A MARKET VALUATION OF

FREEDOM'S PATH
1 Freedom Way, Buildings #7 and #76
Augusta, Richmond County, Georgia

Effective Date: October 3, 2011
Report Date: October 20, 2011

Prepared For

Ms. Marie Palena
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329

Prepared By

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October 20, 2011

Ms. Mary Palena
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329

Re: Appraisal of Freedom's Path
1 Freedom Way, Augusta, Georgia

Dear Ms. Palena:

We are pleased to present our findings with respect to the value of the above-referenced property, Freedom's Path Apartments ("Subject"). The Subject is a proposed 70-unit Project Based Rental Assistance property for male veterans. As requested we provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value "As Vacant" of leasehold interest of the site.
- Market Value "As Is" of the leasehold interest of the property.
- Hypothetical Market Value "As Complete and Stabilized Restricted" – hypothetical value assuming completion and stabilization with restricted rents.
- Hypothetical Market Value "As Complete and Stabilized Unrestricted" – hypothetical value assuming completion and stabilization with unrestricted rents.
- Prospective Market Value at 20, 25 (Loan Maturity), and 30 years assuming a rehab in 2011.
- Valuation of Historic Tax Credits
- Favorable Financing
- Investment Value
- Analysis of Ground Lease

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

Our valuation report is for use by the client and their advisors for possible loan collateral purposes. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP ("Novogradac").

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in a self-contained report, as defined by USPAP.

Market value is defined as:

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

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

This report complies with FIRREA (1989) regulations.

SPECIFIC ASSUMPTIONS AND LIMITING CONDITIONS

- *The Subject property is located inside the Charlie Norwood VA Medical Campus and there is perimeter fencing along the entire campus. The only access point to the Subject properties is through the main entrance to the campus. It is an extraordinary assumption of this report that as an unrestricted development an owner would succeed in obtaining a variance from the City of Augusta Zoning Department to provide access to the Subject developments via Maryland Avenue. Additionally, current zoning requires that 75 percent of residents be veterans. It is an extraordinary assumption that there will be no restrictions on tenancy in the unrestricted scenario.*

1 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990

Land Value
The Subject's indicated restricted "Land Value", as of October 3, 2011 is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

As Is Scenario
The Subject's market value **"As Is"** of the real estate assuming the land value and vacant structures of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION DOLLARS
($1,000,000)

As Complete Unrestricted Building #7 & Building #76
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION NINE HUNDRED THOUSAND DOLLARS
($1,900,000)

As Complete Unrestricted Building #7
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

THREE HUNDRED SEVENTY THOUSAND DOLLARS
($370,000)

As Complete Unrestricted Building #76
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION SIX HUNDRED THOUSAND DOLLARS
($1,600,000)

As Complete and Stabilized Restricted Building #7 & Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION THREE HUNDRED THOUSAND DOLLARS
($1,300,000)

As Complete and Stabilized Restricted Building #7
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE HUNDRED FORTY THOUSAND DOLLARS
($140,000)

As Complete and Stabilized Restricted Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
($1,200,000)

As Complete and Stabilized Unrestricted Building #7 & Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

TWO MILLION TWO HUNDRED THOUSAND DOLLARS
($2,200,000)

As Complete and Stabilized Unrestricted Building #7
The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

FOUR HUNDRED FIFTY THOUSAND DOLLARS
($450,000)

As Complete and Stabilized Unrestricted Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

Tax Credit Value
The market value of the state and federal Historic Tax Credits, as of October 3, 2011, is:

TWO MILLION SIXTY THOUSAND DOLLARS
($2,060,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years (Building #7 & #76)
The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO MILLION DOLLARS
($2,000,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS
($2,700,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #7
The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO HUNDRED THOUSAND DOLLARS
($200,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #76
The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION ONE HUNDRED THOUSAND DOLLARS
($2,100,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certificate Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,

Brad Weinberg, MAI, CCIM
Partner
Novogradac & Company LLP
Georgia License #CG221179

H. Blair Kincer, MAI, CRE
Partner
Certified General Real Estate Appraiser

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EXECUTIVE SUMMARY

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PROPERTY SUMMARY OF SUBJECT

Property Appraised:

The Subject (Freedom's Path) consists of the substantial redevelopment of two historic buildings on the Charlie Norwood VA Medical Center campus located in Augusta, Georgia. The Subject buildings were originally constructed in 1923 and 1947 and the properties will be renovated with Historic Tax Credits and other funding. The larger of the two buildings will be redeveloped as 50 one-bedroom units and the smaller building will be redeveloped as 20 studio units. The 70 units will have project based rental assistance through a HAP contract with the Housing Authority of the City of Augusta. The HAP contract will be for a 10 year period. According to the developer, they anticipate that the rental assistance will be renewed after the first ten year period. The Subject property is subject to a ground lease from Veterans Affairs to the Subject developer. The term of the ground lease is 75 years and there is no annual payment.

Building #7 will be renovated for use as 20 studio units for homeless male veterans primarily transitioning from the VA Domiciliary and hospital care. A full range of support services will be provided including case management, post-traumatic stress disorder (PTSD), substance abuse counseling, education and vocational support, transportation, meals and supervision. Specifically, the building will feature a community dining room with a full commercial kitchen. Residents will be provided two daily meals. The developer noted that some of the support services may be funded through available cash flow at the property if available; however, they will also be funded through Veterans Affairs and other non-project generated sources. Other amenities will include a computer center, a laundry room, and on-site management. Each unit will be fully furnished and will offer a stove and refrigerator.

Building #76 consists of three-stories and it will be renovated for use as 50 one-bedroom units of independent supportive housing for homeless male veterans. Support services will include case management, substance abuse and educational counseling, transportation, and supervision. The building will offer traditional apartment amenities including a picnic area, a computer center, a fitness center, elevator service, and a community room with a warming kitchen. Each unit will be equipped with a dishwasher, a microwave, a refrigerator, and an oven.

Tax Map ID: The Subject is part of Tax Map # 044-3-141-00-0.

Land Area: The Subject is located on approximately 8.9 acres.

Legal Interest Appraised: The property interest appraised is the leasehold estate, subject to any and all encumbrances, if applicable for each value estimate. However, it should be noted that given the terms of the ground lease agreements, the property interest appraised is effectively fee simple.

Unit Mix: The following table summarizes the Subject's unit mix and unit sizes.

PROPOSED RENTS

Unit Type	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2011 HUD Fair Market Rents
		50% AMI (PBRA)			
Studio	20	$525	$79	$604	$560
1BR/1BA	50	$575	$99	$674	$629
Total	**70**				

Notes (1) Source of Utility Allowance: City of Augusta Housing Authority, September 2011

Ownership History of the Subject: The Subject will be owned by Freedom's Path, LLC. The ownership will lease the land from Veterans Affairs; however, there will be no annual lease payment. The lease agreement will extend for 75 years. There have been no other transfers of the Subject property in the past three years.

Highest and Best Use "As Vacant": Based upon our analysis, new construction of an apartment community is not financially viable. Therefore, the highest and best use for the property "as if vacant" would be to hold for future development when market rents rise to the level of cost feasibility.

Highest and Best Use "As Is": Highest and Best Use as if Vacant would be to hold until market rents allow development or to develop the existing buildings with subsidy.

INDICATIONS OF VALUE

AS IS VALUE

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Land Value - As If Vacant	70	$4,500	$300,000
Shell Value			$700,000
As Is Value			$1,000,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"

Scenario	Loss To Lease	Indicated Value (Rounded)
As Proposed Unrestricted Building #7 & #76	$283,600	$1,900,000
As Proposed Unestricted Building #7	$79,600	$370,000
As Proposed Unrestricted Building #76	$214,000	$1,600,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	8.25%	$107,673	$1,300,000
As Proposed Restricted Building #7	8.25%	$11,730	$140,000
As Proposed Restricted Building #76	8.25%	$95,943	$1,200,000
As Proposed Unrestricted Building #7 & #76	8.25%	$183,273	$2,200,000
As Proposed Unestricted Building #7	8.25%	$37,140	$450,000
As Proposed Unrestricted Building #76	8.25%	$146,749	$1,800,000

TAX CREDIT VALUATION

	Indicated Value (Rounded)
Federal Historic Tax Credits	$1,700,000
State Historic Tax Credits	$360,000

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	70	$20,000	$1,400,000
As Proposed Restricted Building #7	20	$7,500	$200,000
As Proposed Restricted Building #76	50	$22,500	$1,100,000
As Proposed Unrestricted Building #7 & #76	70	$30,000	$2,100,000
As Proposed Unestricted Building #7	20	$20,000	$400,000
As Proposed Unrestricted Building #76	50	$35,000	$1,800,000

INVESTMENT VALUE

	Value
Real Estate As Proposed Restricted & Stabilized	$1,300,000
Value of HTC	$2,060,000
Total Investment Value	**$3,360,000**

PROSPECTIVE VALUE AT 20, 25 (Loan Maturity) & 30 YEARS - Building #7 & #76

	Year	# of Units	Value
As Proposed Restricted	20 years	70	$2,000,000
As Proposed Restricted	25 years	70	$2,400,000
As Proposed Restricted	30 years	70	$2,700,000
Building #7			
As Proposed Restricted	20 years	70	$200,000
As Proposed Restricted	25 years	70	$300,000
As Proposed Restricted	30 years	70	$300,000
Building #76			
As Proposed Restricted	20 years	70	$1,800,000
As Proposed Restricted	25 years	70	$2,100,000
As Proposed Restricted	30 years	70	$2,400,000

Exposure Time: Nine – 12 Months

Marketing Period: Nine – 12 Months

FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

APPRAISAL ASSIGNMENT AND VALUATION APPROACH

As requested, the appraisers provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value “As Vacant” of leasehold interest of the site.
- Market Value “As Is” of the leasehold interest of the property.
- Hypothetical Market Value “As Complete and Stabilized Restricted” – hypothetical value assuming completion and stabilization with restricted rents.
- Hypothetical Market Value “As Complete and Stabilized Unrestricted” – hypothetical value assuming completion and stabilization with unrestricted rents.
- Prospective Market Value at 20, 25 (Loan Maturity), and 30 years assuming a rehab in 2013.
- Valuation of Historic Tax Credits
- Favorable Financing
- Analysis of Ground Lease

In determining the value estimates, the appraisers employed the sales comparison and income capitalization approaches to value. The property currently consists of two vacant historical buildings that will be renovated using Historical Tax Credits.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available. The cost approach is not developed since most investors and developers do not utilize this method. Additionally, because of the historic nature of the Subject, it is impossible to estimate deprecation based upon the market. However, we have considered the value of the land and the value of the two historic buildings “as is”.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value. The Subject was valued using the Direct Capitalization Approach.

Property Identification
The Subject site is located at 1 Freedom's Path in Augusta, Richmond County, Georgia. The parcel number is 044-3-141-00-0.

Intended Use and Intended User
Georgia Department of Community Affairs is the client in this engagement. We understand that they will use this document to assist in funding and loan/investment underwriting. As our client, Georgia Department of Community Affairs owns this report and permission must be granted from them before another third party can use this document. Georgia Department of Community Affairs is the intended user. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Property Interest Appraised
The property interest appraised is leasehold subject to any and all encumbrances, if applicable for each value estimate.

Date of Inspection and Effective Date of Appraisal
The site was inspected October 3, 2011. In general, we have prepared this report based on our analysis of current market conditions relative to the Subject.

Scope of the Appraisal
For the purposes of this appraisal, the appraiser visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration. Additional scope of work items are discussed in various sections throughout this report.

Compliance and competency provision
The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Moreover, Advisory Opinion 14 acknowledges preparation of appraisals for affordable housing requires knowledge and experience that goes beyond typical residential appraisals competency including

understanding the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these supplemental standards.

Unavailability of information
In general, all information necessary to develop an estimate of value of the subject property was available to the appraisers.

Furniture, Fixtures, and Equipment
Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included; which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

Ownership and History of Subject
The Subject will be owned by Freedom's Path, LLC. The ownership will lease the land from Veterans Affairs; however, there will be no annual lease payment. The lease agreement will extend for 75 years. There have been no other transfers of the Subject property in the past three years.

REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL AND LOCAL AREA ANALYSIS

ECONOMIC ANALYSIS

The Subject is located in Augusta, Richmond County, Georgia. The city of Augusta is the second largest city in the state of Georgia. According to the US Census Bureau, as of 2000, Augusta had a population of 195,182.

Major Employers

The following table lists the most recent available list of major employers in the Augusta-Richmond County, GA-SC MSA:

MAJOR EMPLOYERS

Augusta-Richmond County, GA-SC MSA

Employer	Industry	Employees
Savannah River Site	Government	13,260
U.S. Army Signal Center & Fort Gordon	Military	11,463
Medical College of Georgia	Education	7,800
Richmond County School System	Education	5,725
University Hospital	Healthcare	3,860
Augusta Richmond County	Government	2,600
Columbis Ocunty School System	Education	2,265
VA Medical Center	Healthcare	2,000
Gracewood State School & Hospital	Education/Healthcare	1,600
EZ-GO/Textron	Manufacturing	1,276

Source: Augusta Metro Chamber of Commerce, Novogradac & Company LLP (10/2011)

The largest employers in the metro area are heavily concentrated in government and education industry sectors which are typically considered more stable in economic downturns. Southeast of Augusta, the Savannah River Site is a nuclear facility remediation site operated by the Department of Energy (DOE). Located at the former plutonium enrichment site that was constructed in the 1950s, the on-site reactors were shut down in 1985, and current conservation and remediation efforts generally involve clean-up of activities related to the construction of nuclear weapons. The DOE continues to make use of the site: in 2004, an on-site laboratory was designated the Savannah River National Laboratory (one of only 12 national laboratories in the country). A tritium extraction facility, salt waste processing facility and mixed oxide fuel fabrication facility have all been constructed on-site since 2005. Combining government employees and contractors as well as construction personnel makes the Savannah River Site the area's largest employer.

According to an article on July 15, 2011 on gpb.org, The U.S. Department of Energy Savannah River Site (SRS) will cut approximately 2,000 jobs due to budgetary concerns over the next year. SRS is the largest employer in Augusta. According to the article, the economic impact of SRS is significant; in order to replace the economic impact of one SRS job, economic developers will have to create approximately 2.5 jobs in the local community.

Education is also a significant industry sector in the area with the local school systems, the Medical College of Georgia and the Gracewood State School/Hospital, which combined employ 17,390 workers.

Fort Gordon Military Reservation and the U.S. Army Signal Center is the second largest employer of civilians in the area. Total on-site staff including military personnel is over 30,000. According to AugustaTomorrow.com, Fort Gordon has an economic impact on the Augusta MSA of more than $1.1 billion. We consulted the Base Realignment and Closure guide to determine if Fort Gordon would suffer job transfers, resulting in area job losses. No positions were realigned or lost at Fort Gordon.

Lower skilled employees in education and healthcare are likely to have incomes in line with the Subject's income restrictions. The area has been negatively affected by the recession with layoffs and/or furloughs and hiring freezes at some area employers, including the Medical College of Georgia, over the past two years. However, the area's strong foundation in historically stable industries such as education and government bodes well for economic recovery post-recession.

Employment Contraction/Expansion

The Medical College of Georgia was required to cut ten percent of its budget as part of an effort to cut expenses throughout the state university system. According to a December 2009 article in *The Augusta Chronicle,* the school is attempting to prevent layoffs by requiring furloughs for all employees and reduced spending on planned expansions including satellite campuses in Savannah and Athens, Georgia. *The Augusta Chronicle* also cut staff in mid-2009, eliminating a total of 19 positions. In July 2009, Kennametal, a drill manufacturing facility, reported plans to eliminate 153 positions from its Evans plant. TTX, a rail freight car manufacturer and railroad service provider, reported in January 2010 that 67 people would be laid off from the plant and headquarters located in North Augusta. Also in January 2010, the local Sam's Club stated plans to eliminate 20 positions in conjunction with a national effort to cut 11,000 jobs in Wal-Mart and its affiliates, like Sam's Club.

The following table details Worker Adjustment and Retraining Notification (WARN) filings for 2009-2011 year-to-date for Augusta-Richmond County, Georgia.

WARN FILINGS (2009-2011 YTD)

Augusta-Richmond County, GA

Date	Company	City	Employees Affected
8/12/2009	Spectrum Healthcare Services	Fort Gordon	50
4/17/2009	DSM Chemicals North America, Inc.	Augusta	81
2/16/2009	Austin Industrial Eastern Region	Augusta	60
	2009 SUBTOTAL		**191**
7/12/2010	FPL Food LLC	Augusta	185
5/7/2010	Electrolux North America	Augusta	47
	2010 SUBTOTAL		**185**
2/25/2011	Teleperformance USA	Augusta	248
9/20/2011	Boral Bricks, Inc.	Augusta	69
	2011 SUBTOTAL		**317**
	TOTAL 2009-2011 YTD		**693**

Source: Georgia Department of Labor, 10/2011

Employment and Unemployment Trends

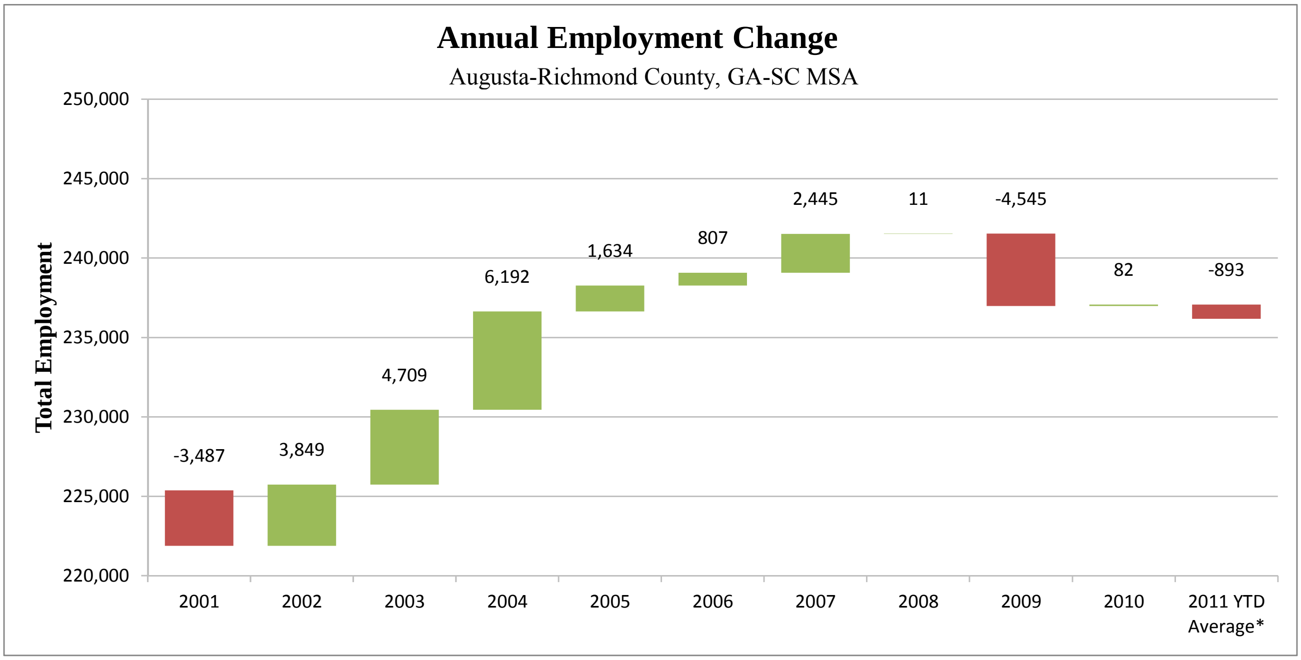
The following table details employment and unemployment trends for the Augusta – Richmond County, GA – SC, MSA from 2000 to August 2011.

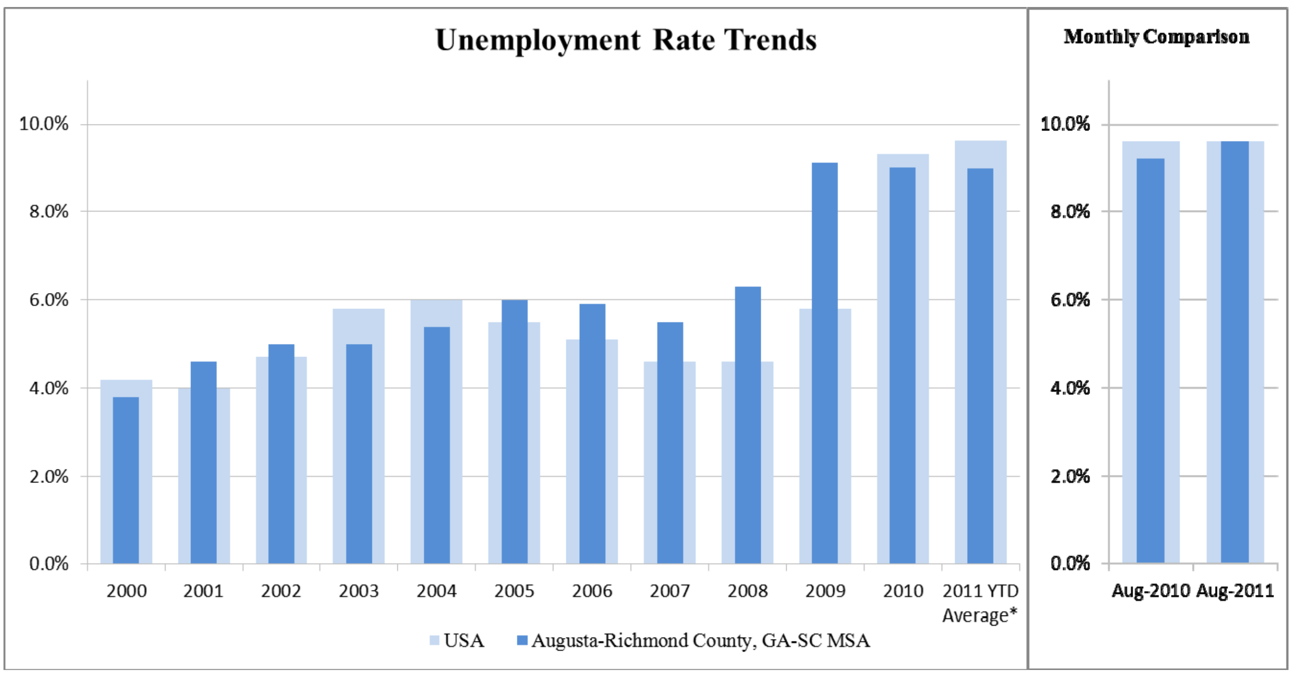
EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Augusta-Richmond County, GA-SC MSA				USA			
Year	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2000	225,375	-	3.8%	-	136,891,000	-	4.2%	-
2001	221,888	-1.5%	4.6%	0.8%	136,933,000	0.0%	4.0%	-0.2%
2002	225,737	1.7%	5.0%	0.4%	136,485,000	-0.3%	4.7%	0.7%
2003	230,446	2.1%	5.0%	0.0%	137,736,000	0.9%	5.8%	1.1%
2004	236,638	2.7%	5.4%	0.4%	139,252,000	1.1%	6.0%	0.2%
2005	238,272	0.7%	6.0%	0.6%	141,730,000	1.8%	5.5%	-0.5%
2006	239,079	0.3%	5.9%	-0.1%	144,427,000	1.9%	5.1%	-0.4%
2007	241,524	1.0%	5.5%	-0.4%	146,047,000	1.1%	4.6%	-0.5%
2008	241,535	0.0%	6.3%	0.8%	145,362,000	-0.5%	4.6%	0.0%
2009	236,990	-1.9%	9.1%	2.8%	139,877,000	-3.8%	5.8%	1.2%
2010	237,072	0.0%	9.0%	-0.1%	139,064,000	-0.6%	9.3%	3.5%
2011 YTD Average*	236,180	-0.4%	9.0%	0.0%	139,398,875	0.2%	9.6%	0.3%
Aug-2010	236,456	-	9.2%	-	139,919,000	-	9.6%	-
Aug-2011	235,253	-0.5%	9.6%	0.4%	140,335,000	0.3%	9.6%	0.0%

Source: U.S. Bureau of Labor Statistics, Novogradac & Company LLP, October 2011

*2011 data is through August



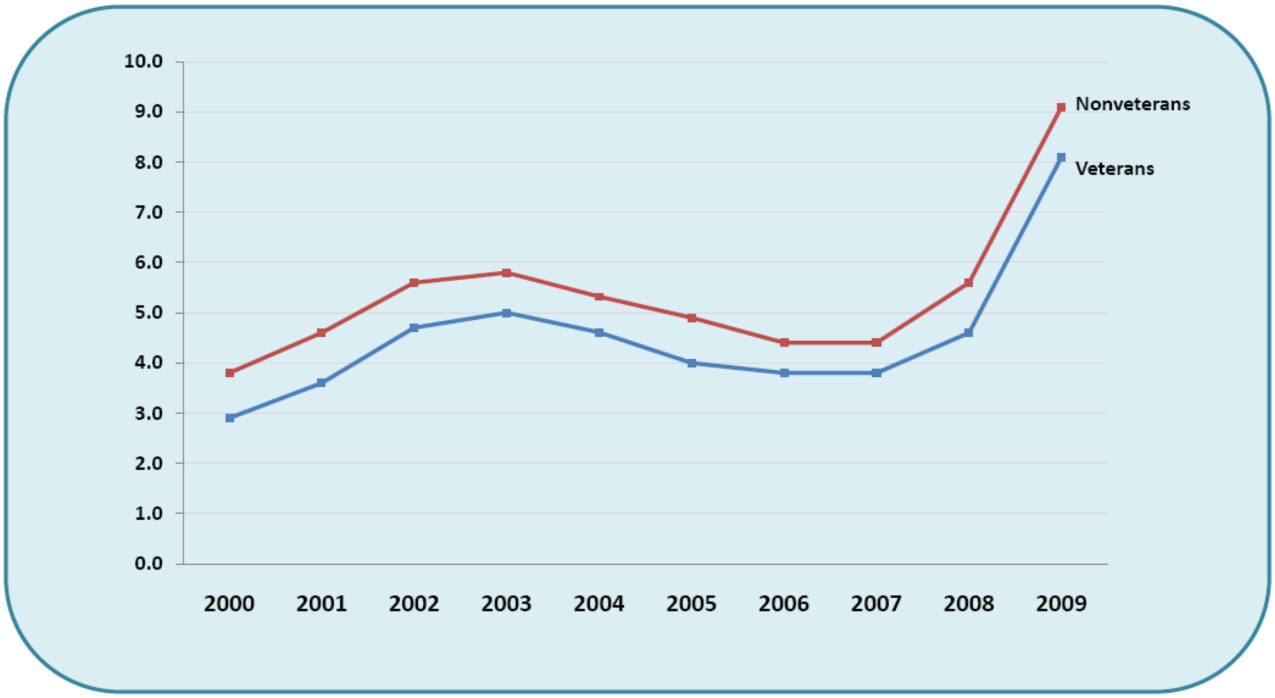


From 2002 through 2008, total MSA employment increased steadily. In 2009, total MSA employment decreased by 190 basis points, compared to a national employment decrease of 380 basis points for the same period of study. This is a result of the recent economic downturn that began in late 2008. Total employment in the MSA decreased 50 basis points for the twelve-month period ending in August 2011. By contrast, national employment increased 30 basis points for the same time period. However, the unemployment rate in the MSA is currently similar to the nation at 9.6 percent. As a result of the recent employment trends, we believe the MSA will recover from the recent recession at a rate slightly slower than the nation.

Veterans Employment Data

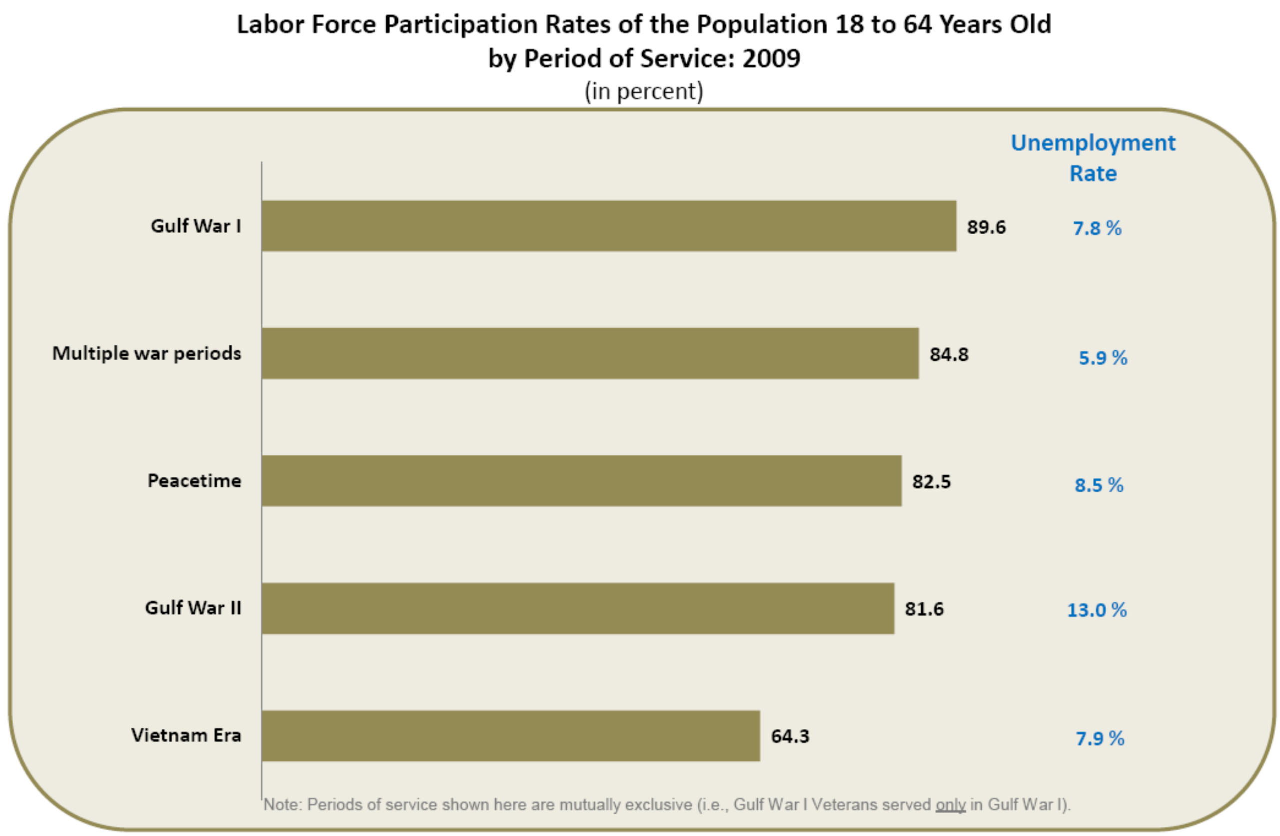
The following tables illustrate national employment data collected from the Department of Veterans Affairs.

Annual Unemployment Rates of the Total Population 18 Years and Older by Veteran Status: 2000 to 2009
(in percent)



Source: Department of Veterans Affairs, 10/2011

As the previous table illustrates, the unemployment rate for veterans spiked significantly from 2008 to 2009, coinciding with the most recent national recession. It should be noted that the unemployment rate for veterans has remained slightly below the non-veteran population over the past 10 years; however, it has mirrored the non-veteran population unemployment trends.



Source: Department of Veterans Affairs, 10/2011

The previous table illustrates the labor force of veterans by period of service. As illustrated, veterans of the Gulf War II have the highest unemployment rate, which is most likely attributable to the most recent national recession.

Employment by Industry

The following table illustrates employment by industry for the PMA as of 2010.

2010 EMPLOYMENT BY INDUSTRY

	PMA		USA	
Industry	Number Employed	Percent Employed	Number Employed	Percent Employed
Health Care/Social Assistance	7,445	23.1%	18,891,157	13.9%
Educational Services	3,925	12.2%	14,168,096	10.4%
Retail Trade	3,845	11.9%	15,464,986	11.4%
Accommodation/Food Services	3,033	9.4%	9,114,767	6.7%
Manufacturing	1,847	5.7%	13,047,475	9.6%
Admin/Support/Waste Mgmt Srvcs	1,549	4.8%	5,114,479	3.8%
Other Services (excl Publ Adm)	1,537	4.8%	6,679,783	4.9%
Construction	1,534	4.8%	8,872,843	6.5%
Public Administration	1,513	4.7%	6,916,821	5.1%
Prof/Scientific/Tech Services	1,219	3.8%	8,520,310	6.3%
Finance/Insurance	875	2.7%	6,883,526	5.1%
Real Estate/Rental/Leasing	783	2.4%	2,825,263	2.1%
Arts/Entertainment/Recreation	734	2.3%	2,628,374	1.9%
Transportation/Warehousing	693	2.1%	5,487,029	4.0%
Wholesale Trade	652	2.0%	4,407,788	3.2%
Information	515	1.6%	3,158,778	2.3%
Utilities	421	1.3%	1,115,793	0.8%
Mgmt of Companies/Enterprises	82	0.3%	202,384	0.1%
Agric/Forestry/Fishing/Hunting	77	0.2%	1,790,318	1.3%
Mining	6	0.0%	723,991	0.5%
Total Employment	**32,285**	**100.0%**	**136,013,961**	**100.0%**

Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

In the PMA, educational services, healthcare, and retail trade sectors comprise 47.1 percent of the area industry and healthcare alone comprises of 23.1 percent of employment. Those same sectors comprise 35.7 percent nationally, a difference of 8.6 percentage points. It is notable that the PMA has a relatively low concentration of construction and manufacturing employment, which are typically more volatile industries. These industries tend to offer a wide range of high and low paying jobs, which is evidence of the need for affordable housing in the PMA.

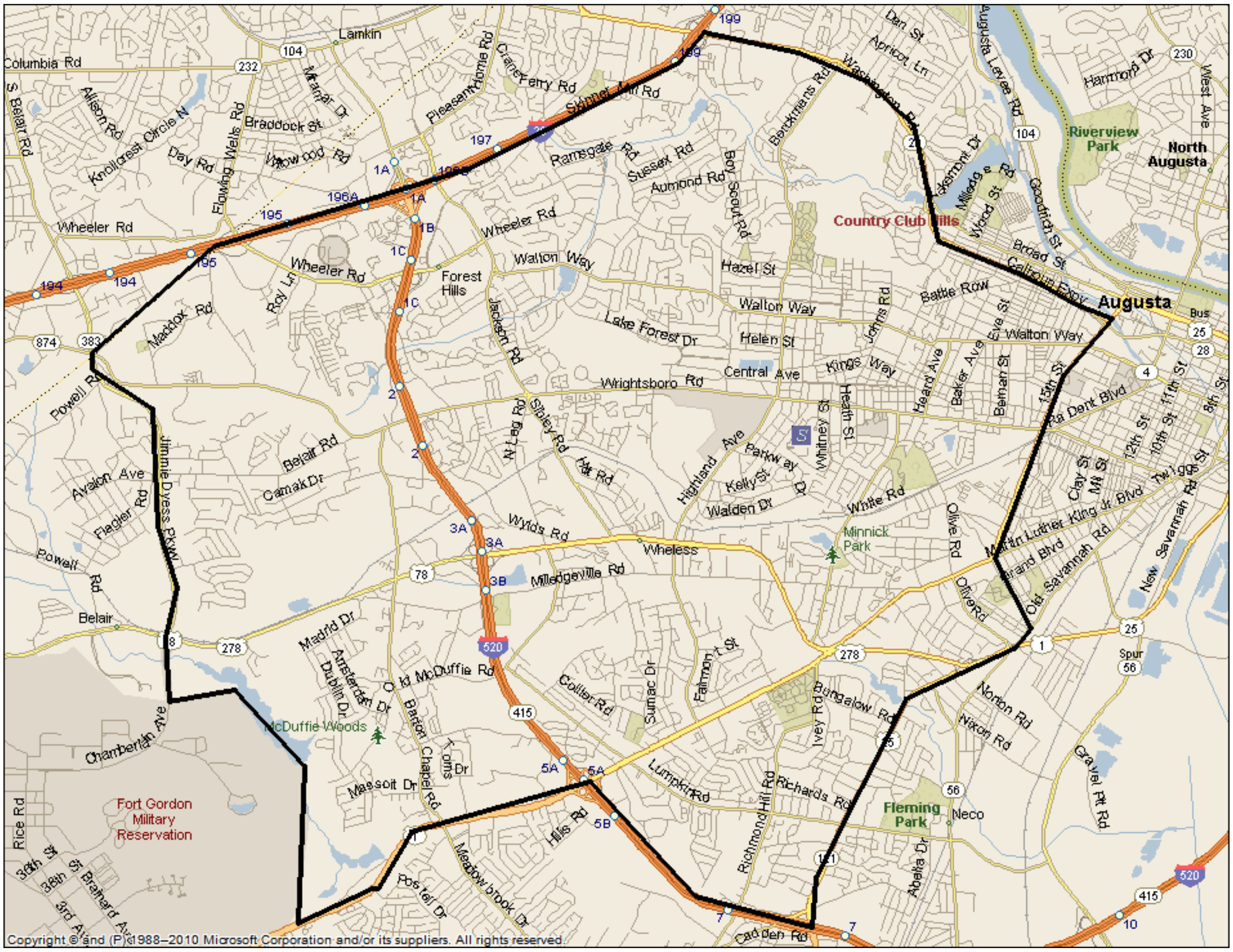
Current Economic Recession and Mortgage Crisis

According to www.realtytrac.com, Richmond County had 111 foreclosures reported in August 2011, which equates to a rate of approximately one in every 787 housing units. This is well below the state ratio of one in every 346 homes and the national ratio of one in every 570 homes.

Conclusion

The Augusta-Richmond County, GA-SC MSA demonstrated steady business and employment growth from 2002 to 2008 but consistent with national trends, total employment in the area decreased while the unemployment rate increased. Total employment in the MSA decreased 50 basis points for the twelve-month period ending in August 2011. By contrast, national employment increased 30 basis points for the same time period. As a result of the recent employment trends, we believe the MSA will recover from the recent recession at a rate slightly slower than the nation.

Primary Market Area Map



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 Augusta MSA are areas of growth or contraction.

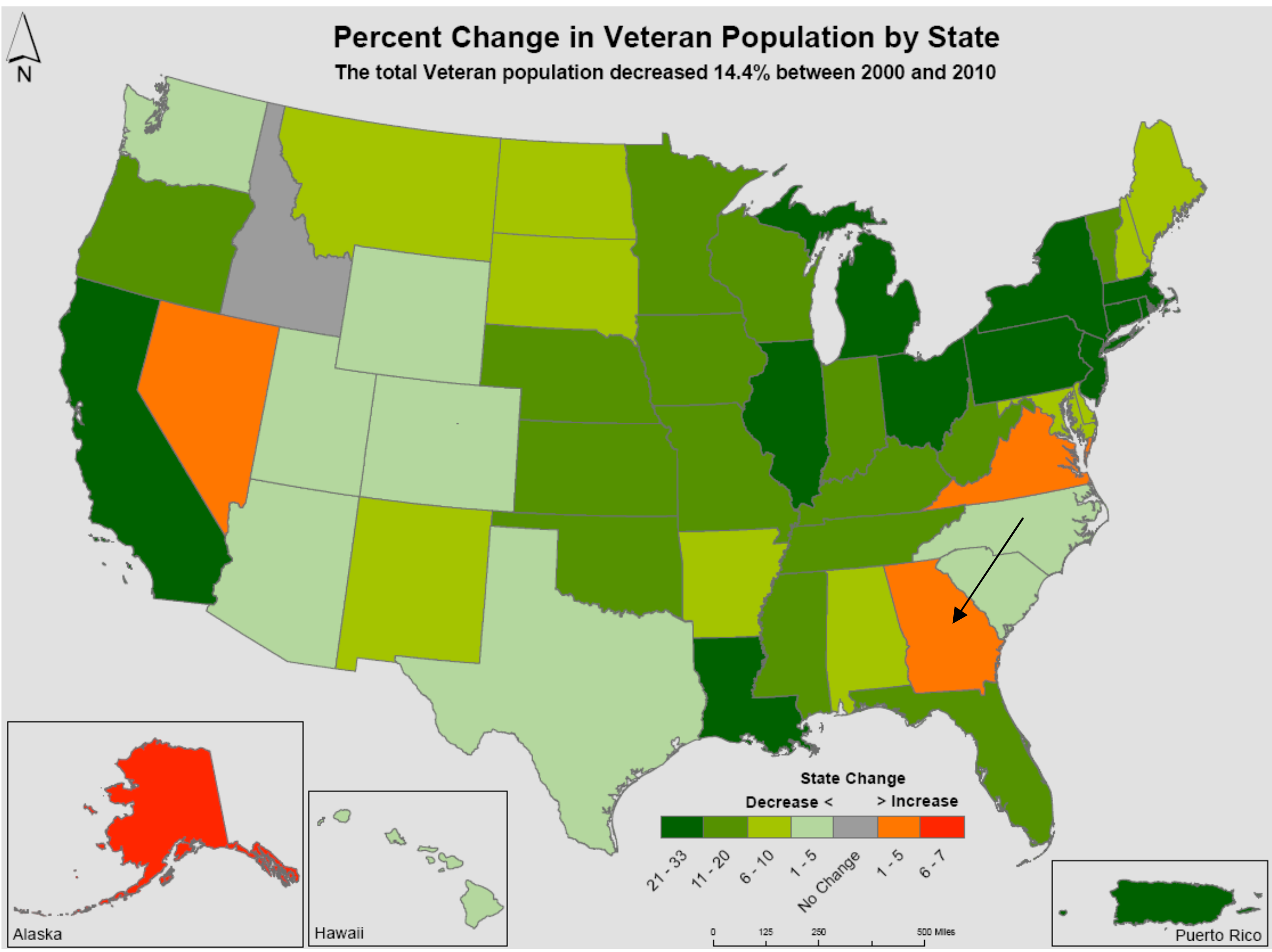
The boundaries of the PMA are as follows:
North – Interstate 20
South- State Route 121, US-1, Interstate 520
East-Washington Road, Calhoun Expressway, State Route 4
West- Fort Gordon Military Reservation, Jimmie Dyess Parkway

The Subject's PMA includes the majority of the city of Augusta, while excluding most of the downtown area. The Subject sites are located primarily in a suburban residential neighborhood, which is dissimilar to downtown. Tenancy in downtown areas tends to be more transient than suburban areas, which can have lower turnover. Karen Saltzman with Hope House Inc., reported that the majority of prospective residents for a project like the Subject will originate from Augusta; however, due to the nature of the special needs target market, residents could originate from the city, county, and entire region. Therefore, we have accounted for a leakage of approximately 30 percent from outside the PMA boundaries. Overall, we believe that 70 percent of the Subject's tenants will originate from within the designated PMA.

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 Augusta – Richmond County, GA, SC 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 MSA.

Veterans Population Data

According to the Department of Veterans Affairs, total veteran population decreased approximately 14.4 percent between 2000 and 2010 throughout the nation. However, as the following map illustrates, veteran population actually increased in Georgia, only one of four areas to experience an increase during this time period.



Source: Department of Veterans Affairs, 10/2011

According to the National Survey of Veterans report in October 2010 provided by Veterans Affairs, the number of veterans has decreased over the past three decades due to the decreased size of the military. In 1980, there were a reported 28.5 million veterans. This decreased slightly by 1990 to 27.5 million veterans and further still in 2000 to 26.4 million. Estimates indicate that as of the end of 2009, there were only 23 million veterans in the nation. The following table illustrates demographic trends of the nation's veterans.

