

June 16, 2016

Cody Langeness
Red Stone Partners
Two Grand Central Tower
140 East 45th Street, 15th Floor
New York, NY 10017

Re: Appraisal of Peach Orchard Apartments (Proposed)
3630 Peach Orchard Road
Augusta, Richmond County, Georgia 30906

Dear Mr. Langeness:

This letter is to inform you that the attached Appraisal has been reviewed by a partner of Novogradac & Company LLP, for quality assurance purposes, as required by Novogradac & Company LLP partner guidelines.

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

Respectfully submitted,



Brad Weinberg, MAI, CVA, CCIM
Certified General Real Estate Appraiser
Partner



**A MARKET VALUATION OF
PEACH ORCHARD APARTMENTS
3630 PEACH ORCHARD ROAD
AUGUSTA, GEORGIA 30906**

**Effective Date: May 31, 2016
Report Date: June 15, 2016**

Prepared For

**Cody Langeness
Red Stone Partners
Two Grand Central Tower
140 East 45th Street, 15th Floor
New York, NY 10017**

Prepared By

**Novogradac & Company LLP
4520 East-West Highway, Suite 615
Bethesda, MD
240-235-1701**

June 15, 2016

Cody Langeness
Red Stone Partners
Two Grand Central Tower
140 East 45th Street, 15th Floor
New York, NY 10017

Re: Appraisal of Peach Orchard Apartments (Proposed)
3630 Peach Orchard Road
Augusta, Richmond County, Georgia 30906

We are pleased to present our findings with respect to the value of the above-referenced property, Peach Orchard Apartments (“Subject”). The Subject is a proposed multifamily LIHTC property. As requested and summarized in the attached engagement letter, we are providing a written appraisal report that includes the following estimates of value, which are described and defined below. Neither the appraiser nor the appraisal division have performed other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. This letter serves as an introduction to the attached appraisal. Thus, the value opinions summarized in this introduction letter must be taken in context with the full appraisal report, and include the following:

- Fee simple market value of the Subject “As Is”
- Hypothetical leased fee market value of the Subject “As Complete” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete” assuming unrestricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming unrestricted operation
- Insurable value “As Complete”

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

Red Stone Partners is the client in this engagement. We understand that they will use this document to assist in loan underwriting. Intended users include Red Stone Partners and other transaction participants who are interested parties and have knowledge of affordable housing debt and equity programs, including but not limited to the LIHTC program. As our client, Red Stone Partners owns this report and permission must be granted from them before another third party can use this document. 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.

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 an appraisal report, as defined by USPAP.

For the purpose of this appraisal, 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 the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and FIRREA Title XI, 12 CFR Part 323(FDIC), and 12 CFR Part 34 (RTC), and the Code of Ethics & of Professional Practice of the Appraisal Institute. It also complies with Appraisal Institute guidelines.

Our opinion of the Subject's unencumbered fee simple market value "As Is" as of May 31, 2016 is:

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

Our opinion of the Subject's hypothetical leased fee market value, assuming restricted operation, "As Complete" as of May 31, 2016 is:

FIFTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$15,600,000)

Our opinion of the Subject's hypothetical leased fee market value, assuming restricted operation, "As Complete and Stabilized" as of May 31, 2016 is:

SIXTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$16,600,000)

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

Our opinion of the Subject's hypothetical leased fee market value, assuming unrestricted operation, "As Complete" as of May 31, 2016 is:

TWENTY THREE MILLION DOLLARS
(\$23,000,000)

Our opinion of the Subject's hypothetical leased fee market value, assuming unrestricted operation, "As Complete and Stabilized" as of May 31, 2016 is:

TWENTY FOUR MILLION THREE HUNDRED THOUSAND DOLLARS
(\$24,300,000)

Our opinion of the Subject's total insurable value as of May 31, 2016, is:

TWENTY SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS
(\$27,300,000)

Please refer to the assumptions and limiting conditions regarding the 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 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,

Novogradac & Company LLP



Edward R. Mitchell, MAI
Manager
GA License #4649
Expiration Date: 4/30/2017
Ed.Mitchell@novoco.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
FACTUAL DESCRIPTION	5
REGIONAL AND LOCAL AREA ANALYSIS	9
DESCRIPTION OF THE SITE	24
DESCRIPTION OF THE IMPROVEMENTS	26
COMPETITIVE RENTAL/DEMAND ANALYSIS	32
SUPPLY ANALYSIS	33
HIGHEST AND BEST USE	66
APPRAISAL METHODOLOGY	68
COST APPROACH	70
INCOME CAPITALIZATION APPROACH	88
SALES COMPARISON APPROACH	103
RECONCILIATION	116

ADDENDA:

- A. Assumptions and Limiting Conditions, Certification*
- B. Qualifications of Consultants*
- C. Subject Photos*
- D. Engagement Letter*
- E. Rent Roll*
- F. Purchase and Sale Agreement & Floor Plans*

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Property Appraised:

Peach Orchard Apartments is a proposed 240-unit LIHTC multifamily development that will be located at 3630 Peach Orchard Road in Augusta, Richmond County, Georgia 30906. The Subject site will be improved with 10 two and three-story garden-style residential buildings and one single-story community building. Upon completion, the property will contain a combination of 24 one-bedroom, 132 two-bedroom, and 84 three-bedroom units, all of which will be restricted at the 60 percent AMI level.

Proposed Unit Mix & Rents:

The following table details the Subject’s proposed unit mix and rents.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>60% AMI</i>							
1BR/1BA	850	24	\$589	\$74	\$663	\$663	\$612
2BR/2BA	1,072	132	\$685	\$87	\$772	\$796	\$735
3BR/2BA	1,185	84	\$785	\$104	\$889	\$921	\$997
Total		240					

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

As illustrated in the previous table, the Subject’s proposed one-bedroom rents are set at the maximum allowable LIHTC rent level, while the two and three-bedroom rents are set moderately below the maximum allowable rent levels.

Property Identification:

The Subject property is located at 3630 Peach Orchard Road in Augusta, Richmond County, Georgia 30906. The Subject site is identified by the assessor’s office as tax parcel numbers 155-0-059-03-0 and 155-0-059-00-0.

Land Area:

According to the assessor’s office, the Subject site is approximately 16.97 acres.

Legal Interest Appraised:

For the value of the Subject “as is”, the property interest appraised is fee simple estate. For all other scenarios, the property interest appraised is leased fee estate.

Ownership History of the Subject:

The Subject property is in contract to be purchased by Realty Management Group LLC (“Buyer”) from Linda W. Williams

and Andrew F. Williams (“Seller”) for a purchase price of \$1,026,000, which was reportedly the result of an arm’s length negotiation. According to the purchase agreement, the Seller is responsible for removing the existing office structures on the Subject site prior to closing. There have been no other transactions involving the Subject site in the past three years. Based upon our reconciled “as is” valuation of \$1,200,000, the proposed purchase price appears to indicate a slight buyer’s advantage.

Highest and Best Use

“As Is”:

The Subject’s highest and best use “As Is” is to hold for future development when market rents rise to the level of cost feasibility. Alternatively, an affordable multifamily rental property would be feasible with gap financing such as tax credits.

Effective Date:

The Subject and all of the comparable properties were inspected by the appraiser on May 31, 2016, which serves as the effective date of the report.

Capitalization Rate

Reconciliation:

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	5.75%
PwC Survey	5.75%
Debt Coverage Ratio	5.70%
Band of Investment	6.06%

The four approaches indicate a range from 5.70 to 6.06 percent. We have given the most weight to the market-extracted conclusions due to the specificity to the Subject’s market and reconciled to a capitalization rate of 5.75 percent for all scenarios.

Operating Expense

Reconciliation:

Operating expenses were estimated based upon the comparable expenses and the developer’s budget. In the following tables, we compared the budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes and utilities.

Operating Expense Summary

Total Expenses Per Unit	
Developer's Budget	\$4,450
Expense Comparable 1	\$5,559
Expense Comparable 2	\$4,048
Expense Comparable 3	\$4,456
Expense Comparable 4	\$4,680
Subject Restricted	\$4,613
Subject Unrestricted	\$5,008

Operating Expense Summary

Total Expenses Per Unit Less Taxes, Utilities, & Reserves	
Developer's Budget	\$2,775
Expense Comparable 1	\$2,209
Expense Comparable 2	\$2,754
Expense Comparable 3	\$3,106
Expense Comparable 4	\$3,991
Subject Restricted	\$2,839
Subject Unrestricted	\$2,826

The expense estimates for both scenarios are within the comparable ranges, slightly to moderately above the developer's budgeted figure. Excluding taxes and utilities, the Subject's restricted expenses are towards the middle of the comparable range and near the most similar comparable, comparable three. The unrestricted expenses are also towards the middle of the range of the comparables when excluding taxes, utilities, and reserves. Overall, we believe our conclusions are reasonable relative to the data, and these will be utilized in our valuation.

Strengths and Weaknesses:

The Subject development is a well-conceived LIHTC multifamily development in a submarket with stable vacancy and reported demand for additional affordable housing. Strengths of the Subject development include the new construction quality and good curb appeal upon completion, competitive amenities and unit sizes, and increasing demographic trends. There are no notable weaknesses of the concept.

Third Party Reports:

We were provided with a Phase I Environmental Assessment completed by Geotechnical and Environmental Consultants Inc. on January 29, 2016. According to the report, there was one possible recognized environmental condition (REC) found to potentially exist on the Subject site. An on-site underground storage tank (UST) was found on the site, and, due to the UST, a Phase II environmental assessment was performed. The findings in the Phase II assessment resulted in no further

investigations being recommended, besides proper removal of the UST. Our valuation assumes that the cost to remove the UST is accounted for within the construction budget, and that no environmental contamination exists on the site. Should the presence of such materials be discovered, the value estimate reported herein could be materially affected by remediation costs.

Indications of Value:

LAND VALUE - "AS IS"

Scenario	Indicated Value (Rounded)
"As Is" Value	\$1,200,000

COST APPROACH - "AS COMPLETE"

Scenario	Indicated Value (Rounded)
Restricted & Unrestricted	\$27,500,000

INCOME APPROACH - "AS COMPLETE"

Scenario	Loss to Lease	Indicated Value (Rounded)
Restricted	\$1,044,006	\$15,000,000
Unrestricted	\$1,316,170	\$22,200,000

INCOME APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
Restricted	6.00%	\$960,899	\$16,000,000
Unrestricted	6.00%	\$1,410,417	\$23,500,000

SALES COMPARISON APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Restricted	240	\$68,000	\$16,300,000
Unrestricted	240	\$100,000	\$24,000,000

INSURABLE VALUE "AS COMPLETE"

Scenario	Indicated Value (Rounded)
Restricted & Unrestricted	\$27,300,000

Marketing Period: Nine – 12 Months

Exposure Period: Nine – 12 Months

FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

Appraisal Assignment and Valuation Approach

As requested and summarized in the attached engagement letter, the appraisers provided several value estimates described and defined below.

- Fee simple market value of the Subject “As Is”
- Hypothetical leased fee market value of the Subject “As Complete” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete” assuming unrestricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming unrestricted operation
- Insurable value “As Complete”

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

In determining the value estimates, the appraisers employed the cost, sales comparison and income capitalization approaches to value. The Subject property is a proposed LIHTC multifamily development.

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 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 property is located at 3630 Peach Orchard Road in Augusta, Richmond County, Georgia 30906. The Subject site is identified by the assessor's office as tax parcel numbers 155-0-059-03-0 and 155-0-059-00-0.

Intended Use and Intended User

Red Stone Partners is the client in this engagement. We understand that they will use this document to assist in loan underwriting. Intended users include Red Stone Partners and other transaction participants who are interested parties and have knowledge of affordable housing debt and equity programs, including but not limited to the LIHTC program. As our client, Red Stone Partners owns this report and permission must be granted from them before another third party can use this document. 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

For the value of the Subject “as is”, the property interest appraised is fee simple estate. For all other scenarios, the property interest appraised is leased fee estate.

Date of Inspection and Effective Date of Appraisal

The Subject was inspected on May 31, 2016, which will be the effective date of the appraisal. 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 were consulted (in person or by phone). Various publications, both governmental (e.g. zoning ordinances) and private (e.g. 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. We believe the scope of this appraisal is adequate for the problem stated.

Extraordinary Assumptions and Hypothetical Conditions

For the purposes of our unrestricted analysis, we have used a hypothetical condition for the Subject assuming unrestricted, conventional operations. No other hypothetical conditions or extraordinary assumptions were necessary to complete the valuation for the Subject. We have included a more in depth summary of any limiting conditions in the addenda of 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 appraisal 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, and may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

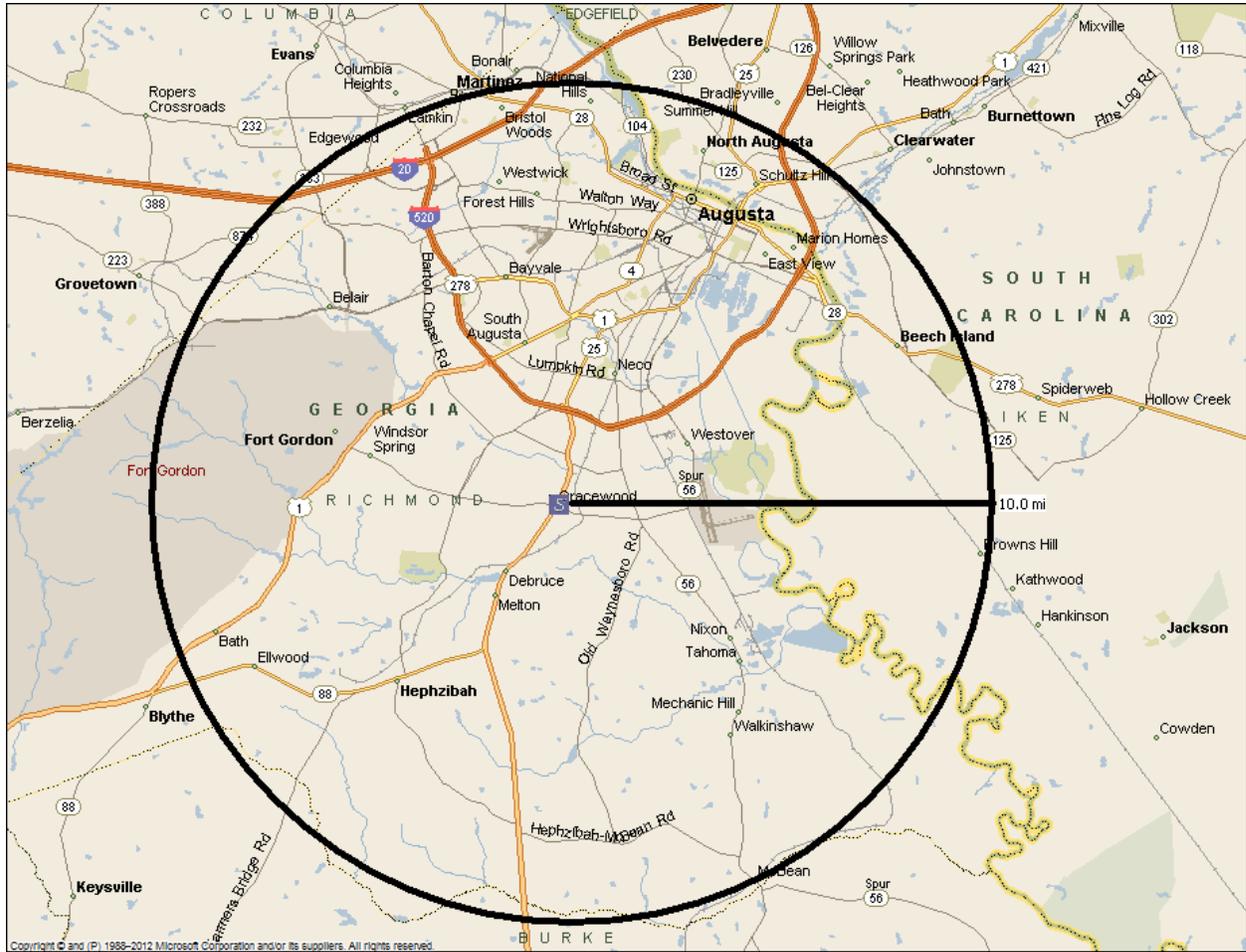
Ownership and History of Subject

The Subject property is in contract to be purchased by Realty Management Group LLC (“Buyer”) from Linda W. Williams and Andrew F. Williams (“Seller”) for a purchase price of \$1,026,000, which was reportedly the result of an arm’s length negotiation. According to the purchase agreement, the Seller is responsible for removing the existing office structures on the Subject site prior to closing. There have been no other transactions involving the Subject site in the past three years. Based upon our reconciled “as is” valuation of \$1,200,000, the proposed purchase price appears to indicate a slight buyer’s advantage.

REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL MAP



The Subject is located in Augusta, Georgia a city with a population of approximately 197,871 and land area of approximately 302 square miles as of the 2010 Census. Augusta is located in Richmond County and is the county seat and largest city in eastern Georgia. The Subject's secondary market area consists of the Augusta, GA-SC MSA.

ECONOMIC ANALYSIS

Major Employers

The following table details the largest employers in the Augusta, GA region.

MAJOR EMPLOYERS - AUGUSTA, GA		
Employer	Industry	Number Employed
U.S. Army Signal Center & Fort Gordon	Military	25,264
Augusta University	Education	4,656
Richmond County School System	Education	4,418
University Hospital	Health Care	3,200
Auugusta University Hospitals	Health Care	3,054
Augusta-Richmond County	Public Administration	2,612
VA Medical Centers	Health Care	2,082
East Central Regional Hospital	Health Care	1,488
EZ GO Textron	Manufacturing	1,277
Doctors Hospital	Health Care	1,210

*Source: Augusta Economic Development, 2016; Novogradac & Company LLP, 5/2016

As indicated in the table above, the major employers in Augusta are concentrated in the public administration/military and health care sectors. These two sectors account for seven of the top 10 employers in the region. Manufacturing is also a significant part of employment in the region. The largest manufacturing employers are outline in the table below.

MAJOR MANUFACTURERS - AUGUSTA REGION		
Employer	Product	Number Employed
EZ GO Textron*	Golf Cars/Utility Vehicles	1,277
Covidien	Medical Supplies	850
International Paper	Bleached Paperboard	820
Kellogg's	Cookies and Crackers	535
FPL Food, LLC*	Beef Products	500
Thermal Ceramics	Ceramic Fiber	444
Resolute Forest Products*	Newsprint	374
Boral Brick	Bricks	363
PCS Nitrogen	Nitrogenous Fertilizer	350
DSM Chemical	Caprolactam/Cyclohexanone	350

Source: Augusta Economic Development, 2016; Novogradac & Company LLP, 4/2016

*Corporate Headquarters

Employment Expansion/Contractions

The following table details recently announced business expansions, hiring activity, and plant construction in the Augusta, GA region.

EMPLOYMENT EXPANSIONS - AUGUSTA, GA				
Company	New Jobs	Investment	Industry	Year
EdenCrete	250	New \$67 Million Facility	Manufacturing - Concrete	Through 2020
UNISYS	700	Downtown Augusta Port Royal Building	IT, Government Contractor	Through 2019
ADP	450	New 60,000sqft facility	Business Processes/Cloud IT	Through 2018
Textron, Specialized Vehicles	400	Acquisition of old P&G Plant	Manufacturing - Golf Carts, etc.	Through 2020
ICT Industries	100	Acquisition of old Int'l Flavors Plant	Manufacturing - Polymers	Through 2020
Huntsman Corp.	100	\$172 Million Facility	Manufacturing - Pigments	Through 2016
Total	2,000			

Source: Augusta Economic Development, The Augusta Chronicle; 2016; Novogradac & Company LLP, 4/2016

As indicated in the table above, the majority of business expansions in Augusta are concentrated in the manufacturing and IT sectors.

WARN Notices

The Georgia Department of Labor maintains a database of Worker Adjustment and Retraining Notices (WARN). According to database records for the Northeastern Central Georgia region, the most recent WARN filings were in 2013, including Proctor and Gamble and Comcast, which laid off 130 and 79 employees, respectively, during that year.

According to local news sources, Sitel, a customer care provider and call center laid off over 600 employees in 2015, and replaced up to 300 of the jobs with temporary positions. Information on how much Sitel's existing workforce in the region has been impacted was unavailable.

Quad/Graphics, a company specializing in retail printing and advertising, closed a printing/production facility in Augusta in late 2015 which employed approximately 250 persons. The closure was part of a larger national cost reduction plan due to decreasing sales and business.

Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2006 to February 2016.

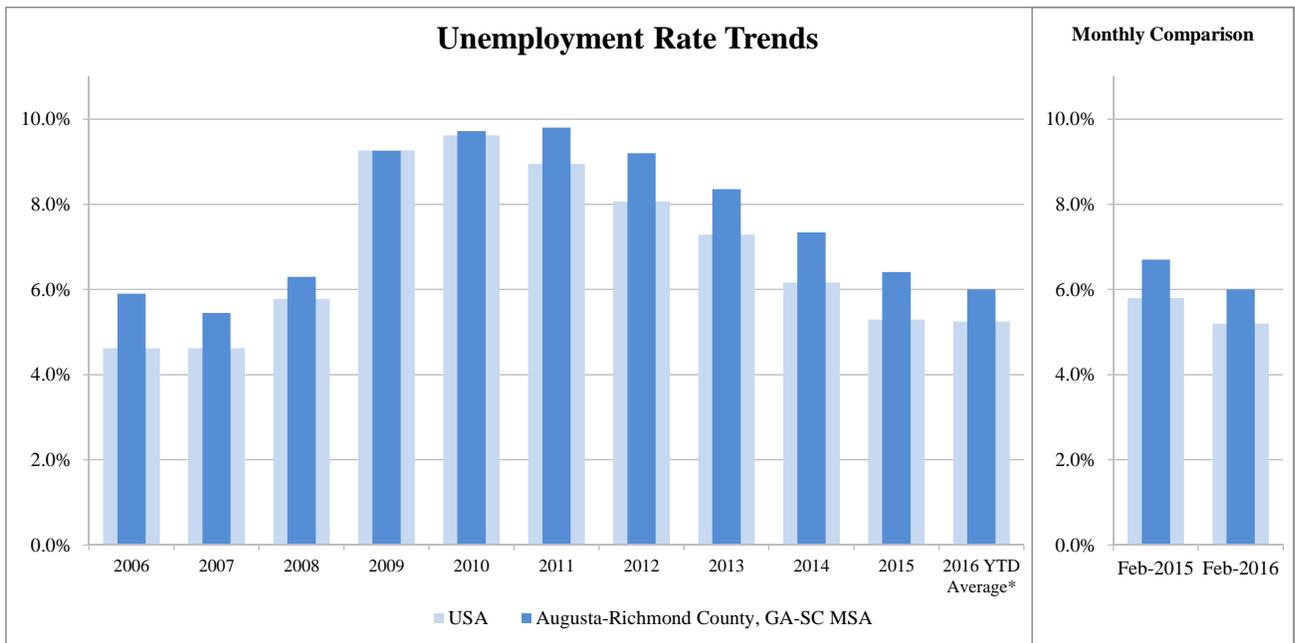
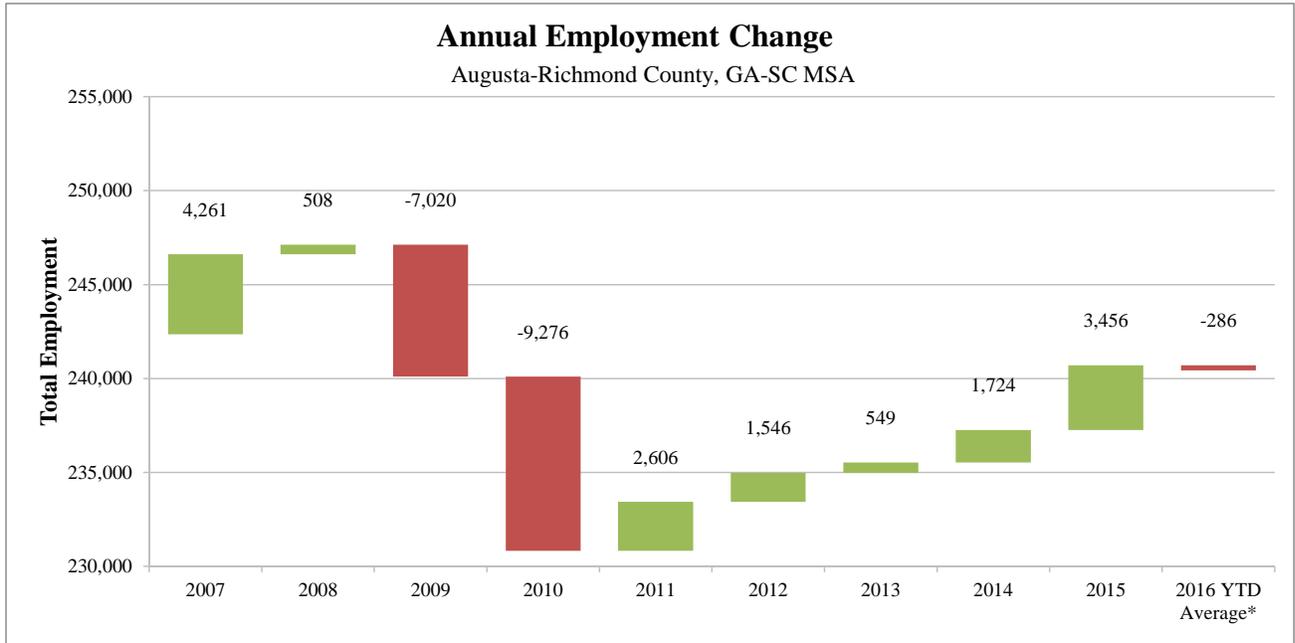
EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Augusta-Richmond County, GA-SC MSA				USA			
	Total Employment	% Change	Unemployment Rate	% Change	Total Employment	% Change	Unemployment Rate	% Change
2006	242,357	-	5.9%	-	144,427,000	-	4.6%	-
2007	246,618	1.8%	5.5%	-0.5%	146,047,000	1.1%	4.6%	0.0%
2008	247,126	0.2%	6.3%	0.9%	145,363,000	-0.5%	5.8%	1.2%
2009	240,106	-2.8%	9.3%	3.0%	139,878,000	-3.8%	9.3%	3.5%
2010	230,830	-3.9%	9.7%	0.5%	139,064,000	-0.6%	9.6%	0.3%
2011	233,436	1.1%	9.8%	0.1%	139,869,000	0.6%	9.0%	-0.7%
2012	234,982	0.7%	9.2%	-0.6%	142,469,000	1.9%	8.1%	-0.9%
2013	235,531	0.2%	8.4%	-0.8%	144,190,000	1.2%	7.3%	-0.8%
2014	237,255	0.7%	7.3%	-1.0%	146,305,000	1.5%	6.2%	-1.1%
2015	240,711	1.5%	6.4%	-0.9%	148,833,000	1.7%	5.3%	-0.9%
2016 YTD Average*	240,425	-0.1%	6.0%	-0.4%	148,833,417	0.0%	5.3%	0.0%
Feb-2015	239,856	-	6.7%	-	147,118,000	-	5.8%	-
Feb-2016	240,472	0.3%	6.0%	-0.7%	150,060,000	2.0%	5.2%	-0.6%

Source: U.S. Bureau of Labor Statistics April 2016

*2016 data is through Dec

Total employment in the MSA has increased in seven of the last ten years, with significant declines only during the national recession in 2009 and 2010. Since 2010 when the national recession subsided, the region has experienced increasing total annual employment. Total employment is still approximately 2.8 percent below peak employment levels prior to the national recession in 2009. Despite the local unemployment rate being approximately 70 basis points above the national rate, the unemployment rate has decreased in the MSA in each of the past four years since 2011. Overall the MSA has experienced minimal total employment growth compared to the nation since 2010. As such, the unemployment rate in the MSA has decreased, but not nearly as quickly as the national rate of unemployment.



Employment by Industry

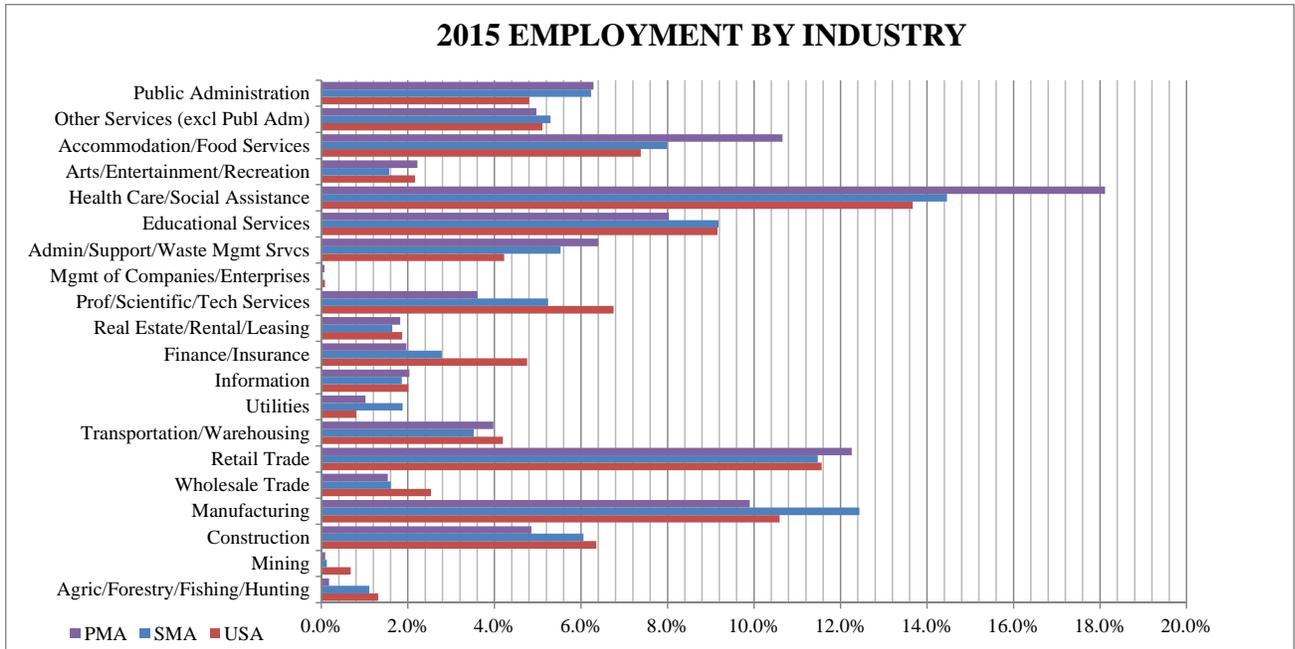
The following table illustrates employment by industry for the PMA and the nation as of 2015.

