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MARKET VALUATION OF:

**RETREAT AT
SPRING HILL**

A MARKET VALUATION OF:

RETREAT AT SPRING HILL

4947 Memorial Drive
Stone Mountain, DeKalb County, Georgia 30083

Effective Date: June 27, 2017

Report Date: June 30, 2017

Prepared For:

Mr. John Corcoran
Housing Development Corporation of DeKalb
750 Commerce Drive, Suite 201
Decatur, Georgia 30030

Prepared By

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June 30, 2017

Mr. John Corcoran
Housing Development Corporation of DeKalb
750 Commerce Drive, Suite 201
Atlanta, Georgia 30030

Re: Appraisal of Retreat at Spring Hill
4947 Memorial Drive
Stone Mountain, DeKalb County, Georgia

Dear Client:

We are pleased to present our findings with respect to the value of the above-referenced property, Retreat at Spring Hill ("Subject"). The Subject is an existing 81-unit Section 8 and market multifamily property known as Spring Chase II. We previously provided a market study and an appraisal of the property that is the Subject of this report, dated March and April 2017, respectively. The Subject is proposed for rehabilitation and will consist of 83 substantially rehabilitated units. The same subsidies will apply to the Subject post-renovation. The property targets seniors age 55 and older. As requested and summarized in the attached engagement letter, we are providing a written appraisal report that includes the following value estimate, which is described and defined below. This letter serves as an introduction to the attached appraisal. Thus, the value opinions expressed in this introduction letter must be taken in context with the full appraisal report.

- Land Value
- Market value "As Is" of the fee simple interest of the Subject.
- Prospective leased fee market value "As If Complete and Stabilized" assuming restricted rents.
- Hypothetical prospective leased fee market value "As If Complete and Stabilized" assuming unrestricted rents.
- Prospective Restricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Hypothetical Prospective Unrestricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Valuation of the Low Income Housing Tax Credits "As If Completed."
- Favorable financing
- Analysis of the Ground Lease.

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

Our valuation report is for use by the client their successors and assigns for rendering a decision on financing. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP ("Novogradac").

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

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For the purposes of this assignment, 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.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated market value of the fee simple interest in the Subject “as if vacant and encumbered” (land value), free and clear of financing, as of June 27, 2017 is:

**ONE MILLION SIXTY THOUSAND DOLLARS
(\$1,060,000)**

The Subject’s hypothetical leased fee market value assuming current contract rents “As Is”, as of June 27, 2016 is:

**FOUR MILLION TWO HUNDRED THOUSAND DOLLARS
(\$4,200,000)**

As a result of our analysis of the Subject’s restricted scenario, the prospective leased fee value assuming “completion and stabilization” in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017 is:

**FIVE MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$5,700,000)**

As a result of our analysis of the Subject’s unrestricted scenario, the hypothetical prospective leased fee value assuming “completion and stabilization” in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017, is:

**SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$6,700,000)**

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

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 30 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$6,800,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical future prospective leased fee value at 30 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

EIGHT MILLION THREE HUNDRED THOUSAND DOLLARS
(\$8,300,000)

As a result of our analysis, the value of the Tax Credits "as complete" in May 2019, the prospective date of completion, with conditions prevailing as of June 27, 2017 is:

FIVE MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS
(\$5,930,000)

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

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

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

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

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

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

Respectfully submitted,



Brad Weinberg, MAI, CVA, CRE
Partner
Novogradac & Company LLP
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Brian Neukam
Manager
GA Certified General Appraiser #329471
Expiration Date: March 31, 2018
Brian.Neukam@novoco.com

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I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Property Appraised: Retreat at Spring Hill, the Subject, is located in Stone Mountain, DeKalb County, Georgia. The property is an existing Project-Based Section 8 and market-rate senior development that consists of one four-story elevator-serviced building. The Subject consists of 69 one-bedroom and 12 two-bedroom units. The project currently contains 69 Project-Based Voucher (PBV) units reserved for households earning 50 percent of the Area Median Income (AMI) or below, as well as 12 market-rate units. All units are restricted to senior housing for older persons (HFOP) age 55 and older. The Subject was constructed in 2003 and is proposed for renovation with low-income housing tax credits (LIHTCs). Post-renovation, the Subject will contain 83 units restricted to senior households age 55 and older earning 60 percent of AMI or less. The Subject’s HAP contract will be extended to include an additional 40 units. As renovated, the Subject will contain 83 PBV units.

Tax Map ID: The Subject property is identified by parcel identification number 18-043-02-004.

Land Area: The size of the Subject site is approximately 5.36 acres according to the DeKalb County Assessor’s Office.

Legal Interest Appraised: The property interest appraised is fee simple estate subject to any and all encumbrances, if applicable for each value estimate.

Current Rents and Unit Mix: The following table details the current rents for the Subject’s units according to information provided by the owner as of the date of inspection. We were not provided with a current rent roll; thus, we are not able to comment on current tenant-paid rents. Per the Georgia DCA 2016 guidelines, the market study analyst must use the maximum rent and income limits effective as of January 1, 2017. Therefore, we have utilized the 2016 maximum income and rent limits.

CURRENT RENTS

Unit Type	Unit Size (SF)	Number of Units	Contract Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>PBRA (50% AMI)</i>							
1BR	576	40	\$570	\$0	\$570	\$633	\$820
<i>Market Rate</i>							
1BR	576	29	\$570	\$0	\$570	-	\$820
2BR	857	<u>12</u>	\$670	\$0	\$670	-	\$949
Total		81					

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

The following table details Section 8 contract rents for the Subject’s units as of July 1, 2017. These rents are substantially higher than

the Subject's current contract rents and are based on the hypothetical after renovation condition.

CURRENT RENTS AS OF JULY 1, 2017

Unit Type	Unit Size (SF)	Number of Units	Contract Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>60% AMI (PBRA)</i>							
1BR	576	34	\$902	\$0	\$902	\$759	\$820
2BR	857	6	\$1,043	\$0	\$1,043	\$912	\$949
<i>Market Rate</i>							
1BR	576	35	\$902	\$0	\$902	\$759	\$820
2BR	857	6	\$1,043	\$0	\$1,043	\$912	\$949
Total		81					

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

Proposed Rents and Unit Mix:

The following tables detail the proposed rents and unit mix at the Subject. The proposed rents are contract 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 (PBRA)</i>							
1BR	576	71	\$902	\$0	\$902	\$759	\$820
2BR	857	12	\$1,043	\$0	\$1,043	\$912	\$949
Total		83					

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

UNIT MIX AND SQUARE FOOTAGE

Unit Type	Number of Units	Unit Size (SF)	Gross Area (SF)
1BR/1BA	71	576	40,896
2BR/2BA	12	857	10,284
Total	83		51,180

Ownership History of the Subject:

DeKalb County Housing Authority is the current legal owner of the Subject property. According to the Option to Ground Lease Agreement provided by the client dated June 22, 2017, the Housing Authority of DeKalb County has granted Retreat at Spring Hill, LP, "an option to ground lease the Property for purposes of developing the Project on the Property. The rent payable under the Ground Lease ("Rent") shall be One Dollars (\$1) per year payable in equal monthly installments in advance on the first day of each calendar month during the lease term." The Retreat at Spring Hill, LP obtained this option for a consideration of \$10. The term of the lease shall be no less than 45 years and no more than 99 years.

According to a draft purchase and sale agreement provided by the client in June 2017, DeKalb County Housing Authority, (the current owner) has entered into a purchase agreement with Retreat at

Spring Hill, LP (the buyer). The agreed-upon negotiated purchase price is \$3,870,000. As there is at least one common party on each side of the transaction, the transaction is not considered to be arm's length. We have concluded to a current "as is" market value of \$4,200,000, which is above the purchase agreement price but considered reasonable as the purchased price in not arm's length.

There have been no known other transfers of ownership of the Subject over the past three years. The ground lease agreement does not appear to be market oriented.

**Highest and Best Use
"As If Vacant":**

The Subject's highest and best use "as if vacant" is to develop with a 96-unit multifamily rental property with gap financing such as tax exempt bonds and tax credits.

**Highest and Best Use
"As Improved":**

The Subject is currently improved with a mixed-income multifamily property operating with subsidized and market-rate units in average condition. The property currently generates a positive return. As subsequently presented in the Income Approach, we have utilized market level rents and expenses which indicate that the Subject property would generate a positive return with its current contract rents. Thus, it is not deemed feasible to tear down to allow for alternative uses. Thus, the Subject's highest and best use "as improved" is continued operation as a multifamily rental property with financial subsidies. A renovation of the existing property would result in increased marketability and appeal.

Effective Date:

The Subject was inspected on June 27, 2017, which will serve as the effective date for this report.

Indications of Value:

AS IS VACANT LAND

Scenario	Units	Price Per Unit	Indicated Value (Rounded)
Land Value	96	\$11,000	\$1,060,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is Restricted	7.0%	\$294,728	\$4,200,000
As Proposed Restricted	7.0%	\$402,042	\$5,700,000
As Proposed Unrestricted	7.0%	\$472,493	\$6,700,000

EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is Restricted	5.4	\$834,833	\$4,500,000
As Proposed Restricted	7.2	\$899,186	\$6,500,000
As Proposed Unrestricted	7.2	\$1,011,158	\$7,300,000

SALE PRICE/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price Per Unit	Indicated Value (Rounded)
As Is Restricted	81	\$54,000	\$4,400,000
As Proposed Restricted	83	\$74,000	\$6,100,000
As Proposed Unrestricted	83	\$87,000	\$7,200,000

VALUE AT LOAN MATURITY - RESTRICTED

	Year	Indicated Value (Rounded)
Restricted	15 years	\$6,000,000
Restricted	20 years	\$6,300,000
Restricted	25 years	\$6,500,000
Restricted	30 years	\$6,800,000

VALUE AT LOAN MATURITY - UNRESTRICTED

	Year	Indicated Value (Rounded)
Unrestricted	15 years	\$7,000,000
Unrestricted	20 years	\$7,400,000
Unrestricted	25 years	\$7,900,000
Unrestricted	30 years	\$8,300,000

TAX CREDIT VALUATION

	Credit Amount	Price Per Credit	Indicated Value (Rounded)
Federal LIHTC	\$4,031,979	\$0.92	\$3,710,000
State LIHTC	\$4,031,979	\$0.55	\$2,220,000

FAVORABLE FINANCING VALUATION

	Indicated Value (Rounded)
Restricted & Unrestricted	N/A

Exposure Period: 9-12 months.

II. FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

Appraisal Assignment and Valuation Approach

As requested, the appraisers provided several value estimates, described and defined below:

- Land Value
- Market value “As Is” of the fee simple interest of the Subject.
- Prospective leased fee market value “As If Complete and Stabilized” assuming restricted rents.
- Hypothetical prospective leased fee market value “As If Complete and Stabilized” assuming unrestricted rents.
- Prospective Restricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Hypothetical Prospective Unrestricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Valuation of the Low Income Housing Tax Credits “As If Completed.”
- Favorable financing
- Analysis of the Ground Lease.

In determining the value estimates, the appraisers employed the sales comparison and income capitalization approaches to value.

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 4947 Memorial Drive in Stone Mountain, DeKalb County, Georgia 30083. The Subject is identified by the DeKalb County Assessor’s Office as parcel number 18-043-02-004.

Intended Use and Intended User

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

Property Interest Appraised

The property interest appraised is fee simple estate subject to any and all encumbrances, if applicable for

each value estimate.

Date of Inspection and Effective Date of Appraisal

The Subject was inspected by Novogradac on June 27, 2017, which will serve as the effective date for this report.

Scope of the Appraisal

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

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

Extraordinary Assumptions (EA) and Hypothetical Conditions (HC)

For the purposes of our unrestricted analysis, we have used a hypothetical condition for the Subject assuming unrestricted, conventional operations. We have made an extraordinary assumption that assumes the Subject is complete and stabilized as proposed as of the date of value. This report assumes stable market conditions between the date of value and the prospective date of value. Further, we have made an extraordinary assumption that the developer of the site will take all necessary measures to remove/mitigate all potential hazardous material and issues from the site prior to construction and there are no environmental impairments. 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. The use of extraordinary assumptions may affect the assignment results.

Market Value Definition

For the purposes of this assignment 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.²

2 - 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

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

DeKalb County Housing Authority is the current legal owner of the Subject property. According to the Option to Ground Lease Agreement provided by the client dated June 22, 2017, the Housing Authority of DeKalb County has granted Retreat at Spring Hill, LP, “an option to ground lease the Property for purposes of developing the Project on the Property. The rent payable under the Ground Lease (“Rent”) shall be One Dollars (\$1) per year payable in equal monthly installments in advance on the first day of each calendar month during the lease term.” The Retreat at Spring Hill, LP obtained this option for a consideration of \$10. The term of the lease shall be no less than 45 years and no more than 99 years.

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There have been no known other transfers of ownership of the Subject over the past three years. The ground lease agreement does not appear to be market oriented.

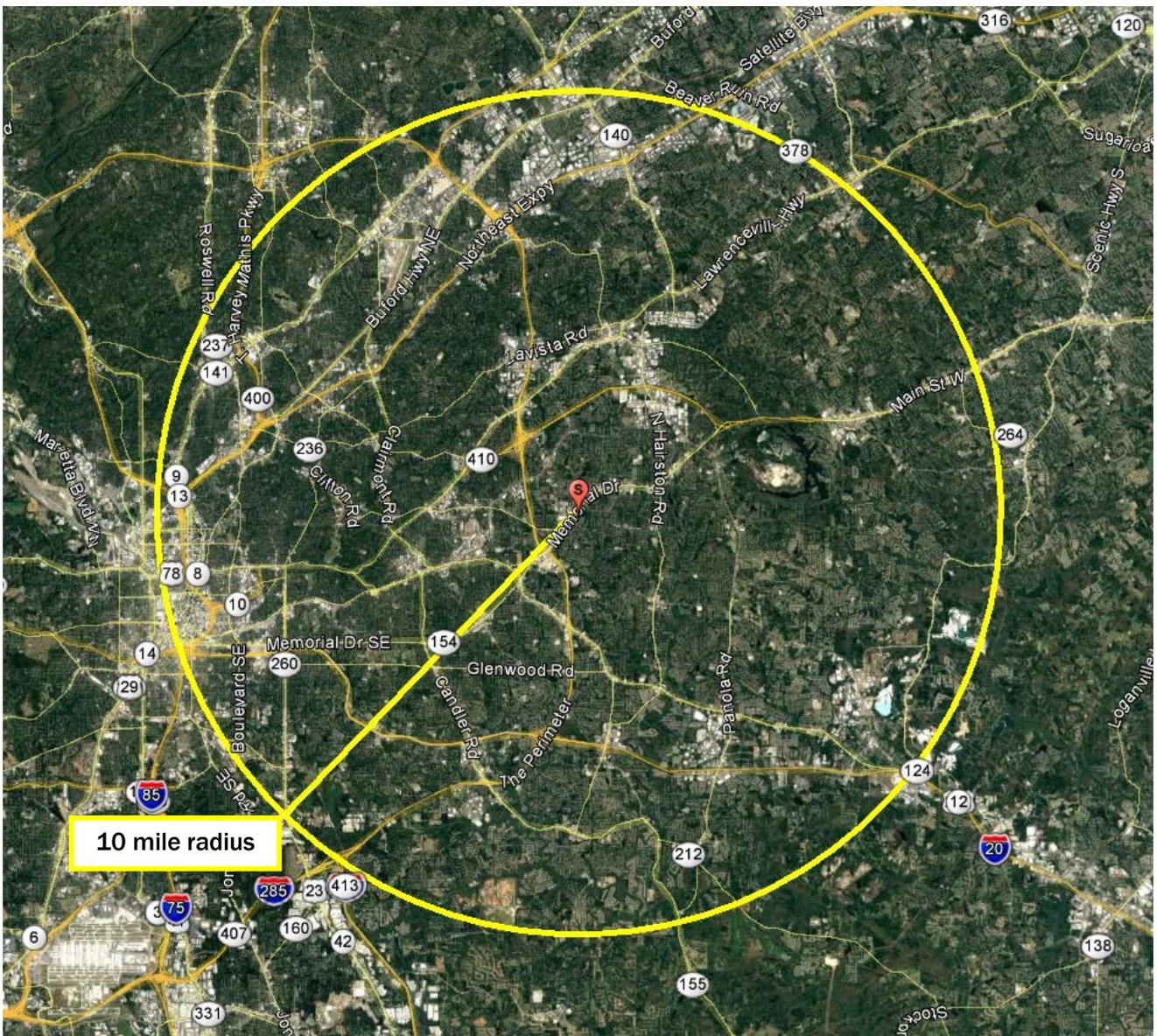
III. REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL AND LOCAL AREA ANALYSIS

Regional Map

The Subject is located in Stone Mountain, DeKalb County, Georgia. DeKalb County is part of the Atlanta-Sandy Springs-Roswell metropolitan statistical area (MSA). The MSA encompasses 28 counties in northwest Georgia. It is the ninth largest urban area in the country, behind Dallas-Fort Worth-Arlington, Texas and Washington, District of Columbia-Virginia-Maryland, among others. We would expect most of the tenants to originate from the local area and throughout the MSA, with some tenants from other areas.

The population of DeKalb County was 691,893 in 2010, according to U.S. Census data. As of 2016, the MSA had a population of 5,665,958 people. According to the Bureau of Labor Statistics, the MSA's unemployment rate in February 2017 was 4.9 percent. Overall, the health of the MSA's economy has improved and recent trends in employment growth and unemployment rates indicate that the MSA has recovered from the most recent national recession and housing crisis.



Source: Google Earth, June 2017.

ECONOMIC ANALYSIS

Major Employers

The following table details the major employers in DeKalb County, Georgia.

LARGEST EMPLOYERS: DEKALB COUNTY, GA

Rank	Company	Industry	Number of Employees
1	Emory University	Educational Services	10,000+
2	DeKalb Medical Center Pharmacy	Healthcare	1,000 - 4,999
3	Emory University Hospital	Healthcare	1,000 - 4,999
4	DeKalb County Police	Public Administration	1,000 - 4,999
5	Allscripts	Healthcare	1,000 - 4,999
6	Georgia Perimeter College	Educational Services	1,000 - 4,999
7	Centers for Disease Control	Healthcare	1,000 - 4,999
8	DeKalb Medical at N Decatur	Healthcare	1,000 - 4,999
9	Granite Pro Inc.	Manufacturing	1,000 - 4,999
10	Quest Diagnostics	Healthcare	1,000 - 4,999

Source: Georgia Department of Labor, Georgia Labor Market Explorer, June 2017.

As the previous table illustrates, the major DeKalb County employers are concentrated in the educational services, healthcare, and public administration sectors. Historically, these three industries have been stable during times of recession. This indicates that the local economy in DeKalb County is relatively stable and would perform well in the event of a future recession.

Employment Expansion/Contractions

We have reviewed publications by Georgia Department of Economic Development, Workforce Division listing WARN (Worker Adjustment and Retraining Notification Act) notices since 2014. The following table details WARN notices between 2014 and year-to-date 2017.

WARN NOTICES - DEKALB COUNTY, GA - 2014-2017

Company	Industry	Number of Employees Affected
Macy's Customer Fulfillment Center	Wholesale Trade	133
Hawker Beechcraft	Transportation/Warehousing	42
Holiday Inn Atlanta Perimeter	Accommodation/Food Services	43
EchoStar Technologies LLC	Information	137
GA State University	Educational Services	25
Crawford and Company	Finance/Insurance	21
Sears Holding Corporation	Management of Companies/Enterprises	48
Quad Graphics	Manufacturing	110
DeKalb County Government	Public Administration	88
Hood Packaging Corporation	Administrative/Support/Waste Management Services	59
Georgia-Pacific Corrugated LLC	Manufacturing	80
CCP North America Inc.	Professional/Scientific/Tech Services	57
RCO Legal, P.S.	Professional/Scientific/Tech Services	133
Total		976

Source: Georgia Department of Economic Development, Workforce Division, June 2017

As illustrated in the table above, there have been 976 employees in the area impacted by layoffs or closures since 2014. Despite these job losses, there has been some job growth in the area. Job expansions are detailed in the table below.

EXPANSIONS/NEW ADDITIONS - DEKALB COUNTY, GA - 2014 - 2017

Company	Industry	Number of Employees
Seven Oaks Company	Real Estate/Rental/Leasing	1,350
Home Chef	Retail Trade	1,200
Cox Automotive HQ	Information	1,200
Sysnet Global Solutions	Information	500
Children's Health Care of Atlanta	Healthcare	143
Sprouts Farmers Market	Retail Trade	100
Source One Direct	Professional/Scientific/Tech Services	100
The Task Force for Global Health	Healthcare	85
Eurofins Genomics	Professional/Scientific/Tech Services	78
Total		4,756

As illustrated, there were several job additions in a variety of industries including retail trade, healthcare, and professional/scientific/technology services. Between 2014 and 2017, there were more than 3,000 new jobs created, which helps to counteract the 976 layoffs in the county during the same period. Seven Oaks Company added the greatest number of employees over this period. Seven Oaks Company is a private commercial real estate firm specializing in acquisition, development and re-development of land and mixed-use office projects, and asset management. The company has added approximately 1,350 employees in DeKalb County in the past three years.

Employment and Unemployment Trends

The table below illustrates the employment and unemployment rate for the MSA from 2002 to April 2017.

EMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Atlanta-Sandy Springs-Roswell, GA MSA			USA		
	Total Employment	% Change	Differential from peak	Total Employment	% Change	Differential from peak
2002	2,324,880	-	-16.6%	136,485,000	-	-9.9%
2003	2,347,173	1.0%	-15.8%	137,736,000	0.9%	-9.0%
2004	2,382,163	1.5%	-14.6%	139,252,000	1.1%	-8.0%
2005	2,445,674	2.7%	-12.3%	141,730,000	1.8%	-6.4%
2006	2,538,141	3.8%	-9.0%	144,427,000	1.9%	-4.6%
2007	2,618,825	3.2%	-6.1%	146,047,000	1.1%	-3.6%
2008	2,606,822	-0.5%	-6.5%	145,363,000	-0.5%	-4.0%
2009	2,452,057	-5.9%	-12.1%	139,878,000	-3.8%	-7.6%
2010	2,440,037	-0.5%	-12.5%	139,064,000	-0.6%	-8.2%
2011	2,486,895	1.9%	-10.8%	139,869,000	0.6%	-7.6%
2012	2,545,474	2.4%	-8.7%	142,469,000	1.9%	-5.9%
2013	2,573,040	1.1%	-7.7%	143,929,000	1.0%	-5.0%
2014	2,620,911	1.9%	-6.0%	146,305,000	1.7%	-3.4%
2015	2,684,068	2.4%	-3.7%	148,833,000	1.7%	-1.7%
2016	2,788,476	3.9%	0.0%	151,436,000	1.7%	0.0%
2017 YTD Average*	2,788,476	0.0%	-	151,435,833	0.0%	-
Apr-2016	2,837,328	-	-	151,798,000	-	-
Apr-2017	2,872,402	1.2%	-	151,798,000	0.0%	-

Source: U.S. Bureau of Labor Statistics June 2017

UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

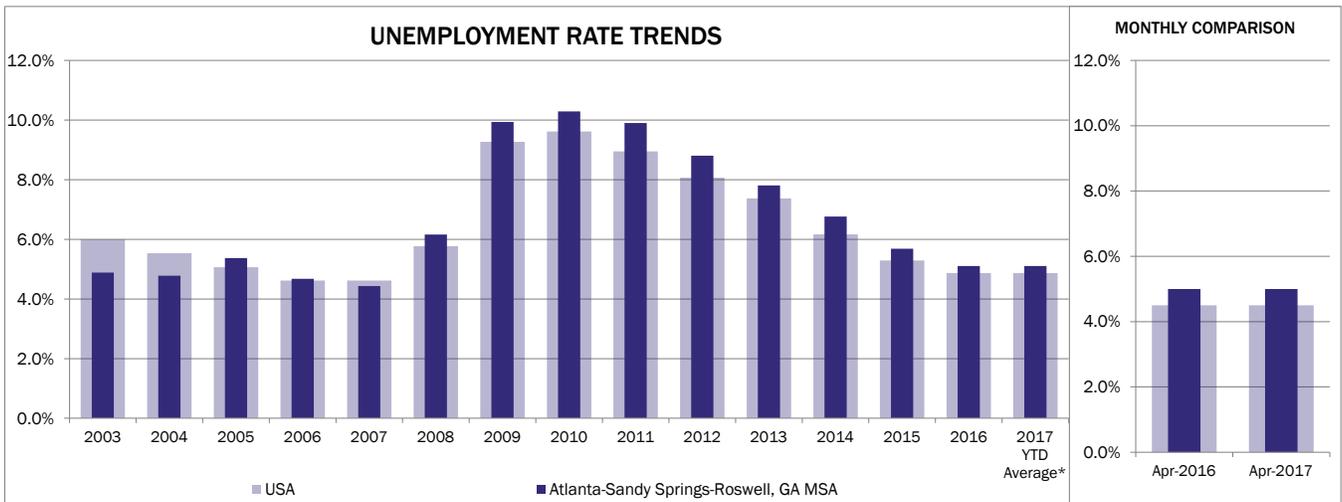
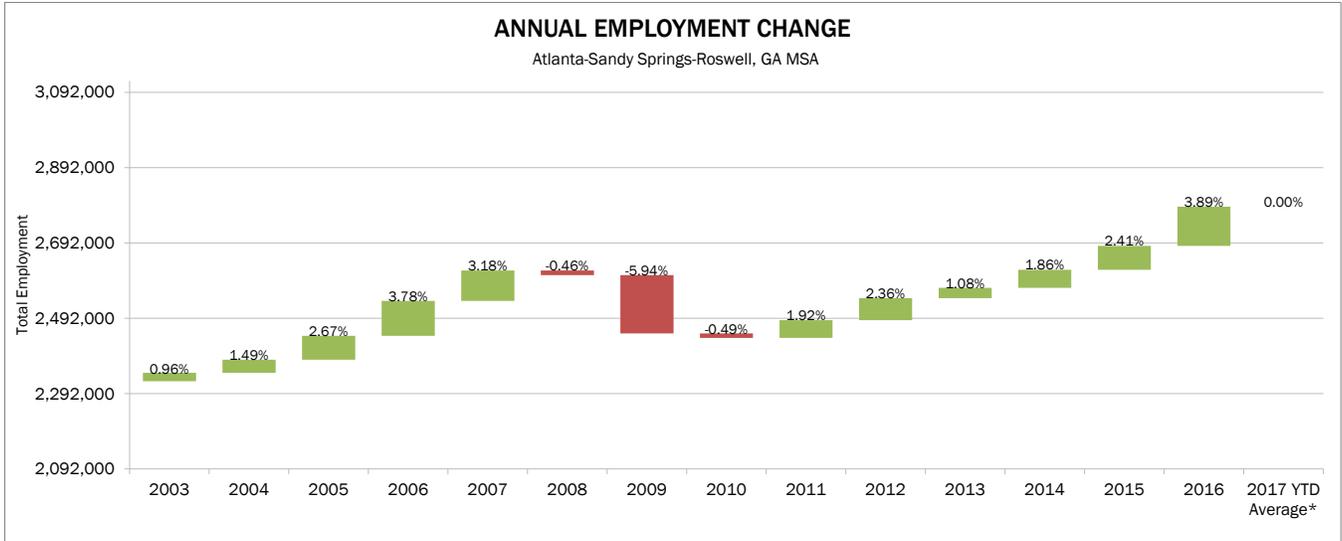
	Atlanta-Sandy Springs-Roswell, GA MSA			USA		
	Unemployment Rate	Change	Differential from peak	Unemployment Rate	Change	Differential from peak
2002	4.3%	-	0.0%	5.8%	-	1.2%
2003	4.9%	0.6%	0.6%	6.0%	0.2%	1.4%
2004	4.8%	-0.1%	0.5%	5.5%	-0.5%	0.9%
2005	5.4%	0.6%	1.1%	5.1%	-0.5%	0.5%
2006	4.7%	-0.7%	0.4%	4.6%	-0.5%	0.0%
2007	4.4%	-0.2%	0.1%	4.6%	0.0%	0.0%
2008	6.2%	1.7%	1.9%	5.8%	1.2%	1.2%
2009	9.9%	3.8%	5.6%	9.3%	3.5%	4.7%
2010	10.3%	0.4%	6.0%	9.6%	0.3%	5.0%
2011	9.9%	-0.4%	5.6%	9.0%	-0.7%	4.3%
2012	8.8%	-1.1%	4.5%	8.1%	-0.9%	3.5%
2013	7.8%	-1.0%	3.5%	7.4%	-0.7%	2.8%
2014	6.8%	-1.0%	2.5%	6.2%	-1.2%	1.6%
2015	5.7%	-1.1%	1.4%	5.3%	-0.9%	0.7%
2016	5.1%	-0.6%	0.8%	4.9%	-0.4%	0.3%
2017 YTD Average*	5.1%	0.0%	-	4.9%	0.0%	-
Apr-2016	5.0%	-	-	4.5%	-	-
Apr-2017	4.5%	-0.5%	-	4.5%	0.0%	-

Source: U.S. Bureau of Labor Statistics June 2017

Between 2003 and 2007, total employment in the MSA exhibited positive growth, with a pre-recession peak in 2007. These increases were significant but were followed by employment decreases from 2008 to 2010 as a result of the most recent economic recession. The MSA appears relatively healthy as total employment increased each year from 2011 through 2016. As of 2014, total employment in the MSA exceeded pre-recessionary levels. Furthermore, the total employment growth in the MSA from April 2016 to April 2017 increased by 1.2 percent, outpacing national trends.

The unemployment rate in the MSA has historically been lower than the unemployment rate in the nation, with the exception of the year 2005. Unemployment in the MSA began to increase in 2008 and reached its peak in 2010. Unemployment in the MSA has decreased each year since 2010 but has yet to reach its pre-recession levels. The most recent data suggests that the unemployment rate in the MSA is the lowest it has been since 2008. Overall, the MSA has demonstrated more tempered economic growth in the wake of the recession than the nation as a whole, but appears to be in an expansionary phase.

The tables below provide more illustration of the changes in employment and unemployment rate trends in the MSA.



Employment by Industry

The following table illustrates employment by industry for the PMA and the nation as of 2017.

2017 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	12,076	14.2%	21,304,508	14.1%
Retail Trade	11,474	13.5%	17,169,304	11.3%
Educational Services	8,177	9.6%	14,359,370	9.5%
Accommodation/Food Services	7,510	8.9%	11,574,403	7.6%
Manufacturing	6,805	8.0%	15,499,826	10.2%
Transportation/Warehousing	6,215	7.3%	6,128,217	4.0%
Prof/Scientific/Tech Services	5,812	6.9%	10,269,978	6.8%
Admin/Support/Waste Mgmt Svcs	4,598	5.4%	6,511,707	4.3%
Other Services (excl Publ Adm)	4,083	4.8%	7,463,834	4.9%
Public Administration	4,068	4.8%	7,093,689	4.7%
Finance/Insurance	3,103	3.7%	6,942,986	4.6%
Construction	2,701	3.2%	9,342,539	6.2%
Information	2,293	2.7%	2,862,063	1.9%
Wholesale Trade	2,063	2.4%	4,066,471	2.7%
Real Estate/Rental/Leasing	1,606	1.9%	2,946,196	1.9%
Arts/Entertainment/Recreation	1,494	1.8%	3,416,474	2.3%
Utilities	527	0.6%	1,344,219	0.9%
Agric/Forestry/Fishing/Hunting	97	0.1%	2,253,044	1.5%
Mining	47	0.1%	749,242	0.5%
Mgmt of Companies/Enterprises	27	0.0%	89,612	0.1%
Total Employment	84,776	100.0%	151,387,682	100.0%

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

Healthcare/social assistance, retail trade and educational services are the largest industries within the PMA. Combined they represent approximately 37.4 percent of total employment within the PMA. Both the health care/social assistance and educational services sectors have experienced growth over the past decade. The PMA is overrepresented in the retail trade, accommodation/food services, transportation/warehousing, and administration/support/waste management services sectors. Comparatively, the manufacturing, finance/insurance, construction, and arts/entertainment/recreation sectors are underrepresented in the PMA.

Conclusion

Employment in the PMA is concentrated in five industries which represent approximately 54.3 percent of total local employment. Two of those industries, educational services and healthcare/social assistance, are resilient during periods of economic downturn. Additionally, the county's largest employers are in the education and healthcare fields. Overall, the county experienced moderate employment growth between 2011 and year-to-date 2017. As of April 2017, total employment in the county was higher than ever before, having eclipsed its pre-recession peak in 2014. The unemployment rate in the county as of December 2016 was 50 basis points higher than the national unemployment rate, but lower than its 2010 high of 10.3 percent. Overall, employment growth and the declining unemployment rate indicate that DeKalb County has made a recovery from the most recent national recession and is in an expansionary phase. Recent business expansions in several industries suggest both the health of the county's historically stable industries such as healthcare and education and the growth of smaller industries such as professional/scientific/technology

services. The growing local economy is a positive indicator of demand for rental housing and the Subject's proposed units.

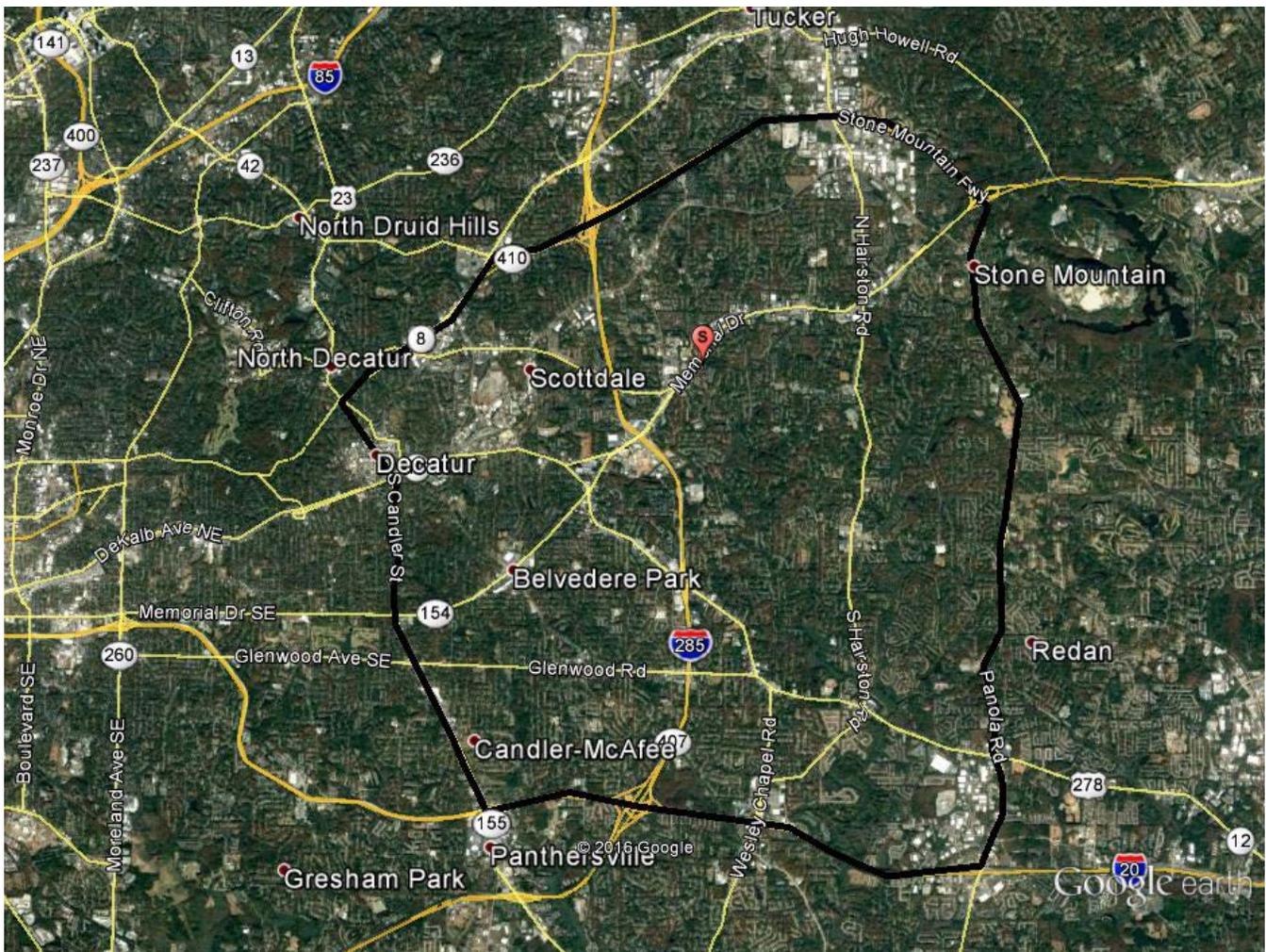
DEMOGRAPHIC ANALYSIS

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.

Primary Market Area (PMA)

The PMA is defined as a portion of the east Atlanta area including the communities of Stone Mountain, Scottdale, Clarkston, Belvedere Park, and Avondale Estates. This area bounded by Stone Mountain Freeway to the north, Candler Road and US Route 29 to the west, Interstate 20 to the south, Panola Road and South Stone Mountain Lithonia Road to the east. The PMA boundaries are supported by interviews with local property managers and the average drive time of individuals in the PMA. The Secondary Market Area (SMA) for the Subject is the Atlanta-Sandy Springs-Roswell, GA metropolitan statistical area (MSA).

Primary Market Area Map



Source: Google Earth, retrieved June 2017.

Population and Households

The tables below illustrate the population and household trends in the PMA, MSA, and nation from 2000 through 2021.

SENIOR POPULATION, 55+

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual	Number	Annual Change	Number	Annual
2000	24,470	-	646,403	-	59,266,437	-
2010	35,097	4.3%	1,028,311	5.9%	76,750,713	3.0%
2017	42,452	1.2%	1,281,822	1.4%	90,114,303	1.0%
Projected Mkt Entry January 2018	43,099	2.4%	1,309,497	3.5%	91,426,239	2.3%
2021	47,631	2.4%	1,503,218	3.5%	100,609,788	2.3%

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 55+

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual	Number	Annual Change	Number	Annual
2000	14,774	-	389,452	-	36,459,822	-
2010	21,714	4.7%	612,759	5.7%	45,892,195	2.6%
2017	26,386	1.2%	853,568	2.3%	54,372,574	1.1%
Projected Mkt Entry January 2018	26,849	2.8%	860,526	1.3%	55,070,414	2.1%
2021	30,094	2.8%	909,238	1.3%	59,955,298	2.1%

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

The senior population aged 55 and older in the PMA grew by approximately 4.3 percent between 2000 and 2010. The senior population of the MSA grew by approximately 5.9 percent over the same period. The senior population in the PMA and MSA experienced a population increase from 2010 to 2017 and is projected to continue to increase at a slightly faster rate through 2021. Overall, we believe that senior population growth in the PMA and MSA is a positive indication of demand for the Subject's proposed units.

