

APPRAISAL REPORT

Of
Southwood Apartments



6001 Trammell Road, Morrow,
Clayton County, GA 30260

Effective Date: January 3, 2018
Effective Date, As Stabilized HAP Restricted: September 1, 2019
Effective Date, As Stabilized LIHTC-Only: July 1, 2020
Effective Date, As Stabilized Unrestricted: July 1, 2020

Prepared For
Mr. Brian Blue
R4 Capital Funding LLC
155 Federal Street, Suite 1004
Boston, MA 02110

Prepared by
VSI APPRAISAL GROUP
1310 Dublin Road
Columbus, OH 43215
File Number: 20180100

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January 24, 2018

Mr. Brian Blue
R4 Capital Funding LLC
155 Federal Street, Suite 1004
Boston, MA 02110

Re: Appraisal Report
Southwood Apartments
6001 Trammell Road, Morrow,
Clayton County, GA 30260

VSI Appraisal File Number: 20180100

Dear Mr. Blue:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject, Southwood Apartments, is a 22-building, 196-unit multifamily property with one-, two-, and three-bedroom units. The subject currently has a 97.9% occupancy percentage. The property currently has 163 units that operate with a Section 8 HAP contract and 33 market rate units. The property will be substantially rehabilitated with partial financing from the Low Income Housing Tax Credit (LIHTC) program. Post renovation, the HAP contract will remain and the remaining 33 units will be rent and income restricted at 60% of Area Median Household Income (AMHI). The property is situated on approximately 18.3 acres.

The purpose of the appraisal is to estimate the value of the land as vacant, the 'as is' value of the subject property, the as complete and stabilized value with HAP restrictions, the as complete and stabilized value as a LIHTC only property, as well as an as complete and stabilized value as an unrestricted property. We also provide a value of the tax credits and any beneficial financing. The client is R4 Capital Funding LLC, and the intended use is to determine market value.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of R4 Capital Funding LLC and Freddie Mac. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignments results, we use the appraisal report option of Standards Rule 2-2 of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and

analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The analyst has not performed any 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.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions, we have made the following value conclusions:

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	1/3/2018	\$400,000		\$400,000
As Is	Current	Leased Fee	1/3/2018	\$12,210,000		\$12,210,000
As Stabilized - HAP	Prospective	Leased Fee	9/1/2019	\$17,820,000	\$538,000	\$17,282,000
As Complete - HAP	Prospective	Leased Fee	7/1/2019	\$17,780,000	\$538,000	\$17,242,000
As Stabilized - LIHTC Only	Prospective/Hypothetical	Leased Fee	7/1/2020	\$10,950,000	\$538,000	\$10,412,000
As Complete - LIHTC Only	Prospective/Hypothetical	Leased Fee	7/1/2019	\$9,700,000	\$538,000	\$9,162,000
As Stabilized - Unrestricted	Prospective/Hypothetical	Fee Simple	7/1/2020	\$15,950,000	\$538,000	\$15,412,000
As Complete - Unrestricted	Prospective/Hypothetical	Fee Simple	7/1/2019	\$14,540,000	\$538,000	\$14,002,000
Value of LIHTC	Current	Fee Simple	1/3/2018	\$11,410,000		

Note: The HAP and LIHTC as complete and as stabilized values are affected as a result of House Bill 196, which taxes the LIHTC equity. This is detailed in the Tax and Assessment section of the report.

Hypothetical Conditions – A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The values as unrestricted assume no rent or income restrictions. The values as LIHTC Only assume no HAP overlay.

Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

- The developer proposed rents are based on an RCS, and above the concluded market rents in this report. We assume that these rents will be approved by HUD and will not be marked down to market in the future.

Please contact the undersigned with any questions or comments. Thank you for using our services.

Respectfully submitted,
VSI Appraisal Group



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TABLE OF CONTENTS

Summary of Important Facts and Conclusions..... 1

 Client, Intended Users and Intended Use 3

 Type of Value, Property Rights and Effective Date 3

 Definition of Market Value..... 3

 Definition of Property Rights Appraised 4

 Applicable Requirements 4

 Prior Services..... 4

 Scope of Work..... 5

Metropolitan Area Analysis..... 7

 Employment Trends 8

 Employment by Industry 11

 Major Employers 12

 Population and Household Trends..... 12

 Conclusions of Area Analysis..... 13

Neighborhood Analysis..... 14

 Accessibility 14

 Demographics 15

 Neighborhood Demand Generators 17

 Area Development Trends 18

 Linkages..... 18

 Land Use..... 18

 Conclusion 20

Market Analysis 21

 Demand..... 25

 Income Eligibility 27

 Competitive Properties 28

 Absorption Potential 29

 New Development 29

 Outlook and Conclusions 30

Property Description 31

 Tax Map/Site Plan 31

 Zoning..... 34

 Other Land Use Restrictions..... 34

 Conclusions of Site Analysis 34

 Site Plan..... 35

Improvements Description and Analysis..... 36

 Subject Photographs (Taken on January 3, 2018)..... 36

 Americans with Disabilities Act..... 42

 Hazardous Substances 42

 Personal Property Items..... 42

 Remaining Economic Life 42

 Conclusions of Improvements Analysis..... 43

Assessment and Taxes..... 44

 Comments 44

Highest and Best Use..... 47

Highest and Best Use of the Site as Vacant 47

Highest and Best Use as Improved 48

Most Probable Buyer 48

Valuation Methodology..... 49

 Cost Approach..... 49

 Income Approach 49

 Sales Comparison Approach 49

 Final Reconciliation 49

 Analyses Applied 49

Sales Comparison Approach – Land Valuation..... 50

 Land Comparables..... 50

 Land Comparables Map 51

 Analysis Grid..... 56

 Comparable Land Sale Adjustments 57

 Sales Comparison Approach Conclusion – Land Valuation 59

 Broker Interview 59

Sales Comparison Approach..... 60

 Comparables 60

 Comparables Map 61

 Analysis Grid..... 66

 Comparable Sale Adjustments 67

 Sales Comparison Approach Conclusion 70

Income Approach 71

 Potential Gross Income (PGI) 71

 Market Rent 73

 Potential Gross Income Summary..... 95

 Expenses Analysis and Projection 101

 Capitalization Rate 109

 Direct Capitalization Analysis Conclusion 116

 Direct Capitalization Analysis Conclusion (Trended) 117

Adjustments to Stabilization 121

Value of Low Income Housing Tax Credits 123

Final Reconciliation..... 128

 Final Value Conclusion 129

Certification Statement 131

Limiting Conditions and Assumptions 133

 Definitions 137

Addendum A – Appraiser Qualifications 143

Addendum B – Financials and Property Information 143

Addendum C – Letter of Authorization 143

Summary of Important Facts and Conclusions

GENERAL

Subject:	<p>Southwood Apartments 6001 Trammell Road, Morrow, Clayton County, GA 30260</p> <p>The subject, Southwood Apartments, is a 22-building, 196-unit multifamily property with one-, two-, and three-bedroom units. The subject currently has a 97.9% occupancy percentage. The property currently has 163 units that operate with a Section 8 HAP contract and 33 market rate units. The property will be substantially rehabilitated with partial financing from the Low Income Housing Tax Credit (LIHTC) program. Post renovation, the HAP contract will remain and the remaining 33 units will be rent and income restricted at 60% of Area Median Household Income (AMHI). The property is situated on approximately 18.3 acres.</p>
Owner:	<p>Southwood Investors, LLC</p> <div style="text-align: center;">  <p>Parcel ID 12147D A001</p> </div>
Date of Report:	January 24, 2018
Effective Date:	January 3, 2018
Intended Use:	The intended use is to determine market value.
Intended Users:	R4 Capital Funding LLC and R4 Capital LLC.
Sale History:	The subject has not sold in the last three years, according to public records.
Current Listing/Contract:	<p>The subject is under contract for sale for \$12,200,000. Contract Date: August 14, 2017 Buyer: The Hampstead Group Inc</p> <p>The property is in contract to be purchased for \$12,200,000. A copy of the Purchase and Sale Agreement is in the addendum of this report. Our concluded As Is Value is below the contract price of the property. The as is value is similar to the purchase price.</p>

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
12147D A001	18.40	801,504	18.40	801,504	Level	Irregular

Improvements:

Building Summary						
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units
Southwood Apartments	1972	Average; Good post renovation	2.0	253,075	210,332	196
Community Building	2018	Good	1.0	N/Av	N/Av	0
Totals				253,075	210,332	196

Notes: We requested but were not provided building plans for the subject. We have utilized the rentable area based on our measurements and increased it by 5% for the Gross Building Area. Post renovation, the Gross Building Area is expected to increase as a result of the addition of a new community building.

Zoning: RM - Multiple Family Residential

Highest and Best Use of the Site: Hold for future development of multifamily

Highest and Best Use as Improved: Subsidized multifamily

Exposure Time; 6 to 12 Months

Marketing Period 6 to 12 Months

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	1/3/2018	\$400,000		\$400,000
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Value of LIHTC	Current	Fee Simple	1/3/2018	\$11,410,000		

Note: The HAP and LIHTC as complete and as stabilized values are affected as a result of House Bill 196, which taxes the LIHTC equity. This is detailed in the Tax and Assessment section of the report.

This appraisal report and all of the appraiser’s work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the addendum to the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

Hypothetical Conditions: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about

conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

- The values as unrestricted assume no rent or income restrictions. The values as LIHTC Only assume no HAP overlay.

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in the analysis.

- The developer proposed rents are based on an RCS, and above the concluded market rents in this report. We assume that these rents will be approved by HUD and will not be marked down to market in the future.

Client, Intended Users and Intended Use

The client is R4 Capital Funding LLC. The intended users include R4 Capital Funding LLC and R4 Capital LLC. The intended use is to determine market value. The appraisal is not intended for any other use or user. No party or parties other than R4 Capital Funding LLC may use or rely on the information, opinions, and conclusions contained in this report.

Type of Value, Property Rights and Effective Date

The problem to be solved is to estimate the value of the land as vacant, the 'as is' value of the subject property, the as complete and stabilized value with HAP restrictions, the as complete and stabilized value as a LIHTC only property, as well as an as complete and stabilized value as an unrestricted property. We also provide a value of the tax credits and any beneficial financing. The appraisal is valid only as of the stated effective date or dates, shown as follows:

Value	Dates	Value Perspective	Interest Appraised
As if Vacant Land	1/3/2018	Current	Fee Simple
As Is	1/3/2018	Current	Fee Simple
As Stabilized - HAP	9/1/2019	Prospective	Leased Fee
As Complete - HAP	7/1/2019	Prospective	Leased Fee
As Stabilized - LIHTC Only	7/1/2020	Prospective/Hypothetical	Leased Fee
As Complete - LIHTC Only	7/1/2019	Prospective/Hypothetical	Leased Fee
As Stabilized - Unrestricted	7/1/2020	Prospective/Hypothetical	Fee Simple
As Complete - Unrestricted	7/1/2019	Prospective/Hypothetical	Fee Simple
Value of LIHTC	1/3/2018	Current	

Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and

knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of 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 United States 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.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g])

Definition of Property Rights Appraised

Fee simple estate is defined 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.”

Leased fee interest is defined as, “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Appraisal guidelines of R4 Capital Funding LLC; Freddie Mac

Prior Services

USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. The analyst has not performed any 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.

Scope of Work

We considered the intended use, users, complexity of the property, and other relevant factors in order to determine the scope of work, described as follows.

SCOPE OF WORK	
Report Type:	To report the assignments results, we use the appraisal report option of Standards Rule 2-2 of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number. A copy of the legal description is in the addendum within the purchase contract.
Site Visit:	A complete interior and exterior visit of the subject property has been made, and photographs taken. David W. Ross Jr. visited the subject property on January 3, 2018. Brian Walsh did not visit the property.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
<u>Valuation Analyses</u> Cost Approach:	A cost approach was not applied as the age of the property would limit the accuracy of estimating accrued depreciation. In addition, the sales and income approaches provide a good estimate of value.

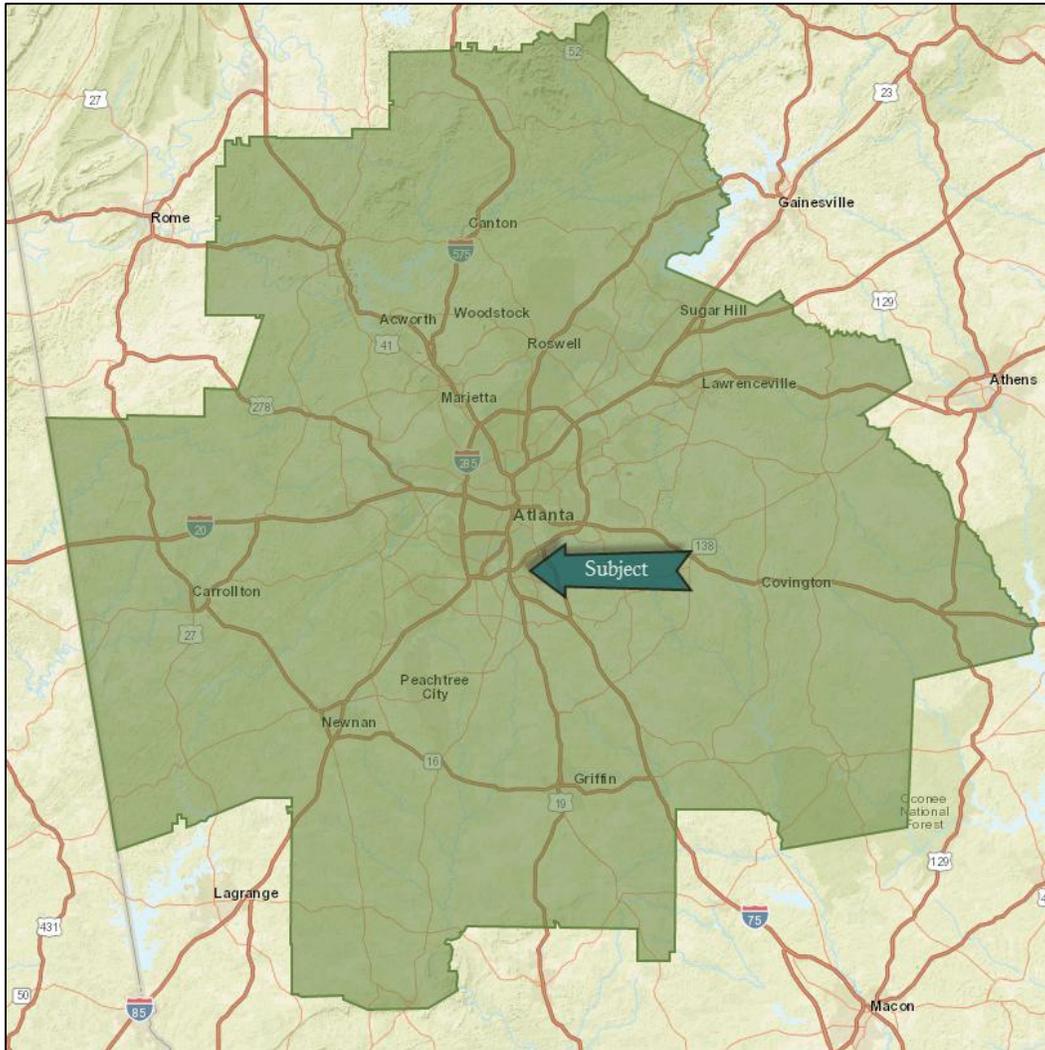
Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. However, this approach is applicable only for the land value and the unrestricted improved value. There are insufficient comparable restricted rent sales to provide a sales approach.

Income Approach: An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach. Additionally, the probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.

Metropolitan Area Analysis

The subject is in Clayton County, in the Atlanta Metropolitan Statistical Area, hereinafter called the Atlanta MSA, as defined by the U.S. Office of Management and Budget.

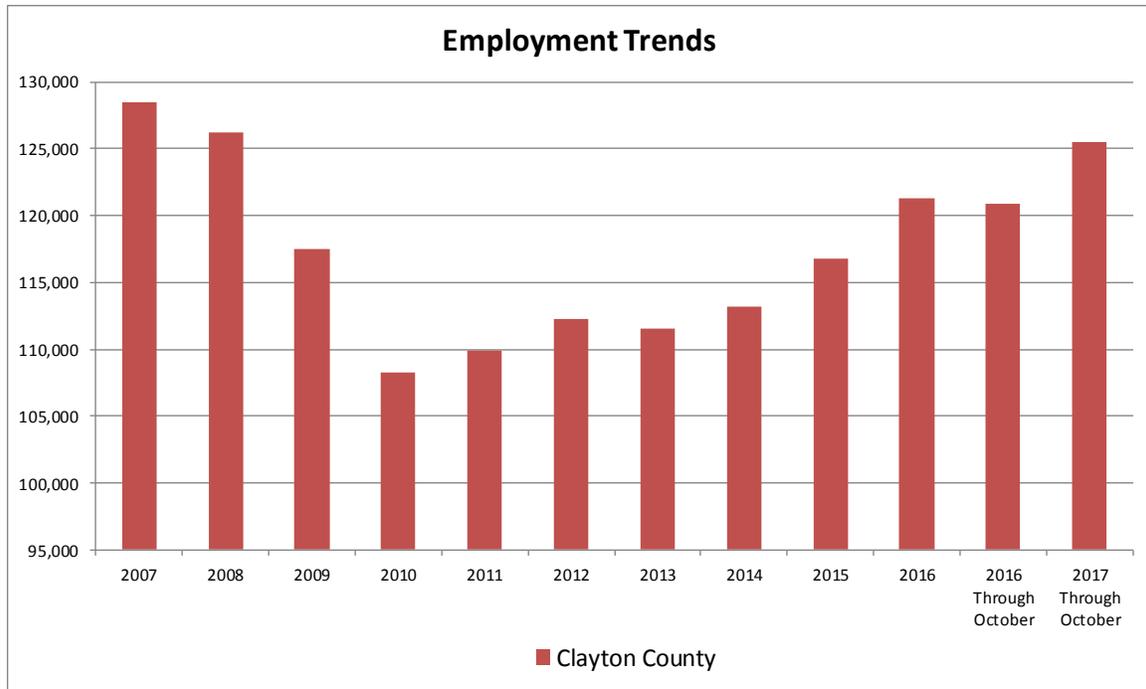
Area Map

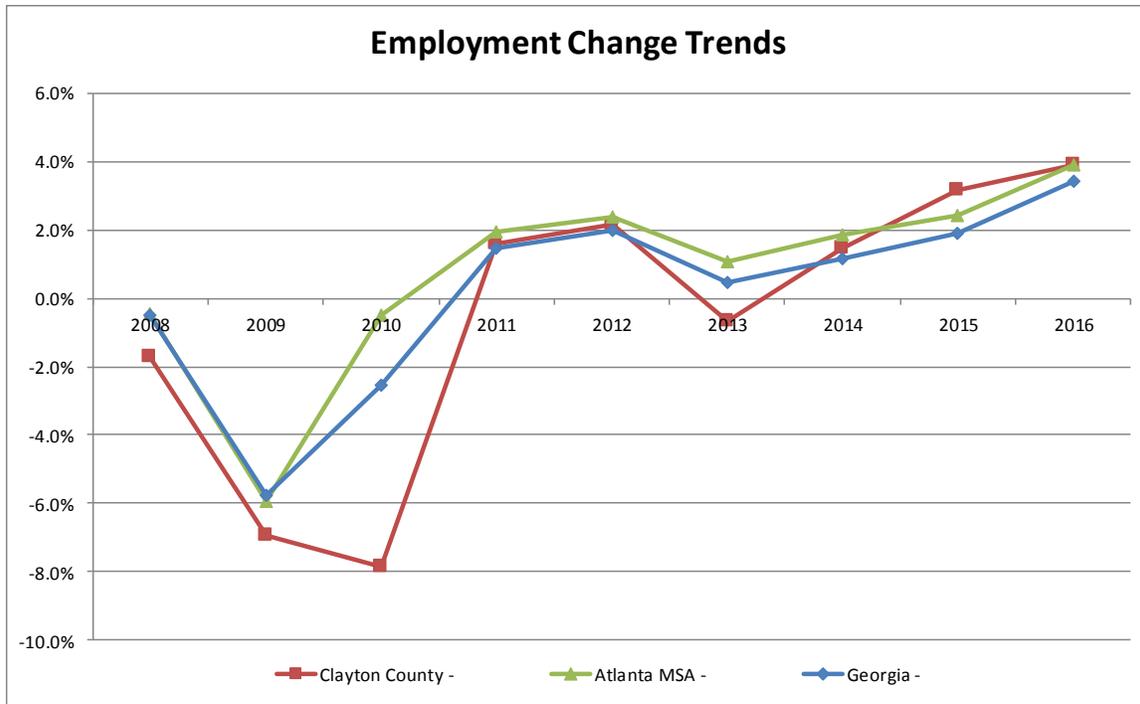


Employment Trends

Year	Total Employment			Change in Employment			Percent Change		
	Clayton County	Atlanta MSA	Georgia	Clayton County	Atlanta MSA	Georgia	Clayton County	Atlanta MSA	Georgia
2007	128,444	2,618,825	4,597,640	-	-	-	-	-	-
2008	126,243	2,606,822	4,575,010	-2,201	-12,002	-22,630	-1.7%	-0.5%	-0.5%
2009	117,459	2,452,057	4,311,854	-8,784	-154,765	-263,156	-7.0%	-5.9%	-5.8%
2010	108,243	2,440,037	4,202,052	-9,216	-12,021	-109,801	-7.8%	-0.5%	-2.5%
2011	109,948	2,486,895	4,263,305	1,705	46,858	61,252	1.6%	1.9%	1.5%
2012	112,298	2,545,474	4,348,083	2,350	58,579	84,779	2.1%	2.4%	2.0%
2013	111,567	2,573,040	4,367,147	-732	27,566	19,063	-0.7%	1.1%	0.4%
2014	113,183	2,620,911	4,418,471	1,616	47,872	51,324	1.4%	1.9%	1.2%
2015	116,736	2,684,068	4,502,021	3,554	63,156	83,550	3.1%	2.4%	1.9%
2016	121,278	2,788,476	4,656,255	4,542	104,409	154,234	3.9%	3.9%	3.4%
2016 Through October	120,867	2,779,367	4,642,836	-	-	-	-	-	-
2017 Through October	125,465	2,885,703	4,796,811	4,597	106,335	153,974	3.8%	3.8%	3.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics

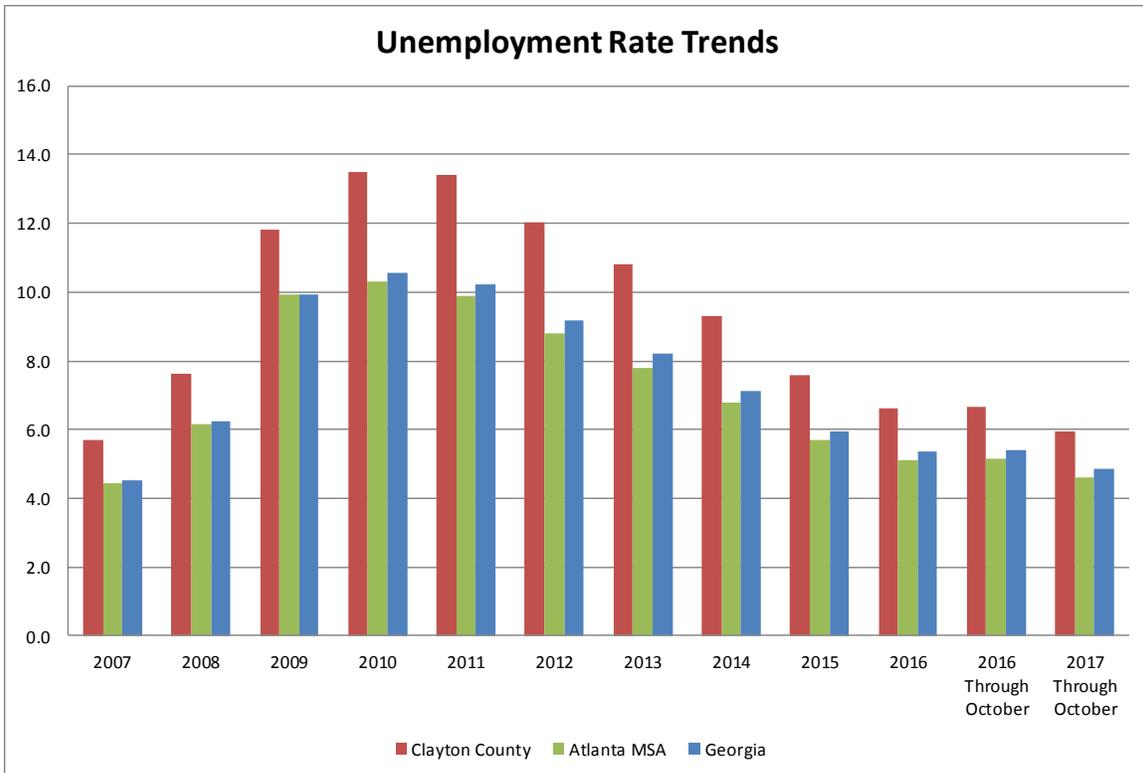




The change in employment in Clayton County decreased annually between 2008 and 2010; however, employment rebounded in 2011 and continued to increase through 2012. Employment decreased in Clayton County in 2013, but has continued to increase through 2016. In 2016, both the county and MSA increased at a rate of 3.9% while the state increased at a rate of 3.4%.

UNEMPLOYMENT TRENDS (%)			
Year	Clayton County	Atlanta MSA	Georgia
2007	5.7	4.4	4.5
2008	7.6	6.2	6.2
2009	11.8	9.9	9.9
2010	13.5	10.3	10.6
2011	13.4	9.9	10.2
2012	12.0	8.8	9.2
2013	10.8	7.8	8.2
2014	9.3	6.8	7.1
2015	7.6	5.7	6.0
2016	6.6	5.1	5.4
2016 Through October	6.7	5.2	5.4
2017 Through October	6.0	4.6	4.9

Source: Bureau of Labor Statistics



Historically, the unemployment rate in Clayton County has been well above the MSA and the state unemployment. The unemployment rate increased dramatically in 2009 and continued to increase through 2010 as a result of the most recent national recession. However, the unemployment rate for the county and MSA decreased through 2017 to 6.0% and 4.6%, respectively. The unemployment rate for the MSA has historically maintained the lowest rates of all the areas of analysis.

Employment by Industry

The following table illustrates employment by industry within the Atlanta MSA, state of Georgia, and the nation.

2016 EMPLOYMENT BY INDUSTRY						
Occupation	Atlanta MSA		Georgia		Nation	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Number Employed	Percent Employed
Office and Administrative Support	401,220	15.7%	653,730	15.5%	22,026,080	15.7%
Sales and Related	286,430	11.2%	457,850	10.9%	14,536,530	10.4%
Food Preparation and Serving Related	238,240	9.3%	396,350	9.4%	12,981,720	9.2%
Transportation and Material Moving	215,540	8.4%	357,480	8.5%	9,731,790	6.9%
Business and Financial Operations Management	167,020	6.5%	228,270	5.4%	7,281,190	5.2%
Education, Training, and Library	166,550	6.5%	240,090	5.7%	7,090,790	5.1%
Production	145,470	5.7%	261,120	6.2%	8,636,430	6.2%
Healthcare Practitioners and Technical	140,310	5.5%	303,830	7.2%	9,105,650	6.5%
Healthcare Support	128,200	5.0%	236,230	5.6%	8,318,500	5.9%
Computer and Mathematical	114,580	4.5%	138,140	3.3%	4,165,140	3.0%
Installation, Maintenance, and Repair	98,050	3.8%	176,400	4.2%	5,456,640	3.9%
Construction and Extraction	81,540	3.2%	138,550	3.3%	5,585,420	4.0%
Building and Grounds Cleaning and Maintenance	63,900	2.5%	113,760	2.7%	4,426,090	3.2%
Protective Service	56,580	2.2%	104,400	2.5%	3,386,360	2.4%
Personal Care and Service	56,090	2.2%	89,520	2.1%	4,514,960	3.2%
Healthcare Support	54,340	2.1%	99,430	2.4%	4,043,480	2.9%
Architecture and Engineering	41,020	1.6%	62,780	1.5%	2,499,050	1.8%
Arts, Design, Entertainment, Sports, and Media	36,470	1.4%	50,920	1.2%	1,902,970	1.4%
Community and Social Service	24,950	1.0%	44,750	1.1%	2,019,250	1.4%
Legal	22,310	0.9%	29,320	0.7%	1,075,520	0.8%
Life, Physical, and Social Science	12,760	0.5%	21,500	0.5%	1,152,840	0.8%
Farming, Fishing, and Forestry	1,800	0.1%	9,970	0.2%	463,640	0.3%
Total Employment	2,553,370	100.0%	4,214,390	100.0%	140,400,040	100.0%

Source: United States Department of Labor: Bureau of Labor Statistics, May 2016



Over 15.0% of the Atlanta MSA employment is concentrated in Office and Administrative Support which is in line with the state and nation. The next three largest industries are sales at 11.2%, food preparation at 9.3%, and transportation at 8.4%. The categories Business and

Finance, and Management have a greater percentage employed in the MSA than the state and nation by almost 1.0%.

Major Employers

We were provided the following list of the major employers in Clayton County.

MAJOR EMPLOYERS Clayton County, Georgia		
Employer	Industry	# of Employees
Clayton County Public Schools	Education	7,100
Delta Tech Operations	Transportation	6,000
Gate Gourmet	Food Preparation	1,710
Souther Regional Medical Center	Healthcare	1,100
JCPenney	Retail	850
FedEx Ground	Transportation	800
Fresh Express, Inc.	Food Preparation	800
Toto	Manufacturing	700
Clayton State University	Education	675
Kroger Distribution Center	Warehouse	579
Standard Parking	Parking	562
R+L Carriers	Transportation	530

Source: Clayton County, 2017

Population and Household Trends

The following table details the population and household trends in the county, the MSA, and the state.

DEMOGRAPHICS			
Population			
Year	Clayton County	Atlanta MSA	Georgia
2010	259,424	5,286,728	9,687,653
2017	276,308	5,806,085	10,390,390
2022	289,107	6,225,843	10,938,845
2010-2017 Annual Change	0.93%	1.40%	1.04%
2017-2022 Annual Change	0.93%	1.45%	1.06%
2010-2022 Annual Change	0.95%	1.48%	1.08%
Households			
Year	Clayton County	Atlanta MSA	Georgia
2010	90,633	1,943,885	3,585,584
2017	95,982	2,130,156	3,836,105
2022	100,285	2,281,257	4,034,424
2010-2017 Annual Change	0.84%	1.37%	1.00%
2017-2022 Annual Change	0.90%	1.42%	1.03%
2010-2022 Annual Change	0.89%	1.45%	1.04%

Source: ESRI Demographics

Population increased in the county 0.93% annually from 2010 to 2017 and is projected to continue to increase at a similar rate through 2022. Similarly, household growth in the county is projected to increase 0.90% annually through 2022. These demographic changes are below both the MSA and the state.

