

Crown Appraisal Group

Corporate Office

6797 N. High Street, Suite 325

Columbus, OH 43085

tel 614.431.3332

fax 614.431.3376

www.crownappraisal.com



Quail Village

199 Memorial Drive

30-unit apartment complex

Reidsville, Georgia

Date of Report: April 6, 2017

Prepared by

Crown Appraisal Group, Inc.

6797 N. High Street, Suite 325

Columbus, Ohio 43085

614-431-3332 (o), 614-431-3376 (f)

Prepared for

Debi Martin

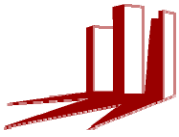
Greystone Servicing Corporation, Inc.

419 Belle Air Lane

Warrenton, VA 20186

PRIVILEGED AND CONFIDENTIAL

This document, and all of the statements, opinions, contents, and all attachments and addendums are privileged and confidential to the client (the addressee), and are not intended to be disclosed to or relied upon by any third party without the express written consent of the appraiser(s).



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April 6, 2017

Greystone Servicing Corporation, Inc.

Attn: Debi Martin

419 Belle Air Lane

Warrenton, VA 20186

**Re: Quail Village
199 Memorial Drive
Reidsville, Georgia**

Dear Debi Martin:

At your request, Andy Moye has completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report. The accompanying report has been prepared in conformance with the requirements established by the Appraisal Institute. The appraisal is in conformance with USPAP requirements. The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to any third party. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>			
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1 Bath</u>
As-is CRCU	Value 1 rents	425	485
Prospective (Renovated) CRCU	Value 4 rents	490	550

<i>Value Opinions</i>	<u>Date of Value</u>	<u>Value</u>
Value 1 - as conventional or unrestricted	January 25, 2017	\$1,080,000
Value 2-RD - subject to restricted rents	January 25, 2017	\$970,000
Value 3 - prospective, subject to restricted rents	February 1, 2019	\$995,000
Value 4 - prospective, as conventional or unrestricted	February 1, 2019	\$1,445,000
Value 5 - Interest Credit Subsidy Value from assuming the existing 515 Loan)	December 22, 2017	\$375,000
Value 5 - Interest Credit Subsidy Value (New 538 Loan)	February 1, 2019	\$30,000
Value 6 - LIHTC Value	February 1, 2019	\$1,017,393
Value 6 - State Tax Credit Value	February 1, 2019	\$339,131
Value 7 - Insurable Value	February 1, 2019	\$1,530,215
Value 8 - Land Value	January 25, 2017	\$75,000

The opinion of value contained in the attached appraisal report is based upon the following extraordinary assumptions:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

The opinion of value contained in the attached appraisal report is based upon the following hypothetical condition:

- Hypothetical conditions are stated within the Parameters of Assignment section of the report.

The opinion of value contained in the attached appraisal report is based upon the following assumptions and limiting conditions:

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Servicing Corporation, Inc., or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Servicing Corporation, Inc., or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Servicing Corporation, Inc., or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

Debi Martin
April 6, 2017
Page Four

The attached appraisal report contains the results of the investigation and opinion of value. We appreciate this opportunity to serve you and your firm. Should you or anyone authorized to use this report have any questions, contact us at your convenience.

Sincerely,

CROWN APPRAISAL GROUP



Andrew J. Moye, MAI, AI-GRS
Principal

AJM
Enclosure

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Executive Summary

Subject Real Estate Identification: The subject is known as Quail Village and has an address of 199 Memorial Drive in Reidsville, Georgia. The complex operates as a Class C, subsidized income, age restricted (62+) property. Quail Village is on the west side of Memorial Drive about 1/2 mile southeast of downtown Reidsville. The property is in Tattnall County. Reidsville is in southeast Georgia.

The subject improvements include a 30-unit apartment complex (housed in 5 single-story buildings). The property includes one and two bedroom units. The improvements were built in 1994. The property is in average physical and functional condition. The 30 units total 20,190 sf. The property is currently 96.7% occupied. The subject site is ±2.600 acres.

Existing Use of Real Estate: Apartment Complex
 Highest and Best Use: Intensive Residential (current use)
 Parcel Number/Legal Description: 038E 034B / MEMORIAL DRIVE LOT 1
 Zoning: No zoning
 USPAP Report Option: Appraisal report

Pertinent dates:
 Date of valuation: see chart
 Prospective date of valuation: see chart
 Date of inspection: January 25, 2017
 Date of report: April 6, 2017

Values, interests appraised: see next page

Conclusions:

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>			
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1 Bath</u>
As-is CRCU	Value 1 rents	425	485
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Value 7 - Insurable Value		February 1, 2019	\$1,530,215
Value 8 - Land Value		January 25, 2017	\$75,000

Parameters of Assignment

Purpose, Intended Use

The purpose of this assignment is to arrive at an opinion of the market value of the property known as Quail Village. A number of value opinions of a number of interests are provided. The value opinions, applicable notes (including discussion about the use of a hypothetical condition), and intended use, are detailed below:

Value 1	<p>Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon A Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i).</p> <p><i>Note - using the hypothetical condition “as unsubsidized conventional housing” according to 7 CFR Part 3560.656(c)(1)(i) means that when the appraiser develops their highest and best use analysis they will not recognize any Rural Development restrictions or subsidies and must only consider the property as continued use as housing.</i></p> <p>The intended use of this appraised value is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 1, as conventional or unrestricted”.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 2-RD	<p>Market Value, within 7 CFR Part 3560.752(b)(1)(ii).</p> <p><i>Note – this value opinion must consider all existing restrictions and prohibitions including Restrictive-Use Provisions (RUPs).</i></p> <p>The intended use of this appraised value is to determine the value of the property for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)”.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of “safeness” of RA units) used.</i></p>
Value 3	<p>Prospective Market Value, Subject To Restricted Rents within 7 CFR Part 3560.752(b)(1)(i).</p> <p><i>Note – this value opinion must consider any rent limits, rent subsidies, expense abatements, and restrict-use conditions that will affect the property. All intangible assets must be evaluated individually and separately from real estate.</i></p> <p>The intended use of this appraised value for a new or subsequent loan is to assist the underwriter with calculating the security value for the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 3, prospective, subject to restricted rents”.</p>

	<i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate (with recognition of "safeness" of RA) units used.</i>
Value 4	<p>The intended use of the appraised value "Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i)." is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p><i>Note – this value opinion is based upon a highest and best use analysis as-if not encumbered by USDA program provisions.</i></p> <p>The intended use of this appraised value is for reasonable analysis and comparison as to how the USDA restrictions affect the property. It should not be used as the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or "Value 4, prospective, as conventional or unrestricted".</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 5	Value of the interest credit subsidy from assumed 515 loan and new 538 loan.
Value 6	Market Value of LIHTC (tax credits).
Value 7	Insurable Value.
Value 8	Market Value of Underlying Land

Definitions

Market Value, incorporated in Value Opinions 1, 2, 5, 6, 8

The 6th edition of The Dictionary of Real Estate Appraisal includes several definitions for *market value*. The following definition from the dictionary is used by the federal agencies that regulate insured financial institutions in the United States.

“Market value: 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 a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Comments from HB-1-3560

Most appraisers and users of Agency Multi-Family Housing appraisals understand the definition of *market value* to mean the value as a conventional or unrestricted or market property. However, to avoid confusion when requesting or reporting this value type, the term “as conventional or unrestricted” should be added to the term *market value* (i.e. “market value, as conventional or unrestricted”).

Market Value, subject to restricted rents – incorporated in Value Opinions 2 (possible), 3

A definition of market value, subject to restricted rents, as the term is used by RHS, derived from the definition of market value above, is stated as follows. Market value, subject to restricted rents: 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 a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Comments from HB-1-3560

It considers any rent limits, rent subsidies, expense abatements, or restrictive-use conditions imposed by any government or non-government financing sources but does not consider any favorable financing involved in the development of the property.

Market value, subject to restricted rents, refers only to the value of the subject real estate, as restricted, and excludes the value of any favorable financing. The market value, subject to restricted rents, is based on a pro forma that projects income, vacancy, operating expenses, and reserves for the property under a restricted (subsidized) scenario. This restricted pro forma includes the scheduled restricted rents, a vacancy and collection loss factor that reflects any rental assistance (RA) or Section 8, and operating expenses and reserves projected for the subject as a subsidized property. Subsidized apartments typically experience higher management, auditing, and bookkeeping expenses, relative to similar conventional apartments, but often have lower real estate tax expenses.

Real Property Interest Valued, Value Opinions 1, 2 (possible), 4, 8
fee simple estate, subject to short term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” Recognition is made that there are leases with tenants that are short term (no more than one year) in nature for the units in the apartment building improvements.

Real Property Interest Valued, Value Opinions 2 (possible), 3
fee simple estate, as restricted, subject to short-term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Prospective Value, Value Opinions 3, 4, 7

The term *prospective value* is defined by the 6th edition of The Dictionary of Real Estate Appraisal as follows. “*Prospective value: a forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.*”

Comments from HB-1-3560

As used in Agency regulations and instructions, the term “as-improved value” refers to the value of real property after completion of proposed improvements. The Agency’s intended meaning of “as-improved value” is the same as the definition of *prospective value*. However, use of the term “as-improved value” can cause confusion for two reasons, as follows. 1) The term “as improved”, as used in a Highest and Best Use analysis, refers to the subject real estate as it has already been improved at the time of the appraisal, not as it is proposed to be improved. Therefore, “as-improved value” could be interpreted to refer to the value of the subject property as it has already been improved at the time of the appraisal. 2) There is a common misconception with the use of the term “as-improved value” that this is a value based on a hypothetical condition; that is, the value of the property as if it were improved, as proposed, as of the date of inspection. Since this scenario is impossible, an “as-improved value”, as of appraisal date (inspection date), is not useful. The term *prospective value* is better understood than the terms “as-improved value” and “as-complete value” by appraisers and users of appraisals and has replaced these terms in appraisal literature and common usage. Therefore, the term *prospective value* should be used when requesting or reporting a forecasted value, and the associated date of value should be the projected date of completion of construction.

“As-Is” Value

The 6th edition of the Dictionary of Real Estate Appraisal defines value as is as follows. “Value as is: the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.”

Comments from HB-1-3560

HB-1-3560, Attachment 7-A, Page 5 of 8 notes that, “...the term ‘As-Is’ should not be used with the term *market value* unless the property is a conventional or market property at the time of the appraisal. The term ‘As-Is’ should precede the term *market value, subject to restricted rents*, when the *market value, subject to restricted rents*, of the project at the time of the appraisal is required.” In this assignment, the appraisers have tried to not use of the term “as-is”.

Insurable Value, Value 7

A definition of *insurable value* acceptable for use in Agency Multi-Family Housing appraisals is as follows: *Insurable value: the value of the destructible portions of a property which determines*

the amount of insurance that may, or should, be carried to indemnify the insured in the event of loss. The estimate is based on replacement cost new of the physical improvements that are subject to loss from hazards, plus allowances for debris removal or demolition. It should reflect only direct (hard) construction costs, such as construction labor and materials, repair design, engineering, permit fees, and contractor's profit, contingency, and overhead. It should not include indirect (soft) costs, such as administrative costs, professional fees, and financing costs.

The term “insurable cost” is sometimes used instead of the term *insurable value* because it is based strictly on a cost estimate, not a value concluded in an appraisal. However, the term *insurable value* is more commonly used. Attachment 7-I, *Insurable Value Calculation*, is a worksheet that should be used as a guide by State Appraisers and fee appraisers contracted by the Agency in calculating *insurable value*.

Extraordinary Assumption:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusion.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate an extraordinary assumption, USPAP requires that the appraiser provide notice to the user of the report that the use of the extraordinary assumption might affect the assignment results. The appraiser(s) is not required to report on the impact of the extraordinary assumption on assignment results. The following extraordinary assumptions are incorporated:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

Hypothetical Condition:

That which is contrary to what exists but is supposed for the purpose of analysis.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate a hypothetical condition, USPAP requires that the appraiser provide notice to the user of the report that the use of the hypothetical condition might affect the assignment results. The appraiser(s) is not required to report on the impact of the hypothetical condition on assignment results. Applicable hypothetical conditions have been identified earlier in this section.

Intended Use, User

The intended use for most of the values developed and reported have been shown in the prior section. For those values that do not have an intended use, the use is to assist the client in their understanding and analysis of the property. Unless otherwise identified within this report, the intended use of the report has not been more fully described to the appraiser(s). The client, or intended user, for whom the report is prepared is identified in the letter of transmittal, Debi Martin of Greystone Servicing Corporation, Inc. Other known intended users are representatives from the USDA, Georgia Department of Community Affairs, and other lenders. Unless otherwise identified within this report, no other intended users have been identified to the appraiser(s).

The Uniform Standards of Professional Appraisal Practice (USPAP) have a number of rules, comments, advisory opinions, and frequently asked questions relating to control or use of reports. The signatory(ies) of this report is/are bound by USPAP. Therefore, as noted in the letter of transmittal, no party other than the intended user may use this report without receiving written consent from the signing appraiser(s). Further, no part of the report shall be published or made available to the general public, nor shall any part of the report be published or made available for public or private offering memorandum or prospectus, without the written consent of the signing appraiser(s) of this report.

Scope

The scope of services was focused on reviewing issues considered relevant and appropriate by the appraisers based on their knowledge of the subject's real estate market. The appraisers believe that the scope was sufficient to arrive at an accurate value opinion. A summary of the scope of work is presented below. Additional explanatory comments regarding the scope undertaken can be found throughout the report. The scope included the following:

- Review and analysis of the subject market area, economic and demographic issues.
- Review of existing and planned comparable and/or competitive properties located within the subject area.
- Analysis of economic, demographic and development factors within the subject market area.
- Physical inspection of the real estate; specifically, observation of the above ground attributes of the site was made, observation of representative exterior facades of building(s) on site was made, observation of representative property amenities on site was made, and interior viewing of a sufficient number of representative living units within the building(s) was made in a manner considered sufficient to comprehend and analyze the physical and functional adequacy and appropriateness of the real estate in light of market conditions as of the date of valuation.
- Evaluation of the highest and best use of the property.
- Consideration of all applicable and appropriate valuation approaches.
- Reconciliation of the above opinions to a point value opinion.

Note that:

- Crown Appraisal Group, Inc. employees are not engineers and are not competent to judge matters of an engineering nature.
- Inspection of 100% of the units or other improvements at the real estate was not made.

Pertinent Dates

The various dates of valuation are noted in the charts on the first page of the letter of transmittal and the Executive Summary Page. The most recent inspection of the real estate was on January 25, 2017. It is noted that the term *inspection* is not intended to convey a complete, exhaustive examination of the real estate. Such an inspection is best suited for an engineer, architect, or building inspector formally educated and trained in such matters. Rather, the term denotes that the individual viewing the real estate was at the property on the date and observed the general condition and quality of the real estate at that time. The date of report--the date the report was written—is April 6, 2017.

Events subsequent to these dates may have an impact on the opinions developed through the course of the assignment, and on the opinions contained within this report. All such subsequent events are beyond the control of the appraiser(s), and any consequences thereof are beyond the scope of this assignment.

Comments Regarding Appraisal

A number of comments regarding the subject and appraisal assignment are discussed below:

- **Property.** The subject is known as Quail Village and has an address of 199 Memorial Drive in Reidsville, Georgia. The property is a 30-unit apartment complex. The property includes one and two bedroom units. The complex operates as a Class C, restricted income, age restricted (62+) property. The improvements were built in 1994. Overall, the property is in average physical and functional condition.

The unit size is based on the best information provided. Crown was given floor plans, square foot summary pages, and building plans. The information was generally consistent, but not identical.

Tenancy at the subject property is restricted to households with incomes of less than the area median household income. The units at the subject have long maintained a high level of occupancy. Demand for subsidized rental units is high locally.

Historical operating information for the subject was available for 2013, 2014, and 2015. In addition, the budget for 2016 and 2017 were also provided. In general the information provided indicated that the property is being run in an efficient manner. Historical information will be used when developing expenses and for valuation purposes, while market data will be used as support.

- **Near Term.** The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. There is a letter of intent on the subject property, proposing an option to purchase. The letter of intent was requested but not provided. The transfer is assumed to be between related parties and not one that is considered to be arms-length. The purchase price amount given to the appraisers is \$850,197. As the transfer is not arms-length no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. Among the items that will be replaced and/or renovated (depending upon the condition of the individual components) are air conditioning units, windows, roofs, plumbing and electric, parking areas, and kitchens and bathrooms. Microwaves will be added to each unit. In addition, a pavilion and computer room will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate.
- **Property Location.** The property is on the west side of Memorial Drive about 1/2 mile southeast of downtown Reidsville. The property is in Tattnall County. Reidsville is in southeast Georgia. Reidsville is a relatively small Georgia town. There are few truly comparable properties in the area.
- **Value Opinions Developed and Reported.** There are a number of value opinions developed and reported in the appraisal report. In large part, this is due to the number of intended users – who have similar, but not identical – needs. The values that are not required by a specific intended user should be ignored.

Apartment Housing

There is a continual change in the definition and implications of various apartment types. A number of the more prevalent apartment classifications include *luxury*, *Class A*, *Class B*, *conventional*, *LIHTC*, *HUD*, and *affordable*. With respect to the senior market, there are classifications such as *independent* or *assisted*. Some terms have specific definitions, while some can be used interchangeably (upscale or luxury, etc.). In some cases, the terms are meant to suggest a specific resident profile or income level (LIHTC or affordable are examples). To minimize confusion, the following definitions and comments are presented:

- Luxury, Class A, Class B, Class C - The type of property is designated by the year of construction and the amenities (unit and project). A luxury complex will have more amenities than a Class A property, while a Class A property has more amenities than Class B. A Class C property typically possesses few amenities. An *upscale* property could be either a luxury or a Class A property. A Class B property could be new. A Class B property does not possess all the amenities of a Class A or luxury property.
- Market rate, LIHTC, HUD - Refers to the rent limits, or rent payment structure. A market rate property has no rent constraints (other than the market) while a LIHTC (Low-Income Housing Tax Credit) property is (or could be) constrained by income levels as well as the market. A market rate property is also known as a *conventional* property. Low-income, subsidized, or affordable (such as HUD Section 8 and/or Section 236) are designations used to denote subsidy programs other than the LIHTC program, and refer to the entity (or entities) that make the rent payment to the property owner.
- Independent, assisted - Refers to the level of service offered, particularly with respect to the senior housing/care market. An independent complex has few, if any, services (such as meals, housekeeping). An assisted living facility offers more ADL (Activities of Daily Living) services. This classification also has implications as to the typical design of apartment units within a complex – an independent complex generally has apartments with full kitchens and exterior entries, while the units at an assisted living complex typically have a small kitchenette, many common areas, and interior enclosed hallways.
- Elderly Only (Age Restricted) - Refers to the minimum age of at least one of the residents of a unit. Depending upon the specific nature of a given program, the typical minimum age limit is within the 55 to 65 range.

Based on the above, the complex operates as a Class C, restricted income, age restricted (62+) property.

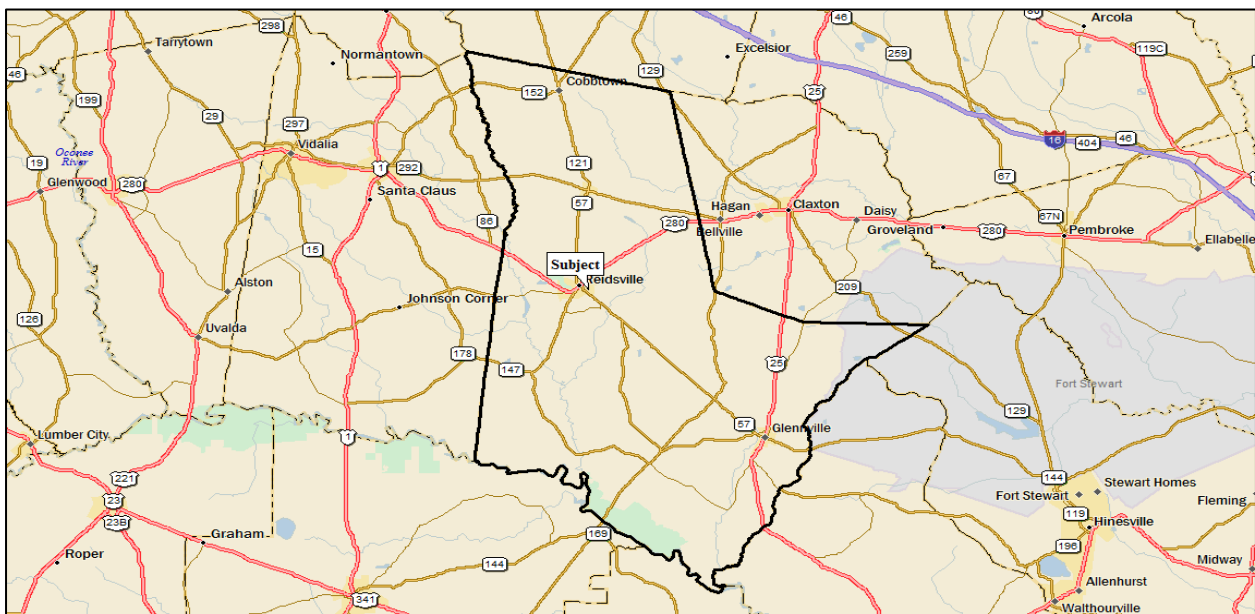
City Overview

Reidsville is in Tattnall County, in the state of Georgia. Tattnall County is in the southeastern part of Georgia. The city of Reidsville is about 175 miles northeast of Atlanta, GA, about 100 miles southeast of Macon, GA, and about 70 miles west of Savannah, GA. The maps below show the subject's location within the state of Georgia, Tattnall County and Reidsville. The aerial below locates the property relative to downtown Reidsville.

Georgia



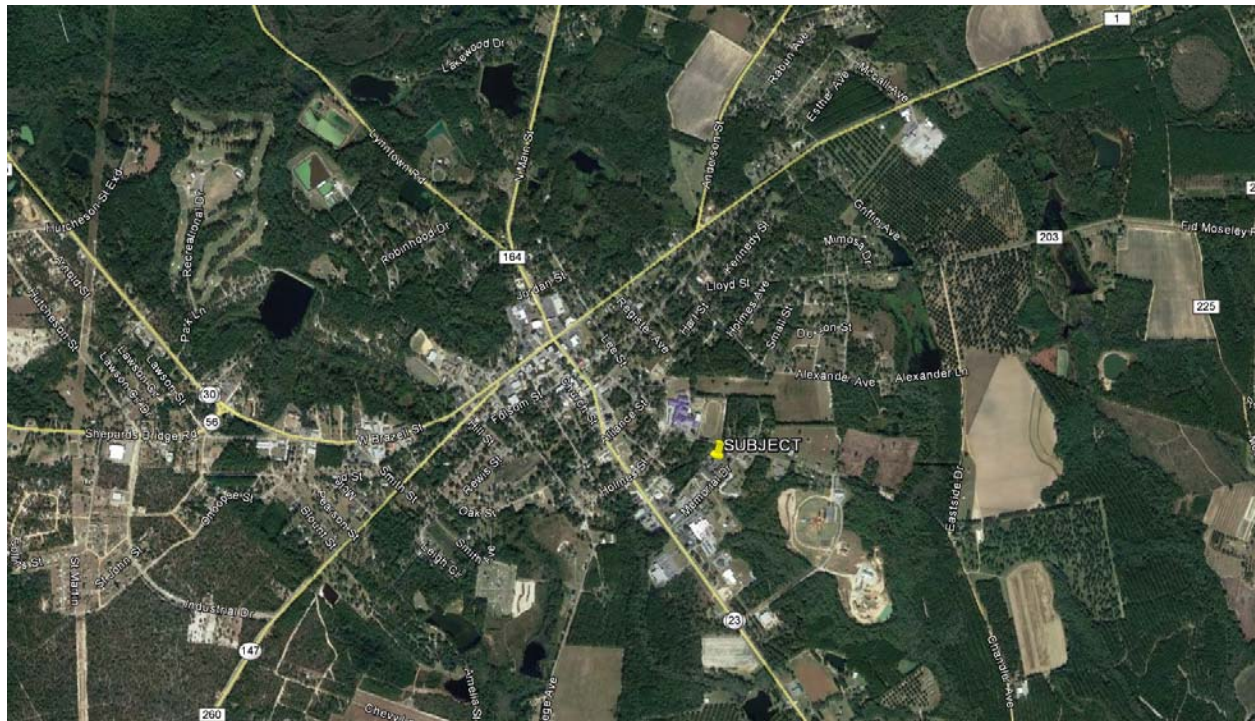
Tattnall County



Reidsville



Aerial



Physical Boundaries

Reidsville is primarily a square with the side length of 3 miles. There are two additional small areas outside of the square. One area is the airport southwest of the city limits and a small area to the northwest.

Road Infrastructure

U.S. Route 280 is an east-west spur of U.S. Highway 80. It runs from Blythe, GA at U.S. Highway 80 to Birmingham, Alabama at I-20/I-59. For much of its route, U.S. 280 travels through rural areas and smaller cities in southern Georgia and east central Alabama. US Route 280 enters Reidsville from the northeast and travels through the downtown area and heads to the northwest out of Reidsville.

State Route 57 is a northwest-southeast state route located in the central part of Georgia. The route travels from U.S. Route 80 east of Macon southeast, to Interstate 95 north of Darien. State Routes 121, 57, and 23 are cosigned through Reidsville and Tattnall County.

Population

The Reidsville population according to the 2000 census was 1,550. In 2010, the population was 4,944 (an increase of 12.3% compounded annual growth or CAG). The 2016 population estimation is 5,336 (population increase of 1.3% CAG from 2010). The population is expected to increase by 1.1% CAG in 2021 to 5,639.

Growth

Reidsville was named for Robert E. Reid, a Superior Court Judge. Reidsville was founded about 1828 and was designated county seat of Tattnall County in 1832 by the Georgia General Assembly. It was incorporated as a town in 1838 and a city in 1905. The city was named after Robert R. Reid, territorial governor of Florida.

During the events of World War II, Reidsville was the home to at least one, though some reports suggest two, prisoner of war camps for captured Nazi personnel. The prison camp's location has largely been lost to time, but is believed to have stood near the current location of a gas station/self-storage company, near the fringes of the city. Archaeological research into the area has turned up a number of German artifacts, though with the development and addition of a number of houses, it is not clear if this was the location of the camp, or one of the many onion fields in which the prisoners worked.

Tattnall County is home of the Georgia State Prison. The prison is the state's central holding facility located just south of Reidsville. This is Georgia's oldest state prison, and was constructed of marble in 1936. The prison is a large contributor to the city's economy. The facility also houses a full-farming operation including dairy, swine, agriculture, and cannery. There is no known planned future development. According to the demographics of the area, the population is expected to increase and the viability of the area is stable.

Land Uses and Development

The subject is located on Memorial Drive in the southeastern part of Reidsville. Memorial Drive is a connector street between South Main Street and Chandler Avenue. Memorial Drive dead ends at both streets. Users on Memorial Drive are commercial in nature. At the corner of Memorial Drive and Main Street uses include Tattall County Farm Bureau, Optim Medical Center, Brannen Kennedy Funeral Home, Glen Cheney Attorney At Law, two Optim Medical Center buildings with doctor's offices, vacant land, All Safe Storage, LLC, Tattall Healthcare Center, Quail Village (subject), Pineland Behavioral Health and Development Disability, vacant land, and Tattall Counseling Center. Uses on Chandler Avenue are primarily single-family residential. Additional uses include Reidsville Elementary School, Burns Auto Parts, affordable housing.

Immediate (Adjacent) Land Uses

North: To the north of the subject is single-family residential and undeveloped land.

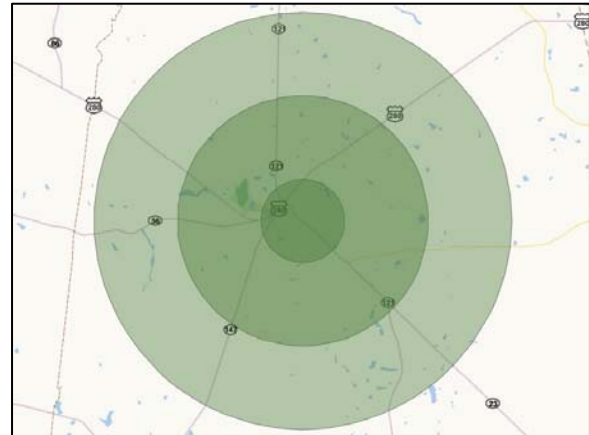
East: To the east of the subject is a healthcare facility.

South: To the south of the subject is a self-storage facility.

West: To the west of the subject is single-family residential and undeveloped land.

Market Area Demographic Profile

The chart below shows demographic data for the subject market for a number of identified areas. The map depicts the areas covered.

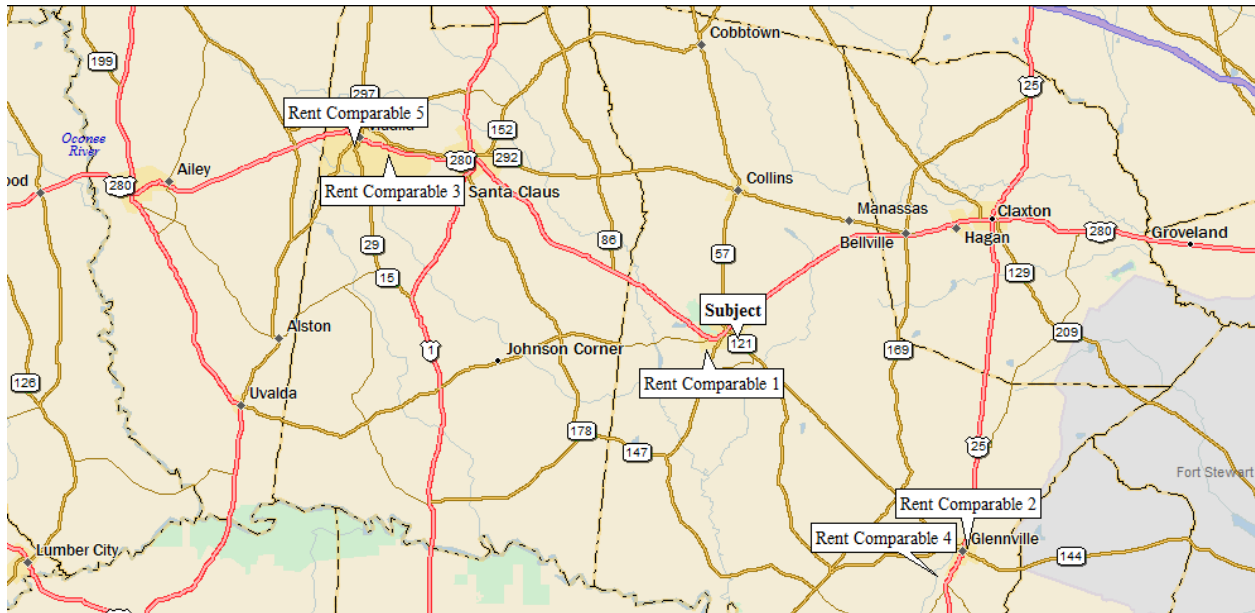


Quail Village										
Demographic Profile: 1, 3 and 5-mile Radii										
	Reidsville		Radius from subject				Tattnall			
	City	CAG	1 Mile	CAG	3 Mile	CAG	5 Mile	CAG	County	CAG
Population										
2000	1,550		396		3,090		5,288		22,306	
2010	4,944	12.3%	2,850	21.8%	6,519	7.8%	8,638	5.0%	25,520	1.4%
2016 est.	5,336	1.3%	3,195	1.9%	6,758	0.6%	8,657	0.0%	25,080	-0.3%
2021 proj.	5,639	1.1%	3,442	1.5%	7,020	0.8%	8,839	0.4%	25,179	0.1%
Median Age	37.50		38.30		37.20		36.60		36.80	
Average Age	38.20		38.70		37.90		37.40		38.00	
Households										
2000	543		152		1,087		1,844		7,057	
2010	1,337	9.4%	760	17.5%	1,842	5.4%	2,498	3.1%	8,210	1.5%
2016 est.	1,526	2.2%	918	3.2%	1,991	1.3%	2,578	0.5%	8,304	0.2%
2021 proj.	1,668	1.8%	1,027	2.3%	2,122	1.3%	2,688	0.8%	8,483	0.4%
Average Household Size										
2000	2.85		2.61		2.84		2.87		3.16	
2010	3.70	2.6%	3.75	3.7%	3.54	2.2%	3.46	1.9%	3.11	-0.2%
2016 est.	3.50	-0.9%	3.48	-1.2%	3.40	-0.7%	3.36	-0.5%	3.02	-0.5%
2021 proj.	3.38	-0.7%	3.35	-0.8%	3.31	-0.5%	3.29	-0.4%	2.97	-0.3%
Owner Occupied (est.)	870	57.01%	503	54.83%	1,197	60.11%	1,608	62.36%	5,609	67.55%
Renter Occupied (est.)	656	42.99%	415	45.17%	794	39.89%	971	37.64%	2,695	32.45%
Est. Household Income										
\$0-\$14,999	34.60%		36.53%		33.15%		31.47%		23.11%	
\$15,000-\$24,999	10.42%		9.29%		11.49%		12.62%		14.45%	
\$25,000-\$34,999	15.86%		16.34%		14.75%		14.15%		10.39%	
\$35,000-\$49,999	12.98%		11.48%		14.04%		15.28%		13.90%	
\$50,000-74,999	13.04%		12.92%		13.42%		13.59%		17.18%	
\$75,000-\$99,000	4.91%		5.16%		4.88%		4.69%		8.96%	
\$100,000 +	8.19%		8.28%		8.28%		8.20%		12.01%	
	100.0%		100.0%		100.0%		100.0%		100.0%	
Average Household Income (est.)	\$40,883		\$41,021		\$41,115		\$41,032		\$51,283	
Median Household Income (est.)	\$28,140		\$27,556		\$28,637		\$29,176		\$37,210	

¹ Compounded Annual Growth
Source: The Nielsen Company

Supply Side Analysis - Competitive Properties Survey

A survey of multi-family complexes is detailed on the following pages. The map below shows the locations of the rent comparables and the subject. Given the relatively small population in the market area, there are few apartment properties, and it was necessary to use properties that are somewhat geographically distant.