2015 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	11,511	18.1%	20,205,674	13.7%
Retail Trade	7,790	12.3%	17,089,319	11.6%
Accommodation/Food Services	6,771	10.7%	10,915,815	7.4%
Manufacturing	6,290	9.9%	15,651,841	10.6%
Educational Services	5,106	8.0%	13,529,510	9.2%
Admin/Support/Waste Mgmt Svcs	4,068	6.4%	6,242,568	4.2%
Public Administration	3,998	6.3%	7,099,307	4.8%
Other Services (excl Publ Adm)	3,158	5.0%	7,548,482	5.1%
Construction	3,084	4.9%	9,392,204	6.4%
Transportation/Warehousing	2,525	4.0%	6,200,837	4.2%
Prof/Scientific/Tech Services	2,291	3.6%	9,981,082	6.8%
Arts/Entertainment/Recreation	1,410	2.2%	3,193,724	2.2%
Information	1,295	2.0%	2,965,498	2.0%
Finance/Insurance	1,249	2.0%	7,026,905	4.8%
Real Estate/Rental/Leasing	1,158	1.8%	2,759,067	1.9%
Wholesale Trade	976	1.5%	3,742,526	2.5%
Utilities	648	1.0%	1,190,608	0.8%
Agric/Forestry/Fishing/Hunting	111	0.2%	1,941,156	1.3%
Mining	54	0.1%	997,794	0.7%
Mgmt of Companies/Enterprises	44	0.1%	115,436	0.1%
Total Employment	63,537	100.0%	147,789,353	100.0%

Source: Esri Demographics 2015, Novogradac & Company LLP, May 2016

As depicted in the previous table, employment in the PMA is greatest in the health care/social assistance, retail trade, and accommodation/food services sectors, which collectively account for 41.0 percent of total employment in the PMA, compared to 32.6 percent in the same sectors nationally. These are the only three industries in the PMA that employ more than 10.0 percent of the workforce. The Subject's PMA also exhibits a higher percentage of employment within these three industries when compared with the nation, while the nation exhibits a higher percentage of employment in industries such as manufacturing, educational services, construction, Prof/Scientific/Tech Services, and finance/insurance.



Foreclosure Analysis

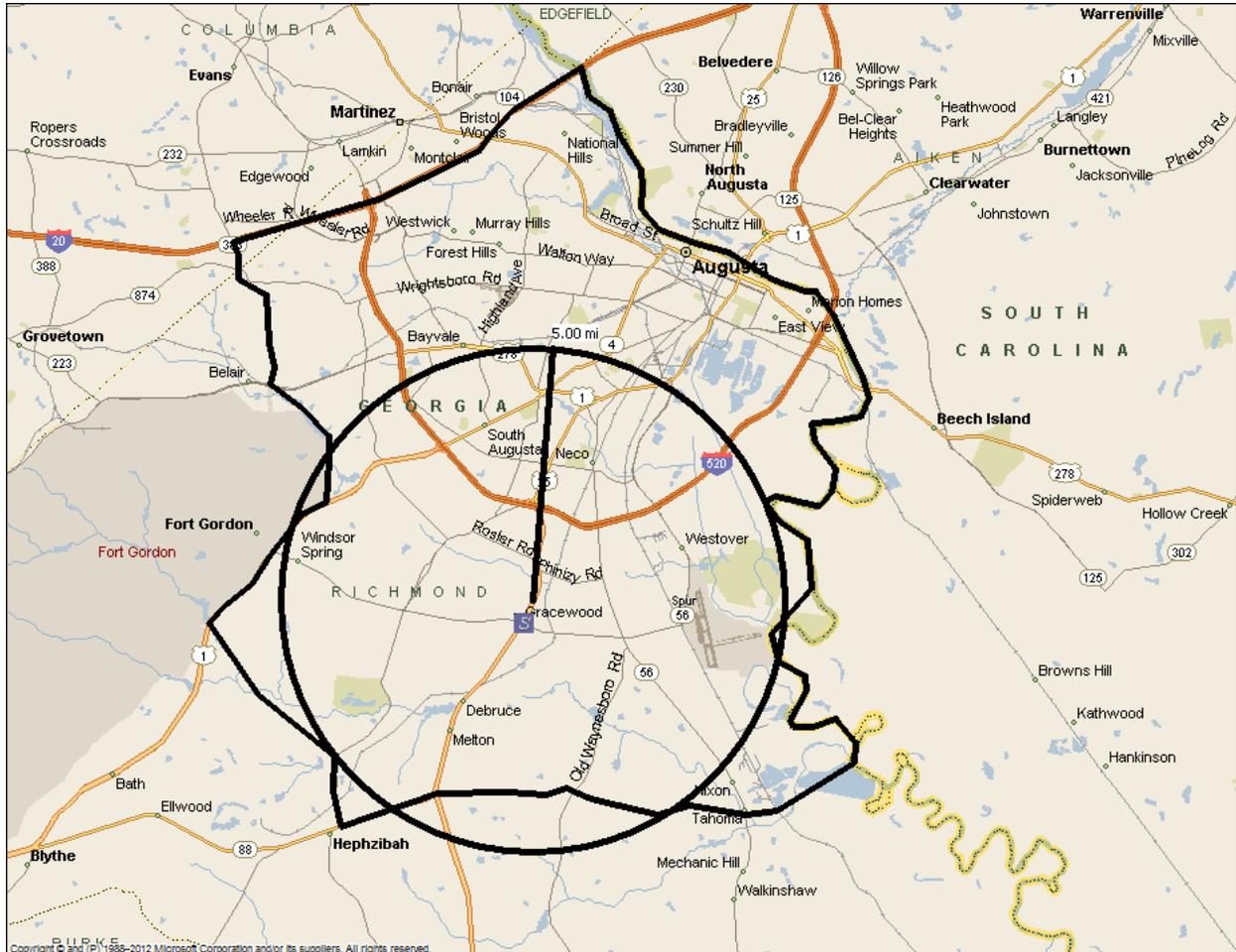
According to Zillow.com, the median home list price in the Subject’s zip code, 30906, is \$63,700, which includes the central portion of the city of Augusta. According to www.realtytrac.com, one in every 1,308 housing units had received a foreclosure filing in the United States during April 2016. Over the same time period, one in every 1,394 housing units had a foreclosure filing in the State of Georgia, one in every 1,077 housing units had a foreclosure filing in Richmond County, and one in every 1,154 housing units had a foreclosure filing in Augusta. Overall, Augusta is performing slightly worse than the state and nation, and slightly better than the county, while the Subject’s median home value is significantly below the national median value of \$187,000.

Conclusion

The PMA includes various employment options for area residents, primarily in service sectors and health care. Manufacturing is also an important sector among the region’s employment according the regional economic development organization. However, all of the region’s manufacturers employ 850 people or less. The MSA has not fully recovered from the recession, as total employment still lags peak levels in 2008 and the unemployment rate is 70 basis points above the nation.

DEMOGRAPHIC ANALYSIS

PRIMARY MARKET AREA MAP



PRIMARY MARKET AREA (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) is an area of growth or contraction.

The PMA is generally defined as a portion of Augusta that extends to Brown Road and GA highway 88 to the south, US 1 and Jimmie Dyess parkway to the west, Interstate 20 to the north, and the Savannah River to the east. This area was defined based on interviews with local market participants and local property managers. Many of the local property managers indicated that most residents originated from the local area but stated that a small percentage of tenants also come from various points within the greater metropolitan area. We have estimated that 10 percent of the tenants come from outside the PMA boundaries. In this analysis, the SMA is the Augusta, GA-SC MSA. The

MSA counties include Richmond, Burke, Columbia, Lincoln, and McDuffe in Georgia, and Aiken and Edgefield in South Carolina.

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 MSA and the Primary Market Area (PMA) are areas of growth or contraction.

Population and Households

The tables following illustrate population and household trends in the PMA, MSA, and nation from 2000 through 2020.

POPULATION

Year	PMA		MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	165,341	-	508,022	-	281,421,906	-
2010	163,918	-0.1%	564,873	1.1%	308,745,538	1.0%
2015	164,779	0.1%	590,233	0.9%	318,536,439	0.6%
2020	166,077	0.2%	618,174	0.9%	330,622,575	0.8%

Source: Esri Demographics 2015, Novogradac & Company LLP, May 2016

HOUSEHOLDS

Year	PMA		MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	63,367	-	188,048	-	105,480,101	-
2010	65,413	0.3%	215,526	1.5%	116,716,292	1.1%
2015	66,393	0.3%	227,295	1.0%	120,746,349	0.7%
2020	67,232	0.3%	238,831	1.0%	125,477,562	0.8%

Source: Esri Demographics 2015, Novogradac & Company LLP, May 2016

The PMA’s population has fluctuated slightly since 2000. From 2010 through 2015, the population increased slightly. The population is expected to continue to increase slightly through 2020. The annual change lagged behind both the MSA and the nation in 2015 and is projected to continue to lag behind both the MSA and the nation through 2020.

Total households in the PMA have increased slightly since 2000. In 2020, total households are projected to continue to increase at a similar rate. The MSA has experienced household growth over the past 15 years, similar to population growth in the MSA. This trend is projected to continue in the MSA, as it is projected to slightly outpace national household growth over the next five years.

Median Household Income Levels

The following chart illustrates median household income levels in the PMA, MSA, and nation from 2000 through 2020.

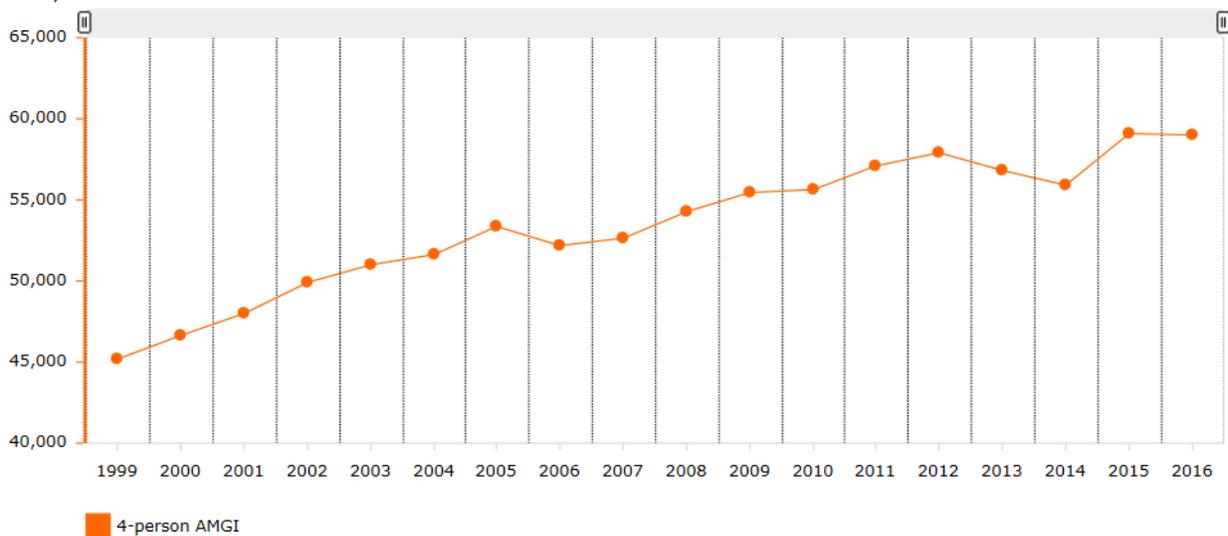
MEDIAN HOUSEHOLD INCOME

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$31,512	-	\$37,575	-	\$42,164	-
2015	\$32,933	0.3%	\$43,750	1.1%	\$53,217	1.7%
2020	\$37,246	2.6%	\$51,806	3.7%	\$60,683	2.8%

Source: Esri Demographics 2015, Novogradac & Company LLP, May 2016

The median household income of the PMA is approximately 38.6 percent lower than that of the nation, and 28.1 percent lower than that of the MSA as of 2015. Despite this, the median income in the PMA has actually been increasing slightly over the past fifteen years, which is projected to continue through 2020. The median household income rate in the PMA will still significantly lag that of both the MSA and nation.

The following chart illustrates the area median gross income (AMGI) of a four-person household in Richmond County, GA between 1999 and 2016.



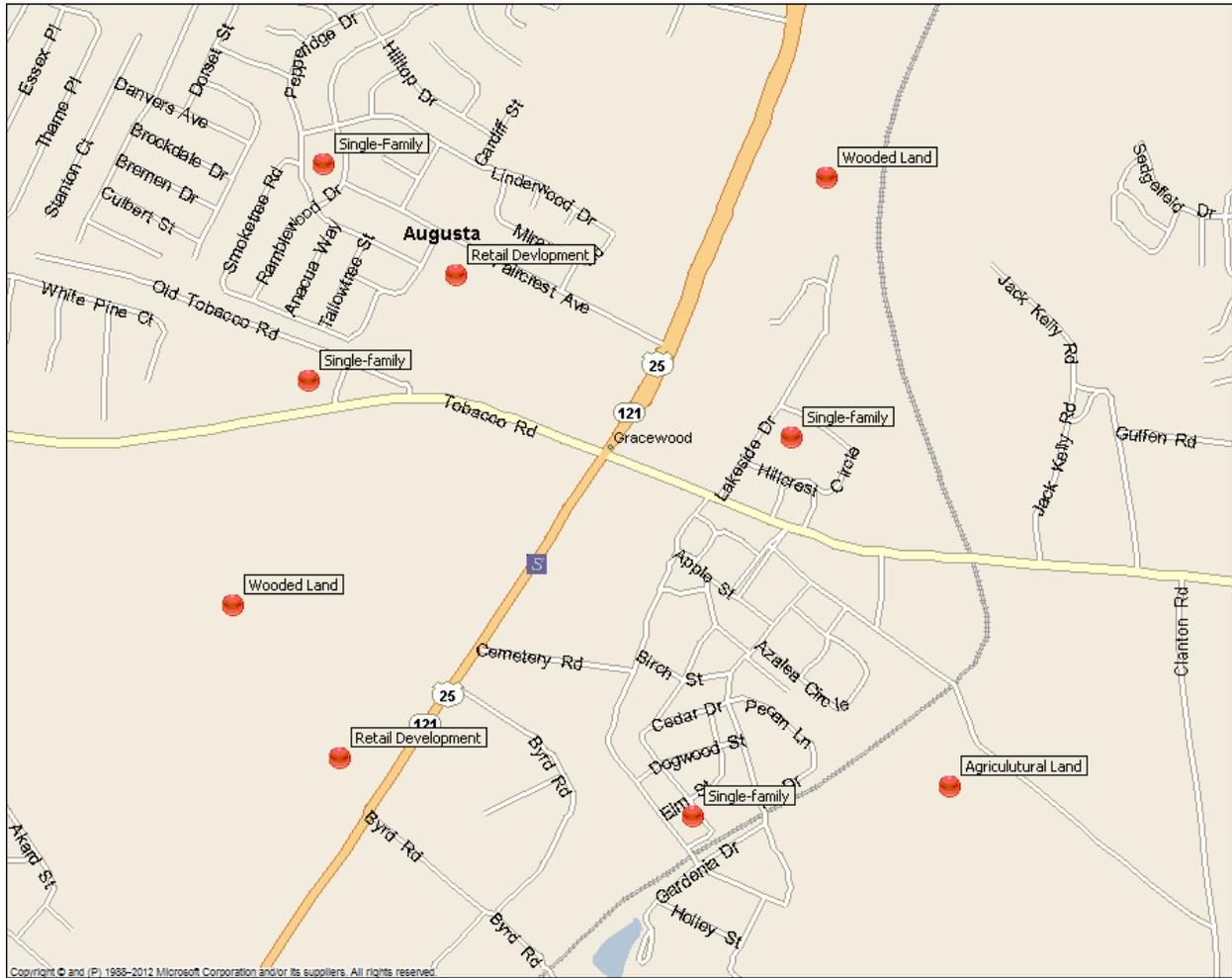
Source: Novogradac & Company, LLP, May 2016

Overall, the AMGI for Richmond County has increased by an average of 1.6 percent per year between 1999 and 2016. However, the overall AMGI decreased in 2006, 2013, and 2014. The AMGI in the county in 2016 is slightly below the AMGI in 2015. As such, properties coming online after 2015 will be restricted to lower maximum allowable rent levels compared to properties built before 2015, which will be held harmless at higher maximum allowable rent levels. Of note, we have utilized the 2016 AMI for determining maximum allowable rents for the Subject. One of the Subject’s unit types has a proposed rent at the maximum allowable rent levels. As such, short-term rent growth will be constrained by increases in the AMGI.

Demographics Conclusion

The population in the PMA has slightly increased annually from 2010 to 2015 and is expected to continue to increase at a rate of 0.2 percent annually through 2020. The median household income for the PMA is anticipated to increase 2.6 percent through 2020, a much greater percentage than the 0.3 percent annual increase from 2010 to 2015. Of note, the median income in the PMA is currently well below that of the MSA and nation. This suggests an ongoing need for quality affordable housing in central Augusta area as it is one of the lowest income areas of the region.

NEIGHBORHOOD DESCRIPTION AND ANALYSIS



Predominant Land Uses

The Subject will be compatible with the existing surroundings. Land uses to the north of the Subject consist of a child day care center in good condition, retail and service stations in good condition and single-family homes, which are in average to good condition. Immediately east of the Subject is undeveloped wooded land followed by a 310-acre facility known as East Central Regional Hospital-Gracewood. Land uses to the south of the Subject include scattered single-family homes in average condition, wooded land, and a place of worship. Immediately west of the Subject are local businesses, baseball fields attached to first Academy Day Care, and a place of worship. Further west is Richmond County Correctional Institution, which is located approximately 0.5 miles away and is separated from the Subject by wooded land, a place of worship, and a day care. The commercial uses in the neighborhood were well occupied. Of note, the Subject’s location does not feature sidewalks, which is typical of multifamily uses in the market area. As such, the Subject’s walk score is 10 out of a possible 100. The walk score is calculated based on, among other criteria, the Subject’s proximity to local amenities and public transportation. The Subject’s walk score is typical of area multifamily developments, as all of the comparables are considered to be car dependent.

Compatibility to the Area and Age/Condition of Surrounding Properties

The Subject is compatible to the existing surroundings. The surrounding properties range from average to good condition, with several recently constructed or renovated improvements in the immediate neighborhood.

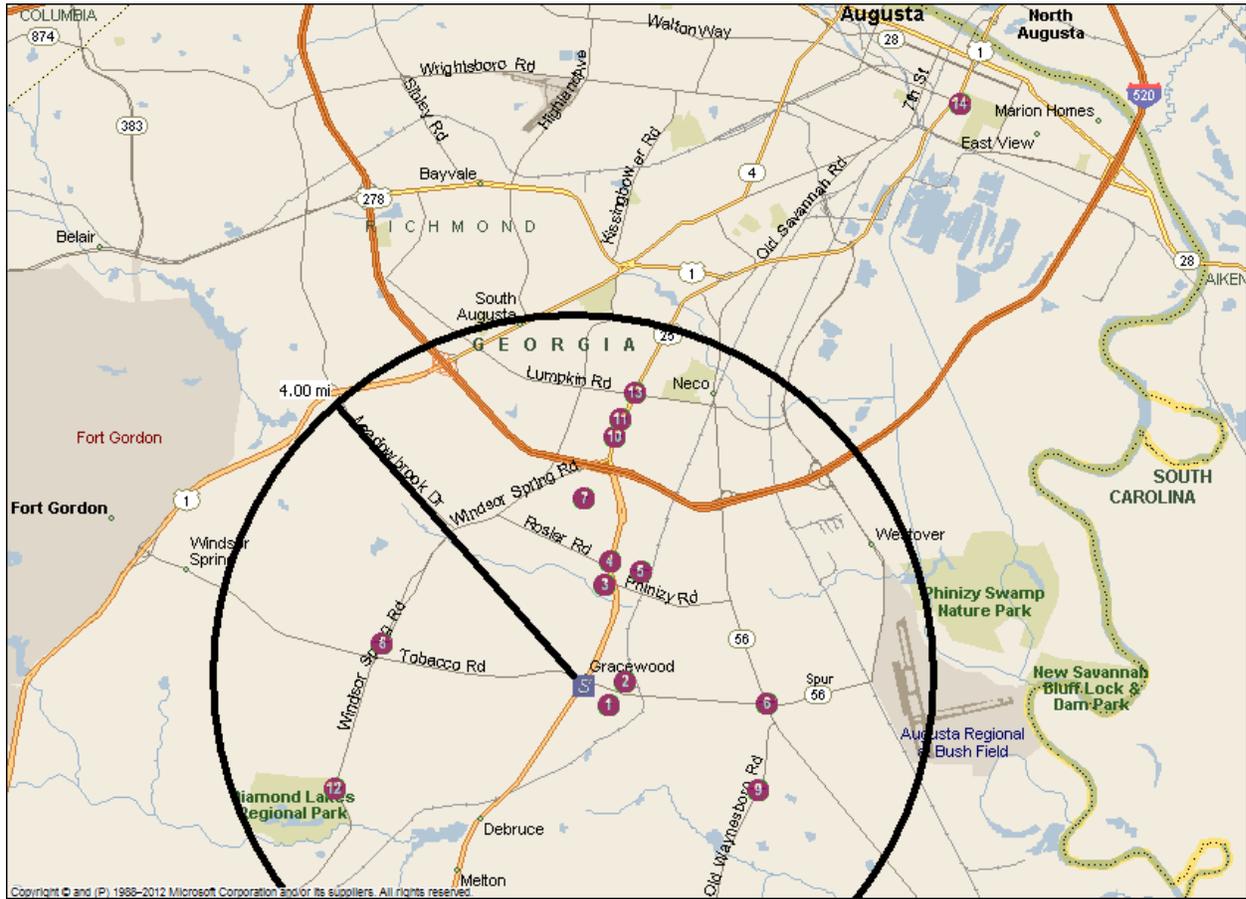
Proximity to Local Services

The following table illustrates the Subject’s proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented on the following page.

LOCATIONAL AMENITIES

Map Number	Service or Amenity	Miles From Subject
1	East Central Regional Hospital-Gracewood	0.3
2	Gracewood Elementary School	0.4
3	BI-LO Grocery	1.3
4	Family Dollar	1.3
5	Augusta Fire Department Station No. 16	1.5
6	Circle K	2.1
7	Sego Middle School	2.2
8	Walmart Pharmacy and Discount Retail	2.2
9	Cross Creek High School	2.3
10	Wells Fargo	2.8
11	Post Office	2.9
12	Diamond Lakes Park	2.9
13	Bus Stop	3.3
14	Richmond County Sheriff's Office	7.4

Locational Amenities Map



Public Transportation

The City of Augusta provides public transportation services throughout the city’s central corridors, with nine lines currently. However, the closest stop is approximately 3.3 miles north of the Subject at the intersection of Peach Orchard and Lumpkin Road. Fares are \$1.25 per trip for Local/Crosstown routes, \$15 for weekly passes, and \$50 for monthly passes.

Conclusion

The Subject’s neighborhood appears to be a good location for an affordable multifamily development. Many necessary locational amenities are located within reasonable proximity of the Subject property, including a grocery store, retail, and public services. The Subject is located in a neighborhood that has a variety of residential uses and limited commercial retail uses. The Subject is a compatible use within the existing neighborhood. Further, as a newly constructed property, we believe that the Subject will have a positive impact on the surrounding neighborhood.

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. The Subject site is outlined in the following aerial map.



Source: Google Earth (Retrieved 5/2016)

- Size:** According to the assessor's office, the Subject site is approximately 16.97 acres. Of note, the site is currently improved with two small office structures as well as several temporary structures utilized as part of a modular home builders operation. Based on the purchase agreement, these improvements will be removed prior to closing.
- Shape:** The site is irregular.
- Frontage:** The Subject site offers frontage along the east side of Peach Orchard Road and the north side of Cemetery Road.
- Topography:** The site is generally level.
- Utilities:** All utilities are available to the site.

Visibility/Views: The Subject site has good visibility from Peach Orchard Road, a four-lane heavily-trafficked major arterial through southern Augusta, and Cemetery Road, a lightly-trafficked two-lane neighborhood street. Views to the north and east consist of wooded undeveloped land. Views to the south and west consist of single-family homes, small commercial uses, and institutional uses in generally average condition. Overall, visibility is considered good and views are considered average.

Access and Traffic Flow: The Subject site will be accessible from both Peach Orchard Road and Cemetery Road. Peach Orchard Road is a four-lane heavily-trafficked major arterial through southern Augusta that provides access to Interstate 520 approximately 2.5 miles north of the Subject. Interstate 520 provides access throughout the metropolitan area. Overall, access and traffic flow to the Subject site are considered good.

Environmental, Soil and Subsoil Conditions and Drainage:

We were provided with a Phase I Environmental Assessment completed by Geotechnical and Environmental Consultants Inc. on January 29, 2016. According to the report, there was one possible recognized environmental condition (REC) found to potentially exist on the Subject site. An on-site underground storage tank (UST) was found on the site, and, due to the UST, a Phase II environmental assessment was performed. The findings in the Phase II assessment resulted in no further investigations being recommended, besides proper removal of the UST. Our valuation assumes that the cost to remove the UST is accounted for within the construction budget, and that no environmental contamination exists on the site. Should the presence of such materials be discovered, the value estimate reported herein could be materially affected by remediation costs.

Flood Plain: According to www.floodinsights.com Community Panel Number 130158 0210F dated September 25, 2009, the Subject site is located in Zone X, an area outside of the 100 and 500-year floodplains. Further analysis is beyond the scope of this report. Novogradac and Company LLP does not have expertise in this field and cannot opine on this matter.

Detrimental Influences: We are unaware of any detrimental conditions that may affect the value of the property.

Conclusion: At the time of the site inspection, there were no detrimental influences observed by the appraiser that would adversely impact the marketability of the Subject. The Subject site is not encumbered with any known land use regulatory agreement. The Subject site is physically capable of supporting a variety of legally permissible uses.

DESCRIPTION OF THE IMPROVEMENTS

Property Improvements: Peach Orchard Apartments is a proposed 240-unit LIHTC multifamily development that will be located at 3630 Peach Orchard Road in Augusta, Richmond County, Georgia 30906. The Subject site will be improved with 10 two and three-story garden-style residential buildings and one single-story community building. Upon completion, the property will contain a combination of 24 one-bedroom, 132 two-bedroom, and 84 three-bedroom units, all of which will be restricted at the 60 percent AMI level.

Date of Construction: The Subject development will be newly constructed. The development is projected to start construction in October 2016 with completion in April 2018.

Property Layout and Curb Appeal: Based on our review of the site and floor plans, the property will offer a functional property layout and good curb appeal.

Proposed Unit Mix & Rents: The following table details the Subject’s proposed unit mix and rents.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>60% AMI</i>							
1BR/1BA	850	24	\$589	\$74	\$663	\$663	\$612
2BR/2BA	1,072	132	\$685	\$87	\$772	\$796	\$735
3BR/2BA	1,185	84	\$785	\$104	\$889	\$921	\$997
Total		240					

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

As illustrated in the previous table, the Subject’s proposed one-bedroom rents are set at the maximum allowable LIHTC rent level, while the two and three-bedroom rents are set moderately below the maximum allowable rent levels.

Unit Layout: Based on a review of the Subject’s floor plans, the units will have a functional and appealing design for their intended use. Copies of the Subject’s floor plans are provided in the *Addenda* of this report.

Parking: According to the site plan provided, the Subject will offer 488 off-street parking spaces, which equates to approximately 2.0 spaces per unit. Based on the comparable properties parking and interviews with area managers, the Subject’s proposed parking will be market-oriented.

Utility Structure:

The tenants at the Subject will pay electric cooking, electric heating, electric water heat, and general electric expenses (including air conditioning). The landlord will be responsible for cold water, sewer, and trash utility expenses. The Subject's utility allowances are based upon developer provided estimates. Since not all of the comparable properties offer differing utility configurations, we have adjusted "base" or "asking" rents of these comparable properties to "net" rents, reflecting the Subject's utility convention based on the Georgia Department of Community Affairs utility allowance schedule, effective July 1, 2015, the most recent available.

Americans With Disabilities Act of 1990:

We assume the property will not have any violations of the Americans With Disabilities Act of 1990.

Quality of Construction Condition and Deferred Maintenance:

We assume that the Subject development will be completed in a manner consistent with the information provided, using average-quality materials in a professional manner.

Functional Utility:

Based on our review of the site plan and floor plans, the Subject will not appear to suffer from functional obsolescence.

Conclusion:

The Subject development will be a good quality LIHTC multifamily property in excellent condition. Based on the new construction quality and our review of the floor and site plans, the Subject will not suffer from deferred maintenance or functional obsolescence.

Peach Orchard Apartments, Augusta, GA; Appraisal

Property Profile Report

Peach Orchard Apartments

Location 3630 Peach Orchard Rd
 Augusta, GA 30906
 Richmond County
Units 240
Vacant Units N/A
Vacancy Rate N/A
Type Garden
 (3 stories)
Year Built / Renovated Proposed / n/a



Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Garden (3 stories)	24	850	\$589	\$0	@60%	n/a	N/A	N/A	yes
2	2	Garden (3 stories)	132	1,072	\$685	\$0	@60%	n/a	N/A	N/A	no
3	2	Garden (3 stories)	84	1,185	\$785	\$0	@60%	n/a	N/A	N/A	no

Amenities

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

Comments

This is a proposed LIHTC development that is expected to be completed in spring 2018.

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.

The Subject site is located within the Richmond County real estate taxing jurisdiction. Real estate taxes for a property located in Richmond County are based upon a property’s assessed valuation for each tax year. Real estate taxes in this county represent *ad valorem* taxes, meaning a tax applied in proportion to value. According to the Assessor’s Office, preference is given to the income approach in valuing multifamily properties. Unrestricted and restricted properties are similarly assessed. Properties are reassessed every year to establish a taxable value. According to Ms. Cash, all real property in Richmond County is assessed at 40 percent of the full market value. The current millage rate for the Subject is \$32.734 per \$1,000. The real estate taxes to an individual property may be determined by multiplying the assessed value for the property by a composite rate, which is commonly termed a levy, and is established for each taxing district.

Based upon the assessor’s reliance upon the income approach for determining fair market and assessed values, we have conducted a tax recapitulation for both the restricted and unrestricted scenarios in order to calculate the respective tax burdens for the Subject. These calculations are illustrated following.

TAX CALCULATION AND RECAPITULATION		
Restricted		
	Per Unit	Total
NOI Without Taxes*	\$4,877	\$1,170,592
Cap Rate	5.75%	5.75%
Tax Rate	3.273400%	3.273400%
Assessment Ratio	40.0%	40.0%
Indicated Tax Burden	\$905	\$217,120
Indicated Value Rounded	\$69,167	\$16,600,000
Recapitulation		
NOI Including Taxes*	\$3,973	\$953,473
Cap Rate	5.75%	5.75%
Capitalized Value	\$69,092	\$16,582,131
Rounded	\$69,000	\$16,600,000
Indicted Tax Burden	\$905	\$217,120
NOI Including Taxes	\$3,973	\$953,473

Based on the calculation above, we estimate the property taxes for the Subject at \$905 per unit in the restricted scenario.

TAX CALCULATION AND RECAPITULATION		
Unrestricted		
	Per Unit	Total
NOI Without Taxes	\$7,159	\$1,718,208
Cap Rate	5.75%	5.75%
Tax Rate	3.273400%	3.273400%
Assessment Ratio	40.0%	40.0%
Indicated Tax Burden	\$1,328	\$318,691
Indicated Value Rounded	\$101,250	\$24,300,000
Recapitulation		
NOI Including Taxes	\$5,831	\$1,399,517
Cap Rate	5.75%	5.75%
Capitalized Value	\$101,414	\$24,339,432
Rounded	\$101,000	\$24,300,000
Indicted Tax Burden	\$1,328	\$318,691
NOI Including Taxes	\$5,831	\$1,399,517

Based on the calculation above, we estimate the property taxes for the Subject at \$1,328 per unit in the unrestricted scenario.