Survey Item		Value
Gender (01)	Male	91.9%
	Female	8.1%
Age (02)	Less than 35 years	7.3%
	35-44 years	9.6%
	45-54 years	19.3%
	55-64 years	23.0%
	65-74 years	20.3%
	75 years or older	20.6%
Education Level (04)	Less than High School	5.4%
	High School Diploma/GED	26.0%
	Some college credit or AA	39.1%
	Bachelor's degree	17.8%
	Master's degree or greater	11.6%
Hispanic Origin (05)	Hispanic	5.1%
	Non-Hispanic	94.9%
Race (09)	White only	84.7%
	African American/Black only	11.2%
	American Indian/Alaska Native only	0.7%
	Asian /Pacific Islander only *	1.2%
	Selected Multiple Races	2.2%

SOURCE: 2010 National Survey of Veterans — Veteran Survey

* The various Asian and Pacific Islander groups have been collapsed into two categories.

Population Trends

POPULATION

Year	PMA		Augusta-Richmond County, GA-SC MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	76,313	-	435,763	-	248,709,873	-
2000	74,812	-0.2%	499,684	1.5%	281,421,906	1.3%
2010	75,342	0.1%	546,909	0.9%	311,212,863	1.0%
Projected Mkt Entry January	75,517	0.1%	556,826	0.7%	317,211,127	0.8%
2015	75,691	0.1%	566,743	0.7%	323,209,391	0.8%

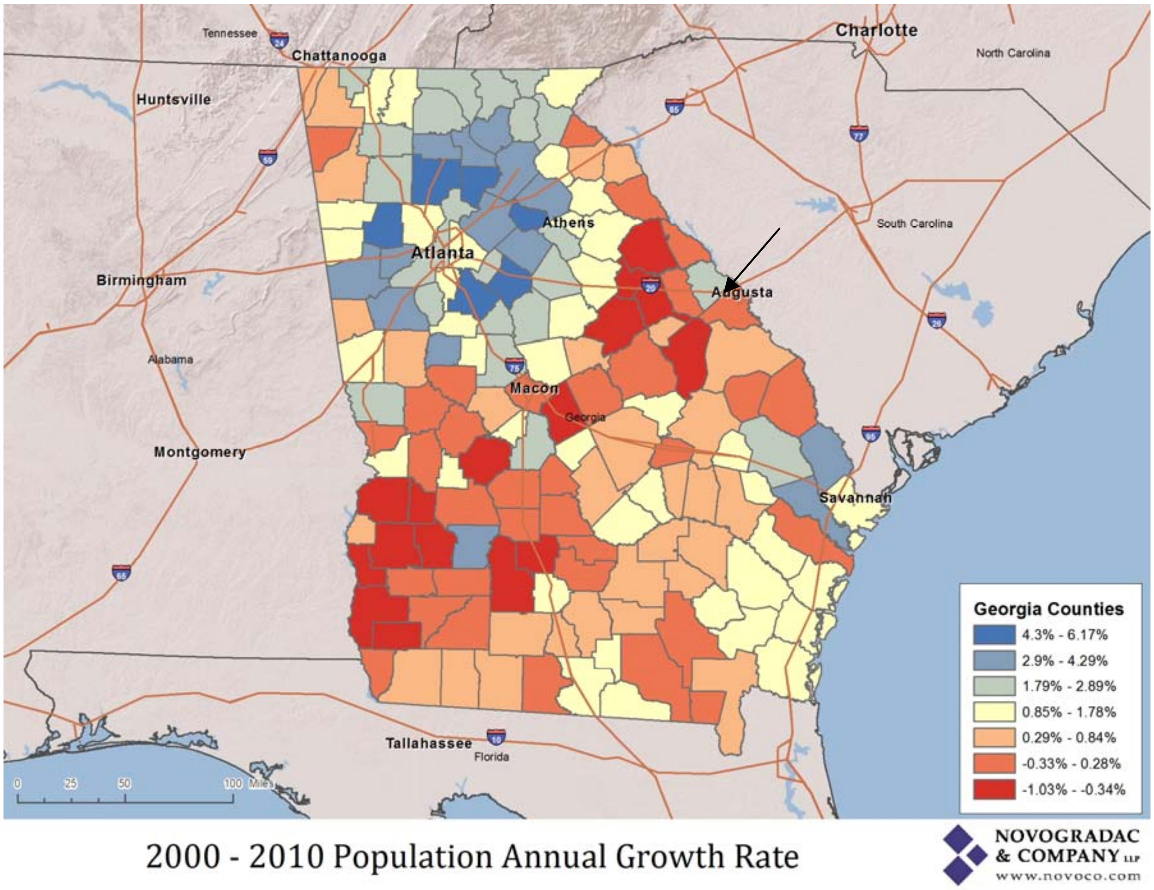
Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

POPULATION BY AGE IN 2010

Age Cohort	PMA		Augusta-Richmond County, GA-SC MSA		USA	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
0-4	5,291	7.0%	38,013	7.0%	21,296,740	6.8%
5-9	5,068	6.7%	37,912	6.9%	20,832,961	6.7%
10-14	4,737	6.3%	37,140	6.8%	20,369,284	6.5%
15-19	4,937	6.6%	39,963	7.3%	21,883,995	7.0%
20-24	5,842	7.8%	36,847	6.7%	21,459,235	6.9%
25-29	5,665	7.5%	38,874	7.1%	21,517,303	6.9%
30-34	5,347	7.1%	35,929	6.6%	19,852,007	6.4%
35-39	5,099	6.8%	35,768	6.5%	20,531,543	6.6%
40-44	4,699	6.2%	36,141	6.6%	21,232,056	6.8%
45-49	4,912	6.5%	41,071	7.5%	23,163,948	7.4%
50-54	4,906	6.5%	40,280	7.4%	22,315,436	7.2%
55-59	4,458	5.9%	35,728	6.5%	19,742,941	6.3%
60-64	3,788	5.0%	28,918	5.3%	16,544,050	5.3%
65-69	2,865	3.8%	20,628	3.8%	12,081,110	3.9%
70-74	2,303	3.1%	14,720	2.7%	9,033,665	2.9%
75-79	2,129	2.8%	11,868	2.2%	7,339,326	2.4%
80-84	1,687	2.2%	8,882	1.6%	5,947,153	1.9%
85+	1,608	2.1%	8,227	1.5%	6,070,110	2.0%
Total	**75,342**	**100.0%**	**546,909**	**100.0%**	**311,212,863**	**100.0%**

Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

Projected annual population growth in the PMA and MSA from 2010 to 2013 is minimal and is projected to increase by 0.1 percent annually through the year 2015. The largest age cohorts in the PMA include persons ages 25 to 34.



Household Trends

HOUSEHOLDS

Year	PMA		Augusta-Richmond County, GA-SC MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	31,061	-	156,130	-	91,947,410	-
2000	31,052	0.0%	184,801	1.8%	105,480,101	1.5%
2010	31,939	0.3%	205,116	1.1%	116,761,140	1.0%
Projected Mkt Entry January 2013	32,118	0.2%	209,210	0.8%	119,060,372	0.8%
2015	32,296	0.2%	213,303	0.8%	121,359,604	0.8%

Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

AVERAGE HOUSEHOLD SIZE

Year	PMA		Augusta-Richmond County, GA-SC MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	2.42	-	2.70	-	2.63	-
2000	2.33	-0.4%	2.61	-0.3%	2.59	-0.1%
2010	2.28	-0.2%	2.58	-0.1%	2.59	0.0%
Projected Mkt Entry January 2013	2.27	-0.1%	2.58	0.0%	2.59	0.0%
2015	2.26	-0.1%	2.57	0.0%	2.60	0.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

Similar to population trends, annual household growth in the PMA was marginal at 0.3 percent annually in 2010. This growth was below the MSA and the nation. There is a projected increase of 0.2 percent annually through the years 2013 and 2015. The average household size in the PMA, at 2.28, is slightly lower than the MSA and the nation. The Subject will offer studio and one-bedroom units targeting smaller households.

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	16,531	53.22%	14,530	46.78%
2000	16,650	53.62%	14,402	46.38%
2010	16,744	52.42%	15,195	47.58%
Projected Mkt Entry January 2013	16,847	52.45%	15,271	47.55%
2015	16,950	52.48%	15,346	47.52%

Source: ESRI Demographics 2010, Novogradac & Company LLP, October 2011

As the table illustrates, households within the PMA are predominately owner-occupied residences. While only slight, the percentage of owner-occupied homes is expected to increase, and the percentage of renter-occupied homes is projected to decrease through 2013 and 2015.

Households by Income

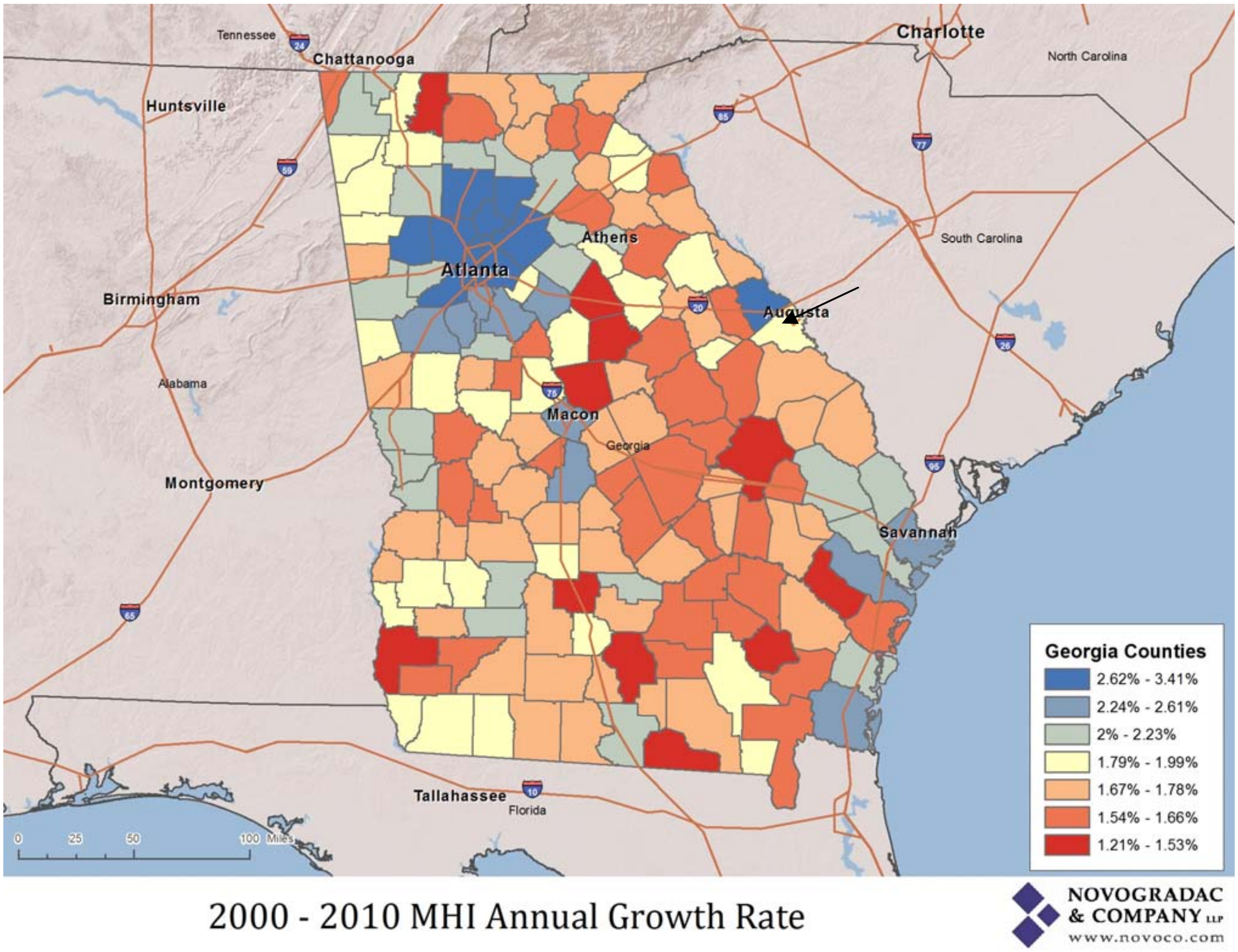
The following table depicts household income in 2010, 2013 and 2015 for the PMA.

HOUSEHOLD INCOME PMA

Income Cohort	2010		PMA Projected Mkt Entry January 2013		2015		Annual Change 2010 to 2015	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
$0-9,999	4,088	12.8%	3975	12.4%	3,863	12.0%	-45	-1.1%
$10,000-19,999	5,149	16.1%	4954	15.4%	4,759	14.7%	-78	-1.5%
$20,000-29,999	4,627	14.5%	4555	14.2%	4,483	13.9%	-29	-0.6%
$30,000-39,999	3,911	12.2%	3858	12.0%	3,805	11.8%	-21	-0.5%
$40,000-49,999	3,249	10.2%	3221	10.0%	3,194	9.9%	-11	-0.3%
$50,000-59,999	2,201	6.9%	2279	7.1%	2,357	7.3%	31	1.4%
$60,000-74,999	3,592	11.2%	3561	11.1%	3,530	10.9%	-12	-0.3%
$75,000-99,999	2,418	7.6%	2481	7.7%	2,544	7.9%	25	1.0%
$100,000+	2,703	8.5%	3232	10.1%	3,761	11.6%	212	7.8%
Total	**31,939**	**100.0%**	**32,118**	**100.0%**	**32,296**	**100.0%**		

Source: Ribbon Demographics 2007, Novogradac & Company LLP, October 2011

The largest income cohort was between $10,000-$19,999 in 2010. Approximately 28.9 percent of households earn less than $19,999. By the market entry date, this percentage is projected to decrease slightly to 27.8 percent; however, this is still a large percentage of area residents with very low incomes. This will bode well for the Subject's subsidized units.



CONCLUSION
The PMA and MSA have demonstrated that they are areas of marginal growth. The population and the number of households are both projected to remain relatively stable from 2010 to 2015. Veteran population in Georgia has increased between 2000 and 2010 and Georgia is one of only four states to experience an increase in veteran population over this time period. The largest age cohorts are in the 20- to 34 age range, which account for 22.4 percent of the population. Households are projected to increase slightly in the PMA, while household size is projected to decrease slightly. In 2010, 52.4 percent of the units in the PMA were owner occupied. The largest income cohort was between $10,000 and $19,999, which is considered to be very low income. This bodes well for the Subject's subsidized units.

NEIGHBORHOOD ANALYSIS

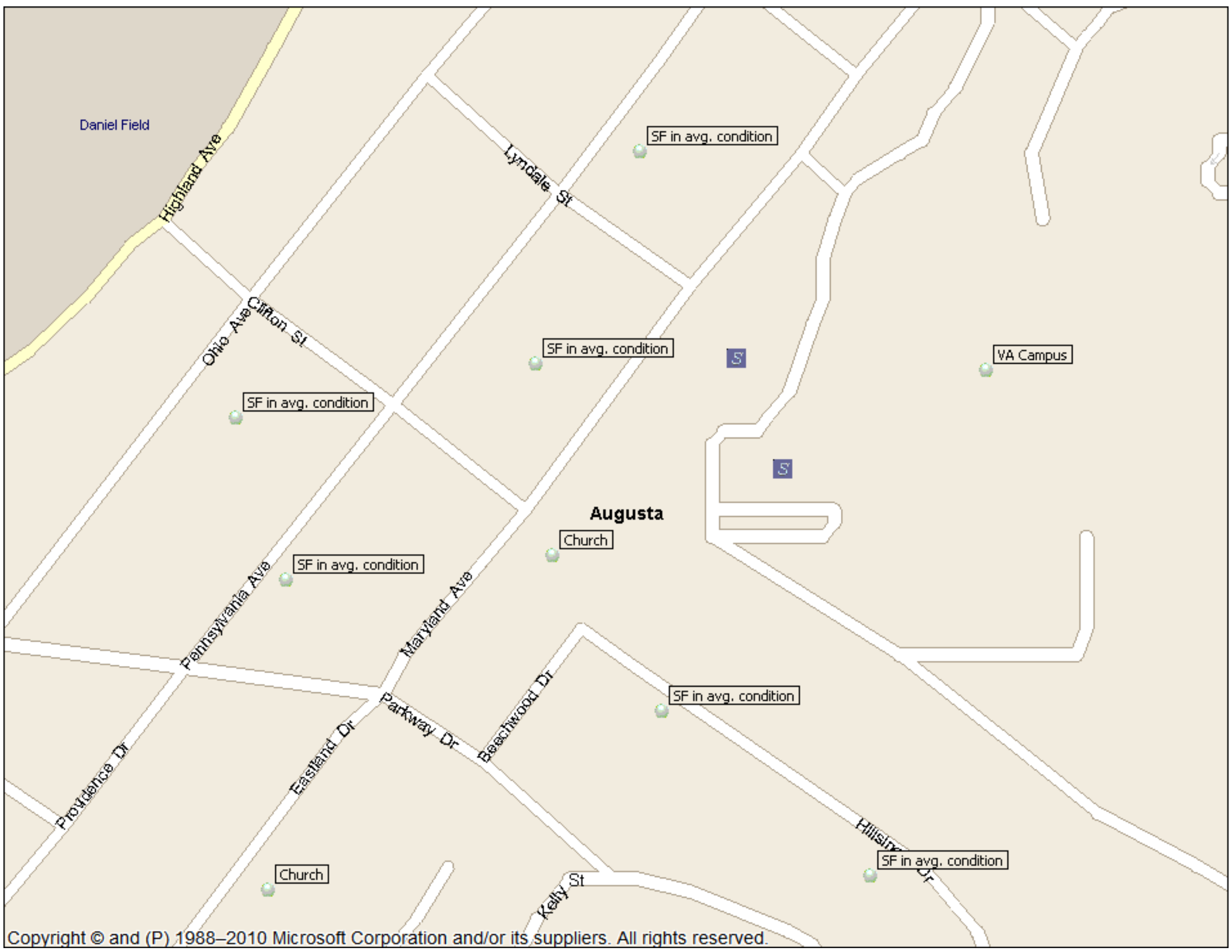
Date of Site Visit and Name of Site Inspector: Brad Weinberg visited the site on October 3, 2011.

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

Frontage: The Subject site has frontage along Freedom Way.

Visibility/Views: The Subject is located on the southwestern portion of the Charlie Norwood VA Medical Center campus. The Subject sites have partial visibility from Maryland Avenue. Views from the Subject are of a wooded periphery, the VA campus and single-family homes. Overall visibility and views are considered average.

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

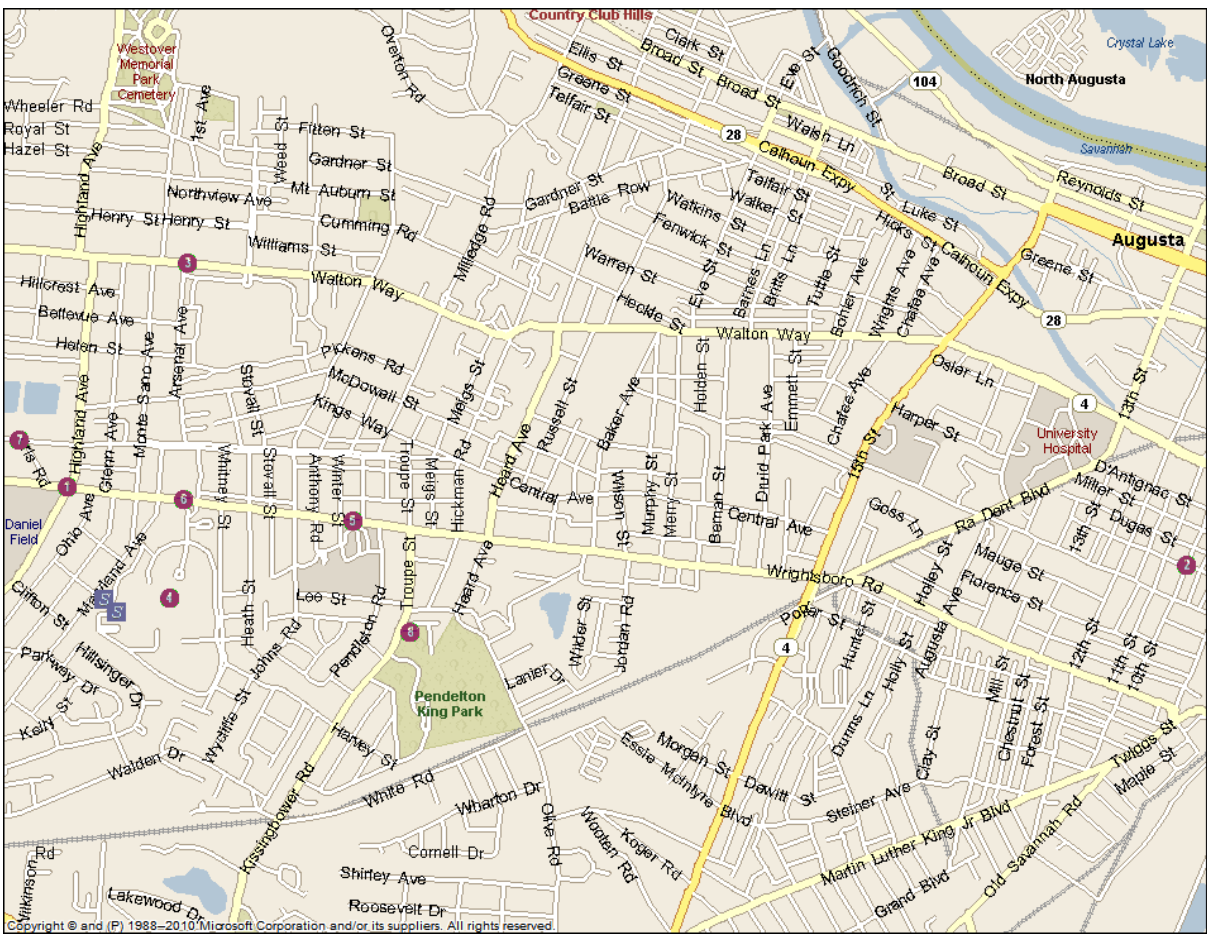


The Subject is located on the southwestern portion of the

Charlie Norwood VA Medical campus. Surrounding uses consist of wooded land, the campus, and single-family homes in average condition. Immediately north and northeast of the Subject is the VA campus, which consists of the VA hospital and several other service buildings. South of the Subject is a single-family home subdivision with homes in average condition. Immediately west of the Subject are more single-family homes in average condition. Further west is the Daniel Field Airport. The closest commercial retail is located on Wrightsboro Road, which is adjacent to the entrance to the campus. Commercial uses along this road are well occupied.

Positive/Negative Attributes of Site: The Subject has good proximity to retail and other services as it is located on the VA campus. We did not witness any negative attributes during our field work.

Proximity to Locational Amenities: The following table details the Subject's distance from key locational amenities.



LOCATIONAL AMENITIES

Map Number	Service or Amenity	Miles From Subject
1	Bi-Lo Grocery	0.4
2	Walmart Supercenter	3.3
3	Reese Library	0.8
4	VA Hospital	Adjacent
5	Summerville Pharmacy	0.4
6	Tip Top Food Mart (Gas)	0.1
7	Regions Bank	0.5
8	Pendelton King Park	1.0

Description of Land Uses:

The Subject is located on the southwestern portion of the Charlie Norwood VA Medical campus. Surrounding uses consist of wooded land, the campus, and single-family homes in average condition. Immediately north and northeast of the Subject is the VA campus, which consists of the VA hospital and several other service buildings. South of the Subject is a single-family home subdivision with homes in average condition. Immediately west of the Subject are more single-family homes in average condition. Further west is the Daniel Field Airport. Overall, the Subject has a desirable location for multifamily housing.

Conclusion:

The Subject is located in on the Charlie Norwood VA campus. The neighborhood surrounding the Subject consists mostly of single-family and public uses. The Subject has average visibility from Maryland Avenue. The Subject is located an adequate distance from locational amenities such as shopping and entertainment. Additionally, residents will be provided transportation. Overall, the Subject fits well with the surrounding uses and it is a desirable location for multifamily housing.

DESCRIPTION OF THE SITE

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues and traffic flow.

Size:	The Subject is located on 8.9 acres, according to a recent zoning document provided by management. Additionally, the Subject will continue to be a part of the larger parcel consisting of the VA campus.
Shape:	The site is irregular in shape.
Frontage:	The Subject has frontage along Freedom Way.
Topography:	The site is generally level.
Visibility/Views:	The Subject is located on the southwestern portion of the Charlie Norwood VA Medical Center campus. The Subject sites have partial visibility from Maryland Avenue. Views from the Subject are of wooded land, the VA campus and single-family homes. Overall visibility and views are considered average.
Access and Traffic Flow:	Access to the Subject is from the Charlie Norwood VA Medical Center entrance on Freedom Way. Traffic along Freedom Way is light. As part of the zoning requirements, the Subject will not have access from Maryland Avenue to the southwest.
Drainage:	Appears adequate; however, no specific tests were performed.
Soil and Subsoil Conditions:	No soil test was provided for our review. We assume the soil is acceptable for the proposed construction.
Flood Plain:	According to www.floodinsights.com, the Subject is located in Zone X (community map number 130158, panel number 0110F dated September 25, 2009) and is located outside the 100- and 500-year flood plains.
Environmental:	None visible upon site inspection.
Detrimental Influences:	There are no significant detrimental influences.
Conclusion:	The Subject is a legally conforming use. The site is suitable for multifamily construction.

PROPERTY PROFILE REPORT

Freedom's Path

Effective Rent Date	**10/06/2011**
Location	1 Freedom Way Augusta, GA 30904 Richmond County
Distance	N/A
Units	70
Vacant Units	N/A
Vacancy Rate	N/A
Type	Various
Year Built/Renovated	1923/1947 / 2012
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	N/A
Phone	N/A

Market Information

Program	@50% (Project Based Rental Assistance -
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	N/A
Concession	N/A

Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	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
0	1	One-story	20	375	$525	$0	@50% (Project Based Rental Assistance - PBRA)	N/A	N/A	N/A	N/A	None
1	1	Garden (3 stories)	50	652	$575	$0	@50% (Project Based Rental Assistance - PBRA)	N/A	N/A	N/A	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$525	$0	$525	$0	$525
1BR / 1BA	$575	$0	$575	$0	$575

Freedom's Path, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Limited Access	None
Central A/C	Dishwasher	Perimeter Fencing	
Furnishing	Microwave		
Oven	Refrigerator		

Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Exercise Facility	Central Laundry		
Off-Street Parking	On-Site Management		
Picnic Area	Recreation Areas		

Comments

This development consists of two buildings that will be renovated into supportive housing for male veterans. The 20 studio units will have a community center that will feature a dining room and two daily meals. Additionally, these units will be fully furnished with a bed, a dresser, a nightstand, and a table with chairs. The one-bedroom units will feature a dishwasher, and a microwave. Services on-site will include case management, substance abuse and educational counseling, transportation and supervision.

Unit Layout: The Subject's proposed floor plans appear reasonable for their intended use.

NLA (residential space): Approximately 40,100 square feet.

Americans With Disabilities Act of 1990: Based on renovations we assume the property will not have any violations of the Americans With Disabilities Act of 1990.

Quality of Construction Condition and Deferred Maintenance: It is assumed that the Subject will be renovated in a timely manner consistent with the information provided, using average-quality materials in a professional manner.

Scope of Renovations: The Subject buildings will be completely renovated and will be LEED certified upon renovation completion. According to the sources and uses provided by the developer, the total hard costs of the renovations will be $5,686,095 or $81,230 per unit.

Proposed Rents: The following table illustrates the Subject's proposed rents.

PROPOSED RENTS

Unit Type	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2011 HUD Fair Market Rents
		50% AMI (PBRA)			
Studio	20	$525	$79	$604	$560
1BR/1BA	50	$575	$99	$674	$629
Total	**70**				

Notes (1) Source of Utility Allowance: City of Augusta Housing Authority, September 2011

Current Occupancy: The Subject buildings are currently vacant and there are no current tenants.

Current Tenant Income: The Subject buildings are currently vacant and there are no current tenants.

Functional Obsolescence: The Subject will not suffer from functional obsolescence.

Conclusion: Post-renovation, the Subject will be an excellent -quality apartment complex, comparable or superior to most of the inventory in the area. As a newly renovated property, the Subject will not suffer from deferred maintenance.

REAL ESTATE ASSESSMENT AND TAXES

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

The Subject site is located within the Augusta-Richmond County real estate taxing jurisdiction. Real estate taxes for a property located in Augusta-Richmond County are based upon a property's assessed valuation. Market values are assessed using all three approaches to value. Real estate taxes in this county are based upon 40 percent of the market value. The millage rate for the Subject is $36.221 per $1,000 of assessed value.

The Subject will be constructed on a parcel owned by the Charlie Norwood VA Medical Center and Veterans Affairs. The Subject's sponsor will enter into a ground lease with Veteran's Affairs for a period of 75 years. As an income restricted property, the Subject will have a 100 percent tax abatement for the term of the lease. Therefore, for the restricted scenario, we have illustrated the Subject's real estate taxes as $0. The following table details the assessed values of comparable properties.

COMPARABLE ASSESSMENTS

Property	Year Built	Number of Units	Assessed Value	Assessed Value Per Unit
Forest Hills	1965/2005	72	$1,744,045	$24,223
Governor's Place	1972	181	$5,806,810	$32,082
Mar Jon	1962	18	$414,810	$23,045
Oak Hill	1974	76	$1,782,076	$23,448
Woodhaven Apartments	1970s	152	$3,681,788	$24,222
Woodlake Club	2003	192	$7,514,000	$39,135
Forest Brook	1984/1998	161	$4,900,000	$30,435

The above data indicates an assessed per unit range from $23,045 to $39,135 per unit for comparable multifamily properties located in the Subject's market. Unrestricted and restricted properties are similarly assessed. The average assessment for these property tax comparables is $28,084 per unit. The Subject will essentially be a new construction property and will likely receive an assessment at the high end of the range, similar to the newest constructed properties. Therefore, we believe an assessment equal to $35,000 per unit in the unrestricted scenario is appropriate.

ESIMATED UNRESTRICTED ASSESSMENT

Property ID	Total Assessed Value	Taxable Value	Estimated Unrestricted Tax Burden	Tax Burden/Unit
044-3-141-00-0	$2,450,000	$980,000	$35,497	$507

Reasonable Assessment and Taxes
Based on the tax comparable data presented above, we estimate the property tax burden in the restricted scenario for the Subject is $0 per unit and a tax burden of $507 per unit in the unrestricted scenario.

Zoning

Current Zoning
According to the Augusta – Richmond County Planning Commission, the Subject's zoning was changed from R-1A (one-family residential) to R-3C for multifamily residential. The principal residential uses under this zoning code are for multiple family home developments. For multifamily dwellings, the minimum lot area must include 1,500 square feet for each dwelling unit. There are no density restrictions based on units per acre and the maximum number of units permissible would use the formula of the minimum lot area described above. The Subject site contains a total of 8.9 acres, or 387,684 square feet. The Subject will be a legal and conforming use. We were provided a letter from the Augusta – Richmond County Planning Commission illustrating the requirements for the Subject to retain its R-3C zoning. A stipulation of the R-3C zoning indicates that 75 percent of the Subject's residents must be veterans of the American Armed Services.

Prospective Zoning Changes
We are not aware of any proposed zoning changes at this time.

COMPETITIVE RENTAL/DEMAND ANALYSIS

SUPPLY ANALYSIS

INTERVIEWS/DISCUSSION

Augusta-Richmond County Housing Authority

We spoke with Alicia Mortley, who oversees Housing Choice Voucher and wait list information for the Augusta-Richmond County Housing Authority. Ms. Mortley reported that the waiting list is currently closed, with no immediate plans to accept new applicants. Ms. Mortley was unable to report the specific number of households on the waiting list, or the number of voucher currently in use within the county. Payment standards in Richmond County are currently 100 percent of fair market value. The current payment standard in Augusta is $516 for studio units and $560 for one-bedroom units.

LIHTC Competition / Recent and Proposed Construction

According to the Georgia DCA LIHTC allocation website, there were no allocations in Richmond County in 2010. Three projects were allocated LIHTC in 2008 and 2009 and they are illustrated in the following table.

LIHTC Allocation List

Property	Allocation year	Tenancy	Units
Underwood Senior Homes	2009	Elderly	75
The Crest at Edinburgh	2009	Large Families	40
The Terraces at Edinburgh	2008	Elderly	72

Underwood Senior Homes and The Terraces at Edinburgh will not compete with the Subject due to their senior tenancy. The Crest at Edinburgh will consist of 40 single-family homes and it will target large families. Overall, these properties will not directly compete with the proposed Subject.

Kathleen Scott – Director of Homeless Initiatives and Chief, Domiciliary Residential Treatment Program, Charlie Norwood VA Medical Center

Ms. Kathleen Scott has worked at the VA medical center in the Domiciliary Residential Treatment Program for 12 years. This program is the oldest healthcare program provided by the VA and it was established in the late 1860s. Domiciliary care was initially established to provide services to economically disadvantaged veterans and it has evolved into an active clinical rehabilitation and treatment program for male and female veterans.

Ms. Scott was interviewed in order to obtain information regarding Veterans located in Augusta and elsewhere. Ms. Scott explained that the domiciliary facility at the Charlie Norwood VA campus does not just funnel veterans from Augusta, rather, they pull veterans from many areas of the state including Dublin, Athens, Akin, and other areas. The domiciliary offers 60 beds and of these 60 beds, approximately 45 are used by homeless veterans at any given time. Ms. Scott stated that the domiciliary is a treatment program and not a shelter. Most homeless veterans stay at the domiciliary up to four months, and annually, over 135 homeless veterans (this does not include veterans with families) are treated at the facility. These residents are at the domiciliary for several treatment programs including substance abuse. Ms. Scott reported that these residents are in dire need of transitional housing to provide additional care after their treatment at the domiciliary is complete. At this point in time, after leaving the domiciliary, these residents are either living in local shelters or they remain homeless. Ms. Scott explained that the addition of the Subject will provide the necessary transitional housing for these residents leaving the domiciliary, which does not currently exist in Augusta.

In addition to the 135 homeless veterans annually at the domiciliary, Ms. Scott also reported that they have 70 HUD Veterans Affairs Supportive Housing (HUD – VASH) vouchers that homeless veterans are currently using to live in units throughout the Augusta community. Further, there are also approximately 100 additional homeless veterans that are in substance abuse programs, intensive care, and other care, that would be eligible to live at the Subject. Ms. Scott noted that she partners with the local Salvation Army substance abuse program and sends some homeless veterans to the Salvation Army for services. The addition of the Subject will fill the void of services and will limit the VA from outsourcing homeless veterans to non-veteran associations like the Salvation Army.

Ms. Scott reiterated that the addition of the Subject is a necessity to the community. There are currently no developments in the community that would fill the void for housing for homeless veterans, according to Ms. Scott. She reported that there are approximately 400 homeless residents in the community that receive food and clothing from the VA, and approximately 200 of these are veterans. According to Ms. Scott, there is an overwhelming need for both the transitional housing and permanent supportive housing that the Subject will offer. The following table illustrates the summation of prospective homeless veterans through the VA that would qualify to live at the Subject, based on information provided by Ms. Scott.

Prospective Veteran Residents

Source	Number
Annual homeless Veterans at domiciliary	135
HUD VASH Voucher Holders	70

Karen Saltzman – Executive Director of Hope House Inc.

Ms. Karen Saltzman was contacted to gather information on the proposed Subject as well as other facilities that they manage in the Augusta area. Ms. Saltzman reported that Hope House, Inc. manages Highlands West, a residential treatment facility that serves homeless single women, pregnant women, and women with children that suffer from substance abuse and/or other mental health disorders. Ms. Saltzman reported that this property offers 42 beds and is typically fully occupied. We have used Highlands West as an operating expense comparable in the expense analysis portion of this report. Ms. Saltzman explained that the addition of the Subject would be beneficial to the homeless community.

Jim Loraine – Executive Director of the Augusta Warrior Project

Mr. Jim Loraine is the Executive Director of the Augusta Warrior Project, a project dedicated to providing support to Augusta veterans. Mr. Loraine reported that he is excited about the possibility of the Subject providing homes for area veterans. He reported that the domiciliary on the Charlie Norwood VA campus is currently turning away veterans because there is no transitional housing available. Therefore, there are veterans in the domiciliary that try not to leave because they will end up living in a shelter or remain homeless. These veterans will act as a feeder for Building #7 and as soon as the studio units become available he anticipates that they will be filled. Mr. Loraine stated that the community homeless veterans (approximately 200) will act as a feeder program for Building #76 as well. He noted that Building #7 residents will also most likely transition to Building #76 after they have demonstrated that they can live more independently. Mr. Loraine stated that Veterans Affairs recently organized a Stand Down Event for area homeless residents in Augusta, which resulted in 250 homeless residents attending. Of these 250 homeless, approximately 150 were homeless veterans. Stand Downs are events that are organized to provide homeless veterans services including food, shelter, clothing, health screenings, counseling, and referrals for services. Overall, Mr. Loraine reported that there are few shelters in Augusta and they are overcrowded. There is currently no transitional or permanent supportive housing for veterans in Augusta and he believes that the addition of the Subject will provide an immediate need to the homeless veterans community.

Planning

We interviewed Stephanie Kingdom at the Augusta Planning and Zoning Department in order to gather information on planned or proposed developments in the Subject's neighborhood. Ms. Kingdom reported that other than the proposed Subject, there are no new single-family or multifamily developments planned or proposed at this time.

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 12 comparable properties containing 1,678 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.

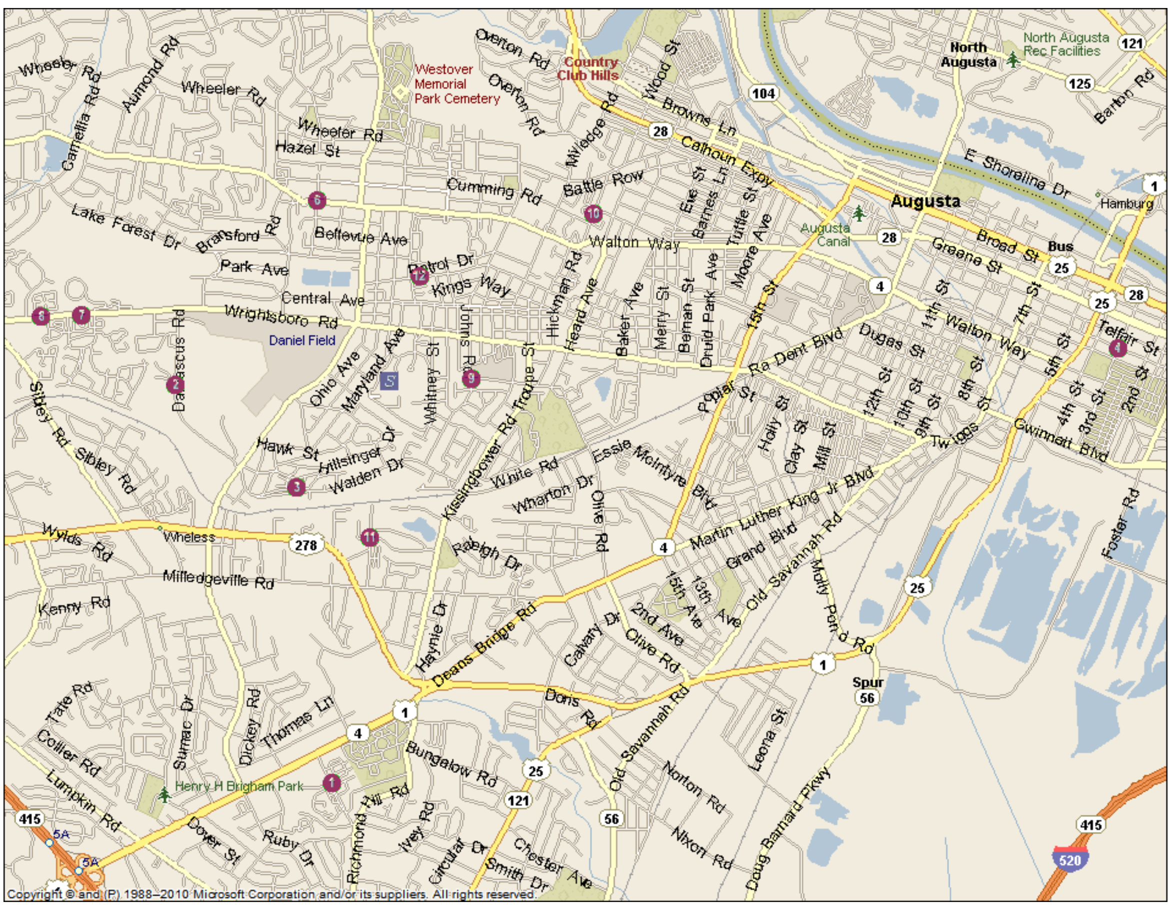
We have utilized five family LIHTC properties as comparables in our analysis and the properties are located in or on the periphery of the PMA and were constructed or renovated between 1998 and 2008. Overall, the availability of family LIHTC data in the market is considered good. It should be noted that the Subject will not compete directly with these comparables; however, their data has been provided in order to gauge the overall health of the affordable housing market. We have also included seven conventional rental properties in our analysis. All of the comparable market rate properties are located within 2.9 miles of the Subject. The properties were built or renovated between 1968 and 2005. Overall, the availability of market rate data is considered good. However, the Subject will feature studio units, which are not prevalent in this market. Therefore, we have compared the Subject's studio units to the most comparable one-bedroom units in the market. The following table details properties that we have excluded from our analysis.

Excluded List

Name	Address	City	Primary Tenancy	Type	Units	% Occupied	Distance to Subject	Reason Excluded
Augusta Springs	1730 Sibley Road	Augusta	Elderly	Elderly LIHTC	200	N/A	2.6 miles	Differing Tenancy
Terraces at Edinburgh	3265 Milledgeville Road	Augusta	Elderly	Elderly LIHTC	72	N/A	2.5 miles	Differing Tenancy
Linden Square	1425 Lee Beard Way	Augusta	Elderly	Elderly LIHTC	48	N/A	2.1 miles	Differing Tenancy
Cedar Grove	526 Richmond Hill W	Augusta	Family	Market	125	N/A	4.2 miles	Unable to contact
Heritage Apartments	3025 Heritage Circle	Augusta	Family	Market	162	N/A	2.6 miles	Unable to contact
Davidson Terrace	1753 Davidson Drive	Augusta	Family	Market	N/A	N/A	1.5 miles	Differing Unit types
Highland Terrace	2595 Kelly St	Augusta	Family	Market	N/A	N/A	1.5 miles	Differing Unit types
Highlands West	30914	Augusta	Women	PBV	42	100%	N/A	Differing Tenancy
Baywood	2595 Kelly St	Augusta	Family	Market	N/A	N/A	1.5 miles	Differing Unit types
Singleton TH	2595 Kelly St	Augusta	Family	Market	N/A	N/A	1.5 miles	Differing Unit types

Highlands West is a residential treatment facility that serves homeless single women, pregnant women, and women with children that suffer from substance abuse and/or other mental health disorders. It consists of 42 units that are all subsidized and it is fully occupied at this time. We have excluded this property as a comparable due to its subsidy; however, it has similar funding to the proposed Subject and offers additional support services.