Household Income

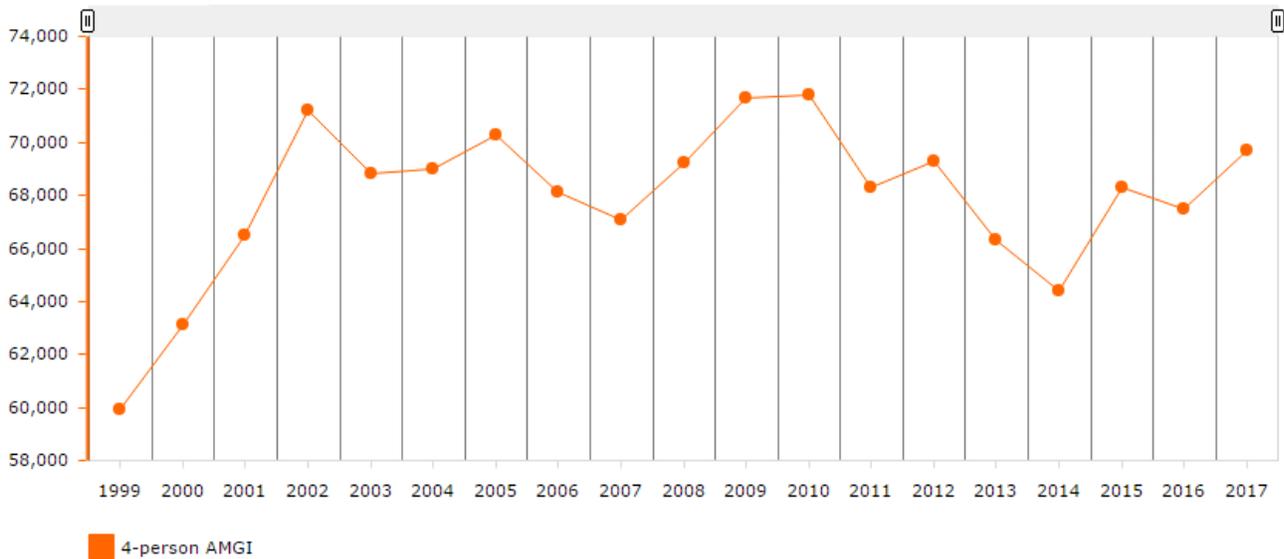
The table below illustrates Median Household Income in the PMA, MSA, and nation from 2000 through 2021.

Year	MEDIAN HOUSEHOLD INCOME					
	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$42,943	-	\$51,619	-	\$42,164	-
2017	\$40,440	-0.3%	\$57,792	0.7%	\$54,149	1.6%
Projected Mkt Entry January 2018	\$41,100	2.6%	\$58,806	2.8%	\$54,815	2.0%
2021	\$45,719	2.6%	\$65,901	2.8%	\$59,476	2.0%

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

As indicated in the table above, the PMA has a significantly lower median household income level than both the MSA and the nation. Conversely, the MSA has a higher median income than the nation. Median household income is expected to increase in both the PMA and the MSA through market entry, by 2.6 and 2.8 percent, respectively. Median household income in the PMA will continue to lag median household income in the MSA and the nation through market entry and through 2021.

The following chart illustrates the AMI level for a four-person household in DeKalb County.



Source: Novogradac & Company, LLP, 6/2017

Overall, the AMGI has increased at an average annual rate of 0.8 percent between 1999 and 2017. Nationally, 84 percent of counties experienced a decrease in the 2013 AMGI level due to decreased income limits in approximately 50 percent of counties nationwide. The Subject’s area appears to have been affected by this change. Following the 2013 change, the county’s AMGI peaked in 2015 and decreased over the following year. The DeKalb County AMGI increased between 2016 and 2017, surpassing the 2015 peak. Overall, the AMGI increased by 0.8 percent between 2015 and 2017.

Conclusion

The Subject site is located in an area where the senior population and senior households are expected to increase in the PMA and MSA through 2021. Additionally, the median household income in the PMA and the MSA is expected to continue exceeding the national median household income through 2021. The anticipated population and household growth in the PMA through 2021 suggest continued demand for senior rental housing in the PMA.

NEIGHBORHOOD ANALYSIS

The neighborhood surrounding an apartment property often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

Surrounding Land Uses

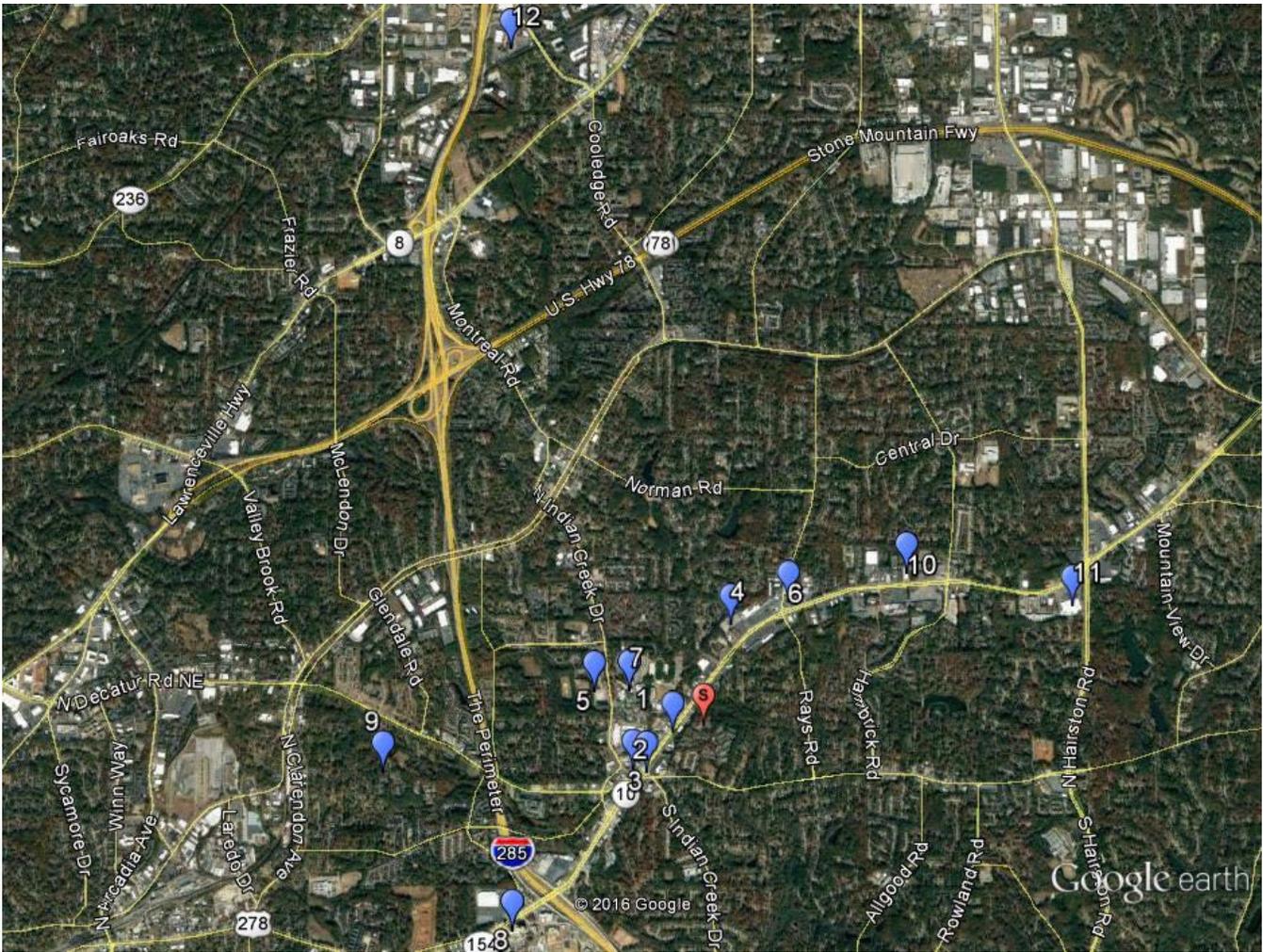
The Subject site has average visibility and accessibility from Memorial Drive. Surrounding uses consist of multifamily, commercial, and single-family uses, as well as undeveloped land. Based on our inspection of the neighborhood, retail appeared to be 95 percent occupied. The Subject site is considered “Somewhat Walkable” by *Walk Score* with a rating of 56 out of 100. Crime risk indices in the Subject’s area are generally above that of the MSA and the nation. The Subject will offer perimeter fencing, in-unit alarms, limited access, a patrol, and video surveillance as security features. All of the comparables offer security features, but most offer security features inferior to the Subject’s. We believe the Subject’s security features will be competitive within the market. The Subject is considered a desirable building site for rental housing. The Subject is located in a residential neighborhood. The uses surrounding the Subject are in average to good condition and the site has good proximity to locational amenities, which are within 2.7 miles of the Subject site.

Proximity to Local Services

The Subject is close to many important local services as shown in the table below.

LOCALATIONAL AMENITIES		
Number	Service or Amenity	Distance from Subject
1	Bus Stop	0.2 miles
2	Wells Fargo Bank	0.5 miles
3	Shell Gas Station	0.6 miles
4	US Post Office	1.0 miles
5	Clarkston High School	1.0 miles
6	Walgreens Pharmacy	1.2 miles
7	GSU Perimeter College - Clarkston Campus	1.2 miles
8	DeKalb County Sheriff's Office	1.8 miles
9	South Dekalb Senior Center	2.0 miles
10	Oakhurst Medical Center	2.1 miles
11	Walmart	2.7 miles

Most desirable locational amenities are located within 2.7 miles of the Subject property. A map with the location of these services follows.



Source: Google Earth, accessed June 2017.

Public Transportation

The Metropolitan Atlanta Rapid Transit Authority (MARTA) provides local bus and light rail service connecting the Subject's neighborhood to others in the Atlanta metro area. MARTA operates several bus routes in the Subject's neighborhood, and the nearest bus stop to the Subject is located at the corner of Memorial Drive and Woodcroft Drive. This stop is along Route 121, which provides access to retail and commercial uses along Memorial Drive and MARTA's light rail station at Kensington Station. MARTA's blue light rail lines services the Kensington Station, providing access west through Atlanta. MARTA's bus and light rail routes operate on regular schedules throughout the week and weekends. One-way fare is \$2.50 for all passengers.

Crime Statistics

The following table shows personal and property crimes for the PMA and MSA as an index, meaning an index of 100 is average. Any number above 100 is above average compared to the national crime index, while any number below 100 indicates lower than average crime.

2017 CRIME INDICES		
	PMA	Atlanta-Sandy Springs- Roswell, GA MSA
Total Crime*	196	139
Personal Crime*	160	130
Murder	222	155
Rape	132	88
Robbery	233	163
Assault	126	118
Property Crime*	201	140
Burglary	224	147
Larceny	189	134
Motor Vehicle Theft	239	178

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

*Unweighted aggregations

The total crime indices in the PMA are generally above that of the MSA and the nation. Personal crime in the PMA is above MSA and national personal crime levels. The Subject will offer security features including an in-unit alarm, limited access control, a patrol, and video surveillance. All of the comparables offer security features, but most offer security features inferior to the Subject's. We believe the Subject's security features will be competitive within the market.

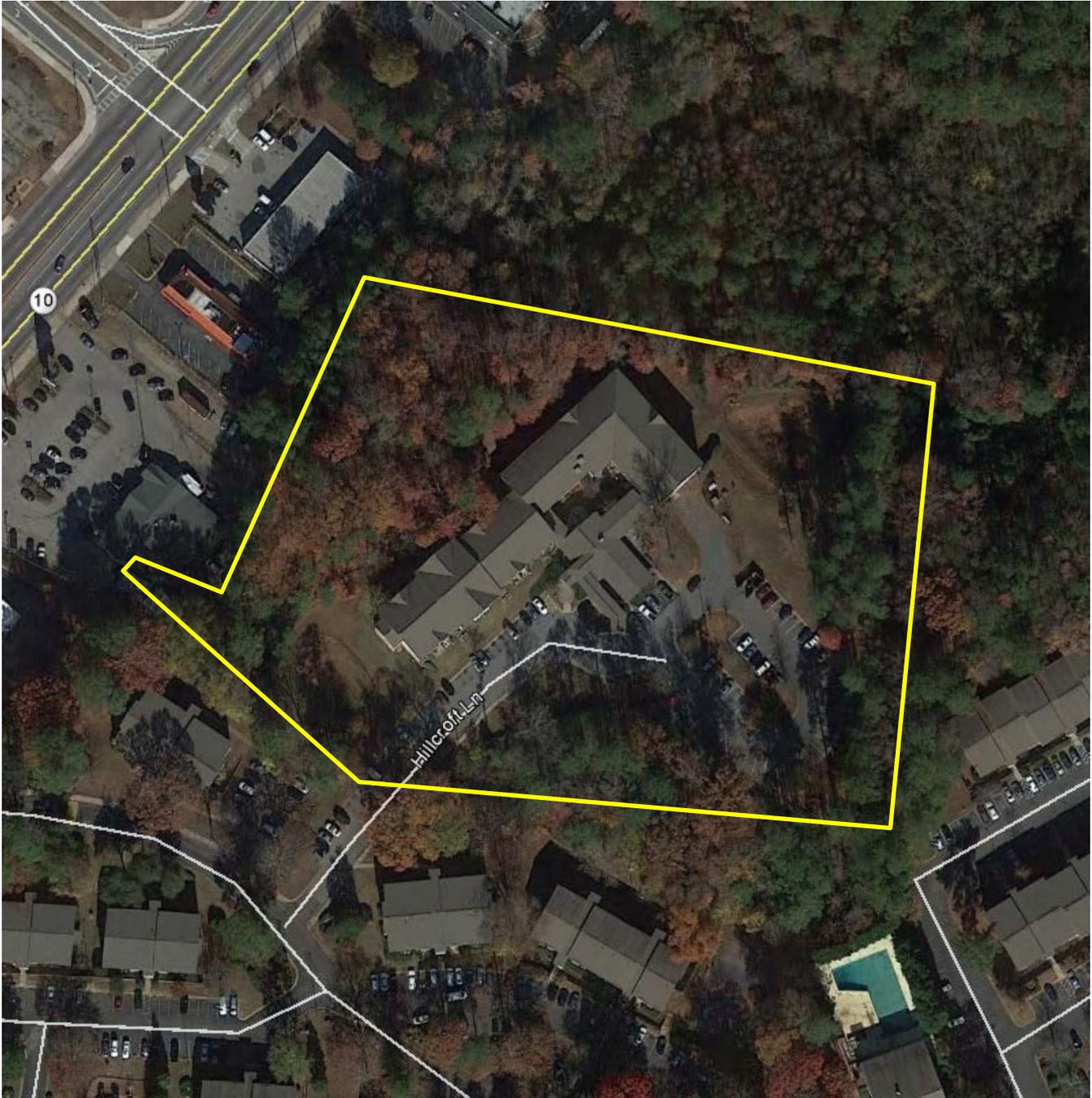
Conclusion

The Subject is located on the east side of Memorial Drive. The Subject site has average visibility and accessibility from Memorial Drive. Surrounding uses consist of multifamily, commercial, and single-family uses, as well as undeveloped land. Based on our inspection of the neighborhood, retail appeared to be 95 percent occupied. The Subject site is considered "Somewhat Walkable" by *Walk Score* with a rating of 56 out of 100. Crime risk indices in the Subject's area are generally above that of the MSA and the nation. The Subject will offer perimeter fencing, in-unit alarms, limited access, a patrol, and video surveillance as security features. All of the comparables offer security features, but most offer security features inferior to the Subject's. We believe the Subject's security features will be competitive within the market. The Subject is considered a desirable building site for rental housing. The Subject is located in a residential neighborhood. The uses surrounding the Subject are in average to good condition and the site has good proximity to locational amenities, which are within 2.7 miles of the Subject site.

IV. ANALYSIS OF THE SUBJECT

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 will discuss the physical features of the site, as well as layout, access issues, and traffic flow. An aerial map of the Subject is provided below.



Source: GoogleEarth, retrieved June 2017

Size:	According to information provided by the DeKalb County Assessor's Office, the site is approximately 5.36 acres, or 233,482 square feet.
Shape:	The Subject site is irregular in shape.
Frontage:	The Subject site has frontage along Hillcroft Lane.
Topography	The site is gently rolling.
Utilities:	All utilities are available to the site.
Surrounding Visibility/Views:	The Subject site is located in a mixed-use neighborhood that consists of multifamily developments, single-family homes, and commercial uses, which range in condition from average to good. Views to the north, east, and west consist of wooded land, while views to the south consist of wooded land with limited views of Spring Chase Apartments. The Subject site has average views and visibility.
Access and Traffic Flow:	The Subject is accessible from Hillcroft Lane. Hillcroft Lane intersects with Hillcroft Drive just southwest of the Subject. Hillcroft Drive is a lightly trafficked access road that provides access to Memorial Drive, a major commercial corridor in the area. Memorial Drive provides direct access to Interstate 285 to the southwest. Traffic flow in the immediate area is good. Overall, access and traffic flow are considered good.
Environmental, Soil and Subsoil Conditions and Drainage:	We asked for but were not provided with an environmental assessment of the Subject site. Our inspection of the site did not reveal any obvious detrimental environmental, soil, or subsoil conditions. However, we are not experts in this field and assume the Subject is adequate. Further analysis is beyond the scope of this report.
Flood Plain:	According to www.floodinsights.com , the Subject is located in Zone X (community map number 130065, panel number 0086J dated May 16, 2013) and is located outside the 100 and 500-year flood plains. 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.
LURA:	The Subject is currently restricted to development with affordable housing through 2033.
Detrimental Influences:	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.
Conclusion:	The Subject is generally compatible with the existing surroundings. No detrimental influences were identified in the immediate

neighborhood. The Subject is physically capable of supporting a variety of legally permissible uses, and is considered a desirable building site.

DESCRIPTION OF THE IMPROVEMENTS

Details of the Subject’s improvements are summarized on the following page. This information, which was provided by the property owner, is presumed to be accurate.

Property Improvements: The Subject will be located on Memorial Drive in Stone Mountain, DeKalb County, Georgia. The property is proposed rehabilitation of an existing subsidized development that will offer 83 one and two-bedroom units restricted to seniors age 55 and older earning 60 percent of AMI or less. All of the Subject’s units will be subsidized through project-based rental assistance (PBRA).

Year Built or Date of Completion: The Subject was originally constructed in 2003 and is proposed for renovation 2017. Construction on the Subject is expected to be completed in January 2018.

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

Proposed Rents and Unit Mix: The following table details the Subject’s proposed unit mix and rents. Per the Georgia DCA 2016 guidelines, the market study analyst must use the maximum rent and income limits effective as of January 1, 2017. Therefore, we have utilized the 2016 maximum income and rent limits.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent (1)	Utility Allowance (2)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>60% AMI (PBRA)</i>							
1BR	576	71	\$902	\$0	\$902	\$759	\$820
2BR	857	12	\$1,043	\$0	\$1,043	\$912	\$949
Total		83					

Notes (1) Asking Rents are the Subject's contract rents. (2) Source of Utility Allowance provided by the Developer.

Parking: The Subject includes 85 parking spaces as proposed, or approximately one space per unit. This parking ratio meets zoning requirements and is considered adequate.

Unit Layout: Based on our inspection of the property, the floor plans appear adequate relative to their intended use and they will offer good functional utility. The appraiser inspected the following units on June 27, 2017.

UNITS INSPECTED

Unit Number	Unit Type	Occupied/Vacant	Condition
211	1BR	Occupied	Average
420	2BR	Occupied	Average

Utility Structure: The landlord will be responsible for all utilities including cooking,

heating and cooling, water heating, general electric expenses, cold water, sewer, and trash expenses. Most of the comparable properties have differing utility structures when compared to the Subject and have received appropriate adjustments. These adjustments are based on the utility allowance schedule provided by DeKalb County Housing Authority October 2015, which is the most recent available.

UTILITY ALLOWANCE

UTILITY AND SOURCE	Paid By	1BR	2BR
Heating - Electric	Landlord	\$15	\$19
Cooking - Electric	Landlord	\$8	\$10
Other Electric	Landlord	\$26	\$34
Air Conditioning	Landlord	\$8	\$12
Water Heating - Electric	Landlord	\$16	\$24
Water	Landlord	\$13	\$17
Sewer	Landlord	\$49	\$66
Trash	Landlord	\$0	\$0
TOTAL - Paid By Subject		\$135	\$182
TOTAL - Paid By Tenant		\$0	\$0
TOTAL - Paid By Tenant Provided by		\$0	\$0

Source: DeKalb County Housing Authority, 10/2015

Americans With Disabilities Act of 1990:

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

Remaining Economic Life:

Based on a typical economic life of 60 years and the Subject's anticipated excellent condition upon rehabilitation, we believe the economic life for the Subject would equal or surpass 60 years upon completion.

Quality of Construction:

We assume the Subject will be completed in a manner consistent with the information provided, using average-quality materials in a professional manner. As recent rehabilitation, the Subject will not suffer from deferred maintenance.

Scope of Renovations:

The Subject will be renovation of an existing subsidized property. Total renovation costs \$4,671,240 or \$57,670 per unit. According to information provided by the developer, the Subject's scope of renovation will include, but will not be limited to:

- Regrading of the site
- Planting of trees, shrubs, and annuals and tree pruning and root removal
- Addition of site fencing
- Repaving asphalt in the parking lot
- Addition of street and grounds lighting
- Construction of exterior gathering area
- Repair to exterior masonry work
- Addition of roof insulation
- Installation of new shingles, gutters, and downspouts

- Installation of new exterior siding
- Replacement of interior doors and exterior doors
- Replacement of windows
- Repair and replacement of drywall
- Installation of new ceramic floors
- Painting of exterior and interior walls
- Installation of new signage and bathroom accessories
- Replacement of kitchen cabinets
- Replacement of kitchen appliances
- Replacement of HVAC equipment and cleaning of ductwork
- Installation of new unit light fixtures, outlets, and light switches
- Installation of new smoke detectors.
- Addition of two new rental units.

Current Rents:

The property is an existing Project-Based Section 8 and market-rate senior development that consists of one four-story elevator-serviced building. The Subject consists of 69 one-bedroom and 12 two-bedroom units. The project currently contains 69 Project-Based Voucher (PBV) units reserved for households earning 50 percent of the Area Median Income (AMI) or below, as well as 12 market-rate units. All units are restricted to senior housing for older persons (HFOP) age 55 and older. We asked for, but were not provided with, a current rent roll at the property, and thus cannot comment on average tenant-paid rents. The following table illustrates the current rents at the Subject. Per the Georgia DCA 2016 guidelines, the market study analyst must use the maximum rent and income limits effective as of January 1, 2017. Therefore, we have utilized the 2016 maximum income and rent limits.

CURRENT RENTS

Unit Type	Unit Size (SF)	Number of Units	Contract Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>PBRA (50% AMI)</i>							
1BR/1BA	576	40	\$570	\$0	\$570	\$633	\$820
<i>Market Rate</i>							
1BR/1BA	576	29	\$570	\$0	\$570	-	\$820
2BR/2BA	875	<u>12</u>	\$670	\$0	\$670	-	\$949
Total		81					

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

The following table details Section 8 contract rents and rents for the Subject’s units as of July 1, 2017. These rents are substantially higher than the Subject’s current contract rents.

CURRENT RENTS AS OF JULY 1, 2017

Unit Type	Unit Size (SF)	Number of Units	Contract Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>60% AMI (PBRA)</i>							
1BR	576	34	\$902	\$0	\$902	\$759	\$820
2BR	857	6	\$1,043	\$0	\$1,043	\$912	\$949
<i>Market Rate</i>							
1BR	576	35	\$902	\$0	\$902	\$759	\$820
2BR	857	<u>6</u>	\$1,043	\$0	\$1,043	\$912	\$949
Total		81					

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

Current Occupancy: The Subject property is currently fully-occupied according to management. The Subject currently operates as a Section 8/LIHTC property. Following renovations all units will operate with a subsidy.

Functional Utility: As recent rehabilitation, we assume the Subject will not suffer from functional obsolescence. We have reviewed the Subject's site and floor plans and determined them to be market-oriented and functional.

Conclusion: The Subject is proposed rehabilitation of an existing, average quality Section 8 and market-rate multifamily development. Upon completion, the Subject will exhibit excellent condition.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

Retreat At Spring Hill

Location 4947 Memorial Drive
 Stone Mountain, GA 30083
 Dekalb County County
 Intersection: Woodcroft Drive
 (verified)

Units 83

Type Midrise (age-restricted)
 (4 stories)

Year Built / Renovated 2003 / Proposed 2017

Tenant Characteristics Seniors age 55 and older



Market

Program	@60% (PBRA)	Leasing Pace	N/A
Annual Turnover Rate	N/A	Change in Rent (Past Year)	N/A
Units/Month Absorbed	N/A	Concession	N/A
Section 8 Tenants	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	Midrise (4 stories)	71	576	\$902	\$0	@60% (PBRA)	n/a	N/A	N/A	N/A
2	2	Midrise (4 stories)	12	857	\$1,043	\$0	@60% (PBRA)	n/a	N/A	N/A	N/A

Amenities

In-Unit	Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Hand Rails Microwave Oven Pull Cords Refrigerator Walk-In Closet	Security	In-Unit Alarm Limited Access Patrol Video Surveillance
Property	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Courtyard Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Recreation Areas Service Coordination	Premium	none
Services	Shuttle Service	Other	none

Comments

Only first floor units will have washer/dryers and patios. The property will include a business center, gazebo, and community room.

ASSESSMENT VALUE AND TAXES

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

The Subject site is located in DeKalb County. According to the DeKalb County Assessor’s Office, real estate taxes for property located in DeKalb County are based upon a property’s assessed valuation. Market values are assessed predominantly using the income approach for multifamily rental properties. Multifamily properties are re-assessed every three years and the assessed values are 40 percent of the tax appraised value. The Subject is owned by a non-profit and is exempt from real estate taxes. Therefore, there is no tax burden for the restricted scenarios.

The current millage rate for the Subject is \$59.10 per \$1,000 of assessed value. The following comparables have been utilized to estimate the appropriate assessed value for the Subject. It should be noted that we were unable to obtain assessed values for the majority of the rent comparables used in this report.

COMPARABLE ASSESSMENTS

Property	Type	Year Built	Number of Units	2016 Tax Appraised Value	Tax Appraised Value Per Unit
Panola Gardens	LIHTC	2015	84	\$3,502,000	\$41,690
Mountain Crest Apartments	LIHTC	1972	160	\$5,733,100	\$35,832
Spring Chase Apartments	Section 8	2003	380	\$10,552,900	\$27,771
Aphepa One Apartments	Section 8	1998	68	\$2,612,100	\$38,413
Avery Glen Apartments	Market	1993	118	\$7,070,229	\$59,917
Reserve at Stone Creek	Market	1987	809	\$32,460,000	\$40,124
Clairmont Crest	Market	1985	200	\$10,936,400	\$54,682
Wildwood at Stone Mountain	Market	2001	298	\$17,700,000	\$59,396
Average			265	\$11,320,841	\$44,728

The previous data indicates assessed values per unit ranging from \$27,771 to \$59,917 per unit for comparable multifamily properties located in DeKalb County. Per the assessor, unrestricted and restricted properties are similarly assessed via the income approach. As the previous table demonstrates, most of the market rate properties have higher assessed values per unit when compared to the affordable properties, which is reasonable considering the higher achievable rents at the market rate properties. The Subject was constructed in 2003 and is considered superior to the majority of the comparables in terms of age and condition. As such, the Subject will likely receive an assessment at the high end of the range for affordable properties for the restricted scenario and at the high end of the range for the market rate properties for the unrestricted scenario. Therefore, we have estimated a total value per unit of \$40,000 for the restricted scenarios. We believe a total value of \$60,000 per unit is reasonable for the unrestricted scenarios given the data presented. The tables following summarize our conclusions.

TAX CALCULATION - AS IS RESTRICTED SCENARIO

Total Value Per Unit	Total Value	Assessed Value (40% of Total Value)	Millage Rate (Per \$1,000)	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$40,000	\$3,240,000	\$1,296,000	\$59.10	\$76,594	\$946

TAX CALCULATION - AS RENOVATED RESTRICTED

Total Value Per Unit	Total Value	Assessed Value (40% of Total Value)	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$40,000	\$3,320,000	\$1,328,000	\$59.10	\$78,485	\$946

TAX CALCULATION - AS RENOVATED UNRESTRICTED

Total Value Per Unit	Total Value	Assessed Value (40% of Total Value)	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$60,000	\$4,980,000	\$1,992,000	\$59.10	\$117,727	\$1,418

We have utilized \$946 per unit in the restricted scenario and \$1,418 per unit in the unrestricted scenario as the tax expense for the Subject property for our analysis. It should be noted that our estimated restricted market values for tax purposes are below our market values presented later in this report. However, this appears reasonable based on other sales in the area. Thornberry Apartments, The Woodbridge, and East Perimeter Apartments all sold in DeKalb County in 2015 and are currently assessed at amounts between 55 and 80 percent of the sales price.

ZONING

Current Zoning

According to the DeKalb County Zoning Department, the Subject site is currently zoned Medium Density Residential-2 (MR-2). The principal residential uses permitted under this zoning code are single-family and multifamily developments. Accessory commercial uses are also permitted. Bonus density requirements allow a maximum of 18 units per acre for properties when 10 percent of the units are occupied by very low income households, 20 percent of the units are occupied by low income households, or 25 percent of the units are occupied by senior households. The Subject property is occupied 100 percent by senior household; thus, the bonus density applies. The Subject site is 5.36 acres and has a density of approximately 15.1 units per acre. The Subject consists of one four-story, low-rise building. The Subject appears to be a legal, conforming use.

Potential Zoning Changes

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

V. COMPETITIVE RENTAL ANALYSIS

COMPETITIVE RENTAL ANALYSIS

General Market Information

We consulted a REIS Submarket Trend Futures report for the Clarkston/Stone Mountain submarket to gather information on the local apartment rental market. According to the report, asking rents in the Stone Mountain area have grown consistently since 2013. Asking rent growth has slowed since the first quarter of 2016, and is expected to continue decreasing through market entry and 2021. Vacancy rates in the submarket have remained low at about 2.0 percent since the first quarter of 2015. Vacancy rates in the submarket are expected to remain relatively stable through market entry and 2021. Market data in the Stone Mountain submarket area is positive, with generally increasing asking rents and stable vacancy rates.

Tenure

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

PMA TENURE PATTERNS OF SENIORS 55+

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	11,140	75.4%	3,633	24.6%
2017	16,740	63.4%	9,646	36.6%
Projected Mkt Entry January 2018	16,978	63.2%	9,871	36.8%
2021	18,643	62.0%	11,450	38.0%

Source: Esri Demographics 2017, Novogradac & Company LLP, June 2017

As the table illustrates, senior households within the PMA reside in predominately owner-occupied residences. Nationally, approximately two-thirds of the population resides in owner-occupied housing units, and one-third resides in renter-occupied housing units. Therefore, there is a slightly higher percentage of renters in the PMA than the nation. This percentage is projected to increase slightly over the next five years.

New Supply

We made several attempts to contact the City of Atlanta and the City of Stone Mountain’s Planning Departments for information regarding proposed or planned multifamily developments in the Subject’s PMA. However, as of the date of this report our calls have not been returned. We have identified the following developments under construction or proposed within the Subject’s PMA. Several properties were awarded tax credits and were previously discussed in this report. Further research revealed the following properties proposed, planned, or under construction within the PMA.

The Reserve at Decatur and The Point on Scott are two new construction, market-rate properties. Both of these developments are in their initial leasing process. We have included The Reserve at Decatur as a comparable property in this report. As these developments are market-rate and target families, we have not deducted any units from these properties in our demand analysis.

Decatur Crossing I, II, and III is a multi-phase mixed-use development located near the intersection of Scott Road and North Decatur Road, approximately 3.4 miles from the Subject site. Phases I and II are currently under construction and are expected to reach completion in September and December 2017, respectively. Phase I will offer 250 market-rate units to families. Phase II will offer 150 market-rate units to families. Phase III will include 260 units, which will include 90 one-bedroom affordable units for seniors.

Solis – Decatur will be located at 2642 N Decatur Road, approximately 3.1 miles west of the Subject site. This property will offer 290 market-rate units to families. This property is expected to begin construction in

late 2017 and to be completed in late 2018. Because this development is market-rate and targets families, we have not deducted any units at this property in our demand analysis.

Avondale Hills Apartments is planned for construction at 3360 Mountain Drive, approximately 1.6 miles from the Subject site. This property will offer 408 market-rate units to families. This property is expected to begin construction November 2017 and to reach completion by November 2018. Because this development is market-rate and targets families, we have not deducted any units at this property in our demand analysis.

LIHTC Competition / Recent and Proposed Construction

Two properties in the PMA were allocated in 2015 both are currently under construction and scheduled to open between 2017 and 2018. Columbia Avondale Senior Apartments will contain 92 total units, 83 of which will be offered at 60 percent of AMI. Construction of Columbia Avondale Senior Apartments broke ground in November 2016 and the property has not yet begun to pre-lease its units. Manor Indian Creek will offer 96 units, 75 of which will be offered at 60 percent AMI. This project is under construction and is expected to be completed in 2017. Given that the Subject is an existing subsidized property, is fully occupied, and will maintain its subsidy post-renovation, it is not likely to negatively impact these LIHTC projects. We believe there is ample demand for the Subject in addition to the existing LIHTC properties and those under construction.

Local Housing Authority Discussion

We were unable to reach a representative of the Housing Authority of DeKalb County for an interview at the time of this report. However, we spoke with Ms. Tometia Smith with the Housing Authority of DeKalb County in March 2017 about the issuance of Housing Choice Vouchers in the area. Ms. Smith indicated that both the Housing Authority of DeKalb County and the Decatur Housing Authority administer Housing Choice Vouchers in the Subject’s area. Ms. Smith reported that the Housing Authority of DeKalb County issues a total of 6,298 vouchers, of which 3,027 are tenant-based. As of March 2017, the Housing Authority of DeKalb County has issued 4,650 project-based and tenant-based vouchers. The waiting list for tenant-based vouchers is currently closed.

We also spoke with a representative of the Decatur Housing Authority who provided Section 8 utility allowances and payment standards for DeKalb County. The following table illustrates the payment standards for DeKalb County.

PAYMENT STANDARDS	
Unit Type	Standard
One-bedroom	\$820
Two-bedroom	\$949

Source: Housing Authority of DeKalb County, June 2017.

The Subject’s proposed rents are subsidized rents, and are above the current payment standards. If the Subject were to operate without subsidy offering the 2016 LIHTC maximum allowable rents concluded in the Competitive Rental Analysis section of this study, its rents would be below the payment standards.

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 Units

Our competitive survey includes 10 “true” comparable properties containing 2,093 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided on the following pages. A map illustrating the location of the Subject in relation to comparable properties is also provided on the following pages. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

The availability of LIHTC data is considered good; there are 25 LIHTC properties in the PMA. However, many of these have been excluded from our analysis because of their dissimilar levels of AMI or tenancy. We have included five senior LIHTC properties offering units at 60 percent AMI in our analysis. Three of the comparable LIHTC properties are all located in the PMA, and the remaining two LIHTC properties are located just outside of the PMA. All of the comparable LIHTC properties are located between 2.9 and 9.3 miles of the Subject. These comparables were built or renovated between 2003 and 2015.

The availability of market-rate data is considered good. The Subject is located in Stone Mountain and there are several market-rate properties in the area. We have included five conventional properties in our analysis of the competitive market. All of the market-rate properties are located in the PMA, between 1.0 and 4.8 miles from the Subject site. These comparables were built or renovated between 1982 and 2016. Of note, there are a limited number of new construction market-rate senior properties in the area. We have included the market-rate senior property Clairmont Crest in our analysis. Overall, we believe the market-rate properties we have used in our analysis are the most comparable. Other market-rate properties were excluded based on proximity and unit types.