Rent Comparable 1

General Data

Property Name:	San Reid
Property Address:	196 Industrial Dr
City:	Reidsville
County:	Tattnall
MSA:	Not in a MSA
State:	GA
Zip:	30453
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		Bedrooms	Baths	Type	Size (rsf)	Units	Rent	Rent/rsf
Year Built:	1974	1	1.0	Garden	750	8	\$375	\$0.50
Size (Number of Units):	26	2	1.0	Garden	900	16	\$400	\$0.44
Rentable Size (rsf):	22,400	3	2.0	Garden	1,000	2	\$600	\$0.60
Occ. At Time Of Survey:	90.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Brick							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The property is a 26-unit apartment complex located along Industrial Drive just one mile inside the SR 147 and SR 56 split in Reidsville. This location is about a half a mile southwest of US 280 and it is about one mile southwest of downtown Reidsville. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Luke (912) 282-3714

Rent Comparable 2

General Data

Property Address:	308 N Tillman St
City:	Glennville
County:	Tattnall
MSA:	Update Me
State:	GA
Zip:	30427
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		Bedrooms	Baths	Type	Size (rsf)	Units	Rent	Rent/rsf
Year Built:	1987	1	1.0	Garden	750	1	\$300	\$0.40
Size (Number of Units):	2	2	2.0	Garden	1,000	1	\$400	\$0.40
Rentable Size (rsf):	1,750							
Occ. At Time Of Survey:	100.0%							
Floors:	1							
Property Design:	Single Story							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	N Sewer
Y Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
N Electric	Y Trash
- Gas	Y Water

Other Comments

This property is a duplex located on the west side of North Tillman Street and just east of SR 73 in Glennville. This location is about a quarter of a mile east of US 25 and a quarter of a mile northeast of downtown Glennville. Glennville is in southeastern Tattnall County and is situated in the southeastern portion of the state. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Darla (912) 654-4820

Rent Comparable 3

General Data

Property Address:	400-406 Randolph Dr
City:	Vidalia
County:	Toombs
MSA:	Not in a MSA
State:	GA
Zip:	30474
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		Bedrooms	Baths	Type	Size (rsf)	Units	Rent	Rent/rsf
Year Built:	1984	1	1.0	Garden	710	1	\$450	\$0.63
Size (Number of Units):	4	2	1.5	Townhouse	990	2	\$550	\$0.56
Rentable Size (rsf):	4,190	3	2.0	Townhouse	1,500	1	\$650	\$0.43
Occ. At Time Of Survey:	75.0%							
Floors:	1-2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The property is a 4-unit apartment complex located on the east side of Randolph Drive and just south of US 280 in Vidalia. This location is ±4 miles west of downtown Lyons and ±2 miles southeast of downtown Vidalia. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Jude (912) 537-8885

Rent Comparable 4

General Data

Property Name:	Glenwood Apts
Property Address:	102-106 Pecan Rd
City:	Glennville
County:	Tattnall
MSA:	Not in a MSA
State:	GA
Zip:	30427
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		Bedrooms	Baths	Type	Size (rsf)	Units	Rent	Rent/rsf
Year Built:	1978	2	1.0	Garden	750	24	\$400	\$0.53
Size (Number of Units):	24							
Rentable Size (rsf):	18,000							
Gross Size (gsf):	21,900							
Site Size (acres):	5.000							
Density (units/acre):	4.8							
Occ. At Time Of Survey:	100.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Brick							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
N W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

Glenwood Apts is located east of US 25/US 301/SR 23/SR 57 and on the south side of CR 342/Pecan Rd, about 2 miles southwest of downtown Glennville. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Brad (912) 282-3714

Rent Comparable 5

General Data

Property Address:	100 E 6th St
City:	Vidalia
County:	Toombs
MSA:	Not in a MSA
State:	GA
Zip:	30474
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		Bedrooms	Baths	Type	Size (rsf)	Units	Rent	Rent/rsf
Year Built:	1950	2	1.0	Garden	750	4	\$500	\$0.67
Size (Number of Units):	4							
Rentable Size (rsf):	3,000							
Occ. At Time Of Survey:	50.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The property is a 4-unit apartment complex located on the northeast side of East 6th Street just southeast of SR 15 in Vidalia. This location is less than a mile southwest of US 280 and downtown Vidalia. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Ashley (912) 537-8885

Analysis

Quail Village: The subject has 30-units, was built in 1994, and is in average physical and functional condition. It is more fully described and discussed in the Property Description section of the report. It is summarized below.

Quail Village									
Property and Unit Amenity Summary									
Street Address	199 Memorial Drive			Year Built	1994		Floors	1	
City	Reidsville			Total Units	30		Occupancy	96.7%	
<u>Unit Types</u>	<u># units</u>	<u>Size (sf)</u>	<u>Utilities (L-landlord, T-tenant, na-not applicable)</u>						
1 Bed, 1 Bath	26	653	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Heat</u>	<u>Trash</u>	<u>Cable</u>	
2 Bed, 1 Bath	4	803	T	T	T	T	T	T	
Complex Amenities (Y/N)									
Pool	N		Bus. Ctr.	N		Community Rm	Y		
Clubhouse	N		Laundry	Y		Gated	N		
Tennis	N		Det. Garages	N		Car Wash	N		
Jacuzzi	N		Cov. Storage	N		Elevators	N		
Fit. Ctr	N		Open Storage	N		Patio/Picnic Area	Y		
Unit Amenities (Y/N)									
Refrigerator	Y	Disposal	N	Fireplace	N	Central A/C	Y	Ceil. Fans	N
Range	Y	Double Sink	Y	Patio	Y	Wall A/C	N	Vlt Ceiling	N
Microwave	Y	Fan Hood	Y	Balcony	N	W/D hk ups	Y	Sec Sys	N
Dishwasher	N	Att Garage	N	Bsmt	N	W/D	N	Storage	Y

During the renovations, microwaves will be added to each unit. In addition, a pavilion and computer room will be added to the complex.

Market Rent Conclusions

Apartment Survey Ranges					
Quail Village					
		Unit Size	Adj. Monthly Rent	Rent/sf	
As-Is	1 Bed, 1 Bath				
	Quail Village	653	\$425		\$0.65
	Comparable Properties	710 - 750	\$181 - \$464	\$0.24 -	\$0.65
	average of comparables	737	\$345		\$0.47
As-Is	2 Bed, 1 Bath				
	Quail Village	803	\$485		\$0.60
	Comparable Properties	750 - 1,000	\$211 - \$551	\$0.21 -	\$0.73
	average of comparables	878	\$430		\$0.51
As Ren.	1 Bed, 1 Bath				
	Quail Village	653	\$490		\$0.75
	Comparable Properties	710 - 750	\$246 - \$529	\$0.33 -	\$0.74
	average of comparables	737	\$410		\$0.56
As Ren.	2 Bed, 1 Bath				
	Quail Village	803	\$550		\$0.68
	Comparable Properties	750 - 1,000	\$276 - \$616	\$0.28 -	\$0.82
	average of comparables	878	\$495		\$0.58

Source: Crown Appraisal Group

The chart above details the current (not renovated) and as renovated market-derived rents for the subject as well as the range of rents offered at the comparable properties.

Adjustments are made to the comparables for perceived, material differences. (For example, while a given comparable unit might be 3 square feet larger than a given subject unit, there is no material difference in the unit size, so no adjustment is warranted, nor made.) Adjustments are considered for property attributes such as location (specific or general), condition/street appeal, or complex amenities, as well as unit attributes such as unit size, configuration (number of bedrooms or bathrooms, style), utility payment structure, unit amenities, and any concessions. If no adjustment is made, it is because there is no perceived difference between the comparable and the subject.

The charts that follow detail the analysis, and show the adjustments considered appropriate.

Unrenovated Market Rent, 1 br-1 ba (653 sf)

The subject is comprised of 26 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

1 Bed, 1 Bath				
As is				
	Subject	Rent 1	Rent 2	Rent 3
Name	Quail Village	San Reid		
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr
Unadjusted Rent		\$375	\$300	\$450
<i>Location</i>				
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr
City	Reidsville	Reidsville	Glennville	Vidalia
Population	5,336	5,336	3,606	10,565
		<i>Similar</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	-\$5
<i>Year Built</i>	1994	1974	1987	1984
<i>Condition/Street Appeal</i>		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$10	\$5	\$5
<i>Unit Size (sf)</i>	653	750	750	710
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$19	-\$19	-\$11
<i>Bedrooms</i>	1	1	1	1
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Bathrooms</i>	1.0	1.0	1.0	1.0
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
<i>Utilities (who pays?)</i>				
Heat	Tenant	Tenant	Landlord	Tenant
Electric	Tenant	Tenant	Landlord	Tenant
Water	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Tenant	Tenant	Tenant
Trash	Tenant	Tenant	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>
		\$0	-\$125	\$0
<i>Unit Amenities</i>	<i>Ref. Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref. Range, A/C, W/D HU</i>	<i>Ref. Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref. Range, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$10	\$5	\$10
<i>Complex Amenities</i>	<i>Laundry, Comm Rm, Patio/Picnic Area</i>	<i>None</i>	<i>None</i>	<i>None</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$15	\$15
<i>Concessions</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
Net Adjustment		<u>\$16</u>	<u>-\$119</u>	<u>\$14</u>
Adjusted Rent		\$391	\$181	\$464
Market Rent Conclusion	\$425			

Source: Crown Appraisal Group

The comparables range in size from 710 sf to 750 sf. After making the adjustments considered appropriate, the rent range is \$181 to \$464. Central tendencies are \$345 (average) and \$391 (median). Rent Comparable 2 is an outlier and the owner has not raised rents in several years. A rental rate between Rent Comparable 1 and Rent Comparable 3 is appropriate. An as-is market rent of \$425/month is concluded to be appropriate.

As Renovated Market Rent, 1 br-1 ba (653 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

1 Bed, 1 Bath As Renovated				
	Subject	Rent 1	Rent 2	Rent 3
Name	Quail Village	San Reid		
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr
Unadjusted Rent		\$375	\$300	\$450
Location				
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr
City	Reidsville	Reidsville	Glennville	Vidalia
Population	5,336	5,336	3,606	10,565
		<i>Similar</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	-\$5
Year Built	1994/2019R	1974	1987	1984
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$60	\$55	\$55
Unit Size (sf)	653	750	750	710
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$19	-\$19	-\$11
Bedrooms	1	1	1	1
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
Bathrooms	1.0	1.0	1.0	1.0
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0
Utilities (who pays?)				
Heat	Tenant	Tenant	Landlord	Tenant
Electric	Tenant	Tenant	Landlord	Tenant
Water	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Tenant	Tenant	Tenant
Trash	Tenant	Tenant	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>
		\$0	-\$125	\$0
Unit Amenities	<i>Ref, Range, A/C, Patio, W/D HU, Storage, Micro</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$10	\$15
Complex Amenities	<i>Laundry, Comm Rm, Patio/Picnic Area, Pavilion, Computer Rm</i>	<i>None</i>	<i>None</i>	<i>None</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$25	\$25	\$25
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0
Net Adjustment		<u>\$81</u>	<u>-\$54</u>	<u>\$79</u>
Adjusted Rent		\$456	\$246	\$529
Market Rent Conclusion		\$490		

Source: Crown Appraisal Group

The comparables range in size from 710 sf to 750 sf. After making the adjustments considered appropriate, the rent range is \$246 to \$529. Central tendencies are \$410 (average) and \$456 (median). Rent Comparable 2 is an outlier and the owner has not raised rents in several years. A rental rate between Rent Comparable 1 and Rent Comparable 3 is appropriate. An as-renovated market rent of \$490/month is concluded to be appropriate.

Unrenovated Market Rent, 2 br-1 ba (803 sf)

The subject is comprised of 4 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

2 Bed, 1 Bath						
As is						
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 3</u>	<u>Rent 4</u>	<u>Rent 5</u>
Name	Quail Village	San Reid			Glenwood Apts	
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr	102-106 Pecan Rd	100 E 6th St
Unadjusted Rent		\$400	\$400	\$550	\$400	\$500
Location						
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr	102-106 Pecan Rd	100 E 6th St
City	Reidsville	Reidsville	Glennville	Vidalia	Glennville	Vidalia
Population	5,336	5,336	3,606	10,565	3,606	10,565
		<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	-\$5	\$0	-\$5
Year Built	1994	1974	1987	1984	1978	1950
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$10	\$5	\$5	\$10	\$20
Unit Size (sf)	803	900	1,000	990	750	750
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Inferior</i>
		-\$19	-\$39	-\$37	\$11	\$11
Bedrooms	2	2	2	2	2	2
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.0	1.0	2.0	1.5	1.0	1.0
		<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$25	-\$15	\$0	\$0
Utilities (who pays?)						
Heat	Tenant	Tenant	Landlord	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Landlord	Tenant	Tenant	Tenant
Water	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Trash	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$150	\$0	\$0	\$0
Unit Amenities	<i>Ref, Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C</i>	<i>Ref, Range, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$10	\$5	\$10	\$15	\$10
Complex Amenities	<i>Laundry, Comm Rm, Patio/Picnic Area</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$15	\$15	\$15	\$15
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		\$16	-\$189	-\$27	\$51	\$51
Adjusted Rent		\$416	\$211	\$523	\$451	\$551
Market Rent Conclusion	\$485					

Source: Crown Appraisal Group

The comparables range in size from 750 sf to 1,000 sf. After making the adjustments considered appropriate, the rent range is \$211 to \$551. Central tendencies are \$430 (average) and \$451 (median). Rent Comparable 2 is an outlier and the owner has not raised rents in several years. A rental rate between Rent Comparable 1, Rent Comparable 3, Rent Comparable 4, and Rent Comparable 5 is appropriate. An as-is market rent of \$485/month is concluded to be appropriate.

As Renovated Market Rent, 2 br-1 ba (803 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

2 Bed, 1 Bath As Renovated						
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 3</u>	<u>Rent 4</u>	<u>Rent 5</u>
Name	Quail Village	San Reid			Glenwood Apts	
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr	102-106 Pecan Rd	100 E 6th St
Unadjusted Rent		\$400	\$400	\$550	\$400	\$500
<i>Location</i>						
Address	199 Memorial Drive	196 Industrial Dr	308 N Tillman St	400-406 Randolph Dr	102-106 Pecan Rd	100 E 6th St
City	Reidsville	Reidsville	Glennville	Vidalia	Glennville	Vidalia
Population	5,336	5,336	3,606	10,565	3,606	10,565
		<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$0	-\$5	\$0	-\$5
Year Built	1994/2019R	1974	1987	1984	1978	1950
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$60	\$55	\$55	\$60	\$70
Unit Size (sf)	803	900	1,000	990	750	750
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Inferior</i>
		-\$19	-\$39	-\$37	\$11	\$11
Bedrooms	2	2	2	2	2	2
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.0	1.0	2.0	1.5	1.0	1.0
		<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$25	-\$15	\$0	\$0
<i>Utilities (who pays?)</i>						
Heat	Tenant	Tenant	Landlord	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Landlord	Tenant	Tenant	Tenant
Water	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Trash	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	-\$150	\$0	\$0	\$0
Unit Amenities	<i>Ref, Range, A/C, Patio, W/D HU, Storage, Micro</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C, W/D HU, Bal/Pat</i>	<i>Ref, Range, A/C, W/D HU</i>	<i>Ref, Range, A/C</i>	<i>Ref, Range, A/C, W/D HU</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$15	\$10	\$15	\$20	\$15
Complex Amenities	<i>Laundry, Comm Rm, Patio/Picnic Area, Pavilion, Computer Rm</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$25	\$25	\$25	\$25	\$25
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		<u>\$81</u>	<u>-\$124</u>	<u>\$38</u>	<u>\$116</u>	<u>\$116</u>
Adjusted Rent		\$481	\$276	\$588	\$516	\$616
Market Rent Conclusion	\$550					

Source: Crown Appraisal Group

The comparables range in size from 750 sf to 1,000 sf. After making the adjustments considered appropriate, the rent range is \$276 to \$616. Central tendencies are \$495 (average) and \$516 (median). Rent Comparable 2 is an outlier and the owner has not raised rents in several years. A rental rate between Rent Comparable 1, Rent Comparable 3, Rent Comparable 4, and Rent Comparable 5 is appropriate. An as-renovated market rent of \$550/month is concluded to be appropriate.

Market Vacancy Conclusion

Five market rate properties have been detailed. There are relatively few market rate rent comparables. Occupancy of the comparable properties ranges from 50.0%-100.0% with an average of 90.7%.

Apartment Vacancy Quail Village					
<u>Name</u>	<u>Location</u>	<u>Total Units</u>	<u>Occ.</u>	<u>Vacancy</u>	
Quail Village	199 Memorial Drive	30	96.7%	3.3%	
San Reid	196 Industrial Dr	26	90.0%	10.0%	
308 N Tillman St	308 N Tillman St	2	100.0%		
400-406 Randolph Dr	400-406 Randolph Dr	4	75.0%	25.0%	
Glenwood Apts	102-106 Pecan Rd	24	100.0%		
100 E 6th St	100 E 6th St	4	50.0%	50.0%	
	Minimum		50.0%		
	Maximum		100.0%	50.0%	
Totals and average (excluding subject)		60	90.7%	9.3%	

Source: Area Managers; Crown Appraisal Group

The subject has historically operated as a government subsidized property. Most of the units are available for rental assistance, with the tenant paying 30% of their income towards the rent figure. Historic vacancy at Quail Village has been low. When inspected, there was one vacant unit.

Therefore, in recognizing the economic benefit due to the governmental assistance as well as historic vacancy, a vacancy below 5% is reasonable when developing the value opinions for the **restricted rent** scenarios. However, additional consideration is given the possible uncertainty of increased vacancy when considering the **prospective restricted** valuation as a function of the as renovated rent conclusions.

After consideration of the market vacancy and the area supply/demand components, the following vacancy conclusions are drawn:

Value 1, as conventional or unrestricted –5%

Value 2-RD, subject to restricted rents within 7 CFR Part 3560.752(b)(1)(i) – 3%

Value 3, prospective, subject to restricted rents – 3%

Value 4, prospective, as conventional or unrestricted - 5%

Property Description

This section will present a description of the physical and economic characteristics of the site and building improvements. The description is based upon an inspection of the property, discussions with local municipal authorities, and data provided by the client and management.

General Location

The subject is located on the west side of Memorial Drive about 1/2 mile southeast of downtown Reidsville. The property is in Tattnall County. Reidsville is located in southeast Georgia. The property has an address of 199 Memorial Drive, Reidsville, Georgia. The maps in the preceding section show the property's location.

Access, Ingress, Egress, Visibility

Overall, access is average from both a neighborhood (local) perspective, as well as a macro (regional) perspective. Ingress/egress to the property is from Memorial Drive. The ingress and egress attributes are average. Visibility to the subject is considered average.

History of the Property

According to public records, the subject is owned by Quail Village Limited Partnership. The current owner purchased the property in 1993 and subsequently developed the property. The subject has not been sold during the past three years. The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. While the sale price is in the final stages of negotiation, the price is expected to be about \$850,197. The transfer is assumed to be between related parties and not one that is considered to be arms-length. As the transfer is presumably not arms-length, no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) The developer estimates the renovation cost to be about \$34,742 per unit, or about \$1,042,255. Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. It is expected that the air conditioning units will be replaced, windows will be repaired/replaced, new roofs will be installed, parking areas will be repaired, and kitchens and bathrooms will be updated as needed. Microwaves will be added to each unit. In addition, a pavilion and computer room will be added to the complex.

Fair Housing

There are no known violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. There are 2 units that are UFAS (Uniform Federal Accessibility Standards) accessible, 1 unit that is equipped for the sight/hearing impaired and 3 ADA (Americans with Disabilities Act) parking spaces at the subject. **Note: The appraisers are not experts in such matters. It is assumed that fair housing practices are implemented at the subject. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to fair housing issues.**

Easements

No detrimental easements that would substantially deter development are known to exist. Others, such as utility easements, allow for development of the site and are considered beneficial to the tract.

Environmental Hazards

Soil conditions are assumed to be adequate. The site appears to be well drained. No engineering or soil testing has been performed to the knowledge of the appraisers, and no further conclusion as to the condition of the foundation or soil condition is made. There is no reason to suspect that hazardous materials are on the property such as discolored vegetation, oil residue, asbestos-containing materials, and lead-based paint. **Note: The appraisers are not experts in environmental matters. It is assumed that the site is clean from an environmental standpoint. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to environmental issues.**

Third Party Reports

No third party reports (such as market studies, environmental or physical condition) have been reviewed, and, unless noted, no warranty is made for any such reports that may exist.

Topography

The topography at the site is generally level.

Flood Plain

According to FEMA's flood insurance rate map community panel number 13267C0155D, dated December 17, 2010, the subject is located in Zone X. Zone X is identified as not being in a flood plain.

Zoning

The property is not zoned. According to local government officials, the current use is a permissible use and if damaged or destroyed the improvements could be rebuilt.

Utilities

The subject site is serviced by the following utilities (the payor of the utilities is also shown):

<i>Utility Details</i>	
<i>Quail Village</i>	
<u>Service</u>	<u>Paid by</u>
Heat	Tenant
Electric	Tenant
Water	Tenant
Sewer	Tenant
Trash	Tenant
Cable	Tenant

Source: *Management*

Improvements

The subject improvements include a 30-unit apartment complex (housed in 5 single-story buildings). The improvements were initially developed in 1994.

The buildings have a poured concrete foundation. The buildings have a combination brick and siding exterior, and a pitched roof covered with shingles.

Each unit has a living room/living area, kitchen, one or two bedrooms, and one bathroom. The floors in the units are a combination of carpet and tile. Windows are double hung. Exterior doors are metal; interior doors are hollow core wood. Interior walls are painted drywall; ceilings are painted drywall. Ceiling height is generally 8 feet. Hot water is supplied via individual water heaters. Each unit includes a washer/dryer hook-up.

Kitchens have vinyl flooring. They are equipped with a refrigerator, double sink, fan hood, and range.

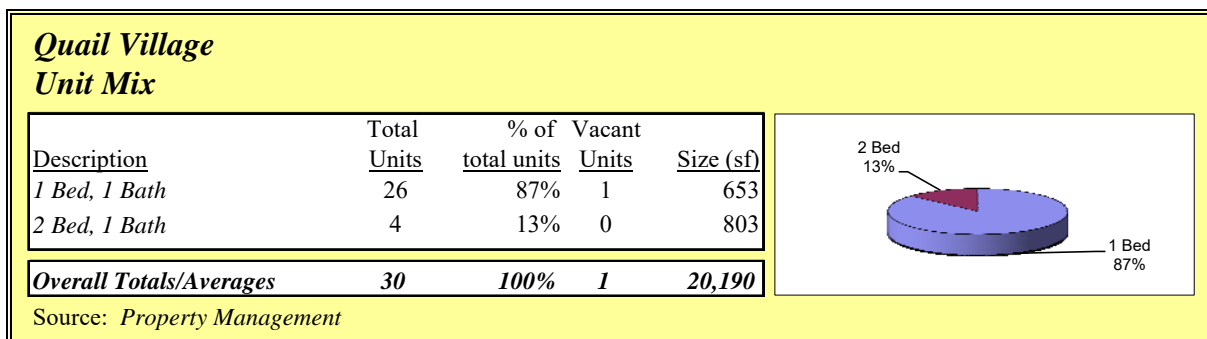
Each unit has an individual forced air furnace. The units have central air conditioning. The units have battery powered and hard wired smoke alarms.

Property amenities include a laundry room, community room, and patio/picnic area. While not a property amenity per se, the units have a small enclosed storage room to the rear of the units off of the patio.

Parking areas are in average condition. There appears to be sufficient parking for the property. Overall parking at the subject is adequate.

Unit Mix

The composition of the property is shown in the chart below.



Physical and Functional Condition

The improvements were completed in 1994 and renovated periodically over time. The property has been maintained on an as needed basis.

The total building size is 20,190 sf. This is the sum of the apartment units (1 Bedroom - 653 sf/unit * 26 units – 16,978 sf plus 2 Bedroom – 803 sf/unit * 4 units – 3,212 sf) plus the office/laundry/community room (368 sf).

A major renovation is planned for the property improvements. Preliminary plans, completed by Wallace Architects, LLC, are include in the addendum of the report. Per the client, finalized plans will be provided to Rural Development and DCA for review and approval separately. Planned renovations include replacement of all existing flooring, replacement of kitchen cabinets and countertops, replacement of existing kitchen appliances, plumbing fixtures, lighting fixtures, bathroom cabinets and countertops, HVAC, repainting, re-roofing (new shingles), as well as exterior upgrades and improvements, and re-paving and re-striping of drive and parking areas. Microwaves will be added to each unit. In addition, a pavilion and computer room will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate. The renovation is expected to cost about \$34,742 per unit, or about \$1,042,255.

Upon completion of the renovations, the property’s marketability, overall quality, and aesthetic appeal will be increased and enhanced. Following the renovations, the subject is projected to have a remaining economic life – assuming normal maintenance and repairs - of 60 years. If the property were not renovated, the remaining economic life (the “remaining economic life”) is estimated at 15 years.

Current Rent Parameters/Rent Roll

The chart below illustrates the current rent parameters. As has been discussed, there are LIHTC restrictions applicable to the units at the property. The as-is market rent (CRCU) conclusions are similar to the maximum LIHTC rent figure. The as-renovated market rent (CRCU) conclusions are above the maximum LIHTC rent figure.

Quail Village												
Rent Parameters												
	Total Units	% of total	Vacant Units	% of unit type	Size (sf)	Total Size (sf)	Basic Rent	Note Rent	Gross LIHTC	Utility Costs	Net LIHTC	CRCU As-Is As-Renovated
1 Bed, 1 Bath	26	87%	1	4%	653	16,978	\$436	\$591	\$545	\$123	\$422	\$425 \$490
2 Bed, 1 Bath	4	13%	0	0%	803	3,212	\$450	\$605	\$654	\$160	\$494	\$485 \$550
Overall Totals/Averages	30	100%	1	3%	673	20,190						

Source: Property Management

Operating History

The chart below shows the recent operating history for the subject. Repairs and maintenance expenses also include capital improvements.

Quail Village										
Operating History										
30 units										
	<u>2013</u>	<u>Per Unit</u>	<u>2014</u>	<u>Per Unit</u>	<u>2015</u>	<u>Per Unit</u>	<u>2016 Budget</u>	<u>Per Unit</u>	<u>2017 Budget</u>	<u>Per Unit</u>
Revenue										
Apartment Rental Income	133,445	4,448	139,239	4,641	140,862	4,695	150,672	5,022	149,760	4,992
Plus: Other Income	278	9	1,164	39	680	23	695	23	370	12
Effective Gross Income	133,723	4,457	140,403	4,680	141,542	4,718	151,367	5,046	150,130	5,004
Operating Expenses										
Real Estate Taxes	12,812	427	13,801	460	11,581	386	16,626	554	11,374	379
Insurance	6,146	205	9,540	318	8,003	267	7,943	265	8,952	298
Repairs & Maintenance	18,829	628	24,341	811	16,915	564	27,222	907	30,517	1,017
General & Administrative	9,152	305	8,686	290	10,840	361	11,139	371	10,339	345
Management Fees	15,264	509	15,664	522	15,640	521	16,920	564	17,640	588
Utilities										
Electric	1,868	62	2,039	68	2,293	76	2,575	86	2,525	84
Water/Sewer	535	18	602	20	509	17	696	23	520	17
Total Utilities	2,403	80	2,641	88	2,802	93	3,271	109	3,045	102
Payroll	27,066	902	17,662	589	22,314	744	32,502	1,083	32,212	1,074
Marketing	1,048	35	668	22	412	14	817	27	817	27
Total Expenses	92,719	3,091	93,004	3,100	88,508	2,950	116,440	3,881	114,895	3,830
<i>operating expense ratio</i>		<i>69.3%</i>		<i>66.2%</i>		<i>62.5%</i>		<i>76.9%</i>		<i>76.5%</i>
Net Operating Income	41,004	1,367	47,399	1,580	53,034	1,768	34,927	1,164	35,235	1,175

Source: Property Management

While individual line items will vary depending upon the specific valuation developed later in the report, the following generally holds true:

Interest Appraised

Value 1

Market value, unrestricted rents

Comment

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by market rent levels.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Value 2-RD

Market value, subject to restricted rents

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by basic rent levels.

The total operating expense estimate will be similar to historic expenses at the subject. There will be an explicit Reserve expense.

Value 3

Prospective, subject to restricted rents.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Value 4

Prospective, as conventional or unrestricted.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be based on the (prospective) market rent figures.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit Reserve expense.

Real Estate Taxes and Assessments

The chart below shows the tax details. The assessor’s land and improvement values are shown for informational purposes only. Actual land sales are used in order to develop the value of the subject’s site while Marshall Valuation service has been used to develop the replacement cost of the improvements.

Real Estate Taxes		
Quail Village		
Parcel Number	038E 034B	
	<u>Appraised</u>	<u>Assessed</u>
Land	\$74,900	\$29,960
Improvements	481,100	192,440
Total	556,000	222,400
Real Estate Taxes	\$7,867	
Taxes/unit	\$262	
Source: County Auditor		

The chart below shows the recent assessed values and taxes for the subject for the past few years.

Real Estate Taxes								
Quail Village								
Year	Auditors Appraised Values			Assessed Values			Annual	Tax
	Land	Building	Total	Land	Building	Total	Taxes	Rate
2016	74,900	481,100	556,000	29,960	192,440	222,400	7,867	35.37199
2015	74,900	869,300	944,200	29,960	347,720	377,680	9,001	23.83317
2014	74,900	869,300	944,200	29,960	347,720	377,680	13,397	35.47201
2013	74,900	869,300	944,200	29,960	347,720	377,680	12,812	33.92200
Source: County Auditor								

The following chart notes area tax comparables. The reader is referred to the assessed value per unit column, which is the best indicator of comparability. Properties with higher real estate taxes per unit than others also have higher assessed values per unit than others. The tax comparables confirm the reasonableness of the real estate taxes.

Quail Village									
Tax Comparables									
Name/Location	Parcel #	Effective Millage	Units	RE Taxes	Taxes/unit	Land Assessed Value	Improvements Assessed Value	Total Assessed Value	Assessed Value/unit
Quail Village 199 Memorial Drive	038E 034B	35.3720	30	7,867	262	29,960	192,440	222,400	7,413
San Reid Apts 196 Industrial Dr, Reidsville	039A-026	28.3728	28	9,977	356	16,160	335,480	351,640	12,559
Glenwood Apts 102-106 Peacon Rd, Glennville	100A-071	7.9665	24	3,482	145	14,000	423,080	437,080	18,212
Quail Run 100 Smith Ave, Reidsville	039B-002	28.3703	24	6,549	273	11,720	219,120	230,840	9,618
Source: Crown Appraisal Group									

Highest and Best Use

Highest and best use is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

...the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.

Some of the more germane comments from this publication regarding highest and best use are noted in the following bullet points:

- If, however, the market value of the property with the existing improvements is greater than the market value of the land as though vacant less costs to demolish the existing improvements, then the highest and best use of the property as improved is to keep the improvements for residential or commercial use.
- The use that a site or improved property is put to until it is ready for its highest and best use has traditionally been known as the interim use. An interim use is not the highest and best use of the property at the present time, and it should not be represented as the subject property's current highest and best use. Rather, the current highest and best use of a property with an interim use would be to leave the property as is until land value rises to a level for modification of the interim use (or demolition of the improvements and redevelopment for some other use) is financially feasible.
- These criteria [legally permissible, physically possible, financially feasible, maximally productive] are generally considered sequentially.

After consideration of the data, the following conclusions are drawn:

As If Vacant:

Physically Possible Uses:	Physical constraints include site area, shape, and adjacent uses. The site has all public utilities available. Noted easements are typical, and soil conditions are assumed to be adequate. There are acceptable access and visibility attributes. Based on location and site constraints, the most probable physically possible uses would be an intensive use. The existing improvements are such a use, and effectively utilize the site.
Legally Permissible Uses:	According to government officials, the current multi-family use is a permissible use.
Financially Feasible Uses:	The subject has a good location and is convenient to major traffic arteries. The surrounding area has been developed with a number of properties, including single-family residential properties, multi-family properties, retail properties, office and institutional uses (churches, schools, parkland). The residential users in the immediate area appear to have met with market acceptance. If vacant, a similar use is appropriate. The existing improvements develop a return in excess of that if the property were not improved.

Conclusion/Maximum Productivity: Of those uses that are physically possible, legally permissible, and financially supported, a residential development is concluded to be the highest and best use of the site as if vacant. Given the area demographics, development should not be speculative – rather, development should only occur with an identified end user in place.

As Improved:

Physically Possible Uses: The presence of the improvements demonstrate their physical possibility.

Legally Permissible Uses: The current multi-family use is a permissible use.

Financially Feasible Uses: As is shown in the valuation, the existing improvements develop a return well in excess of that if the property were not improved.

Conclusion/Maximum Productivity: The existing improvements are considered to be financially feasible. The chart below demonstrates that the proposed renovation is appropriate and financially viable – when considering the inclusion of the additional value from the interest credit subsidy and LIHTC. As shown, the sum of the prospective market value, interest credit values, and LIHTC values are in excess of the property's as is value plus renovation costs. Therefore, the proposed renovations provide a higher return to the property than if the property were not renovated, and the highest and best as improved is concluded to be with the renovations made to the property. There are no negative market trends that would influence the value of the property.

Financial Feasibility	
Quail Village	
<u>Initial Test of Financial Feasibility</u>	
Value 3, prospective, subject to restricted rents	\$995,000
Value 1, as-is, as conventional or unrestricted	<u>\$1,080,000</u>
Incremental difference	-\$85,000
Renovation Cost	<u>\$1,042,255</u>
Benefit (cost) of renovating <i>before</i> consideration of other benefits	-\$1,127,255
<u>Other Benefits</u>	
Value 5 Interest Credit Subsidy Value from assuming the existing 515 Loan)	\$375,000
Value 6 LIHTC Value	<u>\$1,017,393</u>
Value of additional benefits of renovation	\$1,392,393
Net benefits, or added value, of renovation	
\$265,138	
<u>Initial Test of Financial Feasibility</u>	
Value 3, prospective, subject to restricted rents	\$995,000
Value 2-RD, as-is, subject to restricted rents	<u>\$970,000</u>
Incremental difference	\$25,000
Renovation Cost	<u>\$1,042,255</u>
Benefit (cost) of renovating <i>before</i> consideration of other benefits	-\$1,017,255
<u>Other Benefits</u>	
Value 5 Interest Credit Subsidy Value from assuming the existing 515 Loan)	\$375,000
Value 6 LIHTC Value	<u>\$1,017,393</u>
Value of additional benefits of renovation	\$1,392,393
Net benefits, or added value, of renovation	
\$375,138	

These thoughts are carried to the Valuation section.

Valuation

The valuation process involves the gathering of data in order to develop opinions of value for the subject. A number of value opinions are provided; the value opinions are identified and the applicable approaches to value are also identified.