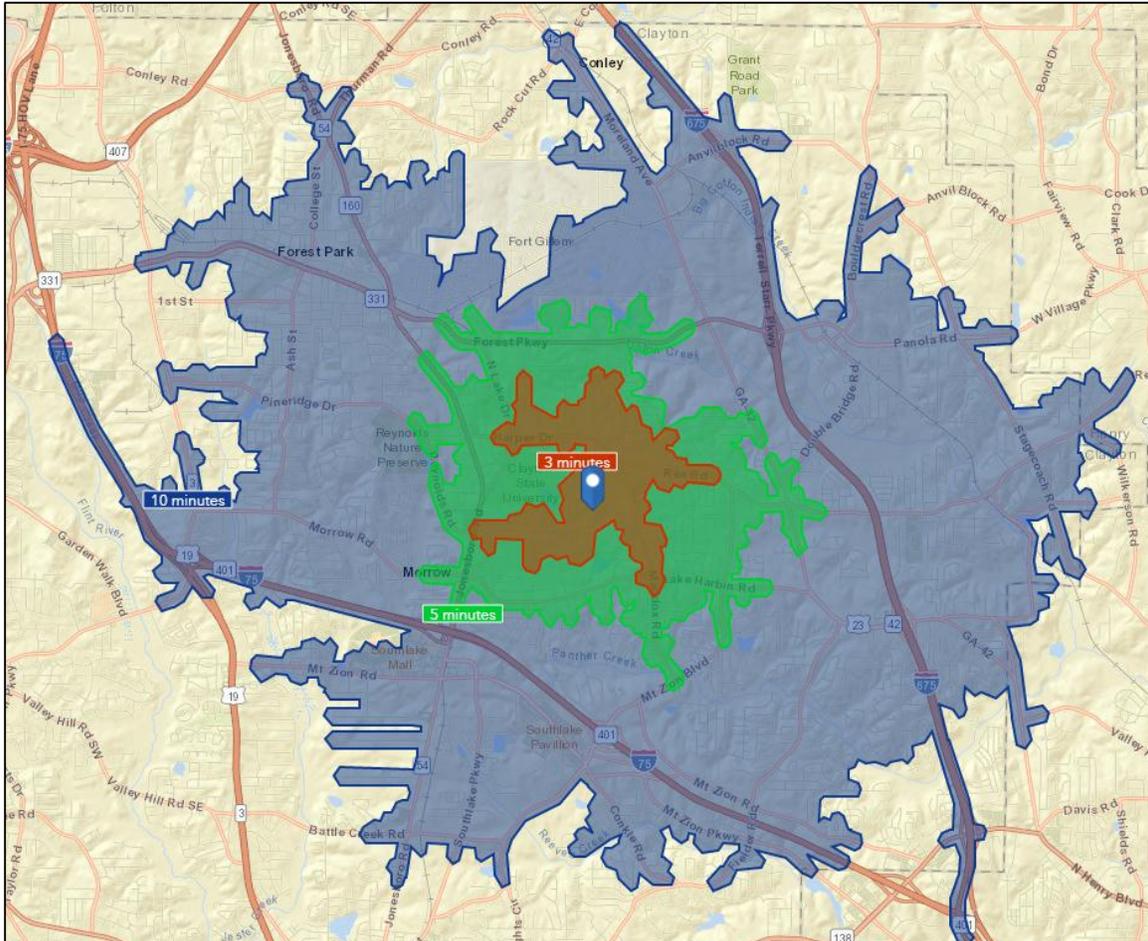
Conclusions of Area Analysis

Clayton County has averaged a 3.0% employment growth over the past three years, and the growth is outpacing both the MSA and the state through year to date data for 2017. The area is additionally experiencing population and household growth, and the market is considered a growth market. We would anticipate property values to increase in the near term.

Neighborhood Analysis

The subject is in the northeast region of the City of Morrow, Georgia. Following is a map showing the 3-, 5-, and 10-minute drive time from the subject.

3-, 5-, and 10-Minute Drive Time Map



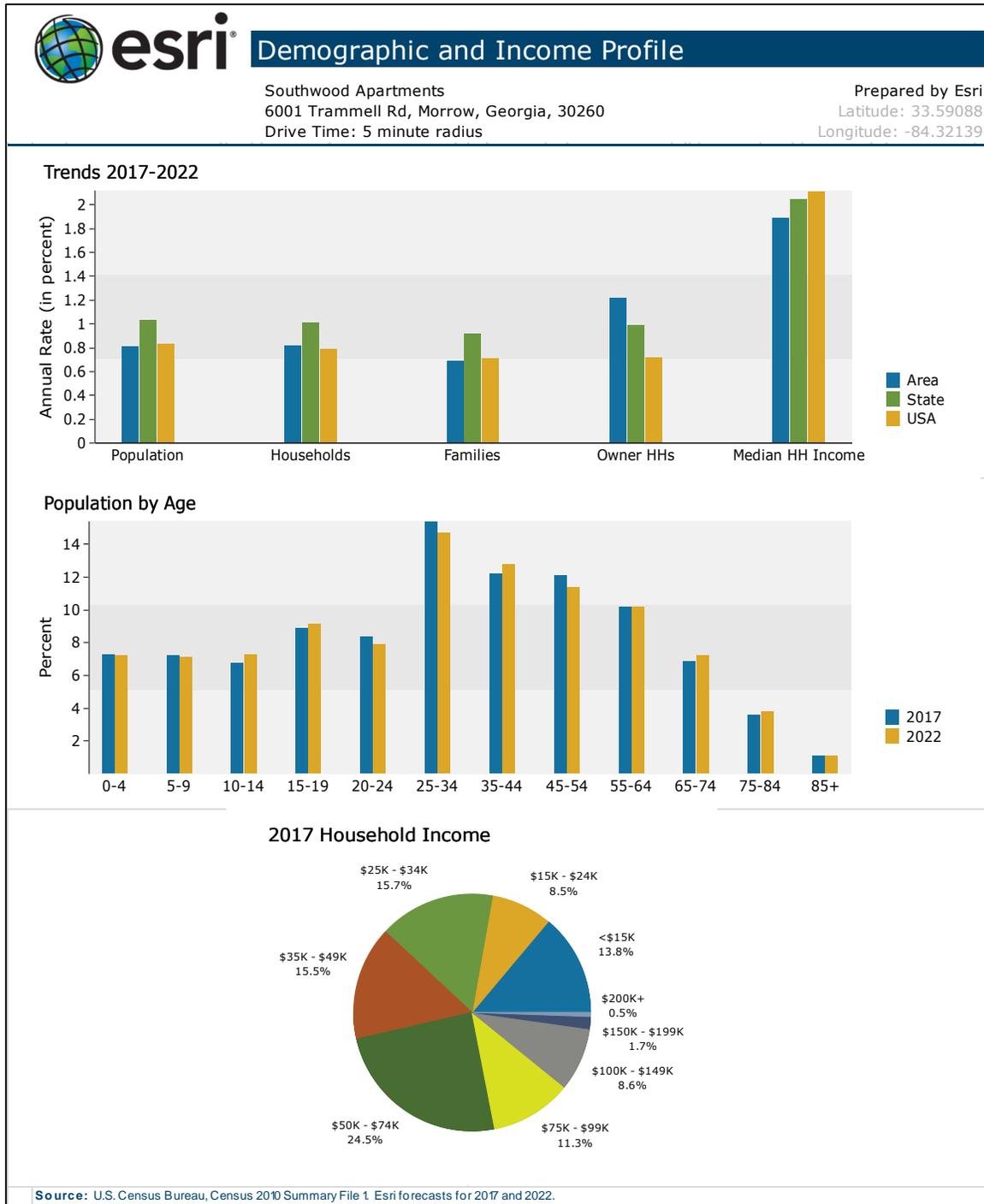
Accessibility

Primary access to the site is from Interstate 75, a major north and south interstate which provides access to Atlanta to the north and Macon, Georgia to the south. The interstate is accessible within a 5.0-minute drive by automobile. The nearest bus stop is 1.3 miles west of the site along Jonesboro Road. Sidewalks are present throughout the neighborhood; however, there are minimal community services within walking distance of the site. Overall access to the site is considered fair.

Demographics

Following is a summary of demographics within a 3-minute drive of the subject. A more detailed demographic demand analysis is within the market analysis section of this report.

 Demographic and Income Profile		Southwood Apartments 6001 Trammell Rd, Morrow, Georgia, 30260 Drive Time: 5 minute radius		Prepared by Esri Latitude: 33.59088 Longitude: -84.32139			
Summary		Census 2010	2017	2022			
Population		13,251	13,998	14,574			
Households		4,558	4,775	4,973			
Families		3,074	3,181	3,293			
Average Household Size		2.75	2.77	2.77			
Owner Occupied Housing Units		2,379	2,295	2,438			
Renter Occupied Housing Units		2,179	2,480	2,535			
Median Age		31.6	32.2	32.7			
Trends: 2017 - 2022 Annual Rate		Area	State	National			
Population		0.81%	1.03%	0.83%			
Households		0.82%	1.01%	0.79%			
Families		0.69%	0.92%	0.71%			
Owner HHs		1.22%	0.99%	0.72%			
Median Household Income		1.89%	2.05%	2.12%			
Households by Income		2017		2022			
		Number	Percent	Number	Percent		
<\$15,000		657	13.8%	700	14.1%		
\$15,000 - \$24,999		406	8.5%	394	7.9%		
\$25,000 - \$34,999		751	15.7%	692	13.9%		
\$35,000 - \$49,999		739	15.5%	685	13.8%		
\$50,000 - \$74,999		1,170	24.5%	1,159	23.3%		
\$75,000 - \$99,999		539	11.3%	675	13.6%		
\$100,000 - \$149,999		410	8.6%	532	10.7%		
\$150,000 - \$199,999		79	1.7%	107	2.2%		
\$200,000+		23	0.5%	30	0.6%		
Median Household Income		\$45,719		\$50,210			
Average Household Income		\$54,006		\$60,423			
Per Capita Income		\$19,294		\$21,359			
Population by Age		Census 2010		2017		2022	
		Number	Percent	Number	Percent	Number	Percent
0 - 4		1,083	8.2%	1,027	7.3%	1,053	7.2%
5 - 9		962	7.3%	1,010	7.2%	1,040	7.1%
10 - 14		894	6.7%	945	6.8%	1,069	7.3%
15 - 19		1,199	9.0%	1,240	8.9%	1,340	9.2%
20 - 24		1,238	9.3%	1,174	8.4%	1,152	7.9%
25 - 34		1,853	14.0%	2,157	15.4%	2,147	14.7%
35 - 44		1,889	14.3%	1,713	12.2%	1,870	12.8%
45 - 54		1,612	12.2%	1,693	12.1%	1,658	11.4%
55 - 64		1,236	9.3%	1,423	10.2%	1,485	10.2%
65 - 74		722	5.4%	959	6.9%	1,049	7.2%
75 - 84		433	3.3%	504	3.6%	551	3.8%
85+		130	1.0%	154	1.1%	158	1.1%
Data Note: Income is expressed in current dollars.							
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2017 and 2022.							



The immediate neighborhood has experienced increasing population and households at a rate of 0.81% and 0.68% per year, respectively. The projections through 2022 are slightly higher, yet still below both the county and the MSA. Median household income in the neighborhood is currently \$45,719 and is expected to increase approximately 1.96% annually. Median income in the neighborhood is slightly above the county (\$44,174) but below the MSA (\$59,802). The median income in the MSA is expected to increase at rates above those of the neighborhood and county.

Neighborhood Demand Generators

The subject is within a 5-minute drive of Jonesboro Road, as well as Forest Parkway, which are the primary commercial corridors within the neighborhood that provide employment and shopping opportunities for the subject’s residents. Following is a summary of employment by industry for business near the subject.

Data for all businesses in area		5 minutes			
Total Businesses:		332			
Total Employees:		3,641			
Total Residential Population:		13,998			
Employee/Residential Population Ratio (per 100 Residents)		26			
by SIC Codes	Businesses		Employees		
	Number	Percent	Number	Percent	
Agriculture & Mining	5	15%	23	0.6%	
Construction	19	5.7%	141	3.9%	
Manufacturing	8	2.4%	274	7.5%	
Transportation	21	6.3%	355	9.8%	
Communication	5	1.5%	26	0.7%	
Utility	2	0.6%	34	0.9%	
Wholesale Trade	12	3.6%	202	5.5%	
Retail Trade Summary	78	23.5%	645	17.7%	
Home Improvement	2	0.6%	8	0.2%	
General Merchandise Stores	6	1.8%	173	4.8%	
Food Stores	9	2.7%	81	2.2%	
Auto Dealers, Gas Stations, Auto Aftermarket	17	5.1%	54	1.5%	
Apparel & Accessory Stores	4	1.2%	19	0.5%	
Furniture & Home Furnishings	6	1.8%	12	0.3%	
Eating & Drinking Places	24	7.2%	253	6.9%	
Miscellaneous Retail	10	3.0%	45	1.2%	
Finance, Insurance, Real Estate Summary	31	9.3%	117	3.2%	
Banks, Savings & Lending Institutions	3	0.9%	12	0.3%	
Securities Brokers	2	0.6%	5	0.1%	
Insurance Carriers & Agents	4	1.2%	20	0.5%	
Real Estate, Holding, Other Investment Offices	22	6.6%	80	2.2%	
Services Summary	137	41.3%	1,757	48.3%	
Hotels & Lodging	1	0.3%	3	0.1%	
Automotive Services	24	7.2%	91	2.5%	
Motion Pictures & Amusements	4	1.2%	17	0.5%	
Health Services	10	3.0%	445	12.2%	
Legal Services	0	0.0%	2	0.1%	
Education Institutions & Libraries	14	4.2%	779	21.4%	
Other Services	84	25.3%	421	11.6%	
Government	2	0.6%	65	1.8%	
Unclassified Establishments	12	3.6%	2	0.1%	
Totals	332	100.0%	3,641	100.0%	

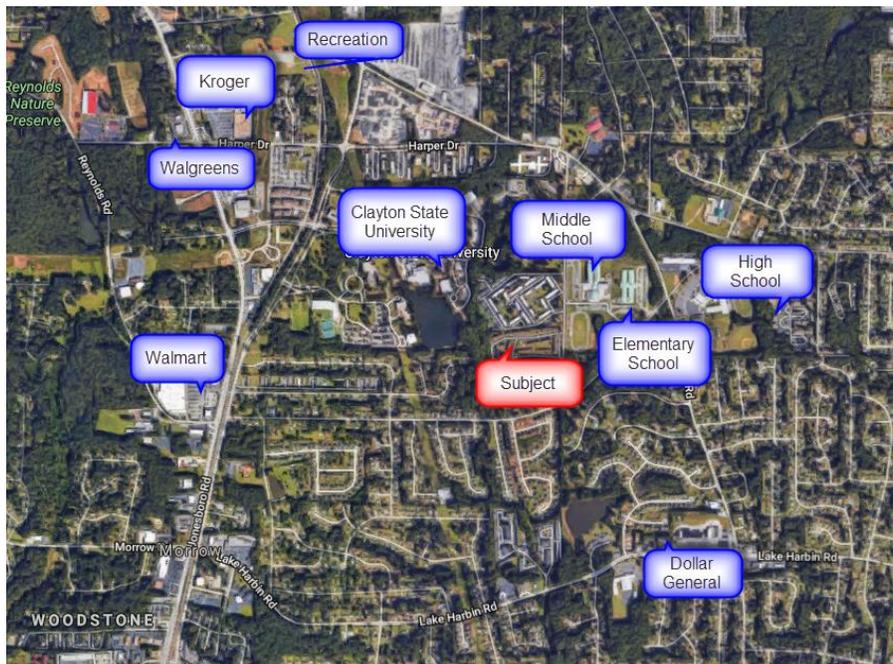
Source: Copyright 2017 InfoGroup, Inc. All rights reserved. Esri Total Residential Population forecasts for 2017.

Area Development Trends

Southlake Mall, located three miles southwest from the subject, fell into foreclosure just four years ago. It has been undergoing construction the past few years to update both the outside and interior of the one million square foot mall. More popular, contemporary tenants have been brought in early 2017, such as H&M, to attract more shoppers. It is one of the main sites for retail activity in Morrow and Clayton County. There is no new multifamily development planned within the subject neighborhood, with much of the development limited to renovations of existing multifamily properties in the area.

Linkages

The subject is within a 3- to 5-minute drive of most major services, including police/fire, schools, parks, grocery stores, and government services.



Land Use

The area is nearly fully developed with no clear indication of growth in any specific direction. Residential structures predominate the land use around the site, and the existing structures are all 40+ years in age.

SUBJECT'S IMMEDIATE SURROUNDINGS

North	Multifamily Residential
East	Morrow Middle School
South	Single-family residential
West	Single-family residential and Swan Lake

Google Earth Aerial of Surrounding Land Uses



Photographs of Immediate Neighborhood (Taken on January 3, 2018)



South view from site



Morrow Middle School northeast of subject



View east from site.



View southeast from site.



Clayton State Campus north of campus



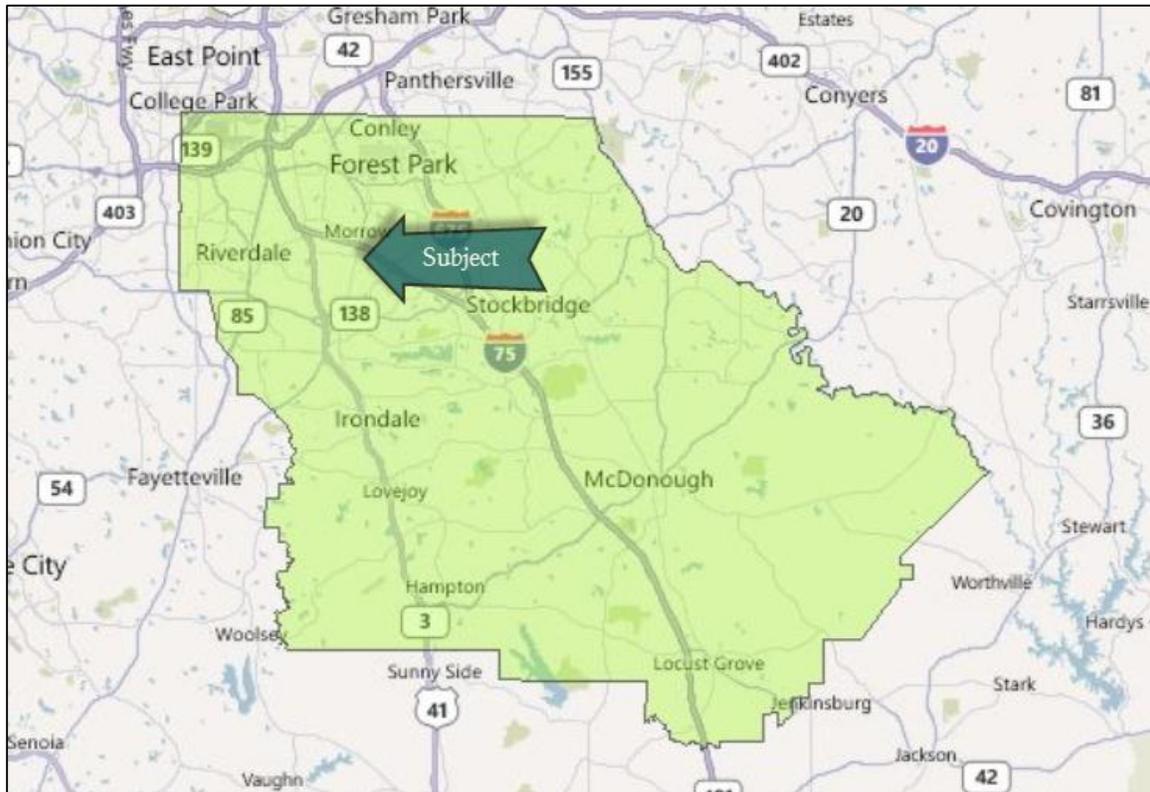
Elementary school east of subject

Conclusion

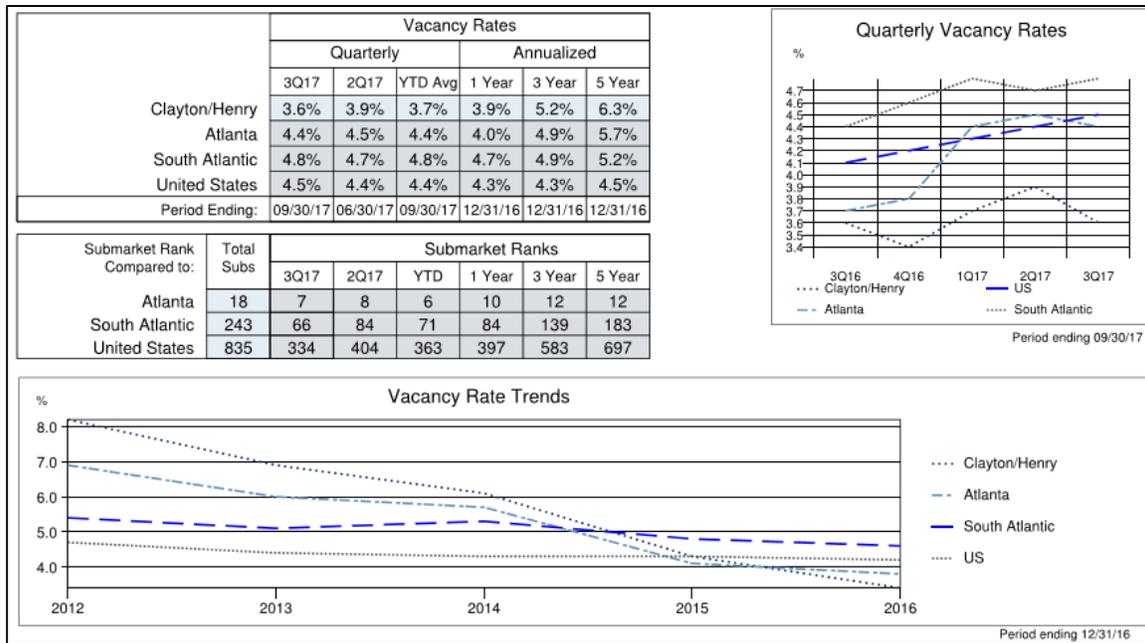
The area is in the stable stage of its life cycle. Population and household levels are projected to increase; however, both the county and MSA are expected to increase at rates above the neighborhood. Median household income in the neighborhood is \$45,719 and is expected to increase, yet it is still projected to lag behind the county and MSA. There has been limited new commercial development within the subject neighborhood, and the existing surrounding structures are older and predominated by single-family homes and multifamily apartments. The subject benefits from proximity to area schools including Thurgood Marshall Elementary School, Morrow Middle School and Morrow High School as well as Clayton State University. There is minimal land available for development in the immediate neighborhood, due to the infill location, which restricts growth potential. We anticipate property values to remain stable in the near term.

Market Analysis

The subject is located within the Atlanta MSA. REIS provides metropolitan multifamily data. REIS divides the MSA into 18 submarkets, and the subject property is part of the Clayton/Henry submarket, which is detailed in a map below.

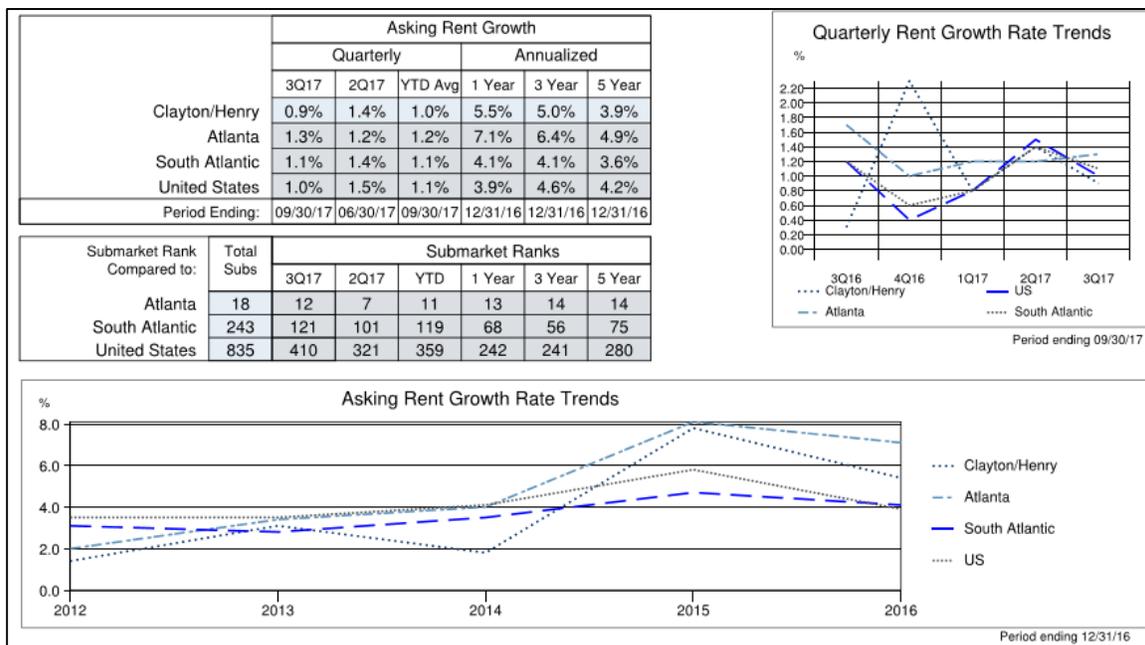


The following table and graph detail the vacancy rate trends for multifamily properties within the Atlanta MSA and the submarket.



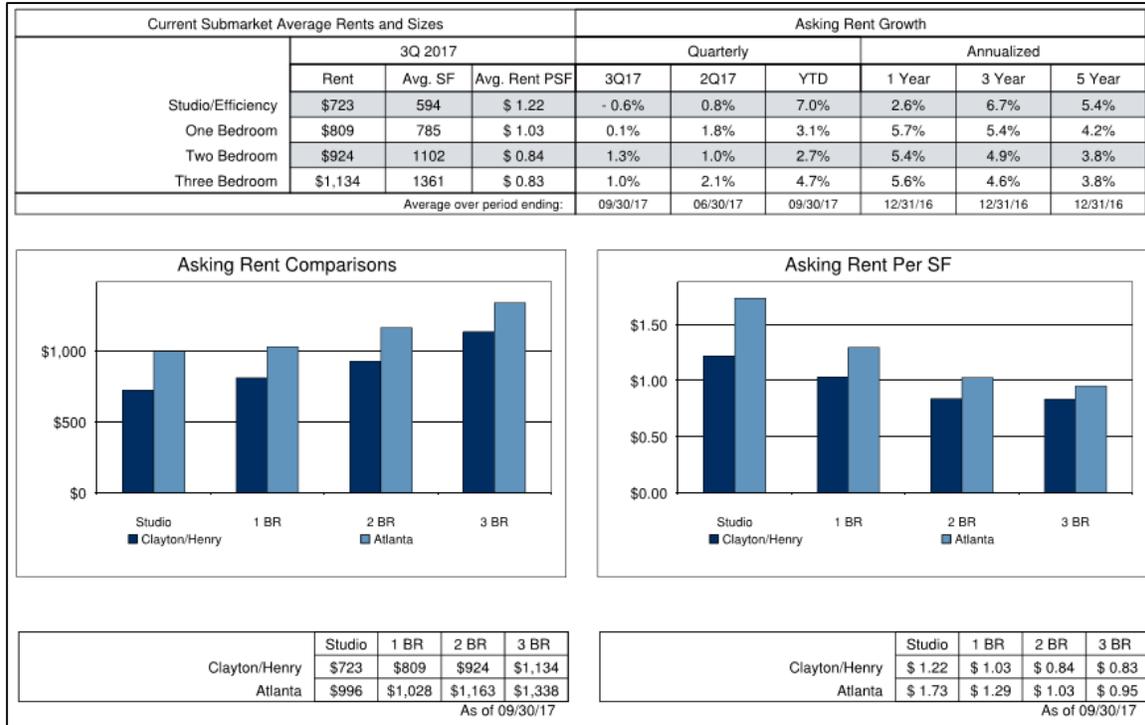
Vacancy levels within the MSA have been in the range of 4.0% to 5.0% for an extended period of time, as the five-year average demonstrates a 5.7% vacancy rate. Over the past three years MSA vacancy has trended downward and the year-to-date average is 4.4%. The submarket has performed slightly better than the MSA recently, as year-to-date vacancy rates are 3.7%, while three and five-year averages were 5.2% and 6.3%, respectively. The submarket is illustrating lower vacancy than all other areas of analysis over the past year, which is a turnaround from historical data.

The following table and chart depicts the change in submarket and metro area rental rates.



Historically, the submarket and MSA have experienced significant rent growth, well above both the South Atlantic Region and nation as a whole. Despite this, the subject submarket has ranked near the bottom of the submarkets for the Atlanta MSA, which suggests the entire MSA is a significant area of rent growth. Despite the historical growth, both the MSA and submarket have experienced modest growth so far in 2017, similar to both the region and nation.

The following tables and charts show trends for specific unit types within the submarket and the MSA.



The following chart details the age distribution of the inventory in the submarket.

Inventory By Building Age

Year Built	Percent
Before 1970	10.0%
1970-1979	24.0%
1980-1989	21.0%
1990-1999	17.0%
2000-2009	28.0%
After 2009	1.0%
All	100.0%

As of 09/30/17

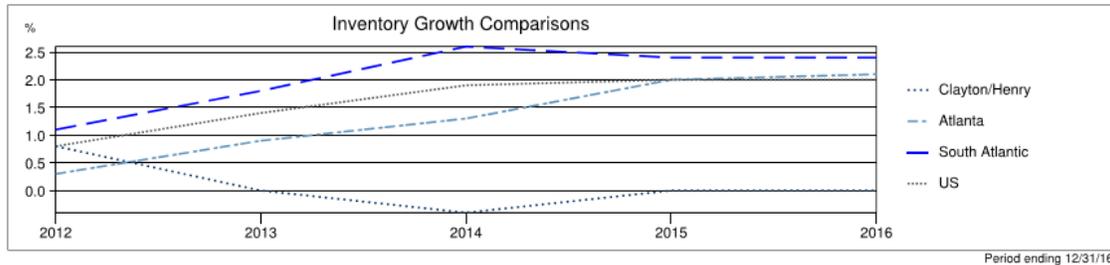
Apartment Stock Traits

Year Built	Submarket			
	Low	Mean	Median	High
1962	1962	1986	1987	2012
Size (units)	52	221	219	700
Distance to Highway (miles)	0	0.6	0.5	1.5
Distance to CBD (miles)	8.8	14.3	13.1	25.7
Distance to Landmark (miles)	11.8	18.4	16.9	32.2

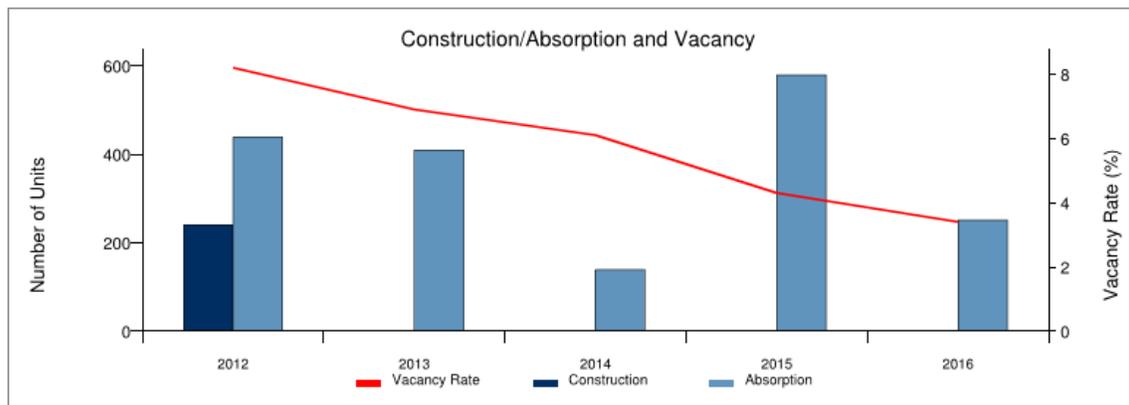
As of 09/30/17 Landmark =Chattahoochee River

		Inventory Growth Rates					
		Quarterly			Annualized		
		3Q17	2Q17	YTD Avg	1 Year	3 Year	5 Year
Clayton/Henry		0.0%	0.0%	0.0%	0.0%	- 0.1%	0.1%
Atlanta		0.6%	0.3%	0.5%	2.1%	1.8%	1.3%
South Atlantic		0.5%	0.5%	0.6%	2.4%	2.5%	2.1%
United States		0.4%	0.5%	0.5%	2.0%	2.0%	1.6%
Period Ending:		09/30/17	06/30/17	09/30/17	12/31/16	12/31/16	12/31/16

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q17	2Q17	YTD	1 Year	3 Year	5 Year
Atlanta	18	11	7	13	13	17	15
South Atlantic	243	56	52	127	133	241	196
United States	835	188	203	377	453	827	649



The chart above illustrates that there has been limited new development in the submarket since the year 2000, specifically from 2000 to 2009. Additionally, the average property construction age is 1986, and the most newly constructed property was in 2012 according to the data. Many of the multifamily properties in the subject area have experienced renovations, and there has been minimal new construction in the past five years. Much of the development near the subject is limited to infill and redevelopment opportunities.