EXCLUDED PROPERTIES

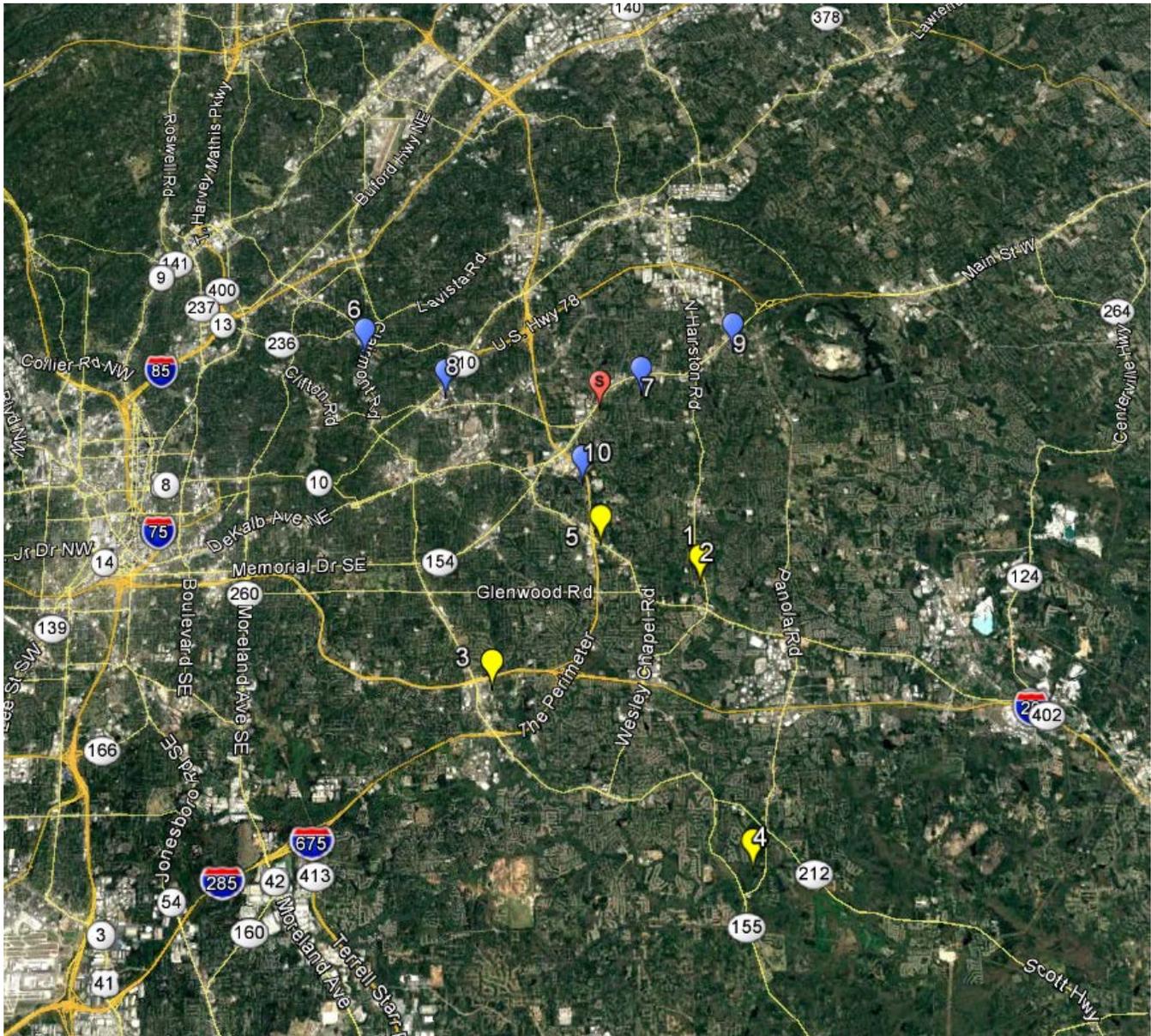
Property Name	Tenancy	Location	Program	Reason for Exclusion
Decatur Christian Towers	Senior	Decatur	Section 8	Subsidized Rents
Oak Forest Apartments	Family	Scottdale	Section 8	Disimilar Tenancy
Hairston Lake Apartments	Family	Stone Mountain	Section 8	Disimilar Tenancy
Lake Manor	Senior	Stone Mountain	Section 8	Subsidized Rents
The Retreat At Mills Creek	Senior	Scottdale	Section 8	Subsidized Rents
Mountain View Senior	Senior	Stone Mountain	Section 8	Subsidized Rents
Tobie Grant Senior	Senior	Scottdale	Public Housing	Subsidized Rents
Mountain Crest	Family	Stone Mountain	LIHTC	Disimilar Tenancy
Clarkston Station	Family	Clarkston	LIHTC	Disimilar Tenancy
Cedar Creek Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Cedar Creek West Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Tuscany Village	Family	Clarkston	LIHTC	Disimilar Tenancy
Lakes at Indian Creek	Family	Clarkston	LIHTC	Disimilar Tenancy
Woodside Village Apartments	Family	Clarkston	LIHTC	Disimilar Tenancy
Brittany Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Forrest Heights Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Delano Place	Family	Decatur	LIHTC	Disimilar Tenancy
Robins Landing	Family	Decatur	LIHTC	Disimilar Tenancy
Candler Forest	Family	Decatur	LIHTC	Disimilar Tenancy
Whispering Pines Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Columns at East Mill	Family	Decatur	LIHTC	Disimilar Tenancy
Allen Wilson Terrace, Phase I	Family	Decatur	LIHTC	Disimilar Tenancy
Lake Point/The Park at Hairston	Family	Stone Mountain	LIHTC	Disimilar Tenancy
Hidden Meadows Townhomes	Family	Stone Mountain	LIHTC	Disimilar Tenancy
Villas of Friendly Heights	Family	Decatur	LIHTC	Disimilar Tenancy
Chapel Run Apartments	Family	Decatur	LIHTC	Disimilar Tenancy
Manor At Indian Creek	Senior	Stone Mountain	LIHTC	Under Construction
Peachtree Trace Apartments	Family	Clarkston	LIHTC	Disimilar Tenancy
Prince Avondale Apartments	Family	Avondale Estates	LIHTC	Disimilar Tenancy
Columbia Avondale Sr	Senior	Decatur	LIHTC	Under Construction
Polo Club Apartments	Family	Stone Mountain	Market	Dissimilar Unit Mix; Inferior Condition
Linden Ridge Apartments	Family	Stone Mountain	Market	Dissimilar unit mix
Oak Creek Apartments	Family	Stone Mountain	Market	Inferior Condition
Ashgrove Apartments	Family	Stone Mountain	Market	Inferior Condition
The Haverly at Stone Mountain	Family	Stone Mountain	Market	Unable to Contact
Ashland Lakeview	Family	Stone Mountain	Market	Inferior Condition
The Pointe Apartments	Family	Stone Mountain	Market	Inferior Condition
Lexington on the Green	Family	Lithonia	Market	Closer comparables
The Retreat at Stonecrest	Family	Stone Mountain	Market	Closer comparables

The following table and map are of the comparable properties used in the supply analysis.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

COMPARABLE PROPERTIES

#	Property Name	Type	Tenancy	Distance from Subject (miles)
1	Antioch Manor Estates	@30%, @50%, @60%, Market	Senior	4.1
2	Antioch Villas And Gardens	@50%, @60%, @60% (PBRA), Market	Senior	4.1
3	Magnolia Circle	@50%, @60%, Market	Senior	6.0
4	Panola Gardens	@50%, @60%	Senior	9.3
5	Retreat At Madison Place	@60%	Senior	2.9
6	Clairmont Crest	Market, Non-Rental	Senior	4.8
7	Clifton Glen Apartments	Market	Family	1.0
8	The Reserve At Decatur	Market	Family	3.6
9	Willow Lake Apartments	Market	Family	3.1
10	Windrush Apartments	Market	Family	1.6



Source: Google Earth, June 2017.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– 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	Retreat At Spring Hill 4947 Memorial Drive Stone Mountain, GA 30083 DeKalb County	n/a	Midrise (age-restricted) (4 stories) 2003 / Proposed 2017	@60% (PBRA)	1BR / 1BA	71	85.5%	@60% (PBRA)	\$902	576	n/a		N/A	N/A					
					2BR / 2BA	12	14.5%	@60% (PBRA)	\$1,043	857	n/a		N/A	N/A					
						83	100.0%						N/A	N/A					
1	Antioch Manor Estates 4711 Bishop Ming Boulevard Stone Mountain, GA 30088 DeKalb County	4.1 miles	Lowrise (age-restricted) (3 stories) 2005	@30%, @50%, @60%, Market	Studio / 1BA	2	1.6%	@30%	\$388	450	yes	Yes	0	0.0%					
					Studio / 1BA	2	1.6%	@50%	\$647	450	yes	Yes	0	0.0%					
					Studio / 1BA	2	1.6%	@60%	\$737	450	yes	Yes	0	0.0%					
					Studio / 1BA	2	1.6%	Market	\$775	450	n/a	Yes	0	0.0%					
					1BR / 1BA	5	4.1%	@30%	\$416	600	yes	Yes	0	0.0%					
					1BR / 1BA	20	16.4%	@50%	\$693	600	yes	Yes	0	0.0%					
					1BR / 1BA	15	12.3%	@60%	\$832	600	yes	Yes	0	0.0%					
					1BR / 1BA	8	6.6%	Market	\$975	600	n/a	Yes	0	0.0%					
					2BR / 1BA	6	4.9%	@30%	\$499	800	yes	Yes	0	0.0%					
					2BR / 1BA	26	21.3%	@50%	\$832	800	yes	Yes	0	0.0%					
					2BR / 1BA	13	10.7%	@60%	\$999	800	yes	Yes	0	0.0%					
					2BR / 1BA	3	2.5%	Market	\$1,345	800	n/a	Yes	0	0.0%					
					2BR / 2BA	1	0.8%	@30%	\$499	850	yes	Yes	0	0.0%					
					2BR / 2BA	3	2.5%	@50%	\$832	850	yes	Yes	0	0.0%					
					2BR / 2BA	3	2.5%	@60%	\$999	850	yes	Yes	0	0.0%					
											11	9.0%	Market	\$1,395	850	n/a	Yes	0	0.0%
											122	100.0%						0	0.0%
2	Antioch Villas And Gardens 4735 Bishop Ming Boulevard Stone Mountain, GA 30088 DeKalb County	4.1 miles	Various (age-restricted) 2012	@50%, @60%, @60% (PBRA), Market	Studio / 1BA (Lowrise)	2	1.9%	@50%	\$652	524	yes	Yes	0	0.0%					
					Studio / 1BA (Lowrise)	2	1.9%	@60%	\$753	524	yes	Yes	0	0.0%					
					Studio / 1BA (Lowrise)	1	0.9%	@60% (PBRA)	N/A	524	n/a	Yes	0	0.0%					
					1BR / 1BA (Lowrise)	12	11.3%	@50%	\$757	626	yes	Yes	0	0.0%					
					1BR / 1BA (Midrise)	15	14.2%	@60%	\$807	626	yes	Yes	0	0.0%					
					1BR / 1BA (Midrise)	16	15.1%	@60% (PBRA)	N/A	626	n/a	Yes	0	0.0%					
					1BR / 1BA (One-story)	10	9.4%	@60%	\$807	690	yes	No	0	0.0%					
					1BR / 1BA (One-story)	4	3.8%	@60% (PBRA)	N/A	690	n/a	Yes	0	0.0%					
					1BR / 1BA (One-story)	6	5.7%	Market	\$1,025	690	n/a	Yes	0	0.0%					
					2BR / 1BA (Lowrise)	6	5.7%	@60%	\$967	831	yes	Yes	0	0.0%					
					2BR / 1BA (Lowrise)	2	1.9%	Market	\$1,095	831	n/a	Yes	0	0.0%					
					2BR / 1BA (Midrise)	2	1.9%	@50%	\$806	831	yes	Yes	0	0.0%					
					2BR / 1BA (Midrise)	2	1.9%	@60% (PBRA)	N/A	831	n/a	Yes	0	0.0%					
					2BR / 2BA (One-story)	16	15.1%	@60%	\$967	908	yes	Yes	0	0.0%					
					2BR / 2BA (One-story)	2	1.9%	@60% (PBRA)	N/A	908	n/a	Yes	0	0.0%					
					2BR / 2BA (One-story)	8	7.5%	Market	\$1,250	908	n/a	Yes	0	0.0%					
											106	100.0%						0	0.0%
3	Magnolia Circle 100 Dash Lewis Dr Decatur, GA 30034 DeKalb County	6 miles	Garden (age-restricted) (2 stories) 2003	@50%, @60%, Market	1BR / 1BA	14	16.7%	@50%	\$639	690	no	Yes	0	0.0%					
					1BR / 1BA	12	14.3%	@60%	\$659	760	no	Yes	0	0.0%					
					1BR / 1BA	6	7.1%	Market	\$794	690	n/a	Yes	0	0.0%					
					2BR / 2BA	21	25.0%	@50%	\$780	1,000	no	Yes	0	0.0%					
					2BR / 2BA	20	23.8%	@60%	\$800	1,030	no	Yes	0	0.0%					
					2BR / 2BA	11	13.1%	Market	\$915	1,000	n/a	Yes	1	9.1%					
										84	100.0%							1	1.2%
4	Panola Gardens 5710 Snapfinger Woods Drive Lithonia, GA 30058 DeKalb County	9.3 miles	Midrise (age-restricted) (4 stories) 2015	@50%, @60%	1BR / 1BA	N/A	N/A	@50%	\$640	698	no	Yes	0	0.0%					
					1BR / 1BA	N/A	N/A	@60%	\$768	698	no	No	0	N/A					
										84	100.0%						0	0.0%	
5	Retreat At Madison Place 3907 Redwing Circle Decatur, GA 30032 DeKalb County	2.9 miles	Midrise (age-restricted) (4 stories) 2007	@60%	1BR / 1BA	60	37.5%	@60%	\$830	701	yes	Yes	0	0.0%					
					2BR / 2BA	100	62.5%	@60%	\$1,005	971	yes	No	0	0.0%					
									160	100.0%						0	0.0%		

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– 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	Retreat At Spring Hill 4947 Memorial Drive Stone Mountain, GA 30083 DeKalb County	n/a	Midrise (age-restricted) (4 stories) 2003 / Proposed 2017	@60% (PBRA)	1BR / 1BA	71	85.5%	@60% (PBRA)	\$902	576	n/a		N/A	N/A				
					2BR / 2BA	12	14.5%	@60% (PBRA)	\$1,043	857	n/a		N/A	N/A				
6	Clairmont Crest 1861 Clairmont Road Decatur, GA 30033 DeKalb County	4.8 miles	Midrise (age-restricted) (5 stories) 1985/2014	Market, Non-Rental	Studio / 1BA	11	5.5%	Market	\$937	500	n/a	Yes	0	0.0%				
					Studio / 1BA	2	1.0%	Non-Rental	N/A	500	n/a	N/A	0	0.0%				
					1BR / 1BA	141	70.5%	Market	\$1,024	700	n/a	Yes	0	0.0%				
					1BR / 1BA	1	0.5%	Non-Rental	N/A	700	n/a	N/A	0	0.0%				
					2BR / 2BA	45	22.5%	Market	\$1,200	1,100	n/a	Yes	0	0.0%				
					200	100.0%						0	0.0%					
7	Clifton Glen Apartments 600 Hambrick Road Stone Mountain, GA 30083 DeKalb County	1 miles	Garden (2 stories) 1972/2013	Market	1BR / 1BA	20	3.6%	Market	\$856	776	n/a	No	0	0.0%				
					1BR / 1BA	20	3.6%	Market	\$931	776	n/a	No	1	5.0%				
					2BR / 2BA	130	23.4%	Market	\$953	1,200	n/a	No	0	0.0%				
					2BR / 2BA	130	23.4%	Market	\$1,028	1,200	n/a	No	7	5.4%				
					3BR / 2BA	104	18.7%	Market	\$1,099	1,500	n/a	No	0	0.0%				
					3BR / 2BA	104	18.7%	Market	\$1,174	1,500	n/a	No	13	12.5%				
					4BR / 2BA	24	4.3%	Market	\$1,293	1,700	n/a	0	0	0.0%				
					4BR / 2BA	24	4.3%	Market	\$1,368	1,700	n/a	No	5	20.8%				
										556	100.0%						26	4.7%
																	85	28.5%
8	The Reserve At Decatur 2600 Milscoff Drive Decatur, GA 30033 DeKalb County	3.6 miles	Midrise (5 stories) 2016	Market	Studio / 1BA	10	3.4%	Market	\$1,307	620	n/a	No	3	30.0%				
					1BR / 1BA	167	56.0%	Market	\$1,496	742	n/a	No	48	28.7%				
					2BR / 2BA	99	33.2%	Market	\$2,053	1,102	n/a	No	28	28.3%				
					3BR / 2BA	22	7.4%	Market	\$2,535	1,460	n/a	No	6	27.3%				
										298	100.0%							
9	Willow Lake Apartments 5100 W. Mountain Street Stone Mountain, GA 30083 DeKalb County	3.1 miles	Garden (3 stories) 1992	Market	1BR / 1BA	21	7.5%	Market	\$872	850	n/a	No	1	4.8%				
					2BR / 2BA	178	63.3%	Market	\$984	1,250	n/a	No	8	4.5%				
					3BR / 2BA	44	15.7%	Market	\$1,099	1,450	n/a	No	2	4.5%				
					3BR / 2.5BA	38	13.5%	Market	\$1,249	1,550	n/a	No	2	5.3%				
										281	100.0%						13	4.6%
10	Windrush Apartments 3841 Kensington Road Decatur, GA 30032 DeKalb County	1.6 miles	Garden (3 stories) 1982	Market	1BR / 1BA	20	9.9%	Market	\$759	688	n/a	No	2	10.0%				
					2BR / 2BA	162	80.2%	Market	\$975	1,055	n/a	No	16	9.9%				
					3BR / 2BA	20	9.9%	Market	\$1,052	1,219	n/a	No	2	10.0%				
										202	100.0%						20	9.9%

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.						
Effective Rent Date:		Jun-17	Units Surveyed:		2,093	Weighted 93.1%
			Market Rate		1,537	Market 90.6%
			Tax Credit		556	Tax Credit 99.8%
One Bedroom One Bath			Two Bedrooms Two Bath			
	Property	Average	Property	Average	Property	Average
RENT	The Reserve At Decatur	\$1,496	The Reserve At Decatur	\$2,053		
	Antioch Villas And Gardens * (M)	\$1,025	Antioch Manor Estates * (M)	\$1,395		
	Clairmont Crest	\$1,024	Antioch Villas And Gardens * (M)	\$1,250		
	Antioch Manor Estates * (M)	\$975	Clairmont Crest	\$1,200		
	Clifton Glen Apartments	\$931	Retreat At Spring Hill* (60%)	\$1,043		
	Retreat At Spring Hill* (60%)	\$902	Clifton Glen Apartments	\$1,028		
	Willow Lake Apartments	\$872	Retreat At Madison Place * (60%)	\$1,005		
	Clifton Glen Apartments	\$856	Antioch Manor Estates * (60%)	\$999		
	Antioch Manor Estates * (60%)	\$832	Willow Lake Apartments	\$984		
	Retreat At Madison Place * (60%)	\$830	Windrush Apartments	\$975		
	Antioch Villas And Gardens * (60%)	\$807	Antioch Villas And Gardens * (60%)	\$967		
	Antioch Villas And Gardens * (60%)	\$807	Clifton Glen Apartments	\$953		
	Magnolia Circle * (M)	\$794	Magnolia Circle * (M)	\$915		
	Panola Gardens * (60%)	\$768	Antioch Manor Estates * (50%)	\$832		
	Windrush Apartments	\$759	Magnolia Circle * (60%)	\$800		
	Antioch Villas And Gardens * (50%)	\$757	Magnolia Circle * (50%)	\$780		
	Antioch Manor Estates * (50%)	\$693	Antioch Manor Estates * (30%)	\$499		
	Magnolia Circle * (60%)	\$659				
	Panola Gardens * (50%)	\$640				
	Magnolia Circle * (50%)	\$639				
Antioch Manor Estates * (30%)	\$416					
SQUARE FOOTAGE	Willow Lake Apartments	850	Willow Lake Apartments	1,250		
	Clifton Glen Apartments	776	Clifton Glen Apartments	1,200		
	Clifton Glen Apartments	776	Clifton Glen Apartments	1,200		
	Magnolia Circle * (60%)	760	The Reserve At Decatur	1,102		
	The Reserve At Decatur	742	Clairmont Crest	1,100		
	Retreat At Madison Place * (60%)	701	Windrush Apartments	1,055		
	Clairmont Crest	700	Magnolia Circle * (60%)	1,030		
	Panola Gardens * (50%)	698	Magnolia Circle * (50%)	1,000		
	Panola Gardens * (60%)	698	Magnolia Circle * (M)	1,000		
	Antioch Villas And Gardens * (60%)	690	Retreat At Madison Place * (60%)	971		
	Antioch Villas And Gardens * (M)	690	Antioch Villas And Gardens * (60%)	908		
	Magnolia Circle * (50%)	690	Antioch Villas And Gardens * (M)	908		
	Magnolia Circle * (M)	690	Retreat At Spring Hill* (60%)	857		
	Windrush Apartments	688	Antioch Manor Estates * (30%)	850		
	Antioch Villas And Gardens * (50%)	626	Antioch Manor Estates * (50%)	850		
	Antioch Villas And Gardens * (60%)	626	Antioch Manor Estates * (60%)	850		
	Antioch Manor Estates * (30%)	600	Antioch Manor Estates * (M)	850		
	Antioch Manor Estates * (50%)	600				
	Antioch Manor Estates * (60%)	600				
	Antioch Manor Estates * (M)	600				
Retreat At Spring Hill* (60%)	576					
RENT PER SQUARE FOOT	The Reserve At Decatur	\$2.02	The Reserve At Decatur	\$1.86		
	Antioch Manor Estates * (M)	\$1.62	Antioch Manor Estates * (M)	\$1.64		
	Retreat At Spring Hill* (60%)	\$1.57	Antioch Villas And Gardens * (M)	\$1.38		
	Antioch Villas And Gardens * (M)	\$1.49	Retreat At Spring Hill* (60%)	\$1.22		
	Clairmont Crest	\$1.46	Antioch Manor Estates * (60%)	\$1.18		
	Antioch Manor Estates * (60%)	\$1.39	Clairmont Crest	\$1.09		
	Antioch Villas And Gardens * (60%)	\$1.29	Antioch Villas And Gardens * (60%)	\$1.06		
	Antioch Villas And Gardens * (50%)	\$1.21	Retreat At Madison Place * (60%)	\$1.04		
	Clifton Glen Apartments	\$1.20	Antioch Manor Estates * (50%)	\$0.98		
	Retreat At Madison Place * (60%)	\$1.18	Windrush Apartments	\$0.92		
	Antioch Villas And Gardens * (60%)	\$1.17	Magnolia Circle * (M)	\$0.92		
	Antioch Manor Estates * (50%)	\$1.16	Clifton Glen Apartments	\$0.86		
	Magnolia Circle * (M)	\$1.15	Clifton Glen Apartments	\$0.79		
	Windrush Apartments	\$1.10	Willow Lake Apartments	\$0.79		
	Clifton Glen Apartments	\$1.10	Magnolia Circle * (50%)	\$0.78		
	Panola Gardens * (60%)	\$1.10	Magnolia Circle * (60%)	\$0.78		
	Willow Lake Apartments	\$1.03	Antioch Manor Estates * (30%)	\$0.59		
	Magnolia Circle * (50%)	\$0.93				
	Panola Gardens * (50%)	\$0.92				
	Magnolia Circle * (60%)	\$0.87				
Antioch Manor Estates * (30%)	\$0.69					

PROPERTY PROFILE REPORT

Antioch Manor Estates

Effective Rent Date 6/22/2017

Location 4711 Bishop Ming Boulevard
Stone Mountain, GA 30088
DeKalb County
Intersection: S Hairston Road

Distance 4.1 miles

Units 122

Vacant Units 0

Vacancy Rate 0.0%

Type Lowrise (age-restricted) (3 stories)

Year Built/Renovated 2005 / N/A

Marketing Began 10/01/2004

Leasing Began 8/01/2005

Last Unit Leased 1/01/2006

Major Competitors Retreat at Madison, Spring Chase II

Tenant Characteristics Seniors 55+; average age is 80 years old;
majority of tenants are from DeKalb County

Contact Name Anette

Phone (770) 322-8839



Market Information

Program @30%, @50%, @60%, Market

Annual Turnover Rate 10%

Units/Month Absorbed 24

HCV Tenants 0%

Leasing Pace Pre-leased

Annual Chg. in Rent None

Concession None

Utilities

A/C included -- central

Cooking included -- electric

Water Heat included -- gas

Heat included -- electric

Other Electric included

Water included

Sewer included

Trash Collection included

Antioch Manor Estates, continued

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (3 stories)	2	450	\$388	\$0	@30%	Yes	0	0.0%	yes	None
0	1	Lowrise (3 stories)	2	450	\$647	\$0	@50%	Yes	0	0.0%	yes	None
0	1	Lowrise (3 stories)	2	450	\$737	\$0	@60%	Yes	0	0.0%	yes	None
0	1	Lowrise (3 stories)	2	450	\$775	\$0	Market	Yes	0	0.0%	N/A	None
1	1	Lowrise (3 stories)	5	600	\$416	\$0	@30%	Yes	0	0.0%	yes	None
1	1	Lowrise (3 stories)	20	600	\$693	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Lowrise (3 stories)	15	600	\$832	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Lowrise (3 stories)	8	600	\$975	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Lowrise (3 stories)	6	800	\$499	\$0	@30%	Yes	0	0.0%	yes	None
2	1	Lowrise (3 stories)	26	800	\$832	\$0	@50%	Yes	0	0.0%	yes	None
2	1	Lowrise (3 stories)	13	800	\$999	\$0	@60%	Yes	0	0.0%	yes	None
2	1	Lowrise (3 stories)	3	800	\$1,345	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Lowrise (3 stories)	1	850	\$499	\$0	@30%	Yes	0	0.0%	yes	None
2	2	Lowrise (3 stories)	3	850	\$832	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Lowrise (3 stories)	3	850	\$999	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Lowrise (3 stories)	11	850	\$1,395	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$388	\$0	\$388	\$0	\$388	Studio / 1BA	\$647	\$0	\$647	\$0	\$647
1BR / 1BA	\$416	\$0	\$416	\$0	\$416	1BR / 1BA	\$693	\$0	\$693	\$0	\$693
2BR / 1BA	\$499	\$0	\$499	\$0	\$499	2BR / 1BA	\$832	\$0	\$832	\$0	\$832
2BR / 2BA	\$499	\$0	\$499	\$0	\$499	2BR / 2BA	\$832	\$0	\$832	\$0	\$832
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$737	\$0	\$737	\$0	\$737	Studio / 1BA	\$775	\$0	\$775	\$0	\$775
1BR / 1BA	\$832	\$0	\$832	\$0	\$832	1BR / 1BA	\$975	\$0	\$975	\$0	\$975
2BR / 1BA	\$999	\$0	\$999	\$0	\$999	2BR / 1BA	\$1,345	\$0	\$1,345	\$0	\$1,345
2BR / 2BA	\$999	\$0	\$999	\$0	\$999	2BR / 2BA	\$1,395	\$0	\$1,395	\$0	\$1,395

Antioch Manor Estates, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	Computer Tutoring
Carpeting	Central A/C	Limited Access	Shuttle Service
Coat Closet	Dishwasher	Perimeter Fencing	
Ceiling Fan	Garbage Disposal	Video Surveillance	
Hand Rails	Microwave		
Oven	Pull Cords		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	Hairdresser / Barber	None
Courtyard	Elevators		
Exercise Facility	Central Laundry		
Non-shelter Services	Off-Street Parking		
On-Site Management	Picnic Area		
Service Coordination			

Comments

The contact indicated that rents have not changed over the past several years as they have been at the held-harmless maximum allowable levels. The contact stated that the wait list was approximately two years in length.

Photos



PROPERTY PROFILE REPORT

Antioch Villas And Gardens

Effective Rent Date 6/23/2017
Location 4735 Bishop Ming Boulevard
Stone Mountain, GA 30088
DeKalb County
Distance 4.1 miles
Units 106
Vacant Units 0
Vacancy Rate 0.0%
Type Various (age-restricted)
Year Built/Renovated 2012 / N/A
Marketing Began N/A
Leasing Began 4/03/2012
Last Unit Leased N/A
Major Competitors Retreat at Madison, Spring Chase II
Tenant Characteristics Dekalb County residents aged 55 and older
Contact Name Kenya Wyatt
Phone 678-367-2918 EXT.1



Market Information

Program @50%, @60%, @60% (Project Based Rental)
Annual Turnover Rate 10%
Units/Month Absorbed 35
HCV Tenants 24%
Leasing Pace Within two weeks
Annual Chg. in Rent N/A
Concession None

Utilities

A/C included -- central
Cooking included -- electric
Water Heat included -- gas
Heat included -- electric
Other Electric included
Water included
Sewer included
Trash Collection included

Antioch Villas And Gardens, continued

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (3 stories)	2	524	\$652	\$0	@50%	Yes	0	0.0%	yes	None
0	1	Lowrise (3 stories)	2	524	\$753	\$0	@60%	Yes	0	0.0%	yes	None
0	1	Lowrise (3 stories)	1	524	N/A	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
1	1	Lowrise (3 stories)	12	626	\$757	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Midrise (3 stories)	15	626	\$807	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Midrise (3 stories)	16	626	N/A	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
1	1	One-story	10	690	\$807	\$0	@60%	No	0	0.0%	yes	None
1	1	One-story	4	690	N/A	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
1	1	One-story	6	690	\$1,025	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Lowrise (3 stories)	6	831	\$967	\$0	@60%	Yes	0	0.0%	yes	None
2	1	Lowrise (3 stories)	2	831	\$1,095	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Midrise (3 stories)	2	831	\$806	\$0	@50%	Yes	0	0.0%	yes	None
2	1	Midrise (3 stories)	2	831	N/A	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
2	2	One-story	16	908	\$967	\$0	@60%	Yes	0	0.0%	yes	None
2	2	One-story	2	908	N/A	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
2	2	One-story	8	908	\$1,250	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$652	\$0	\$652	\$0	\$652	Studio / 1BA	\$753	\$0	\$753	\$0	\$753
1BR / 1BA	\$757	\$0	\$757	\$0	\$757	1BR / 1BA	\$807	\$0	\$807	\$0	\$807
2BR / 1BA	\$806	\$0	\$806	\$0	\$806	2BR / 1BA	\$967	\$0	\$967	\$0	\$967
						2BR / 2BA	\$967	\$0	\$967	\$0	\$967
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$1,025	\$0	\$1,025	\$0	\$1,025						
2BR / 1BA	\$1,095	\$0	\$1,095	\$0	\$1,095						
2BR / 2BA	\$1,250	\$0	\$1,250	\$0	\$1,250						

Antioch Villas And Gardens, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	Shuttle Service
Carpet/Hardwood	Carpeting	Limited Access	
Central A/C	Coat Closet	Perimeter Fencing	
Dishwasher	Exterior Storage	Video Surveillance	
Ceiling Fan	Garbage Disposal		
Hand Rails	Microwave		
Oven	Pull Cords		
Refrigerator	Vaulted Ceilings		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Library, offices for home health
Courtyard	Elevators		
Exercise Facility	Central Laundry		
Neighborhood Network	Off-Street Parking		
On-Site Management	Picnic Area		
Recreation Areas	Service Coordination		
Theatre			

Comments

The contact stated that the waiting list is approximately three years in length. The vacant units will be filled from the waiting list.

Photos



PROPERTY PROFILE REPORT

Magnolia Circle

Effective Rent Date	6/23/2017
Location	100 Dash Lewis Dr Decatur, GA 30034 DeKalb County
Distance	6 miles
Units	84
Vacant Units	1
Vacancy Rate	1.2%
Type	Garden (age-restricted) (2 stories)
Year Built/Renovated	2003 / N/A
Marketing Began	N/A
Leasing Began	7/01/2003
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	62+; 25% out of state; 25% prev. homeowners; Many from Panola Rd (Decatur) and Evans Mill Rd (Lithonia) area
Contact Name	Donna Rose
Phone	404-243-1553



Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	3%
Units/Month Absorbed	14
HCV Tenants	20%
Leasing Pace	Within one week
Annual Chg. in Rent	None
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	14	690	\$565	\$0	@50%	Yes	0	0.0%	no	None
1	1	Garden (2 stories)	12	760	\$585	\$0	@60%	Yes	0	0.0%	no	None
1	1	Garden (2 stories)	6	690	\$720	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (2 stories)	21	1,000	\$680	\$0	@50%	Yes	0	0.0%	no	None
2	2	Garden (2 stories)	20	1,030	\$700	\$0	@60%	Yes	0	0.0%	no	None
2	2	Garden (2 stories)	11	1,000	\$815	\$0	Market	Yes	1	9.1%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$565	\$0	\$565	\$74	\$639	1BR / 1BA	\$585	\$0	\$585	\$74	\$659
2BR / 2BA	\$680	\$0	\$680	\$100	\$780	2BR / 2BA	\$700	\$0	\$700	\$100	\$800
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$720	\$0	\$720	\$74	\$794						
2BR / 2BA	\$815	\$0	\$815	\$100	\$915						

Magnolia Circle, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C	Perimeter Fencing	
Coat Closet	Dishwasher		
Garbage Disposal	Hand Rails		
Oven	Pull Cords		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Social Director, Arts & Crafts
Central Laundry	Off-Street Parking		
On-Site Management			

Comments

There are over 100 households on the waiting list. Management reported that the demand for affordable senior housing in Decatur is strong. The contact stated that while the maximum allowable rents are not being achieved at this property, they believed them to be achievable in the market. The property offers two parking spaces per unit, and parking is included with rent.

Photos



PROPERTY PROFILE REPORT

Panola Gardens

Effective Rent Date 6/21/2017
Location 5710 Snapfinger Woods Drive
 Lithonia, GA 30058
 Dekalb County
 Intersection: Stonekey Place
Distance 9.3 miles
Units 84
Vacant Units 0
Vacancy Rate 0.0%
Type Midrise (age-restricted) (4 stories)
Year Built/Renovated 2015 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors None Identified
Tenant Characteristics Seniors 55+, many from Atlanta metro area and moving from homes, most are between the age of 55 and 60
Contact Name Tracy King
Phone 470-223-3319



Market Information

Program @50%, @60%
Annual Turnover Rate 10%
Units/Month Absorbed 20
HCV Tenants 0%
Leasing Pace Within one month
Annual Chg. in Rent Increased up to three percent
Concession None

Utilities

A/C included -- central
Cooking included -- electric
Water Heat included -- electric
Heat included -- electric
Other Electric included
Water included
Sewer included
Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	N/A	698	\$640	\$0	@50%	Yes	0	N/A	no	None
1	1	Midrise (4 stories)	N/A	698	\$768	\$0	@60%	No	0	N/A	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$640	\$0	\$640	\$0	\$640	1BR / 1BA	\$768	\$0	\$768	\$0	\$768

Panola Gardens, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Intercom (Phone)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Ceiling Fan	Perimeter Fencing	
Garbage Disposal	Grab Bars	Video Surveillance	
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Library
Elevators	Exercise Facility		
Central Laundry	Off-Street Parking		
On-Site Management	Service Coordination		

Comments

Management reported strong demand for additional senior housing in the area. The property is currently maintaining a waiting list for all units that is six months to one year in length.

Photos



PROPERTY PROFILE REPORT

Retreat At Madison Place

Effective Rent Date 6/21/2017
Location 3907 Redwing Circle
 Decatur, GA 30032
 Dekalb County
 Intersection: Hudson Lane
Distance 2.9 miles
Units 160
Vacant Units 0
Vacancy Rate 0.0%
Type Midrise (age-restricted) (4 stories)
Year Built/Renovated 2007 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors None identified
Tenant Characteristics Seniors 55+; average age is 55 to 62; 60%+ previous homeowners; 5% employed
Contact Name Paula
Phone (404) 289-8393



Market Information

Program @60%
Annual Turnover Rate 30%
Units/Month Absorbed 14
HCV Tenants 10%
Leasing Pace Within one week
Annual Chg. in Rent None
Concession None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	60	701	\$756	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Midrise (4 stories)	100	971	\$905	\$0	@60%	No	0	0.0%	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$756	\$0	\$756	\$74	\$830
2BR / 2BA	\$905	\$0	\$905	\$100	\$1,005

Retreat At Madison Place, continued

Amenities

In-Unit

Blinds
Central A/C
Dishwasher
Garbage Disposal
Oven
Refrigerator

Carpeting
Coat Closet
Ceiling Fan
Hand Rails
Pull Cords
Washer/Dryer hookup

Security

Limited Access
Perimeter Fencing

Services

Adult Education
Shuttle Service

Property

Business Center/Computer Lab
Elevators
Central Laundry
On-Site Management
Theatre

Clubhouse/Meeting Room/Community
Exercise Facility
Off-Street Parking
Picnic Area

Premium

None

Other

Walking trails, game room, health

Comments

The contact stated that management maintains a waiting list for the one-bedroom units that is approximately nine households in length. There is no waiting list for the two-bedroom units. The property offers 160 surface level parking spaces and there is no additional charge. The contact stated that there is strong demand in the area for affordable senior housing.

Photos



PROPERTY PROFILE REPORT

Clairmont Crest

Effective Rent Date	6/21/2017
Location	1861 Clairmont Road Decatur, GA 30033 DeKalb County
Distance	4.8 miles
Units	200
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (age-restricted) (5 stories)
Year Built/Renovated	1985 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Clairmont Place, Williamsburg
Tenant Characteristics	Seniors 50+, average age is 72; 50% previous homeowners
Contact Name	Kathy
Phone	404-325-9077



Market Information

Program	Market, Non-Rental
Annual Turnover Rate	4%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased up to two percent
Concession	None

Utilities

A/C	not included -- wall
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
0	1	Midrise (5 stories)	11	500	\$875	\$0	Market	Yes	0	0.0%	N/A	None
0	1	Midrise (5 stories)	2	500	N/A	\$0	Non-Rental	N/A	0	0.0%	N/A	None
1	1	Midrise (5 stories)	141	700	\$950	\$0	Market	Yes	0	0.0%	N/A	None
1	1	Midrise (5 stories)	1	700	N/A	\$0	Non-Rental	N/A	0	0.0%	N/A	None
2	2	Midrise (5 stories)	45	1,100	\$1,100	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Non-Rental	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$875	\$0	\$875	\$62	\$937	Studio / 1BA	N/A	\$0	N/A	\$62	N/A
1BR / 1BA	\$950	\$0	\$950	\$74	\$1,024	1BR / 1BA	N/A	\$0	N/A	\$74	N/A
2BR / 2BA	\$1,100	\$0	\$1,100	\$100	\$1,200						

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	Shuttle Service
Carpeting	Coat Closet	Patrol	
Dishwasher	Exterior Storage		
Garbage Disposal	Hand Rails		
Oven	Refrigerator		
Walk-In Closet	Wall A/C		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	Hairdresser / Barber	None
Exercise Facility	Garage	Medical Professional	
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Swimming Pool			

Comments

The contact reported that the waiting list for one-bedroom units is eight months to one year, and the waiting list for two-bedroom units is two years long.

Photos



PROPERTY PROFILE REPORT

Clifton Glen Apartments

Effective Rent Date	6/21/2017
Location	600 Hambrick Road Stone Mountain, GA 30083 DeKalb County
Distance	1 mile
Units	556
Vacant Units	26
Vacancy Rate	4.7%
Type	Garden (2 stories)
Year Built/Renovated	1972 / 2013
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mixed tenancy
Contact Name	Jailyn
Phone	404-292-2741



Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased up to six 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	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	20	776	\$719	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (2 stories)	20	776	\$794	\$0	Market	No	1	5.0%	N/A	None
2	2	Garden (2 stories)	130	1,200	\$769	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	130	1,200	\$844	\$0	Market	No	7	5.4%	N/A	None
3	2	Garden (2 stories)	104	1,500	\$869	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (2 stories)	104	1,500	\$944	\$0	Market	No	13	12.5%	N/A	None
4	2	Garden (2 stories)	24	1,700	\$1,019	\$0	Market	0	0	0.0%	N/A	None
4	2	Garden (2 stories)	24	1,700	\$1,094	\$0	Market	No	5	20.8%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$719 - \$794	\$0	\$719 - \$794	\$137	\$856 - \$931
2BR / 2BA	\$769 - \$844	\$0	\$769 - \$844	\$184	\$953 - \$1,028
3BR / 2BA	\$869 - \$944	\$0	\$869 - \$944	\$230	\$1,099 - \$1,174
4BR / 2BA	\$1,019 - \$1,094	\$0	\$1,019 - \$1,094	\$274	\$1,293 - \$1,368

Clifton Glen Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Billiards, Game Room
Exercise Facility	Central Laundry		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The contact indicated the variation in unit price is due to renovations. The property does not accept Housing Choice Vouchers.

PROPERTY PROFILE REPORT

The Reserve At Decatur

Effective Rent Date	6/09/2017
Location	2600 Millscott Drive Decatur, GA 30033 DeKalb County
Distance	3.6 miles
Units	298
Vacant Units	85
Vacancy Rate	28.5%
Type	Midrise (5 stories)
Year Built/Renovated	2016 / N/A
Marketing Began	N/A
Leasing Began	2/01/2016
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	None identified
Contact Name	Sarah
Phone	(770) 415-5910



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	14
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	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	10	620	\$1,185	\$0	Market	No	3	30.0%	N/A	None
1	1	Midrise (5 stories)	167	742	\$1,359	\$0	Market	No	48	28.7%	N/A	None
2	2	Midrise (5 stories)	99	1,102	\$1,869	\$0	Market	No	28	28.3%	N/A	None
3	2	Midrise (5 stories)	22	1,460	\$2,305	\$0	Market	No	6	27.3%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,185	\$0	\$1,185	\$122	\$1,307
1BR / 1BA	\$1,359	\$0	\$1,359	\$137	\$1,496
2BR / 2BA	\$1,869	\$0	\$1,869	\$184	\$2,053
3BR / 2BA	\$2,305	\$0	\$2,305	\$230	\$2,535

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Courtyard	Elevators		
Exercise Facility	Hot Tub		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		

Comments

The property is still in its lease-up period, but the contact provided current absorption information. This property does not accept housing choice vouchers.