ZONING

Current Zoning

The Subject site is located in the B-2 (General Business) zoning district, which permits multifamily residential and commercial uses. The Subject's zoning district allows multifamily residential uses with a minimum 1,500 square feet in lot size per unit. Parking requirements for multifamily uses in these districts are two parking spaces per unit. Based on the proposed development, the Subject would be required to offer 480 parking spaces. As proposed, the Subject will offer 488 off-street spaces. The maximum number of units based on the Subject site's size is approximately 492 units, or 29 units per acre. As proposed, the Subject will be improved with approximately 14 units per acre. As proposed, the Subject appears to represent a legal, conforming use.

Potential Zoning Changes

There are no potential zoning changes.

COMPETITIVE RENTAL/DEMAND ANALYSIS

SUPPLY ANALYSIS

The following table illustrates asking rent growth trends in the Subject’s area compared to the region and nation overall, as provided by REIS.

	Asking Rent Growth						
	Quarterly			Annualized			
	1Q16	4Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Augusta	0.2%	0.6%	0.2%	2.6%	2.6%	2.3%	2.2%
South Atlantic	0.6%	0.8%	0.6%	4.1%	3.4%	3.0%	2.7%
United States	0.4%	0.9%	0.4%	5.0%	3.9%	3.4%	3.0%
Period Ending:	03/31/16	12/31/15	03/31/16	12/31/15	12/31/15	12/31/15	12/31/20

Source: REIS (Retrieved 5/2016)

Rent growth in the submarket over the past year has been modest but consistent, ranging from 2.3 to 2.6 percent. This lags the growth regionally and nationally, although is still indicative of a healthy market. The following table illustrates vacancy rate trends in the Subject’s area compared to the region and nation overall.

	Vacancy Rates						
	Quarterly			Annualized			
	1Q16	4Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Augusta	6.8%	7.2%	6.8%	7.9%	8.3%	8.3%	7.2%
South Atlantic	5.1%	5.0%	5.1%	5.2%	5.2%	5.7%	5.8%
United States	4.5%	4.4%	4.5%	4.3%	4.4%	4.9%	5.1%
Period Ending:	03/31/16	12/31/15	03/31/16	12/31/15	12/31/15	12/31/15	12/31/20

Source: REIS (Retrieved 5/2016)

The vacancy rate in the submarket has been generally stable over the five years, ranging from 7.9 to 8.3 percent. These figures are moderately above both the regional and national vacancy rates over the same periods. The five-year forecast for the submarket projects a decline in vacancy, and the most recent quarterly figures range from 6.8 to 7.2 percent, which is a positive indicator.

INTERVIEWS/DISCUSSION

In order to ascertain the need for affordable housing in the Subject’s area, interviews were conducted with various local officials. The local housing authority, the local planning office, and local realtors were all interviewed.

Planning/New Supply Discussion

We contacted Sherry Bailey, Administrative Assistant with the Augusta Planning & Zoning Department. Ms. Bailey referred us to the online database of submitted apartment projects on the city website. Dating back to 2002, there are 25 apartment communities that have been approved through the City’s Planning & Zoning Departments. The current developments in the planning process are outlined in the following table. Two of these projects, Alexander Apartments and Riverwatch Apartments, are located along the River Watch Parkway corridor in North Augusta, in the northern portion of the PMA. The third project, Crane Creek, is located just outside of the PMA near the I-20/I-520 interchange in western Augusta. If completed, none of these market rate properties will compete with the Subject.

SUMMARY OF PLANNED DEVELOPMENTS - AUGUSTA, GA

Property Name	Status	Type	Total Units	In PMA
Alexander Apartments	Planned	Market	200	Yes
Riverwatch Apartmetns	Planned	Market	260	Yes
Crane Creek	Planned	Market	300	No
Total			760	

LIHTC Competition / Recent and Proposed Construction

We have reviewed the LIHTC reservation and allocation lists for the Georgia Department of Community Affairs that have been released from 2013 through 2015, the most recent information available. There has been one property allocated tax credits within the Subject’s PMA. Freedom’s Path, which will be located along Maryland Ave 8.4 miles north of the Subject site, and will offer 78 LIHTC units targeting veterans of the Americans Armed Services. Given the tenancy, this property will not compete with the proposed Subject development.

Local Housing Authority Discussion

We contacted Amy Bazemore, Executive Assistant with the Augusta Housing Authority, to garner information about local government sponsored housing options and Housing Choice Voucher (HCV) programs. The Authority also maintains a waiting list of 2,720 households for housing vouchers to be used in Augusta or Richmond County. The waiting list has been closed for some time and there are no plans to open in the near future. The contact could not provide the total number of vouchers currently administered in the jurisdiction. The current payment standards are \$673, \$808, and \$1,096 for one, two, and three-bedroom unit types, respectively. The Subject’s proposed rents are below the payment standards for all unit types.

SURVEY OF COMPARABLE PROJECTS

Comparable properties are examined on the basis of physical characteristics, e.g., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

Description of Property Types Surveyed/Determination of Number of Comparable Units

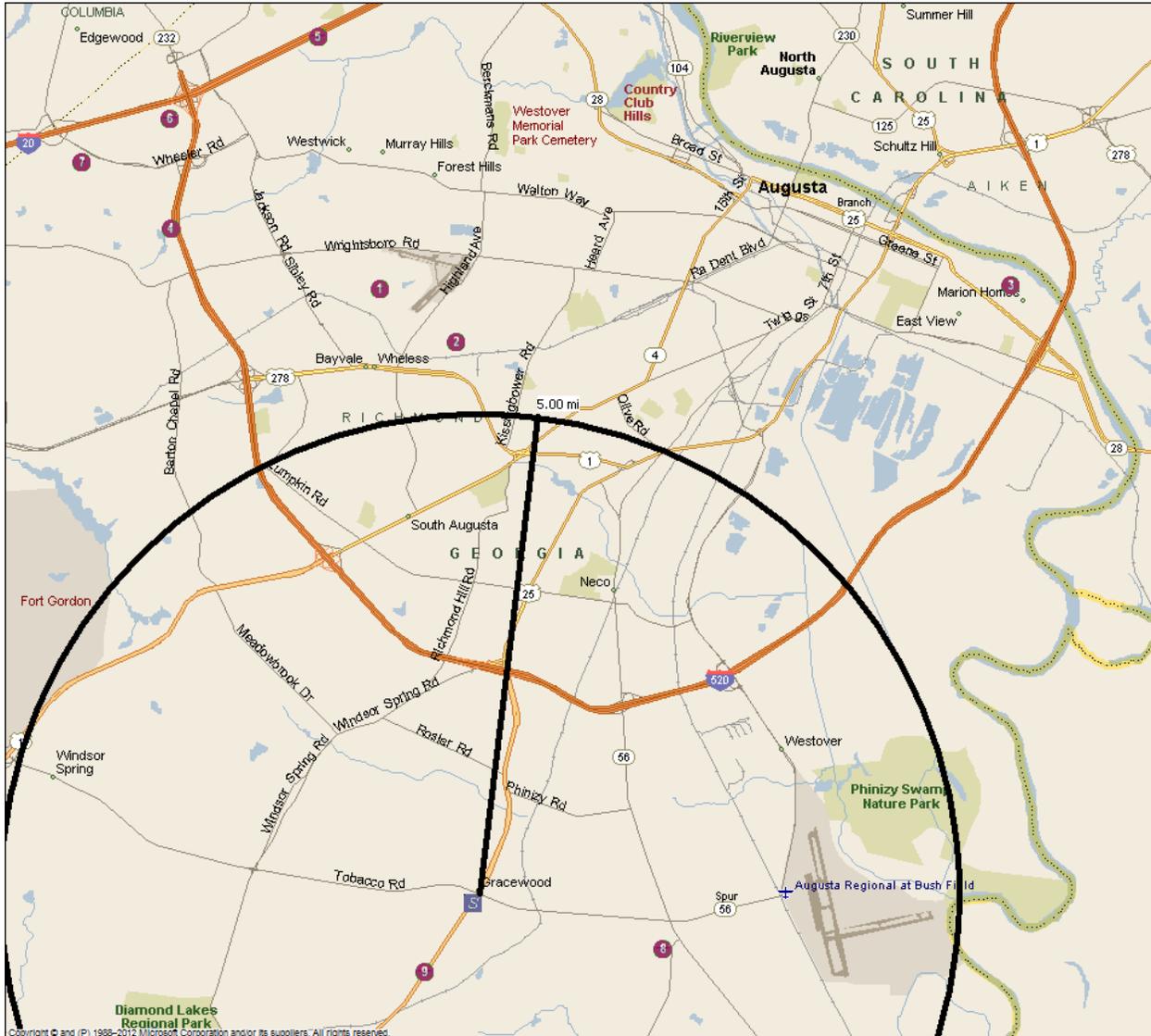
To evaluate the competitive position of the Subject, 1,781 units in nine rental properties were surveyed in depth. We have also visited and surveyed other properties that were excluded from the market survey, either because they are not considered comparable to the Subject, management would not provide complete information on the property, or they would not participate in the survey; however, the comparable data utilized is considered sufficient to evaluate the market. Property managers were interviewed for information on unit mix, sizes, and absorption rates, unit features and project amenities; tenant profiles; and market trends in general.

The availability of market rate and LIHTC data is considered good. All of the comparables are located in the PMA within 9.0 miles of the Subject. Overall, the rental data gathered from the market is considered sufficient to support the conclusions. Excluded properties include, but are not limited to, the properties located in the following table.

Property	Type	Reason Excluded
Augusta Spring Apartments	LIHTC	Senior tenancy
Cedarwood Apartments	LIHTC	Unable to interview
East Augusta Commons	LIHTC	Far inferior age/condition
Legacy At Walton Oaks	LIHTC, Section 8	Senior tenancy
Linden Square	LIHTC, Market	Senior tenancy
Maxwell House	LIHTC, Section 8	Far inferior age/condition
Olde Towne Properties	LIHTC	Dissimilar design & inferior age/condition
Richmond Summit (fka Ashton Richmond)	LIHTC, Section 8	Subsidized
Riverchase Homes	LIHTC	Dissimilar design
Terraces At Edinburgh	LIHTC	Senior tenancy
The Crest At Edinburgh	LIHTC	Senior tenancy

Detailed matrices describing the individual competitive properties, as well as the proposed Subject, are provided in the addenda of this report. A map illustrating the location of the Subject in relation to the comparable properties is following.

COMPARABLE RENTAL PROPERTY MAP



COMPARABLE PROPERTIES				
#	Property Name	City	Type	Distance
1	Forest Brook	Augusta	LIHTC	6.5 miles
2	Magnolia Park Apartments	Augusta	LIHTC	5.7 miles
3	Walton Oaks	Augusta	LIHTC	8.3 miles
4	Woodlake Club Apartments	Augusta	LIHTC	7.6 miles
5	Brigham Woods	Augusta	Market	9.0 miles
6	The Estates At Perimeter	Augusta	Market	8.5 miles
7	The Parc At Flowing Wells	Augusta	Market	8.4 miles
8	The Preserve At Longpoint	Augusta	Market	1.9 miles
9	Walker Estate Apartments	Augusta	Market	0.6 miles

Peach Orchard Apartments, Augusta, GA; Appraisal

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	Peach Orchard Apartments 3630 Peach Orchard Rd Augusta, GA 30906 Richmond County	n/a	Garden (3 stories) Proposed / n/a	@60%	1BR / 1BA	24	10.00%	@60%	\$589	850	yes		N/A	N/A
					2BR / 2BA	132	55.00%	@60%	\$685	1,072	no		N/A	N/A
					3BR / 2BA	84	35.00%	@60%	\$785	1,185	no		N/A	N/A
						240	100%						N/A	N/A
1	Forest Brook 3122 Damascus Road Augusta, GA 30909 Richmond County	6.5 miles	Garden 1984 / 1998	@60%	1BR / 1BA	56	34.80%	@60%	\$525	580	no	No	1	1.80%
					2BR / 1BA	48	29.80%	@60%	\$575	840	no	Yes	0	0.00%
					2BR / 2BA	48	29.80%	@60%	\$625	916	no	Yes	0	0.00%
					3BR / 2BA	9	5.60%	@60%	\$770	1,250	yes	Yes	0	0.00%
						161	100%						1	0.60%
2	Magnolia Park Apartments 2113 Vandivere Road Augusta, GA 30904 Richmond County	5.7 miles	Various 1978 / 1996/2008	@60%	1BR / 1BA (Garden)	13	7.60%	@60%	\$475	710	no	No	0	0.00%
					2BR / 1BA (Garden)	49	28.70%	@60%	\$525	965	no	No	2	4.10%
					2BR / 1.5BA (Townhouse)	103	60.20%	@60%	\$550	1,010	no	No	2	1.90%
					3BR / 2BA (Garden)	6	3.50%	@60%	\$675	1,100	no	No	0	0.00%
						171	100%						4	2.30%
3	Walton Oaks 401 Fairhope Street Augusta, GA 30901 Richmond County	8.3 miles	Garden (3 stories) 2012-2014 / n/a	@50% (ACC), @60%, @60% (ACC)	1BR / 1BA	10	5.50%	@50% (ACC)	\$409	800	no	Yes	0	0.00%
					1BR / 1BA	14	7.70%	@60% (ACC)	\$409	800	no	Yes	0	0.00%
					2BR / 2BA	9	5.00%	@50% (ACC)	\$426	1,088	no	Yes	0	0.00%
					2BR / 2BA	6	3.30%	@50% (ACC)	\$426	1,324	no	Yes	0	0.00%
					2BR / 2BA	97	53.60%	@60%	\$755	1,150	yes	Yes	0	0.00%
					2BR / 2BA	8	4.40%	@60% (ACC)	\$426	1,150	no	Yes	0	0.00%
					3BR / 2BA	3	1.70%	@50% (ACC)	\$445	1,350	no	Yes	0	0.00%
					3BR / 2BA	34	18.80%	@60%	\$879	1,350	yes	Yes	0	0.00%
						181	100%						0	0.00%
					4	Woodlake Club Apartments 1020 Amli Way Augusta, GA 30909 Richmond County	7.6 miles	Garden (3 stories) 2003 / n/a	@60%	1BR / 1BA	44	22.90%	@60%	\$567
2BR / 2BA	84	43.80%	@60%	\$679						1,090	yes	Yes	2	2.40%
3BR / 2BA	40	20.80%	@60%	\$770						1,200	yes	No	1	2.50%
4BR / 3BA	24	12.50%	@60%	\$844						1,400	yes	No	0	0.00%
	192	100%											3	1.60%
5	Brigham Woods 3150 Skinner Mill Road Augusta, GA 30909 Richmond County County	9 miles	Garden (3 stories) 2010 / n/a	Market	1BR / 1BA	51	25.00%	Market	\$1,011	800	n/a	Yes	1	2.00%
					1BR / 1BA	51	25.00%	Market	\$986	800	n/a	Yes	0	0.00%
					2BR / 2BA	51	25.00%	Market	\$1,248	1,200	n/a	Yes	1	2.00%
					3BR / 2.5BA	51	25.00%	Market	\$1,467	1,550	n/a	Yes	0	0.00%
						204	100%						2	1.00%
6	The Estates At Perimeter 50 St. Andrews Dr. Augusta, GA 30909 Richmond County County	8.5 miles	Garden (3 stories) 2007 / n/a	Market	1BR / 1BA	N/A	N/A	Market	\$1,114	912	n/a		N/A	N/A
					1BR / 1BA	N/A	N/A	Market	\$957	660	n/a		N/A	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,266	1,337	n/a		N/A	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,149	1,060	n/a		N/A	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,535	1,439	n/a		N/A	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,403	1,366	n/a		N/A	N/A
	240	100%						9	3.80%					
7	The Parc At Flowing Wells 1150 Interstate Parkway Augusta, GA 30909 Richmond County	8.4 miles	Garden (3 stories) 2010 / n/a	Market	1BR / 1BA	N/A	N/A	Market	\$911	690	n/a	No	N/A	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,016	824	n/a	No	N/A	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,016	882	n/a	No	N/A	N/A
					2BR / 1BA	N/A	N/A	Market	\$1,093	1,086	n/a	No	N/A	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,213	1,162	n/a	No	N/A	N/A
3BR / 2BA	N/A	N/A	Market	\$1,422	1,384	n/a	No	N/A	N/A					
	346	100%						20	5.80%					
8	The Preserve At Longpoint 1256 Longpoint Drive Augusta, GA 30906 Richmond County	1.9 miles	Townhouse 2008 / n/a	Market	2BR / 2BA	17	50.00%	Market	\$983	1,092	n/a	no	1	5.90%
					2BR / 2BA	17	50.00%	Market	\$903	1,092	n/a	no	N/A	N/A
						34	100%						1	2.90%
9	Walker Estate Apartments 3731 Peach Orchard Road Augusta, GA 30906 Richmond County County	0.6 miles	Garden (3 stories) 2015 / n/a	Market	1BR / 1BA	63	25.00%	Market	\$750	750	n/a	No	N/A	N/A
					1BR / 1BA	63	25.00%	Market	\$725	750	n/a	No	N/A	N/A
					2BR / 1BA	63	25.00%	Market	\$875	1,000	n/a	No	N/A	N/A
					2BR / 1BA	63	25.00%	Market	\$825	1,000	n/a	No	N/A	N/A
						252	100%						106	42.10%

PROPERTY PROFILE REPORT

Forest Brook

Effective Rent Date	5/31/2016
Location	3122 Damascus Road Augusta, GA 30909 Richmond County
Distance	6.5 miles
Units	161
Vacant Units	1
Vacancy Rate	0.6%
Type	Garden
Year Built/Renovated	1984 / 1998
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 is 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	Felicia
Phone	706-250-5326



Market Information

Program	@60%
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	33%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	56	580	\$525	\$0	@60%	No	1	1.8%	no	None
2	1	Garden	48	840	\$575	\$0	@60%	Yes	0	0.0%	no	None
2	2	Garden	48	916	\$625	\$0	@60%	Yes	0	0.0%	no	None
3	2	Garden	9	1,250	\$770	\$0	@60%	Yes	0	0.0%	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$525	\$0	\$525	\$0	\$525
2BR / 1BA	\$575	\$0	\$575	\$0	\$575
2BR / 2BA	\$625	\$0	\$625	\$0	\$625
3BR / 2BA	\$770	\$0	\$770	\$0	\$770

Forest Brook, continued

Amenities

In-Unit

Blinds
Central A/C
Dishwasher
Oven
Walk-In Closet

Carpeting
Coat Closet
Ceiling Fan
Refrigerator
Washer/Dryer hookup

Security

Limited Access
Patrol
Perimeter Fencing
Video Surveillance

Services

None

Property

Car Wash
Central Laundry
On-Site Management
Playground

Clubhouse/Meeting
Off-Street Parking
Picnic Area
Swimming Pool

Premium

None

Other

None

Comments

The contact reported that the waiting list has ten households for the two-bedroom units and five households for the three-bedroom units. Rents increased last summer. Despite the rate increase, the contact noted only the three-bedroom units are at the maximum allowable.

Forest Brook, continued

Trend Report

Vacancy Rates

1Q15	2Q15	1Q16	2Q16
5.0%	3.7%	1.2%	0.6%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	7.1%	\$450	\$0	\$450	\$450
2015	2	3.6%	\$450	\$0	\$450	\$450
2016	1	3.6%	\$525	\$0	\$525	\$525
2016	2	1.8%	\$525	\$0	\$525	\$525

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	2.1%	\$525	\$0	\$525	\$525
2015	2	4.2%	\$525	\$0	\$525	\$525
2016	1	0.0%	\$575	\$0	\$575	\$575
2016	2	0.0%	\$575	\$0	\$575	\$575

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	6.2%	\$563	\$0	\$563	\$563
2015	2	4.2%	\$575	\$0	\$575	\$575
2016	1	0.0%	\$625	\$0	\$625	\$625
2016	2	0.0%	\$625	\$0	\$625	\$625

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$725	\$0	\$725	\$725
2015	2	0.0%	\$725	\$0	\$725	\$725
2016	1	0.0%	\$770	\$0	\$770	\$770
2016	2	0.0%	\$770	\$0	\$770	\$770

Trend: Comments

1Q15 The contact indicated that the waiting list is currently only for three-bedroom units and has 10 households on it. The contact added that the three-bedroom units are rarely vacant due to the low amount offered at the property. The contact reported that rents on two-bedroom units are between \$550 and \$575. The reason for the price discrepancy is because some units received new cabinetry. The contact reported that vacancy at the property is typical for the winter season, and that the vacancy on the two-bedroom unit with one bathroom is currently pre-leased. The contact estimated that the property offers two parking spaces per unit. Rents increased seven percent on three-bedroom units and four percent on two-bedroom, two-bathroom units since our last interview in September 2014.

2Q15 The contact indicated that the waiting list is currently only for three-bedroom units and consists of 10 households.

1Q16 The contact reported that the waiting list is has eight households for the two-bedroom units and six households for the three-bedroom units. Steep rent increases last summer were the first increase in over two years. Despite the rate increase, the contact noted only the three-bedroom units are at the maximum allowable.

2Q16 The contact reported that the waiting list has ten households for the two-bedroom units and five households for the three-bedroom units. Rents increased last summer. Despite the rate increase, the contact noted only the three-bedroom units are at the maximum allowable.

PROPERTY PROFILE REPORT

Magnolia Park Apartments

Effective Rent Date	5/31/2016
Location	2113 Vandivere Road Augusta, GA 30904 Richmond County
Distance	5.7 miles
Units	171
Vacant Units	4
Vacancy Rate	2.3%
Type	Various
Year Built/Renovated	1978 / 1996/2008
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, singles, couples, small families and veterans
Contact Name	Patricia
Phone	706-738-9912



Market Information

Program	@60%
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	60%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	13	710	\$475	\$0	@60%	No	0	0.0%	no	None
2	1	Garden	49	965	\$525	\$0	@60%	No	2	4.1%	no	None
2	1.5	Townhouse	103	1,010	\$550	\$0	@60%	No	2	1.9%	no	None
3	2	Garden	6	1,100	\$675	\$0	@60%	No	0	0.0%	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$475	\$0	\$475	\$0	\$475
2BR / 1BA	\$525	\$0	\$525	\$0	\$525
2BR / 1.5BA	\$550	\$0	\$550	\$0	\$550
3BR / 2BA	\$675	\$0	\$675	\$0	\$675

Magnolia Park Apartments, continued

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

Management reaffirmed that many of the applicants for the two-bedroom units are over the income limits for that unit type. She noted it is by far the most difficult unit type to fill. Management stated that rent prices remain under maximum allowable and they have no plans in the near future to get the rents to maximum allowable levels.

Magnolia Park Apartments, continued

Trend Report

Vacancy Rates

1Q15	2Q15	1Q16	2Q16
6.4%	4.7%	3.5%	2.3%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$450	\$0	\$450	\$450
2015	2	0.0%	\$450	\$0	\$450	\$450
2016	1	0.0%	\$475	\$0	\$475	\$475
2016	2	0.0%	\$475	\$0	\$475	\$475

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	8.7%	\$525	\$21	\$504	\$504
2015	2	6.8%	\$525	\$21	\$504	\$504
2016	1	3.9%	\$550	\$0	\$550	\$550
2016	2	1.9%	\$550	\$0	\$550	\$550

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	2.0%	\$485	\$0	\$485	\$485
2015	2	2.0%	\$485	\$0	\$485	\$485
2016	1	4.1%	\$525	\$0	\$525	\$525
2016	2	4.1%	\$525	\$0	\$525	\$525

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	16.7%	\$650	\$21	\$629	\$629
2015	2	0.0%	\$650	\$21	\$629	\$629
2016	1	0.0%	\$675	\$0	\$675	\$675
2016	2	0.0%	\$675	\$0	\$675	\$675

Trend: Comments

- 1Q15** The contact confirmed that typical occupancy has ranged between 85 and 90 percent during the past few years. Most of the vacant units are in the two-bedroom units. The contact confirmed that many applicants are over the income limits for that particular unit type. The contact reported that the property offers approximately two parking spaces per unit. The contact added that demand for affordable housing in the area is strong.
- 2Q15** Most of the vacant units have typically been in the two-bedroom units. The contact confirmed that many applicants are over the income limits for that particular unit type.
- 1Q16** The majority of the vacant units have typically been in the two-bedroom units during the past year. The contact confirmed that many applicants are over the income limits for that particular unit type.
- 2Q16** Management reaffirmed that many of the applicants for the two-bedroom units are over the income limits for that unit type. She noted it is by far the most difficult unit type to fill. Management stated that rent prices remain under maximum allowable and they have no plans in the near future to get the rents to maximum allowable levels.

PROPERTY PROFILE REPORT

Walton Oaks

Effective Rent Date	5/25/2016
Location	401 Fairhope Street Augusta, GA 30901 Richmond County
Distance	8.3 miles
Units	181
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2012-2014 / N/A
Marketing Began	3/01/2012
Leasing Began	7/05/2012
Last Unit Leased	11/30/2012
Major Competitors	None in area. Olde Town, Restwood and Woodlake.
Tenant Characteristics	Families
Contact Name	Betty
Phone	706-504-0263



Market Information

Program	@50% (ACC), @60%, @60% (ACC)
Annual Turnover Rate	N/A
Units/Month Absorbed	19
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Increased three percent
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	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)	10	800	\$343	\$0	@50% (ACC)	Yes	0	0.0%	no	None
1	1	Garden (3 stories)	14	800	\$343	\$0	@60% (ACC)	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	9	1,088	\$343	\$0	@50% (ACC)	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	6	1,324	\$343	\$0	@50% (ACC)	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	97	1,150	\$672	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	8	1,150	\$343	\$0	@60% (ACC)	Yes	0	0.0%	no	None
3	2	Garden (3 stories)	3	1,350	\$343	\$0	@50% (ACC)	Yes	0	0.0%	no	None
3	2	Garden (3 stories)	34	1,350	\$777	\$0	@60%	Yes	0	0.0%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$343	\$0	\$343	\$66	\$409	1BR / 1BA	\$343	\$0	\$343	\$66	\$409
2BR / 2BA	\$343	\$0	\$343	\$83	\$426	2BR / 2BA	\$343 - \$672	\$0	\$343 - \$672	\$83	\$426 - \$755
3BR / 2BA	\$343	\$0	\$343	\$102	\$445	3BR / 2BA	\$777	\$0	\$777	\$102	\$879

Walton Oaks, continued

Amenities

In-Unit

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

Carpet/Hardwood
Coat Closet
Ceiling Fan
Oven
Walk-In Closet

Security

Limited Access

Services

Afterschool Program

Property

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool

Clubhouse/Meeting
Central Laundry
On-Site Management
Playground

Premium

None

Other

None

Comments

This development was completed in two phases in 2012 and 2014. Management stated that the property is fully occupied, and is maintaining a waiting list of 40 households in length.

Walton Oaks, continued

Trend Report

Vacancy Rates

2Q11	2Q13	3Q13	2Q16
N/A	0.0%	0.0%	0.0%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	2	0.0%	\$343	\$0	\$343	\$409

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	2	N/A	\$397	\$0	\$397	\$480
2013	2	0.0%	\$343	\$0	\$343	\$426
2013	3	0.0%	\$343	\$0	\$343	\$426
2016	2	0.0%	\$343	\$0	\$343	\$426

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	2	N/A	\$397	\$0	\$397	\$499
2013	2	0.0%	\$343	\$0	\$343	\$445
2013	3	0.0%	\$343	\$0	\$343	\$445
2016	2	0.0%	\$343	\$0	\$343	\$445

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	2	0.0%	\$343	\$0	\$343	\$409

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	2	N/A	\$397 - \$555	\$0	\$397 - \$555	\$480 - \$638
2013	2	0.0%	\$397 - \$663	\$0	\$397 - \$663	\$480 - \$746
2013	3	0.0%	\$397 - \$663	\$0	\$397 - \$663	\$480 - \$746
2016	2	0.0%	\$343 - \$672	\$0	\$343 - \$672	\$426 - \$755

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	2	N/A	\$640	\$0	\$640	\$742
2013	2	0.0%	\$754	\$0	\$754	\$856
2013	3	0.0%	\$754	\$0	\$754	\$856
2016	2	0.0%	\$777	\$0	\$777	\$879

Trend: Comments

2Q11 N/A

2Q13 N/A

3Q13 According to the property manager, the property is fully occupied, but is not maintaining a waiting list at this time.

2Q16 This development was completed in two phases in 2012 and 2014. Management stated that the property is fully occupied, and is maintaining a waiting list of 40 households in length.

PROPERTY PROFILE REPORT

Woodlake Club Apartments

Effective Rent Date	6/01/2016
Location	1020 Amli Way Augusta, GA 30909 Richmond County
Distance	7.6 miles
Units	192
Vacant Units	3
Vacancy Rate	1.6%
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; families and 10% seniors, mostly from the area
Contact Name	Summer
Phone	(706) 210-0057



Market Information

Program	@60%
Annual Turnover Rate	25%
Units/Month Absorbed	32
HCV Tenants	5%
Leasing Pace	Immediately
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	\$567	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	84	1,090	\$679	\$0	@60%	Yes	2	2.4%	yes	None
3	2	Garden (3 stories)	40	1,200	\$770	\$0	@60%	No	1	2.5%	yes	None
4	3	Garden (3 stories)	24	1,400	\$844	\$0	@60%	No	0	0.0%	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$567	\$0	\$567	\$0	\$567
2BR / 2BA	\$679	\$0	\$679	\$0	\$679
3BR / 2BA	\$770	\$0	\$770	\$0	\$770
4BR / 3BA	\$844	\$0	\$844	\$0	\$844

Woodlake Club Apartments, continued

Amenities

In-Unit

Blinds
Central A/C
Microwave
Refrigerator

Carpeting
Dishwasher
Oven
Washer/Dryer hookup

Security

Limited Access
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Exercise Facility
On-Site Management
Swimming Pool

Clubhouse/Meeting
Off-Street Parking
Playground

Premium

None

Other

None

Comments

A small waiting list is kept for the one and two bedroom units.

Woodlake Club Apartments, continued

Trend Report

Vacancy Rates

1Q15	2Q15	1Q16	2Q16
5.2%	5.2%	4.2%	1.6%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	2.3%	\$555	\$0	\$555	\$555
2015	2	2.3%	\$568	\$0	\$568	\$568
2016	1	0.0%	\$567	\$0	\$567	\$567
2016	2	0.0%	\$567	\$0	\$567	\$567

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	1.2%	\$666	\$0	\$666	\$666
2015	2	4.8%	\$681	\$0	\$681	\$681
2016	1	4.8%	\$679	\$0	\$679	\$679
2016	2	2.4%	\$679	\$0	\$679	\$679

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	12.5%	\$754	\$25	\$729	\$729
2015	2	7.5%	\$773	\$0	\$773	\$773
2016	1	7.5%	\$770	\$0	\$770	\$770
2016	2	2.5%	\$770	\$0	\$770	\$770

4BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	12.5%	\$826	\$0	\$826	\$826
2015	2	8.3%	\$847	\$0	\$847	\$847
2016	1	4.2%	\$844	\$0	\$844	\$844
2016	2	0.0%	\$844	\$0	\$844	\$844

Trend: Comments

1Q15 The contact confirmed that the property accepts Housing Choice Vouchers, but there are currently no tenants utilizing vouchers at the property. Occupancy at the property is reported as typical for the winter season, and one four-bedroom vacancy has an application pending. The current concession is \$300 off of the first month of rent on three-bedroom units only. The contact reported that the concession will be offered until all three-bedroom units are leased. The contact reported that the rents decreased because of a recent change in utility allowances. The contact reported that parking at the property is offered at no additional charge and estimated that there are approximately two spaces per unit available.

