NOVOGRADAC & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

A MARKET CONDITIONS AND PROJECT EVALUATION SUMMARY OF

STONE VALLEY APARTMENTS
SEC Canton-Ball Ground Highway & Coy M. Holcomb Street
Ball Ground, Cherokee County, Georgia 30107

Effective Date: June 6, 2012
Report Date: June 12, 2012

Prepared For

Mr. Brandon Dampier
Dewar Properties, Inc.
2409 Bemiss Road
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CERTIFIED PUBLIC ACCOUNTANTS

June 12, 2012

Mr. Brandon Dampier
Dewar Properties, Inc.
2409 Bemiss Road
Valdosta, GA 31602

Re: Market Study for Stone Valley Apartments in Ball Ground, Georgia

Dear Mr. Dampier:

At your request, Novogradac & Company LLP performed a market study of the rental market in the Ball Ground, Cherokee County, Georgia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project, the (Subject). The purpose of this market study is to assess the viability of the construction of Stone Valley Apartments, a proposed family development consisting of 64 revenue units and two non-rental units. Units will be restricted to general households earning 50 and 60 percent of the AMI, or less. 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 the Georgia Department of Community Affairs (DCA), including the following:

- Inspecting the site of the proposed Subject and the 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.

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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.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company, LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,

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Novogradac & Company LLP

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ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.

2. The legal description as supplied by the client is assumed to be correct and the consultant assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.

3. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.

4. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted

5. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.

6. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.

7. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

8. A consulting analysis market study for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.

9. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the

author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.

10. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.

11. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.

12. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.

13. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.

14. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which conclusions contained in this report is based.

15. On all proposed developments, Subject to satisfactory completion, repairs, or alterations, the consulting report is contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time with good quality materials.

16. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums except as reported to the consultant and contained in this report.

17. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.

18. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.

19. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.

20. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

21. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

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Addendum

A. EXECUTIVE SUMMARY AND CONCLUSION

EXECUTIVE SUMMARY AND CONCLUSIONS

1. Project Description:

Stone Valley Apartments (Subject) site is located south of Coy M. Holcomb Street and east of Canton-Ball Ground Highway (also known as State Route 5 Business) in Ball Ground, Cherokee County, GA. The Subject will target general households and will consist of two-story walk-up garden-style buildings. The following table illustrates the unit mix including bedrooms/bathrooms, square footage, income targeting, rents, and utility allowance.

Per GA DCA's QAP clarification question and answer round, 2012 utility allowances have been released; as a result, applicants must use 2011 rent and income limits in areas that are using 2011 utility allowance schedules.

PROPOSED RENTS

Unit Type	Number of Units	Size (SF)	Asking Rent	Utility Allowance (1)	Gross Rent	2011 LIHTC Maximum Allowable Gross Rent*	2011 HUD Fair Market Rents*
			50% AMI				
1BR/1BA	2	815	$462	$133	$595	$641	$792
2BR/2BA	4	1,105	$565	$163	$728	$768	$881
3BR/2BA	4	1,272	$632	$208	$840	$888	$1,072
			60% AMI				
1BR/1BA	6	815	$462	$133	$595	$769	$792
2BR/2BA	28	1,105	$565	$163	$728	$922	$881
3BR/2BA	20	1,272	$632	$208	$840	$1,065	$1,072
			Manager's Unit				
3BR/2BA	2	1,272	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap
Total	**66**						

Notes (1) Source of Utility Allowance provided by the Developer.

The Subject site is located in a USDA Rural Development eligible area. However, Cherokee County is located in the Atlanta MSA and the maximum rents and income levels for the MSA are higher than the national non-metropolitan income levels.

None of the units will operate with additional project-based subsidy.

The Subject will offer the following amenities: balcony/patio, blinds, carpeting, central air conditioning, dishwasher, refrigerator, stove, ceiling fan, garbage disposal, microwave, washer/dryer connections, business center/computer lab, clubhouse/meeting room/community room, exercise facility, central laundry facility, off-street parking, on-site management, picnic area, playground, and swimming pool. The Subject will be competitive in the market as it offers attractive amenities such as a swimming pool, business center/computer lab, and exercise facility.

2. Overall Conclusion:

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. The Subject will face limited competition as there are no LIHTC properties in the PMA. According to interviews with realtors and property managers, there is demand for family-oriented housing in Ball Ground but there is a lack of supply. The Subject will offer new construction with large unit sizes, an extensive amenity package with swimming pool, and a highly visible location in a newly developing neighborhood that is located off a major thoroughfare. Further, the Subject will provide affordable housing that is closer to employment centers. Given the lack of direct competition and the Subject's advantage over surveyed rents in the market, we believe that the Subject will offer value as proposed.

3. Site Description/Evaluation:

The Subject site is cleared and improved with a circular paved road through the center of the site. The Subject site is located on the eastern side of Canton Ball Ground Highway, the south side of Coy M. Holcomb Street, and the west side of Valley Street. The southern side of the site is bordered by a Chevron gas station and food mart. The newly constructed Ball Ground Elementary School is located just north of the Subject site. The neighborhood composition includes a mix of vacant land, residential, institutional and commercial uses. Single family homes vary from average to excellent condition and are well occupied. Commercial uses in the Subject's neighborhood are approximately 90 percent occupied and in good condition. The site has good access from Coy M. Holcomb Street that provides access to Canton-Ball Ground Highway immediately to the west and Valley Street immediately to the east. Visibility is considered excellent from Canton-Ball Ground Highway, Coy M. Holcomb Street, and Valley Street. Views are considered good and consist of vacant wooded land to the east, a Chevron gas station to the south, vacant land to the north, and Canton-Ball Ground Highway and the Lantern Walk Subdivision to the west. Proximity to

local amenities are all within a few miles and considered average. Overall, the Subject will be a conforming use in the neighborhood and the site appears appropriate for family duplex style apartment units.

4. Market Area Definition:

The PMA is considered conservative as the majority is encompassed within a five mile radius of the Subject site. The PMA generally encompasses the northeast portion of Cherokee County and the southeast portion of Pickens County. The PMA is defined by Highway 108 to the north; East Cherokee Drive and Cumming Highway to the south; Cherokee and Pickens county lines to the east; and, Highway 108 and Lower Bethany Road to the west. The farthest point in the PMA is 18.8 miles (driving distance) east of the Subject site along Highway 53. However, the majority of the PMA is encompassed within a five mile radius of the Subject site. Overall, we believe that the PMA is conservative. We have not included Jasper and Canton as property managers in these areas indicated that the Subject will not directly compete with these properties. The following table illustrates a location comparison among these areas.

LOCATION COMPARISON

Location	Population	Median HH Income	Number of HHs	Median Rent	Distance from Ball Ground
Ball Ground (Subject)	1,325	$60,486	532	$1,026	N/Ap
Jasper	3,684	$32,423	1,484	$697	14 miles
Canton	22,958	$43,043	8,204	$789	11 miles

Source: US Census Bureau, ACS 2010 estimates, 5/2012.

As the previous table demonstrates, Ball Ground is the smallest area of analysis. However, Ball Ground is maintaining the highest median household income and median gross rents, indicating that that there is a lack of supply of affordable multifamily rental housing in Ball Ground. Due to the lack of multifamily rental housing in the PMA, we have included comparables in Jasper and Canton.

5. Community Demographic Data:

Both the population and household numbers for the PMA and MSA are rising at rates higher than the nation. By 2010, the populations for the PMA and MSA were outgrowing the nation by a over one percentage point annually. By 2015, these will have slowed slightly, but will still be outpacing the nation. The population by age is concentrated in the young children to middle-aged cohorts. With the Subject targeting low-income families in the PMA, these numbers bode well for its success.

Household growth rates in the PMA and MSA are outpacing the nation by two to three percentage points as of 2010. Again, these rates are projected to slow slightly by 2015, but still outpace the nation by a fair margin. The average household size in the PMA, MSA, and nation are all remaining stable at approximately 2.7 persons per household for the foreseeable future. The larger household sizes bode well for the Subject, which will consist of one, two, and three-bedroom units.

Tenure patterns in the PMA favor owner-occupied housing. However, the lack of renter households in the PMA is more an indicator of the lack of available rental options in the PMA.

In 2010, 23 percent of households earned $29,999 or below compared to 21 percent in the MSA and nation. The Subject will be targeting lower income families falling within this range, so this data indicates a favorable market for the Subject.

According to RealtyTrac, Ball Ground experienced a high foreclosure rate in April 2012 with approximately one out of every 201 housing units filing for foreclosure in April 2012. Comparatively, Cherokee County had a foreclosure rate of one in every 276 housing units, and the nation experienced a foreclosure rate of one in every 698 housing units. We do not anticipate any tenants to sell homes in order to move to the Subject, however the former homeowners who lost their homes may be attracted to the rental units of the Subject. Per our site visit, we did not see many abandoned or vacant structures in the Subject site's immediate neighborhood. The Subject site is located in a highly visible area with new development.

6. Economic Data:

Cherokee County suffered recently from the effects of the nation-wide recession. Cherokee County experienced employment growth through 2007. In 2008, total

employment decreased by two and a half percent and then decreased in 2009 by almost six percent. However, average annual employment estimates roughly reflect the year-over-year change in total employment, which increased by 1.2 percent from September 2010 to September 2011. The increase in employment has caused a decrease in the unemployment rate in the MSA, which was 8.1 percent in December 2011, according to the Georgia Department of Labor's statistics.

Cherokee County's major employers are in various industries such as Trade/Transportation/Utilities, Leisure and Hospitality, and Education and Health Services. The largest industries in the PMA are construction, retail trade, and educational services. Together, these three industries comprise 37.9 percent of employment in the PMA. Construction, retail trade, education and manufacturing are all overrepresented in the PMA when compared to the nation. The percent employed in the construction industry in the PMA doubles the percentage of the nation. Although the health care/social services industry is a somewhat prevalent industry in the PMA, there are a smaller percentage of workers employed in this industry than in the nation and is the most underrepresented industry in the PMA when compared to the nation.

Despite the current economic downturn, the Cherokee Office of Economic Development has reported several announcements for expansions and relocations in 2011. Alyssa Batson at the Cherokee Office of Economic Development stated this was the most recent information available. The table is referenced in the Employment Trends section and highlights jobs produced by expansions or relocations. However The Office of Economic Development was only able to give the jobs created by expansion but unable to provide the number of individual jobs created per company relocation; however they estimated the relocation totals to be approximately 218 total.

7. Project-Specific Affordability And Demand Analysis:

The following table summarizes the Subject's capture rates.

CAPTURE RATE ANALYSIS CHART

Unit Size	Minimum income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents	Proposed Rents
1BR at 50% AMI	$20,400	$28,750	2	53	0	53	3.8%	12 months	$662	$513 - $816	$462
2BR at 50% AMI	$24,960	$32,350	4	77	0	77	5.2%	12 months	$696	$535 - $891	$572
3BR at 50% AMI	$28,800	$38,800	4	57	0	57	7.0%	12 months	$740	$599 - $1,521	$642
1BR at 60% AMI	$20,400	$34,500	6	76	0	76	7.9%	12 months	$675	$513 - $816	$467
2BR at 60% AMI	$24,960	$38,820	28	110	0	110	25.5%	12 months	$710	$553 - $891	$572
3BR at 60% AMI	$28,800	$46,560	20	81	0	81	24.8%	12 months	$812	$604 - $1,521	$642

The Subject's capture rates at the 50 percent AMI level will range from 3.8 to 7.0 percent, with an overall capture rate of 5.3. The Subject's 60 percent AMI capture rates range from 7.9 to 25.5 percent, with an overall capture rate of 20.3 percent. While the capture rates are high, the PMA is considered to be very conservative as it encompasses Ball Ground and the immediate surrounding area. There are no family LIHTC properties in the PMA and therefore the Subject will face limited direct competition. Given the Subject's age/condition, amenity package, and location, the Subject will be well-positioned in the Ball Ground submarket.

8. Competitive Rental Analysis: There are no LIHTC or unrestricted properties in the PMA; therefore, we do not anticipate that the Subject will face direct competition. We have included two family LIHTC properties in Jasper—Mountainside Manor and The Homestead—as Jasper is the closest most comparable submarket to Ball Ground. These properties are located within 14 miles of the Subject site. The property manager at Mountainside Manor (family LIHTC in Jasper) indicated that the Subject would not directly compete with properties in Canton or Jasper. There is limited unrestricted data in Jasper therefore, we have included three unrestricted properties in Canton in order to provide some comparison of unrestricted rents in the larger region. We have also interviewed local realtors in order to obtain information on private rentals. Because neither LIHTC property offers units restricted at 50 percent AMI, we have included the two family LIHTC properties in Canton that offer units at this income restriction: Alexander Ridge and Laurels at Greenwood. These properties are located within 14 miles of the Subject site. Overall, the availability of unrestricted and LIHTC data is limited and therefore the Subject will face limited competition in the PMA. We have excluded several properties in Canton as they are located outside of the PMA and Canton is not considered a competitive area.

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

average market rent for the 60 percent AMI comparison. The following table illustrates the rents in the surveyed market.

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Subject Rent Advantage
1 BR @ 50% AMI	$462	$513	$816	$662	30%
2 BR @ 50% AMI	$565	$535	$891	$696	19%
3 BR @ 50% AMI	$632	$599	$1,521	$891	29%
1 BR @ 60% AMI	$462	$513	$816	$675	32%
2 BR @ 60% AMI	$565	$553	$891	$710	20%
3 BR @ 60% AMI	$632	$604	$1,521	$812	22%

As illustrated, the Subject's proposed 50 and 60 percent AMI rents are below or on the low end of the range of the surveyed rents in the market. The Subject will have a 19 percent or greater advantage over the surveyed average rents in the market. Therefore, we believe the Subject will offer value as it will consist of new construction, large unit sizes, an extensive amenity package, and a highly visible location.

9. Absorption/Stabilization Estimate:

There are no LIHTC properties in the PMA. Mountainside Manor is located in Jasper and is the newest LIHTC comparable and it opened in 2005. Management at Mountainside Manor could not report absorption information as management has turned over since the property opened. Riverview Apartments is the newest unrestricted property. It is located in Canton and opened in 2009. Management reported that the property stabilized at a rate of 10 to 11 units per month. The Subject will offer new construction with affordable rents in a market with limited direct competition. Therefore, we conservatively estimate that the Subject will stabilize within one year given that it will be the first LIHTC property in Ball Ground. This equates to a stabilization rate of five units per month in order to reach 93 percent occupancy.

Summary Table:

(must be completed by the analyst and included in the executive summary)

Development Name:	**Stone Valley Apartments**	Total # Units:	66
Location:	Canton-Ball Ground Higway	# LIHTC Units:	**64**
		# PBRA/PHA	**0**
		# Market Units	**0**
PMA Boundary:	Highway 108 to the north; East Cherokee Drive and Cumming Highway to the south; Cherokee and Pickens county lines to the east; and, Highway 108 and Lower Bethany Road to the west	Farthest Boundary Distance to Subject:	18.8 miles

Rental Housing Stock (found on page 93)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	0	0	0	N/Ap
Market-Rate Housing	0	0	0	N/Ap
Assisted/Subsidized Housing not to include LIHTC	0	0	0	N/Ap
LIHTC	0	0	0	N/Ap
Stabilized Comps	0	0	0	N/Ap
Properties in Construction & Lease Up	0	0	0	N/Ap

*The PMA encompasses Ball Ground and the immediate surrounding area. Based upon site inspection, interviews with realtors, and an online search, there are no LIHTC, subsidized, or unrestricted multifamily rental properties in the PMA. Therefore, we have included comparables outside hte PMA as well as classified listings of private rental units in Ball Ground.

					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
2	1BR at 50% AMI	1	815	$462	$662	$0.81	30%	$680	$0.68
4	2BR at 50% AMI	2	1,105	$565	$696	$0.63	19%	$870	$0.73
4	3BR at 50% AMI	2	1,272	$632	$740	$0.58	29%	$1,500	$0.54
6	1BR at 60% AMI	1	815	$462	$675	$0.83	32%	$680	$0.68
28	2BR at 60% AMI	2	1,105	$565	$710	$0.64	20%	$870	$0.73
20	3BR at 60% AMI	2	1,272	$632	$812	$0.64	22%	$1,500	$0.54

Demographic Data (found on page 33)

	2000		2010		2014	
Renter Households	483	14.25%	788	16.15%	880	16.27%
Income-Qualified Renter HHs (LIHTC)	106	21.90%	173	21.90%	193	21.90%

Targeted Income-Qualified Renter Household Demand (found on page 60)

Type of Demand	30%	50%	60%	Market-rate	Other:__	Overall**
Renter Household Growth	N/Ap	88	125	N/Ap	N/Ap	125
Existing Households (Overburdened + Substandard)	N/Ap	88	126	N/Ap	N/Ap	126
Homeowner conversion (Seniors)	N/Ap	0	0	N/Ap	N/Ap	0
Less Comparable/Competitive Supply	N/Ap	0	0	N/Ap	N/Ap	0
Net Income-qualified Renter HHs*	N/Ap	176	251	N/Ap	N/Ap	**251**

Capture Rates (found on page 60)

Targeted Population	30%	50%	60%	Market-rate	Other:__	Overall
Capture Rate:	N/Ap	5.30%	20.30%	N/Ap	N/Ap	24.00%

*Does not match demand analysis as this does not take into account bedroom types, persons per household, or leakage.

**Includes LIHTC and unrestricted (when applicable)

B. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Project Address and Development Location:	Stone Valley Apartments (Subject) site is located south of Coy M. Holcomb Street and east of Canton-Ball Ground Highway (also known as State Route 5 Business) in Ball Ground, Cherokee County, GA.
Construction Type:	The Subject will be the new construction of two-story, walk-up garden-style units with brick, stone and cementitious siding and one community building.
Occupancy Type:	General households.
Special Population Target:	None.
Number of Units by Bedroom Type and AMI Level:	**See following property profile.**
Unit Size:	**See following property profile.**
Structure Type:	**See following property profile.**
Rents and Utility Allowances:	**See following property profile.**
Existing or Proposed Project Based Rental Assistance:	None of the units will operate with Project-Based Rental Assistance.
Proposed Development Amenities:	**See following property profile.**

Stone Valley Apartments

Comp #	Subject
Location	SEC Canton-ball Ground Hwy & Coy M. Holcomb St Ball Ground, GA 30107 Cherokee County
Distance	n/a
Units	66
Vacant Units	N/A
Vacancy Rate	N/A
Type	Garden (2 stories)
Year Built / Renovated	2014 / n/a
Marketing Began	n/a
Leasing Began	n/a
Last Unit Leased	n/a

Utilities

A/C	not included -- central	**Other Electric**	not included
Cooking	not included -- electric	**Water**	not included
Water Heat	not included -- electric	**Sewer**	not included
Heat	not included -- electric	**Trash Collection**	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Garden (2 stories)	2	815	$462	$0	@50%	n/a	N/A	N/A	no
1	1	Garden (2 stories)	6	600	$462	$0	@60%	n/a	N/A	N/A	no
2	2	Garden (2 stories)	4	1,105	$565	$0	@50%	n/a	N/A	N/A	no
2	2	Garden (2 stories)	28	1,105	$565	$0	@60%	n/a	N/A	N/A	no
3	2	Garden (2 stories)	4	1,272	$632	$0	@50%	n/a	N/A	N/A	no
3	2	Garden (2 stories)	20	1,272	$632	$0	@60%	n/a	N/A	N/A	no
3	2	Garden (2 stories)	2	1,272	N/A	$0	Non-Rental	n/a	N/A	N/A	N/A

Amenities

In-Unit	Balcony/Patio Blinds Carpeting Central A/C Dishwasher Ceiling Fan Garbage Disposal Microwave Oven Refrigerator Washer/Dryer hookup	**Security**	none
Property	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Playground Swimming Pool	**Premium**	none
Services	none	**Other**	none

Comments

This is a proposed new construction property that will target general households. The utility allowances for the one, two, and three-bedroom units are $133, $163, and $208, respectively. The gross rents are $595, $728, $840 for the one, two, and three-bedroom units, respectively.

Scope of Renovations:	The Subject will be new construction.
Current Rents:	The Subject will be new construction. Therefore, there are no current rents to report.
Current Occupancy:	The Subject will be new construction.
Current Tenant Income:	The Subject will be new construction. Therefore, there are no current tenant incomes to report.
Placed in Service Date:	The Subject is projected to enter the market in 2014.
Conclusion:	The Subject will be an excellent -quality brick, stone and cementitious siding two-story, walk-up garden-style complex. As new construction, the Subject will not suffer from deferred maintenance, functional obsolescence, or physical obsolescence.

C. SITE EVALUATION

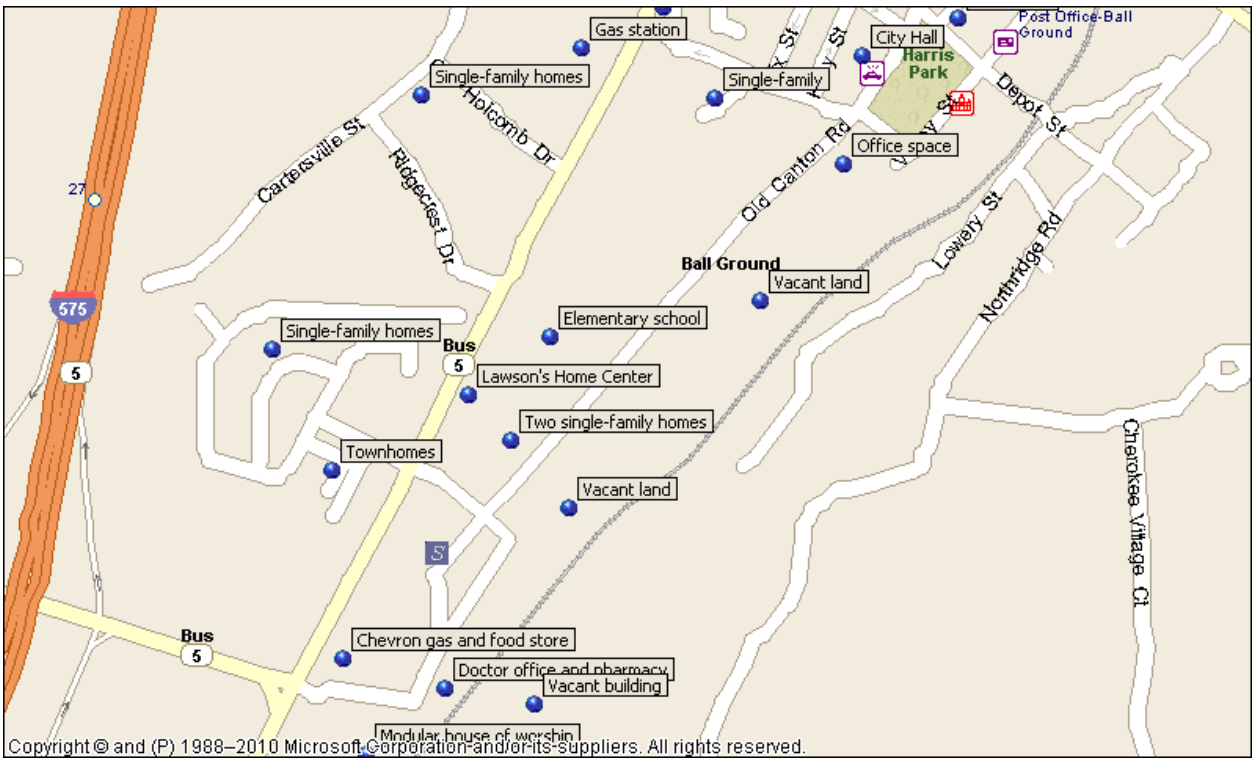
1. Date of Site Visit and Name of Site Inspector: Jill Conable visited the site on June 6, 2012.