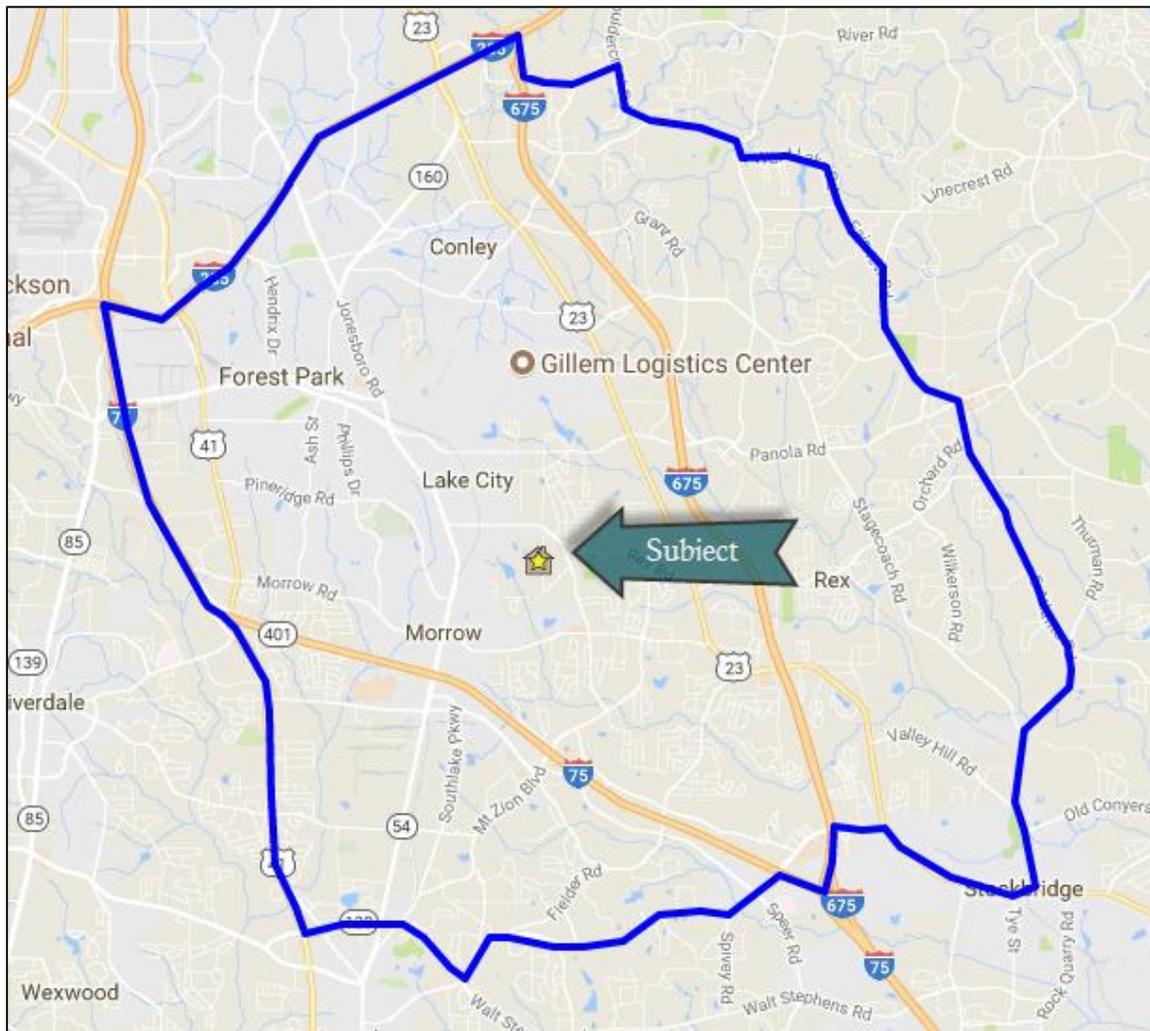


As the table above illustrates, although there has been virtually no new construction in the past five years, vacancy rates have tumbled downward and absorption has been positive.

Demand

The primary market area (PMA) is the geographic area that a proposed or existing housing community serves. The market area considers both the proposed target market and the location of alternate housing opportunities that are similar in characteristics and linkage to employment centers, community facilities, and services. The PMA was determined through interviews with area leasing and real estate professionals, government officials, economic development representatives and the personal observations of our analysts.

The boundaries of the PMA include: Interstate 285, Henrico Road and Bouldercrest Road to the north, Ward Lake Road, Fairview Road and East Atlanta Road to the east; North Henry Boulevard, and Lake Spivey Parkway to the south and Tara Boulevard to the West. The PMA encompasses 65.47 square miles. A map delineating the boundaries of the PMA follows.



According to data from Ribbon Demographics, a national provider of demographic research, there are 21,385 total renter households in the PMA as of 2017. The following is a summary of renter households in the PMA by income and household size:

Renter Households Census 2010						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	849	612	417	366	334	2,578
\$10k - <\$20k	1,027	666	455	399	364	2,911
\$20k - <\$30k	996	704	480	421	385	2,986
\$30k - <\$40k	878	648	442	388	354	2,710
\$40k - <\$50k	799	598	408	358	327	2,490
\$50k - <\$60k	434	336	229	201	184	1,384
\$60k - <\$75k	485	376	256	225	205	1,547
\$75k - <\$100k	290	229	156	137	125	937
\$100k - <\$125k	101	79	54	47	43	324
\$125k - <\$150k	42	33	23	20	18	136
\$150k - <\$200k	27	21	14	12	11	85
\$200k+	19	14	10	8	8	59
TOTAL	5,947	4,316	2,944	2,582	2,358	18,147
Renter Households Estimated 2017						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	764	609	432	334	379	2,518
\$10k - <\$20k	1,202	813	577	446	506	3,544
\$20k - <\$30k	1,022	836	593	459	520	3,430
\$30k - <\$40k	940	787	558	432	489	3,206
\$40k - <\$50k	713	621	441	341	386	2,502
\$50k - <\$60k	518	463	328	254	288	1,851
\$60k - <\$75k	571	520	369	285	323	2,068
\$75k - <\$100k	395	362	256	198	225	1,436
\$100k - <\$125k	134	123	87	67	76	487
\$125k - <\$150k	50	45	32	25	28	180
\$150k - <\$200k	30	28	20	15	17	110
\$200k+	15	13	10	7	8	53
TOTAL	6,354	5,220	3,703	2,863	3,245	21,385
Renter Households Projected 2022						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	837	693	483	393	508	2,914
\$10k - <\$20k	1,317	897	625	508	658	4,005
\$20k - <\$30k	1,046	893	623	506	655	3,723
\$30k - <\$40k	925	770	537	436	565	3,233
\$40k - <\$50k	667	574	400	325	420	2,386
\$50k - <\$60k	520	454	317	257	333	1,881
\$60k - <\$75k	513	464	324	263	340	1,904
\$75k - <\$100k	432	392	273	222	287	1,606
\$100k - <\$125k	146	135	94	76	99	550
\$125k - <\$150k	54	47	33	27	35	196
\$150k - <\$200k	20	19	13	11	14	77
\$200k+	10	9	6	5	7	37
TOTAL	6,487	5,347	3,728	3,029	3,921	22,512

Source: Urban Decision Group, U.S. Bureau of the Census, and Ribbon Demographics.

Total renter households increased at an average pace of 2.5% annually from 2010 to 2017 and they are projected to continue increasing at a pace of 1.1% per year through 2022. Although the historic renter growth has been above overall population growth, the trend is falling in line with overall population growth for the entire metropolitan area for the same time period.

Income Eligibility

Under the Low-Income Housing Tax Credit program (LIHTC), household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

2017 HUD Income Limits - Atlanta, GA HUD Metro FMR Area						
Household Size	30%*	40%*	45%*	50%	60%*	80%*
One-person	\$14,640	\$19,520	\$21,960	\$24,400	\$29,280	\$39,050
Two-person	\$16,740	\$22,320	\$25,110	\$27,900	\$33,480	\$44,600
Three-person	\$18,840	\$25,120	\$28,260	\$31,400	\$37,680	\$50,200
Four-person	\$20,910	\$27,880	\$31,365	\$34,850	\$41,820	\$55,750
Five-person	\$22,590	\$30,120	\$33,885	\$37,650	\$45,180	\$60,250
Six-person	\$24,270	\$32,360	\$36,405	\$40,450	\$48,540	\$64,700

HUD Four-person Median Income: \$69,700

* - Income limits are calculated from HUD provided 50% income limits.

The subject is in Clayton County, within the Atlanta Metro Area, which has a four-person median household income of \$67,900 for 2017. Based on the subject unit types, we have estimated up to five-person households for the maximum income limit. There are no maximum income limits for market rate housing; however, for the purposes of our analysis, we have capped the maximum income at \$200,000 for the subject’s unrestricted scenario. The units with a HAP restriction will be restricted at 50% AMI, while the LIHTC units will be restricted at 60% of AMI. Maximum incomes are detailed in the table above.

Generally, market-rate properties require monthly income of 2.5 to 3.0 times the monthly rent. LIHTC properties typically require a rent-to-income ratio for low-income family households of 35%. Minimum incomes are detailed in the table below.

LIHTC Scenario 60%		Market Scenario	
Rent	\$721	Rent	\$860
Utility Allowance	\$63	Utility Allowance	\$63
Gross Rent	\$784	Gross Rent	\$923
35% Rent/Income Ratio	\$2,240	3x Rent	\$2,769
Minimum Income	\$26,880	Minimum Income	\$33,228
Round	\$26,900	Round	\$33,200

The income-appropriate range required to live at the subject site is illustrated in the following table.

SUBJECT REQUIRED CAPTURE OF DEMAND							
Subject Unit Type	Subject Units	Target Income Range		Renter Hhlds with Qualified Incomes		Ratio of Subject Units to Qualified	
		Low	High	2017	2022	2017	2022
		LIHTC 60% HAP Restricted	33	\$26,900	\$45,180	5,565	5,623
LIHTC Only Scenario	196	\$26,900	\$45,180	5,565	5,623	3.5%	3.5%
Section 8 HAP	163	\$0	\$37,650	11,945	13,115	1.4%	1.2%
Market Rate**	196	\$33,200	\$200,000	8,601	10,798	2.3%	1.8%

**The Market scenario assumes no rent or income restrictions

The subject development of 163 HAP units represents 1.4% of all age and income-qualified renter households in the PMA as of 2017. This is projected to decrease through 2022 due to the growth of lower income households. The ratio of units to qualified households is higher as a hypothetical market rate property for 2017, and slightly higher as a LIHTC only property. However, these ratios are relatively low given the small size of the PMA. Evidence of high demand is exhibited by the high occupancy at the subject and area comparables, as shown in the following analysis.

Competitive Properties

The most significant supply and demand indicators for the subject are the occupancy rates exhibited by directly competing properties. A summary of competitive properties that are primary competition for the subject is shown below:

Comp #	Name	Year Built	Condition	Current Use	No. of Units	Occupancy
1	Rainwood	1973	Fair	Market Rate	230	97.0%
2	Park at London	1988/2009	Average	Market Rate	240	95.0%
3	Hidden Creek Apartment Homes	1999	Good	Market Rate	116	94.0%
4	Hampton Downs	1990	Average	Market Rate	200	95.0%
5	Level at Mt. Zion	1973	Average	Market Rate	121	94.0%
6	Parkside Crossing	1962/1992	Average	LIHTC	250	100.0%
7	The Park at Mount Zion	1973/2006	Good	LIHTC	193	95.0%
8	Cambridge Pointe	2001	Good	LIHTC/Market	180	99.4%
9	Regal Park Apartment Homes	2005	Good	LIHTC	168	100.0%
10	Columbia South River Gardens	2010	Good	LIHTC	124	100.0%
Total/Average Market					907	95.2%
Total/Average LIHTC					915	98.8%

Occupancy levels at the comparables are very high and this has been trending upward as the rental market continues to strengthen in the submarket

There are limited subsidized developments within the subject market area. We identified two subsidized properties within the subject market area, Riverwood Townhouses and Governors Terrace, the latter of which is a senior restricted property and not directly comparable with the subject. Both properties have reported full occupancy and operating with waiting lists. The subject property has historically operated near full occupancy, and we anticipate the trend to continue. It is our opinion that demand exists for the subject in all scenarios.

Absorption Potential

Following is an analysis of the amount of demand the subject needs to capture in order to remain stabilized, as well as an evaluation of the year one capture. We provide separate analyses for each scenario. Average local household turnover and mobility is 50% and 48%, respectively (Census Table B07013 - Geographical Mobility in the Past Year by Tenure), and we use that number for the market rate scenario. A lower turnover rate is utilized for the LIHTC only and HAP scenario because of the low rents.

ANNUAL ABSORPTION ANALYSIS						
	Restricted HAP		LIHTC Only		Market Rate	
1 Target Households in the PMA		11,945		5,565		8,601
2 Annual Market Turnover Rate	30.0%	3,583	40.0%	2,226	50.0%	4,301
3 Movers that stay in the PMA	70.0%	2,508	70.0%	1,558	48.0%	2,064
4 Annual Growth of Qualified Renters in PMA		234		12		439
5 Potential Annual Support in PMA (Line 3 + Line 4)		2,742		1,570		2,504
6 Annual New Renters Needed at Subject 95% Stabilization (Subject Units * .95 * Turnover)		46.5		74.5		93.1
7 Ratio of Subject Annual Absorption to Total Annual Demand (Line 6 / Line 5)		1.7%		4.7%		3.7%
8 Initial Year Capture - (Subject Unit Total / Line 5)		5.9%		12.5%		7.8%

*Market Turnover Rate from U.S. Census Data - Adjusted for Subject Target Tenancy

On an annual basis, the subject will need to capture 1.7%, 4.7%, or 3.6% of potential annual demand in the HAP, LIHTC, and market scenarios, respectively. These are relatively low ratios in all scenarios and indicate ample demand for the subject units.

Additionally, the subject would need to capture 5.9%, 12.5% or 7.7% of potential annual demand for the HAP, LIHTC, or market scenarios, respectively, in its initial year of operations. These are all relatively low ratios and indicate the subject could absorb within one year of opening.

We were unable to identify any new development in the subject market. The subject will be renovated with the majority of residents in place. Ownership plans on reducing occupancy to 85% in order to do the renovations. Therefore, only a small percentage of the subject units will need to be leased in the HAP scenario. Given the high demand for subsidized units as detailed by the above table, we project a minimal absorption period in the HAP scenario of two-months. We have projected a 12-month lease up period in both the LIHTC only and unrestricted scenarios, which is reasonable based on the above table and projected demand as well as the size of the subject.

New Development

We reviewed the allocation list from the Georgia Department of Community Affairs. We did not identify any new construction LIHTC properties within the market area, and we are not aware of any market rate development within the subject market area. REIS data shows minimal new development taking place in the submarket and we found none in our research.

Outlook and Conclusions

Renter households in the market are projected to increase through 2022, and no new developments were identified within the subject market area. Demand within the market outpaces supply as the comparables are all operating at stabilized levels. The subject has historically operated near full occupancy, and we would anticipate the trend to continue given the extensive wait list at the property. There is strong demand for the subject in the HAP and LIHTC-Only scenarios. While there is demand for market rate multifamily, rents in the submarket lag the metro area and would not support market rate development at the subject at this time.

Property Description

Tax Map/Site Plan



Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
12147D A001	18.40	801,504	18.40	801,504	Level	Irregular

SITE

Location: 6001 Trammell Road

Current Use of the Property: Mixed income multifamily development

Site Size: Total: 18.40 acres; 801,504 square feet

Shape: The site is irregularly shaped

Frontage/Access: The subject property has average access with frontage as follows:

- Trammell Road: 530 feet

The site has an average depth of 1,050 feet. It is not a corner lot.

The site has two access points on Trammell Road on the eastern portion of the site.

Visibility: Average

Topography: The subject has level topography at grade and no areas of wetlands of which we are aware.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development. A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing and proposed improvements.

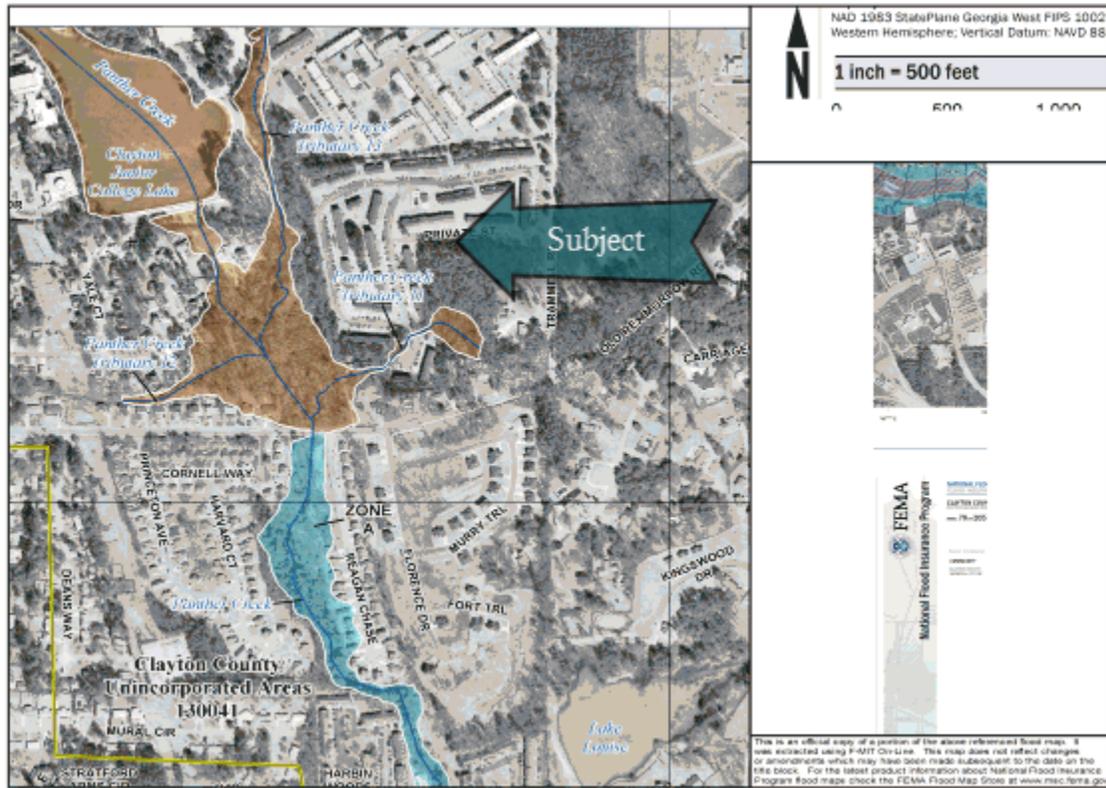
Utilities: Electricity: Georgia Power
Sewer: Clayton County Water Authority
Water: Clayton County Water Authority
Natural Gas: Gas South

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 13063C0079F
FEMA Map Date: June 7, 2017

The subject is not in a flood zone.

Flood Map



Wetlands/Watershed: No wetlands were observed during our site visit. No particular drainage problems were observed or disclosed at the time of our site visit. This appraisal assumes that surface water collection both on-site and in adjacent public right-of-ways, is adequate.

Environmental Issues: An environmental report was requested but not provided. There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

Encumbrance/ Easements: A current title report was requested but not provided. There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Zoning

LAND USE CONTROLS	
Zoning Code	RM - Multiple Family Residential
Allowable Zoning Density/FAR	See comments
Existing Density of Use	9.2 Units per acre
Current Use Legally Conforming	Yes
Zoning Changes	A zoning change is unlikely.
Set Back Distance	10'
Side Yard Distance	20'
Zoning Comments	Square footage of all primary and accessory structures and impervious surface cannot exceed 50% of the lot area. The subject is considered a legal and conforming use, and a zoning letter confirming this is in the addendum of this report.

PARKING	
Parking Type and Number of Spaces:	Type: Paved open surface parking Spaces: 369 Condition: Average
Parking Ratio:	1.88 spaces per unit.
Other:	The subject meets local parking requirements of 1.75 spaces per unit.

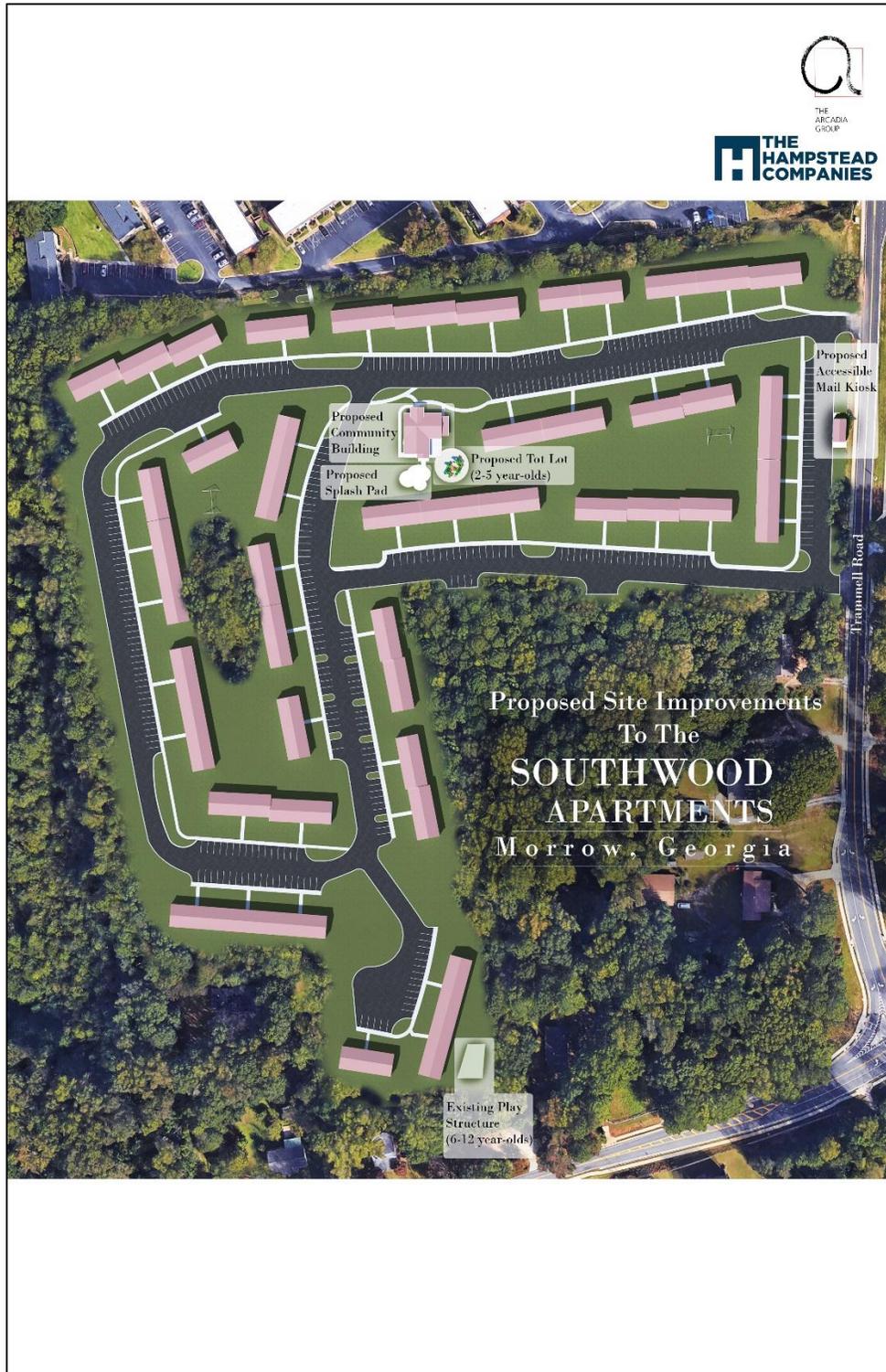
Other Land Use Restrictions

The subject will be restricted according to the requirements of the Low Income Housing Tax Credit (LIHTC) program. In the case of the subject, housing must be offered to households with incomes at or below 60% of the area median household income. This restriction will remain in place for a minimum of 15 years. The subject also has a long-term HAP contract with additional restrictions.

Conclusions of Site Analysis

The subject features good access and visibility. In addition, the subject is restricted by covenants of the Low-Income Housing Tax Credit (LIHTC) program; as well as a long-term HAP contract. Given these factors, the subject is well suited for multifamily development. There are no other particular restrictions on development noted in the analysis.

Site Plan



Improvements Description and Analysis

IMPROVEMENTS DESCRIPTION

Development/Property Name: Southwood Apartments

Property Type: Multifamily

Overview: The subject, Southwood Apartments, is a 22-building, 196-unit multifamily property with one-, two-, and three-bedroom units. The subject currently has a 97.9% occupancy percentage. The property currently has 163 units that operate with a Section 8 HAP contract and 33 market rate units. The property will be substantially rehabilitated with partial financing from the Low Income Housing Tax Credit (LIHTC) program. Post renovation, the HAP contract will remain and the remaining 33 units will be rent and income restricted at 60% of Area Median Household Income (AMHI). The property is situated on approximately 18.3 acres.

Building Summary						
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units
Southwood Apartments	1972	Average; Good post renovation	2.0	253,075	210,332	196
Community Building	2018	Good	1.0	N/Av	N/Av	0
Totals				253,075	210,332	196

Notes: We requested but were not provided building plans for the subject. We have utilized the rentable area based on our measurements and increased it by 5% for the Gross Building Area. Post renovation, the Gross Building Area is expected to increase as a result of the addition of a new community building.

Subject Photographs (Taken on January 3, 2018)



Signage

Subject exterior

Subject Photographs (Taken on January 3, 2018)



Community Room



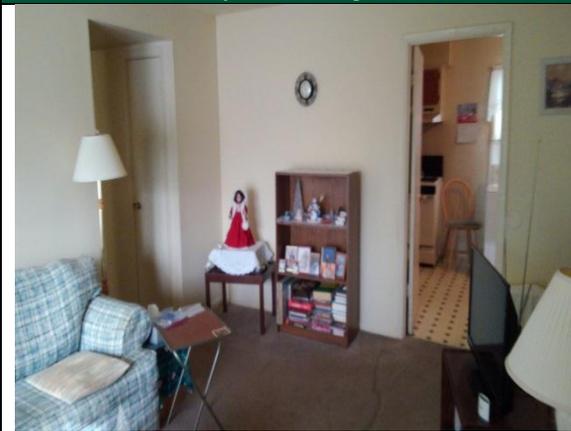
Leasing Office



Subject Parking Lot



Maintenance Shop



One-Bedroom Living Area

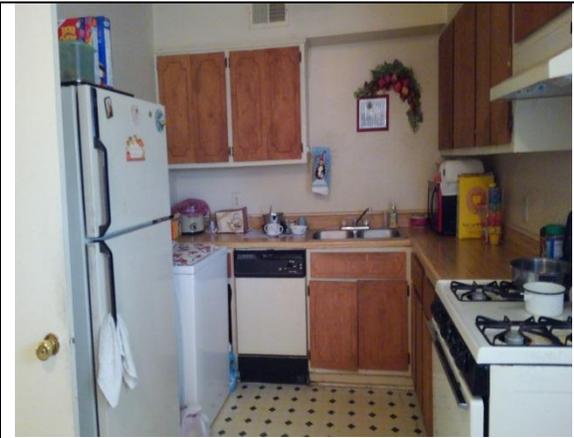


One-Bedroom Bathroom

Subject Photographs (Taken on January 3, 2018)



One-Bedroom Bedroom



Two-Bedroom Kitchen



Two-bedroom Living Area



Two-Bedroom Second Bedroom



Two-Bedroom Master Bedroom



Two-Bedroom Full Bathroom

Subject Photographs (Taken on January 3, 2018)



Two-Bedroom Half Bath



Three-Bedroom Kitchen



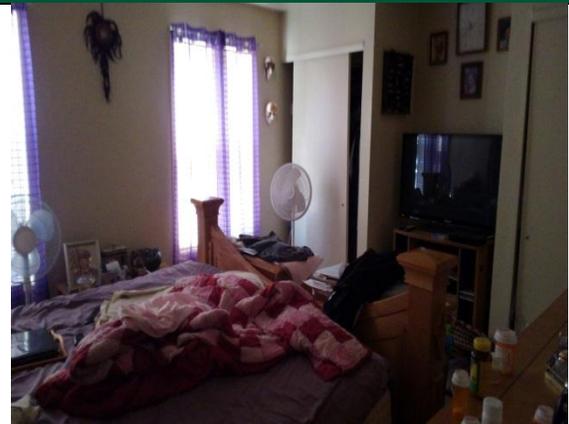
Three-Bedroom Living Area



Three-Bedroom Master Bedroom



Three-Bedroom Second Bedroom



Three-Bedroom Third Bedroom

GENERAL - SOUTHWOOD APARTMENTS

Building Identification:	Southwood Apartments
Building Description:	Two-story walkup buildings.
Construction:	Wood Frame
Construction Quality:	Average
Year Built:	1972
Renovations:	2018
Condition:	Average; Good post renovation
Appeal/Appearance:	Average; Good post renovation
Areas, Ratios & Numbers:	Number of Stories: 2.00 Gross Building Area: 253,075 Rentable Area: 210,332 Number of Units: 196

FOUNDATION, FRAME & EXTERIOR - SOUTHWOOD APARTMENTS

Foundation:	Poured concrete slab
Structural Frame:	Wood Frame
Exterior:	Vinyl siding, brick veneer
Windows:	Vinyl
Roof/Cover:	Pitched / Asphalt shingles

INTERIOR - SOUTHWOOD APARTMENTS

Interior Layout:	Average
Floor Cover:	Carpet, Vinyl
Walls:	Painted drywall
Ceilings & Ceiling Height:	Painted drywall / 8 feet
Lighting:	A mix of fluorescent and incandescent lighting.

MECHANICAL SYSTEMS - SOUTHWOOD APARTMENTS

Heating:	Electric
Cooling:	Central
Electrical:	Adequate
Plumbing Condition:	Average
Sprinkler:	None

MULTIFAMILY AMENITIES AT SUBJECT

Unit		Project	
Balcony/Patio	X	Gated Entrance	
Dishwasher	X	Sauna	
Range/Refrigerator	X	Garage Parking	
Washer/Dryer Hook-up	X	Sports Courts	
Washer/Dryer In Unit		Playground	X
Storage In Unit		Clubhouse/Recreation	X
Air Conditioning	C	Fitness Center	
Carpeting	X	Laundry Facility	X
Blinds	X	Storage	
Attached Garage		Computer Center	X
Microwave		Gazebo	X
		Picnic Area	X

The subject as is has limited community amenities, including a small playground as well as a swimming pool, which was closed at the time of the site visit. Post renovation, the subject will offer the amenities above. The swimming pool will be replaced with a splash pad, and the subject will feature a small community building offering a small community room and computer lab, as well as a laundry room. Outdoor areas will include a gazebo and picnic area. The existing playground will be renovated and a small tot lot for younger children will be added as well.

PROPERTY ANALYSIS

Design & Functional Utility:	The improvements appear to be adequately suited to their current use. We identified no significant items of functional obsolescence.
Deferred Maintenance:	The subject exhibits typical wear and tear for its age and type in this market. We assume all deferred maintenance will be rectified by the proposed renovations. Deferred maintenance has not affected occupancy at the subject property, as the property has operated near full occupancy.
Capital Improvements:	The subject will undergo substantial renovations. A summary of renovations follows: The subject is slated for renovations totaling \$40,876 per unit. Major renovations include replacing appliances

with newer, energy efficient appliances, as well as upgrades to the site with landscaping. Exterior rehabilitation items include repairing the masonry, as well as replacing roofs and shutters.

Americans with Disabilities Act

Based on the information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance. Please reference the Limiting Conditions and Assumptions section of this report.

Hazardous Substances

An Environmental Site assessment report was prepared by Dominion Due Diligence Group on November 10, 2017. According to the report, there may be Asbestos containing materials at the subject and will require a follow-up inspection. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject. Please reference the Limiting Conditions and Assumptions section of this report.

Personal Property Items

Non-realty items necessary for the continued operation of the property include kitchen appliances, window blinds, and furnishings in the community space. Following is a summary of estimated value for personal property items at the subject. **It should be noted that this is only considered for the as renovated scenario. The current personal property is mostly fully depreciated.**

Furniture, Fixtures, & Equipment				
Item	Total Units	Total SF	Price Unit/ SF	Total Amount
Window Blinds		8,820	\$5.00	\$44,100
Range	196		\$885	\$173,460
Refrigerator	196		\$1,040	\$203,840
Dishwasher	196		\$545	\$106,820
Community Spaces				
Washers	4		\$575	\$2,300
Dryers	4		\$510	\$2,040
Tables	2		\$230	\$460
Chairs	18		\$150	\$2,700
Desks	2		\$450	\$900
Computers	2		\$750	\$1,500
			Total:	\$538,120
			Rounded:	\$538,000

Source: Marshall Swift Valuation

Remaining Economic Life

Marshall Valuation Service (MVS) estimates economic life of 55 years for buildings similar to the subject. The structures at the subject were built in 1972, giving them a physical age of 46 years. However, the subject will undergo substantial renovations in 2018, extending its economic life.

We estimate remaining economic life of 45 years for all of the apartment buildings at the subject post renovation.