Photos



PROPERTY PROFILE REPORT

Willow Lake Apartments

Effective Rent Date 6/21/2017

Location 5100 W. Mountain Street
Stone Mountain, GA 30083
DeKalb County
Intersection: Pine Roc Way

Distance 3.1 miles

Units 281

Vacant Units 13

Vacancy Rate 4.6%

Type Garden (3 stories)

Year Built/Renovated 1992 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None Identified

Tenant Characteristics Majority families.

Contact Name Derrick

Phone 770-469-0644



Market Information

Program Market

Annual Turnover Rate 25%

Units/Month Absorbed N/A

HCV Tenants 0%

Leasing Pace Within one month

Annual Chg. in Rent Increased up to two 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 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)	21	850	\$735	\$0	Market	No	1	4.8%	N/A	None
2	2	Garden (3 stories)	178	1,250	\$800	\$0	Market	No	8	4.5%	N/A	None
3	2	Garden (3 stories)	44	1,450	\$869	\$0	Market	No	2	4.5%	N/A	None
3	2.5	Garden (3 stories)	38	1,550	\$1,019	\$0	Market	No	2	5.3%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$735	\$0	\$735	\$137	\$872
2BR / 2BA	\$800	\$0	\$800	\$184	\$984
3BR / 2BA	\$869	\$0	\$869	\$230	\$1,099
3BR / 2.5BA	\$1,019	\$0	\$1,019	\$230	\$1,249

Willow Lake Apartments, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	None	None
Central A/C	Coat Closet		
Dishwasher	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The contact reported that vacancy has generally improved over the last two years since new management has taken over.

PROPERTY PROFILE REPORT

Windrush Apartments

Effective Rent Date 6/20/2017
Location 3841 Kensington Road
 Decatur, GA 30032
 Dekalb County
 Intersection: Lullaby
Distance 1.6 miles
Units 202
Vacant Units 20
Vacancy Rate 9.9%
Type Garden (3 stories)
Year Built/Renovated 1982 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors None Identified
Tenant Characteristics 80 percent are from Decatur.
Contact Name Zell
Phone 404-296-1613



Market Information

Program Market
Annual Turnover Rate 13%
Units/Month Absorbed N/A
HCV Tenants 20%
Leasing Pace Within two weeks
Annual Chg. in Rent Increased up to three percent
Concession N/A

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water 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)	20	688	\$685	\$0	Market	None	2	10.0%	N/A	None
2	2	Garden (3 stories)	162	1,055	\$875	\$0	Market	No	16	9.9%	N/A	None
3	2	Garden (3 stories)	20	1,219	\$927	\$0	Market	None	2	10.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$685	\$0	\$685	\$74	\$759
2BR / 2BA	\$875	\$0	\$875	\$100	\$975
3BR / 2BA	\$927	\$0	\$927	\$125	\$1,052

Windrush Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C		
Dishwasher	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Picnic Area	Playground		
Swimming Pool			

Comments

The property is currently undergoing renovations. The contact indicated that current vacancy is seasonal and that the property is typically better than 95 percent occupied.

PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed.

Location

The Subject is located in Stone Mountain in a mixed-use residential and commercial neighborhood and is proximate to public uses such as parks and schools. Further, the Subject has excellent access to public transportation. All of the comparables have similar access to public uses and transportation and are considered to be located in similar areas to the Subject property. Based on our inspection of the neighborhood, retail appeared to be 95 percent occupied. Eight of the 10 comparables are located within the PMA. Based on our inspection, the majority of the LIHTC comparables offer similar to slightly superior locations relative to the Subject, while the market rate comparables offer similar to superior locations. Below is a location comparison based on zip codes and respective median household incomes and median gross rent as well as median home value.

LOCATION				
Name	Zip Code	Median Gross Rent	Median Household Income	Median Home Value
Retreat At Spring Hill	30083	\$869	\$38,007	\$94,900
Antioch Manor Estates	30088	\$984	\$45,749	\$98,700
Antioch Villas And Gardens	30088	\$984	\$45,749	\$98,700
Magnolia Circle	30034	\$952	\$47,500	\$93,200
Panola Gardens	30058	\$1,052	\$46,924	\$100,000
Retreat At Madison Place	30032	\$998	\$33,524	\$237,200
Clairmont Crest	30033	\$1,046	\$61,892	\$245,000
Clifton Glen Apartments	30083	\$869	\$38,007	\$94,900
The Reserve At Decatur	30033	\$1,046	\$61,892	\$245,000
Willow Lake Apartments	30083	\$869	\$38,007	\$94,900
Windrush Apartments	30032	\$998	\$33,524	\$237,200

As indicated above, the Subject offers a similar to slightly inferior location to all of the LIHTC comparables. The Subject offers a similar to inferior location to the market rate comparables.

Age and Condition

The Subject will be rehabilitated and will therefore be in excellent condition. The LIHTC comparables were constructed or renovated between 2003 and 2015, and all exhibit good condition. The market rate comparables were constructed between 1982 and 2016, and exhibit average to good condition. In terms of condition, the Subject will be slightly superior all of the LIHTC comparables. The Subject will be superior to slightly superior to the market-rate comparables.

The Subject offers a four-story elevator-serviced building. Six of the comparables also offer elevator-serviced buildings. The remaining comparables are walk-up buildings and have been adjusted downward for their lack of an elevator. The Subject is considered superior to the comparables with walk-up designs.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's unit size and the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Advantage/Disadvantage
1BR	576	576	850	685	-16%
2BR	857	850	1,250	999	-14%

The Subject’s unit sizes are significantly below the average of the comparables. The Subject’s unit sizes are below the range of the comparables. We have considered the Subject’s unit sizes in determining our achievable market rents.

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 will offer generally similar to slightly inferior property amenities and inferior in-unit amenities relative to the comparables.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

UNIT MATRIX REPORT

	Retreat At Spring Hill	Antioch Manor Estates	Antioch Villas And Gardens	Magnolia Circle	Panola Gardens	Retreat At Madison Place	Clairmont Crest	Clifton Glen Apartments	The Reserve At Decatur	Willow Lake Apartments	Windrush Apartments
Property Type	Midrise (age-restricted) (4 stories)	Lowrise (age-restricted) (3 stories)	Various (age-restricted)	Garden (age-restricted) (2 stories)	Midrise (age-restricted) (4 stories)	Midrise (age-restricted) (4 stories)	Midrise (age-restricted) (5 stories)	Garden (2 stories)	Midrise (5 stories)	Garden (3 stories)	Garden (3 stories)
Year Built / Renovated	2003 / Proposed 2017	2005	2012	2003	2015	2007	1985 / 2014	1972 / 2013	2016	1992	1982
Market (Conv.)/Subsidy Type	@60% (PBRA)	@30%, @50%, @60%, Market	@50%, @60%, @60% (PBRA), Market	@50%, @60%, Market	@50%, @60%	@60%	Market, Non-Rental	Market	Market	Market	Market
Utility Adjustments											
Cooking	yes	yes	yes	no	yes	no	no	no	no	no	no
Water Heat	yes	yes	yes	no	yes	no	no	no	no	no	no
Heat	yes	yes	yes	no	yes	no	no	no	no	no	no
Other Electric	yes	yes	yes	no	yes	no	no	no	no	no	no
Water	yes	yes	yes	yes	yes	yes	yes	no	no	no	yes
Sewer	yes	yes	yes	yes	yes	yes	yes	no	no	no	yes
Trash Collection	yes	yes	yes	yes	yes	yes	yes	no	no	no	yes
In-Unit Amenities											
Balcony/Patio	no	yes	yes	yes	no	no	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	yes	no	no	no	no	no	yes	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	no	no	no	yes	no	no	no	no
Ceiling Fan	yes	yes	yes	no	yes	yes	no	yes	no	no	yes
Garbage Disposal	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Grab Bars	no	no	no	no	yes	no	no	no	no	no	no
Hand Rails	yes	yes	yes	yes	no	yes	yes	no	no	no	no
Microwave	yes	yes	yes	no	yes	no	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	yes	yes	yes	yes	no	yes	no	no	no	no	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	yes	no	no	no	no	no	no	no	no
Walk-In Closet	yes	yes	yes	no	yes	no	yes	yes	yes	yes	yes
Wall A/C	no	no	no	no	no	no	yes	no	no	no	no
Washer/Dryer	no	no	no	no	no	no	no	no	yes	no	no
Washer/Dryer hookup	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Property Amenities											
Business Center/Computer Lab	yes	yes	yes	yes	yes	yes	no	yes	yes	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Courtyard	yes	yes	yes	no	no	no	no	no	yes	no	no
Elevators	yes	yes	yes	no	yes	yes	yes	no	yes	no	no
Exercise Facility	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no
Garage	no	no	no	no	no	no	yes	no	no	no	no
Hot Tub	no	no	no	no	no	no	no	no	yes	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Neighborhood Network	no	no	yes	no	no	no	no	no	no	no	no
Non-shelter Services	no	yes	no	no	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	yes	no	no	yes	yes	no	yes	no	yes
Playground	no	no	no	no	no	no	no	yes	no	yes	yes
Recreation Areas	yes	no	yes	no	no	no	no	no	no	no	no
Service Coordination	yes	yes	yes	no	yes	no	no	no	no	no	no
Swimming Pool	no	no	no	no	no	no	yes	yes	yes	yes	yes
Theatre	no	no	yes	no	no	yes	no	no	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	\$25.00	N/A	N/A	N/A	N/A
Services											
Adult Education	no	no	no	no	no	yes	no	no	no	no	no
Computer Tutoring	no	yes	no	no	no	no	no	no	no	no	no
Shuttle Service	yes	yes	yes	no	no	yes	yes	no	no	no	no
Security											
In-Unit Alarm	yes	yes	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	no	no	no	no	yes	no	no
Intercom (Phone)	no	no	yes	no	yes	no	no	no	no	no	no
Limited Access	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no
Patrol	yes	no	no	yes	no	no	yes	no	no	no	yes
Perimeter Fencing	no	yes	yes	yes	yes	yes	no	no	no	no	no
Video Surveillance	yes	yes	yes	no	yes	no	no	no	no	no	no
Premium Amenities											
Hairdresser / Barber	no	yes	no	no	no	no	yes	no	no	no	no
Medical Professional	no	no	no	no	no	no	yes	no	no	no	no
Other Amenities											
Other	Gazebo, community room	n/a	Library, offices for home health agencies	Social Director, Arts & Crafts Room	Library	Walking trails, game room, health seminars	n/a	Billiards, Game Room	n/a	n/a	n/a

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Absorption

We were able to obtain absorption information from all five of the LIHTC comparable properties, which is illustrated following table.

ABSORPTION					
Property Name	Occupancy Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Antioch Manor Estates	LIHTC	Senior	2005	120	24
Antioch Villas And Gardens	LIHTC	Senior	2012	106	35
Magnolia Circle	LIHTC	Senior	2003	84	14
Panola Gardens	LIHTC	Senior	2015	84	20
Retreat At Madison Place	LIHTC	Senior	2007	160	14

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. The Subject is a proposed renovation of an existing Section 8/market rate property. According to management, the Subject is currently fully-occupied. The Subject will be fully-subsidized following renovations. Although we were not provided with a tenant relocation spreadsheet, management at the Subject believes that all tenants currently residing at the Subject will remain income qualified following renovations. Because it will be fully-subsidized, the Subject is not likely to experience turnover following renovations. If the Subject were to operate as a LIHTC-only property, the Subject would likely experience an absorption pace similar to that of Antioch Villas and Gardens and Panola Gardens. Without subsidy, the Subject would likely experience an absorption pace of 30 units per month for an absorption period of approximately two to three months. With its subsidy in place, we expect the Subject will be able to re-absorb to 93 percent occupancy within one to two months.

Turnover

The following table illustrates reported turnover for the comparable properties. It should be noted that The Reserve at Decatur was unable to report turnover and therefore has been excluded from the average in the following analysis.

TURNOVER			
Property Name	Occupancy Type	Tenancy	Annual Turnover
Antioch Manor Estates	LIHTC	Senior	10%
Antioch Villas And Gardens	LIHTC	Senior	10%
Magnolia Circle	LIHTC	Senior	3%
Panola Gardens	LIHTC	Senior	10%
Retreat At Madison Place	LIHTC	Senior	30%
Clairmont Crest	Market	Senior	4%
Clifton Glen Apartments	Market	Family	5%
The Reserve At Decatur	Market	Family	N/A
Willow Lake Apartments	Market	Family	25%
Windrush Apartments	Market	Family	13%
Average Turnover			12%

As illustrated in the table above, turnover rates at the comparable properties ranged from three to 30 percent annually, with an average of 12 percent overall. The LIHTC properties reported an average turnover rate of 13 percent. Thus, we anticipate the Subject will maintain a turnover rate of 13 percent or less.

Vacancy Levels

The following table illustrates the vacancy rates in the market.

OVERALL VACANCY					
Property Name	Occupancy Type	Tenancy	Total Units	Vacant Units	Vacancy Rates
Antioch Manor Estates	LIHTC	Senior	122	0	0.0%
Antioch Villas And Gardens	LIHTC	Senior	106	0	0.0%
Magnolia Circle	LIHTC	Senior	84	1	1.2%
Panola Gardens	LIHTC	Senior	84	0	0.0%
Retreat At Madison Place	LIHTC	Senior	160	0	0.0%
Clairmont Crest	Market	Senior	200	0	0.0%
Clifton Glen Apartments	Market	Family	556	26	4.7%
The Reserve At Decatur	Market	Family	298	85	28.5%
Willow Lake Apartments	Market	Family	281	13	4.6%
Windrush Apartments	Market	Family	202	20	9.9%
Total LIHTC			556	1	0.2%
Total Market Rate			1,537	144	9.4%
Overall Total			2,093	145	6.9%

Overall vacancy in the market is moderate at 6.9 percent. Total LIHTC vacancy is lower at 0.2 percent, which is considered low. Magnolia Circle reported the only vacant unit among the LIHTC comparables. Antioch Manor Estates reports a waiting list two years long, Antioch Villas and Gardens reports a waiting list of three years, Magnolia Circle reports a waiting list of 100 households, Panola Gardens reports a waiting list of six months, and Retreat at Madison place reports a waiting list of nine households.

The vacancy rates among the market-rate comparable properties range from zero to 28.5 percent, averaging 9.4 percent, which is considered moderate. Elevated vacancy at The Reserve at Decatur is due to the property's being in its lease-up period. Excluding this comparable, market-rate vacancy is 4.8 percent, which is considered stabilized. Windrush Apartments reports the next highest vacancy at 9.9 percent. The contact reported that current vacancy is seasonal and that occupancy at this property is typically about 95 percent. Clairmont Crest, the only senior market-rate comparable, is currently fully-occupied and maintains a waiting list of eight months to a year for one-bedroom units and two years for two-bedroom units. As a newly constructed property with a competitive amenity package, we anticipate that the Subject would perform with a vacancy rate of five percent or less. Based on these factors, we believe that there is sufficient demand for additional affordable housing in the market. We do not believe that the Subject will impact the performance of the existing LIHTC properties if allocated.

Concessions

None of the comparables reported offering concessions. With no concessions present in the market, we do not believe that the Subject would need to offer concessions to be competitive both as restricted and hypothetically unrestricted.

Waiting Lists

The following table illustrates the presence of waiting lists, where applicable.

WAITING LIST			
Property Name	Occupancy Type	Tenancy	Waiting List Length
Antioch Manor Estates	LIHTC	Senior	Two years
Antioch Villas And Gardens	LIHTC	Senior	Three years
Magnolia Circle	LIHTC	Senior	100 households
Panola Gardens	LIHTC	Senior	Six months to one year
Retreat At Madison Place	LIHTC	Senior	Nine households
Clairmont Crest	Market	Senior	Eight months to two years
Clifton Glen Apartments	Market	Family	None
The Reserve At Decatur	Market	Family	None
Willow Lake Apartments	Market	Family	None
Windrush Apartments	Market	Family	None

All of the LIHTC comparables maintain waiting lists, some up to three years in length. This is a positive indication of the strength of the market in the local area. Based on the performance of the comparable properties, we expect the Subject to maintain a short waiting list.

Reasonability of Rents

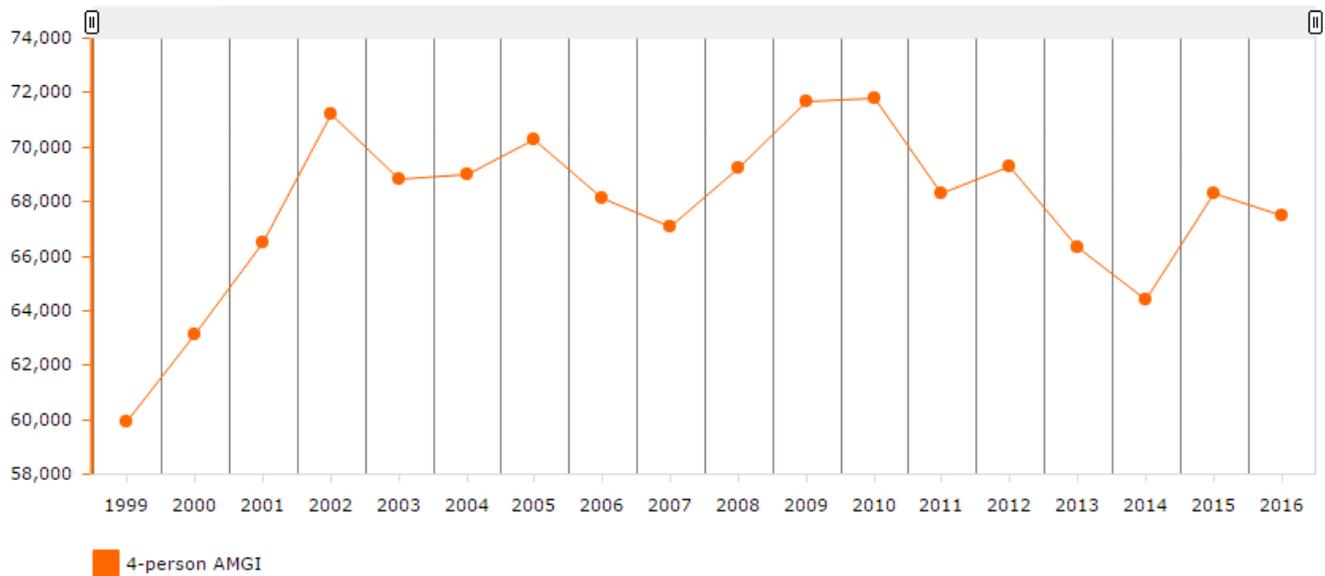
The following table is a comparison of the Subject’s proposed rents and the rents at the comparable properties. For the purposes of this analysis, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “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 concessed rent levels at the comparable properties, when applicable.

LIHTC RENT COMPARISON - @60%

Property Name	1BR	2BR
Retreat At Spring Hill (Subject)*	\$902	\$1,043
2016 LIHTC Maximum (Net)	\$759	\$912
2015 LIHTC Maximum (Net)	\$768	\$921
2012 LIHTC Maximum (Net)	\$780	\$936
2010 LIHTC Maximum (Net)	\$808	\$970
Antioch Manor Estates	\$832	\$999
Antioch Villas And Gardens	\$807	\$967
Magnolia Circle	\$659	\$800
Panola Gardens	\$768	-
Retreat At Madison Place	\$830	\$1,005
Average (excluding Subject)	\$784	\$956
Novoco Achievable LIHTC Rent	\$759	\$912

*The Subject's rents are its contract rents.

Per the Georgia DCA 2017 guidelines, the market study analyst must use the maximum rent and income limits effective as of January 1, 2017. Therefore, we have utilized the 2016 maximum income and rent limits. All of the comparable properties were constructed prior to 2016 and are held harmless at various levels according to their construction dates. This is because the AMI in DeKalb County has fluctuated greatly in the past 14 years. The following chart depicts changing AMI in DeKalb County since 2000.



Source: Novogradac & Company, accessed June 2017.

Antioch Manor Estates, Magnolia Circle, and the Retreat at Madison Place were constructed prior to 2009, and are held harmless at 2010 maximum allowable levels, when AMI in DeKalb County reached its peak. Antioch Villas and Gardens was placed in service in 2012, and is held harmless at 2012 maximum allowable levels. Panola Gardens was constructed in 2015 and is held harmless at 2015 maximum allowable levels. Any additional discrepancy between the comparables’ LIHTC rents and the maximum allowable level is assumed to be due to difference in utility allowance structure. Rents at the comparables have been adjusted according to the Subject’s developer’s utility allowance.

Antioch Manor Estates and Panola Gardens are considered the most comparable LIHTC properties to the Subject. Antioch Manor Estates, which is located 4.1 miles from the Subject, is considered similar in location to the Subject. The unit sizes at Antioch Manor Estates are similar to the Subject’s proposed one- and two-bedroom unit sizes. However, Antioch Manor Estates is slightly superior to the Subject with respect to in-unit amenities, as it offers balconies and patios and washer/dryer connections in all of its units. The Subject only offers patios and washer/dryer hookups in its first floor units. Further, Antioch Manor is similar to the Subject with respect to property amenities and location. However, Antioch Manor was constructed in 2005 and will be inferior to the Subject post-renovation. Antioch Manor is fully-occupied and maintains a waiting list for all of its units, including those offered at 60 percent of AMI. Antioch Manor Estate’s performance indicates that the maximum allowable LIHTC rents at 60 percent of AMI are achievable in the market. Given the Subject’s superior condition in comparison to Antioch Manor Estates post-renovation, we believe it should be able to similarly achieve rents at the maximum allowable level. As stated heretofore, Antioch Manor Estates is held harmless at the 2010 maximum allowable levels; the Subject will be constructed after 2016 and will be held to the 2016 maximum allowable levels.

Panola Gardens, which is located 9.3 miles south of the Subject, is considered similar to the Subject with respect to in-unit amenities, age and condition, and location. However, Panola Gardens is inferior to the Subject with respect to property amenities. Panola Gardens does not offer a courtyard, a picnic area, or recreation areas as the Subject does. Panola Gardens offers superior unit sizes in its one-bedroom units in comparison to the Subject. This property was constructed in 2015, and will be considered slightly inferior to the Subject in terms of age and condition post-renovation. Panola Gardens is achieving rents at the 2015 maximum allowable levels and reports low vacancy. Given the performance of this comparable and the

Subject’s superiority post-renovation, we believe the Subject can similarly achieve LIHTC rents similar to the maximum allowable levels.

The two most similar comparable properties to the Subject are achieving their respective LIHTC maximum allowable incomes for one and two-bedroom units at 60 percent AMI, both of which are higher than the Subject’s maximum allowable level. Both properties report low vacancy, and Antioch Manor Estates maintains a waiting list for its units at 60 percent AMI. We believe that this is indicative of demand for affordable housing in the marketplace. As such, we believe the Subject could achieve LIHTC rents at the 2016 maximum allowable levels were it to operate without subsidy. This conclusion is supported by the most similar LIHTC properties.

Achievable Market Rents – As Is

Based on the quality of the surveyed comparable properties and the Subject’s current quality, we conclude that the restricted rents are below the achievable market rates for the Subject’s area. The following table shows the similarity of the market rate comparables to the Subject property as is.

MARKET RENT COMPARISON - AS IS

Property Name	1BR	2BR
Retreat at Spring Hill	\$902	\$1,043
Antioch Manor Estates	\$975	\$1,345 - \$1,395
Antioch Villas And Gardens	\$1,025	\$1,095 - \$1,250
Clairmont Crest	\$1,024	\$1,200
Clifton Glen Apartments	\$856 - 931	\$953 - \$1,028
Magnolia Circle	\$794	\$915
The Reserve At Decatur	\$1,496	\$2,053
Willow Lake Apartments	\$872	\$984
Windrush Apartments	\$759	\$975
Average (excluding Subject)	\$975	\$1,190
Novoco Achievable Market Rent	\$850	\$980

As is, the Subject is considered most similar to the market rate comparables Willow Lake Apartments and Windrush Apartments. Willow Lake Apartments was constructed in 1992 and exhibits average condition, similar to the condition of the Subject. The Subject offers slightly superior property amenities since Willow Lake Apartments does not offer a courtyard, elevator, exercise facility, picnic area, recreation area, or service coordination. However, Willow Lake offers a swimming pool as an amenity, which is lacking at the Subject. The Subject offers generally similar in-unit amenities compared to Willow Lake Apartments. Units at Willow Lake Apartments include washer/dryer connections and coat closets, but lack pull cords, microwaves, garbage disposals and included cable/satellite/internet. The Subject’s one and two-bedroom units are significantly smaller than Willow Lake Apartments. Therefore, we have placed the Subject’s achievable one and two-bedroom rents below the adjusted rents for Willow Lake Apartments, which are \$872 and \$984 for one and two-bedroom units, respectively.

Windrush Apartments, a comparable market-rate property, was constructed in 1982 and exhibits fair condition, slightly inferior to the Subject. The Subject offers slightly superior property amenities since Windrush Apartments does not offer a courtyard, elevator, exercise facility, picnic area, or service coordination. The Subject offers a similar location. The Subject offers generally similar in-unit amenities compared to Windrush Apartments. The Subject’s one and two-bedroom units are slightly smaller than Windrush Apartments. Given the inferior age and condition of Windrush Apartments and its lack of common

area amenities, we have placed the Subject’s achievable market rents above the adjusted rents for Windrush Apartments which are \$685 and \$875 for one and two-bedroom units, respectively. We have concluded to achievable market rents for the Subject as is of **\$850** and **\$980**.

Achievable Market Rents – As Proposed

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

MARKET RENT COMPARISON - AS PROPOSED		
Property Name	1BR	2BR
Retreat at Spring Hill	\$902	\$1,043
Antioch Manor Estates	\$975	\$1,345 - \$1,395
Antioch Villas And Gardens	\$1,025	\$1,095 - \$1,250
Clairmont Crest	\$1,024	\$1,200
Clifton Glen Apartments	\$856 - \$931	\$953 - \$1,028
Magnolia Circle	\$794	\$915
The Reserve At Decatur	\$1,496	\$2,053
Willow Lake Apartments	\$872	\$984
Windrush Apartments	\$759	\$975
Average (excluding Subject)	\$975	\$1,190
Novoco Achievable Market Rent	\$1,050	\$1,200

As proposed, the Subject will be most similar to the market rate rents at Clairmont Crest. Clairmont Crest is similar to the Subject with respect to location and in-unit features, but offers slightly inferior property amenities and will be inferior to the Subject in terms of condition post-renovation. However, Clairmont Crest offers superior unit sizes. This property offers one and two-bedroom units at \$1,024 and \$1,200, respectively. Clairmont Crest also reports no vacancy and maintains a waiting list for its market rate units. Given this comparable’s low vacancy, we believe the Subject could achieve market rents similar to those at Clairmont Crest. We have concluded to achievable market rents for the Subject as proposed of **\$1,050** and **\$1,200** for the one and two-bedroom units, respectively.

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average	Achievable LIHTC Rent	Subject Rent Advantage
1BR @ 60% AMI (PBRA)	\$659	\$1,496	\$896	\$759	18.0%
2BR @ 60% AMI (PBRA)	\$800	\$2,053	\$1,114	\$912	22.1%

Conclusions

As is restricted, we believe the Subject could achieve the 2016 maximum allowable LIHTC rents of **\$759** and **\$912** for its one and two-bedroom units were it to operate without subsidy. As is unrestricted we believe the Subject could achieve market rents of **\$850** and **\$980** for its one and two-bedroom units. As proposed, we believe the Subject could achieve market rents of **\$1,050** and **\$1,200** for its one and two-bedroom units, respectively. Were it to operate without subsidy, the Subject’s achievable LIHTC rents would present an advantage between 18.0 and 22.1 percent when compared to the surveyed market rent advantage. All of the Subject units will operate with a subsidy post-renovation.

INDICATIONS OF DEMAND

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. Strengths of the Subject will include its new construction, in-unit amenities, community amenities, and proximity to local amenities. We are not aware of any weaknesses of the Subject development. The affordable comparables reported full occupancy. In addition to strong occupancy levels at all of the stabilized comparables, all of the affordable comparables maintain waiting lists. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

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

1. Income Restrictions

LIHTC rents are based upon a percentage of the Area Median Gross Income (“AMI”), adjusted for household size and utilities. The Georgia Department of Community Affairs (“DCA”) will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 40 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). For income determination purposes, the maximum income is assumed to be 1.5 persons per bedroom rounded up to the nearest whole number. For example, maximum income for a one-bedroom unit is based on an assumed household size of two persons (1.5 persons per bedroom, rounded up). However, very few senior households have more than two persons. Therefore, we have used a maximum household size of two persons in our analysis.

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

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

SENIOR 55+ INCOME LIMITS - AS PROPOSED (WITH SUBSIDY)

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	<i>60% AMI (PBRA)</i>	
1BR/1BA	\$0	\$32,400
2BR/2BA	\$0	\$32,400

SENIOR 55+ INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	<i>60% AMI</i>	
1BR/1BA	\$22,770	\$32,400
2BR/2BA	\$27,360	\$32,400

2. Affordability

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

3. Demand

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

3A. Demand from New Households

The number of new households entering the market is the first level of demand calculated. We have utilized 2019, the anticipated date of market entry, as the base year for the analysis. Therefore, 2017 household population estimates are inflated to 2019 by interpolation of the difference between 2017 estimates and 2019 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2019. This number takes the overall growth from 2017 to 2019 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

3B. Demand from Existing Households

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

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

3C. Demand from Elderly Homeowners likely to Convert to Rentership

An additional source of demand is also seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

3D. Other

Per the 2017 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

DCA does not consider household turnover to be a source of market demand. Therefore, we have not accounted for household turnover in our demand analysis.

We have adjusted all of our capture rates based on household size. DCA guidelines indicate that properties with over 20 percent of their proposed units in three and four-bedroom units need to be adjusted to considered larger household sizes. We have incorporated household size adjustments in our capture rates for all of the Subject’s units

4. Net Demand, Capture Rates, and Stabilization Calculations

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed or placed in service from 2014 to the present.

Additions to Supply

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we have deducted the following units from the demand analysis.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2013 through the present.
- Vacancies in projects placed in service prior to 2014 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2014 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

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

COMPETITIVE SUPPLY 2014 - PRESENT

Property Name	Program	Location	Tenancy	Status	# of Competitive Units
Columbia Avondale Senior	LIHTC	Decatur	Senior	Under construction	92
Manor at Indian Creek	LIHTC	Stone Mountain	Senior	Under construction	75

Columbia Avondale Senior (HFOP) was allocated LIHTC in 2015 and will target seniors age 62 and older. Columbia Avondale Senior will be located at the corner of Sams Street and College avenue in Decatur, approximately 3.8 miles southwest of the Subject site and within the PMA. The property will consist of 92 one and two-bedroom units restricted at 50 and 60 percent of the AMI. Eighty-three of these units will be restricted at 60 percent of the AMI and will directly compete with the Subject. We have deducted these 83 units from our demand analysis.

Manor at Indian Creek (HFOP) was also allocated LIHTC in 2015 and will target seniors age 55 and older. Manor at Indian Creek will be located at 3904 Durham Park Road in Stone Mountain, approximately 1.9 miles southwest of the Subject site and within the PMA. The property will consist of 75 one and two-bedroom units restricted at 60 percent of the AMI. All 75 units will directly compete with the Subject. We have deducted these 75 units from our demand analysis.

The following table illustrates the total number of units removed based on existing properties as well as new properties to the market area that have been allocated, placed in service, or stabilizing between 2014 and present.

ADDITIONS TO SUPPLY

Unit Type	60% AMI	Overall
1BR	136	136
2BR	22	22
Total	158	158

PMA Occupancy

Per DCA's guidelines, we have determined the average occupancy rate based on all available competitive conventional and LIHTC properties in the PMA. We have provided a combined average occupancy level for the PMA based on the total competitive units in the PMA.

PMA OCCUPANCY

Property Name	Program	Location	0	Total Units	Occupied Units	Occupancy
Antioch Manor Estates	LIHTC	Stone Mountain	Senior	120	106	100.0%
Antioch Villas and Gardens	LIHTC	Stone Mountain	Senior	106	160	100.0%
Retreat at Madison Place	LIHTC	Decatur	Senior	160	94	100.0%
Average PMA Occupancy						100.0%

The average occupancy rate of competitive developments in the PMA is 100.0 percent.

Rehab Developments and PBRA

For any properties that are rehab developments, the capture rates will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet.

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.

Capture Rates

The above calculations and derived capture rates are illustrated in the following tables. Note that the demographic data used in the following tables, including tenure patterns, household size and income distribution through the projected market entry date of 2019 were illustrated in the previous section of this report.