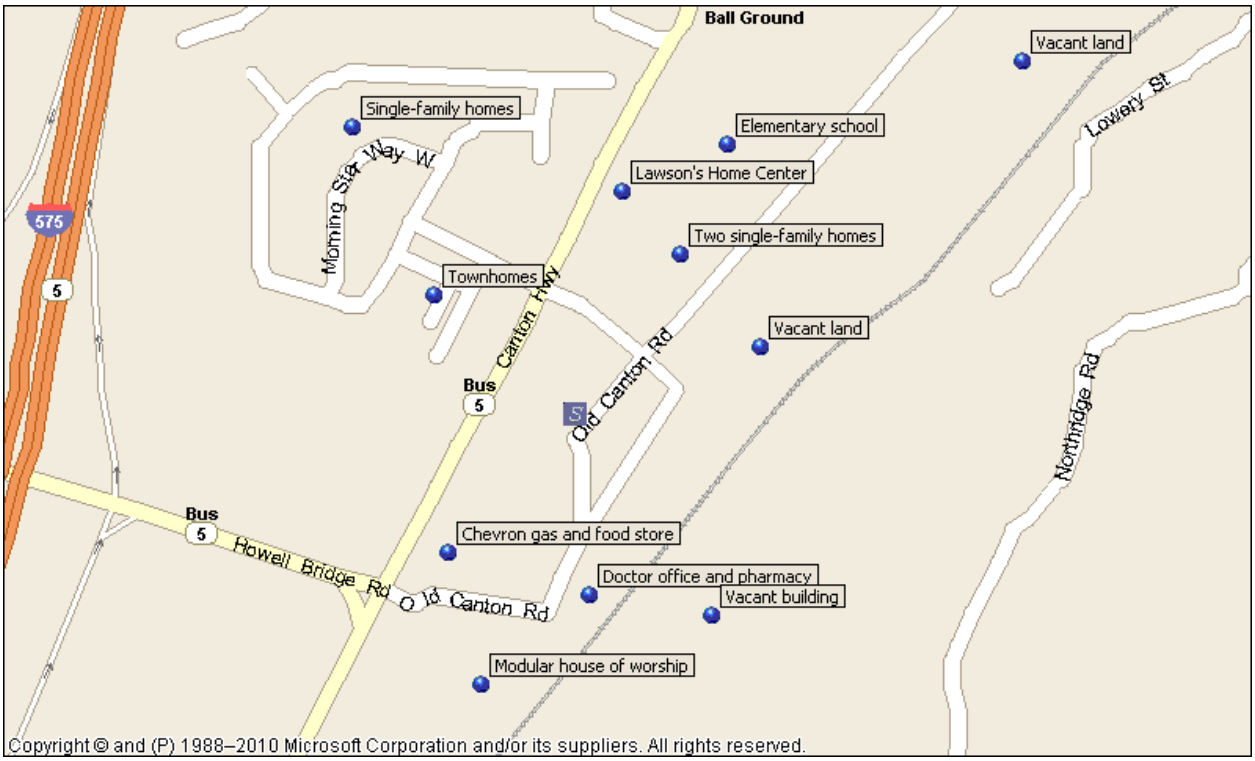
2. Physical Features of the Site: The following illustrates the physical features of the site.

Frontage: The Subject site has frontage along the east side of Canton-Ball Ground Highway, the south side of Coy M. Holcomb Street, and the west side of Valley Street.

Visibility/Views: Visibility is considered excellent from Canton-Ball Ground Highway, Coy M. Holcomb Street, and Valley Street. Views are of a Chevron gas station and food market, vacant land, and the Lantern Walk Subdivision with single-family homes and townhomes. Visibility is considered excellent and views are considered good.

Surrounding Uses: The following map and pictures illustrate the surrounding land uses.





Uses east of the Subject site include vacant wooded land that is bordered by a railroad tracks and a physician's office and drug store. Uses west of the Subject site on the west side of Canton Ball Ground Highway include the Lantern Walk subdivision which include townhomes and carriage-style single-family homes in excellent condition. Uses to the north include single-family homes in fair to good condition and the newly constructed Ball Ground Elementary School. The surrounding uses are generally in good condition. Single-family homes are in fair to average condition and well occupied. Commercial uses are in fair to average condition and approximately 90 percent occupied.

Positive/Negative Attributes of Site: Positive attributes to the site is within walking distance to Ball Ground Elementary School and has excellent visibility and access to Canton-Ball Ground Highway, a major thoroughfare for the city of Ball Ground. While the Subject is within close proximity to rail road tracks, they do not appear to be active and they are located far enough from the Subject site to not negatively impact the Subject. There do not appear to be any negative attributes of the site.

3. Physical Proximity to Locational Amenities:

The Subject is well situated near all necessary amenities including roads, transportation, amenities, employment, and community services. The site is located close to

downtown Ball Ground which is a central point for many services in the city. Ball Ground is a growing community of nearly 1,500 residents located just north of the City of Canton at exit 27 on I-575.

4. Pictures of Site and Adjacent Uses:

Subject site facing west toward Canton-Ball Ground Hwy

Subject site facing north toward Coy M. Holcomb Street

Subject site facing south toward Chevron

Subject site facing south from Coy M. Holcomb Street

View North from interior of Subject site toward rear access to Elementary School

View west from Coy M. Holcomb Street - Subject on left

View East from Coy M. Holcomb Street – Subject on right

Ball Ground Elementary School

Pharmacy and Physician's office

Chevron gas station and food mart

House of worship – modular building

Townhomes in Lantern Walk Subdivision

Single-family home in Lantern Walk Subdivision

Lawson's Home Center and realtor office.

Single-family home on Canton-Ball Ground Highway

Office uses north of Subject site

City Hall north of Subject site

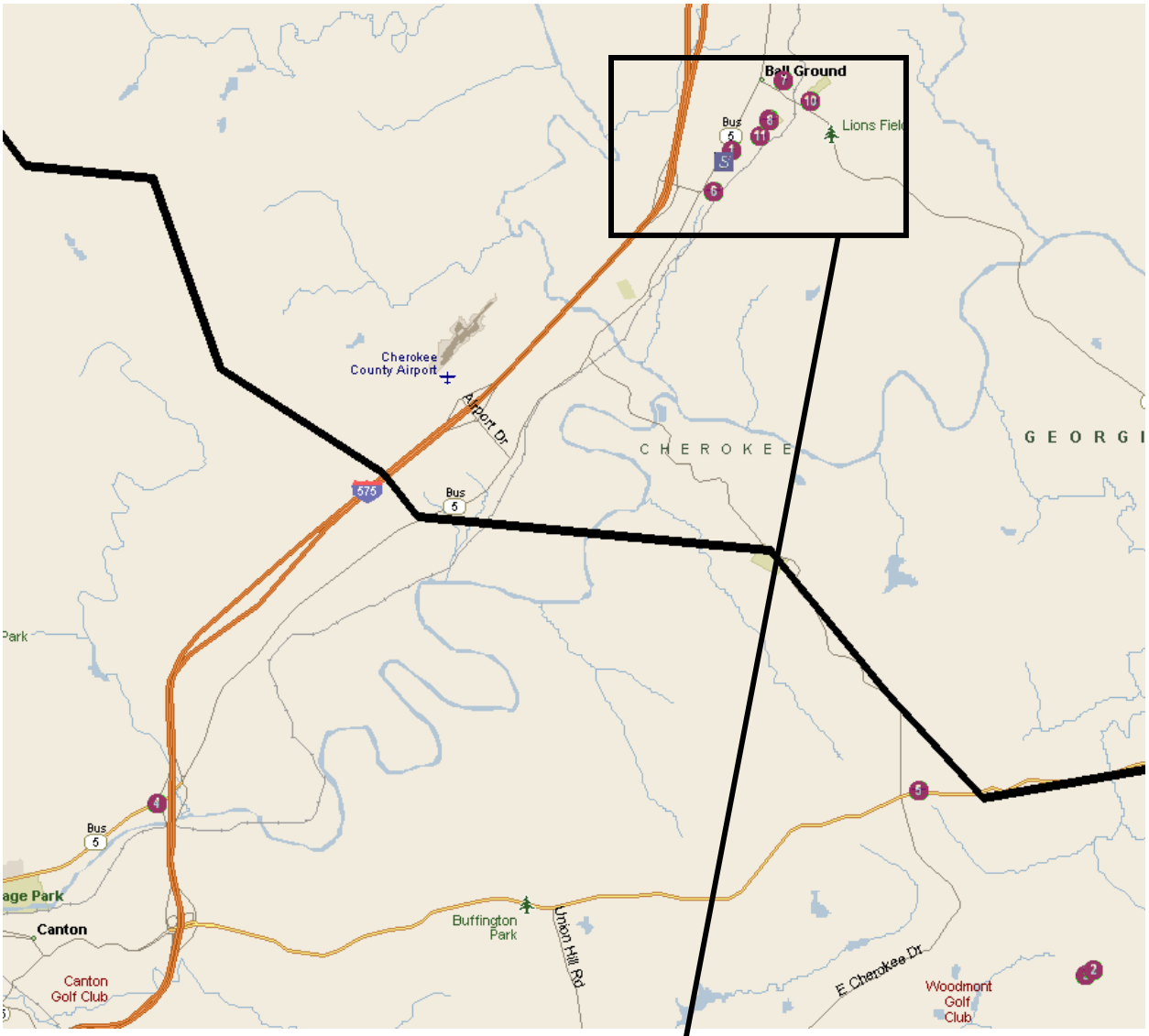
Vacant building adjacent to physician's office

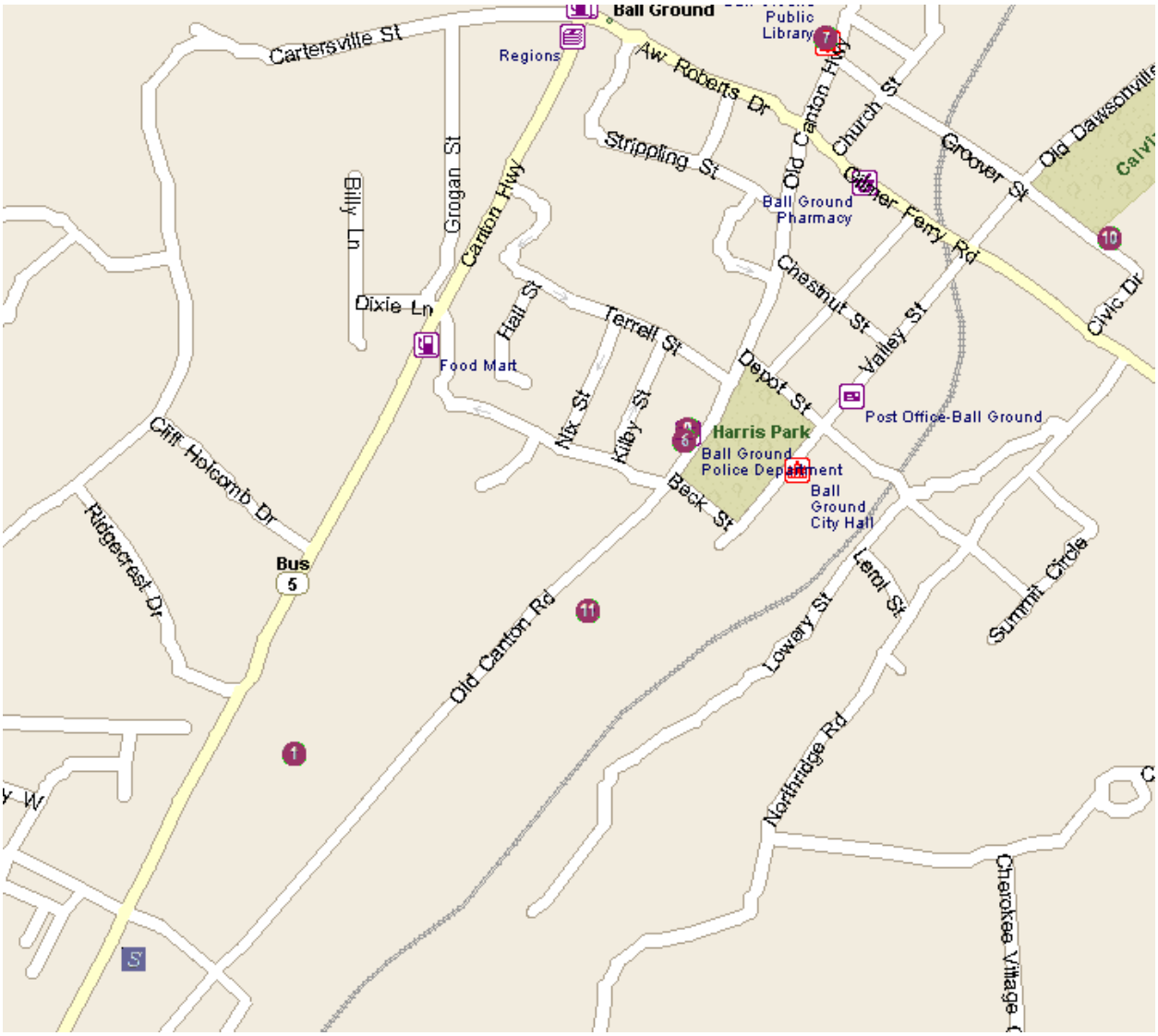
5. Proximity to Locational Amenities:

The following table details the Subject's distance from key locational amenities.

Locational Amenities

Map #	Amenity	Type of Service	Distance from Subject
1	Ball Ground Elementary School	Elementary School	0.1 miles
2	Creekland Middle School	Middle School	10.6 miles
3	Creekview High School	High School	3.5 miles
4	Walmart Supercenter	Grocery/Retail	8.3 miles
5	Kroger	Grocery	7.8 miles
6	Ball Ground Pharmacy	Pharmacy	0.2 miles
7	Ball Ground Public Library	Library	1.1 miles
8	Ball Ground City Hall	Government	0.5 miles
9	Police Department	Police	0.5 miles
10	Fire Department	Fire	0.8 miles
11	Piedmont Physicians	Medical Center	0.2 miles


Ball Ground
Lions Field
Bus
5
Cherokee
County Airport
Airport Dr
C H E R O K E E
G E O R G I
575
Bus
5
Park
Bus
5
age Park
Canton
Canton
Golf Club
Buffington
Park
Union Hill Rd
E Cherokee Dr
Woodmont
Golf
Club



6. Description of Land Uses:

The Subject site is bordered by Canton-Ball Ground Highway to the west, Coy M. Holcomb Street to the north and Valley Street to the east. Uses east of the Subject site include vacant wooded land that is bordered by a privately-owned, inactive railroad track, a physician's office, and drug store. Uses west of the Subject site on the west side of Canton Ball Ground Highway include the Lantern Walk subdivision which includes townhomes and carriage-style single-family homes in excellent condition. Uses to the north include single-family homes in fair to good condition and the newly constructed Ball Ground Elementary School. The surrounding uses are generally in good condition. Single-family homes are in fair to average condition and well occupied. Commercial uses are in fair to average condition and approximately 90.0 percent occupied. The Subject will be a consistent use with the existing land uses

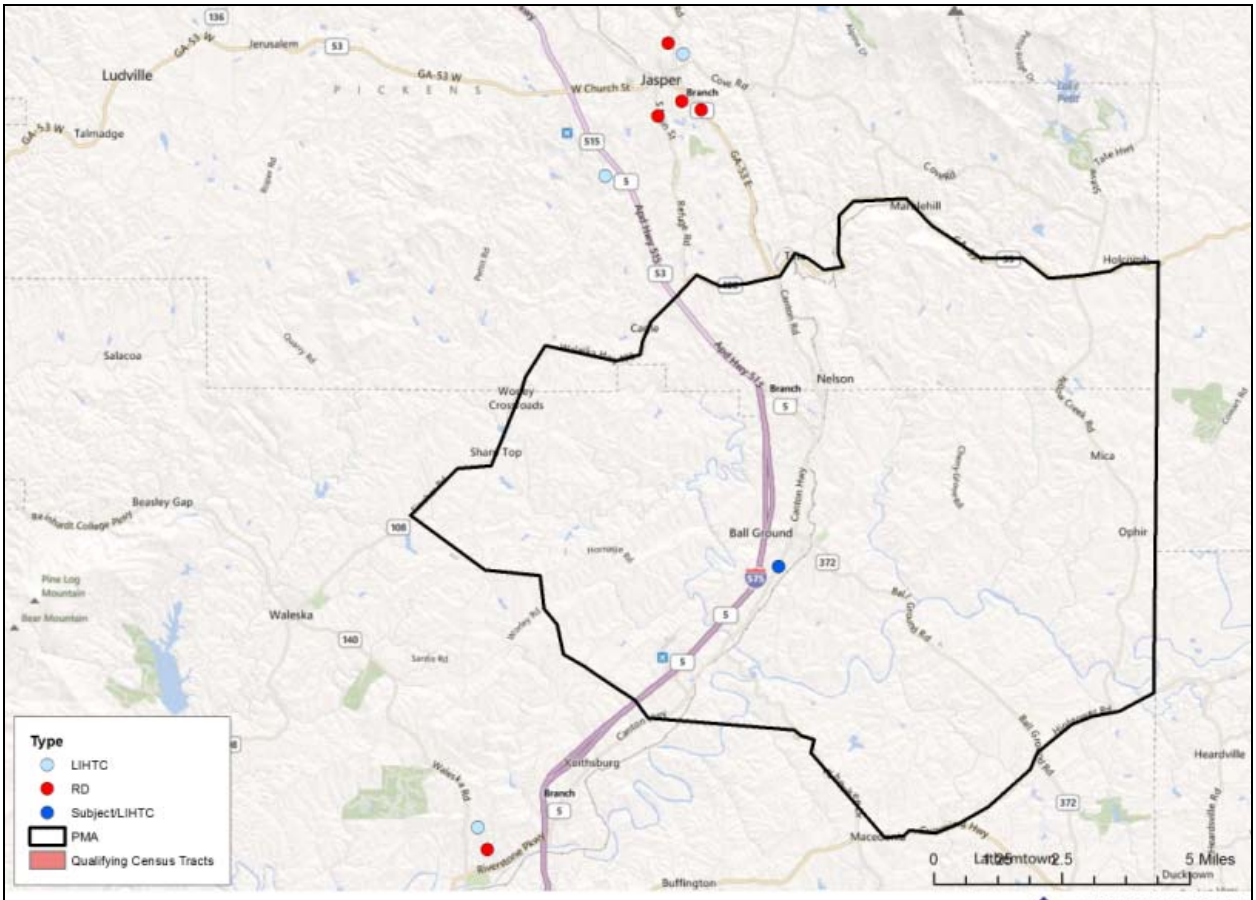
and will be considered an improvement to the neighborhood.

7. Multifamily Residential within Two Miles:

There are no multifamily properties within two miles of the Subject site. Overall, the Ball Ground submarket lacks multifamily housing.

8. Existing Assisted Rental Housing Property Map:

There are no HUD-subsidized, USDA Rural Development, or LIHTC properties in the PMA.



Affordable Properties and QCTs, Ball Ground, GA

NOVOGRADAC & COMPANY LLP
www.novoco.com

9. Road/Infrastructure Proposed Improvements: We witnessed no road/infrastructure improvements during our site inspection.

10. Access, Ingress/Egress and Visibility of site: The Subject site is accessed via Coy M. Holcomb Street that provides access to Canton-Ball Ground Highway immediately to the west and Valley Street immediately to the east. The Subject site is near the intersection of Howell Bridge Road and Interstate 575. Interstate 575 provides access to the northern portions of Georgia. Visibility is considered excellent from Canton-Ball Ground Highway, Coy M. Holcomb Street, and Valley Street. Overall, access and visibility are considered excellent.

11. Environmental Concerns: None visible upon site inspection.

Detrimental Influences: There are no significant detrimental influences.

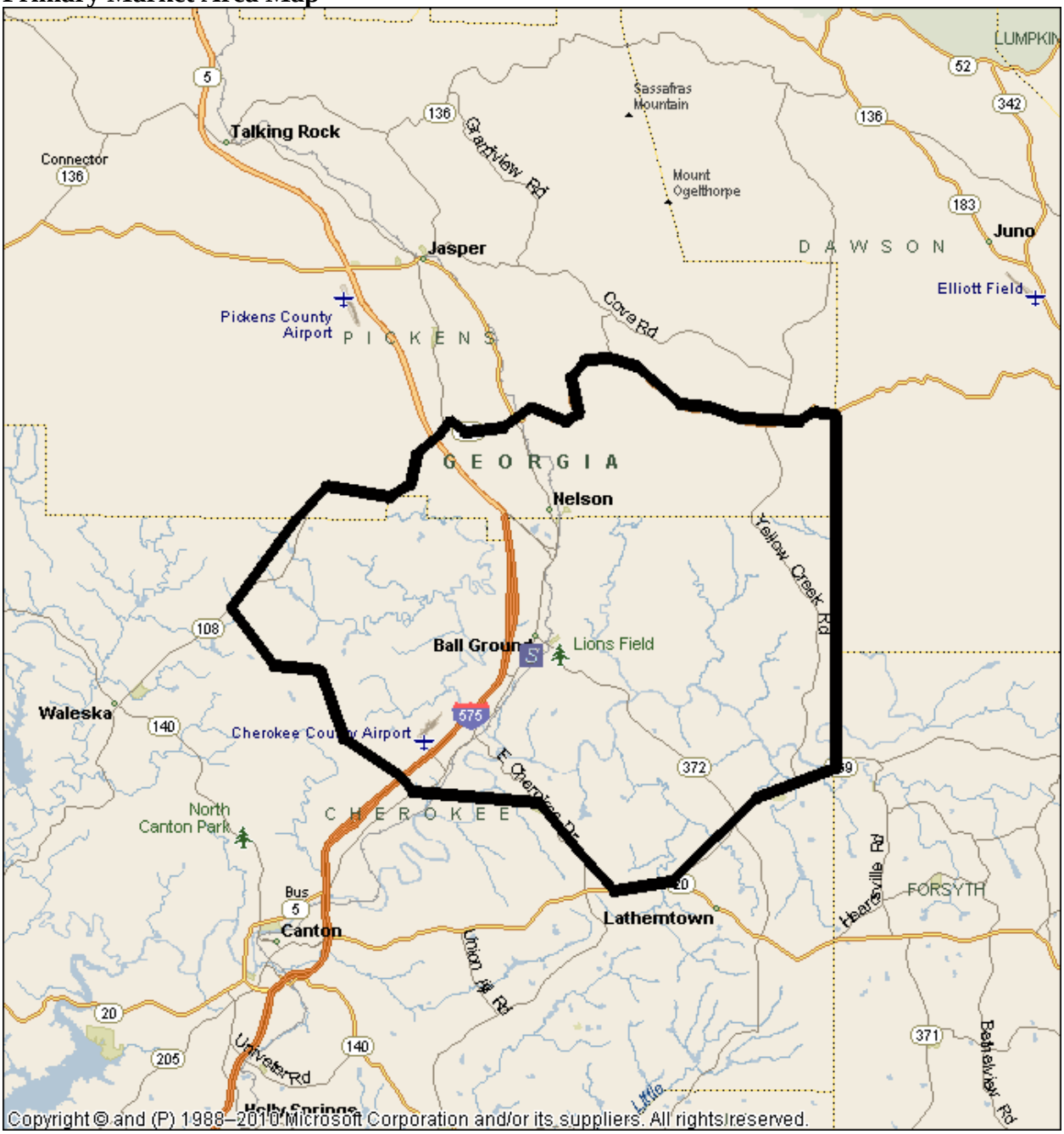
12. Conclusion: The Subject site is located on the eastern side of Canton Ball Ground Highway, the south side of Coy M. Holcomb Street, and the west side of Valley Street. The neighborhood composition includes a mix of vacant land, residential, institutional and commercial uses. Single family homes vary from average to excellent condition and are well occupied. Commercial uses in the Subject's neighborhood are approximately 90 percent occupied and in good condition. The Subject site has excellent access and exposure. The Subject is expected to be an improvement within the immediate neighborhood.