Conclusions of Improvements Analysis

Overall, the quality, condition, and functional utility of the improvements are average for their age and location. Post renovation, the improvements will be good for their age and location.

Assessment and Taxes

Taxing Authority Clayton County

Assessment Year 2017

Tax Rate For tax year 2017, payable in 2018, the local district has a commercial property tax rate of \$40.69 per \$1,000 of assessed value. The assessed value is set at 40.0% of market value. Following is a review of the current market value and assessments for the subject.

Auditor's Market Value			
Tax ID	Land	Improvements	Total
12147D A001	\$732,000	\$7,518,000	\$8,250,000

Real Estate Assessment and Taxes							
Tax ID	Land	Improvements	Total	County Rate	Other Rate	Tax Rate	Taxes
12147D A001	\$292,800	\$3,007,200	\$3,300,000	\$16.60	\$24.10	\$40.69	\$134,280

Comments

We spoke with a representative from the Clayton County Assessor's Office, who stated that for multifamily properties they utilized their quoted rents as well as a market based vacancy for the income approach to value. In addition, he stated that as a result of House Bill 196, which allows for the taxation of LIHTC equity, they would also consider the value of the tax credit equity. According to Kenneth Patteway, the deputy commercial assessor, both federal and state credits are considered in this value. He further stated that the preferred method of valuing these would be to use a discounted cash flow to calculate the net present value of the LIHTC equity. As a result, we have utilized our concluded market values for projected taxes, and utilized a Discounted Cash Flow based on our concluded value of the LIHTC equity utilizing a quoted 6% discount rate.

We utilize the iteration method to establish potential taxes for the subject. The iteration method estimates potential market value based on an initial estimated real estate tax. The estimated real estate taxes are then adjusted through trial and error until the resulting value and real estate taxes match the local tax rate. The resulting value is mathematically the same as using the loaded cap rate approach.

Projected Real Estate Taxes As Is	
Market Value - Estimate	\$12,210,000
Assessed Value-0.4 of Market	\$4,884,000
Effective Tax Rate	4.0691000%
Real Estate Tax Estimate	\$198,735
Rounded	\$199,000

Projected Trended Real Estate Taxes- As Renovated			
	Restricted HAP	Restricted LIHTC Only	Unrestricted
Market Value - Estimate	\$18,390,000	\$11,520,000	\$15,950,000
Less FF&E	\$538,000	\$538,000	\$538,000
Real Property Market Value	\$17,852,000	\$10,982,000	\$15,412,000
Assessed Value-0.4 of Market	\$7,140,800	\$4,392,800	\$6,164,800
Effective Tax Rate	4.0691000%	4.0691000%	4.0691000%
Real Estate Tax Estimate	\$290,566	\$178,747	\$250,852
Rounded	\$291,000	\$178,700	\$251,000

LIHTC Tax Burden

Within the State of Georgia, there has been new legislation which considers the value created by the intangible LIHTC as part of the assessed value of real property for ad valorem taxation purposes, known as House Bill 196. According to the bill, assessors can consider the value of intangible tax credits when adequate data is available for comparison. Given the possibility of the intangible LIHTC value being assessed as real property under proposed Georgia state law, we have considered this in our tax analysis. For the purposes of this report, we have considered the discounted cash flow analysis whereby annual assessments are determined year to year over the 10-year LIHTC disbursement period by adding the net present value of the remaining LIHTC allocation to determine the taxable assessment and annual tax burden related to the intangible LIHTC value. The discount rate is set at 6.0% according to representatives from Clayton County. We then determine the net present value of the LIHTC tax burden and deduct this figure from our indicated values via Direct Capitalization. We utilize a mortgage based discount rate of 5.0% to convert future cash flows to a present value.

Year	Net Present Value of Added Tax From Non-Tangible LIHTC Income									
	1	2	3	4	5	6	7	8	9	10
Federal Annual Allocation	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315
LIHTC Pricing Per Credit	\$0.93									
Federal LIHTC Annual Value	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917	\$695,917
State Annual Allocation	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315	\$750,315
State LIHTC Pricing	\$0.59									
State LIHTC Annual Value	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686	\$442,686
Total State and Federal Credit Value	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603	\$1,138,603
Discount Rate	6%									
Annual Remaining Value	\$7,744,427	\$7,744,427	\$7,070,490	\$6,356,116	\$5,598,880	\$4,796,210	\$3,945,380	\$3,043,499	\$2,087,506	\$1,074,154
Assessment Ratio	40%									
LIHTC Assessment Amount	\$3,097,771	\$3,097,771	\$2,828,196	\$2,542,447	\$2,239,552	\$1,918,484	\$1,578,152	\$1,217,400	\$835,003	\$429,662
Millage Rate	4.0691%									
LIHTC Annual Tax Burden	\$126,051	\$126,051	\$115,082	\$103,455	\$91,130	\$78,065	\$64,217	\$49,537	\$33,977	\$17,483
NPV of Tax Burden (5.0% Rate)	\$567,330									
Rounded	\$567,000									

As illustrated in the previous table, the net present value of the additional tax associated with the intangible LIHTC income is \$567,000. This amount has been deducted from the restricted value scenarios as if there were no tax on the LIHTC equity.

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must be:

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site as Vacant

Legally Permissible

The subject is zoned for multifamily use. Additionally, the subject is restricted to rent and income limits under the Low Income Housing Tax Credit program, as well as benefitting from a Section 8 HAP Contract, which restricts the site to affordable housing. Given current zoning and other legal restrictions, only affordable multifamily use is given further consideration in this analysis.

Physically Possible

The subject features average utility based on size, shape, terrain, and accessibility/visibility, appropriate for a wide variety of uses. The subject is adequate to support the development of multifamily.

Financially Feasible

Based on our evaluation of the market, there is ample demand for additional multifamily use in the market. However, rent levels are not sufficient to support development costs without some form of beneficial financing, such as low interest rate loans and/or financing programs, such as the Low Income Housing Tax Credit program. A multifamily use with beneficial financing is financially feasible. Additionally, given trends in the market, we anticipate that market rate multifamily will be feasible in the future due to the lack of quality supply entering the market.

Maximally Productive

There does not appear to be any reasonable use of the site that would generate a higher residual land value than holding for future development of multifamily use. As such, it is our opinion that holding for future development of multifamily use is the maximally productive use of the property.

Conclusion – Highest and Best Use As Vacant

The highest and best use of the site, as vacant, is to hold for future development of multifamily use. This is the only use that meets the four tests for highest and best use.

Highest and Best Use as Improved

The subject site is currently improved with multifamily housing. The existing improvements are leased and produce a positive cash flow that we expect will continue. Therefore, a continuation of this use is financially feasible.

Based on our analysis, there are no other reasonable uses that would produce a higher present value than the current use. In addition, the value of the improved property exceeds the value of the site as if vacant. As a result, multifamily use is considered to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Based on the characteristics of the subject property, the most probable buyer is a regional or national investor specializing in affordable multifamily development.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

Cost New
- Depreciation
+ Land Value
= Value

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because the age of the property would limit the accuracy of estimating accrued depreciation. In addition, the sales and income approaches provide a good estimate of value.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. However, this approach is applicable only for the land value and the unrestricted improved value. There are insufficient comparable restricted rent sales to provide a sales approach.

An **income analysis** was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach. Additionally, the probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.

Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

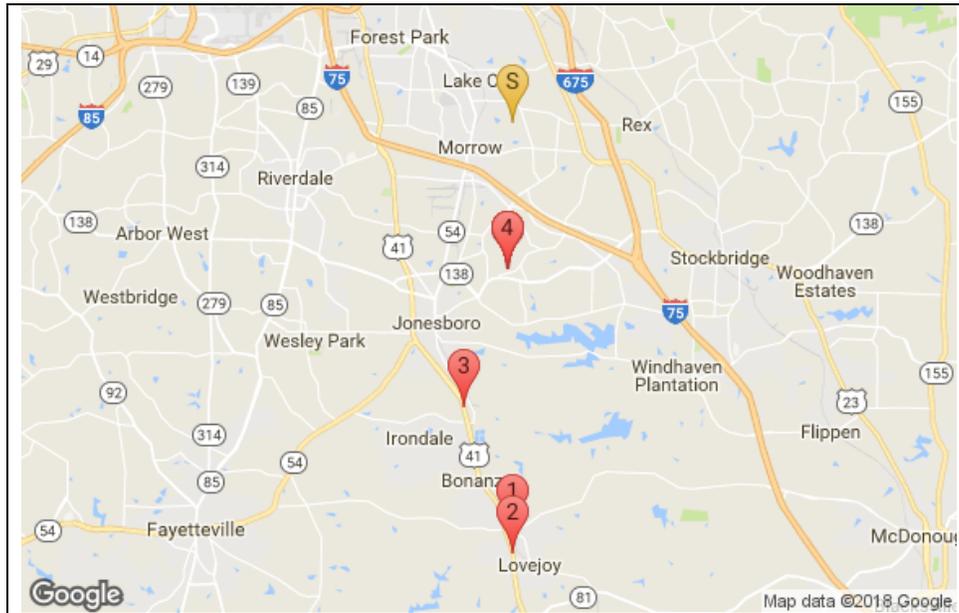
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

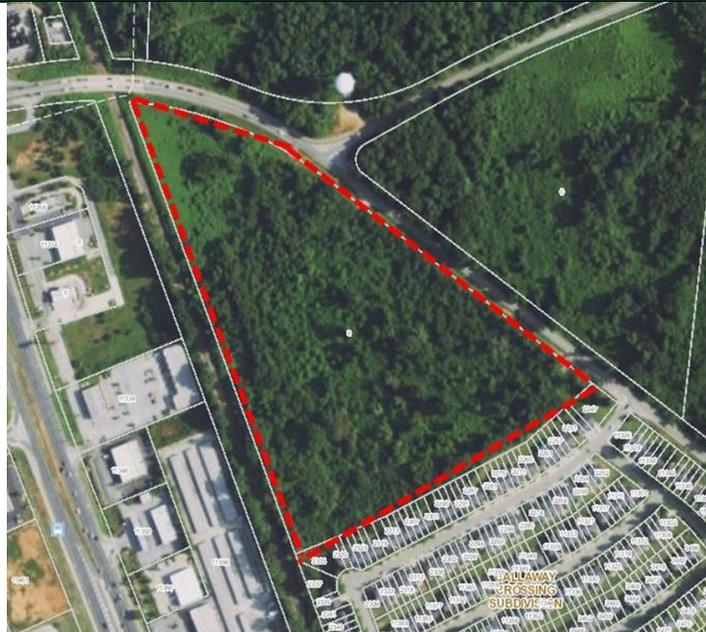
We have researched four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources. Our search for land sale comparables focused on properties with similar characteristics to the subject in terms of location, size, and transaction date. Due to the lack of comparable sales in the immediate market, we expanded our search to include outlying areas of Clayton County.

Comp	Name	Date	Price per Acre	Acres
Comp	City	Price	Price per Land SF	Land SF
Subject	Southwood Apartments			18.40
	Morrow			801,504
1	Land on Hastings Avenue	3/28/17	\$23,166	20.72
	Lovejoy	\$480,000	\$0.53	902,563
2	Land on LoveJoy Road	5/9/16	\$54,878	1.64
	Lovejoy	\$90,000	\$1.26	71,438
3	Land at Tara and Silverstone Drive	12/4/15	\$40,625	3.20
	Jonesboro	\$130,000	\$0.93	139,392
4	Land for Elite Scholars Academy	6/20/14	\$20,049	30.70
	Jonesboro	\$615,500	\$0.46	1,337,292

Land Comparables Map



Land Comparable 1



Transaction

Name	Land on Hastings Avenue	Price	\$480,000
Address	Hastings Bridge Road	Price per Acre	\$23,166
City	Lovejoy	Price per Land SF	\$0.53
State	GA	Verification Source	Secondary Verification
Zip	30250	Current Use	Vacant Land
Tax ID	06132CB001	Proposed Use	Multifamily
Grantor	REO Funding Solutions		
Grantee	GPK Lovejoy LLC		
Date	3/28/17		

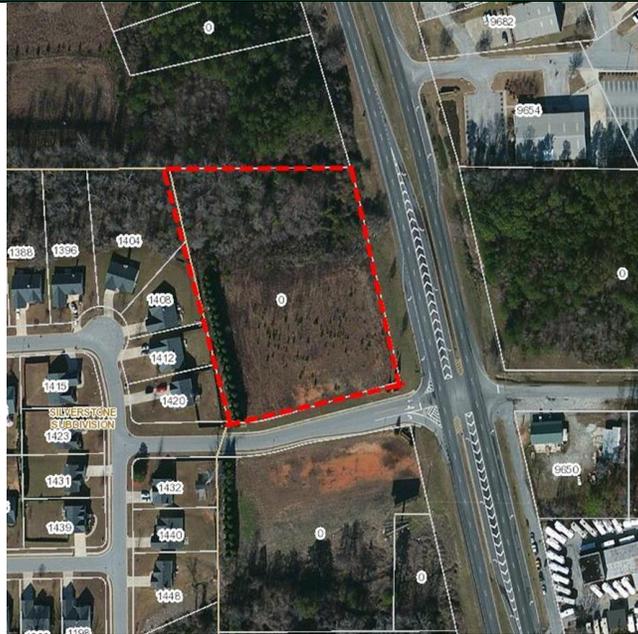
Site

Acres	20.72	Topography	Level
Land SF	902563	View	Average
Land Units	310	Road Frontage	1,700
Utilities	City water & sewer	Depth	1,040
Zoning	PUD- Multifamily		

Comments

The property is zoned for a planned urban development. The property transferred in March of 2017 between REO Funding Solutions and GPK Lovejoy LLC. We attempted to reach a party to the transaction, but our calls to both the buyer and sellers were unreturned. We have verified the the sale price and date of transfer through the assessor's office.

Land Comparable 3



Transaction

Name	Land at Tara and	Price	\$130,000
Address	NW of Tara Boulevard	Price per Acre	\$40,625
City	Jonesboro	Price per Land SF	\$0.93
State	GA	Verification Source	Secondary Verification
Zip	30238	Current Use	Vacant Land
Tax ID	06064B A060	Proposed Use	Unknown
Grantor	Shannon Brown		
Grantee	MLS Capital Investments		
Date	12/4/2015		

Site

Acres	3.2	Topography	Level
Land SF	139,392	View	Good
Land Units	44	Road Frontage	693
Utilities	City water & sewer	Depth	323
Zoning	MX		

Comments

The property transferred in December of 2015 for \$130,000. The property is zoned for Mixed Use, which allows for multifamily use. Based on current zoning, the property could support up to 44 units. We attempted to contact a party to the transaction, however our calls were not returned. We have verified the sale price and date of transfer with the county assessor.

Land Comparable 4



Transaction

Name	Land for Elite Scholars	Price	\$615,500
Address	7923 Fielder Road	Price per Acre	\$20,049
City	Jonesboro	Price per Land SF	\$0.46
State	GA	Verification Source	Public Records
Zip	30236	Current Use	Vacant Land
Tax ID	12046B B001	Proposed Use	Educational Facility
Grantor	Lalitha LLC		
Grantee	Clayton County Public		
Date	6/20/2014		

Site

Acres	30.7	Topography	Level
Land SF	1,337,292	View	Good
Land Units	118	Road Frontage	1,215
Utilities	City water & sewer	Depth	1,016
Zoning	RS-110		

Comments

The property transferred in June of 2014 in an arms length transaction between Lalitha LLC and Clayton County Public Schools. The property, based on current zoning could support up to 118 residential units, and is currently being improved with a Clayton County Public School Campus.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

Following is a sales comparison grid displaying the subject property, the comparables and the adjustments applied by VSI Appraisal Group.

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
Name	Southwood	Land on Hastings		Land on LoveJoy		Land at Tara and		Land for Elite	
City	Morrow	Lovejoy		Lovejoy		Jonesboro		Jonesboro	
Date		3/28/2017		5/9/2016		12/4/2015		6/20/2014	
Price		\$480,000		\$90,000		\$130,000		\$615,500	
Acres	18.40	20.72		1.64		3.20		30.70	
Acre Unit Price		\$23,166		\$54,878		\$40,625		\$20,049	
Transaction Adjustments									
Property Rights		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Conditions of Sale		Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Expenditures After Sale		\$0		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$23,166		\$54,878		\$40,625		\$20,049	
Market Trends Through 1/3/18	0.5%	0.4%		0.8%		1.0%		1.8%	
Adjusted Acre Unit Price		\$23,255		\$55,333		\$41,050		\$20,406	
Location		Slightly Superior		Superior		Superior		Superior	
% Adjustment		-3%		-5%		-5%		-5%	
Access Visibility		Superior		Superior		Superior		Similar	
% Adjustment		-5%		-5%		-5%		0%	
Acres	18.40	20.72		1.64		3.20		30.70	
Comparison		Similar		Superior		Superior		Inferior	
% Adjustment		0%		-25%		-20%		10%	
Adjusted Acre Unit Price		\$21,395		\$35,966		\$28,735		\$21,427	
Net Adjustments		-8.0%		-35.0%		-30.0%		5.0%	
Gross Adjustments		8.0%		35.0%		30.0%		15.0%	

Comparable Land Sale Adjustments

Effective Sale Price

Atypical factors, such as excess land or non-realty components, that might influence price. There are no atypical factors among the comparables and no adjustment is required.

Property Rights

Fee simple, leased fee, leasehold, and other property rights, and levels of rights acquired that impact price. All of the comparables feature similar levels of property rights compared to the subject and no adjustment is required.

Financing

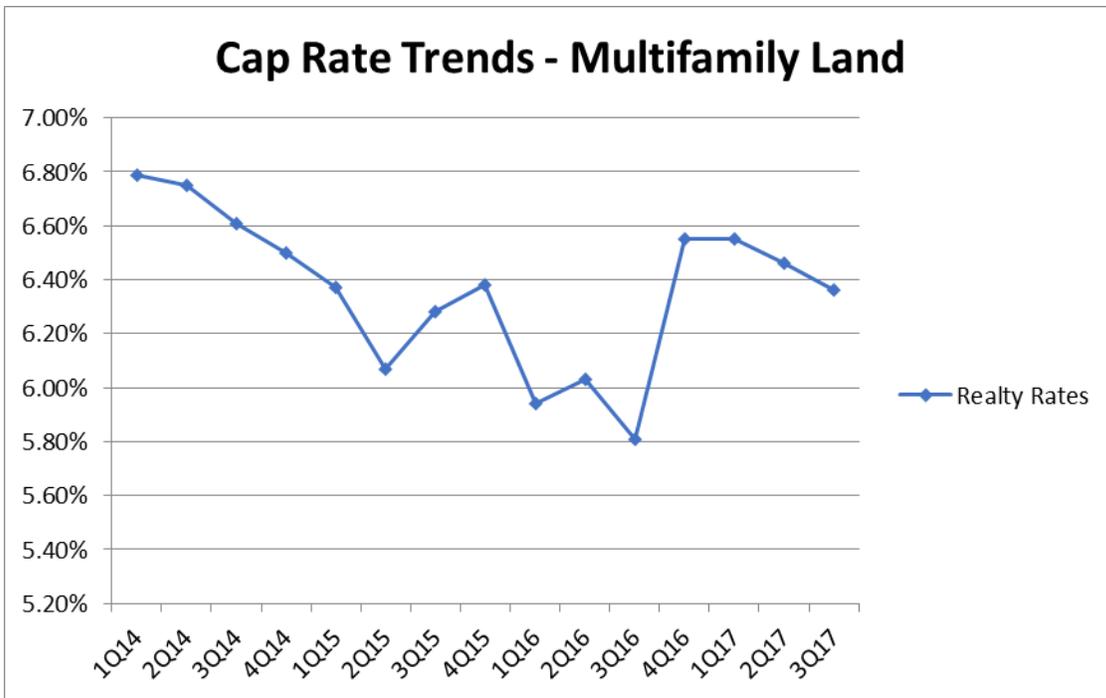
The financing structure and impact on price. Examples include seller-financed installment contracts and seller-paid buy downs, which can result in lower interest rates, but a higher price for the real estate. There are no special financing conditions at the comparables or the subject and no adjustment is needed for financing.

Conditions of Sale

Unique or extraordinary circumstances influencing the motivation of the buyer or seller. All of the comparables are similar to the subject and no adjustment is required.

Market Conditions

Changes in economic conditions that affect the appreciation and depreciation of real estate. The comparables transferred between 2014 and 2017. National trends for land capitalization rates have been trending downward based on the below graph from RealtyRates. However, the subjects immediate market has had limited development. We have adjusted the sales upwards by 0.5% annually to account for current market trends.



Location

Market or submarket influences on the price of real estate. Following is a summary of key location differences based on a 3-minute drive time around the subject and the land comparables.

Land Sales Location Comparison 3-Minute Drive Time							
Comp	Name	City	Zip	Median Contract Rent	Difference	Median Income	Percent Dif.
Subject	Southwood Apartments	Morrow	30260	\$632		\$37,169	
1	Land on Hastings Avenue	Lovejoy	30250	\$750	18.7%	\$42,681	14.8%
2	Land on Lovejoy Road	Lovejoy	30228	\$784	24.1%	\$51,836	39.5%
3	Land at Tara and Silverstone	Jonesboro	30238	\$905	43.2%	\$58,082	56.3%
4	Land for Elite Scholars	Jonesboro	30236	\$853	35.0%	\$62,485	68.1%

Based on the above table, all of the sales appear to be in superior neighborhoods than the subject. Sale 1 has received a small downward adjustment, while Sales 2, 3, and 4 have received larger downward adjustments primarily due to their much higher median income.

Access/Visibility

Access and/or visibility can have a major impact on price, depending on the type of real estate. Sales 1, 2, and 3 are located along Tara Boulevard, which is a major arterial within the area market. These sales have been adjusted downward for superior access and visibility. Sale 4 is located along a secondary roadway, similar to the subject and does not require an adjustment.

Property Size

Larger properties tend to sell for less per acre than smaller properties, and vice-versa, all other things being equal. Sale 1 is generally similar in size to the subject and no adjustment is

required. Sales 2 and 3 are smaller than the subject, and require upward adjustments, while Sale 4 is larger than the subject and requires an upward adjustment.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties range from \$21,395 to \$35,966 per acre; the average is \$26,881 per acre. All of the value indications have been considered, and in the final analysis, Sale 1 is given most weight as it is the most recent transaction and has the fewest gross adjustments. This is supported by Sale 4, which is nearest the subject and required the second fewest adjustment. Based on the preceding analysis, we arrive at our final reconciled per acre value of \$22,000.

As Is Market Value

Indicated Value per Acre:	\$22,000
Subject Size:	18.40
Indicated Value:	\$404,800
Rounded:	\$400,000

Broker Interview

We identified one additional listing, at the intersection of Old Rex Road and Maddox Road, less than 1.0 mile from the site. The listing price was \$175,000 per acre, and the listing broker, J. Leslie Johnson, from the Simpson Company, a large brokerage firm in the Atlanta Metro Area indicated that he had it listed solely to see if there was any interest. He stated that he recently lowered the asking price to \$150,000 but felt that the asking price was still too high. When we described the subject size to him, he stated that given his experience in the area, he would anticipate a property to sell for less than \$25,000 per acre.

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

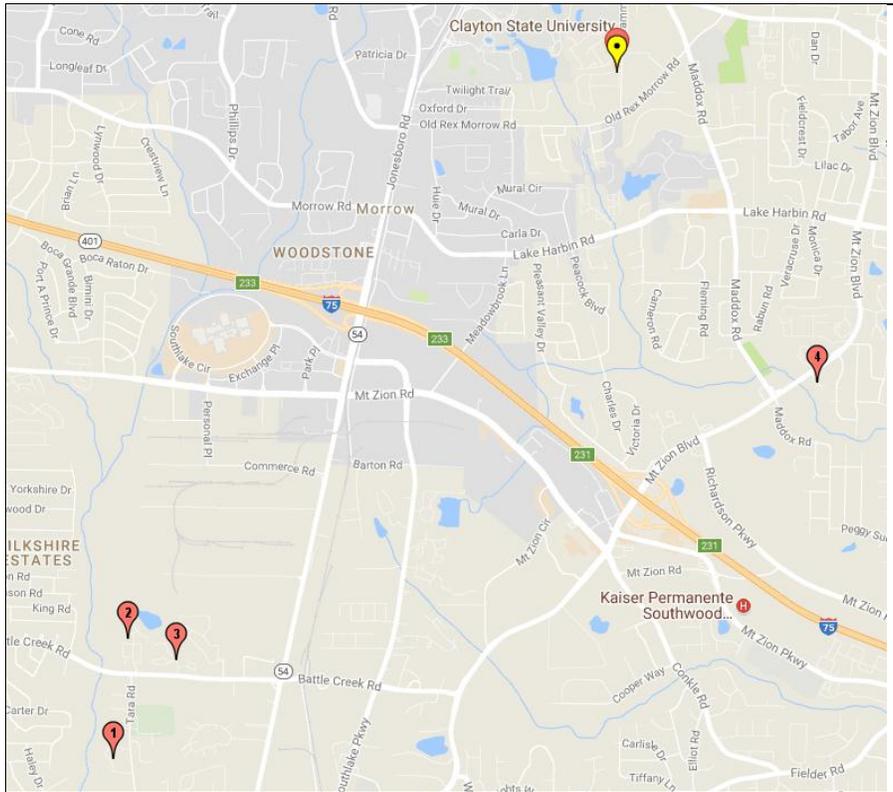
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed. The following analysis is applicable to the subject only for the unrestricted analysis. We have not conducted the sales approach for the restricted analysis due to the lack of comparable sales. In addition, analyzing restricted rent sales is complicated by the wide variance that can occur in levels of subsidy, beneficial financing, and remaining terms of the financing and/or rent restrictions.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined. In this case we use price per unit.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparables

We analyzed four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources.

Comp	Name City	Grantor Grantee	Price Date	Price per Unit No. of Units	NOI/Unit Cap Rate
Subject	Southwood Apartments Morrow			196	\$5,692 7.00%
1	Park at Tara Lake Jonesboro	Pointe Clear Apartments LLC Pointe Clear Owner LLC	\$13,900,000 7/25/16	\$60,435 230	\$5,079 8.40%
2	Averly Apartments Jonesboro	Averly Holdings LLC Wagner Averly Investors I LLC	\$19,225,000 8/31/17	\$76,290 252	\$4,932 6.47%
3	Anthos at Chase Village Jonesboro	Anthos at Chase Village LLC PC Chase Village LLC	\$9,225,000 7/25/17	\$52,415 176	\$4,531 8.64%
4	Level At Mt. Zion Morrow	CCP Regal LLC Normandy Village Association	\$6,250,000 6/1/17	\$51,653 121	\$3,698 7.16%

Comparables Map



Comparable 1



Transaction

Name	Park at Tara Lake	Date	7/25/16
Address	7545 Tara Road	Price	\$13,900,000
City	Jonesboro	Price per Unit	\$60,435
State	GA	Transaction Type	Closed
Zip	30236	Verification Source	Secondary Verification
Tax ID	130208A A001	Current Use	Market Rate
Grantor	Pointe Clear Apartments	No. of Units	230
Grantee	Pointe Clear Owner LLC		

Site

Acres	27.1	Topography	Level
Land SF	1,179,605	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	230	EGI	\$2,383,888
Year Built	1998	EGIM	5.83
Condition	Good	Expenses	\$1,215,783
		NOI	\$1,168,105
		Cap Rate	8.40%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	50	804	3.1.1
2BR/2BA	100	1,044	5.2.2
3BR/2BA	80	1,244	6.2.2

Comments

The sale was identified through Real Capital Analytics. The sale price and date were verified through the County Assessor Office, who additionally confirmed the sale as a valid, arm's length transaction. We attempted to contact a party to the transaction, but neither party could be reached. The financial information was estimated using in place rents from the time of sale, a reported 7% vacancy at the time of sale, and a 51% expense ratio based on 2017 NAA data for the Atlanta MSA.

Comparable 2



Transaction

Name	Averly Apartments	Date	8/31/17
Address	100 Chaselake Drive	Price	\$19,225,000
City	Jonesboro	Price per Unit	\$76,290
State	GA	Transaction Type	Closed
Zip	30236	Verification Source	Secondary Verification
Tax ID	13177A A002	Current Use	Market Rate
Grantor	Averly Holdings LLC	No. of Units	252
Grantee	Wagner Averly Investors		

Site

Acres	23.8	Topography	Level
Land SF	1,037,033	Zoning	RM
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	252	EGI	\$2,536,579
Year Built	1986/2015	EGIM	7.58
Condition	Good	Expenses	\$1,293,655
		NOI	\$1,242,924
		Cap Rate	6.47%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	78	950	3.1.1
2BR/2BA	174	1,200	4.2.2

Comments

The property transferred in August of 2017 between Wagner Averly Investors and Averly Holdings. We attempted to contact both parties, however neither could be reached. Current management at the site confirmed that the sale occurred, and the sale price and date were verified through the county assessor. The financial data was estimated using in place rents from the time of sale, a reported 6% vacancy, and an estimated 51% expense ratio based on NAA market rate data for the Atlanta MSA.

Comparable 3



Transaction

Name	Anthos at Chase Village	Date	7/25/17
Address	100 Chase Village Drive	Price	\$9,225,000
City	Jonesboro	Price per Unit	\$52,415
State	GA	Transaction Type	Closed
Zip	30236	Verification Source	Secondary Verification
Tax ID	13177B A002	Current Use	Market Rate
Grantor	Anthos at Chase Village	No. of Units	176
Grantee	PC Chase Village LLC		

Site

Acres	24.9	Topography	Level
Land SF	1,085,951	Zoning	RM
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	176	EGI	\$1,627,296
Year Built	1986	EGIM	5.67
Condition	Good	Expenses	\$829,921
		NOI	\$797,375
		Cap Rate	8.64%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
2BR/2BA	92	1,160	4.2.2
3BR/2BA	84	1,370	5.3.2

Comments

The sale was confirmed by management at the property, and details of the sale were confirmed through the assessor's office. Ownership of the proeprty could not be reached for comment. The financial information was estimated using in palce rents from the time of sale, a reported 12% vacancy and a 51% expense ratio based on NAA data for the Atlanta MSA.

Comparable 4



Transaction

Name	Level At Mt. Zion	Date	6/1/17
Address	6668 Mt. Zion Boulevard	Price	\$6,250,000
City	Morrow	Price per Unit	\$51,653
State	GA	Transaction Type	Closed
Zip	30260	Verification Source	Secondary Verification
Tax ID	12108A C001	Current Use	Market Rate
Grantor	CCP Regal LLC	No. of Units	121
Grantee	Normandy Village		

Site

Acres	15.8	Topography	Level
Land SF	688,248	Zoning	RM
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	121	EGI	\$913,223
Year Built	1973	EGIM	6.84
Condition	Good	Expenses	\$465,744
		NOI	\$447,479
		Cap Rate	7.16%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	40	628	3.1.1
2BR/1BA	48	785	4.2.1
3BR/1BA	33	987	5.3.1

Comments

The sale was verified through the County Assessor's office. We were unable to reach a party to the transaction. The financial information was estimated using in place rents, as well as a reported 2% vacancy, and a 51% expense ratio based on NAA Market Rate Data for the Atlanta MSA. The property was previously called Regal Pointe.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

Following is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	6001 Trammell	7545 Tara Road	100 Chaselake	100 Chase Village	6668 Mt. Zion
City	Morrow	Jonesboro	Jonesboro	Jonesboro	Morrow
State	GA	GA	GA	GA	GA
Date		7/25/2016	8/31/2017	7/25/2017	6/1/2017
Price		\$13,900,000	\$19,225,000	\$9,225,000	\$6,250,000
No. of Units	196	230	252	176	121
Price per Unit		\$60,435	\$76,290	\$52,415	\$51,653
Transaction Adjustments					
Property Rights		Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Conditions of Sale		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Expenditures After Sale		\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price per Unit		\$60,435	\$76,290	\$52,415	\$51,653
Market Trends Through	7/1/20	0.5%	2.0%	1.4%	1.5%
Adjusted Price per Unit		\$61,633	\$77,376	\$53,188	\$52,454
Location % Adjustment		Similar 0%	Similar 0%	Similar 0%	Slightly Superior -3%
Access/Visibility % Adjustment		Similar 0%	Similar 0%	Similar 0%	Similar 0%
No. of Units Comparison % Adjustment	196	230 Inferior 3%	252 Inferior 3%	176 Similar 0%	121 Superior -3%
Year Built Age/Condition/Quality % Adjustment	1972	1998 Slightly Inferior 10%	1986/2015 Similar 5%	1986 Inferior 15%	1973 Inferior 15%
Amenities % Adjustment		Slightly Superior -2%	Slightly Superior -2%	Slightly Superior -2%	Slightly Superior -2%
Average Unit Size Comparison % Adjustment	1,073	1,061 Similar 0%	1,123 Similar 0%	1,260 Slightly Superior -2%	788 Inferior 10%
Adjusted Price per Unit		\$68,413	\$82,019	\$59,039	\$61,371
Net Adjustments		11.0%	6.0%	11.0%	17.0%
Gross Adjustments		15.0%	10.0%	19.0%	33.0%

Comparable Sale Adjustments

Effective Sale Price

Atypical factors, such as excess land or non-realty components, that might influence price. There are no atypical factors among the comparables and no adjustment is required.

