

MARKET STUDY

AZALEA WOODS APARTMENTS
811 West Mary Street
Valdosta, Georgia 31601
CBRE, Inc. File No. 18-341AT-3498-1

Lauren Jacobs
Executive Assistant
PRESERVATION PARTNERS
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The CBRE logo is displayed in a bold, green, sans-serif font. It is positioned in the lower right quadrant of the page, above a large, abstract graphic of a globe composed of green dots and lines.

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October 25, 2018

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RE: Market study of Azalea Woods Apartments
811 West Mary Street
Valdosta, Georgia 31601
CBRE, Inc. File No. 18-341AT-3498-1

Dear Ms. Jacobs:

At your request and authorization, CBRE, Inc. has prepared a study of the multifamily market in Valdosta, GA relative to the above referenced property. The purpose of this market study is to assess the feasibility of a LIHTC rehabilitation of an existing 81-unit Section 8 multifamily development called Azalea Woods (Subject). Following renovation using the LIHTC program, the property will be restricted to households earning 60 percent of the Area Median Income (AMI), or less. In addition, 80 of the 81 units will continue to benefit from a HAP contract post renovation with one set-aside unit. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions.

The scope of this report meets the requirements of Georgia Department of Community Affairs (DCA), including the following:

- Inspecting the subject and its general location.
- Analyzing appropriateness of the proposed unit mix, rent levels, available amenities and site.
- Estimating market rent, absorption and stabilized occupancy level for the market area.
- Investigating the health and conditions of the multifamily market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area in relation to the proposed project.
- Establishing the Subject Primary and Secondary Market Area(s) if applicable.

- Surveying competing projects, Low-Income Housing Tax Credit (LIHTC) and market rate.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client. Information included in this report is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market. This report was completed in accordance with DCA market study guidelines. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Executive Summary

Project Description

The subject is an 81-unit multi-family garden-style property located at 811 West Mary Street in Valdosta, Georgia. The property consists of 10 two-story residential buildings and two community buildings. The improvements were constructed in 1983 and are situated on a 6.98-acre site. The property will be renovated with \$45,000 per unit in hard costs with an estimated completion date of December 2019. This project will be family oriented.

The following table illustrates the proposed unit mix and proposed post renovation rents.

PROPOSED RENTS									
Type	No. of Units	Unit Size (SF)	Unit Occ.	Net LIHTC Rents \$/Unit	Utility Allowance \$/Unit	Gross LIHTC Rents \$/Unit	Current HAP Rent \$/Unit	CBRE's Proposed Post Renovation Contract Rents \$/Unit	Net Rent Per SF
1BR/1BA 60%/HAP	4	810	75%	\$484	\$73	\$557	\$532	\$800	\$0.99
2BR/1BA 60%/HAP	38	997	100%	\$552	\$117	\$669	\$609	\$870	\$0.87
3BR/1.5BA 60%/HAP	38	1,100	100%	\$622	\$150	\$772	\$744	\$965	\$0.88
2BR/1BA Set-aside	1	997	0%	N/A	N/A		N/A	N/A	N/A
Total/Average:	81	1,037 SF	0%	-----				\$900	\$0.87

Compiled by CBRE

The Subject's units will continue to operate with a Section 8 project-based subsidy post renovation covering 80 of the 81 units (with one set-aside unit). Tenants in these units will pay 30 percent of their income towards rent, not to exceed the LIHTC rent limits. The Subject's amenity package is considered to be slightly inferior to inferior in-unit amenities in comparison to the LIHTC and market-rate comparable properties and similar to inferior property amenities. Upon renovation, the Subject will offer kitchens with refrigerators, dishwashers, range/oven, garbage disposals, and countertop microwaves, but does not offer washer/dryer hookups, which the majority of comparables include. Further, the Subject will offer a laundry facility, dog park, covered BBQ/picnic area, business center, and playground but does not offer a swimming pool, which the majority of comparables include. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the market.

The subject is proposed for renovation with low income housing tax credits (LIHTC). Renovations will reportedly have hard costs of \$45,000 per unit, or \$3,645,000 total. According to information provided by the developer, the Subject's scope of renovation will include, but will not be limited to: providing new appliances, upgrading kitchen and bathroom cabinets and countertops, new flooring, new doors, sidewalk and curb replacement, exterior and interior paint, drywall patching as necessary, new fixtures, new smoke detectors, new lighting, new asphalt on parking lot, new benches, new dishwashers, new landscaping, new exercise facility, dog park, community garden, covered BBQ area, and free wireless internet in all units. Given the scope of the renovation, the in-unit and project amenities are expected to be competitive with the majority of existing communities in the market area.

Site Description/Evaluation

The subject's site is well suited for multifamily dwelling units. The subject is well situated along West Mary Street in Valdosta, GA and offers frontage but no access onto Smith Street and Lamar Street. There is average visibility and access. The subject's site is generally level and irregularly shape (which is typical of multifamily sites). The surrounding uses are in average condition and the site has good proximity to locational amenities which are generally within 2.7 miles from the subject. The project is in a low crime area according to Trulia.com relative to greater Valdosta. Street noise was not noted to be a nuisance by the appraiser during the site inspection, nor were any factors observed in the subject's immediate vicinity that would negatively affect the perceived quality of the neighborhood. We are not aware of any road or infrastructure improvements planned or under construction in the PMA. The subject site is considered comparable to existing communities in the market area with similar access to community amenities and services.

Market Area Definition

We have defined the subject's primary market area (PMA) as the city of Valdosta, Georgia.

The city of Valdosta is the county seat of Lowndes County and the principal city within the Valdosta Metropolitan Statistical Area (MSA). The city is also the 14th largest in Georgia. The city's area consists of approximately 30.3 square miles. The boundaries of the PMA are approximately 2 miles to the west, 5 miles to the north, 5 miles to the east, and approximately 6 miles to the south of the subject property. The PMA was defined based on interviews with the property managers at comparable properties and the Subject's property manager. We have not accounted for leakage from outside the PMA boundaries within our analysis.

Community Demographic Data

The population and number of households grew in the PMA between 2010 and 2018, and are expected to continue to grow over the next five years. The current population of the PMA is 56,405 in 2018 and expected to grow to 57,581 by 2023.

Renter households are concentrated in the lowest income cohorts, with 50% percent of renters in the PMA earning less than \$35,000 annually. The Subject will target households earning between \$0 and \$32,100 for its LIHTC units. The subject will continue to benefit from its Section 8 Subsidy which subsidizes 80 of the 81 units (with one set-aside unit). The demographics as well as the subject's current waiting list and historical occupancy suggest significant demand for affordable rental housing in the market.

According to RealtyTrac.com, the state of Georgia is experiencing 1 foreclosure in every 2,504 housing units. In comparison, Lowndes County is experiencing 1 foreclosure in every 3,753 housing units. The city of Valdosta is experiencing a higher rate of foreclosure compared to the state and county with 1 foreclosure per 4,064. The subject's zip code of 31601 is experiencing 1 foreclosure for every 4,579 housing units. Overall, the subject's zip code is experiencing a higher rate of foreclosures than the city, state, and county. We did not observe a significant amount of

abandoned or boarded up structures in the neighborhood that would impact the marketability of the subject.

Economic Data

The highest employment sectors are retail trade, educational services, healthcare/social assistance, and accommodation/food services. Together, these industries comprise 56.3% of all jobs in the PMA. According to the Valdosta-Lowndes County Chamber of Commerce, the largest employers in Valdosta include: Moody Air Force Base, Fresh Beginnings, Valdosta State University, South Georgia Medical Center & Smith Northview Hospital, Lowndes County School System, and Valdosta City Schools System. These employers are considered relatively stable with most of them in the government/education sectors.

The city of Valdosta has experienced relatively stable employment trends with annual growth between 2015 and 2017. Between January 2018 and July 2018, there was an increase in labor force (except for April), and increase in employment (except for June 2018). The unemployment rate in the PMA reached 10.1% in 2011, but has gradually decreased to a current unemployment rate of 4.3% in August 2018. This is compared to the national unemployment rate of 3.9% in August 2018 and 3.8% unemployment rate in Georgia during the same period.

According to the Department of Labor, there were two companies which reported layoffs in 2018: Convergys with an estimated 211 jobs impacted in April 2018 and Rivulis Irrigation, Inc. with 70 jobs impacted in July 2018.

Overall, the city of Valdosta appears to be underperforming the nation and the state of Georgia, but seems stable overall and given the large number of stable employers we expect this economy will have continued demand for workforce and affordable housing for the foreseeable future.

Project-Specific Affordability and Demand Analysis

The following table illustrates the demand and capture rates for the subject's units as proposed.

CAPTURE RATE ANALYSIS CHART												
Unit Type	Units Proposed	Income Limits		Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min	Market Rents Band Max	Proposed Rents
1BR/1BA 60% AMI/HAP	4	\$0	\$23,760	750	12	738	0.5%	3-4 months	\$680	\$575	\$797	\$484
1BR/1BA 60% AMI	4	\$19,097	\$23,760	292	12	280	1.4%	3-4 months	680	\$575	\$797	\$484
2BR/1BA 60% AMI/HAP	38	\$0	\$26,760	1075	52	1023	3.7%	3-4 months	\$767	\$640	\$875	\$552
2BR/1BA 60% AMI	38	\$22,937	\$26,760	418	52	366	10.4%	7 months	767	\$640	\$875	\$552
3BR/1.5BA 60% AMI/HAP	38	\$0	\$32,100	528	24	504	7.5%	7 months	\$901	\$793	\$975	\$622
3BR/1.5BA 60% AMI	38	\$26,469	\$32,100	205	24	181	21.0%	7 months	901	\$793	\$975	\$622
Overall - With Subsidy	80	0	\$32,100	2354	88	2266	3.5%	3-4 months				
Overall - Without Subsidy	80	\$19,097	\$32,100	915	88	827	9.7%	7 months				

Per Georgia DCA guidelines, capture rates below 30% for projects in urban markets such as the Valdosta PMA are considered acceptable. Given the subject's low capture rate of 3.5% the project is considered acceptable. Further, the strong waiting lists, occupancy, and low capture rate indicate the strong need for additional affordable housing in this market, particularly subsidized housing such as the subject property.

Competitive Rental Analysis

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We identified the following comparable properties in the PMA.

FAMILY LIHTC PROPERTIES IN PMA							
Map ID	Project Name	Year Built	Total Units	Occ. Rate	Distance to Subject	Waiting List	Target Market
6	Heron Lake I & II	2005	124*	92%	4.7 miles	No	Families/30%, 50%, 60% AMI
7	Ashton Park	1999	88	96%	1.5 miles	N/A	Families/50%, 60% AMI

Compiled by CBRE

The availability of family oriented, non-subsidized LIHTC properties in the subject's PMA is considered low. This emphasizes the strong demand for quality affordable housing in this market.

We note the subject is currently benefiting from a Section 8/HAP contract which subsidized 80 of the 81 units (1 set-aside unit). As such, all of the tenants contribute 30% of their income as rent.

The availability of market-rate family oriented properties in the subject's market is considered average. There is a significant amount of student-oriented developments. We have identified 5 comparable market rate properties in our analysis of the competitive market. These properties are as follows:

FAMILY MARKET RATE PROPERTIES IN PMA							
Map ID	Project Name	Year Built	Total Units	Occ. Rate	Distance to Subject (miles)	Waiting List	Target Market
1	Prosper Azalea City	1976	300	88%	2.9	No	Conventional Market Rate
2	Spring Chase	1985/1994	288	100%	2.3	No	Conventional Market Rate
3	Spanish Mission	1976	150	80%	3.4	No	Conventional Market Rate
4	Staten Crossing	1997	196	93%	4.2	No	Conventional Market Rate
5	Tall Tree	1972	148	97%	3.2	No	Conventional Market Rate

Compiled by CBRE

We note West Town Cottages, formerly Pine Pointe and Hyde Park Estates recently converted to market rate housing and offers 134 three- and four-bedroom single story units. We have excluded this property from our analysis given the unique project design.

Freedom Heights is an 88-unit LIHTC/market rate project that is currently under construction in the PMA. This project will offer one, two and three bedroom units. This project is expected to complete construction in late 2018.

SUBJECT COMPARISON TO COMPARABLE RENTS						
Unit Type	Subject Proposed LIHTC Rent	Surveyed Minimum	Surveyed Maximum	Surveyed Average	Rent Advantage	
1BR/1BA - 60% AMI	\$484	\$384	\$797	\$588	21%	
2BR/1BA - 60% AMI	\$552	\$454	\$875	\$701	27%	
3BR/1.5BA - 60% AMI	\$622	\$515	\$975	\$782	26%	

Compiled by CBRE

As illustrated, the proposed 60% AMI rents are well below the surveyed range of the rent comparables for each bedroom type. The proposed rents indicate a 21% to 27% rent advantage to comparable properties (market rate and affordable). This emphasizes the strong demand for affordable housing in this market.

Absorption/Stabilization Estimate

We are not aware of any projects that have stabilized/absorbed in the PMA within the past five years. Freedom Heights is currently under construction with an expected delivery in late 2018. This property is currently 60% pre-leased, which is considered a strong level of pre-leasing, and strong evidence for demand of affordable units.

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy.

The Subject is a proposed renovation of an existing Section 8 property. According the provided rent roll, dated October 1, 2018, the property is 97.5% occupied with a waiting list including one-set-aside unit, which is typical for the subject property and properties with this level of subsidy. Given the level of subsidy in place, and expected in the future, we have assumed the existing tenants would remain in place, or be relocated to new units and utilize a tenant relocation plan. Based on the current and historical occupancy, as well as the current waiting list, we have assumed the subject would achieve stabilization upon completion of construction.

If the property were to be 100% vacant with no tenant relocation plan upon completion of construction, we think the property would achieve a stabilized occupancy within a 3 to 4 months period considering the length of waiting lists at comparable subsidized properties.

Freedom Heights, which is an 88-unit LIHTC/market rate property currently under construction in the PMA with expected delivery of late 2018 is currently 60 percent pre-leased. This indicates 53 of the 88 units would be absorbed within one month of completion, and this property is not subsidized by a HAP contract.

Considering the strong pre-leasing at Freedom Heights, if the property were 100% vacant and not subsidized by a Section 8/HAP contract, we would expect the subject would be absorbed within 7 months.

Overall Conclusion

Based upon our market research, demographic calculations and analysis, we believe there is strong demand for the Subject property as proposed. The affordable properties are currently 92% and 96% (but Heron Lake offers market rate units). The conventional comparables indicate an average of 92%. Two properties reported occupancies below 90%; however, both property managers indicated this was due to the properties currently undergoing renovations with units off-line. The Subject will offer generally slightly inferior to inferior in-unit and community amenities in comparison to the LIHTC and market-rate comparable properties. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the family LIHTC market. As a comprehensive renovation of an existing property, the Subject will be in good condition upon completion and will be considered similar to slightly superior in terms of condition to the majority of the comparable properties. The Subject's proposed unit sizes will be competitive with the comparable properties. Given the Subject's anticipated similar to slightly superior condition relative to the competition and the demand for affordable housing evidenced by low

vacancy at LIHTC comparable properties, we believe that the Subject is feasible as proposed. We believe that it will fill a void in the market and will perform well.

Summary Table			
(must be completed by the analyst and included in the executive summary)			
Development Name:	<u>Azalea Woods Apartments</u>	Total # Units:	<u>81</u>
Location:	<u>811 West Mary Street, Valdosta, Georgia</u>	# LIHTC Units:	<u>80</u>
PMA Boundary:	<u>City Limits of Valdosta, GA</u>		
	<u>Farthest Boundary Distance to Subject:</u>		6 miles

RENTAL HOUSING STOCK - found on page				
Type	# Properties*	Total Units	Vacant Units	Average Occupancy
All Rental Housing	36	4,754	380	92.0%
Market-Rate Housing	26	3,559	222	93.8%
Assisted/Subsidized Housing not to include LIHTC	5	634	50	92.1%
LIHTC	5	473	20	95.8%
Stabilized Comps	35	4,666	303	93.5%
Properties in Construction & Lease-Up	1	88	88	0%

*Only includes properties in PMA									
# Units	Subject Development			Proposed Tenant Rent	Average Market Rent			Highest Undadjusted Comp Rent	
	# Bedrooms	# Baths	Size (SF)		Per Unit	Per SF	Advantage	Per Unit	Per SF
1BR/1BA 60%/HAP	1	1	810	\$484	800	\$0.99	40%	\$797	\$0.58
2BR/1BA 60%/HAP	2	1	997	\$552	870	\$0.87	39%	\$875	\$0.68
3BR/1.5BA 60%/HAP	3	1.5	1,100	\$622	965	\$0.88	45%	\$975	\$0.49

DEMOGRAPHIC DATA						(found on page)		28-32	
	2018		2019		2023		2023		
Renter Households	13,330	62.6%	13,409	62.6%	16,477	66.1%			
Income-Qualified Renter HH (LIHTC)	2,340	17.6%	2,354	17.6%	2,892	17.6%			

Targeted Income-Qualified Renter Housing Demand				found on page		38-49	
Type of Demand	30%	50%	60%	Market Rate	Other: 60%/Sec. 8	Overall	
Renter Household Growth	N/A	N/A	14	N/A		37	37
Existing Households (Overburden + Substandard)	N/A	N/A	901	N/A		2317	2317
Homeowner conversion (seniors)	N/A	N/A	0	N/A		0	0
Total Primary Market Demand	N/A	N/A	915	N/A		2354	2354
Less Comparable/Competitive Supply	N/A	N/A	88	N/A		88	88
Adjusted Income-qualified Renter HHs	N/A	N/A	827	N/A		2266	2266
CAPTURE RATES				found on page		49	
Targeted Population	30%	50%	60%	Market Rate	Other:	Overall	
Capture Rate	N/A	N/A	9.7%	N/A		3.5%	3.5%

PROJECT DESCRIPTION

- | | |
|--|--|
| 1. Project Address and Development Location | The Subject is located at 811 West Mary Street, Valdosta, Georgia, 31601 |
| 2. Construction Type | The Subject consists of 10 two-story residential buildings and 2 community buildings. The buildings are wood frame with brick and wood siding exteriors and pitched roofs. The subject was originally constructed in 1983. |
| 3. Occupancy Type | Families |
| 4. Special Population Target: | None. |
| 5. Number of Units by Bedroom Type and AMI Level | See subject profile |
| 6. Unit Size, Number of Bedrooms and Structure Type: | See subject profile |
| 7. Rents and Utility Allowances: | See subject profile |
| 8. Existing or Proposed Project-Based Rental Assistance: | The subject is currently subsidized by a Section 8/HAP contract which covers 80 of the 81 current units. Following the proposed renovations, the subject will continue to benefit from the HAP contract |
| 9. Proposed Development Amenities: | See subject profile |

PROPERTY PROFILE – POST RENOVATION

Property Name Azalea Woods Apartments
 Address 811 West Mary Street
 Valdosta, GA 31601
 United States

Government Tax Agency Lowndes
 Govt./Tax ID 0117A 037

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA 60% AMI/HAP	4	5%	810	\$800	\$0.99
2BR/1BA 60% AMI/HAP	38	47%	997	\$870	\$0.87
2BR/1BA Set-Aside	1	1%	997	\$0	\$0.00
3BR/1.5BA 60% AMI/HAP	38	47%	1,100	\$965	\$0.88
Totals/Avg	81			\$900	\$0.87



Improvements

Land Area	6.975 ac	Status	Existing
Gross Building Area (GBA)	84,823 sf	Year Built	1983
Total # of Units	81 Unit	Year Renovated	2019
Average Unit Size	1,036 sf	Condition	Good
Floor Count	2	Exterior Finish	Brick
Property Features	HAP Contract, Individual Split Systems, On-Site Management, Pitched Roofs, Surface Parking		
Project Amenities	Barbeque Area, Business Center, Dog Park/Run, Laundry Facility, Playground		
Unit Amenities	8-Foot Ceilings, Dishwasher, Garbage Disposal, Laminate Countertops, Microwave Oven, Private Patios/Balconies, Range/Oven, Refrigerator, Vinyl Flooring		

Rental Survey

Occupancy	98%	Utilities Included in Rent	Water, Sewer, Trash
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	Low Income	Concessions	None
Survey Date	10/2018	Owner	SCH Azalea Woods LLC
Survey Notes	N/A	Management	N/A

Map & Comments



The rents listed above represent the proposed post renovation contract rents as estimated by CBRE.