<p>Value 1 as conventional or unrestricted</p>	<p>The income capitalization and sales comparison approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 2-RD subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of "safeness" of RA units) used.</i></p>
<p>Value 3 prospective, subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 4 prospective, as conventional or unrestricted</p>	<p>The income capitalization and cost approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 5 Market value of the interest credit subsidy from assumed loan and new loan</p>	<p>The income capitalization approach is used.</p>
<p>Value 6 Market value of LIHTC (tax credits)</p>	<p>The income capitalization approach is used.</p>
<p>Value 7 Insurable value</p>	<p>The cost approach is used.</p>
<p>Value 8 Market value of underlying land</p>	<p>This value is developed within the cost approach valuation used for Value 4.</p>

Market Valuation

An opinion of the market value, unrestricted rents (fee simple estate, as conventional or unrestricted, as of the date of valuation) is subject to the hypothetical condition that the subject property is operated as a conventional, market rate property. Historically, the subject property has been operated as a subsidized property. Both the income capitalization approach and the sales comparison approach are utilized to arrive at opinions of the market value of Quail Village, as conventional or unrestricted (Value 1). The income capitalization approach is used to arrive at the market value, subject to restricted rents (Value 2).

Income Capitalization Approach Value 1, as conventional or unrestricted

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. Market value is developed through the use of market derived financial opinions and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the market rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are estimated.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be based on market rent figures.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Pro Forma Capitalization

Base Rent Revenue – is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below.

Quail Village					Value 1			
Base Rent Revenue					as conventional or unrestricted			
	Total	% of	Size	Total	Market Rent			
	Units	total	(rsf)	rsf	Rent/Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	26	87%	653	16,978	\$425	\$0.65	\$11,050	\$132,600
2 Bed, 1 Bath	4	13%	803	3,212	\$485	0.60	1,940	23,280
Overall Totals/Averages	30	100%	673	20,190	433	0.64	12,990	155,880

Source: Crown Appraisal Group

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 5%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$25/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are those costs necessary to maintain the property at or near a maximum level of economic performance. These expenses are categorized as real estate taxes, insurance, repairs and maintenance, general and administrative, management fees, utilities, payroll, and marketing. In addition, reserves are also considered. Estimated operating expenses are based on historical figures, and support from market data. The market data information is of properties similar in size, age, condition, and location relative to the subject that have been appraised by Crown Appraisal Group. All of these properties are RD properties – none are market rate ones. Like the subject, the operating histories reflect the benefits – and costs – associated with operating as a rural property subject to various RD operating costs.

With respect to operating expense line items, Real Estate Taxes, Insurance, and Utilities should be near historic. Repairs & Maintenance, General & Administrative, Management Fees and Payroll should be lower than historic due to the nature of market rate operations as compared to subsidized operations. Marketing should be above historic, also due to the nature of market rate operations. An explicit Reserve will be recognized.

The line item operating expenses are presented in the chart below. The chart details the median and average operating expenses by the operating expense comparables, the historic operating expenses at the subject, and the pro forma operating expense projections.

Operating Expense Comparables										
Quail Village										
	1	2	3	4	5	6	7	8	9	10
Units	49	51	51	55	18	20	55	55	55	24
Year	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Per Unit Basis										
Real Estate Taxes	300	227	125	197	432	393	341	197	171	213
Insurance	209	166	499	274	154	222	189	274	400	296
Repairs and Maintenance	599	472	791	345	1,198	778	976	345	319	735
General and Administrative	329	253	242	259	527	368	283	259	211	306
Management Fees	533	528	506	540	524	520	500	540	529	337
Utilities										
Electric	110	98	155	122	111	190	162	122	108	95
Water/Sewer	<u>936</u>	<u>24</u>	<u>20</u>	<u>556</u>	<u>46</u>	<u>42</u>	<u>35</u>	<u>556</u>	<u>556</u>	<u>6</u>
Total Utilities	1,046	122	175	679	156	232	197	679	664	101
Payroll	923	1,096	457	900	636	1,066	1,245	900	955	1,331
Marketing	2	1	9	2	23	4	0	2	2	2
Total	3,941	2,865	2,803	3,196	3,649	3,582	3,731	3,196	3,251	3,321
Per Unit Basis										
<u>Category</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Median</u>						
Real Estate Taxes	125	432	260	220						
Insurance	154	499	269	248						
Repairs and Maintenance	319	1,198	656	667						
General and Administrative	211	527	303	271						
Management Fees	337	540	506	526						
Utilities										
Electric	95	190	127	116						
Water/Sewer	<u>6</u>	<u>936</u>	<u>278</u>	<u>44</u>						
Total Utilities	101	1,046	405	215						
Payroll	457	1,331	951	939						
Marketing	<u>0</u>	<u>23</u>	<u>4</u>	<u>2</u>						
Total	2,803	3,941	3,353	3,286						
Source: Apartment Management, Crown Appraisal Group										

Quail Village				as conventional or unrestricted							
Operating Expense Estimates				as-is							
Real Estate Taxes											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	220	med	260	avg	427	460	386	554	379	262	\$7,867
Insurance											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	248	med	269	avg	205	318	267	265	298	268	\$8,047
Repairs & Maintenance											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	667	med	656	avg	628	811	564	907	1,017	500	\$15,000
General & Administrative											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	271	med	303	avg	305	290	361	371	345	250	\$7,500
Management											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	526	med	506	avg	509	522	521	564	588	248	\$7,442
Electric Utilities											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	116	med	127	avg	62	68	76	86	84	76	\$2,280
Water & Sewer											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	44	med	278	avg	18	20	17	23	17	17	\$510
Total Utilities											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	215	med	405	avg	80	88	93	109	102	93	\$2,790
Payroll											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	939	med	951	avg	902	589	744	1,083	1,074	650	\$19,500
Marketing											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	2	med	4	avg	35	22	14	27	27	15	\$450
Total Operating Expenses (including consideration of Reserve)											
Source	Comparables			2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	3,286	med	3,353	avg	3,091	3,100	2,950	3,881	3,830	2,537	\$76,095
Source: <i>Property Management; Crown Appraisal Group</i>											

Quail Village		Value 1
Operating Expense Estimates		as conventional or unrestricted
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	262	Based on the current real estate taxes of the subject as reported by the county.
Insurance	268	Based on historic with support from market.
Repairs & Maintenance	500	Below historic; property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	250	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	76 Electric 17 Water and sewer	Based on historic with support from market. Based on historic with support from market.
Payroll	650	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense is based on the probable cost if the property were operated as a market rate one.
Marketing	15	Above historic; market rate properties require a higher cost for marketing.
Reserve	250	Based on market participant attitudes.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma. Notice the market estimates are lower than the historical figures as government subsidized properties typically cost more to operate than market rate.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)					Value 1					
Quail Village					as conventional or unrestricted					
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	260	220	427	460	386	554	379	262
Insurance	154	499	269	248	205	318	267	265	298	268
Repairs and Maintenance	319	1,198	656	667	628	811	564	907	1,017	500
General and Administrative	211	527	303	271	305	290	361	371	345	250
Management Fees	337	540	506	526	509	522	521	564	588	248
Utilities										
Electric	95	190	127	116	62	68	76	86	84	76
Water/Sewer	6	936	278	44	18	20	17	23	17	17
Total Utilities	101	1,046	405	215	80	88	93	109	102	93
Payroll	457	1,331	951	939	902	589	744	1,083	1,074	650
Marketing	0	23	4	2	35	22	14	27	27	15
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	250
Total Operating Expenses	2,803	3,941	3,353	3,286	3,091	3,100	2,950	3,881	3,830	2,537

Note: columns with low, high, average, and median figures may not add to total
 Source: Property Managers; Crown Appraisal Group

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

<i>Pro Forma Operating Statement</i>		<i>as conventional or unrestricted</i>		
<i>Quail Village</i>		<i>Value 1</i>		
30 units				
		<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue		104.7%	\$5,196	\$155,880
Less: Vacancy and Collection Loss @	5.0%	<u>-5.2%</u>	<u>-260</u>	<u>-7,794</u>
Effective Rent		99.5%	4,936	148,086
Plus Other Revenue:				
Other Income		0.5%	25	750
Effective Gross Income		100.0%	4,961	148,836
Less: Operating Expenses				
Real Estate Taxes		5.3%	262	7,867
Insurance		5.4%	268	8,047
Repairs and Maintenance		10.1%	500	15,000
General and Administrative		5.0%	250	7,500
Management Fees @	5.0%	5.0%	248	7,442
Utilities				
Electric		1.5%	76	
Water/Sewer		<u>0.3%</u>	<u>17</u>	
Total Utilities		1.9%	93	2,790
Payroll		13.1%	650	19,500
Marketing		0.3%	15	450
Reserve		<u>5.0%</u>	<u>250</u>	<u>7,500</u>
Total Operating Expenses		51.1%	2,537	76,095
Net Operating Income		48.9%	2,425	72,741

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

Comparable Sales

The comparable sales utilized in the Sales Comparison Approach section indicate an overall capitalization rate range as shown below. Other data is shown, including the dates of the sales. Overall, the sales properties are comparable in the sense that they are recent sales of similar apartment complexes in the greater market area.

Comparable Sales						
Overall Capitalization Rates						
<u>Name/Location</u>	<u>Sale Date</u>	<u>Year Built</u>	<u>Units</u>	<u>Sale Price</u>	<u>Price/Unit</u>	<u>OAR</u>
Douglas Pines Apts Douglas, GA	Oct-16	1987	48	1,925,100	40,106	7.02%
Spanish Mission Valdosta, GA	Sep-15	1976	150	7,000,000	46,667	7.36%
The Reserve at Altama Brunswick, GA	Jul-16	1972	108	6,300,000	58,333	6.75%
Ashley Park Apts Thomasville, GA	Oct-16	2013	84	8,000,000	95,238	5.70%
The Gables of St Augustine Valdosta, GA	May-15	1989	144	4,000,000	27,778	6.10%
Average, Median, Range		6.59%	6.75%	5.70% - 7.36%		

Source: *Crown Appraisal Group*

A number of differences between the properties and the specifics of transaction, however, make correlation to a specific rate within the range problematic. The sales do represent current market activity and characteristics of the properties that are similar to the subject. An overall rate near the range is appropriate. Certainly, the market data alone does not support the selection of a rate below 5.70% or a rate above 7.36%. If the sales were the only data source from which to select the overall capitalization rate, a rate near the middle of the range is most appropriate given the net operating income figure.

Final consideration of an appropriate rate is through an analysis of lender requirements. After all, properties such as the subject are usually transferred only after financing has been arranged. The debt coverage ratio technique calculates an overall rate by multiplying the mortgage constant by the loan-to-value ratio and then by the debt coverage figure.

Financing Techniques

Debt Coverage Ratio

The debt coverage ratio technique places emphasis on lender requirements while inherently providing for a reasonable equity return. Rather than developing an explicit equity dividend, the equity position is left with a residual dividend return. This has good applicability for properties such as the subject. Using current parameters, development of the overall rate can be seen in the following chart.

Overall Rate Derivation					
Debt Coverage Ratio Technique					
<u>Mtg. Rate</u>	<u>Term of Mtg.</u>	<u>Mtg. Constant</u>	<u>Loan to Value</u>	<u>DCR</u>	<u>OAR</u>
5.00%	30	0.0644	70.0%	1.25	5.64%
5.00%	30	0.0644	75.0%	1.20	5.80%
5.25%	30	0.0663	70.0%	1.25	5.80%
5.25%	30	0.0663	75.0%	1.20	5.96%
5.50%	30	0.0681	70.0%	1.25	5.96%
5.50%	30	0.0681	75.0%	1.20	6.13%
				rounded to	5.6% - 6.1%

Source: *Crown Appraisal Group*

Given the specific characteristics of the property, the overall capitalization rate range derived from the debt coverage ratio appears to be reasonable.

Band of Investment

There are two primary components utilized in the band of investment technique. These are the debt and equity components. Both are explicitly developed. A weighted average, which combines these two components, is used to capitalize the net operating income. The strength of the band of investment is that it has long been used by real estate market participants in developing an overall rate. The band of investment technique quantifies the appropriate overall rate as follows:

Overall Rate Derivation				
Band of Investment Technique				
<u>Interest Rate</u>	<u>Amort.</u>		<u>Constant</u>	<u>Weighted Average</u>
5.00%	30	75% (loan to value) x	0.0644	= 4.831%
		25% (equity to value) x	6.0%	= 1.500%
			Overall Rate =	6.331%
				Rounded To: 6.3%

Source: *Crown Appraisal Group*

Conclusion

In summarizing, most of the market-based indicators suggest that a rate toward the middle of the range is most appropriate. The weakness in the rates indicated by the comparable sales is that the figures are historic. The overall rates from the comparable sales are also suspect to relatively wide fluctuations when relatively minor changes are made (as an example, an change to the net operating income of only \$1,000 on a \$1,000,000 sale impacts the overall rate by 10 basis points). The strength in the debt coverage and the band of investment techniques, is that they are based on real participants and real mortgage rates. The information from the latter analysis suggests that the appropriate rate is in the upper 6.0% range.

In the final analysis, an overall rate that lies between the comparable sale and financing technique analysis of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio). Application of the rate to the pro forma net operating income is shown in the chart below.

<i>Pro Forma Technique Value Conclusion</i>	<i>Value 1</i>
<i>Quail Village</i>	<i>as conventional or unrestricted</i>
Net Operating Income	\$72,741
Overall Capitalization Rate	<u>6.75%</u>
Value Conclusion	1,077,640
<i>Rounded To:</i>	<i>\$1,080,000</i>

Source: *Crown Appraisal Group*

Value 2-RD, subject to restricted rents

A pro forma is used. Much of the valuation is based on the analysis previously presented. Major differences (and similarities) are detailed below.

Base Rent

The appropriate unit rent to use is the basic rent figure.

Quail Village					Value 2-RD			
Base Rent Revenue					subject to restricted rents			
	Total	% of	Size	Total	Basic Rent			
	Units	total	(rsf)	rsf	Rent/Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	26	87%	653	16,978	\$436	\$0.67	\$11,336	\$136,032
2 Bed, 1 Bath	4	13%	803	3,212	\$450	0.56	1,800	21,600
Overall Totals/Averages	30	100%	673	20,190	438	0.65	13,136	157,632

Source: Crown Appraisal Group

Vacancy

Based on historic.

Operating Expenses

The operating expenses are largely based on recent history at the subject. Figures used are shown below.

Quail Village			Value 2-RD	
Operating Expense Estimates			subject to restricted rents	
<u>Operating Expense</u>	<u>Cost/unit</u>		<u>Discussion</u>	
Real Estate Taxes	262		Based on the current real estate taxes of the subject as reported by the county.	
Insurance	268		Based on historic with support from market.	
Repairs & Maintenance	600		Near the recent historic figures with the recognition that some of the historic amounts have some costs better categorized as capital expenditures.	
General & Administrative	345		Based on historic.	
Management	49.00		Based on cost per occupied door per month.	
Utilities	76	Electric	Based on historic with support from market.	
	17	Water and sewer	Based on historic with support from market.	
Payroll	750		Based on historic.	
Marketing	15		Based on historic.	
Reserve	350		Based on market participant attitudes.	

The pro forma is shown below.

Pro Forma Operating Statement		Value 2-RD	
Quail Village		as-is	
30 units			
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	102.6%	\$5,254	\$157,632
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-158</u>	<u>-4,729</u>
Effective Rent	99.5%	5,097	152,903
Plus Other Revenue:			
Other Income	0.5%	25	750
Effective Gross Income	100.0%	5,122	153,653
Less: Operating Expenses			
Real Estate Taxes	5.1%	262	7,867
Insurance	5.2%	268	8,047
Repairs and Maintenance	11.7%	600	18,000
General and Administrative	6.7%	345	10,350
Management Fees	11.1%	570	17,111
Utilities			
Electric	1.5%	76	
Water/Sewer	<u>0.3%</u>	<u>17</u>	
Total Utilities	1.8%	93	2,790
Payroll	14.6%	750	22,500
Marketing	0.3%	15	450
Reserve	<u>6.8%</u>	<u>350</u>	<u>10,500</u>
Total Operating Expenses	63.5%	3,254	97,614
Net Operating Income	36.5%	1,868	56,039

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

The appropriate rate selected should recognize two primary characteristics. There is a need for affordable housing in the area. Second, the net operating income developed is within the range at that seen during the prior three years. In that sense, the net operating income is one that is relatively “safe”. The conclusion is that the appropriate overall rate should be less than that selected for the market, unrestricted. The question is, of course, how much lower. There is some information available from RD that helps answer this. The consensus is that, for properties that are comprised of all (or mostly all) RA units, the appropriate rate should be about 100 basis points less than the market rate conclusion (the rate used for market unrestricted). For properties that do not have a high percentage of RA units, the overall rate should not be significantly different than the overall rate used in the unrestricted valuation. The chart quantifying this is shown below, with the value opinion shown after.

Overall Capitalization Rate Selection			Value 2-RD	
Quail Village			subject to restricted rents	
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	1	3.3%	6.75%	0.225%
Rental Assistance	29	96.7%	5.75%	5.558%
Total	30	100.0%		5.783%
Indicated OAR				5.78%

Source: Crown Appraisal Group

Pro Forma Technique Value Conclusion		Value 2-RD
Quail Village		subject to restricted rents
Net Operating Income		\$56,039
Overall Capitalization Rate		5.78%
Value Conclusion		968,969
Rounded To:		\$970,000

Source: Crown Appraisal Group

Sales Comparison Approach

Value 1, as conventional or unrestricted

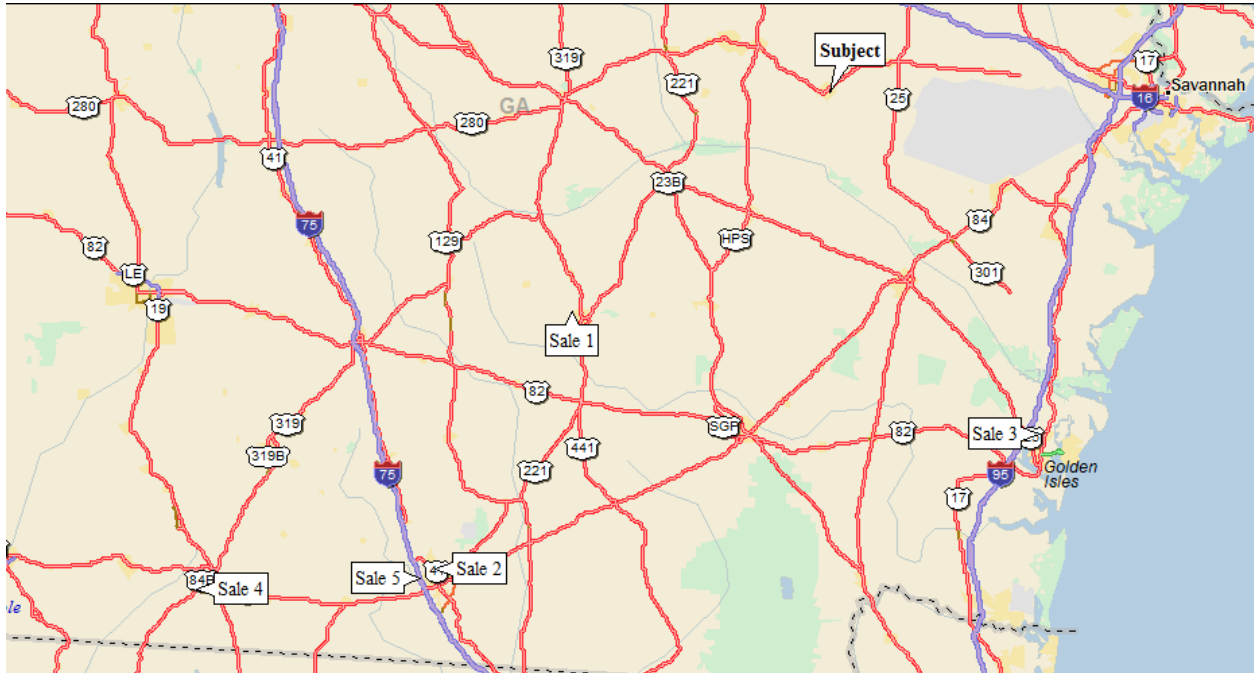
The sales comparison approach is based upon the theory that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute property. The principle of substitution confirms that the maximum value of a property is set by the cost of acquisition of an equally desirable and valuable substitute property, assuming that substitution can be made without costly delay. Other appraisal principles and concepts relating to the approach include supply and demand, balance, and externalities.

In order to obtain an indication of value from the sales comparison approach, recent sales of similar properties have been analyzed and the sales prices adjusted to reflect dissimilarities between these properties and the subject. From these sales prices an indication of market value for the subject has been developed.

One of the fundamental considerations in the sales comparison approach is defining substitute or comparable properties. Issues that are involved in this consideration involve determination of physically similar properties as well as similarly located properties. Sales properties analyzed involve small to medium-sized multi-family properties. All are located in the regional area.

The accuracy of this approach relies upon the similarities, or lack thereof, between the sales properties and the subject. The greater the differences, the more subjective this valuation technique becomes. Multi-family properties, like any specialized real estate product, are complex and involve a variety of considerations. A comparison of sales properties includes reviewing size, location, financing and date of transaction. In essence, these categories are all tied to one over-riding factor--the financial aspects and implications arising from the improvements.

The initial sales search was limited to sales of similar size properties, built during the same time period as the subject, having the same general economic characteristics, and having occurred within the immediate market area during the past six months. There were no sales meeting these criteria. When expanding the time frame and geographical area, a sufficient number of comparable sales were uncovered. While the research uncovered several sales properties which share similar attributes with the subject, dissimilarities do exist. The map below locates the comparable sales that were utilized. A detailed write up page and photograph of each sale can be found after the map.



Sale Comparable 1

General Data

Property Name:	Douglas Pines Apts
Property Address:	820 Bowens Mill Rd SE
City:	Douglas
County:	Coffee
MSA:	Not in a MSA
State:	GA
Zip:	31533
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$1,925,100					
Sale Price/unit:	\$40,106	Net Operating Income:	135,142	2,815	3.27	100.0%
Sale Price/rsf:	\$46.64	Overall rate:	7.02%			
Sale Date:	10/21/2016	Occupancy at time of sale:	95.0%			
Parcel Number:	0117C-131					
Legal Description:	LL 222 6LD SPRING LAKE APTS.PH I					
Buyer (Grantee):	Bpp Douglas Pines Llc					
Seller (Grantor):	Reef Properties Of Georgia Llc					

Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>
Year Built:	1987	2	2.0	Garden	841	48
Size (Number of Units):	48					
Rentable Size (rsf):	41,280					
Site Size (acres):	7.590					
Density (units/acre):	6.3					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Siding					

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
N Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
Y Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

Douglas Pines Apartments consists of five two-story buildings. The property is situated on SR-206 (Bowens Mill Road), 1.5 miles west of SR-441, and a mile north of SR-32 and two miles northwest of downtown Douglas.

Sale Comparable 2

General Data

Property Name:	Spanish Mission
Property Address:	422 Connell Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$7,000,000					
Sale Price/unit:	\$46,667	Net Operating Income:	515,200	3,435	2.73	100.0%
Sale Price/rsf:	\$37.09	Overall rate:	7.36%			
Sale Price/gsf:	\$35.00					
Sale Date:	9/9/2015	Occupancy at time of sale:	93.0%			
Parcel Number:	0112A-113					
Legal Description:	SPANISH MISSION APTS					
Buyer (Grantee):	Magnolia Mission Partners LLC					
Seller (Grantor):	Valdosta Associates LTD					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>
Year Built:	1976	1	Garden	890
Size (Number of Units):	150	2	Garden	1,213
Rentable Size (rsf):	188,716	2	Townhouse	1,125
Gross Size (gsf):	200,000	3	Townhouse	1,456
Site Size (acres):	12.000			
Density (units/acre):	12.5			
Floors:	2			
Property Design:	Walk Up			
Exterior:	Stucco			

Landlord Paid Utilities

N Cable	N Sewer
N Electric	Y Trash
N Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
Y Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	N Det. Garages
Y Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	Y Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus.Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	N Trash
Y Gas	Y Water

Other Comments

Spanish Mission Apartments is located on the northeast corner of Connell Road and Tara Drive in Valdosta, Georgia. It is 3 miles north of downtown Valdosta in Lowndes County.

Sale Comparable 3

General Data

Property Name:	The Reserve at Altama
Property Address:	5801 Altama Ave
City:	Brunswick
County:	Glynn
MSA:	Brunswick
State:	GA
Zip:	31525
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

Sale Price:	\$6,300,000		<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price/unit:	\$58,333	Net Operating Income:	425,250	3,938	3.37	100.0%
Sale Price/rsf:	\$49.90	Overall rate:	6.75%			
Sale Price/gsf:	\$46.71	EGIM:	14.8			
Sale Date:	7/5/2016	Occupancy at time of sale:	98.2%			
Parcel Number:	03-00925					
Legal Description:	10.45 AC ALTAMA					
Buyer (Grantee):	Reserve at Altama, LLC					
Seller (Grantor):	South Shore, LLC					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	1972	1	1.0	Garden	960	20
Size (Number of Units):	108	2	1.5	Garden	1,160	72
Rentable Size (rsf):	126,240	3	2.0	Garden	1,470	16
Gross Size (gsf):	134,886					
Site Size (acres):	10.220					
Density (units/acre):	10.6					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Other Comments

The Reserve at Altama is located on the west side of Altama Ave south of Chapel Crossing Rd about 5 miles north of downtown Brunswick.

Sale Comparable 4

General Data

Property Name:	Ashley Park Apartments
Property Address:	1 Ashley Park Pl
City:	Thomasville
County:	Thomas
MSA:	Not in a MSA
State:	GA
Zip:	31792
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$8,000,000					
Sale Price/unit:	95,238	Net Operating Income:	456,000	5,429	5.06	100.0%
Sale Price/rsf:	\$88.80	Overall rate:	5.70%			
Sale Price/gsf:	\$54.24					
Sale Date:	10/28/2016	Occupancy at time of sale:	99.0%			
Parcel Number:	2051-317					
Legal Description:	25.61 AC/ W BYPASS @ SUNSET DR/Ashley Park					
Buyer (Grantee):	Young America Property, LLC					
Seller (Grantor):	Ashley Park Llc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	2013	1	1.0	Garden	644	6
Size (Number of Units):	84	1	1.0	Garden	751	6
Rentable Size (rsf):	90,090	2	2.0	Garden	1,047	48
Gross Size (gsf):	147,480	3	2.0	Garden	1,311	24
Site Size (acres):	25.610					
Density (units/acre):	3.3					
Floors:	4					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
N W/D Hookups	Y Security Systems

Complex Amenities

N Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
Y Gated	Y Playground
N Bus. Center	N Racquetball

Other Comments

Ashley Park Apartments is located on the north side of Sunset Dr east of US 319 about 2 miles southwest of downtown Thomasville. This property is in Thomas County.

Sale Comparable 5

General Data

Property Name:	The Gables of St Augustine
Property Address:	1415 N Saint Augustine Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$4,000,000					
Sale Price/unit:	\$27,778	Net Operating Income:	244,000	1,694	2.29	100.0%
Sale Price/rsf:	\$37.48	Overall rate:	6.10%			
Sale Price/gsf:	\$30.28	EGIM:	N/A			
Sale Date:	5/29/2015	Occupancy at time of sale:	96.5%			
Parcel Number:	0081A-003					
Legal Description:	LL 14 & 15 LD 12 TRACT 1					
Buyer (Grantee):	Hi-lo Investments Llc					
Seller (Grantor):	Benton Properties Inc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	1989	0	1.0	Garden	360	20
Size (Number of Units):	144	1	1.0	Garden	480	25
Rentable Size (rsf):	106,728	1	2.0	Garden	500	5
Gross Size (gsf):	132,080	2	2.0	Garden	792	34
Site Size (acres):	26.990	2	2.0	Garden	800	20
Density (units/acre):	5.3	3	2.0	Garden	1,040	35
Floors:	3	3	2.0	Garden	1,140	5
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The Gables of St Augustine is located on the northeast side of N Saint Augustine Rd west of I-75 about 4 miles northwest of downtown Valdosta. This property is in Lowndes County.

Comparable Sales Data

The sales that were utilized to develop the value of the subject are detailed in the chart that follows. The sale price per unit of comparison is used to develop the value of the subject. To arrive at a value conclusion, the comparables are adjusted for dissimilarities to the subject with respect to property rights conveyed, financing terms, conditions of sale, date of sale, location, physical and economic attributes. Adjustments are made based on a comparison with one another as well as the appraisers' knowledge about the sales as they relate to the subject. Based on discussions with market participants, the marketing period and exposure period for each of the sales is estimated at 12 months. The chart also notes the adjustments.

Quail Village							<i>Value 1</i>
Improved Sales							<i>as conventional or unrestricted</i>
Sale	Subject	1	2	3	4	5	
Name	Quail Village	Douglas Pines Apts	Spanish Mission	The Reserve at Altama	Ashley Park Apts	The Gables of St Augustine	
Location	199 Memorial Drive	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
City or Township	Reidsville	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
County	Tattnall	Coffee	Lowndes	Glynn	Thomas	Lowndes	
MSA	Not in a MSA	Not in a MSA	Valdosta	Brunswick	Not in a MSA	Valdosta	
Date of Sale		October-16	September-15	July-16	October-16	May-15	
Sale Price		\$1,925,100	\$7,000,000	\$6,300,000	\$8,000,000	\$4,000,000	
Building Size (units)	30	48	150	108	84	144	
Building Size (inc. community)	20,558	41,280	188,716	126,240	90,090	106,728	
Sale Price/Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Sale Price/sf		\$46.64	\$37.09	\$49.90	\$88.80	\$37.48	
Year Built	1994	1987	1976	1972	2013	1989	
Site Size	2.600	7.590	12.000	10.220	25.610	26.990	
Coverage	18%	12%	36%	28%	8%	9%	
Average Unit Size (sf)	685	860	1,258	1,169	1,073	741	
Units per Acre	11.5	6.3	12.5	10.6	3.3	5.3	
EGI/unit	\$4,961						
EGIM							
Expenses/Unit	\$2,537						
NOI/unit	\$2,425	\$2,815	\$3,435	\$3,938	\$5,429	\$1,694	
OAR		7.02%	7.36%	6.75%	5.70%	6.10%	
Sale Adjustments							
Property Rights Conveyed	<i>Fee Simple</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Financing Terms	<i>Market</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Conditions of Sale	<i>Arm's Length</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Market Conditions	<i>Current</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Total Sale Adjustments		0%	0%	0%	0%	0%	
Adjusted Price per Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Property Adjustments							
Location	199 Memorial Drive	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
	Reidsville	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
	Tattnall	Coffee	Lowndes	Glynn	Thomas	Lowndes	
Population	5,336	12,002	55,754	15,133	18,413	55,754	
Comparison to subject		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-5%	-20%	-5%	-5%	-20%	
Physical							
Avg. Unit Size	685	860	1,258	1,169	1,073	741	
Comparison to subject		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-10%	-30%	-25%	-20%	-5%	
Age	1994	1987	1976	1972	2013	1989	
Quality/Condition	Average	<i>Below Average</i>	<i>Below Average</i>	<i>Below Average</i>	<i>Good</i>	<i>Below Average</i>	
Comparison to subject		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	
		5%	10%	10%	-10%	5%	
Total Property Adjustments		-10%	-40%	-20%	-35%	-20%	
Value Indication per Unit		\$36,096	\$28,000	\$46,667	\$61,905	\$22,222	

Source: Crown Appraisal Group

As shown, no sale adjustments are indicated as appropriate for property rights conveyed, financing terms, conditions of sale, and market conditions, as they are considered to be the same as the subject. With respect to property adjustments, all location, physical, and economic attributes were reviewed – the analysis of each comparable sale is below.

Douglas Pines Apartments (Comparable 1) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -10%. This results in a value indication of \$36,096/unit for Quail Village.

Spanish Mission (Comparable 2) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -40%. This results in a value indication of \$28,000/unit for Quail Village.

The Reserve at Altama (Comparable 3) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -20%. This results in a value indication of \$46,667/unit for Quail Village.

Ashley Park Apartments (Comparable 4) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were superior to the subject, and an adjustment is made. Combined, the adjustments total -35%. This results in a value indication of \$61,905/unit for Quail Village.

The Gables of St Augustine (Comparable 5) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -20%. This results in a value indication of \$22,222/unit for Quail Village.

All of the sales were given credence when determining the value via this approach. This approach is used only as support for the primary approach, and the value conclusion reflects a hypothetical condition. This value indication is concluded to as representative of the property's value as if operated under the hypothetical conventional, market rate scenario. **A value conclusion of \$39,000/unit is selected to represent the market value as of the date of valuation. This indicates an aggregate value of \$1,170,000.** The following summarizes the projections of value via the sales comparison approach.

<i>Sales Comparison Approach Summary</i>	<i>Value 1</i>		
<i>Quail Village</i>	<i>as conventional or unrestricted</i>		
Unadjusted Value Range Per Unit	27,778	-	95,238
Indicated Value Range (rounded)	800,000	-	2,900,000
Adjusted Value Range Per Unit	22,222	-	61,905
Indicated Value Range (rounded)	700,000	-	1,900,000
Average, Median (adjusted)	38,978		36,096
Indicated Value (rounded)			1,170,000
Value per Unit			39,000 /unit
Source: <i>Crown Appraisal Group</i>			

Prospective Market Value

The prospective market value subject to restricted rents is projected under the extraordinary assumption that the proposed renovations to the subject property are complete. This valuation also assumes that the subject is operated as a subsidized, rural housing property. The income capitalization approach is utilized to project the prospective market value, subject to restricted rents (Value 3). The income capitalization approach and cost approach are used to arrive at the prospective market value, as conventional or unrestricted (Value 4).

Income Capitalization Approach Value 3, prospective, subject to restricted rents

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. A discounted case flow technique is not considered appropriate. Market value is projected through the use of market derived financial projections and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is projected by the rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints.

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Pro Forma Capitalization

Base Rent Revenue – is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below. The rent is based on the lesser of market rent or LIHTC restrictions.