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2017		Projected Mkt Entry January 2018		2021	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,672	14.5%	5,651	14.4%	5,507	13.6%
\$10,000-19,999	7,196	18.4%	7,139	18.2%	6,739	16.6%
\$20,000-29,999	6,766	17.3%	6,753	17.2%	6,658	16.4%
\$30,000-39,999	5,743	14.7%	5,752	14.6%	5,813	14.3%
\$40,000-49,999	4,242	10.8%	4,264	10.8%	4,417	10.9%
\$50,000-59,999	2,562	6.5%	2,591	6.6%	2,799	6.9%
\$60,000-74,999	2,648	6.8%	2,690	6.8%	2,985	7.4%
\$75,000-99,999	2,187	5.6%	2,243	5.7%	2,631	6.5%
\$100,000-124,999	950	2.4%	991	2.5%	1,283	3.2%
\$125,000-149,999	446	1.1%	470	1.2%	643	1.6%
\$150,000-199,999	360	0.9%	376	1.0%	491	1.2%
\$200,000+	382	1.0%	407	1.0%	584	1.4%
Total	39,154	100.0%	39,329	100.0%	40,551	100.0%

Source: HISTA Data / Ribbon Demographics 2017, Novogradac & Company LLP, June 2017

60% AMI – WITH SUBSIDY

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% (with sub)

Minimum Income Limit		\$0		Maximum Income Limit		\$32,400	
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry January 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket		
\$0-9,999	20	8.8%	9,999	100.0%	20		
\$10,000-19,999	14	6.0%	9,999	100.0%	14		
\$20,000-29,999	24	10.8%	9,999	100.0%	24		
\$30,000-39,999	28	12.5%	2,400	24.0%	7		
\$40,000-49,999	24	10.5%		0.0%	0		
\$50,000-59,999	20	9.0%		0.0%	0		
\$60,000-74,999	19	8.4%		0.0%	0		
\$75,000-99,999	27	12.1%		0.0%	0		
\$100,000-124,999	16	7.0%		0.0%	0		
\$125,000-149,999	14	6.2%		0.0%	0		
\$150,000-199,999	8	3.5%		0.0%	0		
\$200,000+	12	5.2%		0.0%	0		
Total	226	100.0%		28.6%	65		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - 60% (with sub)

Minimum Income Limit		\$0		Maximum Income Limit		\$32,400	
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	1,421	14.7%	9,999	100.0%	1,421		
\$10,000-19,999	1,985	20.6%	9,999	100.0%	1,985		
\$20,000-29,999	1,640	17.0%	9,999	100.0%	1,640		
\$30,000-39,999	1,183	12.3%	2,400	24.0%	284		
\$40,000-49,999	972	10.1%		0.0%	0		
\$50,000-59,999	528	5.5%		0.0%	0		
\$60,000-74,999	516	5.3%		0.0%	0		
\$75,000-99,999	534	5.5%		0.0%	0		
\$100,000-124,999	294	3.0%		0.0%	0		
\$125,000-149,999	260	2.7%		0.0%	0		
\$150,000-199,999	164	1.7%		0.0%	0		
\$200,000+	147	1.5%		0.0%	0		
Total	9,646	100.0%		55.3%	5,331		

ASSUMPTIONS - 60% (with sub)

Tenancy		Senior		% of Income towards Housing		40%	
Rural/Urban		Urban		Maximum # of Occupants		2	
Persons in Household	OBR	1BR	2BR	3BR	4BR+		
1	10%	80%	20%	0%	0%		
2	0%	40%	60%	0%	0%		
3	0%	0%	0%	100%	0%		
4	0%	0%	0%	70%	30%		
5+	0%	0%	0%	30%	70%		

Demand from New Renter Households 2017 to January 2018

Income Target Population	60% (with sub)
New Renter Households PMA	226
Percent Income Qualified	28.6%
New Renter Income Qualified Households	65

Demand from Existing Households 2017

Demand from Rent Overburdened Households

Income Target Population	60% (with sub)
Total Existing Demand	9,646
Income Qualified	55.3%
Income Qualified Renter Households	5,331
Percent Rent Overburdened Prj Mrkt Entry January 2018	47.8%
Rent Overburdened Households	2,550

Demand from Living in Substandard Housing

Income Qualified Renter Households	5,331
Percent Living in Substandard Housing	0.6%
Households Living in Substandard Housing	34

Senior Households Converting from Homeownership

Income Target Population	60% (with sub)
Total Senior Homeowners	16,978
Rural Versus Urban	0.1%
Senior Demand Converting from Homeownership	15

Total Demand

Total Demand from Existing Households	2,599
Total New Demand	65
Total Demand (New Plus Existing Households)	2,664

Demand from Seniors Who Convert from Homeownership	15
Percent of Total Demand From Homeownership Conversion	0.6%
Is this Demand Over 2 percent of Total Demand?	No

By Bedroom Demand

One Person	49.3%	1,312
Two Persons	26.0%	693
Three Persons	10.5%	280
Four Persons	7.3%	195
Five Persons	6.9%	183
Total	100.0%	2,664

To place Person Demand into Bedroom Type Units

Of one-person households in studio units	10%	131
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	1,050
Of two-person households in 1BR units	40%	277
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	20%	262
Of two-person households in 2BR units	60%	416
Of three-person households in 2BR units	0%	0
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	100%	280
Of four-person households in 3BR units	70%	137
Of five-person households in 3BR units	30%	55
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	59
Of five-person households in 4BR units	35%	64
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	64
Total Demand		2,795

Total Demand (Subject Unit Types)			Additions to Supply		Net Demand
1 BR	1,327	-	136	=	1,191
2 BR	678	-	22	=	656
Total	2,005		158		1,847

Developer's Unit Mix			Net Demand		Capture Rate
1 BR	71	/	1,191	=	6.0%
2 BR	12	/	656	=	1.8%
Total	83		1,847		4.5%

60% AMI – WITHOUT SUBSIDY

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% (without sub)

Minimum Income Limit		\$22,770		Maximum Income Limit		\$32,400	
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry January 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket		
\$0-9,999	20	8.8%		0.0%	0		
\$10,000-19,999	14	6.0%		0.0%	0		
\$20,000-29,999	24	10.8%	7,229	72.3%	18		
\$30,000-39,999	28	12.5%	2,400	24.0%	7		
\$40,000-49,999	24	10.5%		0.0%	0		
\$50,000-59,999	20	9.0%		0.0%	0		
\$60,000-74,999	19	8.4%		0.0%	0		
\$75,000-99,999	27	12.1%		0.0%	0		
\$100,000-124,999	16	7.0%		0.0%	0		
\$125,000-149,999	14	6.2%		0.0%	0		
\$150,000-199,999	8	3.5%		0.0%	0		
\$200,000+	12	5.2%		0.0%	0		
Total	226	100.0%		10.8%	24		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - 60% (without sub)

Minimum Income Limit		\$22,770		Maximum Income Limit		\$32,400	
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	1,421	14.7%		0.0%	0		
\$10,000-19,999	1,985	20.6%		0.0%	0		
\$20,000-29,999	1,640	17.0%	7,229	72.3%	1,186		
\$30,000-39,999	1,183	12.3%	2,400	24.0%	284		
\$40,000-49,999	972	10.1%		0.0%	0		
\$50,000-59,999	528	5.5%		0.0%	0		
\$60,000-74,999	516	5.3%		0.0%	0		
\$75,000-99,999	534	5.5%		0.0%	0		
\$100,000-124,999	294	3.0%		0.0%	0		
\$125,000-149,999	260	2.7%		0.0%	0		
\$150,000-199,999	164	1.7%		0.0%	0		
\$200,000+	147	1.5%		0.0%	0		
Total	9,646	100.0%		15.2%	1,470		

ASSUMPTIONS - 60% (without sub)

Tenancy		Senior	% of Income towards Housing			40%
Rural/Urban		Urban	Maximum # of Occupants			2
Persons in Household	OBR	1BR	2BR	3BR	4BR+	
1	10%	80%	20%	0%	0%	
2	0%	40%	60%	0%	0%	
3	0%	0%	0%	100%	0%	
4	0%	0%	0%	70%	30%	
5+	0%	0%	0%	30%	70%	

Demand from New Renter Households 2017 to January 2018

Income Target Population	60% (without sub)
New Renter Households PMA	226
Percent Income Qualified	10.8%
New Renter Income Qualified Households	24

Demand from Existing Households 2017

Demand from Rent Overburdened Households

Income Target Population	60% (without sub)
Total Existing Demand	9,646
Income Qualified	15.2%
Income Qualified Renter Households	1,470
Percent Rent Overburdened Prj Mrkt Entry January 2018	47.8%
Rent Overburdened Households	703

Demand from Living in Substandard Housing

Income Qualified Renter Households	1,470
Percent Living in Substandard Housing	0.6%
Households Living in Substandard Housing	9

Senior Households Converting from Homeownership

Income Target Population	60% (without sub)
Total Senior Homeowners	16,978
Rural Versus Urban	0.1%
Senior Demand Converting from Homeownership	15

Total Demand

Total Demand from Existing Households	727
Total New Demand	24
Total Demand (New Plus Existing Households)	752

Demand from Seniors Who Convert from Homeownership	15
Percent of Total Demand From Homeownership Conversion	2.0%
Is this Demand Over 2 percent of Total Demand?	No

By Bedroom Demand

One Person	49.3%	370
Two Persons	26.0%	196
Three Persons	10.5%	79
Four Persons	7.3%	55
Five Persons	6.9%	52
Total	100.0%	752

To place Person Demand into Bedroom Type Units

Of one-person households in studio units	10%	37
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	296
Of two-person households in 1BR units	40%	78
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	20%	74
Of two-person households in 2BR units	60%	117
Of three-person households in 2BR units	0%	0
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	100%	79
Of four-person households in 3BR units	70%	39
Of five-person households in 3BR units	30%	16
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	17
Of five-person households in 4BR units	35%	18
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	18
Total Demand		789

Total Demand (Subject Unit Types)			Additions to Supply		Net Demand
1 BR	374	-	136	=	238
2 BR	191	-	22	=	169
Total	566		158		408

Developer's Unit Mix			Net Demand	Capture Rate	
1 BR	71	/	238	=	29.8%
2 BR	12	/	169	=	7.1%
Total	83		408		20.3%

Conclusions

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

- The number of senior households in the PMA is expected to increase 2.8 percent between 2017 and market entry 2018.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

DEMAND AND NET DEMAND

	HH at 60% AMI - With Subsidy (\$0 to \$32,400)	HH at 60% AMI - Without Subsidy (\$22,770 to \$32,400)	All Tax Credit Households - With Subsidy
Demand from New Households (age and income appropriate)	65	24	65
PLUS	+	+	+
Demand from Existing Renter Households - Substandard Housing	34	9	34
PLUS	+	+	+
Demand from Existing Renter Households - Rent Overburdened Households	2,550	703	2,550
Sub Total	2,649	737	2,649
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 2% where applicable)	15	15	15
Equals Total Demand	2,664	752	2,664
Less	-	-	-
Competitive New Supply	158	158	158
Equals Net Demand	2,506	594	2,506

CAPTURE RATE ANALYSIS CHART

Unit Type	Minimum Income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rents	Minimum Market Rent	Maximum Market Rent	Proposed Rents*
1BR at 60% AMI (with subsidy)	\$0	\$32,400	71	1,327	136	1,191	6.0%	One to two months	\$896	\$659	\$1,496	\$759
2BR at 60% AMI (with subsidy)	\$0	\$32,400	12	678	22	656	1.8%	One to two months	\$1,114	\$800	\$2,053	\$912
1BR at 60% AMI (absent subsidy)	\$22,770	\$32,400	71	374	136	238	29.8%	One to two months	\$896	\$659	\$1,496	\$759
2BR at 60% AMI (absent subsidy)	\$27,360	\$32,400	12	191	22	169	7.1%	One to two months	\$1,114	\$800	\$2,053	\$912
Overall (with subsidy)	\$0	\$32,400	83	2,005	158	1,847	4.5%	One to two months	-	-	-	-
Overall (absent subsidy)	\$22,770	\$32,400	83	566	158	408	20.3%	One to two months	-	-	-	-

*In this scenario, proposed LIHTC rents are LIHTC maximum allowable rents at the 60% AMI level.

As the analysis illustrates, in the subsidized scenario, the Subject’s capture rates at the 60 percent AMI level will range from 1.8 to 6.0 percent, with an overall capture rate of 4.5 percent. Absent subsidy, the Subject’s 60 percent AMI capture rates range from 7.1 to 29.8 percent, with an overall capture rate of 20.3 percent. Note, these capture rates were calculated using the achievable LIHTC rents we determined in the *Competitive Rental Analysis* section of this study. If the Subject were to operate as a LIHTC property without subsidy, the overall capture rate is 20.3 percent, which is considered low. Therefore, we believe there is adequate demand for the Subject in the subsidized scenario. However, all of the Subject’s units will receive subsidy post-renovation. Assuming subsidy, the overall capture rate is 4.5 percent, which is considered very low.

VI. HIGHEST AND BEST USE

HIGHEST AND BEST USE

Highest and Best Use is defined as: "The reasonably probable and legal use of property 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 productivity."³

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 highest value. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it generally helps create and/or maintains maximum value.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may 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 community 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. 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 to 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.

³ Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

HIGHEST AND BEST USE AS IF VACANT

Physically Possible

According to the DeKalb County Assessor's Office, the Subject is identified by the parcel ID 1804302004 and totals 5.36 acres, or 233,482 square feet. The site is gently rolling and is irregular in shape. Further, it has good accessibility and visibility and is not located within a flood plain. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible

According to the DeKalb County Zoning Department, the Subject site is currently zoned Medium Density Residential-2 (MR-2). The principal residential uses permitted under this zoning code are single-family and multifamily developments. Accessory commercial uses are also permitted. Bonus density requirements allow a maximum of 18 units per acre for properties when 10 percent of the units are occupied by very low income households, 20 percent of the units are occupied by low income households, or 25 percent of the units are occupied by senior households.

Financially Feasible

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

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site can be used for multifamily uses. Given the Subject's surrounding land uses, the site's physical attributes, development patterns in the area, and demand, multifamily residential is considered the most likely use. Under the current zoning, multifamily development is an allowable use.

Maximally Productive

Anecdotal evidence indicates market rate development is not feasible in the current market. Market rents do not support feasible construction without additional gap subsidy. Therefore, if available, the maximally productive use of this site as if vacant would be to construct a multifamily rental property using tax credit equity, favorable financing, or other gap subsidies.

Conclusion

Highest and Best Use “As If Vacant”

The Subject’s highest and best use “as if vacant” is to develop with a 96-unit multifamily rental property with gap financing such as tax exempt bonds and tax credits.

Highest and Best Use “As Is”

The Subject is currently improved with a mixed-income multifamily property operating with subsidized and market rate units in average condition. The property currently generates a positive return. As subsequently presented in the Income Approach, we have utilized market level rents and expenses which indicate that the Subject property would generate a positive return with its current contract rents. Thus, it is not deemed feasible to tear down to allow for alternative uses. Thus, the Subject’s highest and best use “as improved” is continued operation as a multifamily rental property with financial subsidies. A renovation of the existing property would result in increased marketability and appeal.

VII. APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

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

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

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

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

Applicability to the Subject Property

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.

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

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

VIII. 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.
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. We have been asked to provide the fee simple value of the underlying land.

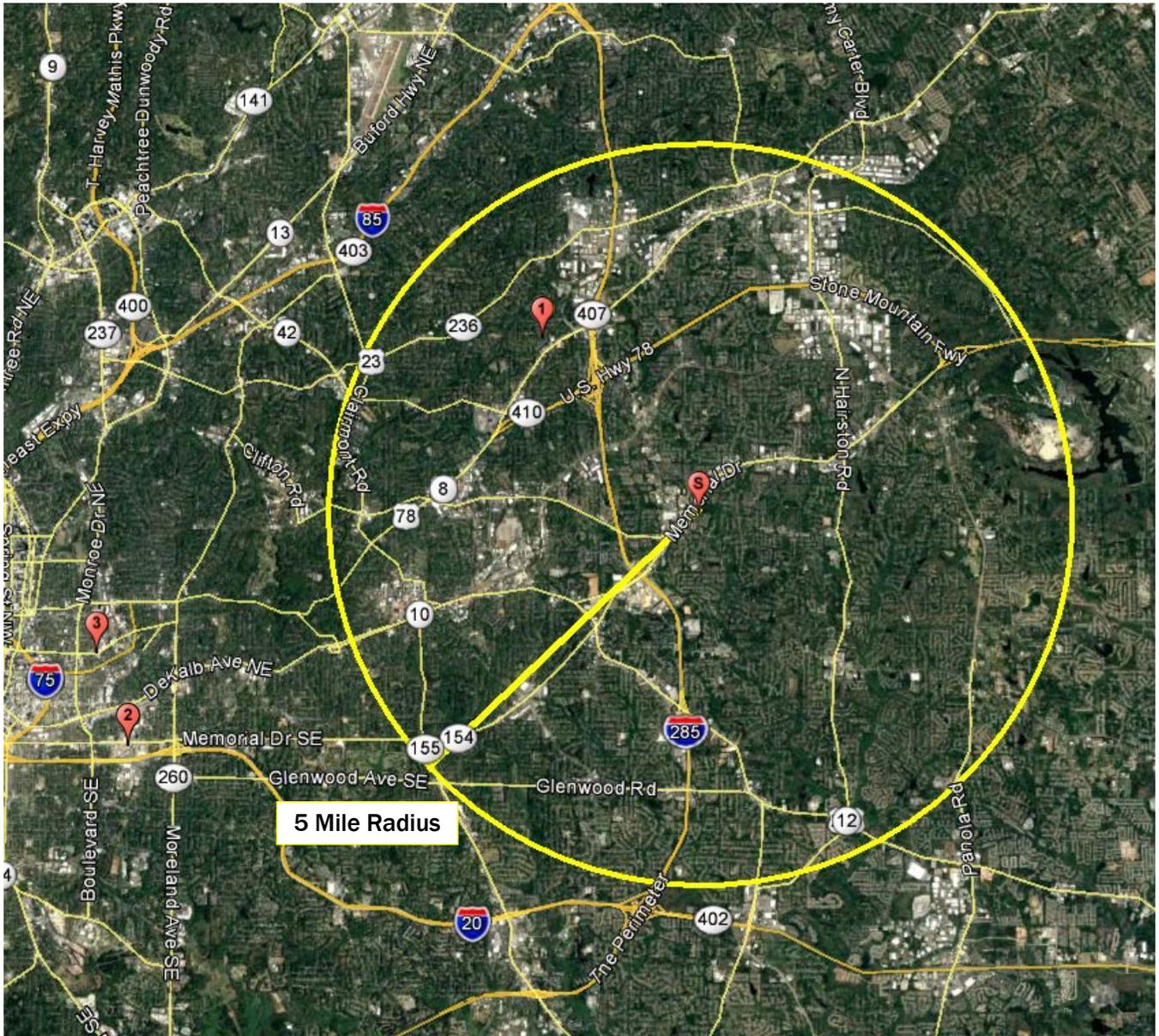
The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the Subject property. We researched the subject's market area for recent sales of comparable vacant land. 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 have identified three recent land sales within the Atlanta metropolitan area, one of which is located within the Subject’s PMA. The table below provides a summary of the sales used:

COMPARABLE LAND SALES

#	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	2671 - 2683 Lawrenceville Highway	Decatur, GA	Feb-16	\$2,550,000	9.0	200	\$12,750
2	841 Memorial Drive	Atlanta, GA	Nov-14	\$925,000	1.1	80	\$11,563
3	608 Ralph McGill Boulevard	Atlanta, GA	Oct-14	\$5,500,000	2.4	268	\$20,522
Average							\$14,945

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 \$11,563 to \$20,522 per unit. A location map and individual land sale profiles are provided below.

Land Sales Map



Source: Google Earth, June 2017.

Land Sale 1



Location: 2671 - 2683 Lawrenceville Highway
Decatur, GA 30033

Buyer: Decatur Mansions Senior Living LLC

Seller: TPA-Arrowhead LLC

Sale Date: Feb-16

Sale Price: \$2,550,000

Financing: Cash

Number of Units: 200

Site: Acre(s) 9.00

Square Footage 392,040

Zoning Multifamily

Corner No

Topography Gently rolling

Shape Irregular

Sale Price: Per Unit \$12,750

Per Acre \$283,333

Per SF \$6.50

Comments:

This property covers two adjoining parcels and was sold as a development for a senior living facility. As proposed, the improvements to the site will include approximately 200 units in two buildings. All details of the sale were confirmed by the listing broker and through public records.

Verification: CoStar, Public Records, Seller Broker (Fred Landers, 770-436-3400)

Land Sale 2



Location:	841 Memorial Drive Atlanta, GA 30316	
Buyer:	841 Memorial Drive Holdings LLC	
Seller:	RES-GA Memorial LLC	
Sale Date:	Nov-14	
Sale Price:	\$925,000	
Financing:	Cash	
Number of Units:	80	
Site:	Acre(s)	1.14
	Square Footage	49,746
Zoning	Multifamily	
Corner	Yes	
Topography	Level	
Shape	Irregular	
Sale Price:	Per Unit	\$11,563
	Per Acre	\$811,404
	Per SF	\$18.59

Comments:

This site was a vacant asphalt lot at the time of the sale. The buyer purchased the property and held it for development. An 80-unit apartment building was developed on the property in 2016, called 841 Memorial. The property now offers studio, one, and two-bedroom apartments at market rates. Details of the sale were confirmed via public records and the seller broker.

Verification: CoStar, Public Records, Seller Broker (Nelson Vinson, 770-955-2000)

Land Sale 3



Location:	608 Ralph McGill Boulevard Atlanta, GA 30312	
Buyer:	JLB Poncey, LLC	
Seller:	Inland Atlantic Fourth Ward LLC	
Sale Date:	Oct-14	
Sale Price:	\$5,500,000	
Financing:	Conventional loan	
Number of Units:	268	
Site:	Acre(s)	2.43
	Square Footage	105,851
Zoning	Residential	
Corner	Yes	
Topography	Level	
Shape	Irregular	
Sale Price:	Per Unit	\$20,522
	Per Acre	\$2,263,374
	Per SF	\$51.96

Comments:

The broker (Caldwell Zimmerman) confirmed the information about this site. No further information is available.

Verification: CoStar, Public Records, Broker (Caldwell Zimmerman, 404-877-3574)

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/Density**
- **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 vary over time due to changes in market conditions. The rate of this change fluctuates due to investor's perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of the comparables, when values have appreciated or depreciated. The comparable sales took place between October 2014 and May 2016. According to the PwC Real Estate Investment Survey, capitalization rates have compressed slightly from the fourth quarter 2014 through 2017. The table below illustrates multifamily capitalization rates from 2014 to present.

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments		
Quarter	Cap Rate	Change (bps)
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
2Q16	5.29	-0.06
3Q16	5.25	-0.04
4Q16	5.26	0.01
1Q17	5.33	0.07
2Q17	5.40	-0.07

Source: PwC Real Estate Investor Survey, Q1 2017

As indicated above, capitalization rates have decreased slightly since the fourth quarter of 2014 but have remained fairly stable over the last year. As such, an upward adjustment of 10 percent is applied to Sale 3 and no adjustments are applied to Sales 1 and 2 as they occurred during similar 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 table illustrates the median rents, median incomes, and median home values for the Subject and the comparable sales by zip code.

SALES LOCATION COMPARISON

No.	Property Name	Zip Code	Median HH Income	Median Rent	Median Home Value	Differential With Subject Site
Subject	Retreat at Spring Hill	30083	\$38,007	\$869	\$94,900	-
Sale 1	2671 Lawrenceville Highway	30033	\$61,892	\$1,046	\$245,000	-17%
Sale 2	841 Memorial	30316	\$49,516	\$989	\$165,100	-12%
Sale 3	608 Ralph McGill Boulevard	30312	\$42,169	\$974	\$189,400	-11%

The Subject's location is inferior to significantly inferior in terms of median rent, median household income, and median home values. Overall, we have given greatest weight to the median rent figures, as the Subject site is zoned multifamily and as such improvements will be an income-producing multifamily development. We have applied a 15 percent downward adjustment to Sale 1, and a 10 percent downward adjustment to Sales 2 and 3.

Zoning/Density

All of the land sales' zoning permits multifamily development. Sale 1 has a similar density to the Subject. Sales 2 and 3 are developed to much higher densities than the Subject property. We have applied downward adjustments of 15 and 30 percent respectively to Sales 2 and 3.

Topography/Shape

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 has generally similar shape, access, and visibility as the comparable sales. No adjustment is warranted.

Size

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. We have applied an upward adjustment of five percent to Sale 1 for its larger size and a five percent downward adjustment to Sales 2 and 3 for their smaller sizes.

Land Value Estimate – As If Vacant

The land sales grid is presented below:

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

Comparable Land Data Adjustment Grid				
	Subject	1	2	3
		2671 - 2683		
		Lawrenceville	841 Memorial	608 Ralph McGill
Location	4947 Memorial Drive	Highway	Drive	Boulevard
City, State	Stone Mountain, GA	Decatur, GA	Atlanta, GA	Atlanta, GA
Parcel Data				
Zoning	MR-2	Multifamily	Multifamily	Residential
Topography	Gently rolling	Gently rolling	Level	Level
Shape	Irregular	Irregular	Irregular	Irregular
Size (SF)	233,482	392,040	49,658	105,851
Size (Acres)	5.4	9.0	1.1	2.4
Units	96	200	80	268
Units Per Acre	17.9	22.2	70.2	110.3
Sales Data				
Date		Feb-16	Nov-14	Oct-14
Interest		Fee Simple	Fee Simple	Fee Simple
Price		\$2,550,000	\$925,000	\$5,500,000
Price per Unit		\$12,750	\$11,563	\$20,522
Adjustments				
Property Rights		0	0	0
		\$2,550,000	\$925,000	\$5,500,000
Financing		0	0	0
		\$2,550,000	\$925,000	\$5,500,000
Conditions of Sale		0	0	0
		\$2,550,000	\$925,000	\$5,500,000
Market Conditions		0%	0%	0%
Adjusted Sale Price		\$2,550,000	\$925,000	\$5,500,000
Adjusted Price Per Unit		\$12,750	\$11,563	\$20,522
Adjustments				
Location		-15%	-10%	-10%
Zoning/Density		0%	-15%	-30%
Topography		0%	0%	0%
Shape		0%	0%	0%
Size		5%	-5%	-5%
Overall Adjustment		-10%	-30%	-45%
Adjusted Price Per Unit		\$11,475	\$8,094	\$11,287
Low	\$8,094			
High	\$11,475			
Mean	\$10,285			
Median	\$11,287			
Conclusion (Rounded)	\$11,000	x	96	\$1,060,000

The sales indicate a range of adjusted prices from \$8,094 to \$11,475 per unit, with a mean of \$10,285 and a median of \$11,287 per unit. As Sale 1 was the most recent sale and had the least amount of adjustment, we have given this comparable the most weight and concluded to a value of \$11,000 per unit.

Therefore, as a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, our opinion of the unencumbered fee simple market value of the Subject as if vacant, free and clear of financing, as of May 27, 2017 is:

ONE MILLION SIXTY THOUSAND DOLLARS
(\$1,060,000)

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

IX. INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

Introduction

We were asked to provide several value estimates, including:

- Prospective leased fee market value “As If Complete and Stabilized” assuming restricted rents.
- Hypothetical prospective leased fee market value “As If Complete and Stabilized” assuming unrestricted rents.
- Prospective Restricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Hypothetical Prospective Unrestricted Market Value at 15, 20, 25, and 30 (loan maturity) years.
- Valuation of the Low Income Housing Tax Credits “As If Completed.”
- Favorable financing

As discussed, we were asked to provide an estimate of the Subject’s value under the LIHTC program. Under the LIHTC program, the Subject is not eligible for tax credits until the units are put into service following construction. As a result, this value estimate is a hypothetical value based upon the benefits and restrictions of the LIHTC program.

Under the LIHTC program, an owner subjects his ownership to certain restrictions in exchange for various benefits. These restrictions and benefits generate intangible values in addition to the underlying tangible real estate value.

The market values “upon completion and stabilization” are hypothetical value estimates based upon the anticipated benefits and timing of LIHTC encumbrances and the development plan as proposed by the developer, as described in the Property Profiles, included in the Addenda. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical value estimates.*

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

INCOME ANALYSIS

Potential Gross Income

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

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

POTENTIAL GROSS RENTAL INCOME - As Is Restricted

Unit Type	Number of Units	Contract/Market Rents	Monthly Gross Rent	Annual Gross Rent
<i>PBRA (60% AMI)</i>				
1BR/1BA	34	\$902	\$30,668	\$368,016
2BR/2BA	6	\$1,043	\$6,258	\$75,096
<i>Market Rate</i>				
1BR/1BA	35	\$850	\$29,750	\$357,000
2BR/1BA	<u>6</u>	\$980	\$5,880	<u>\$70,560</u>
Total	81			\$870,672

POTENTIAL GROSS RENTAL INCOME - As Proposed Restricted

Unit Type	Number of Units	Contract Rents	Monthly Gross Rent	Annual Gross Rent
<i>PBRA (60% AMI)</i>				
1BR/1BA	71	\$902	\$64,042	\$768,504
2BR/2BA	<u>12</u>	\$1,043	\$12,516	<u>\$150,192</u>
Total	83			\$918,696

POTENTIAL GROSS RENTAL INCOME - As Proposed Unrestricted

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	71	\$1,050	\$74,550	\$894,600
2BR/1BA	<u>12</u>	\$1,200	\$14,400	<u>\$172,800</u>
Total	83			\$1,067,400

Other Income

The other income category is primarily revenue generated from late charges, special service fees, vending machines, etc. The comparables reported a range of \$152 to \$1,172 per unit for other income. The Subject reported audited expenses in a range of \$61 to \$107 per unit for other income. We have concluded to other income of \$100 per unit, which is below the comparable range but within the Subject’s historic range.

Vacancy and Collection Loss

The vacancy rates in the market are generally stable. As indicated in the supply analysis, we have concluded to a vacancy and collections loss rate of five percent or less for the restricted scenario. With the property fully subsidized, we would expect the vacancy rate to be lower. Thus, we have concluded to a vacancy rate of three percent in the As Proposed Restricted scenario. For the As Is scenario and the As Proposed Unrestricted scenarios, we have concluded to vacancy rates of five and six percent, respectively.

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 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 a combination of affordable and market rate properties located in East Point, Duluth, Lithonia, and Decatur. The following table provides additional information on each of the comparable expense properties.

COMPARABLE EXPENSES				
	Comp 1	Comp 2	Comp 3	Comp 4
Year Built	2003	2003	2007	2006
Structure	Garden	Garden	Lowrise	Garden
Tenancy	Family	Family	Family	Family
Rent Restrictions	LIHTC/Market	LIHTC/Market	LIHTC/Market	LIHTC/Market

The comparable data was compared to the 2013, 2014, and 2015 historical data for the Subject based on information supplied by the client. Additionally, we have included the borrower’s proforma for the Subject, post renovations. Novogradac & Company LLP surveys multifamily rental housing properties and presents its findings in the annual publication *Multifamily Rental Housing Operating Expense Report*. The most recent edition was published in 2016 and includes LIHTC operating expense data from 2010-2014. The report examines more than 2,100 properties and over 241,000 units nationwide. The report analyzes LIHTC operating expense by unit size, region, age restriction, and other relevant categories. It is published at a median per unit expense. Note that according to the 2016 *Multifamily Rental Housing Operating Expense Report*, median total expenses were \$4,198 per unit for the southern region, where the Subject is located, while median total expenses in the nation were \$4,594 per unit.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

EXPENSE CATEGORY	Novogradac Estimates As Is Restricted Stone Mountain, GA		Novogradac Estimates As Proposed Restricted Stone Mountain, GA		Novogradac Estimates As Proposed Unrestricted Stone Mountain, GA		2017 SUBJECT PROFORMA EXPENSES Stone Mountain, GA		2015 SUBJECT AUDITED EXPENSES Stone Mountain, GA		2014 SUBJECT AUDITED EXPENSES Stone Mountain, GA		2013 SUBJECT AUDITED EXPENSES Stone Mountain, GA	
	81		83		83		83		81		81		81	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	\$8,100	\$100	\$8,300	\$100	\$8,300	\$100	\$0	\$0	\$4,935	\$61	\$7,338	\$91	\$8,675	\$107
MARKETING														
Advertising / Screening / Credit	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$3,500	\$42	\$1,521	\$19	\$0	\$0	\$0	\$0
SUBTOTAL	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$3,500	\$42	\$1,521	\$19	\$0	\$0	\$0	\$0
ADMINISTRATION														
Legal	\$8,100	\$100	\$8,300	\$100	\$7,470	\$90	\$3,000	\$36	\$57,153	\$706	\$0	\$0	\$62,381	\$770
Audit	\$12,150	\$150	\$8,300	\$100	\$7,470	\$90	\$8,000	\$96	\$592	\$7	\$1,155	\$14	\$20,244	\$250
Office & Other	\$16,200	\$200	\$16,600	\$200	\$14,940	\$180	\$28,570	\$344	\$16,127	\$199	\$23,351	\$288	\$39,036	\$482
SUBTOTAL	\$36,450	\$450	\$33,200	\$400	\$29,880	\$360	\$39,570	\$477	\$73,872	\$912	\$24,506	\$303	\$121,661	\$1,502
TOTAL ADMINISTRATION	\$40,500	\$500	\$37,350	\$450	\$34,030	\$410	\$43,070	\$519	\$75,393	\$931	\$24,506	\$303	\$121,661	\$1,502
MAINTENANCE														
Painting / Turnover / Cleaning	\$16,200	\$200	\$4,150	\$50	\$4,150	\$50	\$5,000	\$60	\$15,938	\$197	\$12,331	\$152	\$19,128	\$236
Repairs	\$48,600	\$600	\$4,150	\$50	\$4,150	\$50	\$9,000	\$108	\$62,813	\$775	\$51,405	\$635	\$38,843	\$480
Elevator	\$0	\$0	\$8,300	\$100	\$8,300	\$100	\$8,000	\$96	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$0	\$0	\$6,225	\$75	\$6,225	\$75	\$14,000	\$169	\$0	\$0	\$0	\$0	\$0	\$0
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies/Other	\$8,100	\$100	\$4,150	\$50	\$4,150	\$50	\$6,000	\$72	\$9,134	\$113	\$11,363	\$140	\$5,466	\$67
SUBTOTAL	\$72,900	\$900	\$26,975	\$325	\$26,975	\$325	\$42,000	\$506	\$87,885	\$1,085	\$75,099	\$927	\$63,437	\$783
OPERATING														
Contracts	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$7,000	\$84	\$0	\$0	\$0	\$0	\$0	\$0
Exterminating	\$5,670	\$70	\$5,810	\$70	\$5,810	\$70	\$6,000	\$72	\$0	\$0	\$0	\$0	\$0	\$0
Security	\$4,050	\$50	\$4,565	\$55	\$4,565	\$55	\$4,500	\$54	\$14,969	\$185	\$17,882	\$221	\$8,259	\$102
SUBTOTAL	\$13,770	\$170	\$14,525	\$175	\$14,525	\$175	\$17,500	\$211	\$14,969	\$185	\$17,882	\$221	\$8,259	\$102
TOTAL MAINTENANCE AND OPERATING	\$86,670	\$1,070	\$41,500	\$500	\$41,500	\$500	\$59,500	\$717	\$102,854	\$1,270	\$92,981	\$1,148	\$71,696	\$885
PAYROLL														
On-site manager	\$45,000	\$556	\$45,000	\$542	\$45,000	\$542	\$45,000	\$542	\$37,686	\$465	\$17,066	\$211	\$55,994	\$691
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,421	\$178	\$11,252	\$139	\$11,291	\$139
Maintenance staff	\$50,000	\$617	\$50,000	\$602	\$50,000	\$602	\$50,000	\$602	\$60,810	\$751	\$51,020	\$630	\$84,917	\$1,048
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$10,000	\$123	\$10,000	\$120	\$10,000	\$120	\$0	\$0	\$20,818	\$257	\$16,379	\$202	\$17,972	\$222
Payroll taxes	\$11,400	\$141	\$11,400	\$137	\$11,400	\$137	\$23,750	\$286	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL	\$116,400	\$1,437	\$116,400	\$1,402	\$116,400	\$1,402	\$118,750	\$1,431	\$133,735	\$1,651	\$95,717	\$1,182	\$170,174	\$2,101
UTILITIES														
Water & Sewer	\$50,625	\$625	\$51,875	\$625	\$51,875	\$625	\$51,840	\$625	\$17,276	\$213	\$10,331	\$128	\$6,687	\$83
Electricity	\$62,775	\$775	\$64,325	\$775	\$64,325	\$775	\$63,864	\$769	\$49,325	\$609	\$40,832	\$504	\$41,524	\$513
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$177	\$2
Trash	\$24,300	\$300	\$24,900	\$300	\$24,900	\$300	\$7,000	\$84	\$25,146	\$310	\$12,024	\$148	\$19,685	\$243
SUBTOTAL	\$137,700	\$1,700	\$141,100	\$1,700	\$141,100	\$1,700	\$122,704	\$1,478	\$91,747	\$1,133	\$63,187	\$780	\$68,073	\$840
MISCELLANEOUS														
Insurance	\$16,200	\$200	\$16,600	\$200	\$16,600	\$200	\$26,565	\$320	\$14,831	\$183	\$15,855	\$196	\$15,584	\$192
Real Estate Taxes / PILOT	\$76,594	\$946	\$78,485	\$946	\$117,727	\$1,418	\$1,000	\$12	\$0	\$0	\$65,179	\$805	\$78,658	\$971
Reserves	\$24,300	\$300	\$20,750	\$250	\$20,750	\$250	\$33,200	\$400	\$24,300	\$300	\$24,300	\$300	\$24,300	\$300
Supportive Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,611	\$32	\$0	\$0	\$0	\$0
SUBTOTAL	\$117,094	\$1,446	\$115,835	\$1,396	\$155,077	\$1,868	\$60,765	\$732	\$41,742	\$515	\$105,334	\$1,300	\$118,542	\$1,463
MANAGEMENT														
SUBTOTAL	\$41,742	\$515	\$44,959	\$542	\$50,558	\$609	\$52,289	\$630	\$9,470	\$117	\$10,348	\$128	\$51,182	\$632
TOTAL EXPENSES	\$540,105	\$6,668	\$497,144	\$5,990	\$538,665	\$6,490	\$457,078	\$5,507	\$454,941	\$5,617	\$392,073	\$4,840	\$601,328	\$7,424

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

EXPENSE CATEGORY	Novogradac Estimates As Is Restricted Stone Mountain, GA		Novogradac Estimates As Proposed Restricted Stone Mountain, GA		Novogradac Estimates As Proposed Unrestricted Stone Mountain, GA		2015 CONFIDENTIAL ACTUAL EXPENSES Decatur, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Lithonia, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Duluth, GA		2013 CONFIDENTIAL ACTUAL EXPENSES East Point, GA	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	\$8,100	\$100	\$8,300	\$100	\$8,300	\$100	\$25,857	\$152	\$48,826	\$407	\$314,218	\$1,172	\$70,316	\$439
MARKETING														
Advertising / Screening / Credit	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$80,431	\$473	\$10,010	\$83	\$52,191	\$195	\$3,574	\$22
SUBTOTAL	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$80,431	\$473	\$10,010	\$83	\$52,191	\$195	\$3,574	\$22
ADMINISTRATION														
Legal	\$8,100	\$100	\$8,300	\$100	\$7,470	\$90	\$16,089	\$95	\$10,100	\$84	\$4,112	\$15	\$16,543	\$103
Audit	\$12,150	\$150	\$8,300	\$100	\$7,470	\$90	\$14,950	\$88	\$6,000	\$50	\$0	\$0	\$9,569	\$60
Office & Other	\$16,200	\$200	\$16,600	\$200	\$14,940	\$180	\$41,566	\$245	\$18,535	\$154	\$77,455	\$289	\$28,301	\$177
SUBTOTAL	\$36,450	\$450	\$33,200	\$400	\$29,880	\$360	\$72,605	\$427	\$34,635	\$289	\$81,567	\$304	\$54,413	\$340
TOTAL ADMINISTRATION	\$40,500	\$500	\$37,350	\$450	\$34,030	\$410	\$153,036	\$900	\$44,645	\$372	\$19,795	\$74	\$57,987	\$362
MAINTENANCE														
Painting / Turnover / Cleaning	\$16,200	\$200	\$4,150	\$50	\$4,150	\$50	\$15,410	\$91	\$22,784	\$190	\$36,121	\$135	\$14,023	\$88
Repairs	\$48,600	\$600	\$4,150	\$50	\$4,150	\$50	\$32,257	\$190	\$26,959	\$225	\$47,985	\$179	\$7,442	\$47
Elevator	\$0	\$0	\$8,300	\$100	\$8,300	\$100	\$17,017	\$100	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$0	\$0	\$6,225	\$75	\$6,225	\$75	\$12,669	\$75	\$16,131	\$134	\$37,876	\$141	\$9,489	\$59
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies/Other	\$8,100	\$100	\$4,150	\$50	\$4,150	\$50	\$21,024	\$124	\$0	\$0	\$0	\$0	\$69,208	\$433
SUBTOTAL	\$72,900	\$900	\$26,975	\$325	\$26,975	\$325	\$98,377	\$579	\$65,874	\$549	\$121,982	\$455	\$100,162	\$626
OPERATING														
Contracts	\$4,050	\$50	\$4,150	\$50	\$4,150	\$50	\$1,125	\$7	\$0	\$0	\$8,275	\$31	\$2,313	\$14
Exterminating	\$5,670	\$70	\$5,810	\$70	\$5,810	\$70	\$14,275	\$84	\$0	\$0	\$10,495	\$39	\$2,312	\$14
Security	\$4,050	\$50	\$4,565	\$55	\$4,565	\$55	\$7,301	\$43	\$0	\$0	\$0	\$0	\$421	\$3
SUBTOTAL	\$13,770	\$170	\$14,525	\$175	\$14,525	\$175	\$22,701	\$134	\$0	\$0	\$18,770	\$70	\$5,046	\$32
TOTAL MAINTENANCE AND OPERATING	\$86,670	\$1,070	\$41,500	\$500	\$41,500	\$500	\$121,078	\$712	\$65,874	\$549	\$140,752	\$525	\$105,208	\$658
PAYROLL														
On-site manager	\$45,000	\$556	\$45,000	\$542	\$45,000	\$542	\$46,726	\$275	\$36,754	\$306	\$45,069	\$168	\$93,152	\$582
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000	\$71	\$48,520	\$404	\$79,696	\$297	\$0	\$0
Maintenance staff	\$50,000	\$617	\$50,000	\$602	\$50,000	\$602	\$38,473	\$226	\$36,413	\$303	\$114,839	\$429	\$0	\$0
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$104,101	\$612	\$0	\$0	\$0	\$0	\$103,828	\$649
Benefits	\$10,000	\$123	\$10,000	\$120	\$10,000	\$120	\$30,285	\$178	\$19,416	\$162	\$40,574	\$151	\$7,865	\$49
Payroll taxes	\$11,400	\$141	\$11,400	\$137	\$11,400	\$137	\$0	\$0	\$10,140	\$85	\$21,758	\$81	\$39,048	\$244
SUBTOTAL	\$116,400	\$1,437	\$116,400	\$1,402	\$116,400	\$1,402	\$231,585	\$1,362	\$151,243	\$1,260	\$301,936	\$1,127	\$243,893	\$1,524
UTILITIES														
Water & Sewer	\$50,625	\$625	\$51,875	\$625	\$51,875	\$625	\$104,536	\$615	\$95,413	\$795	\$178,657	\$667	\$89,672	\$560
Electricity	\$62,775	\$775	\$64,325	\$775	\$64,325	\$775	\$139,416	\$820	\$32,093	\$267	\$39,192	\$146	\$48,134	\$301
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$10,723	\$63	\$0	\$0	(\$4,452)	(\$17)	\$0	\$0
Trash	\$24,300	\$300	\$24,900	\$300	\$24,900	\$300	\$8,089	\$48	\$14,416	\$120	\$23,960	\$89	\$10,441	\$65
SUBTOTAL	\$137,700	\$1,700	\$141,100	\$1,700	\$141,100	\$1,700	\$262,764	\$1,546	\$141,922	\$1,183	\$237,357	\$886	\$148,247	\$927
MISCELLANEOUS														
Insurance	\$16,200	\$200	\$16,600	\$200	\$16,600	\$200	\$38,437	\$226	\$37,802	\$315	\$59,547	\$222	\$37,083	\$232
Real Estate Taxes / PILOT	\$76,594	\$946	\$78,485	\$946	\$117,727	\$1,418	\$187,729	\$1,104	\$75,451	\$629	\$188,194	\$702	\$38,223	\$239
Reserves	\$24,300	\$300	\$20,750	\$250	\$20,750	\$250	\$51,000	\$300	\$36,000	\$300	\$80,400	\$300	\$48,000	\$300
Supportive Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL	\$117,094	\$1,446	\$115,835	\$1,396	\$155,077	\$1,868	\$277,166	\$1,630	\$149,253	\$1,244	\$328,141	\$1,224	\$123,306	\$771
MANAGEMENT														
SUBTOTAL	\$41,742	\$515	\$44,959	\$542	\$50,558	\$609	\$65,438	\$385	\$42,889	\$357	\$136,924	\$511	\$57,313	\$358
TOTAL EXPENSES	\$540,105	\$6,668	\$497,144	\$5,990	\$538,665	\$6,490	\$1,111,067	\$6,536	\$595,826	\$4,965	\$1,164,905	\$4,347	\$735,954	\$4,600

General Administrative and Marketing

This category includes all professional fees for items such as legal, accounting, and marketing expenses, as well as office supplies and general and administrative costs. The comparable expense data ranges from \$74 to \$900 per unit. The Subject’s historical data ranges from \$303 to \$1,502 per unit. We have concluded to a total administration expense of \$500 per unit for the as-is restricted scenarios, which is within the range of the comparables and the Subject’s historical expenses and similar to the budgeted expenses. We have concluded to \$410 per unit for the unrestricted scenario, which is within the range of the Subject’s historical expenses. According to a Novogradac & Company LLP comprehensive analysis of national 2015 operating expense data (Multifamily Rental Housing Operating Expense Report, 2017), it costs on average approximately \$80 more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property.