10. Scope of Renovations

Renovations will reportedly have hard costs of \$45,000 per unit, or \$3,645,000 total. According to information provided by the developer, the Subject’s scope of renovation will include, but will not be limited to: providing new appliances, upgrading kitchen and bathroom cabinets and countertops, new flooring, new doors, sidewalk and curb replacement, exterior and interior paint, drywall patching as necessary, new fixtures, new smoke detectors, new dishwashers, new lighting, new asphalt on parking lot, new benches, new landscaping, new exercise facility, dog park, community garden, covered BBQ area, and free wireless internet in all units. Given the scope of the renovation, the in-unit and project amenities are expected to be competitive with the majority of existing communities in the market area.

11. Current Rents

Based on the 10/1/2018 rent roll, the current rents are the subject are contract rents based on its Section 8 agreement, with tenants paying 30% of their income as rent.

CURRENT RENTS

Unit Type	Unit Size (SF)	Number of Units	Current Contract Rent	Minimum Tenant Paid Rent	Maximum Tenant Paid Rent	Average Tenant Paid Rent
1BR/1BA	810	4	\$532	\$97	\$254	\$164
2BR/1BA	997	38	\$609	\$0	\$549	\$76
3BR/1.5BA	1,100	38	\$744	\$0	\$378	\$74
2BR/1BA	997	1	N/A	N/A	N/A	N/A

12. Current Occupancy

According to the 10/1/2018 rent roll, the project is currently 97.53% occupied, with the set-aside unit counted as a vacant unit. The project has a waiting list.

13. Current Tenant Income:

Most of the current tenants at the Subject have incomes that would be too low to qualify for the Subject without its current Section 8 subsidy. Most of the current tenants have annual incomes under \$15,000.

14. Placed in Service Date

The subject was originally built in 1983. The renovations will occur with tenants in place. Therefore, buildings will be placed back in service on a rolling basis. Renovations are expected to be complete by December

Conclusion

Post renovation, the subject will consist of good quality brick and siding buildings that will be comparable to most of the inventory in the PMA. Following the renovation, the subject will not suffer from deferred maintenance, or any kind of obsolescence.

Site Evaluation

PROJECT DESCRIPTION

1. Date of Site Visit and Name of Inspector: Melissa Blakely, MAI inspected the site on Friday, September 28, 2018

SITE SUMMARY

Physical Description

Gross Site Area	6.98 Acres	303,831 Sq. Ft.
Net Site Area	6.98 Acres	303,831 Sq. Ft.
Primary Road Frontage	W Mary Street	
Secondary Road Frontage	Smith Street	
Additional Road Frontage	Lamar Street	
Excess Land Area	None	
Surplus Land Area	None	
Shape	Irregular	
Topography	Generally Level	
Zoning District	R-M	
Flood Map Panel No. & Date	13185C0210E	26-Sep-08
Flood Zone	Zone X (Unshaded)	
Adjacent Land Uses	Commercial and residential uses	
Earthquake Zone	N/A	

Comparative Analysis

	<u>Rating</u>
Visibility	Average
Functional Utility	Assumed adequate
Traffic Volume	Average
Adequacy of Utilities	Assumed adequate
Landscaping	Assumed excellent
Drainage	Assumed adequate

Utilities

		<u>Adequacy</u>
Water	City of Valdosta	Yes
Sewer	City of Valdosta	Yes
Natural Gas	Various	Yes
Electricity	Georgia Power	Yes

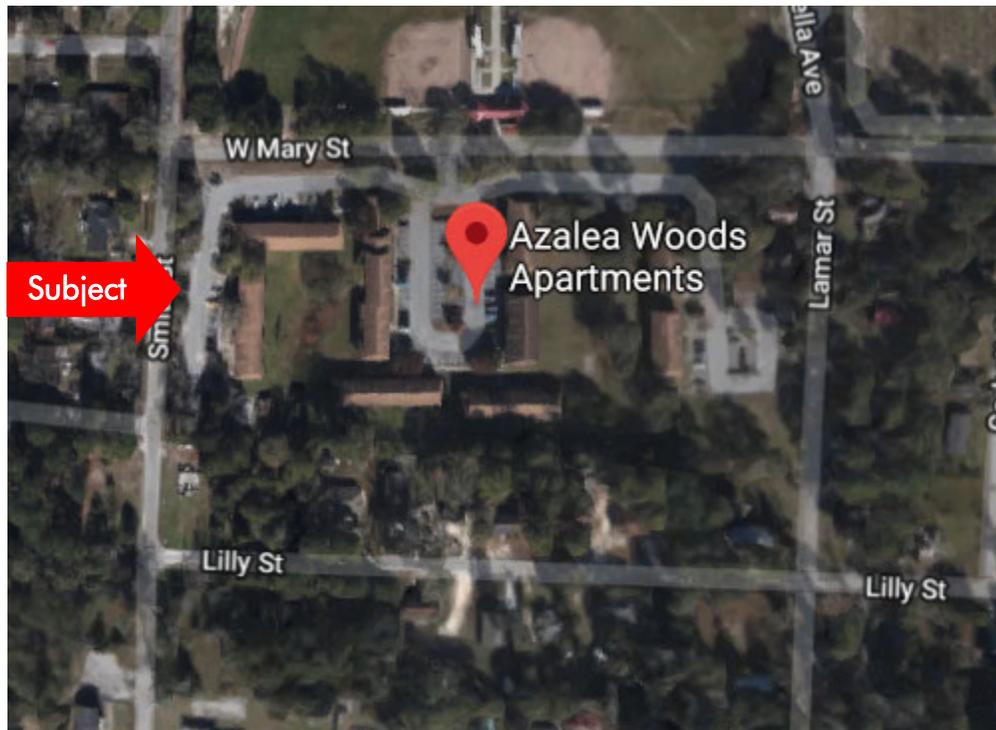
Other

	<u>Yes</u>	<u>No</u>	<u>Unknown</u>
Detrimental Easements			X
Encroachments			X
Deed Restrictions	See comments		
Reciprocal Parking Rights			X

Source: Various sources compiled by CBRE

The subject does not currently have low income housing tax credits, but will post renovation.

Subject Photographs



Aerial View



Parcel Map

SITE AND IMMEDIATE SURROUNDING AREA

The subject has frontage along West Mary Street, Lamar Street, and Smith Street. The area is a predominately single family residential area with some institutional uses (small church), and the northern side of the property is located adjacent to the Valdosta State University’s baseball fields and other school uses such as dormitories and the student recreation center. To the northeast of the subject property is the Sunset Hill Cemetery. To the east of the subject’s site are single family residential uses as well as Valdosta State University uses. To the south of the subject’s site are single family residential uses, and Valdosta St Mason Elementary School. To the west of the subject’s site are single family residential uses.

POSITIVE/NEGATIVE ATTRIBUTES OF SITE

We are not aware of any negative attributes. The subject is located within close proximity to locational amenities.

PHYSICAL PROXIMITY TO LOCATIONAL AMENITIES

The Subject is located within 2.7 miles of most locational amenities/employers as will be discussed further.

PICTURES OF SITE AND ADJACENT USES

The following are pictures of the subject property and adjacent uses.



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Interior View of Subject



Interior View of Subject



Interior View of Subject



Interior View of Subject



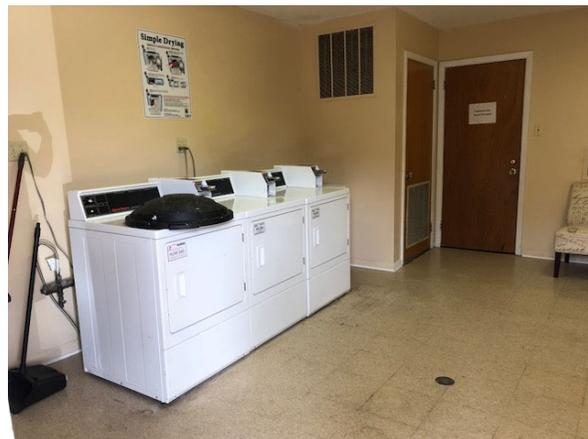
Interior View of Subject



Interior View of Subject



Street View – West Mary Street



Laundry Room



Business Center



Playground



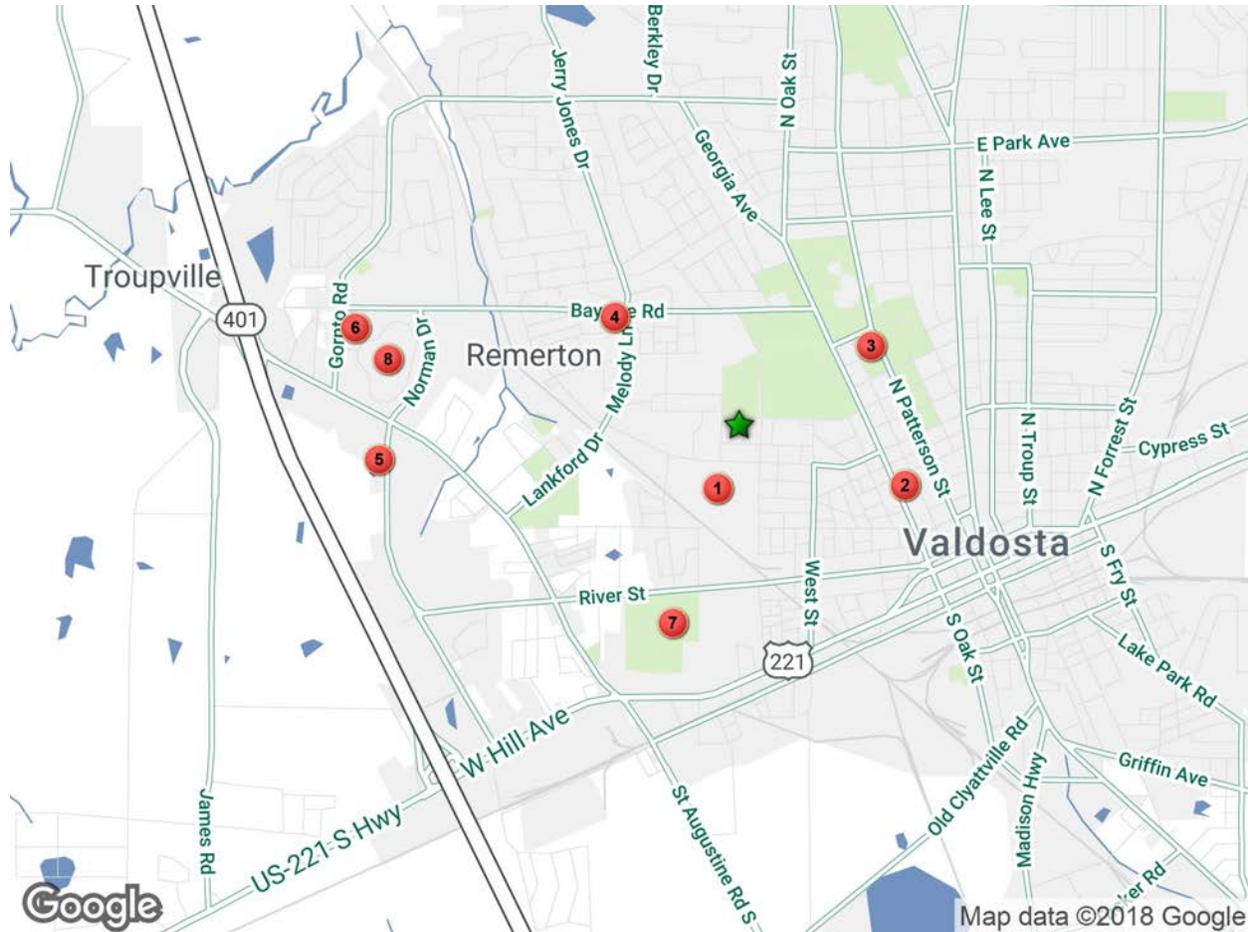
Valdosta State Baseball Field to the north



Single Family & Church to the east

PROXIMITY TO LOCATIONAL AMENITIES

The following table and map illustrate the Subject’s proximity to necessary services. Map numbers correspond with the Locational Amenities Map, presented below.



LOCATIONAL AMENITIES		
Map Number	Amenity	Distance (Driving)
1	Valdosta Mason Elementary School	0.4 miles
2	Boy's & Girls Club	0.9 miles
3	Valdosta State University	0.4 miles
4	Dollar General	1.2 miles
5	Lowndes High School	2.2 miles
6	Publix Grocery Store	2.4 miles
7	John W. Saunders Park	1.1 miles
8	Valdosta Mall	2.7 miles

DESCRIPTION OF LAND USES

The subject's site is located just south of Valdosta State University's baseball fields, dorms, and student center, all of which are in good condition. The residential uses to the east, west and south are in average to fair condition. The site is considered a desirable location for multifamily uses, with close proximity to major roadways, but in a quiet residential setting.

According to walkscore.com the subject's site has a walk score of 23 which is considered car dependent, and a bike score of 48 which is considered somewhat bike-able.

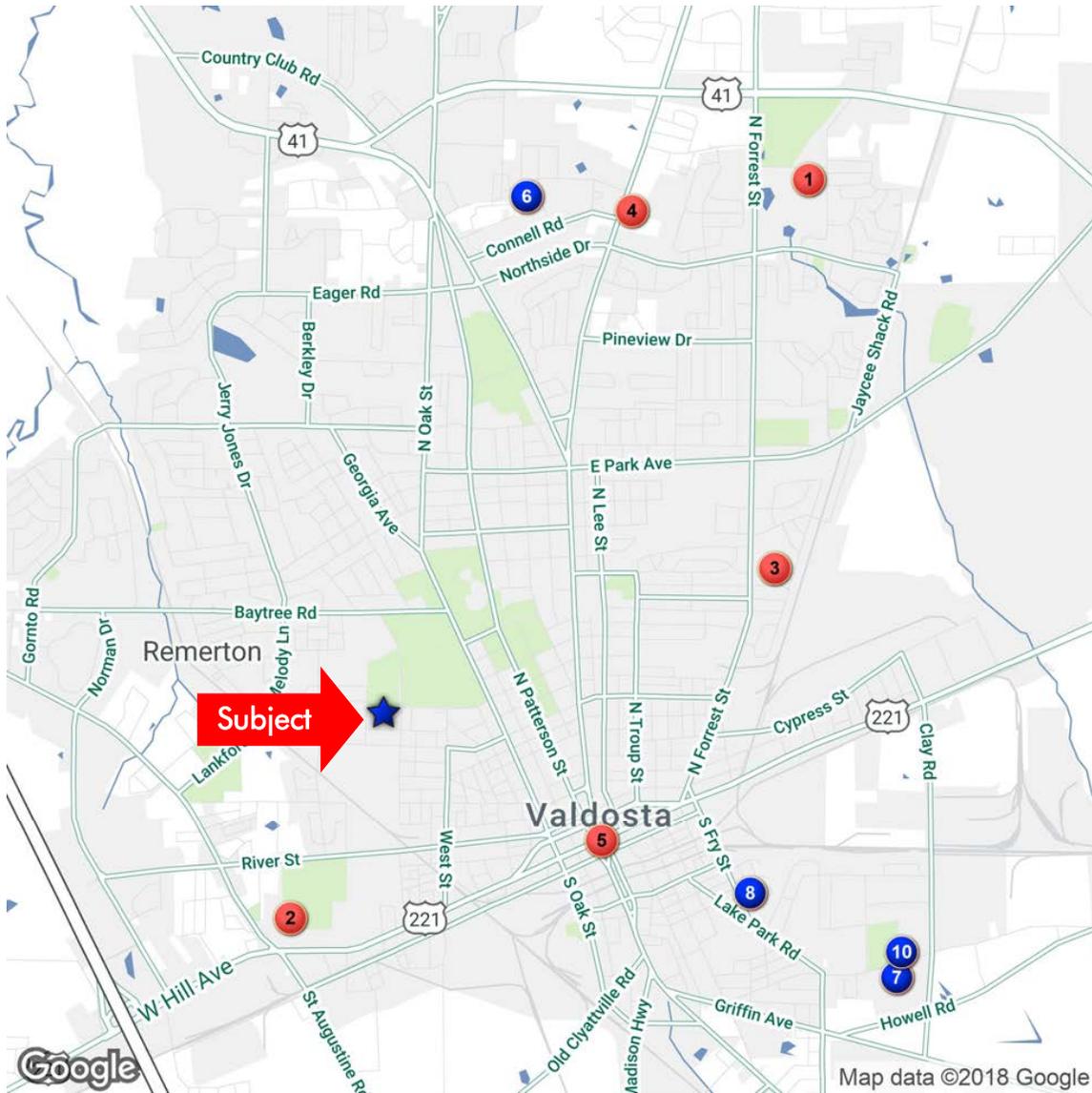
NUISANCES/CRIME RATES

Street noise was not noted to be a nuisance by the appraiser during the site inspection, nor were any factors observed in the subject's immediate vicinity that would negatively affect the perceived quality of the neighborhood.