Comparable Rental Property Map



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Cedarwood Apartments	Augusta	LIHTC	3.7 miles
2	Forest Brook	Augusta	LIHTC	1.7 miles
3	Magnolia Park	Augusta	LIHTC	1.7 miles
4	Olde Towne Properties	Augusta	LIHTC	4.5 miles
5	Woodlake Club Apartments	Augusta	LIHTC	4.1 miles
6	Forest Hills Apartments	Augusta	Market	1.4 miles
7	Georgian Place	Augusta	Market	2.0 miles
8	Governor's Place	Augusta	Market	2.2 miles
9	Mar Jon Apartments	Atlanta	Market	0.6 miles
10	Oak Hill Apartments	Augusta	Market	1.9 miles
11	Woodhaven Apartments	Augusta	Market	2.9 miles
12	Yorktown Apartments	Augusta	Market	0.5 miles

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	Freedom's Path	n/a	Various	@50% (Project	Studio / 1BA (One-story)	20	28.60%	@50%	$525	375	n/a		N/A	N/A
	1 Freedom Way		1923/1947 / 2012	Based Rental	1BR / 1BA (Garden)	50	71.40%	@50%	$575	652	n/a		N/A	N/A
	Augusta, GA 30904			Assistance -										
	Richmond County			PBRA)										
						70	100%						N/A	N/A
1	Cedarwood Apartments	3.7 miles	Various	@30%, @50%,	1BR / 1BA (Garden)	8	4.30%	@30%	$320	850	no	Yes	0	0.00%
	527 Richmond Hill Rd W		(2 stories)	@60%	1BR / 1BA (Garden)	37	20.10%	@50%	$528	850	no	Yes	0	0.00%
	Augusta, GA 30906		1970s / 2007		1BR / 1BA (Garden)	11	6.00%	@60%	$549	850	no	Yes	0	0.00%
	Richmond County				2BR / 1.5BA (Garden)	12	6.50%	@30%	$258	950	no	Yes	0	0.00%
					2BR / 1.5BA (Garden)	52	28.30%	@50%	$504	950	no	Yes	0	0.00%
					2BR / 1.5BA (Garden)	16	8.70%	@60%	$504	950	no	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	4	2.20%	@30%	$258	1,150	no	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	16	8.70%	@50%	$504	1,150	no	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	4	2.20%	@60%	$504	1,150	no	Yes	0	0.00%
					3BR / 2BA (Townhouse)	4	2.20%	@30%	$312	1,200	no	Yes	0	0.00%
					3BR / 2BA (Townhouse)	15	8.20%	@50%	$590	1,200	no	Yes	0	0.00%
					3BR / 2BA (Townhouse)	5	2.70%	@60%	$679	1,200	no	Yes	0	0.00%
						184	100%						0	0.00%
2	Forest Brook	1.7 miles	Garden	@60%	1BR / 1BA	56	34.80%	@60%	$549	580	no	Yes	0	0.00%
	3122 Damascus Road		1984/1998 / n/a		2BR / 1BA	48	29.80%	@60%	$525	840	no	Yes	2	4.20%
	Augusta, GA 30909				2BR / 2BA	48	29.80%	@60%	$550	916	no	Yes	2	4.20%
	Richmond County				3BR / 2BA	9	5.60%	@60%	$675	1,250	no	Yes	0	0.00%
						161	100%						4	2.50%
3	Magnolia Park	1.7 miles	Various	@60%	1BR / 1BA (Garden)	13	7.60%	@60%	$499	710	no	None	N/A	N/A
	2133 Vandivere Road		1996 / 2007-2008		2BR / 1.5BA (Garden)	49	28.70%	@60%	$440	965	no	None	N/A	N/A
	Augusta, GA 30904				2BR / 1.5BA (Townhouse)	103	60.20%	@60%	$525	1,010	no	None	N/A	N/A
	Richmond County				3BR / 2BA (Garden)	6	3.50%	@60%	$619	1,100	no	None	N/A	N/A
						171	100%						45	26.30%
4	Olde Towne Properties	4.5 miles	Conversion	@50%, @60%	Studio / 1BA	2	1.70%	@50%	$429	325	no	No	0	0.00%
	602 3rd Street		(3 stories)		Studio / 1BA	2	1.70%	@60%	$429	325	no	No	0	0.00%
	Augusta, GA 30901		1910 / 2002		1BR / 1BA	27	23.30%	@50%	$499	540	no	No	1	3.70%
	Richmond County				1BR / 1BA	36	31.00%	@60%	$499	540	no	No	2	5.60%
					2BR / 1BA	14	12.10%	@50%	$500	820	no	No	1	7.10%
					2BR / 1BA	27	23.30%	@60%	$500	820	no	No	1	3.70%
					3BR / 2BA	4	3.40%	@50%	$585	1,050	no	No	0	0.00%
					3BR / 2BA	4	3.40%	@60%	$585	1,050	no	No	0	0.00%
						116	100%						5	4.30%
5	Woodlake Club Apartments	4.1 miles	Garden	@60%	1BR / 1BA	44	22.90%	@60%	$655	822	yes	No	0	0.00%
	1020 Amli Way		(3 stories)		2BR / 2BA	84	43.80%	@60%	$664	1,090	yes	No	3	3.60%
	Augusta, GA 30909		2003 / n/a		3BR / 2BA	40	20.80%	@60%	$759	1,200	yes	No	2	5.00%
	Richmond County				4BR / 3BA	24	12.50%	@60%	$813	1,400	yes	No	0	0.00%
						192	100%						5	2.60%
6	Forest Hills Apartments	1.4 miles	Garden	Market	1BR / 1BA	N/A	N/A	Market	$679	685	n/a	No	0	N/A
	2801 Walton Way		1965 / 2005		2BR / 1BA	N/A	N/A	Market	$635	900	n/a	No	0	N/A
	Augusta, GA 30909				2BR / 1.5BA	50	69.40%	Market	$690	1,008	n/a	No	0	0.00%
	Richmond County													
						72	100%						0	0.00%
7	Georgian Place	2 miles	Various	Market	1BR / 1BA (Garden)	80	24.70%	Market	$592	715	n/a	No	N/A	N/A
	1700 Valley Park Court		(2 stories)		2BR / 1BA (Garden)	100	30.90%	Market	$579	935	n/a	No	N/A	N/A
	Augusta, GA 30909		1968 / n/a		2BR / 1.5BA (Townhouse)	40	12.30%	Market	$679	1,088	n/a	No	N/A	N/A
	Richmond County				2BR / 2BA (Garden)	56	17.30%	Market	$659	1,000	n/a	No	N/A	N/A
					3BR / 1.5BA (Garden)	24	7.40%	Market	$729	1,100	n/a	No	0	0.00%
					3BR / 2BA (Garden)	24	7.40%	Market	$799	1,200	n/a	No	0	0.00%
						324	100%						10	3.10%

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
8	Governor's Place	2.2 miles	Various	Market	1BR / 1BA (Garden)	N/A	N/A	Market	$604	645	n/a	No	4	N/A
	3211 Wrightsboro Road		(2 stories)		1BR / 1BA (Garden)	N/A	N/A	Market	$644	780	n/a	No	1	N/A
	Augusta, GA 30909		1972 / n/a		2BR / 1.5BA (Townhouse)	N/A	N/A	Market	$645	1,250	n/a	No	1	N/A
	Richmond County				2BR / 2BA (Garden)	N/A	N/A	Market	$615	1,100	n/a	No	N/A	N/A
					3BR / 2BA (Garden)	N/A	N/A	Market	$715	1,300	n/a	No	N/A	N/A
						181	100%						6	3.30%
9	Mar Jon Apartments	0.6 miles	Garden	Market	1BR / 0.5BA	14	77.80%	Market	$633	400	n/a	0	0	0.00%
	1600 Johns Road		(2 stories)		2BR / 1BA	4	22.20%	Market	$525	480	n/a	0	0	0.00%
	Atlanta, GA 30904		n/a / n/a											
	Richmond County					18	100%						0	0.00%
10	Oak Hill Apartments	1.9 miles	Garden	Market	1BR / 1BA	76	100.00%	Market	$668	705	n/a	No	1	1.30%
	817 Hickman Street		(3 stories)											
	Augusta, GA 30904		1974 / n/a											
	Richmond County					76	100%						1	1.30%
11	Woodhaven Apartments	2.9 miles	Garden	Market	1BR / 1BA	152	100.00%	Market	$559	567	n/a	No	0	0.00%
	1840 Killingsworth Rd		(2 stories)											
	Augusta, GA 30904		1970's / n/a											
	Richmond County					152	100%						0	0.00%
12	Yorktown Apartments	0.5 miles	Garden	Market	1BR / 1BA	4	12.90%	Market	$649	500	n/a	No	0	0.00%
	2476 Mc Dowell Street		1960's / n/a		2BR / 1.5BA	27	87.10%	Market	$650	750	n/a	No	3	11.10%
	Augusta, GA 30904													
	Richmond County					31	100%						3	9.70%

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

	Effective Rent Date:	Oct-11	Units Surveyed:	1678	Weighted Occupancy:	95.30%
			Market Rate	854	Market Rate	97.70%
			Tax Credit	824	Tax Credit	92.80%

	Studio One Bath		One Bedroom One Bath		-	
	Property	**Average**	**Property**	**Average**	**Property**	**Average**
RENT	**Freedom's Path * (50%)**	**$525**	Forest Hills Apartments	$679		
	Olde Towne Properties * (50%)	$429	Oak Hill Apartments	$668		
	Olde Towne Properties * (60%)	$429	Woodlake Club Apartments (fka Stonegate Club Apartments) * (60%)	$655		
			Yorktown Apartments	$649		
			Governor's Place	$644		
			Mar Jon Apartments (0.5BA)	$633		
			Governor's Place	$604		
			Georgian Place	$592		
			Freedom's Path * (50%)	**$575**		
			Woodhaven Apartments	$559		
			Cedarwood Apartments * (60%)	$549		
			Forest Brook * (60%)	$549		
			Cedarwood Apartments * (50%)	$528		
			Magnolia Park * (60%)	$499		
			Olde Towne Properties * (50%)	$499		
			Olde Towne Properties * (60%)	$499		
			Cedarwood Apartments * (30%)	$320		
SQUARE FOOTAGE	**Freedom's Path * (50%)**	**375**	Cedarwood Apartments * (30%)	850		
	Olde Towne Properties * (50%)	325	Cedarwood Apartments * (50%)	850		
	Olde Towne Properties * (60%)	325	Cedarwood Apartments * (60%)	850		
			Woodlake Club Apartments (fka Stonegate Club Apartments) * (60%)	822		
			Governor's Place	780		
			Georgian Place	715		
			Magnolia Park * (60%)	710		
			Oak Hill Apartments	705		
			Forest Hills Apartments	685		
			Freedom's Path * (50%)	**652**		
			Governor's Place	645		
			Forest Brook * (60%)	580		
			Woodhaven Apartments	567		
			Olde Towne Properties * (50%)	540		
			Olde Towne Properties * (60%)	540		
			Yorktown Apartments	500		
			Mar Jon Apartments (0.5BA)	400		
RENT PER SQUARE FOOT	**Freedom's Path * (50%)**	**$1.40**	Mar Jon Apartments (0.5BA)	$1.58		
	Olde Towne Properties * (50%)	$1.32	Yorktown Apartments	$1.30		
	Olde Towne Properties * (60%)	$1.32	Forest Hills Apartments	$0.99		
			Woodhaven Apartments	$0.99		
			Oak Hill Apartments	$0.95		
			Forest Brook * (60%)	$0.95		
			Governor's Place	$0.94		
			Olde Towne Properties * (50%)	$0.92		
			Olde Towne Properties * (60%)	$0.92		
			Freedom's Path * (50%)	**$0.88**		
			Georgian Place	$0.83		
			Governor's Place	$0.83		
			Woodlake Club Apartments (fka Stonegate Club Apartments) * (60%)	$0.80		
			Magnolia Park * (60%)	$0.70		
			Cedarwood Apartments * (60%)	$0.65		
			Cedarwood Apartments * (50%)	$0.62		
			Cedarwood Apartments * (30%)	$0.38		

PROPERTY PROFILE REPORT

Cedarwood Apartments

Effective Rent Date	**10/04/2011**
Location	527 Richmond Hill Rd W Augusta, GA 30906 Richmond County
Distance	3.7 miles
Units	184
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1970s / 2007
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Cedar Grove, High Point.
Tenant Characteristics	Variety of tenants mostly from Augusta.
Contact Name	Leasing Agent
Phone	706-790-1003

Market Information

Program	@30%, @50%, @60%
Annual Turnover Rate	13%
Units/Month Absorbed	N/A
HCV Tenants	42%
Leasing Pace	As current tenants vacate.
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
1	1	Garden	8	850	$221	$0	@30%	Yes	0	0.0%	no	None
1	1	Garden	37	850	$429	$0	@50%	Yes	0	0.0%	no	None
1	1	Garden	11	850	$450	$0	@60%	Yes	0	0.0%	no	None
2	1.5	Garden	12	950	$258	$0	@30%	Yes	0	0.0%	no	None
2	1.5	Garden	52	950	$504	$0	@50%	Yes	0	0.0%	no	None
2	1.5	Garden	16	950	$504	$0	@60%	Yes	0	0.0%	no	None
2	1.5	Townhouse	4	1,150	$258	$0	@30%	Yes	0	0.0%	no	None
2	1.5	Townhouse	16	1,150	$504	$0	@50%	Yes	0	0.0%	no	None
2	1.5	Townhouse	4	1,150	$504	$0	@60%	Yes	0	0.0%	no	None
3	2	Townhouse	4	1,200	$312	$0	@30%	Yes	0	0.0%	no	None
3	2	Townhouse	15	1,200	$590	$0	@50%	Yes	0	0.0%	no	None
3	2	Townhouse	5	1,200	$679	$0	@60%	Yes	0	0.0%	no	None

Cedarwood Apartments, continued

Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$221	$0	$221	$99	$320
2BR / 1.5BA	$258	$0	$258	$0	$258
3BR / 2BA	$312	$0	$312	$0	$312

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$429	$0	$429	$99	$528
2BR / 1.5BA	$504	$0	$504	$0	$504
3BR / 2BA	$590	$0	$590	$0	$590

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$450	$0	$450	$99	$549
2BR / 1.5BA	$504	$0	$504	$0	$504
3BR / 2BA	$679	$0	$679	$0	$679

Amenities

In-Unit

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

Security

Patrol

Services

None

Property

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

Premium

None

Other

None

Comments

Management reported that the property operates with a wait list and there are no concessions offered at the current time.

Cedarwood Apartments, continued

Trend Report

Vacancy Rates

2Q08	2Q10	2Q11	4Q11
1.1%	0.0%	0.0%	0.0%

Trend: @30%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$234	$0	$234	$333
2010	2	0.0%	$234	$0	$234	$333
2011	2	0.0%	$221	$0	$221	$320
2011	4	0.0%	$221	$0	$221	$320

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$280	$0	$280	$280
2010	2	0.0%	$280	$0	$280	$280
2011	2	0.0%	$258	$0	$258	$258
2011	4	0.0%	$258	$0	$258	$258

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$312	$0	$312	$312
2010	2	0.0%	$312	$0	$312	$312
2011	2	0.0%	$312	$0	$312	$312
2011	4	0.0%	$312	$0	$312	$312

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	2.7%	$434	$0	$434	$533
2010	2	0.0%	$434	$0	$434	$533
2011	2	0.0%	$429	$0	$429	$528
2011	4	0.0%	$429	$0	$429	$528

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$504	$0	$504	$504
2010	2	0.0%	$504	$0	$504	$504
2011	2	0.0%	$504	$0	$504	$504
2011	4	0.0%	$504	$0	$504	$504

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$590	$0	$590	$590
2010	2	0.0%	$590	$0	$590	$590
2011	2	0.0%	$590	$0	$590	$590
2011	4	0.0%	$590	$0	$590	$590

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	9.1%	$455	$0	$455	$554
2010	2	0.0%	$455	$0	$455	$554
2011	2	0.0%	$450	$0	$450	$549
2011	4	0.0%	$450	$0	$450	$549

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$504	$0	$504	$504
2010	2	0.0%	$504	$0	$504	$504
2011	2	0.0%	$504	$0	$504	$504
2011	4	0.0%	$504	$0	$504	$504

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$679	$0	$679	$679
2010	2	0.0%	$679	$0	$679	$679
2011	2	0.0%	$679	$0	$679	$679
2011	4	0.0%	$679	$0	$679	$679

Trend: Comments

2Q08 The contact reported that demand is highest at the 50 and 60 percent AMI levels and that some tenants at teh 60 percent AMI level can afford another rent increase. The rents changes are effective this month once tenants renew their leases. Renovations of the property were complete in December 2007. The contact attributed the high Housing Choice Voucher tenancy to the traffic the property gets. Of the two vacant one-bedroom units, one unit has a lease pending. The vacancies are expected to be filled off the waiting list shortly.

2Q10 The property contact said that rents did not increase as expected in June. The property maintains a long wait list for units. As a result, there are currently no concessions be offered at the current time.

2Q11 Management reported that the property operates with a wait list and there are no concessions offered at the current time. The rents charged are the maximum allowed.

4Q11 Management reported that the property operates with a wait list and there are no concessions offered at the current time.

PROPERTY PROFILE REPORT

Forest Brook

Effective Rent Date	**10/04/2011**
Location	3122 Damascus Road Augusta, GA 30909 Richmond County
Distance	1.7 miles
Units	161
Vacant Units	4
Vacancy Rate	2.5%
Type	Garden
Year Built/Renovated	1984/1998 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Fox Den, Governor's Place, Georgian Place
Tenant Characteristics	70% families, balance are split between older and persons from the VA program. Avg household is 2.5 persons, avg age is 32, avg income is $18,000
Contact Name	Nikki
Phone	706-738-8440

Market Information

Program	@60%
Annual Turnover Rate	7%
Units/Month Absorbed	N/A
HCV Tenants	50%
Leasing Pace	Less than 1 month
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
1	1	Garden	56	580	$450	$0	@60%	Yes	0	0.0%	no	None
2	1	Garden	48	840	$525	$0	@60%	Yes	2	4.2%	no	None
2	2	Garden	48	916	$550	$0	@60%	Yes	2	4.2%	no	None
3	2	Garden	9	1,250	$675	$0	@60%	Yes	0	0.0%	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$450	$0	$450	$99	$549
2BR / 1BA	$525	$0	$525	$0	$525
2BR / 2BA	$550	$0	$550	$0	$550
3BR / 2BA	$675	$0	$675	$0	$675

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Limited Access	None
Central A/C	Coat Closet	Patrol	
Dishwasher	Ceiling Fan	Perimeter Fencing	
Oven	Refrigerator	Video Surveillance	
Walk-In Closet	Washer/Dryer hookup		

Property		Premium	Other
Car Wash	Clubhouse/Meeting	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

Comments

Management stated that two of the vacant two-bedroom units are pre-leased.

Forest Brook, continued

Trend Report

Vacancy Rates

2Q08	3Q09	2Q10	4Q11
0.0%	1.9%	2.5%	2.5%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$425	$0	$425	$524
2009	3	1.8%	$425	$0	$425	$524
2010	2	0.0%	$450	$0	$450	$549
2011	4	0.0%	$450	$0	$450	$549

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$529	$0	N/A	N/A
2009	3	2.1%	$529	$0	$529	$529
2010	2	4.2%	$525	$0	$525	$525
2011	4	4.2%	$525	$0	$525	$525

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$529	$0	$529	$529
2009	3	2.1%	$529	$0	$529	$529
2010	2	4.2%	$550	$0	$550	$550
2011	4	4.2%	$550	$0	$550	$550

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	0.0%	$675	$0	$675	$675
2009	3	0.0%	$675	$0	$675	$675
2010	2	0.0%	$675	$0	$675	$675
2011	4	0.0%	$675	$0	$675	$675

Trend: Comments

2Q08 The contact reported that there is enough affordable housing supply to meet demand; however, the property is typically 95 to 100 percent occupied and the contact estimated that there are five to 10 households on the waiting list per bedroom type. The contact also reported that the change in rent occurred this month and that the rents are achievable. The contact reported that the Housing Choice Voucher tenant rate is typical for the property. Only some units offer coat closets and ceiling fans.

3Q09 Contact had no additional comments.

2Q10 Management stated that this property currently has two preleased units that are the two-bedroom, one-bath units.

4Q11 Management stated that two of the vacant two-bedroom units are pre-leased.

PROPERTY PROFILE REPORT

Magnolia Park

Effective Rent Date	**10/04/2011**
Location	2133 Vandivere Road Augusta, GA 30904 Richmond County
Distance	1.7 miles
Units	171
Vacant Units	45
Vacancy Rate	26.3%
Type	Various
Year Built/Renovated	1996 / 2007-2008
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Cedar Woods, Cedar Grove
Tenant Characteristics	Mostly from Augusta; Some from Florida
Contact Name	Mandy
Phone	706-738-9912

Market Information

Program	@60%
Annual Turnover Rate	23%
Units/Month Absorbed	N/A
HCV Tenants	6%
Leasing Pace	2 weeks
Annual Chg. in Rent	Increased 3-4% Feb. 2007
Concession	$35 off 2BR flats

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	13	710	$400	$0	@60%	None	N/A	N/A	no	None
2	1.5	Garden	49	965	$475	$35	@60%	None	N/A	N/A	no	None
2	1.5	Townhouse	103	1,010	$525	$0	@60%	None	N/A	N/A	no	None
3	2	Garden	6	1,100	$619	$0	@60%	None	N/A	N/A	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$400	$0	$400	$99	$499
2BR / 1.5BA	$475 - $525	$0 - $35	$440 - $525	$0	$440 - $525
3BR / 2BA	$619	$0	$619	$0	$619

Amenities

In-Unit

Blinds
Central A/C
Ceiling Fan
Refrigerator
Washer/Dryer hookup
Carpeting
Dishwasher
Oven
Walk-In Closet

Security

None

Services

None

Property

Central Laundry
On-Site Management
Off-Street Parking
Playground

Premium

None

Other

None

Comments

The property is currently undergoing renovations and 30 townhouse units are currently waiting to be leased. The contact reported that rents are not at the maximum allowable because management would have a more difficult time renting the units. The property is owned by PRISM Realty Management, which is a nonprofit. The contact reported that there is certainly enough demand for another LIHTC development. Only townhouse units and three-bedroom units offer washer/dryer connections.

Trend Report

Vacancy Rates

3Q06	2Q07	2Q08	4Q11
49.7%	61.4%	26.3%	26.3%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	3	N/A	$399	$0	$399	$498
2007	2	46.2%	$400	$0	$400	$499
2008	2	N/A	$400	$0	$400	$499
2011	4	N/A	$400	$0	$400	$499

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	3	N/A	$450 - $480	$0	$450 - $480	$450 - $480
2007	2	N/A	$475 - $480	$0	$475 - $480	$475 - $480
2008	2	N/A	$475 - $525	$0 - $35	$440 - $525	$440 - $525
2011	4	N/A	$475 - $525	$0 - $35	$440 - $525	$440 - $525

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	3	N/A	$600	$0	$600	$600
2007	2	100.0%	$600	$0	$600	$600
2008	2	N/A	$619	$0	$619	$619
2011	4	N/A	$619	$0	$619	$619

Trend: Comments

3Q06 9/11/2006 - The property manager indicated that the slow season in the rental market is September to January. All the units that are currently vacant are down for renovation and are leased immediately once they are back on-line.

12/29/2005 - This property is a LIHTC property that offers one-, two- and three-bedroom units. Management was new to the property and the property is undergoing renovations hence the high vacancy. They are taking applications for the units under renovations. Management could not estimate the number of units off line. Management is painting units, repairing individual apartments and using subcontractors. She could not estimate leasing pace, turnover or rental change. Some units have washer and dryer hook ups and the property will be getting a courtesy officer soon.

2Q07 The property is currently undergoing renovations. Six one-bedroom and six three-bedroom units are being held offline. Ninety-three two-bedroom units are unoccupied, the majority of which are being held offline to be renovated. When asked why the majority of tenants use Housing Choice Vouchers, the contact stated that that is just typically the tenants they get.

2Q08 The property is currently undergoing renovations and 30 townhouse units are currently waiting to be leased. The contact reported that rents are not at the maximum allowable because management would have a more difficult time renting the units. The property is owned by PRISM Realty Management, which is a nonprofit. The contact reported that there is certainly enough demand for another LIHTC development. Only townhouse units and three-bedroom units offer washer/dryer connections. The market is slowing due to the winter approaching, jobs slowing down, people losing jobs and or becomming sick.

4Q11 The property is currently undergoing renovations and 30 townhouse units are currently waiting to be leased. The contact reported that rents are not at the maximum allowable because management would have a more difficult time renting the units. The property is owned by PRISM Realty Management, which is a nonprofit. The contact reported that there is certainly enough demand for another LIHTC development. Only townhouse units and three-bedroom units offer washer/dryer connections.

PROPERTY PROFILE REPORT

Olde Towne Properties

Effective Rent Date	**5/25/2011**
Location	602 3rd Street Augusta, GA 30901 Richmond County
Distance	4.5 miles
Units	116
Vacant Units	5
Vacancy Rate	4.3%
Type	Conversion (3 stories)
Year Built/Renovated	1910 / 2002
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Providence Place and Heritage Apartments.
Tenant Characteristics	Singles and families from the local area.
Contact Name	Nicole
Phone	706-774-0110

Market Information

Program	@50%, @60%
Annual Turnover Rate	23%
Units/Month Absorbed	N/A
HCV Tenants	15%
Leasing Pace	Within three weeks.
Annual Chg. in Rent	None.
Concession	None.

Utilities

A/C	not included -- central
Cooking	not included -- gas
Water Heat	not included -- gas
Heat	not included -- gas
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
0	1	Conversion (3 stories)	2	325	$350	$0	@50%	No	0	0.0%	no	None
0	1	Conversion (3 stories)	2	325	$350	$0	@60%	No	0	0.0%	no	None
1	1	Conversion (3 stories)	27	540	$400	$0	@50%	No	1	3.7%	no	None
1	1	Conversion (3 stories)	36	540	$400	$0	@60%	No	2	5.6%	no	None
2	1	Conversion (3 stories)	14	820	$500	$0	@50%	No	1	7.1%	no	None
2	1	Conversion (3 stories)	27	820	$500	$0	@60%	No	1	3.7%	no	None
3	2	Conversion (3 stories)	4	1,050	$585	$0	@50%	No	0	0.0%	no	None
3	2	Conversion (3 stories)	4	1,050	$585	$0	@60%	No	0	0.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$350	$0	$350	$79	$429
1BR / 1BA	$400	$0	$400	$99	$499
2BR / 1BA	$500	$0	$500	$0	$500
3BR / 2BA	$585	$0	$585	$0	$585

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$350	$0	$350	$79	$429
1BR / 1BA	$400	$0	$400	$99	$499
2BR / 1BA	$500	$0	$500	$0	$500
3BR / 2BA	$585	$0	$585	$0	$585

Olde Towne Properties, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer hookup		

Property		Premium	Other
Basketball Court	Clubhouse/Meeting	None	None
Central Laundry	On-Site Management		
Picnic Area			

Comments

Management reported that rents have remained flat over the past 12 months. There are currently no concessions offered at the property and management does not currently maintain a waiting list for units. The square footage reported is an average for each unit type. The property is comprised of single-family homes that were adapted for multifamily use, accounting for slight differences in unit size. Management reported that the 50 and 60 percent of AMI units operate at the same rent level for each unit type.

Olde Towne Properties, continued

Trend Report

Vacancy Rates

2Q10	2Q11	4Q11
N/A	4.3%	4.3%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$400	$0	$400	$499
2011	2	3.7%	$400	$0	$400	$499
2011	4	3.7%	$400	$0	$400	$499

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$500	$0	$500	$500
2011	2	7.1%	$500	$0	$500	$500
2011	4	7.1%	$500	$0	$500	$500

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$585	$0	$585	$585
2011	2	0.0%	$585	$0	$585	$585
2011	4	0.0%	$585	$0	$585	$585

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$350	$0	$350	$429
2011	2	0.0%	$350	$0	$350	$429
2011	4	0.0%	$350	$0	$350	$429

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$400	$0	$400	$499
2011	2	5.6%	$400	$0	$400	$499
2011	4	5.6%	$400	$0	$400	$499

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$500	$0	$500	$500
2011	2	3.7%	$500	$0	$500	$500
2011	4	3.7%	$500	$0	$500	$500

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$585	$0	$585	$585
2011	2	0.0%	$585	$0	$585	$585
2011	4	0.0%	$585	$0	$585	$585

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	$350	$0	$350	$429
2011	2	0.0%	$350	$0	$350	$429
2011	4	0.0%	$350	$0	$350	$429

Trend: Comments

2Q10 Management stated that most LIHTC properties in the area operate at the maximum allowable rent. According to management, this drives many potential tenants to rent at market rate properties. There are 56 separate buildings at this property and all are single home conversions. The oldest homes were built in 1910. Management stated that the turnover rate is higher than normal due to an increase in job losses.

2Q11 Management reported that rents have remained flat over the past 12 months. There are currently no concessions offered at the property and management does not currently maintain a waiting list for units. The square footage reported is an average for each unit type. The property is comprised of single-family homes that were adapted for multifamily use, accounting for slight differences in unit size. Management reported that 50 and 60 percent of AMI units operate at the same rent level for each unit type.

4Q11 Management reported that rents have remained flat over the past 12 months. There are currently no concessions offered at the property and management does not currently maintain a waiting list for units. The square footage reported is an average for each unit type. The property is comprised of single-family homes that were adapted for multifamily use, accounting for slight differences in unit size. Management reported that the 50 and 60 percent of AMI units operate at the same rent level for each unit type.

PROPERTY PROFILE REPORT

Woodlake Club Apartments (fka Stonegate Club Apartments)

Effective Rent Date	**10/04/2011**
Location	1020 Amli Way Augusta, GA 30909 Richmond County
Distance	4.1 miles
Units	192
Vacant Units	5
Vacancy Rate	2.6%
Type	Garden (3 stories)
Year Built/Renovated	2003 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mixed tenancy
Contact Name	Juday
Phone	(706) 210-0057

Market Information

Program	@60%
Annual Turnover Rate	31%
Units/Month Absorbed	32
HCV Tenants	2%
Leasing Pace	One week
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
1	1	Garden (3 stories)	44	822	$556	$0	@60%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	84	1,090	$664	$0	@60%	No	3	3.6%	yes	None
3	2	Garden (3 stories)	40	1,200	$759	$0	@60%	No	2	5.0%	yes	None
4	3	Garden (3 stories)	24	1,400	$813	$0	@60%	No	0	0.0%	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$556	$0	$556	$99	$655
2BR / 2BA	$664	$0	$664	$0	$664
3BR / 2BA	$759	$0	$759	$0	$759
4BR / 3BA	$813	$0	$813	$0	$813

Woodlake Club Apartments (fka Stonegate Club Apartments), continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Limited Access	None
Central A/C	Dishwasher	Perimeter Fencing	
Microwave	Oven		
Refrigerator	Washer/Dryer hookup		

Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Exercise Facility	Off-Street Parking		
On-Site Management	Playground		
Swimming Pool			

Comments

Rents increased $16 per month in September 2011.

Trend Report

Vacancy Rates

2Q07	2Q08	3Q09	2Q10
0.0%	0.0%	4.2%	2.6%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	0.0%	$504	$0	$504	$603
2008	2	0.0%	$530	$0	$530	$629
2009	3	6.8%	$540	$0	$540	$639
2010	2	0.0%	$556	$0	$556	$655

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	0.0%	$594	$0	$594	$594
2008	2	0.0%	$635	$0	$635	$635
2009	3	3.6%	$648	$0	$648	$648
2010	2	3.6%	$664	$0	$664	$664

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	0.0%	$679	$0	$679	$679
2008	2	0.0%	$724	$0	$724	$724
2009	3	5.0%	$739	$0	$739	$739
2010	2	5.0%	$759	$0	$759	$759

4BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	0.0%	$743	$0	$743	$743
2008	2	0.0%	$798	$0	$798	$798
2009	3	0.0%	$813	$0	$813	$813
2010	2	0.0%	$813	$0	$813	$813

Trend: Comments

2Q07 Management stated that none of the utilities are included in the rent including water, sewer, and trash. The property is managed by Concord Management.

2Q08 Management reported that rents increased in 2008. According to the last interview, water and sewer services are not included in the rent but they currently are. The contact reported that tenants like Woodlake Club because it offers gating, larger units, and it is centrally located. The contact estimated that the property leased up three to four months after opening. To be conservative, we estimated two months of pre-leasing. The contact could not report Housing Choice Voucher tenancy rates but stated that there are few tenants using vouchers as they typically do not qualify.

3Q09 Contact had no additional comments.

2Q10 Rents increased $16 per month in September 2011.

PROPERTY PROFILE REPORT

Forest Hills Apartments

Effective Rent Date	**10/10/2011**
Location	2801 Walton Way Augusta, GA 30909 Richmond County
Distance	1.4 miles
Units	72
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden
Year Built/Renovated	1965 / 2005
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mixed tenancy, 60% local; 25% students
Contact Name	Faye
Phone	706-364-7490

Market Information

Program	Market
Annual Turnover Rate	33%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	One week
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 -- gas
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	N/A	685	$580	$0	Market	No	0	N/A	N/A	None
2	1	Garden	N/A	900	$635	$0	Market	No	0	N/A	N/A	None
2	1.5	Garden	50	1,008	$690	$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$580	$0	$580	$99	$679
2BR / 1BA	$635	$0	$635	$0	$635
2BR / 1.5BA	$690	$0	$690	$0	$690

Amenities

In-Unit

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

Security

None

Services

None

Property

Off-Street Parking
On-Site Management

Premium

None

Other

None

Comments

Washer and dryer appliances are available for an extra $30 per month since the property does not offer central laundry facilities. Management stated that the property does maintain a waiting list from time to time. Management reported that in November 2011 they will be increasing rental rates $15, which equates to an increase of approximately 2.0 to 3.0 percent.

Trend Report

Vacancy Rates

1Q10	4Q11
0.0%	0.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	$525 - $550	$0	$525 - $550	$624 - $649
2011	4	N/A	$580	$0	$580	$679

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	$665	$0	$665	$665
2011	4	0.0%	$690	$0	$690	$690

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	$610	$0	$610	$610
2011	4	N/A	$635	$0	$635	$635

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	$495	$0	$495	$574

Trend: Comments

1Q10 The contact reported typical occupancy has been stable during the past six months at above 95 percent. Washer and dryer appliances are available for an extra $30 per month since the property does not offer central laundry facilities. The rents have remained unchanged for nearly two years according to the contact.

4Q11 Washer and dryer appliances are available for an extra $30 per month since the property does not offer central laundry facilities. Management stated that the property does maintain a waiting list from time to time. Management reported that in November 2011 they will be increasing rental rates $15, which equates to an increase of approximately 2.0 to 3.0 percent.

PROPERTY PROFILE REPORT

Georgian Place

Effective Rent Date	**10/10/2011**
Location	1700 Valley Park Court Augusta, GA 30909 Richmond County
Distance	2 miles
Units	324
Vacant Units	10
Vacancy Rate	3.1%
Type	Various (2 stories)
Year Built/Renovated	1968 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Governor's Place
Tenant Characteristics	Mixed tenancy from all over.
Contact Name	Devan
Phone	706-733-7829

Market Information

Program	Market
Annual Turnover Rate	37%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	One week
Annual Chg. in Rent	0
Concession	Reduced rates

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	80	715	$529	$36	Market	No	N/A	N/A	N/A	None
2	1	Garden	100	935	$579	$0	Market	No	N/A	N/A	N/A	None
2	1.5	Townhouse	40	1,088	$679	$0	Market	No	N/A	N/A	N/A	None
2	2	Garden	56	1,000	$669	$10	Market	No	N/A	N/A	N/A	None
3	1.5	Garden	24	1,100	$729	$0	Market	No	0	0.0%	N/A	None
3	2	Garden	24	1,200	$799	$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$529	$36	$493	$99	$592
2BR / 1BA	$579	$0	$579	$0	$579
2BR / 1.5BA	$679	$0	$679	$0	$679
2BR / 2BA	$669	$10	$659	$0	$659
3BR / 1.5BA	$729	$0	$729	$0	$729
3BR / 2BA	$799	$0	$799	$0	$799

Georgian Place, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Perimeter Fencing	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Trash Compactor	Washer/Dryer hookup		

Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management	Playground		
Swimming Pool			

Comments

Contact has worked for the company for five months and stated the 10 current vacancies are higher than usual. They noted that their are typically only two to three units vacant at any given time.

Georgian Place, continued

Trend Report

Vacancy Rates

4Q07	2Q08	3Q09	4Q11
7.4%	4.6%	9.9%	3.1%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$529	$30	$499	$598
2008	2	0.0%	$529	$40	$489	$588
2009	3	N/A	$539	$90	$449	$548
2011	4	N/A	$529	$36	$493	$592

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$679	$40	$639	$639
2008	2	20.0%	$679	$50	$629	$629
2009	3	N/A	$679	$150	$529	$529
2011	4	N/A	$679	$0	$679	$679

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$579	$0	$579	$579
2008	2	7.0%	$579	$30	$549	$549
2009	3	N/A	$639	$140	$499	$499
2011	4	N/A	$579	$0	$579	$579

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$669	$40	$629	$629
2008	2	0.0%	$669	$30	$639	$639
2009	3	N/A	$699	$60	$639	$639
2011	4	N/A	$669	$10	$659	$659

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$699	$40	$659	$659
2008	2	0.0%	$699	$0	$699	$699
2009	3	0.0%	$720	$0	$720	$720
2011	4	0.0%	$729	$0	$729	$729

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$799	$50	$749	$749
2008	2	0.0%	$799	$10	$789	$789
2009	3	0.0%	$799	$0	$799	$799
2011	4	0.0%	$799	$0	$799	$799

Trend: Comments

4Q07	Georgian Place is offering reduced rents as reflected above in monthly concessions to attract potential tenants. One-bedroom/one-bathroom, two-bedroom/1.5 bathroom townhome units, two-bedroom/two-bathroom, three-bedroom/1.5 bathroom, and three-bedroom/two-bathroom units rents have been reduced.
2Q08	Georgian Place is offering reduced rents as reflected in the monthly concessions to attract potential tenants. Three-bedrooms/1.5 bath are not offering reduced rents. The property has a total of 15 vacancies; however eight of those have been pre-leased.
3Q09	Contact was unable to provide the breakdown of the vacancies per bedroom type, but she did state that there were no three-bedroom units available. Contact indicated that three of the vacant units have pending applications.
4Q11	Contact has worked for the company for five months and stated the 10 current vacancies are higher than usual. They noted that their are typically only two to three units vacant at any given time.

PROPERTY PROFILE REPORT

Governor's Place

Effective Rent Date	**10/04/2011**
Location	3211 Wrightsboro Road Augusta, GA 30909 Richmond County
Distance	2.2 miles
Units	181
Vacant Units	6
Vacancy Rate	3.3%
Type	Various (2 stories)
Year Built/Renovated	1972 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Georgian Place
Tenant Characteristics	50% from Augusta; some from Evan, Martinez
Contact Name	Sandra
Phone	(706) 736-8428

Market Information

Program	Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	1 week
Annual Chg. in Rent	2-3% increase
Concession	Reduced rates

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	N/A	645	$515	$10	Market	No	4	N/A	N/A	None
1	1	Garden	N/A	780	$545	$0	Market	No	1	N/A	N/A	None
2	1.5	Townhouse	N/A	1,250	$645	$0	Market	No	1	N/A	N/A	None
2	2	Garden	N/A	1,100	$640	$25	Market	No	N/A	N/A	N/A	None
3	2	Garden	N/A	1,300	$740	$25	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$515 - $545	$0 - $10	$505 - $545	$99	$604 - $644
2BR / 1.5BA	$645	$0	$645	$0	$645
2BR / 2BA	$640	$25	$615	$0	$615
3BR / 2BA	$740	$25	$715	$0	$715

Governor's Place, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Dishwasher	Oven		
Refrigerator	Washer/Dryer hookup		

Property		Premium	Other
Clubhouse/Meeting	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

None

Trend Report

Vacancy Rates

4Q07	2Q08	3Q09	4Q11
9.9%	3.9%	3.3%	3.3%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$490 - $510	$0	$490 - $510	$589 - $609
2008	2	N/A	$490 - $520	$0	$490 - $520	$589 - $619
2009	3	N/A	$515 - $545	$0 - $10	$0 - $505	$0 - $604
2011	4	N/A	$515 - $545	$0 - $10	$505 - $545	$604 - $644

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$617	$0	$617	$617
2008	2	N/A	$627	$0	$627	$627
2009	3	N/A	$645	$0	N/A	N/A
2011	4	N/A	$645	$0	$645	$645

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$630	$0	$630	$630
2008	2	N/A	$630	$0	$630	$630
2009	3	N/A	$640	$25	$615	$615
2011	4	N/A	$640	$25	$615	$615

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	$724	$0	$724	$724
2008	2	N/A	$725	$0	$725	$725
2009	3	N/A	$740	$25	$715	$715
2011	4	N/A	$740	$25	$715	$715

Trend: Comments

4Q07 Management was unable to provide an annual turnover rate. Leasing pace and concessions have remained constant since our previous interview.

2Q08 Management was unable to provide an annual turnover rate. Vacancy has decreased since our last interview in December 2007.

3Q09 N/A

4Q11 N/A

PROPERTY PROFILE REPORT

Mar Jon Apartments

Effective Rent Date	**10/04/2011**
Location	1600 Johns Road Atlanta, GA 30904 Richmond County
Distance	0.6 miles
Units	18
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	N/A / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	all single adults
Contact Name	Rick
Phone	706-755-1982

Market Information

Program	Market
Annual Turnover Rate	2%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	1 week
Annual Chg. in Rent	0
Concession	0

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 (2 stories)	14	400	$475	$0	Market	0	0	0.0%	N/A	None
2	1	Garden (2 stories)	4	480	$525	$0	Market	0	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$475	$0	$475	$158	$633
2BR / 1BA	$525	$0	$525	$0	$525

Amenities

In-Unit

Balcony/Patio
Blinds
Carpeting
Central A/C
Dishwasher
Garbage Disposal
Oven
Refrigerator

Security

None

Services

None

Property

None

Premium

None

Other

None

Comments

None

PROPERTY PROFILE REPORT

Oak Hill Apartments

Effective Rent Date	**10/04/2011**
Location	817 Hickman Street Augusta, GA 30904 Richmond County
Distance	1.9 miles
Units	76
Vacant Units	1
Vacancy Rate	1.3%
Type	Garden (3 stories)
Year Built/Renovated	1974 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Nancy
Phone	706-733-9717

Market Information

Program	Market
Annual Turnover Rate	50%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	1-3 weeks
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	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 (3 stories)	76	705	$510	$0	Market	No	1	1.3%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$510	$0	$510	$158	$668

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Carpeting
Dishwasher
Garbage Disposal
Refrigerator
Blinds
Carpet/Hardwood
Central A/C
Ceiling Fan
Oven

Security

None

Services

None

Property

Central Laundry
Swimming Pool

Premium

None

Other

None

Comments

The contact said that 45 percent of the residents are students. There are another 30 percent who are researchers that have a two-year committment for their work, which creates a higher than typical turnover.

PROPERTY PROFILE REPORT

Woodhaven Apartments

Effective Rent Date	**10/04/2011**
Location	1840 Killingsworth Rd Augusta, GA 30904 Richmond County
Distance	2.9 miles
Units	152
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	1970's / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Singles and couples. not sure of avg house size, incomes varies.
Contact Name	Polly
Phone	706-733-4832

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	Increased $15 (avg)
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 (2 stories)	152	567	$460	$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$460	$0	$460	$99	$559

Amenities

In-Unit

Blinds
Central A/C
Ceiling Fan
Oven
Walk-In Closet
Carpeting
Dishwasher
Garbage Disposal
Refrigerator

Security

None

Services

None

Property

Central Laundry
On-Site Management
Off-Street Parking
Picnic Area

Premium

None

Other

None

Comments

The contact was unsure how many units were vacant; however, they reported a vacancy rate of approximately 5.0 percent.