D. MARKET AREA

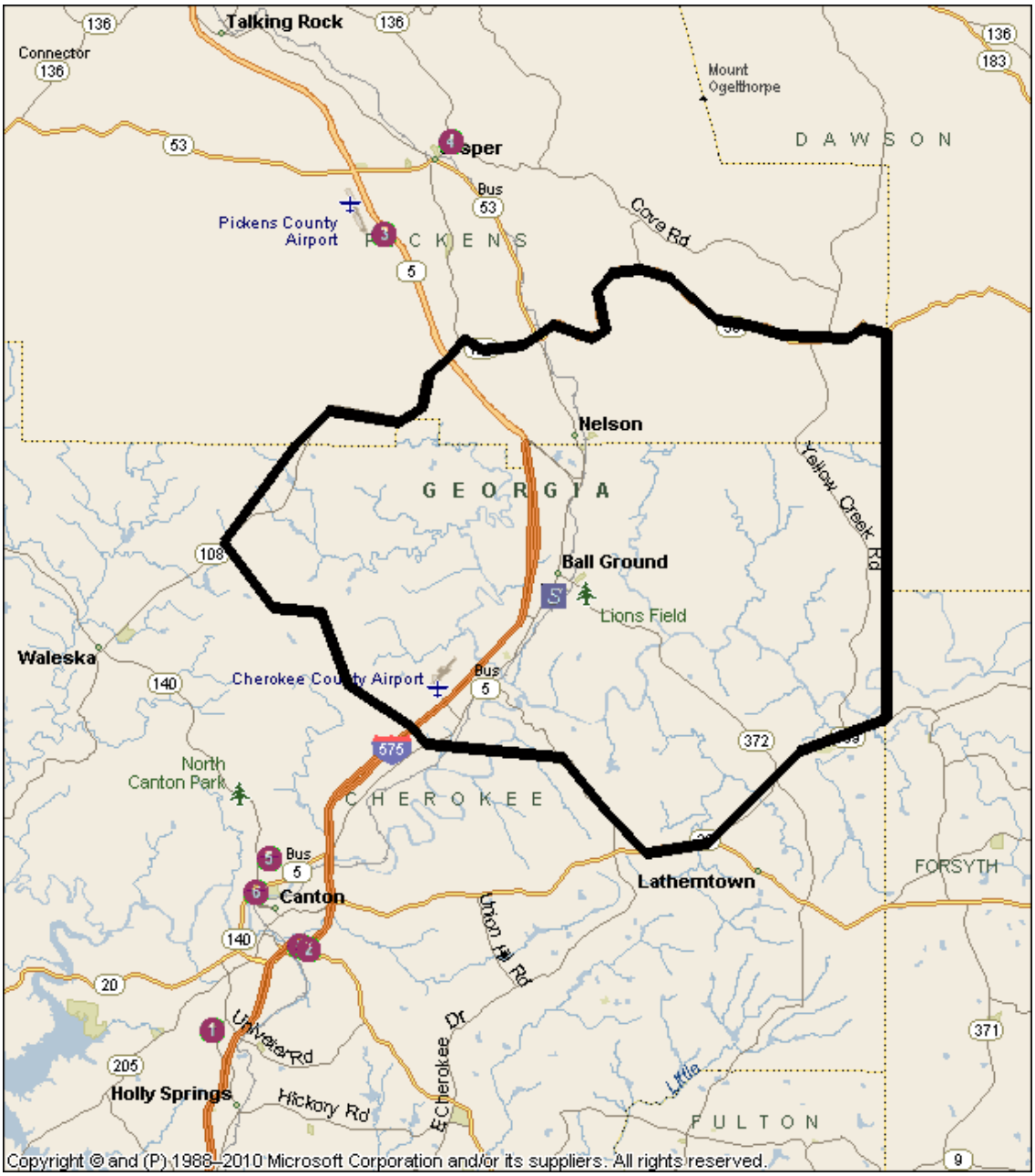
PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much "neighborhood oriented" and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

Primary Market Area Map



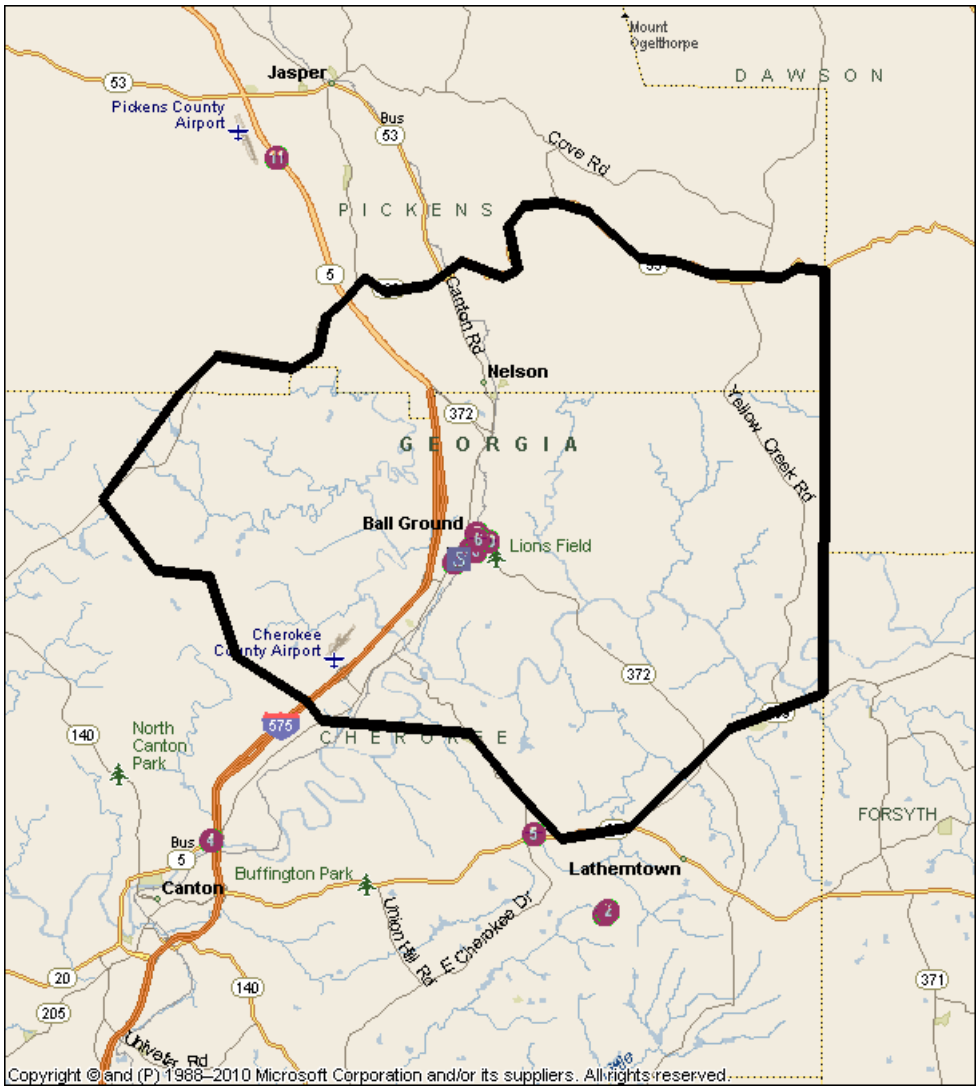
Primary Market Area Map – Comparable Properties



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Alexander Ridge	Canton	@50%, @60%, Market	13.7 miles
2	Laurels At Greenwood	Canton	@50%, @60%, Market	11.1 miles
3	Mountainside Manor	Jasper	@60%, Market	9.8 miles
4	The Homestead	Jasper	@60%	13.5 miles
5	Lancaster Ridge	Canton	Market	9.5 miles
6	Riverview Apartments	Canton	Market	9.4 miles
7	Walden Crossing Apartments	Canton	Market	10.8 miles

Primary Market Area Map – Locational Amenities



Locational Amenities

Map #	Amenity	Type of Service	Distance from Subject
1	Ball Ground Elementary School	Elementary School	0.1 miles
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3	Creekview High School	High School	3.5 miles
4	Walmart Supercenter	Grocery/Retail	8.3 miles
5	Kroger	Grocery	7.8 miles
6	Ball Ground Pharmacy	Pharmacy	0.2 miles
7	Ball Ground Public Library	Library	1.1 miles
8	Ball Ground City Hall	Government	0.5 miles
9	Police Department	Police	0.5 miles
10	Fire Department	Fire	0.8 miles
11	Piedmont Physicians	Medical Center	0.2 miles

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Primary Market Area (PMA) and the MSA are areas of growth or contraction.

The PMA generally encompasses the northeast portion of Cherokee County and the southeast portion of Pickens County. Overall, the PMA is considered conservative and is defined as follows:

North – Highway 108
South – East Cherokee Drive and Cumming Highway to the south
East – Cherokee and Pickens county lines
West – Highway 108 and Lower Bethany Road

The majority of the PMA is enclosed within five miles of the Subject site. The area was defined based upon the site visit and upon interviews with the local market participants including property managers at comparable properties. The farthest point in the PMA is 18.8 miles (driving distance) of the Subject site along Highway 53. The property manager at a family LIHTC property in Jasper, Mountainside Manor, reported that the majority of tenants come from north Georgia and commute to Canton for employment. Therefore, we anticipate some leakage from the PMA. Further, the Subject site is located in close proximity to Interstate 575 which provides excellent access north towards Jasper and south towards Canton and the north Atlanta suburb market. Overall, we have estimated that approximately 15 percent of tenants will come from outside the PMA.

E. COMMUNITY DEMOGRAPHIC DATA

COMMUNITY DEMOGRAPHIC DATA

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and Atlanta-Sandy Springs-Marietta, GA (MSA) are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA and SMA.

1. Population Trends

The following tables illustrate (a) Total Population and (b) Population by Age Group within population in MSA, the PMA and nationally from 2000 through 2015.

POPULATION

Year	PMA		Atlanta-Sandy Springs-Marietta, GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	7,097	-	3,069,425	-	248,709,873	-
2000	9,407	3.3%	4,247,981	3.8%	281,421,906	1.3%
2010	13,366	4.1%	5,611,180	3.1%	311,212,863	1.0%
Projected Mkt Entry June 2014	14,809	2.8%	6,056,917	2.0%	320,610,143	0.8%
2015	15,208	2.8%	6,180,206	2.0%	323,209,391	0.8%

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

POPULATION BY AGE IN 2010

Age Cohort	PMA		Atlanta-Sandy Springs-Marietta, GA MSA		USA	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
0-4	907	6.8%	417,914	7.4%	21,296,740	6.8%
5-9	955	7.1%	401,365	7.2%	20,832,961	6.7%
10-14	1,000	7.5%	388,707	6.9%	20,369,284	6.5%
15-19	882	6.6%	379,557	6.8%	21,883,995	7.0%
20-24	624	4.7%	379,685	6.8%	21,459,235	6.9%
25-29	657	4.9%	445,783	7.9%	21,517,303	6.9%
30-34	783	5.9%	417,120	7.4%	19,852,007	6.4%
35-39	1,015	7.6%	430,250	7.7%	20,531,543	6.6%
40-44	1,134	8.5%	430,608	7.7%	21,232,056	6.8%
45-49	1,183	8.9%	441,258	7.9%	23,163,948	7.4%
50-54	1,032	7.7%	391,389	7.0%	22,315,436	7.2%
55-59	876	6.6%	324,138	5.8%	19,742,941	6.3%
60-64	803	6.0%	261,583	4.7%	16,544,050	5.3%
65-69	560	4.2%	173,893	3.1%	12,081,110	3.9%
70-74	384	2.9%	116,523	2.1%	9,033,665	2.9%
75-79	256	1.9%	86,177	1.5%	7,339,326	2.4%
80-84	172	1.3%	63,573	1.1%	5,947,153	1.9%
85+	142	1.1%	61,657	1.1%	6,070,110	2.0%
Total	**13,366**	**100.0%**	**5,611,180**	**100.0%**	**311,212,863**	**100.0%**

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

Population growth in the PMA outpaced that of the MSA and nation from 2000 and 2010 and this trend is projected to continue, albeit at a slower annual pace, through 2015. The largest age conhorts in the PMA are those ages 19 and younger and those ages 40 to 49, which bodes well for the Subject as this indicates the prevalence of families in the PMA.

2. Household Trends

2a. Total Number of Households, Average Household Size

HOUSEHOLDS

Year	PMA		Atlanta-Sandy Springs-Marietta, GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	2,536	-	1,140,843	-	91,947,410	-
2000	3,390	3.4%	1,554,154	3.6%	105,480,101	1.5%
2010	4,880	4.3%	2,025,678	3.0%	116,761,140	1.0%
Projected Mkt Entry	5,412	2.8%	2,185,444	2.0%	120,363,270	0.8%
2015	5,559	2.8%	2,229,635	2.0%	121,359,604	0.8%

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

AVERAGE HOUSEHOLD SIZE

Year	PMA		Atlanta-Sandy Springs-Marietta, GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	2.80	-	2.65	-	2.63	-
2000	2.77	-0.1%	2.68	0.1%	2.59	-0.1%
2010	2.74	-0.1%	2.72	0.2%	2.59	0.0%
Projected Mkt Entry June 2014	2.74	0.0%	2.73	0.0%	2.59	0.0%
2015	2.73	0.0%	2.73	0.0%	2.60	0.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

Similar to population trends, household growth rates in the PMA outpace that of the MSA and nation. By 2015, these rates are projected to slow slightly, but still outpace the nation by a fair margin. Average household size in the PMA, MSA, and nation are projected to remain fairly staganat between 2010 and 2015. However, the large household size in the PMA and MSA compared to the nation bodes well for the Subject's larger bedroom types.

2b. Households by Tenure

The table below depicts household growth by tenure from 1990 through 2015.

TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
1990	2,134	84.15%	402	15.85%
2000	2,907	85.75%	483	14.25%
2010	4,092	83.85%	788	16.15%
Projected Mkt Entry				
June 2014	4,531	83.73%	880	16.27%
2015	4,653	83.70%	906	16.30%

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

Tenure patterns in the PMA indicate a breakdown favoring owner-occupied housing as compared to renter-occupied. The percentage of renter-occupied households in the PMA is less than that of the national average in 2000 of approximately one third. However, the percent renter population is projected to slightly increase through 2015 and in a market such as Ball Ground, the lack of renter households is more an indicator of a lack of rental housing in the area as there are limited to no rental options in the PMA.

2c. Households by Income

The following table depicts household income in 2010, 2014 and 2015 for the PMA.

HOUSEHOLD INCOME PMA

Income Cohort	PMA 2010		PMA Projected Mkt Entry June 2014		PMA 2015		Annual Change 2010 to 2015	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
$0-9,999	322	6.6%	330	6.1%	332	6.0%	2	0.6%
$10,000-19,999	371	7.6%	381	7.0%	384	6.9%	3	0.7%
$20,000-29,999	440	9.0%	444	8.2%	445	8.0%	1	0.2%
$30,000-39,999	501	10.3%	514	9.5%	517	9.3%	3	0.7%
$40,000-49,999	601	12.3%	586	10.8%	582	10.5%	-4	-0.6%
$50,000-59,999	546	11.2%	602	11.1%	617	11.1%	14	2.6%
$60,000-74,999	713	14.6%	751	13.9%	761	13.7%	10	1.3%
$75,000-99,999	776	15.9%	889	16.4%	921	16.6%	29	3.7%
$100,000+	610	12.5%	915	16.9%	1,000	18.0%	78	12.8%
Total	**4,880**	**100.0%**	**5,412**	**100.0%**	**5,559**	**100.0%**		

Source: Ribbon Demographics 2007, Novogradac & Company LLP, June 2012

In 2010, 23 percent of households earned $29,999 or below compared to 21 percent in the MSA and nation. The Subject will be targeting lower income families falling within this range, so this data indicates a favorable market for the Subject.

2d. Renter Households by Number of Persons in the Household

The following table illustrates the number of persons per household among renter households.

Renter Households by Number of Persons - PMA

	2000		2010		Projected Mkt Entry June 2014		2015	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	144	29.7%	246	31.2%	282	32.0%	291	32.2%
With 2 Persons	162	33.6%	241	30.6%	260	29.5%	265	29.3%
With 3 Persons	66	13.8%	113	14.3%	126	14.3%	129	14.3%
With 4 Persons	40	8.3%	76	9.6%	88	10.0%	91	10.1%
With 5+ Persons	71	14.7%	113	14.3%	125	14.2%	128	14.2%
Total Renter Households	483	100.0%	788	100.0%	880	100.0%	906	100.0%

Source: Ribbon Demographics 2007, Novogradac & Company LLP, June 2012

As of 2010, an overwhelming 76 percent of renter households in the PMA contained three persons or less. This number is projected to stay relatively stable by the market entry date of the Subject. The Subject will be targeting low-income families in the area ranging in household size from one to five households. Therefore, this data indicates a sizeable market for the Subject to target.

CONCLUSION

Both the population and household numbers for the PMA and MSA are rising at rates higher than the nation. By 2010, the populations for the PMA and MSA were outgrowing the nation by a over one percentage point annually. By 2015, these will have slowed slightly, but will still be outpacing the nation. The population by age is concentrated in the young children to middle-aged cohorts. With the Subject targeting low-income families in the PMA, these numbers bode well for its success.

Household growth rates in the PMA and MSA are outpacing the nation by two to three percentage points as of 2010. Again, these rates are projected to slow slightly by 2015, but still outpace the nation by a fair margin. The average household size in the PMA, MSA, and nation are all remaining stable at approximately 2.7 persons per household for the foreseeable future. The larger household sizes bode well for the Subject, which will consist of one, two, and three-bedroom units.

Tenure patterns in the PMA favor owner-occupied housing. However, the lack of renter households in the PMA is more an indicator of the lack of available rental options in the PMA.

In 2010, 23 percent of households earned $29,999 or below compared to 21 percent in the MSA and nation. The Subject will be targeting lower income families falling within this range, so this data indicates a favorable market for the Subject.

According to RealtyTrac, Ball Ground experienced a high foreclosure rate in April 2012 with approximately one out of every 201 housing units filing for foreclosure in April 2012. Comparatively, Cherokee County had a foreclosure rate of one in every 276 housing units, and the nation experienced a foreclosure rate of one in every 698 housing units. We do not anticipate any tenants to sell homes in order to move to the Subject, however the former homeowners who lost their homes may be attracted to the rental units of the Subject. Per our site visit, we did not see many abandoned or vacant structures in the Subject site's immediate neighborhood. The Subject site is located in a highly visible area with new development.

F. EMPLOYMENT TRENDS

Employment Trends

In this section of the report we will provide an assessment of current and forecasted economic conditions and employment characteristics, including an analysis of recent trends and how they relate to demand for additional new rental housing. Economic data will focus on the PMA and Cherokee County, Georgia. Examining economic data will provide a picture of the general health of the community and its ability to support new multifamily construction.

Consistent with national trends, the greater MSA and PMA areas have undergone economic contractions over 2009 that continued into 2011 and are just starting to turn around and show positive growth in 2012. Various historically stable industries have experienced layoffs. While there are some announced expansions in the MSA, these are subject to the continuing economic recession, market demand fluctuations, and constraints on obtaining financing.

1. Total Jobs

The following table illustrates the total jobs (also known as "covered employment") in Cherokee County as of the third quarter of 2011 (most recent data available):

SEPT 2011 EMPLOYMENT JOBS BY INDUSTRY

Cherokee County

Industry	Number Employed	Percent Employed
Public Administration*	-	-
Trade,Transportation, and Utilities	9,505	26.26%
Leisure and Hospitality	6,277	17.35%
Education and Health Services	4,803	13.27%
Professional and Business Services	4,732	13.08%
Manufacturing	3,728	10.30%
Construction	2,881	7.96%
Financial Activities	1,822	5.03%
Other Services	1,542	4.26%
Information	456	1.26%
Unclassified	309	0.85%
Natural Resources and Mining	134	0.37%
Total Employment	**36,189**	100.00%

*Monthly data is not available

Source: U.S. Bureau of Labor Statistics 2011. Covered Employment

Cherokee County posted strong employment growth in 2005 and 2006 but total employment decreased significantly in 2008 and 2009 due to the impact of the nation-wide recession and continuing economic downturn. Average annual employment estimates roughly reflect the year-over-year change in total employment, which increased by 1.24 percent from September 2010 to September 2011. The increase in employment has caused a decrease in the unemployment rate in the MSA, which was 8.1 percent in December 2011, according to the Georgia Department of Labor's statistics. This places MSA below the national unemployment rate of 9.6 percent in

December 2011. It should be noted that differences in the total jobs and total jobs by industry are due to rounding.

2. Total Jobs by Industry

The following table illustrates the total jobs by employment sectors within the County as of third quarter 2011.

SEPT 2011 EMPLOYMENT JOBS BY INDUSTRY

Cherokee County

Industry	Number Employed	Percent Employed
Public Administration*	-	-
Trade,Transportation, and Utilities	9,505	26.26%
Leisure and Hospitality	6,277	17.35%
Education and Health Services	4,803	13.27%
Professional and Business Services	4,732	13.08%
Manufacturing	3,728	10.30%
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*Monthly data is not available

Source: U.S. Bureau of Labor Statistics 2010. Covered Employment

The largest sector in Cherokee County, according to the Bureau of Labor Statistics, is the trade, transportation and utilities industry followed by the leisure and hospitality industry, and subsequently education and health services. Together these account for almost 57 percent of those employed in Cherokee County. Education and Health Services are historically considered to be stable employers and could provide some additional stability to the local economy during a recession. The trade-transportation-utilities and leisure and hospitality industries are historically somewhat unstable sectors. However, in an 11-Alive Canton article from May 29th, 2012 stated that that the industries showing consistent growth include “trade and transportation, leisure and hospitality, professional and business services, construction and education and healthcare”. It should be noted that differences in the total jobs and total jobs by industry are due to rounding.

2010 EMPLOYMENT BY INDUSTRY

	PMA		USA	
Industry	Number Employed	Percent Employed	Number Employed	Percent Employed
Construction	1,824	13.6%	8,872,843	6.5%
Retail Trade	1,752	13.1%	15,464,986	11.4%
Educational Services	1,499	11.2%	14,168,096	10.4%
Manufacturing	1,380	10.3%	13,047,475	9.6%
Health Care/Social Assistance	1,114	8.3%	18,891,157	13.9%
Other Services (excl Publ Adm)	774	5.8%	6,679,783	4.9%
Accommodation/Food Services	684	5.1%	9,114,767	6.7%
Finance/Insurance	597	4.4%	6,883,526	5.1%
Prof/Scientific/Tech Services	596	4.4%	8,520,310	6.3%
Public Administration	583	4.3%	6,916,821	5.1%
Admin/Support/Waste Mgmt Srvcs	488	3.6%	5,114,479	3.8%
Transportation/Warehousing	442	3.3%	5,487,029	4.0%
Wholesale Trade	441	3.3%	4,407,788	3.2%
Real Estate/Rental/Leasing	356	2.7%	2,825,263	2.1%
Information	250	1.9%	3,158,778	2.3%
Agric/Forestry/Fishing/Hunting	194	1.4%	1,790,318	1.3%
Arts/Entertainment/Recreation	183	1.4%	2,628,374	1.9%
Utilities	162	1.2%	1,115,793	0.8%
Mining	84	0.6%	723,991	0.5%
Mgmt of Companies/Enterprises	20	0.1%	202,384	0.1%
Total Employment	**13,423**	**100.0%**	**136,013,961**	**100.0%**

Source: ESRI Demographics 2010, Novogradac & Company LLP, March 2012

The largest industries in the PMA are construction, retail trade, and educational services. Together, these three industries comprise 37.9 percent of employment in the PMA. Construction, retail trade, education and manufacturing are all overrepresented in the PMA when compared to the nation. The percent employed in the construction industry in the PMA doubles the percentage of the nation. Although the health care/social services industry is a somewhat prevalent industry in the PMA, there are a smaller percentage of workers employed in this industry than in the nation and is the most underrepresented industry in the PMA when compared to the nation.

3. Major Employers

The diversification of the Cherokee County economic base is indicated by the following list of the Cherokee County's ten largest employers.

MAJOR EMPLOYERS

Cherokee County, GA		
Map #	Employer	Industry
1	Cherokee County Govt.	Government
2	Cherokee Co School District	Educational Services
3	Northside Hospital - Cherokee	Healthcare
4	Pilgrims Pride Corp	Processing
5	The Kroger Co	Retail
6	Publix Super Market Inc.	Retail
7	Wal-Mart Associates	Retail
8	Pediatria Healthcare Inc.	Healthcare
9	Lowes Home Centers Inc	Retail
10	Target	Retail

Source: Cherokee County Chamber of Commerce, 5/2012

The following list from the Cherokee County Chamber of Commerce is not listed in numerical order by number employed. Vicky Tucker, Vice President of Operations for the Cherokee County Chamber of Commerce stated they did not have a list with the number employed specifically for these public employers.

Expansions/Contractions

Despite the current recession, the Cherokee Office of Economic Development has reported several announcements for expansions and relocations in 2011. Alyssa Batson at the Cherokee Office of Economic Development stated this was the most recent information available. The following table details these expansions.

2011-2012 Cherokee County EXPANSIONS AND RELOCATIONS

Company Name	Type	Number of Jobs	Industry	Announcement Date
Universal Alloy Company	Expansion	22	Manufacturing	2011
PlayNation	Expansion	4	Retail	2011
Chart	Expansion	90	Manufacturing	2011
Belnick	Expansion	25	Biomedical Technology	2011
FactoryMation	Expansion	12	Wholesale Electrical	2011
American Merchant	Relocation	N/A	Retail	2011
Gin Miller Productions	Relocation	N/A	Fitness Retail	2011
Interface Services	Relocation	N/A	Service	2011
Orr Protection Services	Relocation	N/A	Service	2011
Restoration Dry Cleaning	Relocation	N/A	Service	2011
Roller Bearing Company of America	Relocation	N/A	Manufacturing	2011
Sjbibsvcsd, Inc.	Relocation	N/A	Wholesale	2011
Southgate Process	Relocation	N/A	Manufacturing	2011
Thinkgate	Relocation	N/A	Consulting	2011
The Stirling Group	Relocation	N/A	Manufactuing	2011
Crossfire Safety Eyewear	Relocation	N/A	Manufactuing	2011

Source: Cherokee County Office of Economic Development (05/31/2012)

While this announced job growth is notable, it does not reflect actual jobs added to the market in 2011. The Office of Economic Development was not able to provide the number of individual jobs created per company relocation; however they estimated them to total about 218 total. Additionally, this figure does not take into consideration closures and redundancies at other companies in the greater Cherokee County area. We spoke with Alyssa Batson and she stated she was unable to find any closures in the last two years. We also spoke with Vicky Turner at the Chamber of Commerce who did not have a list of these. Cherokee County is considered part of the Metropolitan Atlanta area, so we included that WARN filing chart for Metro Atlanta which documents one closure for Cherokee County. The following table illustrates closures and layoffs in Metro Atlanta in 2012 and 2011 (actual and announced).