In terms of crime, according to Trulia.com, the subject's zip code of 31601 experiences low crime relative to greater Valdosta.

The following information was obtained from Neighborhoodscout.com regarding crime rates in greater Valdosta, "With a crime rate of 60 per one thousand residents, Valdosta has one of the highest crime rates in America compared to all communities of all sizes - from the smallest towns to the very largest cities. One's chance of becoming a victim of either violent or property crime here is one in 17. Within Georgia, more than 90% of the communities have a lower crime rate than Valdosta."

EXISTING ASSISTED RENTAL HOUSING PROPERTY MAP



	Property Name	Program	Tenancy	Occupancy
1	Ashton Meadows	LIHTC	Senior	100%
2	Ashton Park*	LIHTC	Family	96%
3	Heron Lake I & II*	LIHTC	Family	92%
4	Woodlawn Terrace	LIHTC	Senior	100%
5	Ashley House	LIHTC/Section 8	Senior	97%
6	Azalea Towers	Section 8	Senior	N/A
7	Brittany Woods	Section 8	Senior	88%
8	Hudson Docket Apartments	Section 8	Senior	90%
9	Park Chase	Section 8	Senior	89%
10	Sands Horizon Apartments	Section 8	Senior	N/A

Compiled by CBRE

*Utilized as comparables within this report

ROAD, INFRASTRUCTURE, OR PROPOSED IMPROVEMENTS

We did not witness any road, infrastructure, or proposed improvements during our fieldwork.

ACCESS, INGRESS-EGRESS AND VISIBILITY OF SITE:

SITE SUMMARY			
Physical Description			
Gross Site Area	6.98 Acres	303,831 Sq. Ft.	
Net Site Area	6.98 Acres	303,831 Sq. Ft.	
Primary Road Frontage	W Mary Street		
Secondary Road Frontage	Smith Street		
Additional Road Frontage	Lamar Street		
Excess Land Area	None		
Surplus Land Area	None		
Shape	Irregular		
Topography	Generally Level		
Zoning District	R-M		
Flood Map Panel No. & Date	13185C0210E	26-Sep-08	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	N/A		
Comparative Analysis		<u>Rating</u>	
Visibility	Average		
Functional Utility	Assumed adequate		
Traffic Volume	Average		
Adequacy of Utilities	Assumed adequate		
Landscaping	Assumed excellent		
Drainage	Assumed adequate		
Utilities		<u>Adequacy</u>	
Water	City of Valdosta	Yes	
Sewer	City of Valdosta	Yes	
Natural Gas	Various	Yes	
Electricity	Georgia Power	Yes	
Other		<u>Yes</u>	<u>No</u> <u>Unknown</u>
Detrimental Easements			X
Encroachments			X
Deed Restrictions	See comments		
Reciprocal Parking Rights			X
Source: Various sources compiled by CBRE			

The subject has average access, visibility and ingress/egress for a multifamily site.

CONCLUSION

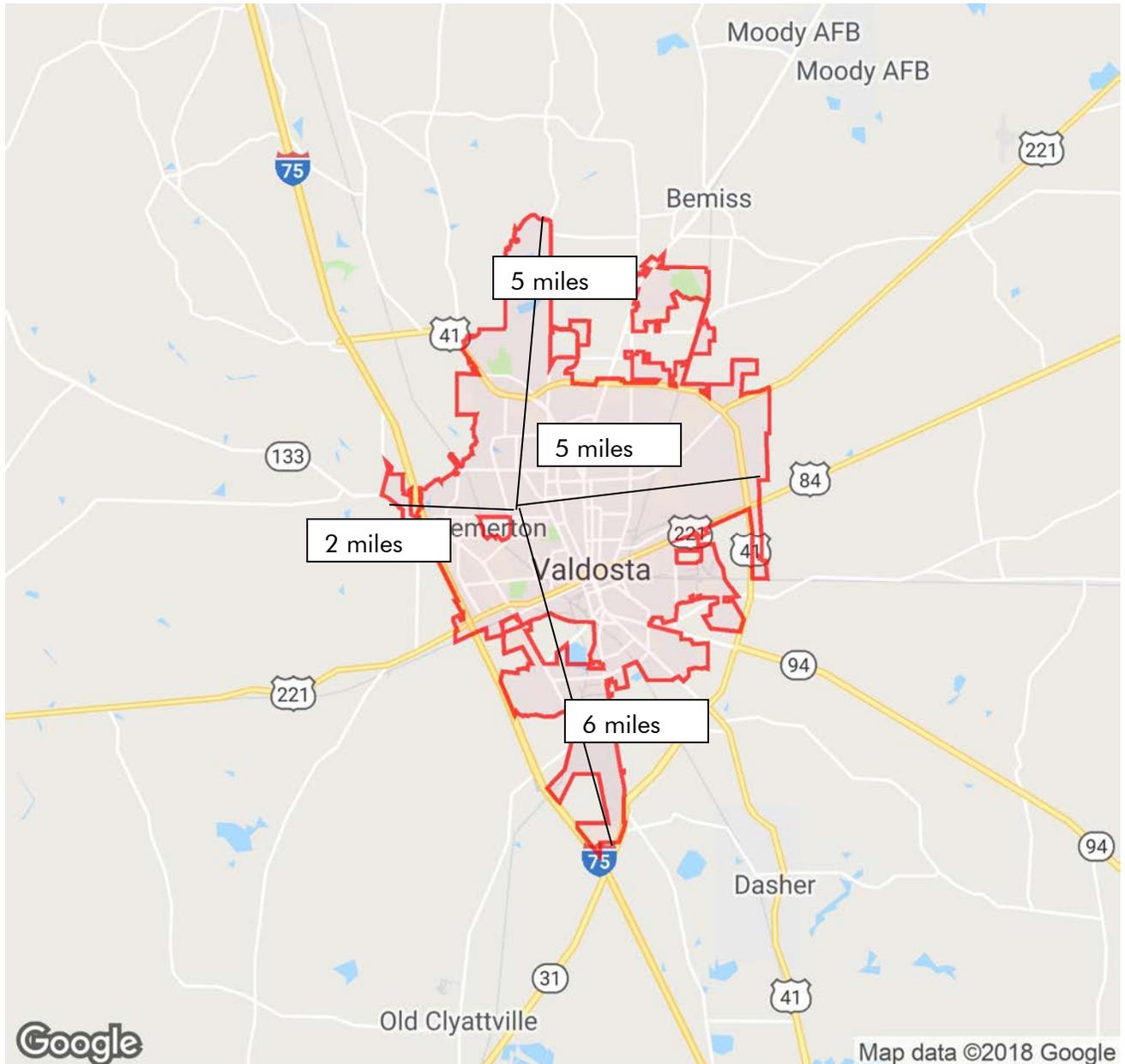
The subject site is well located and afforded average access and average visibility from roadway frontage. There are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

The subject is not currently, but upon completion of the planned renovation will be restricted by its LURA (land use restriction agreement) as a result of the low income housing tax credits. These restrictions will be in place for 30 years.

Market Area

PRIMARY MARKET AREA (PMA)

The following map illustrates the subject's PMA – the city limits of Valdosta.



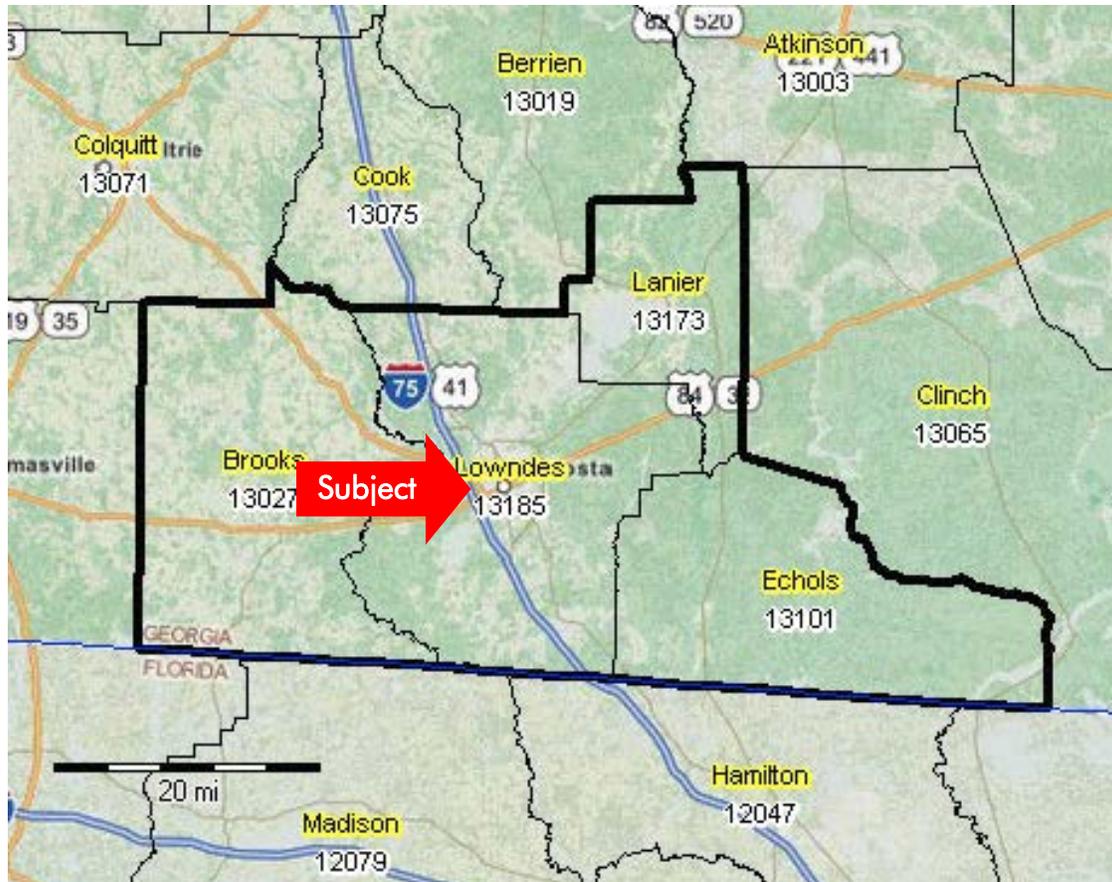
We have defined the subject's primary market area (PMA) as the city of Valdosta, Georgia.

The city of Valdosta is the county seat of Lowndes County and the principal city within the Valdosta Metropolitan Statistical Area (MSA). The city is also the 14th largest in Georgia. The city's area consists of approximately 30.3 square miles. The boundaries of the PMA are approximately 2 miles to the west, 5 miles to the north, 5 miles to the east, and approximately 6

miles to the south of the subject property. The PMA was defined based on interviews with the property managers at comparable properties and the Subject's property manager. We have not considered leakage outside the PMA within our analysis.

SECONDARY MARKET AREA (SMA)

The secondary market area (SMA) for the Subject is the Valdosta, GA Metropolitan Statistical Area (MSA), which is comprised of 4 counties: Brooks, Echols, Lanier, and Lowndes. A map of the SMA is as follows.



Community Demographic Data

This section of the report provides the demographic information for the subject's PMA, giving historical data as well as current data and estimates. The subject property will be renovated with a proposed completion date of December 2019. Our projections are based on current data, such as census data and American Community Survey as prepared by Claritas. We have also utilized the American Fact Finder for additional US Census data.

POPULATION TRENDS

The following table illustrates population projections from 2000 through 2023.

POPULATION PROJECTIONS			
Population	PMA - City of Valdosta, GA	Valdosta, Ga Metropolitan Statistical Area	Georgia
2023 Total Population	57,581	149,736	11,107,519
2019 Total Population - Projected Market Entry	56,693	146,934	10,647,515
2018 Total Population	56,405	145,955	10,517,229
2010 Total Population	54,519	139,588	9,687,653
2000 Total Population	47,286	119,560	8,186,453
Annual Growth 2018 - 2023	0.41%	0.51%	1.10%
Annual Growth 2010 - 2018	0.43%	0.56%	1.03%
Annual Growth 2000 - 2010	1.43%	1.56%	1.70%

Source: ESRI

As illustrated, total population increased between 2000 and 2018. This trend is expected to continue through 2023. We have applied the annual population growth of 0.43% between 2010 and 2018 in order to estimate the size of the population in December 2019, the expected completion date of the subject property. Per DCA guidelines, projections must be based on historical trends.

The population and household growth in the PMA indicates the need for affordable housing and continued demand for the subject's units.

POPULATION BY AGE GROUP				
PMA	2010	2018	Projected Market Entry - December 2019	2023
Age 0-4	4,215	3,889	3,909	3,944
Age 5-9	3,388	3,577	3,595	3,542
Age 10-14	3,009	3,191	3,207	3,285
Age 15-19	5,806	5,396	5,424	5,515
Age 20-24	8,708	7,731	7,771	7,283
Age 25-29	4,862	5,333	5,360	4,913
Age 30-34	3,346	4,088	4,109	4,267
Age 35-39	2,777	3,156	3,172	3,654
Age 40-44	2,576	2,488	2,501	2,888
Age 45-49	2,763	2,464	2,477	2,419
Age 50-54	2,808	2,528	2,541	2,476
Age 55-59	2,535	2,768	2,782	2,516
Age 60-64	2,212	2,673	2,687	2,696
Age 65-69	1,619	2,365	2,377	2,586
Age 70-74	1,250	1,710	1,719	2,064
Age 75-79	1,038	1,244	1,250	1,536
Age 80-84	826	857	861	996
85 and Older	781	946	951	999
Median Age	27.20	29.10	29.25	30.40

Source: ESRI

The largest cohorts in the PMA are ages 20-24 and 15-19 and 25-29, which indicate a presence of families.

HOUSEHOLD TRENDS

The following table illustrates population projections from 2000 through 2023.

NUMBER OF HOUSEHOLD PROJECTIONS			
Households			
2023 Total Households	21,794	55,070	4,097,086
2019 Total Households - Projected Market Entry	21,422	54,000	3,929,913
2018 Total Households	21,296	53,618	3,883,230
2010 Total Households	20,472	51,141	3,585,584
2000 Total Households	17,901	42,666	3,006,369
Annual Growth 2018 - 2023	0.46%	0.54%	1.08%
Annual Growth 2010 - 2018	0.49%	0.59%	1.00%
Annual Growth 2000 - 2010	1.35%	1.83%	1.78%

Source: ESRI

Similarly, the number of households also increased between 2000 and 2018 and is expected to continue through 2023. We utilized the annual growth rate of 0.49% between 2010 and 2018 in order to project the number of households in the PMA in December 2019, the expected completion date of the subject property.

TOTAL NUMBER OF HOUSEHOLDS AND AVERAGE HOUSEHOLD SIZE

AVERAGE HOUSEHOLD SIZE			
	PMA - City of Valdosta, GA	Valdosta, Ga Metropolitan Statistical Area	Georgia
Year			
2023 Household Size	2.64	2.72	2.71
2019 Household Size - Projected Market Entry	2.47	2.62	2.66
2018 Household Size	2.46	2.60	2.64
2010 Household Size	2.66	2.73	2.70
2000 Household Size	2.64	2.80	2.72

Source: ESRI

We have assumed the household size grows slightly from the 2018 estimate in order to estimate our market entry date of December 2019. The PMA average household size is slightly smaller in the PMA as compared to the Valdosta MSA and the state of Georgia.

HOUSEHOLDS BY TENURE

TENURE PATTERNS PMA				
Year	Owner Occupied Units	Percentage Owner Occupied	Renter-Occupied Units	Percentage Renter Occupied
2023	8,448	33.9%	16,477	66%
2019 Projected Market Entry	8,010	37.4%	13,411	63%
2018	7,963	37.4%	13,332	63%
2010	8,693	42.5%	11,779	58%
2000	8,820	49.3%	9,081	51%

Source: ESRI

TENURE PATTERNS SMA				
Year	Owner Occupied Units	Percentage Owner Occupied	Renter-Occupied Units	Percentage Renter Occupied
2023	30,986	48.5%	32,878	51.5%
2019 Projected Market Entry	29,612	54.9%	24,324	45.1%
2018	29,437	54.9%	24,181	45.1%
2010	30,419	59.5%	20,722	40.5%
2000	27,531	64.5%	15,135	35.5%

Source: ESRI

As the table illustrates, households within the PMA live primarily in renter-occupied housing units, whereas in the SMA, households live primarily in owner occupied housing units. In 2018, 62.6% of the housing units in the PMA were renter-occupied. This trend is expected to increase, with approximately 66.1% of the population in the PMA residing in renter-occupied housing units in 2023. This trend bodes well for the subject's housing units.