Repairs, Maintenance, & Operating

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. The comparable expense data ranges from \$525 to \$712 per unit. The Subject’s historical expense data ranges from \$885 to \$1,270 per unit. Of note, the Subject did not report any contract or exterminating expenses in the years 2013, 2014, and 2015. Given the age and condition of the subject, we have concluded to an expense of \$1,070 per unit for the as-is restricted scenario, which is above the range of the comparables and within the range of the Subject’s historical expenses. For the repair and maintenance expense post-renovation, we have concluded an expense of \$500 per unit, which is within the range of the comparables and below the historical expense range.

Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The comparable expense data ranges from \$1,127 to \$1,524 per unit. The Subject’s historical expense data ranges from \$1,182 to \$2,101 per unit. The Subject’s budgeted expense is \$1,431 per unit. We estimate one full-time manager and one full-time maintenance manager for the Subject. The following table illustrates our staffing plan for the Subject.

PAYROLL EXPENSE CALCULATION	
ESTIMATED PAYROLL	
Manager's Salary (Full Time)	\$45,000
Maintenance Manager (Full Time)	\$50,000
Benefits (\$5,000 per PTE)	\$10,000
Payroll Taxes (estimated at 12%)	\$11,400
Total Annual Payroll	\$116,400
Total Per Unit - As Is	\$1,437
Total Per Unit - As Proposed	\$1,402

Utilities

The landlord pays all trash expenses and water/sewer, and electricity for common areas at the Subject. Tenants are responsible for electricity. Based on the subject’s historical expenses, we have concluded to a utilities expense of \$1,700 per unit in the “as is” and “as proposed” scenarios. This is generally consistent with the Subject’s historical expenses. Due to the fact that properties often vary in terms of utility responsibilities, comparisons are difficult. Per GA DCA guidelines, we have relied on the DeKalb County Housing Authority Utility Allowance Schedule to determine the Subject’s utility expense as the Subject is located in DeKalb County.

UTILITY ALLOWANCES

Utility	Paid By	One-bedroom	Two-bedroom
Utilities-Electricity	Landlord	\$26	\$34
Utilities-Electric Heating	Landlord	\$15	\$19
Utilities-Air Conditioning	Landlord	\$8	\$12
Utilities-Electric Cooking	Landlord	\$8	\$10
Utilities-Electric Heated Hot Water	Landlord	\$16	\$24
Utilities-Water and Sewer Services	Landlord	\$62	\$83
Utilities-Trash Collection	Landlord	\$0	\$0
Total Utility Allowance		\$135	\$182
Total Tenant Paid Utilities		\$0	\$0

Source: DeKalb County Housing Authority, effective 10/2015

Utility Expense Calculation	One-bedroom	Two-bedroom	Total
Unit Mix	69	12	81
Electric Annually Per Unit (assuming 5% vacancy/common area)	\$60,444	\$14,256	\$74,700
Water and Sewer Annually Per Unit (assuming 5% vacancy/common area)	\$51,336	\$11,952	\$63,288
Total Annual Trash Per Unit	\$0	\$0	\$0
Total Annual Utility Expense Per Unit			\$1,704

The developer’s budgeted utility expense is similar the Utility Allowance estimate and appears reasonable. Therefore, we have concluded to an expense \$1,700 per unit for all scenarios.

Insurance

Comparable data illustrates a range from \$222 to \$315 per unit, with an average of \$249. The Subject reported historical expenses between \$183 and \$196 per unit. Accordingly, we have concluded to an insurance expense of \$200 per unit, which appears reasonable.

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 range from \$250 to \$350 per unit per year. We have used \$300 per unit for the As Is scenario. Due to significant renovations to the Subject property in the post-renovation state, we have allowed for a replacement reserve expense of \$250 in the As-Renovated Scenarios.

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, depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task which some would also classify as administration. We have concluded to a management fee of 5.0 percent.

SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the total expenses reported by comparable properties utilized in our operating expense analysis.

TOTAL EXPENSES PER UNIT	
Subject Expenses	
Subject Proforma	\$5,507
Subject 2015	\$5,617
Subject 2014	\$4,840
Subject 2013	\$7,424
Comparable Properties	
Comp 1	\$6,536
Comp 2	\$4,965
Comp 3	\$4,347
Comp 4	\$4,600
Subject Conclusions	
As Is Restricted	\$6,668
As Renovated Restricted	\$5,990
As Renovated Unrestricted	\$6,490

TOTAL EXPENSES PER UNIT LESS TUR	
Subject Expenses	
Subject Proforma	\$5,495
Subject 2015	\$5,617
Subject 2014	\$4,036
Subject 2013	\$6,453
Comparable Properties	
Comp 1	\$5,431
Comp 2	\$4,336
Comp 3	\$3,644
Comp 4	\$4,361
Subject Conclusions	
As Is Restricted	\$5,722
As Renovated Restricted	\$5,044
As Renovated Unrestricted	\$5,072

The concluded expenses for all scenarios (less taxes, utilities, and reserves) are within the range of the historical expenses and the range of the comparables. Overall, our conclusions appear reasonable and 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.

Overall Capitalization Rate

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

Market Extraction

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

IMPROVED SALES COMPARISON							
No.	Property	Sale Date	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	The Retreat at Stonecrest Apartments	Apr-17	\$23,000,000	276	\$83,333	8.5	5.8%
2	Belle Vista	Mar-17	\$31,110,000	312	\$99,712	9.2	5.8%
3	Dwell at Stone Mountain	Sep-16	\$4,595,500	102	\$45,054	5.4	7.5%
4	Misty Creek Apartments	Aug-16	\$8,250,000	92	\$89,674	8.6	6.0%
5	Royal Manor	May-16	<u>\$2,405,000</u>	<u>76</u>	<u>\$31,645</u>	<u>4.1</u>	<u>8.5%</u>
	Average		\$13,872,100	172	\$69,883	7.2	6.7%

The sales illustrate a range of overall rates from 4.1 to 8.5 percent with an overall average of 6.7 percent. The properties all represent typical market transactions for multifamily market rate properties in the area. It should be noted that we searched for Section 8 and LIHTC multifamily sales in the region; however, we were unable to identify any. Additionally, any potential sale of the Subject property would be constrained by the limitations and penalties of the LIHTC program, specifically the recapture/penalty provision upon transfer. Because of this, there are a very limited number of properties that have sold nationwide, and none locally, that have the restrictions associated with Section 8 provisions. We believe the improved sales we have chosen for our analysis represent the typical multifamily market in the Subject's area. Therefore, we have utilized five conventional market rate multifamily developments in our sales approach.

The primary factors that influences the selection of an overall rate is the Subject's condition, size, location, and market conditions. All of the sales were constructed between 1969 and 2003 and are slightly inferior to inferior to the Subject in terms of age and condition. One of the sales is located in Stone Mountain, while the remaining four comparables are located in Decatur and Lithonia, which are generally similar locations. Sales 1 and 2 are superior to the Subject in terms of size. We believe a capitalization rate of 7.0 percent is reasonable based on market extraction.

We spoke with Christian Finkleberg with Finka Realty Group regarding typical capitalization rates in the Subject's region. According to Mr. Finkleberg, cap rates have been falling over the last three years. He noted that recent market rate sales have exhibited pro forma cap rates of approximately 6.0 to 8.0 percent in the Stone Mountain area. In addition, we spoke to Joshua Goldfarb with Cushman & Wakefield. Mr. Goldfarb estimated that cap rates in the region generally range from 6.0 to 8.0 percent. Overall, we have concluded to a capitalization rate of 7.0 percent based on market extraction for the Subject, which appears reasonable based on the comparable data.

The PwC Real Estate Investor Survey

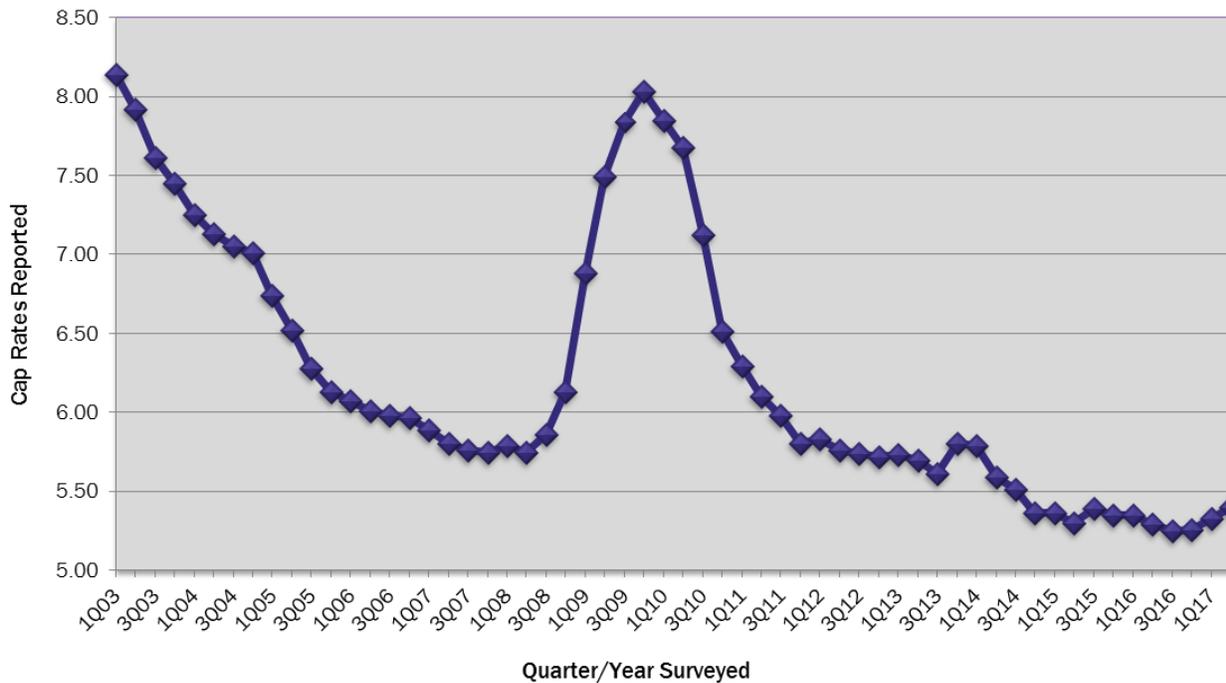
The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

PwC REAL ESTATE INVESTOR SURVEY	
National Apartment Market	
Overall Capitalization Rate - Institutional Grade Investments	
Range:	3.50% - 8.00%
Average:	5.40%
Non-Institutional Grade Investments	
Range:	3.75% - 12.00%
Average:	6.71%

Source: PwC Real Estate Investor Survey, Q2 2017

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 criteria⁴. 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 131 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

PwC National Apartment Market Survey



⁴ 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	-	2Q10	7.68	-0.17
2Q03	7.92	-0.22	3Q10	7.12	-0.56
3Q03	7.61	-0.31	4Q10	6.51	-0.61
4Q03	7.45	-0.16	1Q11	6.29	-0.22
1Q04	7.25	-0.20	2Q11	6.10	-0.19
2Q04	7.13	-0.12	3Q11	5.98	-0.12
3Q04	7.05	-0.08	4Q11	5.80	-0.18
4Q04	7.01	-0.04	1Q12	5.83	0.03
1Q05	6.74	-0.27	2Q12	5.76	-0.07
2Q05	6.52	-0.22	3Q12	5.74	-0.02
3Q05	6.28	-0.24	4Q12	5.72	-0.02
4Q05	6.13	-0.15	1Q13	5.73	0.01
1Q06	6.07	-0.06	2Q13	5.70	-0.03
2Q06	6.01	-0.06	3Q13	5.61	-0.09
3Q06	5.98	-0.03	4Q13	5.80	0.19
4Q06	5.97	-0.01	1Q14	5.79	-0.01
1Q07	5.89	-0.08	2Q14	5.59	-0.20
2Q07	5.80	-0.09	3Q14	5.51	-0.08
3Q07	5.76	-0.04	4Q14	5.36	-0.15
4Q07	5.75	-0.01	1Q15	5.36	0.00
1Q08	5.79	0.04	2Q15	5.30	-0.06
2Q08	5.75	-0.04	3Q15	5.39	0.09
3Q08	5.86	0.11	4Q15	5.35	-0.04
4Q08	6.13	0.27	1Q16	5.35	0.00
1Q09	6.88	0.75	2Q16	5.29	-0.06
2Q09	7.49	0.61	3Q16	5.25	-0.04
3Q09	7.84	0.35	4Q16	5.26	0.01
4Q09	8.03	0.19	1Q17	5.33	0.07
1Q10	7.85	-0.18	2Q17	5.40	0.07

Source: PwC Real Estate Investor Survey, Q2 2017

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 2015. Capitalization rates as of the second quarter of 2017 have exhibited a slight increase over capitalization rates from the second quarter of 2016. Overall, we have estimated a capitalization rate of 7.0 percent, which is within the range of the Non-Institutional Grade capitalization rates.

Debt Coverage Ratio

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

The ratio used is:

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

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:

$$R_o = D.C.R \times R_M \times M$$

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 (RM) is based upon the calculated interest rate from the ten year treasury. We have utilized 10.0 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 5.0 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.50 and 6.00 percent. Therefore, we believe a 5.0 percent interest rate with a 30 year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the band of investment for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.2	<i>Treasury Bond Basis*</i>	
Rm	0.06	10 Year T Bond Rate (6/2017)	2.32%
Interest (per annum)*	5.00%	Interest rate spread	268
Amortization (years)	30	Interest Rate (per annum, rounded)	5.00%
M	80%		
Re	10.0%		
Debt Coverage Ratio			
	R_o	= DCR	X Rm
	6.18%	= 1.20 X	0.06 X 80%
Band of Investment			
	R_o	= (M	X Rm) + ((1-M) X Re)
	7.15%	= 80% X 0.06 +	20% X 10%

* Source: Bloomberg.com, 06/2017

Conclusion of Overall Rate Selection

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	7.00%
Broker Survey	5.00-8.00%
PwC Survey	7.00%
Debt Coverage Ratio	6.18%
Band of Investment	7.15%

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

- Current market health
- Existing competition
- Subject’s construction type, tenancy and physical appeal
- The demand growth expected over the next three years
- Local market overall rates

The various approaches indicate a range from 5.0 to 7.15 percent. We reconciled to a 7.0 percent capitalization rate based primarily upon the market-extracted rate.

A summary of the direct capitalization analysis is provided below.

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

DIRECT CAPITALIZATION ANALYSIS

Operating Revenues

	As Proposed		As Is Restricted		As Proposed Restricted		As Proposed Unrestricted	
	As Is Unit Mix	Unit Mix	Rent	Total Revenue	Rent	Total Revenue	Rent	Total Revenue
Apartment Rentals								
1BR/1BA @60% (PBRA)	34	71	\$902	\$368,016	\$902	\$768,504	-	-
2BR/2BA @60% (PBRA)	6	12	\$1,043	\$75,096	\$1,043	\$150,192	-	-
1BR1BA Market	35	0	\$850	\$357,000	-	-	\$1,050	\$894,600
2BR/2BA Market	6	0	\$980	\$70,560	-	-	\$1,200	\$172,800
Total Potential Rental Income	81	83	\$896	\$870,672	\$922	\$918,696	\$1,072	\$1,067,400
Other Income			\$100	\$8,100	\$100	\$8,300	\$100	\$8,300
Residential Potential Revenues			\$996	\$878,772	\$1,022	\$926,996	\$1,172	\$1,075,700
Vacancy			-\$542	-\$43,939	-\$335	-\$27,810	-\$778	-\$64,542
Vacancy and Collections Loss Percentage			5%	5%	3%	3%	6%	6%
Effective Gross Income			\$10,307	\$834,833	\$10,834	\$899,186	\$12,183	\$1,011,158

Operating Expenses

		As Is Restricted		As Proposed Restricted		As Proposed Unrestricted	
Administration and Marketing		\$500	\$40,500	\$450	\$37,350	\$410	\$34,030
Maintenance and Operating		\$1,070	\$86,670	\$500	\$41,500	\$500	\$41,500
Payroll		\$1,437	\$116,400	\$1,402	\$116,400	\$1,402	\$116,400
Utilities		\$1,700	\$137,700	\$1,700	\$141,100	\$1,700	\$141,100
Property & Liability Insurance		\$200	\$16,200	\$200	\$16,600	\$200	\$16,600
Real Estate and Other Taxes		\$946	\$76,594	\$946	\$78,485	\$1,418	\$117,727
Replacement Reserves		\$300	\$24,300	\$250	\$20,750	\$250	\$20,750
Management Fee	5.0%	\$515	\$41,742	\$542	\$44,959	\$609	\$50,558
Total Operating Expenses		\$6,668	\$540,105	\$5,990	\$497,144	\$6,490	\$538,665
Expenses as a ratio of EGI			65%		55%		53%

Valuation

		As Is Restricted		As Proposed Restricted		As Proposed Unrestricted	
Net Operating Income		\$3,639	\$294,728	\$4,844	\$402,042	\$5,693	\$472,493
Capitalization Rate			7.00%		7.00%		7.00%
Indicated Value "rounded"			\$4,200,000		\$5,700,000		\$6,700,000

Conclusion

As a result of our analysis of the Subject’s as is restricted scenario, the as is value, as of June 27, 2017, via the income capitalization approach is:

FOUR MILLION TWO HUNDRED THOUSAND DOLLARS
(\$4,200,000)

As a result of our analysis of the Subject’s restricted scenario, the prospective leased fee value assuming “completion and stabilization” in September 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017, via the income capitalization approach is:

FIVE MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$5,700,000)

As a result of our analysis of the Subject’s unrestricted scenario, the hypothetical prospective leased fee value assuming “completion and stabilization” in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017, via the income capitalization approach is:

SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$6,700,000)

PROSPECTIVE MARKET VALUE AT LOAN MATURITY

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

Income and Expense Growth Projections

The AMI in DeKalb County increased 0.8 percent annually between 1999 and 2017. The AMI within this county has decreased in three of the last five years; however, the majority of the LIHTC and market rate comparables experienced rent growth over the past year. We have increased the income and expense line items by one percent per annum over the holding period. This is based upon the slight AMI growth in DeKalb County.

Terminal Capitalization Rate

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

PwC REAL ESTATE INVESTOR SURVEY	
National Apartment Market	
Overall Capitalization Rate - Institutional Grade Investments	
Range:	3.50% - 8.00%
Average:	5.40%
Non-Institutional Grade Investments	
Range:	3.75% - 12.00%
Average:	6.71%

Source: PwC Real Estate Investor Survey, Q2 2017

Additionally, we have considered the market extracted capitalization rates in the Atlanta market. As noted previously, we have estimated a capitalization rate of 7.0 percent for the Subject.

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

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

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 7.5 percent has been used, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following construction.

Valuation Analysis

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

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

As Proposed Restricted Scenario (Years 1 through 15)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income															
Low Income Units	\$918,696	\$927,883	\$937,162	\$946,533	\$955,999	\$965,559	\$975,214	\$984,966	\$994,816	\$1,004,764	\$1,014,812	\$1,024,960	\$1,035,210	\$1,045,562	\$1,056,017
Nonresidential	\$8,300	\$8,383	\$8,467	\$8,551	\$8,637	\$8,723	\$8,811	\$8,899	\$8,988	\$9,078	\$9,168	\$9,260	\$9,353	\$9,446	\$9,541
Gross Project Income	\$926,996	\$936,266	\$945,629	\$955,085	\$964,636	\$974,282	\$984,025	\$993,865	\$1,003,804	\$1,013,842	\$1,023,980	\$1,034,220	\$1,044,562	\$1,055,008	\$1,065,558
Vacancy Allowance	\$27,810	\$28,088	\$28,369	\$28,653	\$28,939	\$29,228	\$29,521	\$29,816	\$30,114	\$30,415	\$30,719	\$31,027	\$31,337	\$31,650	\$31,967
Effective Gross Income	\$899,186	\$908,178	\$917,260	\$926,432	\$935,697	\$945,054	\$954,504	\$964,049	\$973,690	\$983,427	\$993,261	\$1,003,193	\$1,013,225	\$1,023,358	\$1,033,591
Expenses															
Administrative and Marketing	\$37,350	\$37,724	\$38,101	\$38,482	\$38,867	\$39,255	\$39,648	\$40,044	\$40,445	\$40,849	\$41,258	\$41,670	\$42,087	\$42,508	\$42,933
Maintenance and Operating	\$41,500	\$41,915	\$42,334	\$42,757	\$43,185	\$43,617	\$44,053	\$44,494	\$44,939	\$45,388	\$45,842	\$46,300	\$46,763	\$47,231	\$47,703
Payroll	\$116,400	\$117,564	\$118,740	\$119,927	\$121,126	\$122,338	\$123,561	\$124,797	\$126,045	\$127,305	\$128,578	\$129,864	\$131,162	\$132,474	\$133,799
Utilities	\$141,100	\$142,511	\$143,936	\$145,375	\$146,829	\$148,298	\$149,780	\$151,278	\$152,791	\$154,319	\$155,862	\$157,421	\$158,995	\$160,585	\$162,191
Insurance	\$16,600	\$16,766	\$16,934	\$17,103	\$17,274	\$17,447	\$17,621	\$17,797	\$17,975	\$18,155	\$18,337	\$18,520	\$18,705	\$18,892	\$19,081
Real Estate Taxes	\$78,485	\$79,270	\$80,063	\$80,863	\$81,672	\$82,489	\$83,313	\$84,147	\$84,988	\$85,838	\$86,696	\$87,563	\$88,439	\$89,323	\$90,216
Replacement Reserve	\$20,750	\$20,958	\$21,167	\$21,379	\$21,593	\$21,808	\$22,027	\$22,247	\$22,469	\$22,694	\$22,921	\$23,150	\$23,382	\$23,615	\$23,852
Management Fee	\$44,959	\$45,409	\$45,863	\$46,322	\$46,785	\$47,253	\$47,725	\$48,202	\$48,684	\$49,171	\$49,663	\$50,160	\$50,661	\$51,168	\$51,680
Total Expenses	\$497,144	\$502,116	\$507,137	\$512,208	\$517,330	\$522,504	\$527,729	\$533,006	\$538,336	\$543,719	\$549,157	\$554,648	\$560,195	\$565,797	\$571,455
Net Operating Income	\$402,042	\$406,062	\$410,123	\$414,224	\$418,366	\$422,550	\$426,775	\$431,043	\$435,354	\$439,707	\$444,104	\$448,545	\$453,031	\$457,561	\$462,137
Reversion Calculation															
Terminal Capitalization Rate	7.5%														
Sales Costs	3.0%														
Net Sales Proceeds	\$6,000,000														

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

As Proposed Restricted Scenario (Years 16 through 30)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Income															
Low Income Units	\$1,066,578	\$1,077,243	\$1,088,016	\$1,098,896	\$1,109,885	\$1,120,984	\$1,132,194	\$1,143,515	\$1,154,951	\$1,166,500	\$1,178,165	\$1,189,947	\$1,201,846	\$1,213,865	\$1,226,003
Nonresidential	\$9,636	\$9,732	\$9,830	\$9,928	\$10,027	\$10,128	\$10,229	\$10,331	\$10,434	\$10,539	\$10,644	\$10,751	\$10,858	\$10,967	\$11,076
Gross Project Income	\$1,076,214	\$1,086,976	\$1,097,845	\$1,108,824	\$1,119,912	\$1,131,111	\$1,142,422	\$1,153,847	\$1,165,385	\$1,177,039	\$1,188,809	\$1,200,697	\$1,212,704	\$1,224,831	\$1,237,080
Vacancy Allowance	\$32,286	\$32,609	\$32,935	\$33,265	\$33,597	\$56,556	\$57,121	\$57,692	\$58,269	\$58,852	\$59,440	\$60,035	\$60,635	\$61,242	\$61,854
Effective Gross Income	\$1,043,927	\$1,054,366	\$1,064,910	\$1,075,559	\$1,086,315	\$1,074,556	\$1,085,301	\$1,096,154	\$1,107,116	\$1,118,187	\$1,129,369	\$1,140,663	\$1,152,069	\$1,163,590	\$1,175,226
Expenses															
Administrative and Marketing	\$43,362	\$43,796	\$44,234	\$44,676	\$45,123	\$45,574	\$46,030	\$46,490	\$46,955	\$47,425	\$47,899	\$48,378	\$48,862	\$49,350	\$49,844
Maintenance and Operating	\$48,180	\$48,662	\$49,149	\$49,640	\$50,137	\$50,638	\$51,144	\$51,656	\$52,172	\$52,694	\$53,221	\$53,753	\$54,291	\$54,834	\$55,382
Payroll	\$135,137	\$136,488	\$137,853	\$139,232	\$140,624	\$142,030	\$143,450	\$144,885	\$146,334	\$147,797	\$149,275	\$150,768	\$152,276	\$153,798	\$155,336
Utilities	\$163,813	\$165,451	\$167,105	\$168,776	\$170,464	\$172,169	\$173,891	\$175,629	\$177,386	\$179,160	\$180,951	\$182,761	\$184,588	\$186,434	\$188,298
Insurance	\$19,272	\$19,465	\$19,659	\$19,856	\$20,055	\$20,255	\$20,458	\$20,662	\$20,869	\$21,078	\$21,288	\$21,501	\$21,716	\$21,933	\$22,153
Real Estate Taxes	\$91,119	\$92,030	\$92,950	\$93,880	\$94,818	\$95,767	\$96,724	\$97,692	\$98,668	\$99,655	\$100,652	\$101,658	\$102,675	\$103,702	\$104,739
Replacement Reserve	\$24,090	\$24,331	\$24,574	\$24,820	\$25,068	\$25,319	\$25,572	\$25,828	\$26,086	\$26,347	\$26,610	\$26,877	\$27,145	\$27,417	\$27,691
Management Fee	\$52,196	\$52,718	\$53,246	\$53,778	\$54,316	\$42,982	\$43,412	\$43,846	\$44,285	\$44,727	\$45,175	\$45,627	\$46,083	\$46,544	\$47,009
Total Expenses	\$577,169	\$582,941	\$588,770	\$594,658	\$600,604	\$594,734	\$600,681	\$606,688	\$612,755	\$618,882	\$625,071	\$631,322	\$637,635	\$644,012	\$650,452
Net Operating Income	\$466,758	\$471,426	\$476,140	\$480,901	\$485,710	\$479,822	\$484,620	\$489,466	\$494,361	\$499,305	\$504,298	\$509,341	\$514,434	\$519,578	\$524,774
Reversion Calculation															
Terminal Capitalization Rate					7.5%					7.5%					7.5%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$6,300,000					\$6,500,000					\$6,800,000

RETREAT AT SPRING HILL – STONE MOUNTAIN, GEORGIA– APPRAISAL

As Proposed Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income															
Income Units	\$1,067,400	\$1,078,074	\$1,088,855	\$1,099,743	\$1,110,741	\$1,121,848	\$1,133,067	\$1,144,397	\$1,155,841	\$1,167,400	\$1,179,074	\$1,190,864	\$1,202,773	\$1,214,801	\$1,226,949
Nonresidential	\$8,300	\$8,383	\$8,467	\$8,551	\$8,637	\$8,723	\$8,811	\$8,899	\$8,988	\$9,078	\$9,168	\$9,260	\$9,353	\$9,446	\$9,541
Gross Project Income	\$1,075,700	\$1,086,457	\$1,097,322	\$1,108,295	\$1,119,378	\$1,130,572	\$1,141,877	\$1,153,296	\$1,164,829	\$1,176,477	\$1,188,242	\$1,200,124	\$1,212,126	\$1,224,247	\$1,236,489
Vacancy Allowance	\$64,542	\$65,187	\$65,839	\$66,498	\$67,163	\$67,834	\$68,513	\$69,198	\$69,890	\$70,589	\$71,295	\$72,007	\$72,728	\$73,455	\$74,189
Effective Gross Income	\$1,011,158	\$1,021,270	\$1,031,482	\$1,041,797	\$1,052,215	\$1,062,737	\$1,073,365	\$1,084,098	\$1,094,939	\$1,105,889	\$1,116,947	\$1,128,117	\$1,139,398	\$1,150,792	\$1,162,300
Expenses															
Administrative and Marketing	\$34,030	\$34,370	\$34,714	\$35,061	\$35,412	\$35,766	\$36,124	\$36,485	\$36,850	\$37,218	\$37,590	\$37,966	\$38,346	\$38,729	\$39,117
Maintenance and Operating	\$41,500	\$41,915	\$42,334	\$42,757	\$43,185	\$43,617	\$44,053	\$44,494	\$44,939	\$45,388	\$45,842	\$46,300	\$46,763	\$47,231	\$47,703
Payroll	\$116,400	\$117,564	\$118,740	\$119,927	\$121,126	\$122,338	\$123,561	\$124,797	\$126,045	\$127,305	\$128,578	\$129,864	\$131,162	\$132,474	\$133,799
Utilities	\$141,100	\$142,511	\$143,936	\$145,375	\$146,829	\$148,298	\$149,780	\$151,278	\$152,791	\$154,319	\$155,862	\$157,421	\$158,995	\$160,585	\$162,191
Insurance	\$16,600	\$16,766	\$16,934	\$17,103	\$17,274	\$17,447	\$17,621	\$17,797	\$17,975	\$18,155	\$18,337	\$18,520	\$18,705	\$18,892	\$19,081
Real Estate Taxes	\$117,727	\$118,904	\$120,093	\$121,294	\$122,507	\$123,732	\$124,970	\$126,219	\$127,481	\$128,756	\$130,044	\$131,344	\$132,658	\$133,984	\$135,324
Replacement Reserve	\$20,750	\$20,958	\$21,167	\$21,379	\$21,593	\$21,808	\$22,027	\$22,247	\$22,469	\$22,694	\$22,921	\$23,150	\$23,382	\$23,615	\$23,852
Management Fee	\$50,558	\$51,063	\$51,574	\$52,090	\$52,611	\$53,137	\$53,668	\$54,205	\$54,747	\$55,294	\$55,847	\$56,406	\$56,970	\$57,540	\$58,115
Total Expenses	\$538,665	\$544,052	\$549,492	\$554,987	\$560,537	\$566,142	\$571,804	\$577,522	\$583,297	\$589,130	\$595,021	\$600,971	\$606,981	\$613,051	\$619,181
Net Operating Income	\$472,493	\$477,218	\$481,990	\$486,810	\$491,678	\$496,595	\$501,561	\$506,577	\$511,642	\$516,759	\$521,926	\$527,146	\$532,417	\$537,741	\$543,119
Reversion Calculation															
Terminal Capitalization Rate	7.5%														
Sales Costs	3.0%														
Net Sales Proceeds	\$7,000,000														

As Proposed Unrestricted Scenario (Years 16 through 30)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Income															
Income Units	\$1,239,218	\$1,251,610	\$1,264,127	\$1,276,768	\$1,289,535	\$1,302,431	\$1,315,455	\$1,328,610	\$1,341,896	\$1,355,315	\$1,368,868	\$1,382,557	\$1,396,382	\$1,410,346	\$1,424,449
Nonresidential	\$9,636	\$9,732	\$9,830	\$9,928	\$10,027	\$10,128	\$10,229	\$10,331	\$10,434	\$10,539	\$10,644	\$10,751	\$10,858	\$10,967	\$11,076
Gross Project Income	\$1,248,854	\$1,261,343	\$1,273,956	\$1,286,696	\$1,299,563	\$1,312,558	\$1,325,684	\$1,338,941	\$1,352,330	\$1,365,854	\$1,379,512	\$1,393,307	\$1,407,240	\$1,421,313	\$1,435,526
Vacancy Allowance	\$74,931	\$75,681	\$76,437	\$77,202	\$77,974	\$78,754	\$79,541	\$80,336	\$81,140	\$81,951	\$82,771	\$83,598	\$84,434	\$85,279	\$86,132
Effective Gross Income	\$1,173,923	\$1,185,662	\$1,197,519	\$1,209,494	\$1,221,589	\$1,233,805	\$1,246,143	\$1,258,604	\$1,271,190	\$1,283,902	\$1,296,741	\$1,309,709	\$1,322,806	\$1,336,034	\$1,349,394
Expenses															
Administrative and Marketing	\$39,508	\$39,903	\$40,302	\$40,705	\$41,112	\$41,523	\$41,938	\$42,358	\$42,781	\$43,209	\$43,641	\$44,078	\$44,518	\$44,964	\$45,413
Maintenance and Operating	\$48,180	\$48,662	\$49,149	\$49,640	\$50,137	\$50,638	\$51,144	\$51,656	\$52,172	\$52,694	\$53,221	\$53,753	\$54,291	\$54,834	\$55,382
Payroll	\$135,137	\$136,488	\$137,853	\$139,232	\$140,624	\$142,030	\$143,450	\$144,885	\$146,334	\$147,797	\$149,275	\$150,768	\$152,276	\$153,798	\$155,336
Utilities	\$163,813	\$165,451	\$167,105	\$168,776	\$170,464	\$172,169	\$173,891	\$175,629	\$177,386	\$179,160	\$180,951	\$182,761	\$184,588	\$186,434	\$188,298
Insurance	\$19,272	\$19,465	\$19,659	\$19,856	\$20,055	\$20,255	\$20,458	\$20,662	\$20,869	\$21,078	\$21,288	\$21,501	\$21,716	\$21,933	\$22,153
Real Estate Taxes	\$136,677	\$138,044	\$139,425	\$140,819	\$142,227	\$143,649	\$145,086	\$146,537	\$148,002	\$149,482	\$150,977	\$152,487	\$154,012	\$155,552	\$157,107
Replacement Reserve	\$24,090	\$24,331	\$24,574	\$24,820	\$25,068	\$25,319	\$25,572	\$25,828	\$26,086	\$26,347	\$26,610	\$26,877	\$27,145	\$27,417	\$27,691
Management Fee	\$58,696	\$59,283	\$59,876	\$60,475	\$61,079	\$61,688	\$62,299	\$62,914	\$63,533	\$64,155	\$64,780	\$65,408	\$66,039	\$66,673	\$67,310
Total Expenses	\$625,373	\$631,627	\$637,943	\$644,323	\$650,766	\$644,935	\$651,385	\$657,899	\$664,478	\$671,122	\$677,834	\$684,612	\$691,458	\$698,373	\$705,356
Net Operating Income	\$548,550	\$554,035	\$559,576	\$565,171	\$570,823	\$588,869	\$594,758	\$600,706	\$606,713	\$612,780	\$618,908	\$625,097	\$631,348	\$637,661	\$644,038
Reversion Calculation															
Terminal Capitalization Rate					7.5%					7.5%					7.5%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$7,400,000					\$7,900,000					\$8,300,000

Conclusion

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 20 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$6,800,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical future prospective leased fee value at 20 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

EIGHT MILLION THREE HUNDRED THOUSAND DOLLARS
(\$8,300,000)

BELOW MARKET DEBT

The developer has indicated that there will be a \$5,300,000 conventional loan with a term of 35 years and an interest rate of 4.96 percent. The loan appears to be market oriented and there is no associated value to the financing structure.

INTANGIBLE VALUE OF LOW INCOME HOUSING TAX CREDITS

Construction of the Subject has been financed in part by federal tax credit equity. According to the developer’s Sources and Uses statement, the Subject will apply to receive Low Income Housing Tax Credits and we were asked to value the tax credits.

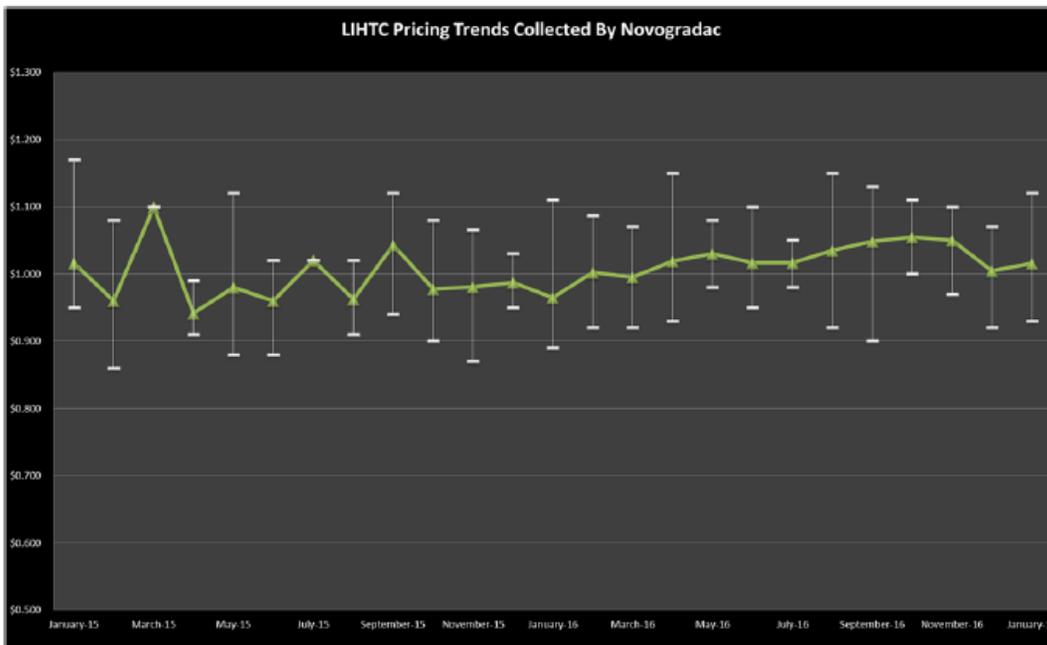
Low Income Housing Tax Credits

A fifteen-year federal tax credit and a fifteen year state tax credit incentive program will encumber the Subject. The median household income statistics establish the maximum allowable rent levels. The Subject’s rent structure includes units that will be restricted to those earning 60 percent of the AMI or less.