WARN NOTICES
Metro Atlanta - 2011 to 2012

Company	City	County	Affected Employees	Notification Date
The Atlanta Journal Constitution	Smyrna	Cobb	102	5/8/2012
The Atlanta Journal Constitution	Kennesaw	Cobb	150	4/17/2012
Best Buy	Fayetteville	Fayette	58	4/16/2012
DAL Global Services	Atlanta	Fulton	170	3/20/2012
Grainger	Alpharetta	Fulton	68	3/16/2012
Bank Of America	College Park	Fulton	57	3/16/2012
Cresent Hotels & Resorts, Llc	Atlanta	Fulton	42	3/2/2012
Csc Applied Technology	Atlanta	Fulton	78	3/1/2012
Maximus	Atlanta	Fulton	25	3/1/2012
Seimens Healthcare	Atlanta	Fulton	28	3/1/2012
Medline Industries	Lithia Springs	Douglas	40	3/1/2012
The Atlanta Journal Constitution	Conyers	Rockdale	80	2/9/2012
Concessions International/Paschals	Atlanta	Fulton	530	2/6/2012
Cox Communications	Atlanta	Dekalb	133	1/27/2012
The Atlanta Journal Constitution	Fayetteville	Fayette	70	1/10/2012
Ryder	Lawrenceville	Gwinnett	34	1/9/2012
Bloomingdale's	Atlanta	Dekalb	141	1/4/2012
Mckesson Technology	Alpharetta	Fulton	174	12/8/2011
Netspend Corp	Atlanta	Dekalb	80	12/6/2011
Hms Host	Lawrenceville	Gwinnett	53	11/22/2011
Thomson Reuters	Atlanta	Cobb	28	11/17/2011
Syms Corp	Norcross	Gwinnett	17	11/7/2011
Syms Corp	Marietta	Cobb	15	11/7/2011
Filene's Basement	Atlanta	Fulton	37	11/7/2011
Southern Ice Cream Specialities	Marietta	Cobb	140	10/31/2011
Kmart	Doraville	Dekalb	70	10/31/2011
Nco Financial Systems	Norcross	Gwinnett	67	10/20/2011
Ccp North America	Stone Mountain	Dekalb	45	10/19/2011
Nordson	Norcross	Gwinnett	70	9/30/2011
Dendreon	Union City	Fulton	117	9/9/2011
Litton Loan Servicing (Lls)	Mcdonough	Henry	191	9/6/2011
Lowe's	Riverdale	Clayton	98	8/15/2011
Kmart Corporation	Doraville	Gwinnett	78	8/9/2011
Decatur Hotel	Decatur	Dekalb	55	8/4/2011
Wsi (Wackenhut)	Fort Mcpherson	Fulton	50	7/27/2011
Prestige Maintenance Usa	Plano	Fulton	114	7/26/2011
Archbrook Laguna	Kennesaw	Cobb	87	7/6/2011
Ch2m Hill	Atlanta	Fulton	21	6/6/2011
Rts (Flextronics Americas)	Atlanta	Fulton	89	5/27/2011
Rr Donnelley	East Point	Fulton	115	5/25/2011
Manheim Metro Altanta (Manheim Remarketing)	Atlanta	Fulton	171	5/24/2011
Sosi Instrument Management	Marietta	Cobb	90	4/18/2011
Brevard Achievement Center	Forest Park	Clayton	28	4/8/2011
Golden Living Center-Medical Arts	Lawrenceville	Gwinnett	83	4/1/2011
Jcpenney Corporation	Duluth	Gwinnett	32	3/22/2011
Jcpenney Corporation	Morrow	Clayton	127	3/22/2011
Onewest Bank	Norcross	Gwinnett	92	3/21/2011
Visual Pak	Union City	Fulton	15	3/11/2011
The Atlanta Journal Constitution	Kennesaw	Cobb	99	2/24/2011
Siemens	Canton	Cherokee	18	2/1/2011
Nioxin	Lithia Springs	Douglas	62	1/31/2011
Continental Plastics	Alpharetta	Fulton	86	1/24/2011
Nco Financial Systems	Hapeville	Fulton	90	1/19/2011
Turner Entertainment	Atlanta	Fulton	77	1/18/2011
Cardinal Health	Mcdonough	Henry	156	1/14/2011
Macy's	Union	Fulton	99	1/6/2011
Bj's Wholesale Club, Inc.	Norcross	Gwinnett	73	1/5/2011
Bj's Wholesale Club, Inc.	Mcdonough	Henry	67	1/5/2011
Bj's Wholesale, Inc.	Austell	Cobb	79	1/5/2011
2011 Total			**3,435**	
2012 Total			**1,806**	
2011 and 2012 Total			**5,241**	

Source: Georgia Department of Labor, Novogradac & Company LLP, 5/2012

As illustrated in the above table, Cherokee County only had one business closure in February of 2011. This was the Siemens Corporation, with a job loss of 18 people. Due the unavailability of actual jobs created, we cannot calculate a net change of jobs lost or created at this time. Judging from the information provided however, it would appear Cherokee County has had total growth in employment overall.

4. Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2000 to 2012 (through April).

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Atlanta-Sandy Springs-Marietta, GA MSA				USA			
Year	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2001	2,335,175	-	3.6%	-	136,933,000	-	4.7%	-
2002	2,330,487	-0.2%	4.9%	1.3%	136,485,000	-0.3%	5.8%	1.1%
2003	2,334,092	0.2%	4.8%	-0.1%	137,736,000	0.9%	6.0%	0.2%
2004	2,379,513	1.9%	4.7%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	2,456,221	3.2%	5.3%	0.6%	141,730,000	1.8%	5.1%	-0.4%
2006	2,535,341	3.2%	4.7%	-0.6%	144,427,000	1.9%	4.6%	-0.5%
2007	2,604,115	2.7%	4.6%	-0.1%	146,047,000	1.1%	4.6%	0.0%
2008	2,582,627	-0.8%	6.2%	1.6%	145,362,000	-0.5%	5.8%	1.2%
2009	2,424,779	-6.1%	9.8%	3.6%	139,877,000	-3.8%	9.3%	3.5%
2010	2,388,182	-1.5%	10.2%	0.4%	139,064,000	-0.6%	9.6%	0.3%
2011	2,427,996	1.7%	9.6%	-0.6%	139,869,000	0.6%	8.9%	-0.7%
2012 YTD Average*	2,465,815	1.6%	10.2%	0.6%	141,008,750	0.8%	8.4%	-0.5%
Apr-2011	2,424,216	-	9.3%	-	139,661,000	-	8.7%	-
Apr-2012	2,461,795	1.6%	8.5%	-0.8%	141,995,000	1.7%	7.7%	-1.0%

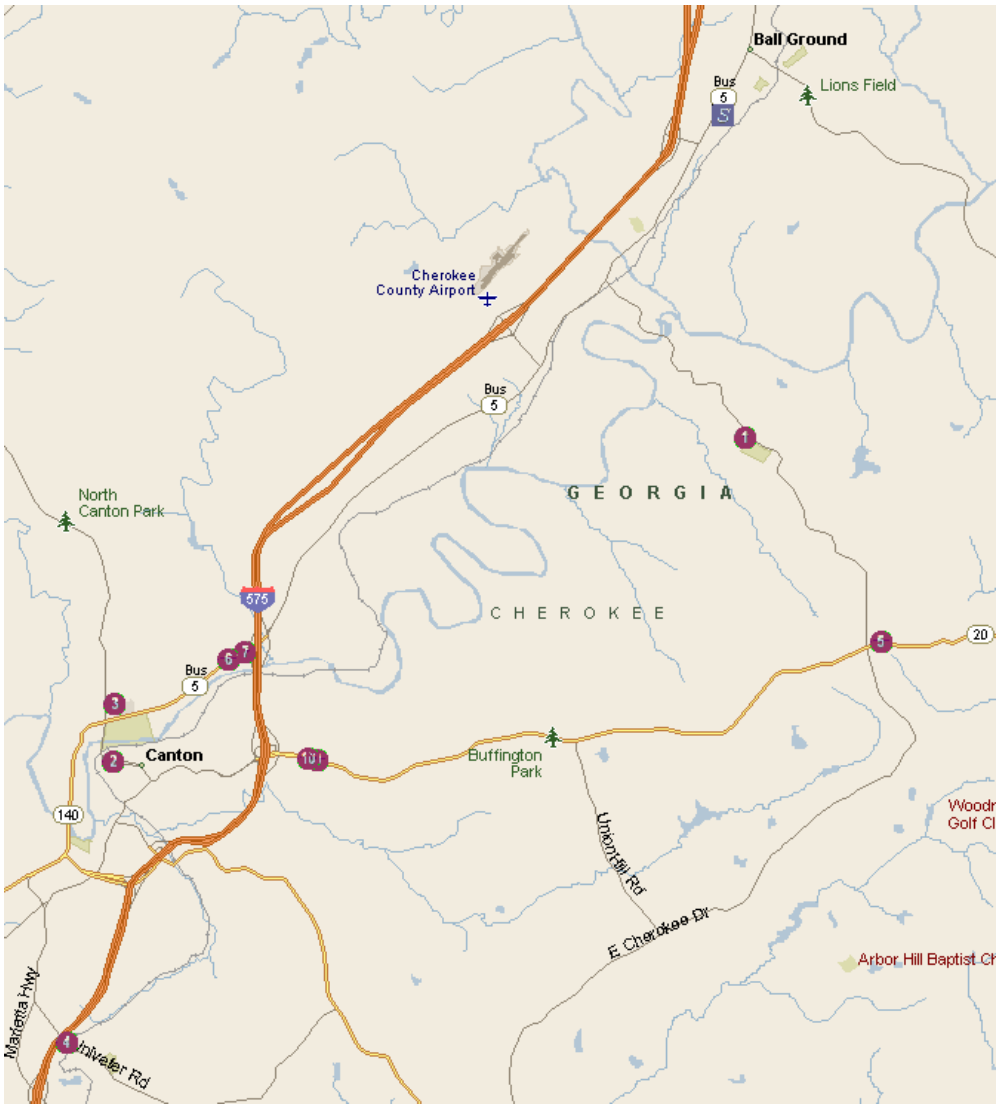
Source: U.S. Bureau of Labor Statistics April 2012

*2012 data is through Apr

From 2002 through 2007, total MSA employment increased steadily. In 2009, total MSA employment decreased by 6.1 percent, compared to a national employment decrease of 3.8 percent for the same period of study. This is a result of the economic downturn that began in late 2008. The MSA however has begun to show total employment growth in 2011 of 1.6 percent and the YTD average shows 1.6 percent increase for 2012. Both of these figures are roughly on par or are higher than the rate of the nation for 2011 and 2012. Between April 2011 and April 2012, total employment in the MSA increased and the unemployment rate decreased. The unemployment rate in the MSA was still slightly higher than that of the nation during this timeframe; however, the total employment growth percentage was higher than that of the nation.

5. Map of Site and Major Employment Concentrations

The following map and table details the largest employers in Cherokee County.



MAJOR EMPLOYERS

Cherokee County, GA		
Map #	Employer	Industry
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7	Wal-Mart Associates	Retail
8	Pediatria Healthcare Inc.	Healthcare
9	Lowes Home Centers Inc	Retail
10	Target	Retail

Source: Cherokee County Chamber of Commerce, 5/2012

Conclusion

Employment in the PMA is concentrated in construction, retail trade, and educational services. Together, these three industries comprise 37.9 percent of employment in the PMA. Construction, retail trade, education and manufacturing are all overrepresented in the PMA when compared to the nation. The percent employed in the construction industry in the PMA doubles the percentage of the nation. The PMA

As the housing market recovers, the housing demand for affordable units in the market is expected to increase. The Subject is new construction and will be restricted to households earning 50 and 60 percent of the AMI; therefore, we do not believe the instability of the economy will have a significant impact on the success of the Subject.

PROJECT-SPECIFIC DEMAND ANALYSIS

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by DCA.

1. INCOME RESTRICTIONS

LIHTC rents are based upon a percentage of the Area Median Gross Income ("AMI"), adjusted for household size and utilities. The Georgia Department of Community Affairs ("DCA") will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a senior household will pay is 35 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). The Subject will target households ranging from one to five persons.

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Information Systems, to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the DCA website.

2. AFFORDABILITY

As discussed above, the maximum income is set by DCA while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability. DCA guidelines utilize 35 percent for families and 40 percent for seniors. We will use these guidelines to set the minimum income levels for the demand analysis.

3. DEMAND

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2014, the anticipated date of market entry, as the base year for the analysis. Therefore, 2010 household population estimates are inflated to 2014 by interpolation of the difference between 2010 estimates and 2014 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2014. This number takes the overall growth from 2000 to 2014 and applies it

to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

3B. Demand from Existing Households

Demand for existing households is estimated by summing three sources of potential tenants. The first source **(2a.)** is tenants who are rent overburdened. These are households who are paying over 35 percent for family households and 40 percent for senior households of their income in housing costs. This data is interpolated using CHAS data based on appropriate income levels.

The second source **(2b.)** is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source **(2c.)** is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that we have lowered the demand from seniors who convert to homeownership to be at or below 20 percent. The Subject will target general households and therefore we have not included an estimate for senior homeownership conversion.

In general, we will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject.

3C. Secondary Market Area

To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115 percent to account for demand from the secondary market area.

3D. Other

DCA does not consider household turnover to be a source of market demand.

4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed from 2000 to the present.

Additions to Supply

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we deduct additions to supply allocated since 2010 to present and those that will be constructed through 2012 that are considered directly competitive. There have been no family LIHTC allocations in the PMA since 2010.

PMA Occupancy

Per DCA's guidelines, we have determined the average occupancy rate based on all available competitive conventional and LIHTC properties in the PMA. There are no family LIHTC or conventional properties in the PMA. We interviewed realtors who manage single listings for private rentals.

NET SUPPLY

The following Competitive Analysis chart may be used to determine the Net Supply number of each bedroom and income category when considering the deduction of properties in the net supply in cases where, for instance, the property is on the edge of the PMA, is a market rate property, or otherwise only partially fulfills the need for units that will be filled by the proposed subject. All properties determined to be competitive with the proposed development will be included in the Competitive Analysis and assigned a Comparability Factor to be used in determining Net Supply in the PMA.

The total Comparability Factor will be applied to each bedroom type for all income segments to determine the number of units to be allocated to the existing property. Total market supply will be comprised of the weighted units supply from the comparable existing properties and all units new to the market area since 2000.

With regards to affordability, we believe the following percent differentials are warranted.

Rent Differential	Adjustment Applied
0-5%	1.00
6-10%	0.75
11-15%	0.50
16-20%	0.25
20%+	0.00

None of the comparables are located in the PMA; therefore, we have not deducted any units from the Demand Analysis.

Rehab Developments and PBRA

For any properties that are rehab developments, the capture rates 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.

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent 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.

Capture Rates

The above calculations and derived capture rates are illustrated in the following tables.

Renter Household Income Distribution 2010-2015									
Stone Valley Apartments									
	PMA								
	2000		2010		Projected Mkt Entry June 2014		2015		Percent Growth
	#	%	#	%	#	%	#	%	
$0-9,999	90	18.7%	132	16.7%	142	16.1%	145	16.0%	8.8%
$10,000-19,999	72	14.9%	112	14.2%	118	13.4%	120	13.2%	6.7%
$20,000-29,999	67	13.9%	96	12.2%	100	11.4%	101	11.2%	5.3%
$30,000-39,999	72	14.9%	103	13.0%	112	12.7%	114	12.6%	10.2%
$40,000-49,999	61	12.7%	107	13.6%	106	12.0%	106	11.6%	-1.5%
$50,000-59,999	65	13.4%	89	11.3%	106	12.1%	111	12.2%	19.7%
$60,000-74,999	23	4.7%	51	6.5%	58	6.6%	60	6.6%	14.5%
$75,000-99,999	21	4.3%	55	7.0%	68	7.8%	72	8.0%	23.1%
$100,000+	12	2.6%	44	5.5%	71	8.0%	78	8.6%	44.4%
Total	483	100.0%	788	100.0%	880	100.0%	906	100.0%	13.0%

Households by Tenure Projected Mkt Entry June 2014		
	Number	Percentage
Renter	880	16.3%
Owner	4,531	83.7%
Total	5,412	100.0%

Renter Household Size for Projected Mkt Entry June 2014		
Size	Number	Percentage
1	282	31.98%
2	260	29.55%
3	126	14.29%
4	88	9.99%
5+	125	14.19%
Total	880	100%

50% AMI

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level				**50%**	
Minimum Income Limit			$20,400		
Maximum Income Limit			$38,800		
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	64	16.1%		0.0%	0
$10,000-19,999	53	13.4%		0.0%	0
$20,000-29,999	45	11.4%	9,599	96.0%	43
$30,000-39,999	50	12.7%	8,800	88.0%	44
$40,000-49,999	48	12.0%		0.0%	0
$50,000-59,999	48	12.1%		0.0%	0
$60,000-74,999	26	6.6%		0.0%	0
$75,000-99,999	31	7.8%		0.0%	0
$100,000+	32	8.0%		0.0%	0
	397	100.0%			88
Percent of renter households within limits versus total number of renter households					22.07%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level				**50%**	
Minimum Income Limit			$20,400		
Maximum Income Limit			$38,800	$0	
Income Category	Total Renter Households PMA Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	142	16.1%	0	0.0%	0
$10,000-19,999	118	13.4%	0	0.0%	0
$20,000-29,999	100	11.4%	9,599	96.0%	96
$30,000-39,999	112	12.7%	8,800	88.0%	98
$40,000-49,999	106	12.0%	0	0.0%	0
$50,000-59,999	106	12.1%	0	0.0%	0
$60,000-74,999	58	6.6%	0	0.0%	0
$75,000-99,999	68	7.8%	0	0.0%	0
$100,000+	71	8.0%	0	0.0%	0
	880	100.0%			194
Percent of renter households within limits versus total number of renter households					22.07%

Does the Project Benefit from Rent Subsidy? (Y/N)	No		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	$46,862		
Projected Mkt Entry June 2014 Median Income	$63,145		
Change from 2000 to Prj Mrkt Entry June 2014	$16,283		
Total Percent Change	34.7%		
Average Annual Change	5.8%		
Inflation Rate	5.8%	Two year adjustment	1.0000
Maximum Allowable Income	$38,800		
Maximum Allowable Income Inflation Adjusted	$38,800		
Maximum Number of Occupants	$5		
Rent Income Categories	50%		
Initial Gross Rent for Smallest Unit	$595		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$595.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	60%	40%	0%	0%	0%	100%
2	0%	30%	70%	0%	0%	0%	100%
3	0%	0%	50%	50%	0%	0%	100%
4	0%	0%	0%	100%	0%	0%	100%
5+	0%	0%	0%	90%	10%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry June 2014		
Income Target Population		50%
New Renter Households PMA		397
Percent Income Qualified		22.1%
New Renter Income Qualified Households		88

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2000		
Demand form Rent Overburdened Households		
Income Target Population		50%
Total Existing Demand		880
Income Qualified		22.1%
Income Qualified Renter Households		194
Percent Rent Overburdened Prj Mrkt Entry June 2014		45.0%
Rent Overburdened Households		87

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing		
Income Qualified Renter Households		194
Percent Living in Substandard Housing		0.6%
Households Living in Substandard Housing		1

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership		
Income Target Population		50%
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand		
Total Demand from Existing Households		89
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	13
Adjusted Demand from Existing Households		102
Total New Demand		88
Total Demand (New Plus Existing Households)		190

By Bedroom Demand		
One Person	32.0%	61
Two Persons	29.5%	56
Three Persons	14.3%	27
Four Persons	10.0%	19
Five Persons	14.2%	27
Total	100.0%	190

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	60%	36
Of two-person households in 1BR units	30%	17
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	40%	24
Of two-person households in 2BR units	70%	39
Of three-person households in 2BR units	50%	14
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	50%	14
Of four-person households in 3BR units	100%	19
Of five-person households in 3BR units	90%	24
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	0%	0
Of five-person households in 4BR units	10%	3
Total Demand		190
Check		OK

Total Demand by Bedroom	50%
1 BR	53
2 BR	77
3 BR	57
Total Demand	187

Additions To Supply 2000 to Prj Mrkt Entry June 2014	50%
1 BR	0
2 BR	0
3 BR	0
Total	0

Net Demand	50%
1 BR	53
2 BR	77
3 BR	57
Total	187

Developer's Unit Mix	50%
1 BR	2
2 BR	4
3 BR	4
Total	10

Capture Rate Analysis	50%
1 BR	3.8%
2 BR	5.2%
3 BR	7.0%
Total	5.3%

60%AMI

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level			**60%**		
Minimum Income Limit			$20,400		
Maximum Income Limit			$46,560		
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	64	16.1%		0.0%	0
$10,000-19,999	53	13.4%		0.0%	0
$20,000-29,999	45	11.4%	9,599	96.0%	43
$30,000-39,999	50	12.7%	9,999	100.0%	50
$40,000-49,999	48	12.0%	6,560	65.6%	31
$50,000-59,999	48	12.1%		0.0%	0
$60,000-74,999	26	6.6%		0.0%	0
$75,000-99,999	31	7.8%		0.0%	0
$100,000+	32	8.0%		0.0%	0
	397	100.0%			125
Percent of renter households within limits versus total number of renter households					31.48%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level			**60%**		
Minimum Income Limit			$20,400		
Maximum Income Limit			$46,560		
Income Category	Total Renter Households PMA Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	142	16.1%	0	0.0%	0
$10,000-19,999	118	13.4%	0	0.0%	0
$20,000-29,999	100	11.4%	9,599	96.0%	96
$30,000-39,999	112	12.7%	9,999	100.0%	112
$40,000-49,999	106	12.0%	6,560	65.6%	69
$50,000-59,999	106	12.1%	0	0.0%	0
$60,000-74,999	58	6.6%	0	0.0%	0
$75,000-99,999	68	7.8%	0	0.0%	0
$100,000+	71	8.0%	0	0.0%	0
	880	100.0%			277
Percent of renter households within limits versus total number of renter households					31.48%

Does the Project Benefit from Rent Subsidy? (Y/N)	No		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	$46,862		
Projected Mkt Entry June 2014 Median Income	$63,145		
Change from 2000 to Prj Mrkt Entry June 2014	$16,283		
Total Percent Change	34.7%		
Average Annual Change	5.8%		
Inflation Rate	5.8%	Two year adjustment	1.0000
Maximum Allowable Income	$46,560		
Maximum Allowable Income Inflation Adjusted	$46,560		
Maximum Number of Occupants	$5		
Rent Income Categories	60%		
Initial Gross Rent for Smallest Unit	$595		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$595.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	60%	40%	0%	0%	0%	100%
2	0%	30%	70%	0%	0%	0%	100%
3	0%	0%	50%	50%	0%	0%	100%
4	0%	0%	0%	100%	0%	0%	100%
5+	0%	0%	0%	90%	10%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry June 2014		
Income Target Population		60%
New Renter Households PMA		397
Percent Income Qualified		31.5%
New Renter Income Qualified Households		125

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2000		
Demand form Rent Overburdened Households		
Income Target Population		60%
Total Existing Demand		880
Income Qualified		31.5%
Income Qualified Renter Households		277
Percent Rent Overburdened Prj Mrkt Entry June 2014		45.0%
Rent Overburdened Households		125

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing		
Income Qualified Renter Households		277
Percent Living in Substandard Housing		0.6%
Households Living in Substandard Housing		2

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership		
Income Target Population		60%
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand		
Total Demand from Existing Households		126
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	19
Adjusted Demand from Existing Households		145
Total New Demand		125
Total Demand (New Plus Existing Households)		270

By Bedroom Demand		
One Person	32.0%	86
Two Persons	29.5%	80
Three Persons	14.3%	39
Four Persons	10.0%	27
Five Persons	14.2%	38
Total	100.0%	270

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	60%	52
Of two-person households in 1BR units	30%	24
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	40%	35
Of two-person households in 2BR units	70%	56
Of three-person households in 2BR units	50%	19
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	50%	19
Of four-person households in 3BR units	100%	27
Of five-person households in 3BR units	90%	34
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	0%	0
Of five-person households in 4BR units	10%	4
Total Demand		270
Check		OK

Total Demand by Bedroom	60%
1 BR	76
2 BR	110
3 BR	81
Total Demand	266

Additions To Supply 2000 to Prj Mrkt Entry June 2014	60%
1 BR	0
2 BR	0
3 BR	0
Total	0

Net Demand	60%
1 BR	76
2 BR	110
3 BR	81
Total	266

Developer's Unit Mix	60%
1 BR	6
2 BR	28
3 BR	20
Total	54

Capture Rate Analysis	60%
1 BR	7.9%
2 BR	25.5%
3 BR	24.8%
Total	20.3%

Overall

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level				**Overall**	
Minimum Income Limit			$20,400		
Maximum Income Limit			$46,560		
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	64	16.1%		0.0%	0
$10,000-19,999	53	13.4%		0.0%	0
$20,000-29,999	45	11.4%	9,599	96.0%	43
$30,000-39,999	50	12.7%	9,999	100.0%	50
$40,000-49,999	48	12.0%	6,560	65.6%	31
$50,000-59,999	48	12.1%		0.0%	0
$60,000-74,999	26	6.6%		0.0%	0
$75,000-99,999	31	7.8%		0.0%	0
$100,000+	32	8.0%		0.0%	0
	397	100.0%			125
Percent of renter households within limits versus total number of renter households					31.48%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level				**Overall**	
Minimum Income Limit			$20,400		
Maximum Income Limit			$46,560		
Income Category	Total Renter Households PMA Prj Mrkt Entry June 2014		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	142	16.1%	0	0.0%	0
$10,000-19,999	118	13.4%	0	0.0%	0
$20,000-29,999	100	11.4%	9,599	96.0%	96
$30,000-39,999	112	12.7%	9,999	100.0%	112
$40,000-49,999	106	12.0%	6,560	65.6%	69
$50,000-59,999	106	12.1%	0	0.0%	0
$60,000-74,999	58	6.6%	0	0.0%	0
$75,000-99,999	68	7.8%	0	0.0%	0
$100,000+	71	8.0%	0	0.0%	0
	880	100.0%			277
Percent of renter households within limits versus total number of renter households					31.48%