2Q15 N/A

1Q16 The contact reported the rents decreased less than one percent for an adjustment in the Utility Allowances. Current occupancy has been typical during the past year.

2Q16 A small waiting list is kept for the one and two bedroom units.

PROPERTY PROFILE REPORT

Brigham Woods

Effective Rent Date 6/03/2016
Location 3150 Skinner Mill Road
 Augusta, GA 30909
 Richmond County County
Distance 9 miles
Units 204
Vacant Units 2
Vacancy Rate 1.0%
Type Garden (3 stories)
Year Built/Renovated 2010 / 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 Christine
Phone 706-738-4500



Market Information

Program Market
Annual Turnover Rate 20%
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 not included
Sewer not 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)	51	800	\$945	\$0	Market	Yes	1	2.0%	N/A	HIGH
1	1	Garden (3 stories)	51	800	\$920	\$0	Market	Yes	0	0.0%	N/A	LOW
2	2	Garden (3 stories)	51	1,200	\$1,165	\$0	Market	Yes	1	2.0%	N/A	None
3	2.5	Garden (3 stories)	51	1,550	\$1,365	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$920 - \$945	\$0	\$920 - \$945	\$66	\$986 - \$1,011
2BR / 2BA	\$1,165	\$0	\$1,165	\$83	\$1,248
3BR / 2.5BA	\$1,365	\$0	\$1,365	\$102	\$1,467

Brigham Woods, continued

Amenities

In-Unit

Balcony/Patio
Carpet/Hardwood
Coat Closet
Ceiling Fan
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Garbage Disposal
Oven
Walk-In Closet

Security

Limited Access
Perimeter Fencing

Services

None

Property

Basketball Court
Car Wash
Garage
Off-Street Parking
Picnic Area
Wi-Fi

Business Center/Computer Lab
Exercise Facility
Central Laundry
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

Rent ranges for one bedroom are because the more expensive unit has an enclosed sunroom. Tenants can lease washer/dryers for a \$50 monthly fee. Management maintains a waiting list of five households.

Photos



PROPERTY PROFILE REPORT

The Estates At Perimeter

Effective Rent Date	6/01/2016
Location	50 St. Andrews Dr. Augusta, GA 30909 Richmond County County
Distance	8.5 miles
Units	240
Vacant Units	9
Vacancy Rate	3.8%
Type	Garden (3 stories)
Year Built/Renovated	2007 / 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	Caleb
Phone	706-842-3171



Market Information

Program	Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	LRO
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)	N/A	912	\$1,027	\$0	Market	N/A	N/A	N/A	N/A	HIGH
1	1	Garden (3 stories)	N/A	660	\$870	\$0	Market	N/A	N/A	N/A	N/A	LOW
2	2	Garden (3 stories)	N/A	1,337	\$1,162	\$0	Market	N/A	N/A	N/A	N/A	HIGH
2	2	Garden (3 stories)	N/A	1,060	\$1,045	\$0	Market	N/A	N/A	N/A	N/A	LOW
3	2	Garden (3 stories)	N/A	1,439	\$1,412	\$0	Market	N/A	N/A	N/A	N/A	HIGH
3	2	Garden (3 stories)	N/A	1,366	\$1,280	\$0	Market	N/A	N/A	N/A	N/A	LOW

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$870 - \$1,027	\$0	\$870 - \$1,027	\$87	\$957 - \$1,114
2BR / 2BA	\$1,045 - \$1,162	\$0	\$1,045 - \$1,162	\$104	\$1,149 - \$1,266
3BR / 2BA	\$1,280 - \$1,412	\$0	\$1,280 - \$1,412	\$123	\$1,403 - \$1,535

The Estates At Perimeter, continued

Amenities

In-Unit

Balcony/Patio
Carpet/Hardwood
Dishwasher
Garbage Disposal
Oven
Vaulted Ceilings
Washer/Dryer hookup

Blinds
Central A/C
Exterior Storage
Microwave
Refrigerator
Walk-In Closet

Security

Limited Access

Services

None

Property

Business Center/Computer Lab
Clubhouse/Meeting
Exercise Facility
Central Laundry
On-Site Management
Swimming Pool

Car Wash
Courtyard
Garage
Off-Street Parking
Recreation Areas
Wi-Fi

Premium

None

Other

None

Comments

Management could not provide a unit breakdown, or a vacancy breakdown. Management noted that their current occupancy rate is typical. The reason for rent ranges are the location of the unit and the square footage. A waiting list is not kept at the site and vouchers are not accepted.

Photos



PROPERTY PROFILE REPORT

The Parc At Flowing Wells

Effective Rent Date	5/31/2016
Location	1150 Interstate Parkway Augusta, GA 30909 Richmond County
Distance	8.4 miles
Units	346
Vacant Units	20
Vacancy Rate	5.8%
Type	Garden (3 stories)
Year Built/Renovated	2010 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy, mostly from the local area
Contact Name	Katie
Phone	(706) 922-9440



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	YieldStar; fluctuates daily
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	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)	N/A	690	\$845	\$0	Market	No	N/A	N/A	N/A	None
1	1	Garden (3 stories)	N/A	824	\$950	\$0	Market	No	N/A	N/A	N/A	None
1	1	Garden (3 stories)	N/A	882	\$950	\$0	Market	No	N/A	N/A	N/A	None
2	1	Garden (3 stories)	N/A	1,086	\$1,010	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,162	\$1,130	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,384	\$1,320	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$845 - \$950	\$0	\$845 - \$950	\$66	\$911 - \$1,016
2BR / 1BA	\$1,010	\$0	\$1,010	\$83	\$1,093
2BR / 2BA	\$1,130	\$0	\$1,130	\$83	\$1,213
3BR / 2BA	\$1,320	\$0	\$1,320	\$102	\$1,422

The Parc At Flowing Wells, continued

Amenities

In-Unit

Balcony/Patio
Carpet/Hardwood
Dishwasher
Microwave
Pull Cords
Walk-In Closet
Washer/Dryer hookup

Blinds
Central A/C
Garbage Disposal
Oven
Refrigerator
Washer/Dryer

Security

Intercom (Phone)
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Playground

Clubhouse/Meeting
Garage
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

The contact reported that the property does not maintain a waiting list. She noted that certain one-bedroom and three-bedroom floor plans have attached garages included in the rent. All vacancies are in the floor plans with one bathroom. The two and three bedroom, two bath units are fully occupied. Management could not provide a unit breakdown. According to management, despite daily rent changes with the Yieldstar system, rents have generally increased between four to six percent over the past year. Vouchers are not accepted.

The Parc At Flowing Wells, continued

Trend Report

Vacancy Rates

1Q15	1Q16	2Q16
6.1%	5.8%	5.8%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$845 - \$1,015	\$0	\$845 - \$1,015	\$911 - \$1,081
2016	1	N/A	\$815 - \$905	\$0	\$815 - \$905	\$881 - \$971
2016	2	N/A	\$845 - \$950	\$0	\$845 - \$950	\$911 - \$1,016

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$1,035 - \$1,065	\$0	\$1,035 - \$1,065	\$1,118 - \$1,148
2016	1	N/A	\$945	\$0	\$945	\$1,028
2016	2	N/A	\$1,010	\$0	\$1,010	\$1,093

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$1,000 - \$1,085	\$0	\$1,000 - \$1,085	\$1,083 - \$1,168
2016	1	N/A	\$1,085	\$0	\$1,085	\$1,168
2016	2	N/A	\$1,130	\$0	\$1,130	\$1,213

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$1,215 - \$1,370	\$0	\$1,215 - \$1,370	\$1,317 - \$1,472
2016	1	N/A	\$1,174	\$0	\$1,174	\$1,276
2016	2	N/A	\$1,320	\$0	\$1,320	\$1,422

Trend: Comments

- 1Q15** The contact reported that the property does not maintain a waiting list. The property offers a preferred employer reservation fee discount and a military reservation fee discount. The reservation fee is typically \$250 and is reduced to \$125 with the discounts. The property offers both attached and detached garages for an additional fee of \$150. The contact noted that certain one-bedroom and three-bedroom floor plans have attached garages included in the rent. The property operates on YieldStar, and rents fluctuate daily based on demand. The contact reported that the property is 94 percent occupied and 98 percent pre-leased. The contact noted that the occupancy at the property has significantly increased since October 2014 due to changes in management. The contact was unable to provide the unit mix or vacancy by unit type.
- 1Q16** The contact reported that the property does not maintain a waiting list. She noted that certain one-bedroom and three-bedroom floor plans have attached garages included in the rent. Rents provided are based on a 12 month lease term.
- 2Q16** The contact reported that the property does not maintain a waiting list. She noted that certain one-bedroom and three-bedroom floor plans have attached garages included in the rent. All vacancies are in the floor plans with one bathroom. The two and three bedroom, two bath units are fully occupied. Management could not provide a unit breakdown. According to management, despite daily rent changes with the Yieldstar system, rents have generally increased between four to six percent over the past year. Vouchers are not accepted.

The Parc At Flowing Wells, continued

Photos



PROPERTY PROFILE REPORT

The Preserve At Longpoint

Effective Rent Date	5/27/2016
Location	1256 Longpoint Drive Augusta, GA 30906 Richmond County
Distance	1.9 miles
Units	34
Vacant Units	1
Vacancy Rate	2.9%
Type	Townhouse
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Many of the tenants are employed by Plant Vogtle, E-Z Go, and the military
Contact Name	Michelle
Phone	(706) 993-2300



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	Increased 4 to 6 percent
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	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Townhouse	17	1,092	\$900	\$0	Market	no	1	5.9%	N/A	HIGH
2	2	Townhouse	17	1,092	\$820	\$0	Market	no	N/A	N/A	N/A	LOW

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$820 - \$900	\$0	\$820 - \$900	\$83	\$903 - \$983

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Ceiling Fan
Oven
Vaulted Ceilings

Blinds
Central A/C
Exterior Storage
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Security

None

Services

None

Property

Off-Street Parking

Premium

None

Other

None

Comments

Management stated that the highest rents are for the end units, and the units with the lowest rents only have some vaulted ceilings.

The Preserve At Longpoint, continued

Trend Report

Vacancy Rates

1Q13	2Q16
9.1%	2.9%

Trend: Market

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	N/A	\$750 - \$800	\$0	\$750 - \$800	\$833 - \$883
2016	2	N/A	\$820 - \$900	\$0	\$820 - \$900	\$903 - \$983

Trend: Comments

1Q13 The highest rents are for the end units, and the units with the lowest rents only have some vaulted ceilings.

2Q16 Management stated that the highest rents are for the end units, and the units with the lowest rents only have some vaulted ceilings.

Photos



PROPERTY PROFILE REPORT

Walker Estate Apartments

Effective Rent Date	5/26/2016
Location	3731 Peach Orchard Road Augusta, GA 30906 Richmond County County
Distance	0.6 miles
Units	252
Vacant Units	106
Vacancy Rate	42.1%
Type	Garden (3 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	9/15/2015
Leasing Began	9/15/2015
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Carisma
Phone	706-303-1796



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	16
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)	63	750	\$750	\$0	Market	No	N/A	N/A	N/A	HIGH
1	1	Garden (3 stories)	63	750	\$725	\$0	Market	No	N/A	N/A	N/A	LOW
2	1	Garden (3 stories)	63	1,000	\$875	\$0	Market	No	N/A	N/A	N/A	HIGH
2	1	Garden (3 stories)	63	1,000	\$825	\$0	Market	No	N/A	N/A	N/A	LOW

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$725 - \$750	\$0	\$725 - \$750	\$0	\$725 - \$750
2BR / 1BA	\$825 - \$875	\$0	\$825 - \$875	\$0	\$825 - \$875

Walker Estate Apartments, continued

Amenities

In-Unit

Blinds	Carpet/Hardwood
Carpeting	Central A/C
Coat Closet	Dishwasher
Garbage Disposal	Oven
Refrigerator	Walk-In Closet

Security

Perimeter Fencing

Services

None

Property

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

Premium

None

Other

None

Comments

This property is being completed in phases, with the first building delivering in September 2015 (84 units). An additional building was delivered in early 2016, with one that has yet to receive its certificate of occupancy. The property has leased 146 units to date, with the majority being occupied units. The rent ranges are due to the location of the units within the buildings.

Walker Estate Apartments, continued

Photos



PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed:

Location

The Subject is located in south Augusta in a developing neighborhood. All of the comparables are located within the PMA, ranging from 0.6 to 9.0 miles from the Subject site. The following table compares the median rent and median household income of the Subject’s zip code with those of the comparable properties.

LOCATION COMPARISON					
Property Name	Type	Zip Code	Distance from Subject	Median Rent	Median HH Income
Subject	LIHTC	30906	-	\$784	\$33,909
Forest Brook	LIHTC	30909 / 30904	6.5 miles	\$819 / \$679	\$41,716 / \$32,786
Magnolia Park Apartments	LIHTC	30904	5.7 miles	\$679	\$32,786
Walton Oaks	LIHTC	30901	8.3 miles	\$596	\$16,619
Woodlake Club Apartments	LIHTC	30909	7.6 miles	\$819	\$41,716
Brigham Woods	Market	30909	9.0 miles	\$819	\$41,716
The Estates At Perimeter	Market	30909	8.5 miles	\$819	\$41,716
The Parc At Flowing Wells	Market	30909	8.4 miles	\$819	\$41,716
The Preserve At Longpoint	Market	30906	1.9 miles	\$784	\$33,909
Walker Estate Apartments	Market	30906	0.6 miles	\$784	\$33,909

The Subject’s location features a median rent that is near the top of the range of the comparables, far superior to that of Magnolia Park Apartments and Walton Oaks, similar to The Preserve at Longpoint and Walker Estate Apartments, and slightly inferior to the remaining comparables. The median household income figures are similar to the median rent figures in terms of differentials. It is important to note that Forest Brook is located along the boundary between zip code 30909 and 30904. Based on the neighborhood characteristics, we believe 30904 is best representative of the location characteristics. Based on our inspections and observations of the Subject and comparable neighborhoods, Forest Brook, Magnolia Park Apartments, and Walton Oaks are located in slightly inferior locations to the Subject. The Preserve at Longpoint and Walker Estate Apartments are located within 1.9 miles of the Subject and are considered similar to the Subject in terms of location. The remaining comparables are located in northwest Augusta in an area with greater depth of services and amenities, and these comparables are considered superior in terms of location.

Age and Condition

The Subject will be in excellent condition upon completion, superior to the majority of the comparables. The comparables were constructed between 1978 and 2015, and range from average to excellent condition. Forest Brook and Magnolia Park Apartments were constructed in 1978 to 1984, but received substantial renovations since completion. These comparables are in average condition overall, far inferior to the Subject upon completion. Walton Oaks and Walker Estate Apartments were completed from 2012 to 2015, and are in excellent condition. The Subject’s newly constructed quality will be slightly superior to these comparables. The remaining comparables were constructed between 2003 and 2010 and are in good condition, which will be inferior to the Subject.

The Subject will feature two and three-story garden-style design. All of the comparables feature similar multi-story walkup residential buildings.

Unit Size

The following table illustrates the unit sizes of the Subject and the comparable properties.

UNIT SIZE COMPARISON					
Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Advantage/ Disadvantage
1 BR	850	580	912	770	10%
2 BR	1,072	840	1,337	1,087	-1%
3 BR	1,185	1,100	1,550	1,332	-11%

The Subject’s one-bedroom unit size is moderately larger than the surveyed average in the market, though well within the range of surveyed units. The Subject’s two-bedroom units are similar to the surveyed average in the market, towards the middle of the range of surveyed two-bedroom unit sizes. The Subject’s three-bedroom units are moderately smaller than the surveyed average in the market, but within the surveyed range. Overall, the Subject’s unit sizes will be competitive, and we have considered the unit sizes in our achievable rent determination.

Security Features

The Subject will offer perimeter fencing with limited access as security features. The majority of the comparables offer one or more security features, including limited access with perimeter fencing. The Subject is considered market-oriented in terms of security features.

Utility Structure

The tenants at the Subject will pay electric cooking, electric heating, electric water heat, and general electric expenses (including air conditioning). The landlord will be responsible for cold water, sewer, and trash utility expenses. The Subject’s utility allowances are based upon developer provided estimates. Since not all of the comparable properties offer differing utility configurations, we have adjusted “base” or “asking” rents of these comparable properties to “net” rents, reflecting the Subject’s utility convention based on the Georgia Department of Community Affairs utility allowance schedule, effective July 1, 2015, the most recent available.

Parking

According to the site plan provided, the Subject will offer 488 off-street parking spaces, which equates to approximately 2.0 spaces per unit. The comparables all similarly offer off-street parking. Three of the market rate comparables also offer garage parking for additional monthly fees that range from \$125 to \$150 per month. Overall, the Subject’s parking offering is similar to slightly inferior to the comparables, and is considered market-oriented.

Amenities

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix following. Overall, the Subject offers similar in-unit amenities and similar to superior property amenities relative to the comparables.

UNIT MATRIX REPORT

	Peach Orchard Apartments	Forest Brook	Magnolia Park Apartments	Walton Oaks	Woodlake Club Apartments	Brigham Woods	The Estates At Perimeter	The Parc At Flowing Wells	The Preserve At Longpoint	Walker Estate Apartments
Comp #	Subject	1	2	3	4	5	6	7	8	9
Property Information										
Property Type	Garden (3 stories)	Garden	Various	Garden (3 stories)	Garden (3 stories)	Garden (3 stories)	Garden (3 stories)	Garden (3 stories)	Townhouse	Garden (3 stories)
Year Built / Renovated	Proposed / n/a	1984 / 1998	1978 / 1996/2008	2012-2014 / n/a	2003 / n/a	2010 / n/a	2007 / n/a	2010 / n/a	2008 / n/a	2015 / n/a
Market (Conv.)/Subsidy Type	@60%	@60%	@60%	LIHTC, Section 8	@60%	Market	Market	Market	Market	Market
In-Unit Amenities										
Balcony/Patio	yes	no	no	no	no	yes	yes	yes	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	yes	no	no	no	no	no	yes	no	yes	no
Ceiling Fan	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Garbage Disposal	yes	no	no	yes	no	yes	yes	yes	yes	yes
Microwave	no	no	no	no	yes	yes	yes	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	no	no	no	no	no	no	no	no	no	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Washer/Dryer	no	no	no	no	no	no	no	yes	no	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
Property Amenities										
Basketball Court	no	no	no	no	no	yes	no	no	no	no
Business Center/Computer Lab	yes	no	no	yes	yes	yes	yes	yes	no	no
Car Wash	no	yes	no	no	no	yes	yes	no	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	no	yes	yes	no	yes	yes	no	yes
Courtyard	no	no	no	no	no	no	yes	no	no	no
Exercise Facility	yes	no	no	yes	yes	yes	yes	yes	no	yes
Garage	no	no	no	no	no	yes	yes	yes	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	no	no	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	no	yes
Picnic Area	yes	yes	yes	yes	yes	yes	no	no	no	no
Playground	yes	yes	yes	yes	yes	no	no	yes	no	no
Swimming Pool	yes	yes	no	yes	yes	yes	yes	yes	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	\$125.00	N/A	\$150.00	N/A	N/A
Security										
Intercom (Phone)	no	no	no	no	no	no	no	yes	no	no
Limited Access	yes	yes	no	yes	yes	yes	yes	no	no	no
Patrol	no	yes	no	no	no	no	no	no	no	no
Perimeter Fencing	yes	yes	no	no	yes	yes	no	yes	no	yes
Video Surveillance	no	yes	no	no	no	no	no	no	no	no

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Vacancy Levels

The following table details vacancy levels at comparable properties included in the survey.

OVERALL VACANCY				
Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Forest Brook	LIHTC	161	1	0.60%
Magnolia Park Apartments	LIHTC	171	4	2.30%
Walton Oaks	LIHTC	181	0	0.00%
Woodlake Club Apartments	LIHTC	192	3	1.60%
Brigham Woods	Market	204	2	1.00%
The Estates At Perimeter	Market	240	9	3.80%
The Parc At Flowing Wells	Market	346	20	5.80%
The Preserve At Longpoint	Market	34	1	2.90%
Walker Estate Apartments	Market	252	106	42.10%
Total		1,781	146	8.20%
Total Excluding Property in Absorption		1,529	40	2.62%

Vacancy levels at comparable properties range from zero to 5.8 percent, excluding the property that opened in 2015 and is in the absorption phase. The overall average vacancy rate is 2.6 percent excluding the property in absorption. The average LIHTC vacancy rate is 1.1 percent, and the average market rate vacancy rate is 3.9 percent, excluding the property in absorption. All of the stabilized comparables reported vacancy indicative of a strong and stable market.

Walker Estate Apartments opened in September 2015 and has been absorbing approximately 16 units per month. According to management, the property is being completed in phases, one building at a time. As such, absorption is slightly understated than had the property delivered all at one time. The final 84 units at this property are expected to be ready for tenant move-in in June 2016. Thus, the majority of units that are available for occupancy at this development are leased and occupied. The strong absorption reported at Walker Estate Apartments is an indication of a strong market and demand for additional rental housing.

Overall, based on the comparable data, we believe the Subject can maintain a vacancy rate of 5.0 percent or less, inclusive of collection loss, as both a restricted and unrestricted development.

Concessions

None of the comparables reported offering a temporary concession. Given the lack of concessions in the market, we do not believe that the Subject will need to offer concessions to maintain stabilized performance.

Rental Rate Increases

The following table summarizes rent growth experienced at the surveyed properties.

RENT GROWTH		
Comparable Property	Rent Structure	Rent Growth
Forest Brook	LIHTC	None
Magnolia Park Apartments	LIHTC	None
Walton Oaks	LIHTC	Increased three percent
Woodlake Club Apartments	LIHTC	None
Brigham Woods	Market	None
The Estates At Perimeter	Market	LRO; fluctuates daily
The Parc At Flowing Wells	Market	YieldStar; fluctuates daily
The Preserve At Longpoint	Market	Increased 4 to 6 percent
Walker Estate Apartments	Market	None

Only one of the LIHTC comparables, Walton Oaks, reported rent growth over the past year. Of note, this is the newest LIHTC comparable and most similar overall to the Subject. Two of the market rate developments reported that rents fluctuate daily, and rent trends were not provided. One of the market rate comparables reported moderate rent growth of four to six percent. We expect that the Subject would be able to maintain rent growth over the holding period in line with the market. Of note, the AMI has increased by an average of 1.6 percent annually since 2000.

Absorption

We were able to obtain absorption data from two of the comparable properties, Walton Oaks, a mixed-income LIHTC development, and Walker Estates Apartments, a recently completed market rate development. Walton Oaks offers a portion of units with project-based subsidies and was completed in two phases in 2012 and 2014. The first phase at this comparable delivered in 2012 and totaled 75 two and three-bedroom LIHTC units, with approximately 19 percent of the units supported by project-based subsidies. The second phase delivered in 2014 and offered 106 one, two, and three-bedroom units, with approximately 34 percent of units supported by subsidies. Management reported that both phases absorbed rapidly at approximately 19 units per month.

Walker Estates Apartments opened its first 84 units (one building) in September 2015, with a second 84-unit building opening in early 2016. The third and final 84-unit building at this development was expected to be completed in June 2016. Management reported that the development had been absorbing approximately 16 units per month, based upon the current occupancy.

Overall, we anticipate a good response to the Subject due to the generally high occupancy rates at both affordable and market rate properties in the PMA, as well as the Subject’s excellent condition upon completion. There are no other proposed family LIHTC developments within the Subject’s PMA, and interviews with area managers indicate a strong market with demand for additional affordable housing. Overall, based upon the comparable data, we anticipate the Subject could reach a stabilized occupancy of 95 percent within 12 months of completion, both as a restricted and hypothetical unrestricted development. The absorption period equates to a rate of approximately 19 units per month under both the restricted and unrestricted scenarios.

Reasonability of Rents

The following table is a comparison of the Subject’s current rents and the rents at the five comparable market rate income properties. For the purposes of this analysis, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. Additionally, it is important to note that we compared to concesssed rent levels at the comparable properties, when applicable.

Achievable Restricted Rents

The following tables detail the Subject’s contract rents in comparison with the LIHTC comparables offering units at 60 percent of AMI.

LIHTC Rent Comparison - @60%			
Property Name	1BR	2BR	3BR
Peach Orchard Apartments (Subject)	\$589	\$685	\$785
2016 LIHTC Maximum (Net)	\$589	\$709	\$817
Forest Brook	\$525	\$575 - \$625	\$770
Magnolia Park Apartments	\$475	\$525 - \$550	\$675
Walton Oaks	-	\$755	\$879
Woodlake Club Apartments	\$567	\$679	\$770
Average (excluding Subject)	\$522	\$643	\$774
NOVOCO Achievable LIHTC Rent	\$589	\$709	\$817

The Subject’s proposed one-bedroom rent is set at the maximum allowable level, with the two and three-bedroom rents moderately below the maximum allowable rent levels. The two most recently completed LIHTC comparables are Woodlake Club Apartments and Walton Oaks, which were built in 2003 and 2012 to 2014, respectively. The Subject will be superior to both of these developments in terms of condition. Both of these developments reported achieving the maximum allowable rents. Of note, the Walton Oaks rents appear well above allowable rent levels, but this is due to utility allowances differences. According to management, this development utilizes lower allowances than most due to property-specific energy audits being used based on the newer development’s energy efficiency.

In terms of location, the Subject is slightly superior to Forest Brook, Magnolia Park, and Walton Oaks and slightly inferior to Woodlake Club Apartments. The Subject’s in-unit amenities are generally similar to all of the comparables, and the property amenities are similar to Walton Oaks and Woodlake Club Apartments and superior to the remaining comparables. The Subject’s unit sizes are most similar to Walton Oaks and Woodlake Club Apartments, being superior to the remaining comparables. All of the LIHTC comparables reported low vacancy ranging from zero to 2.3 percent, and three of the four maintain waiting lists. Overall, the most similar LIHTC comparables are Walton Oaks and Woodlake Club Apartments. The Subject’s proposed rents are slightly above those at Woodlake Club Apartments and well below those at Walton Oaks. However, we believe this is primarily due to differences in utility allowances. Overall, based primarily on the new construction quality, large unit sizes, and extensive amenity offering, we believe the Subject will be to achieve the maximum allowable LIHTC rents of **\$589**, **\$709**, and **\$817** for the one, two, and three-bedroom units, respectively.

Achievable Market Rents

The maximum achievable market rents were determined by comparing the aesthetic quality, amenities, unit sizes, etc. to that of the market rate projects in the area. Novogradac & Company concluded that the Subject will be competitive with the market rate competition and so achievable rents are within the market rental range. Achievable rents represent net market rate rent levels that we anticipate a project of the Subject’s condition and quality could reasonably achieve.

Subject Comparison To Market Rents						
@60%						
Unit Type	Subject Achievable LIHTC Rents	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rents	Subject Rent Advantage
1 BR	\$589	\$725	\$1,114	\$943	\$775	24%
2 BR	\$685	\$825	\$1,266	\$1,062	\$875	22%
3 BR	\$785	\$1,403	\$1,535	\$1,457	\$1,000	22%

Amongst the comparables offering market rate units, the Subject is most comparable to Walker Estates Apartments and The Parc at Flowing Wells. Walker Estates Apartments is a market rate development located 0.6 miles from the Subject in a similar location. This development is in excellent condition, which will be only slightly inferior to the Subject, although it features slightly inferior unit amenities, common area amenities, and unit sizes. The Parc at Flowing Wells is a market rate development located 8.4 miles from the Subject in a superior location. It features similar property amenities, but superior unit amenities and unit sizes. This development is in good condition, which will be inferior to the Subject. Overall, we have given greatest weight to the rents at Walker Estates Apartments, as it is within the Subject’s neighborhood. The following table illustrates the current rents and unit sizes at the most similar market rate comparables relative to the Subject’s proposed LIHTC rents and achievable market rate rents.

Subject Comparison with Most Similar Market Rate Comparables					
Unit Type	Subject Achievable LIHTC Rents	Square Feet	Walker Estates Rents	Square Feet	Achievable Market Rents
1 BR	\$589	850	\$725 - \$750	750	\$800
2 BR	\$685	1,072	\$825 - \$875	1,000	\$900
3 BR	\$785	1,185	-	-	\$1,025
Unit Type	Subject Achievable LIHTC Rents	Square Feet	Parc at Flowing Wells	Square Feet	Achievable Market Rents
1 BR	\$589	850	\$1,016	824	\$800
2 BR	\$685	1,072	\$1,213	1,162	\$900
3 BR	\$785	1,185	\$1,422	1,384	\$1,025

Overall, for the Subject’s achievable market rents, we have positioned the Subject’s achievable rents above those at Walker Estate Apartments and well below the current rents at Parc at Flowing Wells. Overall, based on the above data, we believe the Subject will be able to achieve market rents of **\$800, \$900, and \$1,025** for the one, two, and three-bedroom units, respectively.

HIGHEST AND BEST USE

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 (Sixth Edition, 2015), published by the Appraisal Institute, 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 improved" and "as if vacant," meaning vacant and available for development.

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 IS

Physically Possible

The physical characteristics of the site should reasonably accommodate any use that is not restricted by its size of 16.97 acres, or the topography of the site. Access to the site is available via Peach Orchard Road and Cemetery Road. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible

The Subject site is located in the B-2 (General Business) zoning district, which permits multifamily residential and commercial uses. The Subject's zoning district allows multifamily residential uses with a minimum 1,500 square feet in lot size per unit. Parking requirements for multifamily uses in these districts are two parking spaces per unit. The maximum number of multifamily units based on the Subject site's size is approximately 492 units, or 29 units per acre. The comparable land sales demonstrate densities ranging from four to 10 units per acre. However, the general areas of each of the sales are more rural in nature and feature a lower-density of development. Based on the characteristics of the Subject site and neighborhood, and with consideration for the underlying zoning of the Subject site, we believe that the Subject site could reasonably support 240 units, which equates to 14 units per acre.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any use of the Subject site that provides 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 and are physically possible. Based upon our analysis of the market, current construction costs exceed financial returns required for new market rate multifamily development in the Subject's immediate area, and indicate the lack of feasibility of the project without some type of subsidy. Development of multifamily properties in the Subject's immediate market area is feasible with the benefit of tax credits, tax-exempt bond financing, government grants, or other subsidies. Of note, the proposed Subject development improvements are feasible with the use of Low Income Housing Tax Credits (LIHTC).

Maximally Productive

Current construction costs exceed financial returns required for new market rate multifamily development in the neighborhood, and indicate the lack of feasibility of the project without some type of subsidy. With the tax credit subsidy, the value of the project supports feasibility. Based upon our analysis, new construction of multifamily housing is financially feasible with the tax subsidy. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily residential complex using tax credit equity, favorable financing, or other gap subsidies.

Conclusion

Highest and Best Use "As Vacant"

The Subject's highest and best use "As Vacant" is to hold for future development when market rents rise to the level of cost feasibility. Alternatively, an affordable multifamily rental property would be feasible with gap financing such as tax credits.

APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

The valuation process begins with an estimate of the highest and best use of the Subject property considered as though vacant, and as improved. Once determined the property is then valued according to its highest and best use.