As an incentive to participate in the low-income housing program the developer is awarded “tax credits” which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer anticipates receiving a federal tax credit allocation of \$403,238 annually. The annual allocation will be received for ten years at 99.99 percent, for a total of \$4,031,979.

The developer anticipates receiving a state tax credit allocation of \$403,238 annually. The annual allocation will be received for ten years at 99.99 percent, for a total of \$2,217,588.

Valuation of LIHTC is typically done by a sales comparison approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. Based on information provided by the developer, it appears that the federal tax credits will be purchased at a price of \$0.92 per tax credit, while the state tax credits will be purchased at a price of \$0.55 per tax credit, which appears reasonable. Novogradac & Company LLP conducts monthly surveys in which we contact developers, syndicators and consultants involved in LIHTC transactions to obtain information on recent LIHTC pricing. The following graph illustrates LIHTC pricing trends. The following graph illustrates the average federal tax credit price achieved on a monthly basis for the projects included in our survey.



As the previous table illustrates, federal tax credit raise rates in recent months have ranged from \$0.98 to

\$1.15 per credit. Pricing has been trending upwards the past year. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The developer estimates receiving \$0.92 per low income housing tax credit, which is below the range of recent pricing patterns.

Election Impact on Pricing

Based on recent conversations with investors and market participants, it is likely that LIHTC pricing will decrease over the near term based on the potential of tax reform, which would cause a decrease in current pricing levels. Further, it is reasonable to assume that investors will hedge against possible future tax reform and reduce pricing levels currently based on the 10 year credit. Per our conversations with market participants, pricing is anticipated to move downward between \$0.08 and \$0.14 per credit for 9% LIHTC deals, while the decrease would be at the higher end of the range for 4% projects. However, it should be noted that if tax reform does not happen, then there should be no change on LIHTC pricing. Additionally, demand should remain strong and the current pause with investors is tied to the determination of the interim tax level to utilize and the impact it will have on pricing. Based on conversations with the borrower, the tax credit pricing referenced in the pro forma has already been updated to reflect final pricing. Since it reflects current market conditions, we have utilized the tax credit pricing in our analysis.

The following table illustrates Georgia state tax credit pricing in 2015 and 2016, the most recent data available.

GEORGIA STATE TAX CREDIT PRICING			
Closing Date	Price Per Credit	Location	Type
2016	\$0.40	Marietta	New Construction
2016	\$0.40	Augusta	New Construction
2015	\$0.49	Stone Mountain	New Construction
2015	\$0.49	Decatur	New Construction
2015	<u>\$0.52</u>	Atlanta	Acquisition/Rehabilitation
Average	\$0.46		

According to recent data, the Georgia state credit pricing ranged from \$0.40 to \$0.52 over the past two years, with the highest deal involving an acquisition/rehabilitation. The 2016 data indicates pricing at the lower end of the range. We have interviewed two investors that have active letters of intent to purchase state tax credits and they indicated that prices have been steady in recent months. We conclude to a value of \$0.55 per credit for the Subject's state tax credits. Note that state tax credits are not affected by federal tax reform. The total value of the tax credits is summarized in the following table.

TAX CREDIT VALUATION - AS COMPLETE			
Scenario	Tax Credits	Price Per Credit	Indicated Value (Rounded)
Federal Low Income Housing Tax Credits	\$4,031,979	\$0.92	\$3,710,000
State Low Income Housing Tax Credits	\$4,031,979	\$0.55	<u>\$2,220,000</u>
Total (Rounded)			\$5,930,000

The concluded value of the tax credits is supported by the reported sales price of the Subject credits and is considered reasonable. Based on the preceding analysis, the tax credit values are as follows:

Federal

**THREE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS
(\$3,710,000)**

State

**TWO MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS
(\$2,220,000)**

X. SALES COMPARISON APPROACH

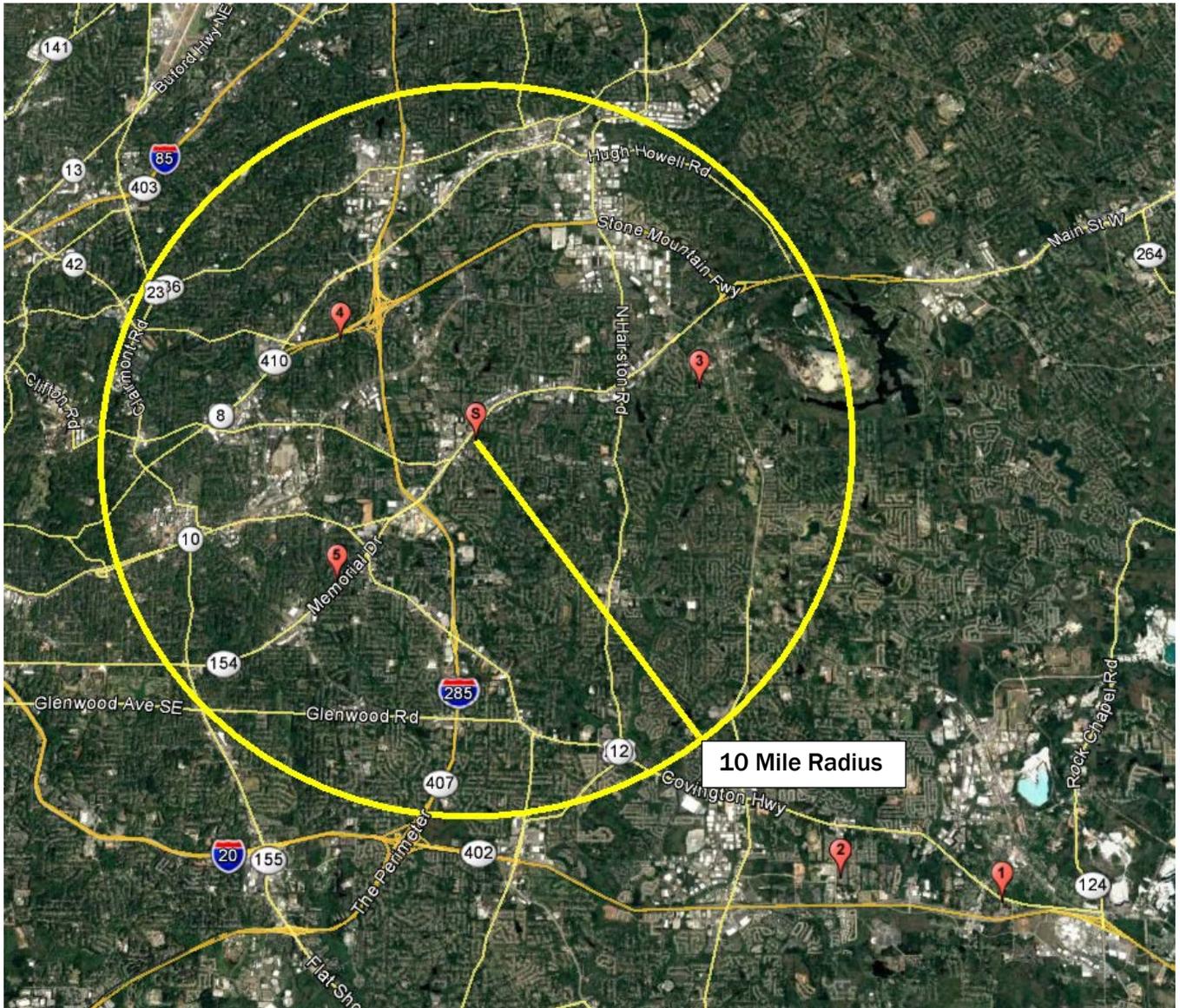
SALES COMPARISON APPROACH

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.

As previously discussed, we searched for LIHTC multifamily sales in the area, but were unable to locate any. It should be noted that any potential sale of the Subject property would be constrained by the limitations and penalties of the LIHTC program, specifically the recapture/penalty provision upon transfer. Because of this, there are a limited number of properties that have sold nationwide, and only one locally, that have the restrictions associated with Section 42 provisions. We believe the improved sales we have chosen for our analysis represent the typical multifamily market in the Subject's area. Therefore, we have utilized five conventional market rate developments in our sales approach.

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

Improved Sales Map



Source: Google Earth, June 2017.

Comparable Sale 1

Name: The Retreat at Stonecrest Apartments
 Location: 40 Amanda Drive
 Lithonia, Georgia



Buyer: HPI Retreat LLC
 Seller: NNN Retreat at Stonecrest LLC
 Sale Date: Apr-17
 Sale Price: \$23,000,000
 Financing: Conventional loan
 Number of Units: 276
 Year Built: 2003
 Site: 15.1 Acres

Units of Comparison:

Effective Gross Income:	\$2,702,500
EGIM	8.5
Total Expenses:	\$1,380,000
Net Operating Income:	\$1,322,500
Net Operating Income per Unit:	\$4,792
Overall Rate with Reserves:	5.8%
Sale Price per Unit:	\$83,333

Comments:

This property offers 114 one, 144 two-, and 18 three-bedroom units. The property was 87 percent occupied at the time of the sale. CoStar confirmed the sales price, sales date, and capitalization rate. Novogradac estimated expenses at \$5,000 per unit.

Verification: Costar, Public Record

Comparable Sale 2

Name: Belle Vista
 Location: 100 Camelia Lane
 Lithonia, Georgia



Buyer: Belle Vista LP
 Seller: ROC II GA Ashley Vista LLC
 Sale Date: Mar-17
 Sale Price: \$31,110,000

Financing: Conventional loan
 Number of Units: 312
 Year Built: 2001
 Site: 26.56 Acres

Units of Comparison:

Effective Gross Income:	\$3,376,824
EGIM	9.2
Total Expenses:	\$1,560,000
Net Operating Income:	\$1,816,824
Net Operating Income per Unit:	\$5,823
Overall Rate with Reserves:	5.8%
Sale Price per Unit:	\$99,712

Comments:

This property offers 108 one-, 144 two- and 60 three-bedroom units. The property was reportedly 91 percent occupied at the time of the sale. We tried to contact parties related to the transaction but were not successful. CoStar confirmed the sale price, sale date, and capitalization rate. Novogradac estimated expenses at \$5,000 per unit.

Verification: Costar, Public Record

Comparable Sale 3

Name: Dwell at Stone Mountain
 Location: 854 Sheppard Road
 Stone Mountain, GA 30083



Buyer: Dwell Partners LLC
 Seller: Dwell at Stone Mountain LLC
 Sale Date: Sep-16
 Sale Price: \$4,595,500
 Financing: Conventional loan
 Number of Units: 102
 Year Built: 1972
 Site: 7.04 Acres

Units of Comparison:

Effective Gross Income:	\$854,663
EGIM	5.4
Total Expenses:	\$510,000
Net Operating Income:	\$344,663
Net Operating Income per Unit:	\$3,379
Overall Rate with Reserves:	7.5%
Sale Price per Unit:	\$45,054

Comments:

This is a garden-style property offering 102 one, two, and three-bedroom units. At the time of the sale, the property was reportedly 98 percent occupied. Details of the sale were confirmed through public records and the seller broker. The Novoco estimated expenses are \$5,000 per unit.

Verification: Costar, Public Record, Broker (Joshua Goldfab 404-285-5522)

Comparable Sale 4

Name: Misty Creek Apartments
 Location: 3145 Misty Creek Drive
 Decatur, GA 30033



Buyer: Misty Creek Investors LLC
 Seller: PGP Holdings WP, LLC, & PGP Holding RLC
 Sale Date: Aug-16
 Sale Price: \$8,250,000

Financing: Conventional
 Number of Units: 92
 Year Built: 1988
 Site: 6.99 Acres

Units of Comparison:

Effective Gross Income:	\$956,828
EGIM	8.6
Total Expenses:	\$460,000
Net Operating Income:	\$496,828
Net Operating Income per Unit:	\$5,400
Overall Rate with Reserves:	6.0%
Sale Price per Unit:	\$89,674

Comments:

Misty Creek Apartments offers 92 one and two-bedroom units. The property includes a clubhouse/leasing office and a swimming pool. Details of the sale were confirmed through the broker.

Verification: Costar, broker-Tyler Averitt, Cushman & Wakefield-404.751.2673

Comparable Sale 5

Name: Royal Manor
 Location: 3900 Memorial Drive
 Decatur, GA 30032



Buyer: Infinity Midway Manor LLC
 Seller: Midway Manor Investments LLC
 Sale Date: May-16
 Sale Price: \$2,405,000

Financing: Conventional loan
 Number of Units: 76
 Year Built: 1969
 Site: 6.8 Acres

Units of Comparison:

Effective Gross Income:	\$584,425
EGIM	4.1
Total Expenses:	\$380,000
Net Operating Income:	\$204,425
Net Operating Income per Unit:	\$2,690
Overall Rate with Reserves:	8.5%
Sale Price per Unit:	\$31,645

Comments:

This is a two-story garden-style property offering 76 one and two-bedroom apartments. The sale date, price, number of units, and construction date were confirmed through public records and the seller broker. Expenses were estimated at \$5,000 per unit.

Verification: CoStar, Public Records, Broker (Christian Finkleberg 305-454-0915)

Valuation Analysis

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

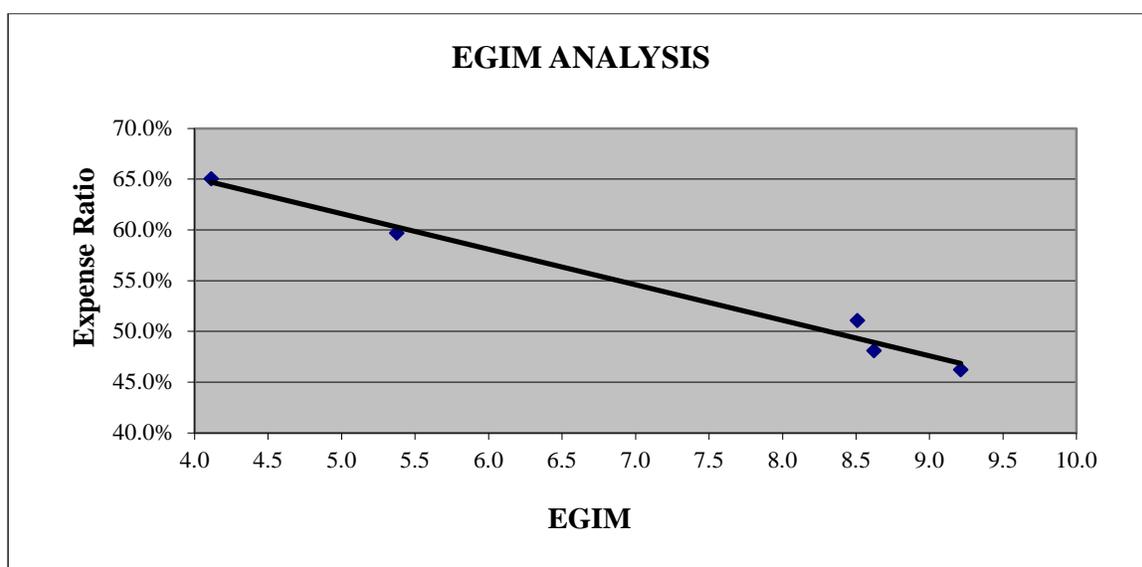
IMPROVED SALES COMPARISON

No.	Property	Sale Date	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	The Retreat at Stonecrest Apartments	Apr-17	\$23,000,000	276	\$83,333	8.5	5.8%
2	Belle Vista	Mar-17	\$31,110,000	312	\$99,712	9.2	5.8%
3	Dwell at Stone Mountain	Sep-16	\$4,595,500	102	\$45,054	5.4	7.5%
4	Misty Creek Apartments	Aug-16	\$8,250,000	92	\$89,674	8.6	6.0%
5	Royal Manor	May-16	\$2,405,000	76	\$31,645	4.1	8.5%
	Average		\$13,872,100	172	\$69,883	7.2	6.7%

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.

As summarized below, we have concluded to an EGIM of 4.7 for the as is scenario, and 6.5 for the as renovated scenarios.



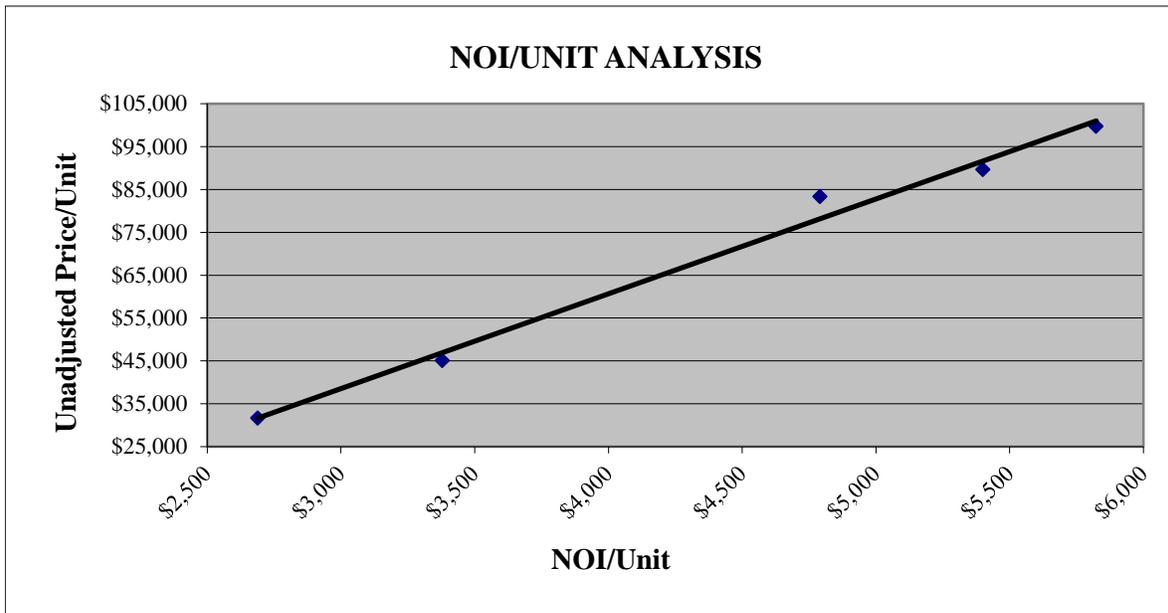
EGIM ANALYSIS

	Sale Price	EGI	Expenses	Expense Ratio	EGIM
As Is Restricted	\$3,900,000	\$834,833	\$540,105	65%	4.7
As Proposed Restricted	\$5,800,000	\$899,186	\$497,144	55%	6.5
As Proposed Unrestricted	\$6,600,000	\$1,011,158	\$538,665	53%	6.5
Comparable #1	\$23,000,000	\$2,702,500	\$1,380,000	51%	8.5
Comparable #2	\$31,110,000	\$3,376,824	\$1,560,000	46%	9.2
Comparable #3	\$4,595,500	\$854,663	\$510,000	60%	5.4
Comparable #4	\$8,250,000	\$956,828	\$460,000	48%	8.6
Comparable #5	\$2,405,000	\$584,425	\$380,000	65%	4.1

NOI/Unit Analysis

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

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



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

NOI/UNIT ANALYSIS

As Is Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$3,639	/	\$4,792	=	0.76	X	\$83,333	=	\$63,280
2	\$3,639	/	\$5,823	=	0.62	X	\$99,712	=	\$62,305
3	\$3,639	/	\$3,379	=	1.08	X	\$45,054	=	\$48,515
4	\$3,639	/	\$5,400	=	0.67	X	\$89,674	=	\$60,421
5	\$3,639	/	\$2,690	=	<u>1.35</u>	X	<u>\$31,645</u>	=	<u>\$42,807</u>
			\$4,417		0.90		\$73,131		\$54,228

NOI/UNIT ANALYSIS
As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$4,844	/	\$4,792	=	1.01	X	\$83,333	=	\$84,241
2	\$4,844	/	\$5,823	=	0.83	X	\$99,712	=	\$82,943
3	\$4,844	/	\$3,379	=	1.43	X	\$45,054	=	\$64,585
4	\$4,844	/	\$5,400	=	0.90	X	\$89,674	=	\$80,434
5	\$4,844	/	<u>\$2,690</u>	=	<u>1.80</u>	X	<u>\$31,645</u>	=	<u>\$56,987</u>
			\$4,417		1.24		\$69,883		\$73,838

NOI/UNIT ANALYSIS
As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$5,693	/	\$4,792	=	1.19	X	\$83,333	=	\$99,003
2	\$5,693	/	\$5,823	=	0.98	X	\$99,712	=	\$97,478
3	\$5,693	/	\$3,379	=	1.68	X	\$45,054	=	\$75,903
4	\$5,693	/	\$5,400	=	1.05	X	\$89,674	=	\$94,529
5	\$5,693	/	<u>\$2,690</u>	=	<u>2.12</u>	X	<u>\$31,645</u>	=	<u>\$66,973</u>
			\$4,417		1.43		\$69,883		\$86,777

Value indications via the NOI per unit analysis are summarized below.

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is Restricted	81	\$54,000	\$4,400,000
As Proposed Restricted	83	\$74,000	\$6,100,000
As Proposed Unrestricted	83	\$87,000	\$7,200,000

Conclusion

We utilized the EGIM and the NOI/Unit 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 NOI/unit analysis is considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales price.

The Subject's market value of the real estate As Is Restricted via the Sales Comparison Approach, as of June 27, 2017 is:

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$4,400,000)

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in December 2018, the prospective date of stabilization, with conditions

prevailing as of June 27, 2017, via the income capitalization approach is:

SIX MILLION ONE HUNDRED THOUSAND DOLLARS
(\$6,100,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017, via the income capitalization approach is:

SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS
(\$7,200,000)

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

XI. RECONCILIATION

RECONCILIATION

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

AS IS VACANT LAND

Scenario	Units	Price Per Unit	Indicated Value (Rounded)
Land Value	96	\$11,000	\$1,060,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is Restricted	7.0%	\$294,728	\$4,200,000
As Proposed Restricted	7.0%	\$402,042	\$5,700,000
As Proposed Unrestricted	7.0%	\$472,493	\$6,700,000

EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is Restricted	5.4	\$834,833	\$4,500,000
As Proposed Restricted	7.2	\$899,186	\$6,500,000
As Proposed Unrestricted	7.2	\$1,011,158	\$7,300,000

SALE PRICE/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price Per Unit	Indicated Value (Rounded)
As Is Restricted	81	\$54,000	\$4,400,000
As Proposed Restricted	83	\$74,000	\$6,100,000
As Proposed Unrestricted	83	\$87,000	\$7,200,000

VALUE AT LOAN MATURITY - RESTRICTED

	Year	Indicated Value (Rounded)
Restricted	15 years	\$6,000,000
Restricted	20 years	\$6,300,000
Restricted	25 years	\$6,500,000
Restricted	30 years	\$6,800,000

VALUE AT LOAN MATURITY - UNRESTRICTED

	Year	Indicated Value (Rounded)
Unrestricted	15 years	\$7,000,000
Unrestricted	20 years	\$7,400,000
Unrestricted	25 years	\$7,900,000
Unrestricted	30 years	\$8,300,000

TAX CREDIT VALUATION

	Credit Amount	Price Per Credit	Indicated Value (Rounded)
Federal LIHTC	\$4,031,979	\$0.92	\$3,710,000
State LIHTC	\$4,031,979	\$0.55	\$2,220,000

FAVORABLE FINANCING VALUATION

	Indicated Value (Rounded)
Restricted & Unrestricted	N/A

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 two years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a sales price/unit analysis. These analyses provide a good indication of the Subject's market value.

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

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated market value of the fee simple interest in the Subject "as if vacant and encumbered" (land value), free and clear of financing, as of June 27, 2017 is:

ONE MILLION SIXTY THOUSAND DOLLARS
(\$1,060,000)

The Subject's hypothetical leased fee market value assuming current contract rents "As Is", as of June 27, 2016 is:

FOUR MILLION TWO HUNDRED THOUSAND DOLLARS
(\$4,200,000)

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017 is:

FIVE MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$5,700,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in December 2018, the prospective date of stabilization, with conditions prevailing as of June 27, 2017, is:

SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$6,700,000)

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 30 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$6,800,000)

As a result of our analysis of the Subject’s unrestricted scenario, the hypothetical future prospective leased fee value at 30 years (loan maturity), in the year 2047, with conditions prevailing as of June 27, 2017, is:

EIGHT MILLION THREE HUNDRED THOUSAND DOLLARS
(\$8,300,000)

As a result of our analysis, the value of the Tax Credits “as complete” in May 2019, the prospective date of completion, with conditions prevailing as of June 27, 2017 is:

FIVE MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS
(\$5,930,000)

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

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;
- We have simultaneously provided a market study for the property that is the Subject of this report. We previously provided a market study and appraisal of the property that is the Subject of this report, both dated March 2017;
- 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;
- Brian Neukam has made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and is competent to perform such analyses. Meg Southern provided significant professional assistance to the appraiser including conducting internet research, compiling and coalescing data, analyzing data trends, evaluating and analyzing comparable data, and drafting text and documents. Brad Weinberg, MAI, CVA, CRE oversaw all data collection and reporting in this appraisal and reviewed the report. 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 Weinberg, MAI, CRE has completed the requirements of the continuing education program of the Appraisal Institute.



Brad Weinberg, MAI, CVA, CRE
Partner
Novogradac & Company LLP
Brad.Weinberg@novoco.com



Brian Neukam
Manager
GA Certified General Appraiser #329471
Expiration Date: March 31, 2018
Brian.Neukam@novoco.com

ADDENDUM B
Qualifications of Consultants

CURRICULUM VITAE
BRAD E. WEINBERG, MAI, CVA, CRE

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 Valuation Analyst (CVA), National Association of Certified Valuers and Analysts (NACVA)
Member, The Counselors of Real Estate (CRE)
Certified Investment Member (CCIM), Commercial Investment Real Estate Institute
Member, Urban Land Institute
Member, National Council of Housing Market Analysts (NCHMA)

State of Alabama – Certified General Real Estate Appraiser, No. G00628
State of California – Certified General Real Estate Appraiser, No. 27638
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 Maine – Certified General Real Estate Appraiser, No. CG3435
State of Maryland – Certified General Real Estate Appraiser; No. 6048
Commonwealth of Massachusetts – Certified General Real Estate Appraiser; No. 103769
State of Michigan – Certified General Real Estate Appraiser, No. 1201074327
State of Nebraska – Certified General Real Estate Appraiser, No. CG2015008R
State of New Jersey – Certified General Real Estate Appraiser; No. 42RG00224900
State of Ohio – Certified General Real Estate Appraiser; No. 2006007302
State of Pennsylvania – Certified General Real Estate Appraiser; No. GA004111
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.

Brad E. Weinberg

Qualifications

Page 2

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 (CIRESI) 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
BRIAN NEUKAM**

EDUCATION

Georgia Institute of Technology, Bachelor of Industrial Engineering, 1995

State of Georgia Certified General Real Property Appraiser No. 329471

PROFESSIONAL TRAINING

National USPAP and USPAP Updates

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Capitalization Approach I and II

General Appraiser Report Writing and Case Studies

EXPERIENCE

Novogradac & Company LLP, Manager, September 2015- Present

J Lawson & Associates, Associate Appraiser, October 2013- September 2015

Carr, Lawson, Cantrell, & Associates, Associate Appraiser, July 2007-October 2013

REAL ESTATE ASSIGNMENTS

A representative sample of due diligence, consulting or valuation assignments includes:

- Prepare market studies and appraisals throughout the U.S. for proposed and existing family and senior Low-Income Housing Tax Credit (LIHTC), market rate, HOME financed, USDA Rural Development, and HUD subsidized properties. Appraisal assignments involve determining the as is, as if complete, and as if complete and stabilized values.
- Conduct physical inspections of subject properties and comparables to determine condition and evaluate independent physical condition assessments.
- Performed valuations of a variety of commercial properties throughout the Southeast which included hotels, gas stations and convenience stores, churches, funeral homes, full service and fast-food restaurants, stand-alone retail, strip shopping centers, distribution warehouse and manufacturing facilities, cold storage facilities, residential and commercial zoned land, and residential subdivision lots. Intended uses included first mortgage, refinance, foreclosure/repossession (REO), and divorce.
- Employed discounted cash flow analysis (utilizing Argus or Excel) to value income producing properties and prepare or analyze cash flow forecasts.
- Reviewed and analyzed real estate leases, including identifying critical lease data such as commencement/expiration dates, various lease option types, rent and other income, repair and maintenance obligations, Common Area Maintenance (CAM), taxes, insurance, and other important lease clauses.

ADDENDUM C
Subject Photos

Photographs of Subject Site and Surrounding Uses



Subject Site



Subject Site



Subject Site



Subject Site



View south on Hillcroft Lane



View north on Hillcroft Lane



Maintenance Space at Subject



Management Office at Subject



Mailboxes at Subject



Meeting room at Subject



Unit kitchen



Unit living room



Bedroom at Subject



Subject laundry facilities



Bank in the Subject's neighborhood



Pharmacy in the Subject's neighborhood



Typical single-family home in the Subject's neighborhood



Fast food restaurant in the Subject's neighborhood

ADDENDUM D
Engagement Letter



**NOVOGRADAC
& COMPANY** LLP®
CERTIFIED PUBLIC ACCOUNTANTS

June 8, 2017

John Corcoran
Housing Development Corporation of DeKalb County
750 Commerce Drive
Suite 201
Decatur, Georgia 30030

RE: 2017 GA DCA Application Market Study and Appraisal Update for Spring Chase II located in Stone Mountain, Georgia

Dear Mr. Corcoran:

We are pleased to confirm our understanding of the services we are to provide for Housing Development Corporation of DeKalb County (hereinafter, “Client, you or your”). If you agree with the terms set forth below, please sign a copy of this letter (the “Engagement Letter”) at the space provided below and return it 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

Housing Development Corporation of DeKalb County is seeking to engage Novogradac & Company LLP (hereinafter “Novogradac, us, or we”) to prepare an application market study and appraisal for the above-referenced development. Novogradac will provide an application market study and appraisal (the “Report”). The objective of this engagement will be to provide a market study and appraisal which meets Georgia Department of Community Affairs (DCA) application appraisal guidelines. The site is located at 4947 Memorial Drive, Stone Mountain, GA 30083. Positioned on the site is a four-story, 81-unit building and an adjacent community/office building connected to the main building via a second and third floor hallway, and a third floor walkway near the main entry. The main apartment building was completed 10/2003, and the adjacent building was built in est. 1962 (remodeled and repositioned in 2003).The building’s exterior is a mixture of cementitious, wood and brick siding. Interior amenities/non-resident rooms include: two solariums, fitness room, meeting rooms and offices. The site also includes two storm water detention ponds. This is a senior development for persons ages 55 and over. Our report will permit the reader to understand the logic and process employed, leading to the conclusions drawn and recommendations presented. ***The appraisal will be completed in accordance with Georgia Department of Community Affairs (DCA) appraisal guidelines and generally accepted practices.***

Objective and Purpose

You have represented to us that you intend to use the Report in conjunction with your application for LIHTC funds from Georgia DCA (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 State 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 an application appraisal to Georgia DCA.

Scope of Work

The scope of work will generally incorporate the following:

Market Study

- 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 market study 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.
- Analysis of the assumptions regarding unit mix, layout, traffic flow, site amenities, etc.
- Supply market analysis – Supply analysis. We will profile all similar properties located within the subject’s competitive supply. This profile will highlight aspects such as amenities and facilities, pricing, and leasing pace. We will research and report pipeline and multifamily construction activity in the PMA & MSA.
- Market analysis – Demand analysis. This section will focus on the economic and demographic profile of the source markets. We will examine the trends and growth prospects of the target market. Determine primary and secondary (when appropriate) market areas (PMA, MSA, respectively).
- The supply and demand analyses will be correlated to determine the appropriate rental rate, absorption pace, optimal unit mix, amenity mix, etc. for the proposed development.
- Market analysis – Conclusions. This section will draw conclusions regarding the marketability and the competitive market positioning of the project. This will include an opinion as to the long-term prognosis for the market. This analysis will detail absorption and development pace estimates. In this section we will detail likely trends in the specific market and competing markets.

Appraisal

- Consider and develop the three approaches to value (as warranted) and reconcile information into appropriate value estimates.
- The following values will be provided in the appraisal-Land Value, “As Is” Value, Prospective Value upon Stabilization-Restricted Rents, Prospective Value upon Stabilization-

Unrestricted Rents, Prospective Value at Loan Maturity- Market Rents; and Value of the Ground Lease

- ***The appraisal will be completed in accordance with Georgia Department of Community Affairs (DCA) appraisal guidelines and generally accepted practices***

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.

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.

Client shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this Engagement Letter ("Engagement Staff") without Novogradac's prior written consent, at any time while this Engagement Letter 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 Engagement Letter (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.

Professional Fees

Based on an evaluation of the scope of work, the total fee for the application market study and appraisal will be \$8,500, plus travel expenses. 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.

Additional fees may apply should the final development scheme be significantly different than initially described. The \$8,500 fee assumes no changes to the development scheme after it is initially provided. Due to the additional work generated by changes to the development scheme, changes will be billed at an additional fee of \$500 per change. To avoid this additional expense, we recommend that the client provide the final pro forma at a minimum of two weeks prior to the due date for the appraisal. If multiple changes are expected to the development scheme, we kindly request and recommend that the client request all changes at once to minimize additional time and expense.

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. Our current hourly rates are as follows:

Partner:	\$332 - \$434
Principal:	\$245
Manager:	\$160 - \$205
Senior Analyst:	\$140 - \$150
Analyst:	\$110-\$135
Junior Analyst:	\$79 - \$99

Timing and Retainer

Upon signature of this engagement letter, we are prepared to start work immediately and the report will be delivered by June 30, 2017. The timing is contingent on you furnishing us with the retainer described in the following paragraph and requested information promptly.

A retainer of \$4,250 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: Housing Development Corporation of DeKalb County-Market Study and Appraisal-Spring Chase II-Stone Mountain, GA

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.

Limitation and Damages

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.).

Limitations Period on Actions

To the fullest extent permitted by law, no controversy, claim, suit or action, regardless of nature or form, relating to or arising out of this engagement, may be brought by or on behalf of Client and/or its Board of Managers, Board of Directors, Board committees, similar governing bodies, members, partners, principals, stockholders, principals, employees, agents, affiliates, and/or subsidiaries, against Novogradac & Company LLP, or its members, partners, principals, managers, employees, agents, affiliates, or subsidiaries, more than one (1) year after the cause of

action accrues. The foregoing period of limitation shall not be subject to tolling of any kind. Nothing contained within this Engagement Letter shall operate to extend, lengthen, or toll any applicable statutory limitations period of less than one year or any accrual point for any cause of action provided by law.

Confidentiality and Working Paper Ownership

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.

Before providing us with any documents that contain credit card or individuals’ social security numbers, please first mask or redact such numbers. 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.

Third Party and Internal Use of Data and Reports

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.

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 Engagement Letter, 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 Engagement Letter.

Governing Law, Venue and Jurisdiction

All matters related to, concerning, or arising out of the professional relationship between the parties, or arising out of this Engagement Letter or the services provided or to be provided hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York, with respect to all procedural and substantive issues, without giving effect to New York’s conflict of laws rules. Any claim or action related to, concerning, or arising out of the aforementioned matters shall be brought and maintained exclusively with the United States District Court, Southern District of New York (“SDNY”), located in New York County, the State

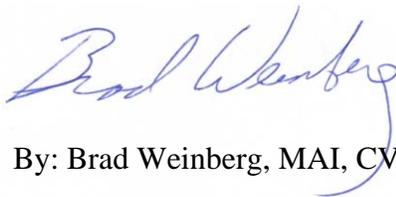
of New York. For any dispute or proceeding for which SDNY denies jurisdiction, such matters shall instead be brought before the Supreme Court of the State of New York, New York County, located in New York County, the State of New York. The parties expressly and irrevocably submit to the jurisdiction of the aforementioned courts for the purpose of any such claim or action and expressly and irrevocably waive, to the fullest extent permitted by law, any rights, defenses, and objections which it may have or hereafter may have to the laying of venue in the aforementioned courts, including but not limited to any claim that such forum is inconvenient.

Severability

Should any term or provision of this Engagement Letter, or part thereof, be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby and said illegal, unenforceable or invalid part, term or provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Engagement Letter.

Some of the services described in this Engagement Letter 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 Engagement Letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this Engagement Letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement, via email at brian.neukam@novoco.com. If we do not receive this executed Engagement Letter in our office within 30 days of the date of this Engagement Letter, our offer to perform these professional services is automatically withdrawn. If we do agree in writing to extend the timeframe for execution of this Engagement Letter, please be aware that late initiation of the engagement will affect the timeframe for delivery of draft and final work products. If you have any questions regarding this proposal, please call me at (678) 339-3669.