Does the Project Benefit from Rent Subsidy? (Y/N)	No		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	$46,862		
Projected Mkt Entry June 2014 Median Income	$63,145		
Change from 2000 to Prj Mrkt Entry June 2014	$16,283		
Total Percent Change	34.7%		
Average Annual Change	5.8%		
Inflation Rate	5.8%	Two year adjustment	1.0000
Maximum Allowable Income	$46,560		
Maximum Allowable Income Inflation Adjusted	$46,560		
Maximum Number of Occupants	$5		
Rent Income Categories	Overall		
Initial Gross Rent for Smallest Unit	$595		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$595.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	60%	40%	0%	0%	0%	100%
2	0%	30%	70%	0%	0%	0%	100%
3	0%	0%	50%	50%	0%	0%	100%
4	0%	0%	0%	100%	0%	0%	100%
5+	0%	0%	0%	90%	10%	0%	100%

STEP 1 Please refer to text for complete explanation.
Demand from New Renter Households 2000 to Prj Mrkt Entry June 2014

Income Target Population		Overall
New Renter Households PMA		397
Percent Income Qualified		31.5%
New Renter Income Qualified Households		125

STEP 2a. Please refer to text for complete explanation.
Demand from Existing Households 2000

Demand form Rent Overburdened Households		
Income Target Population		Overall
Total Existing Demand		880
Income Qualified		31.5%
Income Qualified Renter Households		277
Percent Rent Overburdened Prj Mrkt Entry June 2014		45.0%
Rent Overburdened Households		125

STEP 2b. Please refer to text for complete explanation.
Demand from Living in Substandard Housing

Income Qualified Renter Households		277
Percent Living in Substandard Housing		0.6%
Households Living in Substandard Housing		2

STEP 2c. Please refer to text for complete explanation.
Senior Households Converting from Homeownership

Income Target Population		Overall
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand		
Total Demand from Existing Households		126
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	19
Adjusted Demand from Existing Households		145
Total New Demand		125
Total Demand (New Plus Existing Households)		270
Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeonwership Conversion		0.0%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand		
One Person	32.0%	86
Two Persons	29.5%	80
Three Persons	14.3%	39
Four Persons	10.0%	27
Five Persons	14.2%	38
Total	100.0%	270

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	60%	52
Of two-person households in 1BR units	30%	24
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	40%	35
Of two-person households in 2BR units	70%	56
Of three-person households in 2BR units	50%	19
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	50%	19
Of four-person households in 3BR units	100%	27
Of five-person households in 3BR units	90%	34
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	0%	0
Of five-person households in 4BR units	10%	4
Total Demand		270
Check		OK

Total Demand by Bedroom	Overall
1 BR	76
2 BR	110
3 BR	81
Total Demand	266

Additions To Supply 2000 to Prj Mrkt Entry June 2014	Overall
1 BR	0
2 BR	0
3 BR	0
Total	0

Net Demand	Overall
1 BR	76
2 BR	110
3 BR	81
Total	266

Developer's Unit Mix	Overall
1 BR	8
2 BR	32
3 BR	24
Total	64

Capture Rate Analysis	Overall
1 BR	10.6%
2 BR	29.2%
3 BR	29.7%
Total	24.0%

CAPTURE RATE ANALYSIS CHART

Unit Size	Minimum income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents	Proposed Rents
1BR at 50% AMI	$20,400	$28,750	2	53	0	53	3.8%	12 months	$662	$513 - $816	$462
2BR at 50% AMI	$24,960	$32,350	4	77	0	77	5.2%	12 months	$696	$535 - $891	$572
3BR at 50% AMI	$28,800	$38,800	4	57	0	57	7.0%	12 months	$740	$599 - $1,521	$642
1BR at 60% AMI	$20,400	$34,500	6	76	0	76	7.9%	12 months	$675	$513 - $816	$467
2BR at 60% AMI	$24,960	$38,820	28	110	0	110	25.5%	12 months	$710	$553 - $891	$572
3BR at 60% AMI	$28,800	$46,560	20	81	0	81	24.8%	12 months	$812	$604 - $1,521	$642

Demand and Net Demand

	HH at 50% AMI (min to max income)	HH at 60% AMI (min to max income)	All Tax Credit Households
Demand from New Households (age and income appropriate)	88	125	125
PLUS	+	+	+
Demand from Existing Renter Households - Substandard Housing	1	2	2
PLUS	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	87	125	125
PLUS	+	+	+
Secondary Market Demand adjustment IF ANY Subject to 15% Limitation	**13**	**19**	**19**
Sub Total	**190**	**270**	**270**
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0	0	0
Equals Total Demand	190	270	270
Less	-	-	-
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market between 2000 and the present	0	0	0
Equals Net Demand	**190**	**270**	**270**

The Subject's capture rates at the 50 percent AMI level will range from 3.8 to 7.0 percent, with an overall capture rate of 5.3. The Subject's 60 percent AMI capture rates range from 7.9 to 25.5 percent, with an overall capture rate of 20.3 percent. While the capture rates are high, the PMA is considered to be very conservative as it encompasses Ball Ground and the immediate surrounding area. There are no family LIHTC properties in the PMA and therefore the Subject will face limited direct competition. Given the Subject's age/condition, amenity package, and location, the Subject will be well-positioned in the Ball Ground submarket.

H. 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 comparable properties containing 1,226 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the addenda. A map illustrating the location of the Subject in relation to comparable properties is also provided in the addenda. 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.

There are no LIHTC or unrestricted properties in the PMA; therefore, we do not anticipate that the Subject will face direct competition. We have included two family LIHTC properties in Jasper—Mountainside Manor and The Homestead—as Jasper is the closest most comparable submarket to Ball Ground. These properties are located within 14 miles of the Subject site. The property manager at Mountainside Manor (family LIHTC in Jasper) indicated that the Subject would not directly compete with properties in Canton or Jasper. There is limited unrestricted data in Jasper therefore, we have included three unrestricted properties in Canton in order to provide some comparison of unrestricted rents in the larger region. We have also interviewed local realtors in order to obtain information on private rentals. Because neither LIHTC property offers units restricted at 50 percent AMI, we have included the two family LIHTC properties in Canton that offer units at this income restriction: Alexander Ridge and Laurels at Greenwood. These properties are located within 14 miles of the Subject site. Overall, the availability of unrestricted and LIHTC data is limited and therefore the Subject will face limited competition in the PMA. We have excluded several properties in Canton as they are located outside of the PMA. The following table illustrates the occupancies at these properties.

General Market Overview/Included/Excluded Properties

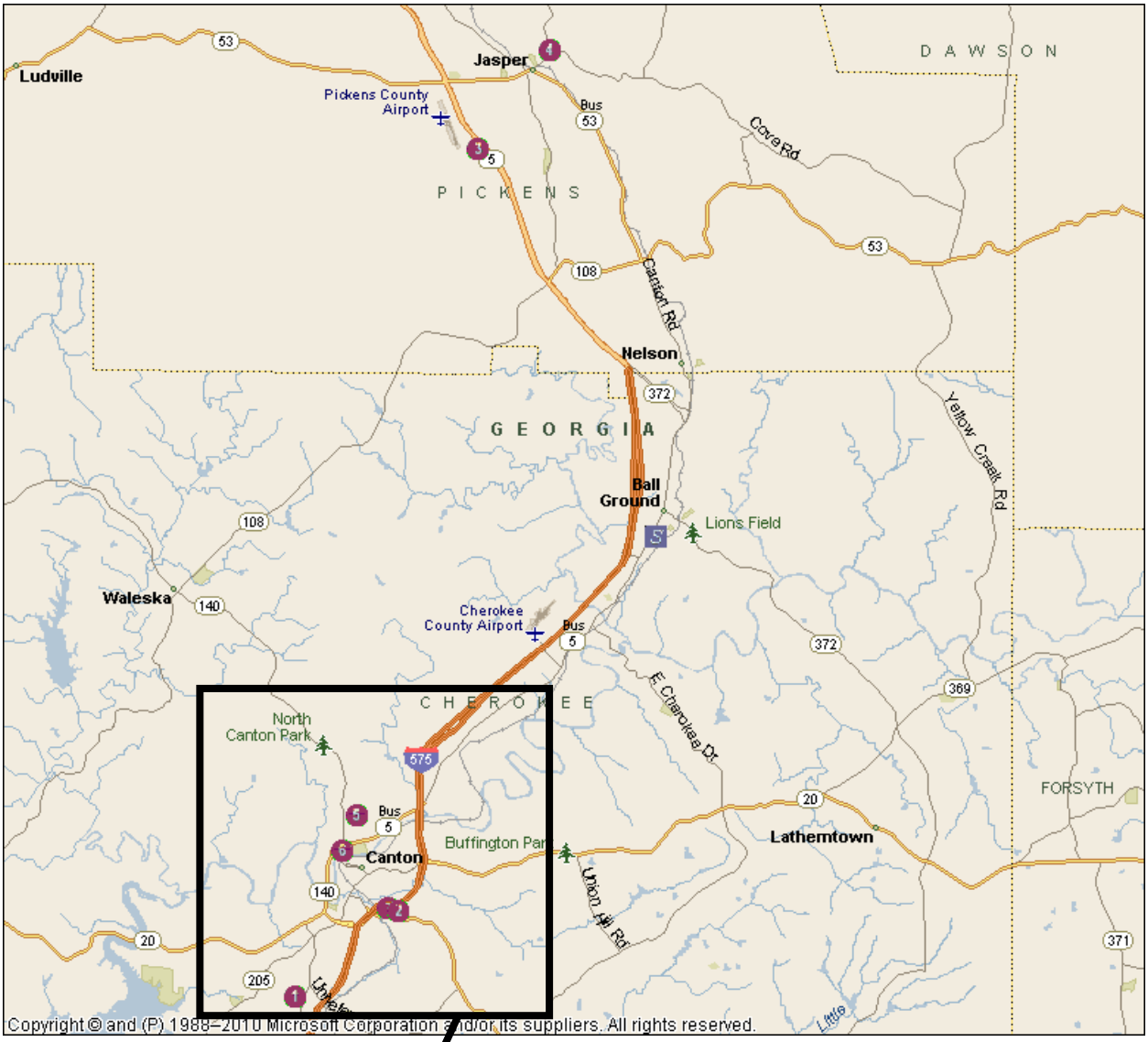
There are no HUD-subsidized, USDA Rural Development, or LIHTC properties in the PMA. The following table illustrates the occupancy of properties located in Jasper and Canton, some of which have been included as comparables. **None of the following properties are located in the PMA.**

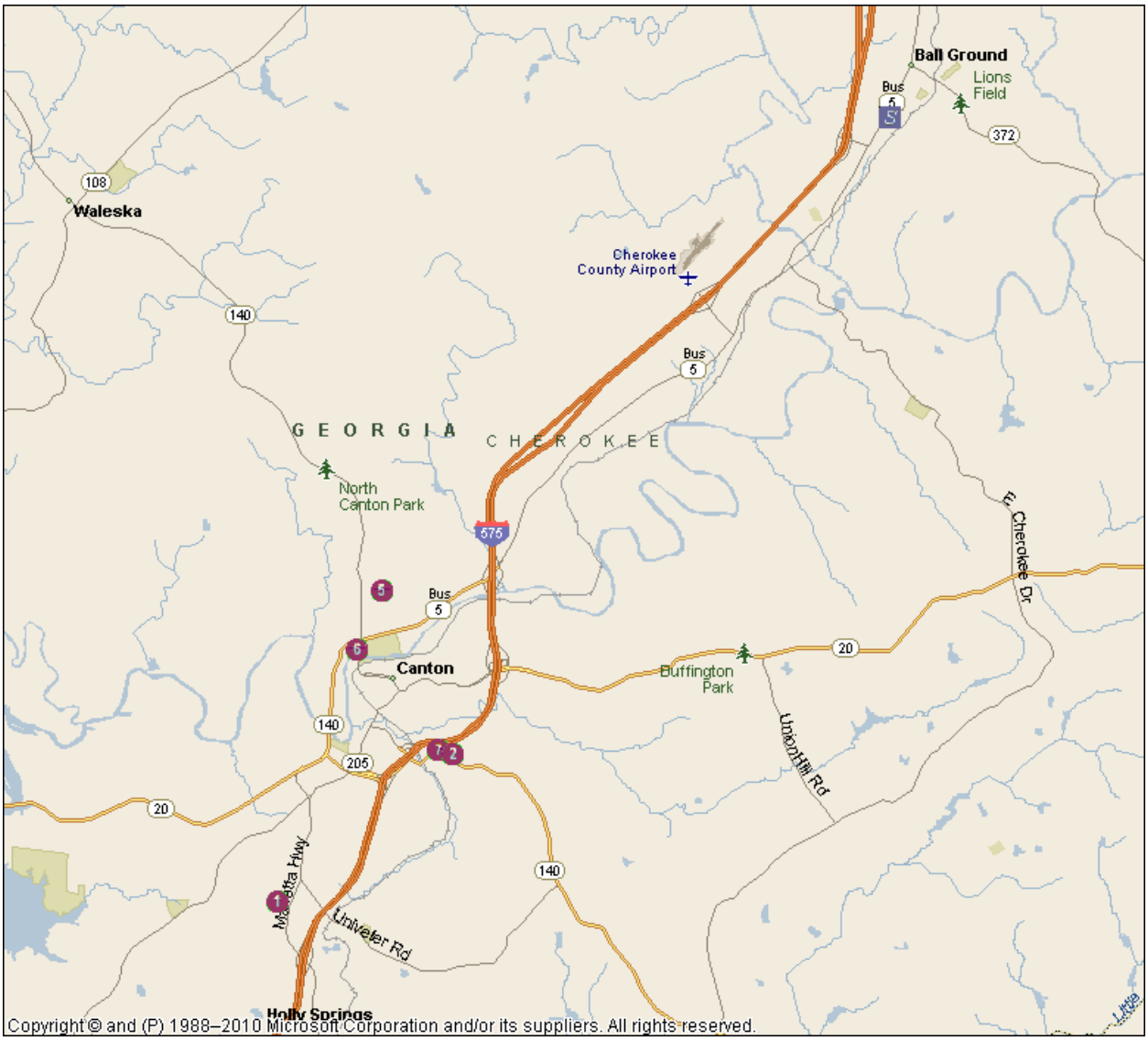
OVERALL VACANCY

Property name	Rent Structure	Location	Total Units	Vacant Units	Vacancy Rate	Included/Excluded	Reason for Exclusion
Alexander Ridge, FKA Signature Place	@50%, @60%, Market	Canton	272	26	9.60%	Included	N/Ap
Canterbury Ridge Apartments	@60%	Canton	212	11	5.20%	Excluded	Out of PMA; Does not offer 50% AMI units
Laurels At Greenwood	@50%, @60%, Market	Canton	174	8	4.60%	Included	N/Ap
Canton Mill Lofts	@60%, Market	Canton	313	58	18.53%	Excluded	Out of PMA; Does not offer 50% AMI units; Conversion design not comparable
Mountainside Manor	@60%, Market	Jasper	176	12	6.80%	Included	N/Ap
River Ridge At Canton	@60%, Market	Canton	356	75	21.10%	Excluded	Out of PMA; Does not offer 50% AMI units
The Homestead	@60%	Jasper	57	5	8.80%	Included	N/Ap
Lancaster Ridge	Market	Canton	186	6	3.20%	Included	N/Ap
Riverview Apartments	Market	Canton	138	4	2.90%	Included	N/Ap
Walden Crossing Apartments	Market	Canton	264	16	6.10%	Included	N/Ap
Total			**2,148**	**221**	**10.29%**		

As the previous table demonstrates, surrounding submarkets are underperforming overall in terms of vacancy rates. The most comparable properties to the PMA in Jasper and Canton are maintaining higher overall occupancy rates, which is in part due to their unit mix, age/condition, and location. We have included the most comparable properties in terms of location and unit distribution. None of the properties in the previous table are located in the PMA.

Comparable Rental Property Map





COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Alexander Ridge	Canton	@50%, @60%, Market	13.7 miles
2	Laurels At Greenwood	Canton	@50%, @60%, Market	11.1 miles
3	Mountainside Manor	Jasper	@60%, Market	9.8 miles
4	The Homestead	Jasper	@60%	13.5 miles
5	Lancaster Ridge	Canton	Market	9.5 miles
6	Riverview Apartments	Canton	Market	9.4 miles
7	Walden Crossing Apartments	Canton	Market	10.8 miles

1. The following tables illustrate detailed information in a comparable framework for the Subject and the comparable properties.

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Stone Valley Apartments	n/a	Garden	@50%, @60%,	1BR / 1BA	2	3.00%	@50%	$462	815	no		N/A	N/A
	SEC Canton-ball Ground		(2 stories)	Non-Rental	1BR / 1BA	6	9.10%	@60%	$462	815	no		N/A	N/A
	Hwy & Coy M. Holcomb St													
	Ball Ground, GA 30107		2014 / n/a		2BR / 2BA	4	6.10%	@50%	$565	1,105	no		N/A	N/A
	Cherokee County				2BR / 2BA	28	42.40%	@60%	$565	1,105	no		N/A	N/A
					3BR / 2BA	4	6.10%	@50%	$632	1,272	no		N/A	N/A
					3BR / 2BA	20	30.30%	@60%	$632	1,272	no		N/A	N/A
					3BR / 2BA	2	3.00%	Non-Rental	N/A	1,272	n/a		N/A	N/A
						66	100%						N/A	N/A
1	Alexander Ridge, FKA Signature Place	13.7 miles	Garden	@50%, @60%, Market	1BR / 1BA	N/A	N/A	@50%	$578	801	no	No	N/A	N/A
	3145 Ridge Road		(4 stories)		1BR / 1BA	N/A	N/A	@60%	$646	801	no	No	N/A	N/A
	Canton, GA 30014		1999 / n/a		1BR / 1BA	N/A	N/A	Market	$676	801	n/a	No	N/A	N/A
	Cherokee County				2BR / 2BA	N/A	N/A	@50%	$686	1,002	no	No	N/A	N/A
					2BR / 2BA	N/A	N/A	@60%	$746	1,002	no	No	N/A	N/A
					2BR / 2BA	N/A	N/A	Market	$820	1,002	n/a	No	N/A	N/A
					3BR / 2BA	N/A	N/A	@50%	$771	1,200	no	No	N/A	N/A
					3BR / 2BA	N/A	N/A	@60%	$820	1,200	no	No	N/A	N/A
					3BR / 2BA	N/A	N/A	Market	$876	1,200	n/a	No	N/A	N/A
						272	100%						26	9.60%
2	Laurels At Greenwood	11.1 miles	Garden	@50%, @60%,	2BR / 2BA	37	21.30%	@50%	$535	933	no	No	N/A	N/A
	1215 Hickory Flat Hwy		(3 stories)	Market	2BR / 2BA	31	17.80%	@60%	$553	933	no	No	N/A	N/A
	Canton, GA 30115		2001 / n/a		2BR / 2BA	21	12.10%	Market	$583	933	no	No	N/A	N/A
	Cherokee County				3BR / 2BA	35	20.10%	@50%	$599	1,149	no	No	N/A	N/A
					3BR / 2BA	36	20.70%	@60%	$619	1,149	no	No	N/A	N/A
					3BR / 2BA	14	8.00%	Market	$669	1,149	no	No	N/A	N/A
						174	100%						8	4.60%
3	Mountainside Manor	9.8 miles	Garden	@60%, Market	1BR / 1BA	19	10.80%	@60%	$513	1,011	n/a	No	0	0.00%
	264 Bill Hasty Blvd		(3 stories)		1BR / 1BA	5	2.80%	Market	$613	1,011	n/a	24 HH total	0	0.00%
	Jasper, GA 30143		2005 / n/a		2BR / 2BA	46	26.10%	@60%	$607	1,245	n/a	No	6	13.00%
	Pickens County				2BR / 2BA	14	8.00%	Market	$707	1,245	n/a	24 HH total	0	0.00%
					3BR / 2BA	76	43.20%	@60%	$609	1,382	n/a	No	6	7.90%
					3BR / 2BA	16	9.10%	Market	$743	1,382	n/a	24 HH total	0	0.00%
						176	100%						12	6.80%
4	The Homestead	13.5 miles	Garden	@60%	2BR / 2BA	N/A	N/A	@60%	$568	938	n/a		N/A	N/A
	102 Library Lane		2000 / n/a		3BR / 2.5BA	N/A	N/A	@60%	$604	1,240	no		N/A	N/A
	Jasper, GA 30143													
	Pickens County					57	100%						5	8.80%
5	Lancaster Ridge	9.5 miles	Garden	Market	1BR / 1BA	24	16.60%	Market	$640	850	n/a	No	0	0.00%
	800 Hickory Knoll Dr.		1995 / n/a		2BR / 2BA	50	34.50%	Market	$754	960	n/a	No	6	12.00%
	Canton, GA 30114				2BR / 2BA	41	28.30%	Market	$684	960	n/a	No	0	0.00%
	Cherokee County				3BR / 2BA	30	20.70%	Market	$794	1,140	n/a	Yes	0	0.00%
						145	100%						6	4.10%
6	Riverview Apartments	9.4 miles	Midrise	Market	1BR / 1BA	57	41.30%	Market	$630	560	n/a		N/A	N/A
	59 Anderson Avenue		(4 stories)		1BR / 1BA	3	2.20%	Market	$646	750	n/a		N/A	N/A
	Canton, GA 30114		2009 / n/a		1BR / 1BA	8	5.80%	Market	$691	780	n/a		N/A	N/A
	Cherokee County				1BR / 1BA	2	1.40%	Market	$661	860	n/a		N/A	N/A
					1BR / 1BA	1	0.70%	Market	$701	1,000	n/a		N/A	N/A
					2BR / 1BA	60	43.50%	Market	$726	768	n/a		N/A	N/A
					2BR / 2BA	1	0.70%	Market	$791	1,082	n/a		N/A	N/A
					2BR / 2BA	2	1.40%	Market	$891	1,200	n/a		N/A	N/A
					3BR / 2BA	4	2.90%	Market	$1,521	2,755	n/a		N/A	N/A
						138	100%						4	2.90%
7	Walden Crossing Apartments	10.8 miles	Garden	Market	1BR / 1BA	N/A	N/A	Market	$696	732	n/a		N/A	N/A
	100 Walden Crossing Dr		(4 stories)		1BR / 1BA	N/A	N/A	Market	$761	916	n/a		N/A	N/A
	Canton, GA 30115		2002 / n/a		1BR / 1BA	N/A	N/A	Market	$816	1,013	n/a		N/A	N/A
	Cherokee County				2BR / 2BA	N/A	N/A	Market	$796	1,157	n/a		N/A	N/A
					3BR / 2BA	N/A	N/A	Market	$1,076	1,425	n/a		N/A	N/A
						264	100%						16	6.10%