Trend Report

Vacancy Rates

2Q08	1Q10	2Q10	4Q11
N/A	9.2%	0.0%	0.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	N/A	$0	N/A	N/A
2010	1	9.2%	$460	$0	$460	$559
2010	2	0.0%	$460	$0	$460	$559
2011	4	0.0%	$460	$0	$460	$559

Trend: Comments

2Q08 N/A

1Q10 The contact did provide additional information.

2Q10 The contact was unsure how many units were vacant. They had no idea of their absorption rate. Their occupancy is approximately 95%.

4Q11 The contact was unsure how many units were vacant; however, they reported a vacancy rate of approximately 5.0 percent.

PROPERTY PROFILE REPORT

Yorktown Apartments

Effective Rent Date	**10/04/2011**
Location	2476 Mc Dowell Street Augusta, GA 30904 Richmond County
Distance	0.5 miles
Units	31
Vacant Units	3
Vacancy Rate	9.7%
Type	Garden
Year Built/Renovated	1960's / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Singles, couples, few students
Contact Name	Tina
Phone	706-736-4672

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	N/A
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
1	1	Garden	4	500	$550	$0	Market	No	0	0.0%	N/A	None
2	1.5	Garden	27	750	$650	$0	Market	No	3	11.1%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$550	$0	$550	$99	$649
2BR / 1.5BA	$650	$0	$650	$0	$650

Amenities

In-Unit

Blinds
Carpeting
Central A/C
Dishwasher
Garbage Disposal
Oven
Refrigerator

Security

None

Services

None

Property

Central Laundry
Off-Street Parking

Premium

None

Other

None

Comments

Management reported that the two-bedroom units have 1.5 bathrooms.

Trend Report

Vacancy Rates

1Q10	2Q10	4Q11
3.2%	9.7%	9.7%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	$500	$0	$500	$599
2010	2	0.0%	$550	$0	$550	$649
2011	4	0.0%	$550	$0	$550	$649

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	11.1%	$650	$0	$650	$650
2011	4	11.1%	$650	$0	$650	$650

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	3.7%	$600	$0	$600	$600

Trend: Comments

1Q10 N/A

2Q10 The property contact said that the two-bedroom units at the property are townhouse units, not garden units as noted in previous surveys. These units also have 1.5 baths instead of the previously stated one bath. The contact did not know of how many seniors currently reside at the property.

4Q11 Management reported that the two-bedroom units have 1.5 bathrooms.

Property Characteristics

Location

The Subject is located on the VA medical campus. The surrounding community outside of the campus consists of single-family, multifamily, government, and public uses. Most comparables are located within generally similar neighborhoods, with similar access to amenities. However, Old Towne Properties is located near downtown and is in a superior location in terms of proximity to amenities. The Subject properties can only be accessed through the VA main entrance. As such, we believe that as a market rate property, the Subject will need to have access via Maryland Avenue. Overall, the Subject will be considered to be competitive in terms of location.

Age, Condition, and Design

All of the comparables have been well maintained and range in condition from average to excellent. When completed, the Subject will be in excellent condition. Five comparables, Cedarwood, Magnolia Park, Olde Towne, Woodlake Club, and Forest Hills have been built or renovated since 2003 and exhibit very good to excellent condition. The Subject will be slightly superior to superior to the remaining comparables, which all exhibit average to good condition overall, in terms of age and condition.

The proposed Subject will consist of one one-story building and one three-story elevator serviced building. The majority of comparables are either garden or townhouse structures with exterior access. The Subject will generally be similar to the comparables in terms of property design.

Parking

According to the site plan, the Subject will have approximately 150 surface parking spaces. All of the comparables offer off-street parking. In general, comparable property managers could not provide an estimate as to the number of parking spaces per unit. The Subject's parking ratio is 2.15, which is above the maximum required by zoning. Given the Subject's unit mix of studio, and one-bedroom units, we believe the amount of parking is sufficient. Additionally, the Subject property will offer transportation services for the residents.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Vacancy Levels

The following table illustrates the current vacancy levels reported by the comparable properties in the market.

OVERALL VACANCY

Property name	Type	Total Units	Vacant Units	Vacancy Rate
Cedarwood Apartments	LIHTC	184	0	0.0%
Forest Brook	LIHTC	161	4	2.5%
Magnolia Park*	LIHTC	171	N/A	N/A
Olde Towne Properties	LIHTC	116	5	4.3%
Woodlake Club Apartments	LIHTC	192	5	2.6%
Forest Hills Apartments	Market	72	0	0.0%
Georgian Place	Market	324	10	3.1%
Governor's Place	Market	181	6	3.3%
Mar Jon Apartments	Market	18	0	0.0%
Oak Hill Apartments	Market	76	1	1.3%
Woodhaven Apartments	Market	152	0	0.0%
Yorktown Apartments	Market	31	3	9.7%
Total		**1,507**	**34**	**2.3%**

*Excluded from the total as it is undergoing renovations

Magnolia Park is currently being renovated and they are not actively leasing some of their units. Therefore, we have excluded their vacancy information from the previous table. The vacancy rate among the remaining comparables ranges from 0.0 to 9.7 percent. Ten of the 11 comparables reported vacancies of 4.3 percent or less. Management at Forest Brook reported that they have several residents using VA vouchers and they are currently 2.5 percent vacant. Overall, the Subject's rental market appears to be healthy. The Subject will operate with project based rental assistance (PBRA) and all residents will pay up to 30 percent of their income towards rent. Due to the subsidy, we anticipate that the Subject will operate with a low vacancy rate of 3.0 percent. This is within the range of the affordable properties and considered reasonable.

The market rate properties have vacancy rates ranging from 0.0 to 9.7 percent. The Subject will be considered similar to superior to the market rate comparables in terms of age, condition, and amenities. As stated previously, it is a specific assumption of this report that there will be access to the Subject via Maryland Avenue as a market rate only property. As a market rate property, we believe that the Subject would operate with a vacancy rate of 5.0 percent.

Concessions
Three of the 12 comparables are offering concessions as illustrated in the table below.

CONCESSIONS

Comparable Property	Type	Concessions Offered
Cedarwood Apartments	LIHTC	N/A
Forest Brook	LIHTC	N/A
Magnolia Park	LIHTC	2BR: $35 off per month
Olde Towne Properties	LIHTC	N/A
Woodlake Club Apartments	LIHTC	N/A
Forest Hills Apartments	Market	N/A
Georgian Place	Market	Reduced rents on one and two-bedroom garden units
Governor's Place	Market	Reduced rents
Mar Jon Apartments	Market	N/A
Oak Hill Apartments	Market	N/A
Woodhaven Apartments	Market	N/A
Yorktown Apartments	Market	N/A

Rental concessions do not appear to be common in this market. We do not believe that the Subject we need to offer a rental concession at any time.

Absorption
We were able to obtain absorption information from one comparable. Management at Woodlake Club Apartments reported that they leased 32 units per month for a total absorption period of 6.5 months in 2003. The Subject will have project based rental assistance and we believe that the absorption period will be minimal. According to the developer, the vast majority of the future residents will originate directly from the VA hospital on campus. The developer anticipates a short absorption period for the studio and one-bedroom units. There are currently no developments in the community that would fill the void for housing for homeless veterans, according to Ms. Scott at the VA domiciliary. She reported that there are approximately 400 homeless residents in the community that receive food and clothing from the VA, and approximately 200 of these are veterans. According to Ms. Scott, there is an overwhelming need for both the transitional housing and permanent supportive housing that the Subject will offer. Based on the interviews with local officials, we believe that the Subject will be stabilized at a 97 percent occupancy within one month of opening assuming that management will pre-lease units before the day of opening. Therefore, the absorption period will be minimal. As a market rate only development, we believe that the Subject's units would be leased at a slower pace. We anticipate that the Subject would be fully occupied within 10 to 12 months of opening for an absorption pace of five to seven units per month.

Waiting Lists
In markets with high housing costs and a limited supply of affordable housing, waiting lists are common. A waiting list indicates a strong market with high occupancy and unmet demand. Management at Forest Brook and Cedarwood reported waiting lists. The remaining comparables do not operate with a waiting list. As a subsidized property, we anticipate that the Subject will operate with an extensive waiting list due to the demand for low income housing for veterans.

Ms. Kathleen Scott is the Director of Homeless initiatives and has worked at the VA medical center in the Domiciliary Residential Treatment Program for 12 years. Ms. Scott explained that there is substantial need for homeless veterans transitional and permanent supportive housing in Augusta. Specifically, the domiciliary only has 60 beds and it is not a shelter program. Rather, the domiciliary provides treatment for substance abuse and other help for veterans in the community. Ms. Scott stated that there is no housing that will provide additional support to the veterans after they complete the program at the domiciliary. She noted that the addition of the Subject will provide a natural progression for these veterans and offer them the services that they need. Currently, after leaving the domiciliary, these veterans are either living in shelters or they remain homeless. Ms. Scott reported that the Subject's units would be occupied as they become available and the Subject will most likely operate with at least a small waiting list.

Reasonability of Rents

We have been asked by the client to represent the restricted values utilizing the proposed project based rental assistance (PBRA) rents. Therefore, we have used the Subject's proposed studio and one-bedroom rents of $525 and $575 for the report. However, even though the Subject does not have LIHTC, we have still illustrated rents at LIHTC properties in the table below. It should be noted that the rents in the following table have been adjusted for differences in utilities using the City of Augusta Housing Authority utility allowance, effective September 2011.

Affordable Rent Comparison

Property Name	0BR	1BR
Freedom's Path (Subject) PBRA Rents	**$525**	**$575**
Cedarwood Apartments (50% AMI)	N/A	$528
Forest Brook (60% AMI)	N/A	$549
Magnolia Park (60% AMI)	N/A	$499
Woodlake Club (60% AMI)	N/A	$655
Olde Towne Properties (50% AMI)	$429	$499
Average (excluding Subject)	**$429**	**$546**

The Subject will be considered similar to superior to the comparables in the previous table in terms of age, condition, unit amenities, and common area amenities. Therefore, we believe that they could achieve rental rates at the top of the range of comparables. For the purposes of this appraisal, we will be using the contract rents for the restricted scenario.

Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the subsidized rents are below the achievable market rates for the Subject's area. The following table shows the similarity of the market rate comparables to the Subject property.

Subject Comparison to Market Rents

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rents	Subject Rent Advantage
Studio	$525	$489	$609	$559	$575	9%
1BR/1BA	$575	$559	$679	$629	$675	15%

As illustrated in the previous table, the Subject's proposed subsidized rents are at the low end of the range of comparables and below the achievable market rents. There was limited evidence of studio units in the Subject's rental market. Therefore, we have compared the Subject's studio units to the one-bedroom units in the market. However, we have adjusted the rents based on a matched pairs analysis. In the Subject's market, the average cost on an additional bedroom is approximately $70. Therefore, we adjusted the one-bedroom rents downward $70 to illustrate studio rents in the previous table. The Subject will feature a community room, a business center, activities, and a kitchen, which the vast majority of the comparables do not offer. The Subject would be considered similar to superior in terms of condition to the market rate comparables. Additionally, the Subject's studio units will be furnished with a bed, a dresser, a nightstand, and a table with chairs. As a subsidized property, the Subject's studio units will have two daily meals; however, as a market rate property, this service would most likely not be provided. Therefore, we have concluded to a studio unit rent of **$575** per month. This is reasonable as it is slightly above the average of the adjusted studio rents units in the market. The Subject's one-bedroom units will feature a microwave, a business center, a community room, an exercise facility, a picnic area, and limited access. These amenities are not offered at the vast majority of the market rate comparables. The Subject's one-bedroom units will generally be similar in size compared to the market rate one-bedroom units. Based on the Subject's condition and amenities compared to the market rate competition, we have concluded to a market rate rent of **$675** per month for the one-bedroom units.

The most comparable market rate development to the Subject is Forest Hills Apartments in terms of condition. Forest Hills is currently fully occupied and exhibits the highest one-bedroom rental rates in the market. The Subject will exhibit a superior overall amenities package to Forest Hills. Since the Subject will be a new development, in a similar location, superior in-unit amenities, and superior in common area amenities, the estimated achievable market rents are set similar to this comparable.

Subject Comparision with Forest Hills

Unit Type	Subject Rent	Square Feet	Forest Hills Rent	Square Feet	Subject Rent Advantage
Studio	$525	375	N/A	N/A	N/A
1BR/1BA	$575	652	$679	685	15%

Indications of Demand

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. The Subject's affordable market is currently performing well, with strong occupancies and some wait lists. The conventional market currently also exhibits stable occupancies. Ten of the 12 comparables reported vacancies of 4.3 percent or less and none of the LIHTC comparables reported a vacancy of greater than 4.3 percent. The Subject's units will be subsidized and residents will pay up to 30 percent of their monthly income towards rent. Due to the rental subsidy, we believe that the Subject will be in high demand. Additionally, we contacted several local officials in order to gauge the demand for the proposed Subject. Ms. Kathleen Scott at the VA domiciliary explained that there is substantial need for homeless veterans transitional and permanent supportive housing in Augusta. Specifically, the domiciliary only has 60 beds and it is not a shelter program. Rather, the domiciliary provides treatment for substance abuse and other help for veterans in the community. Ms. Scott stated that there is no housing that will provide additional support to the veterans after they complete the program at the domiciliary. She noted that the addition of the Subject will provide a natural progression for these veterans and offer them the services that they need. Currently, after leaving the domiciliary, these veterans are either living in shelters or they remain homeless. Ms. Scott reported that the Subject's units would be occupied as they become available. Overall, we believe there is demand for the Subject as conceived.

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.

Based on DCA's appraisal guidelines, the demand analysis using the market study guidelines is acceptable. Therefore, the following demand analysis is based on DCA's market study guidelines assuming post-renovation operations only.

1. INCOME RESTRICTIONS

The Subject will have rental assistance for all units and residents will pay up to 30 percent of their monthly income towards rent. According to the Sources and Uses provided by the developer, the Subject's units will be income restricted at 50 percent of AMI. 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 renter 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 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). However, very few households have more than two persons for projects similar to the Subject. Therefore, we have used a maximum household size of one person in our analysis.

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.

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. Due to the tenancy of the Subject, we have also relied heavily on information provided by local officials that are familiar with homeless veterans.

3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2013, the anticipated date of market entry, as the base year for the analysis. Therefore, 2010 household population estimates are inflated to 2013 by interpolation of the difference between 2010 estimates and 2015 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 2013. This number takes the overall growth from 2000 to 2013 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 residents likely to move from their own homes into rental housing. This source is only appropriate when evaluating properties and is determined by interviews with property managers in the PMA. It should be noted that we have lowered the demand from households who convert to homeownership to be at or below 20 percent.

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% to account for demand from the secondary market area. Area officials reported that prospective residents for the Subject would originate from Augusta, Richmond County, and other areas of the state. Therefore, we have estimated 15 percent leakage in order to account for these tenants.

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 2000 to present and those that will be constructed through 2013 that are considered directly competitive. The Subject does not have any direct competition. Therefore, we have not removed any units of demand from our calculations.

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 and tenancy, we believe that there are currently no properties that fill the need of what the Subject will offer.

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. The Subject consists of two vacant buildings without any current residents. Therefore, this discussion is moot.

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 2000 to Projected Market Entry January 2013 Freedom's Path PMA	2000		2010		Projected Mkt Entry January 2013		Percent
	#	%	#	%	#	%	Growth
$0-9,999	2,995	20.8%	2,915	19.2%	2,849	18.7%	-2.3%
$10,000-19,999	3,726	25.9%	3,485	22.9%	3,373	22.1%	-3.3%
$20,000-29,999	2,661	18.5%	2,650	17.4%	2,651	17.4%	0.0%
$30,000-39,999	1,915	13.3%	2,052	13.5%	2,064	13.5%	0.6%
$40,000-49,999	1,099	7.6%	1,376	9.1%	1,349	8.8%	-2.0%
$50,000-59,999	658	4.6%	706	4.6%	754	4.9%	6.4%
$60,000-74,999	435	3.0%	829	5.5%	854	5.6%	2.9%
$75,000-99,999	413	2.9%	558	3.7%	596	3.9%	6.3%
$100,000+	500	3.5%	624	4.1%	780	5.1%	20.0%
Total	14,402	100.0%	15,195	100.0%	15,271	100.0%	0.5%

Renter Household Income Distribution Projected Market Entry January 2013 Freedom's Path	PMA		
	Projected Mkt Entry January 2013		Change 2000 to Prj Mrkt Entry January 2013
	#	%	#
$0-9,999	2,849	18.7%	162
$10,000-19,999	3,373	22.1%	192
$20,000-29,999	2,651	17.4%	151
$30,000-39,999	2,064	13.5%	117
$40,000-49,999	1,349	8.8%	77
$50,000-59,999	754	4.9%	43
$60,000-74,999	854	5.6%	49
$75,000-99,999	596	3.9%	34
$100,000+	780	5.1%	44
Total	15,271	100.0%	869

Tenure Prj Mrkt Entry January 2013	
Renter	47.5%
Owner	52.5%
Total	100.0%

Renter Household Size for Prj Mrkt Entry January 2013		
Size	Number	Percentage
1	6,228	40.8%
2	3,855	25.2%
3	2,591	17.0%
4	1,435	9.4%
5+	1,162	7.6%
Total	15,271	100.0%

Renter Household Size for 2000		
Size	Number	Percentage
1	5,208	36.2%
2	3,974	27.6%
3	2,618	18.2%
4	1,432	9.9%
5+	1,171	8.1%
Total	14,402	100.0%

50% AMI

Calculation of Potential Household Demand by Income Cohort by 50% of AMI

Percent of AMI Level			50%		
Minimum Income Limit			$0		
Maximum Income Limit			$20,000	0	
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry January 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	162	18.7%	9,999	100.0%	162
$10,000-19,999	192	22.1%	9,999	100.0%	192
$20,000-29,999	151	17.4%	0	0.0%	0
$30,000-39,999	117	13.5%		0.0%	0
$40,000-49,999	77	8.8%		0.0%	0
$50,000-59,999	43	4.9%		0.0%	0
$60,000-74,999	49	5.6%		0.0%	0
$75,000-99,999	34	3.9%		0.0%	0
$100,000+	44	5.1%		0.0%	0
	869	100.0%			354
Percent of renter households within limits versus total number of renter households					40.74%

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

Percent of AMI Level			50%		
Minimum Income Limit			$0		
Maximum Income Limit			$20,000	$0	
Income Category	Total Renter Households PMA Prj Mrkt Entry January 2013		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	2,849	18.7%	9,999	100.0%	2,849
$10,000-19,999	3,373	22.1%	9,999	100.0%	3,373
$20,000-29,999	2,651	17.4%	0	0.0%	0
$30,000-39,999	2,064	13.5%	0	0.0%	0
$40,000-49,999	1,349	8.8%	0	0.0%	0
$50,000-59,999	754	4.9%	0	0.0%	0
$60,000-74,999	854	5.6%	0	0.0%	0
$75,000-99,999	596	3.9%	0	0.0%	0
$100,000+	780	5.1%	0	0.0%	0
	15,271	100.0%			6,222
Percent of renter households within limits versus total number of renter households					40.74%

Does the Project Benefit from Rent Subsidy? (Y/N)	Yes		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	$31,278		
Projected Mkt Entry January 2013 Median Income	$41,415		
Change from 2000 to Prj Mrkt Entry January 2013	$10,137		
Total Percent Change	32.4%		
Average Annual Change	5.4%		
Inflation Rate	5.4%	Two year adjustment	1.0000
Maximum Allowable Income	$20,000		
Maximum Allowable Income Inflation Adjusted	$20,000		
Maximum Number of Occupants	$0		
Rent Income Categories	50%		
Initial Gross Rent for Smallest Unit	$0		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$0.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	10%	80%	10%	0%	0%	0%	100%
2	0%	30%	70%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry January 2013		
Income Target Population		50%
New Renter Households PMA		869
Percent Income Qualified		40.7%
New Renter Income Qualified Households		354

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		15,271
Income Qualified		40.7%
Income Qualified Renter Households		6,222
Percent Rent Overburdened Prj Mrkt Entry January 2013		30.8%
Rent Overburdened Households		1917

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

Demand from Living in Substandard Housing		
Income Qualified Renter Households		6,222
Percent Living in Substandard Housing		0.5%
Households Living in Substandard Housing		32

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		1,950
Adjustment Factor - Leakage from SMA (use 115% for DCA)	130%	585
Adjusted Demand from Existing Households		2534
Total New Demand		354
Total Demand (New Plus Existing Households)		2,888
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	40.8%	1,178
Two Persons	25.2%	729
Three Persons	17.0%	490
Four Persons	9.4%	271
Five Persons	7.6%	220
Total	100.0%	2,888

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	118
Of two-person households in studio units	0%	0
Of one-person households in 1BR units	80%	942
Of two-person households in 1BR units	30%	219
Total Demand		2,888
Check		OK

Total Demand by Bedroom	50%
0 BR	118
1 BR	1,161
Total Demand	1,279

Additions To Supply 2000 to Prj Mrkt Entry January 2013	50%
0 BR	0
1 BR	0
Total	0

Net Demand	50%
0 BR	118
1 BR	1,161
Total	1,279

Net Demand	50%
0 BR	118
1 BR	1,161
Total	1,279

Developer's Unit Mix	50%
0 BR	20
1 BR	50
Total	70

Capture Rate Analysis	50%
0 BR	17.0%
1 BR	4.3%
Total	5.5%

Conclusions

We have conducted such an analysis to determine a base of demand for the Subject. Several factors affect the indicated capture rates and are discussed following.

- The number of households in the PMA is projected to increase 0.2 percent between 2010 and 2013.

- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included. However, this demand calculation captures all income eligible households in the PMA. The Subject will be restricted to homeless male veterans. Therefore, this demand calculation is somewhat moot. Therefore, we have created a demand table below that illustrates estimated capture rate data for homeless veterans.

Homeless Veterans

The Subject will provide transitional housing and supportive services to homeless veterans and veteran families who are transitioning from homelessness to independent living. For this reason, the previous demand analysis is somewhat moot.

Veteran Demand

Existing Demand	
2011 VA Stand Down Event Count	
Homeless Individuals	250
Percentage of Homeless that are Veterans	60%
Homeless Veterans	150
Domiciliary Annual Homeless Veterans	
Homeless Veterans at domiciliary	135
HUD VASH Voucher Holders	
Homeless Veteran Vouchers	70
Total	355
Increase in Veterans by Market Entry Date (2.0%)	362
Leakage	30%
Total with Leakage at Market Entry	471
Capture Rate Analysis	
Estimate of Homeless Veterans at Market Entry	471
Occupied Units at Subject With Vacancy of 3%	68
Annual Capture Rate of Available Demand	14.4%

*The estimated homeless residents in the previous table are conservative as they take into account only homeless Veterans without families.

The 2011 VA Stand Down event had an estimated 250 homeless persons attend the event. According to Mr. Jim Loraine, Director of the Augusta Warrior Project and a partner of the VA Stand Down event, approximately 150 of these homeless persons were Veterans. We have also added an approximate 135 homeless Veterans that live at the domiciliary annually. This estimate is conservative as it only includes veterans that do not have families. Also included in the demand estimate are the HUD VASH Voucher holders that are currently living at other communities in the area. The total of 355 homeless veterans was increased by a market oriented increase of 2.0 percent to the market entry date. We estimated a conservative 2.0 percent increase based on data provided in an analysis by Veteran's Affairs indicating that the veteran population in Georgia is increasing between 1.0 and 5.0 percent. Total estimated eligible homeless veterans after leakage equals 416 residents. In order for the Subject to stabilize at an occupancy rate of 97 percent, 68 units would need to be occupied. This results in a capture rate of 14.4 percent. This is a moderate capture rate. Through interviews with local VA officials and support service providers, they anticipate that the Subject will be fully occupied with a waiting list once the units are available. Therefore, we believe that there is ample demand for the Subject as conceived.

HIGHEST AND BEST USE

Highest and Best Use may be defined as that legal use which will yield the highest net present value to the land, or that land use which may reasonably be expected to produce the greatest net return over a given period of time.

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the greatest net return to the land. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it creates and/or maintains maximum value, and it is maximum value which affords the owner maximum returns.

The Dictionary of Real Estate Appraisal (Third Edition, 1993), published by the American Institute of Real Estate Appraisers, defines Highest and Best Use as:

> "The reasonably probable and legal use of vacant land supported and financially feasible, and that results in the highest value. The four criteria that the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. That reasonable and probable use that will support the highest present value of vacant land or improved property, as defined as of the date of the appraisal."

It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of Highest and Best Use takes into account the contribution of a specific use to the community and the community's development goals, as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant, and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. In arriving at the estimate of Highest and Best Use, the Subject site is analyzed "as if vacant", meaning vacant and available for development, and also "as is".

Four tests are typically used to determine the Highest and Best Use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses which it is physically possible to put on the site in question.

2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.

3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.

4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

HIGHEST AND BEST USE AS VACANT

Physically Possible
The Subject site contains approximately 8.9 acres. It has generally level topography. It has good accessibility. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible
According to the Augusta – Richmond County Planning Commission, the Subject's zoning was changed from R-1A (one-family residential) to R-3C for multifamily residential. The principal residential uses under this zoning code are for multiple family home developments. For multifamily dwellings, the minimum lot are must include 1,500 square feet for each unit. There are no density restrictions based on units per acre and the maximum number of units permissible would use the formula of the minimum lot area described above. The Subject site contains a total of 8.9 acres, or 387,684 square feet. This indicates that the maximum density for the Subject's units would be 258 units or 29 units per acre. Based on the minimum lot area, we do not believe a project that dense or large would be market oriented. The following table illustrates the unit sizes and density at comparable properties in Richmond County.

Property	Year Built	Units	Acres	Units/Acre
Subject	2013	70	8.9	7.9
Forest Hills	1965/2005	72	4.5	16.0
Governor's Place	1972	181	8.65	20.9
Woodhaven	1970s	152	9.52	16.0
Woodlake Club	2003	192	35.3	5.4
Forest Brook	1984/1998	161	12.46	12.9

The Subject's proposed density is 7.9 units per acre. Based on the most recently constructed properties, we believe that a density of 8.0 units per acre is considered reasonable, which yields a total of 70 units. This is also similar to the 2010 land sale densities of 7.8 to 9.3 units per acre.

Financially Feasible
The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the Subject site is zoned R-3C. Given the surrounding land uses, the current state of the economy, and the multifamily market, it is unlikely that multifamily construction is feasible without subsidy.

Maximally Productive
Apartments, such as the Subject's proposed use, will produce an ongoing income stream, which will typically produce an overall higher return to the land. Given the subject's location, surrounding

development and economic viability, the maximally productive use of the site, as if vacant, is for multifamily development with financial subsidies.

Conclusion – Highest and Best Use "As Vacant"

Based upon our analysis, new construction of an apartment community is not financially viable. Therefore, the highest and best use for the property "as if vacant" would be to hold for future development when market rents rise to the level of cost feasibility.

Conclusion – Highest and Best Use "As Is"

Highest and Best Use as if Vacant would be to hold until market rents allow development or to develop the existing buildings with subsidy.

APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

APPLICABILITY TO THE SUBJECT PROPERTY

The employment of the Cost Approach in the valuation process is based on the principle of substitution. This approach is least effective with properties of a similar age and condition as the Subject. Investors in the marketplace do not typically rely upon the cost approach. The difficulty in accurately estimating economic obsolescence further weakens the reliability of this approach. Therefore, the cost approach is considered to have only limited use in the valuation of the Subject property. It is not used by participants in the marketplace; however, we have provided both a land value and a value of the vacant structures.

In the sales comparison approach, appraisers estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use the sales comparison approach with the EGIM analysis in valuing the Subject property.

The income capitalization approach requires an estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject is an income producing property and this is considered to be the best method of valuation.

COST APPROACH

THE COST APPROACH

The employment of the Cost Approach in the valuation process is based on the principle of substitution. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. The cost approach is considered to be a useful tool and provides the reader with a measure of the economic status within the market place.

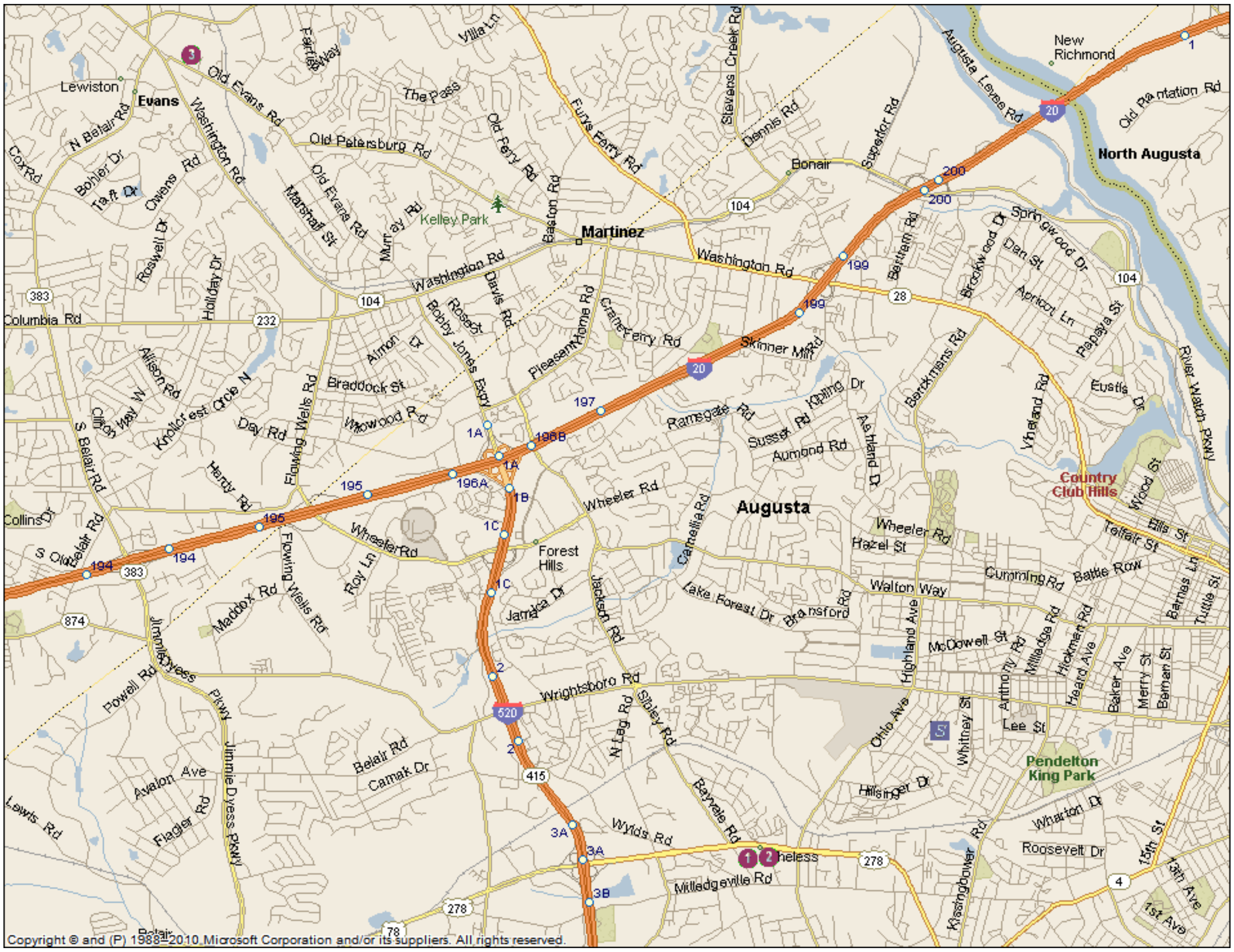
LAND VALUATION

To arrive at an opinion of land value for the Subject site, we have analyzed actual sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the Richmond county area was made. We were able to identify three recent sales in the Subject's area. We were unable to obtain any other multifamily land sales that have occurred in the region in the past few years. It should be noted that the development is subject to a ground lease; however, we have been asked to provide an indication of the fee simple value of the underlying land.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders, and lending institutions. A map of the comparable land sales is included on the following page. Individual descriptions of these land sale transactions are included on the following pages.

We have valued the land assuming that it is vacant without restrictions on use beyond zoning and physical constraints. As previously stated, we have concluded to a density of 70 units for the Subject property, based primarily on the densities at comparable downtown multifamily developments.

Land Sales Map I



The following table summarizes the vacant land sale transactions.

COMPARABLE LAND SALES

Number	Location	City	Buyer / Seller	Sale Date	Price	Acres	Units	Price/Unit
1	Sibley Road	Augusta	The Crest of Edinburgh LP/ Sasser Properties LLC	Oct-10	$175,890	4.29	40	$4,397
2	2251 Sibley Road	Augusta	The Terraces at Edinburgh LP/ Sasser Properties LLC	Jan-10	$445,000	9.22	72	$6,181
3	100 Alder Way	Evans	N/A	Feb-08	$2,226,309	17.30	242	$9,200

ADJUSTMENTS

The following table illustrates adjustments applied to the sale comparables.

Comparable Land Data Adjustment Grid

	Subject	1	2	3
Location	1 Freedom Way	Sibley Road	2251 Sibley Road	100 Alder Way
City, State	Augusta, GA	Augusta, GA	Augusta, GA	Evans, GA
Parcel Data				
Zoning	R-3C	Multifamily	Multifamily	Multifamily
Topography	Flat	Similar	Similar	Similar
Shape	Irregular	Similar	Similar	Similar
Corner	No	No	No	Similar
Size (SF)	387,684	186,872	401,623	753,588
Size (Acres)	8.90	4.29	9.22	17.30
Units	70	40	72	242
Units Per Acre	7.9	9.3	7.8	14.0
Sales Data				
Date		Oct-10	Jan-10	Feb-08
Interest		Fee Simple	Fee Simple	Fee Simple
Price		$175,890	$445,000	$2,226,309
Price per Unit		$4,397	$6,181	$9,200
Adjustments				
Property Rights		0	0	0
		$175,890	$445,000	2,226,309
Financing		0	0	0
		$175,890	$445,000	2,226,309
Conditions of Sale		0	0	0
		$175,890	$445,000	2,226,309
Market Conditions		1.000	0.950	0.850
Adjusted Sale Price		$175,890	$422,750	$1,892,363
Adjusted Price Per Unit		$4,397	$5,872	$7,820
Adjustments				
Location		-10.0%	-10.0%	-35.0%
Zoning		0.0%	0.0%	0.0%
Topography		0.0%	0.0%	0.0%
Shape		0.0%	0.0%	0.0%
Size		0.0%	0.0%	5.0%
Overall Adjustment		-10.0%	-10.0%	-30.0%
Adjusted Price Per Unit		$3,958	$5,284	$5,474
Low	$3,958			
High	$5,474			
Mean	$4,905			
Median	$5,284			
Conclusion	$4,500	x	70	$315,000
Rounded				$300,000

Conditions of Sale
This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the sales are considered to be market-oriented, arm's length transactions, and therefore, no adjustments are applied.

Market Conditions
The comparable land sales sold between 2008 and 2010. The Subject's region experienced home value losses due to the most recent national recession and housing crisis. We spoke with brokers in the area and they reported that home values and land values generally mirror each other and the sales price decrease over the past four years is a good indication of land values over the same time period. According to trulia.com, the median sales price in Augusta declined approximately 10 percent from 2008 to 2010. In the beginning of 2010, median sales decreased further, approximately 5.0 percent. From the end of 2010 to the present, prices have appreciated slightly. Therefore, Comparable #3 has been adjusted downward 15 percent, Comparable #2 has been adjusted downward 5.0 percent and Comparable #1 has not been adjusted.

Property Rights Conveyed
All of the sales used in this analysis represent the conveyance of the fee simple interest in the respective properties. Therefore, no adjustment is applied to any of the sales under this adjustment category.

Financing
If applicable, the comparable sales must be adjusted for financing terms. The adjustment renders the sale price to cash equivalent terms. All of the sales are considered to be cash equivalent and no adjustment is necessary.

Location
Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following table illustrates the median household income, median rents, and average sales price over the past six months of the Subject and comparable areas.

Median Household Income

Property	Zip Code	Median Income	Differential With Subject Site
Subject	30904	$27,372	-
Comp 1	30909	$38,947	-42%
Comp 2	30909	$38,947	-42%
Comp 3	30809	$70,809	-159%

Source:US Census Bureau, 10/2011

Median Rent

Property	Zip Code	Median Rent	Differential With Subject Site
Subject	30904	$454	-
Comp 1	30909	$568	-25%
Comp 2	30909	$684	-51%
Comp 3	30809	$856	-89%

Source:US Census Bureau, 10/2011

Average Home Price (Last Six Months)

Property	Zip Code	Home Price	Differential With Subject Site
Subject	30904	$113,039	-
Comp 1	30909	$160,865	-42%
Comp 2	30909	$160,865	-42%
Comp 3	30809	$242,042	-114%

Source: Melissadata.com, 10/2011

Based on the information in the previous table, we have adjusted Comparables #1 and #2 downward 10.0 percent due to their slightly superior locations to the Subject. Comparable #3 has been adjusted downward 35.0 percent for its superior location.

Zoning

All of the land sales' zoning permits multifamily development; therefore no adjustments are necessary.

Size / Number of Units

With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Comparable #3 has been adjusted upward 5.0 percent.

CONCLUSION OF VALUE

The sales indicate a range of adjusted price per unit from $3,958 to $5,474 per unit. Primary reliance is placed upon Comparable #1 because it transferred in October 2010. We have tempered our conclusion with the remaining sales comparables. Therefore, we conclude to a sale price of $4,500 per unit. This correlates with an indication of land value as follows: 70 allowable units at $4,500 per unit, equates to $300,000 (rounded).

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

ANALYSIS OF GROUND LEASE

The Subject will be owned by Freedom's Path, LLC. The ownership will lease the land from Veterans Affairs; however, there will be no annual lease payment. The lease agreement will extend for 75 years. Therefore, there is no additional expense to the owner for the ground lease. Thus, the full bundle of rights attributed to the land will flow through to the leasehold position. Therefore, the leasehold position in the land is equal to the fee simple value.

There is no value of the ground lease to the leased-fee position (VA).

CONCLUSION – AS IS IMPROVEMENT VALUE

After renovation, the Subject building will contain 70 total units. The structures are not currently occupied and the building interiors are in need of major rehabilitation. However, the building shells does provide some contributory value as described below. Cost estimates were established according to M&S valuations and we estimated approximately 25 percent of the shell building would be used. The entire interior of the shell will be completely rehabilitated and the property will be improved with new windows, interior walls, repaired roofing, new gutters and downspouts, new exterior stucco, and other exterior repairs. Based on our knowledge and experience, we believe that approximately 25 percent of the shell will be utilized, while the remaining portions will be completely rehabilitated. The total gross area is based on information provided by the developer.

Construction Cost Estimate		
M&S Shell Multiple Residences psf	54.05	Class D, Masonry Veneer
Current Cost Multipliers	1.00	
Local Multipliers	0.83	Per M&S, Augusta, GA
GBA	66,099	
Construction Costs	$2,965,300	
Percentage Used of Complete Shell	25%	
Adjusted Shell Construction Costs	$700,000	Rounded

The following table outlines the value of the shell buildings and the value of the land.

AS IS VALUE

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Land Value - As If Vacant	70	$4,500	$300,000
Shell Value			$700,000
As Is Value			$1,000,000

To support the As Is value indicated above, we have researched sales for other shell multifamily structures in the market. The following table outlines sales of shell structures. The sales include the land value.

Shell Sales - Georgia

#	Location	City	Year Built	Date	SF	Price	Price/ SF	Market Conditions Adjustment	Adjusted Price/SF
1	2445 Beaver Ruin Road	Norcross	1972	Jul-11	323,096	$6,500,000	$20	100.00%	$20
2	Glees Lane	Carrollton	1976	Apr-11	16,000	$235,000	$15	100.00%	$15
3	392 Tazor Street NW	Atlanta	1955	Apr-11	9,975	$79,000	$8	100.00%	$10
4	383 Holderness Street SW	Atlanta	1968	Feb-11	6,720	$65,000	$10	100.00%	$5
5	176 Troy Street	Atlanta	1959	Dec-10	15,300	$320,000	$21	100.00%	$21
6	150 Fairfield Pl NW	Atlanta	1966	Oct-10	32,607	$450,000	$14	100.00%	$14
7	117 Lamar Ave	Atlanta	1956	Aug-10	10,000	$28,000	$3	100.00%	$3
8	1999 Martin Luther King Jr. Drive SW	Atlanta	1954	Feb-10	9,488	$175,000	$18	100.00%	$18
9	900 Vernon Avenue	Dalton	1967	Jan-10	10,124	$200,000	$20	95.00%	$19
10	Hillandale Apartments	Greenville, SC	1967	Nov-09	89,700	$825,000	$9	95.00%	$9
	Average				**$52,301**	**$887,700**	**$14**		**$13**

Comparable $/SF	
Low	$3
High	$21
Mean	$13
Median	$14

As the previous table illustrates, we have adjusted the shell sales based on the market conditions. The vast majority of the shell sales were completely vacant multifamily buildings that needed substantial renovations. We utilized the same method of adjustments as in the land value analysis for the market conditions. The sales above indicate an adjusted average sale price of $13 per square foot, which includes the land value. The Subject's As Is value based on the cost approach utilized Marshall and Swift data shows a value of approximately $15 per square foot, which includes the land value. This is similar to the average of the comparables and appears reasonable.

As a result of our analysis, the Subject's, "As Is" value as of October 3, 2011, is:

ONE MILLION DOLLARS
($1,000,000)

INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

INTRODUCTION

We were asked to provide several value estimates, including:

- Market Value "As Is" of the leasehold interest of the property.
- Hypothetical Market Value "As Complete and Stabilized Restricted" – hypothetical value assuming completion and stabilization with restricted rents.
- Hypothetical Market Value "As Complete and Stabilized Unrestricted" – hypothetical value assuming completion and stabilization with unrestricted rents.
- Prospective Market Value at 20, 25 (Loan Maturity), and 30 years assuming a rehab in 2013.
- Favorable Financing

As discussed, we were asked to provide an estimate of the Subject's value under as a restricted property with a project based subsidy.

The market values "upon completion and stabilization" are prospective values estimate based upon the anticipated benefits and timing of encumbrances and the development plan as proposed by the developer, as described in the "Description of Improvements" section of this report. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical value estimates.*

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property's market value is derived via the capitalization of these future income streams.

The Subject's prospective future market value under the restricted scenario and "Upon Completion and Stabilization" is determined using Direct Capitalization.

POTENTIAL GROSS INCOME

In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income assuming both restricted rents and market rents is based upon the As Is and proposed rents as derived in the Supply Section of this report and are calculated as follows.