Very truly yours,
NOVOGRADAC & COMPANY LLP



By: Brad Weinberg, MAI, CVA, CRE

RESPONSE:

This letter correctly sets forth our understanding for services to be provided, and I am authorized to bind Housing Development Corporation of DeKalb County:

Accepted by:
Housing Development Corporation of DeKalb County

By: John Corcoran
John Corcoran

Title: Vice President

Date Signed: June 08, 2017

ADDENDUM E
Financials

PERMANENT SOURCES				CONSTRUCTION SOURCES			
Debt:	IR %	Amount	% Total	Debt:	IR %	Amount	% Total
Conventional	4.96%	5,300,000	42%	Construction Loan	2.58%	8,859,817	70%
Seller Note	2.75%	750,000	6%	Seller Note	0.00%	750,000	6%
HOME	2.60%	0	0%	<Enter Source>			0%
Total:		6,050,000	48%	Total:		9,609,817	76%
Equity:				Equity:			
Federal Credit		3,709,000	29%	Federal Credit		1,112,700	9%
State Credit		2,217,588	18%	State Credit		665,276	5%
Historic Credit		-	0%	Historic Credit			0%
Total:		5,926,588	47%	Total:		1,777,976	14%
Grants:				Grants:			
AHP			0%	AHP			0%
CDBG			0%	CDBG			0%
Total:		-	0%	Total:		-	0%
Other:				Other:			
Investment Earnings	\$	-	0%	Investment Earnings	\$	-	0%
Income during construction		-	0%	Income during construction			0%
Acquisition Note			0%	Other 1			0%
Other 2			0%	Other 2			0%
Total:		-	0%	Total:		-	0%
Deferred Developers Fee		610,885.69	5%	Deferred Developers Fee		1,199,680	10%
Percentage Developer Fee Paid		59.26%					
TOTAL:		12,587,474	100%	TOTAL:		12,587,474	100%

(0.00)

PERMANENT MORTGAGE CALCULATOR			
MORTGAGE WORKS	Conventional	Seller Note	HOME
Mortgage Amount	5,300,000	750,000	0
Amortization (years) / or enter DCR in box & CF	1.25 35	1.15 CF	40
Interest Rate	4.960%	2.75%	2.60%
Term (years)	35	40	40
Monthly Pmt	\$26,613.39	\$2,397.37	\$0.00
Annual Pmt	\$319,361	\$28,768	\$0
Debt Service Coverage	1.254	1.254	1.254

Fee	Amount	Percentage	10% equity
Paid Fee	\$ 888,714	59.26%	592,659
Deferred Fee	\$ 610,886	40.74%	
Total	\$ 1,499,600	100.00%	

Sources

I. DEVELOPMENT BUDGET

PRE-DEVELOPMENT COSTS

	TOTAL COST	ELIGIBLE	INELIGIBLE	PER UNIT	PER Sq. Ft.
Property Appraisal	\$ 7,500.00	\$ 7,500.00	\$ -	\$ 90.36	\$ 0.15
Market Study	\$ 7,500.00	\$ 7,500.00	\$ -	\$ 90.36	\$ 0.15
Environmental Report(s)	\$ 22,000.00	\$ 22,000.00	\$ -	\$ 265.06	\$ 0.43
Soil Borings	\$ -	\$ -	\$ -	\$ -	\$ -
Rezoning	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Application Fee	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 60.24	\$ 0.10
Boundary and Topographical Survey	\$ 12,000.00	\$ 12,000.00	\$ -	\$ 144.58	\$ 0.23
Zoning/Site Plan Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Other: Physical Needs Assessment	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 120.48	\$ 0.20
Subtotal	\$ 64,000.00	\$ 59,000.00	\$ 5,000.00	\$ 771.08	\$ 1.25

ACQUISITION

Land	\$ 1,060,000.00	\$ -	\$ 1,060,000.00	\$ 12,771.08	\$ 20.70
Acquisition Legal Fees (if existing structures involved)	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Structures/Demo	\$ 2,810,000.00	\$ -	\$ 2,810,000.00	\$ 33,855.42	\$ 54.88
Subtotal	\$ 3,870,000.00	\$ -	\$ 3,870,000.00	\$ 46,626.51	\$ 75.59

SITE IMPROVEMENTS

Site Preparation (on-site improvements)	\$ -	\$ -	\$ -	\$ -	\$ -
Site Preparation (off-site improvements)	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -				

UNIT/BUILDING CONSTRUCTION

Residential Construction (Includes Gazebo & 2 New Units)	\$ 3,863,376.00	\$ 3,863,376.00	\$ -	\$ 46,546.70	\$ 75.46
New Construction (Non-Rehab Scope)	\$ 193,228.00	\$ 193,228.00	\$ -	\$ -	\$ -
Accessory Structures (Exterior Amenities - Gazebo)	\$ -	\$ -	\$ -	\$ -	\$ -
Accessory Structures (Fence/Gate)	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Contingency: Actual % = 7.00%	\$ 283,962.28	\$ 283,962.28	\$ -	\$ 3,421.23	\$ 5.55
Subtotal	\$ 4,340,566.28	\$ 4,340,566.28	\$ -	\$ 49,967.93	\$ 81.00

CONTRACTOR SERVICES

Builder's Overhead: 1.9800%	\$ 85,943.21	\$ 85,943.21	\$ -	\$ 1,035.46	\$ 1.68
Builder Profit: 2.00%	\$ 258,263.69	\$ 258,263.69	\$ -	\$ 3,111.61	\$ 5.04
General Requirements (G): 6.00%	\$ 258,263.69	\$ 258,263.69	\$ -	\$ 3,111.61	\$ 5.04
Payment & Performance Bonds in construction budget: 5.9500%	\$ 43,405.66	\$ 43,405.66	\$ -	\$ 522.96	\$ 0.85
Subtotal	\$ 645,876.25	\$ 645,876.25	\$ -	\$ 7,881.64	\$ 12.61

CONSTRUCTION FINANCING

Construction Loan Origination Fee	\$ 110,747.72	\$ 110,747.72	\$ -	\$ 1,334.31	\$ 2.16
Construction Loan Interest for 60 day turn	\$ 75,666.21	\$ 37,833.10	\$ 37,833.10	\$ 911.64	\$ 1.48
Construction Legal Fees	\$ -	\$ -	\$ -	\$ -	\$ -
JLL Construction Monitoring Fee	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 240.96	\$ 0.39
Construction Insurance	\$ 248,365.00	\$ 19,923.75	\$ 6,641.25	\$ 320.04	\$ 0.52
Subtotal	\$ 232,978.93	\$ 188,504.57	\$ 44,474.35	\$ 2,806.98	\$ 4.55

PROFESSIONAL SERVICES

Architect	\$ 206,176.90	\$ 206,176.90	\$ -	\$ 2,484.06	\$ 4.03
Civil Engineer	\$ 32,000.00	\$ 32,000.00	\$ -	\$ 385.54	\$ 0.63
As Built Survey	\$ 4,000.00	\$ 4,000.00	\$ -	\$ 48.19	\$ 0.08
Real Estate Attorney	\$ 70,000.00	\$ 70,000.00	\$ -	\$ 843.37	\$ 1.37
Accounting & 10 % Test	\$ 35,000.00	\$ 28,000.00	\$ 7,000.00	\$ 421.69	\$ 0.68
Subtotal	\$ 347,176.90	\$ 340,176.90	\$ 7,000.00	\$ 4,182.85	\$ 6.78

LOCAL GOVERNMENT FEES

Building Permits	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 963.86	\$ 1.56
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Water Tap Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Tap Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 963.86	\$ 1.56

FINANCING FEES

Permanent Loan Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Loan Legal Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Title and Recording Fees	\$ 40,000.00	\$ 32,000.00	\$ 8,000.00	\$ 481.93	\$ 0.78
Lender Due Diligence Fee	\$ 22,500.00	\$ 22,500.00	\$ -	\$ 271.08	\$ 0.44
Bond Issuance Premium	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Issuance / Underwriter's Discount: As a % of Bond Amount 7.59%	\$ 402,482.59	\$ 25,155.16	\$ 377,327.43	\$ 4,849.19	\$ 7.86
Other: Inducement Fee	\$ 7,500.00	\$ -	\$ 7,500.00	\$ 90.36	\$ 0.15
Subtotal	\$ 472,482.59	\$ 79,655.16	\$ 392,827.43	\$ 5,692.56	\$ 9.23

EQUITY COSTS

Tax Credit Reservation Fee-8609 fee: 10%	\$ 40,333.81	\$ -	\$ 40,333.82	\$ 485.83	\$ 0.79
Tax Credit Compliance Monitoring Fee*: \$ 800.00	\$ 66,400.00	\$ -	\$ 66,400.00	\$ 800.00	\$ 1.30
PIS App, Plan Review and Construction Inspection Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Loan Fee and Bridge Loan Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Legal Opinion	\$ 100,000.00	\$ 67,777.78	\$ 32,222.22	\$ 1,204.82	\$ 1.95
Other: Front End Analysis/Partnership Org Fees	\$ 15,000.00	\$ 10,500.00	\$ 4,500.00	\$ 180.72	\$ 0.29
Subtotal	\$ 221,733.82	\$ 78,277.78	\$ 143,456.04	\$ 2,671.37	\$ 4.33

DEVELOPER'S FEE

Developer's Overhead: Maximum Developer Fee: \$ 1,499,600.00	\$ 299,920.00	\$ 299,920.00	\$ -	\$ 3,613.49	\$ 5.86
Consultant's Fee: max = \$ 1,499,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Other Development Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Developer's Fee	\$ 1,199,680.00	\$ 1,199,680.00	\$ -	\$ 14,453.98	\$ 23.43
Subtotal	\$ 1,499,600.00	\$ 1,499,600.00	\$ -	\$ 18,067.47	\$ 29.29

START-UP AND RESERVES

Lease up Reserve (months x -x)	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 180.72	\$ 0.29
Marketing	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 180.72	\$ 0.29
Operating Deficit Reserve: 6 Months Op, RR and OS	\$ 388,069.10	\$ -	\$ 388,069.10	\$ 4,675.53	\$ 7.58
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Other: Relocation/Resident Services	\$ 270,000.00	\$ 67,500.00	\$ 202,500.00	\$ 3,253.01	\$ 5.27
Other: FIRM	\$ 125,000.00	\$ 62,500.00	\$ 62,500.00	\$ 1,506.02	\$ 2.44
Other: Contribution Interest to G: Days per Construction Phase	\$ -	\$ -	\$ -	\$ -	\$ -
Other:	\$ -	\$ -	\$ -	\$ -	\$ -
Other:	\$ -	\$ -	\$ -	\$ -	\$ -
Other:	\$ -	\$ -	\$ -	\$ -	\$ -
Other:	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 813,069.10	\$ 130,000.00	\$ 683,069.10	\$ 9,796.01	\$ 15.88

TOTAL DEVELOPMENT BUDGET

\$ 12,587,473.88	\$ 7,441,656.95	\$ 149,328.26	\$ 242.08
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UCL

Efficiency	Limit	# Units	Cost Limit			
1 Bedroom	\$ 135,361	0	\$ -	\$ 8,210,566	65.23%	\$ 145.34
2 Bedroom	\$ 155,793	71	\$ 11,061,303			
3 Bedroom	\$ 200,306	12	\$ 2,403,672	\$ 8,181,858		
4 Bedroom	\$ 200,306	0	\$ -			
Maximum Cost Limit =			\$ 13,464,975			

GA Adjusted Development Cost

TDC	\$ 12,587,473.88
(land)	\$ (1,060,000.00)
(Consulting)	\$ -
(Dev Fee)	\$ (1,199,680.00)
(Dev Over)	\$ (299,920.00)
(Other Dev)	\$ -
(Excess Reserves)	\$ (30,000.00)
ADJ TDC	\$ 9,997,873.88
15% Dev Fee	\$ 1,499,600.00
OK	

ADDENDUM F
Purchase and Sale Agreement, LURA, Etc.
(As Applicable)

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

This Agreement for the Purchase and Sale of Property (this “*Agreement*”), is made and entered into as of the Effective Date (as hereinafter defined), by and between **HOUSING AUTHORITY OF THE COUNTY OF DEKALB, GEORGIA**, a public body corporate and politic duly organized under the laws of the State of Georgia (hereinafter referred to as “*Seller*”), and **RETREAT AT SPRING HILL, LP**, a Georgia limited partnership (hereinafter referred to as “*Purchaser*”) (both Seller and Purchaser may hereinafter be referred to as “*Party*” individually or “*Parties*” collectively).

WITNESSETH:

WHEREAS, Seller desires to sell all of its right, title and interest in that certain parcel of land situated in DeKalb County, Georgia, and more particularly described on Exhibit “A” attached hereto and by this reference made a part hereof, together with all rights, easements and interests appurtenant thereto and all improvements situated on the real property (all of the foregoing being hereinafter collectively referred to as the “*Property*”), subject to and upon the terms and conditions set forth herein; and

WHEREAS, Purchaser desires to purchase the Property from Seller, subject to and upon the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the above premises (which are hereby incorporated into the body of this Agreement as material terms of this Agreement), the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by Seller and Purchaser, Purchaser and Seller hereby covenant and agree as follows:

1. Purchase and Sale of Property. Seller hereby agrees to sell the Property to Purchaser, and Purchaser hereby agrees to purchase the Property from Seller, all subject to and upon the terms and conditions set forth in this Agreement.

2. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the “*Purchase Price*”) to be paid by Purchaser to Seller for the Property shall be THREE MILLION EIGHT HUNDRED SEVENTY THOUSAND AND NO/100 DOLLARS (\$3,870,000.00). The Purchase Price shall be paid to Seller at the Closing by wire transfer of immediately available federal funds and/or Seller financing (on terms mutually acceptable to the Parties), subject to prorations, adjustments and credits as otherwise specified in this Agreement. The Purchase Price shall be allocated to the land in the amount of \$1,060,000.00, which will be reflected in the Ground Lease between the Parties. The balance of the Purchase Price, \$2,810,000.00, is allocated to all improvements situated on the real property.

3. Earnest Money; Escrow Account.

(a) Within ten (10) business days after the Effective Date, Purchaser will transfer funds to **Housing Authority of the County of DeKalb, Georgia, Finance Department** (the “*Finance Department*”) for the designated account established for sale of Spring Chase II

(the “*Escrow Account*”), at 750 Commerce Drive, Decatur, Georgia 30030, the sum of Five Thousand and No/100 Dollars (\$5,000.00) as earnest money (“*Earnest Money*”).

(b) The Earnest Money shall be a credit towards the Purchase Price at Closing. Except as otherwise provided in this Agreement, the Earnest Money shall be non-refundable. As used herein, “*business day*” shall mean any day that is not a Saturday, Sunday or a day on which a majority of the United States Post Offices are closed for counter service to the public.

4. Inspection.

(a) Beginning on the Effective Date and ending ninety (90) days thereafter (the “*Inspection Period*”), Purchaser and its agents shall have the right and privilege to enter upon and inspect the Property at reasonable times and upon reasonable prior notice, such rights including, without limitation, the right to perform tests, surveys, environmental and engineering studies and other examinations that Purchaser desires to make in planning for its ownership of the Property (including, without limitation, title review), all at Purchaser’s sole cost and expense. All such work and tests performed by or at the request of Purchaser shall be nondestructive, and Purchaser shall restore the Property to the condition thereof existing immediately prior to any such work or tests.

(b) In the event Purchaser, in its sole and absolute discretion, shall determine not to purchase the Property for any reason or no reason at all, then Purchaser shall deliver to Seller written notice thereof by or before the expiration of the Inspection Period, in which event this Agreement shall be terminated, the Earnest Money shall be promptly refunded by the Finance Department to Purchaser from the Escrow Account and, except as expressly provided to the contrary in this Agreement, Seller and Purchaser shall have no further rights, duties, obligations or liabilities under this Agreement except those rights, duties, obligations or liabilities that specifically survive termination. In the event Purchaser fails to so terminate this Agreement on or before the expiration of the Inspection Period, Purchaser shall be deemed to be satisfied with its investigation of the Property and shall have no further right to terminate this Agreement under this **Paragraph 4**; unless otherwise agreed to in writing by Seller.

(c) Purchaser hereby agrees that Purchaser shall be completely responsible for all acts and omissions of itself, its employees, contractors, agents and representatives in exercising such right and privilege granted in this **Paragraph 4**, and Purchaser hereby indemnifies Seller and agrees to hold Seller free and harmless from and against any and all losses, costs, damages and expenses (including, without limitation, attorney’s fees, costs of litigation and the cost and expense of removing or bonding any liens affecting the Property) ever suffered or incurred by Seller by reason of the exercise of the rights and privileges granted to Purchaser in this **Paragraph 4** or the breach of Purchaser’s covenant to restore contained herein. The indemnity contained in the immediately preceding sentence shall expressly survive the Closing or any termination of this Agreement.

(d) Confidential Information.

(i) Definitions. For purposes of this Agreement:

(A) “*Confidential Information*” means data, findings, recommendations, opinions, information, reports, notes, documents, materials, environmental reports, environmental assessments, and any other aspects, portions, summaries or information derived from or produced in connection with Purchaser’s inspection of the Property. Notwithstanding the foregoing, “*Confidential Information*” shall exclude any information that, at the time the information is used, has been provided to any government authority or is otherwise in the public domain through no fault or omission on the part of Purchaser or of Disclosure Persons.

(B) “*Disclosure Person*” means Purchaser’s attorneys, consultants, environmental insurance advisors or underwriters, and other advisors or other third parties to whom disclosure is necessary in connection with the transaction set forth in this Agreement.

(ii) Use of Confidential Information and Non-Disclosure Use of Confidential Information and Non-Disclosure. Neither Purchaser nor any Disclosure Person shall use Confidential Information for any purpose whatsoever, except to evaluate the transactions set forth in this Agreement. Moreover, neither Purchaser nor any Disclosure Person shall disclose any Confidential Information (including without limitation any such Confidential Information that has been identified by Seller as protected by any legal privilege) to any third party including any government authority, except: (A) as required by law and with reasonable prior notice to Seller; or (B) with Seller’s prior written approval, which may be withheld in Seller’s sole discretion.

(iii) Confidentiality. Purchaser shall advise its Disclosure Persons that all Confidential Information is subject to the confidentiality requirements of this Agreement.

(iv) Termination or Default. If Purchaser or Seller terminates this Agreement as allowed herein, Purchaser shall, within ten (10) days of a request by Seller, promptly deliver to Seller all original and copied versions of the Confidential Information in its possession or in the possession of Disclosure Persons. Purchaser makes no representations or warranties with respect to the accuracy of the Confidential Information.

5. Conditions Precedent. Purchaser's obligation to purchase the Property hereunder is expressly made subject to the satisfaction (or waiver by the Purchaser) of each of the following conditions, on or before the Closing Date (as hereinafter defined) or any earlier date expressly set forth below, in addition to all other conditions set forth in this Agreement:

(a) that Purchaser must be able to secure an award of 4% Low Income Housing Tax Credits from the Georgia Department of Community Affairs; and

(b) that tax-exempt bonds from the Housing Authority of the County of DeKalb, Georgia be issued for the financing of the redevelopment of the Property as a senior, 81-unit affordable housing complex to be known as the Retreat at Spring Hill.

In the event that any of the foregoing contingencies are not satisfied at least five (5) days prior to Closing, then Purchaser may, at its option, either terminate this Agreement by providing written notice to Seller on or before the Closing Date, or waive such contingency and thereby

preserve this Agreement in effect. If Purchaser terminates this Agreement as provided above, the Earnest Money will be returned to Purchaser, and neither Purchaser nor Seller shall have any further obligations under this Agreement except under those provisions that expressly survive any termination of this Agreement. In the event that the party having the right to rescind this Agreement does not so elect to rescind this Agreement on or before the Closing Date, then such condition shall be deemed waived and this Agreement shall continue in full force and effect.

6. Closing; Closing Costs. Purchaser and Seller shall consummate the purchase and sale of the Property (the “**Closing**”) at the offices of Housing Authority of the County of DeKalb, Georgia, 750 Commerce Drive, Suite 201, Decatur, Georgia 30030, or such other location by agreement of the Parties, by or before ninety (90) days after the expiration of the Inspection Period (the “**Closing Date**”). At the Closing, Purchaser shall pay the Purchase Price to Seller as set forth in **Paragraph 2** hereof, recording costs, Purchaser’s attorneys’ fees, survey costs, all title examination fees and title insurance premiums and expenses for Purchaser’s title insurance policy and all other costs and expenses incurred by Purchaser in closing and consummating the purchase and sale of the Property pursuant hereto. Seller shall pay the attorneys’ fees of Seller, the transfer tax imposed by the State of Georgia (if any) and all other costs and expenses incurred by Seller in closing and consummating the purchase and sale of the Property pursuant hereto.

7. Seller’s Closing Documents. Seller shall obtain or execute, at Seller’s expense, and deliver to Purchaser at Closing the following documents, all of which shall be duly executed and acknowledged where required:

(a) Limited Warranty Deed. A Limited Warranty Deed from Seller in the form of Exhibit “B” conveying to Purchaser Seller’s interest in the Real Property. If Purchaser obtains a survey of the Property that varies from the legal description in Seller’s vesting deed, Seller shall additionally grant Purchaser a quit claim deed based on Purchaser’s survey;

(b) Seller’s Certificate. Certificate of Seller averring that, except for any commissions which may be payable by Seller which may be referenced on the settlement statement executed by Seller in connection with this transaction, Seller has not engaged or contracted with any broker that has a right or claim to any commissions in connection with the sale of the Property by Seller to Purchaser;

(c) FIRPTA Certificate. Such reasonable affidavits or certificates as shall be required to establish that the transaction contemplated in this Agreement is not subject to the provisions of the Foreign Investment Real Property Tax Act of 1980, as amended, and any and all regulations promulgated pursuant thereto, and the withholding requirements of Section 1445(a) of the Internal Revenue Code, as amended;

(d) Certificate of Seller’s Residence. Such reasonable information as is required to allow Purchaser to comply with the obligations of O.C.G.A. § 48-7-128; and

(e) Settlement Statement. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Seller pursuant to this Agreement.

8. Purchaser's Closing Documents. Purchaser shall obtain or execute, at Purchaser's expense, and deliver to Seller at Closing the following documents, all of which shall be duly executed and acknowledged where required:

(a) Settlement Statement. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Seller pursuant to this Agreement; and

(b) Authority. Documents satisfactory to Seller evidencing Purchaser's authority to consummate the transaction contemplated by this Agreement.

9. Prorations. Subject to any exemption from the payment of ad valorem real property taxes for the Property, any ad valorem real property taxes against the Property and any assessments for the calendar year of Closing shall be prorated as of the date of Closing. If Closing shall occur before the amount of such taxes is fully ascertained, the apportionment of taxes shall be estimated on the applicable 2017 ad valorem tax bills. If upon receipt of the actual tax bills, such estimate shall be inaccurate, upon the request of either Party, the Parties shall promptly make appropriate adjustment between themselves based on the actual 2017 ad valorem tax bills. The terms and provisions of this **Paragraph 9** shall expressly survive the Closing and shall not merge upon execution and delivery of the Limited Warranty Deed.

10. Casualty and Condemnation.

(a) Casualty. If, after the Effective Date and prior to Closing there shall occur any damage or destruction to any or all of the Property, insurance proceeds, if any, relating to such damage or destruction collected by Seller prior to Closing shall be credited against the Purchase Price at Closing and Seller shall assign to Purchaser all such insurance proceeds, if any, that shall not have been paid as of the Closing Date and the transaction contemplated herein shall otherwise be consummated as provided in this Agreement.

(b) Risk of Loss. Seller shall bear all risk of loss with respect to the Property until the Closing, except for any loss occasioned by the activities of Purchaser or Purchaser's agents.

(c) Condemnation. In the event the Property or any portion thereof is taken by any power of eminent domain prior to the Closing Date, Seller shall convey any remaining portion of the Property as provided in this Agreement for the Purchase Price set forth in **Paragraph 2** hereof, and Seller shall transfer and assign all of Seller's right, title and interest in and to any and all awards made or to be made in connection with such condemnation, and the transaction contemplated herein shall otherwise be consummated as provided in this Agreement.

11. Purchaser's Default. In the event Purchaser fails or refuses to perform any one or more of Purchaser's covenants, duties, agreements or obligations under this Agreement or is otherwise in default under this Agreement, such event, action or inaction shall entitle Seller, as Seller's sole and exclusive remedy, to terminate this Agreement and receive the Earnest Money from the Escrow Account as full liquidated damages. The Parties hereby acknowledge that it is impossible to more precisely estimate the specific damage to be suffered by Seller, and the Parties expressly acknowledge and intend that this provision shall be a provision for the retention

of earnest money and not as a penalty. Notwithstanding anything in this **Paragraph 11** to the contrary, nothing contained in this Agreement shall limit or otherwise affect any of Seller's rights or remedies against Purchaser arising under any express indemnification of Seller by Purchaser set forth in this Agreement or arising from any breach or default by Purchaser after the Closing of any obligations in this Agreement which are expressly provided to survive Closing.

12. Seller's Default. In the event of default by Seller under the terms of this Agreement, Purchaser may, as its sole and absolute remedy, either (a) terminate this Agreement by written notice to Seller and receive a refund of the Earnest Money, whereupon the Parties shall be relieved of all liability and obligations hereunder except those specifically surviving the termination of this Agreement, or (b) avail itself of the remedy of equitable remedy of specific performance; provided, however, that if Purchaser does not file such action for specific performance within thirty (30) days of the date of such default, Purchaser waives its right to pursue specific performance as a remedy and is deemed to have elected (a) above.

13. Brokers' Commission. Purchaser and Seller each hereby represent and warrant to the other that no party is entitled as a result of the action of Purchaser or Seller, as the case may be, to a real estate commission or the other fee in connection with this Agreement or the transaction contemplated hereby. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim (including, without limitation, attorneys' fees and costs), whether or not meritorious, for any real estate sales commission, finder's fees or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Seller. Likewise, Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim (including, without limitation, attorneys' fees and costs), whether or not meritorious, for any real estate sales commission, finder's fees or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser.

14. Assignment. This Agreement and Purchaser's rights, duties and obligations hereunder may not be assigned by Purchaser without the prior written consent of Seller.

15. Notices. Wherever any notice of other communication is required or permitted hereunder, such notice or other communication shall be in writing and shall be delivered by overnight courier, hand, or sent U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

To Seller:

Housing Authority of the County of DeKalb,
Georgia
750 Commerce Drive, Suite 201
Decatur, GA 30030
Attention: _____

with copy to:

Bryan Cave LLP
One Atlantic Center
Fourteenth Floor
1201 West Peachtree Street NW
Atlanta, Georgia 30309-3488
Attention: Gregory H. Worthy, Esq.

To Purchaser:

Retreat at Spring Hill, LP
C/o Housing Development Corporation of DeKalb
750 Commerce Drive, Suite 201
Decatur, GA 30030
Attention: President

Any notice or other communication mailed as hereinabove provided shall be deemed effectively given or received on the date of delivery, which, in the case of delivery by registered or certified mail, shall be as evidenced by the return receipt.

16. Time Periods. If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on Saturday, Sunday or holiday, then such time period shall be automatically extended through the close of business on the next regularly scheduled business day.

17. Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby but rather shall be enforced to the greatest extent permitted by law.

18. General Provisions. No failure of either Party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof, shall constitute a waiver of either Party's right to demand exact compliance with the terms hereof. This Agreement contains the entire agreement of the Parties, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. Any amendment to this Agreement shall not be binding upon Seller or Purchaser unless such amendment is in writing and executed by both Seller and Purchaser. The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, legal representatives, successors and assigns. Time is of the essence in this Agreement. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. Except as specifically set forth herein to the contrary, the provisions of this Agreement shall not survive Closing. This Agreement shall be construed and interpreted under the laws of the State of Georgia. Except as otherwise provided herein, all rights, powers and privileges conferred hereunder upon the Parties shall be cumulative

but not restrictive to those given by law. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender shall include all genders, and all references herein to the singular shall include the plural and vice versa.

19. Effective Date. The “*Effective Date*” of this Agreement shall be deemed to be the date that the last of Purchaser and Seller execute this Agreement.

20. [Reserved]

21. Seller’s Representations and Warranties. Seller represents and warrants to Purchaser that the following matters are true in all material respects as of the date hereof and shall, subject to the provisions of this **Paragraph 21**, be true in all material respects as of the Closing Date:

(a) Authority. The execution and delivery of this Agreement by Seller, and the performance of this Agreement by Seller, have been duly authorized by Seller, and this Agreement is binding on Seller and enforceable against Seller in accordance with its terms. No consent of any creditor, investor, judicial or administrative body, governmental authority or other governmental body or agency, or other party to such execution, delivery and performance by Seller is required. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in a breach of, default under or acceleration of any agreement to which Seller is a party or by which Seller or the Property are bound; or (ii) violate any restriction, court order, agreement or other legal obligation to which Seller is subject.

(b) Condemnation. Seller has received no written notice of any pending or contemplated condemnation or other governmental taking proceedings affecting all or any part of the Property.

22. Purchaser’s Representations and Warranties. Purchaser represents and warrants to Seller that the following is true as of the date hereof and shall be true as of the Closing Date:

(a) Authority. The execution and delivery of this Agreement by Purchaser, and the performance of this Agreement by Purchaser, have been duly authorized by Purchaser, and this Agreement is binding on Purchaser and enforceable against Purchaser in accordance with its terms. All required consents of any other party to such execution, delivery and performance by Purchaser have been obtained. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in a breach of, default under, or acceleration of, any agreement to which Purchaser is a party or by which Purchaser or the Property are bound; or (ii) violate any restriction, court order, agreement, or other legal obligation to which Purchaser is subject.

23. PROPERTY CONVEYED “AS IS”. IT IS UNDERSTOOD AND AGREED THAT SELLER DISCLAIMS ALL WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OR REPRESENTATIONS AS TO MATTERS OF TITLE, ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITIONS, AVAILABILITY OF ACCESS, INGRESS OR EGRESS,

PROPERTY VALUE, OPERATING HISTORY, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY – PURCHASER AGREES THAT WITH RESPECT TO THE PROPERTY, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR OF SELLER’S BROKERS, AGENTS OR EMPLOYEES. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE PURCHASER OF REAL ESTATE AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER’S CONSULTANTS, AND THAT PURCHASER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND SHALL RELY UPON SAME, AND, UPON CLOSING, SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER’S INSPECTIONS AND INVESTIGATIONS. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY “AS IS, WHERE IS”, WITH ALL FAULTS, AND THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER OR ANY THIRD PARTY – THE TERMS AND CONDITIONS OF THIS **PARAGRAPH 23** SHALL EXPRESSLY SURVIVE THE CLOSING AND SHALL NOT MERGE THEREIN.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and their respective seals to be affixed hereunto.

SELLER:

**HOUSING AUTHORITY OF THE COUNTY OF
DEKALB, GEORGIA**

By: _____
Eugene P. Walker, Jr.
President

[CORPORATE SEAL]

ATTEST:

Name:
Title:

Date of Execution:

_____, 2017

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

PURCHASER:

RETREAT AT SPRING HILL, LP, a Georgia
limited partnership

By: **HDC RETREAT AT SPRING HILL, LLC**,
a Georgia limited liability company, its General
Partner

By: _____(SEAL)

Name: John Corcoran

Title: Vice President

Date of Execution:

_____, 2017

SCHEDULE OF EXHIBITS

- A - Description of Real Property
- B - Form of Limited Warranty Deed

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

A parcel of land situated in Land Lot 43, in the 18th Land District of Dekalb County, Georgia, said parcel being more particularly described as follows:

Commence at a point marking the intersection of the centerline of Doyal Mill Court and the Southeasterly Right of Way of Memorial Drive; thence run in a Southwesterly direction along said Southeasterly Right of Way for a distance of 2067.92 feet to a point; thence leaving said right of way run South 86 degrees 16 minutes 15 seconds East for a distance of 309.57 feet to a point; thence run North 36 degrees 10 minutes 30 seconds East for a distance of 170.67 feet to a found 5/8 inch capped rebar, said point being the POINT OF BEGINNING of the parcel herein described; thence run South 71 degrees 22 minutes 02 seconds East for a distance of 100.66 feet to a set 5/8 inch capped rebar stamped "LSF 1218"; thence run North 21 degrees 21 minutes 00 seconds East for a distance of 328.58 feet to a found 1/2 inch rebar; thence run South 89 degrees 51 minutes 34 seconds East for a distance of 469.45 feet to a found 1/2 inch rebar; thence run South 01 degrees 20 minutes 32 seconds West for a distance of 443.09 feet to a found 1 inch open-top pipe; thence run South 88 degrees 08 minutes 50 seconds West for a distance of 399.94 feet to a found 5/8 inch rebar; thence run North 56 degrees 16 minutes 07 seconds West for a distance of 329.88 feet to the POINT OF BEGINNING. Said parcel contains 236,436.7 Square Feet or 5.428 Acres.

NOTE: This legal description differs from the deed of record, however this boundary matches the adjacent deeds as of 03/09/17. It is the surveyors opinion that the previous legal had errors and said surveyor was not given any information to say otherwise, surveyor used adjacent deeds to establish the boundary that was used in drafting this legal.

EXHIBIT "B"

FORM OF LIMITED WARRANTY DEED

(ABOVE SPACE RESERVED FOR RECORDING DATA)

AFTER RECORDING, RETURN TO:

STATE OF GEORGIA

COUNTY OF _____

LIMITED WARRANTY DEED

THIS DEED, made this ____ day of _____, 2017, between _____ ("Grantor"), and _____ ("Grantee") (the terms Grantor and Grantee to include their respective heirs, successors and assigns where the context hereof requires or permits),

WITNESSETH THAT: Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, in hand paid at and before the sealing and delivery of these presents, the receipt, adequacy and sufficiency of which being hereby acknowledged by Grantor, has granted, bargained, sold and conveyed, and by these presents does hereby grant, bargain, sell and convey unto Grantee, the real property described on Exhibit A attached hereto and made a part hereof (the "Property").

TO HAVE AND TO HOLD the Property, together with all and singular the rights, members and appurtenances thereof, to the same being, belonging, or in anywise appertaining, to the only proper use, benefit and behoof of Grantee, forever in FEE SIMPLE.

GRANTOR WILL warrant and forever defend the right and title to the Property unto the Grantee against the claims of all persons claiming, owning or holding by, through or under Grantor (and not otherwise) subject to, but without by implication expanding the limited warranty of title referenced herein, the title matters set forth on Exhibit B attached hereto and made a part hereof.

IN WITNESS WHEREOF, Grantor has signed and sealed this Deed the day and year first above written.

GRANTOR:

Signed, sealed and delivered in the presence of:

_____,
a [Insert jurisdiction of incorporation or formation]

Witness

By: _____

Notary Public

Name: _____

My commission expires: _____

Title: _____

[NOTARY SEAL]

[CORPORATE SEAL]

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

PERMITTED TITLE EXCEPTIONS

1. All matters of record affecting the Property.
2. All matters which would be revealed by an inspection and/or a current and accurate survey of the Property.

2. Terms and Conditions of Lease: Optionor and Optionee shall negotiate in good faith to finalize the terms and conditions of a Ground Lease for the Property (the “Ground Lease”) no later than the Termination Date.

3. Rent and Financial Support: The rent payable under the Ground Lease (“Rent”) shall be One Dollars (\$1) per year payable in equal monthly installments in advance on the first day of each calendar month during the lease term.

4. Duration and Form of Ground Lease: The term of the Ground Lease shall be no less than forty-five (45) years from the Commencement Date as set forth therein, and no more than ninety-nine (99) years from the Commencement Date as set forth therein, such term to be decided in consultation with the investors in the Optionee. The parties agree that the actual form of the Ground Lease shall be materially consistent with the form attached hereto as **Exhibit “B”**, granting similar terms to lenders and investors in the Project.

5. Tests and Surveys: From the date hereof up and until the Termination Date (the “Option Period”), Optionee or its agents shall have the unlimited right to enter upon the Property at all reasonable times for the purpose of making such inspections, surveys and tests as it may deem necessary or desirable. Any such entry to the Property shall be at the Optionee’s sole risk and expense, and Optionee shall adequately protect the Property. Optionee agrees to indemnify and hold Optionor harmless from and against any and all damages, claims, losses, liabilities and expenses which may be imposed upon, incurred by, or asserted against Optionor with respect to such inspections, surveys and tests.

6. Documents to be Delivered During Inspection Period: Within fifteen (15) days of the date hereof, Optionor shall deliver to Optionee the following documents:

- (a) A copy of any existing Surveys of the Property;
- (b) A copy of any previously issued Title Insurance Policy or Policies, along with copies of any instruments appearing as special exceptions to title on Schedule B of such Policy or Policies; and
- (c) Any and all soil, engineering, environmental reports and appraisals in Optionee’s possession relative to the Property.

7. Warranties of Optionor: Optionor warrants and represents as follows:

(a) Optionor is the owner of the fee simple title to the Property, and all of the improvements located thereon, and it will forever warrant and defend the title to said Property.

(b) As of the date of execution of the Ground Lease, there will be no contracts affecting the Property, there will be no leases or sub-leases affecting the Property or any part thereof, and there will be no parties in possession of the Property or any part thereof. Possession of the Property will be delivered to the Optionee on the Commencement Date (as such term is defined in the Ground Lease).

(c) Optionor has all authority required under the laws of Georgia to enter into this Option Agreement and, upon execution, this Option Agreement shall constitute a binding agreement, enforceable against Optionor, in accordance with its terms.

(d) Optionor will grant any and all easements as are necessary over Optionor's Property to provide sufficient access, utilities, sanitary sewer, drainage and storm sewer, to and from the Property.

8. Notice: Any notice required or permitted to be given hereunder by one party to the other shall be in writing and shall be effective when delivered in person or by facsimile to the individuals named below, or deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed as follows:

If to Optionee: Retreat at Spring Hill, LP
c/o Housing Development Corp.
750 Commerce Drive
Suite 201
Decatur, Georgia 30030
Attention: John Corcoran, Vice President
Fax: 470-440-8594

and a copy to: _____

Attention: _____
Fax: _____

If to Optionor: Housing Authority of the County of DeKalb, Georgia
750 Commerce Drive
Suite 201
Decatur, Georgia 30030
Attention: Eugene P. Walker, Jr., President & CEO
Fax: 404-270-2643

and a copy to: Reno & Cavanaugh PLLC
424 Church Street, Suite 1750
Nashville, Tennessee 37219
Attention: Dwayne W. Barrett, Esq.
Fax: 615-866-3225

9. Assignment: Optionee may assign its rights under this Agreement only with the consent of Optionor.

10. Choice of Law: This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

11. Amendment and Waiver: No provision of this Agreement may be amended, modified, supplemented, changed, waived, discharged, or terminated unless each party hereto consents in writing.

12. Severability of Provisions: In the event that any one or more of the provisions contained in this Agreement should be found or held to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby.

13. Captions: The captions or headings of any section of this Agreement are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

14. Miscellaneous: This Option Agreement contains the entire understanding and agreement between the parties. It shall not be modified or amended in any way except by a written instrument executed by both parties. This agreement shall be binding upon and inure to the benefit of each party hereto and their successors. Time is of the essence of this agreement. Optionor and Optionee acknowledge that each party's entry into this Option Agreement is voluntary in nature and, therefore, without any threat of eminent domain (condemnation), and that the parties' intent is to convey the Property through an amicable agreement.

15. Counterparts: This Option Agreement may be executed in multiple original counterparts, each of which shall constitute an original document binding upon the party or parties signing the same. It shall not be necessary that all parties sign all counterparts and this Option shall be binding if each party shall have executed at least one counterpart.

16. Prior Agreements: This Option Agreement supersedes and replaces any prior agreements regarding the Property in their entirety.

[EXECUTION ON FOLLOWING PAGE]

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Optionor and Optionee have caused this Option Agreement to be executed under seal as of the day and year first above written.

"OPTIONOR"

HOUSING AUTHORITY OF THE COUNTY OF DEKALB, GEORGIA

Signed, sealed and delivered in the presence of:

Latreise Porter
Witness:

By: [Signature]
E. P. Walker Jr.
President & CEO

Notary Public



My Commission Expires: 2-24-19
Maisie Almeta Parkinson

[NOTARY SEAL]

[CORPORATE SEAL]



"OPTIONEE"

RETREAT AT SPRING HILL, LP

Signed, sealed and delivered in the presence of:

By: HDC Retreat at Spring Hill, LLC, its Managing General Partner

Lorraine Porter
Witness:

By: *[Signature]*
John Corcoran
Vice President

[Signature]
Notary Public

[SEAL]

My Commission Expires:

8-17-2018

[NOTARIAL SEAL]



EXHIBIT A

LEGAL DESCRIPTION

EXHIBITB

[GROUND LEASE FORM ATTACHED]