HOUSEHOLD BY INCOME

The following table illustrates household income distribution in the PMA.

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2018		Projected Market Entry - 2019		2023	
	Number	Percentage	Number	Percentage	Number	Percentage
<\$15000	2,963	22%	2,981	22%	2,917	20%
\$15000-\$24999	2,002	15%	2,014	15%	2,056	14%
\$25000-\$34999	1,727	13%	1,737	13%	1,843	13%
\$35000-\$49999	1,875	14%	1,887	14%	2,042	14%
\$50000-\$74999	1,993	15%	2,005	15%	2,251	16%
\$75000-\$99999	1,191	9%	1,198	9%	1,409	10%
\$100000-\$149999	983	7%	989	7%	1,148	8%
\$150000-\$199999	295	2%	297	2%	353	2%
\$200000+	300	2%	302	2%	387	3%
Total	13,330	100%	13,409	100%	14,406	100%

We have utilized the household growth rate between 2010 and 2018 in order to project the 2019 figures above for our projected market entry date.

The largest portion of residents in the PMA earn less than \$15,000 per year. In addition, 50.2% of the renter population earn less than \$34,999 in the subject's PMA. This suggests a strong demand for affordable housing, and particularly subsidized housing.

RENTER HOUSEHOLDS BY NUMBER OF PERSONS – PMA**RENTER HOUSEHOLD BY NUMBER OF PERSONS - PMA**

	2010		2015		2016		Projected Market Entry - 2019	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	3,376	26%	5,030	38%	4,982	38%	5,094	38%
With 2 Persons	2,897	22%	3,632	27%	3,472	26%	3,550	26%
With 3 Persons	2,080	16%	2,370	18%	2,463	19%	2,518	19%
With 4 Persons	1,479	11%	1,230	9%	1,216	9%	1,243	9%
With 5+ Persons	969	7%	946	7%	983	7%	1,005	7%
Total Renter	10,801		13,208		13,116		13,411	

Source: American Fact Finder, U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

The table above represents the best data available for this market. We note the total renters in 2010 does not reconcile with the ESRI data previously reported, but is generally similar. We have applied the percentages in 2016, which are generally the same as 2015, to our 2019 projected market entry data. As illustrated, the majority of households (64%) reside in one and two person households.

CONCLUSIONS

The subject's demographics bode well for the strong demand for affordable housing in this market. The PMA has the largest percentage of the population under the \$15,000 annual income. The number of households and population figures have increased in the past, and are expected to grow in the future. The PMA also has a high percentage of renter occupied housing units. Based on the tax credit rent restrictions, the subject will target incomes between \$0 and \$32,100.

However, all rentable units will continue to benefit from a Section 8 subsidy post renovation with all tenants contributing rent based on their income.

Employment Trends

The following table illustrates labor force, total employment, total unemployment, and the unemployment rates in Valdosta, GA from 2008 to July 2018.

VALDOSTA EMPLOYMENT TRENDS				
Year	Labor Force	% Change	Employment	% Change
2008	26,199	-	24,678	-
2009	26,938	3%	24,616	0%
2010	25,827	-4%	23,257	-6%
2011	25,963	1%	23,345	0%
2012	26,617	3%	24,129	3%
2013	25,897	-3%	23,636	-2%
2014	25,498	-2%	23,499	-1%
2015	25,140	-1%	23,525	0%
2016	25,580	2%	24,105	2%
2017	25,784	0.8%	24,465	1.5%
Jan-18	26,066	1.1%	24,759	1.2%
Feb-18	26,435	1.4%	25,109	1.4%
Mar-18	26,424	0.0%	25,243	0.5%
Apr-18	26,317	-0.4%	25,237	0.0%
May-18	26,309	0.0%	25,238	0.0%
Jun-18	26,495	0.7%	25,158	-0.3%
Jul-18	26,559	0.2%	25,299	0.6%

Source BLS, 10/2018

The city of Valdosta has experienced relatively stable employment trends with annual growth between 2015 and 2017. Between January 2018 and July 2018, there was an increase in labor force (except for April), and increase in employment (except for June 2018).

TOTAL JOBS BY INDUSTRY

EMPLOYMENT BY INDUSTRY		
Industry	# of Jobs	%
Agric/Forestry/Fishing/Hunting/Mining	141	1%
Construction	901	4%
Manufacturing	1,695	7%
Wholesale Trade	554	2%
Retail Trade	4,162	17%
Transportation/Warehousing/Utilities	1,018	4%
Information	181	1%
Finance/Insurance/Real Estate/Rental/Leasing	994	4%
Prof/Scientific/Tech Services	925	4%
Mgmt of Companies/Enterprises	0	0%
Admin/Support/Waste Mgmt Svcs	1,188	5%
Educational Services	2,821	11%
Health Care/Social Assistance	3,475	14%
Arts/Entertainment/Recreation	668	3%
Accommodation/Food Services	3,532	14%
Other Services (excl Publ Adm)	1,092	4%
Public Administration	1,515	6%
Compiled by CBRE		

As illustrated, the highest employment sectors are retail trade, educational services, healthcare/social assistance, and accommodation/food services. Together, these industries comprise 56.3% of all jobs in the PMA.

MAJOR EMPLOYERS

The following table illustrates the major employers in the City of Valdosta, GA.

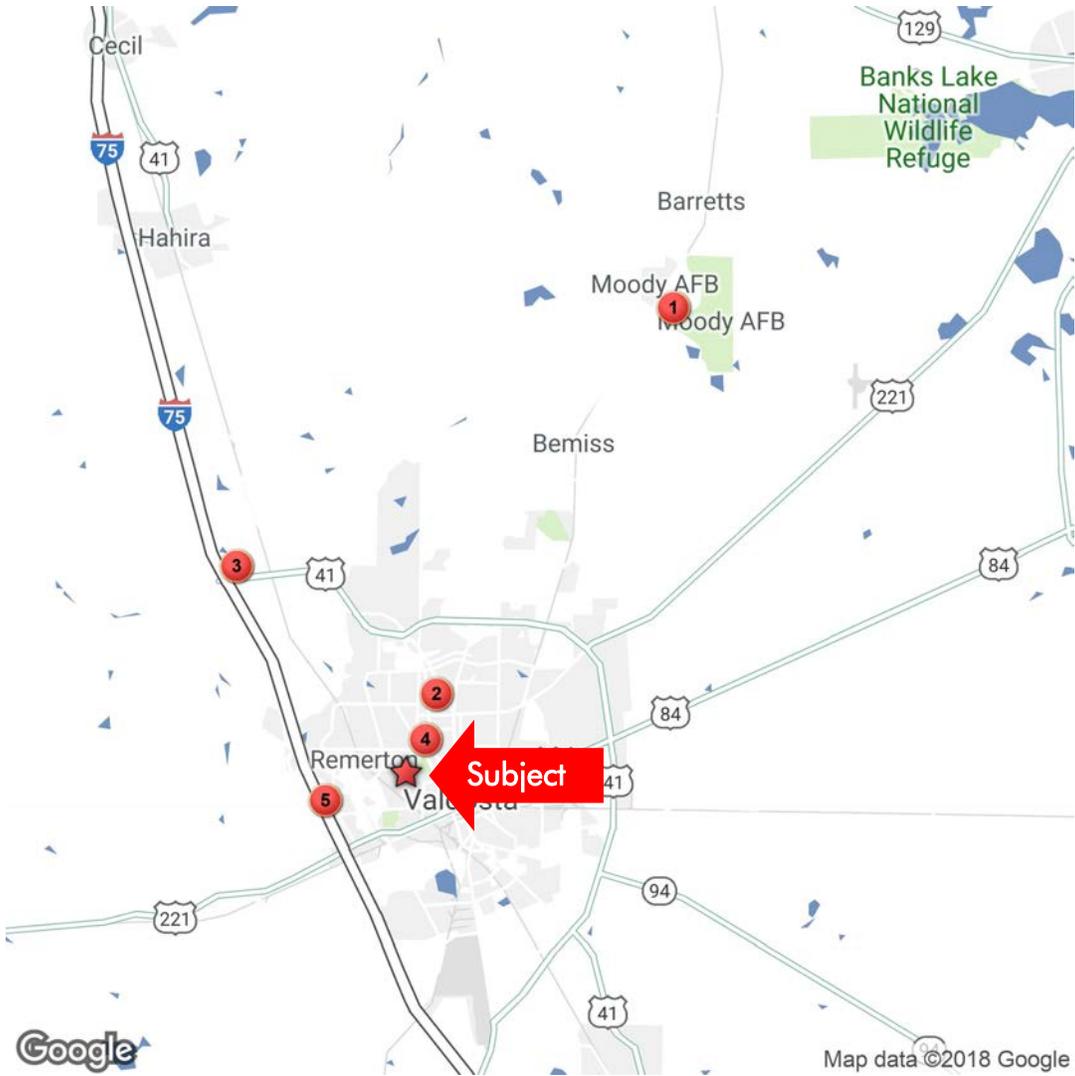
MAJOR EMPLOYERS - VALDOSTA

Rank	Company	No. Employed
1	Moody Air Force Base	6307*
2	South Georgia Medical Center & Smith Northview Hospital	2,559
3	Fresh Beginnings Inc. and Elead1 one	1,478
4	Valdosta State University	1,425
5	Lowndes County Schools System	1,386
6	Valdosta City Schools System	1,251
7	Wild Adventures	900
8	Lowe's Distribution Center	842
9	Walmart Supercenters	733
10	City of Valdosta	582
11	Lowndes County	565
12	Wiregrass Georgia Technical College	486
13	Ga. Dept. of Corrections, Valdosta & Lowndes State Prisons	446
14	Convergys Corporation	420
15	Packaging Corporation of America	340
16	Langdale Forest Products	294
17	SAFT America	255
18	Archer Daniels Midland (ADM) Company	250
19	Jacuzzi Luxury Bath	190
20	The Scruggs Company	190

Source: City of Valdosta, 10/2018

* Number represents military and civilian personnel

The following map illustrates the two 5 employers in relation to the subject's site.



According to the Valdosta-Lowndes County Chamber of Commerce, the largest employers in Valdosta include: Moody Air Force Base, Fresh Beginnings, Valdosta State University, South Georgia Medical Center & Smith Northview Hospital, Lowndes County School System, and Valdosta City Schools System. These employers are considered relatively stable with most of them in the government/education sectors.

WARN NOTICES

According to the Department of Labor, there were two companies which reported layoffs in 2018: Convergys with an estimated 211 jobs impacted in April 2018 and Rivulis Irrigation, Inc. with 70 jobs impacted in July 2018.

We are not aware of any major expansions/additions.

UNEMPLOYMENT TRENDS

VALDOSTA UNEMPLOYMENT TRENDS				
Year	Unemployment % Change		Unemployment	
			Rate	% Change
2008	1,521	-	5.8%	-
2009	2,322	53%	8.6%	48%
2010	2,570	11%	10.0%	16%
2011	2,618	2%	10.1%	1%
2012	2,488	-5%	9.3%	-8%
2013	2,261	-9%	8.7%	-6%
2014	1,999	-12%	7.8%	-10%
2015	1,615	-19%	6.4%	-18%
2016	1,475	-9%	5.8%	-9%
2017	1,319	-10.6%	5.1%	-12.1%
Jan-18	1,307	-0.9%	5.0%	-2.0%
Feb-18	1,326	1.5%	5.0%	0.0%
Mar-18	1,181	-10.9%	4.5%	-10.0%
Apr-18	1,080	-8.6%	4.1%	-8.9%
May-18	1,071	-0.8%	4.1%	0.0%
Jun-18	1,337	24.8%	5.0%	22.0%
Jul-18	1,260	-5.8%	4.7%	-6.0%

Source BLS, 10/2018

The unemployment rate in the PMA reached 10.1% in 2011, but has gradually decreased to a current unemployment rate of 4.7% in July 2018. This is compared to the national unemployment rate of 3.9% in July 2018 and 3.9% unemployment rate in Georgia during the same period.

CONCLUSIONS

Overall, the city of Valdosta appears to be underperforming the nation and the state of Georgia, but seems stable overall and given the large number of stable employers we expect this economy will have continued demand for workforce and affordable housing for the foreseeable future.

Unemployment in the PMA is currently 4.7% (July 2018) which is considered low, but higher than the state and national rates in the same period. The major employers in Valdosta are predominately in public/education sectors, which are considered relatively stable. The highest employment sectors are retail trade, educational services, healthcare/social assistance, and accommodation/food services.

Project Specific Affordability and Demand Analysis

The following demand analysis evaluates the potential amount of qualified households that the subject property is likely to capture. Our analysis is based on the guidelines provide by the Georgia DCA.

Income Restrictions

The subject's maximum income limits are as follows by bedroom type:

FAMILY INCOME LIMITS				
Unit Type	Minimum	Maximum	Minimum	Maximum
	Allowable Income	Allowable Income	Allowable Income	Allowable Income
	60% AMI		60% AMI/Section 8	
1BR/1BA	\$19,097	\$23,760	\$0	\$22,290
2BR/1BA	\$22,937	\$26,760	\$0	\$26,760
3BR/1.5BA	\$26,469	\$32,100	\$0	\$30,900

According to DCA guidelines, the maximum allowable Area Median Income level per household for all bedroom types will be based on a standard of 1.5 persons per bedroom for family developments rounded up to the next whole number.

The minimum income limits are calculated assuming that the maximum gross rent a household will pay is 35 percent of its household income at the appropriate AMI level.

Affordability

According to DCA guidelines, our analysis assumes families pay no more than 35% of their income towards rent, and seniors pay no more than 40% of their income towards rent. We have utilized these guidelines to calculate the minimum income levels for the subject property. Post renovation, the subject will continue to be subsidized by a Section 8/HAP contract whereby tenants will contribute 30% of their income towards rent, with some tenants having no income.

Demand

The demand for the Subject will be derived from two sources: existing households and new households.

(3a) Demand from New Households

The first component of the demand analysis is the number of new households entering the market, or new units required in the market area due to projected household growth from migration into the market and growth from existing households in the market. The estimated date of completion is December 2019; therefore, we have utilized this date as the base year for the analysis. Therefore, 2018 household population estimates are inflated to 2019 based on historical trends. This change in households is considered the gross potential demand for the

Subject property. The gross potential demand is then adjusted or discounted for income eligibility and renter tenure, resulting in a net demand number.

(3b) Demand from Existing Households

The second source of demand is projected from rent over-burdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development. We have assumed that the rent-overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their income toward gross rent; and households in substandard housing should be determined based on age, income bands and tenure that apply.

(3c) Elderly Homeowners likely to convert to renters

N/A

Other

DCA does not consider household turnover to be a source of market demand, therefore we have not considered household turnover within our analysis.

DCA guidelines indicate that properties with over 20 percent of their proposed units in three and four-bedroom units need to be adjusted to considered larger household sizes. The subject offers 38 three-bedroom units which represents approximately 47% of the subject's units. We have therefore incorporated household size adjustments within our capture rate analysis.

Net Demand, Capture Rates and Stabilization Conclusions

NET DEMAND

The overall demand components added together 3(a), and (b) (and 3(c) for Senior Properties) above less the supply of competitive vacant and/or units constructed in the past 2 years. Comparable units (vacant or occupied) funded, under construction or placed in service in 2016 and 2017 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2016 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of the supply.

Additions to Supply

Per DCA's guidelines we have deducted comparable/competitive LIHTC units (vacant or occupied) that have been funded, or under construction, or placed in service in 2014 through the present.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2014 through the present.
- Vacancies in projects placed in service prior to 2014 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2014 to present. As the following

discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

Per GA DCA guidelines, competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the Subject development.

The only project which satisfies the above requirements is the recent 2016 award of Freedom Heights which is currently under construction. The project will offer 88-unit (LIHTC/Market). According to its market study, the project will offer the following unit mix:

FREEDOM HEIGHTS PROPOSED UNIT MIX		
Unit Type	Total Units	SQFT
1BR/1BA 50% AMI	6	767
1BR/1BA 60% AMI	3	767
1BR/1BA Market	3	767
2BR/2BA 50% AMI	7	1,075
2BR/2BA 60% AMI	24	1,075
2BR/2BA Market	21	1,075
3BR/2BA 50% AMI	5	1,175
3BR/2BA 60% AMI	12	1,175
3BR/2BA Market	7	1,175

Source: DCA Market Study, Bowen National Research

We have deducted the above units from our analysis, as appropriate.

PMA Occupancy

Per DCA’s guidelines, we have determined the average occupancy rate based on all available competitive conventional and affordable (including LIHTC) properties in the PMA.