POTENTIAL GROSS RENTAL INCOME - As Proposed Restricted

Unit Type	Number of Units	Proposed Rents	Monthly Gross Rent	Annual Gross Rent
		50% AMI (PBRA Units)		
Studio	20	$525	$10,500	$126,000
1BR/1BA	50	$575	$28,750	$345,000
Total	**70**			**$471,000**

POTENTIAL GROSS RENTAL INCOME - As Proposed Unrestricted

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
Studio	20	$575	$11,500	$138,000
1BR/1BA	50	$675	$33,750	$405,000
Total	**70**			**$543,000**

POTENTIAL GROSS RENTAL INCOME - As Proposed Restricted Building #7

Unit Type	Number of Units	Proposed Rents	Monthly Gross Rent	Annual Gross Rent
		50% AMI (PBRA Units)		
Studio	20	$525	$10,500	$126,000

POTENTIAL GROSS RENTAL INCOME - As Proposed Unrestricted Building #7

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
Studio	20	$575	$11,500	$138,000

POTENTIAL GROSS RENTAL INCOME - As Proposed Restricted Building #76

Unit Type	Number of Units	Proposed Rents	Monthly Gross Rent	Annual Gross Rent
		50% AMI (PBRA Units)		
1BR/1BA	50	$575	$28,750	$345,000

POTENTIAL GROSS RENTAL INCOME - As Proposed Unrestricted Building #76

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	50	$675	$33,750	$405,000

Other Income

The other income category is primarily revenue generated from interest income, late charges, special service fees, vending machines, etc. The developer projected an other income of $47 per unit. The comparables range from $62 to $205 per unit. We will conclude to an other income line item of $60 per unit, which is slightly above the budget and at the low end of the comparable range.

Vacancy and Collection Loss

The vacancy rates in the market are stable. As indicated in the supply analysis, we expect the Subject to have a vacancy rate of 3.0 percent for the restricted scenario with minimal collection loss and 5.0 percent for the unrestricted scenario. We have added a market oriented 1.0 percent collection loss to the unrestricted scenario for a total vacancy and collection loss of 6.0 percent.

EXPLANATION OF EXPENSES

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of the Subject as well as comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

It is important to note that the projections of income and expenses 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. The Subject will offer 70 units of transitional and permanent supportive housing. Therefore, we utilized both conventional operating expenses and supportive housing operating expense data in our expense analysis. Comparable operating expense data was collected from four comparable properties from 2008 to 2010 in Athens, Atlanta, and Augusta, Georgia to serve as a comparison for the Subject's proposed operating budget. It should be noted that comparables #1 and #2 are supportive housing programs that target either mentally disabled residents and/or homeless residents.

We have also been requested by the client to provide the value of Building #76 and #7 separately. The expenses below illustrate both buildings considered as one property. We have noted in the text below if there are slight differences between the individual building expenses and when they operate as one property and the breakdown of expenses is detailed in the stabilized pro forma, which are illustrated on pages 113 through 115 of this report.

Expense Analysis - Buildings #7 and #76

	Novogradac Estimates As Proposed Restricted Augusta, GA 70		Novogradac Estimates As Proposed Unrestricted Augusta, GA 70		Developer Estimates Proposed Restricted Augusta. GA 70		2010 Highlands West ACTUAL EXPENSES (Supportive Hsg) Augusta, GA 42		2009 CONFIDENTIAL ACTUAL EXPENSES (Supportive Hsg.) Atlanta, GA 69		2009 CONFIDENTIAL ACTUAL EXPENSES Athens, GA 64		2008 CONFIDENTIAL ACTUAL EXPENSES Augusta, GA 104	
EXPENSE CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	$4,200	$60	$4,200	$60	$3,278	$47	$2,845	$68	$4,273	$62	$13,141	$205	$21,184	$204
MARKETING														
Advertising / Screening / Credit	$0	$0	$0	$0	$2,500	$36	$0	$0	$291	$4	$1,022	$16	$6,843	$66
SUBTOTAL	**$0**	**$0**	**$0**	**$0**	**$2,500**	**$36**	**$0**	**$0**	**$291**	**$4**	**$1,022**	**$16**	**$6,843**	**$66**
ADMINISTRATION														
Legal	$1,750	$25	$1,750	$25	$0	$0	$911	$22	$977	$14	$2,739	$43	$0	$0
Audit	$7,000	$100	$7,000	$100	$0	$0	$9,750	$232	$5,153	$75	$10,815	$169	$0	$0
Office & Other	$22,750	$325	$19,250	$275	$22,410	$320	$10,636	$253	$6,027	$87	$16,120	$252	$6,818	$66
SUBTOTAL	**$31,500**	**$450**	**$28,000**	**$400**	**$22,410**	**$320**	**$21,297**	**$507**	**$12,157**	**$176**	**$29,674**	**$464**	**$6,818**	**$66**
TOTAL ADMINISTRATION	**$31,500**	**$450**	**$28,000**	**$400**	**$24,910**	**$356**	**$21,297**	**$507**	**$12,448**	**$180**	**$30,696**	**$480**	**$13,661**	**$131**
MAINTENANCE														
Painting / Turnover / Cleaning	$7,000	$100	$7,000	$100	$0	$0	$0	$0	$6,654	$96	$17,648	$276	$14,358	$138
Repairs	$15,750	$225	$15,750	$225	$52,660	$752	$43,231	$1,029	$27,175	$394	$10,160	$159	$64,262	$618
Elevator	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grounds	$12,250	$175	$12,250	$175	$0	$0	$10,395	$247	$8,318	$121	$4,319	$67	$19,608	$189
Pool	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Supplies	$14,000	$200	$14,000	$200	$0	$0	$452	$11	$11,640	$169	$0	$0	$0	$0
SUBTOTAL	**$49,000**	**$700**	**$49,000**	**$700**	**$52,660**	**$752**	**$54,078**	**$1,288**	**$53,787**	**$780**	**$32,127**	**$502**	**$98,228**	**$945**
OPERATING														
Cleaning contracts	$0	$0	$0	$0	$0	$0	$0	$0	$733	$11	$0	$0	$0	$0
Exterminating	$1,050	$15	$1,050	$15	$0	$0	$1,122	$27	$3,626	$53	$392	$6	$6,663	$64
Security	$2,450	$35	$2,450	$35	$2,040	$29	$738	$18	$44,578	$646	$0	$0	$0	$0
SUBTOTAL	**$3,500**	**$50**	**$3,500**	**$50**	**$2,040**	**$29**	**$1,860**	**$44**	**$48,937**	**$709**	**$392**	**$6**	**$6,663**	**$64**
TOTAL MAINTENANCE AND OPERATING	**$52,500**	**$750**	**$52,500**	**$750**		**$781**	**$55,938**	**$1,332**	**$102,724**	**$1,489**	**$32,519**	**$508**	**$104,891**	**$1,009**
PAYROLL														
On-site manager	$70,000	$1,000	$40,250	$575	$94,160	$1,345	$7,321	$174	$36,967	$536	$29,568	$462	$0	$0
Other management staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$431	$7	$43,442	$418
Maintenance staff	$15,000	$214	$8,750	$125	$0	$0	$0	$0	$0	$0	$33,340	$521	$0	$0
Janitorial staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Benefits	$10,000	$143	$5,000	$71	$13,877	$198	$0	$0	$0	$0	$5,347	$84	$0	$0
Payroll taxes	$10,200	$146	$5,880	$84	$0	$0	$0	$0	$3,515	$51	$5,436	$85	$0	$0
SUBTOTAL	**$105,200**	**a**	**$59,880**	**$855**	**$108,037**	**$1,543**	**$7,321**	**$174**	**$40,482**	**$587**	**$74,122**	**$1,158**	**$43,442**	**$418**
UTILITIES														
Water & Sewer	$17,500	$250	$17,500	$250	$91,400	$1,306	$9,625	$229	$119,797	$1,736	$3,182	$50	$29,674	$285
Electricity	$70,000	$1,000	$70,000	$1,000	$0	$0	$63,590	$1,514	$14,820	$215	$16,816	$263	$20,989	$202
Gas	$0	$0	$0	$0	$0	$0	$0	$0	$408	$6	$387	$6	$2,147	$21
Trash	$3,500	$50	$3,500	$50	$0	$0	$2,344	$56	$5,643	$82	$7,299	$114	$15,145	$146
SUBTOTAL	**$91,000**	**$1,300**	**$91,000**	**$1,300**	**$91,400**	**$1,306**	**$75,558**	**$1,799**	**$140,668**	**$2,039**	**$27,684**	**$433**	**$67,955**	**$653**
MISCELLANEOUS														
Insurance	$17,500	$250	$17,500	$250	$17,500	$250	$24,248	$577	$4,177	$61	$10,022	$157	$15,602	$150
Real Estate Taxes / PILOT	$0	$0	$35,497	$507	$0	$0	$0	$0	$0	$0	$45,719	$714	$32,413	$312
Reserves	$21,000	$300	$21,000	$300	$21,000	$300	$12,600	$300	$20,700	$300	$19,200	$300	$31,200	$300
Supportive Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,192	$19	$0	$0
SUBTOTAL	**$38,500**	**$550**	**$73,997**	**$1,057**	**$38,500**	**$550**	**$36,848**	**$877**	**$24,877**	**$361**	**$76,133**	**$1,190**	**$79,215**	**$762**
MANAGEMENT														
SUBTOTAL	**$34,571**	**$494**	**$25,718**	**$367**	**$22,599**	**$323**	**$20,400**	**$486**	**$23,880**	**$346**	**$17,997**	**$281**	**$28,707**	**$276**
TOTAL EXPENSES	**$353,271**	**$5,047**	**$331,095**	**$4,730**	**$340,146**	**$4,859**	**$217,361**	**$5,175**	**$345,079**	**$5,001**	**$259,151**	**$4,049**	**$337,871**	**$3,249**

Expense Analysis - Building #7

	Novogradac Estimates As Proposed Restricted Augusta, GA 20		Novogradac Estimates As Proposed Unrestricted Augusta, GA 20		Developer Estimates Proposed Restricted Augusta. GA 20		2010 Highlands West ACTUAL EXPENSES (Supportive Hsg) Augusta, GA 42		2009 CONFIDENTIAL ACTUAL EXPENSES (Supportive Hsg.) Atlanta, GA 69		2009 CONFIDENTIAL ACTUAL EXPENSES Athens, GA 64		2008 CONFIDENTIAL ACTUAL EXPENSES Augusta, GA 104	
EXPENSE CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	$1,200	$60	$1,200	$60	$0	$0	$2,845	$68	$4,273	$62	$13,141	$205	$21,184	$204
MARKETING														
Advertising / Screening / Credit	$0	$0	$0	$0	$0	$0	$0	$0	$291	$4	$1,022	$16	$6,843	$66
SUBTOTAL	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$291**	**$4**	**$1,022**	**$16**	**$6,843**	**$66**
ADMINISTRATION														
Legal	$500	$25	$500	$25	$0	$0	$911	$22	$977	$14	$2,739	$43	$0	$0
Audit	$2,000	$100	$2,000	$100	$0	$0	$9,750	$232	$5,153	$75	$10,815	$169	$0	$0
Office & Other	$6,500	$325	$5,500	$275	$5,830	$292	$10,636	$253	$6,027	$87	$16,120	$252	$6,818	$66
SUBTOTAL	**$9,000**	**$450**	**$8,000**	**$400**	**$5,830**	**$292**	**$21,297**	**$507**	**$12,157**	**$176**	**$29,674**	**$464**	**$6,818**	**$66**
TOTAL ADMINISTRATION	**$9,000**	**$450**	**$8,000**	**$400**	**$5,830**	**$292**	**$21,297**	**$507**	**$12,448**	**$180**	**$30,696**	**$480**	**$13,661**	**$131**
MAINTENANCE														
Painting / Turnover / Cleaning	$1,500	$75	$1,500	$75	$0	$0	$0	$0	$6,654	$96	$17,648	$276	$14,358	$138
Repairs	$5,000	$250	$5,000	$250	$8,940	$447	$43,231	$1,029	$27,175	$394	$10,160	$159	$64,262	$618
Elevator	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grounds	$3,500	$175	$3,500	$175	$0	$0	$10,395	$247	$8,318	$121	$4,319	$67	$19,608	$189
Pool	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Supplies	$4,000	$200	$4,000	$200	$0	$0	$452	$11	$11,640	$169	$0	$0	$0	$0
SUBTOTAL	**$14,000**	**$700**	**$14,000**	**$700**	**$8,940**	**$447**	**$54,078**	**$1,288**	**$53,787**	**$780**	**$32,127**	**$502**	**$98,228**	**$945**
OPERATING														
Cleaning contracts	$0	$0	$0	$0	$0	$0	$0	$0	$733	$11	$0	$0	$0	$0
Exterminating	$300	$15	$300	$15	$0	$0	$1,122	$27	$3,626	$53	$392	$6	$6,663	$64
Security	$700	$35	$700	$35	$360	$18	$738	$18	$44,578	$646	$0	$0	$0	$0
SUBTOTAL	**$1,000**	**$50**	**$1,000**	**$50**	**$360**	**$18**	**$1,860**	**$44**	**$48,937**	**$709**	**$392**	**$6**	**$6,663**	**$64**
TOTAL MAINTENANCE AND OPERATING	**$15,000**	**$750**	**$15,000**	**$750**		**$465**	**$55,938**	**$1,332**	**$102,724**	**$1,489**	**$32,519**	**$508**	**$104,891**	**$1,009**
PAYROLL														
On-site manager	$32,500	$1,625	$12,000	$600	$40,260	$2,013	$7,321	$174	$36,967	$536	$29,568	$462	$0	$0
Other management staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$431	$7	$43,442	$418
Maintenance staff	$0	$0	$3,200	$160	$0	$0	$0	$0	$0	$0	$33,340	$521	$0	$0
Janitorial staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Benefits	$5,000	$250	$0	$0	$4,505	$225	$0	$0	$0	$0	$5,347	$84	$0	$0
Payroll taxes	$3,900	$195	$1,824	$91	$0	$0	$0	$0	$3,515	$51	$5,436	$85	$0	$0
SUBTOTAL	**$41,400**	**$2,070**	**$17,024**	**$851**	**$44,765**	**$2,238**	**$7,321**	**$174**	**$40,482**	**$587**	**$74,122**	**$1,158**	**$43,442**	**$418**
UTILITIES														
Water & Sewer	$5,000	$250	$5,000	$250	$21,000	$1,050	$9,625	$229	$119,797	$1,736	$3,182	$50	$29,674	$285
Electricity	$20,000	$1,000	$20,000	$1,000	$0	$0	$63,590	$1,514	$14,820	$215	$16,816	$263	$20,989	$202
Gas	$0	$0	$0	$0	$0	$0	$0	$0	$408	$6	$387	$6	$2,147	$21
Trash	$1,000	$50	$1,000	$50	$0	$0	$2,344	$56	$5,643	$82	$7,299	$114	$15,145	$146
SUBTOTAL	**$26,000**	**$1,300**	**$26,000**	**$1,300**	**$21,000**	**$1,050**	**$75,558**	**$1,799**	**$140,668**	**$2,039**	**$27,684**	**$433**	**$67,955**	**$653**
MISCELLANEOUS														
Insurance	$5,000	$250	$5,000	$250	$5,250	$263	$24,248	$577	$4,177	$61	$10,022	$157	$15,602	$150
Real Estate Taxes / PILOT	$0	$0	$10,142	$507	$0	$0	$0	$0	$0	$0	$45,719	$714	$32,413	$312
Reserves	$6,000	$300	$6,000	$300	$6,000	$300	$12,600	$300	$20,700	$300	$19,200	$300	$31,200	$300
Supportive Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,192	$19	$0	$0
SUBTOTAL	**$11,000**	**$550**	**$21,142**	**$1,057**	**$11,250**	**$563**	**$36,848**	**$877**	**$24,877**	**$361**	**$76,133**	**$1,190**	**$79,215**	**$762**
MANAGEMENT														
SUBTOTAL	**$9,254**	**$463**	**$6,542**	**$327**	**$6,048**	**$302**	**$20,400**	**$486**	**$23,880**	**$346**	**$17,997**	**$281**	**$28,707**	**$276**
TOTAL EXPENSES	**$111,654**	**$5,583**	**$93,708**	**$4,685**	**$98,193**	**$4,910**	**$217,361**	**$5,175**	**$345,079**	**$5,001**	**$259,151**	**$4,049**	**$337,871**	**$3,249**

Expense Analysis - Building #76

	Novogradac Estimates As Proposed Restricted Augusta, GA 50		Novogradac Estimates As Proposed Unrestricted Augusta, GA 50		Developer Estimates Proposed Restricted Augusta. GA 50		2010 Highlands West ACTUAL EXPENSES (Supportive Hsg) Augusta, GA 42		2009 CONFIDENTIAL ACTUAL EXPENSES (Supportive Hsg.) Atlanta, GA 69		2009 CONFIDENTIAL ACTUAL EXPENSES Athens, GA 64		2008 CONFIDENTIAL ACTUAL EXPENSES Augusta, GA 104	
EXPENSE CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	$3,000	$60	$3,000	$60	$3,278	$66	$2,845	$68	$4,273	$62	$13,141	$205	$21,184	$204
MARKETING														
Advertising / Screening / Credit	$0	$0	$0	$0	$2,500	$50	$0	$0	$291	$4	$1,022	$16	$6,843	$66
SUBTOTAL	**$0**	**$0**	**$0**	**$0**	**$2,500**	**$50**	**$0**	**$0**	**$291**	**$4**	**$1,022**	**$16**	**$6,843**	**$66**
ADMINISTRATION														
Legal	$1,250	$25	$1,250	$25	$0	$0	$911	$22	$977	$14	$2,739	$43	$0	$0
Audit	$5,000	$100	$5,000	$100	$0	$0	$9,750	$232	$5,153	$75	$10,815	$169	$0	$0
Office & Other	$16,250	$325	$13,750	$275	$16,580	$332	$10,636	$253	$6,027	$87	$16,120	$252	$6,818	$66
SUBTOTAL	**$22,500**	**$450**	**$20,000**	**$400**	**$16,580**	**$332**	**$21,297**	**$507**	**$12,157**	**$176**	**$29,674**	**$464**	**$6,818**	**$66**
TOTAL ADMINISTRATION	**$22,500**	**$450**	**$20,000**	**$400**	**$19,080**	**$382**	**$21,297**	**$507**	**$12,448**	**$180**	**$30,696**	**$480**	**$13,661**	**$131**
MAINTENANCE														
Painting / Turnover / Cleaning	$3,750	$75	$3,750	$75	$0	$0	$0	$0	$6,654	$96	$17,648	$276	$14,358	$138
Repairs	$12,500	$250	$12,500	$250	$43,720	$874	$43,231	$1,029	$27,175	$394	$10,160	$159	$64,262	$618
Elevator	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grounds	$8,750	$175	$8,750	$175	$0	$0	$10,395	$247	$8,318	$121	$4,319	$67	$19,608	$189
Pool	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Supplies	$10,000	$200	$10,000	$200	$0	$0	$452	$11	$11,640	$169	$0	$0	$0	$0
SUBTOTAL	**$35,000**	**$700**	**$35,000**	**$700**	**$43,720**	**$874**	**$54,078**	**$1,288**	**$53,787**	**$780**	**$32,127**	**$502**	**$98,228**	**$945**
OPERATING														
Cleaning contracts	$0	$0	$0	$0	$0	$0	$0	$0	$733	$11	$0	$0	$0	$0
Exterminating	$750	$15	$750	$15	$0	$0	$1,122	$27	$3,626	$53	$392	$6	$6,663	$64
Security	$1,750	$35	$1,750	$35	$1,680	$34	$738	$18	$44,578	$646	$0	$0	$0	$0
SUBTOTAL	**$2,500**	**$50**	**$2,500**	**$50**	**$1,680**	**$34**	**$1,860**	**$44**	**$48,937**	**$709**	**$392**	**$6**	**$6,663**	**$64**
TOTAL MAINTENANCE AND OPERATING	**$37,500**	**$750**	**$37,500**	**$750**		**$908**	**$55,938**	**$1,332**	**$102,724**	**$1,489**	**$32,519**	**$508**	**$104,891**	**$1,009**
PAYROLL														
On-site manager	$40,000	$800	$26,250	$375	$53,900	$1,078	$7,321	$174	$36,967	$536	$29,568	$462	$0	$0
Other management staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$431	$7	$43,442	$418
Maintenance staff	$12,500	$250	$7,000	$100	$0	$0	$0	$0	$0	$0	$33,340	$521	$0	$0
Janitorial staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Benefits	$5,000	$100	$5,000	$100	$9,372	$187	$0	$0	$0	$0	$5,347	$84	$0	$0
Payroll taxes	$6,300	$126	$3,990	$80	$0	$0	$0	$0	$3,515	$51	$5,436	$85	$0	$0
SUBTOTAL	**$63,800**	**$1,276**	**$42,240**	**$845**	**$63,272**	**$1,265**	**$7,321**	**$174**	**$40,482**	**$587**	**$74,122**	**$1,158**	**$43,442**	**$418**
UTILITIES														
Water & Sewer	$12,500	$250	$12,500	$250	$70,400	$1,408	$9,625	$229	$119,797	$1,736	$3,182	$50	$29,674	$285
Electricity	$50,000	$1,000	$50,000	$1,000	$0	$0	$63,590	$1,514	$14,820	$215	$16,816	$263	$20,989	$202
Gas	$0	$0	$0	$0	$0	$0	$0	$0	$408	$6	$387	$6	$2,147	$21
Trash	$2,500	$50	$2,500	$50	$0	$0	$2,344	$56	$5,643	$82	$7,299	$114	$15,145	$146
SUBTOTAL	**$65,000**	**$1,300**	**$65,000**	**$1,300**	**$70,400**	**$1,408**	**$75,558**	**$1,799**	**$140,668**	**$2,039**	**$27,684**	**$433**	**$67,955**	**$653**
MISCELLANEOUS														
Insurance	$12,500	$250	$12,500	$250	$12,250	$245	$24,248	$577	$4,177	$61	$10,022	$157	$15,602	$150
Real Estate Taxes / PILOT	$0	$0	$25,355	$507	$0	$0	$0	$0	$0	$0	$45,719	$714	$32,413	$312
Reserves	$15,000	$300	$15,000	$300	$15,000	$300	$12,600	$300	$20,700	$300	$19,200	$300	$31,200	$300
Supportive Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,192	$19	$0	$0
SUBTOTAL	**$27,500**	**$550**	**$52,855**	**$1,057**	**$27,250**	**$545**	**$36,848**	**$877**	**$24,877**	**$361**	**$76,133**	**$1,190**	**$79,215**	**$762**
MANAGEMENT														
SUBTOTAL	**$25,317**	**$506**	**$19,176**	**$384**	**$22,599**	**$452**	**$20,400**	**$486**	**$23,880**	**$346**	**$17,997**	**$281**	**$28,707**	**$276**
TOTAL EXPENSES	**$241,617**	**$4,832**	**$236,771**	**$4,735**	**$248,001**	**$4,960**	**$217,361**	**$5,175**	**$345,079**	**$5,001**	**$259,151**	**$4,049**	**$337,871**	**$3,249**

General Administrative

This category includes all professional fees for items such as legal, accounting, bad debt, and marketing. This expense is based on an analysis of the Subject's budget and the comparable property expense data. The Subject's budget indicates a general administrative expense of $356 per unit. The comparable expense data ranges from $131 to $507 per unit. The most similar comparable to the Subject in terms of tenancy and services is Comparable #1, which has the highest expense of $507 per unit. Therefore, we will rely most heavily on this comparable and temper it with the remaining comparables. We will conclude to a general administrative expense of $450 per unit in the restricted scenario and $400 per unit in the unrestricted scenario.

Repairs, Maintenance, and Operating

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. The budgeted costs are $781 per unit. The comparable expense data ranges from $508 to $1,489 per unit. Excluding the outlier, the range is $1,009 to $1,489. The Subject will be completely renovated and will essentially be a new property after completion. Additionally, the Subject will consist of studio and one-bedroom units, which typically require less expenses per unit than properties with more diverse unit mixes. Further, most of the Subject's support services will be funded through outside sources including food and food preparation, which will be provided by Veteran's Affairs. Therefore, we believe that the Subject's repairs and operating costs will be lower than the majority of the comparables. We have concluded to an expense of $750 per unit for both scenarios, which is similar to the developer's budget and within the comparable range.

Payroll

This category includes all payroll, personnel, and benefits expenses. The developer has estimated a payroll expense of $1,543 per unit. As a restricted property, the Subject will offer supportive services including case management, PTSD and substance abuse counseling, education/vocational support, transportation, meals and supervision. The residents living in the larger one-bedroom units will also have supportive services including case management, substance abuse and educational counseling, transportation and supervision. Therefore, we belive that the payroll for the Subject will be above the range of the comparable expenses, which range from $174 to $1,158 per unit. Excluding the outlier, the expenses are $418 to $1,158 with an average of $721 per unit. The following table illustrates the payroll for the Subject as a restricted property.

PAYROLL EXPENSE CALCULATION RESTRICTED

	Expense	Per Unit
Manager's Salary & Supportive Service	$70,000	$1,000
Maintenance	$15,000	$214
Benefits	$10,000	$143
Taxes	$10,200	$146
Total Payroll Expense	**$105,200**	**$1,503**

The concluded payroll for the restricted scenario is $1,503, which is similar to the developer's estimate. The developer noted that some of the support services may be funded through available cash flow at the property if available; however, they will also be funded through Veterans Affairs and other non-project generated sources. As a market rate property, the Subject will most likely not offer supportive services and therefore, a market oriented payroll is considered.

PAYROLL EXPENSE CALCULATION UNRESTRICTED		
	Expense	**Per Unit**
Manager's Salary	$35,000	$500
Maintenance Salary	$14,000	$200
Benefits	$5,000	$71
Taxes	$5,880	$84
Total Payroll Expense	**$59,880**	**$855**

For a 70-unit property, we believe that the Subject can operate with one full time manager and one part-time maintenance employee. We have assumed benefits at $5,000 per full time employee and 12 percent of the combined salaries for payroll taxes. We have estimated a payroll expense of $855 per unit for the unrestricted scenario which is below the developer's estimate and within the comparable range.

It should be noted that when we valued Building #7 and #76 separately, we allocated slightly higher payroll expenses to Building #7 as it will offer more services for the needs of the residents.

Utilities

The landlord will be responsible for all utilities. The Subject's budgeted utility expense is $1,306 per unit. Comparable operating results indicate a range of $433 to $2,039 per unit. Due to the fact that properties often vary in terms of utility responsibilities, comparisons are difficult. Per the scope of renovation, plumbing fixtures will be replaced and the Subject will be LEED certified upon completion. This will have a cost savings at the Subject. The following tables illustrate the Subject's estimated utilities using the City of Augusta Housing Authority utility allowance as of September 2011 for both the restricted and unrestricted scenarios. It should be noted that the utility is based on older Section 8 properties with less efficiencies compared to the proposed Subject.

UTILITY ALLOWANCES - RESTRICTED				
Utility	**Paid By**	**Studio**	**One-bedroom**	
Utilities-Electricity	Tenant	$37	$43	
Utilities-Electric Heating	Tenant	$22	$28	
Utilities-Electric Cooking	Tenant	$10	$11	
Utilities-Electric Heated Hot Water	Tenant	$10	$17	
Utilities-Water and Sewer Services	Landlord	$36	$36	
Utilities-Trash Collection	Landlord	$23	$23	
Total Utility Allowance		**$138.00**	**$158.00**	
Total Tenant Paid Utilities		**$0.00**	**$0.00**	
Source: City of Augusta Housing Authority, effective 9/2011				
Utility Expense Calculation		**Studio**	**One-bedroom**	**Total**
Unit Mix		20	50	**70**
Electric Annually				$78,360
Electric Annually Per Unit				$1,119
Annual Estimated Common Area Electric Expense Per Unit				$50
Total Annual Electric Expense Per Unit				**$1,169**
Total Annual Water and Sewer Expense Per Unit				**$432**
Annual Trash Removal Expense Per Unit				**$276**
Annual Total Utility Expense Per Unit				**$1,877**

As the previous table illustrates, the estimates based on the utility allowance are above the developer's budgeted utilities expense in the restricted scenario. However, the utility allowance schedule is based on older Section 8 properties with less efficient appliances and HVAC. Therefore, we have concluded to $1,300 per unit for both scenarios.

Insurance

The Subject has projected an annual insurance expense of $250 per unit. The comparables range from $61 to $557 per unit with three of the comparables ranging from $61 to $157 per unit. The Subject's budgeted insurance expense of $250 is based on a quote from Great American Insurance. Therefore, we have utilized the developer's budgeted insurance expense for both scenarios.

Taxes

The tax estimates for the valuation estimate were examined in the real estate assessment section of this report. Estimates of $0 and $507 per unit will be utilized for the restricted and unrestricted scenarios, respectively.

Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from $250 to $350 per unit per year. We have used an expense of $300 per unit for all scenarios.

Management Fees

The typical range for professionally managing an apartment property such as the Subject is 4.0 to 7.0 percent of effective gross rental income, depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task which some would also classify as administration. The comparables range from 4.8 to 8.1 percent or $276 to $486 per unit. The developer's budgeted management fee is 7.5 percent. Based on the Subject's services as a restricted property, we have concluded to a management fee of 7.5 percent for the restricted scenario, which is typical for subsidized housing properties. A management fee of 5.0 percent of the effective gross income is applied in our analysis for the unrestricted scenario. We believe this is the most applicable percentage, based on our analysis of the market.

SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the Subject's historical expenses, and the total expenses reported by comparable expense properties.

Comparable Expense Properties

Total Expenses Per Unit	
Developer's Budget Building #7 & #76	$4,859
Developer's Budget Building #7	$4,910
Developer's Budget Building #76	$4,960
Expense Comparable 1	$5,175
Expense Comparable 2	$5,001
Expense Comparable 3	$4,049
Expense Comparable 4	$3,249
Subject (As Proposed Restricted) Building #7 & #76	**$5,047**
Subject (As Proposed Restricted) - Building #7	**$5,583**
Subject (As Proposed Restricted) - Building #76	**$4,832**
Subject (As Proposed Unrestricted) Building #7 & #76	**$4,730**
Subject (As Proposed Unrestricted) - Building #7	**$4,685**
Subject (As Proposed Unrestricted) - Building #76	**$4,735**

The projected expenses are reasonable; therefore, they have been used as the basis of our analysis. The Subject's estimated expenses for the Building #7 are slightly above the other expense data points. This is due to the extensive support services provided at this building. Therefore, a larger share of the payroll expenses have been allocated to Building #7.

Prospective Market Value at Loan Maturity

To quantify the income potential of the Subject, a future cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate terminal capitalization and discount rates. As examined earlier, we believe there is ample demand in the income ranges targeted by the management of the Subject to support a stable cash flow. Therefore, the restrictions do not affect the risk of the Subject investment. We based our valuation on market-derived reversion and discount rates. It should be noted that we have only utilized the future cash flow analysis to identify the prospective market value at loan maturity.

Income and Expense Growth Projections

We have increased the income and expense line items by 3.0 percent per annum over the holding period. This is based upon the AMI growth and market-oriented rent increases previously discussed and general inflation. According to REIS data, the Augusta MSA has experienced rental rate increases over the past five years. The following table illustrates the rental rate increases.

Augusta MSA

Year	Rental Rate Increase
2006	1.60%
2007	4.10%
2008	2.40%
2009	0.20%
2010	4.20%

Source: REIS, 10/2011

Based on the data in the previous table, we believe a 3.0 percent increase is considered reasonable.

Terminal Capitalization Rate

In order to estimate the appropriate capitalization rate, we used the *Korpacz Real Estate Investor Survey*. The following summarizes this survey:

Korpacz Real Estate Investment Survey - National Apartment Market	
Overall Capitalization Rate - Institutional Grade Investments	
Range:	4.00% - 10.00%
Average:	6.10%
Non-institutional Grade Investments	
Range:	5.25% - 14.00%
Average:	8.63%

Source: Korpacz Survey, Q2 2011

The following issues impact the determination of a residual capitalization rate for the Subject:

- Anticipated annual capture of the Subject.
- The anticipated demand growth in the market associated with both local residential and corporate growth.
- The Subject's construction and market position.
- Local market overall rates.

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 9.00 percent has been used, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following renovation.

VALUATION ANALYSIS

Based upon the indicated operating statements and the discount rate discussion above, we developed a cash flow for the Subject. The following pages illustrate the cash flow and present value analysis.

As Proposed Restricted Scenario (Years 1 through 16) – Building #7 & #76

As Proposed Prospective Market Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Fiscal Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Income																
Low Income Units	$471,000	$485,130	$499,684	$514,674	$530,115	$546,018	$562,399	$579,271	$596,649	$614,548	$632,985	$651,974	$671,533	$691,679	$712,430	$733,803
Nonresidential	$4,200	$4,326	$4,456	$4,589	$4,727	$4,869	$5,015	$5,165	$5,320	$5,480	$5,644	$5,814	$5,988	$6,168	$6,353	$6,543
Gross Project Income	$475,200	$489,456	$504,140	$519,264	$534,842	$550,887	$567,414	$584,436	$601,969	$620,028	$638,629	$657,788	$677,522	$697,847	$718,783	$740,346
Vacancy Allowance	($14,256)	($14,684)	($15,124)	($15,578)	($16,045)	($16,527)	($17,022)	($17,533)	($18,059)	($18,601)	($19,159)	($19,734)	($20,326)	($20,935)	($21,563)	($22,210)
Effective Gross Income	$460,944	$474,772	$489,015	$503,686	$518,797	$534,360	$550,391	$566,903	$583,910	$601,427	$619,470	$638,054	$657,196	$676,912	$697,219	$718,136
Expenses																
Administrative and Marketing	$31,500	$32,445	$33,418	$34,421	$35,454	$36,517	$37,613	$38,741	$39,903	$41,100	$42,333	$43,603	$44,911	$46,259	$47,647	$49,076
Maintenance and Operating	$52,500	$54,075	$55,697	$57,368	$59,089	$60,862	$62,688	$64,568	$66,505	$68,501	$70,556	$72,672	$74,852	$77,098	$79,411	$81,793
Payroll	$105,200	$108,356	$111,607	$114,955	$118,404	$121,956	$125,614	$129,383	$133,264	$137,262	$141,380	$145,621	$149,990	$154,490	$159,124	$163,898
Utilities	$91,000	$93,730	$96,542	$99,438	$102,421	$105,494	$108,659	$111,919	$115,276	$118,734	$122,296	$125,965	$129,744	$133,637	$137,646	$141,775
Insurance	$17,500	$18,025	$18,566	$19,123	$19,696	$20,287	$20,896	$21,523	$22,168	$22,834	$23,519	$24,224	$24,951	$25,699	$26,470	$27,264
Real Estate Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Replacement Reserve	$21,000	$21,630	$22,279	$22,947	$23,636	$24,345	$25,075	$25,827	$26,602	$27,400	$28,222	$29,069	$29,941	$30,839	$31,764	$32,717
Management Fee	$34,571	$35,608	$36,676	$37,776	$38,910	$40,077	$41,279	$42,518	$43,793	$45,107	$46,460	$47,854	$49,290	$50,768	$52,291	$53,860
Misc. taxes and fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$353,271	$363,869	$374,785	$386,029	$397,609	$409,538	$421,824	$434,479	$447,513	$460,938	$474,766	$489,009	$503,680	$518,790	$534,354	$550,384
Net Operating Income	$107,673	$110,903	$114,230	$117,657	$121,187	$124,823	$128,567	$132,424	$136,397	$140,489	$144,704	$149,045	$153,516	$158,122	$162,865	$167,751
Reversion Calculation																
Terminal Capitalization Rate	9.00%														9.00%	
Sales Costs	3.0%														3.0%	
Net Sales Proceeds															$1,800,000	

Restricted Scenario (Years 17 through 30) – Building #7 & #76

As Proposed Prospective Market Value													
Year 17 2029	Year 18 2030	Year 19 2031	Year 20 2032	Year 21 2033	Year 22 2034	Year 23 2035	Year 24 2036	Year 25 2037	Year 26 2038	Year 27 2039	Year 28 2040	Year 29 2041	Year 30 2042
$755,817	$778,491	$801,846	$825,901	$850,678	$876,199	$902,485	$929,559	$957,446	$986,169	$1,015,754	$1,046,227	$1,077,614	$1,109,942
$6,740	$6,942	$7,150	$7,365	$7,586	$7,813	$8,048	$8,289	$8,538	$8,794	$9,058	$9,329	$9,609	$9,898
$762,556	$785,433	$808,996	$833,266	$858,264	$884,012	$910,532	$937,848	$965,984	$994,963	$1,024,812	$1,055,557	$1,087,223	$1,119,840
($22,877)	($23,563)	($24,270)	($24,998)	($25,748)	($26,520)	($27,316)	($28,135)	($28,980)	($29,849)	($30,744)	($31,667)	($32,617)	($33,595)
$739,680	$761,870	$784,726	$808,268	$832,516	$857,492	$883,216	$909,713	$937,004	$965,114	$994,068	$1,023,890	$1,054,607	$1,086,245
$50,548	$52,065	$53,627	$55,235	$56,893	$58,599	$60,357	$62,168	$64,033	$65,954	$67,933	$69,971	$72,070	$74,232
$84,247	$86,775	$89,378	$92,059	$94,821	$97,665	$100,595	$103,613	$106,722	$109,923	$113,221	$116,618	$120,116	$123,720
$168,815	$173,880	$179,096	$184,469	$190,003	$195,703	$201,574	$207,621	$213,850	$220,265	$226,873	$233,680	$240,690	$247,911
$146,028	$150,409	$154,921	$159,569	$164,356	$169,287	$174,365	$179,596	$184,984	$190,534	$196,250	$202,137	$208,201	$214,447
$28,082	$28,925	$29,793	$30,686	$31,607	$32,555	$33,532	$34,538	$35,574	$36,641	$37,740	$38,873	$40,039	$41,240
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$33,699	$34,710	$35,751	$36,824	$37,928	$39,066	$40,238	$41,445	$42,689	$43,969	$45,288	$46,647	$48,046	$49,488
$55,476	$57,140	$58,854	$60,620	$62,439	$64,312	$66,241	$68,228	$70,275	$72,384	$74,555	$76,792	$79,095	$81,468
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$566,896	$583,903	$601,420	$619,462	$638,046	$657,188	$676,903	$697,210	$718,127	$739,671	$761,861	$784,717	$808,258	$832,506
$172,784	$177,967	$183,306	$188,806	$194,470	$200,304	$206,313	$212,502	$218,877	$225,444	$232,207	$239,173	$246,348	$253,739
			9.00%					9.00%					9.00%
			3.0%					3.0%					3.0%
			$2,000,000					$2,400,000					$2,700,000

As Proposed Restricted Scenario (Years 1 through 16) – Building #7

As Proposed Prospective Market Value																
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Fiscal Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Income																
Low Income Units	$126,000	$129,780	$133,673	$137,684	$141,814	$146,069	$150,451	$154,964	$159,613	$164,401	$169,333	$174,413	$179,646	$185,035	$190,586	$196,304
Nonresidential	$1,200	$1,236	$1,273	$1,311	$1,351	$1,391	$1,433	$1,476	$1,520	$1,566	$1,613	$1,661	$1,711	$1,762	$1,815	$1,870
Gross Project Income	$127,200	$131,016	$134,946	$138,995	$143,165	$147,460	$151,883	$156,440	$161,133	$165,967	$170,946	$176,075	$181,357	$186,797	$192,401	$198,173
Vacancy Allowance	($3,816)	($3,930)	($4,048)	($4,170)	($4,295)	($4,424)	($4,557)	($4,693)	($4,834)	($4,979)	($5,128)	($5,282)	($5,441)	($5,604)	($5,772)	($5,945)
Effective Gross Income	$123,384	$127,086	$130,898	$134,825	$138,870	$143,036	$147,327	$151,747	$156,299	$160,988	$165,818	$170,792	$175,916	$181,194	$186,629	$192,228
Expenses																
Administrative and Marketing	$9,000	$9,270	$9,548	$9,835	$10,130	$10,433	$10,746	$11,069	$11,401	$11,743	$12,095	$12,458	$12,832	$13,217	$13,613	$14,022
Maintenance and Operating	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572	$20,159	$20,764	$21,386	$22,028	$22,689	$23,370
Payroll	$41,400	$42,642	$43,921	$45,239	$46,596	$47,994	$49,434	$50,917	$52,444	$54,018	$55,638	$57,307	$59,027	$60,797	$62,621	$64,500
Utilities	$26,000	$26,780	$27,583	$28,411	$29,263	$30,141	$31,045	$31,977	$32,936	$33,924	$34,942	$35,990	$37,070	$38,182	$39,327	$40,507
Insurance	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149	$6,334	$6,524	$6,720	$6,921	$7,129	$7,343	$7,563	$7,790
Real Estate Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Replacement Reserve	$6,000	$6,180	$6,365	$6,556	$6,753	$6,956	$7,164	$7,379	$7,601	$7,829	$8,063	$8,305	$8,555	$8,811	$9,076	$9,348
Management Fee	$9,254	$9,531	$9,817	$10,112	$10,415	$10,728	$11,050	$11,381	$11,722	$12,074	$12,436	$12,809	$13,194	$13,590	$13,997	$14,417
Misc. taxes and fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$111,654	$115,003	$118,454	$122,007	$125,667	$129,437	$133,320	$137,320	$141,440	$145,683	$150,053	$154,555	$159,192	$163,967	$168,886	$173,953
Net Operating Income	$11,730	$12,082	$12,445	$12,818	$13,202	$13,599	$14,006	$14,427	$14,859	$15,305	$15,764	$16,237	$16,724	$17,226	$17,743	$18,275
Reversion Calculation																
Terminal Capitalization Rate	9.00%														9.00%	
Sales Costs	3.0%														3.0%	
Net Sales Proceeds															$200,000	

Restricted Scenario (Years 17 through 30) – Building #7

As Proposed Prospective Market Value													
Year 17 2029	**Year 18 2030**	**Year 19 2031**	**Year 20 2032**	**Year 21 2033**	**Year 22 2034**	**Year 23 2035**	**Year 24 2036**	**Year 25 2037**	**Year 26 2038**	**Year 27 2039**	**Year 28 2040**	**Year 29 2041**	**Year 30 2042**
$202,193	$208,259	$214,507	$220,942	$227,570	$234,397	$241,429	$248,672	$256,132	$263,816	$271,730	$279,882	$288,279	$296,927
$1,926	$1,983	$2,043	$2,104	$2,167	$2,232	$2,299	$2,368	$2,439	$2,513	$2,588	$2,666	$2,746	$2,828
$204,119	$210,242	$216,549	$223,046	$229,737	$236,629	$243,728	$251,040	$258,571	$266,329	$274,318	$282,548	$291,024	$299,755
($6,124)	($6,307)	($6,496)	($6,691)	($6,892)	($7,099)	($7,312)	($7,531)	($7,757)	($7,990)	($8,230)	($8,476)	($8,731)	($8,993)
$197,995	$203,935	$210,053	$216,355	$222,845	$229,531	$236,417	$243,509	$250,814	$258,339	$266,089	$274,072	$282,294	$290,762
$14,442	$14,876	$15,322	$15,782	$16,255	$16,743	$17,245	$17,762	$18,295	$18,844	$19,409	$19,992	$20,591	$21,209
$24,071	$24,793	$25,536	$26,303	$27,092	$27,904	$28,742	$29,604	$30,492	$31,407	$32,349	$33,319	$34,319	$35,348
$66,435	$68,428	$70,481	$72,595	$74,773	$77,016	$79,327	$81,706	$84,158	$86,682	$89,283	$91,961	$94,720	$97,562
$41,722	$42,974	$44,263	$45,591	$46,959	$48,368	$49,819	$51,313	$52,853	$54,438	$56,071	$57,754	$59,486	$61,271
$8,024	$8,264	$8,512	$8,768	$9,031	$9,301	$9,581	$9,868	$10,164	$10,469	$10,783	$11,106	$11,440	$11,783
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$9,628	$9,917	$10,215	$10,521	$10,837	$11,162	$11,497	$11,842	$12,197	$12,563	$12,940	$13,328	$13,728	$14,139
$14,850	$15,295	$15,754	$16,227	$16,713	$17,215	$17,731	$18,263	$18,811	$19,375	$19,957	$20,555	$21,172	$21,807
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$179,172	$184,547	$190,083	$195,786	$201,659	$207,709	$213,940	$220,358	$226,969	$233,778	$240,792	$248,015	$255,456	$263,119
$18,824	$19,388	$19,970	$20,569	$21,186	$21,822	$22,476	$23,151	$23,845	$24,560	$25,297	$26,056	$26,838	$27,643
			9.00%					9.00%					9.00%
			3.0%					3.0%					3.0%
			$200,000					$300,000					$300,000