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

	Effective Rent Date:	Jun-12	Units Surveyed:	1267	Weighted Occupancy:	93.90%
			Market Rate	588	Market Rate	95.60%
			Tax Credit	679	Tax Credit	92.50%
	One Bedroom One Bath		**Two Bedrooms Two Bath**		**Three Bedrooms Two Bath**	
	Property	**Average**	**Property**	**Average**	**Property**	**Average**
RENT	Mountainside Manor * (M)	$613	Mountainside Manor * (M)	$707	Mountainside Manor * (M)	$743
	Mountainside Manor * (60%)	$513	Lancaster Ridge	$684	**Stone Valley Apartments * (50%)**	**$632**
	Stone Valley Apartments * (50%)	**$462**	Mountainside Manor * (60%)	$607	**Stone Valley Apartments * (60%)**	**$632**
	Stone Valley Apartments * (60%)	**$462**	**Stone Valley Apartments * (50%)**	**$565**	Mountainside Manor * (60%)	$609
	Alexander Ridge, FKA Signature Place * (50%)	N/A	**Stone Valley Apartments * (60%)**	**$565**	Alexander Ridge, FKA Signature Place * (50%)	N/A
	Alexander Ridge, FKA Signature Place * (60%)	N/A	Alexander Ridge, FKA Signature Place * (50%)	N/A	Alexander Ridge, FKA Signature Place * (60%)	N/A
	Alexander Ridge, FKA Signature Place * (M)	N/A	Alexander Ridge, FKA Signature Place * (60%)	N/A	Alexander Ridge, FKA Signature Place * (M)	N/A
	Lancaster Ridge	N/A	Alexander Ridge, FKA Signature Place * (M)	N/A	Laurels At Greenwood * (50%)	N/A
	Riverview Apartments	N/A	Laurels At Greenwood * (50%)	N/A	Laurels At Greenwood * (60%)	N/A
	Riverview Apartments	N/A	Laurels At Greenwood * (60%)	N/A	Laurels At Greenwood * (M)	N/A
	Riverview Apartments	N/A	Laurels At Greenwood * (M)	N/A	The Homestead * (2.5BA 60%)	N/A
	Riverview Apartments	N/A	The Homestead * (60%)	N/A	Lancaster Ridge	N/A
	Riverview Apartments	N/A	Lancaster Ridge	N/A	Riverview Apartments	N/A
	Walden Crossing Apartments	N/A	Lancaster Ridge	N/A	Walden Crossing Apartments	N/A
	Walden Crossing Apartments	N/A	Riverview Apartments	N/A		
	Walden Crossing Apartments	N/A	Riverview Apartments	N/A		
			Walden Crossing Apartments	N/A		
SQUARE FOOTAGE	Walden Crossing Apartments	1,013	Mountainside Manor * (60%)	1,245	Riverview Apartments	2,755
	Mountainside Manor * (60%)	1,011	Mountainside Manor * (M)	1,245	Walden Crossing Apartments	1,425
	Mountainside Manor * (M)	1,011	Riverview Apartments	1,200	Mountainside Manor * (60%)	1,382
	Riverview Apartments	1,000	Walden Crossing Apartments	1,157	Mountainside Manor * (M)	1,382
	Walden Crossing Apartments	916	**Stone Valley Apartments * (50%)**	**1,105**	**Stone Valley Apartments * (50%)**	**1,272**
	Riverview Apartments	860	**Stone Valley Apartments * (60%)**	**1,105**	**Stone Valley Apartments * (60%)**	**1,272**
	Lancaster Ridge	850	Riverview Apartments	1,082	The Homestead * (2.5BA 60%)	1,240
	Stone Valley Apartments * (50%)	**815**	Alexander Ridge, FKA Signature Place * (50%)	1,002	Alexander Ridge, FKA Signature Place * (50%)	1,200
	Alexander Ridge, FKA Signature Place * (50%)	801	Alexander Ridge, FKA Signature Place * (60%)	1,002	Alexander Ridge, FKA Signature Place * (60%)	1,200
	Alexander Ridge, FKA Signature Place * (60%)	801	Alexander Ridge, FKA Signature Place * (M)	1,002	Alexander Ridge, FKA Signature Place * (M)	1,200
	Alexander Ridge, FKA Signature Place * (M)	801	Lancaster Ridge	960	Laurels At Greenwood * (50%)	1,149
	Riverview Apartments	780	Lancaster Ridge	960	Laurels At Greenwood * (60%)	1,149
	Riverview Apartments	750	Lancaster Ridge	960	Laurels At Greenwood * (M)	1,149
	Walden Crossing Apartments	732	The Homestead * (60%)	938	Lancaster Ridge	1,140
	Stone Valley Apartments * (60%)	**600**	Laurels At Greenwood * (50%)	933		
	Riverview Apartments	560	Laurels At Greenwood * (60%)	933		
			Laurels At Greenwood * (M)	933		
RENT PER SQUARE FOOT	**Stone Valley Apartments * (60%)**	**$0.77**	Lancaster Ridge	$0.71	Mountainside Manor * (M)	$0.54
	Mountainside Manor * (M)	$0.61	Mountainside Manor * (M)	$0.57	**Stone Valley Apartments * (50%)**	**$0.50**
	Stone Valley Apartments * (50%)	**$0.57**	**Stone Valley Apartments * (50%)**	**$0.51**	**Stone Valley Apartments * (60%)**	**$0.50**
	Mountainside Manor * (60%)	$0.51	**Stone Valley Apartments * (60%)**	**$0.51**	Mountainside Manor * (60%)	$0.44
	Alexander Ridge, FKA Signature Place * (50%)	$0.00	Mountainside Manor * (60%)	$0.49	Alexander Ridge, FKA Signature Place * (50%)	$0.00
	Alexander Ridge, FKA Signature Place * (60%)	$0.00	Alexander Ridge, FKA Signature Place * (50%)	$0.00	Alexander Ridge, FKA Signature Place * (60%)	$0.00
	Alexander Ridge, FKA Signature Place * (M)	$0.00	Alexander Ridge, FKA Signature Place * (60%)	$0.00	Alexander Ridge, FKA Signature Place * (M)	$0.00
	Lancaster Ridge	$0.00	Alexander Ridge, FKA Signature Place * (M)	$0.00	Laurels At Greenwood * (50%)	$0.00
	Riverview Apartments	$0.00	Laurels At Greenwood * (50%)	$0.00	Laurels At Greenwood * (60%)	$0.00
	Riverview Apartments	$0.00	Laurels At Greenwood * (60%)	$0.00	Laurels At Greenwood * (M)	$0.00
	Riverview Apartments	$0.00	Laurels At Greenwood * (M)	$0.00	The Homestead * (2.5BA 60%)	$0.00
	Riverview Apartments	$0.00	The Homestead * (60%)	$0.00	Lancaster Ridge	$0.00
	Riverview Apartments	$0.00	Lancaster Ridge	$0.00	Riverview Apartments	$0.00
	Walden Crossing Apartments	$0.00	Lancaster Ridge	$0.00	Walden Crossing Apartments	$0.00
	Walden Crossing Apartments	$0.00	Riverview Apartments	$0.00		
	Walden Crossing Apartments	$0.00	Riverview Apartments	$0.00		
			Walden Crossing Apartments	$0.00		

PROPERTY PROFILE REPORT

Alexander Ridge, FKA Signature Place

Effective Rent Date	**5/22/2011**
Location	3145 Ridge Road Canton, GA 30014 Cherokee County
Distance	13.7 miles
Units	272
Vacant Units	26
Vacancy Rate	9.6%
Type	Garden (4 stories)
Year Built/Renovated	1999 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Canterbury Ridge, River Ridge, Walden Crossing
Tenant Characteristics	Mixed tenancy coming from surronding counties
Contact Name	Nick
Phone	(770) 479-5970

Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	4%
Leasing Pace	One week
Annual Chg. in Rent	Varies
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (4 stories)	N/A	801	$557	N/A	@50%	No	N/A	N/A	no	None
1	1	Garden (4 stories)	N/A	801	$625	N/A	@60%	No	N/A	N/A	no	None
1	1	Garden (4 stories)	N/A	801	$655	N/A	Market	No	N/A	N/A	N/A	None
2	2	Garden (4 stories)	N/A	1,002	$665	N/A	@50%	No	N/A	N/A	no	None
2	2	Garden (4 stories)	N/A	1,002	$725	N/A	@60%	No	N/A	N/A	no	None
2	2	Garden (4 stories)	N/A	1,002	$799	N/A	Market	No	N/A	N/A	N/A	None
3	2	Garden (4 stories)	N/A	1,200	$750	N/A	@50%	No	N/A	N/A	no	None
3	2	Garden (4 stories)	N/A	1,200	$799	N/A	@60%	No	N/A	N/A	no	None
3	2	Garden (4 stories)	N/A	1,200	$855	N/A	Market	No	N/A	N/A	N/A	None

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Alexander Ridge, FKA Signature Place, continued

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$557	$0	N/A	$21	N/A
2BR / 2BA	$665	$0	N/A	$21	N/A
3BR / 2BA	$750	$0	N/A	$21	N/A

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$625	$0	N/A	$21	N/A
2BR / 2BA	$725	$0	N/A	$21	N/A
3BR / 2BA	$799	$0	N/A	$21	N/A

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$655	$0	N/A	$21	N/A
2BR / 2BA	$799	$0	N/A	$21	N/A
3BR / 2BA	$855	$0	N/A	$21	N/A

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Ceiling Fan
Microwave
Refrigerator
Blinds
Central A/C
Exterior Storage
Garbage Disposal
Oven
Washer/Dryer hookup

Security

In-Unit Alarm
Limited Access
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool
Clubhouse/Meeting
Central Laundry
On-Site Management
Playground

Premium

None

Other

None

Comments

Nick at the property was not able to give us the individual vacancies per floor plan and restrictions, but he was able to provide total vacancies per floor plan. There are 7 one bedrooms vacant, 3 two-bedroom units vacant, and 16 threee-bedroom units vacant. When we asked him why he thought there were so many total vacancies (26) as opposed to when we spoke last year, and why there were so many in the 3 bedroom floor plan he stated the following.

Nick stated overall, he has had to "clean house" lately service notices and evictions. In addition he has seen a lot of people either move out lately to get a good deal on a home, or they are moving out due to financial hardship.

In reference to the three-bedroom floor plan, he stated they just have not been seeing the tenants and foot traffic looking for this floor plan, and that they generally always come in for the 1 and 2 bedrooms. He stated the 50% resrictions level is what everyone is looking for, but he only has one building at this level, and that the 60% may be a bit above demand for the income levels of the area.

He stated they are hoping with school letting out, that they will see some more 3 bedroom traffic.

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Alexander Ridge, FKA Signature Place, continued

Trend Report

Vacancy Rates

2Q08	1Q11	3Q11	2Q12
1.5%	1.5%	5.5%	9.6%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$545	$0	$545	$566
2011	1	N/A	$565	$0	$565	$586
2011	3	N/A	$555	$0	$555	$576
2012	2	N/A	$557	$0	N/A	N/A

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$650	$0	$650	$671
2011	1	N/A	$675	$0	$675	$696
2011	3	N/A	$667	$0	$667	$688
2012	2	N/A	$665	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$740	$0	$740	$761
2011	1	N/A	$760	$0	$760	$781
2011	3	N/A	$750	$0	$750	$771
2012	2	N/A	$750	$0	N/A	N/A

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$740	$0	$740	$761
2011	1	N/A	$675	$0	$675	$696
2011	3	N/A	$675	$0	$675	$696
2012	2	N/A	$655	$0	N/A	N/A

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$830	$0	$830	$851
2011	1	N/A	$775	$0	$775	$796
2011	3	N/A	$775	$0	$775	$796
2012	2	N/A	$799	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$950	$0	$950	$971
2011	1	N/A	$850	$0	$850	$871
2011	3	N/A	$875	$0	$875	$896
2012	2	N/A	$855	$0	N/A	N/A

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$610	$0	$610	$631
2011	1	N/A	$620	$0	$620	$641
2011	3	N/A	$625	$0	$625	$646
2012	2	N/A	$625	$0	N/A	N/A

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$810	$0	$810	$831
2011	1	N/A	$725	$0	$725	$746
2011	3	N/A	$725	$0	$725	$746
2012	2	N/A	$725	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	$925	$0	$925	$946
2011	1	N/A	$799	$0	$799	$820
2011	3	N/A	$825	$0	$825	$846
2012	2	N/A	$799	$0	N/A	N/A

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Trend: Comments

2Q08 The rents are at the maximum allowable level for 2008.

1Q11 This property is upgrading the flooring from carpet to hardwood upon unit turnover. There is no rent difference for upgraded flooring. Approximately 30 percent of all units have been completed as of January 2011, while all units are targeted for the upgrade. Management identified additional demand for one -bedroom units at the 50 percent AMI level and below. Management stated that tenants who qualify for the affordable units move about from regions within a 20 miles radius of the property. Rents for the restricted units increased approximately 2.0 percent, while rents for market rate units decreased from 7.0 to 11.0 percent since the first quarter of 2010.

3Q11 The contact stated that demand for one and three-bedroom units is very high. The property is currently 97 percent leased.

2Q12 Nick at the property was not able to give us the individual vacancies per floor plan and restrictions, but he was able to provide total vacancies per floor plan. There are 7 one bedrooms vacant, 3 two-bedroom units vacant, and 16 threee-bedroom units vacant. When we asked him why he thought there were so many total vacancies (26) as opposed to when we spoke last year, and why there were so many in the 3 bedroom floor plan he stated the following.

Nick stated overall, he has had to "clean house" lately service notices and evictions. In addition he has seen a lot of people either move out lately to get a good deal on a home, or they are moving out due to financial hardship.

In reference to the three-bedroom floor plan, he stated they just have not been seeing the tenants and foot traffic looking for this floor plan, and that they generally always come in for the 1 and 2 bedrooms. He stated the 50% resrictions level is what everyone is looking for, but he only has one building at this level, and that the 60% may be a bit above demand for the income levels of the area.

He stated they are hoping with school letting out, that they will see some more 3 bedroom traffic.

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PROPERTY PROFILE REPORT

Laurels At Greenwood

Effective Rent Date	**5/25/2012**
Location	1215 Hickory Flat Hwy Canton, GA 30115 Cherokee County
Distance	11.1 miles
Units	174
Vacant Units	8
Vacancy Rate	4.6%
Type	Garden (3 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Waldon Crossing Apartments
Tenant Characteristics	Major Employer of tenants is Wal-Mart and Home Depot; 75% work in Canton; 20% work in Kennesaw; 4% out of state relocations
Contact Name	Sandy
Phone	770.720.1444

Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	48%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	4 - Days
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	37	933	$577	N/A	@50%	No	N/A	N/A	no	None
2	2	Garden (3 stories)	31	933	$595	N/A	@60%	No	N/A	N/A	no	None
2	2	Garden (3 stories)	21	933	$625	N/A	Market	No	N/A	N/A	no	None
3	2	Garden (3 stories)	35	1,149	$655	N/A	@50%	No	N/A	N/A	no	None
3	2	Garden (3 stories)	36	1,149	$675	N/A	@60%	No	N/A	N/A	no	None
3	2	Garden (3 stories)	14	1,149	$725	N/A	Market	No	N/A	N/A	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$577	$0	N/A	-$42	N/A
3BR / 2BA	$655	$0	N/A	-$56	N/A

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$595	$0	N/A	-$42	N/A
3BR / 2BA	$675	$0	N/A	-$56	N/A

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$625	$0	N/A	-$42	N/A
3BR / 2BA	$725	$0	N/A	-$56	N/A

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Laurels At Greenwood, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Microwave
Refrigerator
Washer/Dryer hookup
Blinds
Central A/C
Dishwasher
Ceiling Fan
Hand Rails
Oven
Walk-In Closet

Security

Patrol
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Elevators
Central Laundry
On-Site Management
Playground
Clubhouse/Meeting
Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool

Premium

None

Other

Gazebo

Comments

The property manager, who was extremely brief, stated she did not know how many total housing choice vouchers they had, or a estimated percentage. She said she could not think of any that they currently had, but do accept them.

She stated they have 8 vacancies, solely in the 3 bedroom floor plan, but could not identify at what restriction level. She says they have them on lower pricing and they are starting to lease now.

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Trend Report

Vacancy Rates

2Q05	2Q06	2Q07	2Q12
0.0%	0.0%	10.3%	4.6%

Trend: @50%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	0.0%	$650	$0	$650	$608
2007	2	N/A	$650	$0	$650	$608
2012	2	N/A	$577	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	0.0%	$750	$0	$750	$694
2007	2	N/A	$750	$0	$750	$694
2012	2	N/A	$655	$0	N/A	N/A

Trend: Market

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	0.0%	$689	$0	$689	$647
2007	2	N/A	$689	$0	$689	$647
2012	2	N/A	$625	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	0.0%	$799	$0	$799	$743
2007	2	N/A	$799	$0	$799	$743
2012	2	N/A	$725	$0	N/A	N/A

Trend: @60%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	$595	$0	N/A	N/A

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	$675	$0	N/A	N/A

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Trend: Comments

2Q05 This property is 80% tax credit and 20% market. The AMI Level is 50%.It is located in the Cherokee part of the Atlanta MSA.

2Q06 Laurels at Greenwood is a LIHTC/market-rate property featuring two- and three-bedroom units. The property has a total of six buildings, five of which are three-story garden-style buildings and one is a four-story walk-up garden-style building. The four-story building is handicapped accessible equipped with two elevators. The property has 25, two-bedroom and 44, three-bedroom units which are handicap accessible, meaning on the ground level and/or in the four-story building elevator-serviced building. In addition, the property has four, two-bedroom and five, three-bedroom handicap equipped units, meaning the units are equipped with hand rails, pull chords, and other special amenities. All of the handicap equipped units are in the four-story elevator-serviced building and are LIHTC units. Of the total nine handicap equipped units, only two are being rented by handicap persons. The remaining handicap equipped units as well as all of the handicap accessible units are being leased by non-handicap persons. In addition, there is one single-story non-residential building, the clubhouse, containing the community room and kitchen, swimming pool, business center, and leasing office.

The property is currently 100 percent pre-leased, similar to the previously reported occupancy in May 2005. Management reported that the company took over management of the property in October 2004 at which point the property was approximately 76 percent occupied. By December 2004 the property was 79 percent occupied 93 percent by April 2005, 98 percent by December 2005, and 100 percent in March 2006. Currently, the property is 100 percent pre-leased and management indicated the property has generally been 100 percent pre-leased/occupied since January 2006. Strong customer service skills, marketing campaigns, and quick responses to maintenance requests were the primary reasons sighted for the increased occupancy. There is a waiting list for all units and all restrictions totaling approximately 14 households with an estimated waiting period of 30 days.

Management indicated that the Canton area rental market has uncommonly high turnover with residents moving back and forth between properties forcing management companies to offer lower rents and oftentimes concessions. This property no longer offers concessions, however there are few fees associated with moving into the property, which has appeal. There is a $200 deposit and $40 application fee, whereas many properties require one month?s rent as a deposit.

From when the management company took over the property, through April 2005 (when occupancy was at 93 percent), rental rates were not changed. During this period, all two-bedroom units rented for $599 and three-bedroom units for $685. Between June/July 2005, rents increased by nine percent for the two-bedroom units and ten percent for the three-bedroom units. Two-bedroom units rented for $655 per month and three-bedroom units for $755 per month. Again, similar to the previous rental rates, all units, both LIHTC and market-rate units were rented at the aforementioned rents. In May 2006, the rents were decreased slightly to $630 for the two-bedroom units and $730 for the three-bedroom units. This represents a decrease of 3.8 percent for the two-bedroom units and 3.3 percent for the three-bedroom units. The rental structure was changed again June 14, 2006. Currently the rents for LIHTC units differ from those charged for the market-rate units. Market-rate units increased in rent by approximately 9.5 percent while units restricted to 50 percent of the AMI increased by three percent and units restricted to 54 percent of the AMI increased by 4.5 percent. Management reported that in the past six months the property has rarely offered a concession, but instead adjusts rents based on the competition and demand. Previously the property offered one half of a month for free with a 12-month lease; however for the past six months the property has not offered any concessions. The property generally tries to keep the rents similar to those charged by their primary competitors, Alexander Ridge and Canterbury Ridge. Management indicated that there is a $30 per month increase in rent upon renewal. Section 8 vouchers are accepted, however currently there are no residents utilizing a Section 8 voucher.

The City of Canton operates a free public transit bus system. There is a bus stop directly in front of the property along Hickory Flat Highway and operates Monday through Friday from 9am to 5pm and Saturday 9am to 4pm. The property is located on bus route two, which includes stops at local retail and medical facilities as well as transportation to the Cobb County Transit Bus Stop which operates an express bus from downtown Atlanta to the Canton area. There are a total of 348 parking spaces at the property, equaling slightly less than two spaces per unit. Market-rate units include a microwave. Approximately 17 percent of the units are equipped with a washer and dryer for which residents pay an additional $30 per month. All units have washer/dryer connections and the property has a central laundry facility with 13 washing machines and 13 dryers.

Residents are primarily from the Canton/Atlanta area. Approximately 75 percent of the residents work in the Canton area, many at Wal-Mart and Home Depot located two exits north along Interstate 575 from the property. Twenty percent work in the Kennesaw area. Six of the residents relocated to the property from out of state, from Florida, Pennsylvania, and Texas. One Hurricane Katrina evacuee lives at the property and has is likely to remain at the property for the foreseeable future. The property is home primarily to families; however, there are several seniors (approximately five percent) and young professionals (less than five percent).

2Q07 This property does not accept Section 8 Tenants.

2Q12 The property manager, who was extremely brief, stated she did not know how many total housing choice vouchers they had, or a estimated percentage. She said she could not think of any that they currently had, but do accept them.

She stated they have 8 vacancies, solely in the 3 bedroom floor plan, but could not identify at what restriction level. She says they have them on lower pricing and they are starting to lease now.

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PROPERTY PROFILE REPORT

Mountainside Manor

Effective Rent Date	**6/06/2012**
Location	264 Bill Hasty Blvd Jasper, GA 30143 Pickens County
Distance	9.8 miles
Units	176
Vacant Units	12
Vacancy Rate	6.8%
Type	Garden (3 stories)
Year Built/Renovated	2005 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Subsidized properties and private rentals
Tenant Characteristics	Families and singles; Majority from Jasper and Ellijay and north Georgia
Contact Name	Jeanne
Phone	(678) 454-4050

Market Information

Program	@60%, Market
Annual Turnover Rate	45%
Units/Month Absorbed	N/A
HCV Tenants	2%
Leasing Pace	N/A
Annual Chg. in Rent	N/A
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	19	1,011	$549	$0	@60%	No	0	0.0%	N/A	None
1	1	Garden (3 stories)	5	1,011	$649	$0	Market	24 HH	0	0.0%	N/A	None
2	2	Garden (3 stories)	46	1,245	$649	$0	@60%	No	6	13.0%	N/A	None
2	2	Garden (3 stories)	14	1,245	$749	$0	Market	24 HH	0	0.0%	N/A	None
3	2	Garden (3 stories)	76	1,382	$665	$0	@60%	No	6	7.9%	N/A	None
3	2	Garden (3 stories)	16	1,382	$799	$0	Market	24 HH	0	0.0%	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$549	$0	$549	-$36	$513	**1BR / 1BA**	$649	$0	$649	-$36	$613
2BR / 2BA	$649	$0	$649	-$42	$607	**2BR / 2BA**	$749	$0	$749	-$42	$707
3BR / 2BA	$665	$0	$665	-$56	$609	**3BR / 2BA**	$799	$0	$799	-$56	$743

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Amenities

In-Unit

Balcony/Patio
Carpeting
Exterior Storage
Oven
Washer/Dryer hookup
Blinds
Dishwasher
Garbage Disposal
Refrigerator

Security

None

Services

None

Property

Basketball Court
Car Wash
Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool
Business Center/Computer Lab
Clubhouse/Meeting
Central Laundry
On-Site Management
Playground
Tennis Court

Premium

None

Other

None

Comments

The property manager reported that the property competes with private rental single-family homes in Jasper and surrounding areas. Turnover is higher than usual because tenants are employed in manufacturing and have lost their jobs. Tenants have moved out to find employment in other markets, to rent cheaper single-family home units, or consolidated households. The contact indicated that the majority of tenants from north Georgia are commuting to Canton. Management indicated that the property has a locational advantage being located adjacent to a hospital, which is a major employer. Therefore, tenants have convenient access to the facility. The property offers 24 garages that rent for $50 per month. All are leased and there is a waiting list. The majority of turnover is due to tenants not being able to afford rent. Typically demand is higher for the one- and two-bedroom units.

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PROPERTY PROFILE REPORT

The Homestead

Effective Rent Date	**5/22/2012**
Location	102 Library Lane Jasper, GA 30143 Pickens County
Distance	13.5 miles
Units	57
Vacant Units	5
Vacancy Rate	8.8%
Type	Garden (2 stories)
Year Built/Renovated	2000 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	The tenants are mostly families with an average household size of 4.
Contact Name	Sandra
Phone	(706) 253-4663

Market Information

Program	@60%
Annual Turnover Rate	50%
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	2 weeks
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (2 stories)	N/A	938	$610	N/A	@60%	N/A	N/A	N/A	no	None
3	2.5	Garden (2 stories)	N/A	1,240	$660	N/A	@60%	N/A	N/A	N/A	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$610	$0	N/A	-$42	N/A
3BR / 2.5BA	$660	$0	N/A	-$56	N/A

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Garbage Disposal
Refrigerator
Blinds
Central A/C
Dishwasher
Oven
Washer/Dryer hookup

Security

Perimeter Fencing

Services

None

Property

Basketball Court
On-Site Management
Off-Street Parking

Premium

None

Other

None

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The Homestead, continued

Comments

Per the interview, associates at the property did not have the exact break down of the vacant units, and could only provide that there were 5 total vacancies. The complex's units are townhome Style and not garden style and that the LIHTC Level was 60 percent and the rents are not at the maximum allowable currently.

No concessions per floor plan, but if you qualify credit wise, they will reduce the security deposit.

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Trend Report

Vacancy Rates

3Q04	2Q12
19.3%	8.8%

Trend: @60%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	$610	$0	N/A	N/A

3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	$660	$0	N/A	N/A

Trend: Comments

3Q04 The Homestead is a LIHTC property with 57 units. The property is currently 80% occupied with no waiting list. The only concession currently being offered is a $575 rate on the 3 bedroom. A vacant unit can be leased out within 2 weeks.

2Q12 Per the interview, associates at the property did not have the exact break down of the vacant units, and could only provide that there were 5 total vacancies. The complex's units are townhome Style and not garden style and that the LIHTC Level was 60 percent and the rents are not at the maximum allowable currently.

No concessions per floor plan, but if you qualify credit wise, they will reduce the security deposit.