OVERALL PMA OCCUPANCY

Property Name	Program	Tenancy	Occupancy
Ashton Meadows	LIHTC	Senior	100%
Ashton Park*	LIHTC	Family	96%
Heron Lake I & II*	LIHTC	Family	92%
Woodlawn Terrace	LIHTC	Senior	100%
Ashley House	LIHTC/Section 8	Senior	97%
Amelia	Market	Family	88%
Baytree	Market	Family	93%
Brookstone Apartments	Market	Student	97%
Carriage Crossing	Market	Family	92%
Castlewood	Market	Family	92%
Courtyard Apartments	Market	Family	96%
Evergreen at Five Points	Market	Family	92%
Forest Park	Market	Family	87%
Lakeside	Market	Family	99%
Melody Townhomes	Market	Family	90%
Northwind	Market	Family	96%
Oak Terrace	Market	Family	95%
Prosper Azalea City*	Market	Family	88%
Ramblewood	Market	Family	93%
Spanish Mission*	Market	Family	80%
Spring Chase*	Market	Family	100%
Staten Crossing*	Market	Family	93%
Student Quarters	Market	Student	95%
Sugar Mill	Market	Family	100%
Tall Tree*	Market	Family	97%
The Gardens	Market	Family	98%
The Grove at Valdosta	Market	Student	88%
The Links	Market	Family	100%
The Woodlands	Market	Family	86%
Three Oaks	Market	Family	97%
Azalea Towers	Section 8	Senior	N/A
Brittany Woods	Section 8	Senior	88%
Hudson Dockett Apartments	Section 8	Senior	90%
Park Chase	Section 8	Senior	89%
Sands Horizon Apartments	Section 8	Senior	N/A
Weighted Average			93.5%

Compiled by CBRE

* Utilized as a comparable

The overall average indicated is 93.5%. We note that several of the properties operating below 93% are undergoing renovations.

Rehab Developments and PBRA

According to the DCA guidelines, "Capture rate calculations for proposed rehab developments will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet provided by the applicant and will be included in the study as an addendum. Tenants who are income qualified to remain in the property at the proposed stabilized renovated rents will be deducted from the property unit count prior to

determining the applicable capture rates. If the developer intends to relocate all of the tenants in the property as part of the renovation process, then the property will be evaluated as if it is New Construction. Units that are subsidized with PBRA or whose rents are more than 20% lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10% of the total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30% lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.”

All of the subject’s 80 rentable units will benefit from a Section 8/HAP contract subsidy and therefore these units are presumed leasable.

Capture Rates

As previously illustrated, the renter household income distribution for the PMA is as follows:

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA						
Income Cohort	2018		Projected Market Entry - 2019		2023	
	Number	Percentage	Number	Percentage	Number	Percentage
<\$15000	2,963	22%	2,981	22%	2,917	20%
\$15000-\$24999	2,002	15%	2,014	15%	2,056	14%
\$25000-\$34999	1,727	13%	1,737	13%	1,843	13%
\$35000-\$49999	1,875	14%	1,887	14%	2,042	14%
\$50000-\$74999	1,993	15%	2,005	15%	2,251	16%
\$75000-\$99999	1,191	9%	1,198	9%	1,409	10%
\$100000-\$149999	983	7%	989	7%	1,148	8%
\$150000-\$199999	295	2%	297	2%	353	2%
\$200000+	300	2%	302	2%	387	3%
Total	13,330	100%	13,409	100%	14,406	100%

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% WITH SUBSIDY			
Minimum Income Limit	\$0	Maximum Income Limit	\$32,100
Income Cohort	New Renter Households - Total Change in Households PMA 2018 to Prj Mrkt Entry December 2019		Renter Households within Bracket
	Number	Percentage	Income Brackets
<\$15000	2,981	22%	\$15,000
\$15000-\$24999	2,014	15%	\$9,999
\$25000-\$34999	1,737	13%	\$9,999
\$35000-\$49999	1,887	14%	
\$50000-\$74999	2,005	15%	
\$75000-\$99999	1,198	9%	
\$100000-\$149999	989	7%	
\$150000-\$199999	297	2%	
\$200000+	302	2%	
Total	13,409	100%	6,228

ASSUMPTIONS - 60% AMI WITH SUBSIDY				
Tenancy	Family	% of Income Toward Housing		35%
Urban/Rural	Rural	Maximum # of Occupants		5
Person in Household	1BR	2BR	3BR	
1	70%	30%	0%	
2	20%	80%	0%	
3	0%	60%	40%	
4	0%	20%	80%	
5+	0%	0%	100%	

Demand from New Renter Households 2018 to Prj Mrkt Entry December 2019

Income Target Population	60% - With Subsidy
New Renter Households PMA	79
Percent Income Qualified	46%
	37

Demand from Existing Households in 2018

Demand from Rent Overburdened Households

Income Target Population	60% - With Subsidy
Total Existing Demand	13,409
Income Qualified	46%
Income Qualified Renter Households	6,228
Percent Rent Overburdened Prj Mrkt Entry December 2019	36%
Rent Overburdened Households	2,242

Demand from Living in Substandard Household

Income Qualified Renter Households	6,228
Percent Living in Substandard Housing	1.20%
Households Living in Substandard Housing	75

Senior Households Converting from Homeownership

Income Target Population	60% - With Subsidy
Total Senior Homeowners	0
Rural Vs. Urban	2%
Senior Demand Converting from Homeownership	0

Total Demand

Total Demand from Existing Households		2,317
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		2317
Total New Demand		37
Total Demand (New Plus Existing Households)		2,354

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0%
Is this Demand Over 2 percent of Total Demand?	No	

By Bedroom Demand

One Person	38%	894
Two Persons	26%	623
Three Persons	19%	442
Four Persons	9%	218
Five Persons	7%	176
Total	100%	2,354

Capture Rate: 60% - Subsidy in Place

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	70%	626
Of two-person households in 1BR units	20%	125
Of one-person households in 2BR units	30%	268
Of two-person households in 2BR units	80%	498
Of three-person households in 2BR units	60%	265
Of four-person households in 2BR units	20%	44
Of three-person households in 3BR units	40%	177
Of four-person households in 3BR units	80%	175
Of five-person households in 3BR units	100%	176
Total Demand		2,354

Total Demand (Subject Unit Type)		Less Additions to Supply	Net Demand
1BR	750	12	738
2BR	1,075	52	1023
3BR	528	24	504
Total	2,354		2,266

Developer's Unit Mix		Divided by Net Demand	Capture Rate
1BR	4	738	0.5%
2BR	38	1023	3.7%
3BR	38	504	7.5%
Total	80	2266	3.5%

CAPTURE RATE – 60% ABSENT SUBSIDY

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% WITHOUT SUBSIDY					
Minimum Income Limit	\$19,097	Maximum Income Limit		\$32,100	
Income Cohort	New Renter Households - Total Change in Households PMA 2018 to Prj Mrkt Entry December 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
<\$15000	18	22%			
\$15000-\$24999	12	15%	\$9,999	59%	7
\$25000-\$34999	10	13%	\$9,999	71%	7
\$35000-\$49999	11	14%			
\$50000-\$74999	12	15%			
\$75000-\$99999	7	9%			
\$100000-\$149999	6	7%			
\$150000-\$199999	2	2%			
\$200000+	2	2%			
Total	79	100%			14

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% WITHOUT SUBSIDY					
Minimum Income Limit	\$19,097	Maximum Income Limit		\$32,100	
Income Cohort	New Renter Households - Total Change in Households PMA 2018 to Prj Mrkt Entry December 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
<\$15000	2,981	22%			
\$15000-\$24999	2,014	15%	\$9,999	59%	1,189
\$25000-\$34999	1,737	13%	\$9,999	71%	1,233
\$35000-\$49999	1,887	14%			
\$50000-\$74999	2,005	15%			
\$75000-\$99999	1,198	9%			
\$100000-\$149999	989	7%			
\$150000-\$199999	297	2%			
\$200000+	302	2%			
Total	13,409	100%			2,422

ASSUMPTIONS - 60% AMI WITHOUT SUBSIDY			
Tenancy	Family	% of Income Toward Housing	
Urban/Rural	Rural	Maximum # of Occupants	
Person in Household	1BR	2BR	3BR
1	70%	30%	0%
2	20%	80%	0%
3	0%	60%	40%
4	0%	20%	80%
5+	0%	0%	100%

Demand from New Renter Households 2018 to Prj Mrkt Entry December 2019		
Income Target Population	60% - Without Subsidy	
New Renter Households PMA		79
Percent Income Qualified		18%
		14
Demand from Existing Households in 2018		
Demand from Rent Overburdened Households		
Income Target Population	60% - Without Subsidy	
Total Existing Demand		13,409
Income Qualified		18%
Income Qualified Renter Households		2,422
Percent Rent Overburdened Prj Mrkt Entry December 2019		36%
Rent Overburdened Households		872
Demand from Living in Substandard Household		
Income Qualified Renter Households		2,422
Percent Living in Substandard Housing		1.20%
Households Living in Substandard Housing		29
Senior Households Converting from Homeownership		
Income Target Population	60% - Without Subsidy	
Total Senior Homeowners		0
Rural Vs. Urban	2%	
Senior Demand Converting from Homeownership		0
Total Demand		
Total Demand from Existing Households		901
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		901
Total New Demand		14
Total Demand (New Plus Existing Households)		915
Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0%
Is this Demand Over 2 percent of Total Demand?	No	
By Bedroom Demand		
One Person	38%	348
Two Persons	26%	242
Three Persons	19%	172
Four Persons	9%	85
Five Persons	7%	69
Total	100%	915

Capture Rate: 60% - Absent Subsidy

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	70%	243
Of two-person households in 1BR units	20%	48
Of one-person households in 2BR units	30%	104
Of two-person households in 2BR units	80%	194
Of three-person households in 2BR units	60%	103
Of four-person households in 2BR units	20%	17
Of three-person households in 3BR units	40%	69
Of four-person households in 3BR units	80%	68
Of five-person households in 3BR units	100%	69
Total Demand		915

Total Demand (Subject Unit Type)		Less Additions to Supply	Net Demand
1BR	292	12	280
2BR	418	52	366
3BR	205	24	181
Total	915		827

Developer's Unit Mix		Divided by Net Demand	Capture Rate
1BR	4	280	1.4%
2BR	38	366	10.4%
3BR	38	181	21.0%
Total	80	827	9.7%

Conclusions

The subject property (as subsidized) indicates an overall capture rate of 3.5%, with bedroom types ranging from 0.5% for one-bedroom units, 3.7% for two bedroom units, and 7.5% for three-bedroom units.

Without subsidy, the capture rates are higher but still considered reasonable with an overall capture rate of 9.7%, a one-bedroom capture rate of 1.4%, a two-bedroom capture rate of 10.4%, and a three bedroom capture rate of 21.0%.

The subject's low capture rates are due to the subject's small project size, the subject's variety of unit types, the low amount of new supply in this market, and the increasing household growth trends in the PMA.

Demand and Net Demand		
	HH at 60% AMI - Absent Subsidy (\$19,097 to \$32,100 income)	HH at 60% AMI - With Subsidy (\$0 to \$32,100 income)
Demand from New Households (age and income appropriate)	14	37
PLUS Demand from Existing Renter Households - Substandard Housing	29	75
PLUS Demand from Existing Renter Households - Rent Overburdened Households	872	2,242
PLUS Secondary Market Demand adjustment IF ANY Subject to 15% Limitation	0	0
Subtotal	915	2,354
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0	0
Equals Total Demand	915	2,354
Less		
Competitive New Supply	88	88
Equals Net Demand	827	2,266

CAPTURE RATE ANALYSIS CHART												
Unit Type	Units Proposed	Income Limits		Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min	Market Rents Band Max	Proposed Rents
1BR/1BA 60% AMI/HAP	4	\$0	\$23,760	750	12	738	0.5%	3-4 months	\$680	\$575	\$797	\$484
1BR/1BA 60% AMI	4	\$19,097	\$23,760	292	12	280	1.4%	3-4 months	680	\$575	\$797	\$484
2BR/1BA 60% AMI/HAP	38	\$0	\$26,760	1075	52	1023	3.7%	3-4 months	\$767	\$640	\$875	\$552
2BR/1BA 60% AMI	38	\$22,937	\$26,760	418	52	366	10.4%	7 months	767	\$640	\$875	\$552
3BR/1.5BA 60% AMI/HAP	38	\$0	\$32,100	528	24	504	7.5%	7 months	\$901	\$793	\$975	\$622
3BR/1.5BA 60% AMI	38	\$26,469	\$32,100	205	24	181	21.0%	7 months	901	\$793	\$975	\$622
Overall - With Subsidy	80	0	\$32,100	2354	88	2266	3.5%	3-4 months				
Overall - Without Subsidy	80	\$19,097	\$32,100	915	88	827	9.7%	7 months				

Competitive Rental Analysis

Survey of Comparable Projects

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes seven “true” comparable properties containing 1,354 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided on the following pages. A map illustrating the location of the Subject in relation to comparable properties is also provided on the following pages. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

The availability of LIHTC data is considered average; we have included two comparable (family) properties which offer LIHTC units, both of which are located within the PMA. One of the comparables, Ashton Park, offers 50% and 60% AMI units. Heron Lake offers 30%, 50%, 60% and market rate units. We believe these comparables are the most comparable properties in the area as they target families, and are located in generally similar areas in terms of access to amenities and employment opportunities.

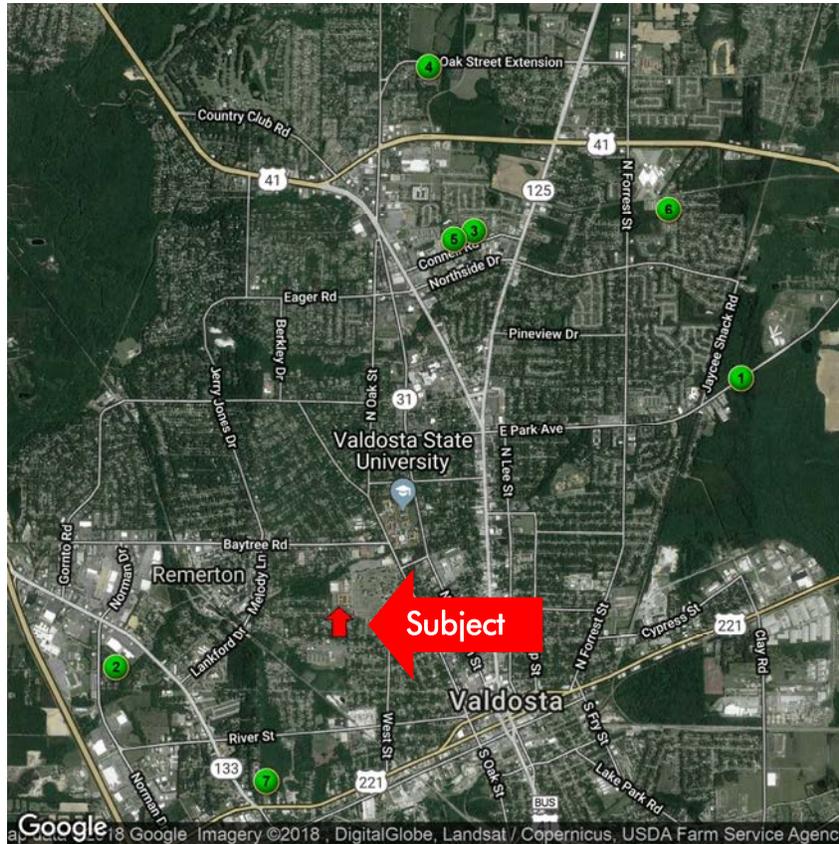
All of the Subject’s rentable units benefit from a Section 8/HAP contract (with one set-aside unit). This subsidy is expected to remain post renovation. As such, all tenants pay only 30 percent of their household income on rent. The comparable affordable properties in the PMA are located between 1.5 and 4.7 miles from the Subject.

The availability of market-rate data is considered average, and there is a significant amount of student oriented properties (which are market rate but target students and rent units by the bed and typically offer rents inclusive of all utilities). We have included five conventional properties in our analysis of the competitive market, all of which are located within the PMA. Other market-rate properties were excluded based on condition, design or tenancy.

Excluded Properties

The following table illustrates properties that have been excluded from our analysis.

EXCLUDED PROPERTIES			
Project Name	Type	Tenancy	Reason for Exclusion
Amelia	Market	Family	More Comparable Properties
Ashley House	LIHTC/Section 8	Senior	Tenancy
Ashton Meadows (Senior)	LIHTC	Senior	Tenancy
Azalea Towers	Section 8	Senior	Tenancy
Baytree	Market	Family	More Comparable Properties
Brittany Woods	Section 8	Senior	Tenancy
Brookstone Apartments	Market	Student	Tenancy
Carriage Crossing	Market	Family	More Comparable Properties
Castlewood	Market	Family	More Comparable Properties
Courtyard Apartments	Market	Family	More Comparable Properties
Evergreen at Five Points	Market	Family	More Comparable Properties
Forest Park	Market	Family	More Comparable Properties
Hudson Docket Apartments	Section 8	Senior	Tenancy
Lakeside	Market	Family	More Comparable Properties
Melody Townhomes	Market	Family	More Comparable Properties
Northwind	Market	Family	More Comparable Properties
Oak Terrace	Market	Family	More Comparable Properties
Park Chase	Section 8	Senior	Tenancy
Ramblewood	Market	Family	More Comparable Properties
Sands Horizon Apartments	Section 8	Senior	Tenancy
Student Quarters	Market	Student	Tenancy
Sugar Mill	Market	Family	More Comparable Properties
The Gardens	Market	Family	More Comparable Properties
The Grove at Valdosta	Market	Student	Tenancy
The Links	Market	Family	More Comparable Properties
The Woodlands	Market	Family	More Comparable Properties
Three Oaks	Market	Family	More Comparable Properties
Woodlawn Terrace (Senior)	LIHTC	Senior	Tenancy
Compiled by CBRE			



SUMMARY OF COMPARABLE APARTMENT RENTALS

Comp. No.	Property Name	Location	YOC / Reno'd	Occ.	No. Units	Type	Distance from Subj
1	Prosper Azalea City	1503 East Park Avenue Valdosta, GA	1976	88%	300	Market	2.9 miles
2	Spring Chase	1601 Norman Drive Valdosta, GA	1985 / 1994	100%	288	Market	2.3 miles
3	Spanish Mission Apartments	422 Connell Road Valdosta, GA	1976	80%	150	Market	3.4 miles
4	Staten Crossing	3925 North Oak Street Extension Valdosta, GA	1997	93%	196	Market	4.2 miles
5	Tall Tree	420 Connell Road Valdosta, GA	1972	97%	148	Market	3.2 miles
6	Heron Lake	1800 Eastwind Road Valdosta, GA	2005	92%	184	LIHTC/Market	4.4 miles
7	Ashton Park	1315 River Street Valdosta, GA	1999	96%	88	LIHTC	1.5 miles
Subj.	Azalea Woods Apartments	811 West Mary Street, Valdosta, Georgia	Proposed 2018	-	81		---

Compiled by CBRE

Complete comparable write-ups have been included within the addenda of this report.