As Proposed Restricted Scenario (Years 1 through 16) – Building #76

As Proposed Prospective Market Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Fiscal Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Income																
Low Income Units	$345,000	$355,350	$366,011	$376,991	$388,301	$399,950	$411,948	$424,306	$437,036	$450,147	$463,651	$477,561	$491,888	$506,644	$521,843	$537,499
Nonresidential	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	$4,406	$4,538	$4,674
Gross Project Income	$348,000	$358,440	$369,193	$380,269	$391,677	$403,427	$415,530	$427,996	$440,836	$454,061	$467,683	$481,713	$496,165	$511,050	$526,381	$542,173
Vacancy Allowance	($10,440)	($10,753)	($11,076)	($11,408)	($11,750)	($12,103)	($12,466)	($12,840)	($13,225)	($13,622)	($14,030)	($14,451)	($14,885)	($15,331)	($15,791)	($16,265)
Effective Gross Income	$337,560	$347,687	$358,117	$368,861	$379,927	$391,325	$403,064	$415,156	$427,611	$440,439	$453,652	$467,262	$481,280	$495,718	$510,590	$525,907
Expenses																
Administrative and Marketing	$22,500	$23,175	$23,870	$24,586	$25,324	$26,084	$26,866	$27,672	$28,502	$29,357	$30,238	$31,145	$32,080	$33,042	$34,033	$35,054
Maintenance and Operating	$37,500	$38,625	$39,784	$40,977	$42,207	$43,473	$44,777	$46,120	$47,504	$48,929	$50,397	$51,909	$53,466	$55,070	$56,722	$58,424
Payroll	$63,800	$65,714	$67,685	$69,716	$71,807	$73,962	$76,181	$78,466	$80,820	$83,245	$85,742	$88,314	$90,964	$93,692	$96,503	$99,398
Utilities	$65,000	$66,950	$68,959	$71,027	$73,158	$75,353	$77,613	$79,942	$82,340	$84,810	$87,355	$89,975	$92,674	$95,455	$98,318	$101,268
Insurance	$12,500	$12,875	$13,261	$13,659	$14,069	$14,491	$14,926	$15,373	$15,835	$16,310	$16,799	$17,303	$17,822	$18,357	$18,907	$19,475
Real Estate Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Replacement Reserve	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572	$20,159	$20,764	$21,386	$22,028	$22,689	$23,370
Management Fee	$25,317	$26,077	$26,859	$27,665	$28,495	$29,349	$30,230	$31,137	$32,071	$33,033	$34,024	$35,045	$36,096	$37,179	$38,294	$39,443
Misc. taxes and fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$241,617	$248,866	$256,331	$264,021	$271,942	$280,100	$288,503	$297,158	$306,073	$315,255	$324,713	$334,454	$344,488	$354,823	$365,467	$376,431
Net Operating Income	$95,943	$98,821	$101,786	$104,840	$107,985	$111,224	$114,561	$117,998	$121,538	$125,184	$128,939	$132,808	$136,792	$140,896	$145,122	$149,476
Reversion Calculation																
Terminal Capitalization Rate	9.00%														9.00%	
Sales Costs	3.0%														3.0%	
Net Sales Proceeds															$1,600,000	

Restricted Scenario (Years 17 through 30) – Building #76

As Proposed Prospective Market Value													
Year 17	**Year 18**	**Year 19**	**Year 20**	**Year 21**	**Year 22**	**Year 23**	**Year 24**	**Year 25**	**Year 26**	**Year 27**	**Year 28**	**Year 29**	**Year 30**
2029	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**
$553,624	$570,232	$587,339	$604,960	$623,108	$641,802	$661,056	$680,887	$701,314	$722,353	$744,024	$766,345	$789,335	$813,015
$4,814	$4,959	$5,107	$5,261	$5,418	$5,581	$5,748	$5,921	$6,098	$6,281	$6,470	$6,664	$6,864	$7,070
$558,438	$575,191	$592,447	$610,220	$628,527	$647,383	$666,804	$686,808	$707,412	$728,635	$750,494	$773,009	$796,199	$820,085
($16,753)	($17,256)	($17,773)	($18,307)	($18,856)	($19,421)	($20,004)	($20,604)	($21,222)	($21,859)	($22,515)	($23,190)	($23,886)	($24,603)
$541,685	$557,935	$574,673	$591,914	$609,671	$627,961	$646,800	$666,204	$686,190	$706,776	$727,979	$749,818	$772,313	$795,482
$36,106	$37,189	$38,305	$39,454	$40,638	$41,857	$43,112	$44,406	$45,738	$47,110	$48,523	$49,979	$51,478	$53,023
$60,176	$61,982	$63,841	$65,756	$67,729	$69,761	$71,854	$74,009	$76,230	$78,517	$80,872	$83,298	$85,797	$88,371
$102,380	$105,452	$108,615	$111,874	$115,230	$118,687	$122,247	$125,915	$129,692	$133,583	$137,591	$141,718	$145,970	$150,349
$104,306	$107,435	$110,658	$113,978	$117,397	$120,919	$124,547	$128,283	$132,132	$136,096	$140,178	$144,384	$148,715	$153,177
$20,059	$20,661	$21,280	$21,919	$22,576	$23,254	$23,951	$24,670	$25,410	$26,172	$26,957	$27,766	$28,599	$29,457
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$24,071	$24,793	$25,536	$26,303	$27,092	$27,904	$28,742	$29,604	$30,492	$31,407	$32,349	$33,319	$34,319	$35,348
$40,626	$41,845	$43,100	$44,394	$45,725	$47,097	$48,510	$49,965	$51,464	$53,008	$54,598	$56,236	$57,923	$59,661
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$387,724	$399,356	$411,337	$423,677	$436,387	$449,479	$462,963	$476,852	$491,158	$505,892	$521,069	$536,701	$552,802	$569,386
$153,960	$158,579	$163,337	$168,237	$173,284	$178,482	$183,837	$189,352	$195,032	$200,883	$206,910	$213,117	$219,511	$226,096
			9.00%					9.00%					9.00%
			3.0%					3.0%					3.0%
			$1,800,000					$2,100,000					$2,400,000

Conclusion

The following table summarizes the conclusions of the Future Cash Flow Analysis.

PROSPECTIVE VALUE AT 20, 25 (Loan Maturity) & 30 YEARS - Building #7 & #76

	Year	# of Units	Value
As Proposed Restricted	20 years	70	$2,000,000
As Proposed Restricted	25 years	70	$2,400,000
As Proposed Restricted	30 years	70	$2,700,000
Building #7			
As Proposed Restricted	20 years	70	$200,000
As Proposed Restricted	25 years	70	$300,000
As Proposed Restricted	30 years	70	$300,000
Building #76			
As Proposed Restricted	20 years	70	$1,800,000
As Proposed Restricted	25 years	70	$2,100,000
As Proposed Restricted	30 years	70	$2,400,000

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years (Building #7 & #76)

The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO MILLION DOLLARS
($2,000,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS
($2,700,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #7

The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO HUNDRED THOUSAND DOLLARS
($200,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #76
The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION ONE HUNDRED THOUSAND DOLLARS
($2,100,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

SPECIFIC ASSUMPTIONS AND LIMITING CONDITIONS

- *The Subject property is located inside the Charlie Norwood VA Medical Campus and there is perimeter fencing along the entire campus. The only access point to the Subject properties is through the main entrance to the campus. It is an extraordinary assumption of this report that as an unrestricted development an owner would succeed in obtaining a variance from the City of Augusta Zoning Department to provide access to the Subject developments via Maryland Avenue. Additionally, current zoning requires that 75 percent of residents be veterans. It is an extraordinary assumption that there will be no restrictions on tenancy in the unrestricted scenario.*

DIRECT CAPITALIZATION

We have provided an estimate of the Subject's prospective value assuming completion and stabilization as of the date of value, for the restricted rate scenario. *Please see the assumptions and limiting conditions regarding hypothetical conditions.*

To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income.

Overall Capitalization Rate

In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

Market Extraction

The table below summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis.

SALES COMPARISON

	Property	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Governor's Place	Sep-11	$5,440,000	181	$30,055	4.29	9.70%
2	Madison on the Green	Aug-11	$7,100,000	276	$25,725	4.06	8.73%
3	Pinnacle Place	Apr-11	$4,382,500	120	$36,521	4.90	8.21%
4	Stone Ridge	Mar-11	$5,169,302	191	$27,064	N/Av	7.56%
5	2202 Leeway Landing	Jun-10	$528,558	24	$22,023	3.70	8.14%
	Average		**$5,522,951**	**192**	**$29,841**	**4.41**	**8.55%**

The sales illustrate a range of overall rates from 7.56 to 9.70 percent. The Subject property will be considered superior to the comparables in terms of age and condition. In terms of location, all of the comparables are located in Augusta, with the exception of Comparable #4. Comparable #4 is located in Columbia, SC; which is a larger metropolitan area compared to Augusta. This comparable is considered slightly superior to the Subject in terms of location. The remaining comparables are considered similar in terms of location. Capitalization rates increased significantly from the third quarter of 2008 to the fourth quarter of 2009; however, they have experienced a decrease of almost 200 basis points from the fourth quarter of 2009 to the second quarter of 2011. Based on the Subject's condition compared to the sales, we believe that a capitalization rate toward the low end of the range is reasonable. Therefore, we have concluded to a capitalization rate of 8.25 percent.

The Korpacz Survey

The *Korpacz* survey tracks capitalization rates utilized by national investors in commercial and multi-family real estate. The following summarizes the information for the national multi-family housing market:

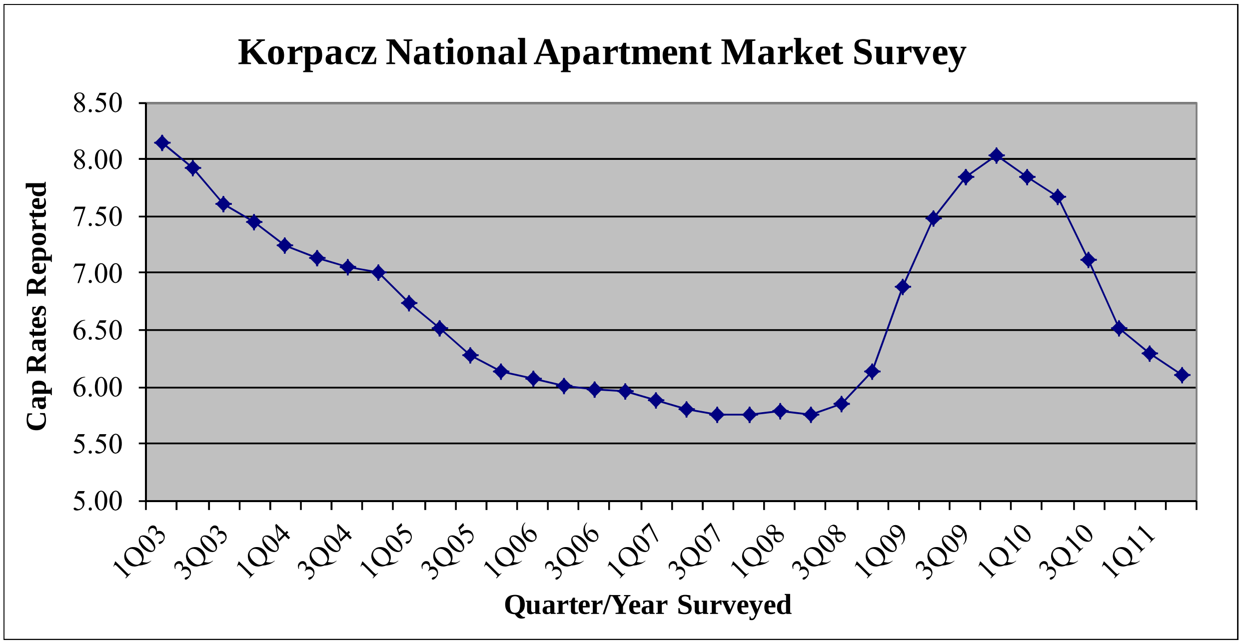
Korpacz Real Estate Investment Survey - National Apartment Market	
Overall Capitalization Rate - Institutional Grade Investments	
Range:	4.00% - 10.00%
Average:	6.10%
Non-institutional Grade Investments	
Range:	5.25% - 14.00%
Average:	8.63%

Source: Korpacz Survey, Q2 2011

Korpacz Real Estate Investor Survey defines "Institutional – Grade" real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria[2] Typical "Institutional – Grade" apartment properties are newly constructed, well amenitized, market rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-institutional Grade capitalization rate is most relevant; this is currently 253 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

[2] Korpacz Real Estate Investor Survey

Korpacz Real Estate Investment Survey - National Apartment Overall Capitalization Rate - Institutional Grade Investments		
Quarter	Cap Rate	Change (bps)
1Q03	8.14	
2Q03	7.92	-0.22
3Q03	7.61	-0.31
4Q03	7.45	-0.16
1Q04	7.25	-0.20
2Q04	7.13	-0.12
3Q04	7.05	-0.08
4Q04	7.01	-0.04
1Q05	6.74	-0.27
2Q05	6.52	-0.22
3Q05	6.28	-0.24
4Q05	6.13	-0.15
1Q06	6.07	-0.06
2Q06	6.01	-0.06
3Q06	5.98	-0.03
4Q06	5.97	-0.01
1Q07	5.89	-0.08
2Q07	5.80	-0.09
3Q07	5.76	-0.04
4Q07	5.75	-0.01
1Q08	5.79	0.04
2Q08	5.75	-0.04
3Q08	5.86	0.11
4Q08	6.13	0.27
1Q09	6.88	0.75
2Q09	7.49	0.61
3Q09	7.84	0.35
4Q09	8.03	0.19
1Q10	7.85	-0.18
2Q10	7.68	-0.17
3Q10	7.12	-0.56
4Q10	6.51	-0.61
1Q11	6.29	-0.22
2Q11	6.10	-0.19



As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have been decreasing since that point. Capitalization rates have decreased by 102 basis points over the last 12 months with the decline in capitalization rates appearing to stabilize. Overall, we have estimated the capitalization rate of 8.25 percent, which is within the range of the non-institutional grade capitalization rates.

Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant).

The ratio used is:

Net Operating Income/ Annual Debt Service = Debt Coverage Ratio

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$R_O = \text{D.C.R} \times R_M \times M$$

Where:

R_O = Overall Capitalization Rate
D.C.R = Debt Coverage Ratio
R_M = Mortgage Constant

M = Loan-to-Value Ratio

Band of Investment

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$R_O = M \times R_M + (1\text{-}M) \times R_E$$

Where:

R_O = Overall Capitalization Rate
M = Loan-to-Value Ratio
R_M = Mortgage Constant
R_E = Equity Dividend

The Mortgage Constant (R_M) is based upon the calculated interest rate from the ten year treasury. We use 14.0 percent as our estimate of equity return based on the Subject's location. The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 5.00 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 75 to 80 percent with interest rates between 5.0 and 6.0 percent. Additionally, www.commercialloandirect.com indicates Fannie Mae interest rates ranging from 4.84 to 5.00 percent. Therefore, we believe a 5.00 percent interest rate with a 30 year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the capitalization rates for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.5	*Treasury Bond Basis**	
Rm	0.0644	10 Year T Bond Rate (10/11)	2.08%
Interest (per annum)*	5.00%	Interest rate spread	290
Amortization (years)	30	Interest Rate (per annum)	5.00%
M	80%		
Re	14.00%		

Debt Coverage Ratio											
	Ro	=	DCR	X	Rm	X	M				
	7.73%	=	1.5	X	0.0644	X	80%				
Band of Investment											
	Ro	=	(M	X	Rm)	+	((1-M)	X	Re)		
	7.95%		80%	X	0.0644	+	20%	X	14.00%		

* Source: Bloomberg.com, 10/11.

Conclusion of Overall Rate Selection

After reviewing the appropriate methods for developing an overall rate, the following ranges of overall capitalization rates are indicated:

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	8.25%
Korpacz Survey	8.25%
Debt Coverage Ratio	7.73%
Band of Investment	7.95%

The following issues impact the determination of a capitalization rate for the Subject:

- Strength of the local market
- Existing Competition
- New renovation

The four approaches indicate a range from 7.73 to 8.25 percent, a tight range. Therefore, we reconciled to a 8.25 percent capitalization rate for all scenarios based primarily upon the market-extracted rates. A summary of the direct capitalization analysis for these scenarios can be found on the following pages.

Direct Capitalization Technique Year One Operating Statement Building #7 & #76
Expense Analysis - Buildings #7 and #76

Operating Revenues

Apartment Rentals	Market Unit Mix	As Proposed Restricted: Average Rent (Monthly)	As Proposed Restricted: Total Revenue	As Proposed Unrestricted: Average Rent (Monthly)	As Proposed Unrestricted: Total Revenue
Studio	20	$525	$126,000	$575	$138,000
1BR/1BA	50	$575	$345,000	$675	$405,000
Total Potential Rental Income	**70**	**$561**	**$471,000**	**$646**	**$543,000**
Other Income					
Miscellaneous		$60	$4,200	$60	$4,200
Residential Potential Revenues		**$6,789**	**$475,200**	**$7,817**	**$547,200**
Vacancy		($204)	($14,256)	($469)	($32,832)
Vacancy Percentage			-3%		-6%
Effective Gross Income		**$6,585**	**$460,944**	**$7,348**	**$514,368**

Operating Expenses

		As Proposed Restricted		As Proposed Unrestricted	
Administration and Marketing		$450	$31,500	$400	$28,000
Maintenance and Operating		$750	$52,500	$750	$52,500
Payroll		$1,503	$105,200	$855	$59,880
Utilities		$1,300	$91,000	$1,300	$91,000
Property & Liability Insurance		$250	$17,500	$250	$17,500
Real Estate and Other Taxes		$0	$0	$507	$35,497
Replacement Reserves		$300	$21,000	$300	$21,000
Management Fee	7.5/5.0%	$494	$34,571	$367	$25,718
Total Operating Expenses		**$5,047**	**$353,271**	**$4,730**	**$331,095**
Expenses as a ratio of EGI			**76.64%**		**64.37%**

Valuation

	As Proposed Restricted		As Proposed Unrestricted	
Net Operating Income	$1,538	$107,673	$2,618	$183,273
Capitalization Rate		8.25%		8.25%
Indicated Value "rounded"		**$1,300,000**		**$2,200,000**

	As Complete Restricted	As Complete Unrestricted
Number of Months to lease to 95%	**1**	**12**
Income loss		**$273,600**
Initial market costs		**$10,000**
Total loss to lease		**$283,600**
Value as complete		**$1,916,400**
As Complete Value Rounded		**$1,900,000**

The Subject's absorption period in the restricted scenario will be minimal. Therefore, the "As Complete" and "As Complete and Stabilized" values in the restricted scenario are the same.

Direct Capitalization Technique Year One Operating Statement Building #7
Expense Analysis - Building #7

Operating Revenues

		As Proposed Restricted		As Proposed Unrestricted	
Apartment Rentals	Market Unit Mix	Average Rent (Monthly)	Total Revenue	Average Rent (Monthly)	Total Revenue
Studio	20	$525	$126,000	$575	$138,000
Total Potential Rental Income	**20**	**$525**	**$126,000**	**$575**	**$138,000**
Other Income					
Miscellaneous		$60	$1,200	$60	$1,200
Residential Potential Revenues		**$6,360**	**$127,200**	**$6,960**	**$139,200**
Vacancy		($191)	($3,816)	($418)	($8,352)
Vacancy Percentage			-3%		-6%
Effective Gross Income		**$6,169**	**$123,384**	**$6,542**	**$130,848**

Operating Expenses

		As Proposed Restricted		As Proposed Unrestricted	
Administration and Marketing		$450	$9,000	$400	$8,000
Maintenance and Operating		$750	$15,000	$750	$15,000
Payroll		$2,070	$41,400	$851	$17,024
Utilities		$1,300	$26,000	$1,300	$26,000
Property & Liability Insurance		$250	$5,000	$250	$5,000
Real Estate and Other Taxes		$0	$0	$507	$10,142
Replacement Reserves		$300	$6,000	$300	$6,000
Management Fee	7.5/5.0%	$463	$9,254	$327	$6,542
Total Operating Expenses		**$5,583**	**$111,654**	**$4,685**	**$93,708**
Expenses as a ratio of EGI			**90.49%**		**71.62%**

Valuation

	As Proposed Restricted		As Proposed Unrestricted	
Net Operating Income	$587	$11,730	$1,857	$37,140
Capitalization Rate		8.25%		8.25%
Indicated Value "rounded"		**$140,000**		**$450,000**

	As Complete Restricted	As Complete Unrestricted
Number of Months to lease to 95%	**1**	**12**
Income loss		**$69,600**
Initial market costs		**$10,000**
Total loss to lease		**$79,600**
Value as complete		**$370,400**
As Complete Value Rounded		**$370,000**

The Subject's absorption period in the restricted scenario will be minimal. Therefore, the "As Complete" and "As Complete and Stabilized" values in the restricted scenario are the same.

Direct Capitalization Technique Year One Operating Statement Building #76
Expense Analysis - Building #76

Operating Revenues

		As Proposed Restricted		As Proposed Unrestricted	
Apartment Rentals	Market Unit Mix	Average Rent (Monthly)	Total Revenue	Average Rent (Monthly)	Total Revenue
1BR/1BA	50	$575	$345,000	$675	$405,000
Total Potential Rental Income	**50**	**$575**	**$345,000**	**$675**	**$405,000**
Other Income					
Miscellaneous		$60	$3,000	$60	$3,000
Residential Potential Revenues		**$6,960**	**$348,000**	**$8,160**	**$408,000**
Vacancy		($209)	($10,440)	($490)	($24,480)
Vacancy Percentage			-3%		-6%
Effective Gross Income		**$6,751**	**$337,560**	**$7,670**	**$383,520**

Operating Expenses

		As Proposed Restricted		As Proposed Unrestricted	
Administration and Marketing		$450	$22,500	$400	$20,000
Maintenance and Operating		$750	$37,500	$750	$37,500
Payroll		$1,276	$63,800	$845	$42,240
Utilities		$1,300	$65,000	$1,300	$65,000
Property & Liability Insurance		$250	$12,500	$250	$12,500
Real Estate and Other Taxes		$0	$0	$507	$25,355
Replacement Reserves		$300	$15,000	$300	$15,000
Management Fee	7.5/5.0%	$506	$25,317	$384	$19,176
Total Operating Expenses		**$4,832**	**$241,617**	**$4,735**	**$236,771**
Expenses as a ratio of EGI			**71.58%**		**61.74%**

Valuation

	As Proposed Restricted		As Proposed Unrestricted	
Net Operating Income	$1,919	$95,943	$2,935	$146,749
Capitalization Rate		8.25%		8.25%
Indicated Value "rounded"		**$1,200,000**		**$1,800,000**

	As Complete Restricted	As Complete Unrestricted
Number of Months to lease to 95%	**1**	**12**
Income loss		**$204,000**
Initial market costs		**$10,000**
Total loss to lease		**$214,000**
Value as complete		**$1,586,000**
As Complete Value Rounded		**$1,600,000**

The Subject's absorption period in the restricted scenario will be minimal. Therefore, the "As Complete" and "As Complete and Stabilized" values in the restricted scenario are the same.

Conclusion

The following table summarizes the findings of the previously conducted direct capitalization analysis. As stated previously, the "As Complete" and "As Complete and Stabilized" values for the restricted scenario are the same.

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"

Scenario	Loss To Lease	Indicated Value (Rounded)
As Proposed Unrestricted Building #7 & #76	$283,600	$1,900,000
As Proposed Unestricted Building #7	$79,600	$370,000
As Proposed Unrestricted Building #76	$214,000	$1,600,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	8.25%	$107,673	$1,300,000
As Proposed Restricted Building #7	8.25%	$11,730	$140,000
As Proposed Restricted Building #76	8.25%	$95,943	$1,200,000
As Proposed Unrestricted Building #7 & #76	8.25%	$183,273	$2,200,000
As Proposed Unestricted Building #7	8.25%	$37,140	$450,000
As Proposed Unrestricted Building #76	8.25%	$146,749	$1,800,000

Building #7 & #76

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

ONE MILLION THREE THOUSAND DOLLARS
($1,300,000)

Building #7

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

ONE HUNDRED FORTY THOUSAND DOLLARS
($140,000)

Building #76

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
($1,200,000)

Building #7 & #76
The Subject's hypothetical market value of the real estate assuming the achievable market rents and encumbrances **"As Complete"**, via the Income Capitalization Approach, as of October 3, 2011 is:

ONE MILLION NINE HUNDRED THOUSAND DOLLARS
($1,900,000)

Building #7
The Subject's hypothetical market value of the real estate assuming the achievable market rents and encumbrances **"As Complete"**, via the Income Capitalization Approach, as of October 3, 2011 is:

THREE HUNDRED SEVENTY THOUSAND DOLLARS
($370,000)

Building #76
The Subject's hypothetical market value of the real estate assuming the achievable market rents and encumbrances **"As Complete"**, via the Income Capitalization Approach, as of October 3, 2011 is:

ONE MILLION SIX HUNRED THOUSAND DOLLARS
($1,600,000)

Building #7 & #76
The Subject's hypothetical market value of the real estate assuming the achievable rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

TWO MILLION TWO HUNDRED THOUSAND DOLLARS
($2,200,000)

Building #7
The Subject's hypothetical market value of the real estate assuming the achievable rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

FOUR HUNDRED FIFTY THOUSAND DOLLARS
($450,000)

Building #76
The Subject's hypothetical market value of the real estate assuming the achievable rents **"As Complete and Stabilized",** via the Income Capitalization Approach, as of October 3, 2011 is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

SPECIFIC ASSUMPTIONS AND LIMITING CONDITIONS

- *The Subject property is located inside the Charlie Norwood VA Medical Campus and there is perimeter fencing along the entire campus. The only access point to the Subject properties is through the main entrance to the campus. It is an extraordinary assumption of this report that as an unrestricted development an owner would succeed in obtaining a variance from the City of Augusta Zoning Department to provide access to the Subject developments via Maryland Avenue. Additionally, current zoning requires that 75 percent of residents be veterans. It is an extraordinary assumption that there will be no restrictions on tenancy in the unrestricted scenario.*

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

Below Market Debt

The permanent PSHP HOME loan totals $5,517,500 with a 30 year amortization term and an interest rate of 0.00 percent. The loan is above the "As Complete and Stabilized" restricted value and therefore, there is no below market debt to value.

VALUATION – HISTORIC TAX CREDITS

Historic Tax Credit Valuation

The value of the Historic Tax Credits (HTCs) will be derived via a sales comparison approach. The Subject will include both federal and state historic tax credits. The amount of HTCs is determined by a differing percentage of the qualified basis for the federal and state credits. The following tables outline recent federal and state HTC transactions.

Federal Historic Tax Credit Rates

Price Per Credit	Closing Date
$0.96	June-08
$1.15	July-08
$1.28	November-08
$1.02	May-09
$1.05	October-09
$0.81	October-09
$1.02	November-09
$0.80	October-10
$0.90	December-10
$0.95	December-10
$0.86	Late 2010
$0.90	Early 2011
$0.96	Early 2011
$0.90	Early 2011

Source: Confidential Novogradac & Company LLP Files, 10/2011

State Historic Tax Credit Rates

Price Per Credit	Closing Date
$0.74	November-08
$0.81	February-10
$0.55	July-10
$0.80	March-11

Source: Confidential Novogradac & Company LLP Files, 10/2011

As indicated in the tables above, the pricing varies greatly for both federal and state credits. The average of the federal sales is $0.97 per credit, while the state average is $0.73 per credit. According to the LOI provided by the client, the Subject's amount per federal credit is $0.98, while the state amount per credit is $0.58 for each building. Based on the most recent federal sales, we have concluded to a price of $0.95 per credit. Additionally, we have concluded to a state per credit value of $0.60 based on the most recent transactions. The following table outlines the HTC valuation.

Federal Historic Credits

Historic Tax Credit Valuation All Buildings	
Qualified Basis	**$9,013,108**
Federal Tax Credit Percentage	20%
HTC Amount	$1,802,622
Value Per Credit	$0.95
Federal HTC Value (Rounded)	$1,712,491
Total HTC Value	**$1,700,000**

Source: Sources & Uses provided by Developer

The Federal HTC value as of October 3, 2011 is:

ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS
($1,700,000)

State Historic Credits

Historic Tax Credit Valuation	
Building #76	
HTC Amount	$300,000
Value Per Credit	$0.60
State HTC Value (Rounded)	$180,000
Building #7	
HTC Amount	$300,000
Value Per Credit	$0.60
State HTC Value (Rounded)	$180,000
Total HTC Value	**$360,000**

Source: Sources & Uses provided by Developer

The state HTC value as of October 3, 2011 is:

THREE SIXTY THOUSAND DOLLARS
($360,000)

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

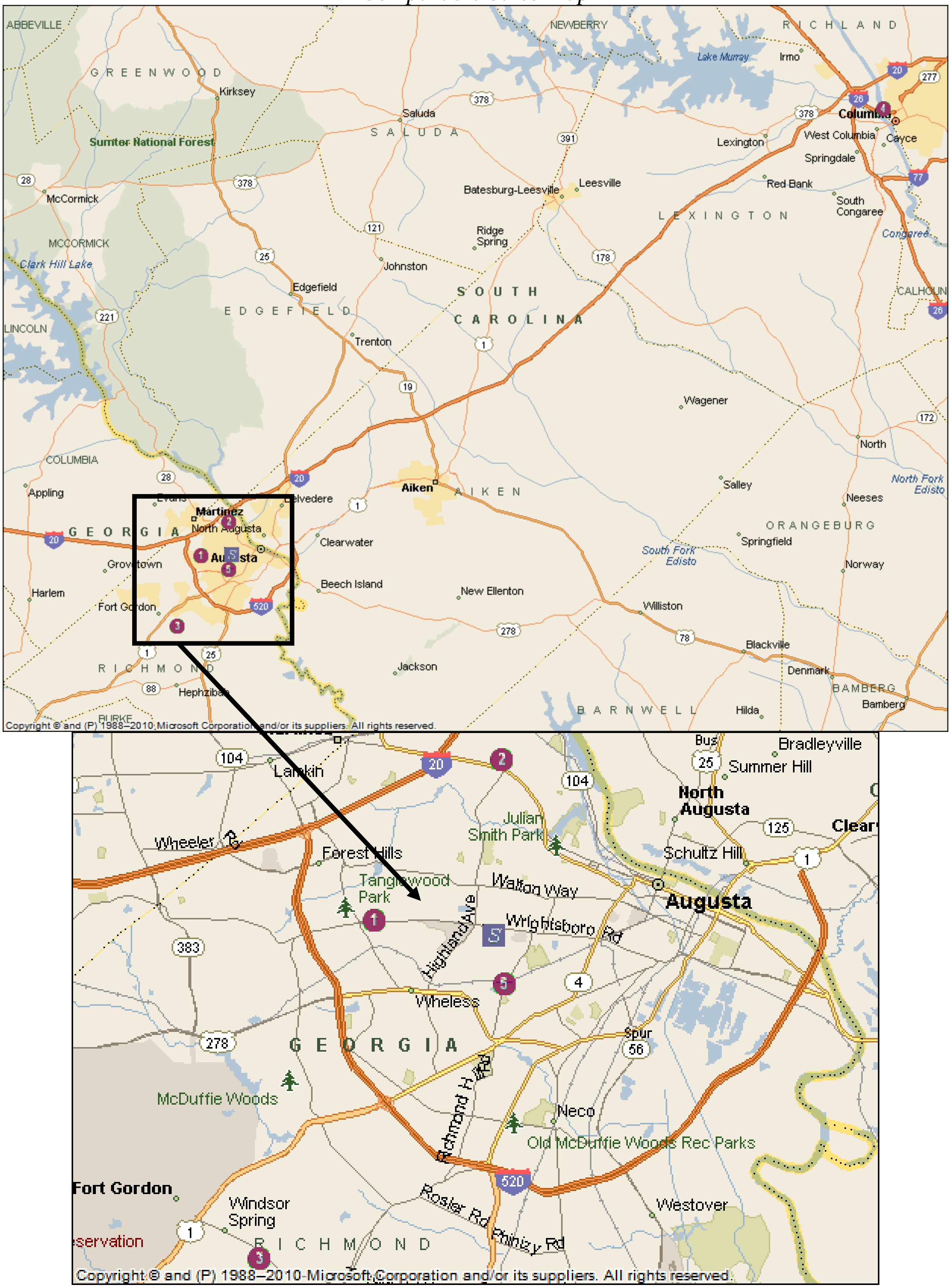
SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer’s actions. The buyer is comparing those properties that constitute the market for a given type and class.

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable. We have included four sales from the immediate Augusta market and one sale from Columbia, SC.

Comparable Sales Map



Comparable Sale 1

Name:	**Governor's Place**
Location:	3211 Wrightsboro Road Augusta, GA

Seller:	Lexerd Capital
Buyer:	Providence Investments
Sale Date:	Sep-11
Sale Price:	$5,440,000
Financing:	Conventional
Number of Units:	181
Year Built:	1971

Units of Comparison:

Effective Gross Income:	$1,269,000
EGIM	4.3
Total Expenses:	$741,224
Net Operating Income:	$527,776
Net Operating Income per Unit:	$2,916
Overall Rate with Reserves:	9.7%
Sale Price per Unit:	$30,055

Comments:

The broker reported that the property was purchased for $6,080,000; however, there was a credit to the buyer of $640,000. Therefore, we have illustrated the sales price at $5,440,000. The trailing 12 month capitalization rate was 9.7 percent. The loan was financed by Beachstreet Capital at a 4.4 percent interest rate. There were no other unusual sales conditions. The broker confirmed the EGI, expenses, NOI, and the capitalization rate.

Source: Walter Miller - Brown Realty Advisors

Comparable Sale 1

Name:	**Madison on the Green**
Location:	1011 River Ridge Drive Augusta, GA

Seller:	Lexerd Capital
Buyer:	Concert Realty Partners
Sale Date:	Aug-11
Sale Price:	$7,100,000
Financing:	Conventional
Number of Units:	276
Year Built:	1972
Units of Comparison:	
Effective Gross Income:	$1,750,000
EGIM	4.1
Total Expenses:	$1,130,000
Net Operating Income:	$620,000
Net Operating Income per Unit:	$2,246
Overall Rate with Reserves:	8.7%
Sale Price per Unit:	$25,725

Comments:

The broker reported that the property sold for $7,100,000 with a buyer credit of $500,000 for a net sale price of $6,600,000. However, the buyer also anticipated adding an additional $500,000 in renovations. Therefore, we have illustrated the sales price at $7,100,000. The broker reported that the project was financed with a Fannie Mae loan and had an interest rate below 5.0 percent. The capitalization rate, EGI, and NOI were confirmed with the broker. They reported no unusual sales conditions and stated that the property was in average condition at the time of sale.

Source: Walter Miller - Brown Realty Advisors

Comparable Sale 1

Name:	**Pinnacle Place**
Location:	500 Caldwell Drive Hephzibah, GA 30815

Seller:	EIRP/Augusta II LLC
Buyer:	Willkinson Pinnacle Place, LLC
Sale Date:	Apr-11
Sale Price:	$4,382,500
Financing:	Conventional
Number of Units:	120
Year Built:	1986

Units of Comparison:

Effective Gross Income:	$895,000
EGIM	4.9
Total Expenses:	$535,260
Net Operating Income:	$359,740
Net Operating Income per Unit:	$2,998
Overall Rate with Reserves:	8.2%
Sale Price per Unit:	$36,521

Comments:

The broker reported that the property was purchased for $4,400,000; however, there was a dispute over the cost of a small retaining wall problem to the backside of the property. Therefore, the buyer and seller split the cost of $35,000 and the resulting purchase price was $4,382,500. The trailing 12 month capitalization rate was 8.2 percent. The broker was unable to provide detailed financing terms, but noted that the interest rate was between 5.00 percent and 5.25 percent. There were no other unusual sales conditions. The broker confirmed the EGI, expenses, NOI, and the capitalization rate.

Source: Walter Miller - Brown Realty Advisors

Comparable Sale 2

Name: **Stone Ridge**
Location: 1000 Watermark Place
Columbia, SC

Seller: The DT Group
Buyer: DT Stoneridge LLC
Document Number: N/A
Sale Date: Mar-11
Sale Price: $5,169,302

Financing: Conventional
Number of Units: 191
Year Built: 1975
Site: N/Av

Units of Comparison:

Effective Gross Income:	N/Av
EGIM	N/Av
Total Expenses:	N/Av
Net Operating Income:	$391,000
Net Operating Income per Unit:	$2,047
Overall Rate with Reserves:	7.56%
Sale Price per Unit:	$27,064

Comments:

This was an REO sale. There were no brokers involved in the sale. According to CoStar, the buyer confirmed the sales price, unit mix, occupancy, and NOI. The property consists of a 13-building, 191 unit property. The transaction was in escrow for 30 days before closing. At the time of sale, the property was 85.3 percent occupied. The confirmed capitalization rate was 7.56 on a trailing 12 month NOI of $391,000. There were no other unusual sales conditions.

Verification: Public Records, CoStar

Comparable Sale 5

Name:	**2202 Leeway Landing**
Location:	2202 Leeway Landing Augusta, GA 30904

Seller:	BTD Properties, LLC
Buyer:	Amelia Investment Properties LLP
Sale Date:	Jun-10
Sale Price:	$528,558
Financing:	Conventional
Number of Units:	24
Year Built:	1985
Site (Acres):	N/Av

Units of Comparison:

Effective Gross Income:	$142,956
EGIM	3.70
Total Expenses:	$99,906
Net Operating Income:	$43,050
Net Operating Income per Unit:	$1,794
Overall Rate with Reserves:	8.1%
Sale Price per Unit:	$22,023

Comments:

The property was reportedly 100 percent occupied at the time of sale, with lease rates ranging from $495 to $550 per month. The property consists of 24 single-story two-bedroom townhouse units that are approximately 1,025 square feet. The broker was unable to report detailed expense data; however, we estimated the EGI and expenses by using the rents and capitalization rate provided by the broker. There were no unusual sales conditions.

Verification: Loopnet.com, Lionel Prather - Meybohm Commercial Properties

VALUATION ANALYSIS

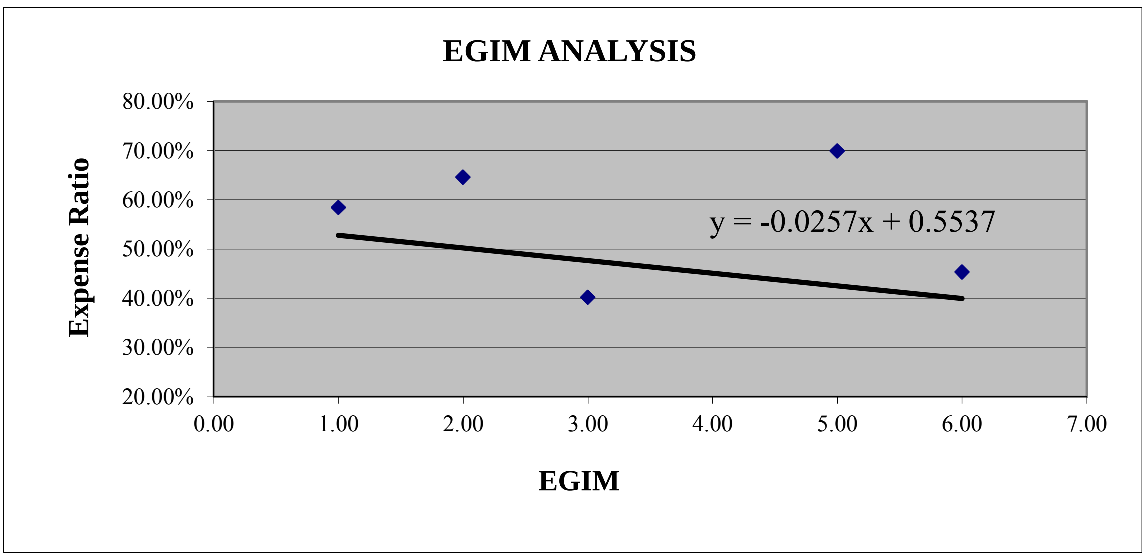
The sales selected for this analysis are summarized in the following table.

SALES COMPARISON

	Property	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Governor's Place	Sep-11	$5,440,000	181	$30,055	4.29	9.70%
2	Madison on the Green	Aug-11	$7,100,000	276	$25,725	4.06	8.73%
3	Pinnacle Place	Apr-11	$4,382,500	120	$36,521	4.90	8.21%
4	Stone Ridge	Mar-11	$5,169,302	191	$27,064	N/Av	7.56%
5	2202 Leeway Landing	Jun-10	$528,558	24	$22,023	3.70	8.14%
	Average		**$5,522,951**	**192**	**$29,841**	**4.41**	**8.55%**

EGIM Analysis

We first estimate the Subject's value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject's anticipated effective gross income into an estimate of value. The following chart highlights the correlation between the EGIM and the expense ratios reported by the comparable sales utilized in our analysis. This is not a typical trend.



Comparable Sales and Subject Scenarios Arrayed by Expense Ratio					
	Sale Price	EGI	Expenses	Expense Ratio	EGIM
Subject- Proposed Restricted	**$1,400,000**	**$460,944**	**353,271**	**76.64%**	**3.0**
Subject - Proposed Unrestricted	**$2,100,000**	**$514,368**	**331,095**	**64.37%**	**4.0**
Comparable #1	$5,440,000	$1,269,000	$741,224	58.41%	4.29
Comparable #2	$7,100,000	$1,750,000	$1,130,000	$1,750,000	N/A
Comparable #3	$4,382,500	$895,000	$359,740	40.19%	4.90
Comparable #4	$5,169,302	N/Av	N/Av	N/A	N/A
Comparable #5	$528,558	$142,956	$99,906	69.89%	3.70

Comparable Sales and Subject Scenarios Arrayed by Expense Ratio - Building #7					
	Sale Price	EGI	Expenses	Expense Ratio	EGIM
Subject- Proposed Restricted	**$200,000**	**$123,384**	**111,654**	**90.49%**	**1.5**
Subject - Proposed Unrestricted	**$500,000**	**$130,848**	**93,708**	**71.62%**	**4.0**
Comparable #1	$5,440,000	$1,269,000	$741,224	58.41%	4.29
Comparable #2	$7,100,000	$1,750,000	$1,130,000	$1,750,000	N/A
Comparable #3	$4,382,500	$895,000	$359,740	40.19%	4.90
Comparable #4	$5,169,302	N/Av	N/Av	N/A	N/A
Comparable #5	$528,558	$142,956	$99,906	69.89%	3.70

Comparable Sales and Subject Scenarios Arrayed by Expense Ratio - Building #76					
	Sale Price	EGI	Expenses	Expense Ratio	EGIM
Subject- Proposed Restricted	**$1,200,000**	**$337,560**	**241,617**	**71.58%**	**3.5**
Subject - Proposed Unrestricted	**$1,700,000**	**$383,520**	**236,771**	**61.74%**	**4.5**
Comparable #1	$5,440,000	$1,269,000	$741,224	58.41%	4.29
Comparable #2	$7,100,000	$1,750,000	$1,130,000	$1,750,000	N/A
Comparable #3	$4,382,500	$895,000	$359,740	40.19%	4.90
Comparable #4	$5,169,302	N/Av	N/Av	N/A	N/A
Comparable #5	$528,558	$142,956	$99,906	69.89%	3.70

We acknowledge the limited accuracy of this estimate since the majority of the Subject's operating expense ratios at the top of the range of the comparable properties. The Subject's indicated value using the EGIM method is presented in the following table.