Quail Village							Value 3			
Base Rent Revenue							prospective			
							subject to restricted rents			
	<u>Rent</u>	<u>Total</u>	<u>% of</u>	<u>Size</u>	<u>Total</u>	<u>Market Rent</u>				
	<u>Constraint</u>	<u>Units</u>	<u>total</u>	<u>(rsf)</u>	<u>rsf</u>	<u>Rent/Month</u>	<u>Rent/sf</u>	<u>Monthly</u>	<u>Yearly</u>	
1 Bed, 1 Bath	LIHTC	26	87%	653	16,978	422	\$0.65	\$10,972	\$131,664	
2 Bed, 1 Bath	LIHTC	4	13%	803	3,212	494	\$0.62	\$1,976	23,712	
Overall Totals/Averages		30	100%	673	20,190	432	0.64	12,948	155,376	

Source: Crown Appraisal Group

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 3%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$25/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on historic and comparable data. The comparable data has been presented previously. As noted, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Quail Village		Value 3
Operating Expense Estimates		prospective
		subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	288	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.
Insurance	268	Based on historic with support from market.
Repairs & Maintenance	500	Lower end of the historic range reflecting the renovation.
General & Administrative	345	Based on historic.
Management	49.00	Based on cost per occupied door per month.
Utilities	76	Based on historic with support from market.
	17	Based on historic with support from market.
Payroll	700	Near the lower end of historic range reflecting the renovation.
Marketing	15	Based on historic.
Reserve	350	Based on market participant attitudes recognizing the renovation.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)					Value 3					
Quail Village					prospective					
					subject to restricted rents					
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	260	220	427	460	386	554	379	288
Insurance	154	499	269	248	205	318	267	265	298	268
Repairs and Maintenance	319	1,198	656	667	628	811	564	907	1,017	500
General and Administrative	211	527	303	271	305	290	361	371	345	345
Management Fees	337	540	506	526	509	522	521	564	588	570
Utilities										
Electric	95	190	127	116	62	68	76	86	84	76
Water/Sewer	6	936	278	44	18	20	17	23	17	17
Total Utilities	101	1,046	405	215	80	88	93	109	102	93
Payroll	457	1,331	951	939	902	589	744	1,083	1,074	700
Marketing	0	23	4	2	35	22	14	27	27	15
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	350
Total Operating Expenses	2,803	3,941	3,353	3,286	3,091	3,100	2,950	3,881	3,830	3,130

Note: columns with low, high, average, and median figures may not add to total

Source: *Property Managers; Crown Appraisal Group*

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

Pro Forma Operating Statement		<i>subject to restricted rents</i>	
Quail Village		<i>prospective</i>	
		30 units	Value 3
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	102.6%	\$5,179	\$155,376
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-155</u>	<u>-4,661</u>
Effective Rent	99.5%	5,024	150,715
Plus Other Revenue:			
Other Income	0.5%	25	750
Effective Gross Income	100.0%	5,049	151,465
Less: Operating Expenses			
Real Estate Taxes	5.7%	288	8,653
Insurance	5.3%	268	8,047
Repairs and Maintenance	9.9%	500	15,000
General and Administrative	6.8%	345	10,350
Management Fees	11.3%	570	17,111
Utilities			
Electric	1.5%	76	2,280
Water/Sewer	<u>0.3%</u>	<u>17</u>	510
Total Utilities	1.8%	93	2,790
Payroll	13.9%	700	21,000
Marketing	0.3%	15	450
Reserve	<u>6.9%</u>	<u>350</u>	<u>10,500</u>
Total Operating Expenses	62.0%	3,130	93,901
Net Operating Income	38.0%	1,919	57,564

Source: Crown Appraisal Group

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

It is noted that Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

Use of an overall rate from the conventional market, which reflects conventional financing, is appropriate because all favorable financing will be valued separately from the market value, subject to restricted rents, of the real estate.

The handbook also notes that there is additional value of RA (rental assistance) to the net operating income stream through reducing the risk of investment by improving the durability of the [rental] income stream (through the assistance of the rent subsidy). The handbook further recognizes that the overall rate can be adjusted downward to account for the reduced risk due to RA.

Before consideration of the ramifications of the RA units, an overall rate of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio).

Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

When the subject property has RA, the appraisal must include a discussion of the Section 521 Rental Assistance Program, the number of RA units at the subject, and how RA affects the market value, subject to restricted rents, of the property. Rental assistance is a rent subsidy provided to owners of 514/515 projects. The renter of an RA unit is required to pay a tenant contribution toward the approved shelter cost (rent plus tenant based utilities) of the unit that is equal to no more than 30 percent of his/her income. RA is the portion of the approved shelter cost paid by the Agency to compensate a borrower for the difference between the approved shelter cost and the tenant contribution. RA usually adds value to a 514/515 project in three ways: 1) it guarantees that the scheduled base rate rent for all occupied RA units will be attained; 2) it usually increases demand for the subject's units and consequently decreases the vacancy rate; and 3) it reduces the risk of investment in the subject project by improving the durability of the income stream. Rental assistance need not be separately valued; the value of RA can be incorporated within the market value, subject to restricted rents. This can be accomplished within the Income Approach by taking into account the three ways that RA increases value, listed above, as follows. 1) Base rate rents should be included as Potential Gross Income (PGI) in the restricted pro forma; 2) a vacancy and collection loss factor that reflects the amount of RA at the property should be included; and 3) a capitalization rate for the subject may be adjusted downward to account for the reduced risk to the investor due to RA.

Based on market participant attitudes and prior experience in the valuation of subsidized properties, overall capitalization rates for properties that have 100% subsidized tenancy typically are ± 100 basis points lower than the overall capitalization rates of similar properties than are market rate properties. This is due to market participant attitudes that view the income that is provided by a government funded source to be “safer” than income that is provided from market rate tenants.

When arriving at an opinion of the *Market Value of the fee simple estate, as conventional or unrestricted, subject to the short term leases as of the date of valuation* a weighted average technique is utilized to arrive at an overall capitalization rate conclusion. The weighted average technique take the relative “safeness” of the income streams attributable to the rental assistance and non rental assistance units at the property into consideration. The chart below summarizes the technique utilized to arrive at a final overall capitalization rate opinion.

Overall Capitalization Rate Selection				Value 3
				prospective
				subject to restricted rents
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	1	3.3%	6.75%	0.225%
Rental Assistance	29	96.7%	5.75%	5.558%
Total	30	100.0%		5.783%
Indicated OAR				5.78%

Source: *Crown Appraisal Group*

Recognizing that about 97% of the units have RA, an overall rate of 5.78% is selected as being appropriate to accurately reflect the risk characteristics arising from the subject income stream. Application of the rate to the pro forma net operating income is shown in the chart below.

Pro Forma Technique Value Conclusion		Value 3
Quail Village		prospective
		subject to restricted rents
Net Operating Income		\$57,564
Overall Capitalization Rate		<u>5.78%</u>
Value Conclusion		995,338
Rounded To:		\$995,000

Source: *Crown Appraisal Group*

Value 4, prospective, as conventional or unrestricted

As has been discussed, the prospective market value market value upon completion and as stabilized (unrestricted rents) assumes that the subject is operated as a conventional, market rate property.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by market rent.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit reserve expense.

Many of the parameters used in this valuation have been extensively discussed and analyzed. A summary of them follows.

<i>Quail Village</i>		<i>Value 4</i>
<i>Operating Expense Estimates</i>		<i>prospective</i>
		<i>as conventional or unrestricted</i>
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	288	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.
Insurance	268	Based on historic with support from market.
Repairs & Maintenance	400	Below historic; reflects the renovation as well as the recognition that the property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	250	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	76	Electric
	17	Water and sewer
Payroll	600	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense recognizes the renovation and is based on the probable cost if the property were operated as a market rate one.
Marketing	15	Above historic; market rate properties require a higher cost for marketing.
Reserve	250	Based on market participant attitudes reflecting the renovation.

The pro forma and value conclusion are below.

Quail Village								Value 4
Base Rent Revenue								prospective
								as conventional or unrestricted
	Total	% of	Size	Total	Market Rent			
	<u>Units</u>	<u>total</u>	<u>(rsf)</u>	<u>rsf</u>	<u>Rent/Month</u>	<u>Rent/sf</u>	<u>Monthly</u>	<u>Yearly</u>
1 Bed, 1 Bath	26	87%	653	16,978	\$490	\$0.75	\$12,740	\$152,880
2 Bed, 1 Bath	4	13%	803	3,212	\$550	0.68	2,200	26,400
Overall Totals/Averages	30	100%	673	20,190	498	0.74	14,940	179,280

Source: Crown Appraisal Group

Pro Forma Operating Statement				prospective
Quail Village				as conventional or unrestricted
				30 units
				Value 4
		<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue		104.8%	\$5,976	\$179,280
Less: Vacancy and Collection Loss @	5.0%	<u>-5.2%</u>	<u>-299</u>	<u>-8,964</u>
Effective Rent		99.6%	5,677	170,316
Plus Other Revenue:				
Other Income		0.4%	25	750
Effective Gross Income		100.0%	5,702	171,066
Less: Operating Expenses				
Real Estate Taxes		5.1%	288	8,653
Insurance		4.7%	268	8,047
Repairs and Maintenance		7.0%	400	12,000
General and Administrative		4.4%	250	7,500
Management Fees		5.0%	285	8,553
Utilities				
Electric		1.3%	76	2,280
Water/Sewer		<u>0.3%</u>	<u>17</u>	510
Total Utilities		1.6%	93	2,790
Payroll		10.5%	600	18,000
Marketing		0.3%	15	450
Reserve		<u>4.4%</u>	<u>250</u>	<u>7,500</u>
Total Operating Expenses		43.0%	2,450	73,493
Net Operating Income		57.0%	3,252	97,573

Source: Crown Appraisal Group

Pro Forma Technique Value Conclusion		Value 4
Quail Village		prospective
		as conventional or unrestricted
Net Operating Income		\$97,573
Overall Capitalization Rate		<u>6.75%</u>
Value Conclusion		1,445,519
Rounded To:		\$1,445,000

Source: Crown Appraisal Group

Cost Approach

Value 4, prospective, as conventional or unrestricted

The cost approach aggregates land value as if vacant, plus the cost to replace the existing improvements, less any accrued depreciation. The cost approach reflects value by recognizing that participants relate value to cost. Appraisal principles and concepts relating to this approach include substitution, supply and demand, balance, externalities, and highest and best use. Land valuation concepts and principles include anticipation, change, supply and demand, substitution, and balance. This approach provides an opinion of value principally based on the principle of substitution that states that:

No rational person would pay more for a property than that amount by which he or she can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility.

Methodology

The cost approach involves several steps (presented below) that have been employed to project the value of the subject:

- Comparable land sales are typically analyzed and adjusted to provide an estimate of the subject's site as if vacant.
- The improvement cost was projected using the Marshall Valuation Service.
- The amount of accrued depreciation or obsolescence (physical, functional and economic) has been projected and deducted from the replacement cost opinion.
- The depreciated replacement cost opinion is then added to the land value projected for the subject site.
- The sum of these opinions produces an indication of value by the cost approach.

Value 8, Land Value

Typically, land sales within the area are utilized to develop a land value. However, a search for comparable land sales in the subject's market area found insufficient results. The reality is that few properties have been acquired to construct new multi-family properties in this part of the state. This is understood through a review of the rent comparables – the newest of these was constructed in 1987 – 30 years ago.

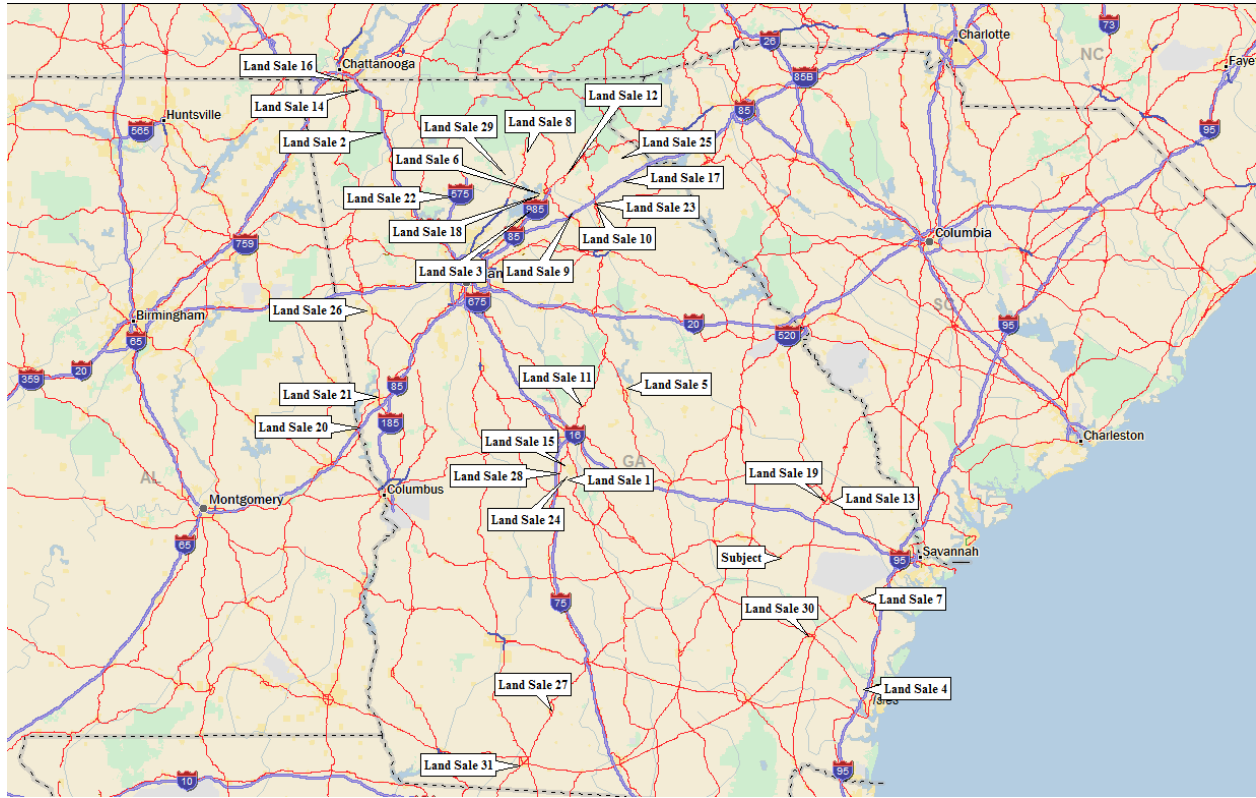
With the absence of comparable land sales, the appraiser is left with several alternative techniques. These include extraction, allocation, and a number of income capitalization methods such as land residual, ground rent capitalization, and discounted cash flow analysis.

Extraction and land residual methods have too many variables to be of use. (In part, improved sales are required, with an accurate knowledge of the contributory improvement value to those sales.) Ground rent capitalization is often used for properties that are ground leased. The discounted cash flow analysis is appropriate for subdivision development valuation. Neither of these are appropriate in this case.

Of the alternative techniques, allocation is left. As noted in The Appraisal of Real Estate, 14th edition, this technique is applicable when relatively few sales are available, which is certainly the case here. However, the same text notes that the allocation method does not produce credible value indications unless ample sales data is available. This commentary is somewhat ironic – after all, if ample sales data was available, the allocation method would not even be considered by the appraiser.

Allocation, though, incorporates the principles of balance and contribution. That is, market participants recognize there is a land value for property that is based on typical ratios that translates to specific value conclusions. To that end, the appraiser has worked on many multi-family developments and had discussion with many developers of those properties. In major MSA locations, developers are willing to pay \$10,000 per unit to \$15,000 per unit for sites to develop multifamily. For smaller MSAs, land costs are somewhat less. In rural settings, the appraiser has observed and developers have indicated prices of \pm \$1,000 up to \pm \$8,000 per unit. The range is understandably large due to the variables inherent in the specific attributes of the particular site in question.

The subject is part of a number of properties that were appraised at the same time period. The properties that comprise this portfolio share similar locational features as the subject. The majority of the properties are located in rural Georgia areas. In the course of valuing these properties, a number of land sales were uncovered. Though the sales are not all in the same county, they share a number of attributes similar to the subject. They are generally recent and they are in a generally similar (non-urban) locale. The map and sales are summarized below.



Georgia Land Sales Rural Counties

Sale	County	Location	City	Sale Date	Sale Price	Size (ac)	Sale Price/ac	# of Units	Sale Price/unit	Location Adjustment	Adjusted Price/unit	Buyer	Seller	Identification	Comments
1	Houston	725 SR 96	Warner Robins	Nov-16	\$ 75,000	12.450	\$ 6,024	72	\$ 1,042		\$ 938	The Laser Investment Group LLC	Sands East II Apartments Inc.	0W0980159000	Multi-Family
2	Whitfield	3432 Dug Gap Rd SW	Dalton	Nov-16	\$ 200,000	22.950	\$ 8,715					All Environmental Services, LLC	Jeanette S Longley	13-103-03-900	Commercial
3	Hall	5941 Lights Ferry Rd	Floresy Branch	Oct-16	\$ 882,000	18.680	\$ 47,216					Southern Heritage Elm Blks LLC	McGowan Family Farming Partnership	08118 901004A	Multi-Family-Commercial
4	Glynn	5999 SR 99	Braswell	Aug-16	\$ 280,000	26.000	\$ 10,769					LWD Properties LLC	Ameris Bank	03-23259	Multi-Family-Commercial
5	Baldwin	1963 N Jefferson St	Milledgeville	Aug-16	\$ 93,000	11.000	\$ 8,455					Dan Tomlin	First American Bank & Trust	088 003	Multi-Family-Commercial
6	Hall	2380 Spring Rd	Gainesville	Aug-16	\$ 645,000	10.120	\$ 63,735	101	\$ 6,386	-10%	\$ 5,748	Spring Road Group LLC	Henry B Humphries	08005 000042	Multi-Family-Commercial
7	Liberty	SEQ E Oglethorpe Hwy & McIntosh Lake Rd	Hinesville	May-16	\$ 299,000	5.660	\$ 52,827					Teramore Development LLC	Frier Land Holdings Inc.	101-039	Multi-Family
8	Lumpkin	Rock House Rd	Dahlonega	Dec-15	\$ 115,000	14.450	\$ 7,958					William Manson	RAD Enterprises 078-000-158-000	Multi-Family	
9	Jackson	915 Bill Wright Rd	Pendergrass	Nov-15	\$ 90,000	15.000	\$ 6,000					CBD Investments LLC	Rocio Woody Altmann	078-029	Multi-Family-Commercial
10	Jackson	970 State St	Commerce	Sep-15	\$ 350,000	12.000	\$ 29,167	48	\$ 7,292	-5%	\$ 6,927	Mason Manor LP	Olympia Construction Inc.	009-007C	Multi-Family
11	Jones	140 Senior Center Way	Gray	Aug-15	\$ 739,800	10.279	\$ 71,972	72	\$ 10,275	-25%	\$ 7,706	Water Tower Park Senior Village LP	Water Tower Park Investments	G07-00-037	Multi-Family
12	Hall	5108 Mountain View Pky	Lola	Aug-15	\$ 250,325	29.450	\$ 8,500					William N Turk	Dac Enterprises Inc.	09-0053-00-009	Multi-Family-Commercial
13	Bulloch	1881 S&S Railroad Bed Rd	Statesboro	May-15	\$ 579,000	38.600	\$ 15,000	176	\$ 3,290	-25%	\$ 2,467	Beacon Place Statesboro LLC	NA	107 000005 007	Multi-Family
14	Catoosa	Summer Breeze & Sunny Ln	Summersville	Apr-15	\$ 325,000	7.030	\$ 46,230	72	\$ 4,514	0%	\$ 4,514	Summer Breeze Park LP	Johany Coots & Dan Bradford	0023A080	Multi-Family-Commercial
15	Houston	316 Brasley Rd	Warner Robins	Dec-14	\$ 280,000	5.500	\$ 50,909					Brasley MPH LLC	Georgia A Oliver	0C026081000	Multi-Family-Commercial
16	Walker	Chickamauga Ave	Rossville	Oct-14	\$ 28,600	15.390	\$ 1,858					Daniel Bart	Stein Construction Co., Inc.	2005-034	Multi-Family-Commercial
17	Franklin	SWQ Commerce Rd & Cross Roads Ln	Carnesville	Oct-14	\$ 55,000	17.610	\$ 3,123					Judy H Clay	CBNA-GA LLC	028-043	Multi-Family-Commercial
18	Hall	1263 McEiver Rd	Gainesville	Sep-14	\$ 600,000	33.320	\$ 18,007					America's Home Place, Inc.	Benjamin M Smith 08-00015-09-008	Multi-Family-Commercial	
19	Bulloch	350 Rucker Ln	Statesboro	Jul-14	\$ 1,823,000	24.060	\$ 75,769	237	\$ 7,692	-25%	\$ 5,769	The Hamptons Statesboro LLC	Rucker Holdings LLC M552000004 000		Multi-Family
20	Troup	West St	Forest Park	Apr-14	\$ 515,400	8.590	\$ 60,000	80	\$ 6,443	-25%	\$ 4,832	Forest Mill Apartments, LP	West Point Village, LLC	094-4C-007-088	Multi-Family
21	Troup	911 N Greenwood St	Lagrange	Apr-14	\$ 175,000	7.900	\$ 22,152					Knight LLC	Margaret Ann Maglin	0611A009013A	Multi-Family-Commercial
22	Cherokee	30 Laurel Canyon Village Cir	Canton	Mar-14	\$ 2,162,000	50.550	\$ 42,770	350	\$ 6,177	-10%	\$ 5,559	Lifestyle at Laurel Canyon LLC	Laurel Canyon GP LLC	14-0135-0001	Multi-Family-Office
23	Jackson	NWQ Mt Olive Rd & Harden Orchard Rd	Commerce	Mar-14	\$ 77,000	26.130	\$ 2,947					KRM Properties, LLC	CBNA-GA LLC	020 009K	Multi-Family-Commercial
24	Houston	1133 S Houston Lake Rd	Warner Robins	Feb-14	\$ 145,000	13.370	\$ 10,845					KKLN Properties LLC	State Bank & Trust	0W1060 017000	Multi-Family-Commercial
25	Stephens	Turner Rd	Eastmanlee	Feb-14	\$ 37,600	28.800	\$ 1,306						Chomper Real Estate, LLC	045B-053	Multi-Family-Commercial
26	Carroll	1321 Vovoren Rd	Carrollton	Jul-13	\$ 495,000	14.780	\$ 33,491	120	\$ 4,125	-10%	\$ 3,713	Haven Campus Communities - Carrollton LLC	Yves W Heintzen	C08-0330227	Multi-Family-Commercial
27	Colquitt	2001 Tallahas Pointe Rd	Moultrie	May-13	\$ 325,000	9.130	\$ 35,597	68	\$ 4,779	0%	\$ 4,779	Tallahas Pointe Apartments LP	Lynn W Lasseter	C046 113	Multi-Family-Commercial
28	Houston	200 Crestview Church Rd	Warner Robins	Nov-12	\$ 1,120,000	28.000	\$ 40,000	224	\$ 5,000	-10%	\$ 4,500	Ashbury Parke Associates LLC	Houston Healthcare Properties Inc.	0W1200 101000	Multi-Family-Commercial
29	Dawson	2201 Perimeter Rd	Dawsonville	Jul-12	\$ 488,000	15.520	\$ 31,443	72	\$ 6,778	-10%	\$ 6,100	Farmington Woods LP	Daniel Louis Costantini	93041	Multi-Family
30	Wayne	1401 S 1st St	Jesup	May-12	\$ 284,200	11.660	\$ 24,374	44	\$ 6,459	-10%	\$ 5,813	Maria Senior Gardens LP	South Rincon Development Assoc	86A-9-1	Multi-Family
31	Thomas	1 Ashley Park Pl	Thomasville	Mar-12	\$ 293,750	25.610	\$ 11,470	84	\$ 3,497	0%	\$ 3,497	Ashley Park LLC	H & M Investment Group LLC	056 TH 022 N	Multi-Family

minimum	Mar-12	\$ 28,600	5.50	\$ 1,306	44	\$ 1,042	\$ 938
median	Oct-14	\$ 293,750	15.00	\$ 22,152	80	\$ 6,177	\$ 4,832
average	Nov-14	\$ 446,054	18.37	\$ 27,375	121	\$ 5,583	\$ 4,857
maximum	Nov-16	\$ 2,162,000	50.55	\$ 75,769	350	\$ 10,275	\$ 7,706

Source: County Records; Crown Appraisal Group

As can be seen, fifteen of the sales are proposed for multi-family development. The number of proposed units is shown in the chart above.

Analysis and Value Conclusion

As shown, the unadjusted comparable land sales indicate a sale price per unit of \$1,042 to \$10,275. The low end range is for a property is a rural town in central Georgia that is located to the rear of commercial properties with limited visibility. The upper end of the range is for a property located in close proximity to the Atlantic Ocean. These comparable sales have been adjusted for location. This narrows the adjusted sale price per unit range to \$938 - \$7,706 with an average of \$4,857. Due to the subject's location, a value near the low to middle of the range is considered appropriate.

The auditor's appraised land value is \$74,900 or \$2,497/unit. This is between the low to middle of the range from the comparable land sales. There is justification for using a value near the auditor's value conclusion, as the comparable land sales supports this figure.

A point value of \$2,500/unit is estimated for the subject land. This indicates an aggregate value of \$75,000 as of the date of valuation. This value is near the auditor's land value and between the low to middle of the range of the comparable sales.

Improvement Valuation

The Marshall Valuation service has been used to develop the replacement cost of the improvements. The chart below develops the improvement replacement cost, and the value via the cost approach.

<i>Improvement Value</i>							<i>Value 3</i>	
<i>Quail Village</i>							<i>prospective</i>	
							<i>subject to restricted rents</i>	
	Square feet	Unadjusted Cost/sf	Current Multiplier	Local Multiplier	Total Multiplier	Adjusted Cost/sf	Total Cost	
Multiple Residences, Sec. 12, Average/Good, Class D	20,190	84.55	1.04	0.86	0.89	75.62	1,526,798	
Additional buildings	368	84.55	1.04	0.86	0.89	75.62	<u>27,829</u>	
							Total Cost Estimate	
							1,554,627	
							Less: Depreciation	
							Effective Age	
							5	
							Economic Life	
							60	
							Depreciation	
							8.3%	
							Total Depreciation	
							<u>129,552</u>	
							Improvement Cost	
							1,425,075	
							Improvement Cost (rounded)	
							1,425,000	

Source: *Marshall Valuation; Crown Appraisal Group*

A base cost per square foot is developed. Adjustments are made for current and local multipliers; the adjusted cost is multiplied by the size of the improvements. After adjusting for the current and local cost multipliers, the undepreciated replacement cost estimate for the subject improvements is \$1,554,627.

Depreciation/Obsolescence Estimates for Improvements

A depreciated age-life method is used to estimate depreciation. There are two types of depreciation and/or obsolescence that need to be considered for the improvements. Physical deterioration and functional/economic obsolescence are considered. Following renovations, the improvements will be in good physical and functional condition. Marshall Valuation estimates the economic life of the improvements at 60 years. The effective age of the building (following renovations) is estimated at 5 years. Total depreciation of the subject improvements is estimated at 8.3% or \$129,552. The total depreciation is deducted from the undepreciated replacement cost opinion to arrive at a depreciated improvement cost opinion.

Entrepreneurial Incentive

Entrepreneurial incentive is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

A market derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk.

Typically, properties like the subject are constructed as investment properties. Entrepreneurs, or developers/builders, of these properties usually seek profit margins of 12% to 25%. Rather than develop an explicit opinion of entrepreneurial incentive, this item is considered in the Reconciliation and Final Value Opinion section of the report. The reasoning for the treatment of entrepreneurial incentive in this manner is that entrepreneurial incentive is, in reality, only realized as a result of how

well a particular property meets market [participant] attitudes. The reality is that the incentive may be less than anticipated by a developer, or may be more, depending upon the circumstances.

Conclusion

The cost approach value opinion is reached by adding the land value and depreciated improvement cost opinions. *The following value indication, before entrepreneurial incentive, is reached for the subject.*

<i>Cost Approach Summary</i>	<i>land value</i>	<i>Value 8</i>
<i>Quail Village</i>	<i>cost approach total</i>	<i>Value 3</i>
Land Value		\$75,000
Depreciated Improvement Cost		<u>1,425,000</u>
<i>Cost Approach Value Estimate (rounded)</i>		<i>1,500,000</i>
<i>before entrepreneurial incentive</i>		

Source: *Crown Appraisal Group*

Reconciliation and Final Value Opinion

The purpose of this assignment is to develop and report an opinion of value for Quail Village. The specific real property interest, real estate, and type of value have been detailed within the body of this report. The values developed by the approaches are summarized as follows:

<i>Reconciliation and Final Value Conclusions</i>				
<i>Quail Village</i>				
	Value 1	Value 2-RD	Value 3	Value 4
	<u>as conventional or unrestricted</u>	<u>subject to restricted rents</u>	<u>prospective</u>	<u>prospective</u>
			<u>subject to restricted rents</u>	<u>as conventional or unrestricted</u>
Income Capitalization Approach	1,080,000	970,000	995,000	1,445,000
Sales Comparison Approach	1,170,000	n/a	n/a	n/a
Cost Approach before entrepreneurial incentive	n/a	n/a	1,500,000	n/a

Source: *Crown Appraisal Group*

The methodology and applicability of each approach has been previously explained.

Value 1

The income capitalization approach is the primary approach, with support from the sales comparison approach.

Value 2-RD

The income capitalization approach is the only approach considered applicable.

Value 3

The income capitalization approach is the primary approach, with support from the cost approach.

Value 4

The income capitalization approach is the primary approach, with support from the cost approach.

Therefore, based upon the analyses and conclusions contained within this report and subject to the assumptions and limiting conditions contained herein, the value opinions, as of the respective dates of valuation are:

<i>Value Opinions</i>	<u>Date of Value</u>	<u>Value</u>
<i>Value 1 - as conventional or unrestricted</i>	January 25, 2017	\$1,080,000
<i>Value 2-RD - subject to restricted rents</i>	January 25, 2017	\$970,000
<i>Value 3 - prospective, subject to restricted rents</i>	February 1, 2019	\$995,000
<i>Value 4 - prospective, as conventional or unrestricted</i>	February 1, 2019	\$1,445,000

Interest Credit Subsidy Value Opinion

Value 5

Interest credit is a form of federal assistance available to eligible borrowers that reduces the effective interest rate of a loan. The USDA Rural Housing Service (RHS or RD) offers direct loans with favorable terms for affordable housing in the Rural Rental Housing Program and the Farm Labor Housing Program. The 515 loan falls within this program. In this case, Section 515 permanent loans for new construction and subsequent loans for rehabilitation include interest rates as low as 1 percent. These loans are made at a “note rate” of interest, but a “basic rate” of interest to the borrower is typically 1 percent. A monthly mortgage payment is calculated at the note rate of interest, and the loan is amortized at the note rate of interest, but the borrower's actual mortgage payment is based on the basic rate of 1 percent. The difference between the note rate payment and the basic rate payment is the *interest credit*. The borrower is effectively subsidized with an income stream represented by the monthly *interest credit* that is available for the term of the loan.

In appraisals of Section 515 and Section 538 funded properties, valuation of the *interest credit subsidy* (favorable financing) is part of the assignment when the *market value, subject to restricted rents*, must be concluded. When *interest credit subsidy* is the only favorable financing involved, the security value, on which the loan is based, has two components: 1) the *market value, subject to restricted rents*, of the real estate, and 2) the value of the *interest credit subsidy*.

The value of the *interest credit subsidy* from RD direct loans on most existing properties can be calculated by subtracting the monthly debt service at the below-market rate of interest from the monthly payment at the current rate offered for conventional loans and discounting the difference by the current conventional interest rate over the remaining loan term. For the subject, interest credit subsidy values are calculated for the existing Section 515 loan, the subsequent “new” 515 loan (the existing 515 loan that is rewritten with new terms), and the new Section 538 loan. These calculations are as of the [unrenovated] date of valuation and are summarized in the following chart:

Interest Credit Subsidy Valuation			
Existing Section 515 Loan/Restated 515 Loan Terms			
Quail Village			
Value 5			
Existing/Restated 515 Loan		New 538 Loan	
Existing Lender's Terms (market rate)			
Principal Balance of	December 22, 2017	\$760,197	
Conventional Loan Interest Rate		5.250%	
Term of Existing Section 515 Loan (years)		30	
Loan Monthly Payment		\$4,198	
Restated Section 515 Loan Terms			
Principal Balance		\$760,197	
Interest Rate		1.000%	
Term (years)		50	
Section 515 Loan Monthly Payment		\$1,611	
Monthly Savings from Below Market Financing		\$2,587	
Present Value of Monthly Savings from Below Market Financing		\$468,539	
Note Rate		3.000%	
Monthly Payment at Note Rate		\$2,448	
Future Value of Balloon Payment		\$441,340	
Present Value of Balloon Payment		\$91,675	
Value of Interest Credit Subsidy		\$376,864	
Existing Section 515 Loan Interest Credit Subsidy Value (Rounded)		\$375,000	
Market Rate			
Principal Balance		\$159,000	
Conventional Loan Interest Rate		5.250%	
Term (years)		30	
Conventional Loan Monthly Payment		\$878	
Section 538 Loan Terms			
Principal Balance		\$159,000	
Interest Rate		4.500%	
Term (years)		40	
Section 538 Loan Monthly Payment		\$715	
Monthly Savings from Below Market Financing		\$163	
Present Value of Monthly Savings		\$29,554	
Value of Interest Credit Subsidy		\$29,554	
New Section 538 Loan Interest Credit Subsidy Value (Rounded)		\$30,000	

Source: Greystone; Crown Appraisal Group

LIHTC Value Opinion

Value 6

An annual LIHTC of \$75,370 is anticipated to be granted for the acquisition and rehabilitation of the subject. This low income housing tax credit will be granted annually over a 10-year term. The overall net sum of the LIHTC to the ownership entity of the subject over the 10-year term is \$753,700. The tax credits reduce the owner’s tax liability. Thus, they have value to the owner. The tax credits can be transferred if the seller guarantees that the transfer will still maintain the LIHTC requirements.

Current LIHTC Market

Not surprising, LIHTC pricing has not remained static. In this case, according to the seller’s representative, the purchase of the tax credits will be at \$1.35 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

Value of Tax Credits

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$1.35 per tax credit. The value is shown below.

<i>LIHTC Analysis</i>		<i>Quail Village Value 6</i>	
<u>Period</u>			
Annual Tax Credits		75,370	
Years		<u>10</u>	
Total Tax Credits		753,700	
Total Pricing		1.35	
			Value of Tax Credits 1,017,393

Source: *Crown Appraisal Group*

State Tax Credits

An annual state tax credit of \$75,370 is anticipated to be granted for the acquisition and rehabilitation of the subject. This state tax credit will be granted annually over a 10-year term. The overall net sum of the state tax credit to the ownership entity of the subject over the 10-year term is \$753,700. The tax credits reduce the owner’s tax liability. Thus, they have value to the owner. The tax credits can be transferred.

In this case, according to the seller’s representative, the purchase of the tax credits will be at \$0.45 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$0.45 per tax credit. The value is shown below.

<i>State Tax Credit Analysis</i>		<i>Quail Village Value 6</i>
<u>Period</u>		
Annual Tax Credits		75,370
Years		<u>10</u>
Total Tax Credits		753,700
Total Pricing		0.45
	Value of Tax Credits	339,131

Source: *Crown Appraisal Group*

Insurable Value Opinion

Value 7

The insurable value opinion is shown below. The insurable value opinion is based on Marshall Valuation Service figures. The reported cost is the opinion to replace the improvements described within this report with improvements of generally similar utility (physical condition, quality, and functionality), under the assumption that the improvements need to be completely replaced for insurance coverage purposes.