Property Rights

Fee simple, leased fee, leasehold, and other property rights, and levels of rights acquired that impact price. All of the comparables feature similar levels of property rights compared to the subject and no adjustment is required.

Financing

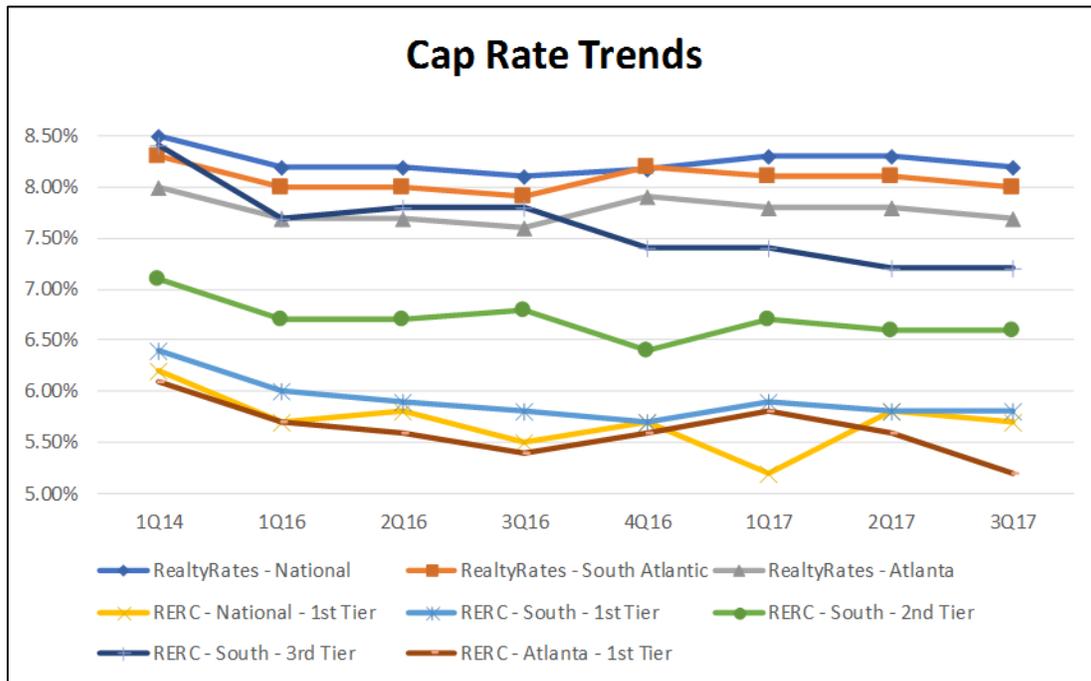
The financing structure and impact on price. Examples include seller-financed installment contracts and seller-paid buy downs, which can result in lower interest rates, but a higher price for the real estate. There are no special financing conditions at the comparables or the subject and no adjustment is needed for financing.

Conditions of Sale

Unique or extraordinary circumstances influencing the motivation of the buyer or seller. All of the comparables are similar to the subject and no adjustment is required.

Market Conditions

Changes in economic conditions that affect the appreciation and depreciation of real estate. The comparables transferred between 2016 and 2017. Regional trends for Second Tier properties have been trending downward according to survey data from RERC.



Based on the above chart, capitalization rates have slightly decreased over the past two years for second tier properties. We have adjusted our sales upward by 0.5% per year to account for current market conditions.

Location

Market or submarket influences on the price of real estate. Following is a summary of key location differences based on a 3-minute drive time around the subject and the sales comparables.

Improved Sales Location Comparison 3-Minute Drive Time							
Comp	Name	City	Zip	Median Contract Rent	Difference	Median Income	Percent Dif.
Subject	Southwood Apartments	Morrow	30260	\$632		\$37,169	
1	Park at Tara Lake	Jonesboro	30236	\$627	-0.8%	\$32,115	-13.6%
2	Averly Apartments	Jonesboro	30236	\$694	9.8%	\$37,764	1.6%
3	Anthos at Chase Village	Jonesboro	30236	\$670	6.0%	\$36,461	-1.9%
4	Level At Mt. Zion	Morrow	30260	\$763	20.7%	\$49,721	33.8%

Based on the previous table, the comparables are all in relatively similar locations in terms of income to the subject. A small downward adjustment is made to Sale 4, as it is located within a slightly higher income neighborhood than the subject. The remaining sales have not received an adjustment.

Access/Visibility

Access and/or visibility can have a major impact on price, depending on the type of real estate. The subject is located along a lower trafficked roadway, similar to the comparables. No adjustment was required for access and visibility as the subject and the sales all offer similar access and visibility.

Property Size

Larger properties tend to sell for less on a per unit basis, all other things being equal. Conversely, smaller properties will typically sell for more per unit. The subject has 196 units. Sales 1 and 2 have a larger number of units, and we adjust them upward. Sale 3 has a similar number of units and did not require an adjustment, while Sale 4 has fewer units and requires a downward adjustment.

Age/Condition/Quality

Effective age, condition of property, and quality of construction. The subject was built in 1972 and will undergo a renovation in 2018. Sale 2 was recently renovated and requires a small upward adjustment. Sale 1 was constructed in 1998 and we apply a larger upward adjustment. Sales 3 and 4 are older properties constructed closer to the subject's original build date; they have no reported renovations. We adjust these sales upward.

Unit and Project Amenities

Unit amenities are features internal to the dwelling units such as appliances. Project amenities are available to all tenants and include items such as a swimming pool. Following is a detailed comparison of amenities at the subject versus the comparables.

PROPERTY AMENITY COMPARISON					
	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Name	Southwood Apartments	Park at Tara Lake	Averly Apartments	Anthos at Chase Village	Level At Mt. Zion
UNIT AMENITIES					
Balcony/Patio	X	X	X		
Fireplace				X	
Dishwasher	X	X	X	X	X
Disposal		X	X	X	X
Range/Refrigerator	X	X	X	X	X
Washer/Dryer Hook-up	X	X	X	X	
Washer/Dryer In Unit				X	
Air Conditioning	C	C	C	C	C
Carpeting	X	X	X	X	X
Blinds	X	X	X	X	X
Walk-in Closets		X			
PROJECT AMENITIES					
Swimming Pool		X	X	X	X
Playground	X	X		X	
Clubhouse/Recreation	X	X	X	X	
Fitness Center		X	X	X	
Laundry Facility	X		X		X
Computer Center	X	X	X	X	
Gazebo	X				
Picnic Area	X	X	X		

The comparable sales are all generally superior to the subject, and have received downward adjustments for superior amenities, including swimming pools at the comparables. Although the subject as renovated offers both a gazebo and a picnic area, these amenities are not valued as highly as a swimming pool would be.

Average Unit Size

Properties with larger average unit sizes will typically generate higher levels of rent, all other things being equal. Sales 1 and 2 generally offer similar average unit sizes to the subject and no adjustment is required. Sale 3 offers larger units than the subject, and we adjust it downward. Sale 4 offers significantly smaller units and we adjust it upward.

Sales Comparison Approach Conclusion - Unrestricted

The adjusted values of the comparable properties range from \$59,039 to \$82,019 per unit; the average is \$67,710 per unit. All of the value indications have been considered, and in the final analysis, Sale 2 was given the most weight in our analysis as it was the most recent transaction, and received the least gross adjustments. We temper downward slightly based on the remaining sales. Based on the preceding analysis, we conclude to our final reconciled per unit value of \$80,000. This value indication reflects the property at stabilized occupancy. To estimate market value at completion, we make adjustments to the stabilized value shown below and described in detail in Adjustments to Stabilization section of this report.

SALES APPROACH INDICATED VALUE - UNRESTRICTED	
Indicated Value Per unit	\$80,000
Subject Size	196
Sales Approach Value Indication - Stabilized	
	\$15,680,000
Rounded \$15,680,000	
As Complete	
Stabilized Value Indication	\$15,680,000
<u>Adjustments</u>	
Lease-up Costs	\$1,410,000
Indicated Value \$14,270,000	
Rounded \$14,270,000	

Income Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property. The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Apply the most appropriate capitalization method to convert projected net income into an indication of value.

Direct capitalization and discounted cash flow are the two most common methods of capitalization. Direct capitalization involves the development of an appropriate capitalization rate and then dividing the NOI by the capitalization rate for an estimate of value. Discounted cash flow analysis includes projected income streams and a future resale value discounted to a present value at an appropriate yield rate.

In this analysis we use only direct capitalization analysis as investors in this property type typically rely on this approach.

Potential Gross Income (PGI)

Unit Types & Vacancy

The following tables details the unit types we have defined for the subject. The subject unit mix will be unchanged post renovation; however, the market rate units will be subject to LIHTC restrictions. In the case of the subject, the former market rate units will be rent and income restricted to individuals or households at or below the 60% Area Median Income (AMI).

The following table details out the current unit mix and vacancies.

Current Unit Mix and Vacancy							
Space Type	Units/ Tenants	SF Average	SF Total	% of Total	Units Leased	Units Vacant	% Units Vacant
1BR/1BA	6	810	4,860	2.3%	6	0	0.0%
2BR/1.5BA	16	1,028	16,448	7.8%	15	1	0.5%
3BR/2BA	11	1,235	13,585	6.5%	8	3	1.5%
1BR/1BA HAP	18	810	14,580	6.9%	18	0	0.0%
2BR/1.5BA HAP	88	1,028	90,464	43.0%	88	0	0.0%
3BR/2BA HAP	57	1,235	70,395	33.5%	57	0	0.0%
Totals	196	1,073	210,332	100.0%	192	4	2.0%

As stated previously, the unit mix will be unchanged post renovation. The following table details the units post renovation. As previously stated, the units will all have a 60% AMI restriction and there will be no market rate units going forward.

Proposed Unit Mix					
Space Type	Units/ Tenants	SF Average	SF Total	% of Total	SF Leased
1BR/1BA 60% AMI	6	810	4,860	2.3%	4,860
1BR/1BA 60% AMI HAP	18	810	14,580	6.9%	14,580
2BR/1.5BA 60% AMI	16	1,028	16,448	7.8%	16,448
2BR/1.5BA 60% AMI HAP	88	1,028	90,464	43.0%	90,464
3BR/2BA 60% AMI	11	1,235	13,585	6.5%	13,585
3BR/2BA 60% AMI HAP	57	1,235	70,395	33.5%	70,395
Totals	196	1,073	210,332	100.0%	210,332

Utility Structure

Expense responsibilities at the subject are as follows.

Utilities Expense	
Tenant Paid	Owner Paid
In-Unit Electric	Gas Heat
	Hot Water
	Cold Water
	Sewer
	Trash

Rent Roll

A copy of the most recent rent roll is in the addendum of this report.

Overall Rent Ranges

The following table details overall rent ranges at the subject as is, organized by unit type. The subject HAP contract rents are currently above their asking market rents, which is not unusual for this type of mixed income product. Three one-bedroom market rate units are utilized as a community room, office, and corporate unit, which do not report a rent as well as a credit in the equal amount, essentially making them revenue free units. We have adjusted for these units in the miscellaneous expenses for the as is scenario only.

Rent Ranges by Unit Type						
Space Type	Avg. Size	Units	Low	High	Average	Avg./SF
1BR/1BA	810	6	\$550	\$725	\$653	\$0.81
2BR/1.5BA	1,028	15	\$431	\$841	\$660	\$0.64
3BR/2BA	1,235	8	\$725	\$956	\$793	\$0.64
1BR/1BA HAP	810	18	\$737	\$737	\$737	\$0.91
2BR/1.5BA HAP	1,028	88	\$841	\$841	\$841	\$0.82
3BR/2BA HAP	1,235	57	\$956	\$956	\$956	\$0.77

The following table details the developer proposed rents and utility allowance post renovation. The developer has projected their HAP rents based on an RCS study. We assume that the rents will be approved by HUD. Please reference limiting conditions and assumptions.

Rent Ranges by Unit Type						
Space Type	Avg. Size	Units	Gross	UA	Net Rent	Avg./SF
1BR/1BA 60% AMI	810	6	\$658	\$63	\$595	\$0.73
1BR/1BA 60% AMI HAP	810	18	\$1,064	\$84	\$980	\$1.21
2BR/1.5BA 60% AMI	1,028	16	\$831	\$136	\$695	\$0.68
2BR/1.5BA 60% AMI HAP	1,028	88	\$1,198	\$63	\$1,135	\$1.10
3BR/2BA 60% AMI	1,235	11	\$879	\$84	\$795	\$0.64
3BR/2BA 60% AMI HAP	1,235	57	\$1,396	\$136	\$1,260	\$1.02

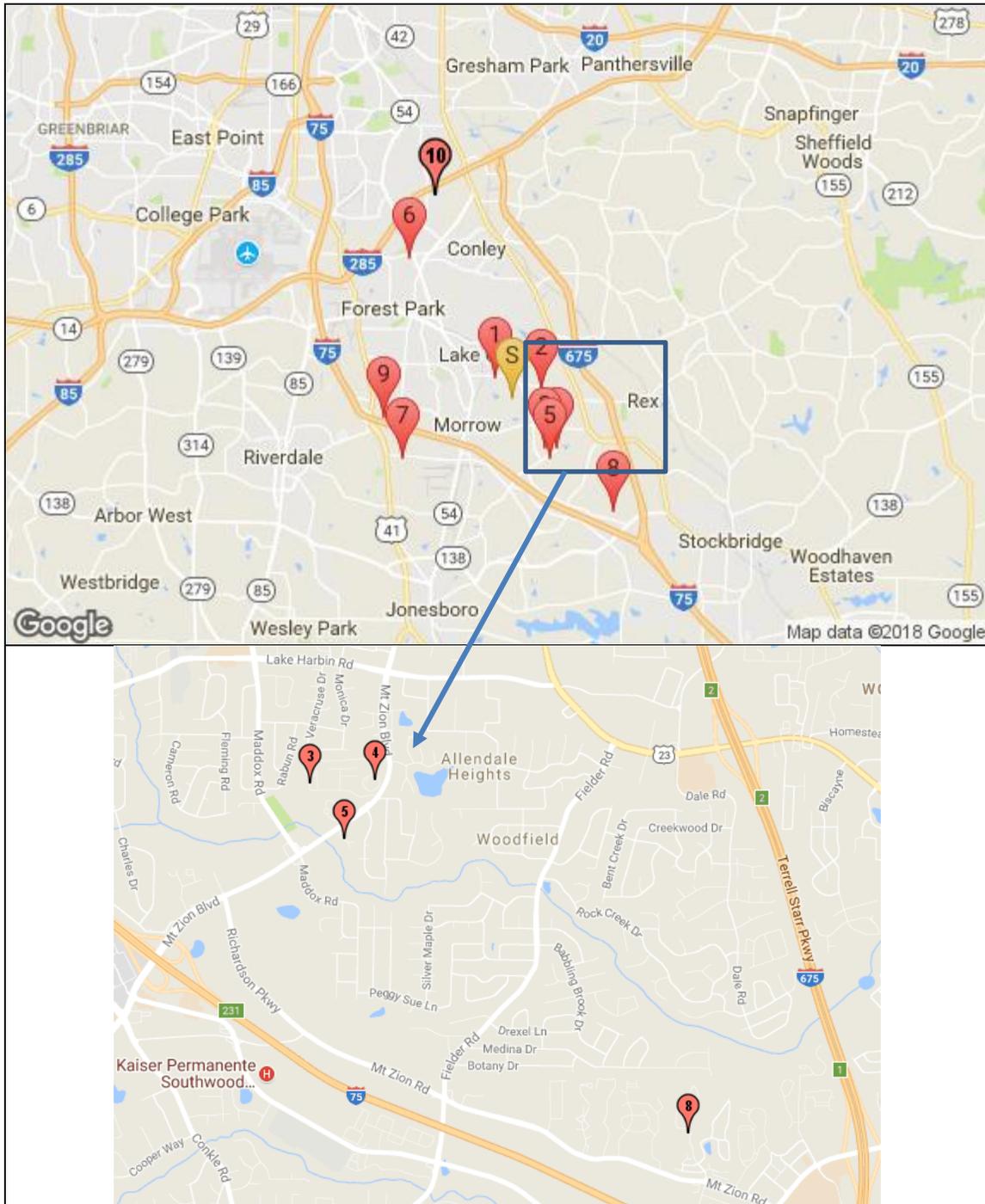
Market Rent

Market Rent Comparables

We have researched ten comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All rent comparables have been researched through numerous sources.

Comp #	Name	Year Built	Condition	Current Use	No. of Units	Occupancy
1	Rainwood	1973	Fair	Market Rate	230	97.0%
2	Park at London	1988/2009	Average	Market Rate	240	95.0%
3	Hidden Creek Apartment Homes	1999	Good	Market Rate	116	94.0%
4	Hampton Downs	1990	Average	Market Rate	200	95.0%
5	Level at Mt. Zion	1973	Average	Market Rate	121	94.0%
6	Parkside Crossing	1962/1992	Average	LIHTC	250	100.0%
7	The Park at Mount Zion	1973/2006	Good	LIHTC	193	95.0%
8	Cambridge Pointe	2001	Good	LIHTC/Market	180	99.4%
9	Regal Park Apartment Homes	2005	Good	LIHTC	168	100.0%
10	Columbia South River Gardens	2010	Good	LIHTC	124	100.0%
Total/Average Market					907	95.2%
Total/Average LIHTC					915	98.8%

Comparables Map



Multifamily Rent Comparable 1



Location		Building	
Name	Rainwood	Survey Date	1/3/2018
Address	1885 Harper Drive	Year Built	1973
City	Morrow	Condition	Fair
State	GA	No. of Units	230
Zip	30260	Vacancy	3.00%
Current Use	Market Rate	Phone Number	770-961-1654
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Gas	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Gas		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	54	875	3.1.1	\$595	\$0.68
2BR/2BA	138	1,150	4.2.2	\$685	\$0.60
3BR/2BA	38	1,300	5.3.2	\$795	\$0.61

Comments
 There are ceiling fans in these units.

Multifamily Rent Comparable 2



Location		Building	
Name	Park at London	Survey Date	1/3/2018
Address	2445 Rex Road	Year Built	1988/2009
City	Ellenwood	Condition	Average
State	GA	No. of Units	240
Zip	30294	Vacancy	5.00%
Current Use	Market Rate	Phone Number	770-961-9400
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	L-Gas		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	120	908	3.1.1	\$799	\$0.88
2BR/2BA	72	1,184	4.2.2	\$925	\$0.78
3BR/2BA	48	1,403	5.3.2	\$1,025	\$0.73

Comments
 Unit sizes for two- and three-bedroom units shown above are averaged. The two bedroom floorplan ranges in square feet from 1,152 to 1,215. The three bedroom unit ranges from 1,390 to 1,415 square feet.

Multifamily Rent Comparable 3



Location		Building	
Name	Hidden Creek Apartment Homes	Survey Date	1/3/2018
Address	6595 Mount Zion Blvd.	Year Built	1999
City	Morrow	Condition	Good
State	GA	No. of Units	116
Zip	30260	Vacancy	6.00%
Current Use	Market Rate	Phone Number	678-619-0516
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	T
Hot Water	T-Elec	Sewer	T
Unit Electric	T	Trash	T
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	32	767	3.1.1	\$816	\$1.06
2BR/2BA	57	1,101	4.2.2	\$960	\$0.87
3BR/2BA	27	1,338	5.3.2	\$997	\$0.75

Comments
 Average square footages are shown above for the one- and two-bedroom units. The one-bedroom units range from 744 to 790 square feet. The two-bedroom units range from 1,012 to 1,190 square feet.

Multifamily Rent Comparable 4



Location		Building	
Name	Hampton Downs	Survey Date	1/3/2018
Address	100 Sandlewood Drive	Year Built	1990
City	Morrow	Condition	Average
State	GA	No. of Units	200
Zip	30260	Vacancy	5.00%
Current Use	Market Rate	Phone Number	844-300-7803
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	80	720	3.1.1	\$777	\$1.08
2BR/2BA	120	1,055	4.2.2	\$1,107	\$1.05

Comments

The two-bedroom square footage shown above is an average. The two-bedroom units range from 960 up to 1,150 square feet. Management estimated the two-bedroom rents as none were currently available.

Multifamily Rent Comparable 5



Location		Building	
Name	Level at Mt. Zion	Survey Date	1/3/2018
Address	6668 Mount Zion Blvd.	Year Built	1973
City	Morrow	Condition	Average
State	GA	No. of Units	121
Zip	30260	Vacancy	6.00%
Current Use	Market Rate	Phone Number	844-210-9465/770-961-5008
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Gas	Cold Water	L
Hot Water	L-Gas	Sewer	L
Unit Electric	T	Trash	L
Cooking	L-Gas		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	40	628	3.1.1	\$750	\$1.19
2BR/1BA	48	785	4.2.1	\$825	\$1.05
3BR/1BA	33	987	5.3.1	\$935	\$0.95

Comments
 The property was previously called Regal Pointe. The three-bedroom units at the property range from \$875 up to \$995 and an average rent is shown.

Multifamily Rent Comparable 6



Location		Building	
Name	Parkside Crossing	Survey Date	1/8/2018
Address	4233 Jonesboro Road	Year Built	1962/1992
City	Forest Park	Condition	Average
State	GA	No. of Units	250
Zip	30297	Vacancy	0.00%
Current Use	LIHTC	Phone Number	844-509-3584/404-366-1182
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA @ 50%	16	670	3.1.1	\$620	\$0.93
2BR/1BA @ 50%	10	760	4.2.1	\$639	\$0.84
2BR/2BA @50%	20	870	4.2.2	\$639	\$0.73
3BR/2BA @ 50%	4	1,000	5.3.2	\$785	\$0.79
1BR/1BA @60%	60	670	3.1.1	\$620	\$0.93
2BR/1BA @60%	62	760	4.2.1	\$639	\$0.84
2BR/2BA @ 60%	62	870	4.2.2	\$639	\$0.73
3BR/2BA @ 60%	16	1,000	5.3.2	\$785	\$0.79

Comments
 There are ceiling fans in the units.

Multifamily Rent Comparable 7



Location		Building	
Name	The Park at Mount Zion	Survey Date	1/3/2018
Address	701 Mount Zion Road	Year Built	1973/2006
City	Jonesboro	Condition	Good
State	GA	No. of Units	193
Zip	30236	Vacancy	5.00%
Current Use	LIHTC	Phone Number	770-968-0311
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
2BR/2BA Flat @ 60%	48	1,056	4.2.2	\$840	\$0.80
2BR/2BA TH @ 60%	72	1,114	4.2.2	\$840	\$0.78
3BR/2BA Flat @ 60%	64	1,216	5.3.2	\$953	\$0.78
3BR/2BA TH @60%	9	1,404	5.3.2	\$953	\$0.70

Comments
 Management at the property stated that the vacancy rate was atypical of normal occupancy, attributing a high number of recent move outs. Management stated typical occupancy was near full occupancy.

Multifamily Rent Comparable 8



Location		Building	
Name	Cambridge Pointe	Survey Date	1/3/2018
Address	3384 Mount Zion Blvd.	Year Built	2001
City	Stockbridge	Condition	Good
State	GA	No. of Units	180
Zip	30281	Vacancy	0.60%
Current Use	LIHTC/Market	Phone Number	888-418-5623/770-389-5761
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-ELEC	Cold Water	L
Hot Water	T-GAS	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-GAS		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA @ 60%	29	814	3.1.1	\$768	\$0.94
2BR/2BA @ 60%	54	1,079	4.2.2	\$929	\$0.86
3BR/2BA @ 60%	47	1,203	5.3.2	\$1,079	\$0.90
4BR/3BA	14	1,454	6.4.3	\$1,208	\$0.83
1BR/1BA	19	814	3.1.1	\$843	\$1.04
2BR/2BA	6	1,079	4.2.2	\$929	\$0.86
3BR/2BA	9	1,203	5.3.2	\$1,079	\$0.90
4BR/3BA	2	1,454	6.4.3	\$1,208	\$0.83

Comments
 The property is a LIHTC and market rate property, offering one- through four-bedroom units.

Multifamily Rent Comparable 9



Location		Building	
Name	Regal Park Apartment Homes	Survey Date	1/3/2018
Address	461 Old Dixie Way	Year Built	2005
City	Forest Park	Condition	Good
State	GA	No. of Units	168
Zip	30297	Vacancy	0.00%
Current Use	LIHTC	Phone Number	470-440-3749
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA @ 60%	23	874	3.1.1	\$700	\$0.80
2BR/2BA @ 60%	64	1,114	4.2.2	\$775	\$0.70
3BR/2BA @ 60%	81	1,388	5.3.2	\$895	\$0.64

Comments
 Management stated they accepted Housing Choice Vouchers, but did not disclose how many they currently have.

Multifamily Rent Comparable 10



Location		Building	
Name	Columbia South River Gardens	Survey Date	1/3/2018
Address	3450 Forest Park Road	Year Built	2010
City	Atlanta	Condition	Good
State	GA	No. of Units	124
Zip	30354	Vacancy	0.00%
Current Use	LIHTC	Phone Number	470-419-3267/470-440-3698
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	T
Hot Water	T-Elec	Sewer	L
Unit Electric	T	Trash	L
Cooking	T-Elec		

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA @ 60%	36	730	3.1.1	\$670	\$0.92
2BR/2BA @ 60%	64	1,075	4.2.2	\$770	\$0.72
3BR/2BA @ 60%	24	1,275	5.3.2	\$870	\$0.68

Comments
 Management reported they had closed their waiting list.

Comparable Rent Adjustments

The above rentals have been analyzed and compared with the subject property. We have considered adjustments in the following areas:

Utility Structure

Rental rates vary inversely with tenant expense responsibilities. Comparables with greater tenant expense responsibilities than the subject need to be adjusted upward based on the estimated costs for each type of utility. Conversely, downward adjustments are made to comparables with fewer tenant expense responsibilities. Specifically, the tenants are only responsible for electric at the subject. The following tables illustrate the tenant paid portions of each market rate comparable followed by the utility allowance table provided by the Jonesboro Housing Authority.

Tenant Paid Utilities Difference											
Utility	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10
Heat	Landlord	T-Gas	T-Elec	T-Elec	T-Elec	T-Gas	T-Elec	T-Elec	T-ELEC	T-Elec	T-Elec
Unit Electric	Tenant	T	T	T	T	T	T	T	T	T	T
Gas Hot Water	Landlord	T-Elec	T-Elec	T-Elec	T-Elec	L-Gas	T-Elec	T-Elec	T-GAS	T-Elec	T-Elec
Cold Water	Landlord	L	L	T	L	L	L	L	L	L	T
Sewer	Landlord	L	L	T	L	L	L	L	L	L	L
Trash	Landlord	L	L	T	L	L	L	L	L	L	L

The utilities highlighted in blue have been adjusted upward to match the subject’s utility structure.

Utility Allowances				
Utility	Paid By	1BR	2BR	3BR
Gas Heat	Landlord	\$20	\$23	\$32
Electric Heat		\$35	\$41	\$47
In-Unit Electric	Tenant	\$38	\$48	\$61
Gas Hot Water	Landlord	\$12	\$14	\$17
Electric Hot Water		\$11	\$16	\$21
Cold Water	Landlord	\$12	\$16	\$24
Sewer	Landlord	\$16	\$21	\$25
Trash	Landlord	\$17	\$17	\$17
Total Utilities		\$115	\$139	\$176
Tenant Paid Utilities		\$38	\$48	\$61
Developer UA		\$63	\$84	\$136

Source: Jonesboro Housing Authority, 4/1/2017

Adjustments applied to each comparable are as follows:

Tenant Paid Utilities Adjustment										
BR Type	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10
1BR	\$31.00	\$46.00	\$92.00	\$46.00	\$32.00	\$46.00	\$46.00	\$47.00	\$46.00	\$58.00
2BR	\$39.00	\$57.00	\$111.00	\$57.00	\$37.00	\$57.00	\$57.00	\$55.00	\$57.00	\$71.00
3BR	\$53.00	\$68.00	\$134.00	\$68.00	\$49.00	\$68.00	\$68.00	\$64.00	\$68.00	\$92.00

Unit Size

Adjustments for size differences are based on the assumption that rent will vary at less than a one-to-one ratio to unit size differences. In this case, a value ratio of 25% is applied. This is a typical premium in the local market. No size adjustment is applied when making an adjustment for bedroom difference as the size value is reflected in the additional bedroom.

Location

The subject is in an average location with fair access to area amenities. Comparables 1, 2, and 3 are in similar locations, and no adjustment is required. Comparables 4 and 5 are in superior locations given their location along Mt. Zion Boulevard which offers superior access and visibility compared to the subject; they require a downward adjustment.

Age/Condition/Quality

The subject was constructed in 1972 and is in generally fair condition. The subject is expected to undergo a substantial renovation which will increase the overall quality of the property. All of the comparables have been adjusted upward; however, Comparables 2 and 3 were built and renovated more recently, and have received a smaller upward adjustment. Although Comparable 5 was built in 1973, it is very well maintained, and has received a smaller upward adjustment.

Unit and Project Amenities

PROPERTY AMENITY COMPARISON						
Name	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Southwood Apartments	Rainwood	Park at London	Hidden Creek Apartment	Hampton Downs	Level at Mt. Zion
UNIT AMENITIES						
Balcony/Patio	X	X	X	X	X	
Dishwasher	X	X	X	X	X	X
Disposal		X	X	X	X	X
Range/Refrigerator	X	X	X	X	X	X
Washer/Dryer Hook-up	X	X	X	X	X	
Washer/Dryer In Unit		X		X		
Storage In Unit		X			X	
Air Conditioning	C	C	C	C	C	C
Carpeting	X	X	X	X	X	X
Blinds	X	X	X	X	X	X
PROJECT AMENITIES						
Swimming Pool		X	X	X	X	X
Garage Parking				X - \$75		
Sports Courts					X	
Playground	X	X	X		X	
Clubhouse/Recreation	X		X		X	
Fitness Center			X	X	X	
Laundry Facility	X			X		X
Security			X		X	X
Business Center/Computer Lab	X		X		X	
Gazebo	X					
Picnic Area	X		X			

The subject has a competitive unit amenities package, with amenities similar to the majority of the market comparables. Comparables 1 and 3 include washer/dryer units, garbage disposals, and storage space; these properties have been adjusted downward. Comparables 2 and 4 received smaller downward adjustments as a result of including disposals. Comparable 5 does not include balconies or washer and dryer connections, and has received a small upward adjustment.

As a renovated property, the subject will have a comprehensive project amenities package. Amenities post renovation will include a splash pad, a playground, and a small community building. The community building will consist of a computer lab/business center, a laundry facility and a community room. Additional outdoor amenities will include a gazebo and a picnic area. Comparable 3 receives the largest downward adjustment as a result of offering garage parking for \$75 per month. Although this is a fee based amenity, we recognize that the option of covered parking is desirable, and adjust this comparable downward \$30. The comparables all offer swimming pools which are considered slightly superior to the subject’s proposed splash pad and they receive downward adjustments for this line item. Individual adjustments are detailed below.

Unit Amenity Adjustments

Amenity	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Balcony/Patio	\$0	\$0	\$0	\$0	\$10
Disposal	-\$5	-\$5	-\$5	-\$5	-\$5
Washer/Dryer HU	\$0	\$0	\$0	\$0	\$10
Washer/Dryer	-\$15	\$0	-\$15	\$0	\$0
Storage	-\$10	\$0	\$0	-\$10	\$0
Total	-\$30	-\$5	-\$20	-\$15	\$15

Project Amenity Adjustments

Amenity	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Swimming Pool	-\$5	-\$5	-\$5	-\$5	-\$5
Garage Parking	\$0	\$0	-\$30	\$0	\$0
Sports Court	\$0	\$0	\$0	-\$5	\$0
Clubhouse	\$5	\$0	\$5	\$0	\$5
Fitness Center	\$0	-\$10	-\$10	-\$10	\$0
Laundry	\$0	\$10	\$0	\$10	\$0
Security	\$0	-\$10	\$0	-\$10	-\$10
Computer Lab	\$10	\$0	\$10	\$0	\$10
Outdoor Areas	\$5	\$0	\$5	\$5	\$5
Total	\$15	-\$15	-\$25	-\$15	\$5

Bathrooms

Some of the comparables have differing bathroom types compared to the subject. We were unable to identify any comparables offering similar bedroom types with differing bathrooms, as the market appears to be oriented towards full bathrooms. We have estimated a \$30 adjustment for a half bathroom, and a \$60 adjustment for a full bathroom.