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PROPERTY PROFILE REPORT

Lancaster Ridge

Effective Rent Date	**5/30/2012**
Location	800 Hickory Knoll Dr. Canton, GA 30114 Cherokee County
Distance	9.5 miles
Units	186
Vacant Units	6
Vacancy Rate	3.2%
Type	Garden
Year Built/Renovated	1995 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	River Ridge, Canton Mill Lofts, Canterbury Apts
Tenant Characteristics	Most are from Canton
Contact Name	Elizabeth
Phone	770.720.2368

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	5 Days
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	24	850	$655	N/A	Market	No	0	0.0%	N/A	None
2	2	Garden	50	960	$775	N/A	Market	No	6	12.0%	N/A	HIGH
2	2	Garden	41	960	$705	N/A	Market	No	0	0.0%	N/A	LOW
2	2	Garden	41	960	$705	$0	Market	No	0	0.0%	N/A	LOW
3	2	Garden	30	1,140	$829	N/A	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$655	$0	N/A	-$15	N/A
2BR / 2BA	$705 - $775	$0	$0 - $705	-$21	$0 - $684
3BR / 2BA	$829	$0	N/A	-$35	N/A

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Lancaster Ridge, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Microwave
Refrigerator
Walk-In Closet
Blinds
Central A/C
Dishwasher
Ceiling Fan
Hand Rails
Oven
Vaulted Ceilings
Washer/Dryer hookup

Security

Perimeter Fencing
Video Surveillance

Services

None

Property

Clubhouse/Meeting
Central Laundry
On-Site Management
Swimming Pool
Exercise Facility
Off-Street Parking
Playground

Premium

None

Other

None

Comments

Formerly Hickory Knoll, Lancaster Ridge is now managed by Dominion and no longer LIHTC. Per PM Elizabeth, it was a former LIHTC that is now all market, but those who were already there were grandfathered in.

The two bedroom types varyt in pricing based upon floor location, view, amenities and upgrades. They are currently occupied at 96%.

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Trend Report

Vacancy Rates

2Q05	2Q06	3Q07	2Q12
2.8%	6.2%	4.2%	3.2%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	0.0%	$655	$0	N/A	N/A

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	4.5%	$705 - $775	$0	$0 - $705	$0 - $684

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	0.0%	$829	$0	N/A	N/A

Trend: Comments

2Q05 Hickory Knoll currently has 4 vacancies with a move in special of $399 for all units. There have been no changes in rental rates and there are no waiting lists.

2Q06 Although it was recently reported that the property has units available at both 60 percent AMI and market rate, the property is actually 100 percent tax credit. Units are offered at both 40 percent AMI and 60 percent AMI. Management stated that this structure has been in place since the property opened. The current rent special is $399 for the first month's rent. This special has been running for a few months. Management stated that they tried ending the special but a large decrease in traffic occurred. Management stated that there is a large amount of competition in the area and this property is among the oldest. As a result, management has found that it is necessary to run specials such as this in order to stay competitive. The property has a vacancy rate of 6.9 percent, an increase from the previously reported 2.8 percent in June 2005.

3Q07 The contact stated that there is enough affordable housing to meet the demand in this area. Currently, the playground is being redone and old equipment is being replaced.

2Q12 Formerly Hickory Knoll, Lancaster Ridge is now managed by Dominion and no longer LIHTC. Per PM Elizabeth, it was a former LIHTC that is now all market, but those who were already there were grandfathered in.

The two bedroom types varyt in pricing based upon floor location, view, amenities and upgrades. They are currently occupied at 96%.

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PROPERTY PROFILE REPORT

Riverview Apartments

Effective Rent Date	**5/30/2012**
Location	59 Anderson Avenue Canton, GA 30114 Cherokee County Intersection: N Etowah Dr
Distance	9.4 miles
Units	138
Vacant Units	4
Vacancy Rate	2.9%
Type	Midrise (4 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	River Ridge
Tenant Characteristics	Hospital
Contact Name	Brittany
Phone	678-880-8437

Market Information

Program	Market
Annual Turnover Rate	22%
Units/Month Absorbed	10 - 11
HCV Tenants	0%
Leasing Pace	1 - 2 weeks
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	57	560	$609	N/A	Market	N/A	N/A	N/A	N/A	None
1	1	Midrise (4 stories)	3	750	$625	N/A	Market	N/A	N/A	N/A	N/A	None
1	1	Midrise (4 stories)	8	780	$670	N/A	Market	N/A	N/A	N/A	N/A	None
1	1	Midrise (4 stories)	2	860	$640	N/A	Market	N/A	0	0.0%	N/A	None
1	1	Midrise (4 stories)	1	1,000	$680	N/A	Market	N/A	N/A	N/A	N/A	None
2	1	Midrise (4 stories)	60	768	$705	N/A	Market	N/A	N/A	N/A	N/A	None
2	2	Midrise (4 stories)	1	1,082	$770	N/A	Market	N/A	N/A	N/A	N/A	None
2	2	Midrise (4 stories)	2	1,200	$870	N/A	Market	N/A	N/A	N/A	N/A	None
3	2	Midrise (4 stories)	4	2,755	$1,500	N/A	Market	N/A	N/A	N/A	N/A	None

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Riverview Apartments, continued

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$609 - $680	$0	N/A	$21	N/A
2BR / 1BA	$705	$0	N/A	$21	N/A
2BR / 2BA	$770 - $870	$0	N/A	$21	N/A
3BR / 2BA	$1,500	$0	N/A	$21	N/A

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Carpeting
Coat Closet
Exterior Storage
Hand Rails
Oven
Refrigerator
Vaulted Ceilings
Whirlpool Tub
Washer/Dryer hookup
Blinds
Carpet/Hardwood
Central A/C
Dishwasher
Ceiling Fan
Microwave
Pull Cords
Trash Compactor
Walk-In Closet
Washer/Dryer

Security

Intercom (Phone)
Limited Access
Video Surveillance

Services

None

Property

Business Center/Computer Lab
Courtyard
Exercise Facility
Central Laundry
Clubhouse/Meeting
Elevators
Jacuzzi

Premium

None

Other

Climate Controlled Storage

Comments

Buildings are interior buildings. Property manager stated stated they have 4 vacancies currently, either in the 2x1 or the 1x1 560 sq feet, but was not able to ge the breakdown. She stated that the rents have been stable since she has been there in 2010 and generally takes them a week to two weeks to lease a unit.

She was not able to provide an annual turnover rate.
Their tenants come from all over, Canton, Cherokee county, (out of state) as they do a lot of online leasing as well as from Atlanta for relocation.

She stated that due to their facility being new and offering amenities that others just cant, that they dont have many major competitors and stay around 95% occupied and up. They are currently around 97%

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PROPERTY PROFILE REPORT

Walden Crossing Apartments

Effective Rent Date	**5/25/2012**
Location	100 Walden Crossing Dr Canton, GA 30115 Cherokee County Intersection: HIckory Flat Highway
Distance	10.8 miles
Units	264
Vacant Units	16
Vacancy Rate	6.1%
Type	Garden (4 stories)
Year Built/Renovated	2002 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Heritage Park
Tenant Characteristics	Eclectic, no certain demographic or age, a lot of the Cherokee Sheriffs Department lives here
Contact Name	Tammy
Phone	866-638-4612

Market Information

Program	Market
Annual Turnover Rate	55%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	3-5 days
Annual Chg. in Rent	slight increase
Concession	N/A

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (4 stories)	N/A	732	$675	N/A	Market	N/A	N/A	N/A	N/A	None
1	1	Garden (4 stories)	N/A	916	$740	N/A	Market	N/A	N/A	N/A	N/A	None
1	1	Garden (4 stories)	N/A	1,013	$795	N/A	Market	N/A	N/A	N/A	N/A	None
2	2	Garden (4 stories)	N/A	1,157	$775	N/A	Market	N/A	N/A	N/A	N/A	None
3	2	Garden (4 stories)	N/A	1,425	$1,055	N/A	Market	N/A	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$675 - $795	$0	N/A	$21	N/A
2BR / 2BA	$775	$0	N/A	$21	N/A
3BR / 2BA	$1,055	$0	N/A	$21	N/A

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Walden Crossing Apartments, continued

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Pull Cords
Skylights
Vaulted Ceilings
Washer/Dryer hookup
Blinds
Carpet/Hardwood
Central A/C
Dishwasher
Ceiling Fan
Oven
Refrigerator
Trash Compactor
Walk-In Closet

Security

None

Services

None

Property

Business Center/Computer Lab
Clubhouse/Meeting
Jacuzzi
On-Site Management
Playground
Tennis Court
Car Wash
Exercise Facility
Central Laundry
Picnic Area
Swimming Pool

Premium

None

Other

None

Comments

Tammy provided that the unit make up was not able to be identified by seniors, students, families etc. She stated they truly have an eclectic mix of all ages and families, seniors, which is due to their location, which is kind of off the main path, they arent located by a major manufacturing plant, military base or school that would cause a large concentration of a certain type of tenant.

She stated generally the tenants are coming from all over, Canton, Jasper, Ball Ground, and out of state,

Tenant pays water sewage and trash on a seperate bill.

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2. The following information is provided as required by DCA:

Housing Choice Vouchers

TENANTS WITH VOUCHERS

Comparable Property	Type	Location	Housing Choice Voucher Tenants
Alexander Ridge	LIHTC, Market	Canton	4%
Canterbury Ridge Apartments	LIHTC	Canton	3%
Laurels At Greenwood	LIHTC, Market	Canton	0%
Mountainside Manor	LIHTC, Market	Jasper	2%
River Ridge At Canton	LIHTC, Market	Canton	1%
The Homestead	LIHTC	Jasper	5%
Lancaster Ridge	Market	Canton	0%
Riverview Apartments	Market	Canton	0%
Walden Crossing Apartments	Market	Canton	0%

As illustrated in the table, the LIHTC comparable properties are maintaining low HCV rates at five percent or less. Therefore, we anticipate that the Subject will not need to rely on HCV tenants in order to maintain a stable occupancy rate.

Lease Up History

There are no LIHTC properties in the PMA. Mountainside Manor is located in Jasper and is the newest LIHTC comparable and it opened in 2005. Management at Mountainside Manor could not report absorption information as management has turned over since the property opened. Riverview Apartments is the newest unrestricted property. It is located in Canton and opened in 2009. Management reported that the property stabilized at a rate of 10 to 11 units per month. The Subject will offer new construction with affordable rents in a market with limited direct competition. Therefore, we conservatively estimate that the Subject will stabilize within one year given that it will be the first LIHTC property in Ball Ground. This equates to a stabilization rate of five units per month in order to reach 93 percent occupancy.

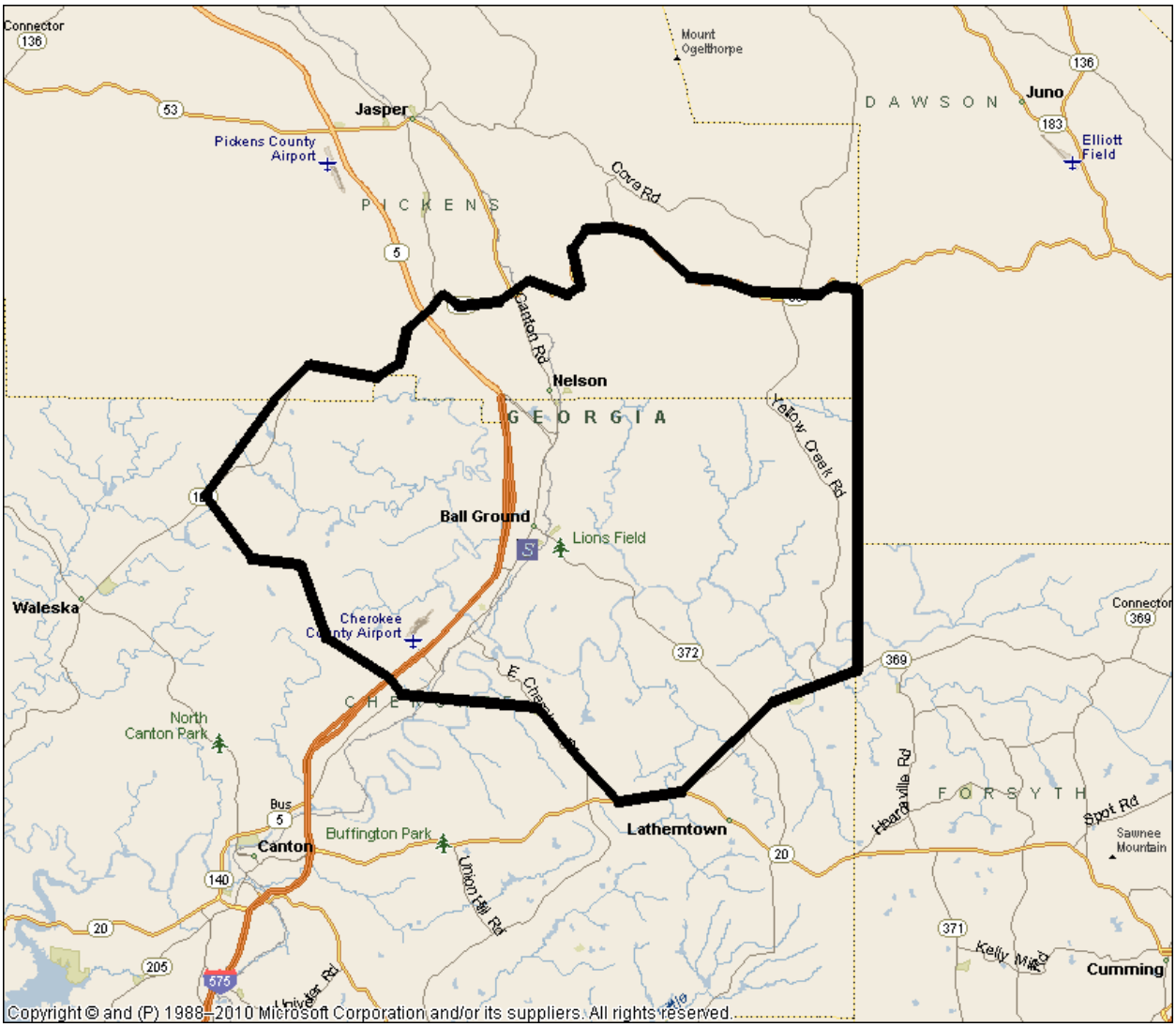
Phased Developments

The Subject is not a phase of an existing development.

Rural Areas

The Subject is located in Ball Ground, which is a part of the Atlanta MSA. However, there is a lack of unrestricted and LIHTC housing (multifamily housing in general) in the PMA. Therefore, we have included the most comparable properties in neighboring submarkets—Jasper and Canton—in order to conduct the Supply Analysis.

3. COMPETITIVE PROJECT MAP



There are no family LIHTC properties in the PMA; therefore, the Subject will face limited competition. There are family LIHTC properties in Jasper and Canton; however, management at LIHTC properties in both areas indicated that these are disparate markets. The property manager reported at Mountainside Manor, a family LIHTC property in Jasper, indicated that the majority of the Subject's demand will come from households in north Georgia who commute south for employment and from tenants employed farther south who are looking for more affordable housing.

4. Amenities

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix below. The matrix has been color coded. Those properties that offer an amenity that the Subject does not offer are shaded in pink, while those properties that do not offer an amenity that the Subject does offer are shaded in blue. Thus, the inferior properties can be identified by the blue and the superior properties can be identified by the pink.

AMENITY MATRIX

	Stone Valley Apartments	Alexander Ridge	Laurels At Greenwood	Mountainside Manor	The Homestead	Lancaster Ridge	Riverview Apartments	Walden Crossing Apartments
Comp #	Subject	1	2	3	4	5	6	7
Property Information								
Property Type	Garden (2 stories)	Garden (4 stories)	Garden (3 stories)	Garden (3 stories)	Garden	Garden	Midrise (4 stories)	Garden (4 stories)
Year Built / Renovated	2014 / n/a	1999 / n/a	2001 / n/a	2005 / n/a	2000 / n/a	1995 / n/a	2009 / n/a	2002 / n/a
Market (Conv.)/Subsidy Type	LIHTC	LIHTC, Market	LIHTC, Market	LIHTC, Market	LIHTC	Market	Market	Market
Utility Adjusments								
Cooking	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no
Water	no	no	yes	yes	yes	yes	no	no
Sewer	no	no	yes	yes	yes	yes	no	no
Trash Collection	yes	no	yes	yes	yes	no	no	no
In-Unit Amenities								
Balcony/Patio	yes	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	no	no	no	no	no	yes	yes
Carpet/Hardwood	no	no	no	no	no	no	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	no	yes	yes	yes	yes
Coat Closet	no	no	yes	no	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	yes	yes	yes	no	yes	yes	yes
Ceiling Fan	yes	yes	yes	no	no	yes	yes	yes
Garbage Disposal	yes	yes	yes	yes	yes	yes	no	yes
Hand Rails	no	no	yes	no	no	yes	yes	no
Microwave	yes	yes	yes	no	no	yes	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	no	no	no	no	no	no	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes
Skylights	no	no	no	no	no	no	no	yes
Trash Compactor	no	no	no	no	no	no	yes	yes
Vaulted Ceilings	no	no	no	no	no	yes	yes	yes
Walk-In Closet	no	no	yes	no	no	yes	yes	yes
Whirlpool Tub	no	no	no	no	no	no	yes	no
Washer/Dryer	no	no	no	no	no	no	yes	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes

AMENITY MATRIX

	Stone Valley Apartments	Alexander Ridge	Laurels At Greenwood	Mountainside Manor	The Homestead	Lancaster Ridge	Riverview Apartments	Walden Crossing Apartments
Comp #	Subject	1	2	3	4	5	6	7
Property Information								
Property Type	Garden (2 stories)	Garden (4 stories)	Garden (3 stories)	Garden (3 stories)	Garden	Garden	Midrise (4 stories)	Garden (4 stories)
Year Built / Renovated	2014 / n/a	1999 / n/a	2001 / n/a	2005 / n/a	2000 / n/a	1995 / n/a	2009 / n/a	2002 / n/a
Market (Conv.)/Subsidy Type	LIHTC	LIHTC, Market	LIHTC, Market	LIHTC, Market	LIHTC	Market	Market	Market
Property Amenities								
Basketball Court	no	no	no	yes	yes	no	no	no
Business Center/Computer Lab	yes	yes	yes	yes	no	no	yes	yes
Car Wash	no	no	no	yes	no	no	no	yes
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	no	yes	yes	yes
Courtyard	no	no	no	no	no	no	yes	no
Elevators	no	no	yes	no	no	no	yes	no
Exercise Facility	yes	yes	yes	yes	no	yes	yes	yes
Garage	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	yes	yes
Central Laundry	yes	yes	yes	yes	no	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	no
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	yes	yes	no	no	no	yes
Playground	yes	yes	yes	yes	no	yes	no	yes
Swimming Pool	yes	yes	yes	yes	no	yes	no	yes
Tennis Court	no	no	no	yes	no	no	no	yes
Garage Fee	N/A	N/A	N/A	$50.00	N/A	N/A	N/A	N/A
Services								
Security								
In-Unit Alarm	no	yes	no	no	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	yes	no
Limited Access	no	yes	no	no	no	no	yes	no
Patrol	no	no	yes	no	no	no	no	no
Perimeter Fencing	no	yes	yes	no	yes	yes	no	no
Video Surveillance	no	no	no	no	no	yes	yes	no
Premium Amenities								
Other Amenities								
Other	n/a	n/a	Gazebo	n/a	n/a	n/a	Climate Controlled Storage Units avail to rent	n/a

The Subject will offer a competitive amenity package with the exception of two of the family market rate properties in Canton: Riverview Apartments and Walden Crossing. These properties offer amenities that are rare in the market such as in-unit washer/dryers, hardwood flooring, and vaulted ceilings among others. The Subject will be competitive with the LIHTC comparables in terms of common area amenities and will be superior to Homestead Apartments, which offers a minimal common area amenity package

5. The Subject will target family households. Therefore, per DCA's guidelines, senior properties were not included.

6. Vacancy

The following table illustrates the vacancy rates in the market.

OVERALL VACANCY

Property Name	Rent Structure	Location	Total Units	Vacant Units	Vacancy Rate
Alexander Ridge	@50%, @60%, Market	Canton	272	26	9.56%
Laurels at Greenwood	@50%, @60%, Market	Canton	174	8	4.60%
Mountainside Manor	@60%, Market	Jasper	176	12	6.82%
The Homestead	@60%	Jasper	57	5	8.77%
Lancaster Ridge	Market	Canton	145	6	4.14%
Riverview Apartments	Market	Canton	138	4	2.90%
Walden Crossing Apartments	Market	Canton	264	16	6.06%
Total			**1,226**	**77**	**6.28%**
LIHTC Overall			**679**	**51**	**7.51%**
Market Overall			**547**	**26**	**4.75%**

*None of the properties are located in the PMA

The Subject will face limited competition as none of the comparables are located in the PMA.

Vacancy among the LIHTC properties is at 7.5 percent while that of the unrestricted properties is at 4.8 percent. Management at LIHTC properties such as Mountainside Manor indicated that there have been job losses and cuts in overtime work among factory jobs in the region, which has affected occupancy at the property. The property manager reported that the Subject will likely attract tenants from north Georgia who commute south for work and from tenants located south of Ball Ground who are looking for more affordable housing. The Subject will offer new construction with large unit sizes, an extensive amenity package, and a highly visible location within walking distance to locational amenities. Therefore, we believe the Subject will be well-positioned a submarket (Ball Ground) that lacks multifamily housing as a whole.

Alexander Ridge and The Homestead are maintaining the highest vacancy rates of the comparables. These properties are located in Canton and Jasper, respectively. Alexander Ridge was built in 1999 and therefore will be inferior to the Subject in terms of age/condition but will be competitive in terms of amenity package. The property is located in Canton, which is a separate submarket with several LIHTC properties. The property manager indicated that demand for 50 percent AMI units is strong while generally demand for three-bedroom units is soft in the current market. Management has recently re-evaluated all tenants and has evicted several due to late or non-payment. Tenants who have moved from the property have moved into private rentals. Over half of the Subject's units are one- and two-bedroom units and the Subject at 66 units will be much smaller than Alexander Ridge, which consists of 272 units.

The Homestead is located in Jasper, which is a more comparable submarket to Ball Ground than Canton. The Homestead was built in 2000 and offers two- and three-bedroom townhouse units restricted at 60 percent AMI. The Subject will be superior to this property in terms of age/condition, unit sizes, common area amenities, and location. Based upon site inspection, The Homestead has a locational disadvantage as it is surrounded by HUD-subsidized properties that are in fair condition. The Subject will offer new construction with an extensive amenity package

in a highly visible location. Further, the Subject will offer a greater variety of units (one, two, and three-bedroom units at 50 and 60 percent AMI) and will be located closer to the metro Atlanta employment areas than Jasper. Therefore, we believe that the Subject will perform better than The Homestead in terms of occupancy. Overall, we believe that the Subject will maintain a vacancy rate of seven percent, or less, once stabilized.

7. Properties Under Construction and Proposed

There are no new LIHTC or market rate properties that have been proposed or under construction in the PMA.

8. Rental Advantage

The following table illustrates the Subject's similarity to the comparable properties. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report.

Similarity Matrix

#	Property Name	Type	Property Amenities	Unit Features	Location	Age / Condition	Unit Size	Overall Comparison
1	Alexander Ridge	@50%, @60%, Market	Similar	Similar	Superior	Inferior	Slightly Inferior	-5
2	Laurels At Greenwood	@50%, @60%, Market	Similar	Similar	Superior	Inferior	Inferior	-10
3	Mountainside Manor	@60%, Market	Similar	Similar	Slightly Superior	Slightly Inferior	Slightly Superior	5
4	The Homestead	@60%	Inferior	Similar	Slightly Superior	Inferior	Inferior	-25
5	Lancaster Ridge	Market	Slightly Inferior	Similar	Superior	Inferior	Slightly Inferior	10
6	Riverview Apartments	Market	Superior	Superior	Superior	Similar	Inferior	20
7	Walden Crossing	Market	Superior	Superior	Superior	Inferior	Slightly Inferior	15

*Inferior=-10, slightly inferior=-5, similar=0, slightly superior=5, superior=10.

The rental rates at the LIHTC properties are compared to the Subject's proposed 50 and 60 percent AMI rents in the following tables.

LIHTC Rent Comparison - @50%

Property Name	Location	1BR	2BR	3BR
Stone Valley Apartments (Subject)	Ball Ground	$467	$572	$642
LIHTC Maximum (Net)	**-**	**$540**	**$645**	**$725**
Alexander Ridge	Canton	$578	$686	$771
Laurels At Greenwood	Canton	-	$535	$599
Average (excluding Subject)		**$578**	**$611**	**$685**

LIHTC Rent Comparison - @60%

Property Name	Location	1BR	2BR	3BR
Stone Valley Apartments (Subject)	Ball Ground	$467	$572	$642
LIHTC Maximum (Net)	**-**	**$675**	**$807**	**$912**
Alexander Ridge	Canton	$646	$746	$820
Laurels At Greenwood	Canton	-	$553	$619
Mountainside Manor	Jasper	$513	$607	$609
The Homestead	Jasper	-	$568	$604
Average (excluding Subject)		**$580**	**$619**	**$663**

The Subject's rents are set below the maximum allowable levels at 50 and 60 percent AMI. The 50 percent AMI rents at Alexander Ridge appear to be above the maximum allowable rents. We attribute this to differing utility allowance adjustments.