Housing Choice Vouchers

We made multiple attempts to contact the Valdosta Housing Authority in order to determine the number Housing Choice Vouchers currently in use; however, as of the date of this report our calls

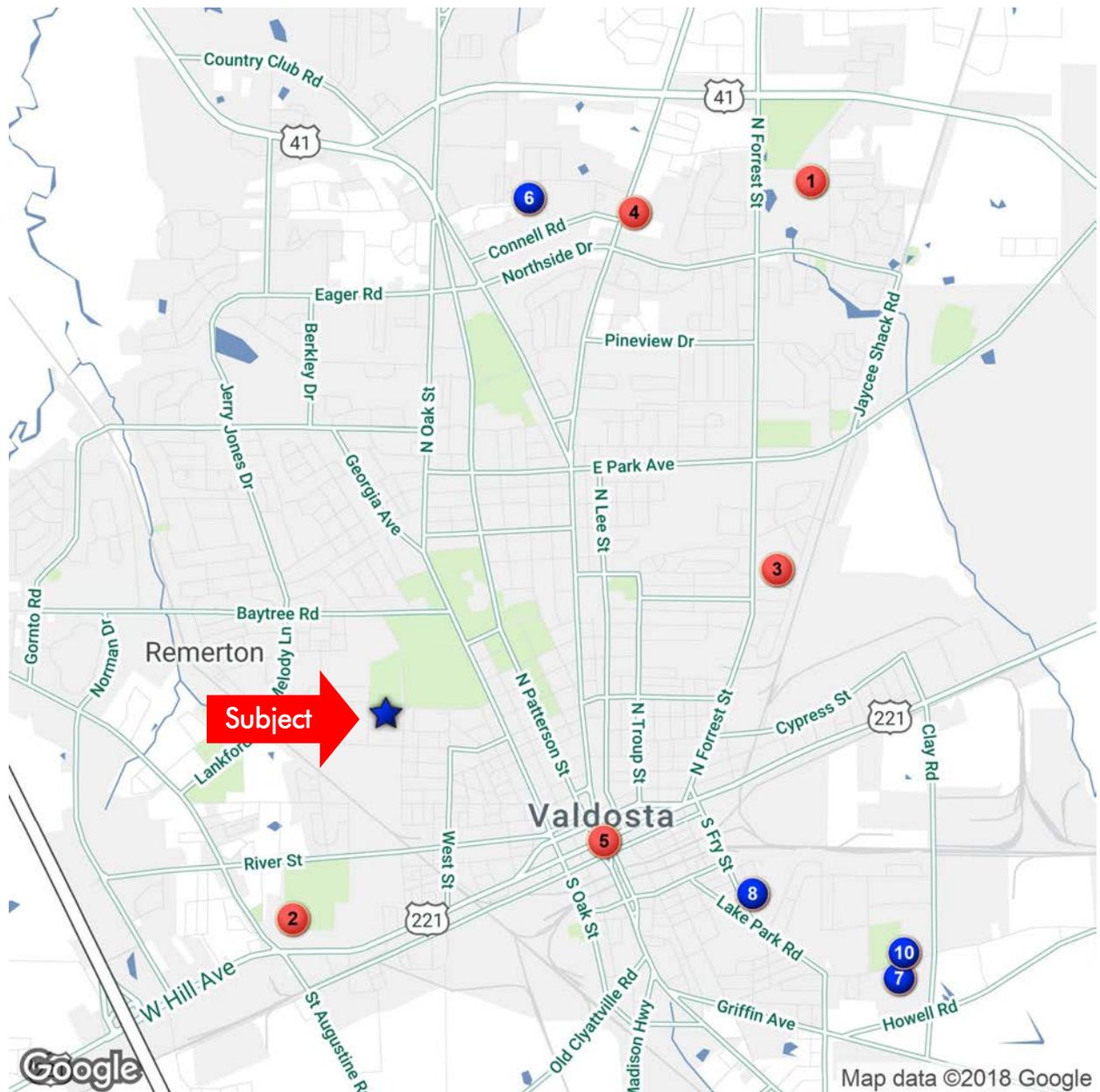
have not been returned. The main DCA office indicated that the waiting list for vouchers was closed in this area, but could not confirm additional details. However, the Subject benefits from a Section 8 HAP contract and therefore Section 8 portable vouchers will not be needed. In addition, the comparables reported little to no voucher usage.

Rural Area

The subject is not located within a rural area.

Competitive Property Map

EXISTING ASSISTED RENTAL HOUSING PROPERTY MAP



ASSISTED/SUBSIDIZED PROPERTIES IN THE PMA				
	Property Name	Program	Tenancy	Occupancy
1	Ashton Meadows	LIHTC	Senior	100%
2	Ashton Park*	LIHTC	Family	96%
3	Heron Lake I & II*	LIHTC	Family	92%
4	Woodlawn Terrace	LIHTC	Senior	100%
5	Ashley House	LIHTC/Section 8	Senior	97%
6	Azalea Towers	Section 8	Senior	N/A
7	Brittany Woods	Section 8	Senior	88%
8	Hudson Docket Apartments	Section 8	Senior	90%
9	Park Chase	Section 8	Senior	89%
10	Sands Horizon Apartments	Section 8	Senior	N/A

Compiled by CBRE

*Utilized as comparables within this report

Amenities

The Subject's amenity package is considered to be slightly inferior to inferior in-unit amenities in comparison to the LIHTC and market-rate comparable properties and similar to inferior property amenities. The Subject offers kitchens with refrigerators, range/oven, dishwasher, garbage disposals and countertop microwave, but does not offer washer/dryer hookups, which the majority of comparables include. Further, the Subject offers a laundry facility, business center, dog park, covered BBQ, and playground but does not offer a swimming pool, which the majority of comparables include. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the market, but will be slightly inferior overall.

Comparable Tenancy

The Subject will target families. All of the comparable properties also target families.

Vacancy

The following table illustrates the vacancy rates in the market.

SUMMARY OF COMPARABLE APARTMENT RENTALS

Comp. No.	Name	Location	Development Type	Occupancy
1	Prosper Azalea City	1503 East Park Avenue, Valdosta, GA	Market Rate	88%
2	Spring Chase	1601 Norman Drive, Valdosta, GA	Market Rate	100%
3	Spanish Mission Apartments	422 Connell Road, Valdosta, GA	Market Rate	80%
4	Staten Crossing	3925 North Oak Street Extension, Valdosta, GA	Market Rate	93%
5	Tall Tree	420 Connell Road, Valdosta, GA	Market Rate	97%
6	Heron Lake	1800 Eastwind Road, Valdosta, GA	LIHTC/Market	92%
7	Ashton Park	1315 River Street, Valdosta, GA	Market Rate	96%
Subject	Azalea Woods Apartments	811 West Mary Street, Valdosta, Georgia	Market Rate	-

Compiled by CBRE

Comparables 1-5 represent conventional market rate properties, and Comparables 6 & 7 represent LIHTC properties.

The affordable properties range between 92% and 96%, and average 94%. We note that Heron Lake offers market rate units, which has negatively affected its occupancy.

The market rate properties range between 80% and 100%, and average 92%. We note that Prosper Azalea City and Spanish Mission are currently undergoing renovations with some units off-line included as vacant. Given the level of subsidy, the current waiting list at the subject property, limited turnover as part of the renovation, as well as the recent and current occupancy rates, we do not expect the property to have occupancy issues as proposed.

Given that the subject is an existing property that is fully leased, we do not believe that the subject will impact the performance of the existing affordable properties if allocated.

Properties Under Construction and Proposed

We are aware of one property currently under construction in the PMA, Freedom Heights. This property will offer LIHTC and market rate units. We are not aware of any other properties proposed or under construction in this market. The property is being developed by Four Corners Development, LLC partnered with IDP Housing. The property will offer in-unit washer/dryer, fitness center, playground, and a community garden. The property will be managed by Triumph Management Group, LLC.

The following is the unit mix of this proposed property.

FREEDOM HEIGHTS PROPOSED UNIT MIX		
Unit Type	Total Units	SQFT
1BR/1BA 50% AMI	6	767
1BR/1BA 60% AMI	3	767
1BR/1BA Market	3	767
2BR/2BA 50% AMI	7	1,075
2BR/2BA 60% AMI	24	1,075
2BR/2BA Market	21	1,075
3BR/2BA 50% AMI	5	1,175
3BR/2BA 60% AMI	12	1,175
3BR/2BA Market	7	1,175

Source: DCA Market Study, Bowen National Research

Average Market Rent

The rentals utilized represent the best data available for comparison with the subject. Comparables 1-5 represent conventional market rate properties, and comparables 6-7 represent LIHTC properties. HAP contract properties have contract rents that are typically based on market rates.

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

This comparable represents a 300-unit apartment property, located along a primary east/west traffic artery with good access and exposure. The property, identified as Prosper Azalea City (formerly Arbor Trace), was developed in 1976 and is currently undergoing renovations including new flooring and appliances. The property is currently 88% occupied due to the renovations. The overall market appeal is average. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 873 square feet. All units have stove, dishwasher, garbage disposal, and refrigerator. The two and three-bedroom units also have washer/dryer connections. The quoted rents do not include utilities. Water/sewer is \$30 per month per unit. As a concession, management is offering one month free rent.

Upon renovation, the subject's units will be considered superior with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered similar.

Rent Comparable Two

This comparable consists of a garden style property constructed in four phases between 1985 and 1994. It is located near the Valdosta Mall. All units have washer/dryer connections (except one bedroom units). Each unit also has an alarm monitoring system which is included in the rent. The property features one-, two-, and three-bedroom units with an average unit size of 1,128 square feet. The rental rates include water/sewer/trash. Currently, the property is 100% occupied. The property has 11 x 20 garage/storage units that are rented out for \$90 per month and storage units that are rented out for \$15 (5x5), \$30 (5x10) and \$56 per month for 10 x 10 units. According to the manager, the property attracts a wide variety of tenants including young

professionals, military, and student. Students are offered 12 month leases only and non-student tenants are offered 6,9 or 12 month leases. No concessions are currently being offered.

Upon renovation, the subject's units will be considered superior with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered similar.

Rent Comparable Three

This comparable represents a 150-unit apartment property, located along the north side of Connell Road, east of Tara Drive, in the northern portion of Valdosta. The property, identified as Spanish Mission, was developed in 1976 and is currently 80% occupied which is due to the current renovations going on. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,271 square feet. All units have stove, dishwasher, garbage disposal, refrigerator and washer/dryer connections. Management employs a RUBS for reimbursement of water, sewer, and trash. No concessions are currently being offered.

Upon renovation, the subject's units will be considered superior with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered similar.

Rent Comparable Four

This comparable represents a 196-unit apartment property, located along North Oak Street Extension just north of the Valdosta State University campus. The property, identified as Staten Crossing, was developed in 1997 and is currently 93% occupied, 98% pre-leased. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,096 square feet. The property charges a rental premium which is included in the quoted range for floor level, views, etc. The units are rented with and without furniture. The tenant composition consists of 17% for military, 42% for students, and the remaining were middle income. The amenities include pool, clubhouse, fitness center, playground, tennis court, volleyball court, and car wash. Water and sewer is included in the quoted rent. Resident pays \$25 per month for pest control, trash, grounds upkeep, and outside lighting. As a concession, management is currently offering reduced fees and \$25 monthly discounts for military.

Upon renovation, the subject's units will be considered similar with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered slightly inferior.

Rent Comparable Five

This comparable represents a 148-unit apartment property, located along a secondary roadway in the north Valdosta area, with good access and exposure. The property, identified as Tall Tree, was developed in 1972 and is currently 97% occupied. The overall market appeal is average. The comparable offers efficiency, one-, two, and three-bedroom floor plans, with an average unit size of 919 square feet. All units have stove, dishwasher, garbage disposal, refrigerator and

washer/dryer connections. Management employs a RUBS for reimbursement of water and sewer; by charging a flat fee of \$20 (efficiency), \$28 (1BR), \$38 (2BR), and \$40 (3BR). No concessions are currently being offered.

Upon renovation, the subject's units will be considered superior with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered similar.

Rent Comparable Six

This comparable represents a 184-unit tax credit community in Valdosta, Lowndes County, Georgia. The property is located on Eastwind Road in Valdosta. The property was constructed in two phases: 2005 and 2007. The property offers one, two and three bedroom units at 30%, 50%, 60% AMI, as well as market rate units. The property is 92% occupied. We were not provided with a detailed unit mix. The quoted rents include trash and pest control with tenants responsible for their respective utilities. No concessions are offered.

Upon renovation, the subject's units will be considered similar with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered slightly inferior.

Rent Comparable Seven

This comparable represents a 88 unit tax credit apartment property called Ashton Park Apartments located in Valdosta, Lowndes County, Georgia. The property offers one, two, and three bedroom units restricted to 50% and 60% of the area median income (AMI). The property was constructed in 1999 and is currently 96% occupied. No concessions are currently offered. The quoted rents include trash removal with tenants responsible for the remaining utilities.

Upon renovation, the subject's units will be considered superior with respect to age/condition, inferior with respect to amenities, and similar with respect to location. Overall, this comparable will be considered slightly inferior.

MARKET RENT ESTIMATE

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects.

Per DCA's market study guidelines, "average market rent is to be a reflection of rents that are achieved in the market. In other words, the rents the competitive properties are currently receiving. Average market rent is not 'Achievable unrestricted market rent.' In an urban market with many tax credit comps, the average market rent might be the weighted average of those tax credit comps. In cases where there are few tax credit comps, but many market-rate comps with similar unit designs and amenity packages, then the average market rent might be the weighted average of those market-rate comps. In a small rural market there may be neither tax credit

comps nor market-rate comps with similar positioning as the Subject. In a case like that the average market rent would be a weighted average of whatever rents were present in the market.”

When comparing the Subject’s rents to the average comparable rent, we have not included surveyed rents at lower AMI levels given that this artificially lowers the average surveyed rent. Including rents at lower AMI levels does not reflect an accurate average rent for rents at higher income levels. For example, if the Subject offers rents at the 50 and 60 percent of AMI levels, and there is a distinct difference at comparable properties between rents at the two AMI levels, we have not included the 50 percent of AMI rents in the average comparable rent for the 60 percent of AMI comparison.

The following is a discussion of each unit type.

One-Bedroom Units

SUMMARY OF COMPARABLE RENTALS ONE BEDROOM UNITS				
Comparable	Plan Type	Size	Rental Rates	
			\$/Mo.	\$/SF
Heron Lake	1BR/1BA 50% AMI	783 SF	\$384	\$0.49
Ashton Park	1BR/1BA 50% AMI	667 SF	\$384	\$0.58
Heron Lake	1BR/1BA 60% AMI	783 SF	\$460	\$0.59
Subject (Maximum Allowable LIHTC)	1BR/1BA	810 SF	\$484	\$0.60
Subject (Current HAP Rent)	1BR/1BA	810 SF	\$532	\$0.66
Ashton Park	1BR/1BA 60% AMI	667 SF	\$464	\$0.70
Tall Tree	1BR/1BA Den	852 SF	\$593	\$0.70
Spring Chase	1BR/1BA Den	1,126 SF	\$797	\$0.71
Tall Tree	1BR/1BA	770 SF	\$575	\$0.75
Heron Lake	1BR/1BA Market	783 SF	\$600	\$0.77
Spanish Mission Apartments	1 BR, 1 BA	890 SF	\$775	\$0.87
Staten Crossing	1BR/1BA	815 SF	\$705 - \$725	\$0.88
Subject (CBRE Post Renovation Contract Rents)	1BR/1BA	810 SF	\$800	\$0.99
Spring Chase	1BR/1BA	690 SF	\$689	\$1.00
Prosper Azalea City	1 BR, 1 BA	550 SF	\$625	\$1.14

Compiled by CBRE

The comparables indicate an average market rent of \$588 per unit or \$0.77/SF, considering the affordable and market rate units.

Two-Bedroom Units

SUMMARY OF COMPARABLE RENTALS TWO BEDROOM UNITS				
Comparable	Plan Type	Size	Rental Rates	
			\$/Mo.	\$/SF
Heron Lake	2BR/2BA 50% AMI	1,192 SF	\$454	\$0.38
Heron Lake	2BR/2BA 60% AMI	1,192 SF	\$584	\$0.49
Ashton Park	2BR/2BA 50% AMI	869 SF	\$454	\$0.52
Subject (Maximum Allowable LIHTC)	2BR/1BA	997 SF	\$552	\$0.55
Heron Lake	2BR/2BA Market	1,192 SF	\$700	\$0.59
Subject (Current HAP Rent)	2BR/1BA	997 SF	\$609	\$0.61
Tall Tree	2BR/2BA	1,072 SF	\$699	\$0.65
Ashton Park	2BR/2BA 60% AMI	869 SF	\$590	\$0.68
Spring Chase	2BR/2BA	1,226 SF	\$829	\$0.68
Tall Tree	2BR/1.5BA TH	971 SF	\$660	\$0.68
Tall Tree	2BR/1BA	928 SF	\$640	\$0.69
Spanish Mission Apartments	2 BR, 2 BA	1,213 SF	\$875	\$0.72
Staten Crossing	2BR/2BA	1,150 SF	\$815 - \$840	\$0.72
Prosper Azalea City	2 BR, 2 BA	1,050 SF	\$770	\$0.73
Staten Crossing	2BR/2BA	1,128 SF	\$805 - \$840	\$0.73
Prosper Azalea City	2 BR, 1 BA	900 SF	\$686	\$0.76
Spanish Mission Apartments	2 BR, 2.5 BA	1,125 SF	\$875	\$0.78
Spring Chase	2BR/1BA	960 SF	\$787	\$0.82
Subject (CBRE Post Renovation Contract Rents)	2BR/1BA	997 SF	\$870	\$0.87

Compiled by CBRE

The comparables indicate an average market rent of \$701 per unit or \$0.66/SF, considering the affordable and market rate units.