<i>USDA Rural Development</i>		<i>Value 7</i>	
<i>Insurable Value Calculation</i>			
Property Name	Quail Village		
Street Address	199 Memorial Drive		
City, County, State, Zip	Reidsville, Tattnall County, Georgia 30453		
Base Cost			
Main Structure/sf			84.55
Sprinkler/sf			0.00
Other/sf			0.00
Adjustments and/or Multipliers	1.04 current cost	0.86 local cost	0.89
Total Base Cost per square foot			75.62
Building Area square footage			20,558
Total Replacement Cost New			1,554,627
Exclusions			
	<u>per sf</u>	<u>percent</u>	
Excavations	0.00	0.0%	0
Foundations	2.65	3.5%	54,412
Site Work	0.00	0.0%	0
Site Improvements	0.00	0.0%	0
Architect's Fees	0.00	0.0%	0
Underground Piping	<u>0.00</u>	<u>0.0%</u>	<u>0</u>
Total Exclusions	2.65	3.5%	54,412
Inclusions			
	<u>per unit</u>	<u>units</u>	
Appliance Packages	750	30	22,500
Patios/Balconies	250	30	7,500
Total Inclusions			30,000
Concluded Insurable Value			
Total Replacement Cost New			1,554,627
Less Total Exclusions			54,412
Plus Total Inclusions			30,000
Concluded Insurable Value			1,530,215

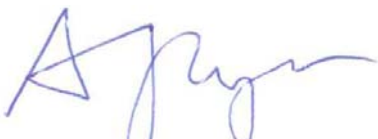
Source: *Marshall Valuation; Crown Appraisal Group*

Certification

Andrew J. Moye

The undersigned hereby certifies that, to the best of his knowledge and belief, or as otherwise noted in the report:

- 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my 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 the stipulated results, or the occurrence of a subsequent event directly related to the intended user of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the person signing this certification.



Andrew J. Moye, MAI, AI-GRS

ADDENDUM



Front



Rear



Family Room



Bedroom



Kitchen



Bathroom

PROJECT WORKSHEET FOR CREDIT AND RENTAL ASSISTANCE

(SERVICING OFFICE USE ONLY)

PART I	1. Date Received in the Servicing Office:	
2. Borrower Name:	3. Case Number :	4. Project Number :
5. Location of Project:	6. Report for the month of :	
7. Kind of Loan :	8. Plan of Operation:	
RRH	Full Profit	Plan II
RCH	Plan I	Plan II RA
LH	Section 8*	Plan RA
Direct RRH	Plan II (w/Sec. 8)	

9. Loan No.:	10. Loan Paymt.:	11. Overage/ Surcharge:	12. Total Due:	RENTAL ASSISTANCE	
				18. RA Agreement Number(s):	19. No. of Units Receiving RA This Month:
		Late Fees :	13.	20. Obligation Balance Brought Forward:	
		Total Payment Due:	14.		
		Less #21:	15.	21. Rental Assistance Requested this month:	
		Net Payment Due:	16.		
		Net Payment Remitted:	17.	22. Remaining Obligation Balance :	

Use Only for Projects with New Construction	23.		Section 8 Units x	24.	=	25.
Section 8 Units when HUD rent exceeds note rate rent .	26.		Section 8 Units x :	<i>HUD Rent</i>	=	28.
				<i>RHS Note Rate Rent</i>		29.
ADDITIONAL PAYMENT TO RESERVE ACCOUNT						

In accordance with Rural Housing Service formula and procedures, all rental units are occupied by households who have executed Form 1944-8 , "Tenant Certification" and are farm workers if this is the Labor Housing Project or if this is the Rental Housing Project, have incomes within the limitations as set forth in Rural Development regulations or the Project has written permission from RHS to rent to ineligible occupants on a temporary basis.

I certify that the statements made above and in Part II are true to the best of my knowledge and belief and are made in good faith.

WARNING: Section 1001 of Title 18, United States code provides; "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same or contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than 5 years, or both.

30. _____
Date

31. _____
Signature - Borrower or Borrower's Representativ

*Includes previous Plan I S 8.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this collection is 0575-0033. The time required to complete this information collection is estimated to average 40 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

QUAIL VILLAGE: HISTORICAL OPERATING EXPENSES

	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget	Post Rehab Pro Forma
Maintenance & Repairs							
R & M Payroll	-	11,600.00	3,000.00	7,637.32	-	13,548.11	13,954.00
R & M Supply	-	2,161.94	9,019.78	4,966.87	-	8,160.00	2,692.00
R & M Contract	-	990.81	-	-	-	200.00	165.00
Decorating / TO Painting	-	1,637.29	476.77	817.18	-	1,200.00	489.00
Snow Removal	-	-	-	-	-	-	-
Elevator Maintenance	-	-	-	-	-	-	-
Grounds	-	8,920.00	9,210.00	10,019.15	-	12,833.33	11,375.00
Services / Extermination	-	3,180.00	1,847.00	947.44	-	5,200.00	3,360.00
Capital Improvements (Operations)	-	1,784.24	3,651.50	-	-	-	500.00
Other - R&M Expenses (DESCRIBE)	-	24.28	-	-	-	-	-
Subtotal	-	30,298.56	27,205.05	24,387.96	-	41,141.45	32,535.00
Utilities							
Electricity	-	1,867.72	2,038.81	2,293.36	-	2,600.00	2,525.00
Water	-	393.65	464.88	361.97	-	480.00	480.00
Sewer	-	141.67	137.58	146.57	-	216.00	216.00
Fuel	-	-	-	-	-	-	-
Trash Removal	-	130.20	135.72	163.94	-	192.00	192.00
Other - Utilities (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	2,533.24	2,776.99	2,965.84	-	3,488.00	3,413.00
Administrative							
Site Management Payroll	-	12,900.00	12,965.39	10,692.30	-	14,224.72	14,652.00
Management Fee	-	15,263.50	15,664.00	15,640.00	-	16,920.00	17,640.00
Accounting	-	4,550.00	4,550.00	6,300.00	-	7,700.00	6,075.00
Audit	-	-	237.09	-	-	-	-
Legal	-	-	-	-	-	-	-
Advertising	-	1,048.00	668.00	411.99	-	833.73	834.00
Telephone	-	1,517.38	1,618.40	1,620.44	-	1,740.00	1,800.00
Office Supplies	-	1,480.20	1,186.54	1,782.63	-	1,526.67	1,783.00
Office Furniture & Equipment	-	-	-	-	-	-	-
Training	-	563.06	20.30	65.00	-	100.00	416.00
Health Insurance & Other Benefits	-	-	-	1,317.70	-	1,176.99	4,189.00
Payroll Taxes	-	2,099.01	1,500.22	1,699.61	-	2,777.52	2,391.00
Workman's Compensation	-	445.96	176.81	967.41	-	715.94	802.00
Other - Administrative (DESCRIBE)	-	824.31	930.98	713.52	-	744.00	1,036.00
Subtotal	-	40,691.42	39,517.73	41,210.60	-	48,459.57	51,618.00
Taxes & Insurance							
Real Estate Taxes	-	12,811.66	13,397.07	9,001.31	-	16,076.40	10,802.00
Special Assessments	-	-	404.40	2,579.66	-	600.00	472.00
Misc Taxes, Licenses & Permits	-	216.82	143.03	358.90	-	560.00	432.00
Property & Liability Insurance	-	6,146.00	9,539.93	8,003.24	-	7,854.00	8,952.00
Fidelity Coverage Insurance	-	20.91	20.01	-	-	33.33	33.00
Other - Insurance (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	19,195.39	23,504.44	19,943.11	-	25,123.73	20,691.00
TOTAL OPERATING EXPENSES	-	92,718.61	93,004.21	88,507.51	-	118,212.75	108,257.00

QUAIL VILLAGE: HISTORICAL OPERATING STATEMENT

	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget
1. Rental Income	-	46,810.00	53,911.00	46,096.00	-	150,672.00
2. RHS Rental Assist. Received	-	86,635.00	85,328.00	94,766.00	-	-
3. Application Fees	-	250.00	250.00	165.00	-	-
4. Laundry and Vending Income	-	-	-	-	-	300.00
5. Interest Income	-	169.65	68.58	3.22	-	4.00
6. Tenant Charges	-	12.00	913.99	515.00	-	513.33
7. Other - Project Sources	-	15.96	-	-	-	-
8. Less (Vcncy @ Cntgncy Allw)	-	-	-	-	-	-
9. Less (Agncy Aprvd Incentv)	-	-	-	-	-	-
10. Sub-Ttl [(1 thru 7) - (8@9)]	-	133,892.61	140,471.57	141,545.22	-	151,489.33
11. Cash - Non Project	-	-	-	-	-	-
12. Authorized Loan (Non-RHS)	-	-	-	-	-	-
13. Transfer From Reserve	-	9,123.93	594.00	-	-	43,106.67
14. Sub-Total (11 thru 13)	-	9,123.93	594.00	-	-	43,106.67
15. Total Cash Sources (10+14)	-	143,016.54	141,065.57	141,545.22	-	194,596.00
16. Total O&M Exp (From Part II)	-	92,718.61	93,004.21	88,507.51	-	118,212.75
17. RHS Debt Payment	-	22,761.48	22,761.48	13,351.05	-	22,761.12
18. RHS Payment (Overage)	-	-	-	-	-	-
19. RHS Payment (Late Fee)	-	-	-	-	-	-
20. Reductn In Prior Yr Pybles	-	-	-	-	-	-
21. Tenant Utility Payments	-	-	-	-	-	-
22. Transfer to Reserve	-	9,080.70	13,434.26	-	-	-
23. RTN Owner / NP Asset Mgt Fee	-	-	-	1,102.00	-	2,939.73
24. Sub-Total (16 thru 23)	-	124,560.79	129,199.95	102,960.56	-	143,913.61
25. Authzd Debt Pymnt (NonRHS)	-	-	-	-	-	-
26. Capital Budget (III 4-6)	-	9,123.93	594.00	-	-	43,106.67
27. Miscellaneous	-	-	-	1,102.00	-	-
28. Sub-Total (25 thru 27)	-	9,123.93	594.00	1,102.00	-	43,106.67
29. Total Cash Uses (24+28)	-	133,684.72	129,793.95	104,062.56	-	187,020.27
30. Net (Deficit) (15-29)	-	9,331.82	11,271.62	37,482.66	-	7,575.73
31. Beginning Cash Balance	-	6,549.26	15,853.08	-	-	-
32. Accrual To Cash Adjustment	-	(28.00)	(1,396.34)	-	-	-
33. Ending Cash Balance	-	15,853.08	25,728.36	37,482.66	-	7,575.73



United States Department of Agriculture

December 28, 2015

Mr. Martin H. Petersen
Hallmark Management Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: Quail Village, LP (Quail Village Apts.)
2016 Proposed Budget

The above document has been reviewed and approved by our office. This is effective January 1, 2016.

The following items are noted:

1. The reserve account is on track.
2. Property appears to be well maintained.
3. Management Fee is approved at \$47.00 POU/MONTH.

Please call our office if you have any questions.

SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Manager
USDA/Rural Development

Enclosures

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/ga/>
Voice (478) 934-6392, Ext 111 • TDD (770) 253-2555 • Fax (478) 934-2597

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United States Department of Agriculture

December 28, 2015

Mr. Martin H. Petersen
Hallmark Mgmt. Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: RENT INCREASE and UTILITY ALLOWANCE CHANGE

You are hereby notified **QUAIL VILLAGE LP; D/B/A QUAIL VILLAGE APTS** project(s), and considered all justifications provided by project management [and comments provided by tenants]. The Rural Development has approved the following rent (occupancy charge) and/or utility allowance rates listed below. The changes for all units will become effective on **JANUARY 1, 2016** or later effective date in accordance with state or local laws.

The change is needed for the following reasons: Increase in Operating Costs and Change in actual utility costs.

The approved changes are as follows:

Unit Size	Present Rent (Occupancy Charge)		Approved Rent (Occupancy Charge)	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	\$416	\$571	\$436	\$591
2-Bedroom	\$430	\$585	\$450	\$605

The approved utility allowance changes are as follows:

Unit Size	Present Utility Allowance	Approved Utility Allowance
1-Bedroom	\$112	\$123
2-Bedroom	\$153	\$160

Should you have any questions or concerns, you may contact Rural Development. The Rural Development Servicing Office address is: 703 East Ward St., Douglas, GA 31533.

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/ga/>
Voice (478) 934-6392, Ext 111 • TDD (770) 253-2555 • Fax (478) 934-2597

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

You must notify the tenants (members) of Rural Development's approval of the rent (occupancy charge) and utility allowance changes by posting this letter in the same manner as the "NOTICE TO TENANTS (MEMBERS) OR PROPOSED RENT (OCCUPANCY CHARGE) AND UTILITY ALLOWANCE CHANGE." This notification must be posted in a conspicuous place and cannot be substituted for the usual written notice to each individual tenant (member).

This approval does not authorize you to violate the terms of any lease (occupancy agreement) you currently have with your tenants (members).

For those tenants (members) receiving rental assistance (RA), their costs for rent (occupancy charge) and utilities will continue to be based on the higher of 30 percent of their adjusted monthly income or 10 percent of gross monthly income or if the household is receiving payments for public assistance from a public agency, the portion of such payments which is specifically designated by that agency to meet the household's shelter cost. If tenants are receiving Housing and Urban Development (HUD) Section 8 subsidy assistance, their costs for rent and utilities will be determined by the current HUD formula.

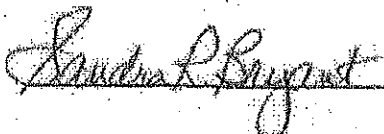
You may file an appeal regarding the rate and utility allowance change as approved. An appeal must be received in the Regional Office no later than 30 calendar days after receipt of the adverse decision. The appeal should state what agency decision is being appealed and should include, if possible, a copy of the adverse decision and a brief statement of why the decision is wrong. A copy of the appeal request should be sent to the agency.

You must inform the tenants (members) of their right to request an explanation of the rate and utility allowance change approval decision within 45 days of the date of this notice by writing to (Ricky P. Sweat, A.D., USDA/RD, 703 East Ward St., Douglas, GA 31533). All tenants (members) are required to pay the changed amount of rent (occupancy charge) as indicated in the notice of approval.

Any tenant who does not wish to pay the Rural Development approved rent changes may give the owner a 30-day notice that they will vacate. The tenant will suffer no penalty as a result of this decision to vacate, and will not be required to pay the changed rent.

However, if the tenant later decides to remain in the unit, the tenant will be required to pay the changed rent from the effective date of the changed rent.

Sincerely,



SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Director
USDA/Rural Development

Proposed Budget

Project Name:	QUAIL VILLAGE APT
Borrower Name:	QUAIL VILLAGE LP
Borrower ID and Project No:	505692664 01-0
Date of Operation:	03/10/1994

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,896.79

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

I hereby request ___ units of RA. Current number of RA units ___ 29 ___.

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	150,432.00		157,632.00	
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	300.00		300.00	
5. Interest Income	139.99		3.00	
6. Tenant Charges	745.00		395.00	
7. Other - Project Sources	0.00		0.00	APP FEES
8. Less (Vcnry @ Cntgncy Allw)	-4,500.00		-6,960.00	
9. Less (Agncy Aprvd Incentv)	0.00		0.00	
10. Sub-Ttl [(1 thru 7) - (8+9)]	147,116.99		151,370.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	33,391.00		32,330.00	
14. Sub-Total (11 thru 13)	33,391.00		32,330.00	
15. Total Cash Sources (10+14)	180,507.99		183,700.00	
Operational Cash Uses				
16. Ttl O&M Exp (From Part II)	110,748.81		116,440.21	
17. RHS Debt Payment	22,761.48		22,761.12	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn In Prior Yr Pybles				
21. Tenant Utility Payments				
22. Transfer to Reserve	8,909.04		8,909.04	
23. RTN Owner/NP Asset Mgt Fee	2,204.80		2,204.80	
24. Sub-Total (16 thru 23)	144,624.13		150,315.17	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-6)	33,391.00		32,330.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	33,391.00		32,330.00	
29. Total Cash Uses (24+28)	178,015.13		182,645.17	
30. Net (Deficit) (15-29)	2,492.86		1,054.83	
Cash Balance				
31. Beginning Cash Balance	14,232.00		0.00	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	16,724.86		1,054.83	

Proposed Budget

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART II - O&M EXPENSE SCHEDULE				
1. Maint. @ Repairs Payroll	13,175.76		13,570.18	
2. Maint. @ Repairs Supply	6,065.00		8,045.00	
3. Maint. @ Repairs Contract	150.00		150.00	
4. Painting	1,200.00		1,200.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	10,575.00		12,475.00	
8. Services	2,160.00		4,210.00	
9. Cptl Bqt (Part V operating)	3,030.00		950.00	
10. Other Operating Expenses	0.00		0.00	
11. Sub-Ttl O&M (1 thru 10)	36,355.76		40,600.18	
12. Electricity	2,215.00		2,575.00	
13. Water	960.00		480.00	
14. Sewer	186.00		216.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	156.00		192.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	3,517.00		3,463.00	
19. Site Management Payroll	13,797.43		14,224.72	
20. Management Fee	16,560.00		16,920.00	
21. Project Auditing Expense	4,550.00		5,775.00	
22. Proj. Bookkeeping/Accting	0.00		0.00	
23. Legal Expenses	0.00		0.00	
24. Advertising	816.96		816.96	
25. Phone @ Answering Service	1,740.00		1,740.00	
26. Office Supplies	1,765.00		1,545.00	
27. Office Furniture @ Equip.	0.00		0.00	
28. Training Expense	425.00		425.00	
29. Hlth Ins. @ Other Benefits	2,418.00		1,331.21	
30. Payroll Taxes	2,585.85		2,631.75	
31. Workmans Compensation	750.82		718.74	
32. Other Admin. Expenses	970.00		1,234.00	MILEAGE, CREDIT CHK, BANK CHG
33. Sub-Ttl Admin (19 thru 32)	46,379.06		47,362.38	
34. Real Estate Taxes	15,373.99		16,076.40	
35. Special Assessments	550.00		550.00	
36. Othr Taxes, Lcnse, Permts	420.00		420.00	BUSINESS+SOFTWARE LIC
37. Property @ Liability Ins.	8,128.00		7,943.25	
38. Fidelity Coverage Ins.	25.00		25.00	
39. Other Insurance	0.00		0.00	
40. Sub-Ttl Tx/In (34 thru 39)	24,496.99		25,014.65	
41. Ttl O&M Exps (11+18+33+40)	110,748.81		116,440.21	

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART III - ACCT BUDGET/STATUS				
Reserve Account				
1. Beginning Balance	50,273.80		58,744.86	
2. Transfer to Reserve	8,909.04		8,909.04	
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	33,391.00		32,330.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	33,391.00		32,330.00	
8. Ending Balance [(1+2)-7]	25,791.84		35,323.90	
General Operating Account				
Beginning Balance				
Ending Balance				
Real Estate Tax And Ins Escrow				
Beginning Balance				
Ending Balance				
Tenant Security Deposit Acct				
Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	60,684.62
Number of Applicants Needing RA		Amount Ahead/Behind	14,746.44

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE: 01/01/2015

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			4	430	585	0	20,640	28,080	0	153
N	1	All			26	416	571	0	129,792	178,152	0	112
CURRENT RENT TOTALS									150,432	206,232	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2015

Unit Description						Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow	
N	2	All			99	0	21	10	2	153	
N	1	All			72	0	13	12	2	112	

B. PROPOSED CHANGE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			4	450	605	0	21,600	29,040	0	160
N	1	All			26	436	591	0	136,032	184,392	0	123
PROPOSED RENT TOTALS									157,632	213,432	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description						Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow	
N	2	All			92	0	28	10	2	160	
N	1	All			63	0	24	10	2	123	

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2015	01/01/2016	01/01/2015	01/01/2016	01/01/2015	01/01/2015	01/01/2015
Ending Dates:	12/31/2015		12/31/2015		12/31/2015	12/31/2015	12/31/2015
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	3	1,000.00	0.00	500.00	0.00	0.00	0
Appliances - Refrigerator	3	800.00	0.00	450.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	4	2,030.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	2	2,000.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	2	5,000.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	18,000.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2015	01/01/2016	01/01/2015	01/01/2016	01/01/2015	01/01/2015	01/01/2015
Ending Dates:	12/31/2015		12/31/2015		12/31/2015	12/31/2015	12/31/2015
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	3,500.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	32,330.00	0.00	950.00	0.00	0.00	0

Project Name: QUAIL VILLAGE APT	State: 11	Servicing Office: 606	County: 32
Borrower Name: QUAIL VILLAGE LP	Borr ID: 505692664	Prj Nbr: 01-0	Paid Code: Active
Classification: C	Fiscal Year: 2016	Version: 01/01/2016 TRANSMITD	Totals: By Project Analyzed: N

Part VI - SIGNATURES, DATES AND COMMENTS

Warning	Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.
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I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

_____	<u>HALLMARK GROUP REAL ESTATE</u>	<u>MA202860</u>
(Date Submitted)	(Management Agency)	(MA#)

_____	_____
(Date)	(Signature of Borrower or Borrower's Representative)

<u>Sandra R. Bryant</u>	(Title)
Agency Approval (Rural Development Approval Official):	<u>12-15-15</u>
<u>Area Specialist</u>	(Date)

Project Name: QUAIL VILLAGE APT	State: 11	Servicing Office: 606	County: 32
Borrower Name: QUAIL VILLAGE LP	Borr ID: 505692664	Prj Nbr: 01-0	Paid Code: Active
Classification: C	Fiscal Year: 2016	Version: 01/01/2016 TRANSMITD	Totals: By Project Analyzed: N

SPVS Comment:

Batched/ II 092515

Narrative:

BUDGET NARRATIVE PROJECT NAME Quail Village Apartments BORROWER NAME Quail Village LTD BORROWER ID AND PROJECT NO 11-032-505692664-01-0 □ Quail Village isa 30 unit elderly community located in Reidsville, Georgia. In 2015 the property has maintained a 95% average occupancy. □ At this time the property is financially sound and has not experienced any changes that would contribute to any financial difficulties. □ Expenses exceed the gross revenue threshold due to the continuing rise of administrative cost, health care, and maintenance expenses. □ We will continue to replace carpet, vinyl, stoves, etc. on an as needed basis. It is expected the following will be replaced in 2016 - \$32,330 will be paid from the reserve account which includes □ 2 carpets, 2 vinyl, 2 refrigerators, 2 stoves, 2 HVAC units, 2 Furnaces/Heating units, Concrete Paving Repairs, and 1 roof. The remaining \$950 will be replaced from the operating account which includes - 1 refrigerator, 1 stove. □ Replacement for 2017 through 2019 is as follows 2017- 1 stove, 2 carpets, and 3 water heaters, 2 HVAC units, 1 roof. 2018- 2 stoves, 3 refrigerators, 3 carpets, 3 water heaters, 2 HVAC units, 1 roof 2019 □ 2 stoves, 2 refrigerators, 4 carpets, 3 water heaters, 2 HVAC units. □ We are requesting a \$20.00 rent increase due to rising cost of maintenance and administrative cost. □ There is no additional documentation necessary for the Agency to establish that applicable Agency requirements have been met.



United States Department of Agriculture

VIA EMAIL ONLY

December 2, 2016

Mr. Martin H. Petersen
Hallmark Management Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: Quail Village LP (Quail Village Apts.)
2017 Proposed Budget

The above document has been reviewed and approved by our office. This is effective January 1, 2017.

The following items are noted:

1. The reserve account is on track and ahead of schedule.
2. The property is well maintained.
3. Management Fee is approved at \$49.00 POU/Month.

Please call our office if you have any questions.

SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Manager
USDA/Rural Development

Enclosures

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/qa/>
Voice (912)384-4811, Ext 127 • TDD (770) 253-2555 • Fax (855)546-2690

USDA is an equal opportunity provider and employer.
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Proposed Budget

Project Name:	QUAIL VILLAGE APT
Borrower Name:	QUAIL VILLAGE LP
Borrower ID and Project No:	505692664 01-0
Date of Operation:	03/10/1994

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,896.79

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

I hereby request ___ units of RA. Current number of RA units 29 .

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	157,632.00		157,632.00	
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	300.00		0.00	
5. Interest Income	3.00		3.00	
6. Tenant Charges	395.00		370.00	
7. Other - Project Sources	0.00		0.00	
8. Less (Vncy @ Cntgncy Allw)	-6,960.00		-7,872.00	
9. Less (Agency Aprvd Incentv)	0.00		0.00	
10. Sub-Ttl [(1 thru 9)-(809)]	151,370.00		150,133.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	32,330.00		29,205.00	
14. Sub-Total (11 thru 13)	32,330.00		29,205.00	
15. Total Cash Sources (10+14)	183,700.00		179,338.00	
Operational Cash Uses				
16. TEL O&M Exp (From Part II)	116,440.21		114,894.86	
17. RHS Debt Payment	22,761.12		22,761.12	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn In Prior Yr Pymts				
21. Tenant Utility Payments				
22. Transfer to Reserve	8,909.04		8,909.04	
23. RTN Owner/HP Asset Mgt Fee	2,204.80		2,204.80	
24. Sub-Total (16 thru 23)	150,315.17		148,769.82	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-6)	32,330.00		29,205.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	32,330.00		29,205.00	
29. Total Cash Uses (24+28)	182,645.17		177,974.82	
30. Net (Deficit) (15-29)	1,054.83		1,363.18	
Cash Balance				
31. Beginning Cash Balance	0.00		22,000.00	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	1,054.83		23,363.18	

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART II - O&M EXPENSE SCHEDULE				
1. Maint. @ Repairs Payroll	13,570.18		10,694.48	
2. Maint. @ Repairs Supply	8,045.00		8,730.00	
3. Maint. @ Repairs Contract	150.00		150.00	
4. Painting	1,200.00		1,100.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	12,475.00		11,375.00	
8. Services	4,210.00		3,260.00	
9. Cptl Bgt (Part V operating)	950.00		5,610.00	
10. Other Operating Expenses	0.00		0.00	
11. Sub-Ttl O&M (1 thru 10)	40,600.18		41,019.48	
12. Electricity	2,575.00		2,525.00	
13. Water	480.00		420.00	
14. Sewer	216.00		100.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	192.00		192.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	3,463.00		3,317.00	
19. Site Management Payroll	14,224.72		14,130.24	
20. Management Fee	16,920.00		17,640.00	
21. Project Auditing Expense	5,775.00		5,013.75	
22. Proj. Bookkeeping/Accounting	0.00		0.00	
23. Legal Expenses	0.00		0.00	
24. Advertising	816.96		816.96	
25. Phone @ Answering Service	1,740.00		1,800.00	
26. Office Supplies	1,545.00		1,641.00	
27. Office Furniture @ Equip.	0.00		0.00	
28. Training Expense	425.00		416.00	
29. Hlth Ins. @ Other Benefits	1,331.21		4,188.76	
30. Payroll Taxes	2,631.75		2,391.19	
31. Workmans Compensation	718.74		801.87	
32. Other Admin. Expenses	1,234.00		1,036.00	MILEAGE, BANK CHG,
33. Sub-Ttl Admin (19 thru 32)	47,362.38		49,875.77	
34. Real Estate Taxes	16,076.40		10,801.57	
35. Special Assessments	550.00		472.00	
36. Othr Taxes, License, Permits	430.00		432.00	SOFTWARE BUSINESS LIC
37. Property @ Liability Ins.	7,943.25		8,952.04	
38. Fidelity Coverage Ins.	25.00		25.00	
39. Other Insurance	0.00		0.00	
40. Sub-Ttl Tx/In (34 thru 39)	25,014.65		20,682.61	
41. Ttl O&M Exps (11+18+33+40)	116,440.21		114,894.86	

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	

PART III - ACCT BUDGET/STATUS

Reserve Account

1. Beginning Balance	58,744.86		37,832.36	
2. Transfer to Reserve	8,909.04		8,909.04	
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	32,330.00		29,205.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	32,330.00		29,205.00	
8. Ending Balance [(1+2)-7]	35,323.90		17,536.34	

General Operating Account

Beginning Balance				
Ending Balance				

Real Estate Tax And Ins Escrow

Beginning Balance				
Ending Balance				

Tenant Security Deposit Acct

Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Reg. Balance	49,034.54
Number of Applicants Needing RA		Amount Ahead/Behind	12,217.76

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			4	450	605	0	21,600	29,040	0	160
N	1	All			26	436	591	0	136,032	184,392	0	123
CURRENT RENT TOTALS									157,632	213,432	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
N	2	All			92	0	28	10	2	160
N	1	All			63	0	24	10	2	123

B. PROPOSED CHANGE OF RENTS/UTILITY ALLOWANCE: 01/01/2017

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
N	2	All			4	450	605	0	21,600	29,040	0	160
N	1	All			26	436	591	0	136,032	184,392	0	123
PROPOSED RENT TOTALS									157,632	213,432	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2017

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
N	2	All			92	0	28	10	2	160
N	1	All			63	0	24	10	2	123

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	3	455.00	0.00	910.00	0.00	0.00	0
Appliances - Refrigerator	4	500.00	0.00	1,500.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	4	1,600.00	0.00	1,600.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	2	2,200.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	0	0.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	3	3,900.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	3	550.00	0.00	1,100.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	16,000.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: QUAIL VILLAGE APT State: 11 Servicing Office: 606 County: 32
 Borrower Name: QUAIL VILLAGE LP Borr ID: 505692664 Prj Nbr: 01-0 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	3,500.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	500.00	0.00	500.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	29,205.00	0.00	5,610.00	0.00	0.00	0

Project Name: QUAIL VILLAGE APT	State: 11	Servicing Office: 606	County: 32
Borrower Name: QUAIL VILLAGE LP	Borr ID: 505692664	Prj Nbr: 01-0	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 TRANSMITD	Totals: By Project Analyzed: N

Part VI - SIGNATURES, DATES AND COMMENTS

Warning	Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."
---------	---

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

_____	HALLMARK GROUP REAL ESTATE	MA202860
(Date Submitted)	(Management Agency)	(MA#)

_____	_____
(Date)	(Signature of Borrower or Borrower's Representative)

_____	_____
(Title)	(Date)
Sandra R. Bryant	11-16-16
Agency Approval (Rural Development Approval Official):	
Area Specialist	

Project Name: QUAIL VILLAGE APT	State: 11	Servicing Office: 606	County: 32
Borrower Name: QUAIL VILLAGE LP	Borr ID: 505692664	Prj Nbr: 01-0	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 TRANSMITD	Totals: By Project Analyzed: N

SPVS Comment:
Batched/ II 111616

Narrative:

BUDGET NARRATIVE PROJECT NAME Quail Village Apartments BORROWER NAME Quail Village LTD BORROWER ID AND PROJECT NO 11-032-505692664-01-0 : Quail Village isa 30 unit elderly community located in Reidsville, Georgia. In 2016 the property has maintained a 97% average occupancy. At this time the property is financially sound and has not experienced any changes that would contribute to any financial difficulties. Administrative expenses exceed 23% of gross rents due to expenses for site manager payroll, advertising for vacant unit, phone and internet, office supplies, and health insurance for new manager. The cost are necessary expenses to carry out the administrative responsibilities associated with the property and we feel that these expenses are in line with other complexes, are not inflated and reflect the actual amounts need to operate. The subtotal for taxes and insurance has decreased below the 10% threshold, due to lower real estate taxes. The laundry income is zero due to Coin Mach owning the machines and Quail does not have enough usage to pay Quail a percentage of the funds collected. We will continue to replace carpet, vinyl, stoves, etc. on an as needed basis. It is expected the following will be replaced in 2016 - \$29,205 will be paid from the reserve account which includes 3 accessibilities, 3 carpets, 1 vinyl, 1 refrigerator, 1 stove, 3 Complete HVAC units, 2 , 1 waterheater, Concrete Paving Repairs, and 1 roof. The remaining \$5,610 will be replaced from the operating account which includes - \$500.00 Amenities, 3 refrigerator, 2 stove, 1 carpet, 1 vinyl, and 2 water heaters. Replacement for 2018 through 2020 is as follows 2018- 1 stove, 2 carpets, and 3 water heaters, 2 HVAC units, 1 roof. 2019- 2 stoves, 3 refrigerators, 3 carpets, 3 water heaters, 2 HVAC units 2020: 2 stoves, 2 refrigerators, 4 carpets, 3 water heaters, 2 HVAC units. No rent increase requested this year. There is no additional documentation nec

RECEIVED

FORM RD 3560-13
(Rev. 03-11)

OCT 05 2016

FORM APPROVED
OMB NO 0575-0189

USDA/RURAL DEVELOPMENT
DOUGLAS, GA

MULTI-FAMILY PROJECT BORROWER'S/MANAGEMENT AGENT'S
MANAGEMENT CERTIFICATION

Borrowers of multifamily housing loans are required by 7 C.F.R. §3560.102 (j) to submit certain data for review by the Servicing Official for approval of a new management agent. These requirements apply to all multifamily projects.

Effective Date (xx-xx-20xx): 01-01-2017

Project Name: Quail Village Limited Partnership Borrower Case# /Project ID: 11-032-505692664
11-032-505692664 City/State: Reidsville, GA

Acting on behalf of Quail Village Limited Partnership, the project borrower (Borrower), and Hallmark Management, Inc., the management agent (Agent), make the following certifications and agreements to the United States Department of Agriculture regarding management of the above project.

1. We certify that:

- a. We will comply with Rural Development requirements and contract obligations, and agree that no payments have been made to the Borrower in return for awarding the management contract to the Agent, and that no such payments will be made in the future.
- b. We have executed or will execute, within 30 days a management agreement (Agreement) for this project. The Agreement provides that the Agent will manage the project for the term and for the Per Unit Per Month (PUPM) management fee described below. Changes in the management fee will be implemented only in accordance with Rural Development's requirements.

(1) Term of Agreement (xx-xx-20xx through xx-xx-20xx): 01-01-2017 until nullified

(2) Fees:

- a) PUPM fee as specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only).
- b) PUPM fee is below the PUPM fee specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only)
Fee Amount: \$ _____
- c) Add-On Fees as specified in HB-2-3560, Check all that apply. Include total add-on fees below. (applied to all revenue producing units regardless of occupancy)
 - Management of properties with 15 units or less.
 - One project that has buildings located on different noncontiguous parcels of land (i.e. across town or in another town).
 - Management of properties in a remote location.
 - Troubled properties with workout plans and new management only.

c. We will disburse management fees from project income only after:

- (1) We have submitted this certification to Rural Development:
- (2) Rural Development has approved the Agent to manage this project

d. We understand that no fees may be earned or paid after Rural Development has terminated the Agreement

e. If Rural Development notifies me of a management fee above that listed in HB-2-3560; Attachment 3-F the Agent will within 30 days of the notice either:

- (1) Reduce the compensation to an amount Rural Development determines to be reasonable and
- (2) Require the Agent to refund to the project all excessive fees collected, or
- (3) Appeal the decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of the decision letter on the appeal.