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

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. Given the Subject is proposed new construction, we have developed the cost approach. However, the Subject is an income-producing property. As such, market participants indicated that prudent investors would give only limited weight to the estimate of replacement cost when determining market value for investment purposes.

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.

COST APPROACH

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 marketplace.

The principle may be stated as follows:

“No one is justified in paying more for a property than that amount by which he can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility. In the case of a building that is new, the disadvantages of deficiencies of the existing building are compared with a new building that must be evaluated.”

The Cost Approach normally consists of four steps:

1. The estimate of the land's value As Is.
2. The estimate of the current cost of replacing the existing improvements.
3. The estimate and deduction of depreciation from all causes if applicable.
4. The addition to the value of the land and the depreciated value of the improvements.

Replacement cost is defined as the cost of creating a similar building or improvement on the basis of current price using modern materials. It should be noted that the budget exhibited is for development of a rent restricted LIHTC property. Many of the costs for obtaining the tax credits are included. The value of the tax credits is best illustrated through a discounted cash flow analysis which is beyond the scope of this assignment. The budgeted costs will be adjusted to reflect a market value not inclusive of the tax credit value. It will be primarily used as support for our highest and best use determination.

LAND VALUATION

To arrive at an estimated land value for the Subject site, the appraisers have analyzed actual sales of comparable properties in the competitive area.

The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the Subject property. We researched the subject's market area for recent sales of comparable vacant land. From our research, we selected transactions that represent the most recent competitive alternative sales in the marketplace.

The previous highest and best use analysis concluded multifamily was the most likely type of development. Therefore, the sales utilized in our analysis are based upon land that will be developed with multifamily improvements. We only identified two sales within the Subject's immediate market area, and these occurred in 2012 and 2013. Therefore, due to the lack of recent multifamily land sales in the immediate market area, we expanded our search to include other areas throughout the region, including Athens, Macon, and Warner Robins, Georgia. The table below provides a summary of the sales used.

COMPARABLE LAND SALES								
#	Location	City	Sale Date	Zoning	Price	Acres	Units	Price/Unit
1	SWC Gray Rd/Houston Lake Rd	Perry, GA 31069	Jun-15	Multifamily	\$550,000	23.80	100	\$5,500
2	3460 US-341	Fort Valley, GA 31030	May-14	Multifamily	\$295,000	9.16	60	\$4,917
3	470 Old Evans Rd	Evans, GA 30809	Jun-13	Multifamily	\$825,000	20.00	170	\$4,853
4	1100 Dodge Lane	Grovetown, GA 30813	Aug-12	Multifamily	\$200,000	4.02	40	\$5,000

Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price for multifamily developments is typically based upon a price per unit. Thus, we have utilized price per unit as the unit of comparison for the Subject. The table above indicates a range in price from approximately \$4,853 to \$5,500 per unit. A location map and individual land sale profiles are provided below.

Land Sale 1

Location: SWC Gray Rd/Houston Lake Rd
Perry, GA 31069



Buyer: RVLH Acquisitions, LLC
Seller: BLDHP Inc.
Sale Date: Jun-15
Sale Price: \$550,000
Financing: Cash

Number of Units: 100
Site: Acre(s) 23.80
 Square Footage 1,036,728
Zoning Multifamily
Corner Yes
Topography Level
Shape Irregular

Sale Price: Per Unit \$5,500
 Per Acre \$23,109
 Per SF \$0.53

Comments:
 The site is to be developed with a 100-unit LIHTC/market rate development known as Oliver Place. The development will consist of 24 one-bedroom, 44, two-bedroom, and 32 three-bedroom units offered at the 50, 60, and 80 percent AMI levels. The development will also offer a portion of market rate units.

Verification: Costar, Georgia DCA, Public Records

Land Sale 2

Location: 3460 US-341
Fort Valley, GA 31030



Buyer: Reserve at Hampton LP
Seller: Belflower, Stephen H.
Sale Date: May-14
Sale Price: \$295,000
Financing: Cash

Number of Units: 60
Site: Acre(s) 9.16
Square Footage 399,010
Zoning Multifamily
Corner Yes
Topography Level
Shape Irregular

Sale Price: Per Unit \$4,917
Per Acre \$32,205
Per SF \$0.74

Comments:
The site is currently improved with The Reserve at Hampton, a 60-unit LIHTC development that came online in July 2015. The development consists of a combination of one, two, and three-bedroom units offered at the 50 and 60 percent AMI levels.

Verification: Costar, Georgia DCA, Public Records

Land Sale 3

Location: 470 Old Evans Rd
Evans, GA 30809



Buyer: JHT Properties, LLC
Seller: Westside Holdings LLC
Sale Date: Jun-13
Sale Price: \$825,000
Financing: Cash

Number of Units: 170
Site: Acre(s) 20.00
 Square Footage 871,200
Zoning Multifamily
Corner No
Topography Sloping
Shape Irregular

Sale Price: Per Unit \$4,853
 Per Acre \$41,250
 Per SF \$0.95

Comments:
 The parcel is located on the north side of Olde Evans Road and is currently vacant. The buyer plans to develop a multifamily property on all 20 acres. All utilities are in place and the land slopes slightly towards the sewer that borders the northern and eastern sides of the property.

Verification: CoStar, Phillip McCormack (Broker, Executive Partners)

Land Sale 4

Location: 1100 Dodge Lane
Grovetown, GA 30813



Buyer: Dodge Lane LLC
Seller: n/av
Sale Date: Aug-12
Sale Price: \$200,000
Financing: Cash

Number of Units: 40
Site: Acre(s) 4.02
 Square Footage 175,111
Zoning Multifamily
Corner Yes
Topography Level
Shape Irregular

Sale Price: Per Unit \$5,000
 Per Acre \$49,751
 Per SF \$1.14

Comments:
 The site has been improved with a 40-unit LIHTC apartment community known as Grovetown Crossing Townhomes. The transaction was confirmed as arm's length.

Verification: CoStar, Buyer

EXPLANATION OF ADJUSTMENTS

We have analyzed the sales on a per unit basis. In determining which adjustments are appropriate to make to the comparable sales, property rights conveyed, financing terms, conditions of sale, and market conditions are considered first. After these adjustments are made, other criteria, such as location, zoning, topography, shape, and size are taken into consideration.

As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning**
- **Topography**
- **Shape**
- **Size**

Property Rights

We are valuing the fee simple interest in the Subject site. All sales were of fee simple interest like the Subject; therefore, no adjustments are necessary.

Financing

The sales were cash (or equivalent) transactions; therefore, no adjustments are necessary.

Conditions of Sale

No unusual conditions existed or are known; therefore, no adjustment is necessary.

Market Conditions

Real estate values normally change over time. The rate of this change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sales date of a comparable, when values have appreciated or depreciated. As there are limited commercial land sales in the area, we utilized the *PwC Real Estate Investor Survey* as an indicator to illustrate real estate value trends in relation to the Subject's area.

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments		
Quarter	Cap Rate	Change (bps)
3Q12	5.74	-
4Q12	5.72	-0.02
1Q13	5.73	0.01
2Q13	5.70	-0.03
3Q13	5.61	-0.09
4Q13	5.80	0.19
1Q14	5.79	-0.01
2Q14	5.59	-0.20
3Q14	5.51	-0.08
4Q14	5.36	-0.15
1Q15	5.36	0.00
2Q15	5.30	-0.06
3Q15	5.39	0.09
4Q15	5.35	-0.04
1Q16	5.35	0.00

Source: PwC Real Estate Investor Survey, Q1 2016

The comparable sales occurred between August 2012 and June 2015. As the table indicates, the capitalization rate compression through 2010 and early 2011 was significant. The declining capitalization trend slowed significantly from 2012 through the present time, although market conditions have continued to improve based on the rate data. Based on the above data and interviews with area brokers, we have applied upward adjustments of 10 percent to sales 3 and 4 and an upward adjustment of five percent to sale 2.

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 tables illustrate the median rents and median household incomes for the Subject and the comparable sales by zip code area.

MEDIAN RENT			
Property	Zip code	Median Rent	Differential With Subject Site
Subject	30906	\$784	-
Comparable 1	31069	\$705	10%
Comparable 2	31030	\$635	19%
Comparable 3	30809 / 30907	\$1,384 / \$944	-20 to -77%
Comparable 4	30813	\$1,040	-33%

Source: US Census, 6/2016

MEDIAN HOUSEHOLD INCOME			
Property	Zip code	Med HH Income	Differential With Subject Site
Subject	30906	\$33,909	-
Comparable 1	31069	\$53,085	-57%
Comparable 2	31030	\$32,114	5%
Comparable 3	30809 / 30907	\$86,732 / \$62,866	-85% to -156%
Comparable 4	30813	\$61,267	-81%

Source: US Census, 6/2016

As illustrated above, the median rent for the Subject site’s zip code ranges from moderately above to significantly below that of the comparables. However, it is important to note that comparables 3 and 4 are located in exurban areas of the Augusta metropolitan area with concentrations of primarily single-family homes, and we believe that the median rent figures are skewed upward significantly by the presence of single-family home rentals in these areas. Based on our observations of the physical neighborhoods, we believe sales 3 and 4 are only slightly superior to the Subject in terms of location. Sales 1 and 2 are located in more rural areas with median rents moderately below the Subject’s figure. However, the median household income figures are similar to the Subject. Overall, based on the above data and our physical observation of the markets of each of the sales compared to the Subject, we have applied no adjustment to sales 1 and 2 and a five percent downward adjustment to sales 3 and 4.

Zoning

All of the sales have zoning designations that permit multifamily development, similar to the Subject site. Therefore, no adjustment is necessary.

Site Characteristics

Site characteristics such as access, frontage, visibility, and shape can affect the marketability of sites, making them more or less attractive to investors. The Subject site offers good access and visibility, with functional site characteristics, similar to all four sales. Therefore, no adjustments were 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. Conversely, smaller properties typically sell for more per unit than larger 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. The Subject is a large development of 240 units. Only one of the sales was for a similarly sizable project type, with the remaining sales for smaller properties to consist of 40 to 100 units. Therefore we applied downward five percent adjustment to sales 1, 2, and 4.

Land Value Estimate

The land sales grid is presented below:

Peach Orchard Apartments, Augusta, GA; Appraisal

Comparable Land Data Adjustment Grid

	Subject	1	2	3	4
Location	3630 Peach Orchard Rd	SWC Gray Rd/Houston Lake Rd	3460 US-341	470 Old Evans Rd	1100 Dodge Lane
City, State	Augusta, GA	Perry, GA 31069	Fort Valley, GA 31030	Evans, GA 30809	Grovetown, GA 30813
Parcel Data					
Zoning	MF	MF	MF	MF	MF
Topography	Level	Similar	Similar	Similar	Similar
Shape	Irregular	Similar	Similar	Similar	Similar
Corner	Yes	Yes	Yes	No	Yes
Size (SF)		1,036,728			
Area (SF)	739,213	1,036,728	399,010	871,200	175,111
Size (Acres)	16.97	23.80	9.16	20.00	4.02
Units	240	100	60	170	40
Units/Acre	14	4	7	9	10
Sales Data					
Date		Jun-15	May-14	Jun-13	Aug-12
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$550,000	\$295,000	\$825,000	\$200,000
Price Per Unit		\$5,500	\$4,917	\$4,853	\$5,000
Adjustments					
Property Rights		0	0	0	0
		\$550,000	\$295,000	\$825,000	\$200,000
Financing		0	0	0	0
		\$550,000	\$295,000	\$825,000	\$200,000
Conditions of Sale		0	0	0	0
		\$550,000	\$295,000	\$825,000	\$200,000
Market Conditions		1.000	1.050	1.100	1.100
Adjusted Sale Price		\$550,000	\$309,750	\$907,500	\$220,000
Adjusted Price Per SF		\$5,500	\$5,163	\$5,338	\$5,500
Adjustments					
Location		0.0%	0.0%	-5.0%	-5.0%
Zoning/Density		0.0%	0.0%	0.0%	0.0%
Topography		0.0%	0.0%	0.0%	0.0%
Shape/Site Characteristics		0.0%	0.0%	0.0%	0.0%
Size		-5.0%	-5.0%	0.0%	-5.0%
Overall Adjustment		-5.0%	-5.0%	-5.0%	-10.0%
Adjusted Price Per SF		\$5,225	\$4,904	\$5,071	\$4,950
Summary					
Low	\$4,904				
High	\$5,225				
Mean	\$5,067				
Median	\$5,071				
Conclusion	\$5,100	x	240		\$1,224,000
Rounded					\$1,200,000

The sales indicate an adjusted price per unit range of \$4,904 to \$5,225 per unit, with a mean of \$5,067 and a median of \$5,071 per unit. Sales three and four are the nearest to the Subject, although sales one and two are most recent. Overall, we have considered all four sales and concluded to a sale price per unit of \$5,100 per unit for the value of the land “as is.”

Of note, the site improved with two small modular office structures as well as several modular home structures that are utilized as part of a builders operation. As part of the purchase agreement, the Seller has agreed to remove these structures prior to closing. Based on the size and type of the structures, we estimate the costs to remove these improvements at approximately \$20,000. Based on our reconciled per unit value of the underlying land, the calculated total value is \$1,224,000. We have reconciled to \$1,200,000 after rounding. Based on the minimal demolition costs being lost in rounding, we have not applied any reductions for demolition of the existing improvements.

CONCLUSION OF AS IS VALUE

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the unencumbered “as is” market value of the fee simple interest in the Subject, free and clear of financing, as of May 31, 2016, is:

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

Please refer to the complete Assumptions and Limiting Conditions in the Addenda of this report.

Development Costs

Since the Subject will be new construction, the development budget can be useful. However, to insure a market based valuation we estimated the hard costs based on the developer’s budget, RS Means and Marshall & Swift. The soft costs are not as effectively compared to market estimates. The cost of typical tax credit syndications is unique and not easily compared to other transactions. Therefore, we relied upon other development budgets for these costs.

Direct Costs

We compared the direct costs associated with construction of a property with similar utility as the Subject. These costs include construction costs, landscaping costs, and site improvement costs. These are estimated by using RS Means and Marshall & Swift and correlated to the local market using a multiplier.

Indirect Cost

Indirect costs must be added to the direct costs to arrive at a total cost new estimate. Indirect costs include construction loan fees (including interest on the property during construction, appraisal fees, points, etc.), taxes on the land during the construction period, and developer’s profit and overhead.

Developer’s Profit and Overhead: Entrepreneurial profit is accounted for as an indirect cost. If the Cost Approach is to provide a reliable indication of value, the appraiser must add to the cost a figure that represents the entrepreneurial or developer’s profit that is reflected in the market. It is a return to the investor based on his entrepreneurial skills and abilities.

An investor in real property, especially a developer, gives up a certain amount of liquidity in development, and his risk is based upon his past experience in the field, his forecasting ability with respect to the real estate/business cycle, his expertise in management, and timing. These items are somewhat speculative and tend to be within a fairly wide profit range, depending upon a combination of the preceding items.

Essentially, entrepreneurial profit is a market-derived figure that reflects the amount that the entrepreneur, or developer, expects to receive in addition to costs. Depending on market practice, this type of profit may be measured as a percentage of (1) direct costs, (2) direct and indirect costs, (3) direct and indirect costs plus land value, and (4) the value of the completed project.

Appraisers often derive an appropriate figure for profit expectation from market analysis. By analyzing recent sales of new properties in the same market, we calculated entrepreneurial profit as the difference between the sale price and the sum of direct costs, indirect costs and current market land value. An appraiser can also survey developers to determine entrepreneurial profit. However, the amount of entrepreneurial profit varies with factors such as economic conditions and property type, so a typical relationship between this profit and other costs is difficult to establish.

In conversations with developers of similar types of properties, an expected profit range would be 10 percent to 20 percent of the overall hard costs. Other soft costs typically include financing and legal fees. For LIHTC development these are often significant totaling 20 to 30 percent of total hard costs.

Estimated Costs

There are several data providers that estimate the cost to construct and replace multifamily properties. Two that are most commonly relied upon are Marshall & Swift and RS Means.

Marshall & Swift produces *Marshall Valuation Service*, which is marketed as an appraisal guide. It is primarily used by residential and commercial appraisers to develop replacement costs, depreciated values, and insurable values. Comparative cost indices are published quarterly. The data is based on the publishers' valuation experience, appraisal review, and analysis of the costs of new buildings.

RS Means published *Square Foot Costs* is intended for use by those involved with construction cost estimating, including contractors, owners, architects, engineers, and facilities managers. The data can also be used to develop preliminary project cost estimates and to measure the impact of modifying design and materials on construction costs.

A 2005 report produced by the NAHB Research Center called *Construction Cost Indices*, examined construction costs for HUD Section 202 and 811 supportive housing programs. The goal of the report was to analyze actual project costs using major construction cost industry indices and to determine the accuracy of industry indices. The report concluded that RS Means has the highest correlation with actual construction costs; however, actual average costs were generally below the RS Means estimate, by approximately 10 percent. Actual costs ranged from 75 percent of the RS Means estimate to 145 percent of the estimate.

The following table illustrates the current RS Means and Marshall & Swift cost per square foot estimates for a variety of multifamily building types.

Peach Orchard Apartments, Augusta, GA; Appraisal

	M&S		RS Means	
	Cost PSF	Assumption	Cost PSF	Assumption
Garden (1-3 story)	\$60.48	Class C, average quality	\$113.99	Stucco on concrete, wood joist
Midrise (4-7 story)	\$80.95	Class C, average quality	\$142.95	Decorative concrete block, steel frame
Highrise (8+)	\$77.77	Class C, average quality	\$162.15	Face brick, concrete block backup, steel frame
Townhouse	\$64.97	Class D, average quality	\$67.11	Stucco on wood frame, two-story
SF	\$80.95	Class D, average quality	\$76.10	Stucco on wood frame, one-story

As illustrated, the RS Means and Marshall & Swift costs per square foot vary considerably for multifamily construction. For single-family and townhouse construction, the cost estimates are generally in line. Further, the two cost estimators use different location-based factors to adjust the national cost estimates to local estimates. We will use both estimates to determine the Subject's value using the cost approach.

The following table illustrates the cost per square foot for midrise properties for the Subject's market area based on estimates from Marshall & Swift and RS Means:

		M&S	RS Means	Developer	Novoco Estimate
National Cost PSF		\$60.48	\$113.99	N/Ap	N/Ap
Location Adjustment	Augusta, GA	0.89	0.82	N/Ap	N/Ap
Subject Cost PSF		\$53.83	\$93.47	\$90.87	\$90.00

The developer's budget is within the range of costs provided by the two estimators. Therefore, we will utilize \$90.00, which is similar to the developer's estimate and within the range of the cost estimators.

The following table summarizes our estimates.

Cost Estimation	
Concluded Cost Estimate	\$90.00
Total Area	287,588
FFE	\$600,000
Estimated Construction Costs	\$26,482,956

Our overall cost estimates for the Subject are illustrated in the following table.

Novoco Cost Estimates		
Number of Units	240	Per Unit
Estimated Hard Cost	\$25,882,956	\$107,846
Estimated FF&E	\$600,000	\$2,500
Total Construction Costs	\$26,482,956	\$110,346
Soft Costs	\$5,296,591	\$22,069
Development Costs	\$2,648,296	\$11,035
Total Replacement Cost	\$34,427,843	\$143,449

We have assumed 20 percent of total hard costs for soft costs. The developer has estimated the profit (developer's fees) at approximately 10 percent of hard costs. We have projected 10 percent for profit.

Accrued Depreciation

Accrued depreciation is a loss in value from the reproduction or replacement cost of improvements due to any cause as of the date of appraisal. It may also be defined as the difference between reproduction or replacement cost of an improvement and its market value as of the date of appraisal. The value difference may emanate from physical deterioration, functional obsolescence, external obsolescence, or any combination of these sources.

Physical Deterioration

Curable: This involves an estimate of deferred maintenance and is applicable to items subject to current repair.

Incurable: This reflects loss in value due to the physical defects of the structure. The Subject is proposed new construction. Therefore, there is no depreciation.

Functional Obsolescence

This reflects loss in value due to poor plan, outmoded style or design, architectural super-adequacy, or inadequacy. If incurable functional obsolescence exists, one must charge off additional cost of ownership in the replacement method, if any. Based on our review of the Subject’s site and floor plans, the Subject will not suffer from functional obsolescence.

External Obsolescence

Cost feasible rent is above the current market rent levels. As such, the proposed restricted development is not feasible. The cost feasibility analysis suggests an external obsolescence of approximately 21.5 percent. The following table summarizes the value via the cost approach:

Summary of Cost Approach			
Total Replacement Cost - All Improvements		\$34,427,843	
Depreciation			
Deferred Maintenance	\$0		
Physical - Buildings	\$0		
Functional Obsolescence	\$0		
External Obsolescence	\$7,400,621		
Total Depreciation		\$7,400,621	
Depreciated Replacement Cost - Improvements			\$27,027,222
Land Value			\$1,200,000
Indicated Value - Cost Approach			\$28,227,222
Rounded			\$28,200,000

Conclusion

In order to arrive at a Replacement Cost value for the Subject, we added the estimated land value to the replacement cost of the improvements. Therefore, the value of the Subject, via the cost approach, as of May 31, 2016 is:

TWENTY EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS
(\$28,200,000)

The Subject is an income-producing property. As such, market participants indicated that prudent investors would give only limited weight to the estimate of replacement cost when determining market value for investment purposes.

INSURABLE VALUE

Insurable Value Calculation			
Property Name	Peach Orchard Apartments		
Street Address	3630 Peach Orchard Rd		
City, County, State, Zip	Augusta, GA		
BASE COST			
Main Structure ⁽¹⁾		\$90.00 PSF	
TOTAL BASE COST PER SF		\$90	
Building Area Square Footage ⁽²⁾		287,588 SF	
TOTAL HARD COSTS		\$25,882,956	
SOFT COSTS AT 10% ⁽³⁾		\$2,588,296	
TOTAL REPLACEMENT COST NEW		\$28,471,252	
EXCLUSIONS			
		Percent	
Excavations ⁽⁴⁾		4.30%	\$1,224,264
Foundations ⁽⁴⁾		3.15%	\$896,844
Architect's Fees ⁽⁵⁾		2.40%	\$683,310
Underground Piping ⁽⁴⁾		0.50%	\$142,356
TOTAL EXCLUSIONS			\$2,946,775
INCLUSIONS			
	Number		
Appliance Packages for Residential ⁽⁶⁾	240	\$2,500	\$600,000
Demolition and Debris Removal ⁽⁴⁾	4.20%	\$4,982	\$1,195,793
TOTAL INCLUSIONS			\$1,795,793
CONCLUDED INSURABLE VALUE			
Total Replacement Cost New			\$28,471,252
Less Total Exclusions			(\$2,946,775)
Plus Total Inclusions			\$1,795,793
CONCLUDED INSURABLE VALUE			\$27,300,000

(1) Based upon reconciliation presented in cost approach

(2) Based upon gross building area provided by developer

(3) We use ten percent, which is less than typical soft costs for new construction as permanent financing fees and other costs will not be necessary

(4) Based upon Marshall & Swift Section 96

(5) Based upon Marshall & Swift Section 99, page 2

(6) Based upon Marshall & Swift Section 12, page 41

As illustrated, the total insurable value of the Subject property, via the cost approach as of May 31, 2016 is:

TWENTY SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS
(\$27,300,000)

INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

INTRODUCTION

We were asked to provide several value estimates, including:

- Hypothetical leased fee market value of the Subject “As Complete” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming restricted operation
- Hypothetical leased fee market value of the Subject “As Complete” assuming unrestricted operation
- Hypothetical leased fee market value of the Subject “As Complete and Stabilized” assuming unrestricted operation

As discussed, we were asked to provide an estimate of the Subject’s value under the LIHTC encumbrances as well as hypothetical market rate operation for the property “as complete” as well as “as complete and stabilized”.

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 “as complete” and “as complete and stabilized” values under the restricted and unrestricted scenarios were performed via the income capitalization approach.

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 for the restricted scenarios is based upon our reconciled achievable LIHTC rents. For the unrestricted scenarios, we have utilized our reconciled achievable market rents. The potential gross rental income for the respective scenarios is illustrated in the following tables.

POTENTIAL GROSS RESIDENTIAL RENTAL INCOME - RESTRICTED				
Unit Type	Number of Units	Achievable Rent	Monthly Gross Rent	Annual Gross Rent
60% AMI				
1BR/1BA	24	\$589	\$14,136	\$169,632
2BR/2BA	132	\$709	\$93,588	\$1,123,056
3BR/2BA	84	\$817	\$68,628	\$823,536
Total	240			\$2,116,224

POTENTIAL GROSS RESIDENTIAL RENTAL INCOME - UNRESTRICTED				
Unit Type	Number of Units	Achievable Market Rent	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	24	\$800	\$19,200	\$230,400
2BR/2BA	132	\$900	\$118,800	\$1,425,600
3BR/2BA	84	\$1,025	\$86,100	\$1,033,200
Total	240			\$2,689,200

Other Income

Other income typically includes revenue generated for laundry fees, vending, late fees, damages and cleaning fees, etc. The comparables reported other income from \$23 to \$381 per unit. The most similar comparable, the family LIHTC development, reported other income of \$381 per unit, and will similarly generate other revenue through laundry fees, vending, late fees, and other miscellaneous fees, with no garage or other significant other income sources. The developer’s budget equals approximately \$240 per unit. Overall, based on our analysis of the other income sources relative to the comparables, we have concluded to other income of \$240 per unit, which is towards the middle of the comparable range and reasonable.

Vacancy and Collection Loss

As previously discussed, we believe the Subject can maintain a vacancy rate of 5.0 percent or less, inclusive of collection loss, as both a restricted and unrestricted development.

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 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.

Comparable operating expense data was collected from four affordable comparable properties, three of which are family affordable developments offering walkup design units. The fourth comparable features low-rise design units for senior tenancy. Comparables 2 and 4 were constructed in 2000 and 2011, respectively, and comparables 1 and 3 are significantly older, having been constructed in 1962 and 1979, respectively. The comparable data was compared to the developer’s budgeted figures as proposed.

Expense Analysis														
EXPENSE CATEGORY	Novogradac Estimates Restricted Augusta, GA		Novogradac Estimates Unrestricted Augusta, GA		SUBJECT DEVELOPER BUDGET EXPENSES Augusta, GA		2015 CONFIDENTIAL ACTUAL EXPENSES Augusta, GA		2014 CONFIDENTIAL AUDITED EXPENSES Martinez, GA		2013 CONFIDENTIAL AUDITED EXPENSES Athens, GA		2013 CONFIDENTIAL AUDITED EXPENSES Augusta, GA	
	240		240		240		192		200		90		75	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
GROSS POTENTIAL RENT	\$2,116,224	\$8,818	\$2,689,200	\$11,205	\$2,045,952	\$8,525	\$1,406,052	\$7,323	\$1,488,198	\$7,441	\$667,349	\$7,415	\$477,987	\$6,373
Other Income	\$57,600	\$240	\$57,600	\$240	\$57,600	\$240	\$4,375	\$23	\$76,286	\$381	\$5,763	\$64	\$13,165	\$176
Residential Vacancy	(\$105,811)	-\$441	(\$134,460)	-\$560	(\$122,757)	-\$511	(\$58,315)	-\$304	(\$100,701)	-\$504	(\$7,617)	-\$85	(\$19,113)	-\$255
Vacancy Percentage	-5%		-5%		-6%		-4.1%		-6%		-1%		-4%	
Effective Gross Income	\$2,068,013	\$8,617	\$2,612,340	\$10,885	\$1,980,795	\$8,253	\$1,352,112	\$7,042	\$1,463,783	\$7,319	\$665,495	\$7,394	\$472,039	\$6,294
MARKETING														
Advertising / Screening / Credit	\$24,000	\$100	\$24,000	\$100	\$22,800	\$95	\$0	\$0	\$10,115	\$51	\$697	\$8	\$4,613	\$62
SUBTOTAL	\$24,000	\$100	\$24,000	\$100	\$22,800	\$95	\$0	\$0	\$10,115	\$51	\$697	\$8	\$4,613	\$62
ADMINISTRATION														
Legal / Collections	\$3,600	\$15	\$3,600	\$15	\$0	\$0	\$2,327	\$12	\$11,812	\$59	\$1,375	\$15	\$13,268	\$177
Audit	\$8,400	\$35	\$6,000	\$25	\$0	\$0	\$6,300	\$33	\$15,857	\$79	\$0	\$0	\$0	\$0
Office & Other	\$72,000	\$300	\$48,000	\$200	\$96,000	\$400	\$21,620	\$113	\$26,570	\$133	\$34,785	\$387	\$73,680	\$982
SUBTOTAL	\$84,000	\$350	\$72,000	\$300	\$96,000	\$400	\$30,247	\$158	\$54,239	\$271	\$36,160	\$402	\$86,948	\$1,159
TOTAL ADMINISTRATION	\$108,000	\$450	\$96,000	\$400	\$118,800	\$495	\$30,247	\$158	\$64,354	\$322	\$36,857	\$410	\$91,561	\$1,221
MAINTENANCE														
Painting / Turnover / Cleaning	\$28,800	\$120	\$28,800	\$120	\$0	\$0	\$13,145	\$68	\$37,589	\$188	\$2,697	\$30	\$399	\$5
Repairs	\$72,000	\$300	\$72,000	\$300	\$156,000	\$650	\$21,564	\$112	\$21,838	\$109	\$3,703	\$41	\$9,787	\$130
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$12,000	\$50	\$12,000	\$50	\$0	\$0	\$519	\$3	\$35,273	\$176	\$0	\$0	\$28,506	\$380
Pool	\$7,200	\$30	\$7,200	\$30	\$0	\$0	\$0	\$0	\$2,570	\$13	\$0	\$0	\$0	\$0
Supplies & Other	\$19,200	\$80	\$19,200	\$80	\$0	\$0	\$21,602	\$113	\$8,566	\$43	\$6,370	\$71	\$677	\$9
SUBTOTAL	\$139,200	\$580	\$139,200	\$580	\$156,000	\$650	\$56,830	\$296	\$105,836	\$529	\$12,770	\$142	\$39,369	\$525
OPERATING														
Cleaning contracts	\$8,400	\$35	\$8,400	\$35	\$0	\$0	\$0	\$0	\$5,556	\$28	\$20,997	\$233	\$1,262	\$9
Exterminating	\$6,000	\$25	\$6,000	\$25	\$0	\$0	\$5,620	\$29	\$3,297	\$16	\$0	\$0	\$1,850	\$25
Security	\$2,400	\$10	\$2,400	\$10	\$0	\$0	\$38,849	\$202	\$3,050	\$15	\$0	\$0	\$0	\$0
SUBTOTAL	\$16,800	\$70	\$16,800	\$70	\$0	\$0	\$44,469	\$232	\$11,903	\$60	\$20,997	\$233	\$3,112	\$33
TOTAL MAINTENANCE AND OPERATING	\$156,000	\$650	\$156,000	\$650	\$156,000	\$650	\$101,299	\$528	\$117,739	\$589	\$33,767	\$375	\$42,481	\$558
PAYROLL														
On-site manager	\$40,000	\$167	\$40,000	\$167	\$0	\$0	\$0	\$0	\$48,483	\$242	\$47,077	\$523	\$53,102	\$708
Other management staff	\$55,000	\$229	\$55,000	\$229	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other staff	\$115,000	\$479	\$115,000	\$479	\$0	\$0	\$0	\$0	\$33,785	\$169	\$22,201	\$247	\$10,510	\$140
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,685	\$338	\$47,730	\$530	\$29,949	\$399
Benefits	\$27,500	\$115	\$27,500	\$115	\$0	\$0	\$0	\$0	\$52,291	\$261	\$8,005	\$89	\$27,652	\$369
Payroll taxes	\$25,200	\$105	\$25,200	\$105	\$0	\$0	\$0	\$0	\$13,294	\$66	\$10,849	\$121	\$10,812	\$144
SUBTOTAL	\$262,700	\$1,095	\$262,700	\$1,095	\$240,000	\$1,000	\$155,480	\$810	\$215,538	\$1,078	\$135,862	\$1,510	\$132,025	\$1,760
UTILITIES														
Water & Sewer	\$96,000	\$400	\$96,000	\$400	\$0	\$0	\$121,791	\$634	\$86,007	\$430	\$46,472	\$516	\$2,572	\$34
Electricity	\$36,000	\$150	\$36,000	\$150	\$0	\$0	\$282,356	\$1,471	\$38,689	\$193	\$6,418	\$71	\$28,797	\$384
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$137,482	\$716	\$0	\$0	\$2,084	\$23	\$1,594	\$21
Trash	\$24,000	\$100	\$24,000	\$100	\$0	\$0	\$20,425	\$106	\$11,466	\$57	\$0	\$0	\$0	\$0
SUBTOTAL	\$156,000	\$650	\$156,000	\$650	\$132,000	\$550	\$562,054	\$2,927	\$136,162	\$681	\$54,974	\$611	\$32,963	\$440
MISCELLANEOUS														
Insurance	\$72,000	\$300	\$72,000	\$300	\$72,000	\$300	\$64,718	\$337	\$63,004	\$315	\$24,523	\$272	\$16,316	\$218
Real Estate Taxes / PILOT	\$217,120	\$905	\$318,691	\$1,328	\$210,000	\$875	\$33,182	\$173	\$72,682	\$363	\$44,079	\$490	\$0	\$0
Reserves	\$60,000	\$250	\$60,000	\$250	\$60,000	\$250	\$48,000	\$250	\$50,000	\$250	\$22,500	\$250	\$18,750	\$250
SUBTOTAL	\$349,120	\$1,455	\$450,691	\$1,878	\$342,000	\$1,425	\$145,900	\$760	\$185,686	\$928	\$91,102	\$1,012	\$35,066	\$468
MANAGEMENT														
SUBTOTAL	\$82,721	\$345	\$91,432	\$381	\$79,232	\$330	\$72,414	\$377	\$90,205	\$451	\$48,520	\$539	\$16,916	\$226
	4.0%		3.5%		4.0%		5%		6%		7%		4%	
TOTAL EXPENSES	\$1,114,540	\$4,644	\$1,212,823	\$5,053	\$1,068,032	\$4,450	\$1,067,394	\$5,559	\$809,684	\$4,048	\$401,082	\$4,456	\$351,012	\$4,680
TOTAL EXPENSES LESS TAXES, UTILITIES, AND RESERVES	\$681,421	\$2,839	\$678,132	\$2,826	\$666,032	\$2,775	\$424,158	\$2,209	\$550,840	\$2,754	\$279,529	\$3,106	\$299,299	\$3,991

General Administrative and Marketing

This category includes all professional fees for items such as legal, accounting, marketing, and office. The comparables indicate an overall administrative and marketing expense ranging from \$158 to \$1,221 per unit. However, comparable four includes supportive service expenses in this category, and excluding this outlier the comparables range from \$158 to \$410 per unit. The Subject's budgeted figure is \$495 per unit, which is within the comparable range although above the most similar comparable. We have concluded to an administrative expense of \$450 per unit for the restricted scenario. According to a Novogradac & Company LLP comprehensive analysis of national 2012 operating expense data (*Multifamily Rental Housing Operating Expense Report, 2015*), it costs on average 10 percent more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property. Therefore, we have concluded to an administrative expense of \$400 per unit for the unrestricted scenario.

