analysis
Review Theory – General	Condemnation Appraising: Principles and Applications

Professional Qualifications, testimony venues

MAI designation offered by Appraisal Institute

AI-GRS designation offered by Appraisal Institute

Young Advisory Council attendee, moderator, Appraisal Institute

Certified General Appraiser (permanent certification): AL, AZ, CO, FL, GA, IL, IN, KY, MI, NC, NY, OH, SC, VA, WV

Expert witness in Federal Bankruptcy Court, Common Pleas Courts throughout Ohio, various Boards of Revision, State Board of Tax Appeal

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

ANDREW JOHN MOYE

5464

IS AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF GEORGIA IN THE CAPACITY AS

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES HEREWITH ARE CONTINGENT UPON THE REQUISITE FEES AND ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

46535506