2. We will select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administrative responsibilities in accordance with HB-2-3560 and Rural Development regulations.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

3. We agree to:
 - a. Comply with this project's Mortgage and Promissory Note, and Loan Agreement/Resolution or Workout Agreement.
 - b. Comply with Rural Development Handbooks and other policy directives that relate to the management of the project.
 - c. Comply with Rural Development requirements regarding payment and reasonableness of the management fee and the project account.
 - d. Refrain from purchasing goods or services from entities that have identity of interest with us unless the requirements of 7C.F.R. §3560.102(g) are met.

4. The Agent agrees to:
 - a. Ensure that **all** expenses of the project are reasonable and necessary.
 - b. Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.
 - c. Obtain contracts, materials, supplies and services including the preparation of the annual financial reports on terms most advantageous to the project.
 - d. Credit the housing project with all discounts, rebates or commissions including any sales or property tax relief granted by the State or local government received.
 - e. Obtain the necessary verbal or written cost estimates and document reasons for accepting other than the lowest bid.
 - f. Maintain copies of the documentation and make such documentation available for inspection during normal business hours.
 - g. Invest project funds that Rural Development policies require to be invested and take reasonable effort to invest other project funds unless the Borrower specifically directs the Agent not to invest those funds.

5. We certify that the types of insurance policies checked below are enforceable and will be maintained to the best of our ability at all times. Fidelity bonds and hazard insurance policies will name Rural Development as co-payee in the event of loss. Note: for any box not checked, Rural Development may require an explanation as to why a certain type of insurance was not obtained.
 - a. Fidelity bond or employee dishonesty coverage for:
 - (1) all principals of the Agent and
 - (2) all persons who participate directly or indirectly in the management or maintenance of the project and its assets, accounts and records.
 - b. Hazard insurance coverage required by 7 C.F.R. §3560.105.
 - c. Public liability insurance required by 7 C.F.R. §3560.105.
 - d. Other (specify) as may be required by 7 C.F.R. §3560.105.

6. The Agent agrees to:
 - a. Furnish a written response to Rural Development's supervisory visit review reports, physical inspection reports, and written inquiries regarding the project's annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.
 - b. Establish and maintain the project's accounts, books and records in accordance with:
 - (1) Rural Development's administrative requirements; and
 - (2) Accounting principles under 7 C.F.R. §3560.302(b).

7. We agree that:
 - a. *All records related to the operation of the project, regardless of where they are housed, shall be considered the property of the project.*
 - b. Rural Development, the Office of Inspector General (OIG), and those agencies' representatives may inspect:
 - (1) Any records which relate to the project's purchase of goods or services,
 - (2) The records of the Borrower and the Agent, and
 - (3) The records of companies having an identity-of-interest with the Borrower, Rural Development and the Agent.
 - c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project:

"Upon request by Rural Development, the Borrower or Agent, the contractor or the supplier will make available to Rural Development at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit Rural Development to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per unit and total charges levied for said services." **The Borrower agrees to request from the contractor or supplier such records within seven (7) days of receipt of Rural Development's request.**

8. We agree to include the following provisions in the Agreement and to be bound by them:

- a. Rural Development has the right to terminate the Agreement for failure to comply with the provisions of this Certification, or other good cause.
 - b. If Rural Development exercises this right of termination, I, the Borrower, agree to promptly make arrangements for providing management to the property that is satisfactory to Rural Development.
 - c. If there is a conflict between the Agreement and Rural Development's rights and requirements, Rural Development's rights and requirements will prevail.
 - d. If the Agreement is terminated, I, the Agent, will give to the Borrower all of the project's cash, trust accounts, investments and records within 30 days of the date the Agreement is terminated.
9. I, the Borrower, agree to submit a new management certification to Rural Development before taking any of the following actions:
- a. Authorizing the agent to collect a fee different from the fees specified in Paragraph 1 of this Certification.
 - b. Changing the expiration date of the Agreement;
 - c. Renewing the Agreement;
 - d. Permitting a new Agent to operate the project;
 - e. Permitting a new Agent to collect a fee;
 - f. Undertaking self-management of the project.
10. We agree to:
- a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.
 - b. When the head of household or spouse is otherwise eligible, give families with children equal consideration for admission.
 - c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.
 - d. The project will comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
 - e. Furnish Rural Development any reports and information required to monitor the project's compliance with Rural Development's fair housing and affirmative marketing requirements.
 - f. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
 - g. Provide minorities, women, and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.
11. We certify that we have read and understand Rural Development's definition of "identity-of-interest" as defined in 7 C.F.R §3560.11 and that the statement(s) checked and information entered below is true.
- a. No identity-of-interest exists among the Borrower, the Agent and any individuals or companies that regularly do business with the project, or
 - b. Only the individuals and companies listed on Form RD 3560-31 have an identity-of-interest with the Borrower or the Agent.
12. The items checked below are attached:
- a. Management Plan
 - b. Identity-of-Interest (IOI) Disclosure Qualification Certificate or Certification of No Identity-of-Interest (IOI)
 - c. Other (Specify):

Warnings:

There are fines and imprisonment for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C. 1001).

There are fines and imprisonment for anyone who misuses rents and proceeds in violation of Rural Development regulations relative to this project. (Section 543 of the Housing Act of 1949).

Rural Development may seek a "double damages" civil money damages remedy for the use of assets or income in violation of any Loan Agreement/Resolution or any applicable Rural Development regulations.

Rural Development may seek additional civil money penalties to be paid by the mortgagor through personal funds pursuant to 7 C.F.R. §3560.461(b). The penalties could be as much as \$50,000 per violation (Section 543 (b) of the Housing Act of 1949).

**By Project Borrower: Quail Village Limited Partnership
Hallmark Group Services of GA II, LLC.**
Name/Title: By: Martin H. Petersen, Managing Member
Signature: *Martin H Petersen* Date: 9/26/2016

By Management Agent: Hallmark Management, Inc.
Name/Title: Norine Lewis, Vice President
Signature: *Norine Lewis* Date: 9/26/2016

By Servicing Official:
Name/Title: *Sandra R. Bryant*
Signature: *Sandra R. Bryant* 11-16-16
Area Specialist

ESTIMATE AND CERTIFICATE OF ACTUAL COST

This form is to be used by the contractor and borrower to estimate the cost of construction and total PROJECT NUMBER (Borrower ID Number) development cost, or to certify the actual cost of project construction and development.

--

BORROWER/OWNER-BUILDER	CONTRACTOR
NAME OF PROJECT	LOCATION

This certificate is made pursuant to existing regulations of the United States of America acting through the Rural Development in order to induce the Government to provide or extend assistance. As part of that inducement, the following certifications are made:

Check and Complete Applicable Box:

A. ESTIMATE

I certify that the estimates of costs as set forth through line 44 in the ESTIMATED COST column are true and correct as computed by me _____ or as given to me by the subcontractors or payees named, as general contractor or owner-builder for the development of the project described above, as determined from the plans and specifications accepted, signed and dated by the Rural Development State Director of Rural Development or the State Directors's delegated representative, on _____ 20____. As borrower or owner-builder for the development of the project described above, I certify that the estimates of cost as set forth from line 44 in the ESTIMATED COST column are true and correct as computed by me or as given to me by the subcontractors or payees named. Subsequent to this estimate and prior to final payment, when directed by Rural Development, I agree to furnish a certification of actual cost. The estimate and the final certification will be in accordance with Rural Development regulations requiring estimates and certifications.

B. ACTUAL COST

I certify that the actual cost of labor, materials, and necessary services for the construction of the physical improvements in connection with the project described above, after deduction of all rebates, adjustments, or discounts made or to be made to the undersigned borrower or general contractor, or any corporation, trust partnership, joint venture, or other legal or business entity in which the undersigned borrower or general contractor, or any of their members, stockholders, officers, directors, beneficiaries, or partners hold any interest, is as represented herein. The deduction of such rebates, adjustments, or discounts from actual hard costs will not be used to increase builder's profit over and above the final estimated amount. I further certify that all soft costs associated with construction of the project as set forth on lines 45 through 57 are correct as represented herein.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0042. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Line	Div	Trade Item	Estimated Cost	Actual Cost		Name of Subcontractor or Payee	101 *
				Paid	To Be Paid		
1	3	Concrete					
2	4	Masonry					
3	5	Metals					
4	6	Rough Carpentry					
5	6	Finish Carpentry					
6	7	Waterproofing					
7	7	Insulation					
8	7	Roofing					
9	7	Sheet Metal					
10	8	Doors					
11	8	Windows					
12	8	Glass					
13	9	Drywall					
14	9	Tile Work					
15	9	Acoustical					
16	9	Resilient Flooring					
17	9	Painting and Decorating					
18	10	Specialties					
19	11	Special Equipment					
20	11	Cabinets					
21	11	Appliances					
22	12	Blinds and Shades, Artwork					
23	12	Carpets					
24	13	Special Construction					
25	14	Elevators					
26	15	Plumbing and Hot Water					
27	15	Heat and Ventilation					
28	15	Air Conditioning					
29	16	Electrical					
30	2	Earth Work					
31	2	On-Site Utilities					
32	2	Roads and Walks					
33	2	On-Site Improvements					
34	2	Lawns and Planting					
35	2	Unusual On-Site Conditions					
36	2	Off-Site Development					
37		Miscellaneous (Labor and Materials)					
38		Total Hard Costs					
39	1	General Requirements	*				
40		General Overhead	*				
41		Other Fees Paid By Contractor	*				
42		Total Costs					

NOTE: (If additional space is required for these other items, append Rider thereto, with references and initial. When more than one subcontractor is performing a trade item, the attached work sheet must be completed giving the information indicated.) Form RD 1924-13 (Rev. 12-98)

* Breakdown on page 4.

CONTRACTOR'S AND BORROWER'S ESTIMATE AND CERTIFICATE OF ACTUAL COST						
Line	Trade Item	Estimated Cost	Paid	Actual Cost To Be Paid	Total	Name of Subcontractor or Payee
	Balance Brwt. Forward (line 42)					
43	Builder's Profit					
44	Total Construction Cost					
45	Architectural Fees					
46	Survey and Engineering					
47	Financing Costs Loan Fees					
48	Interest During Construction					
49	Closing Costs & Legal Fees					
50	Land Cost or Value					
51	Nonprofit O&M Capital					
52	Tap and or Impact Fees					
53	Tax Credit Fees					
54	Environmental Fees					
55	Market Study Cost					
56						
57						
58	Total Development Cost					

"Whoever, in any matter, with the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations; or makes or uses any false writing or statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

WARNING: Section 1001 of Title 18, United States Code provides: Furthermore, submission of false information relating to the content of this Estimate and Certificate of Actual Cost will subject the submitter to any and all administrative remedies available to USDA. Such remedies may include suspension and debarment from participating in any Rural Development or other Federal program.

The undersigned hereby certifies that: *(check as appropriate)*

There has not been and is not now any identity of interest between or among the borrower and/or general contractor on the one hand and any subcontractor, material supplier, equipment lessor, or payee on the other (including any of their members, officers, directors, beneficiaries, or partners).

Attached to and made part of this certificate is a signed statement fully describing any rebates, adjustments, discounts, or any other devices which may have or have had the effect of reducing cost, and all amounts shown above as "to be paid in cash" will be so paid within forty-five (45) days.

ESTIMATES:

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

Title: _____

Title: _____

ACTUAL

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

Title: _____

Title: _____

QUAIL VILLAGE APARTMENTS RENOVATION

Reidsville,

Georgia



QUAIL VILLAGE APARTMENTS RENOVATION
REIDSVILLE, TATTNALL COUNTY, GEORGIA



WALLACE ARCHITECTS, L.L.C.

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1ST ISSUE
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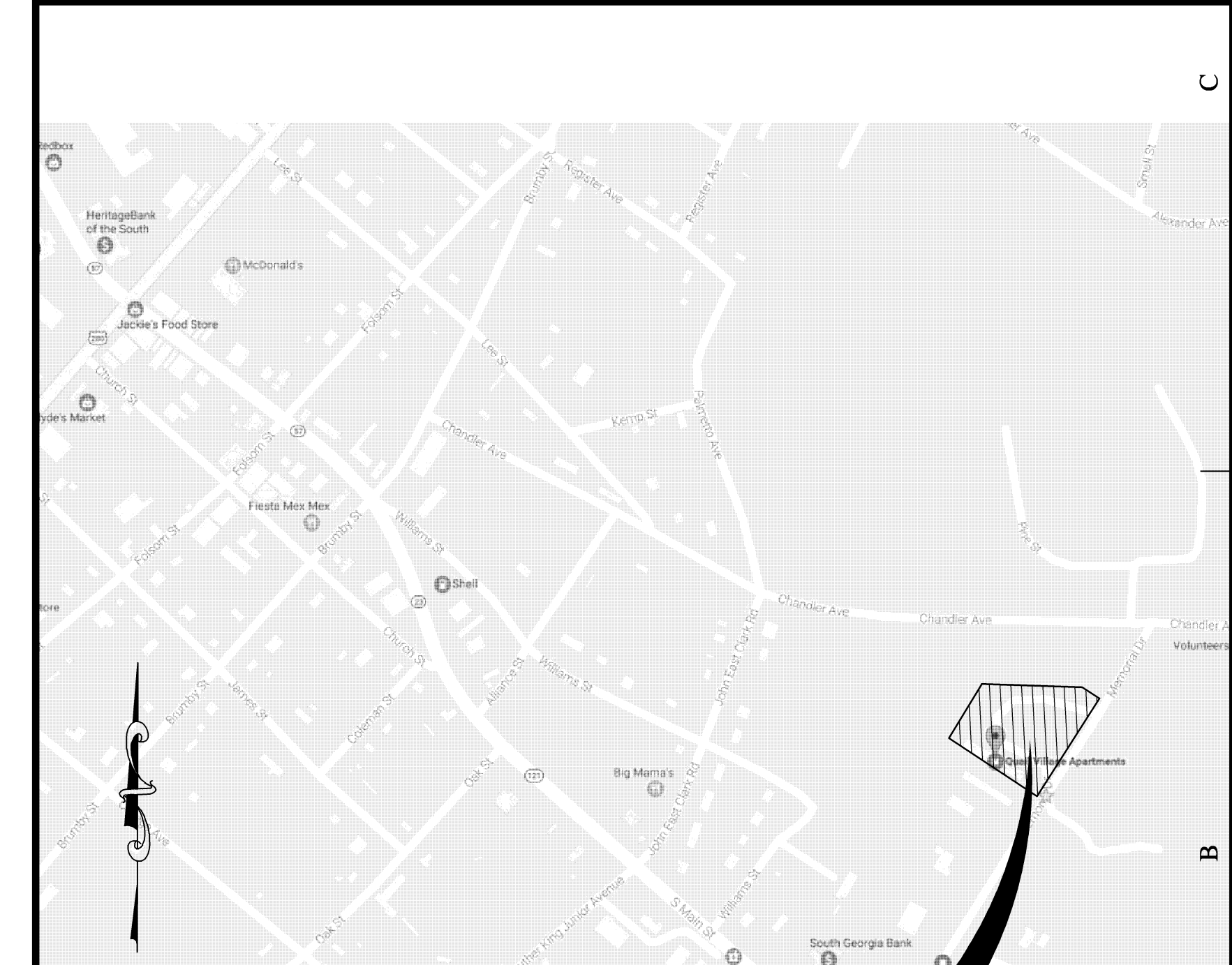
JOB NO.
3442

PROJECT INFORMATION

INDEX TO DRAWINGS

ARCHITECT'S JOB NO. 3442

PROJECT LOCATION MAP



SITE: 199 Memorial Drive
Reidsville, GA 30453

SIGNATURE AREAS

NOTE: PROJECT CONSTRUCTION MUST BE IN COMPLIANCE WITH ALL APPLICABLE CODES, ORDINANCES, LAWS, AND REGULATIONS AS ENUMERATED ELSEWHERE IN THE PLANS AND SPECIFICATIONS.

ARCHITECT: WALLACE ARCHITECTS, L.L.C.
302 CAMPUS VIEW DRIVE SUITE 208, COLUMBIA, MO 65201

BY: _____ DATE: _____

OWNER: NAME _____ DATE: _____
ADDRESS _____
BY: _____

CONTRACTOR: NAME _____ DATE: _____
ADDRESS _____
BY: _____

STATE REPRESENTATIVE: _____ DATE: _____
ADDRESS _____
BY: _____

PM: ZW
PC: JL

PLAN SET NO. _____

REVIEW SET

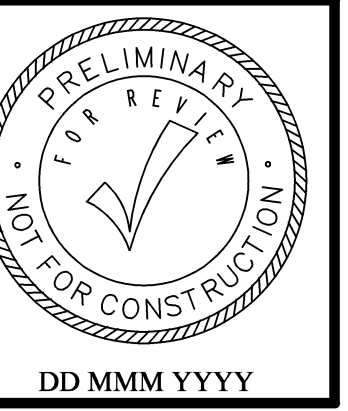
SITE DATA	
SITE ZONING:	EXISTING TO REMAIN
SITE SIZE:	EXISTING TO REMAIN
SITE DENSITY:	EXISTING TO REMAIN
NO. OF PARKING SPACES:	(40) TYPICAL + (3) ACC. + (1) VAN ACC. = (44) TOTAL
BUILDING DATA	
RENTAL UNITS BY BUILDING:	BLDG. A = (5) FHA 1-BR UNITS, (1) UFAS 1-BR UNIT, (1) FHA 2-BR UNIT, (1) UFAS 2-BR UNIT; BLDG. B = (6) FHA 1-BR UNITS; BLDG. C = (5) FHA 1-BR UNITS, (2) FHA 2-BR UNITS, (1) AUDIOVISUAL 1-BR UNIT; BLDG. D = (4) FHA 1-BR UNITS; BLDG. E = (4) FHA 1-BR UNITS;
RENTAL UNITS BY TYPE:	(23) FHA 1-BR UNITS; (2) UFAS 1-BR UNITS; (1) AUDIOVISUAL 1-BR UNIT; (3) FHA 2-BR UNITS; (1) UFAS 2-BR UNIT;
TOTAL RENTAL UNITS:	(30) TOTAL UNITS
NO. & MIX OF UNITS:	(26) 1-BR UNITS; (4) 2-BR UNITS;
DWELLING UNIT AREA:	(23) FHA 1-BR UNITS @ 653 SF = 15,019 SF; (2) UFAS 1-BR UNIT @ 653 SF = 1,306 SF; (1) AUDIOVISUAL 1-BR UNIT @ 653 SF = 653 SF; (3) FHA 2-BR UNITS @ 803 SF = 2,409 SF; (1) UFAS 2-BR UNIT @ 803 SF = 803 SF; 20,190 TOTAL SF DWELLING AREA
NON-DWELLING UNIT AREA:	368 SF (OFFICE/LAUNDRY/COMMUNITY ROOM)
TOTAL BUILDING AREA:	20,558 SF (GROSS)
TOTAL ACTUAL AREA:	BLDG. A = 5,524 SF; BLDG. B = 3,918 SF; BLDG. C = 5,524 SF; BLDG. D = 2,612 SF; BLDG. E = 2,980 SF (INCLUDES OFFICE/LAUNDRY/COMMUNITY ROOM)

0.0	COVER SHEET
A01.0	ARCHITECTURAL SITE PLAN
A1.0	BUILDING PLANS
A1.1	FHA 1-BR AND UFAS 1-BR DEMO & RENO PLANS
A1.2	FHA 2-BR, UFAS 2-BR & OFFICE/LAUNDRY/MAINT. DEMO & RENO PLANS
A3.0	EXTERIOR ELEVATIONS
A3.1	EXTERIOR ELEVATIONS

MATERIAL SQ. FT. DISCLAIMER:

SQUARE FOOTAGE CALCULATION OF FINISH MATERIALS ARE BASED ON EXISTING LAYOUTS & INFORMATION IN PART AS PROVIDED BY OTHERS. THESE NUMBERS ARE NOT TO BE UTILIZED FOR BIDDING PURPOSES. WHILE THIS INFORMATION IS BELIEVED TO BE RELIABLE THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY. CONTRACTORS SHALL PERFORM INDEPENDENT FIELD VERIFICATION FOR SITUATIONAL DEPENDANT ACCURACY.

NOTE:
PROJECT FIRST OCCUPIED AFTER
MARCH 13, 1991. FAIR HOUSING APPLIES.



QUAIL VILLAGE APARTMENTS RENOVATION REIDSVILLE, TATNALL COUNTY, GEORGIA

Wallace
ARCHITECTS, L.L.C.
Columbia, NJ
P 973-266-7200

WALLACE ARCHITECTS, L.L.C.

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SHEET NO.
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NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.

LEGEND

- AREAS OF NEW CONCRETE SIDEWALK / SURFACE
- EXISTING LIGHT POLE
- ACCESSIBLE ROUTE (2% CROSS SLOPE MAX, 5% RUNNING SLOPE MAX, REPLACE AS REQUIRED)
- EXISTING FIRE HYDRANT
- EXISTING CONTOUR & ELEV.
- CENTERLINE DRAINAGE

SITE UTILITY NOTES

- 1) ALL EXISTING SITE UTILITIES ARE PRESUMED TO BE FUNCTIONING PROPERLY AND ARE FREE OF LEAKS, BLOCKAGES, DEBRIS, ETC.
- 2) ALL EXISTING UNITS AND/OR BUILDINGS ARE PRESUMED TO HAVE PROPERLY SEALED, CONNECTED, AND WORKING VALVES, SHUT-OFFS, MANIFOLDS, ETC.
- 3) THE EXISTING WATER PRESSURE IS PRESUMED TO BE AT AN ACCEPTABLE LEVEL AND/OR PRESSURE REDUCING VALVES (PRVs) HAVE BEEN PREVIOUSLY INSTALLED WHERE NECESSARY. THESE ITEMS WILL BE INSPECTED DURING THE COURSE OF THE REHAB AND ANY NECESSARY REPAIRS, REPLACEMENTS, AND/OR ADDITIONS WILL BE COMPLETED AND REFLECTED ON A CHANGE ORDER.
- 4) BACKFLOW PREVENTION DEVICES AND/OR PRESSURE REDUCING VALVES ARE PRESUMED TO BE EXISTING, FUNCTIONING PROPERLY, AND ARE NOT INCLUDED IN THIS SCOPE OF WORK.
- 5) SANITARY SEWER MAINS AND LATERALS ARE PRESUMED TO BE FREE OF OBSTRUCTIONS AND CURRENTLY FUNCTIONING PROPERLY. ANY DISCOVERED ISSUES SHALL BE INSPECTED AND REQUIRED MEASURES WILL BE PERFORMED TO RESTORE PROPER DRAINAGE AND WILL BE REFLECTED ON A CHANGE ORDER.

POLLUTION / EROSION CONTROL NOTES:

1. DUST ON SITE SHALL BE CONTROLLED. THE USE OF MOTOR OILS AND OTHER PETROLEUM BASED OR TOXIC LIQUIDS FOR DUST SUPPRESSION OPERATIONS IS PROHIBITED.
2. SUFFICIENT OIL AND GREASE ABSORBING MATERIALS AND FLOATATION BOOMS SHALL BE MAINTAINED ON SITE OR READILY AVAILABLE TO CONTAIN AND CLEAN-UP FUEL OR CHEMICAL SPILLS AND LEAKS.
3. ACTIVE UNDERGROUND PIPES, CONDUITS, OR OTHER UTILITIES OF ANY TYPE, WHETHER INDICATED ON THE DOCUMENTS OR NOT, MUST BE PROTECTED BY THE CONTRACTOR DURING THE COURSE OF THE WORK AND REMAIN ACTIVE, UNLESS OTHERWISE NOTED.
4. CONTRACTOR SHALL PROTECT ALL EXISTING ON-SITE STORMWATER INLET STRUCTURES AND SHALES. A THROUGHOUT THE CONSTRUCTION PHASE WITH TEMPORARY STORMWATER SEDIMENT COLLECTION BAGS ON ALL INLET SIDES OR SEDIMENT BARRIAGE AT PROPERTY LINE WHERE SHALES CONNECT TO EXISTING CITY DRAINAGE. STORM WATER PROTECTION SHALL REMAIN IN PLACE AND BE MONITORED TO MAINTAIN QUALITY OF PROTECTION MEASURES THROUGHOUT THE CONSTRUCTION PHASE.
5. ALL MATERIALS SPILLED, DROPPED, WASHED, OR TRACKED FROM VEHICLES ONTO ROADWAYS OR INTO STORM DRAINS MUST BE REMOVED IMMEDIATELY. CONTRACTORS OR SUBCONTRACTORS WILL BE RESPONSIBLE FOR REMOVING SEDIMENT THAT MAY HAVE COLLECTED IN ANY STORM SEWER DRAINAGE SYSTEM IN CONJUNCTION WITH THE STABILIZATION OF THE SITE.
6. ALL CONSTRUCTION SHALL BE STABILIZED AT THE END OF EACH WORKING DAY. THIS INCLUDES BACKFILLING OF TRENCHES FOR UTILITY CONSTRUCTION AND PLACEMENT OF GRAVEL OR BITUMINOUS PAVING FOR ROADS.
7. CONTRACTOR SHALL IMPLEMENT BEST MANAGEMENT PRACTICES AND SHALL CONFORM TO THE FEDERAL, STATE AND LOCAL REQUIREMENTS AND MANUALS OF PRACTICE. AS APPLICABLE CONTRACTOR SHALL IMPLEMENT ADDITIONAL CONTROLS AS DIRECTED BY PERMITTING AGENCY OR OWNER.
8. CONFLICTING AND / OR UNFORESEEN FIELD CONDITIONS SHALL BE BROUGHT TO THE ATTENTION OF THE GENERAL CONTRACTOR - WHO SHALL NOTIFY THE ARCHITECT IMMEDIATELY FOR RESOLUTION PRIOR TO PROCEEDING.

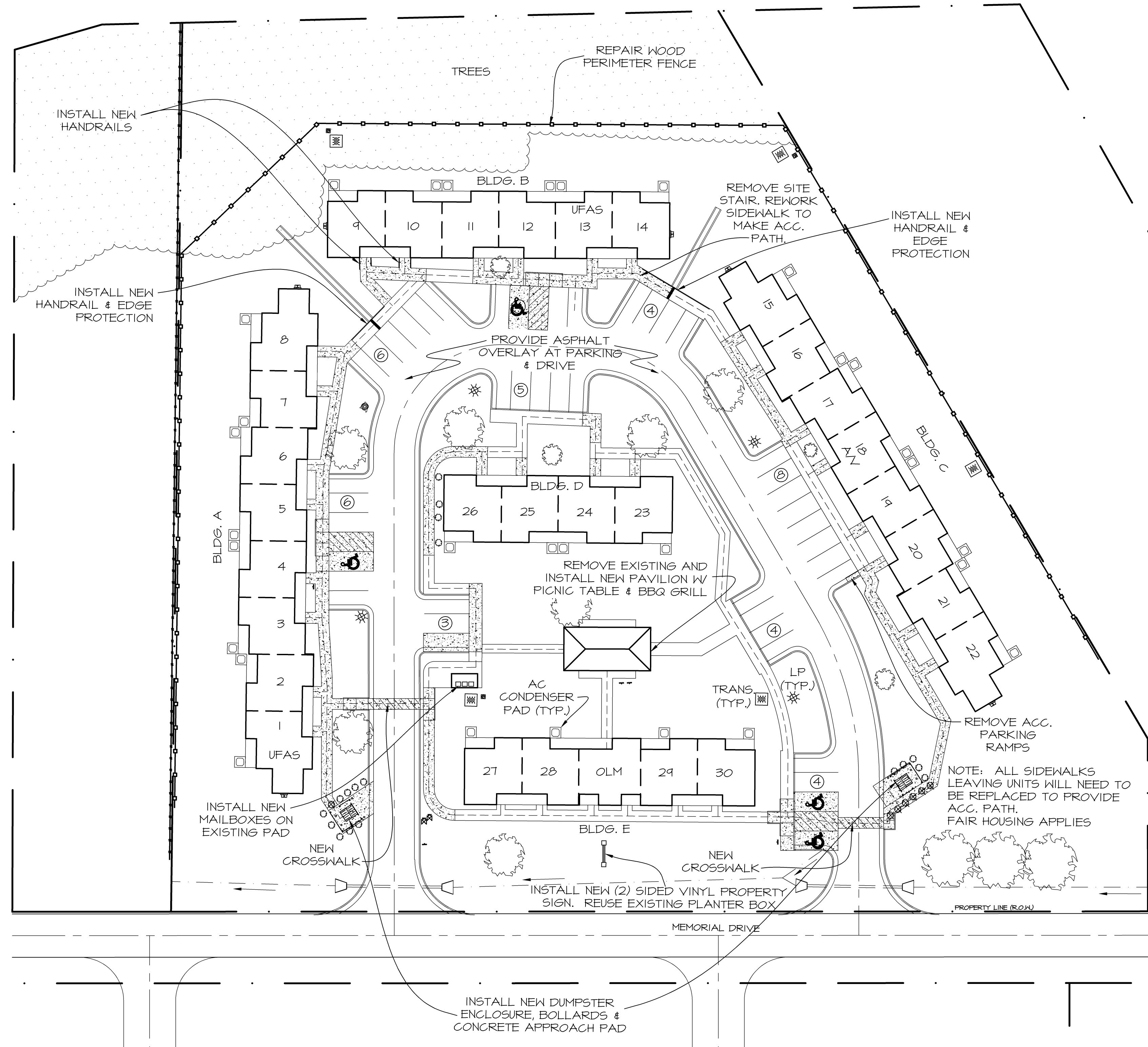
ACCESSIBILITY NOTES

1. SIDEWALK SHALL NOT EXCEED 5% (1'-0" IN 20'-0") SLOPE WITH A 2% (1'-0" IN 50'-0") CROSS-SLOPE AND SHALL BE 4' WIDE EXCEPT AS NOTED ON SITE PLAN. PROVIDE STAIRS, RAMPS, CURBS, ETC., AS NOTED AND DETAILED.
2. PARKING AREAS AND ACCESSIBLE SPACES AND ACCESS AISLES SHALL NOT EXCEED A 2% (1'-0" IN 50'-0") SLOPE IN ANY DIRECTION. OTHER PORTIONS OF THE ACCESSIBLE ROUTE SHALL NOT EXCEED A 5% (1'-0" IN 20'-0") LONGITUDINAL SLOPE NOR A 2% (1'-0" IN 50'-0") CROSS-SLOPE.

NOTE: INSTALL NEW HANDRAILS AS NOTED AND ON ACCESSIBLE ROUTES EXCEEDING 5% BUT LESS THAN 8.33% SLOPE. 5'-0" LANDING REQUIRED AT TOP AND BOTTOM OF RAMPS.

NOTE: APARTMENT NUMBERS ARE TO BE FIELD VERIFIED BY GENERAL CONTRACTOR. ARCHITECT TO BE NOTIFIED OF ANY DISCREPANCY PRIOR TO FINAL PRODUCTION / INSTALLATION.

NOTE:
PROJECT FIRST OCCUPIED AFTER
MARCH 13, 1991. FAIR HOUSING APPLIES.



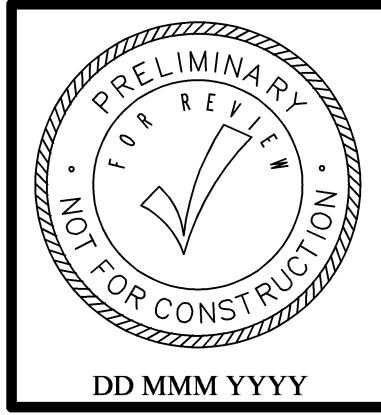
ARCHITECTURAL SITE PLAN

SCALE: 1" = 30'-0"



REVIEW SET

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.