Bedrooms

Differences in rent between bedroom types is analyzed as follows.

Bedroom Adjustment			
Property	2BR	3BR	Difference
Rainwood	\$685	\$795	\$110
Park at London	\$925	\$1,025	\$100
Hidden Creek Apartment Homes	\$960	\$997	\$37
Level at Mt. Zion	\$825	\$935	\$110
Avg 2BR - 3BR Difference:			\$89

Based on the above table the difference between a two and three-bedroom unit is between \$37 and \$110. We utilize a \$100 difference for two- to three-bedroom units. The bedroom adjustment accounts for the difference in size, so no additional size adjustment is applied when making a bedroom adjustment.

Adjustment Grids

Following are adjustment grids for each unit type at the subject. The market rent is based on each bedroom type; however, we recognize that select units could vary in market rent based on floor and location within the property.

1BR Lease Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Southwood Apartments	Rainwood	Park at London	Hidden Creek Apartment	Hampton Downs	Level at Mt. Zion
City	Morrow	Morrow	Ellenwood	Morrow	Morrow	Morrow
Survey Date		01/03/18	01/03/18	01/03/18	01/03/18	01/03/18
Current Use		Market Rate	Market Rate	Market Rate	Market Rate	Market Rate
Building Type		Garden	Garden	Garden	Garden	Garden
Unit Type 1	1BR/1BA 60%	1BR/1BA	1BR/1BA	1BR/1BA	1BR/1BA	1BR/1BA
Vacancy		3.0%	5.0%	6.0%	5.0%	6.0%
Type 1 Rent/Mo.		\$595	\$799	\$816	\$777	\$750
Type 1 SF	810	875	908	767	720	628
Type 1 Rent/SF		\$0.68	\$0.88	\$1.06	\$1.08	\$1.19
Utility Adjustment		\$31	\$46	\$92	\$46	\$32
Unit Size Adjustment		-\$11	-\$22	\$11	\$24	\$54
Adjusted Rent		\$615	\$823	\$919	\$847	\$836
Location		Similar	Similar	Similar	Superior	Superior
\$ Adjustment		\$0	\$0	\$0	-\$50	-\$50
Year Built	1972	1973	1988/2009	1999	1990	1973
Age/Condition/Quality		Inferior	Slightly Inferior	Slightly Inferior	Inferior	Slightly Inferior
\$ Adjustment		\$150	\$50	\$50	\$100	\$50
Unit Amenities		Superior	Slightly Superior	Superior	Slightly Superior	Slightly Inferior
\$ Adjustment		-\$30	-\$5	-\$20	-\$15	\$15
Project Amenities		Slightly Superior	Superior	Superior	Superior	Slightly Superior
\$ Adjustment		\$15	-\$15	-\$25	-\$15	\$5
Adjusted Rent		\$750	\$853	\$924	\$867	\$856
Net Adjustments		26.0%	6.8%	13.3%	11.6%	14.2%
Gross Adjustments		39.8%	17.2%	24.3%	32.2%	27.5%
Average Adjusted Rent						
Rent	\$850					
Concluded Rent	\$860					

The adjusted rents of the comparables range from \$750 to \$924 and average \$850. Comparable 2 has the fewest gross adjustments and is in the subject neighborhood; therefore, we rely most heavily on this comparable for a concluded one-bedroom achievable market rent of \$860.

2BR Lease Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Southwood Apartments	Rainwood	Park at London	Hidden Creek Apartment	Hampton Downs	Level at Mt. Zion
City	Morrow	Morrow	Ellenwood	Morrow	Morrow	Morrow
Survey Date		01/03/18	01/03/18	01/03/18	01/03/18	01/03/18
Current Use		Market Rate	Market Rate	Market Rate	Market Rate	Market Rate
Building Type		Garden	Garden	Garden	Garden	Garden
Unit Type 2	2BR/1.5BA 60%	2BR/2BA	2BR/2BA	2BR/2BA	2BR/2BA	2BR/1BA
Vacancy		3.0%	5.0%	6.0%	5.0%	6.0%
Type 2 Rent/Mo.		\$685	\$925	\$960	\$1,107	\$825
Type 2 SF	1,028	1,150	1,184	1,101	1,055	785
Type 2 Rent/SF		\$0.60	\$0.78	\$0.87	\$1.05	\$1.05
Utility Adjustment		\$39	\$57	\$111	\$57	\$37
Unit Size Adjustment		-\$18	-\$30	-\$16	-\$7	\$64
Adjusted Rent		\$706	\$952	\$1,055	\$1,157	\$926
Location		Similar	Similar	Similar	Superior	Superior
\$ Adjustment		\$0	\$0	\$0	-\$50	-\$50
Year Built	1972	1973	1988/2009	1999	1990	1973
Age/Condition/Quality		Inferior	Slightly Inferior	Slightly Inferior	Inferior	Slightly Inferior
\$ Adjustment		\$150	\$50	\$50	\$100	\$50
Unit Amenities		Superior	Slightly Superior	Superior	Slightly Superior	Slightly Inferior
\$ Adjustment		-\$30	-\$5	-\$20	-\$15	\$15
Project Amenities		Slightly Superior	Superior	Superior	Superior	Slightly Superior
\$ Adjustment		\$15	-\$15	-\$25	-\$15	\$5
Bathrooms		Slightly Superior	Slightly Superior	Slightly Superior	Slightly Superior	Slightly Inferior
\$ Adjustment		-\$30	-\$30	-\$30	-\$30	\$30
Adjusted Rent		\$811	\$952	\$1,030	\$1,147	\$976
Net Adjustments		18.4%	2.9%	7.3%	3.6%	18.3%
Gross Adjustments		41.2%	20.3%	26.2%	24.8%	30.4%
Average Adjusted Rent	\$983					
Concluded Rent	\$970					

The adjusted rents of the comparables range from \$811 to \$1,147 and average \$983. Comparable 2 has the fewest gross adjustments and is in the subject neighborhood; therefore, we rely most heavily on this comparable for a concluded two-bedroom achievable market rent of \$970.

3BR Lease Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Southwood Apartments	Rainwood	Park at London	Hidden Creek Apartment	Hampton Downs	Level at Mt. Zion
City	Morrow	Morrow	Ellenwood	Morrow	Morrow	Morrow
Survey Date		01/03/18	01/03/18	01/03/18	01/03/18	01/03/18
Current Use		Market Rate	Market Rate	Market Rate	Market Rate	Market Rate
Building Type		Garden	Garden	Garden	Garden	Garden
Unit Type 3	3BR/2BA 60%	3BR/2BA	3BR/2BA	3BR/2BA	2BR/2BA	3BR/1BA
Vacancy		3.0%	5.0%	6.0%	5.0%	6.0%
Type 3 Rent/Mo.		\$795	\$1,025	\$997	\$1,107	\$935
Type 3 SF	1,235	1,300	1,403	1,338	1,055	987
Type 3 Rent/SF		\$0.61	\$0.73	\$0.75	\$1.05	\$0.95
Utility Adjustment		\$53	\$68	\$134	\$68	\$49
Unit Size Adjustment		-\$10	-\$31	-\$19	\$0	\$59
Adjusted Rent		\$838	\$1,062	\$1,112	\$1,175	\$1,043
Location		Similar	Similar	Similar	Superior	Superior
\$ Adjustment		\$0	\$0	\$0	-\$50	-\$50
Year Built	1972	1973	1988/2009	1999	1990	1973
Age/Condition/Quality		Inferior	Slightly Inferior	Slightly Inferior	Inferior	Slightly Inferior
\$ Adjustment		\$150	\$50	\$50	\$100	\$50
Unit Amenities		Superior	Slightly Superior	Superior	Slightly Superior	Slightly Inferior
\$ Adjustment		-\$30	-\$5	-\$20	-\$15	\$15
Project Amenities		Slightly Superior	Superior	Superior	Superior	Slightly Superior
\$ Adjustment		\$15	-\$15	-\$25	-\$15	\$5
Bedrooms		Similar	Similar	Similar	Inferior	Similar
\$ Adjustment		\$0	\$0	\$0	\$100	\$0
Bathrooms		Similar	Similar	Similar	Similar	Inferior
\$ Adjustment		\$0	\$0	\$0	\$0	\$60
Adjusted Rent		\$973	\$1,092	\$1,117	\$1,295	\$1,123
Net Adjustments		22.4%	6.6%	12.0%	17.0%	20.1%
Gross Adjustments		32.4%	16.5%	24.9%	31.4%	30.8%
Average Adjusted Rent	\$1,120					
Concluded Rent	\$1,100					

The adjusted rents of the comparables range from \$973 to \$1,295 and average \$1,120. We conclude primarily based on Comparable 2, which is proximate to the subject and has the fewest gross adjustments. Our concluded three-bedroom market rent is \$1,100.

Summary of Market Rent

The table below summarizes the market rent estimates for the subject, organized by unit type.

Market Rent by Unit Type	
Space Type	Rent
1BR/1BA 60% AMI	\$860
1BR/1BA 60% AMI HAP	\$860
2BR/1.5BA 60% AMI	\$970
2BR/1.5BA 60% AMI HAP	\$970
3BR/2BA 60% AMI	\$1,100
3BR/2BA 60% AMI HAP	\$1,100

Units Subject to Rent Restrictions

Rents at the subject will be limited based on the restrictions of the Low Income Housing Tax Credit program. Rent levels will be restricted at 60% of the area median household income. Following is a review of maximum allowable rents at the subject property.

2017 HUD Maximum Gross Rents - Atlanta, GA HUD Metro FMR Area						
Unit Type	30%*	40%*	45%*	50%	60%*	80%*
Studio	\$366	\$488	\$549	\$610	\$732	\$976
One-bedroom	\$392	\$523	\$588	\$653	\$784	\$1,046
Two-bedroom	\$471	\$628	\$706	\$785	\$942	\$1,256
Three-bedroom	\$543	\$725	\$815	\$906	\$1,087	\$1,450
Four-bedroom	\$606	\$809	\$910	\$1,011	\$1,213	\$1,618

* - Rents are calculated from HUD provided 50% income limits.

Maximum net rents are determined by subtracting the anticipated utility allowances from the maximum gross rent, shown as follows: As stated previously, we have utilized the developer proposed utility allowances for the net rents, and the county utility allowance for adjusting the comps. The developer proposed utility allowance is nearly twice that of the county projection for older Section 8 properties. We were not provided an explanation on why the developer proposed utility allowances were higher than the county utility allowance.

2016 Maximum Net Rents							
Unit Type	Subject Utility						
	Allowance	30%	40%	45%	50%	60%	80%
One-bedroom	\$63	\$329	\$460	\$525	\$590	\$721	\$983
Two-bedroom	\$84	\$387	\$544	\$622	\$701	\$858	\$1,172
Three-bedroom	\$136	\$407	\$589	\$679	\$770	\$951	\$1,314

LIHTC Achievable Rents

We analyze competitive LIHTC properties to establish achievable rents for the subject LIHTC units. All comparables are adjusted to the subject utility convention. The comparables all require tenants to pay for heat and hot water, and Comparable 10, Columbia South River Gardens also requires tenants to pay for cold water. All comparables have received upward adjustments.

LIHTC Rent Comparison 60%										
Property	Year Built	1BR			2BR			3BR		
		Rent	1BR Size	Rent/SF	Rent	1BR Size	Rent/SF	Rent	1BR Size	Rent/SF
Subject Proposed LIHTC	1972	\$595	810	\$0.73	\$695	810	\$0.86	\$795	1,028	\$0.77
60% Max Rent		\$721			\$858			\$951		
Average LIHTC Comp Rent		\$739	772	\$0.96	\$850	1,017	\$0.84	\$988	946	\$1.04
Estimated Market Rent		\$860			\$970			\$1,100		
Achievable Subject LIHTC Rent		\$721	810	\$0.89	\$858	810	\$1.06	\$951	1,028	\$0.93
Parkside Crossing	1962/1992	\$666	670	\$0.99	\$696	760	\$0.92	\$853	1,000	\$0.85
The Park at Mount Zion	1973/2006				\$897	1,056	\$0.85	\$1,021	1,216	\$0.84
Cambridge Pointe	2001	\$815	814	\$1.00	\$984	1,079	\$0.91	\$1,143	1,203	\$0.95
Regal Park Apartment Homes	2005	\$746	874	\$0.85	\$832	1,114	\$0.75	\$963	1,388	\$0.69
Columbia South River Gardens	2010	\$728	730	\$1.00	\$841	1,075	\$0.78	\$962	1,275	\$0.75
Average		\$739	772	\$0.96	\$850	1,017	\$0.84	\$988	946	\$1.04

There are limited LIHTC comparables in the subject's immediate neighborhood, and we have utilized comparables near the periphery of the market area that are still in Clayton County. The LIHTC comparables are generally achieving rents near the maximum allowable level; in some instances, they are above the maximum allowable level. This is most likely attributable to differing utility structures. Overall, there is strong evidence in the market that maximum allowable rents are achievable for all unit types illustrated above. We conclude to the maximum allowable rents for the subject, which still represent a significant discount to the concluded market rents in this report.

Following is a review of the subject's proposed contract rents and our achievable LIHTC rents compared to maximum allowable rents and market rents. The achievable rents are above the developer proposed LIHTC rents; however, they are below both the achievable market rents as well as the proposed contract rents.

Subject Proposed Rents Compared to Maximum Allowable and Market								
Unit Type	Units	Subject Proposed Rents	VSIAG LIHTC Concluded Rents	VSIAG Concluded Rents	Max Allowable Net Rent	Market Rent	Concluded % of Max	Concluded % of Market
1BR/1BA 60% AMI	6	\$595	\$721	\$721	\$721	\$860	100.0%	83.8%
1BR/1BA 60% AMI HAP	18	\$980	\$721	\$980	\$721	\$860	135.9%	114.0%
2BR/1.5BA 60% AMI	16	\$695	\$858	\$858	\$858	\$970	100.0%	88.5%
2BR/1.5BA 60% AMI HAP	88	\$1,135	\$858	\$1,135	\$858	\$970	132.3%	117.0%
3BR/2BA 60% AMI	11	\$795	\$951	\$951	\$951	\$1,100	100.0%	86.5%
3BR/2BA 60% AMI HAP	57	\$1,260	\$951	\$1,260	\$951	\$1,100	132.5%	114.5%
Totals/Average	196	\$1,086	\$873	\$1,112	\$873	\$1,002	127.2%	111.0%

As the previous analysis supports, the developer estimated LIHTC rents post renovation are well below what is achievable. The LIHTC-only rents represent a discount to market while the HAP rents are above both LIHTC and market rents.

LIHTC Rent Growth

Rent growth as a LIHTC property is limited to formulaic changes when the proposed or contract rents are at or near maximum allowable levels. Rents are tied to median income and following is a summary of recent growth in the market.

Median Income Trends		
Atlanta, GA MSA		
	Income	Change
2007	\$67,100	
2008	\$69,200	3.1%
2009	\$71,700	3.6%
2010	\$71,800	0.1%
2011	\$68,300	-4.9%
2012	\$69,300	1.5%
2013	\$66,300	-4.3%
2014	\$64,400	-2.9%
2015	\$68,300	6.1%
2016	\$67,500	-1.2%
2017	\$69,700	3.3%
Avg Positive Change (5 Yr)		1.9%
Avg Positive Change (10 Yr)		1.8%

Source: HUD

While the recent average growth has been volatile and there have been a number of negative years, LIHTC rents stay stable when growth is negative. Looking at the last five years, there were two positive years with total growth of 9.4%, or an average of 1.9% over the past five years. This is lower than market rent growth and we account for this in our analysis of capitalization rates.

Potential Gross Income Summary

The following table shows the Potential Gross Income As Is, followed by the potential gross income as renovated.

Potential Gross Income - As Is Occupied Space					
Occupied Space	SF	Avg. Unit Size	Units	Contract Rent	Achievable Per Unit
1BR/1BA	4,860	810	6	\$46,980	\$653
2BR/1.5BA	15,420	1,028	15	\$118,728	\$660
3BR/2BA	9,880	1,235	8	\$76,092	\$793
1BR/1BA HAP	14,580	810	18	\$159,192	\$737
2BR/1.5BA HAP	90,464	1,028	88	\$888,096	\$841
3BR/2BA HAP	70,395	1,235	57	\$653,904	\$956
Occupied Space Totals	205,599		192	\$1,942,992	\$843

Potential Gross Income - Vacant Space					
Potential Gross Rent Vacant Space	SF		Units	Potential Contract	Achievable Per Unit
2BR/1.5BA	1,028	1,028	1	\$7,915	\$660
3BR/2BA	3,705	1,235	3	\$28,535	\$793
Vacant Space Totals	4,733		4	\$36,450	\$759

Potential Gross Income Summary	
Contract Rent	
Market PGI For Occupied Space	\$1,942,992
Market PGI For Vacant Space	\$36,450
Market Potential Gross Income	\$1,979,442
Market PGI per unit/mo.	\$842

For the as is scenarios, we conclude to in-place rents at the subject.

Potential Gross Income - HAP and Market Scenarios - As Renovated							
Occupied Space	Average SF	Units	Contract Rent	Cntr. Rent SF or Unit	Market Rent	Mkt. Rent SF or Unit	Contract Mkt. Rent
1BR/1BA 60% AMI	810	6	\$51,912	\$721	\$61,920	\$860	83.8%
1BR/1BA 60% AMI HAP	810	18	\$211,680	\$980	\$185,760	\$860	114.0%
2BR/1.5BA 60% AMI	1,028	16	\$164,736	\$858	\$186,240	\$970	88.5%
2BR/1.5BA 60% AMI HAP	1,028	88	\$1,198,560	\$1,135	\$1,024,320	\$970	117.0%
3BR/2BA 60% AMI	1,235	11	\$125,532	\$951	\$145,200	\$1,100	86.5%
3BR/2BA 60% AMI HAP	1,235	57	\$861,840	\$1,260	\$752,400	\$1,100	114.5%
Occupied Space Totals	6,146	196	\$2,614,260	\$1,112	\$2,355,840	\$1,002	111.0%

*Contract Rent = Annualized rent as of appraisal date

Potential Gross Income - LIHTC Only Scenario							
Potential Gross Rent Vacant Space	Average SF	Units	Potential Contract	LIHTC Only Rent/Unit	Market Rent	Mkt. Rent SF or Unit	LIHTC V. Mkt. Rent
1BR/1BA 60% AMI	810	6	\$51,912	\$721	\$61,920	\$860	83.8%
1BR/1BA 60% AMI HAP	810	18	\$155,736	\$721	\$185,760	\$860	83.8%
2BR/1.5BA 60% AMI	1,028	16	\$164,736	\$858	\$186,240	\$970	88.5%
2BR/1.5BA 60% AMI HAP	1,028	88	\$906,048	\$858	\$1,024,320	\$970	88.5%
3BR/2BA 60% AMI	1,235	11	\$125,532	\$951	\$145,200	\$1,100	86.5%
3BR/2BA 60% AMI HAP	1,235	57	\$650,484	\$951	\$752,400	\$1,100	86.5%
Vacant Space Totals	6,146	196	\$2,054,448	\$873	\$2,355,840	\$1,002	87.2%

Potential Gross Income Summary			
Market		Contract Rent	
Market Potential Gross Income	\$2,355,840	Contract PGI	\$2,614,260
Market PGI per unit/mo.	\$1,002	Contract PGI per unit/mo.	\$1,112
LIHTC Only PGI	\$2,054,448		
LIHTC PGI per unit/mo	\$873		
		HAP to Market Ratio	111.0%
		HAP to LIHTC Ratio	127.2%
		LIHTC to Market Ratio	87.2%

For the purposes of the analysis that follows, potential gross rent is based on our concluded LIHTC and market rents as well as the proposed HAP contract rents. It should be noted that we increase the developer proposed LIHTC rents to the maximum allowable level, which is supported by the market.

Vacancy and Collection Loss

Following is a summary of market trends for both physical vacancy and collection loss.

Vacancy Summary			
Type	Low	High	Average
<i>Subject Historical Physical Vacancy</i>	5.45%	7.00%	5.88%
REIS Metro - Atlanta			4.00%
REIS Submarket - Clayton/Henry County			3.90%
Comparables Restricted	0.00%	5.00%	1.17%
Comparables Unrestricted	3.00%	6.00%	4.75%
NAA Restricted			5.85%
NAA Unrestricted			5.11%
Collection Loss Summary			
Type	Low	High	Average
NAA Restricted			1.66%
NAA Unrestricted			1.18%
IREM - Restricted Region IV*	0.70%	6.20%	2.60%
	As Is	Restricted	Unrestricted
Conclusion	5.00%	3.00%	5.00%

*Includes both vacancy and collection loss

Submarket analysis from REIS indicates overall physical vacancy of 3.90% in the market and this has been decreasing over the past year. In addition, the submarket has been slightly outperforming the overall market. The comparables average 1.17% for restricted rent properties and 4.75% for unrestricted properties. Collection loss averages 1.66% for restricted properties and 1.18% for unrestricted properties according to data from the National Apartment Association for the Atlanta MSA. IREM does not separate out collection loss, but reports combined physical vacancy and collection loss of 2.60% for restricted multifamily building types in Region IV. The subject has historically operated with physical vacancy averaging 5.88%. The subject reported vacancy includes collection loss as well. Based on a review of market conditions and the subject's operating history we have projected vacancy and collection loss at 3.00% in the restricted HAP scenario and 5.00% in the LIHTC-only and unrestricted scenarios.

The lower than historical projected vacancy at the subject is supported by subsidized comparables in the market, which are operating at full occupancy with waiting lists. Additionally, the subject will be professionally managed and be more desirable to potential area residents due to the improved physical condition and new amenities. Further still, the LIHTC-only units will have rents well below achievable market rents and demand capture rates indicate ample demand at these rent levels. Therefore, the concluded 3.00% vacancy and collection loss rate is reasonable for the restricted HAP scenario.

Concessions

No deduction is made for rent concessions as they are not typical in the market or at the subject.

Other Income

Other income includes revenues from laundry facilities, vending machines, and miscellaneous sources. Following is a summary of average other income per unit from benchmark and expense comparables.

Comp	Name City	Other Income/Unit
Subject	Southwood Apartments	
	Morrow	
3	Atlanta MSA	\$747
4	Atlanta GA SUB	\$328
6	Confidential Morrow	\$840
7	Confidential Morrow	\$1,073
8	Confidential Fairburn	\$451
9	Confidential Jonesboro	\$1,053

Other income at the comparables has ranged from \$47 up to \$1,073 per unit, a wide range. National Apartment Association Data for the Atlanta MSA indicates other income of \$747 and \$328 per unit for unrestricted and restricted properties, respectively. IREM reports other income ranging from 1.1% to 1.9% with a median of 1.6% of EGI for restricted multifamily building types in Region IV They report the median at \$121 per unit. Other income at the subject has ranged from \$47 to \$49 and averaged \$48 per unit. The subject historicals are near the bottom of the comparable range and the historical financial data indicates that the only source of other income is laundry and late fees. The developer has projected other income of \$47 per unit, and we conclude to a similar conclusion of \$50 per unit.

Projected and Historical Income

The table below summarizes the subject’s projected, budgeted and historic income. The first table shows the projected income as is, as well as the subject historicals, while the following tables show the projected income post renovation in the HAP, LIHTC-only, and unrestricted scenarios respectively, along with the developer’s budget.

Income Summary As Is							
Income Summary	Subject - Restricted HAP		2016		2015		
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	
Rental Income	\$1,979,442	\$10,099	\$1,993,880	\$10,173	\$1,958,132	\$9,990	
Other Income	\$9,800	\$50	\$9,254	\$47	\$9,517	\$49	
Potential Gross Income	\$1,989,242	\$10,149	\$2,003,134	\$10,220	\$1,967,649	\$10,039	
Vacancy Rate	3.0%		5.5%		6.3%		
Vacancy	(\$59,677)	(\$304)	(\$109,240)	(\$557)	(\$124,261)	(\$634)	
Effective Gross Income	\$1,929,564	\$9,845	\$1,893,894	\$9,663	\$1,843,388	\$9,405	

Income Summary - As Renovated								
Income Summary	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Rental Income	\$2,614,260	\$13,338	\$2,054,448	\$10,482	\$2,355,840	\$12,020	\$2,553,300	\$13,027
Other Income	\$9,800	\$50	\$9,800	\$50	\$9,800	\$50	\$9,254	\$47
Potential Gross Income	\$2,624,060	\$13,388	\$2,064,248	\$10,532	\$2,365,640	\$12,070	\$2,562,554	\$13,074
Vacancy Rate	3.0%		5.0%		5.0%		7.0%	
Vacancy	(\$78,722)	(\$402)	(\$103,212)	(\$527)	(\$118,282)	(\$603)	(\$179,379)	(\$915)
Effective Gross Income	\$2,545,338	\$12,986	\$1,961,036	\$10,005	\$2,247,358	\$11,466	\$2,383,175	\$12,159

Our income in the As Is scenario is similar to the subject historicals, and is slightly below the most recent year, likely as a result of select market rate units collecting rent below the asking amount. In the renovated restricted HAP scenario, we conclude above the developer's budget as a result of higher achievable LIHTC rents and a lower vacancy conclusion. The LIHTC only EGI is lower due to LIHTC rents being below the HAP rents. In the unrestricted scenario, the EGI conclusion is slightly below the developer budget due primarily to HAP contract rents being above market.

Expenses Analysis and Projection

Following is an analysis of expense comparables with similar features to the subject. We also review expense data from appropriate industry benchmarks. All data is compared to the developer-projected expenses and analyzed on a line item basis. The following charts are for the HAP restricted scenario, and the Unrestricted scenarios only. Where our concluded expenses differ, we have illustrated those expenses using a green line for the LIHTC only scenario, and a Red Line for the 'As Is' Scenario.

EXPENSE ANALYSIS																						
	VSIAG - Restricted		VSIAG - Unrestricted		Budget		NAA - Market		NAA - Subsidized		Avg of Comps		Comp 1		Comp 2		Comp 3		Comp 4			
City	Morrow		Morrow		Morrow		GA		GA			Morrow		Morrow		Fairburn		Jonesboro				
State	GA		GA		GA		GA		GA			GA										
Year Built	1972		1972		1972						1995		1972		1990		2015		2004			
No. of Units	196		196		196						149		108		200		88		198			
Current Use	Restricted - HAP		Unrestricted		Restricted - HAP		Market Rate		Subsidized			Market Rate		Market Rate		LIHTC		Market Rate		Market Rate		
Expense Date	7/1/2020		7/1/2020		7/1/2020		8/3/2017		8/3/2017			12/31/2016		12/31/2016		12/31/2016		12/31/2016		12/31/2016		
Expense Type	Projection		Projection		Budget		Surveys		Surveys			Actual		Actual		Audit		Actual		Actual		
	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI
Real Estate Taxes	\$1,179	9.1%	\$1,005	8.8%	\$1,217	10.0%	\$1,493	11.1%	\$427	4.3%	\$664	7.4%	\$278	3.0%	\$708	7.9%	\$727	9.5%	\$945	9.2%		
Insurance	\$250	1.9%	\$250	2.2%	\$219	1.8%	\$171	1.3%	\$217	2.2%	\$256	2.9%	\$356	3.9%	\$182	2.0%	\$344	4.5%	\$140	1.4%		
Total Utilities	\$1,250	9.6%	\$1,250	10.9%	\$1,397	11.5%	\$249	1.8%	\$638	6.4%	\$995	11.0%	\$1,176	12.8%	\$1,079	12.0%	\$725	9.4%	\$1,002	9.8%		
Repairs and Maintenance	\$1,000	7.7%	\$1,000	8.7%	\$860	7.1%	\$829	6.1%	\$1,234	12.5%	\$590	6.6%	\$978	10.7%	\$643	7.2%	\$368	4.8%	\$372	3.6%		
Payroll/Benefits	\$1,200	9.2%	\$1,200	10.5%	\$1,223	10.1%	\$1,345	10.0%	\$1,560	15.8%	\$1,389	15.3%	\$1,458	15.9%	\$1,030	11.5%	\$1,174	15.3%	\$1,892	18.4%		
Marketing	\$25	0.2%	\$150	1.3%	\$11	0.1%	\$168	1.2%	\$92	0.9%	\$110	1.1%	\$170	1.9%	\$49	0.5%	\$0	0.0%	\$223	2.2%		
General and Administrative Management	\$400	3.1%	\$225	2.0%	\$273	2.2%	\$220	1.6%	\$542	5.5%	\$597	6.7%	\$1,078	11.8%	\$313	3.5%	\$622	8.1%	\$373	3.6%		
Reserves	\$350	2.7%	\$350	3.1%	\$350	2.9%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%		
Expenses	\$6,303	48.5%	\$5,774	50.4%	\$6,157	50.6%	\$4,776	35.4%	\$5,269	53.2%	\$4,962	55.1%	\$5,861	63.9%	\$4,364	48.6%	\$4,366	56.8%	\$5,256	51.2%		
Total without Taxes and Reserves	\$4,774	36.8%	\$4,419	38.5%	\$4,590	37.7%	\$3,283	24.3%	\$4,842	48.9%	\$4,297	47.7%	\$5,583	60.9%	\$3,656	40.7%	\$3,639	47.3%	\$4,311	42.0%		

* NAA data is from the National Apartment Association - 2017 Survey of Income and Expenses in Rental Apartment Communities.

The following analysis is based primarily on expense per unit. Expense as a percent of EGI is provided for secondary support.

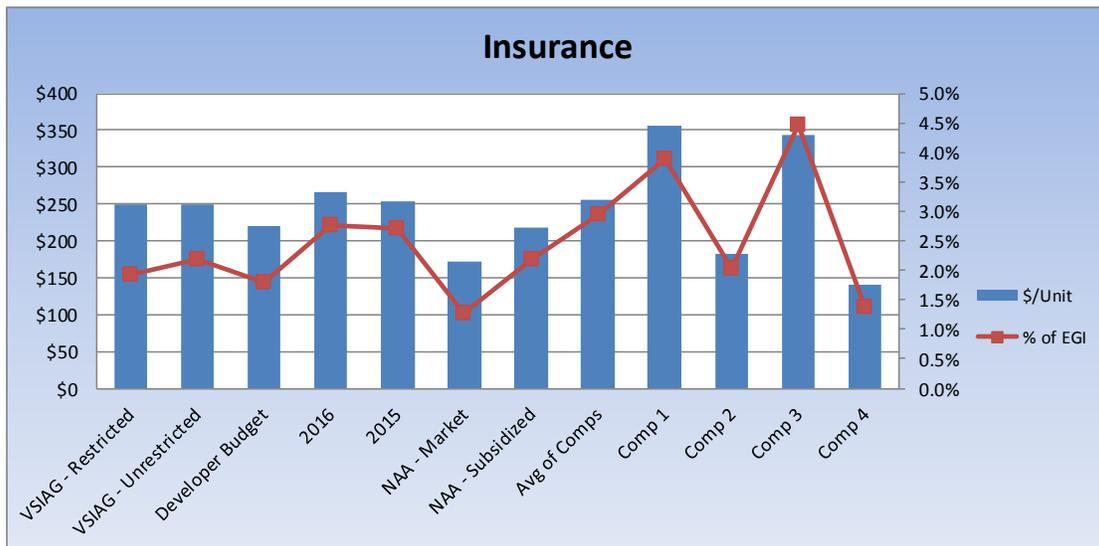
The removal of taxes and reserves show a more comparable total because taxes can vary widely by location and reserves are frequently not reported, as is the case with the above comparables. Discussions of the expense analysis by line item are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property taxes, including special assessments. Our projection is based on the property assessment and local tax rate appropriate for the subject, as discussed in the Real Estate Tax Analysis.

Insurance

Property and casualty insurance for the subject is accounted for in this line item. Our projection is based on the most subject historical data, which is within the comparable range. Our conclusion is the same for all scenarios.