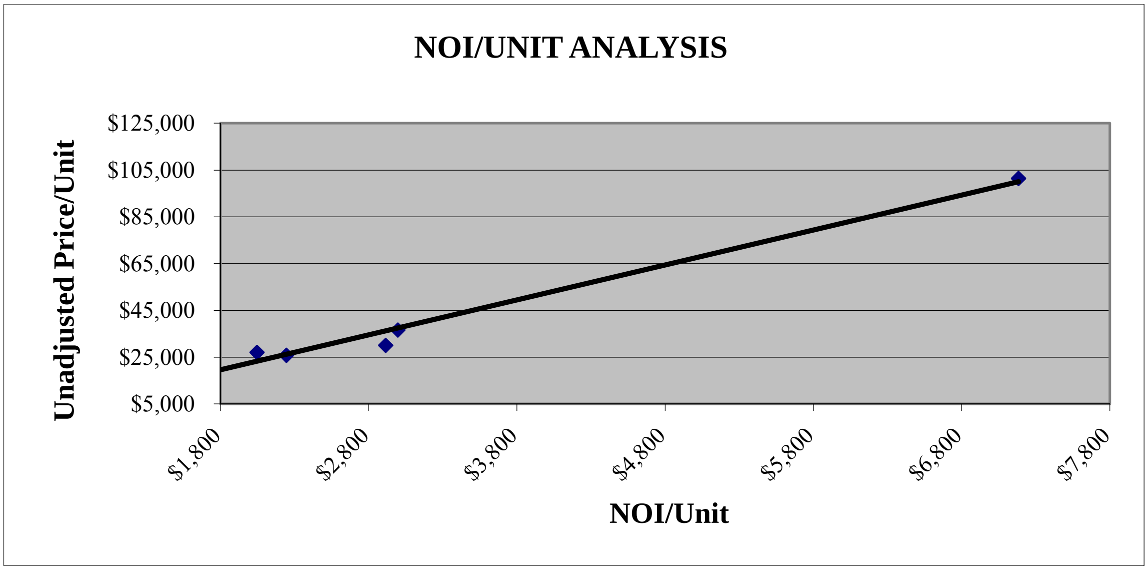
EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	3.0	$460,944	$1,400,000
As Proposed Restricted Building #7	1.5	$123,384	$200,000
As Proposed Restricted Building #76	3.5	$337,560	$1,200,000
As Proposed Unrestricted Building #7 & #76	4.0	$514,368	$2,100,000
As Proposed Unestricted Building #7	4.0	$130,848	$500,000
As Proposed Unrestricted Building #76	4.5	$383,520	$1,700,000

NOI/UNIT ANALYSIS

The available sales data also permits the use of the NOI/Unit analysis. This NOI/Unit analysis examines the income potential of a property relative to the price paid per unit. The sales indicate that, in general, investors are willing to pay more for properties with greater income potential. Based on this premise, we are able to gauge the Subject's standing in our market survey group, thereby estimating a value on a price per unit applicable to the Subject. This analysis allows us to provide a quantitative adjustment process and avoids qualitative, speculative adjustments.

To estimate an appropriate price/unit for the Subject, we examined the change in NOI/Unit and how it affects the price/unit. By determining the percent variance of the comparable properties NOI/Unit to the Subject, we determine an adjusted price/unit for the Subject. As the graph illustrates there is a direct relationship between the NOI and the sale price of the comparable properties.



The tables below summarize the calculated adjustment factors and the indicated adjusted prices.

NOI/UNIT ANALYSIS

As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$1,538	/	$2,916	=	0.528	X	$30,055	=	$15,855
2	$1,538	/	$2,246	=	0.685	X	$25,725	=	$17,615
3	$1,538	/	$2,998	=	0.513	X	$36,521	=	$18,739
4	$1,538	/	$2,047	=	0.751	X	$27,064	=	$20,336
5	$1,538	/	$1,794	=	0.858	X	$22,023	=	$18,886
			$2,400		**0.667**		**$28,278**		**$18,286**

NOI/UNIT ANALYSIS

As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$2,618	/	$2,916	=	0.898	X	$30,055	=	$26,987
2	$2,618	/	$2,246	=	1.166	X	$25,725	=	$29,982
3	$2,618	/	$2,998	=	0.873	X	$36,521	=	$31,896
4	$2,618	/	$2,047	=	1.279	X	$27,064	=	$34,614
5	$2,618	/	$1,794	=	1.460	X	$22,023	=	$32,145
			$2,400		**1.135**		**$28,278**		**$31,125**

NOI/UNIT ANALYSIS - Building #7

As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$587	/	$2,916	=	0.201	X	$30,055	=	$6,045
2	$587	/	$2,246	=	0.261	X	$25,725	=	$6,716
3	$587	/	$2,998	=	0.196	X	$36,521	=	$7,145
4	$587	/	$2,047	=	0.287	X	$27,064	=	$7,754
5	$587	/	$1,794	=	0.327	X	$22,023	=	$7,201
			$2,400		**0.254**		**$28,278**		**$6,972**

NOI/UNIT ANALYSIS - Building #7

As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$1,857	/	$2,916	=	0.637	X	$30,055	=	$19,141
2	$1,857	/	$2,246	=	0.827	X	$25,725	=	$21,265
3	$1,857	/	$2,998	=	0.619	X	$36,521	=	$22,623
4	$1,857	/	$2,047	=	0.907	X	$27,064	=	$24,551
5	$1,857	/	$1,794	=	1.035	X	$22,023	=	$22,800
			$2,400		**0.805**		**$28,278**		**$22,076**

NOI/UNIT ANALYSIS Building #76

As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$1,919	/	$2,916	=	0.658	X	$30,055	=	$19,778
2	$1,919	/	$2,246	=	0.854	X	$25,725	=	$21,974
3	$1,919	/	$2,998	=	0.640	X	$36,521	=	$23,376
4	$1,919	/	$2,047	=	0.937	X	$27,064	=	$25,369
5	$1,919	/	$1,794	=	1.070	X	$22,023	=	$23,559
			$2,400		**0.832**		**$28,278**		**$22,811**

NOI/UNIT ANALYSIS Building #76

As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	$2,935	/	$2,916	=	1.007	X	$30,055	=	$30,252
2	$2,935	/	$2,246	=	1.307	X	$25,725	=	$33,610
3	$2,935	/	$2,998	=	0.979	X	$36,521	=	$35,755
4	$2,935	/	$2,047	=	1.434	X	$27,064	=	$38,803
5	$2,935	/	$1,794	=	1.636	X	$22,023	=	$36,035
			$2,400		**1.272**		**$28,278**		**$34,891**

All of the sales are within a relatively close range. The Subject will be superior in age/condition post-renovation to all of the sales. Therefore, we have concluded to a per unit value near the top of the range of the comparables. Value indications via the NOI per unit analysis are summarized below.

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	70	$20,000	$1,400,000
As Proposed Restricted Building #7	20	$7,500	$200,000
As Proposed Restricted Building #76	50	$22,500	$1,100,000
As Proposed Unrestricted Building #7 & #76	70	$30,000	$2,100,000
As Proposed Unestricted Building #7	20	$20,000	$400,000
As Proposed Unrestricted Building #76	50	$35,000	$1,800,000

Conclusion

We utilized the EGIM, the NOI/Unit, and the per unit adjustment analyses to estimate the Subject's value using the sales comparison approach. These two methods must be reconciled into a single value estimate. Both techniques provide a reasonable indication of the Subject's value. While the EGIM analysis is considered to be a reasonable method of valuation, the NOI/unit analysis is typically considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales prices.

Building #7 and #76

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

ONE MILLION FOUR HUNDRED THOUSAND DOLLARS
($1,400,000)

Building #7

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

TWO HUNDRED THOUSAND DOLLARS
($200,000)

Building #76

The Subject's hypothetical market value of the real estate assuming the proposed restricted PBRA rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS
($1,100,000)

Building #7 and #76

The Subject's hypothetical market value of the real estate assuming achievable market rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

TWO MILLION ONE HUNDRED THOUSAND DOLLARS
($2,100,000)

Building #7
The Subject's hypothetical market value of the real estate assuming achievable market rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

FOUR HUNDRED THOUSAND DOLLARS
($400,000)

Building #76
The Subject's hypothetical market value of the real estate assuming achievable market rents **"As Complete and Stabilized",** via the Sales Comparison Approach, as of October 3, 2011 is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

SPECIFIC ASSUMPTIONS AND LIMITING CONDITIONS

- *The Subject property is located inside the Charlie Norwood VA Medical Campus and there is perimeter fencing along the entire campus. The only access point to the Subject properties is through the main entrance to the campus. It is an extraordinary assumption of this report that as an unrestricted development an owner would succeed in obtaining a variance from the City of Augusta Zoning Department to provide access to the Subject developments via Maryland Avenue. Additionally, current zoning requires that 75 percent of residents be veterans. It is an extraordinary assumption that there will be no restrictions on tenancy in the unrestricted scenario.*

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

RECONCILIATION

RECONCILIATION

We were asked to provide an estimate of the Subject's value as is, as complete and stabilized with PBRA restricted rents, and as complete and stabilized with no restrictions. *Please see the assumptions and limiting conditions regarding hypothetical value conclusions.*

We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

AS IS VALUE

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Land Value - As If Vacant	70	$4,500	$300,000
Shell Value			$700,000
As Is Value			$1,000,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"

Scenario	Loss To Lease	Indicated Value (Rounded)
As Proposed Unrestricted Building #7 & #76	$283,600	$1,900,000
As Proposed Unestricted Building #7	$79,600	$370,000
As Proposed Unrestricted Building #76	$214,000	$1,600,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	8.25%	$107,673	$1,300,000
As Proposed Restricted Building #7	8.25%	$11,730	$140,000
As Proposed Restricted Building #76	8.25%	$95,943	$1,200,000
As Proposed Unrestricted Building #7 & #76	8.25%	$183,273	$2,200,000
As Proposed Unestricted Building #7	8.25%	$37,140	$450,000
As Proposed Unrestricted Building #76	8.25%	$146,749	$1,800,000

TAX CREDIT VALUATION

	Indicated Value (Rounded)
Federal Historic Tax Credits	$1,700,000
State Historic Tax Credits	$360,000

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted Building #7 & #76	70	$20,000	$1,400,000
As Proposed Restricted Building #7	20	$7,500	$200,000
As Proposed Restricted Building #76	50	$22,500	$1,100,000
As Proposed Unrestricted Building #7 & #76	70	$30,000	$2,100,000
As Proposed Unestricted Building #7	20	$20,000	$400,000
As Proposed Unrestricted Building #76	50	$35,000	$1,800,000

INVESTMENT VALUE

	Value
Real Estate As Proposed Restricted & Stabilized	$1,300,000
Value of HTC	$2,060,000
Total Investment Value	**$3,360,000**

PROSPECTIVE VALUE AT 20, 25 (Loan Maturity) & 30 YEARS - Building #7 & #76

	Year	# of Units	Value
As Proposed Restricted	20 years	70	$2,000,000
As Proposed Restricted	25 years	70	$2,400,000
As Proposed Restricted	30 years	70	$2,700,000
Building #7			
As Proposed Restricted	20 years	70	$200,000
As Proposed Restricted	25 years	70	$300,000
As Proposed Restricted	30 years	70	$300,000
Building #76			
As Proposed Restricted	20 years	70	$1,800,000
As Proposed Restricted	25 years	70	$2,100,000
As Proposed Restricted	30 years	70	$2,400,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject is income producing in nature, this approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items it is the only method of valuation considered.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. $/Unit, OAR, etc.). Our search revealed several sales over the past three years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a NOI/unit analysis. These analyses provide a good indication of the Subject's market value.

In the final analysis, we considered the influence of the two approaches in relation to one another and in relation to the Subject. In the case of the Subject several components of value can only be valued using either the income or sales comparison approach.

Land Value
The Subject's indicated restricted "Land Value", as of October 3, 2011 is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

As Is Scenario
The Subject's market value **"As Is"** of the real estate assuming the land value and vacant structures of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION DOLLARS
($1,000,000)

As Complete Unrestricted Building #7 & Building #76
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION NINE HUNDRED THOUSAND DOLLARS
($1,900,000)

As Complete Unrestricted Building #7
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

THREE HUNDRED SEVENTY THOUSAND DOLLARS
($370,000)

As Complete Unrestricted Building #76
The Subject's estimated market value "As Complete" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION SIX HUNDRED THOUSAND DOLLARS
($1,600,000)

As Complete and Stabilized Restricted Building #7 & Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION THREE HUNDRED THOUSAND DOLLARS
($1,300,000)

As Complete and Stabilized Restricted Building #7
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE HUNDRED FORTY THOUSAND DOLLARS
($140,000)

As Complete and Stabilized Restricted Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted PBRA rental rates, of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
($1,200,000)

As Complete and Stabilized Unrestricted Building #7 & Building #76
The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

TWO MILLION TWO HUNDRED THOUSAND DOLLARS
($2,200,000)

As Complete and Stabilized Unrestricted Building #7
The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

FOUR HUNDRED FIFTY THOUSAND DOLLARS
($450,000)

As Complete and Stabilized Unrestricted Building #76

The Subject's estimated market value "As Complete and Stabilized" assuming unrestricted market rates of the leasehold interest in the Subject, free and clear of financing, as of October 3, 2011, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

Tax Credit Value

The market value of the state and federal Historic Tax Credits, as of October 3, 2011, is:

TWO MILLION SIXTY THOUSAND DOLLARS
($2,060,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years (Building #7 & #76)

The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO MILLION DOLLARS
($2,000,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS
($2,700,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #7

The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

TWO HUNDRED THOUSAND DOLLARS
($200,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

THREE HUNDRED THOUSAND DOLLARS
($300,000)

Prospective Market Value at 20, 25 (Loan Maturity), and 30 years - Building #76
The future prospective market value at 20 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2032 as of October 3, 2011, is:

ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
($1,800,000)

The future prospective market value at loan maturity (25 years) of the Subject's leasehold interest, subject to the rental restrictions in the year 2037 as of October 3, 2011, is:

TWO MILLION ONE HUNDRED THOUSAND DOLLARS
($2,100,000)

The future prospective market value at 30 years of the Subject's leasehold interest, subject to the rental restrictions in the year 2042 as of October 3, 2011, is:

TWO MILLION FOUR HUNDRED THOUSAND DOLLARS
($2,400,000)

SPECIFIC ASSUMPTIONS AND LIMITING CONDITIONS

- *The Subject property is located inside the Charlie Norwood VA Medical Campus and there is perimeter fencing along the entire campus. The only access point to the Subject properties is through the main entrance to the campus. It is an extraordinary assumption of this report that as an unrestricted development an owner would succeed in obtaining a variance from the City of Augusta Zoning Department to provide access to the Subject developments via Maryland Avenue. Additionally, current zoning requires that 75 percent of residents be veterans. It is an extraordinary assumption that there will be no restrictions on tenancy in the unrestricted scenario.*

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

MARKETING TIME PROJECTION:

Marketing Time is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "as is" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of 12 months or less is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the Korpacz. This estimate assumes a strong advertising and marketing program during the marketing period.

Reasonable Exposure Time:
Statement 6, Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to proceed the effective date of the appraisal.

It is defined as the "estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." Based on our read of the market, historical information provided by the *Korpacz Investor Survey* and recent sales of apartment product, an exposure time of six to 12 months appears adequate.

Addendum A

Assumptions and Limiting Conditions, Certification

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser 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 author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.

3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.

4. 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.

5. The report was made assuming responsible ownership and capable management of the property.

6. 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.

7. 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.

8. 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.

9. 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 appraiser 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.

10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.

17. 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.

18. 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 the value estimate contained in this report is based.

19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.

20. 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 appraiser and contained in this report.

21. The party for whom this report is prepared has reported to the appraiser 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.

22. 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.

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

24. 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.

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.

SPECIFIC ASSUMPTIONS

The terms of the subsidy programs are preliminary as of the appraisal's effective date, May 25, 2011; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of May 25, 2011, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to complete the Subject. As of May 25, 2011, the Subject's completion date is July 2010.

Prospective value estimates, which are by the nature hypothetical estimates, are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The market conditions outlined in the report will be as of the last inspection date of the Subject, and these conditions will form the basis upon which the prospective value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter market conditions and/or the proposed property improvements subsequent to the date of the report.

At the clients' request we appraised the Subject property under a hypothetical condition. The hypothesis is that the developer proposes to use private financing and assistance from Low Income Housing Tax Credits to construct the Subject. The developer has applied for its certification of the Subject's units to receive subsidized financing. This hypothetical assumption is required for the legal purposes of underwriting the financing of the Subject. The rationale for using this hypothetical condition is to evaluate the Subject's potential as a participant in a subsidized housing program. Subsidized housing may be defined as single- or multi-family residential real estate targeted for occupancy by low or moderate income households as a result of public programs and other financial tools that assist or subsidize the developer, purchaser, or tenant in exchange for restrictions on use and occupancy. The U.S. Department of Housing and Urban Development (HUD) provides the primary definition of income and asset eligibility standards for low and moderate-income households. Other federal, state and local agencies define income eligibility standards for specific programs and developments under their jurisdictions. (USPAP, AO-14, page 133)

CERTIFICATION

The undersigned hereby certify that:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report; the values expressed in this report are not based in whole or part upon race, color, or national origin of the current/prospective owners or occupants; We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved;

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

This appraisal report sets forth all of the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report; our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and FIRREA;

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

Blair Kincer, Michalena Sukenik, and Brian Walsh provided significant professional assistance to the persons signing this report. Brad E. Weinberg personally inspected the Subject property, and has reviewed comparable market data incorporated in this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Brad E. Weinberg, MAI, CCIM has completed the requirements of the continuing education program of the Appraisal Institute.

Brad Weinberg, MAI, CCIM
Partner
Georgia License No. 221179

H. Blair Kincer, MAI
Partner
Certified General Real Estate Appraiser

Addendum B

Qualifications of Consultants

CURRICULUM VITAE
BRAD E. WEINBERG, MAI, CCIM

I. Education

University of Maryland, Masters of Science in Accounting & Financial Management
University of Maryland, Bachelors of Arts in Community Planning

II. Licensing and Professional Affiliations

MAI Member, Appraisal Institute, No. 10790
Certified Investment Member (CCIM), Commercial Investment Real Estate Institute
Member, Urban Land Institute
Member, National Council of Affordable Housing Market Analysts (NCAHMA)

State of Alabama – Certified General Real Estate Appraiser; No. G00628
Washington, D.C. – Certified General Real Estate Appraiser; No. GA10340
State of Florida – Certified General Real Estate Appraiser; No. RZ3249
State of Georgia – Certified General Real Property Appraiser; No. 221179
State of Maryland – Certified General Real Estate Appraiser; No. 6048
State of New Jersey – Certified General Real Estate Appraiser; No. 42RG00224900
State of Ohio – Certified General Real Estate Appraiser; No. 2006007302
State of South Carolina – Certified General Real Estate Appraiser; No. 4566

III. Professional Experience

Partner, Novogradac & Company LLP
President, Capital Realty Advisors, Inc.
Vice President, The Community Partners Realty Advisory Services Group, LLC
President, Weinberg Group, Real Estate Valuation & Consulting
Manager, Ernst & Young LLP, Real Estate Valuation Services
Senior Appraiser, Joseph J. Blake and Associates
Senior Analyst, Chevy Chase F.S.B.
Fee Appraiser, Campanella & Company

IV. Professional Training

Appraisal Institute Coursework and Seminars Completed for MAI Designation and Continuing Education Requirements

Commercial Investment Real Estate Institute (CIREI) Coursework and Seminars Completed for CCIM Designation and Continuing Education Requirements

V. Speaking Engagements and Authorship

Numerous speaking engagements at Affordable Housing Conferences throughout the Country

Participated in several industry forums regarding the Military Housing Privatization Initiative

Authored "New Legislation Emphasizes Importance of Market Studies in Allocation Process," *Affordable Housing Finance, March 2001*

VI. Real Estate Assignments

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

- On a national basis, conduct market studies and appraisals for proposed Low-Income Housing Tax Credit properties. Analysis includes preliminary property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis to determine appropriate cost estimates.

- On a national basis, conduct market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. This includes projects under the 221(d)3, 221(d)4, 223(f), and 232 programs.

- Developed a Flat Rent Model for the Trenton Housing Authority. Along with teaming partner, Quadel Consulting Corporation, completed a public housing rent comparability study to determine whether the flat rent structure for public housing units is reasonable in comparison to similar, market-rate units. THA also requested a flat rent schedule and system for updating its flat rents. According to 24 CFR 960.253, public housing authorities (PHAs) are required to establish flat rents, in order to provide residents a choice between paying a "flat" rent, or an "income-based" rent. The flat rent is based on the "market rent", defined as the rent charged for a comparable unit in the private, unassisted market at which a PHA could lease the public housing unit after preparation for occupancy. Based upon the data collected, the consultant will develop an appropriate flat rent schedule, complete with supporting documentation outlining the methodology for determining and applying the rents. We developed a system that THA can implement to update the flat rent schedule on an annual basis.

- As part of an Air Force Privatization Support Contractor team (PSC) to assist the Air Force in its privatization efforts. Participation has included developing and analyzing housing privatization concepts, preparing the Request for Proposal (RFP), soliciting industry interest and responses to housing privatization RFP, Evaluating RFP responses, and recommending the private sector entity to the Air Force whose proposal brings best value to the Air Force. Mr. Weinberg has participated on numerous initiatives and was the project manager for Shaw AFB and Lackland AFB Phase II.

- Conducted housing market analyses for the U.S. Army in preparation for the privatization of military housing. This is a teaming effort with Parsons Corporation. These analyses were done for the purpose of determining whether housing deficits or surpluses exist at specific installations. Assignment included local market analysis, consultation with installation housing personnel and local government agencies, rent surveys, housing data collection, and analysis, and the preparation of final reports.

- Developed a model for the Highland Company and the Department of the Navy to test feasibility of developing bachelor quarters using public-private partnerships. The model was developed to test various levels of government and private sector participation and contribution. The model was used in conjunction with the market analysis of two test sites to determine the versatility of the proposed development model. The analysis included an analysis of development costs associated with both MILCON and private sector standards as well as the potential market appeal of the MILSPECS to potential private sector occupants.

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.

Addendum C
Subject Photos

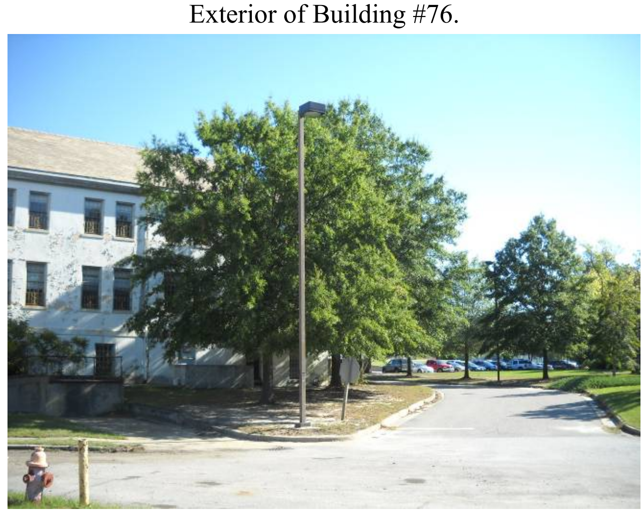

Exterior of Building #76.


Exterior of Building #76.


Exterior of Building #76.


Exterior of Building #76.

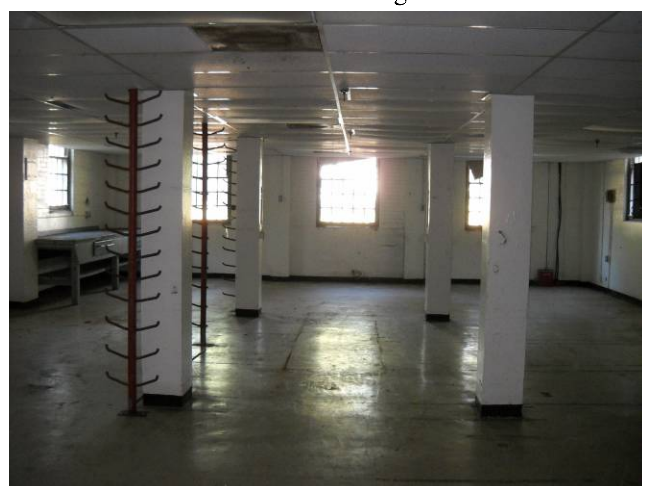

Exterior of Building #76.


Exterior of Building #76.


Interior of Building #76

Interior of Building #76


Interior of Building #76


Interior of Building #76


Interior of Building #76


Interior of Building #76


Interior of Building #76


Interior of Building #76

Interior of Building #76


Interior of Building #76


Interior of Building #76


Exterior loading area of Building #76


Exterior of Building #7.


Exterior of Building #7.


Exterior of Building #7.

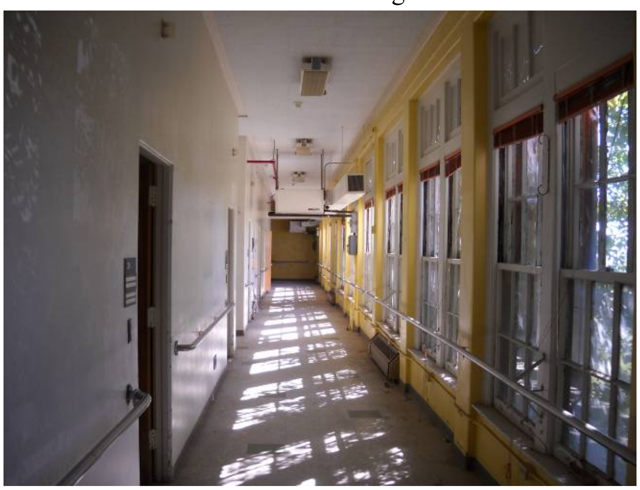

Exterior of Building #7.


Exterior of Building #7.


Exterior of Building #7.


Interior of Building #7.


Interior of Building #7


Interior of Building #7.

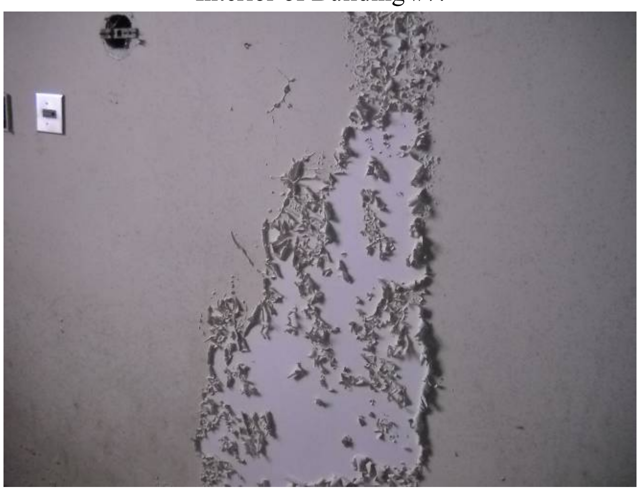

Interior of Building #7


Interior of Building #7.


Interior of Building #7


Interior of Building #7.


Interior of Building #7


Interior of Building #7.


Interior of Building #7


VA Campus Buildings.


VA Campus Buildings.


VA Campus Buildings.


VA Campus Buildings.


VA Campus Buildings.

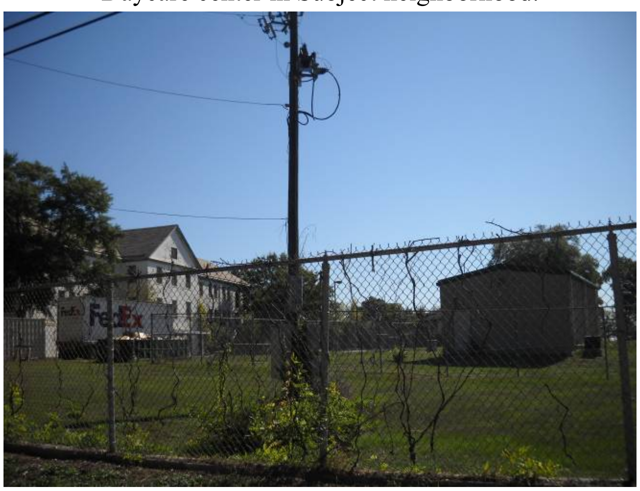

VA Campus Buildings.


Typical single-family home in Subject neighborhood.

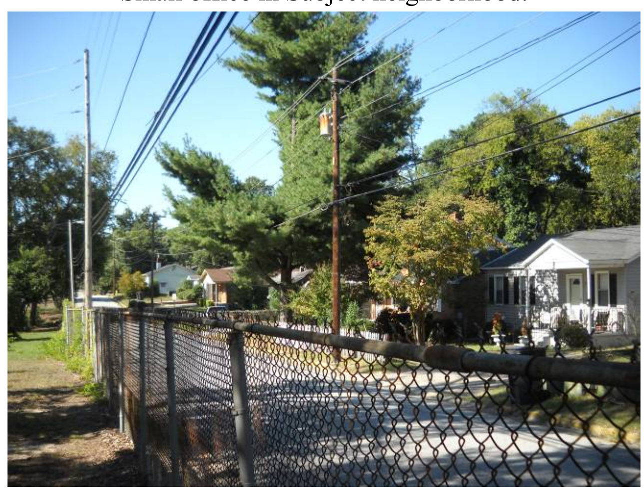

Typical single-family home in Subject neighborhood.

Daycare center in Subject neighborhood.

Small office in Subject neighborhood.



View from Maryland Avenue towards Subject.



View from Subject fenceline towards single-family neighborhood.

Addendum D
Flood Plain Map

FLOOD INSIGHTS

home cds business mapping log out

Flood Insights test results for :

1 FREEDOM WAY, AUGUSTA,GA 30904

Geocoding Accuracy: ***S5 (Very Accurate) - single valid address match, point located at an interpolated position along street line segment***

Flood Zone Determinations

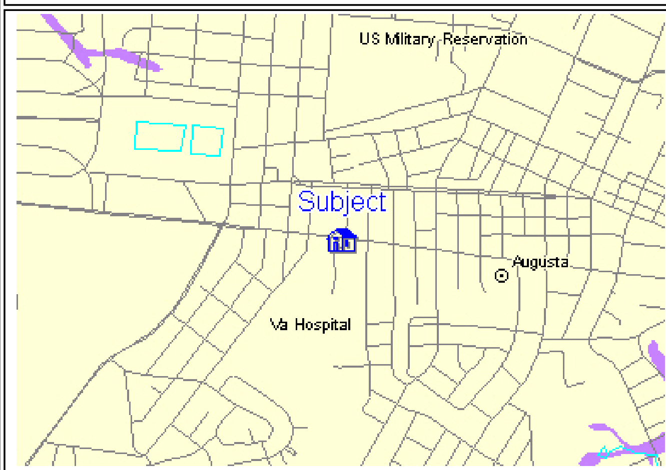
Test Description

SFHA (Flood Zone)	**Within 250 feet of multiple flood zones?**
Out	No

Zone	**Community**	**Community Name**	**Panel**	**Panel Date**	**Cobra**	**Map Number**
X	130158	AUGUSTA, CITY & COUNTY OF	0110F	September 25, 2009	OUT	13245C0110F

FIPS Code	**Census Tract**
13245	0012.00

Zoom In // Zoom Out // Manual Placement *What's This?* // Distance // 2. Zoom Level (Miles)



Display Layer	**On/Off**
Flood Zone Determinations	☑

ReDraw Map

Note: Some map information may not appear as zoom level changes.

FloodMap Legend

Flood Zones

- Areas inundated by 500-year flooding
- Areas outside of the 100- and 500-year floodplains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazards
- Areas not mapped on any published FIRM

new address | birdseye geocoding | print | copy map | faq's | save as pdf | exit

Addendum E
Developer's Budget and Proforma

Freedom's Path-Transition

Date 12-Oct-11

Number of Units	**20**
Total Building Square Footage	**7,500**
Site Size (acres)	**2**

Income and Expenses

		Income	
Income	**Per Unit**	**%**	**Total**
Total GRP	$6,300		**$126,000**
Vacancies		4.00%	($5,040)
Non-Revenue Units			$0
Concessions			$0
Lost Rent			$0
Adjusted Gross Rent Potential	$6,048		**$120,960**
Total Other Income	$0		$0
Total Income	$6,048		**$120,960**

Operating Expenses

Administrative/General	$292		$5,830
Maintenance and Repair	$447		$8,940
Taxes	$0		
Insurance	$263		$5,250
Utilities	$1,050		$21,000
Salaries/Related Expenses	$2,013		$40,260
Benefits	$225		$4,505
Management Fee		**5.00%**	$6,048
On Site Security	$18		$360
Total Operating Expenses	$4,610		$92,193
Net Operating Income	$1,438		**$28,767**
Replacement Reserves	$350		$7,000
NOI Before Debt Service			$21,767
Debt Service			$0
Income after Debt			$21,767

Freedom's Path-Transition

Date	10/12/11			
Number of Units	20	20 Low-income	100.0%	Low-income Percentage
Total Building Square Footage	7,500			
Site Size (acres)	3			
Acquisition Credits	No	("Yes" or "No")		
Tax Exempt Bond Financing	No			
QCT or High Cost Area	No			

Development Budget Uses

	% Included in Basis	Per Unit	Costs	Total	Eligible Basis
PRE-DEVELOPMENT COSTS					
Appraisal		160		$3,200	$3,200
Market Study		60		$1,200	$1,200
Environmental					
Phase I		627		$12,540	$12,540
Phase II		0			$0
Soil Borings		0			$0
DCA Loan Application Fees		0			$0
Tax Credit Application Fees		0			$0
Surveys:					
Boundary		32		$634	$634
Topo		0			$0
Historic Consultant		0			$0
Physical Needs Assessment		130		$2,600	$2,600
Subtotal:		**$1,009**		**$20,174**	**$20,174**
ACQUISTION					
Land		0			$0
Acquisition Legal Fees -Leasehold		0			$0
Existing Structures		0			$0
Subtotal:		**$0**		**$0**	**$0**
SITE IMPROVEMENTS	**% Included in Basis**				
Off-Site	100.00%	255		$5,100	$0
Site Preparation (On-site)	100.00%	5,745		$114,900	$48,833
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction		55,030		$1,100,595	$1,100,595
Construction Contingency		4,889	6.65%	$87,000	$87,000
Subtotal:		**$65,380**		**$1,307,595**	**$1,236,428**
Contractor Services					
Abatement, etc.		3,500	5.25%	$70,000	$70,000
Builder Profit (6% max)		3,302	4.96%	$66,035	$66,035
General Requirements		4,402	6.61%	$88,047	$88,047
P & P Bonds		1,250	1.88%	$25,000	$25,000
Construction Subtotal		**$12,454**		**$249,082**	**$249,082**
Construction Financing					
Construction Loan Fees		$0			$0
Construction Inspection Fee		$180		$3,600	$3,600
Construction Loan Legal		$0			$0
Construction Insurance		$0			$0
Professional					
Architectural Fee - Design		$3,000		$60,000	$60,000
Architectural Fee - Supervisior		$625		$12,500	$12,500
Engineering		$1,590		$31,800	$31,800
Real Estate Attorney		$113		$2,250	$2,250
Accounting		$375		$7,500	$7,500
Subtotal:		**$5,883**		**$117,650**	**$117,650**
Local Government Fees					
Building Permits		$275		$5,500	$5,500
Impact Fees		$0			$0
Water Tap Fees		$175		$3,500	$3,500
Sewer Tap Fees		$175		$3,500	$3,500
Real Estate Taxes		$0			$0
Subtotal:		**$625**		**$12,500**	**$12,500**
Financing Fees					
Permanent Loan Fee		$0			$0
Permanent Loan Legal Fees		$45		$900	$0
Title and Recording Fees		$250		$5,000	$5,000
As built Survey		$120		$2,400	$2,400
Bond Issuance Premium		$0			$0
Cost of Issuance / Underwriter's Discount		$0			$0
Intangibles Tax		$150		$3,000	$0
Subtotal:		**$565**		**$11,300**	**$7,400**
Equity Costs					
Organizational Fee		$38		$750	$0
4% Tax Credit IRS Form 8609 Fees		$0			$0
Tax Credit Compliance Monitoring Fee		$0			$0
Bridge Loan Fee and Bridge Loan Interest		$0			$0
Syndicator Legal		$0			$0
Asset Management Fee		$0			$0
Subtotal:		**$38**		**$750**	**$0**
Developer Fee					
Developer's Overhead		$2,800		$56,000	$56,000
Consultant's Fee		$0			$0
Short-term/Rent-Up Reserves		$0			$0
Developer's Fee		$11,150		$223,000	$223,000
Subtotal:		**$13,950**		**$279,000**	**$279,000**
Start-Up/Reserves					
Lease-up/Working Capital		$825		$16,500	$0
Put Option in Year 5		$1,377		$27,538	$0
Operating Deficit Reserve		$2,450		$49,000	$0
Furniture, Fixtures & Equipment		$2,633		$52,650	$0
Subtotal:		**$7,284**		**$145,688**	**$0**
Project Totals:		$107,187		**$2,143,739**	**$1,922,234**
					100.0%

Sources

Sources	Total Needed:		$2,143,739
Eligible Basis			$1,922,234
Qualified Basis			$0
Historic Credits			
	100%	0.00%	
Total Maximum Credits/Year			1,922,234
Period (Years)		1	
Total Maximum Credits			$1,922,234
Historic Equity		20.00%	
Federal		$0.9800	$376,758
State		$0.5800	$174,000
Total Equity Yield			**$550,758**
LIHTC Credits			
	4%	0.000%	
	9%	0.000%	
Total Maximum Credits/Year			0
Credit Limit			
Period (Years)		10	
Total Maximum Credits			$0
LIHTC Equity		0.00%	
Federal		$0.00	$0
State		$0.00	$0
Total Equity Yield			**$0**
Financing Required			**$1,592,981**
VA Grant & Per Diem			**$356,000**
HTF			**$961,350**
MilCon			**$225,000**
Deferred Developer Fee			**$50,631**
Total Financing			**$1,592,981**
Total sources			**$2,143,739**
Construction Sources	$1,840,570		

Estimated Equity Pay-in Schedule

Pay-in @ Closing	5.00%	$27,538
Pro-rata w/Construction	0.00%	$0
Pay-in @ C/O, Conversion, Part 3	90.00%	$495,682
Pay-in @ 5 Year Placed in Service	5.00%	$27,538
Total	100.00%	$550,758

Total Construction	$1,609,327
Total Construction/Unit	$80,466
Maximum Developer Fee	$278,946

Freedom's Path

Date 12-Oct-11

Number of Units	**50**
Total Building Square Footage	**53,000**
Site Size (acres)	**3**

Income and Expenses			
		Income	
Income	**Per Unit**	**%**	**Total**
Total GRP	$6,900		**$345,000**
Vacancies		5.00%	($17,250)
Non-Revenue Units			$0
Concessions			$0
Lost Rent			$0
Adjusted Gross Rent Potential	$6,555		**$327,750**
Total Other Income	$66	1.00%	$3,278
Total Income	$6,621		**$331,028**
Operating Expenses			
Administrative/General	$332		$16,580
Advertising/ Marketing	$50		$2,500
Maintenance and Repair	$874		$43,720
Taxes	$0		$0
Insurance	$245		$12,250
Utilities	$1,408		$70,400
Salaries/Related Expenses	$1,078		$53,900
Benefits	$187		$9,372
Management Fee		**5.00%**	$16,551
On site Security	$34		$1,680
Total Operating Expenses	$4,539		$226,953
Net Operating Income	$2,081		**$104,074**
Replacement Reserves	$350		$17,500
NOI Before Debt Service			$86,574
Debt Service			$0

Freedom's Path

Date	10/12/11			
Number of Units	50	70 Low-income	140.0%	Low-income Percentage
Total Building Square Footage	53,000			
Site Size (acres)	3			
Acquisition Credits	No	("Yes" or "No")		
Tax Exempt Bond Financing	No			
QCT or High Cost Area	No			

Development Budget Uses

	% Included in Basis	Costs Per Unit		Total	Eligible Basis
PRE-DEVELOPMENT COSTS					
Appraisal		256		$12,800	$12,800
Market Study		120		$6,000	$6,000
Environmental					
Phase I		461		$23,060	$23,060
Phase II		0			$0
Soil Borings		0		$0	$0
DCA Loan Application Fees		0			$0
Tax Credit Application Fees		0			$0
Surveys:					
Boundary		51		$2,530	$2,530
Topo		0			$0
Historic Consultant		290		$14,500	$14,500
Physical Needs Assessment		62		$3,100	$3,100
Subtotal:		**$1,240**		**$61,990**	**$61,990**
ACQUISTION					
Land		0			$0
Acquisition Legal Fees -Leasehold		0			$0
Existing Structures		0			$0
Subtotal:		**$0**		**$0**	**$0**
SITE IMPROVEMENTS	**% Included in Basis**				
Off-Site	100.00%	238		$11,900	$0
Site Preparation (On-site)	100.00%	5,362		$268,100	$192,174
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction		83,330		$4,166,500	$4,166,500
Construction Contingency		7,467	6.95%	$332,000	$332,000
Subtotal:		**$95,570**		**$4,778,500**	**$4,690,674**
Contractor Services					
Asbestos Abatement, Etc.		6,040	6.27%	$302,000	$302,000
Builder Profit (6% max)		5,000	5.19%	$249,990	$249,990
General Requirements & OH (8% max0		6,666	6.91%	$333,320	$333,320
P & P Bonds		835	0.87%	$41,750	$41,750
Construction Subtotal		**$18,541**		**$927,060**	**$927,060**
Construction Financing					
Construction Loan Fees		$0			$0
Construction Loan Interest		$0			$0
Construction Loan Legal		$160		$8,000	$8,000
Construction Insurance		$360		$18,000	$18,000
Professional					
Architectural Fee - Design		$2,500		$125,000	$125,000
Architectural Fee - Supervisior		$500		$25,000	$25,000
Engineering		$1,616		$80,800	$80,800
Real Estate Attorney		$125		$6,250	$6,250
Accounting		$850		$42,500	$42,500
Subtotal:		**$6,111**		**$305,550**	**$305,550**
Local Government Fees					
Building Permits		$790		$39,500	$39,500
Impact Fees		$0			$0
Water Tap Fees		$280		$14,000	$14,000
Sewer Tap Fees		$280		$14,000	$14,000
Real Estate Taxes		$0			$0
Subtotal:		**$1,350**		**$67,500**	**$67,500**
Financing Fees					
Permanent Loan Fee		$0			$0
Permanent Loan Legal Fees		$62		$3,100	$0
Title and Recording Fees		$200		$10,000	$10,000
As built Survey		$112		$5,600	$5,600
Put Option at Year 5		$1,564		$78,191	$0
Cost of Issuance / Underwriter's Discount		$0			$0
Intangibles Tax		$330		$16,500	$0
Subtotal:		**$2,268**		**$113,391**	**$15,600**
Equity Costs					
HOME app Fee		$110		$5,500	$0
Construction Inspection Fee		$168		$8,400	$0
Organization Fees		$55		$2,750	$0
Bridge Loan Fee and Bridge Loan Interest		$400		$20,000	$20,000
Syndicator Legal		$1,500		$75,000	$0
Asset Management		$0		$10,000	$0
Subtotal:		**$2,433**		**$121,650**	**$20,000**
Developer Fee					
Developer's Overhead		$3,820		$191,000	$191,000
Consultant's Fee and Travel		$1,350		$67,500	$67,500
Short-term/Rent-Up Reserves		$0			$0
Developer's Fee		$14,880		$744,000	$744,000
Subtotal:		**$20,050**		**$1,002,500**	**$1,002,500**
Start-Up/Reserves					
Lease-up/Working Capital		$1,380		$69,000	$0
Marketing		$240		$12,000	$0
Operating Deficit Reserve		$2,754		$137,700	$0
Furniture, Fixtures & Equipment		$1,827		$91,350	$0
Subtotal:		**$6,201**		**$310,050**	**$0**
Project Totals:		$153,764		**$7,688,191**	**$7,090,874**
					100.0%

Sources

Sources	Total Needed:		$7,688,191
Eligible Basis			$7,090,874
Qualified Basis (Low Income Credits)			$5,527,063
Historic Credits			
	20%	0.00%	
Total Maximum Credits/Year			1,418,175
Period (Years)		1	
Total Maximum Credits			$1,418,175
Historic Equity		100.00%	
Federal		$0.9800	$1,389,811
State		$0.5800	$174,000
Total Historic Equity Yield			**$1,563,811**
LIHTC Credits			
	4%	0.000%	
	9%	0.000%	$0
Total Maximum Credits/Year			$0
Credit Limit			$850,000
Period (Years)		10	
Total Maximum Credits			$8,500,000
LIHTC Equity		0.00%	
Federal		$0.00	$0
State		$0.00	$0
Total LIHTC Equity Yield			**$0**
Financing Required			**$6,124,380**
PSHP HOME			**$5,517,500**
MilCon			**$525,000**
Deferred Dev. Fee			**$81,880**
Total Financing			**$6,124,380**
Total sources			**$7,081,311**
Construction Sources	$7,003,121		
Estimated Equity Pay-in Schedule			
Pay-in @ Closing		5.00%	$78,191
Pro-rata w/Construction			$0
Pay-in @ C/O,Conversion, Part 3		90.00%	$1,407,430
			$0
Pay-in @ 5 Year Placed in Service		5.00%	$78,191
Total		100.00%	$1,563,811
Total Construction	$5,745,060		$5,413,060
Total Construction/Unit	$114,111		
Maximum Developer Fee	$1,001,069		

Addendum F
Site Plans

BUILDING #7			
20 STUDIO UNITS			
UNIT #	ACCESSIBILITY	HEATED UNIT AREA	GROSS UNIT AREA
101	EQUIPPED	270 SF	353 SF
102	EQUIPPED	307 SF	380 SF
103	EQUIPPED	350 SF	400 SF
104	EQUIPPED	335 SF	375 SF
105	EQUIPPED	318 SF	375 SF
106	EQUIPPED	318 SF	375 SF
107	EQUIPPED	330 SF	375 SF
108	EQUIPPED	341 SF	380 SF
109	EQUIPPED	338 SF	400 SF
110	EQUIPPED	330 SF	375 SF
111	EQUIPPED	333 SF	382 SF
112	EQUIPPED + HEARING & SIGHT IMPAIRED	328 SF	382 SF
113	EQUIPPED	330 SF	375 SF
114	EQUIPPED	331 SF	375 SF
115	EQUIPPED	338 SF	384 SF
116	EQUIPPED	338 SF	384 SF
117	EQUIPPED	337 SF	384 SF
118	EQUIPPED	323 SF	375 SF
119	EQUIPPED	307 SF	380 SF
120	EQUIPPED	270 SF	353 SF
	UNIT TOTALS:	3,237 SF	7,562 SF
COMMON AREAS			GROSS UNIT AREA
CORRIDORS & LOBBY			2,998 SF
LAUNDRY			267 SF
DINING & COMMUNITY AREA			1,240 SF
KITCHEN			223 SF
OFFICE			503 SF
		TOTAL COMMON GROSS AREA:	5,231 SF
		TOTAL GROSS BUILDING AREA:	12,793 SF

EQUIPPED: UNIT MEETS ALL ACCESSIBILITY REQUIREMENTS & IS EQUIPPED TO BE FULLY ACCESSIBLE

ADAPTABLE: UNIT IS EQUIPPED WITH OPTIONS TO MAKE IT ACCESSIBLE IF NECESSARY

GROSS UNIT AREA: AREA TAKEN TO OUTSIDE FACE OF STUD INCLUDING EXTERIOR WALLS AND CHASE WALL AREA.