The Subject will offer new construction with large unit sizes in a PMA that has no direct competition. The Subject's one, two, and three-bedroom rents are at 50 percent AMI are within the range of the comparables. The two comparables with rents at 50 percent AMI are located in Canton, which is a separate submarket. These properties are maintaining occupancy rates of 90 and 95 percent, respectively. They were built in 1999 and 2001 and therefore will be inferior when compared to the Subject in terms of age. These properties also offer a large number of units (both greater than 150) and are located in a submarket with several LIHTC properties. They offer an amenity package that will be competitive with that of the Subject; however, the Subject will offer superior unit sizes and a location with high visibility as well as surrounding uses that are in excellent condition.

The Subject's proposed rents at 60 percent AMI are at the same level as those at 50 percent AMI and therefore will be at an advantage with the exception of the three-bedroom units at 60 percent AMI. The Subject will only offer 20 of these units and the Subject's proposed three-bedroom unit sizes are large. As demonstrated in the demographic analysis, the average household size in the PMA is approximately 2.7 persons, which indicates demand for the Subject's larger unit sizes. Mountainside Manor is located in Jasper and was built in 2005. The property manager at this property indicated that demand for the Subject would come from households in north Georgia who commute south for employment and those who work in higher rent areas who are looking for more affordable housing. Ball Ground, although smaller than Jasper, will have a location advantage over Jasper given its closer proximity to employment centers farther south towards the central Atlanta metropolitan area. Moutainside Manor is currently 93 percent occupied; therefore, its rents have been accepted in the market.

Homestead is a family LIHTC property in Jasper that is currently 91 percent occupied. The

Subject will be superior to this property in terms of age as well as location. Based upon site inspection, Homestead has a locational disadvantage due to its lack of visibility as well as it surrounding uses. Per the property manager, the presence of older, HUD subsidized multifamily properties in the property's immediate neighborhood limits the property's marketability.

Overall, we believe that the Subject's proposed rents are achievable given the lack of competition in Ball Ground as well as the Subject's new construction, highly visible location, unit sizes, and amenity package. With the proposed rents, we anticipate that the Subject will maintain a vacancy rate of seven percent, or less, once stabilized.

Analysis of "Market Rents"

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 market rent, we have not included rents at lower AMI levels given that this artificially lowers the average market rent as those rents are constricted. Including rents at lower AMI levels does reflect an accurate average rent for rents at higher income levels. For example, if the Subject offers 50 and 60 percent AMI rents and there is a distinct difference at comparable properties between rents at the two AMI levels, we have not included the 50 percent AMI rents in the average market rent for the 60 percent AMI comparison.

Due to the lack of multifamily housing in the PMA, we interviewed local realtors.We spoke with Judy Cochran from the rental division for Union County Talking Rock Realty in Ball Ground. Ms. Cochran indicated that there is demand for multifamily housing in Ball Ground that targets families as the market is family-oriented. Ms. Cochran indicated that Talking Rock Realty manages private rental units that rent for $750 for a two-bedroom unit and $950 for a three-bedroom unit. Ms. Cochran also reported that mobile home communities rent three-bedroom units for $650 to $750 depending on the size and quality of the mobile home. The Subject's proposed rents are below these unrestricted units in the market and therefore will have a rent advantage.

The overall average and the maximum and minimum adjusted rents for the market properties surveyed are illustrated in the table below in comparison with net rents for the Subject.

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Subject Rent Advantage
1 BR @ 50% AMI	$462	$513	$816	$662	30%
2 BR @ 50% AMI	$565	$535	$891	$696	19%
3 BR @ 50% AMI	$632	$599	$1,521	$891	29%
1 BR @ 60% AMI	$462	$513	$816	$675	32%
2 BR @ 60% AMI	$565	$553	$891	$710	20%
3 BR @ 60% AMI	$632	$604	$1,521	$812	22%

*Per GA DCA guidelines, "market" rents include surveyed LIHTC rents in the market.

As illustrated, the Subject's proposed 50 and 60 percent AMI rents are below or on the low end of the range of the surveyed rents in the market. The Subject will have a 19 percent or greater advantage over the surveyed average rents in the market. Therefore, we believe the Subject will offer value as it will consist of new construction, large unit sizes, an extensive amenity package, and a highly visible location. Further, there is limited existing multifamily rental housing in Ball Ground and the surrounding areas. We believe that the Subject's proposed rents are achievable in the market and will offer an advantage when compared to the average rents being achieved at comparable properties.

9. LIHTC Competition – Recent Allocations within Two Miles

According to information on Georgia Department of Community Affairs LIHTC allocation lists, there have been no family properties allocated in the PMA in the past two years.

10. Rental Trends in the PMA

The following table is a summary of the tenure patterns of the housing stock in the PMA.

TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
1990	2,134	84.15%	402	15.85%
2000	2,907	85.75%	483	14.25%
2010	4,092	83.85%	788	16.15%
Projected Mkt Entry				
June 2014	4,531	83.73%	880	16.27%
2015	4,653	83.70%	906	16.30%

Source: ESRI Demographics 2010, Novogradac & Company LLP, June 2012

Tenure patterns in the PMA indicate a breakdown favoring owner-occupied housing as compared to renter-occupied. The percentage of renter-occupied households in the PMA is less than that of the national average in 2000 of approximately one third. However, the percent renter population is projected to slightly increase through 2015 and in a market such as Ball Ground, the lack of renter households is more an indicator of a lack of rental housing in the area as there are limited to no rental options in the PMA.

Change in Rental Rates
The following table illustrates rental rate trends among the comparables.

RENT GROWTH

Comparable Property	Rent Structure	Location	Rent Growth
Alexander Ridge	@50%, @60%, Market	Canton	Various
Laurels At Greenwood	@50%, @60%, Market	Canton	None
Mountainside Manor	@60%, Market	Jasper	None
The Homestead	@60%	Jasper	None
Lancaster Ridge	Market	Canton	None
Riverview Apartments	Market	Canton	None
Walden Crossing Apartments	Market	Canton	Slight increase

Rent growth is limited in the market. We do not anticipate that the Subject will experience significant rent growth in the near term.

11. Impact of Foreclosed, Abandoned and Vacant Structures
The Subject is located in Ball Ground under zip code 30107. According to RealtyTrac, this region experienced a high foreclosure rate in April 2012 with approximately one out of every 201 housing units filing for foreclosure in April 2012. Comparatively Cherokee County, had a foreclosure rate of one in every 276 housing units, and the nation experienced a foreclosure rate of one in every 698 housing units. We do not anticipate any tenants to sell homes in order to move to the Subject, however the former homeowners who lost their homes may be attracted to the rental units of the Subject. Per our site visit, we did not see many abandoned or vacant structures in the Subject's immediate neighborhood.

12. Primary Housing Void
There are no LIHTC and unrestricted comparables in the PMA. The Subject would fulfill the need for good quality, affordable multifamily rental units in Ball Ground.

13. Effect of Subject on Other Affordable Units in Market
There are no LIHTC and unrestricted comparables in the PMA. The property manager at Mountainside Manor (family LIHTC property in Jasper) indicated that the Subject would not directly compete with LIHTC properties in Jasper and Canton. Further, the Subject will be on the smaller side with only 66 units. Therefore, we do not believe that the Subject will have a long term impact on the existing comparable properties.

Conclusions
Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. There are no LIHTC properties in the PMA. While LIHTC vacancy is higher than unrestricted vacancy in the market, the Subject will face limited direct competition as there is a lack of multifamily rental housing as a whole in Ball Ground and the surrounding area. The Subject will offer new construction with large unit sizes, an extensive amenity package, and a highly visible location in a newly developing neighborhood that is located off a major thoroughfare. Further, the Subject will provide affordable housing that is closer to employment centers. Given the lack of direct competition and the Subject's advantage over surveyed rents in the market, we believe that the Subject will offer value as proposed.

I. ABSORPTION & STABILIZATION RATES

Stabilization/Absorption Rate

There are no LIHTC properties in the PMA. Mountainside Manor is located in Jasper and is the newest LIHTC comparable and it opened in 2005. Management at Mountainside Manor could not report absorption information as management has turned over since the property opened. Riverview Apartments is the newest unrestricted property. It is located in Canton and opened in 2009. Management reported that the property stabilized at a rate of 10 to 11 units per month. The Subject will offer new construction with affordable rents in a market with limited direct competition. Therefore, we conservatively estimate that the Subject will stabilize within one year given that it will be the first LIHTC property in Ball Ground. This equates to a stabilization rate of five units per month in order to reach 93 percent occupancy.

J. INTERVIEWS

Georgia Department of Community Affairs, Carrollton Regional Office
We spoke with Nancy Dove, Director at the Rental Assistance Division (Northern Region), and correspondent for the Cherokee County Housing Authority. She stated they were the only department that issues vouchers for the area. Ms. Dove stated that the waiting list has been closed since July 13th of 2007, and at that time of closure they took 50 applications. She said they have issued all of those 50 vouchers from 2007 and is hopeful that the wait list will reopen sometime this year, but there is currently no set date.

Their voucher program is under guidelines of a "Live or Work Preference" where in order to be able to apply for vouchers; one must either live or work in the Cherokee County area. Due to this, most of their tenants are coming from Cherokee County, or any nearby counties that are close enough to where they can commute daily to work to Cherokee County.

Ms. Dove also stated that their office just took over the Cherokee County Region as of May 1st 2012, as it was previously handled by the Carrolton Regional Office. Due to this, she was unable to provide any information on potential new affordable housing projects in the area. She did however comment that there is a strong demand for two, three and four-bedroom multi-family housing in the area, both affordable and family.

The current payment standard for Cherokee County can be found in the following table:

Payment Standards	
0BR	$757
1BR	$820
2BR	$912
3BR	$1,110
4BR	$1,211
5BR	$1,392
6BR	$1,574
7BR	$1,755

Payment standards for the county are 110 percent of FMR. The Subject's gross rents at 50 and 60 percent AMI are well below the payment standard.

Planning
We interviewed Margaret Stallings, County Planner for Cherokee Co. Mrs. Stallings stated that there was not much development going on around the subject area. She said there were a lot of projects from 2006-2008 but then it went quiet. The only housing that is currently being built is a single family detached housing in Mountainbrook, about a mile or so northeast of our proposed subject. She also mentioned that Lantern Walk area (south of subject) has some vacant lots that she has seen housing being built on over the last three years or so.

As far as other development, the school district just recently wrapped up the construction of a replacement elementary school to replace the Historic one that was run down and spread across 3

buildings and trailers. The elementary school will be called Ballground Elementary, and is slated to be open soon. Margaret also mentioned a renewed interest in a commercial site at the intersection of Howell Bridge and Canton Highway that is a former complex that would accommodate a grocery store anchored retail area very well.

Chamber of Commerce

Despite the current recession, the Cherokee Office of Economic Development has reported several announcements for expansions and relocations in 2011. Alyssa Batson at the Cherokee Office of Economic Development stated this was the most recent information available. The table is referenced in the Employment Trends section and highlights jobs produced by expansions or relocations. However The Office of Economic Development was only able to give the jobs created by expansion but unable to provide the number of individual jobs created per company relocation; however they estimated the relocation totals to be somewhere around 218 total.

Additional interviews can be found in the comments section of the property profiles.

K. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- Both the population and household numbers for the PMA and MSA are rising at rates higher than the nation. By 2010, the populations for the PMA and MSA were outgrowing the nation by a over one percentage point annually. By 2015, these will have slowed slightly, but will still be outpacing the nation. The population by age is concentrated in the young children to middle-aged cohorts. With the Subject targeting low-income families in the PMA, these numbers bode well for its success.

  Household growth rates in the PMA and MSA are outpacing the nation by two to three percentage points as of 2010. Again, these rates are projected to slow slightly by 2015, but still outpace the nation by a fair margin. The average household size in the PMA, MSA, and nation are all remaining stable at approximately 2.7 persons per household for the foreseeable future. The larger household sizes bode well for the Subject, which will consist of one, two, and three-bedroom units.

  Tenure patterns in the PMA favor owner-occupied housing. However, the lack of renter households in the PMA is more an indicator of the lack of available rental options in the PMA.

  In 2010, 23 percent of households earned $29,999 or below compared to 21 percent in the MSA and nation. The Subject will be targeting lower income families falling within this range, so this data indicates a favorable market for the Subject.

  According to RealtyTrac, Ball Ground experienced a high foreclosure rate in April 2012 with approximately one out of every 201 housing units filing for foreclosure in April 2012. Comparatively, Cherokee County had a foreclosure rate of one in every 276 housing units, and the nation experienced a foreclosure rate of one in every 698 housing units. We do not anticipate any tenants to sell homes in order to move to the Subject, however the former homeowners who lost their homes may be attracted to the rental units of the Subject. Per our site visit, we did not see many abandoned or vacant structures in the Subject site's immediate neighborhood. The Subject site is located in a highly visible area with new development.

- Cherokee County suffered recently from the effects of the nation-wide recession. Cherokee County experienced employment growth through 2007. In 2008, total employment decreased by two and a half percent and then decreased in 2009 by almost six percent. However, average annual employment estimates roughly reflect the year-over-year change in total employment, which increased by 1.2 percent from September 2010 to September 2011. The increase in employment has caused a decrease in the unemployment rate in the MSA, which was 8.1 percent in December 2011, according to the Georgia Department of Labor's statistics.

  Cherokee County's major employers are in various industries such as Trade/Transportation/Utilities, Leisure and Hospitality, and Education and Health Services. The largest industries in the PMA are construction, retail trade, and educational services. Together, these three industries comprise 37.9 percent of employment in the

PMA. Construction, retail trade, education and manufacturing are all overrepresented in the PMA when compared to the nation. The percent employed in the construction industry in the PMA doubles the percentage of the nation. Although the health care/social services industry is a somewhat prevalent industry in the PMA, there are a smaller percentage of workers employed in this industry than in the nation and is the most underrepresented industry in the PMA when compared to the nation.

Despite the current economic downturn, the Cherokee Office of Economic Development has reported several announcements for expansions and relocations in 2011. Alyssa Batson at the Cherokee Office of Economic Development stated this was the most recent information available. The table is referenced in the Employment Trends section and highlights jobs produced by expansions or relocations. However The Office of Economic Development was only able to give the jobs created by expansion but unable to provide the number of individual jobs created per company relocation; however they estimated the relocation totals to be approximately 218 total.

- The Subject's capture rates at the 50 percent AMI level will range from 3.8 to 7.0 percent, with an overall capture rate of 5.3. The Subject's 60 percent AMI capture rates range from 7.9 to 25.5 percent, with an overall capture rate of 20.3 percent. While the capture rates are high, the PMA is considered to be very conservative as it encompasses Ball Ground and the immediate surrounding area. There are no family LIHTC properties in the PMA and therefore the Subject will face limited direct competition. Given the Subject's age/condition, amenity package, and location, the Subject will be well-positioned in the Ball Ground submarket.

- There are no LIHTC properties in the PMA. Mountainside Manor is located in Jasper and is the newest LIHTC comparable and it opened in 2005. Management at Mountainside Manor could not report absorption information as management has turned over since the property opened. Riverview Apartments is the newest unrestricted property. It is located in Canton and opened in 2009. Management reported that the property stabilized at a rate of 10 to 11 units per month. The Subject will offer new construction with affordable rents in a market with limited direct competition. Therefore, we conservatively estimate that the Subject will stabilize within one year given that it will be the first LIHTC property in Ball Ground. This equates to a stabilization rate of five units per month in order to reach 93 percent occupancy.

- The Subject will face limited competition as none of the comparables are located in the PMA.

  Vacancy among the LIHTC properties is at 7.5 percent while that of the unrestricted properties is at 4.8 percent. Management at LIHTC properties such as Mountainside Manor indicated that there have been job losses and cuts in overtime work among factory jobs in the region, which has affected occupancy at the property. The property manager reported that the Subject will likely attract tenants from north Georgia who commute south for work and from tenants located south of Ball Ground who are looking for more affordable housing. The Subject will offer new construction with large unit sizes, an extensive amenity package, and a highly visible location within walking distance to

locational amenities. Therefore, we believe the Subject will be well-positioned a submarket (Ball Ground) that lacks multifamily housing as a whole.

Alexander Ridge and The Homestead are maintaining the highest vacancy rates of the comparables. These properties are located in Canton and Jasper, respectively. Alexander Ridge was built in 1999 and therefore will be inferior to the Subject in terms of age/condition but will be competitive in terms of amenity package. The property is located in Canton, which is a separate submarket with several LIHTC properties. The property manager indicated that demand for 50 percent AMI units is strong while generally demand for three-bedroom units is soft in the current market. Management has recently re-evaluated all tenants and has evicted several due to late or non-payment. Tenants who have moved from the property have moved into private rentals. Over half of the Subject's units are one- and two-bedroom units and the Subject at 66 units will be much smaller than Alexander Ridge, which consists of 272 units.

The Homestead is located in Jasper, which is a more comparable submarket to Ball Ground than Canton. The Homestead was built in 2000 and offers two- and three-bedroom townhouse units restricted at 60 percent AMI. The Subject will be superior to this property in terms of age/condition, unit sizes, common area amenities, and location. Based upon site inspection, The Homestead has a locational disadvantage as it is surrounded by HUD-subsidized properties that are in fair condition. The Subject will offer new construction with an extensive amenity package in a highly visible location. Further, the Subject will offer a greater variety of units (one, two, and three-bedroom units at 50 and 60 percent AMI) and will be located closer to the metro Atlanta employment areas than Jasper. Therefore, we believe that the Subject will perform better than The Homestead in terms of occupancy. Overall, we believe that the Subject will maintain a vacancy rate of seven percent, or less, once stabilized.

- Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. There are no LIHTC properties in the PMA. While LIHTC vacancy is higher than unrestricted vacancy in the market, the Subject will face limited direct competition as there is a lack of multifamily rental housing as a whole in Ball Ground and the surrounding area. The Subject will offer new construction with large unit sizes, an extensive amenity package with swimming pool, and a highly visible location in a newly developing neighborhood that is located off a major thoroughfare. Further, the Subject will provide affordable housing that is closer to employment centers. Given the lack of direct competition and the Subject's advantage over surveyed rents in the market, we believe that the Subject will offer value as proposed.

Recommendations

- We believe that the Subject is feasible as proposed.

L. SIGNED STATEMENT REQUIREMENTS

I affirm that I (or one of the persons signing below) 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. To the best of my knowledge, the market can (cannot) 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.

H. Blair Kincer, MAI, CRE
Partner
Novogradac & Company LLP

6-12-2012
Date

Michalena M. Sukenik
Principal
Novogradac & Company LLP

6-12-2012
Date

Kristina V. Garcia
Real Estate Analyst
Novogradac & Company LLP

6-12-2012
Date

Jill K. Conable
Real Estate Analyst
Novogradac & Company LLP

6-12-2012
Date

M. MARKET STUDY REPRESENTATION

Novogradac & Company LLP states that DCA may rely on the representation made in the market study provided and this document is assignable to other lenders that are parties to the DCA loan transaction.

H. Blair Kincer, MAI, CRE
Partner
Novogradac & Company LLP

6-12-2012
Date

Michalena M. Sukenik
Principal
Novogradac & Company LLP

6-12-2012
Date

Kristina V. Garcia
Real Estate Analyst
Novogradac & Company LLP

6-12-2012
Date

Jill K. Conable
Real Estate Analyst
Novogradac & Company LLP

6-12-2012
Date

N. QUALIFICATIONS

STATEMENT OF PROFESSIONAL QUALIFICATIONS
H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. 31534 – State of Arizona
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No. CG100026242 – State of Colorado
Certified General Real Estate Appraiser, No 4206 – State of Kentucky
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.
Obtained the MAI designation in 1998 and maintained continuing education requirements since.

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA

- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.

- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.

- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.

- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.

- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.

- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
MICHALENA M. SUKENIK

I. Education

Union College, Schenectady, New York
Bachelor of Arts in Cultural Anthropology
Union College Study Abroad, St. Lucy, Barbados

II. Professional Experience

Principal, Novogradac & Company LLP (Start date: September 2002 - present)
Dallas / Fort Worth and Atlanta Research Manager, CoStar Group, Inc.
Senior Research Analyst / Newswire Editor, CoStar Group, Inc.

III. Professional Training and Continuing Education

Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Attended HUD Community Development Block Grant (CDBG) 30th Anniversary Conference, September 13-14, 2004, Washington, DC
Successfully completed "Introduction to Commercial Real Estate Analysis" and "Financial Analysis for Commercial Real Estate Investment"

IV. Real Estate Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Prepared a comprehensive city wide housing market analysis for the City of Biloxi, MS which included a housing needs assessment.
- Prepared a comprehensive neighborhood housing market analysis for the New Orleans East neighborhood in New Orleans, LA for the Louisiana Housing and Finance Agency. The study focused on the housing and economic trends Pre- and Post- Hurricane Katrina and overall housing needs in that neighborhood.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.
- Conducted market studies for senior projects in Alabama, Alaska, Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Washington, and Wisconsin.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Assisted in the preparation of Rent Comparability Studies and HUD MAP Market Studies according to HUD guidelines.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
KRISTINA V. GARCIA

I. Education

Emory University, Atlanta, Georgia
Bachelor of Arts

II. Professional Experience

Researcher, Novogradac & Company LLP (April 2007 – Present)

III. Assignments

- Conducts and assists with market feasibility studies of proposed new construction and existing Low-Income Housing Tax Credit (LIHTC) properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Market analysis typically includes: physical inspection of site and market, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

- Assists with appraisals of existing and proposed Low-Income Housing Tax Credit properties, Rural Development properties, and Section 8 properties.

- Conducts and assists with the preparation of Rent Comparability Studies according to HUD guidelines.

<u>REPRESENTATIVE SAMPLE OF ENGAGEMENTS</u>

Market Study Experience—Proposed LIHTC New Construction and Rehabilitation Developments:
Analyst has conducted research for market studies within the following states and U.S. territories:

• Alabama	• Guam	• Michigan	• Oklahoma	• Texas
• Arizona	• Illinois	• Mississippi	• Pennsylvania	• Utah
• Arkansas	• Indiana	• New York	• Puerto Rico	• Virginia
• California	• Kentucky	• New Jersey	• Rhode Island	• Washington
• Florida	• Louisiana	• North Carolina	• South Carolina	• West Virginia
• Georgia	• Massachusetts	• North Dakota	• Tennessee	

HUD Rent Comparability Study Experience:
Analyst has conducted research for rent comparability studies within the following states:

• Alabama • Florida • Georgia • New York • South Carolina • Texas

Appraisal Research Experience:
Analyst has conducted research for appraisals within the following states:

• Alabama • Florida • Georgia • Louisiana • New York • South Carolina • Virginia

Miscellaneous Housing Studies:

- Conducted research for a comprehensive citywide housing market analysis for the City of Biloxi, MS which included a housing needs assessment.
- Conducted research for comprehensive neighborhood housing market analysis for the New Orleans East neighborhood in New Orleans, LA for the Louisiana Housing and Finance Agency. regarding housing needs and economic trends Pre- and Post- Hurricane Katrina
- Conducted research for mixed-use HOPE VI redevelopment plan for Tindall Heights Macon Housing Authority's Tindall Heights Public Housing

STATEMENT OF PROFESSIONAL QUALIFICATIONS
JILL A. CONABLE

I. Education

Kennesaw State University, Kennesaw**,** Georgia
Bachelor of Sciences

II. Professional Experience

Analyst, Novogradac & Company LLP (June 2011 – Present)
Analyst, Province Valuation Group (February 1997 – June 2011)

III. Professional Affiliations and Continuing Education

Member – Appraisal Institute Georgia
Member – Assisted Living Federation of America (ALFA)
Member – Georgia Chapter – Assisted Living Federation of America (GA/ALFA)

Successful completion of Appraisal Institute courses as follows:
Course 110 -Appraisal Principles
Course 120 -Appraisal Procedures
Course 1410 -15-Hour National USPAP

III. Assignments

- Conducted and assisted with market feasibility studies of proposed new construction and existing Low-Income Housing Tax Credit (LIHTC) properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Market analysis typically includes: physical inspection of site and market, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

- Assisted with appraisals of existing and proposed Low-Income Housing Tax Credit properties, Rural Development properties, and Section 8 properties.

- Performed demographic and geo-coded analyses to determine favorable locations for health care facilities, made pricing recommendations, and analyzed competitors.

- Analysis of all types of health care and senior housing including retirement homes, hospitals, medical office buildings, assisted living facilities, nursing homes and continuing care retirement communities. Analyses included economic feasibility studies, market and marketability studies and valuation studies (real estate and business) in the following U.S. territories:

  Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia, Washington, Wisconsin, and Wyoming.

- Assisted in appraisals and market studies of health care facilities for the U.S. Department of Housing and Urban Development (HUD).