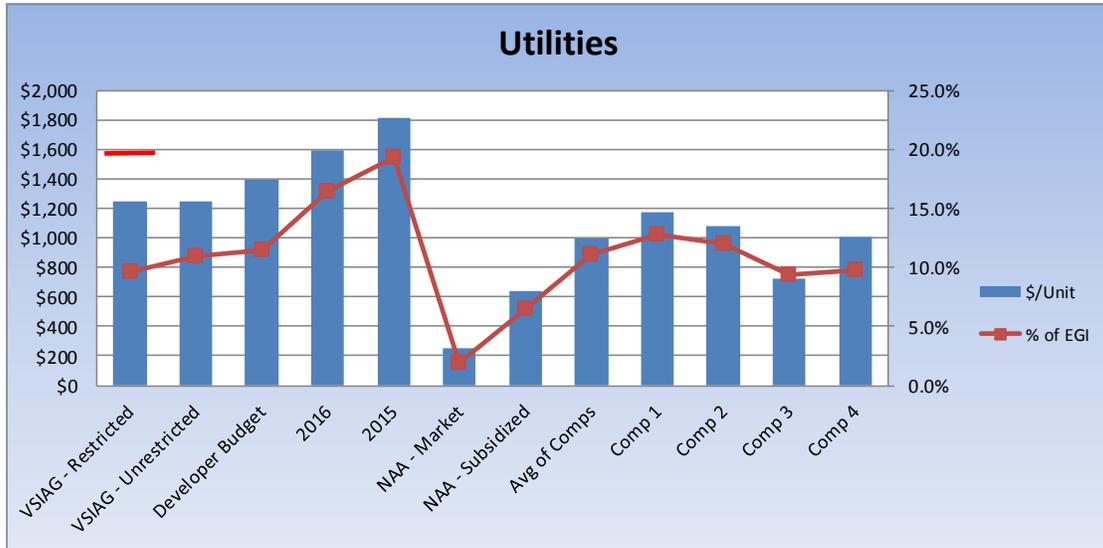
Utilities

Utilities expenses typically include heating fuel, electric, gas, water, sewer, and trash removal. In the case of the subject, the tenant will pay for electric only. The owner will pay for Heat, Hot and Cold Water, Sewer and Trash. In addition, the owner will be responsible for all utilities for common areas and for vacant units. In the as is scenario, we conclude near the most recent year of expenses. As a renovated property, the subject will receive newer, energy efficient appliances, and we would anticipate a decrease in utility costs. The developer has projected a utility expense near \$1,400; however, this appears to be overstated. We anticipate an expense near \$1,250 based on the following chart from the Jonesboro Housing Authority, which oversees utility allowances for Clayton County.

Landlord Paid Utility Estimate				
Utility	Paid By	One- Bedroom	Two- Bedroom	Three- Bedroom
Gas Heat	Landlord	\$20	\$23	\$32
In-Unit Electric	Tenant	\$38	\$48	\$61
Gas Hot Water	Landlord	\$12	\$14	\$17
Cold Water	Landlord	\$12	\$16	\$24
Sewer	Landlord	\$16	\$21	\$25
Trash	Landlord	\$17	\$17	\$17
Tenant Paid Monthly		\$38	\$48	\$61
Landlord Paid Monthly		\$77	\$91	\$115
Total Subject Units		24	104	68
Avg Tenant Paid Utilities		\$51	Weighted Monthly Average	
Landlord Paid Utilities		\$98		
Tenant Paid - Electric/Heat Only		\$58	\$71	\$93
Weighted Avg Tenant Paid Elec/Heat Only		\$77	Projection only for 5% vacant units and half of normal expense due to lower utility needs for a vacant unit.	
Vacant Utilities: (Weighted Avg Electric/Heat * 5% Vacancy) * 50%		\$2		
Landlord Paid Utilities PUPY		\$1,171	\$98	* 12 Months
Plus Utilities for Vacant Units		\$23	\$2	* 12 Months
Plus: Common Area Utilities		\$50		
Total Utilities		\$1,244		
Concluded Utility Expense		\$1,250		

Source: Jonesboro Housing Authority, 4/1/2017

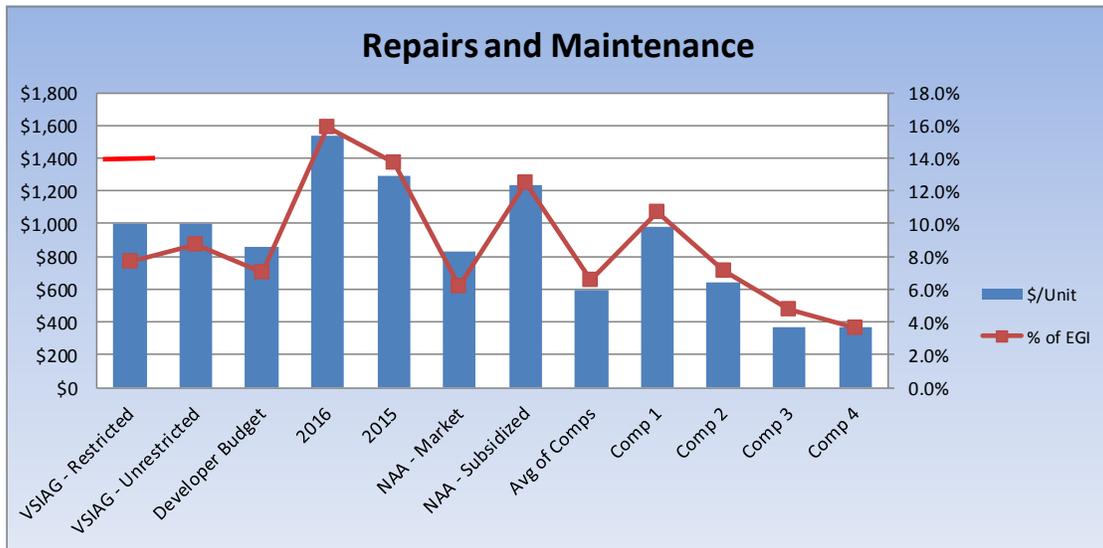
A recent 2016 energy efficiency case study researched by Energy Efficiency For All (www.ee4a.org) reported that completing moderate to extensive renovations including new windows, HVAC, and lighting can lead up to 27% less in energy consumption and a total decrease in utilities costs of up to 19%. Our conclusion in the renovated scenario is an approximate decrease of 20% in total utilities, which is reasonable based on this study.



The Red Line represents the As Is Expense of \$1,600 per unit.

Repairs & Maintenance

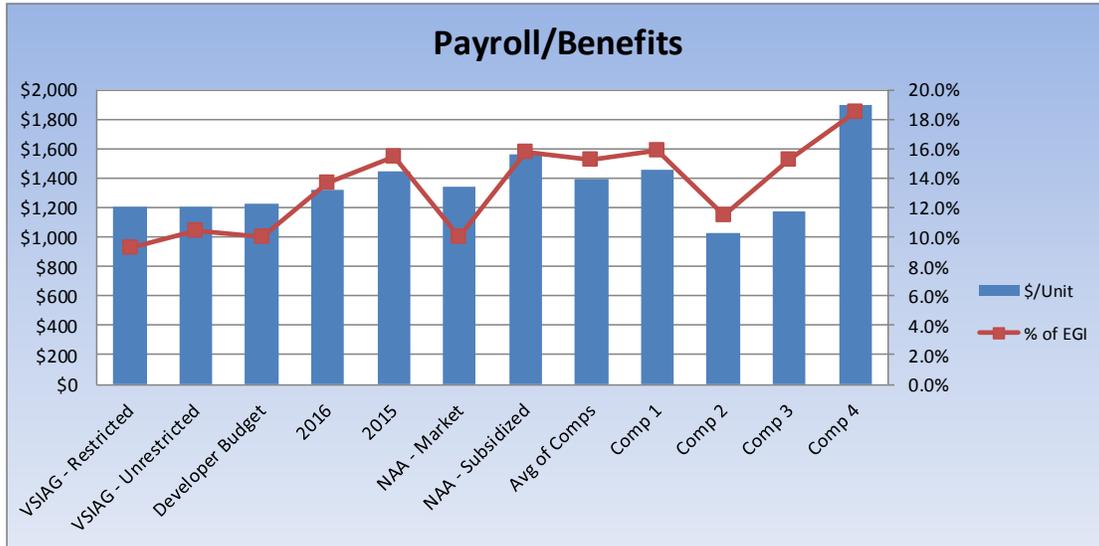
Expenses associated with routine maintenance on buildings, mechanical systems, and grounds. Payroll costs are excluded, but contract costs are included in the data. Turnover costs (painting and decorating) are also included. Capital costs associated with major alterations or replacements are not included. The subject will undergo an extensive renovation, and we anticipate repairs and maintenance expenses to decrease post renovation. Our concluded expense is slightly above the developer’s budget but supported by the industry benchmarks. In the ‘as is’ scenario, we have concluded near the average of the two years of historical data.



The red line represents the “as is” expense of \$1,400 per unit.

Payroll/Benefits

Payroll and benefits include all costs associated with personnel that work at the subject, including management, clerical, and maintenance staff. Our projection for the subject is slightly below the subject historicals, but supported by the comparable range. We have concluded to a similar expense in all scenarios.



Advertising/Marketing

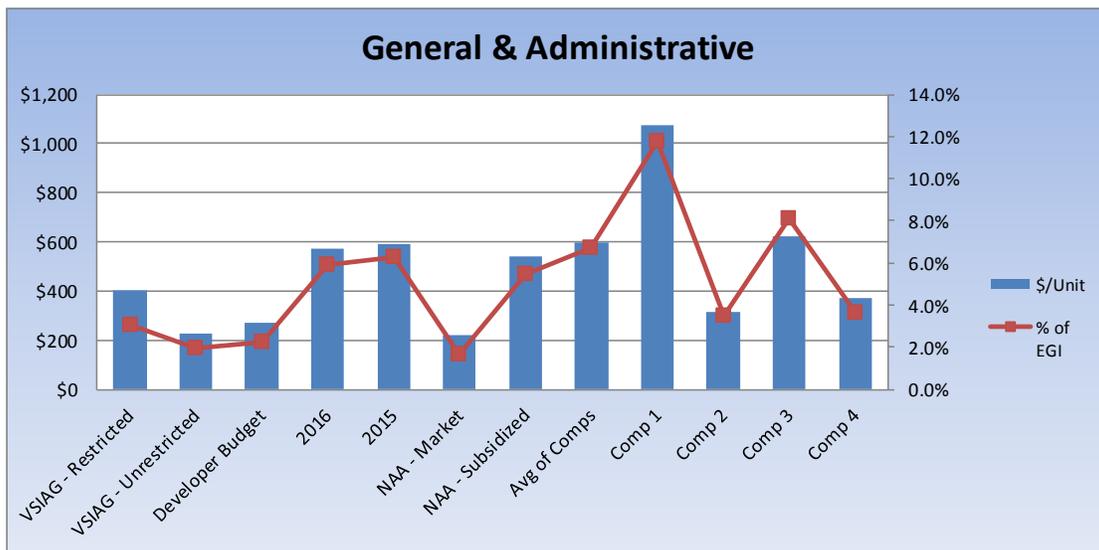
This category includes costs of all advertising and promotional activities. As a HAP restricted property, the subject will have limited advertising expenses given the high demand for affordable housing. However, the subject will have some LIHTC only units, and we recognize that it will still incur some advertising expenses. We have concluded slightly above the developer’s budget. As a LIHTC only property, we have concluded to a slightly higher expense. The concluded market rate expense is based primarily on the NAA market rate data for the Atlanta MSA. In the As Is scenario, we have concluded near the subject historicals.



The red line represents the As Is Expense of \$15 per unit, and the green Line represents the LIHTC only expense of \$75 per unit.

General & Administrative

General and administrative expenses cover a wide range of categories that are not as easily defined. Typically, this line item covers office-related expenses, legal and accounting fees, license fees, and business taxes. Supportive services are sometimes included in this category for restricted rent properties. In the renovated restricted scenarios, the developer is estimating a much lower administrative expense than historical data, which is also below the comparable range. Although this appears understated, we do believe that with professional management, the subject administrative expenses can be reduced. We conclude to a lower administrative expense in the restricted as is and renovated restricted scenarios, which is supported by the comparables. As an unrestricted market rate property, we have concluded near the NAA market rate data for the Atlanta MSA.



Management

Management charges are typically a percentage of collected revenues and cover the supervision of rent collections, leasing, property maintenance, and bookkeeping, but exclude payroll and benefits costs of onsite personnel. Typical management fees for restricted rent properties range from 6.0% to 8.0%, while market rate properties tend to be in the range of 3.0% to 5.0%. The subject has operated with a management fee near 5.0% of EGI and the developer projection is similar. We have concluded to 5.0% in the As Is, as restricted with HAP and LIHTC-only scenarios, and concluded to 3.0% in the unrestricted scenario, based on NAA market rate data for the region.



Miscellaneous

In the 'as is' scenario, three units are utilized as a community room, office and a corporate unit. These units each receive a credit equal to their projected rent. We have applied the credit for these non-revenue units in this line item, for the 'as is' scenario **only**.

Reserves

Buyers in the multifamily market typically include replacement reserves to reflect the costs of replacing items such as appliances, air conditioning equipment, carpeting, and other short-lived items. Our projection of \$350 per unit is well within the range as reported by the RealtyRates.com survey shown below.

Replacement Reserves Per Unit	
Range	\$155 - \$390
Typical	\$362

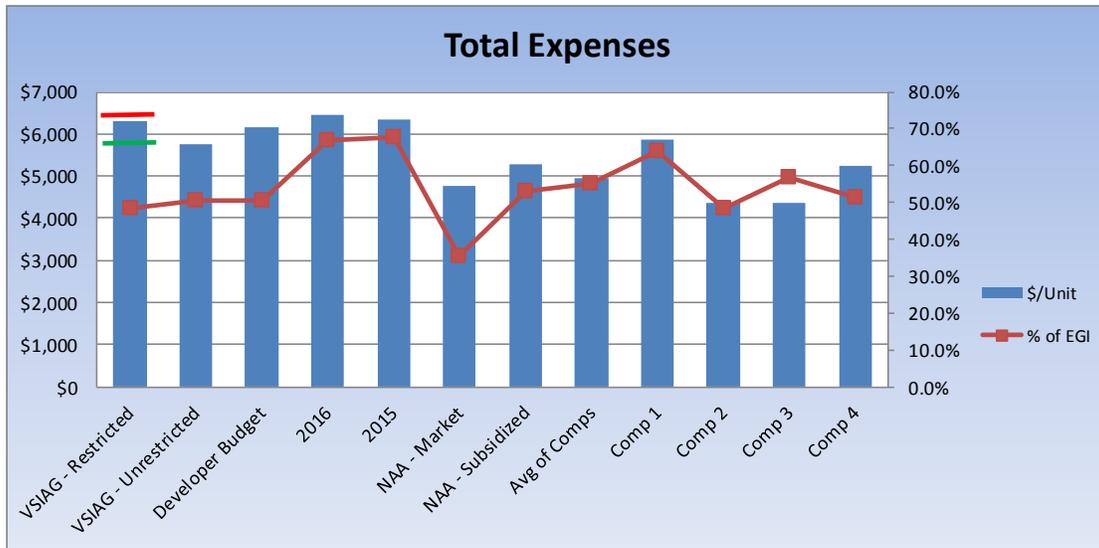
Source: RealtyRates.com 4Q2017

Total Operating Expenses

The table below details the subject's projected, budgeted and historical expenses.

Expense Summary As Is						
Expense	Subject - Restricted HAP		2016		2015	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit
Real Estate Taxes	\$199,000	\$1,015	\$134,280	\$685	\$92,512	\$472
Insurance	\$49,000	\$250	\$52,332	\$267	\$49,818	\$254
Utilities	\$313,600	\$1,600	\$312,091	\$1,592	\$355,579	\$1,814
Repairs/Maintenance	\$274,400	\$1,400	\$300,389	\$1,533	\$253,777	\$1,295
Payroll/Benefits	\$235,200	\$1,200	\$258,925	\$1,321	\$283,990	\$1,449
Advertising/Marketing	\$2,940	\$15	\$2,098	\$11	\$1,398	\$7
General/Administrative Management	\$78,400	\$400	\$112,358	\$573	\$115,848	\$591
Miscellaneous/Other	\$96,478	\$492	\$91,634	\$468	\$91,634	\$468
Replacement Reserves	\$1,305	\$7	\$0	\$0	\$0	\$0
	\$68,600	\$350	\$0	\$0	\$0	\$0
Total Expenses	\$1,318,923	\$6,729	\$1,264,107	\$6,450	\$1,244,556	\$6,350
Net Operating Income	\$610,641	\$3,116	\$629,787	\$3,213	\$598,832	\$3,055

Expense Summary - As Renovated								
Expense	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Real Estate Taxes	\$231,000	\$1,179	\$126,000	\$643	\$197,000	\$1,005	\$238,574	\$1,217
Insurance	\$49,000	\$250	\$49,000	\$250	\$49,000	\$250	\$43,000	\$219
Utilities	\$245,000	\$1,250	\$245,000	\$1,250	\$245,000	\$1,250	\$273,746	\$1,397
Repairs/Maintenance	\$196,000	\$1,000	\$196,000	\$1,000	\$196,000	\$1,000	\$168,542	\$860
Payroll/Benefits	\$235,200	\$1,200	\$235,200	\$1,200	\$235,200	\$1,200	\$239,637	\$1,223
Advertising/Marketing	\$4,900	\$25	\$14,700	\$75	\$29,400	\$150	\$2,098	\$11
General/Administrative Management	\$78,400	\$400	\$78,400	\$400	\$44,100	\$225	\$53,420	\$273
Management	\$127,267	\$649	\$98,052	\$500	\$67,421	\$344	\$119,159	\$608
Replacement Reserves	\$68,600	\$350	\$68,600	\$350	\$68,600	\$350	\$68,600	\$350
Total Expenses	\$1,235,367	\$6,303	\$1,110,952	\$5,668	\$1,131,721	\$5,774	\$1,206,776	\$6,157
Net Operating Income	\$1,309,971	\$6,684	\$850,084	\$4,337	\$1,115,637	\$5,692	\$1,176,399	\$6,002



The green line represents the LIHTC only conclusion, while the red line represents the As Is conclusion.

Our expenses in the As Is Scenario are generally similar to the most recent year of subject historicals. In the renovated restricted scenarios, we have concluded near the developer budget for most line items; however, we conclude to lower utilities and higher administrative expenses. As an unrestricted property, our expenses are lower for real estate taxes, and administrative expenses; however, these are mitigated somewhat by a higher advertising expense.

Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$NOI \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%. We use the following methods to determine an appropriate capitalization rate for the subject: market extraction, national investor surveys band of investment, and debt coverage ratio analysis.

Market Extracted Rates

The table below details capitalization rates extracted from the market. We supplement our data with capitalization rates from underwritten appraisals from Trepp.com as well as capitalization rates from other closed transactions as provided by Real Capital Analytics.

Comparable Sale Cap Rates					
Comparable	City	Price	Date	NOI/Unit	Cap Rate
1	Jonesboro	\$13,900,000	7/25/2016	\$5,079	8.40%
2	Jonesboro	\$19,225,000	8/31/2017	\$4,932	6.47%
3	Jonesboro	\$9,225,000	7/25/2017	\$4,531	8.64%
4	Morrow	\$6,250,000	6/1/2017	\$3,698	7.16%
Trepp.Com Cap Rates					
Wynthrope Forest Apartments	Riverdale	\$22,200,000	5/26/2015	\$1,553	7.56%
Waterford Landing Apartments	Mcdonough	\$23,400,000	8/5/2015	\$5,006	6.53%
Southwinds Stockbridge	Stockbridge	\$18,500,000	5/14/2015	\$5,872	7.18%
Windsor Landing Apartments	Morrow	\$14,000,000	9/19/2013	\$2,399	6.60%
Scarlett Place Apartments	Jonesboro	\$5,900,000	6/12/2012	\$4,588	11.80%
Regal Forest	Morrow	\$4,200,000	4/21/2016	\$2,269	5.43%
Oxford Townhomes	Morrow	\$5,300,000	4/26/2016	\$3,307	6.74%
RCA Cap Rates					
Waterford Place	Jonesboro	\$32,253,300	7/11/2017	\$5,080	6.30%
Regal Pointe	Morrow	\$6,250,000	6/1/2017	\$3,254	6.30%
Noble Oaks	Riverdale	\$4,125,000	5/19/2017	\$2,587	7.40%
Bradford Ridge I And II Apartments	Forest Park	\$7,735,000	4/6/2017	\$2,332	7.90%
Regal Forest	Morrow	\$4,200,000	6/24/2016	\$2,571	7.10%
				Mkt. Average	7.67%
				Trepp Average	7.41%
				RCA Average	7.00%

Capitalization rates from the sale comparables exhibit a wide range of values due to differences in their characteristics as well as the reporting of income. The subject NOI on a per unit basis is near the top of the range of all of the data above. Based on this, we would anticipate a rate between 6.5% and 7.0% for the subject as an unrestricted property.

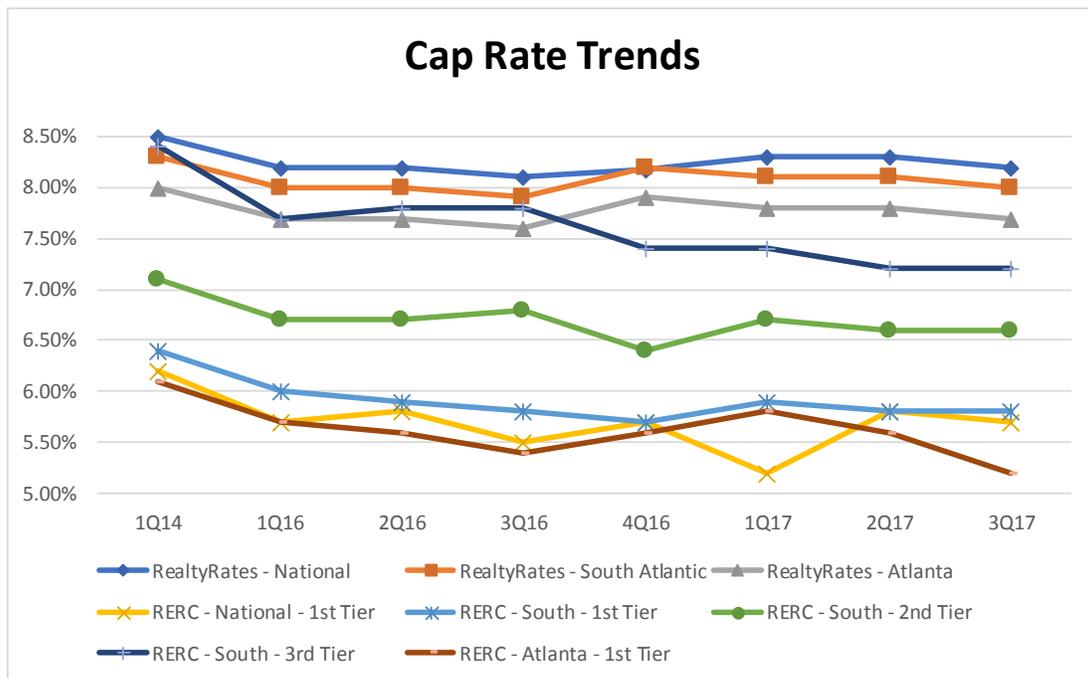
National Investor Surveys

Data pertaining to investment grade properties from RERC and RealtyRates is summarized below. The RERC survey separates cap rates based on three tiers. First Tier properties are new or newer quality construction in prime to good locations (average cap rate of 5.8%). Second Tier properties are aging, former first tier properties in good to average locations (average cap rate of 6.6%). Third Tier properties are older properties with functional inadequacies and/or marginal locations (average cap rate of 7.2%). Due primarily to its location and condition, we consider the subject to be a second-tier property.

RealtyRates.com MARKET SURVEY - 4th Quarter 2017*					
South Atlantic - Class A & B Apartments - 90+ Units					
	Atlanta	Charlotte/Gastonia Rock Hill	Raleigh/Durham Chapel Hill	Richmond Petersburg	Region
Operating Data					
Income					
Asking Rent	\$1,245	\$1,096	\$1,050	\$1,008	\$1,092
Effective Rent	\$1,108	\$1,000	\$908	\$927	\$986
Other Income	\$3	\$3	\$3	\$3	\$3
Total Income	\$1,111	\$1,003	\$911	\$930	\$989
Vacancy Rate	6.2%	5.9%	6.3%	6.4%	6.2%
EGI	\$1,042	\$943	\$853	\$870	\$928
Expenses					
Total Expenses	\$550	\$328	\$321	\$403	\$395
Expense Ratio	52.75%	34.76%	37.62%	46.36%	42.59%
NOI					
	\$492	\$615	\$532	\$467	\$533
Investment Data					
Avg Sale Price	\$76,322	\$87,496	\$82,428	\$70,549	\$79,417
OAR	7.7%	8.4%	7.8%	7.9%	8.0%
GRM	5.74	7.29	7.56	6.34	6.71
EGIM	6.10	7.73	8.05	6.76	7.14

*3rd Quarter 2017 Data

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According to the RERC 2nd Tier survey, capitalization rates range from 5.3% to 8.7% and average 6.6% for apartment property types in the south region. RERC data for First Tier properties in the Atlanta Region is estimated at 5.2%, 60 basis points below the region. RealtyRates averages 7.7% for the region, but does not include reserves. When accounting for a typical reserve amount of \$30 per month per unit, the average for RealtyRates is 6.7%. Both data providers

illustrate similar average cap rates. We would expect the rate appropriate for the subject to be near the average due to local market characteristics. Accordingly, a capitalization rate for the subject would be in the range of 6.5% to 7.0% based on national survey data.

Band of Investment

This technique utilizes lender and real estate investor investment criteria to develop, or synthesize a capitalization rate. There are four key inputs necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The equity cap rate or equity dividend rate (R_E)

The mortgage variables are used to build the mortgage constant (R_M), which is the total amount of the payments made in one year, expressed as a percentage of the original loan amount.

$$\text{Payments} \times 12 / \text{Original Loan Amount} = \text{Mortgage Constant } (R_M)$$

The equity cap rate is the annual return to the investor, expressed as a percent of the original amount invested. The annual return to the investor is also known as the equity dividend rate; it is the profit remaining after debt service and all other expenses.

$$\text{After Debt Service Profit} / \text{Equity Investment} = \text{Equity Cap Rate } (R_E)$$

Note that the equity cap rate is not the same (usually, that is) as the equity yield rate. The equity yield rate reflects the total return to the investor over the life of the investment. Factors such as appreciation and mortgage pay down affect and usually increase this return to a point higher than the equity dividend rate. In markets where substantial appreciation is expected, investors will often accept a low or even negative equity dividend rate, anticipating a compensating payoff when the property is eventually sold. In markets where little appreciation is expected, much more weight is given to the annual equity dividend.

Formula:

$$\begin{aligned} R_M \times M &= \text{rate} \\ R_E \times (1-M) &= \text{rate} \\ &= \text{Cap Rate } (R_o) \end{aligned}$$

Debt Coverage Ratio Analysis

This technique develops a capitalization rate based on typical mortgage terms. There are four variables necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The debt coverage ratio (DCR)

Items 1 through 3 are discussed above under the Band of Investment section. In this method it is also used to develop the mortgage constant (R_M). The debt coverage ratio is the factor by which income exceeds debt on an annual basis.

Formula:

$$\text{Debt Coverage Ratio} \times \text{Loan to Value Ratio} \times \text{Mortgage Constant} = R_o$$

or: $\text{DCR} \times M \times R_M = R_o$

We have researched mortgage rates and terms typical for the subject within the market area. The tables below detail key data points and the Band of Investment and Debt Coverage Ratio Analyses calculations. We have concluded near the average for all data points, with the exception of a lower equity dividend rate. Given the subject’s location and high demand for apartment housing, an investor would be satisfied with a lower cash on cash return for the subject property. We provide a separate BOI calculation for the as is restricted analysis with a lower equity dividend because there is typically minimal equity in these deals. We also utilize data points slightly below the averages in the table.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2017*						
APARTMENTS - GARDEN/SUBURBAN TOWNHOUSE						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.72%	DCR Technique	1.10	0.042475	0.90	4.21
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	2.93%	Mortgage	90%	0.042475	0.038228	
Amortization	40	Equity	10%	0.064492	0.006449	
Mortgage Constant	0.042475	OAR				4.47
Loan-to-Value Ratio	90%	Surveyed Rates				4.24
Equity Dividend Rate	6.45%					
Maximum						
Spread Over 10-Year Treasury	5.14%	DCR Technique	1.61	0.110221	0.60	10.65
Debt Coverage Ratio	1.61	Band of Investment Technique				
Interest Rate	7.35%	Mortgage	60%	0.110221	0.066133	
Amortization	15	Equity	40%	0.144586	0.057834	
Mortgage Constant	0.110221	OAR				12.40
Loan-to-Value Ratio	60%	Surveyed Rates				11.78
Equity Dividend Rate	14.46%					
Average						
Spread Over 10-Year Treasury	2.93%	DCR Technique	1.31	0.067992	0.75	6.65
Debt Coverage Ratio	1.31	Band of Investment Technique				
Interest Rate	5.14%	Mortgage	75%	0.067992	0.050994	
Amortization	28	Equity	25%	0.100534	0.025134	
Mortgage Constant	0.067992	OAR				7.61
Loan-to-Value Ratio	75%	Surveyed Rates				7.77
Equity Dividend Rate	10.05%					

*3rd Quarter 2017 Data

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Capitalization Rate Calculations

Capitalization Rate Variables

Mortgage Interest Rate	5.00%
Loan Term (Years)	30
Loan To Value Ratio	90.0%
Debt Coverage Ratio	1.2
Equity Dividend Rate	9.00%

Band of Investment Analysis

Mortgage Constant 0.064418595	x	Loan Ratio 90.0%	=	Contributions 5.80%
Equity Dividend Rate 9.00%	x	Equity Ratio 10.0%	=	0.90%
Band of Investment Capitalization Rate				6.70%

Debt Coverage Ratio Analysis

Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant 1.2 x 0.9 x 0.0644185947614567	=	6.96%
Debt Coverage Ratio Capitalization Rate		6.96%

Capitalization Rate Conclusion – As Renovated

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 6.5% to 7.0% as a market rate property and 25 basis points higher as a restricted rent property with LIHTC-only rents. We expect the appropriate rate as a restricted property to be higher than as a market rate property without subsidy. In addition, median income is increasing at rates slightly below market and the concluded LIHTC rents are at the maximum allowable level. This creates little upside to a potential investor in the property as a restricted development. The current and proposed HAP contract rents are above market; however, they have historically been above market and the renovated property operating at a high stabilized occupancy with guaranteed rents on the majority of the property would increase investor demand and drive capitalization rates down. Therefore, any above market HAP rent risk is mitigated by the guaranteed income and historical stability of the subject operations. Therefore, we conclude to a rate similar to the market conclusion in the renovated restricted with HAP rents scenario. Given the characteristics of the local market, competitive market position, and income characteristics we conclude to a capitalization rate at the top of the estimated range for the market scenario.