QUAIL VILLAGE APARTMENTS RENOVATION
REIDSVILLE, TATTNALL COUNTY, GEORGIA



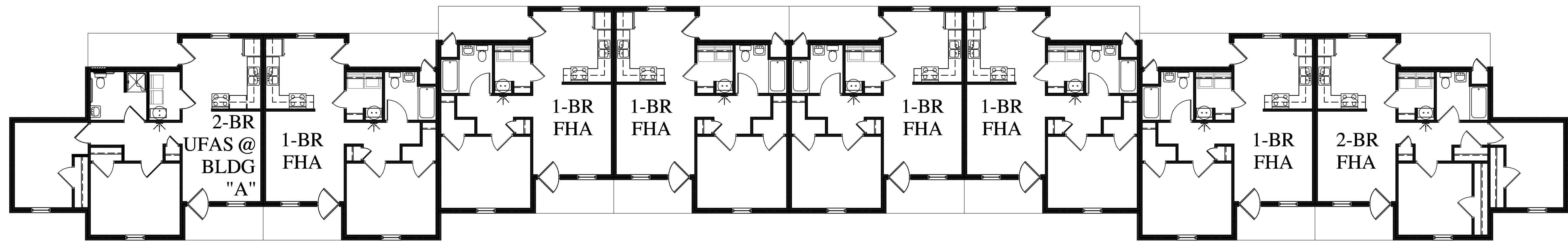
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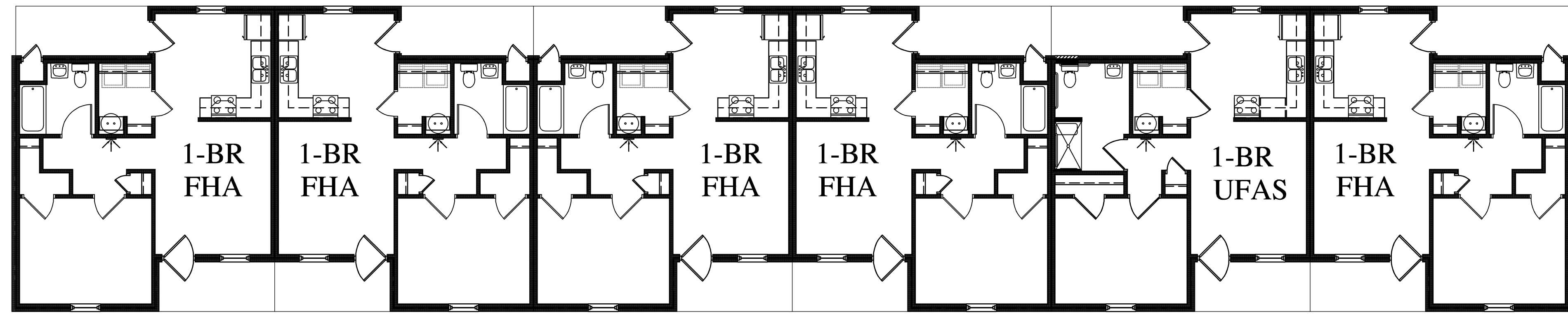
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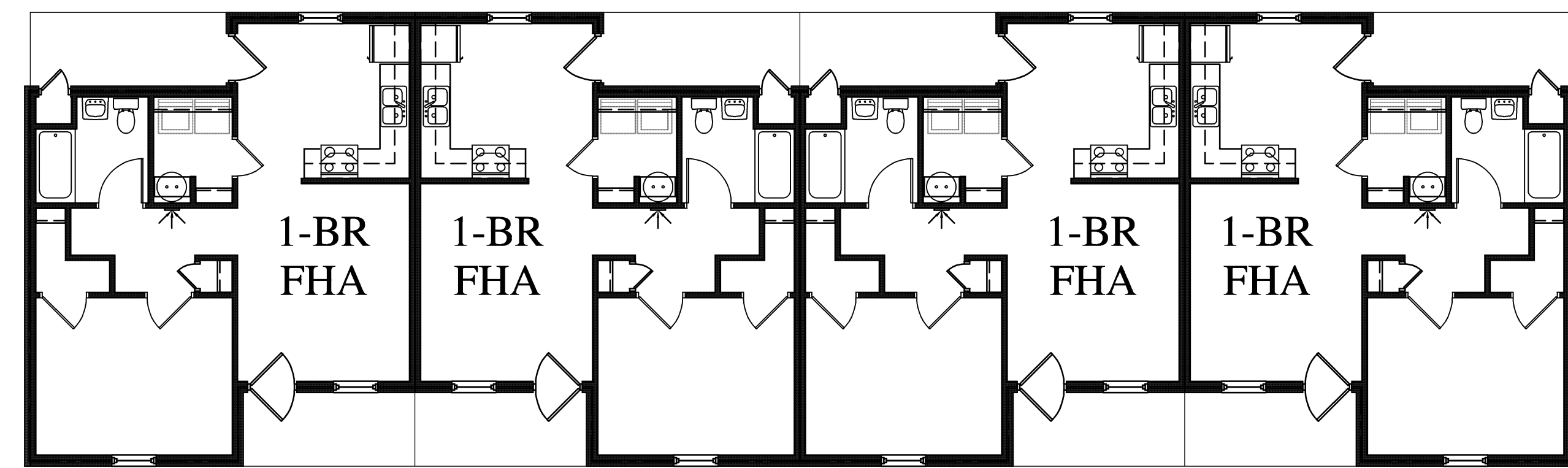
JOB NO.
3442



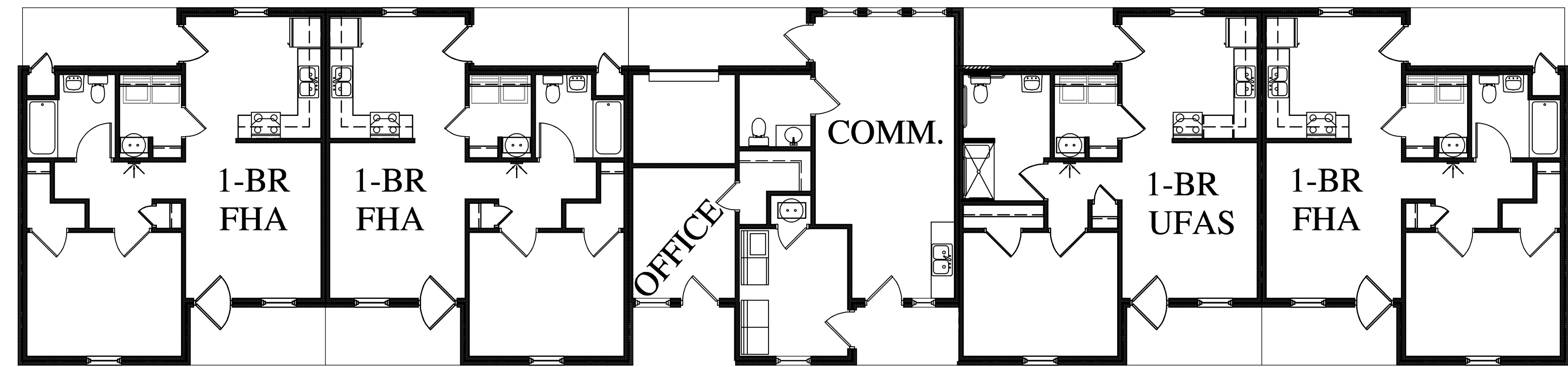
RENOVATED BUILDINGS "A & C" FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "B" FLOOR PLAN
SCALE: 1/8" = 1'-0"

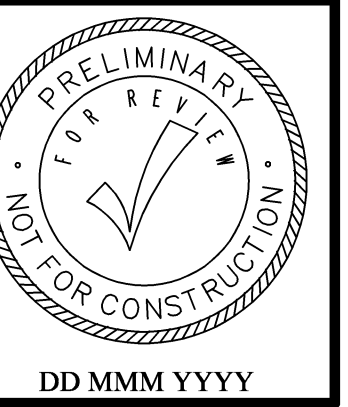


RENOVATED BUILDING "D" FLOOR PLAN
SCALE: 1/8" = 1'-0"



RENOVATED BUILDINGS "E" FLOOR PLAN
SCALE: 1/8" = 1'-0"

REVIEW SET

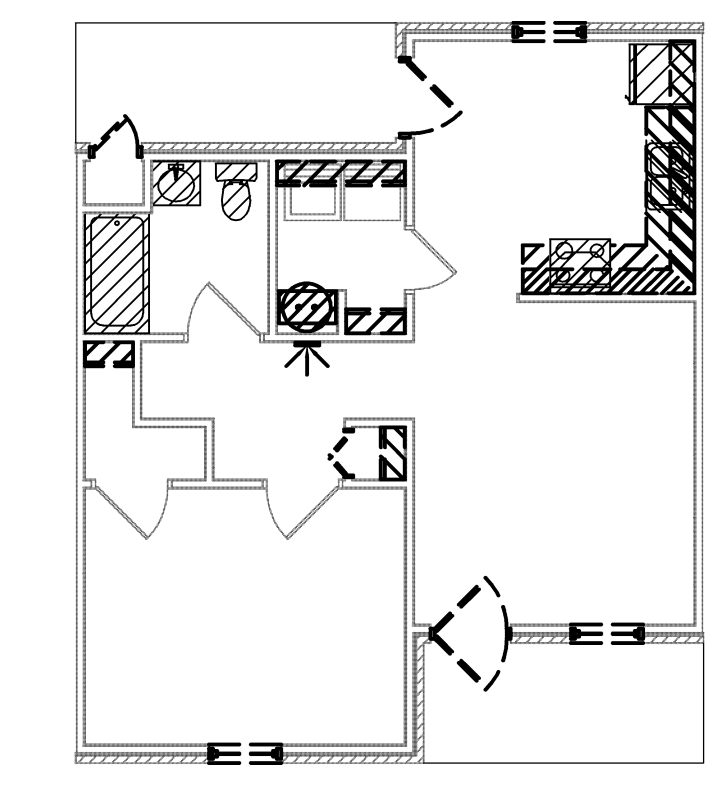


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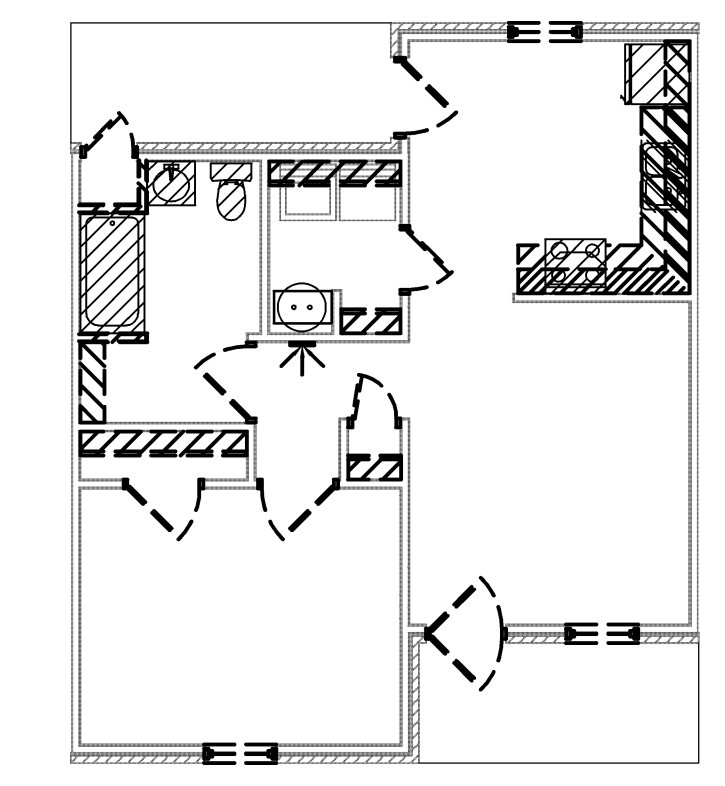
NOTE:
PROJECT FIRST OCCUPIED AFTER
MARCH 13, 1991. FAIR HOUSING APPLIES.

LEGEND

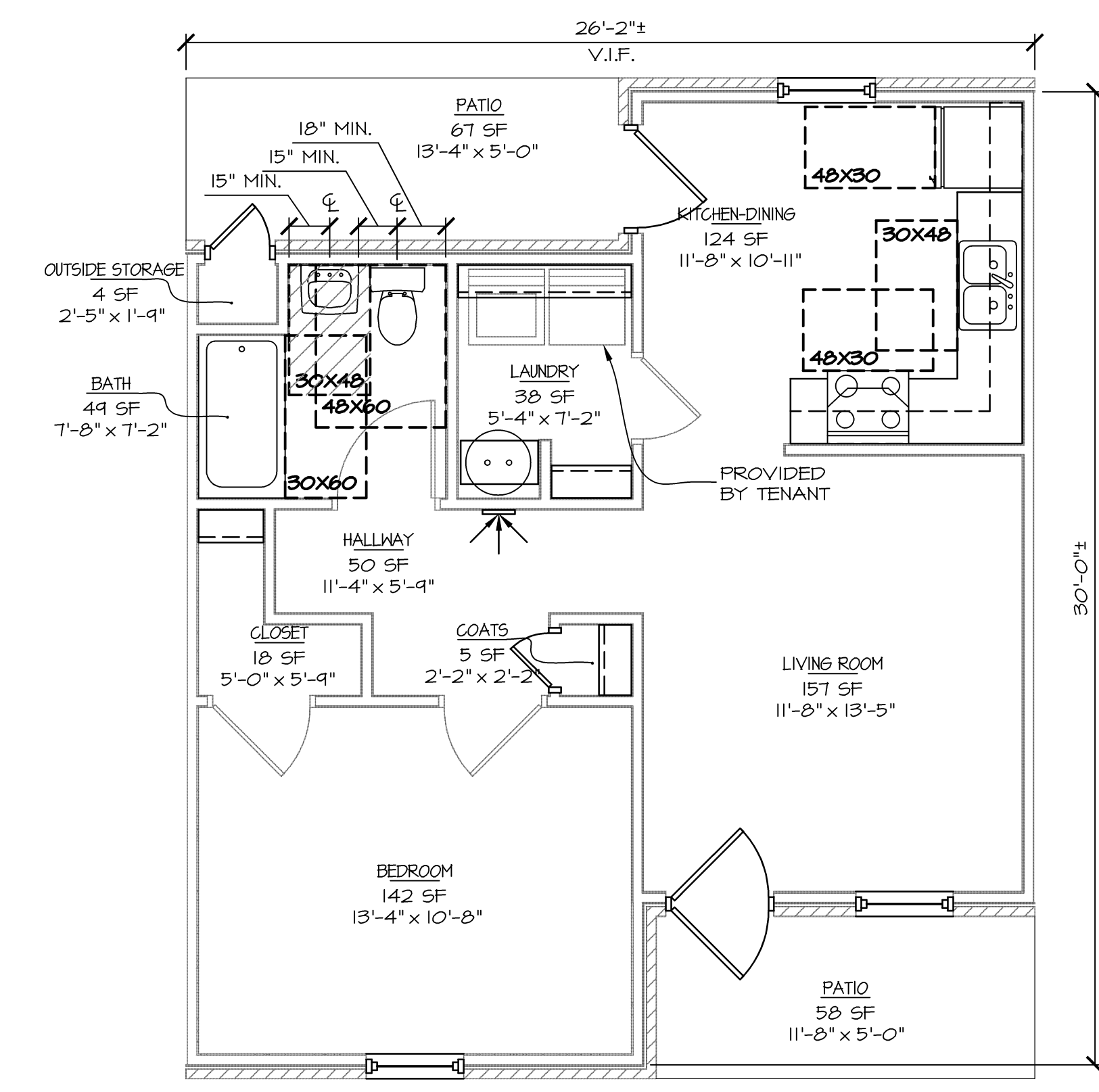
- = EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK, ETC.
- = EXISTING DOORS
- = WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK, ETC. TO BE REMOVED. SEE WINDOW SCHEDULE FOR EXTENT OF WINDOW DEMOLITION REQUIRED.
- = DOORS TO BE REMOVED
- = NEW FLOOR SLAB
- = NEW CONCRETE
- = NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK, ETC.
- = NEW WALLS
- = NEW DOORS



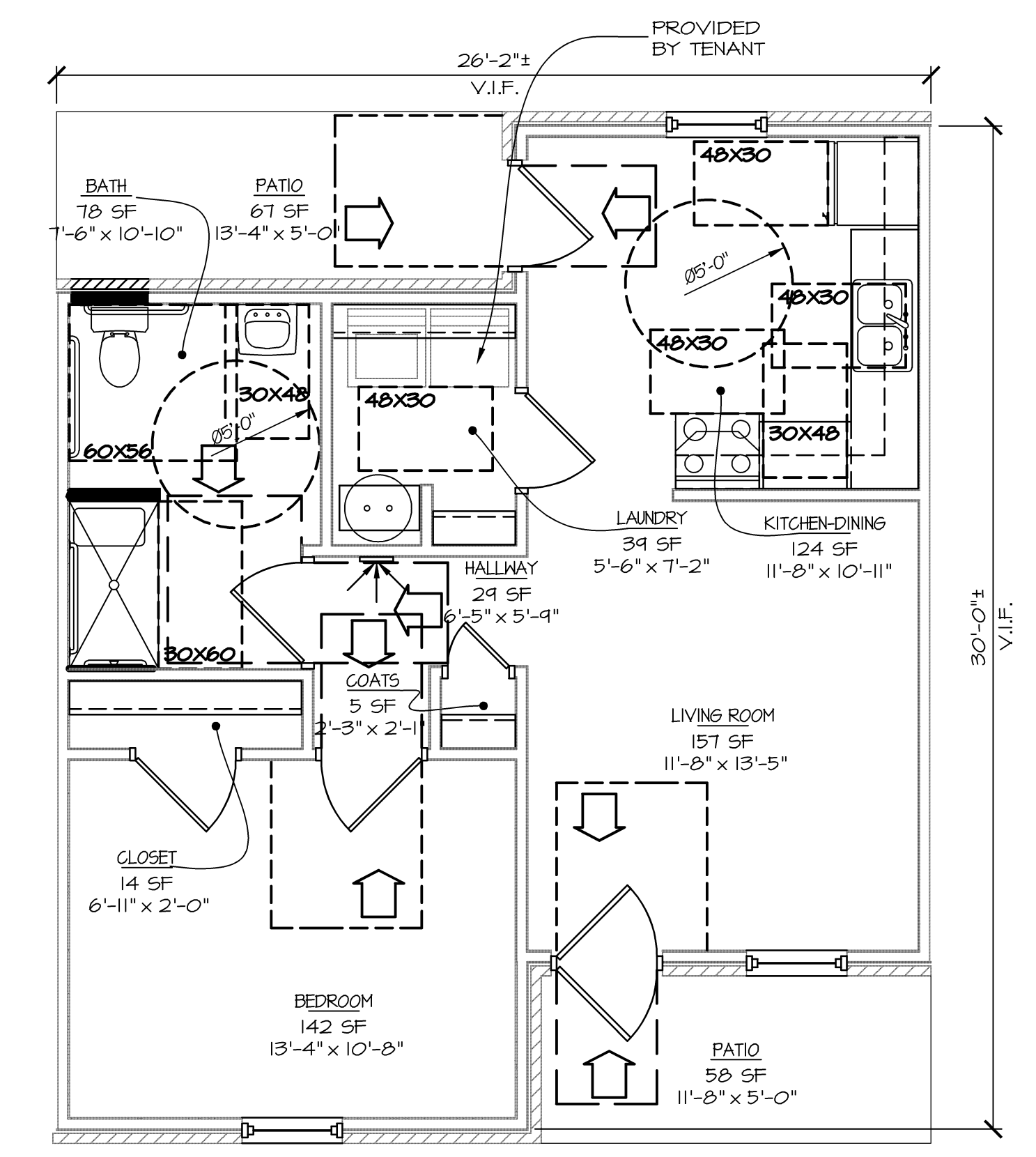
**DEMO FHA
1-BR FLOOR PLAN**
SCALE: 1/8" = 1'-0"



**DEMO UFAS
1-BR FLOOR PLAN**
SCALE: 1/8" = 1'-0"



**RENOVATED
FHA 1-BR FLOOR PLAN**
SCALE: 1/4" = 1'-0"



**RENOVATED
UFAS 1-BR FLOOR PLAN**
SCALE: 1/4" = 1'-0"

QUAIL VILLAGE APARTMENTS RENOVATION
REIDSVILLE, TATTNALL COUNTY, GEORGIA

Wallace
ARCHITECTS, L.L.C.
Columbia, NJ
P 572-256-7200

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JOB NO.
3442

REVIEW SET

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QUAIL VILLAGE APARTMENTS RENOVATION
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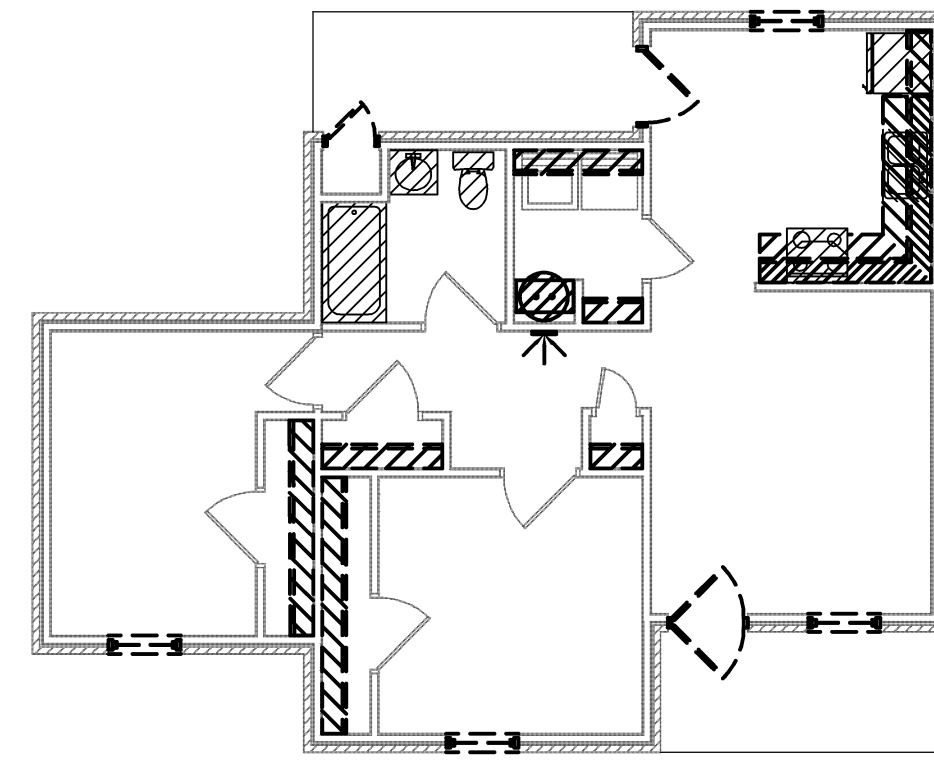
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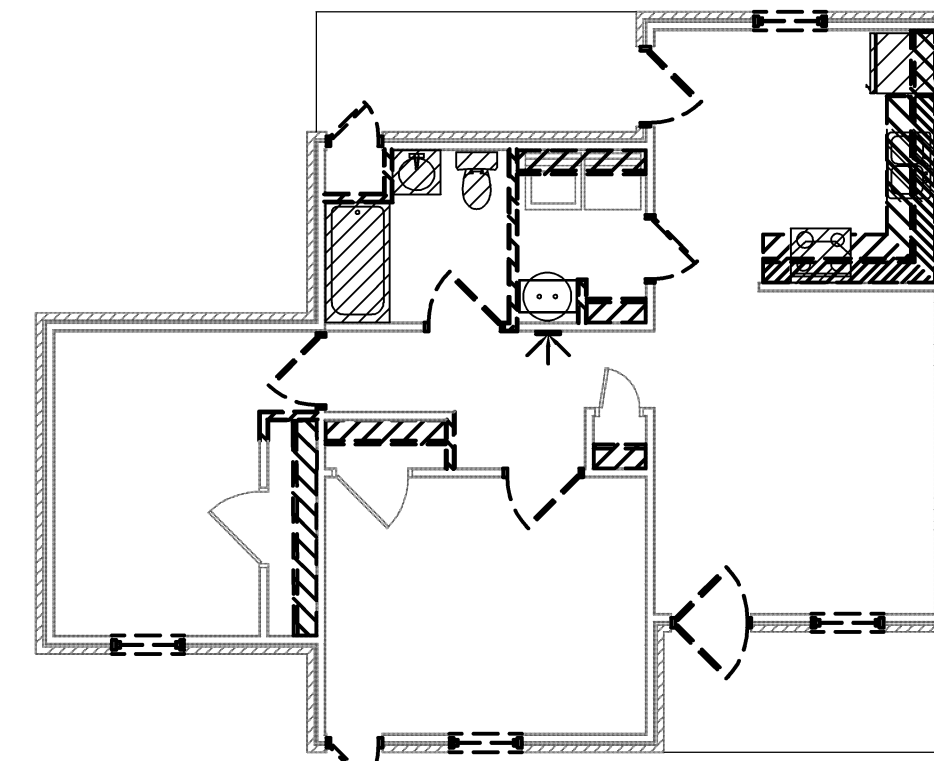
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LEGEND

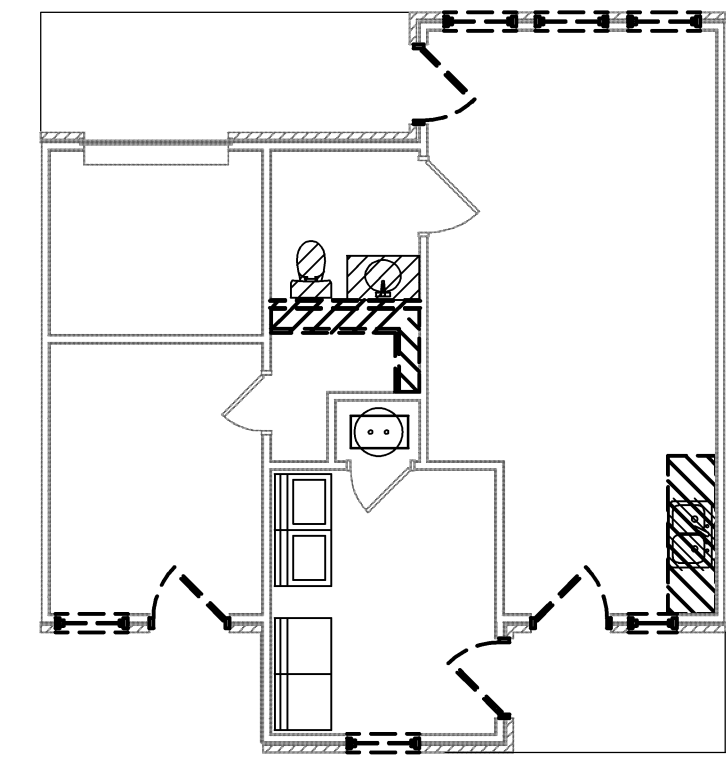
- = EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
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- = NEW WALLS
- = NEW DOORS



**DEMO FHA
2-BR FLOOR PLAN**
SCALE: 1/8" = 1'-0"
1 AI.2

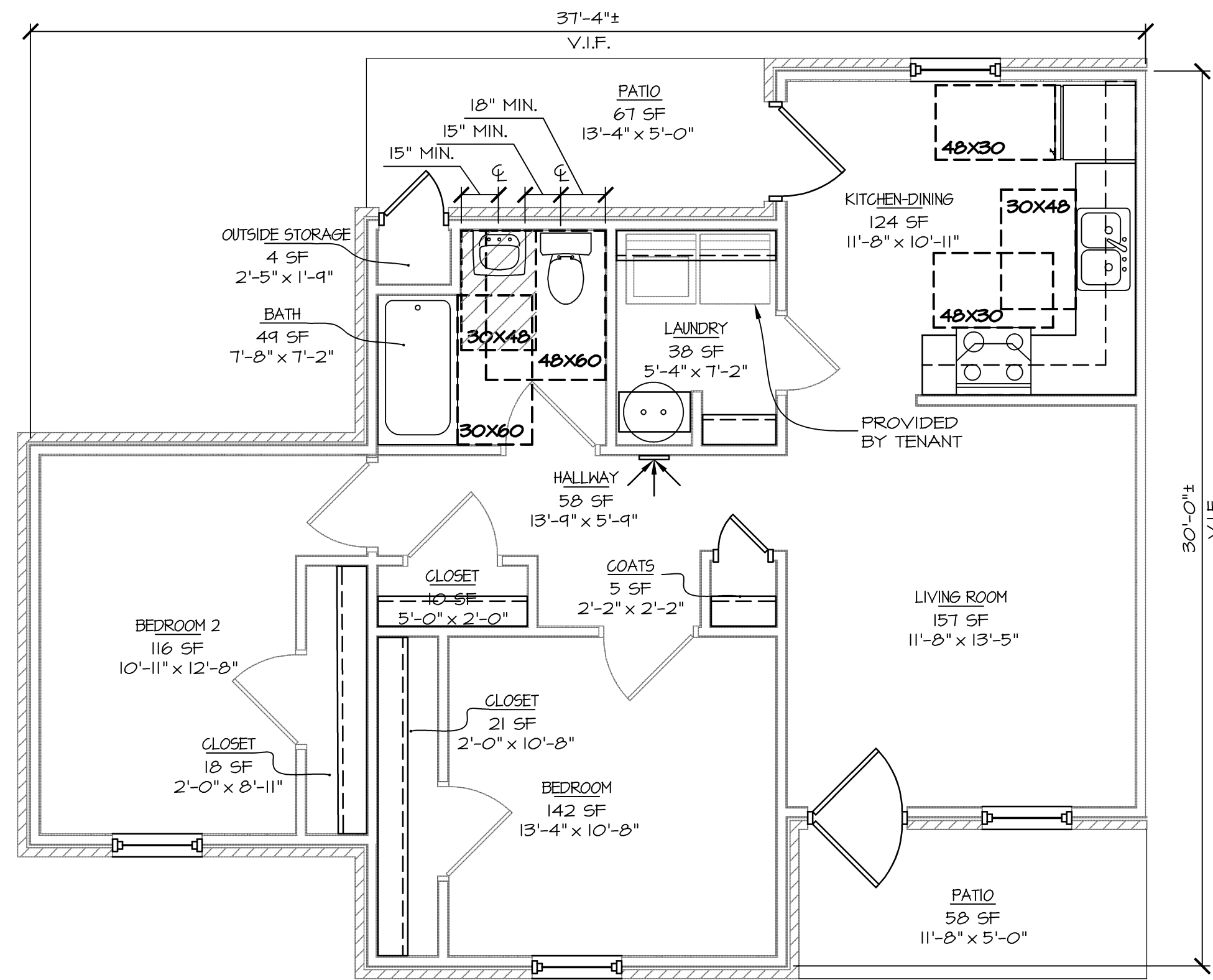


**DEMO UFAS
2-BR FLOOR PLAN**
SCALE: 1/8" = 1'-0"
2 AI.2

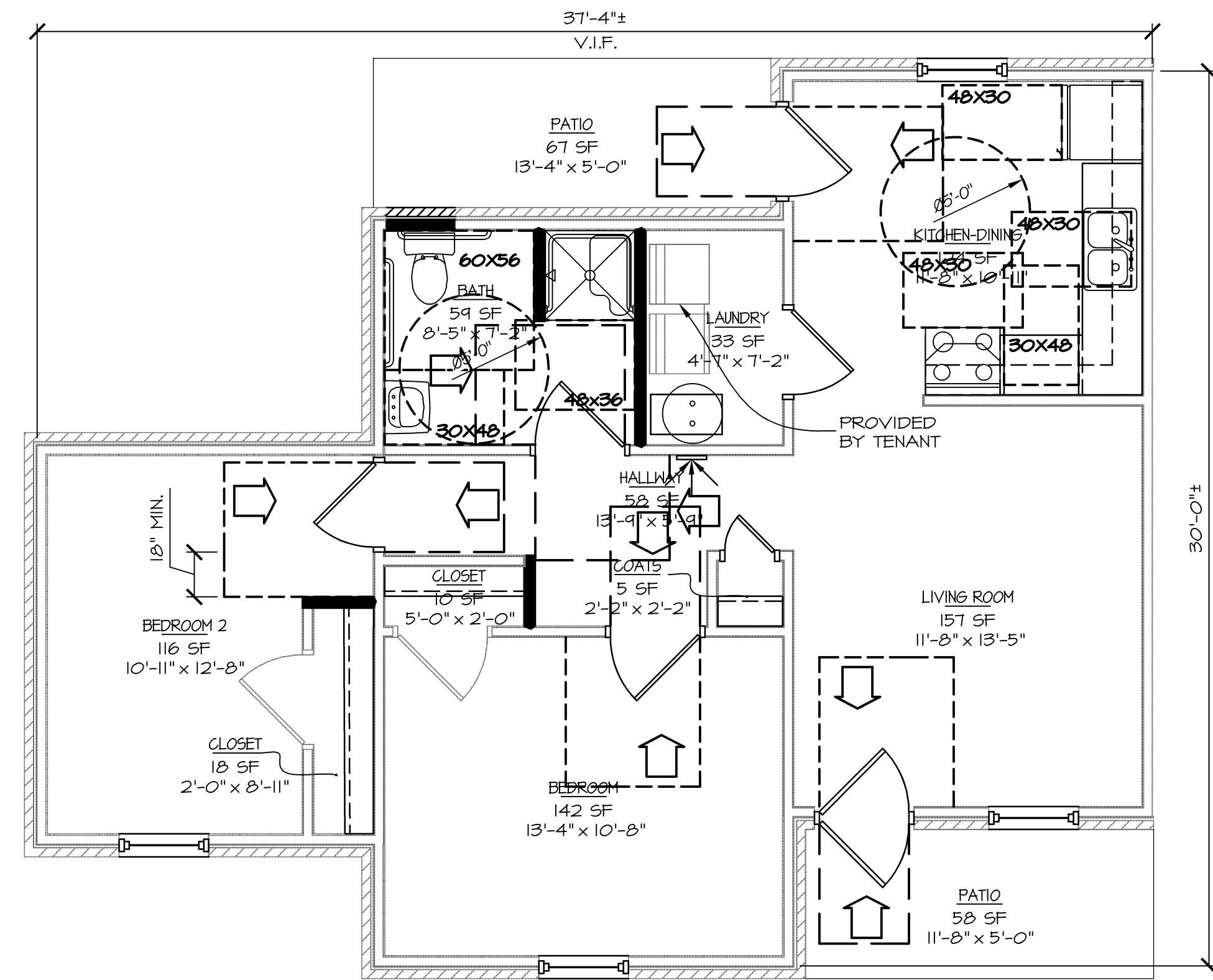


DEMO COMM. FLOOR PLAN
SCALE: 1/8" = 1'-0"
3 AI.2

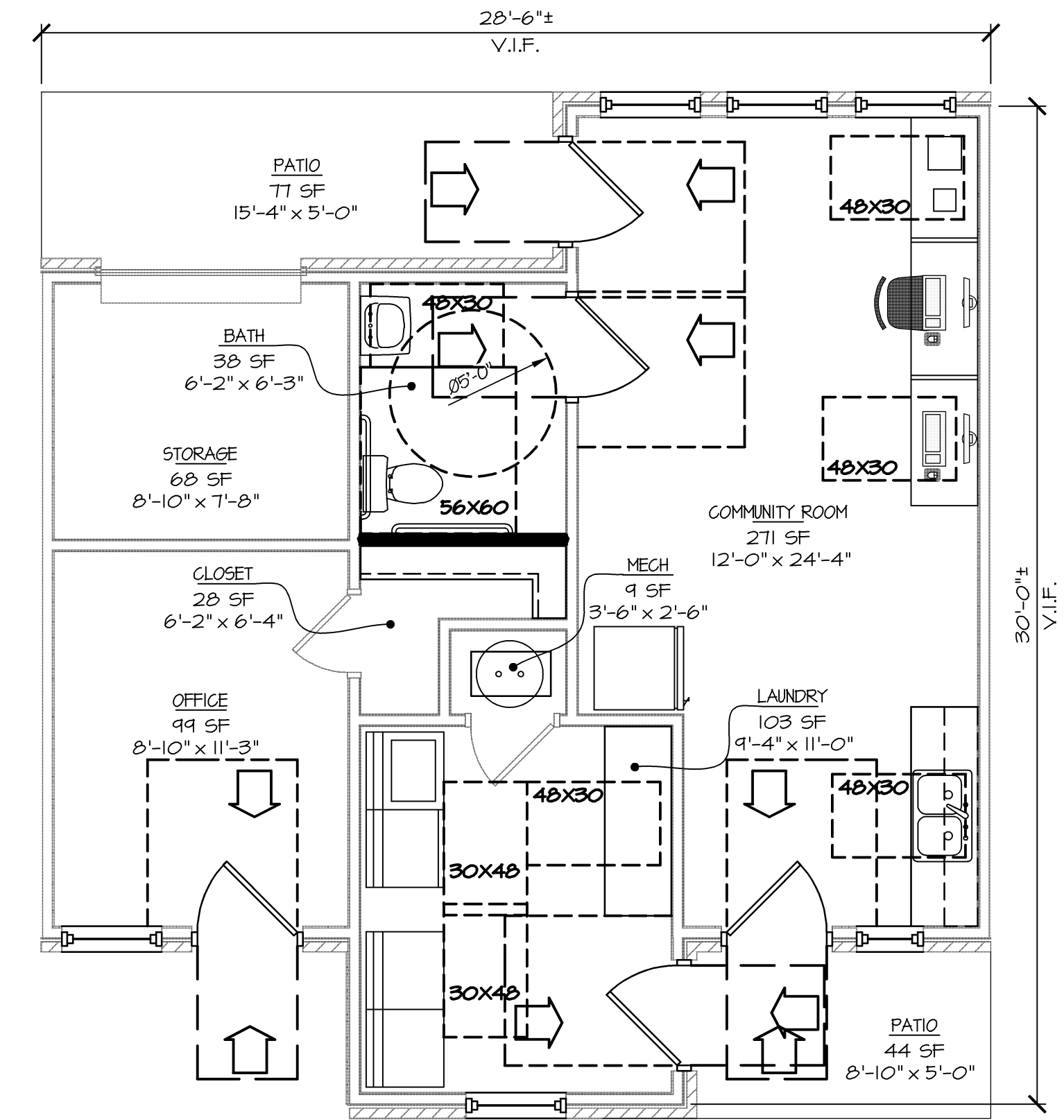
NOTE:
PROJECT FIRST OCCUPIED AFTER
MARCH 13, 1991. FAIR HOUSING APPLIES.