Operating, Repairs & Maintenance

Included in this expense are normal items of repair including roof, painting, decorating, and maintenance of public areas, cleaning contracts, and security costs. Comparables one and three were constructed from 1964 to 1979, and exhibit average condition. Comparables two and four were constructed in 2000 and 2011, and exhibit good condition. The comparables indicate a range of \$375 to \$589 per unit. Overall, we believe the comparables are on the low end of the average annual expense that is necessary over a typical holding period. The Subject's budgeted figure is \$650 per unit, which we believe is reasonable. We have concluded to \$650 per unit, which is slightly above the comparable data but reasonable.

Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance, and management salaries. In addition, employee benefits, employee occupied units, and employment related taxes are included in the category. Payroll expenses for the comparables range from \$810 to \$1,760 per unit. The Subject's budgeted figure is \$1,000 per unit. The most similar comparable is comparable three, a family LIHTC development of a similar size. Based on the Subject development's size, we estimate five full-time staff and one part-time staff, including a manager, assistant manager, leasing assistant (part-time), maintenance supervisor, and two maintenance technicians. Payroll taxes have been calculated at 12 percent of the total. Benefits have been calculated at \$5,000 per full-time employee. The following table illustrates our estimate of payroll expense. The below payroll expense is reasonable given the Subject's size and characteristics relative to the comparables, and it is within the comparable range.

PAYROLL ESTIMATE

Category	Amount
Manager (FT)	\$40,000
Assistant Manager (FT)	\$37,500
Leasing Assistant (PT)	\$17,500
Maintenance Supervisor (FT)	\$40,000
Maintenance Technician (FT)	\$37,500
Maintenance Technician (FT)	\$37,500
Total Salaries	\$210,000
Payroll Tax (12%)	\$25,200
Benefits	\$27,500
Total Payroll	\$262,700
Per Unit	\$1,095

Utilities

The Subject's landlord will pay for cold water, sewer, and trash, as well as all common area utilities. Comparable operating results indicate a range of \$440 to \$2,927 per unit. Comparables two and three both offer a similar utility structure to the Subject, and these properties demonstrate a utility expense ranging from \$611 to \$681, a tight range. The Subject's budgeted figure is \$550 per unit. In order to test the reasonability of the Subject's utility expense, we have calculated an estimate of utilities expense for the Subject property based upon the housing authority's utility allowance schedule, as illustrated in the following table.

Type	Power	Responsibility	One Bedroom	Two Bedroom	Three Bedroom	Total
AC	Electric	Tenant	\$33	\$42	\$51	
General Electricity	Electric	Tenant	\$27	\$34	\$42	
Cooking	Electric	Tenant	\$9	\$12	\$15	
Water Heat	Electric	Tenant	\$29	\$37	\$45	
Heat	Electric	Tenant	\$7	\$9	\$14	
Water & Sewer	N/A	Landlord	\$24	\$30	\$37	
Trash	N/A	Landlord	\$21	\$21	\$21	
		Total	\$150	\$185	\$225	
		Landlord	\$45	\$51	\$58	
		Tenant	\$105	\$134	\$167	
Unit Mix			24	132	84	240
Tenant Paid Utilities			\$30,240	\$212,256	\$168,336	\$410,832
Landlord Portion with 5% Vacancy						\$20,542
Landlord Portion per Unit						\$86
Landlord Paid Utilities			\$12,960	\$80,784	\$58,464	\$152,208
Landlord Paid Utilities per Unit						\$634
Common Area Utilities Per Unit						\$25
Total						\$745

Source of Utility Allowance provided by the Georgia DCA, effective 7/1/2015

As indicated above, the utility allowance calculation based on the housing authority schedule is moderately above the comparables and budgeted figures. However, this is due to the fact that the schedule above is based upon older built product, whereas the Subject will be newly constructed and

feature superior energy efficiency. Overall, based on the above data and the comparables, we have concluded to a utilities expense of \$650 per unit.

Insurance

Expenses for insurance at the comparables range from \$218 to \$337 per unit. The Subject’s budgeted figure is \$300 per unit, which appears to be reasonable based on the comparables. We have concluded to an insurance expense of \$300 per unit.

Taxes

Please refer to the real estate tax section of this report for further discussion and analysis.

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. New properties typically charge \$200 to \$250 for reserves. We have used an expense of \$250 per unit based on the Subject’s new construction quality.

Management Fees

The typical range for professionally managing an apartment property such as the Subject is 3.0 to 7.0 percent of effective gross rental income (EGI), depending upon the size and age of the apartment complex, with the latter percentage being charged to smaller or older complexes. The developer has estimated a management fee of 4.0 percent of EGI. The comparable management fees have ranged from \$226 to \$539 on a per-unit basis, with the percentage of EGI ranging from four to seven percent. We have estimated a management fee at 4.0 percent of EGI for the restricted scenario and 3.5 percent of EGI for the unrestricted scenario.

SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following tables, we compared the budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes and utilities.

Operating Expense Summary	
Total Expenses Per Unit	
Developer's Budget	\$4,450
Expense Comparable 1	\$5,559
Expense Comparable 2	\$4,048
Expense Comparable 3	\$4,456
Expense Comparable 4	\$4,680
Subject Restricted	\$4,613
Subject Unrestricted	\$5,008

Operating Expense Summary

Total Expenses Per Unit Less Taxes, Utilities, & Reserves	
Developer's Budget	\$2,775
Expense Comparable 1	\$2,209
Expense Comparable 2	\$2,754
Expense Comparable 3	\$3,106
Expense Comparable 4	\$3,991
Subject Restricted	\$2,839
Subject Unrestricted	\$2,826

The expense estimates for both scenarios are within the comparable ranges, slightly to moderately above the developer's budgeted figure. Excluding taxes and utilities, the Subject's restricted expenses are towards the middle of the comparable range and near the most similar comparable, comparable three. The unrestricted expenses are also towards the middle of the range of the comparables when excluding taxes, utilities, and reserves. Overall, we believe our conclusions are reasonable relative to the data, and these will be utilized in our valuation.

DIRECT CAPITALIZATION

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. The income and expenses used were detailed in a prior section.

Overall Capitalization Rate

In order to estimate the appropriate capitalization rate, we relied upon the following methods.

Market Extraction

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

SALES COMPARISON

#	Property	Location	Sale Date	Year Built	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Century Hills	Augusta, GA 30909	Aug-15	2001	\$19,995,000	200	\$99,975	8.91	5.82%
2	Gateway Crossing	Augusta, GA 30907	Jul-15	2014	\$35,250,000	240	\$146,875	11.45	5.33%
3	Picket Fences Apartments	Evans, GA 30809	May-15	2009	\$11,000,000	116	\$94,828	8.99	5.85%
4	Georgian Place	Augusta, GA 30909	Mar-15	1966/1990	<u>\$10,500,000</u>	<u>324</u>	<u>\$32,407</u>	<u>4.21</u>	<u>6.20%</u>
	Average				\$19,186,250	220	\$93,521	8.39	5.80%

The sales illustrate a range of overall rates from 5.33 to 6.20 percent with an average of 5.80 percent. In terms of condition and curb appeal, the Subject will be slightly superior to sales 1 and 3, generally inferior to sale 2, and far superior to sale 4. In terms of location, sales one is generally similar, sales two and three are slightly superior, and sale four is inferior. Sales one, two, and four are most similar in terms of size. The sales are all reflective of current market conditions in the area. Overall, we have given greatest weight to sales one and three in our determination of the Subject's capitalization rate.

Additionally, we interviewed Mr. Bob Stickel with Multi Housing Advisors, who stated that new construction properties in the market would likely trade within the five to mid-six percent range.

Overall, we have concluded to a capitalization rate of 5.75 percent for the restricted and unrestricted scenarios based on market extraction for the Subject.

The PwC Real Estate Investor Survey

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

PwC REAL ESTATE INVESTOR SURVEY

National Apartment Market

Overall Capitalization Rate - Institutional Grade Investments

Range: 3.50% - 8.00%

Average: 5.35%

Non-Institutional Grade Investments

Range: 3.75% - 12.00%

Average: 6.82%

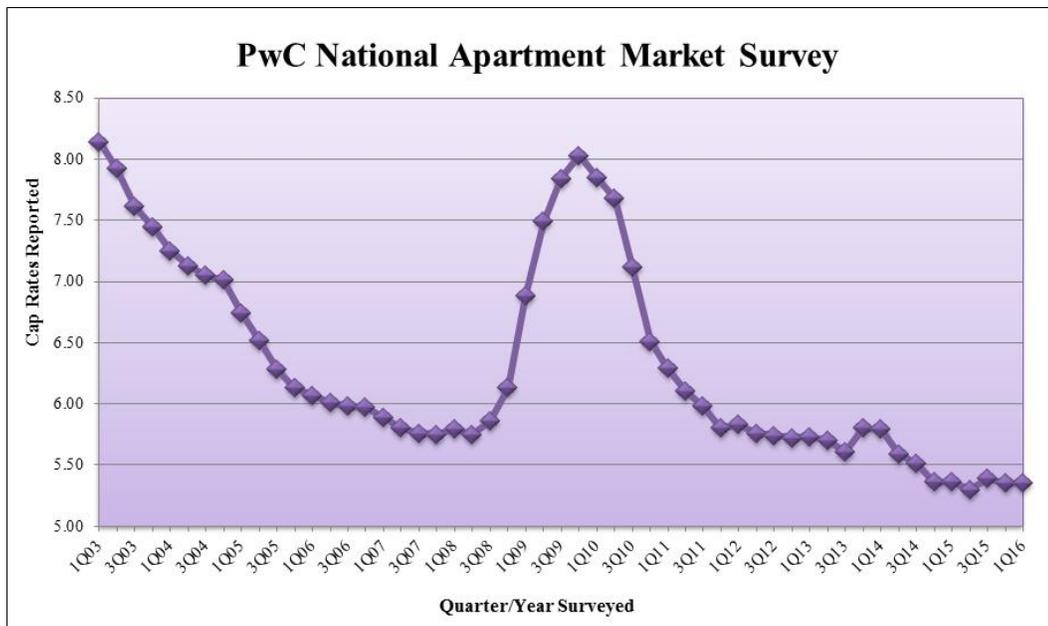
Source: PwC Real Estate Investor Survey, Q1 2016

The *PwC 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 criteria². 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 147 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

² PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	4Q09	8.03	0.19
2Q03	7.92	-0.22	1Q10	7.85	-0.18
3Q03	7.61	-0.31	2Q10	7.68	-0.17
4Q03	7.45	-0.16	3Q10	7.12	-0.56
1Q04	7.25	-0.20	4Q10	6.51	-0.61
2Q04	7.13	-0.12	1Q11	6.29	-0.22
3Q04	7.05	-0.08	2Q11	6.10	-0.19
4Q04	7.01	-0.04	3Q11	5.98	-0.12
1Q05	6.74	-0.27	4Q11	5.80	-0.18
2Q05	6.52	-0.22	1Q12	5.83	0.03
3Q05	6.28	-0.24	2Q12	5.76	-0.07
4Q05	6.13	-0.15	3Q12	5.74	-0.02
1Q06	6.07	-0.06	4Q12	5.72	-0.02
2Q06	6.01	-0.06	1Q13	5.73	0.01
3Q06	5.98	-0.03	2Q13	5.70	-0.03
4Q06	5.97	-0.01	3Q13	5.61	-0.09
1Q07	5.89	-0.08	4Q13	5.80	0.19
2Q07	5.80	-0.09	1Q14	5.79	-0.01
3Q07	5.76	-0.04	2Q14	5.59	-0.20
4Q07	5.75	-0.01	3Q14	5.51	-0.08
1Q08	5.79	0.04	4Q14	5.36	-0.15
2Q08	5.75	-0.04	1Q15	5.36	0.00
3Q08	5.86	0.11	2Q15	5.30	-0.06
4Q08	6.13	0.27	3Q15	5.39	0.09
1Q09	6.88	0.75	4Q15	5.35	-0.04
2Q09	7.49	0.61	1Q16	5.35	0.00
3Q09	7.84	0.35			

Source: PwC Real Estate Investor Survey, Q1 2016



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 generally decreased through the first quarter of 2016. Capitalization rates as of the first quarter of 2016 have exhibited a slight decrease over capitalization rates from the first quarter of 2015. Overall, we have estimated a capitalization rate of 5.75 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 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:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

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:

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

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 have utilized a 6.0 percent as our estimate of equity return. The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 4.5 percent. Based on our work files, the typical amortization period is 30 years and the loan to value ratio is 80 percent with interest rates between 4.5 and 6.0 percent. Therefore, we believe a 4.5 percent interest rate with a 30 year amortization period and a loan to value of 75 percent is reasonable. The following table illustrates the capitalization rates for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.25	<i>Treasury Bond Basis*</i>	
Rm	0.0608	10 Year T Bond Rate	1.70%
Interest (per annum)*	4.50%	Interest rate spread	280
Amortization (years)	30	Interest Rate (per annum)	4.50%
M	75%		
Re	6.00%		

Debt Coverage Ratio

$$Ro = DCR \times Rm \times M$$

$$5.70\% = 1.25 \times 0.0608 \times 75\%$$

Band of Investment

$$Ro = (M \times Rm) + ((1-M) \times Re)$$

$$6.06\% = (75\% \times 0.0608) + (25\% \times 6.00\%)$$

* Source: Bloomberg.com, 6/2016

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	5.75%
PwC Survey	5.75%
Debt Coverage Ratio	5.70%
Band of Investment	6.06%

The four approaches indicate a range from 5.70 to 6.06 percent. We have given the most weight to the market-extracted conclusions due to the specificity to the Subject's market and reconciled to a capitalization rate of 5.75 percent for all scenarios. A summary of the direct capitalization analysis can be found following.

Direct Capitalization Technique Year One Operating Statement					
Expense Analysis					
Operating Revenues					
As Restricted				As Unrestricted	
Apartment Rentals	Market Unit Mix	Average Rent (Monthly)	Total Revenue	Average Rent (Monthly)	Total Revenue
1BR/1BA 60% AMI	24	\$589	\$169,632	\$800	\$230,400
2BR/2BA 60% AMI	132	\$709	\$1,123,056	\$900	\$1,425,600
3BR/2BA 60% AMI	84	\$817	\$823,536	\$1,025	\$1,033,200
Total Potential Rental Income	240	\$735	\$2,116,224	\$934	\$2,689,200
<u>Other Income</u>		\$240	\$57,600	\$240	\$57,600
<u>Vacancy</u>		(\$441)	(\$105,811)	(\$560)	(\$134,460)
Vacancy Percentage			-5%		-5%
<u>Effective Gross Income</u>		<u>\$8,617</u>	<u>\$2,068,013</u>	<u>\$10,885</u>	<u>\$2,612,340</u>
Operating Expenses					
As Restricted				As Unrestricted	
Administration and Marketing		\$450	\$108,000	\$400	\$96,000
Maintenance and Operating		\$650	\$156,000	\$650	\$156,000
Payroll		\$1,095	\$262,700	\$1,095	\$262,700
Utilities		\$650	\$156,000	\$650	\$156,000
Property & Liability Insurance		\$300	\$72,000	\$300	\$72,000
Real Estate and Other Taxes		\$905	\$217,120	\$1,328	\$318,691
Replacement Reserves		\$250	\$60,000	\$250	\$60,000
Management Fee		\$345	\$82,721	\$381	\$91,432
Total Operating Expenses		\$4,644	\$1,114,540	\$5,053	\$1,212,823
Expenses as a ratio of EGI			53.89%		46.43%
Valuation					
As Restricted				As Unrestricted	
Net Operating Income		\$3,973	\$953,473	\$5,831	\$1,399,517
Capitalization Rate			5.75%		5.75%
Indicated Value "rounded"		\$69,167	\$16,600,000	\$101,250	\$24,300,000
As Complete Values					
Number of Months to lease to 95%			12		12
Income loss	48%		\$1,034,006	48%	\$1,306,170
Initial market costs			\$10,000		\$10,000
Total loss to lease			\$1,044,006		\$1,316,170
Value as complete			<u>\$15,555,994</u>		<u>\$22,983,830</u>
As Complete Value Rounded			\$15,600,000		\$23,000,000

Conclusion

The following table summarizes the findings of the previously conducted direct capitalization analysis.

INCOME APPROACH - "AS COMPLETE"

Scenario	Loss to Lease	Indicated Value (Rounded)
Restricted	\$1,044,006	\$15,600,000
Unrestricted	\$1,316,170	\$23,000,000

INCOME APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
Restricted	5.75%	\$953,473	\$16,600,000
Unrestricted	5.75%	\$1,399,517	\$24,300,000

The Subject's prospective future market value assuming restricted rents and "As Complete" is determined using Direct Capitalization and deducting anticipated costs to achieve stabilization which are comprised of rent loss during lease up and additional marketing expenses during lease up. Rent loss over the absorption period is estimated at approximately 48 percent of annual income; extraordinary expenses include additional marketing costs associated with the development's market entry, estimated at \$10,000 (as a restricted property with LIHTC rents) over the absorption period. Total lease up costs equate to \$1,044,006.

The Subject's estimated hypothetical market value "As Complete" via the income approach, subject to restricted rents, of the leased fee interest in the Subject, as of May 31, 2016, is:

**FIFTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$15,600,000)**

The Subject's estimated hypothetical market value "As Complete and Stabilized" via the income approach, subject to restricted rents, of the leased fee interest in the Subject, as of May 31, 2016, is:

**SIXTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$16,600,000)**

The Subject's prospective future market value assuming market rate rents and "As Complete" is determined using Direct Capitalization and deducting anticipated costs to achieve stabilization which are comprised of rent loss during lease-up and additional marketing expenses during lease-up. Rent loss over the absorption period is estimated at approximately 48 percent of annual income; extraordinary expenses include additional marketing costs associated with the development's market entry, estimated at \$10,000 over the absorption period. Total lease-up costs equate to \$1,316,170.

The Subject's estimated hypothetical market value "**As Complete**" via the income approach, with unrestricted rents, of the leased fee interest in the Subject, as of May 31, 2016, is:

TWENTY THREE MILLION DOLLARS
(\$22,000,000)

The Subject's estimated hypothetical market value "**As Complete and Stabilized**" via the income approach, with unrestricted rents, of the leased fee interest in the Subject, as of May 31, 2016, is:

TWENTY FOUR MILLION THREE HUNDRED THOUSAND DOLLARS
(\$24,300,000)

Please refer to the assumptions and limiting conditions regarding the hypothetical valuations.

SALES COMPARISON APPROACH

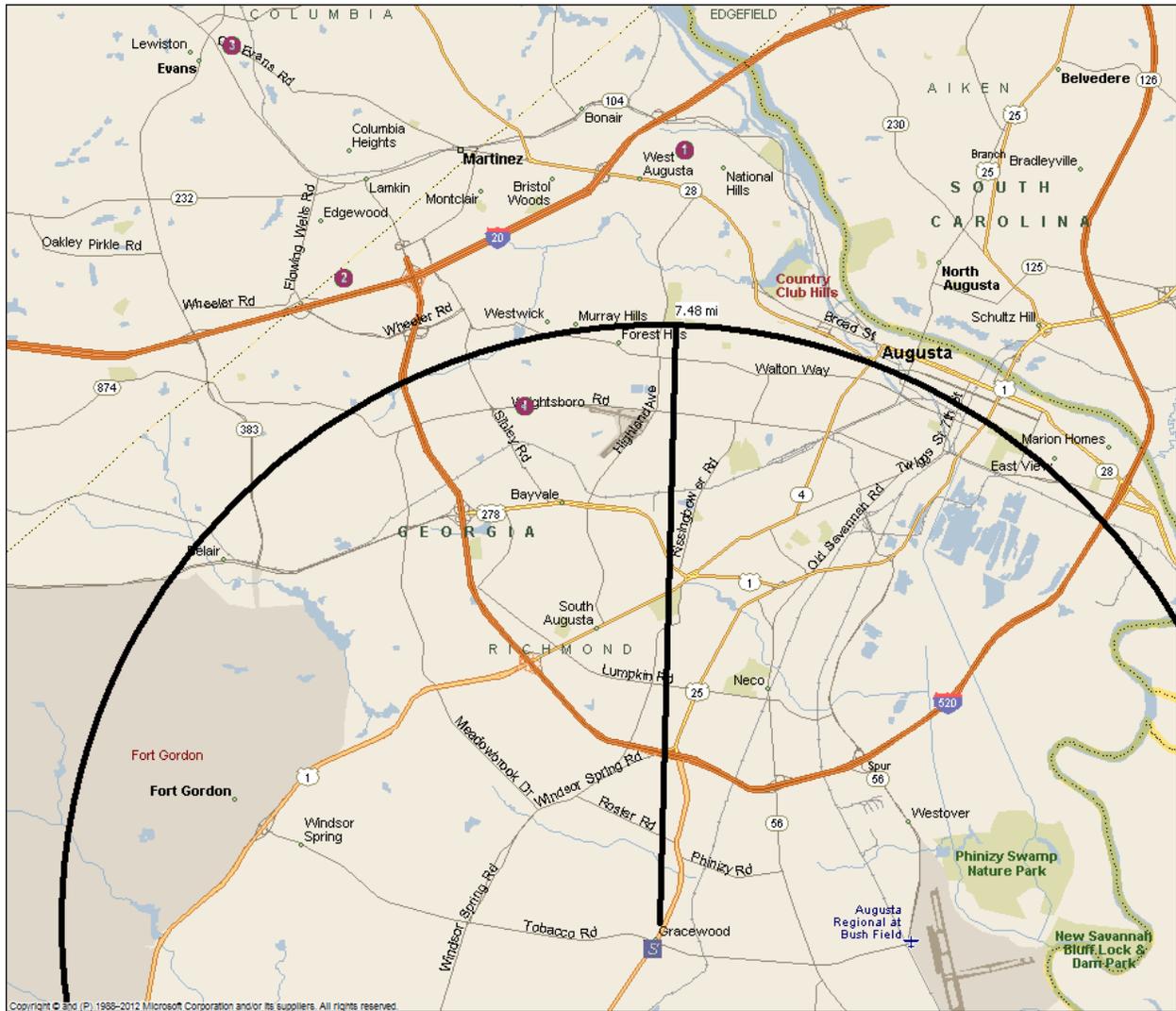
SALES COMPARISON APPROACH

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 hypothetical purchasers willing to buy or lease. It should be noted, the sales utilized represent the best sales available. 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.

It is important to note that we utilized various information providers and contacted area brokers in our attempt to identify and confirm recent sales with LIHTC encumbrances or similar subsidized rent restrictions. However, we were unable to identify and confirm any such sales. The following sales all represent typical conventional multifamily sales within the Subject's market area.

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable.

Comparable Sales Map



SALES COMPARISON

#	Property	Location	Sale Date	Year Built	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Century Hills	Augusta, GA 30909	Aug-15	2001	\$19,995,000	200	\$99,975	8.91	5.82%
2	Gateway Crossing	Augusta, GA 30907	Jul-15	2014	\$35,250,000	240	\$146,875	11.45	5.33%
3	Picket Fences Apartments	Evans, GA 30809	May-15	2009	\$11,000,000	116	\$94,828	8.99	5.85%
4	Georgian Place	Augusta, GA 30909	Mar-15	1966/1990	<u>\$10,500,000</u>	<u>324</u>	<u>\$32,407</u>	<u>4.21</u>	<u>6.20%</u>
Average					\$19,186,250	220	\$93,521	8.39	5.80%

Comparable Sale 1

Name: Century Hills
Location: 1035 Alexander Dr
 Augusta, GA 30909



Seller: Torchlight Investors
Buyer: Kole Management Company
Sale Date: Aug-15
Sale Price: \$19,995,000

Financing: Conventional Loan
Number of Units: 200
Year Built: 2001
Site: 16.78 Acres

Units of Comparison:

Effective Gross Income:	\$2,244,000
EGIM	8.9
Total Expenses:	\$1,080,291
Operating Expense Ratio:	48%
Net Operating Income:	\$1,163,709
Net Operating Income per Unit:	\$5,819
Overall Rate with Reserves:	5.82%
Sale Price per Unit:	\$99,975

Comments:

This property was an REO sale as the previous owner defaulted on a loan. Despite the REO status, the broker explained that the sale reflected a typical arm's length transaction with respect to exposure and price negotiation. The property was in good condition and more than 93 percent occupied at the time of the sale. The property consists of 62 one-bedroom, 24 one-bedroom with den, 86 two-bedroom, and 28 three-bedroom units. The sale price, capitalization rate, and expenses were verified with the listing broker, Bob Stickel, of Multi Housing Advisors, LLC.

Verification: Costar, Broker (Multi Housing Advisors)

Comparable Sale 2

Name: Gateway Crossing
Location: 601 Giddings Ct
 Augusta, GA 30907



Seller: Hull Property Group
Buyer: Romspen Investment Corp
Sale Date: Jul-15
Sale Price: \$35,250,000

Financing: Conventional
Number of Units: 240
Year Built: 2014
Site: 13.54 Acres

Units of Comparison:

Effective Gross Income:	\$3,078,825
EGIM	11.4
Total Expenses:	\$1,200,000
Total Expense Ratio:	39%
Net Operating Income:	\$1,878,825
Net Operating Income per Unit:	\$7,828
Overall Rate with Reserves:	5.33%
Sale Price per Unit:	\$146,875

Comments:

This property consists of a three-story development that offers townhouse and garden-style one, two, and three-bedroom units. The property was reportedly achieving stable occupancy at the time of sale. The sale price, capitalization rate, and net operating income were verified with the listing broker, Bob Stickel, of Multi Housing Advisors, LLC. Expenses were estimated at \$5,000 per unit.

Verification: Costar, Broker (Multi Housing Advisors)

Comparable Sale 3

Name: Picket Fences Apartments
Location: 568 Old Evans Rd
 Evans, GA 30809



Seller: JBC Development
Buyer: Cortland Partners
Sale Date: May-15
Sale Price: \$11,000,000

Financing: Conventional
Number of Units: 116
Year Built: 2009
Site: 8.74 Acres

Units of Comparison:

Effective Gross Income:	\$1,223,500
EGIM	8.99
Total Expenses:	\$580,000
Total Expense Ratio:	47%
Net Operating Income:	\$643,500
Net Operating Income per Unit:	\$5,547
Overall Rate with Reserves:	5.85%
Sale Price per Unit:	\$94,828

Comments:

This property consists of one and two-bedroom unit types contained in two-story townhouse design buildings. The property was reportedly achieving stable occupancy at the time of sale. The sale price, capitalization rate, and net operating income were verified with the seller, JBC Development. Expenses were estimated at \$5,000 per unit.

Verification: Costar, Seller (JBC Development)

Comparable Sale 4

Name: **Georgian Place**
Location: 1700 Valley Park W
Augusta, GA 30909



Seller: InterSouth Management
Buyer: Read Properties
Sale Date: Mar-15
Sale Price: \$10,500,000

Financing: Conventional
Number of Units: 324
Year Built: 1966/1990
Site: 26.27 Acres

Units of Comparison:

Effective Gross Income:	\$2,495,952
EGIM	4.2
Total Expenses:	\$1,844,952
Operating Expense Ratio:	74%
Net Operating Income:	\$651,000
Net Operating Income per Unit:	\$2,009
Overall Rate with Reserves:	6.20%
Sale Price per Unit:	\$32,407

Comments:

The property consists of 80 one-bedroom units, 196 two-bedroom units, and 48 three-bedroom units. Occupancy at the time of sale was not available, though it was reportedly a stable asset. The sale price, capitalization rate, and expenses were verified with the listing broker, Mark Boyce with Berkadia-Charleston.