HEATED UNIT AREA: AREA TAKEN TO INTERIOR FACE OF STUD ON SURROUNDING WALLS.

BUILDING #76 - GROUND FLOOR			
12 ONE BEDROOM UNITS (1 BEDROOM, 1 BATH)			
UNIT #	ACCESSIBILITY	HEATED UNIT AREA	GROSS UNIT AREA
002	ADAPTABLE	626 SF	712 SF
003	ADAPTABLE	607 SF	713 SF
004	ADAPTABLE	607 SF	713 SF
005	ADAPTABLE	616 SF	708 SF
007	EQUIPPED	713 SF	809 SF
008	EQUIPPED + HEARING & SIGHT IMPAIRED	713 SF	809 SF
013	ADAPTABLE	703 SF	809 SF
014	EQUIPPED	703 SF	809 SF
016	ADAPTABLE	587 SF	679 SF
017	ADAPTABLE	607 SF	713 SF
018	ADAPTABLE	607 SF	713 SF
019	ADAPTABLE	623 SF	707 SF
	UNIT TOTALS:	7,712 SF	8,894 SF
COMMON AREAS			GROSS UNIT AREA
CORRIDORS, STAIRS & ELEVATOR			3,780 SF
LAUNDRY			160 SF
TRASH & RECYCLING			158 SF
FITNESS			633 SF
COMMUNITY AREA & KITCHEN			1,494 SF
OFFICES			980 SF
EMPLOYEE BREAK ROOM			283 SF
RECORDS			329 SF
MAINTENANCE, SHOP, STORAGE & ELECT.			1,181 SF
		TOTAL COMMON GROSS AREA:	8,998 SF
		TOTAL GROUND FLOOR GROSS AREA:	17,892 SF

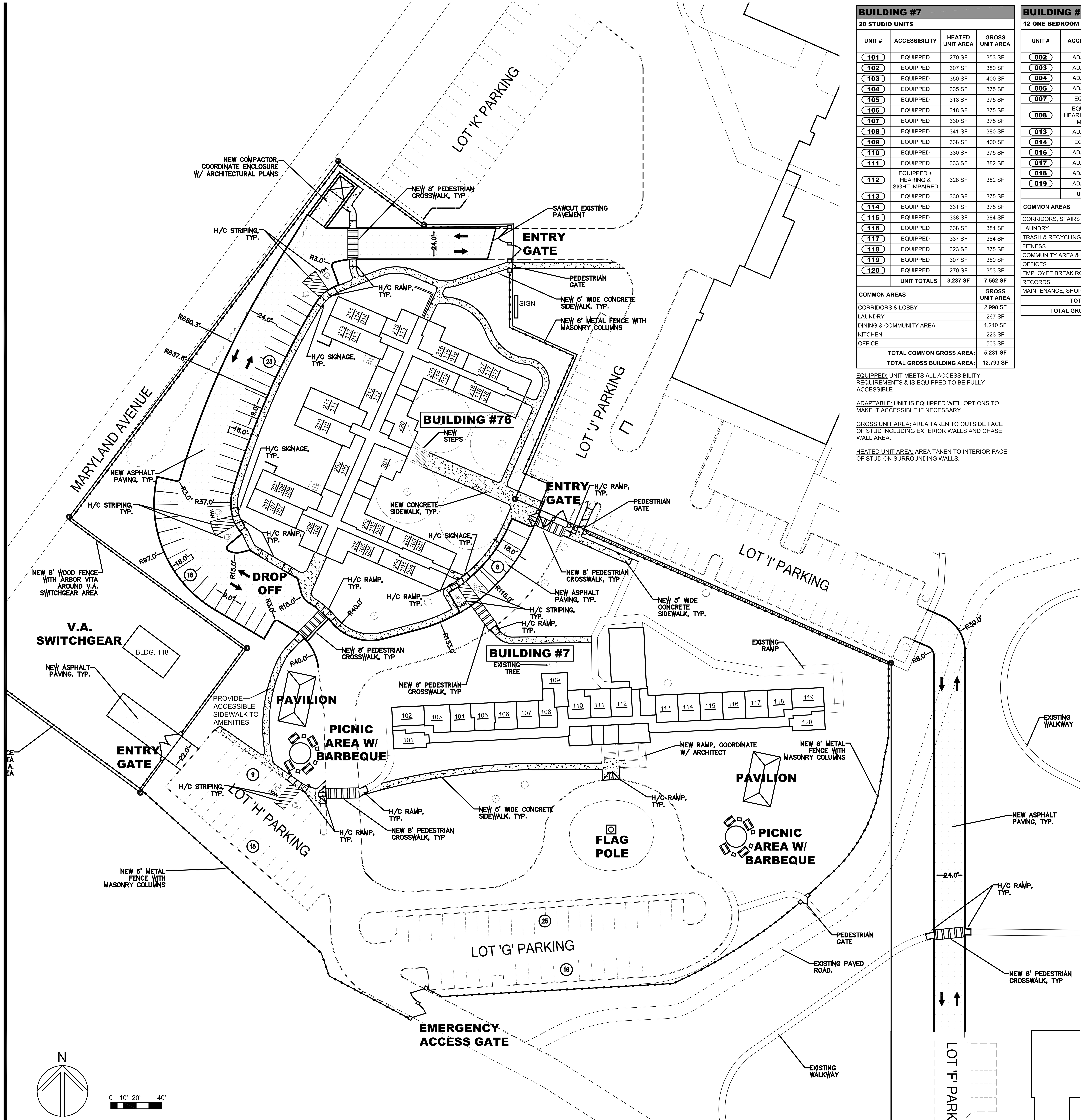
BUILDING #76 - FIRST FLOOR			
18 ONE BEDROOM UNITS (1 BEDROOM, 1 BATH)			
UNIT #	ACCESSIBILITY	HEATED UNIT AREA	GROSS UNIT AREA
102	ADAPTABLE	637 SF	741 SF
103	ADAPTABLE	602 SF	716 SF
104	ADAPTABLE	602 SF	716 SF
105	ADAPTABLE	585 SF	672 SF
106	EQUIPPED	594 SF	665 SF
107	ADAPTABLE	635 SF	716 SF
108	ADAPTABLE	657 SF	752 SF
109	ADAPTABLE	621 SF	707 SF
110	ADAPTABLE	577 SF	657 SF
111	ADAPTABLE	577 SF	657 SF
112	ADAPTABLE	624 SF	707 SF
113	ADAPTABLE	657 SF	752 SF
114	ADAPTABLE	635 SF	716 SF
115	EQUIPPED	594 SF	665 SF
116	ADAPTABLE	585 SF	672 SF
117	ADAPTABLE	602 SF	716 SF
118	ADAPTABLE	602 SF	716 SF
119	ADAPTABLE	640 SF	736 SF
	UNIT TOTALS:	11,026 SF	12,679 SF
COMMON AREAS			GROSS UNIT AREA
CORRIDORS, STAIRS & ELEVATOR			3,396 SF
LAUNDRY			158 SF
TRASH & RECYCLING			132 SF
GROUP MEETINGS			264 SF
RECEPTION AREA			788 SF
COMPUTER ROOM			290 SF
		TOTAL COMMON GROSS AREA:	5,028 SF
		TOTAL FIRST FLOOR GROSS AREA:	17,707 SF

BUILDING #76 - SECOND FLOOR			
20 ONE BEDROOM UNITS (1 BEDROOM, 1 BATH)			
UNIT #	ACCESSIBILITY	HEATED UNIT AREA	GROSS UNIT AREA
201	ADAPTABLE	632 SF	718 SF
202	ADAPTABLE	637 SF	741 SF
203	ADAPTABLE	602 SF	716 SF
204	ADAPTABLE	602 SF	716 SF
205	ADAPTABLE	585 SF	672 SF
206	EQUIPPED	594 SF	665 SF
207	ADAPTABLE	635 SF	716 SF
208	ADAPTABLE	657 SF	752 SF
209	ADAPTABLE	621 SF	707 SF
210	ADAPTABLE	577 SF	657 SF
211	ADAPTABLE	577 SF	657 SF
212	ADAPTABLE	624 SF	707 SF
213	ADAPTABLE	657 SF	752 SF
214	ADAPTABLE	635 SF	716 SF
215	EQUIPPED	594 SF	665 SF
216	ADAPTABLE	585 SF	672 SF
217	ADAPTABLE	602 SF	716 SF
218	ADAPTABLE	602 SF	716 SF
219	ADAPTABLE	640 SF	736 SF
220	ADAPTABLE	566 SF	657 SF
	UNIT TOTALS:	12,224 SF	14,054 SF
COMMON AREAS			GROSS UNIT AREA
CORRIDORS, STAIRS & ELEVATOR			3,363 SF
LAUNDRY			158 SF
TRASH & RECYCLING			132 SF
		TOTAL COMMON GROSS AREA:	3,653 SF
		TOTAL SECOND FLOOR GROSS AREA:	17,707 SF

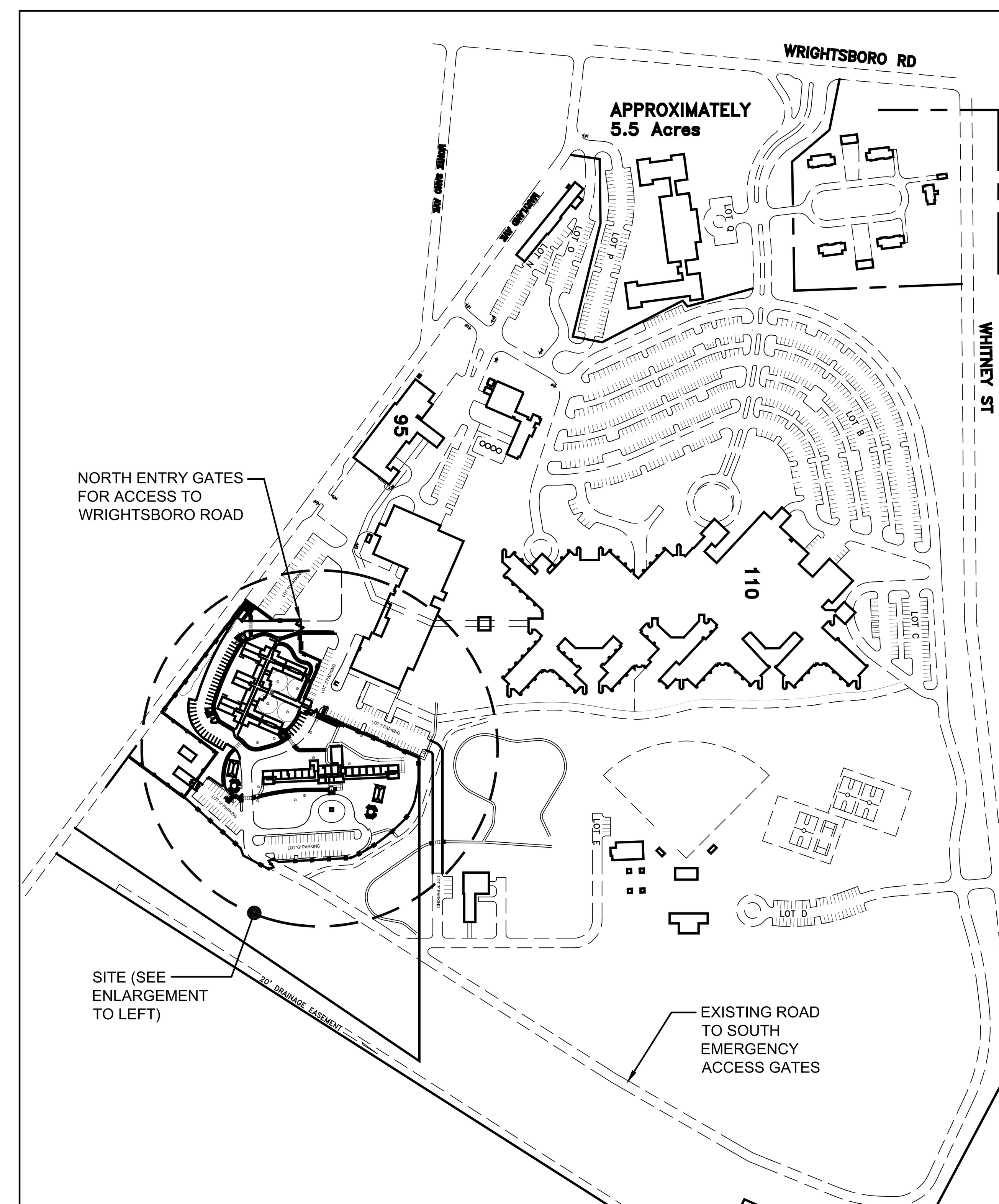
BUILDING #7 TABULATION									
GROSS BUILDING AREA				UNITS					
FLOOR	UNIT AREA	COMMON AREA	TOTAL AREA	STUDIO (1 BATH)	ONE BEDROOM (1 BATH) UNITS	TOTAL UNITS	ACCESSIBLE (EQUIPPED)	ACCESSIBLE (ADAPTABLE & FHA COMPLIANT)	HEARING & SIGHT IMPAIRED UNIT
MAIN FLOOR	7,562 SF	5,231 SF	**12,793 SF**	20	0	**20**	20 (ALL UNITS)	0	1 (#112)

BUILDING #76 TABULATION									
GROSS BUILDING AREA				UNITS					
FLOOR	UNIT AREA	COMMON AREA	TOTAL AREA	STUDIO (1 BATH)	ONE BEDROOM (1 BATH) UNITS	TOTAL UNITS	ACCESSIBLE (EQUIPPED)	ACCESSIBLE (ADAPTABLE & FHA COMPLIANT)	HEARING & SIGHT IMPAIRED UNIT
GROUND FLOOR	8,894 SF	8,998 SF	**17,892 SF**	0	12	**12**	2 (#007 & 014)	10	1 (#008)
FIRST FLOOR	12,679 SF	5,028 SF	**17,707 SF**	0	18	**18**	2 (#106 & 115)	16	0
SECOND FLOOR	14,054 SF	3,653 SF	**17,707 SF**	0	20	**20**	2 (#209 & 212)	18	0
TOTALS:	**35,627 SF**	**17,679 SF**	**53,306 SF**	**0**	**50**	**50**	6	**44**	1

PARKING FOR 75 CARS (BUILDING #76)
PARKING FOR 24 CARS (BUILDING #7)



ARCHITECTURAL SITE PLAN
SCALE: 1" = 40'-0"



CAMPUS SITE PLAN
N.T.S.

STATE OF GEORGIA
MORTON M. GRUBER
NO.1261
CERTIFICATE
REGISTERED ARCHITECT

DATE
05-11-11
08-01-11

REVISION

Freedom's Path Housing

BUILDINGS #7 & #76
HISTORIC REHABILITATION
1 FREEDOM WAY, AUGUSTA, GA 30904

GRUBER & ASSOCIATES, ARCHITECTS, LLC
245 PEACHTREE CENTER AVE SUITE 2445 ATLANTA, GA 30303 TEL. 404/584-1680 FAX 404/584-1695

SITE PLAN

T2

Addendum G
Letters of Intent

September 7, 2011

Judith Caira
Affordable Housing Solutions, Inc.
191 Edgewood Avenue
Atlanta, GA 30303

Re: **Freedom's Path – Letter of Interest**
Federal Historic Tax Credit Equity Investment

Dear Judith:

The National Trust Community Investment Corporation ("NTCIC") is pleased to provide you with this letter of interest ("LOI"), which outlines the general terms and conditions of a proposed investment by NTCIC or its assignee (hereafter "Fund") in the rehabilitation and adaptive re-use of the Freedom's Path Housing Project ("Project") in Augusta, Georgia. Except for the obligations set forth in Transaction Costs below, this LOI does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of any party and should not be construed as a commitment to provide loans to, or equity investment in, the Project. Should such terms of this LOI be acceptable to you, a formal approval process will be pursued.

Project Description	The substantial rehabilitation of two historic buildings on the site of the VA Medical Center in Augusta, Georgia formerly housing health care services; the buildings will be reused to provide 70 units of housing for homeless veterans.
Project Costs and Credits	Total Project costs are represented to be approximately $8,608,000. The Fund will invest in the federal historic tax credits ("HTCs") generated by the Project.
Qualified Rehabilitation Expenses ("QREs")	$9,013,108
20% Federal HTCs	$1,802,622
Delivery Date	December, 2012
HTC Price	$.98 per dollar of Federal HTC
HTC Capital Contribution	$1,766,569

This LOI is based on representations and information provided by you. Any changes may result in adjustments to this offer. The proposed terms and conditions are subject to the satisfactory conclusion of NTCIC's due diligence review, final approval and possible amendments by NTCIC's Investment Committee and investor, and closing. This letter does not set forth all of the terms, conditions and documents that will be required by NTCIC in connection with the proposed investment.

HTC Installment Schedule

The HTC equity will be funded according to the following schedule:

5.00% upon admission of the Fund to the Master Tenant and satisfaction of the Fund's customary due diligence, including, but not limited to, the following conditions:

a) Approval, in its sole discretion, by Fund of project loans, all of which shall be nonforeclosable as long as Fund is a partner in the project;
b) Approval, in its sole discretion, by Fund of Unconditional SNDA by lender, as long as Fund is a partner in the project;
c) Evidence of rent vouchers from City of Augusta for all units for 10 years;
d) Approval by fund, in its sole discretion, of SNDA;
e) Partnership closing;
f) Closing of all financing for the ownership entity, showing adequate sources to fund all project uses; and
g) Receipt of approved Part 1 and Part 2 from the National Park Service.

90.00% upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) Property placed-in-service and delivery of 2012 HTCs;
c) Lien-free construction completion;
d) Architect's certification of completion;
e) All certificates of occupancy;
f) Conversion of HOME loan to permanent loan status;
g) Final cost certification;
h) Achievement of Project Stabilization;
i) Part 3 approval from the National Park Service; and
j) Receipt of prior years' tax returns and K-1, if applicable.

5.00% upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) 5^{th} anniversary of Placed-In-Service date; and
c) Receipt of prior years' tax returns and K-1, if applicable.

Adjusters

The amount of historic tax credits may be adjusted up to an additional 15%. The Fund will purchase only the actual credits delivered. The Capital Contribution will be reduced by 3% for every quarter of a year placement-in-service of the Project is delayed. The Managing Member of the Lessor and the non-member Manager of the Master Tenant (collectively, the "Managers") will compensate the Fund, on an after-tax basis, for any lost credits, and any interest, penalties or increased taxes payable by the Fund as a result of credit recapture caused by any action or inaction of the Managing Member.

Legal Structure

Master tenant pass-through structure, in which the Lessor entity under IRC Section 50(d) will pass through the Federal HTC earned on the Project to the Master Tenant. The Master Tenant shall be 99.99% owned by the Fund and

0.01% owned by a Lessor-affiliated Managing Member. The Master Tenant would also be a 10 % owner of the Lessor. To satisfy the Fund's return requirements that include the use of annual operating losses from the Master Tenant, any of the following structuring approaches may be implemented:

- instead of holding a 10% ownership interest in the Lessor, the Master Tenant's ownership interest in the Lessor may be increased to a percentage that is sufficient to provide the Fund with the requisite amount of losses;
- if appropriate, subject to approval by the accountants, assets will be classified into class lives with the shortest life in order to increase the amount of available depreciation losses;
- if feasible, a portion of the Fund's equity will be held at the Master Tenant level and will be used to purchase personal property that can be depreciated at the Master Tenant level and deliver depreciation losses to the Fund directly from the Master Tenant.

In cases where the ownership interest in the Lessor is increased above the 10% -15% range, in order to enable the developer affiliate of the Lessor to retain its desired level of cash flow, (a) a master sublease structure may be considered, (b) priority return distributions to the managing member may be incorporated into the cash flow structure of the Lessor or (iii) fees may be accrued at the Lessor level and deducted or amortized to generate additional losses.

Structuring approaches are subject to NTCIC and legal counsel approval.

Fund Annual Priority Distribution

The Fund shall earn an annual priority distribution equal to 2.0% of its HTC equity ("Priority Distribution").

Guaranty Provisions

The Managing Member of the Lessor and the Manager of the Master Tenant (collectively, the "Managers") shall guarantee excess development costs, operating deficits, Fund asset management fees and tax credits.

Guarantors of Managers' Performance

The Fund will require guarantors with sufficient net worth and unrestricted net assets to guarantee on a joint and several basis the payment and performance by the Managers of their obligations. Affordable Housing Solutions, Inc. and Cooperative Resource Center, Inc. shall be Guarantors. Credit checks on the Managers and Guarantors will be required within five business days of LOI execution date.

Asset Management Fee

The Fund shall require that the annual costs of audited financial statement expenses, HTC compliance and asset management be paid by the Lessor. Audited financial statement expenses will be paid by cash flow and the Fund annual asset management fee is $10,000.00. Additional fees may apply due to the financial structure of the Project.

Option Agreement

The Fund shall have an option to put its interest to the Manager after the recapture period, for an amount equal to any amounts owed to the Fund, plus the greater of: (i) exit tax liability; or (ii) 5% of the Fund's capital contribution.

If the Fund does not exercise its put option, the Manager shall have the right to acquire the Fund's interest at an amount equal to any amounts owed to the Fund plus the greater of the fair market value of the Fund's interest or an amount equal to the taxes payable by the Fund were its interest sold for fair market value.

Transaction Costs Guarantors shall be responsible for payment of all reasonable third-party fees and expenses associated with the proposed investment in the Project, even if the investment does not close. It is the intent of the Fund to keep its legal fees to a maximum of $75,000. A Transaction Costs deposit in the amount of $25,000 shall be due within 7 calendar days upon execution of this LOI.

Due Diligence Process When the Fund has received a signed copy of this LOI and initial deposit, we will begin our underwriting and due diligence review. During this time, the Fund will conduct further review of the factual representations made by the undersigned, and will negotiate in good faith the terms and conditions of the proposed investment. The due diligence review will include, but not be limited to, such matters as the Part 1 and Part 2 applications and approvals; projected historic tax credit basis; compliance with HTC program requirements and IRS rules; environmental site assessment and all recommended follow-up; balanced sources and uses, operating pro-forma; and, the Guarantor's financial capacity. The Fund will also review the experience and capacity of other members of the Project development team.

The Fund anticipates incurring expenses and foregoing other opportunities while finalizing an agreement for this Project. The Fund is willing to do so with the understanding that upon execution of this LOI: (i) the Manager shall end any and all discussions or agreements with any other party regarding tax credit equity for the Project, and shall not entertain any such discussions in the future; (ii) all information and materials received by each party to this LOI are to be kept confidential; and (iii) the parties hereto shall negotiate in good faith to close this transaction. By executing this LOI, the Manager and Guarantor agree to each of these terms and conditions, as well as to the terms and conditions set forth above regarding closing costs.
This LOI may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

We greatly appreciate your interest in working with NTCIC. If the terms and conditions of this letter are acceptable to you, *please sign and return along with the non-refundable deposit to Randy Bartholomew, Chief Operating Officer, in our Washington, DC, office.* This proposal is valid only for 15 days from the date of this LOI, unless countersigned by you and returned to us within such time. The proposal outlined above is contingent upon a project closing date of no later than December 1, 2011.

NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

By: ______________________________
Kirk Carrison
Its: Senior Acquisition Manager

The undersigned hereby agrees to work with the Fund to finalize and structure an equity investment by the Fund in the Project as described in this letter.

Accepted and Agreed to this ____ day of September, 2011

Affordable Housing Solutions, Inc.

By: ____
Judith Caira
Its: Executive Director

PARTNERSHIP GUARANTORS

Affordable Housing Solutions, Inc.

By: ____
Judith Caira
Its: Executive Director

Cooperative Resource Center, Inc.

By: ____
Craig Taylor
Its: Executive Director

Beneficial Communities
(Guaranty Limited to Construction Completion)

By: ____
Don Paxton
Its: President

GEORGIA AFFORDABLE HOUSING INVESTORS, LLC
260 PEACHTREE STREET, NW, SUITE 1001
ATLANTA, GEORGIA 30303

October 10, 2011

Freedom's Path Housing, L.P.
c/o Judith Caira
Affordable Housing Solutions, Inc.
191 Edgewood Avenue
Atlanta, Georgia 30303

Re: **Freedom's Path Project, Augusta, Georgia (the "Project") – Term Sheet**
State Historic Tax Credit Equity Investment

Dear Judith:

This term sheet (the "Term Sheet") is submitted on behalf of Georgia Affordable Housing Investors, LLC, or an affiliated entity to be formed, ("GAHI"). This Term Sheet is merely an outline of the principal terms and conditions under which GAHI would obtain a limited partnership interest in Freedom's Path Housing, L.P., a Georgia limited partnership (the "Limited Partnership") in exchange for equity capital to be used in connection with the development and rehabilitation of the Project into a permanent community for homeless veteran individuals, in a manner that qualifies for the Georgia historic rehabilitation tax credits (the "GHTC"). This Term Sheet shall not be construed as a commitment, representation, or contract that is legally binding upon the parties and no cause of action shall arise as a result of this Term Sheet. Should the terms of this Term Sheet be acceptable to you, appropriate documentation setting forth the terms and conditions shall be prepared for review and approval by the parties.

Project Description	The substantial rehabilitation of a historic building on the site of the VA Medical Center in Augusta, Georgia formerly housing health care services ("Building"); the building will be reused to provide 50 units of housing for homeless veterans.
Project Costs and Credits	Total Project costs are represented to be approximately $7,690,000. GAHI will invest in return for a special allocation of the GHTC's generated by the Project.
Estimated GHTC's	$300,000.00
Delivery Date	February, 2013
GHTCs Price	$.58 per dollar of GHTC
GAHI Capital Contribution	$174,000.00
GAHI Installment Schedule	The GAHI equity will be funded according to the following schedule: 1.00% upon admission of GAHI to the Limited Partnership and satisfaction of GAHI's customary due diligence, including, but not limited to, the

This term sheet is based on representations and information provided by you. Any changes may result in adjustments to this proposal. The proposed terms and conditions are subject to the satisfactory conclusion of GAHI's due diligence review, final approval, and closing. This letter does not set forth all of the terms, conditions, and documents that will be required by GAHI in connection with the proposed investment.

following conditions:

a) Approval, in its sole discretion, by GAHI of project loans, all of which shall be nonforeclosable as long as GAHI is an equity partner in the Limited Partnership.
b) Master Lessee's entering into the Master Lease with the Federal Government;
c) Limited Partnership's entering into the Lease with the Master Lessee;
d) Closing of all financing for the Limited Partnership, showing adequate sources to fund all Project uses; and
e) Receipt of approved Part 1 and Part 2 from the National Park Service.

94.00% no earlier than December 15, 2012 and no later than April 30, 2013 upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) Project placed-in-service and delivery of 2013 GHTCs;
c) Lien-free construction completion;
d) Architect's certification of completion;
e) All certificates of occupancy;
f) Closing of permanent loan financing;
g) Part 3 approval from the National Park Service;
h) Final Cost certification; and
i) Receipt of prior years' tax returns and K-1, if applicable.

5.00% upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) 5th anniversary of Placed-In-Service date; and
c) Receipt of prior years' tax returns and K-1, if applicable.

Adjusters

GAHI will purchase only the actual credits delivered. Capital Contribution by GAHI may be adjusted accordingly. The key principals of the Limited Partnership will compensate GAHI, on an after-tax basis, for any lost credits, and any interest, penalties, or increased taxes payable by GAHI as a result of credit recapture.

Guaranty Provisions

The key principal of the Limited Partnership, Affordable Housing Solutions, Inc., as well as Development Consultant Cooperative Resource Center, Inc. (collectively, the "Guarantors") shall provide the following guarantees to GAHI:

a) Construction Completion. The Guarantors will guarantee that Building will be completed and placed in service prior to April 30, 2013, including all rehabilitation necessary to qualify for the Federal and State Historic Credits.

b) Operating Deficit. The Guarantors will guarantee to lend funds to the Limited Partnership to fund any operating deficits of the Project through the end of the year in which the recapture period ends. Any such loans will be repaid without interest, only from Net Cash Flow and Net Capital Proceeds.

c) Tax Credits. The Guarantors will guarantee the GHTCs. If the actual GHTCs realized by GAHI are less than the projected credits (or are recaptured) for any reason, the Guarantors will be obligated to pay GAHI an adjustment payment equal to the amount of such reduction (or recapture) to compensate for the lost GHTCs, to the extent that the adjustment in Capital Contribution (See Section Adjusters above) does not compensate for the lost credits with interest on such Capital Contribution at the rate of 8% per annum. Any such payments will not be repaid or credited to capital accounts.

d) Repurchase. The Guarantors will repurchase the limited partnership interest of GAHI for an amount equal to the total Capital Contribution made by GAHI if it is found that the Project was substantially rehabilitated and placed in service, within the meaning of the Internal Revenue Code, prior to GAHI's admittance into the Limited Partnership, with interest on such Capital Contribution at the rate of 8% per annum.

e) Representations and Warranties. The Guarantors will protect and indemnify GAHI against any loss due to any breach or default under any representation, warranty, or covenant under the limited partnership agreement.

Asset Management Fee

GAHI shall require that the annual costs of audited financial statement expenses, compliance and asset management be paid by the Limited Partnership. Audited financial statement expenses will be paid by cash flow and GAHI annual asset management fee will be $1,000. Additional fees may apply due to the financial structure of the Project.

Withdrawal

After the termination of the recapture period for the GHTCs, the Limited Partnership will repurchase GAHI's limited partnership interest in an amount equal to the fair market value of its interest. Fair market value shall be net of any indebtedness on the Project. It is anticipated that GAHI's limited partnership interest will be .01% after the expiration of the Section 50 recapture period.

Transaction Costs

Guarantors shall be responsible for payment of all reasonable third-party fees and expenses associated with the proposed investment in the Project, even if the investment does not close. It is the intent of GAHI to keep its legal fees to a maximum of $2,500. A transaction costs deposit in the amount of $500 shall be due within 14 calendar days upon execution of this Term Sheet.

Due Diligence Process

When GAHI has received a signed copy of this Term Sheet and initial deposit, we will begin our underwriting and due diligence review. During this time, GAHI will conduct further review of the factual representations made by the undersigned, and will negotiate in good faith the terms and conditions of the proposed investment. The due diligence review will include, but not be limited to, such matters as the Part 1 and Part 2 applications and approvals; projected historic tax credit basis; compliance with GHTC program requirements and IRS rules; environmental site assessment and all recommended follow-up; balanced sources and uses, operating pro-forma; and, the Guarantors' financial capacity. GAHI will also review the experience and capacity of other members of the Project development team.

GAHI anticipates incurring expenses and foregoing other opportunities while finalizing an agreement for this Project. GAHI is willing to do so with the understanding that upon execution of this Term Sheet: (i) the Limited Partnership and its representatives and agents shall end any and all discussions or agreements with any other party regarding Georgia historic tax credit equity for the Project, and shall not entertain any such discussions in the future; (ii) all information and materials received by each party to this Term Sheet are to be kept confidential; and (iii) the parties hereto shall negotiate in good faith to close this transaction. By executing this Term Sheet, the Limited Partnership and Guarantor agree to each of these terms and conditions, as well as to the terms and conditions set forth above regarding closing costs.

This Term Sheet may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

We greatly appreciate your interest in working with GAHI. If the terms and conditions of this letter are acceptable to you, *please sign and return along with the non-refundable deposit to the undersigned.* This proposal is valid only for 5 days from the date of this Term Sheet, unless countersigned by you and returned to us within such time.

GEORGIA AFFORDABLE HOUSING INVESTORS, LLC,
a Georgia limited liability company

By: 5d Investments, LLC, Manager

By: ______________________________
Robin Delmer
Its: Manager

The undersigned hereby agree to work with GAHI to finalize and structure an equity investment by GAHI in the Project as described in this letter.

Accepted and Agreed to this ____ day of October, 2011.

Freedom's Path Housing, L.P.,
a Georgia limited partnership

By: Affordable Housing Solutions, Inc.

By: Judith G. Caira
Judith Caira
Its: Executive Director

PARTNERSHIP GUARANTORS

Affordable Housing Solutions, Inc.

By: Judith G. Caira
Judith Caira
Its: Executive Director

Cooperative Resource Center, Inc.

By: Craig Taylor
Craig Taylor
Its: Executive Director

GEORGIA AFFORDABLE HOUSING INVESTORS, LLC
260 PEACHTREE STREET, NW, SUITE 1001
ATLANTA, GEORGIA 30303

September 9, 2011

Freedom's Path First Step, L.P.
c/o Judith Caira
Affordable Housing Solutions, Inc.
191 Edgewood Avenue
Atlanta, Georgia 30303

Re: **Freedom's Path Project, Augusta, Georgia (the "Project") – Term Sheet State Historic Tax Credit Equity Investment**

Dear Judith:

This term sheet (the "Term Sheet") is submitted on behalf of Georgia Affordable Housing Investors, LLC, or an affiliated entity to be formed, ("GAHI"). This Term Sheet is merely an outline of the principal terms and conditions under which GAHI would obtain a limited partnership interest in Freedom's Path First Step, L.P., a Georgia limited partnership (the "Limited Partnership") in exchange for equity capital to be used in connection with the development and rehabilitation of the Project into a transitional community for homeless veteran individuals, in a manner that qualifies for the Georgia historic rehabilitation tax credits (the "GHTC"). This Term Sheet shall not be construed as a commitment, representation, or contract that is legally binding upon the parties and no cause of action shall arise as a result of this Term Sheet. Should the terms of this Term Sheet be acceptable to you, appropriate documentation setting forth the terms and conditions shall be prepared for review and approval by the parties.

Project Description	The substantial rehabilitation of a historic building on the site of the VA Medical Center in Augusta, Georgia formerly housing health care services ("Building 7"); the building will be reused to provide 20 units of housing for homeless veterans.
Project Costs and Credits	Total Project costs are represented to be approximately $8,608,000. GAHI will invest in return for a special allocation of the GHTC's generated by the Project.
Estimated GHTC's	$300,000.00
Delivery Date	August, 2012
GHTCs Price	$.58 per dollar of GHTC
GAHI Capital Contribution	$174,000.00
GAHI Installment Schedule	The GAHI equity will be funded according to the following schedule: 1.00% upon admission of GAHI to the Limited Partnership and satisfaction of GAHI's customary due diligence, including, but not limited to, the

This term sheet is based on representations and information provided by you. Any changes may result in adjustments to this proposal. The proposed terms and conditions are subject to the satisfactory conclusion of GAHI's due diligence review, final approval, and closing. This letter does not set forth all of the terms, conditions, and documents that will be required by GAHI in connection with the proposed investment.

following conditions:

a) Approval, in its sole discretion, by GAHI of project loans, all of which shall be nonforeclosable as long as GAHI is an equity partner in the Limited Partnership.
b) Master Lessee's entering into the Master Lease with the Federal Government;
c) Limited Partnership's entering into the Lease with the Master Lessee;
d) Closing of all financing for the Limited Partnership, showing adequate sources to fund all Project uses; and
e) Receipt of approved Part 1 and Part 2 from the National Park Service.

94.00% no earlier than July 15, 2012 and no later than October 15, 2012 upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) Project placed-in-service and delivery of 2012 GHTCs;
c) Lien-free construction completion;
d) Architect's certification of completion;
e) All certificates of occupancy;
f) Closing of permanent loan financing;
g) Part 3 approval from the National Park Service;
h) Final Cost certification; and
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5.00% upon satisfaction of the following conditions:

a) All conditions in the previous equity installments have been met;
b) 5th anniversary of Placed-In-Service date; and
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Adjusters

GAHI will purchase only the actual credits delivered. Capital Contribution by GAHI may be adjusted accordingly. The key principals of the Limited Partnership will compensate GAHI, on an after-tax basis, for any lost credits, and any interest, penalties, or increased taxes payable by GAHI as a result of credit recapture.

Guaranty Provisions

The key principals of the Limited Partnership, Affordable Housing Solutions, Inc., and Cooperative Resource Center, Inc. (collectively, the "Guarantors") shall provide the following guarantees to GAHI:

a) Construction Completion. The Guarantors will guarantee that Building 7 will be completed and placed in service prior to August 1, 2012, including all rehabilitation necessary to qualify for the Federal and State Historic Credits.

b) Operating Deficit. The Guarantors will guarantee to lend funds to the Limited Partnership to fund any operating deficits of the Project through the end of the year in which the recapture period ends. Any such loans will be repaid without interest, only from Net Cash Flow and Net Capital Proceeds.

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and, the Guarantors' financial capacity. GAHI will also review the experience and capacity of other members of the Project development team.

GAHI anticipates incurring expenses and foregoing other opportunities while finalizing an agreement for this Project. GAHI is willing to do so with the understanding that upon execution of this Term Sheet: (i) the Limited Partnership and its representatives and agents shall end any and all discussions or agreements with any other party regarding Georgia historic tax credit equity for the Project, and shall not entertain any such discussions in the future; (ii) all information and materials received by each party to this Term Sheet are to be kept confidential; and (iii) the parties hereto shall negotiate in good faith to close this transaction. By executing this Term Sheet, the Limited Partnership and Guarantor agree to each of these terms and conditions, as well as to the terms and conditions set forth above regarding closing costs.

This Term Sheet may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

We greatly appreciate your interest in working with GAHI. If the terms and conditions of this letter are acceptable to you, *please sign and return along with the non-refundable deposit to the undersigned.* This proposal is valid only for 5 days from the date of this Term Sheet, unless countersigned by you and returned to us within such time.

GEORGIA AFFORDABLE HOUSING INVESTORS, LLC,
a Georgia limited liability company

By: 5d Investments, LLC, Manager

By: ______________________________
Robin Delmer
Its: Manager

The undersigned hereby agree to work with GAHI to finalize and structure an equity investment by GAHI in the Project as described in this letter.

Accepted and Agreed to this ____ day of September, 2011.

Freedom's Path First Step, L.P.,
a Georgia limited partnership

By: Affordable Housing Solutions, Inc.

By: ______________________________
Judith Caira
Its: Executive Director

PARTNERSHIP GUARANTORS

Affordable Housing Solutions, Inc.

By: ______________________________
Judith Caira
Its: Executive Director

Cooperative Resource Center, Inc.

By: ______________________________
Craig Taylor
Its: Executive Director

Addendum G
License

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

BRAD ELLIOTT WEINBERG

221179

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

CHARLES B. BRAMLETT
Chairperson

SANDRA MCALISTER WINTER
Vice Chairperson

WILLIAM R. COLEMAN, JR.
D. SCOTT MURPHY
MARILYN R. WATTS

7156149

WEINBERG, BRAD
4520 EAST WEST HIGHWAY
SUITE 615
BETHESDA, MD 20814

BRAD ELLIOTT WEINBERG

221179
Status ACTIVE

ORIGINALLY LICENSED
05/05/2000

END OF RENEWAL
06/30/2012

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

WILLIAM L. ROGERS, JR.
Real Estate
Commissioner

7156149

BRAD ELLIOTT WEINBERG

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