**RENOVATED
FHA 2-BR FLOOR PLAN**
SCALE: 1/4" = 1'-0"
4 AI.2



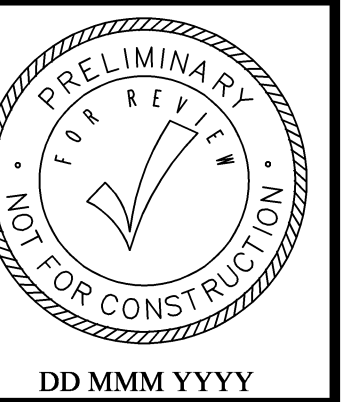
**RENOVATED
UFAS 2-BR FLOOR PLAN**
SCALE: 1/4" = 1'-0"
5 AI.2



RENOVATED COMM. FLOOR PLAN
SCALE: 1/4" = 1'-0"
6 AI.2

REVIEW SET

NOTE:
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QUAIL VILLAGE APARTMENTS RENOVATION
REIDSVILLE, TATTNALL COUNTY, GEORGIA

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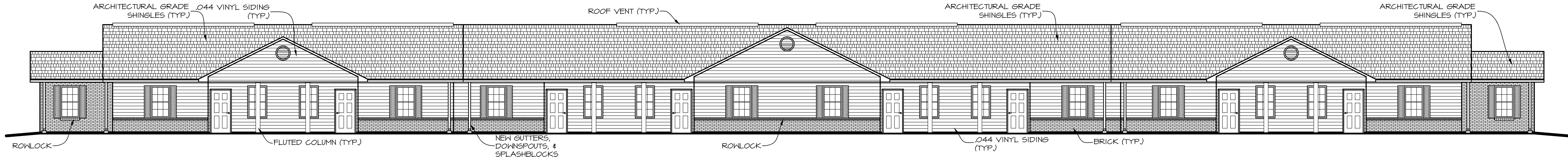
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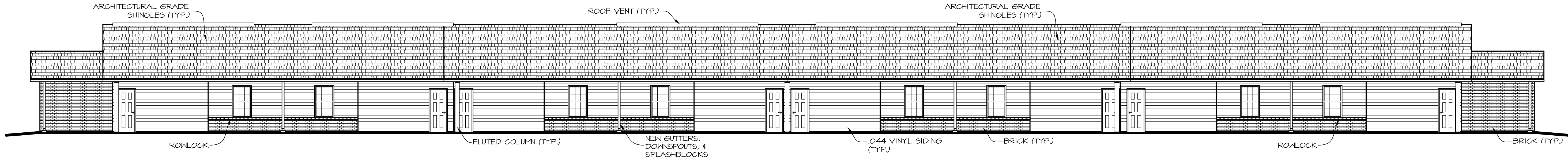
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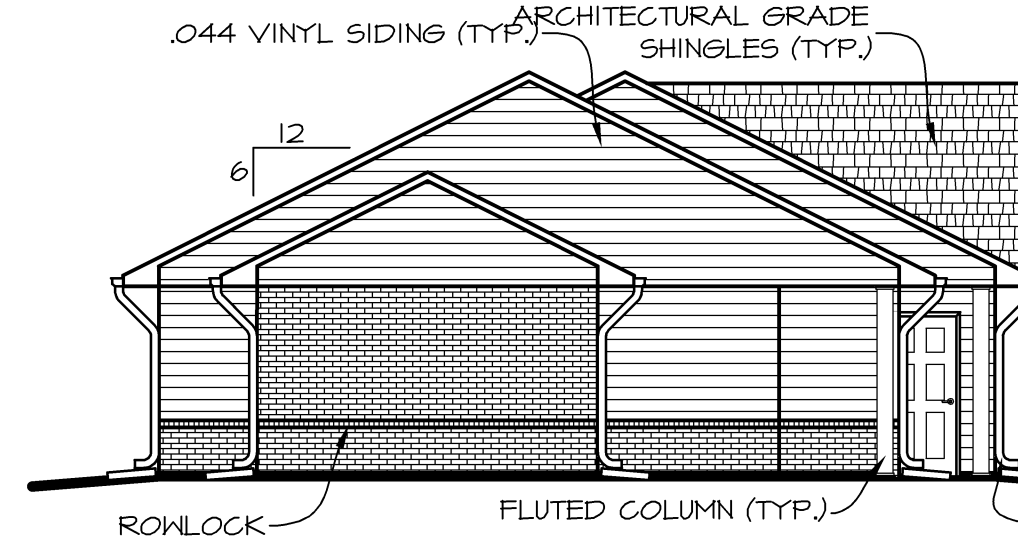
JOB NO.
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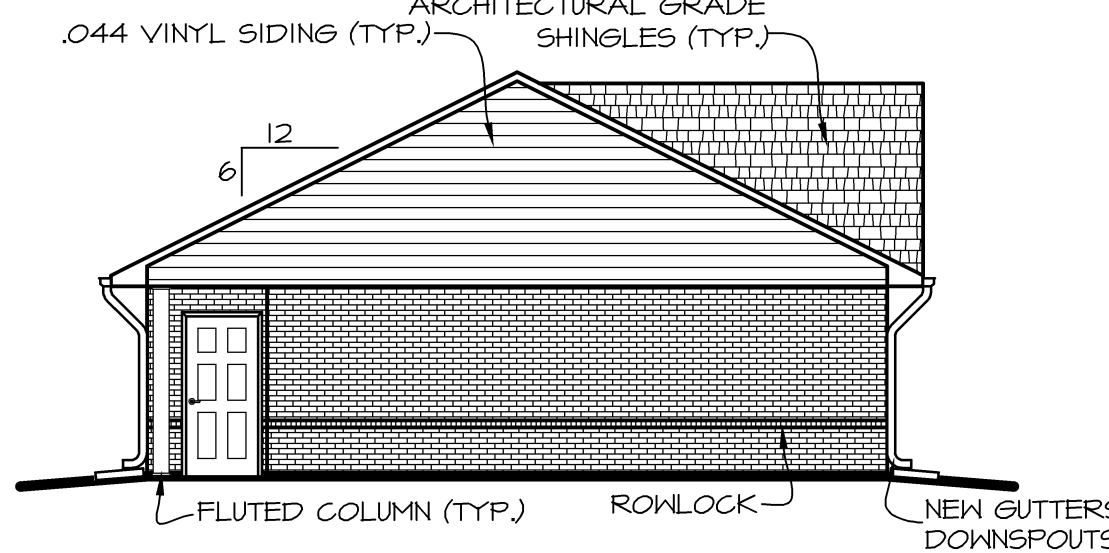
BUILDINGS "A & C" FRONT ELEVATION
SCALE: 1/8" = 1'-0"



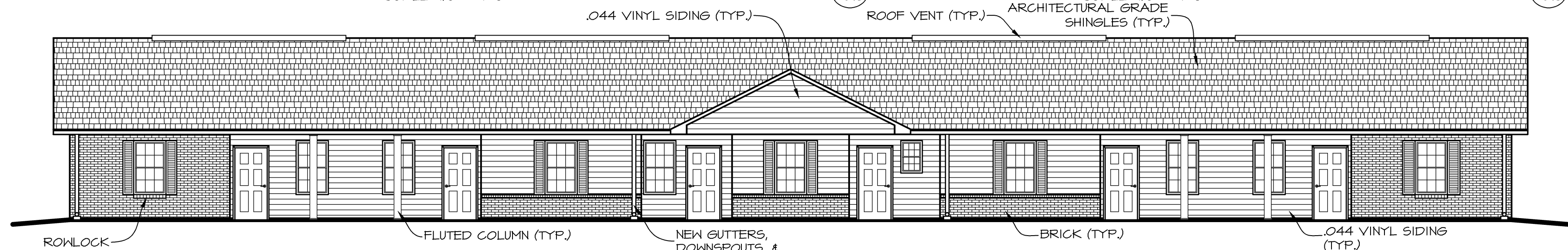
BUILDINGS "A & C" FRONT ELEVATION
SCALE: 1/8" = 1'-0"



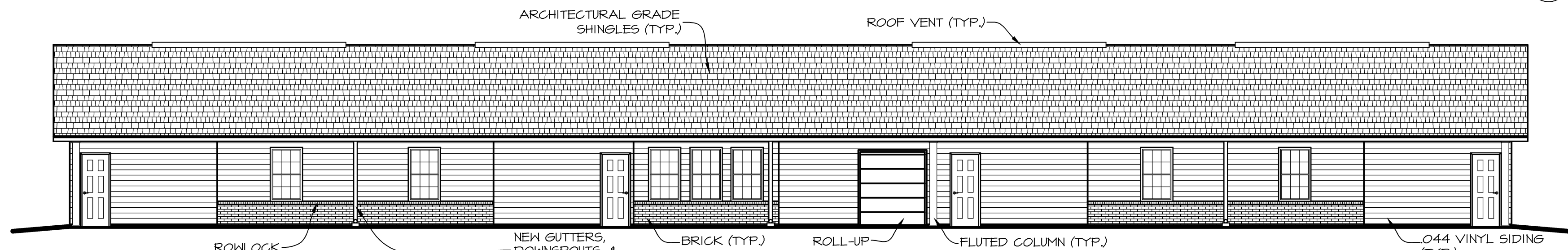
BLDG'S "A & C" SIDE ELEV.
SCALE: 1/8" = 1'-0"



BLDG "E" SIDE ELEV.
SCALE: 1/8" = 1'-0"



BUILDING "E" FRONT ELEVATION
SCALE: 1/8" = 1'-0"



BUILDING "E" REAR ELEVATION
SCALE: 1/8" = 1'-0"

REVIEW SET

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QUAIL VILLAGE APARTMENTS RENOVATION
REIDSVILLE, TATTNALL COUNTY, GEORGIA

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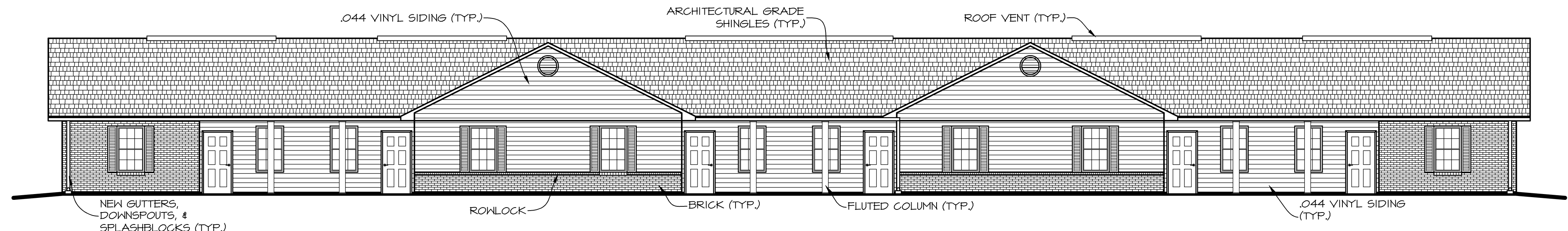
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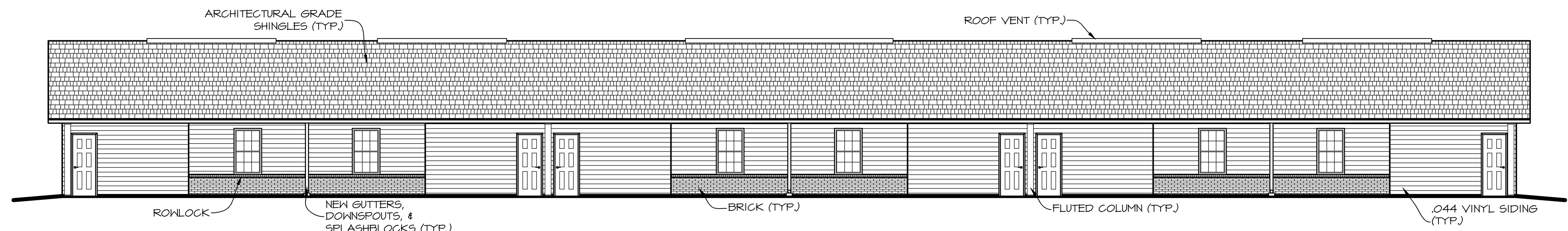
JOB NO.
3442



BUILDING "B" FRONT ELEVATION

SCALE: 1/8" = 1'-0"

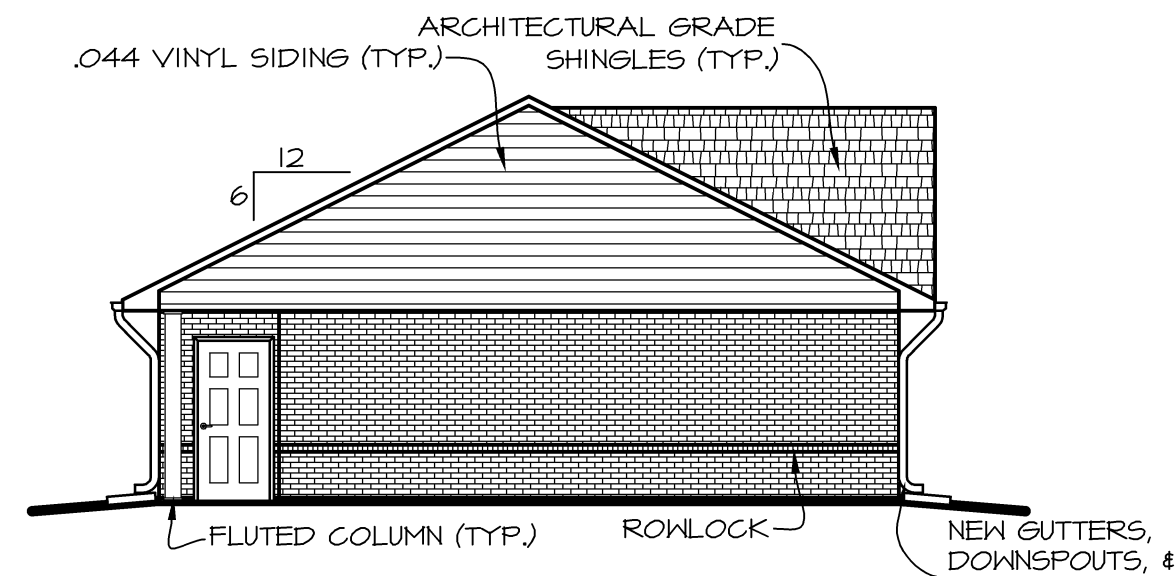
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A3.1



BUILDING "B" REAR ELEVATION

SCALE: 1/8" = 1'-0"

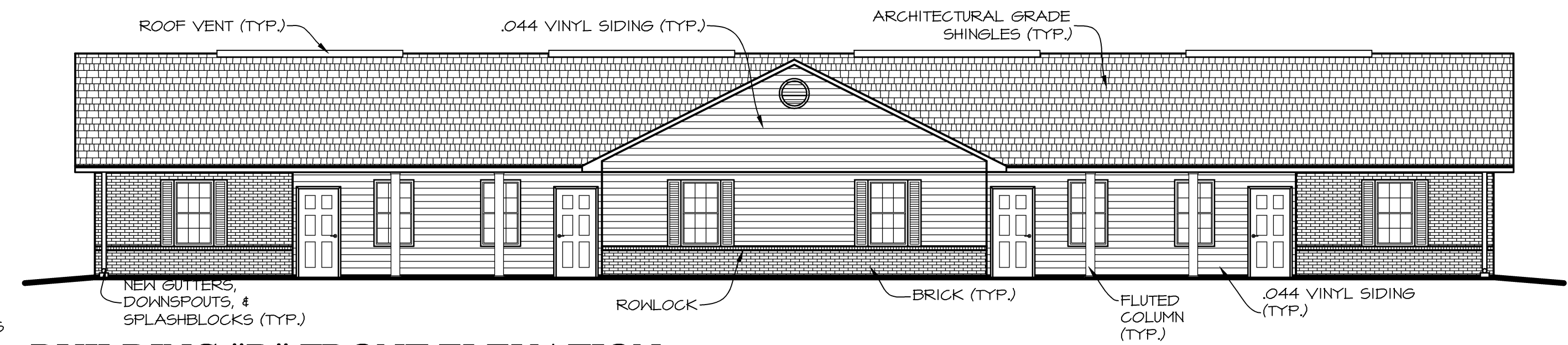
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A3.1



BLDG'S "B & D" SIDE ELEV.

SCALE: 1/8" = 1'-0"

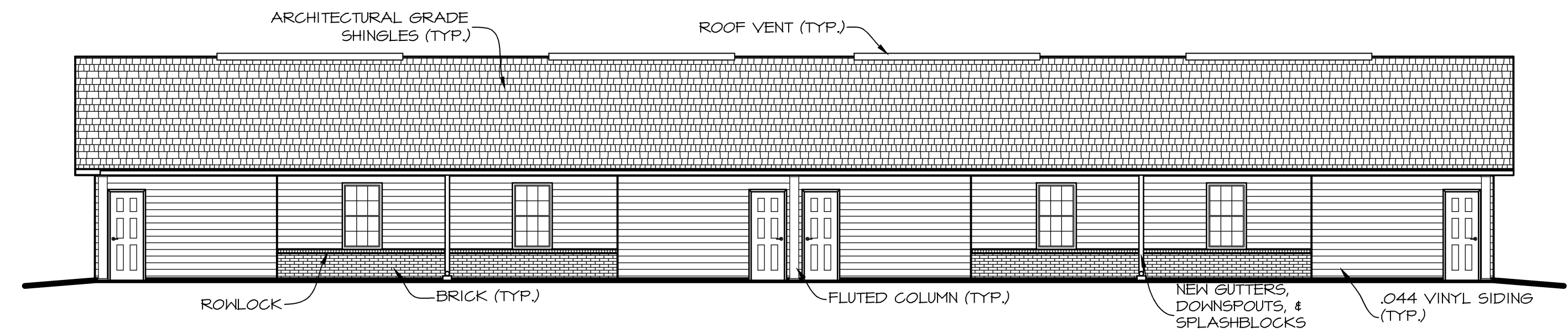
3
A3.1



BUILDING "D" FRONT ELEVATION

SCALE: 1/8" = 1'-0"

4
A3.1



BUILDING "D" REAR ELEVATION

SCALE: 1/8" = 1'-0"

5
A3.1

REVIEW SET



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **13267C0155D**
 Zone: **X**
 Map Date: **December 17, 2010**
 FIPS: **13267**

MAP LEGEND

- | | |
|--|---|
|  Areas inundated by 500-year flooding |  Protected Areas |
|  Areas inundated by 100-year flooding |  Floodway |
|  Velocity Hazard |  Subject Area |

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LOAN

SCHEDULE A

OFFICE FILE NUMBER	POLICY NUMBER	DATE OF POLICY	AMOUNT OF INSURANCE
77-99	11 4175 61 000089	March 10, 1993 at 4:30 p.m.	890,940.00

1. Name of Insured:

United States of America acting through the Farmers Home Administration, its successors and/or assigns, as their interest may appear

2. The estate or interest in the land which is encumbered by the insured mortgage is:

Fee Simple

3. Title to the estate or interest in the land is vested in:

Quail Village Limited Partnership

4. The insured mortgage and assignments thereof, if any, are described as follows:

Deed to Secure Debt from Quail Village Limited Partnership to United States of America acting through the Farmers Home Administration, dated March 10, 1994, recorded March 10, 1994, in Vol. 278 of Deeds, Pages 149-155, Tattnall County Records.

5. The land referred to in this Policy is described as follows:

All that certain lot, tract or parcel of land situate, lying and being in the City of Reidsville, Tattnall County, Georgia, 41st G.M.D., containing 2.90 acres, more or less, and being more particularly described as follows:

Beginning at the southwestern intersection of Chandler Avenue and Memorial Drive and proceeding thence along the southern right-of-way line of Chandler Avenue North 89°14'01" West a distance of 416.93 feet to a point marked by a set concrete monument; proceeding thence South 27°04'58" West a distance of 122.72 feet to a point marked by a set concrete monument, which is the POINT OF BEGINNING of the property herein described; proceeding thence South 27°04'50" West a distance of 268.80 feet to a point marked by a set concrete monument; proceeding thence South 59°27'59" East a distance of 338.18 feet to a point marked by a set concrete monument; proceeding thence along the western right-of-way line of Memorial Drive North 30°33'00" East a distance of 417.23 feet to a point marked by a set concrete monument; proceeding thence North 59°27'00" West a distance of 94.06 feet to a point marked by a set concrete monument; proceeding thence North 89°14'01" West a distance of 300.00 feet to a point marked by a set concrete monument, which is the POINT OF BEGINNING. Said property being more particularly described as Lot 1 on that certain plat of survey prepared by Davis and Associates, Joe P. Davis, Georgia Registered Land Surveyor No. 1436, dated April 29, 1994, entitled "SURVEY FOR: QUAIL VILLAGE LIMITED PARTNERSHIP; 41 G.M.D., CITY OF REIDSVILLE, TATTNALL COUNTY, GEORGIA," said survey recorded in Plat Record Book 12, Page 180, in the real property records of the office of the Clerk of the Superior Court, Tattnall County, Georgia, said plat made a part of this description by reference.

SCHEDULE A

Loan Form

Revised Form No. 3524 (Rev. 1/90)

This Policy valid only if Schedule B is attached.

SURVEY

A survey is not currently available. A site plan has been included in the addendum. Due to the size of this portfolio transaction, and as surveys expire prior to closing, the ALTA Survey will be completed, submitted to the Agency, and approved closer to closing.



Crown Appraisal Group

Corporate Office

6797 N. High Street

Suite 325

Columbus, OH 43085

tel 614.431.3332

fax 614.431.3376

www.crownappraisal.com

October 19, 2016

Caitlin Waldie
Development Coordinator
Greystone Affordable Housing Initiatives, LLC
4025 Lake Boone Trail, Suite 209
Raleigh, NC 27607-2986

RE: Georgia Portfolio

Dear Amie:

Thank you for considering Crown Appraisal Group (“Crown”) for the appraisal of the referenced property portfolio (“portfolio”). The following details my understanding of your needs and presents our proposal.

Assignment

Crown Appraisal Group will prepare and deliver (scope of analysis as noted in Attachment 7-D to HB-1-3560) individual appraisal reports that provide the specific and separate value types as required. The reports will certify a number of entities – the lender, housing agency, USDA/RD, and the LIHTC syndicator – may rely upon our findings. The reports will also be prepared in compliance with USPAP standards and requirements.

As part of the assignment, we will identify the CRCU (Competitive Rents for Comparable Units) on the Executive Summary page for ease of location. The reports will be prepared in a manner similar to previous work product prepared by Crown for Greystone on other assignments.

Values that will be developed and reported (not all values will be developed and reported) are identified are below.

Value	USDA/RD Value	Comments
1	Market within 7 CFR Part 3560.752(b)(1)(ii) (all properties)	As is market value
2	Market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if unsubsidized conventional housing in compliance with 7 CFR Part 3560.636(c)(1)(i) (if applicable)	Prospective market value using market rents at stabilized occupancy
3	Prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if-conventional housing	Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), incorporating a market cap rate
4	Prospective market value, subject to restricted rents within CFR Part 3560.752(b)(1)(i)	7 Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), assuming existing (or proposed) bond financing, and incorporating below-market capitalization rate (band of investment method). (If applicable)
5	Market value of underlying land (if applicable)	As is land only value
6	Market value of the interest credit subsidy from assumed 514/515 loan (with new terms)	
7	Market value of the tax credits (if applicable)	
8	Prospective insurable value	

The reports will be addressed and delivered to you at the address noted above. You will be the initial contact for getting information about the properties. You can be reached at the above address, and at 919.882.2384 (o), 919.902.0938 (c), or caitlin.waldie@greyco.com.

Timing and Fee

We anticipate that the first report(s) will be delivered within three weeks of receipt of the requested information (we recognize that not all requested information will be available). We anticipate that all reports will be sent within 60 days. Should any revisions be required, these will be made as expediently as possible. Subsequent draft reports will be delivered as completed. The final report can be delivered within five business days of approval of the draft copy.

The fee for the multi-property assignment is \$166,050.00. This assumes electronic (PDF) reports, not hard copies. If hard copies are needed, an additional fee of \$400 per report per property will be billed. The property listing at the end of letter breaks down the fee on a property by property basis. The fee is on a gross basis, with all expenses incurred by Crown. Invoices will be delivered concurrent with delivery of the individual draft reports. Payment of the fee is as follows: 10% as an initial deposit and 90% upon delivery of the initial draft reports. As in prior assignments, Crown recognizes that report revisions might be required, and Crown will make those revisions. Of course, should “updates” due to the age of the reports be required, additional compensation arrangements will be made.

Should the assignment be cancelled during any phase, the fee will be pro-rated based upon the time and cost incurred.

As part of the terms and conditions of the assignment, the signatory and any users agree that Crown’s services are and will be subject to the standard statements, limiting conditions, and other terms set forth in the appraisal report(s). The standard statements and limiting conditions include, but are not limited to, recognition of financial liability limitations as well as limitations

as to parties that may rely upon the appraisal report. It is also recognized and acknowledged that during the course of the assignment, Crown may determine additional conditions and terms affecting the appraisal assignment which may be identified in the appraisal report(s). A copy of the standard statements and limiting conditions are at the end of this engagement proposal.

Crown Appraisal Group adds 1.0% per month for delinquent accounts and charges an additional administrative fee of \$500.00 for accounts that are more than three months delinquent. All costs, including legal fees incurred in the recovery of accounts that are delinquent, are also payable by the client. The terms of the agreement shall be governed by and construed under the laws of the state of Ohio.

Authorization to Proceed

This proposal can serve as our agreement and understanding of the assignment. The signature at the bottom of this letter and receipt of the 10% initial deposit serves as our authorization to proceed. After signing, please return one copy to me. You may mail the copy, email it to me (amoye@crownappraisal.com, or edegood@crownappraisal.com). By signing, the signatory is acknowledging that they have the authority to authorize engagement of our services.

Again, thank you for selecting Crown Appraisal Group for this assignment. If you have any questions, please do not hesitate to call me at 614-431-3332.

Sincerely,

CROWN APPRAISAL GROUP



Andrew J. Moyer, MAI, AI-GRS
Principal

AJM/ed

AGREED TO AND AUTHORIZED BY:

Jany Eeshwar, President
Signature, Caitlin Waldie

10/25/16

Date

Property Identification

GA Portfolio								
Name	Address	City	County	Units	Fee before Discount	Discount	Net Fee	
1 Academy Village	203 Hillsboro Street	Monticello	Jasper	10	\$6,100.00	10.0%	\$5,490.00	
2 Arrowhead	369 Broad Street	Hawkinsville	Pulaski	51	\$6,100.00	10.0%	\$5,490.00	
3 Chester	400 Wynne Avenue	Chester	Dodge	24	\$6,100.00	10.0%	\$5,490.00	
4 Chickasaw	18158 Morgan Road NE	Arlington	Calhoun	18	\$6,100.00	10.0%	\$5,490.00	
5 Colonial Homes	319 Keller Street	Blackshear	Pierce	20	\$6,100.00	10.0%	\$5,490.00	
6 Country Manor	310 Pomeroy Street	Blackshear	Pierce	55	\$6,100.00	10.0%	\$5,490.00	
7 Cumberland Village	116 Martha Drive	St Marys	Camden	65	\$6,100.00	10.0%	\$5,490.00	
8 Gray Gardens	200 Eatonton Highway	Gray	Jones	55	\$6,100.00	10.0%	\$5,490.00	
9 Heritage Villas of Alma	234 Floyd Street	Alma	Bacon	24	\$6,100.00	10.0%	\$5,490.00	
10 Hilltop Terrace I	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$6,100.00	10.0%	\$5,490.00	
11 Hilltop Terrace II	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$3,800.00	10.0%	\$3,420.00	
12 Hunters Run	701 Lupo Lane	Douglas	Coffee	51	\$6,100.00	10.0%	\$5,490.00	
13 Meadow Crossing	408 Spinks Drive	Omega	Tift	37	\$6,100.00	10.0%	\$5,490.00	
14 Piedmont Hills	1001 West Main Street	Forsyth	Monroe	50	\$6,100.00	10.0%	\$5,490.00	
15 Plantation I, Plantation II, Plantation III	201 Casey Drive	Richmond Hill	Bryan	165	\$10,000.00	10.0%	\$9,000.00	
16 Quail Hollow I	888 Carswell Street	Homerville	Clinch	55	\$6,100.00	10.0%	\$5,490.00	
17 Quail Hollow II	962 Carswell Street	Homerville	Clinch	41	\$3,800.00	10.0%	\$3,420.00	
18 Quail Village	199 Memorial Drive	Reidsville	Tattnall	30	\$6,100.00	10.0%	\$5,490.00	
19 Sandalwood Terrace	23 Fourth Street Northwest	Ludowici	Long	31	\$6,100.00	10.0%	\$5,490.00	
20 Satilla Villas	1100 Medonald Avenue	Woodbine	Camden	59	\$6,100.00	10.0%	\$5,490.00	
21 Sawgrass Cove	534 McIntosh Road	Darien	McIntosh	51	\$6,100.00	10.0%	\$5,490.00	
22 Spring Hollow	800 Ash Street Extension	Springfield	Effingham	53	\$6,100.00	10.0%	\$5,490.00	
23 The Forest I & The Forest II	582 26th Avenue SE	Moultrie	Colquitt	119	\$6,100.00	10.0%	\$5,490.00	
24 The Forest III	2701 5th Street S E	Moultrie	Colquitt	53	\$3,600.00	10.0%	\$3,240.00	
25 The Grove	303 Jerriel Street	Vidalia	Toombs	55	\$6,100.00	10.0%	\$5,490.00	
26 Wildwood Villas I	50 Wildwood Circle	Statesboro	Bulloch	53	\$6,100.00	10.0%	\$5,490.00	
27 Wildwood Villas II	54 Wildwood Circle	Statesboro	Bulloch	58	\$3,800.00	10.0%	\$3,420.00	
28 Yester Oaks	51 Yester Oaks Drive	Lafayette	Walker	44	\$7,000.00	10.0%	\$6,300.00	
29 Charlton Court	38 Charlton Court	Folkston	Charlton	41	\$6,100.00	10.0%	\$5,490.00	
30 Hillcrest	1503 John Collins Road NE	Pelham	Mitchell	49	\$6,100.00	10.0%	\$5,490.00	
31 Hillmont	7069 Lakes Boulevard	Lake Park	Lowndes	43	\$6,100.00	10.0%	\$5,490.00	
Plantation I, II, III will be consolidated and presented in a single report - individual market values, consolidated prospective values								
The Forest I and II will be consolidated and presented in a single report - individual market values, consolidated prospective values								
Total					\$184,500.00		\$166,050.00	

INITIAL DATA REQUEST

(for each Property)

This list details the items we will need to commence the appraisal report:

- Property contact name and telephone number.
- Current rent roll.
- Current rental subsidy contract
- Property Operating Statements for 2013, 2014, 2015, 2016 ytd.
- Completed market studies (it is Crown's understanding that there are no current market studies)
- Details regarding expected tax credits
- Details regarding expected financing (dollar amount, term, interest rate)
- Unit Floor Plans
- Detail re: improvements
 - Units - sizes (square feet and bedrooms), current rental rates, proposed rental rates etc.
 - Amenities—pool, exercise facilities, club house, etc.
- Site plan.
- Legal description and survey.
- Most recent real estate tax bills for the parcels that comprise the subject site.
- Details regarding the capital expenditures (dollar amount, scope of renovations) that are planned to be completed to the property.

Thank you,

Crown Appraisal Group
6797 N. High Street, Suite 325
Columbus, OH 43085
Phone: 614-431-3332
Fax: 614-431-3376

Financial Acknowledgement

The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to anyone not specifically identified as an intended user.

Assumptions and Limiting Conditions

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.

- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- This appraisal is to be used only in its entirety. Possession of the report or any copy does not carry with it the right of publication. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of the signing appraiser(s).
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Affordable Housing Initiatives, LLC, or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Affordable Housing Initiatives, LLC, or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Affordable Housing Initiatives, LLC, or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

PROFESSIONAL QUALIFICATIONS

ANDREW J. MOYE, MAI, AI-GRS

Business Experience

Crown Appraisal Group, Columbus, Ohio.

Principal

Real estate consulting, including appraisal, appraisal review, business valuation, and market study assignments for commercial and residential real estate.

Vista Capital/Chemical Mortgage Company, Columbus, Ohio.

Vice President.

Appraisal assignments and market studies of commercial real property.

Landauer Associates, Inc., West Palm Beach, Florida.

Assistant Vice President.

Valuation and evaluation of real property, and development of land use studies for large commercial and residential PUDs.

Education

Masters of Business Administration (Finance), The Ohio State University, Columbus, Ohio.

Bachelor of Science in Business Administration (Real Estate), The Ohio State University, Columbus, Ohio.

Professional Education (partial list)

Basic Valuation Procedures	Residential Valuation
Capitalization Theory, Part 1	Standards of Professional Practice
Capitalization Theory, Part 2	Case Studies in Real Estate Valuation
Capitalization Theory and Techniques, Part B	Valuation Analysis and Report Writing
Advanced Applications	Advanced Sales Comparison & Cost Approaches
Basic Income Capitalization	Litigation Appraising: Specialized Topics and Applications
Advanced Income Capitalization	General Appraiser Market Analysis and Highest & Best Use
The Appraiser as Expert Witness: Preparation and Expert Testimony	Market Analysis
Review Theory – General	Condemnation Appraising: Principles and Applications

Professional Qualifications, testimony venues

MAI designation offered by Appraisal Institute

AI-GRS designation offered by Appraisal Institute

Young Advisory Council attendee, moderator, Appraisal Institute

Certified General Appraiser (permanent certification): AL, AZ, CO, FL, GA, IL, IN, KY, MI, NC, NY, OH, SC, VA, WV

Expert witness in Federal Bankruptcy Court, Common Pleas Courts throughout Ohio, various Boards of Revision, State Board of Tax Appeal

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

ANDREW JOHN MOYE

5464

IS AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF GEORGIA IN THE CAPACITY AS

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES HEREWITH ARE CONTINGENT UPON THE REQUISITE FEES AND ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

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