Verification: Costar, Broker (Berkadia-Charleston)

VALUATION ANALYSIS

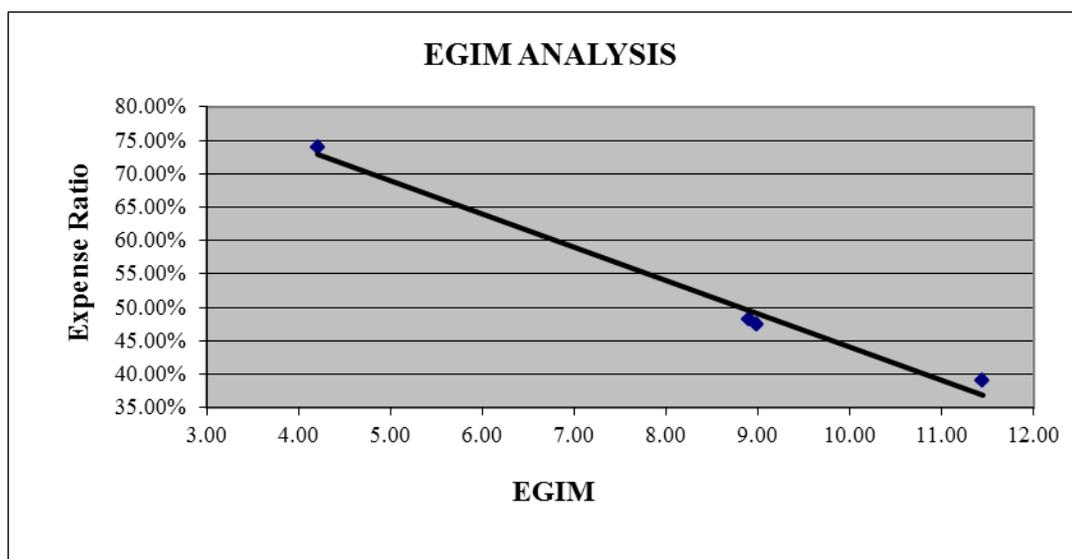
The sales selected for this analysis are summarized in the following table.

SALES COMPARISON

#	Property	Location	Sale Date	Year Built	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Century Hills	Augusta, GA 30909	Aug-15	2001	\$19,995,000	200	\$99,975	8.91	5.82%
2	Gateway Crossing	Augusta, GA 30907	Jul-15	2014	\$35,250,000	240	\$146,875	11.45	5.33%
3	Picket Fences Apartments	Evans, GA 30809	May-15	2009	\$11,000,000	116	\$94,828	8.99	5.85%
4	Georgian Place	Augusta, GA 30909	Mar-15	1966/1990	<u>\$10,500,000</u>	<u>324</u>	<u>\$32,407</u>	<u>4.21</u>	<u>6.20%</u>
Average					\$19,186,250	220	\$93,521	8.39	5.80%

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.



The Subject's expense ratios are within the range of the comparables. We have concluded to a restricted EGIM of 8.0 and an unrestricted EGIM of 9.4, which are within the range of the comparable sales. The Subject's indicated values using the EGIM method are presented in the following table.

	Sale Price	EGI	Expenses	Expense Ratio	EGIM
Restricted	\$16,500,000	\$2,068,013	\$1,114,540	53.89%	8.0
Unrestricted	\$24,600,000	\$2,612,340	\$1,212,823	46.43%	9.4
Comparable #2	\$35,250,000	\$3,078,825	\$1,200,000	38.98%	11.4
Comparable #3	\$11,000,000	\$1,223,500	\$580,000	47.40%	9.0
Comparable #1	\$19,995,000	\$2,244,000	\$1,080,291	48.14%	8.9
Comparable #4	\$10,500,000	\$2,495,952	\$1,844,952	73.92%	4.2

Sales Price Per Unit Analysis

Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price for multifamily developments is typically based upon a price per unit. This convention is typical of the multifamily industry and will be used in our analysis. The table above indicates an unadjusted range in price from approximately \$32,407 to \$146,875 per unit.

The adjustment grid follows at the end of this section. This analysis considers adjustments relative to the Subject's "as complete and stabilized" unrestricted scenario. Following the grid analysis, we compare the NOI of the "as complete and stabilized" unrestricted scenario to the NOI of the "as complete and stabilized" restricted scenario in order to reconcile to the valuation for this respective scenario. As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Expenditures Immediately After Purchase**
- **Market Conditions**
- **Location**
- **Physical Characteristics**
- **Economic Characteristics**
- **Use**
- **Size**

Property Rights

All sales were of leased fee interest; therefore, no adjustments are necessary.

Financing

The sales were cash equivalent transactions; therefore, no adjustment is necessary.

Conditions of Sale

No unusual conditions existed or are known; therefore, no adjustment is necessary.

Expenditures after Sale

None of the comparables required expenditures after the sale; therefore, no adjustment is necessary.

Market Conditions

Real estate values normally change over time. The rate of this change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sales date of a comparable, when values have appreciated or depreciated. As there are limited commercial land sales in the area, we utilized the *PwC Real Estate Investor Survey* as an indicator to illustrate real estate value trends in relation to the Subject's area.



The comparable sales occurred in between March 2015 and August 2015. As the graph indicates, the capitalization rate compression through 2010 and early 2011 was significant. The declining capitalization trend slowed significantly from 2012 through 2014, with generally stability through 2015. Therefore, no adjustments were made for market conditions.

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 tables illustrate the median rents and median household incomes for the Subject and the comparable sales by zip code area.

MEDIAN RENT

Comp	Zip Code	Median Rent	Percentage Difference
Subject	30906	\$784	-
Comp 1	30909	\$819	4%
Comp 2	30907	\$944	20%
Comp 3	30907 / 30809	\$944 / \$1,384	20% to 77%
Comp 4	30904 / 30909	\$679 / \$819	-13% to 4%

Source: US Census, 6/2016

MEDIAN HOUSEHOLD INCOME

Comp	Zip Code	Median HH Income	Percentage Difference
Subject	30906	\$33,909	-
Comp 1	30909	\$41,716	23%
Comp 2	30907	\$62,866	85%
Comp 3	30907 / 30809	\$62,866 / \$86,732	-85% to -156%
Comp 4	30904 / 30909	\$32,789 / \$41,716	-3% to 23%

Source: US Census, 6/2016

As illustrated above, the median rent for the Subject site's zip code ranges from moderately above to significantly below the figures of the comparables. Of note, two of the comparables are located along zip code boundaries, and we have illustrated figures for both areas to best represent the locations. Further, it is important to note that comparable 3 is located in an exurban area of the Augusta metropolitan region with primarily single-family residential uses, and we believe that the median rent figures are skewed upward significantly by the presence of single-family home rentals in these areas. Overall, based on our observations of the physical neighborhoods, we believe sales 2 and 3 are only slightly superior to the Subject in terms of location. Sale 1 is considered generally similar, and we believe sale 4 is inferior. We have applied no adjustment to sale 1, a five percent downward adjustment to sales 2 and 3, and a 15 percent upward adjustment to sale 4 to account for location.

Physical Characteristics

Physical characteristics include building size, quality of construction, architectural style, building materials, age, condition, functional utility, site size, attractiveness, and amenities. In terms of condition, the Subject will be far superior to sale 4, which was constructed in 1966 and was in fair condition at the time of sale. Further, this property features far inferior curb appeal and unit sizes. Based on the inferiority of this comparable, we applied a 60 percent upward adjustment. Sales 1 and 3 were constructed in 2001 and 2009 and are in good condition with good curb appeal. We applied five percent upward adjustments to these comparables. Sale 2 was recently constructed in 2014, and is in excellent condition, similar to the Subject. However, it features superior amenities and curb appeal, being a luxury development, with larger unit sizes also. We applied a 25 percent downward adjustment to this sale for its superior physical characteristics.

Economic Characteristics

Economic characteristics include all the attributes of a property that directly affect its income such as operating expenses, quality of management, tenant mix, rent concessions, lease terms, etc. The Subject's unit mix offers one, two, and three-bedroom units, similar to sales 1, 2, and 4 but slightly superior to sale 3, which does not offer three-bedroom units. We applied 10 percent upward adjustment to sale 3 to account for economic characteristics.

Use

All of the properties are proposed for continued multifamily use; thus, no adjustments were warranted.

Size

Sales 1, 2, and 4 are large sales developments of generally similar size to the Subject. Sale 3 is a significantly smaller development, and received a five percent downward adjustment.

Peach Orchard Apartments, Augusta, GA; Appraisal

Comparable Improved Sales Data Adjustment Grid - Unrestricted Scenario					
	Subject	1	2	3	4
Name	Peach Orchard Apts	Century Hills	Gateway Crossing	Picket Fences Apartments	Georgian Place
Location	3630 Peach Orchard Rd	1035 Alexander Dr	601 Giddings Ct	568 Old Evans Rd	1700 Valley Park W
City, State	Augusta, GA 30906	Augusta, GA 30909	Augusta, GA 30907	Evans, GA 30809	Augusta, GA 30909
Property Data					
Type	Garden	Garden	Garden	Garden	Garden
Program	LIHTC	Conventional	Conventional	Conventional	Conventional
Year Built	2017	2001	2014	2009	1966/1990
Units	240	200	240	116	324
Price/Unit		\$99,975	\$146,875	\$94,828	\$32,407
Sales Data					
Date		Aug-15	Jul-15	May-15	Mar-15
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Price Per Unit		\$99,975	\$146,875	\$94,828	\$32,407
Adjustments					
Property Rights		\$0	\$0	\$0	\$0
		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Financing		\$0	\$0	\$0	\$0
		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Conditions of Sale		\$0	\$0	\$0	\$0
		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Expenditures After Purchase		\$0	\$0	\$0	\$0
		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Market Conditions		1.000	1.000	1.000	1.000
Adjusted Sale Price		\$19,995,000	\$35,250,000	\$11,000,000	\$10,500,000
Adjusted Price Per Unit		\$99,975	\$146,875	\$94,828	\$32,407
Adjustments					
Location		0.0%	-5.0%	-5.0%	15.0%
Physical Characteristics		5.0%	-25.0%	5.0%	60.0%
Economic Characteristics		0.0%	0.0%	10.0%	0.0%
Use		0.0%	0.0%	0.0%	0.0%
Size		0.0%	0.0%	-5.0%	0.0%
Overall Adjustment		5.0%	-30.0%	5.0%	75.0%
Adjusted Price Per Unit		\$104,974	\$102,813	\$99,569	\$56,713

The comparables indicate a range from an adjusted sale price of \$56,713 to \$104,974 per unit with a mean of \$91,017 per unit. Sale 4 is an outlier, being far inferior to the Subject and remaining sales in terms of condition and physical characteristics. Therefore, we have given little weight to this sale. The most similar sales are one and three, which range from \$99,569 to \$104,974 per unit. We have concluded to a sales price for the as complete and stabilized unrestricted scenario of \$102,000 per unit. In the restricted scenarios, we believe that the Subject warrants a lower value on a per unit basis due to the lower NOI produced as a restricted development. Therefore, we have adjusted the conclusion for the restricted scenario based on this differential.

Scenario	NOI	% Variance
Restricted	\$960,899	-31.9%
Unrestricted	\$1,410,417	-

SALES COMPARISON APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Restricted	240	\$69,000	\$16,600,000
Unrestricted	240	\$102,000	\$24,500,000

Conclusion

We utilized the EGIM analyses 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 typically considered to be a reasonable method of valuation, the per unit adjustment analysis is considered to be the better approach.

The Subject's estimated market value of the real estate assuming restricted rents "**As Complete and Stabilized**", via the Sales Comparison Approach as of May 31, 2016, is:

**SIXTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$16,600,000)**

The Subject's estimated market value of the real estate assuming unrestricted rents "**As Complete and Stabilized**", via the Sales Comparison Approach as of May 31, 2016, is:

**TWENTY FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$24,500,000)**

Please refer to the assumptions and limiting conditions regarding the valuation.

RECONCILIATION

RECONCILIATION

We were asked to provide an estimate of the Subject's value assuming both restricted and unrestricted operation for the "as complete" and "as complete and stabilized" scenarios. *Please see the assumptions and limiting conditions regarding the hypothetical value conclusions.*

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

LAND VALUE - "AS IS"

Scenario	Indicated Value (Rounded)
"As Is" Value	\$1,200,000

COST APPROACH - "AS COMPLETE"

Scenario	Indicated Value (Rounded)
Restricted & Unrestricted	\$28,200,000

INCOME APPROACH - "AS COMPLETE"

Scenario	Loss to Lease	Indicated Value (Rounded)
Restricted	\$1,044,006	\$15,600,000
Unrestricted	\$1,316,170	\$23,000,000

INCOME APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
Restricted	5.75%	\$953,473	\$16,600,000
Unrestricted	5.75%	\$1,399,517	\$24,300,000

SALES COMPARISON APPROACH - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Restricted	240	\$69,000	\$16,600,000
Unrestricted	240	\$102,000	\$24,500,000

INSURABLE VALUE "AS COMPLETE"

Scenario	Indicated Value (Rounded)
Restricted & Unrestricted	\$27,300,000

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. Because we were unable to locate any affordable restricted properties that have transferred recently, a sales comparison approach directly illustrating a restricted and encumbered property value was not possible.

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.

Our opinion of the Subject's unencumbered fee simple market value "As Is" as of May 31, 2016 is:

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

Our opinion of the Subject's hypothetical leased fee market value, assuming restricted operation, "As Complete" as of May 31, 2016 is:

FIFTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$15,600,000)

Our opinion of the Subject's hypothetical leased fee market value, assuming restricted operation, "As Complete and Stabilized" as of May 31, 2016 is:

SIXTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$16,600,000)

Our opinion of the Subject's hypothetical leased fee market value, assuming unrestricted operation, "As Complete" as of May 31, 2016 is:

TWENTY THREE MILLION DOLLARS
(\$23,000,000)

Our opinion of the Subject's hypothetical leased fee market value, assuming unrestricted operation, "As Complete and Stabilized" as of May 31, 2016 is:

TWENTY FOUR MILLION THREE HUNDRED THOUSAND DOLLARS
(\$24,300,000)

Our opinion of the Subject's total insurable value as of May 31, 2016, is:

**TWENTY SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS
(\$27,300,000)**

Please refer to the assumptions and limiting conditions regarding the 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 not more than twelve months 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 PwC Survey. 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 *PwC Investor Survey* and recent sales of apartment product, an exposure time of nine-to-twelve 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.

CERTIFICATION

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- Neither the appraiser nor the appraisal division have performed other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- Edward Mitchell, MAI has made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and are competent to perform such analyses. Brad E. Weinberg, MAI, CVA, CCIM did not make a personal inspection, but provided a supervisory review of the report. Ethan Houts did not make a personal inspection of the property but provided significant assistance in this report, which included conducting internet research, compiling and coalescing data, analyzing data trends, evaluating and analyzing comparable data, and drafting supportive text and documents. Edward Mitchell, MAI and Brad E. Weinberg, MAI, CVA, CCIM oversaw all data collection and reporting in this appraisal. No one other than those listed on this page provided any significant real property appraisal assistance.
- 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, CVA, CCIM, and Edward Mitchell, MAI have completed the requirements of the continuing education program of the Appraisal Institute.



Edward R. Mitchell, MAI

Manager

GA License #4649

Expiration Date: 4/30/2017

Ed.Mitchell@novoco.com

Addendum B

Qualifications of Consultants

CURRICULUM VITAE
BRAD E. WEINBERG, MAI, CVA, 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
Certified Valuation Analyst (CVA), National Association of Certified Valuers and Analysts (NACVA)
Member, Urban Land Institute
Member, National Council of Housing Market Analysts (NCHMA)

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 Michigan – Certified General Real Estate Appraiser, No. 1201074327
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.
- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multifamily properties for DUS Lenders.
- Managed and completed numerous Section 8 Rent Comparability Studies in accordance with HUD’s Section 9 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- 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

EDWARD R. MITCHELL, MAI

I. Education

Master of Science – Financial Planning
University of Alabama, Tuscaloosa, Alabama

Graduate Certificate (Half Master's) Conflict Management, Negotiation, and Mediation
University of Alabama, Tuscaloosa, Alabama

Bachelor of Science – Human Environmental Science
University of Alabama, Tuscaloosa, Alabama

Associate of Arts – Real Estate Management
San Antonio College, San Antonio, Texas

II. Work History

Manager - Valuation; Novogradac & Company LLP; Atlanta, Georgia
Senior Real Estate Analyst; Novogradac & Company LLP; Atlanta, Georgia
Senior Appraiser; Valbridge Property Advisors; Atlanta, Georgia
Managing Partner; Consolidated Equity, Inc.; Atlanta, Georgia and Jacksonville, Florida
Senior Appraiser; Schultz, Carr, Bissette & Associates; Atlanta, Georgia
Disposition Manager; Resolution Trust Corporation (RTC); San Antonio & Dallas, Texas

III. Relevant Experience

- Managed and prepared market studies and appraisals throughout the U.S. for family and senior Low-Income Housing Tax Credit (LIHTC), market rate, HOME financed, USDA Rural Development, and HUD subsidized properties.
- Managed and prepared HUD rent comparability studies (RCS).
- Performed HUD MAP Quality Control market study and appraisal reviews.
- Over 20 years' experience in real estate appraisal, investment, development, and construction. Past appraisal assignments include all types of vacant and improved commercial property and special use properties such as rail corridors, Right-of-Way projects, and recycling plants.

IV. Certifications & Licenses

- Alabama State Certified General Real Property Appraiser #G01192
- Florida State Certified General Real Property Appraiser #RZ3784
- Georgia State Certified General Real Property Appraiser #4649
- Mississippi State Certified Real Property Appraiser #GA 1135
- North Carolina State Certified General Real Property Appraiser #A7996
- South Carolina State Certified General Property Appraiser #7354
- West Virginia State Certified Real Property Appraiser #CG 524
- Licensed Real Estate Salesperson (Georgia)

STATEMENT OF PROFESSIONAL QUALIFICATIONS
ETHAN C. HOUTS

I. Education

Taylor University, Upland, IN
Bachelor of Science, Finance (*Magna Cum Laude*)

II. State Certification and Professional Affiliation

State of Ohio Registered Appraiser Assistant No. 2012000430
Practicing Affiliate, Appraisal Institute
Member, Urban Land Institute
Housing Credit Certified Professional (HCCP), National Association of Home Builders

III. Professional Experience

Senior Analyst, Novogradac & Company LLP
Analyst, Wallick Communities
Analyst, Novogradac & Company LLP

IV. Professional Training

Basic Appraisal Procedures, January 2012
Basic Appraisal Principles, January 2012
National Uniform Standards of Professional Appraisal Practice (USPAP), February 2012
Real Estate Finance, Statistics, & Valuation Modeling, January 2013
General Appraiser Sales Comparison Approach, January 2014
Business Practices & Ethics, January 2014
National USPAP 7-Hour Update, February 2014
General Appraiser Income Approach Part I, June 2014
General Appraiser Income Approach Part II, July 2014
General Appraiser Market Analysis and Highest and Best Use, October 2014
General Appraiser Report Writing and Case Studies, January 2015

V. Real Estate Assignments

A representative sample of Market Research, Due Diligence, and Valuation Engagements includes the following:

- Conducted numerous market and feasibility studies for affordable housing projects on a national basis. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: physical inspection of the site and market, unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Assisted in numerous rent comparability studies of proposed new construction and existing subsidized properties in accordance with HUD guidelines.
- Assisted in numerous appraisals of proposed new construction and existing subsidized properties in accordance with HUD guidelines.

- Assisted in numerous appraisals of proposed new construction and existing LIHTC properties. Analysis typically includes physical inspection of the property and market, concept analysis, demographic and economic analysis, demand and absorption projections, comparable surveying, supply analysis and rent determination, operating expense analysis to determine cost estimates, capitalization rate determination, valuation utilizing the three approaches to value, insurable value estimation, and LIHTC equity valuation.
- Assisted in numerous appraisals of retail, office, and commercial land properties.
- Assisted in numerous appraisals of existing assisted living and senior care facilities.

Addendum C
Subject Photos

Photographs of Subject Site and Neighborhood



Subject site (improvements to be removed)



Subject site (improvements to be removed)



Subject site (improvements to be removed)



Subject site (improvements to be removed)



View north on Peach Orchard Road



View south on Peach Orchard Road



Typical single-family home in Subject neighborhood



Typical single-family home in Subject neighborhood



Commercial retail use in Subject neighborhood



Commercial retail use in Subject neighborhood

Addendum D
Engagement Letter

May 17, 2016

Nathan Prince
Red Stone Tax Exempt Funding
70 E 55th Street, 19th Floor
New York, NY 10022

Via email: nprince@redstoneco.com

RE: Appraisal for Peach Orchard Apartments in Augusta, GA

Dear Mr. Prince:

We are pleased to confirm our understanding of the services we are to provide for Red Stone Tax Exempt Funding (hereinafter, “Client, you or your”). If you agree with the terms set out herein, please indicate your acceptance by signing and dating in the countersignature area below and returning the signed engagement letter to us. Please be advised that we are unable to begin work on the proposed engagement unless and until this letter agreement has been mutually executed by persons authorized to bind Novogradac & Company LLP and you.

Background

The Client is seeking to engage Novogradac & Company LLP (hereinafter “Novogradac, us, or we”) to provide an appraisal for the above referenced property. Novogradac will provide a Freddie Mac compliant appraisal for Peach Orchard Apartments in Augusta, GA (the “Report”).

Objective and Purpose

You have represented to us that you intend to use the Report in a Freddie Mac loan application (the “Stated Purpose”), and we have relied upon your representation in offering to provide the services described herein. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Our objective in performing this engagement will be to provide you with a Freddie Mac appraisal. We will provide the following value scenarios:

- As Is Market Value (land)
- Hypothetical As Complete Restricted Value assuming proposed restricted operations
- Hypothetical As Complete and Stabilized Restricted Value assuming proposed restricted operations
- Hypothetical As Complete Unrestricted Value assuming unrestricted operations
- Hypothetical As Complete and Stabilized Unrestricted Value assuming unrestricted operations
- Insurable Value

Scope of Work

The scope of work will generally incorporate the following:

- Provide a regional analysis, which discusses relationships to other major urban centers in the state or region and outlines general economic and demographic characteristics pertinent to the apartment market of the above referenced property. This will include a description of the factors that drive the regional economy, along with both a short-term (one to three years) and a long-term regional economic prognosis.
- Provide a micro-economic analysis. This will provide a description of the location of the development within the municipality. It will discuss social, economic, governmental and environmental characteristics.
- Property inspection and analysis of the Subject. Analysis of the assumptions regarding unit mix, layout, traffic flow, site amenities, etc.
- Analyze and detail the competitive market surrounding the Subject property. This will include many of the components described above. We will investigate existing and projected supply and demand characteristics for the Subject market.
- Analyze and detail comparable improved sales as well as comparable rental data as appropriate. Analysis will include unit mix, rental rates, occupancy, applicable subsidies, unit layout and functionality, and unit amenities.
- Consider and develop the three approaches to value, when appropriate, and analyze collected data and synthesize information into appropriate value estimates.

The reports will conform to the generally accepted appraisal standards as outline in the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board (ASB) and the Appraisal Foundation, the Appraisal Institute, as well as Freddie Mac.

The engagement described herein does not constitute any form of attestation engagement, such as an audit, compilation or review. Novogradac will therefore not issue any independent accountants' reports, findings, or other work product including a compilation, review, or audit report, on any financial statements or other materials in connection with this engagement. Because the engagement described herein does not constitute an audit or examination, we will not issue an independent accountant's attestation opinion on the appraisal. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

You are responsible for establishing and maintaining effective internal controls. You are also responsible for making all management decisions and performing all management functions, for designating an individual with suitable skill, knowledge, or experience to oversee any nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them. You are also responsible for evaluating the adequacy and results of the services and accepting responsibility for them.

Additionally, our fieldwork and conclusions are based upon interviews and representations of municipalities and government offices. We do not warrant the accuracy of the information that

these organizations provide. We assume it to be correct and accurate. If, for some reason, we believe there is a likelihood of an inaccuracy we will highlight our belief in the final document. It should be noted that some of the information provided may be used in our organization's database.

Our engagement does not include general consulting and advisory services other than as may be mutually agreed upon in writing by you and us ("Approved Consulting Services"). Our engagement ends on delivery of an approved appraisal report ("Delivery") unless we have agreed to provide post-Delivery Approved Consulting Services. This letter agreement does not obligate us to provide litigation or other dispute-related assistive services, now or in the future.

Professional Fees

Based on an evaluation of the scope of work, the total fee for the initial report will be \$7,000. If we are made aware of significant project changes after we have completed our report, modifications will be billed based upon the firm's hourly rates. Additional billable work will not occur without your prior written approval.

Any Approved Consulting Services will be billed in addition to the fees for this engagement. Our fees for these services will be based on our hourly rates in effect at the time the services are provided for the personnel providing the services.

Partner:	\$325 - \$425
Principal:	\$240
Manager:	\$160 - \$200
Senior Analyst:	\$135 - \$145
Analyst:	\$107 - \$145
Junior Analyst:	\$77 - \$97

Timing and Retainer

Upon signature of this engagement letter, we are prepared to start work immediately and the report will be delivered by June 10, 2016. The timing is contingent on you furnishing us with the retainer described in the following paragraph and the necessary Subject information.

A retainer of \$3,500 will be required within one week of the execution of this engagement letter, and the balance will be due upon completion. Should the engagement be cancelled prior to completion and/or delivery of the report, the fee will be billed at the greater of 60 percent of the fee, or hourly billing incurred plus travel expenses.

To expedite payment and avoid any delays in the release of work product, we recommend that you utilize the Automated Clearing House (ACH) to remit retainer and payment. Our ACH details are as follows:

ABS/Routing Number (US Bank): 121122676
Checking Account Number: 153492594053

The following delivery options are also available:

U.S. Mail Address:

Accounts Receivable
Novogradac & Company LLP
P.O. Box 7833
San Francisco, CA 94120-7833

Physical & Delivery Address:

Accounts Receivable
Novogradac & Company LLP
1160 Battery Street
East Building, 4th Floor
San Francisco, CA 94111-1216

*Identify remittance as: Appraisal for Peach Orchard Apartments in Augusta, GA for Red Stone Tax Exempt Funding

Invoicing and Payments

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and must be paid before our work product is delivered. After 30 days, a late charge will be imposed on unpaid fees at a rate of 10% per annum, assessed monthly based on 0.83% of the account's balance of past due invoices. Work may be suspended if your account is not paid and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or because our professional standards require disengagement, our engagement will be deemed to have been completed upon notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, including time spent consulting with legal and professional counsel regarding the potential need to withdraw from the engagement, and to reimburse us for all out-of-pocket expenditures through the date of termination.

You must maintain your own copy of documents provided to, or received from, us during the course of this engagement. The preceding sentence shall apply even if we have established a "client portal" within which you have the ability to upload, download or reference certain documents related to the services we have provided to you. Please note that documents on our client portal are generally purged automatically within a year of being posted to the portal, although certain archival copies of final deliverables may be retained for longer periods of time at our sole discretion.

Unless otherwise prohibited by law or regulation, the maximum amount of damages you may receive as a result of any determination that some or all of the services we performed under this and/or other mutual engagement letters between us and you, were deficient, or for breach of contract, nonfeasance or negligence, shall be the fees paid to us for the disputed services. Similarly, the maximum amount of damages you can receive related to services you assert or believe we were required to perform, but which we did not perform, shall be the fees paid to us for said non-performed services. You and we agree that because of the difficulty of determining and/or quantifying damages for breach of this agreement or for our negligence, said amount shall constitute liquidated damages for any claims you may assert arising from or related to this agreement. In no event shall we be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.).

If you choose to send any type of confidential information to us electronically, we strongly recommend that you use the secure transmission and/or client portal features of our ShareFile system, or you may use your own encrypted email service if you prefer. Our ShareFile service can be found at <https://novoco.sharefile.com/>. The signature block of our emails contains a link that will allow you to easily send documents to one of our personnel. If you choose to electronically send us confidential information by any unsecure means, including without limitation unencrypted email, you agree to bear all risks and damages that may result if the communication is intercepted.

Aggregated and otherwise anonymous financial data are used by accounting professionals for a variety of benchmarking, valuation and other research-related purposes. For example, benchmark data for similar entities are used in performing analytical review procedures to help identify potential anomalies in clients' financial statements. We will not disclose owner and/or investor identities. By signing this letter agreement, you consent to the non-identifiable use of your financial data. If you do not wish to have your data used in this manner, please contact us rather than sign this letter agreement.

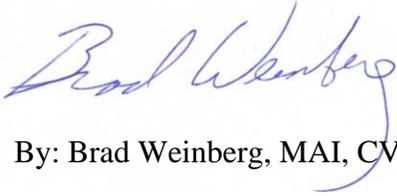
Any facsimile, Internet or other e-mail communication is tentative and preliminary and any work product is not final until received in signed form. As such, you agree not to act upon any information received in a facsimile, Internet or other e-mail communication until, and unless, you receive such information in signed form.

Client shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this letter agreement ("Engagement Staff") without Novogradac's prior written consent, at any time while this Agreement is in effect and for a period of twelve (12) months following the earlier of completion of the services by such employee or termination of this Agreement (the "Non-Solicitation Period").

In order to hire an Engagement Staff during the Non-Solicitation Period, the Client must pay Novogradac a fee equal to one multiplied by the Engagement Staff's annualized final rate of pay while employed by Novogradac (the "Recruitment Fee"). Novogradac's greatest resource is its employees and Recruitment Fee is intended to compensate Novogradac for the loss of any employees should Client permanently hire any Engagement Staff.

Some of the services described in this letter agreement may be provided by partners of an affiliate controlled by Novogradac & Company LLP. We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement, via email at david.boisture@novoco.com. If we do not receive this executed engagement letter in our office within 30 days of the date of this letter, our offer to perform these professional services is automatically withdrawn.