Three-Bedroom Units

SUMMARY OF COMPARABLE RENTALS THREE BEDROOM UNITS				
Comparable	Plan Type	Size	Rental Rates	
			\$/Mo.	\$/SF
Heron Lake	3BR/2BA 50% AMI	1,204 SF	\$515	\$0.43
Ashton Park	3BR/2BA 50% AMI	1,055 SF	\$515	\$0.49
Subject (Maximum Allowable LIHTC)	3BR/1.5BA	1,100 SF	\$622	\$0.57
Heron Lake	3BR/2BA 60% AMI	1,204 SF	\$684	\$0.57
Tall Tree	3BR/2BA	1,333 SF	\$793	\$0.59
Ashton Park	3BR/2BA 60% AMI	1,055 SF	\$684	\$0.65
Heron Lake	3BR/2BA Market	1,204 SF	\$800	\$0.66
Spanish Mission Apartments	3 BR, 2.5 BA	1,456 SF	\$975	\$0.67
Spring Chase	3BR/2BA	1,376 SF	\$921	\$0.67
Spring Chase	3BR/2BA	1,400 SF	\$943	\$0.67
Staten Crossing	3BR/2BA	1,362 SF	\$900 - \$930	\$0.67
Subject (Current HAP Rent)	3BR/1.5BA	1,100 SF	\$744	\$0.68
Prosper Azalea City	3 BR, 2 BA	1,230 SF	\$876	\$0.71
Subject (CBRE Post Renovation Contract Rents)	3BR/1.5BA	1,100 SF	\$965	\$0.88

Compiled by CBRE

The comparables indicate an average market rent of \$782 per unit or \$0.62/SF, considering the affordable and market rate units.

MARKET RENT CONCLUSIONS

The subject represents a property currently subsidized by a Section 8/HAP contract, and will continue to be subsidized following the completion of the planned renovation. These contract rents are based on market levels; therefore, we have not considered the restricted rents within our estimation of market rent.

The following table illustrates the current HAP contract rents.

MARKET RENT CONCLUSIONS - AS HAP									
No. Units	Unit Type	Unit Size	Total SF	Monthly Rent			Annual Rent		Annual Total
				\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	
4	1BR/1BA	810	3,240 SF	\$532	\$0.66	\$2,128	\$6,384	\$7.88	\$25,536
39	2BR/1BA	997	38,883 SF	\$609	\$0.61	\$23,751	\$7,308	\$7.33	\$285,012
38	3BR/1.5BA	1,100	41,800 SF	\$744	\$0.68	\$28,272	\$8,928	\$8.12	\$339,264
81		1,036 SF	83,923 SF	\$669	\$0.65	\$54,151	\$8,022	\$7.74	\$649,812

Compiled by CBRE

The following table assumes the completion of the planned renovation.

MARKET RENT CONCLUSIONS - AS RENOVATED									
No. Units	Unit Type	Unit Size	Total SF	Monthly Rent			Annual Rent		Annual Total
				\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	
4	1BR/1BA	810	3,240 SF	\$800	\$0.99	\$3,200	\$9,600	\$11.85	\$38,400
39	2BR/1BA	997	38,883 SF	\$875	\$0.88	\$34,125	\$10,500	\$10.53	\$409,500
38	3BR/1.5BA	1,100	41,800 SF	\$965	\$0.88	\$36,670	\$11,580	\$10.53	\$440,040
81		1,036 SF	83,923 SF	\$914	\$0.88	\$73,995	\$10,962	\$10.58	\$887,940

Compiled by CBRE

The table above reflects the expected HAP contract rents post renovation, which we believe also reflect market rents.

Rental Advantage

The following table illustrates the Subject's proposed LIHTC rents to the comparable properties.

SUBJECT COMPARISON TO COMPARABLE RENTS						
Unit Type	Subject Proposed		Surveyed Minimum	Surveyed Maximum	Surveyed Average	Rent Advantage
	LIHTC Rent					
1BR/1BA - 60% AMI	\$484		\$384	\$797	\$588	21%
2BR/1BA - 60% AMI	\$552		\$454	\$875	\$701	27%
3BR/1.5BA - 60% AMI	\$622		\$515	\$975	\$782	26%

Compiled by CBRE

As illustrated, the proposed 60% AMI rents are well below the surveyed range of the rent comparables for each bedroom type. The proposed rents indicate a 21% to 27% rent advantage to comparable properties (market rate and affordable). This emphasizes the strong demand for affordable housing in this market.

DCA Funded Projects within PMA

According to the DCA Program Awards Database, Freedom Heights (currently proposed) is the only property that has been allocated tax credits in the last five years within the Subject's PMA.

The subject’s capture rates are considered good (with and without subsidy), and suggest demand for the subject’s units as proposed. In addition, the subject’s strong occupancy history, waiting list and level of subsidy indicate strong demand for the subject’s units.

The subject is an existing Section 8/HAP contract property that will continue to benefit from this subsidy. We do not expect the renovation of the subject property and the allocation of low income housing tax credits will in any way impact the existing LIHTC properties in this market. However, the subject may draw from public housing properties with deferred maintenance.

As a proposed rehabilitation of an existing Section 8 property with high occupancy and a waiting list, we do not expect the subject to impact the long-term occupancy of other DCA funded projects in the PMA.

Rental Trends in the PMA

The following table illustrates tenure patterns in the PMA.

TENURE PATTERNS PMA				
Year	Owner Occupied Units	Percentage Owner Occupied	Renter-Occupied Units	Percentage Renter Occupied
2023	8,448	33.9%	16,477	66%
2019 Projected Market Entry	8,010	37.4%	13,411	63%
2018	7,963	37.4%	13,332	63%
2010	8,693	42.5%	11,779	58%
2000	8,820	49.3%	9,081	51%

Source: ESRI

As illustrated, the number of renter occupied housing units is currently greater than the owner-occupied housing units and is expected to increase in 2023.

The following table summarizes market trends within the Valdosta market since Year End 2012.

VALDOSTA APARTMENT MARKET - HISTORICAL SUMMARY				
Year	Vacancy	Vacancy % Change	Asking Rent	Ask Rent % Change
YE 2012	7.2%	n/a	\$656	n/a
YE 2013	10.1%	2.9%	\$664	1.2%
YE 2014	12.0%	1.9%	\$664	0.0%
YE 2015	6.5%	-5.5%	\$678	2.1%
YE 2016	5.6%	-0.9%	\$684	0.5%
YE2017	3.9%	-1.7%	\$698	2.0%
1Q2018	3.5%	-0.4%	\$701	0.4%
2Q2018	3.0%	-0.5%	\$703	0.3%

Source: Reis Performance Monitor, Metro Valdosta - 2nd Quarter 2018

As of Second Quarter 2018, the Valdosta apartment market reported an average overall occupancy level of 97%. This represents an improving trend from the first quarter level. Average monthly asking rental rents have grown generally from \$656 per month in 2012 up to \$703 as

of Second Quarter 2018. Based on the historical growth, we expect rents to increase at similar rates in this market for the next two years.

The following table provides a further breakdown of market vacancy within the market, as of Second Quarter 2018.

ASKING RENT BY AGE	
Year Built	Rent
Before 1970	\$515
1970-1979	\$649
1980-1989	\$737
1990-1999	\$811
2000-2009	\$878
After 2009	n/a
All	\$703

Source: Reis Performance Monitor, Metro Valdosta - 2nd Quarter 2018

As noted, while the overall market average occupancy level was 97% at Second Quarter 2017, this rate appears to have been pulled down by older, inferior quality properties.

The following table provides a breakout of Valdosta area apartments by unit type.

RENT DETAILS BY UNIT TYPE				
	Current Metro Average Rents and Sizes			Asking Rent Growth
	2Q2018	Avg. SF	Avg. Rent PSF	YTD
Studio / Efficiency	\$491	440	\$1.12	2.4%
One-Bedroom	\$614	721	\$0.85	2.5%
Two-Bedroom	\$691	1,049	\$0.66	0.3%
Three-Bedroom	\$880	1,378	\$0.64	0.2%

Source: Reis Performance Monitor, Metro Valdosta - 2nd Quarter 2018

As illustrated, studio / efficiency rental rates averaged \$1.12 per square foot as of Second Quarter 2018. In addition, it should be noted that there was a minimal rent per square foot variance between two- and three-bedroom units reported, at \$0.64 and \$0.66, respectively. Overall, we expect rents to grow at similar rates over the next two years.

Impact of Foreclosed, abandoned, and vacant, single and multifamily homes, and commercial properties in the PMA

According to RealtyTrac.com, the state of Georgia is experiencing 1 foreclosure in every 2,504 housing units. In comparison, Lowndes County is experiencing 1 foreclosure in every 3,753 housing units. The city of Valdosta is experiencing a higher rate of foreclosure compared to the state and county with 1 foreclosure per 4,064. The subject's zip code of 31601 is experiencing 1 foreclosure for every 4,579 housing units. Overall, the subject's zip code is experiencing a higher rate of foreclosures than the city, state, and county. We did not observe a significant amount of

abandoned or boarded up structures in the neighborhood that would impact the marketability of the subject.

Primary Housing Void

Several subsidized properties indicated that they maintain waiting lists. The subject has a waiting list that is just under a year. The higher presence of waiting lists and high occupancy at comparable properties indicate a strong demand for affordable housing in this market. In addition, the strong demographics of renter households earning lower incomes suggests a strong demand for affordable housing.

Effect of Subject on Other Affordable Units in PMA

As previously mentioned, we do not expect the subject's renovation to impact the long term success of other affordable units within the subject's PMA given the high occupancy, waiting lists, and low income demographics, and increasing renter household tenure patterns.

Conclusion

In conclusion, the strong demographics of the subject's market (low income and high renter tenure patterns, the vacancy trends, rental trends, limited proposed new construction, and waiting lists all indicate the strong demand for affordable housing in this market. The subject represents an existing Section 8/HAP contract property with 80 subsidized units (one set-aside unit) with a one year waiting list. Several of the affordable properties maintain waiting lists.

The subject will offer similar amenities (or slightly inferior) following the renovation, and will be considered similar or superior with respect to age/condition. The subject's location is considered similar to the competitors. Overall, the property will be considered competitive in this market.

Overall, we believe there is strong demand for the subject's units and it will perform well in this market and not negatively impact any other affordable properties in this market.

Absorption & Stabilization

We are not aware of any projects that have stabilized/absorbed in the PMA within the past five years. Freedom Heights is currently under construction with an expected delivery in late 2018. This property is currently 60% pre-leased, which is considered a strong level of pre-leasing, and strong evidence for demand of affordable units.

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy.

The Subject is a proposed renovation of an existing Section 8 property. According the provided rent roll, dated October 1, 2018, the property is 97.5% occupied with a waiting list including one-set-aside unit, which is typical for the subject property and properties with this level of subsidy. Given the level of subsidy in place, and expected in the future, we have assumed the existing tenants would remain in place, or be relocated to new units and utilize a tenant relocation plan. Based on the current and historical occupancy, as well as the current waiting list, we have assumed the subject would achieve stabilization upon completion of construction.

If the property were to be 100% vacant with no tenant relocation plan upon completion of construction, we think the property would achieve a stabilized occupancy within a three to four month period considering the length of waiting lists at comparable subsidized properties.

Freedom Heights, which is an 88-unit LIHTC/market rate property currently under construction in the PMA with expected delivery of late 2018 is currently 60 percent pre-leased. This indicates 53 of the 88 units would be absorbed within one month of completion, and this property is not subsidized by a HAP contract.

Considering the strong pre-leasing at Freedom Heights, if the property were 100% vacant and not subsidized by a Section 8/HAP contract, we would expect the subject would be absorbed within 7 months.

Interviews

Valdosta Housing Authority

We made multiple attempts to contact the Valdosta Housing Authority in order to determine the number Housing Choice Vouchers currently in use; however, as of the date of this report our calls have not been returned. The main DCA office indicated that the waiting list for vouchers was closed in this area, with a waiting list of 100 applicants. However, the Subject benefits from a Section 8 HAP contract and therefore Section 8 portable vouchers will not be needed.

Planning

We contacted the planning department for the City of Valdosta. According to Mr. Matt Martin indicated there was one project nearing completion, Freedom Heights. This is the only property under construction or proposed within the PMA of which we are aware.

This property will offer LIHTC and market rate units. The property is being developed by Four Corners Development, LLC partnered with IDP Housing. The property will offer in-unit washer/dryer, fitness center, playground, and a community garden. The property will be managed by Triumph Management Group, LLC. The property will be located at 4301 Bemiss Road in Valdosta, GA, approximately 6.7 miles from the subject property. According to the manager, the property is currently 60% pre-leased.

The following is the unit mix of this proposed property.

FREEDOM HEIGHTS PROPOSED UNIT MIX		
Unit Type	Total Units	SQFT
1BR/1BA 50% AMI	6	767
1BR/1BA 60% AMI	3	767
1BR/1BA Market	3	767
2BR/2BA 50% AMI	7	1,075
2BR/2BA 60% AMI	24	1,075
2BR/2BA Market	21	1,075
3BR/2BA 50% AMI	5	1,175
3BR/2BA 60% AMI	12	1,175
3BR/2BA Market	7	1,175

Source: DCA Market Study, Bowen National Research

Valdosta - Lowndes Chamber of Commerce

We attempted to contact the Valdosta -Lowndes Chamber of Commerce for an interview, but our calls and emails were not returned.

Conclusions and Recommendations

Based upon our market research, demographic calculations and analysis, we believe there is strong demand for the Subject property as proposed. The affordable properties are currently 92% and 96% (but Heron Lake offers market rate units). The conventional comparables indicate an average of 92%. Two properties reported occupancies below 90%; however, both property managers indicated this was due to the properties currently undergoing renovations with units off-line. The Subject will generally offer similar in-unit and community amenities in comparison to the LIHTC and market-rate comparable properties. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the family LIHTC market. As a comprehensive renovation of an existing property, the Subject will be in good condition upon completion and will be considered similar to slightly superior in terms of condition to the majority of the comparable properties. The Subject's proposed unit sizes will be competitive with the comparable properties. In general, the Subject will be similar to superior to the comparable properties. In addition, all of the subject's revenue generating units will benefit from Section 8 subsidies with all existing tenants anticipated to remain post-renovation. Given the Subject's anticipated similar to slightly superior condition relative to the competition and the demand for affordable housing evidenced by low vacancy at LIHTC comparable properties, we believe that the Subject is feasible as proposed. We believe that it will fill a void in the market and will perform well.

Signed Statement Requirements

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. The report was written according to DCA's market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.



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Market Study Representation

DCA may rely on the representation made in the market study provided, and indicate that the document is assignable to other lenders that are parties to the DCA loan transaction.

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

RENT COMPARABLE DATA SHEETS

Property Name Prosper Azalea City
 Address 1503 East Park Avenue
 Valdosta, GA 31602
 United States

Government Tax Agency Lowndes
 Govt./Tax ID 0114D-161

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	64	21%	550	\$625	\$1.14
2 BR, 1 BA	164	55%	900	\$686	\$0.76
2 BR, 2 BA	52	17%	1,050	\$770	\$0.73
3 BR, 2 BA	20	7%	1,230	\$876	\$0.71
Totals/Avg	300			\$700	\$0.80



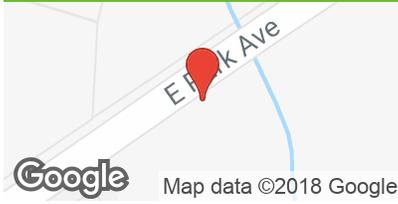
Improvements

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	262,000 sf	Year Built	1976
Total # of Units	300 Unit	Year Renovated	N/A
Average Unit Size	873 sf	Condition	Average
Floor Count	N/A	Exterior Finish	Vinyl Siding
Property Features	N/A		
Project Amenities	Clubhouse		
Unit Amenities	N/A		

Rental Survey

Occupancy	88%	Utilities Included in Rent	None
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Middle income groups	Concessions	None
Survey Date	10/2018	Owner	N/A
Survey Notes	Property Contact: (229) 469-5726	Management	Tarantino Properties, Inc.

Map & Comments



This comparable represents a 300-unit apartment property, located along a primary east/west traffic artery with good access and exposure. The property, identified as Prosper Azalea City (formerly Arbor Trace), was developed in 1976 and is currently undergoing renovations including new flooring and appliances. The property is currently 88% occupied due to the renovations. The overall market appeal is average. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 873 square feet. All units have stove, dishwasher, garbage disposal, and refrigerator. The two and three-bedroom units also have washer/dryer connections. The quoted rents do not include utilities. Water/sewer is \$30 per month per unit. As a concession, management is offering one month free rent.

Property Name Spring Chase
 Address 1601 Norman Drive
 Valdosta, GA 31601
 United States

Government Tax Agency Lowndes
 Govt./Tax ID V022-001, 002

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	24	8%	690	\$689	\$1.00
2BR/1BA	80	28%	960	\$787	\$0.82
1BR/1BA Den	16	6%	1,126	\$797	\$0.71
2BR/2BA	120	42%	1,226	\$829	\$0.68
3BR/2BA	26	9%	1,376	\$921	\$0.67
3BR/2BA	22	8%	1,400	\$943	\$0.67
Totals/Avg	288			\$821	\$0.73



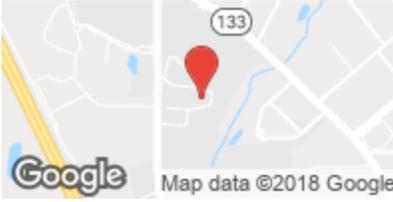
Improvements

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	325,072 sf	Year Built	1985
Total # of Units	288 Unit	Year Renovated	1994
Average Unit Size	1,129 sf	Condition	Average
Floor Count	2	Exterior Finish	Vinyl Siding
Property Features	Gated/Controlled Access		
Project Amenities	Business Center, Clubhouse, Fitness Center, Laundry Facility, Playground, Pool		
Unit Amenities	Carpeted Flooring, Ceiling Fans, Dishwasher, Garbage Disposal, Laminate Countertops, Private Patios/Balconies, Range/Oven, Refrigerator, Stainless Steel Appliances, Vinyl Flooring, Washer / Dryer Connections , White/Beige Appliances		

Rental Survey

Occupancy	100%	Utilities Included in Rent	Cold Water, Sewer, Trash, Pest Control,
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Young professionals, military, students	Concessions	None
Survey Date	10/2018	Owner	N/A
Survey Notes	Property Contact: (229)247-8472	Management	On-Site

Map & Comments



This comparable consists of a garden style property constructed in four phases between 1985 and 1994. It is located near the Valdosta Mall. All units have washer/dryer connections (except one bedroom units). Each unit also has an alarm monitoring system which is included in the rent. The property features one-, two-, and three-bedroom units with an average unit size of 1,128 square feet. The rental rates include water/sewer/trash. Currently, the property is 100% occupied. The property has 11 x 20 garage/storage units that are rented out for \$90 per month and storage units that are rented out for \$15 (5x5), \$30 (5x10) and \$56 per month for 10 x 10 units. According to the manager, the property attracts a wide variety of tenants including young professionals, military, and student. Students are offered 12 month leases only and non-student tenants are offered 6,9 or 12 month leases. No concessions are currently being offered.

Property Name Spanish Mission Apartments
 Address 422 Connell Road
 Valdosta, GA 31602
 United States

Government Tax Agency Lowndes
 Govt./Tax ID N/A

Unit Mix Detail

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	10	7%	890	\$775	\$0.87
2 BR, 2.5 BA	52	35%	1,125	\$875	\$0.78
2 BR, 2 BA	20	13%	1,213	\$875	\$0.72
3 BR, 2.5 BA	68	45%	1,456	\$975	\$0.67
Totals/Avg	150			\$914	\$0.72



Improvements

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	190,668 sf	Year Built	1976
Total # of Units	150 Unit	Year Renovated	N/A
Average Unit Size	1,271 sf	Condition	Average
Floor Count	2	Exterior Finish	Brick Veneer
Property Features	N/A		
Project Amenities	Clubhouse, Fitness Center, Pool		
Unit Amenities	Dishwasher, Washer / Dryer Connections		

Rental Survey

Occupancy	80%	Utilities Included in Rent	None
Lease Term	N/A	Rent Premiums	See Comments
Tenant Profile	Middle Income	Concessions	None
Survey Date	10/2018	Owner	N/A
Survey Notes	Typical Lease Term: 6 and 12 months	Management	N/A

Map & Comments



This comparable represents a 150-unit apartment property, located along the north side of Connell Road, east of Tara Drive, in the northern portion of Valdosta. The property, identified as Spanish Mission, was developed in 1976 and is currently 80% occupied which is due to the current renovations going on. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,271 square feet. All units have stove, dishwasher, garbage disposal, refrigerator and washer/dryer connections. Management employs a RUBS for reimbursement of water, sewer, and trash. No concessions are currently being offered.

Property Name Staten Crossing
 Address 3925 North Oak Street Extension
 Valdosta, GA 31605
 United States

Government Tax Agency Lowndes
 Govt./Tax ID V066-100

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	48	24%	815	\$705-\$725	\$0.88
2BR/2BA	58	30%	1,128	\$805-\$840	\$0.73
2BR/2BA	58	30%	1,150	\$815-\$840	\$0.72
3BR/2BA	32	16%	1,362	\$900-\$930	\$0.67
Totals/Avg	196			\$813	\$0.74



Improvements

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	214,828 sf	Year Built	1997
Total # of Units	196 Unit	Year Renovated	N/A
Average Unit Size	1,096 sf	Condition	Good
Floor Count	2	Exterior Finish	Wood
Property Features	Gated/Controlled Access		
Project Amenities	Car Wash Facility, Clubhouse, Dog Park/Run, Fitness Center, Laundry Facility, Playground, Pool, Tennis Court, Volleyball Court		
Unit Amenities	Carpeted Flooring, Laminate Countertops, Range/Oven, Refrigerator, White/Beige Appliances		

Rental Survey

Occupancy	93%	Utilities Included in Rent	Water & Sewer
Lease Term	12 Mo(s).	Rent Premiums	See Comments
Tenant Profile	Military & Middle Income	Concessions	None
Survey Date	10/2018	Owner	N/A
Survey Notes	Property Contact: 229-247-9880	Management	Property Management

Map & Comments



This comparable represents a 196-unit apartment property, located along North Oak Street Extension just north of the Valdosta State University campus. The property, identified as Staten Crossing, was developed in 1997 and is currently 93% occupied, 98% pre-leased. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,096 square feet. The property charges a rental premium which is included in the quoted range for floor level, views, etc. The units are rented with and without furniture. The tenant composition consists of 17% for military, 42% for students, and the remaining were middle income. The amenities include pool, clubhouse, fitness center, playground, tennis court, volleyball court, and car wash. Water and sewer is included in the quoted rent. Resident pays \$25 per month for pest control, trash, grounds upkeep, and outside lighting. As a concession, management is currently offering reduced fees and \$25 monthly discounts for military.

Property Name Tall Tree
 Address 420 Connell Road
 Valdosta, GA 31602
 United States

Government Tax Agency Lowndes
 Govt./Tax ID 0112-006

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency	8	5%	432	\$485	\$1.12
1BR/1BA	36	24%	770	\$575	\$0.75
1BR/1BA Den	20	14%	852	\$593	\$0.70
2BR/1BA	28	19%	928	\$640	\$0.69
2BR/1.5BA TH	24	16%	971	\$660	\$0.68
2BR/2BA	16	11%	1,072	\$699	\$0.65
3BR/2BA	16	11%	1,333	\$793	\$0.59
Totals/Avg	148			\$636	\$0.69



Improvements

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	135,984 sf	Year Built	1972
Total # of Units	148 Unit	Year Renovated	N/A
Average Unit Size	919 sf	Condition	Average
Floor Count	2	Exterior Finish	Wood
Property Features	Individual Split Systems, On-Site Management, Surface Parking		
Project Amenities	Barbeque Area, Clubhouse, Dog Park/Run, Fitness Center, Pool		
Unit Amenities	8-Foot Ceilings, Dishwasher, Garbage Disposal, Private Patios/Balconies, Range/Oven, Refrigerator, Washer / Dryer Connections		

Rental Survey

Occupancy	97%	Utilities Included in Rent	Trash & Pest Control
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	young professionals, college students	Concessions	None
Survey Date	10/2018	Owner	N/A
Survey Notes	Property Contact: (229)244-9632	Management	AIMCO

Map & Comments



This comparable represents a 148-unit apartment property, located along a secondary roadway in the north Valdosta area, with good access and exposure. The property, identified as Tall Tree, was developed in 1972 and is currently 97% occupied. The overall market appeal is average. The comparable offers efficiency, one-, two, and three-bedroom floor plans, with an average unit size of 919 square feet. All units have stove, dishwasher, garbage disposal, refrigerator and washer/dryer connections. Management employs a RUBS for reimbursement of water and sewer; by charging a flat fee of \$20 (efficiency), \$28 (1BR), \$38 (2BR), and \$40 (3BR). No concessions are currently being offered.

Property Name Heron Lake
 Address 1800 Eastwind Road
 Valdosta, GA 31602
 United States

Government Tax Agency Lowndes
 Govt./Tax ID 0149C 128

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA 30% AMI	1	8%	783	\$192	\$0.25
1BR/1BA 50% AMI	1	8%	783	\$384	\$0.49
1BR/1BA 60% AMI	1	8%	783	\$460	\$0.59
1BR/1BA Market	1	8%	783	\$600	\$0.77
2BR/2BA 30% AMI	1	8%	1,192	\$224	\$0.19
2BR/2BA 50% AMI	1	8%	1,192	\$454	\$0.38
2BR/2BA 60% AMI	1	8%	1,192	\$584	\$0.49
2BR/2BA Market	1	8%	1,192	\$700	\$0.59
3BR/2BA 30% AMI	1	8%	1,204	\$250	\$0.21
3BR/2BA 50% AMI	1	8%	1,204	\$515	\$0.43
3BR/2BA 60% AMI	1	8%	1,204	\$684	\$0.57
3BR/2BA Market	1	8%	1,204	\$800	\$0.66
Totals/Avg	12			\$487	\$0.46



Improvements

Land Area	9.690 ac	Status	N/A
Net Rentable Area (NRA)	194,856 sf	Year Built	2005
Total # of Units	184 Units	Year Renovated	N/A
Average Unit Size	1,059 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Brick
Property Features	Individual Split Systems, LIHTC (Low Income Housing Tax Credit), On-Site Management, Pitched Roofs, Surface Parking		
Project Amenities	Barbeque Area, Business Center, Fitness Center, Laundry Facility, Playground, Pool, Racquetball Court		
Unit Amenities	Dishwasher, Garbage Disposal, Microwave Oven, Private Patios/Balconies, Range/Oven, Refrigerator, Vinyl Flooring, Washer / Dryer Connections		

Rental Survey

Occupancy	92%	Utilities Included in Rent	Trash, Pest Control
Lease Term	12 Mo(s).	Rent Premiums	N/A
Tenant Profile	Low Income	Concessions	See Comments
Survey Date	10/2018	Owner	N/A
Survey Notes	Property Contact: (229) 257-0844	Management	N/A

Map & Comments

This comparable represents a 184-unit tax credit community in Valdosta, Lowndes County, Georgia. The property is located on Eastwind Road in Valdosta. The property was constructed in two phases: 2005 and 2007. The property offers one, two and three bedroom units at 30%, 50%, 60% AMI, as well as market rate units. The property is 92% occupied. We were not provided with a detailed unit mix. The quoted rents include trash and pest control with tenants responsible for their respective utilities. No concessions are offered.

Property Name Ashton Park
 Address 1315 River Street
 Valdosta, GA 31601
 United States

Government Tax Agency Lowndes
 Govt./Tax ID 0119A 023

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA 50% AMI	8	9%	667	\$384	\$0.58
1BR/1BA 60% AMI	8	9%	667	\$464	\$0.70
2BR/2BA 50% AMI	28	32%	869	\$454	\$0.52
2BR/2BA 60% AMI	28	32%	869	\$590	\$0.68
3BR/2BA 50% AMI	8	9%	1,055	\$515	\$0.49
3BR/2BA 60% AMI	8	9%	1,055	\$684	\$0.65
Totals/Avg	88			\$518	\$0.60

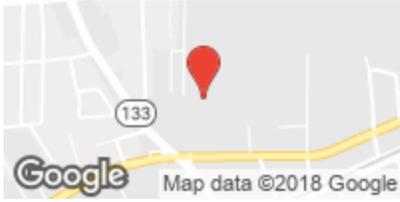


Improvements

Land Area	N/A	Status	Existing
Net Rentable Area (NRA)	76,216 sf	Year Built	1999
Total # of Units	88 Units	Year Renovated	N/A
Average Unit Size	866 sf	Condition	Average
Floor Count	2	Exterior Finish	Brick
Property Features	Individual Split Systems, LIHTC (Low Income Housing Tax Credit), On-Site Management, Pitched Roofs, Surface Parking		
Project Amenities	Barbeque Area, Clubhouse, Laundry Facility, Playground, Pool		
Unit Amenities	Dishwasher, Garbage Disposal, Private Patios/Balconies, Range/Oven, Refrigerator with Icemaker, Washer / Dryer Connections		

Rental Survey

Occupancy	96%	Utilities Included in Rent	Trash
Lease Term	12 Mo(s).	Rent Premiums	See Comments
Tenant Profile	Low Income	Concessions	See Comments
Survey Date	10/2018	Owner	N/A
Survey Notes	229-293-0069	Management	N/A

Map & Comments

This comparable represents a 88 unit tax credit apartment property called Ashton Park Apartments located in Valdosta, Lowndes County, Georgia. The property offers one, two, and three bedroom units restricted to 50% and 60% of the area median income (AMI). The property was constructed in 1999 and is currently 96% occupied. No concessions are currently offered. The quoted rents include trash removal with tenants responsible for the remaining utilities.

Addendum B

CLIENT CONTRACT INFORMATION

Proposal and Contract for Services

September 24, 2018

Lauren Jacobs
Executive Assistant
PRESERVATION PARTNERS
21515 Hawthorne Boulevard, Suite 150
Torrance, California 90503
Phone: 310.896.2903
Email: Lauren@preservationpartners.org

CBRE, Inc.
4520 Main Street, Suite 600
Kansas City, Missouri 64111
www.cbre.us/valuation

Matthew Hummel
Vice President

RE: Assignment Agreement
Residential
Azalea Woods Apartmetns, 811 West Mary Street
Valdosta, Georgia 31601

Dear Ms. Jacobs:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose: To estimate the Market Value of the referenced real estate

Premise: As Is

Rights Appraised: Fee Simple

Intended Use: Evaluation purposes

Intended User: The intended user is PRESERVATION PARTNERS ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).

Reliance: Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective

reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

Inspection:	CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.
Valuation Approaches:	All applicable approaches to value will be considered.
Report Type:	Standard Appraisal Report, Rent Comparability Study and Market Study
Appraisal Standards:	USPAP
Appraisal Fee:	\$13,000 (RCS - \$3,000, Market Study - \$5,000 and Appraisal - \$5,000)
Expenses:	Fee includes all associated expenses
Retainer:	A retainer of \$13,000(100%) is required
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. An Adobe PDF file via email will be delivered to Lauren@preservationpartners.org. The client has requested No (0) bound final copy (ies).
Delivery Schedule:	
Preliminary Value:	Not Required

Draft Report:	Four (4) Weeks from receipt of signed agreement and retainer
Final Report:	Upon Client's request
Start Date:	The appraisal process will start upon receipt of your signed agreement, the retainer, and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within 3 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Matthew Hummel

Vice President

As Agent for CBRE, Inc.

T 816.968.5891

Matt.Hummel@cbre.com

AGREED AND ACCEPTED

FOR PRESERVATION PARTNERS ("CLIENT"):

<u><i>lauren jacobs</i></u>	<u>09/24/2018</u>
Signature	Date
<u>Lauren Jacobs</u>	<u>Executive Assistant</u>
Name	Title
<u>248-762-6463</u>	<u>lauren@preservationpartners.org</u>
Phone Number	E-Mail Address

ADDITIONAL OPTIONAL SERVICES

Assessment & Consulting Services: CBRE’s Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence services (seismic risk analysis, zoning compliance services, construction risk management, annual inspections, etc.). CBRE provides our clients the full complement of due diligence services with over 260 employees in the U.S. that are local subject matter experts.

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at WhitePlainsProposals@cbre.com. We will route your request to the appropriate manager. For more information, please visit www.cbre.com/assessment.

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TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights

under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.

6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.
8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by

Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.

12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this

Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

Proposal and Contract for Services

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.

Right-click to select data request list

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Matthew Hummel
Vice President
Matt.Hummel@cbre.com
CBRE, Inc.
Valuation & Advisory Services
4520 Main Street, Suite 600
Kansas City, Missouri 64111

Addendum C

QUALIFICATIONS

MELISSA BLAKELY, MAI

Vice President, Atlanta

CBRE



T 404.812.5075
Melissa.Blakely@cbre.com

3280 Peachtree Road NE
Suite 1400
Atlanta, GA 30305

Experience

Melissa currently holds the position of Vice President of Valuation and Advisory Services in the Atlanta office of CBRE. Her primary focus is on the valuation of multi-housing properties including affordable housing facilities including LIHTC, Section 8/PBRA, and RAD programs, as well as student housing, and conventional apartment properties.

Prior to joining CBRE, Melissa was in the valuation group at Novogradac & Company, LLP, worked with the Affordable Housing Program at the Federal Home Loan Bank in Atlanta, and worked as a financial analyst for a LIHTC developer in Georgia (Meridian Housing). Melissa received her Bachelors in business management from Georgia Institute of Technology and her MBA in real estate finance from the Emory University. She is a designated member of the Appraisal Institute and certified general real property appraiser in Georgia, Tennessee, South Carolina, North Carolina, Alabama and Mississippi.

Professional Affiliations / Accreditations

Completed three-hundred hours of specialized education required for Certified General Real Property Appraiser classification. In addition, Melissa has completed all advanced education required for MAI designation, including: Advanced Income Capitalization, Advanced Sales Comparison and Cost Approaches, and Advanced Applications.

Designated Member, (MAI), Certification No. 345527

Certified Property Appraiser in:

- Georgia
- Tennessee
- South Carolina
- North Carolina
- Alabama
- Mississippi

Education

Emory University, Master of Business Administration, Real Estate Finance

Georgia Institute of Technology, Bachelor of Science, Management

STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

MELISSA K BLAKELY
345527

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

20065423

MELISSA K BLAKELY

345527
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

ORIGINALLY LICENSED

06/16/2011

END OF RENEWAL
03/31/2018



LYNN DEMPSEY
Real Estate Commissioner

20065423

MELISSA K BLAKELY

345527
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

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State of Georgia
Real Estate Commission
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229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



LYNN DEMPSEY
Real Estate Commissioner

20065423