Very truly yours,
NOVOGRADAC & COMPANY LLP



By: Brad Weinberg, MAI, CVA, CCIM

RESPONSE:

This letter correctly sets forth our understanding. By signing below, I represent that I am authorized to bind Red Stone Tax Exempt Funding:

**Accepted by:
Red Stone Tax Exempt Funding**

By: _____

Title: _____

Date Signed: _____

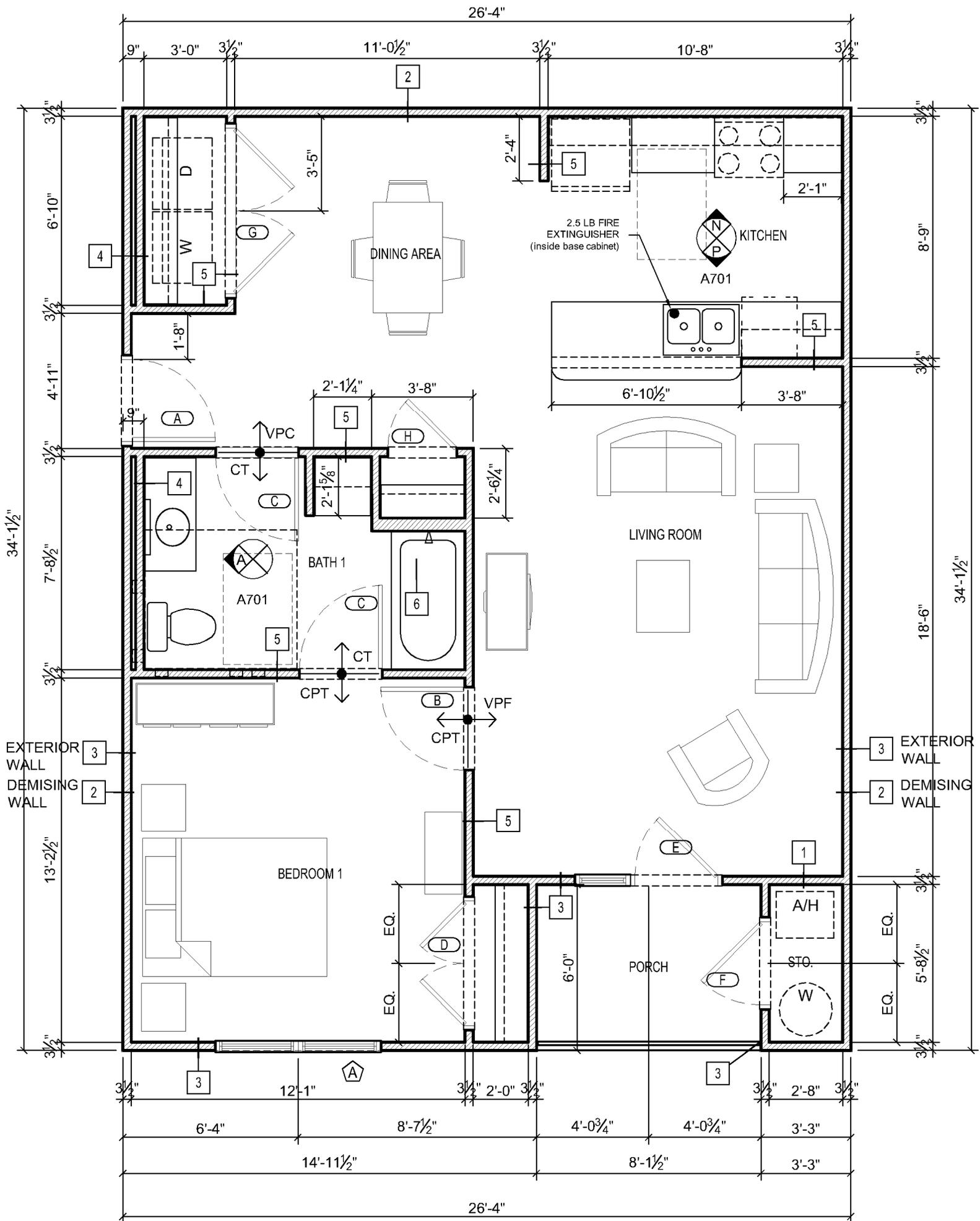
Addendum E

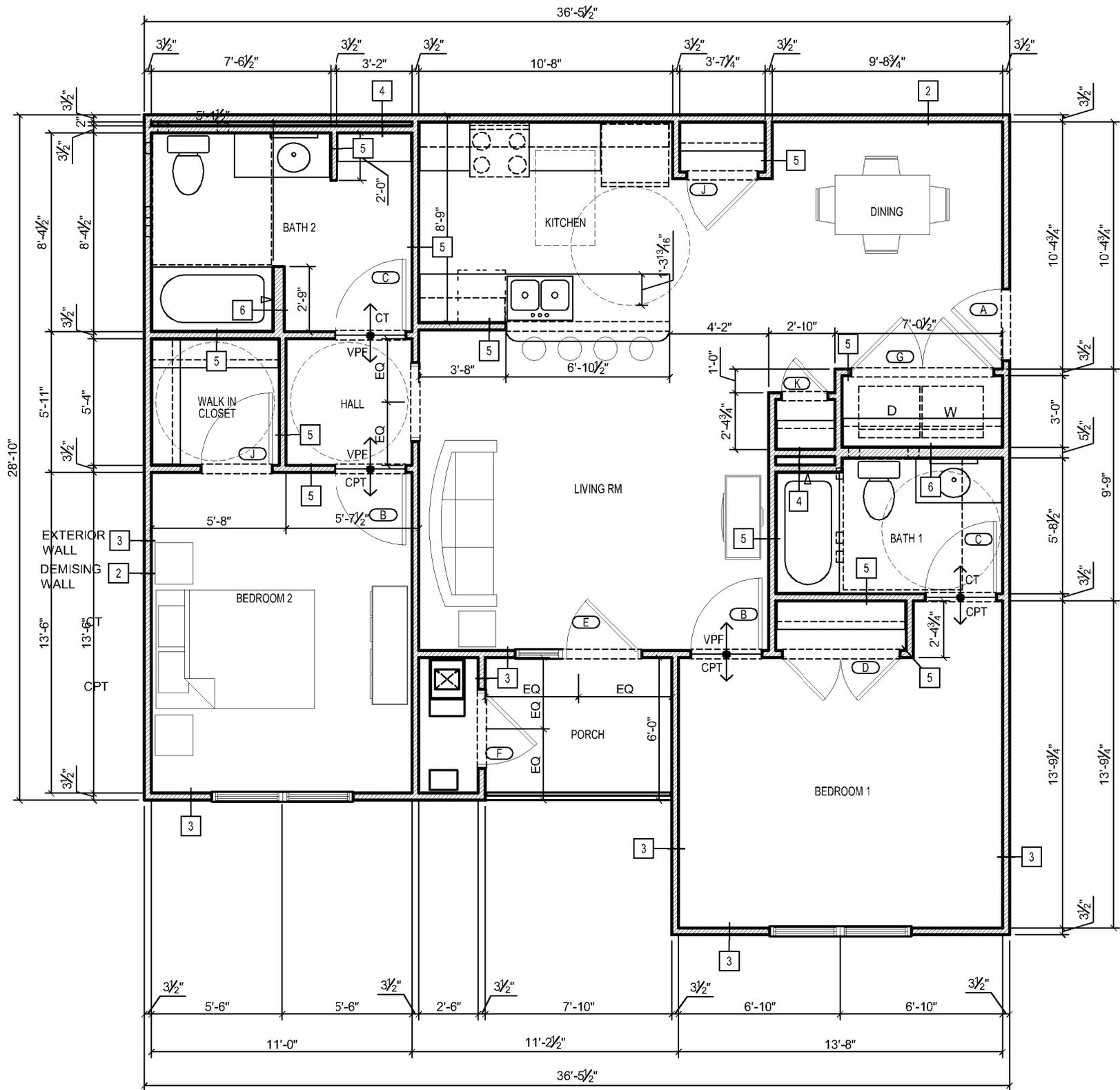
Rent Roll (If Applicable)

Addendum F

Purchase and Sale Agreement, Floor Plans







REAL ESTATE SALES CONTRACT

State of Georgia

County of Richmond

DATE: November 3, 2015

This Agreement is made and entered into by and between **Linda W. Williams and Andrew F Williams** ("Seller") and **Realty Management Group, LLC**, a Kentucky Limited Liability Company ("Purchaser").

In consideration of the premises and other good and valuable consideration, Seller and Purchaser agree as follows:

1. CONVEYANCE:

Seller agrees to sell and convey and Purchaser agrees to purchase the real estate consisting of **16.97 Acres at 3630 Peach Orchard Rd, Augusta GA** and improvements located in Richmond County and as shown as part of county tax map/parcel **155-0-059-03-0 and 155-0-059-00-0** and more particularly described and highlighted on Exhibit A

2. PAYMENT OF PURCHASE PRICE:

A. The "Purchase Price" of Property shall be **One Million Twenty Six Thousand dollars (\$1,026,000.00)** the purchase price shall be paid in cash at closing.

B. Within three (3) days of the execution of this contract by Seller, the Purchaser shall deposit **Five Thousand dollars (\$5,000.00) EARNEST MONEY** with **Meybohm Commercial Properties, L.L.C.** as Escrow Agent. The Earnest Money is to be applied toward the Purchase Price due at closing and upon expiration of the inspection period, the Earnest Money shall become non-refundable

3. INSPECTION PERIOD

Purchaser shall have the right to inspect the Property for a period of **Ninety (90) days**, to commence upon full execution of this sales contract to determine the feasibility of the Purchaser's intended use of the Property (Inspection Period). In the even Purchaser in his sole discretion determines that the Property is unsuitable for any reason whatsoever, Purchaser shall give written notice to Escrow Agent of the Purchaser's election to terminate the Contract. Within Five (5) business days after the Purchaser terminates this Contract, all Earnest Money shall be refunded to Purchaser and, thereafter, neither the Seller, the Purchaser nor Broker shall have any further liability or responsibility to the other. If this Contract is not terminated by the Purchaser within the Inspection Period, the Purchaser shall be deemed to have accepted the property and, subject to the Purchaser's Closing Conditions in paragraph 10 of this Agreement, the transaction shall be closed on or before the date stated in paragraph 4 of this Contract.

Upon expiration of the Inspection Period, Purchaser shall deposit an additional five Thousand Dollars (\$5,000.00) into escrow as Additional Earnest Money, and shall be included in the Earnest Money. The Earnest Money shall become non-refundable (except if the agreement is terminated pursuant to Section 9) but applicable to the Purchase Price.

4. CLOSING:

A. Purchaser and Seller shall consummate the purchase and sale of the property contemplated by this Contract (the "Closing") no later than **one hundred and eighty (180) days** after expiration of Inspection Period. The Closing shall be held at a reasonable location selected by Purchaser.

B. Failure of Conditions. In the event one or more of the Purchaser's Closing Conditions remain unsatisfied as of the Closing Date, then Purchaser shall have the right either to (i) waive the

unsatisfied condition(s) and proceed to close in accordance with the terms of this Agreement, or (ii) terminate this Agreement. If Purchaser terminates this Agreement, the Earnest Money and all interest thereon shall be returned to the Purchaser and thereafter neither the Purchaser nor the Seller shall have any further rights, duties or obligations under this Contract.

C. Closing Documents. At Closing, Seller agrees to deliver to Purchaser the Following items:

1. General Warranty deed conveying good, insurable and indefeasible fee simple title to the Property, as required by this Agreement.
2. An Owner's Affidavit executed and sworn to by Seller, stating that no work has been performed on the Property during the ninety-five (95) days prior to Closing or if such work has been performed, that it has been paid in full, together with such other statements and instruments as may be required by the title insurance company to issue Purchaser's title insurance policy without exception to any lens, unfiled easements or other standard exceptions set forth in the standard title insurance policy form.
3. A certification by the seller complying with requirements of Sections 145 and 7701 of the Internal Revenue Code of 1986, as amended, that the Seller is not a foreign person within the meaning of such sections.
4. A written statement as of the Closing Date reaffirming that all of the warranties and representations of Seller made in this Contract are true and correct.
5. All other documents necessary or appropriate to complete the transaction contemplated by this Agreement.

D. At Closing, Purchaser shall pay to Seller the Purchase Price as adjusted pursuant to the terms hereof, all closing costs incurred by the Purchaser, and executed and deliver all documents necessary to complete the transaction contemplated by this Agreement.

5. TITLE:

Prior to Closing, Purchaser shall examine title to the Property and obtain a commitment for title insurance without a general survey exception on a standard ALTA form proposing to insure the interest of Purchaser as owner in the amount of the Purchase Price. The cost of the title examination and commitment shall be borne by Purchaser. Purchaser shall give Seller written notice of any liens, encumbrances, encroachments or title matters shown on said title commitment or the Survey (hereinafter collectively referred to as "Title Defects") which adversely affect the marketability of the title to the Property, within a reasonable time. Thereafter, Seller shall have a period of seven (7) days within which to cure or correct all Title Defects at Seller's sole cost and expense. As to any existing monetary liens or deed to secure debt which can be satisfied by the payment of money, Seller agrees to satisfy the same at Closing. If Seller fails to cure or correct any other valid Title Defects within such period, then on the Closing Date, Purchaser may either (i) terminate this Agreement and receive a refund of the Earnest Money less \$100.00, after which no party shall have any further right, duty, obligation, or liability hereunder to any other party hereto or (ii) waive such Title Defects and elect to close the sale and purchase of the Property irrespective of such Title Defects. Purchaser shall be responsible for the cost of the policy of title insurance to be issued pursuant to the title insurance commitment.

6. SURVEY:

- A. Purchaser or his agent shall have the privilege of going on Property any time prior to closing to make surveys and soil tests of Property and the parties performing such survey or test shall have the right to cut brush and limbs necessary to survey the line of Property and to make soil borings. Purchaser agrees to indemnify and hold Seller harmless against any property damage or personal injury or claim of lien against Property resulting from the activities permitted by this paragraph on Property.

- B. Any such survey shall be performed by a Licensed Surveyor selected by the Purchaser, at Purchaser's sole expense, with the survey so made indicating the total number of acres in Property to the nearest one hundredth of an acre. Any recent surveys commissioned by Seller shall be made available to the Purchaser at no cost.

7. TAX APPORTIONMENT:

Ad valorem taxes on Property for the calendar year of closing shall be prorated and accounted for between Seller and Purchaser at closing based on the latest millage rate and assessment available. Seller shall be responsible for paying any past due property taxes, penalties, interest, levy's, or other fines attached to the property at Closing.

8. BROKERAGE COMMISSION:

Seller shall be responsible for paying a brokerage commission of Eight (8%) of purchase price to **Meybohm Commercial Properties, L.L.C.** Meybohm Commercial Properties, LLC has represented the Seller in this transaction. Purchaser and Seller hereby indemnify and hold harmless and defend each other from and against any and all causes, claims, damages, losses, liabilities, fees, commissions, settlement, judgements, damages, expenses and fees (including reasonable attorneys' fees and court costs) in connection with any claim for commissions, fees and other charges relating in any way to this transaction or the consummation thereof, which may be made by any person, firm or entity except to the Broker as the result of the indemnifying party's acts.

9. PURCHASER'S CLOSING CONTINGENCIES:

Purchaser's obligations under the Agreement are expressly subject to and conditioned upon satisfaction of the following conditions on or before Closing ("Purchaser's Closing Conditions")

- A. Seller's performance of its covenants under this Agreement
- B. The continued truth and accuracy in all material respects of Seller's representations and warranties.
- C. Purchaser shall have the ability to obtain an ALTA Form B Owners Title Insurance Policy containing only exceptions to the permitted Title Exceptions, Issued by a title insurance company of the Purchasers choosing at standard national rates.
- D. There shall be no material casualty or condemnation proceeding which affects the Property.
- E. No material and adverse changes shall have occurred to the Property, its environmental condition and the development rights with respect to the Property. Purchaser shall have the ability to obtain a Phase I ESA Report for a qualified professional stating that the Property has no Recognized Environmental Concerns, as commonly defined.
- F. The performance of the Seller's obligations under the Contract shall have been duly and effectively authorized by all necessary action of the Seller, and no other consent or approval except as specified herein shall be required in order for the seller to consummate the transactions provided herein.
- G. Seller has good and marketable title to the property and to the improvements thereon at the time of Closing, free and clear of all liens, encumbrances and restrictions, except for encumbrances and easements, existing on the Property and approved in writing by the Purchaser.

10. SELLER'S WARRANTIES AND REPRESENTATIONS:

Seller warrants and represents to Purchaser that:

- A. Seller has received no written notice of any default or breach by Seller under any covenants, conditions, restrictions, rights-of-way of easements affecting the Property or any portion thereof, and

no such default or breach now exists, nor has any event occurred which, with the giving of notice, the passage to time, or both, would constitute such a breach or default;

- B. Neither the whole nor any portion of the Property, including access thereto or any easement benefiting the Property, is subject to temporary requisition of use by any governmental authority, nor has any portion of the property been condemned, or taken in any proceeding similar to a condemnation proceeding, nor is there now pending any condemnation, expropriation, requisition or similar proceeding against the Property or any portion thereof. Seller has received no notice and does not have knowledge that any such proceeding is contemplated;
- C. No portion of the Property is located in a flood plain.
- D. There is no litigation or to the knowledge of Seller, threatened against or relating to the Property and the Seller does not have reasonable grounds to know of the basis for any such action.
- E. No person, firm, or corporation has a possessory right in the Property or, portion thereof, under and pursuant to any lease, tenancy or other arrangement with Seller.
- F. The Property does not violate federal, state or local laws, ordinances or regulations relating to the environmental conditions on, under or about the Property, including, without limitation, soil and ground water conditions. To the best knowledge of Seller, the Property has not been, used for the generation, storage or disposal of, on, under or about the Property of any Hazardous Materials (hereinafter defined), except as may be allowed by applicable governmental laws, rules and regulations governing the use of Hazardous Materials at the Property. To the best knowledge of Seller, there has not been in the past a release or threatened release of Hazardous Materials from the Property into the environment. The Property is not now nor has ever been a land fill and no portion of the Property has been used as a laundry or dry cleaning plant. Seller has not received, nor does the Seller have knowledge that any prior owner has received, notice from any federal, state, county, municipal authority as to the existence of Hazardous Materials or other environmental problems at, or relating to, the Property. For purposes hereof, "Hazardous Materials" shall include those materials regulated by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, U.S.C. §9016, et seq., Superfund Amendment and Reauthorization Act of 1986 (SARA), 42 U.S.C. § 9601 et seq., The Resource Conservation and Recovery Act, U.S.C. § 6901, et seq.; Occupational Safety and Health Act of 1970; the Toxic Substance Control Act; The Solid Waste Disposal Act; the Clean Air Act; and the Clean Water Act; and the regulations adopted in publications promulgated pursuant to the above laws and in any applicable state, county and city laws or ordinances and regulations.
- G. No assessments have been made against the Property which are unpaid, at or prior to the Closing, except those ad valorem taxes, if any, for the current year which are not yet due and payable, whether or not they have become liens; and Seller is not aware of any assessments against the Property for public improvements not yet in place.
- H. There are no archeological areas, burial grounds or cemeteries, or areas of historical significance, such as battlefields, located at or on the Property and there are no endangered species living on or in or nesting at the Property.

11. CONFIDENTIALITY

Each party hereby covenants to the other that it shall keep in strictest confidence all of the terms and conditions of this Agreement; provided that, Purchaser shall be entitled to disclose such information as it deems appropriate to its prospective lenders, tenants and consulting professionals.

12. MISCELLANEOUS:

- A. This Agreement constitutes the entire agreement between the parties hereto and all prior negotiations undertakings and agreements heretofore and between these parties are merged herein. No

representation, promise or inducement not included herein shall be binding upon any party hereto. The terms "Seller" and "Purchaser", shall be construed in the plural and the appropriate gender shall be read into all pronouns used herein to reference and of said parties whenever the sense of this Agreement so requires.

- B. This Agreement may not be changed orally, but only by an agreement in writing signed by Purchaser and Seller.
- C. Notices given pursuant to this Agreement shall be in writing, delivered in person or by overnight courier service or by certified mail, return receipt requested, addressed to the mailing address slated in this Agreement. The time of postmark shall be deemed the time of receipt of mailed notices.
- D. The provisions of this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, successors and assigns and the legal representative of their estates, as the case may apply.
- E. Seller shall pay the Georgia transfer tax applicable to the deed conveying the Property to the Purchaser.
- F. Seller and Purchaser agree that such papers as may be legally necessary to carry out the terms of this agreement shall be executed and delivered by such parties at closing.
- G. Seller shall be responsible for all expenses, if any, incidental to Property through the date prior to Closing.
- H. All agreements herein which must, by implication or necessity, survive the closing, shall be deemed to so survive as the sense of this Agreement requires.
- I. Purchaser shall have the right to assign this Agreement to any person or persons, partnerships or corporations, or any other entity including a corporation to be formed and the sale contemplated by this Agreement shall be consummated in the name of such assignee and the assignment may be made by the Purchaser at any time prior to Closing. With Sellers consent.
- J. Each party shall be solely responsible for its respective attorney's fees.
- K. All title exam charges and title premiums, if any, shall be paid by the Purchaser.
- L. Seller and Buyer may each elect to buy or sell the Property as part of a like kind exchange ("Exchange Property") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, and each hereby agrees to cooperate with the other in effecting such changes.
- M. This contract to be construed in accordance with the laws of the State of Georgia.
- N. If the date for performance to any action under this Contract shall fall on a Saturday, Sunday, or legal holiday, such action shall and may be performed on the next succeeding date which is not a Saturday, Sunday or legal holiday. Time is of the essence.

13. REMEDIES OF THE SELLER:

If the purchase and sale of the Property is not consummated due to default of the Purchaser, the Seller shall, upon written notice to Broker and Purchaser specifying the default of Purchaser hereunder, be entitled to obtain and retain the Earnest Money as full liquidated damages. Under no circumstances shall Seller be authorized to seek any additional damages or seek specific performance of this contract, but shall be limited to the Earnest Money. Should Seller default, then Purchaser' sole remedy shall be limited to an action for specific performance and Purchaser shall not be entitled to receive any compensation of expenses incurred or any other consequential damages as a result of the entering into of this contract.

14. RISK OF LOSS AND CONDEMNATION:

If prior to the Closing Date, all or any portion of the Projects shall be condemned or taken by power of eminent domain or the Projects be completely destroyed or damaged, Purchaser may elect to (i) terminate this Agreement by giving written notice to Seller, or (ii) consummate the purchase and of the Property pursuant to clause (ii), Seller shall, on the Closing Date, pay or cause to be paid to Purchaser all insurance proceeds theretofore actually received by Seller and all condemnation awards and other payments in connection with exercise of the power of eminent domain theretofore actually received by Seller, and, in addition, Seller shall transfer and assign or cause to be transferred or assigned to Purchaser all rights of Seller with respect to payments by or from and with respect to recovery against any party whatsoever or damages or compensation on account of such destruction, take or threat of taking.

15. POSSESSION OF THE PROPERTY:

Possession of the Property shall be delivered to the Purchaser at Closing. Seller warrants there are no tenants in the existing building on the Property or persons/entities with any possessory rights to the Property.

16. DUE DILIGENCE:

Within five business days from full execution of this contract, Seller shall deliver the following items (Due Diligence Items) to Purchaser for Purchaser's review, subject to availability of such items. Purchaser acknowledges that these items are sensitive material and shall promptly return items to Seller if the sale is not consummated for any reason.

- All existing easements, site plans, surveys, construction plans, soil compaction tests, environmental reports (Phase I or II), or other engineering reports in Seller's possession, if any exist.

17. DATE OF THIS AGREEMENT:

The "Effective Date" of this Agreement shall be the date on which the last party to execute this Agreement signs as evidenced by the date affixed by that party.

18. Notice

Any notices, requests, or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand, courier, or overnight delivery addressed to each party at its address as first set forth below. Any such notice, request, or other communication shall be considered given or delivered on the day delivered if by hand or courier, or on the next business day following placement with an overnight delivery service, or upon the date of receipt of a facsimile which is received any business day on or before 5 P.M. EST or on the next business day after receipt if received by facsimile after 5 P.M. EST on any business day; provided, however, the time period in which a response to any notice, demand or request must be given shall commence on the next business day after such posting. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, request, or other communication. By giving at least five (5) days' prior written notice thereof to the other parties hereto; a party hereto may from time to time and at any time change her, his, or its mailing address hereunder.

Purchaser: Chris Dischinger
Realty Management Group, LLC
1469 S 4th Street, Louisville, KY 40208

Seller: Linda W. Williams
3642 Peach Orchard Rd, Augusta, GA 30906

Broker: Ryan Martin
Meybohm Commercial Properties, LLC
3519 Wheeler Road, Augusta, Georgia 30909

19. SPECIAL STIPULATIONS:

- A. If the Purchaser is not awarded or able to secure; bond, tax credit or other necessary financing for the property and the proposed improvements, the Purchaser will notify the Seller and the agreement period will end.
- B. Purchaser's Renewal Right of the Contract. Purchaser shall have the right to renew this purchase agreement for six (6) one month terms to begin on the first day of the month after the expiration of the original agreement. In order for the Purchaser to validly exercise its right to renew this purchase agreement to purchase the Property, it must give Seller written notice thereof prior to the Expiration Date. This written notice may be either personally delivered to the Seller or the Seller's representative or may be sent by email, registered or certified mail or by a reputable national or local carrier delivery service, to the last known address of the Seller or the Seller's representative. If the Purchaser validly exercises this right to renew and pays the renewal fee of \$2,500.00 per month then the date set out above in this Paragraph 17: "Date of this Agreement", shall become the revised Expiration Date for purposes of this agreement and the renewal fee paid becomes part of the Purchase Price. The additional extension payments will be credited to the purchase price
- C. Risks of Loss. All risks of loss with respect to the Property shall remain with Seller until the Closing and delivery of possession of the Property to Purchaser.
- D. Restriction on Sale During Term of Agreement. Seller agrees not to sell the Property during the duration of the Sellers purchase agreement and continuing through the date of the Closing.
- E. Access to Property During Purchase Agreement To Inspect. During the duration of the purchase agreement and continuing through the date of the Closing, Seller shall allow Purchaser reasonable access to the Property for the purpose of inspecting same. Additionally, Purchaser shall have the right to perform any and all reasonable environmental testing of the Property that Purchaser deems necessary, at its sole costs, said testing to include, without limitation, soil and ground water testing. In this regard, Seller hereby grants to Purchaser, and its agents, independent contractors and/or employees, unrestricted access to the Property for purposes of testing same. In the event that Purchaser's environmental testing of the Property reveals any contaminated soil, hazardous or toxic materials or substances on, above, or below the Property, underground storage tanks, or any other condition, which in the sole and absolute discretion of Purchaser, constitutes an environmental hazard associated with the Property (hereinafter, "Environmental Conditions"), Purchaser shall have the right to immediately terminate this agreement or its obligation to purchase the Property if it has already elected to exercise its agreement to purchase the Property. Further, any liabilities for exposure, removal, disposal and/or remediation arising from any of said Environmental Conditions shall be borne solely by Seller and, in this regard, Seller agrees to indemnify and hold Purchaser harmless from any and all damage, deficiency, loss, action, judgment, cost and expense (including reasonable attorneys' fees to the extent permitted by law) resulting from any exposure, removal, disposal and/or remediation arising from any of said Environmental Conditions.
- F. Contemplated Assignment of the Agreement by the Purchaser. Purchaser may assign this Agreement to a related party of the Purchaser, and upon such assignment, such assignee shall have all of the rights, remedies and obligations as if it were the original Purchaser, and from and after any such assignment, the term "Purchaser" shall mean and refer to such assignee only.
- G. Entire Agreement; Governing Law; Remedies; Miscellaneous. The parties acknowledge and agree that this agreement constitutes the entire agreement between them regarding the sale and purchase of the Property described herein, and shall be binding upon the parties, their heirs, successors and assigns. Any changes, alterations, extensions or deletions shall be in writing and executed by both parties in order to be effective. This Agreement may be executed in multiple copies, each of which shall be deemed to be an original for all purposes. Time is of the essence in the performance of all obligations described hereunder. This Agreement shall be construed under and in accordance with the laws of the Commonwealth of Kentucky. Should it become necessary for either party to go to court to enforce any provisions of this Agreement, the losing party shall pay all court costs and

reasonable attorneys fees of the prevailing party. Should the Seller breach this Agreement, the Purchaser shall have all legal and equitable remedies available, including, but not limited to, consequential and incidental damages, lost profits, specific performance, court costs, and reasonable attorney fees.

- H. Construction of Agreement. If any provision or clause of this Agreement or application thereof is held invalid by act of any Court or legislature, such invalidity shall not affect the provisions or applications of this agreement which may be given effect without the invalid provision or application, and to this end, the provisions of this agreement are to be construed as severable.
- I. Survival of Representations and Warranties. All representations and warranties contained herein shall survive the Closing and the delivery of the Deed.
- J. Recording. Purchaser shall have the right, at its sole discretion and cost, to record this Agreement in the Office of the County Clerk in the county where the Property is situated.
- K. Seller is operating an ongoing business on the property and Purchaser must give Seller a 60 day notice before closing in order for Seller to facilitate the liquidation of inventory and removing of items listed in item L. At time of such notification, seller agrees to an additional \$50,000.00 of earnest money to be applied toward the purchase price.
- L. Seller will retain and remove from Premises prior to closing all inventory referenced in item K and the Office building, the New Century Home sign and Flag pole
- M. In the Event Purchaser does not close, the Purchase must deliver to Seller all due diligence items including but not limited to appraisal, plats, surveys, civil design drawings, and environmental studies.

This contract to be construed in accordance with the laws of the State of Georgia.

END OF PAGE

THIS AGREEMENT has been executed first by the _____ and shall be deemed a continuing offer by said party to purchase or sell, as the case may be, until _____. If executed and unaltered acceptance hereof is not returned to the address noted herein of said offer by said time, such offer shall be deemed withdrawn.

Signed, sealed and delivered in the presence of:


Buyer's Signature Date/Time
CHRIS DISCHINGER 11/11/15
Print or Type Name

Buyer's Signature Date/Time

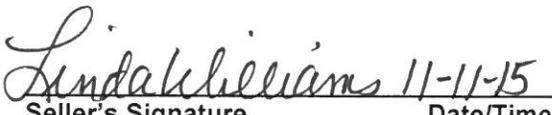
Print or Type Name

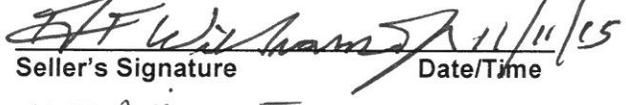

Listing Broker Date/Time
11-11-15

By: Meybohm Commercial Properties
Broker or Broker's Affiliated Licensee
Ryan Martin
Print or Type Name
H-32606 Lic # 359783
Brokerage Firm License Number

Listing Broker Date/Time

By: Meybohm Commercial Properties
Broker or Broker's Affiliated Licensee
Willard Hogan 
Print or Type Name
H-32606 Lic # 122958
Brokerage Firm License Number


Seller's Signature Date/Time
11-11-15
Linda Williams
Print or Type Name


Seller's Signature Date/Time
11/11/15
A.F. Williams Jr
Print or Type Name

Selling Broker Date/Time

By: _____
Broker or Broker's Affiliated Licensee

Print or Type Name

Brokerage Firm License Number

Selling Broker Date/Time

By: _____
Broker or Broker's Affiliated Licensee

Print or Type Name

Brokerage Firm License Number

Quint

Exhibit A



Exhibit B

Disclosures

- 1. There is a lease on the property date 18 December 2014 between Andrew Williams and Linda Williams (“Landlord”) and Bennett Building Systems (“Tenant”). Lease Agreement will terminate in the event property is sold prior to the end of the lease term.**
- 2. There is a small underground tank used for residential heating fuel located on the property.**
- 3. The previous owners of the property used a small patch of land no greater than a 10 foot by 10 foot area to dump and bury trash.**

LDG Multifamily, LLC
1469 S. 4th Street
Louisville, KY 40208
502-638-0534

**Stock
Yards**
Bank & Trust
21-56-830

11/8/2015

PAY TO THE
ORDER OF Meybohm Commercial Properties

\$ **5,000.00

Five Thousand and 00/100*****

DOLLARS

Meybohm Commercial Properties



AUTHORIZED SIGNATURE

MEMO

⑈001968⑈ ⑆083000564⑆ ⑈1748866⑈

LDG Multifamily LLC

1968

Meybohm Commercial Properties

Date	Type	Reference	Original Amt.	Balance Due	11/8/2015 Discount	Payment
11/6/2015	Bill		5,000.00	5,000.00		5,000.00
					Check Amount	5,000.00

SYB Account # 17488

5,000.00

Security features. Details on back.