Capitalization Rate Calculations - As Is

Capitalization Rate Variables

Mortgage Interest Rate	4.50%
Loan Term (Years)	30
Loan To Value Ratio	75.0%
Debt Coverage Ratio	1.2
Equity Dividend Rate	2.00%

Band of Investment Analysis

Mortgage Constant 0.060802237	x	Loan Ratio 75.0%	=	Contributions 4.56%
Equity Dividend Rate 2.00%	x	Equity Ratio 25.0%	=	0.50%
Band of Investment Capitalization Rate				5.06%

Debt Coverage Ratio Analysis

Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant 1.2 x 0.75 x 0.0608022371791057	=	5.47%
Debt Coverage Ratio Capitalization Rate		5.47%

Capitalization Rate Conclusion – As Is

As a restricted property that will be utilizing Low Income Housing Tax Credits for renovations, the property is not being purchased with the assumption of gaining a cash return on the investment “as-is”. Typically, LIHTC funded developments have little or no long-term, market based financing. The vast majority of financing is through the use of the credits combined with other soft financing and grants from local governments/sponsors/interested parties. The benefits to the developer occur later in the form of a developer fee after renovations are complete. Therefore, our capitalization rate conclusion in the restricted scenario is based primarily on the Band of Investment that utilizes a very low equity dividend rate to reflect the developer’s lack of interest in an immediate cash-on-cash return. This is additionally supported by a recent purchase of a similar type asset in Jonesboro, Georgia that we appraised at the end of 2017. This property was purchased at an approximate 5.0% cap rate on in-place income and gives further evidence that developers are less interested in the current cash flow. A summary of our analysis of capitalization rates follows:

Capitalization Rate Summary			
Type	Low	High	Average
Market Extraction	6.47%	8.64%	7.67%
Trepp.Com	5.43%	11.80%	7.41%
Real Capital Analytics	6.30%	7.90%	7.00%
RERC 3rd Tier	5.80%	9.50%	8.50%
RERC Atlanta Metro 1st Tier			5.20%
RealtyRates			6.70%
Band of Investment			6.70%
DCR Analysis			6.96%

As Is Restricted	Restricted HAP	Restricted LIHTC Only	Unrestricted
5.00%	7.00%	7.25%	7.00%

Direct Capitalization Analysis Conclusion

Income Summary As Is							
Income Summary	Subject - Restricted HAP		2016		2015		
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	
Rental Income	\$1,979,442	\$10,099	\$1,993,880	\$10,173	\$1,958,132	\$9,990	
Other Income	\$9,800	\$50	\$9,254	\$47	\$9,517	\$49	
Potential Gross Income	\$1,989,242	\$10,149	\$2,003,134	\$10,220	\$1,967,649	\$10,039	
Vacancy Rate	3.0%		5.5%		6.3%		
Vacancy	(\$59,677)	(\$304)	(\$109,240)	(\$557)	(\$124,261)	(\$634)	
Effective Gross Income	\$1,929,564	\$9,845	\$1,893,894	\$9,663	\$1,843,388	\$9,405	

Expense Summary As Is						
Expense	Subject - Restricted HAP		2016		2015	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit
Real Estate Taxes	\$199,000	\$1,015	\$134,280	\$685	\$92,512	\$472
Insurance	\$49,000	\$250	\$52,332	\$267	\$49,818	\$254
Utilities	\$313,600	\$1,600	\$312,091	\$1,592	\$355,579	\$1,814
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Payroll/Benefits	\$235,200	\$1,200	\$258,925	\$1,321	\$283,990	\$1,449
Advertising/Marketing	\$2,940	\$15	\$2,098	\$11	\$1,398	\$7
General/Administrative	\$78,400	\$400	\$112,358	\$573	\$115,848	\$591
Management	\$96,478	\$492	\$91,634	\$468	\$91,634	\$468
Miscellaneous/Other	\$1,305	\$7	\$0	\$0	\$0	\$0
Replacement Reserves	\$68,600	\$350	\$0	\$0	\$0	\$0
Total Expenses	\$1,318,923	\$6,729	\$1,264,107	\$6,450	\$1,244,556	\$6,350
Net Operating Income	\$610,641	\$3,116	\$629,787	\$3,213	\$598,832	\$3,055

Income Summary - As Renovated								
Income Summary	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Rental Income	\$2,614,260	\$13,338	\$2,054,448	\$10,482	\$2,355,840	\$12,020	\$2,553,300	\$13,027
Other Income	\$9,800	\$50	\$9,800	\$50	\$9,800	\$50	\$9,254	\$47
Potential Gross Income	\$2,624,060	\$13,388	\$2,064,248	\$10,532	\$2,365,640	\$12,070	\$2,562,554	\$13,074
Vacancy Rate	3.0%		5.0%		5.0%		7.0%	
Vacancy	(\$78,722)	(\$402)	(\$103,212)	(\$527)	(\$118,282)	(\$603)	(\$179,379)	(\$915)
Effective Gross Income	\$2,545,338	\$12,986	\$1,961,036	\$10,005	\$2,247,358	\$11,466	\$2,383,175	\$12,159
Expense Summary - As Renovated								
Expense	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Real Estate Taxes	\$231,000	\$1,179	\$126,000	\$643	\$197,000	\$1,005	\$238,574	\$1,217
Insurance	\$49,000	\$250	\$49,000	\$250	\$49,000	\$250	\$43,000	\$219
Utilities	\$245,000	\$1,250	\$245,000	\$1,250	\$245,000	\$1,250	\$273,746	\$1,397
Repairs/Maintenance	\$196,000	\$1,000	\$196,000	\$1,000	\$196,000	\$1,000	\$168,542	\$860
Payroll/Benefits	\$235,200	\$1,200	\$235,200	\$1,200	\$235,200	\$1,200	\$239,637	\$1,223
Advertising/Marketing	\$4,900	\$25	\$14,700	\$75	\$29,400	\$150	\$2,098	\$11
General/Administrative	\$78,400	\$400	\$78,400	\$400	\$44,100	\$225	\$53,420	\$273
Management	\$127,267	\$649	\$98,052	\$500	\$67,421	\$344	\$119,159	\$608
Replacement Reserves	\$68,600	\$350	\$68,600	\$350	\$68,600	\$350	\$68,600	\$350
Total Expenses	\$1,235,367	\$6,303	\$1,110,952	\$5,668	\$1,131,721	\$5,774	\$1,206,776	\$6,157
Net Operating Income	\$1,309,971	\$6,684	\$850,084	\$4,337	\$1,115,637	\$5,692	\$1,176,399	\$6,002

Direct Capitalization Analysis Conclusion (Trended)

Based on the scope of the assignment, we have trended the income and expense to the date of stabilization. The provided draw schedule indicates a construction period of 15 months, leading

to a completion of construction in July of 2019. Based on the information in the market analysis portion of this report, we have projected a two-month lease up for the property for HAP restricted, and a 12-month absorption period for the LIHTC only and market rate scenarios.

Expense Trends - IREM									
Year	All Buildings	% Change	Low-Rise	% Change	Elevator	% Change	Garden	% Change	Average % Change
2014	\$10.58	-0.66%	\$8.86	13.59%	\$14.69	-4.36%	\$10.69	1.04%	2.40%
2013	\$10.65	-1.39%	\$7.80	4.00%	\$15.36	7.19%	\$10.58	-0.47%	2.33%
2012	\$10.80	-0.74%	\$7.50	6.99%	\$14.33	3.69%	\$10.63	0.57%	2.63%
2011	\$10.88	8.15%	\$7.01	3.55%	\$13.82	6.80%	\$10.57	6.66%	6.29%
2010	\$10.06	-	\$6.77	-	\$12.94	-	\$9.91	-	-

Median Income Trends		
Atlanta, GA MSA		
	Income	Change
2007	\$67,100	
2008	\$69,200	3.1%
2009	\$71,700	3.6%
2010	\$71,800	0.1%
2011	\$68,300	-4.9%
2012	\$69,300	1.5%
2013	\$66,300	-4.3%
2014	\$64,400	-2.9%
2015	\$68,300	6.1%
2016	\$67,500	-1.2%
2017	\$69,700	3.3%
Avg Positive Change (5 Yr)		1.9%
Avg Positive Change (10 Yr)		1.8%

Source: HUD

The analysis utilizes a restricted income growth rate of 2.0% which is an applicable estimate based on historical median income increases. In the unrestricted scenario, we use an income growth rate of 2.0% based on a reconciliation between historical asking rent increases and recent data in the subject's submarket as defined by REIS. We utilize an expense growth rate of 2.5% based on the above expense trends table from IREM. The estimated completion date is July of 2019 and the property is expected to stabilize within two months of completion. In the LIHTC only and unrestricted scenario, we have concluded to a twelve-month absorption.

Income HAP Restricted: $(2.0\% / 12 = 0.17\% * 20 \text{ months} = 3.33\% \text{ or } 3.00\% \text{ rounded})$

Expenses Hap Restricted: $(2.5\% / 12 = 0.21\% * 20 \text{ months} = 4.17\% \text{ or } 4.00\% \text{ rounded})$

Income LIHTC Only: $(2.0\% / 12 = 0.17\% * 30 \text{ months} = 5.0\%)$

Expenses LIHTC Only: $(2.5\% / 12 = 0.21\% * 30 \text{ months} = 6.25\%)$

Income Unrestricted: $(2.0\% / 12 = 0.17\% * 30 \text{ months} = 5.0\%)$

Expenses Unrestricted: $(2.5\% / 12 = 0.21\% * 30 \text{ months} = 6.25\%)$

Income Summary								
Income Summary	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Rental Income	\$2,692,688	\$13,738	\$2,157,170	\$11,006	\$2,473,632	\$12,621	\$2,553,300	\$13,027
Other Income	\$10,094	\$52	\$10,290	\$53	\$10,290	\$53	\$9,254	\$47
Potential Gross Income	\$2,702,782	\$13,790	\$2,167,460	\$11,058	\$2,483,922	\$12,673	\$2,562,554	\$13,074
Vacancy Rate	3.0%		5.0%		5.0%		7.0%	
Vacancy	(\$81,083)	(\$414)	(\$108,373)	(\$553)	(\$124,196)	(\$634)	(\$179,379)	(\$915)
Effective Gross Income	\$2,621,698	\$13,376	\$2,059,087	\$10,506	\$2,359,726	\$12,039	\$2,383,175	\$12,159
Expense Summary								
Expense	Subject - Restricted HAP		Subject - Restricted LIHTC		Subject - Unrestricted		Developer Budget	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Annualized	\$/Unit
Real Estate Taxes	\$291,000	\$1,485	\$178,700	\$912	\$251,000	\$1,281	\$240,094	\$1,225
Insurance	\$50,960	\$260	\$52,063	\$266	\$52,063	\$266	\$43,000	\$219
Utilities	\$254,800	\$1,300	\$260,313	\$1,328	\$260,313	\$1,328	\$273,746	\$1,397
Repairs/Maintenance	\$203,840	\$1,040	\$208,250	\$1,063	\$208,250	\$1,063	\$188,328	\$961
Payroll/Benefits	\$244,608	\$1,248	\$249,900	\$1,275	\$249,900	\$1,275	\$239,637	\$1,223
Advertising/Marketing	\$5,096	\$26	\$15,619	\$80	\$31,238	\$159	\$2,098	\$11
General/Administrative	\$81,536	\$416	\$83,300	\$425	\$46,856	\$239	\$53,420	\$273
Management	\$131,085	\$669	\$102,954	\$525	\$70,792	\$361	\$119,159	\$608
Replacement Reserves	\$71,344	\$364	\$72,888	\$372	\$72,888	\$372	\$68,600	\$350
Total Expenses	\$1,334,269	\$6,807	\$1,223,986	\$6,245	\$1,243,298	\$6,343	\$1,228,082	\$6,266
Net Operating Income	\$1,287,429	\$6,569	\$835,102	\$4,261	\$1,116,428	\$5,696	\$1,155,093	\$5,893

Conclusions – Income Capitalization Approach

The value indication reflects the property at stabilized occupancy. To estimate market value at completion, we make adjustments to the stabilized value shown below and described in detail in Adjustments to Stabilization section of this report.

INCOME APPROACH INDICATED VALUE	
	Restricted As Is
Effective Gross Income	\$1,929,564
Expenses	\$1,318,923
Net Operating Income	\$610,641
Capitalization Rate	5.00%
Income Approach Value Indication - Stabilized	\$12,212,825
Rounded	\$12,210,000

INCOME APPROACH INDICATED VALUE			
	Restricted HAP	Restricted LIHTC	Unrestricted
Effective Gross Income	\$2,621,698	\$2,059,087	\$2,359,726
Expenses	\$1,334,269	\$1,223,986	\$1,243,298
Net Operating Income	\$1,287,429	\$835,102	\$1,116,428
Capitalization Rate	7.00%	7.25%	7.00%
Income Approach Value Indication - Stabilized	\$18,391,849	\$11,518,645	\$15,948,970
Rounded	\$18,390,000	\$11,520,000	\$15,950,000
Intangible LIHTC Tax Burden	\$567,000	\$567,000	
Concluded Income Approach Value Indication - Stabilized	\$17,823,000	\$10,953,000	
Rounded	\$17,820,000	\$10,950,000	
As Complete			
Stabilized Value Indication	\$17,820,000	\$10,950,000	\$15,950,000
Adjustments			
Lease-up Costs	\$38,000	\$1,255,000	\$1,410,000
Indicated Value	\$17,782,000	\$9,695,000	\$14,540,000
Rounded	\$17,780,000	\$9,700,000	\$14,540,000

Adjustments to Stabilization

When a property has a below market income stream due to high vacancy and/or below market rents, an adjustment to value is often necessary for lost income over the lease-up period, and additional operating expenses associated with the vacant space over the lease-up period. Additionally, we have applied a 20% developer incentive to account for the risk associated with taking the subject from completion to stabilization.

In the Market Analysis, we conclude to a two-month absorption period in the Restricted HAP scenario, and a 12-month period for the LIHTC-only and market rate scenarios.

Stabilization Calculations						
Unit Type	Vacant	Rent	Monthly Potential	Absorption Months	Average Vacancy	Foregone Rent
Restricted HAP						
1BR/1BA 60% AMI	6	\$721	\$4,326			
1BR/1BA 60% AMI HAP	18	\$980	\$17,640			
2BR/1.5BA 60% AMI	16	\$858	\$13,728			
2BR/1.5BA 60% AMI HAP	88	\$1,135	\$99,880			
3BR/2BA 60% AMI	11	\$951	\$10,461			
3BR/2BA 60% AMI HAP	57	\$1,260	\$71,820			
Total/Average Vacant Units (15%)	196	\$1,112	\$217,855			
Trend at	3.00%	\$1,145				
Less Vacant Units at Stabilization	1					
Units to be Absorbed	28	\$1,145	\$32,056	2	50.0%	\$32,056
Developer Profit					20.0%	\$6,411
Total Rounded						\$38,467
						\$38,000
Restricted - LIHTC Only						
1BR/1BA 60% AMI	6	\$721	\$4,326			
1BR/1BA 60% AMI HAP	18	\$721	\$12,978			
2BR/1.5BA 60% AMI	16	\$858	\$13,728			
2BR/1.5BA 60% AMI HAP	88	\$858	\$75,504			
3BR/2BA 60% AMI	11	\$951	\$10,461			
3BR/2BA 60% AMI HAP	57	\$951	\$54,207			
Total/Average Trend at	196	\$873	\$171,204			
Less Vacant Units at Stabilization	6	\$917				
Units to be Absorbed	190	\$917	\$174,371	12	50.0%	\$1,046,228
Developer Profit					20.0%	\$209,246
Total Rounded						\$1,255,473
						\$1,255,000
Unrestricted						
1BR/1BA 60% AMI	6	\$860	\$5,160			
1BR/1BA 60% AMI HAP	18	\$860	\$15,480			
2BR/1.5BA 60% AMI	16	\$970	\$15,520			
2BR/1.5BA 60% AMI HAP	88	\$970	\$85,360			
3BR/2BA 60% AMI	11	\$1,100	\$12,100			
3BR/2BA 60% AMI HAP	57	\$1,100	\$62,700			
Total/Average Trend at	196	\$1,002	\$196,320			
Less Vacant Units at Stabilization	10	\$1,052				
Units to be Absorbed	186	\$1,052	\$195,829	12	50.0%	\$1,174,975
Developer Profit					20.0%	\$234,995
Total Rounded						\$1,409,970
						\$1,410,000

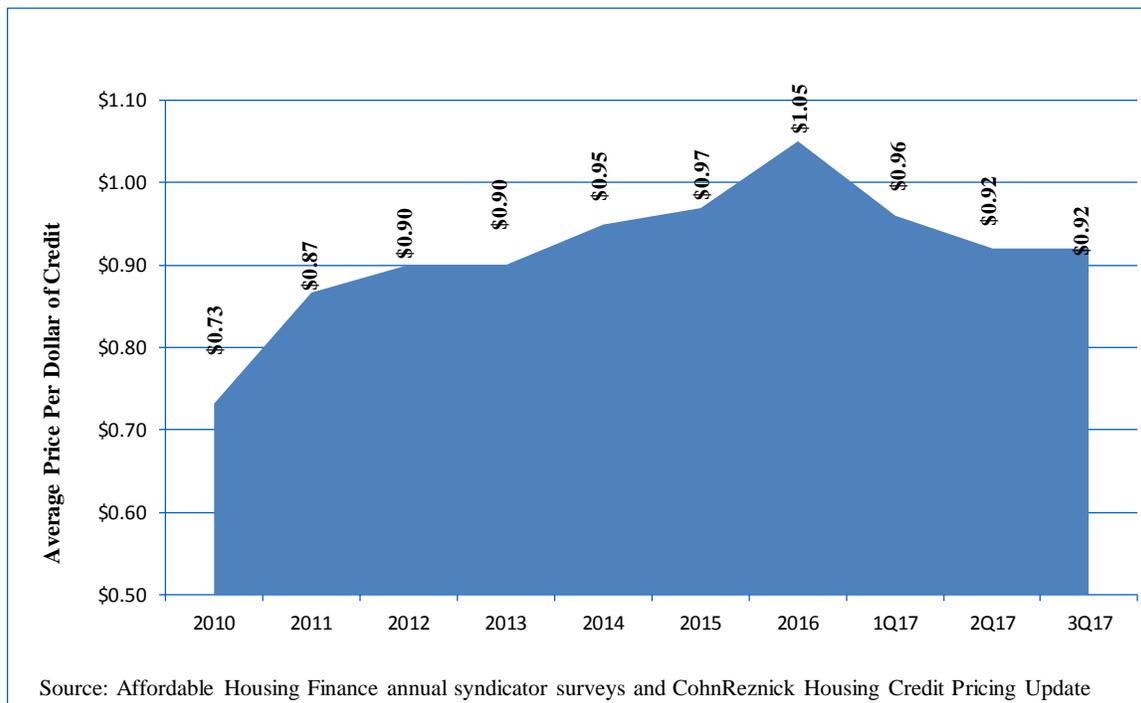
Value of Low Income Housing Tax Credits

Low Income Housing Tax Credits (LIHTC) are awarded for specific projects by state agencies. Developers then sell the credits for equity that is utilized to build or renovate the subject property. The value of the Low Income Housing Tax Credits (LIHTC) is based on what the market would typically pay in a particular market for a particular type of product.

In the case of the subject, there is an award of LIHTC in the amount of \$750,315 in annual credits. The credits will be paid out over 10 years for a total LIHTC award of \$7,503,150. The subject developer has an agreement in place with R4 Capital LLC to buy the credits for a price of \$0.93 per \$1.00 of credit.

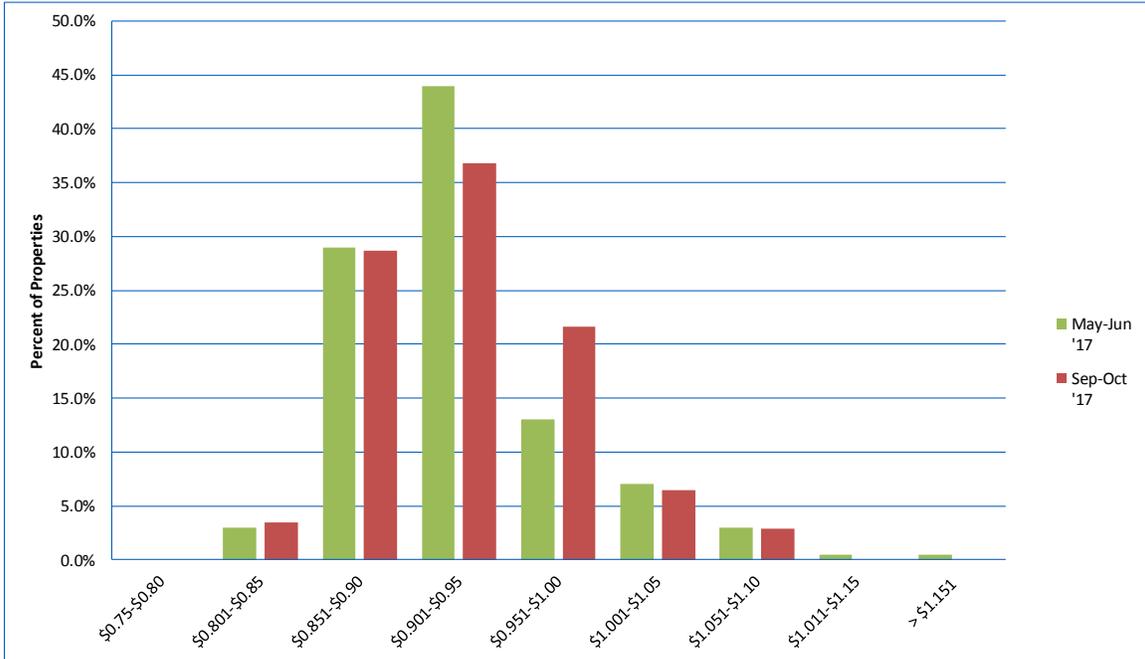
Based on interviews with LIHTC syndicators and investors, we understand recent equity pricing to range from \$0.80 to \$1.10 per credit, depending on the quality of the proposed project, the developer, and the local market. While pricing has been very high in the recent past, there was some volatility in the equity market and pricing declined through much of 2017. The decline was due to the uncertainty regarding corporate tax rates under the new federal administration. Now that the new tax rate is a known entity pricing is expected to stabilize in early 2018.

Recent surveys indicate syndicators paid an average price of \$0.92 per credit in Third Quarter 2017. Following is a review of equity pricing based on surveys conducted by Affordable Housing Finance Magazine and CohnReznick Housing Credit Pricing Update.



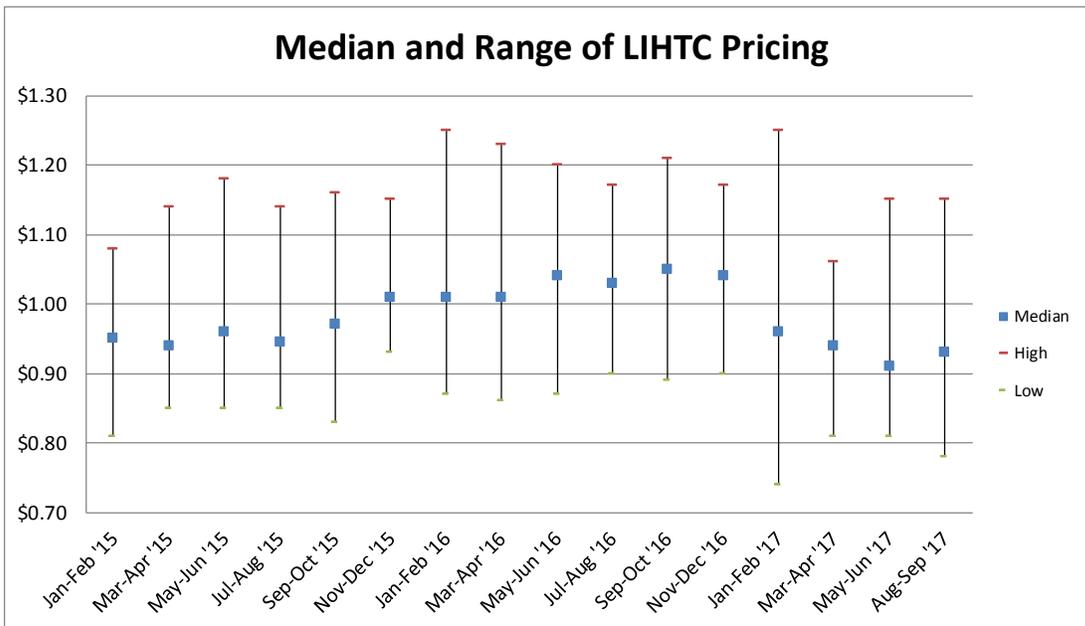
The Following Graph represents the distribution of lower tier pricing for participating syndicators in September and October of 2017, presented in comparison to survey data from

earlier this year. The average reported housing credit price in this time period was \$0.92 across 171 deals, similar to the most previous period.



Source: CohnReznick Housing Tax Credit Monitor

The following table shows the historical trend for the median and range of pricing based on surveys completed by CohnReznick. The data clearly shows the recent erosion of LIHTC pricing.



Source: CohnReznick Housing Tax Credit Monitor

We also track actual equity investments for properties throughout the country. Following is a summary of recent equity investments in LIHTC properties.

LIHTC Equity Investments			
Region	State	Contract Price	Date
SE	GA	\$0.91	6/1/2015
SE	GA	\$0.94	5/1/2015
SE	MS	\$0.92	11/24/2015
SE	MS	\$0.99	8/3/2015
SE	FL	\$1.10	4/15/2016
SE	FL	\$1.04	1/12/2016
SE	GA	\$0.96	1/1/2016
SE	GA	\$0.88	4/8/2016
SE	GA	\$1.08	3/11/2016
SE	GA	\$0.88	4/8/2016
SE	SC	\$1.12	1/14/2016
SE	GA	\$1.10	6/16/2016
SE	GA	\$1.02	7/20/2016
SE	FL	\$1.10	6/22/2016
SE	FL	\$1.13	9/28/2016
SE	LA	\$1.07	8/2/2016
SE	MO	\$0.94	12/22/2015
E	WV	\$0.97	12/22/2016
E	PA	\$1.08	11/14/2016
SE	TN	\$0.92	3/1/2017
SE	NC	\$1.03	5/11/2016
SE	NC	\$1.03	5/11/2016
SE	SC	\$0.86	4/21/2017
Recent Average		\$1.00	

The subject LOI has Credit Adjustor language; however, based on our analysis there is no adjustment language for the credit pricing. Therefore, we assume that the credit pricing will not change.

The current agreement to purchase credits at the subject are near the average of market conditions for LIHTC pricing. Given the subject location and quality of the product, we conclude near the current contract pricing, shown as follows.

TAX CREDIT EQUITY VALUE				
	Potential Annual Tax Credits	Total Credits	Contract Price	Total Equity Commitment
LIHTC Award and Contract for Equity*	\$750,315	\$7,503,150	\$0.93	\$6,959,172
	Equity Market Pricing Range		Potential Range of Equity for Subject Based on Market	
Equity Market Conditions	\$0.80	\$1.10	\$6,002,520	\$8,253,465
			Concluded Equity Price	VSIAG Concluded LIHTC Value
VSIAG Conclusion			\$0.93 Rounded	\$6,977,930 \$6,980,000

* LIHTC Equity Partner: R4 Capital LLC

In the case of the subject, there is an award of State LIHTC in the amount of \$750,315 in annual credits. The credits will be paid out over 10 years for a total LIHTC award of \$7,503,150. The subject developer has an agreement in place with R4 Capital LLC to buy the credits for a price of \$0.59 per \$1.00 of credit.

We have tracked State Tax Credits around the country, the following table indicates pricing for these credits from previously closed deals.

EQUITY INVESTMENTS IN STATE TAX CREDIT PROPERTIES			
State	Contract Price/Per \$ for Credits	Year	Date of Contract
OH	\$0.65	2013	2/21/2013
GA	\$0.52	2014	5/28/2014
GA	\$0.39	2015	
GA	\$0.46	2015	
GA	\$0.36	2016	4/8/2016
GA	\$0.60	2016	
GA	\$0.55	2016	6/1/2016
GA	\$0.53	2016	7/20/16
NE	\$0.62	2017	
<i>2016 Average</i>	<i>\$0.52</i>		

The current contract price is within the range of the state tax credits, and appears reasonable. We have concluded to the developer's pricing.

STATE TAX CREDIT EQUITY VALUE				
	Potential Annual		Contract Price	Total Equity Commitment
	Tax Credits	Total Credits		
LIHTC Award and Contract for Equity*	\$750,315	\$7,503,150	\$0.59	\$4,426,859
	Equity Market Pricing Range		Potential Range of Equity for Subject Based on Market	
Equity Market Conditions	\$0.36	\$0.65	\$2,701,134	\$4,877,048
			Concluded Equity Price	VSIAG Concluded LIHTC Value
VSIAG Conclusion			\$0.59	\$4,426,859
			Rounded	\$4,430,000

* State LIHTC Equity Partner: R4 Capital LLC

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Summary of Market Value Indications				
Approach	Cost Approach	Sales		
		Comparison	Income	Reconciled
As if Vacant Land	Not Used	\$400,000	Not Used	\$400,000
As Is	Not Used	Not Used	\$12,210,000	\$12,210,000
As Stabilized - HAP	Not Used	Not Used	\$17,820,000	\$17,820,000
As Complete - HAP	Not Used	Not Used	\$17,780,000	\$17,780,000
As Stabilized - LIHTC Only	Not Used	Not Used	\$10,950,000	\$10,950,000
As Complete - LIHTC Only	Not Used	Not Used	\$9,700,000	\$9,700,000
As Stabilized - Unrestricted	Not Used	\$15,680,000	\$15,950,000	\$15,950,000
As Complete - Unrestricted	Not Used	\$14,270,000	\$14,540,000	\$14,540,000

Cost Approach

The cost approach is generally considered reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

Sales Comparison Approach

The sales comparison approach is generally considered reliable in an active market when there are adequate sales with sufficient quantity and quality of data. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. Significant adjustments are required in this analysis for many of the sales because of a variety of differences when compared to the subject. This reduces the reliability of this approach. As a result, the sales comparison approach is given secondary weight and used primarily as support for the income capitalization approach. This is applicable only in the unrestricted scenario and the land value. There are insufficient sales of comparable restricted rent properties to conduct a sales approach. Additionally, restricted rent sales tend to have significant layers of beneficial financing and subsidies that can have a major impact on price.

Income Approach – Direct Capitalization

Typically, the income capitalization approach is given greatest weight when analyzing investment properties because the likely purchaser is an investor and investors typically rely most on income capitalization. The value indication based on income capitalization is supported by market data on income, expenses, and expected rates of return. The income capitalization approach is given greatest weight in this analysis for the above stated reasons.

Final Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusions, as of January 3, 2018, subject to the Limiting Conditions and Assumptions of this appraisal.

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	1/3/2018	\$400,000		\$400,000
As Is	Current	Leased Fee	1/3/2018	\$12,210,000		\$12,210,000
As Stabilized - HAP	Prospective	Leased Fee	9/1/2019	\$17,820,000	\$538,000	\$17,282,000
As Complete - HAP	Prospective	Leased Fee	7/1/2019	\$17,780,000	\$538,000	\$17,242,000
As Stabilized - LIHTC Only	Prospective/Hypothetical	Leased Fee	7/1/2020	\$10,950,000	\$538,000	\$10,412,000
As Complete - LIHTC Only	Prospective/Hypothetical	Leased Fee	7/1/2019	\$9,700,000	\$538,000	\$9,162,000
As Stabilized - Unrestricted	Prospective/Hypothetical	Fee Simple	7/1/2020	\$15,950,000	\$538,000	\$15,412,000
As Complete - Unrestricted	Prospective/Hypothetical	Fee Simple	7/1/2019	\$14,540,000	\$538,000	\$14,002,000
Value of LIHTC	Current	Fee Simple	1/3/2018	\$11,410,000		

Note: The HAP and LIHTC as complete and as stabilized values are affected as a result of House Bill 196, which taxes the LIHTC equity. This is detailed in the Tax and Assessment section of the report.

Hypothetical Conditions - A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The values as unrestricted assume no rent or income restrictions. The values as LIHTC Only assume no HAP overlay.

Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

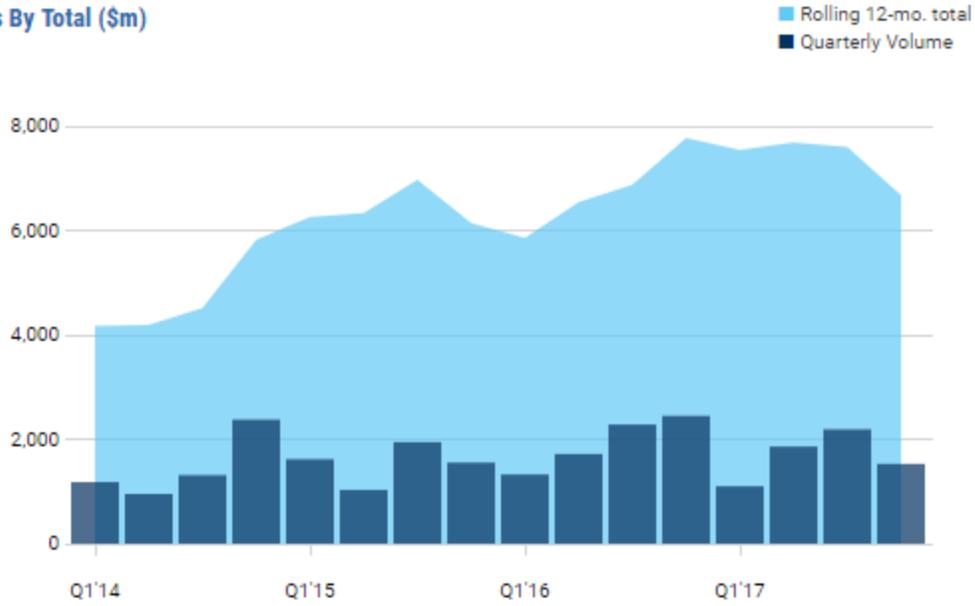
- The developer proposed rents are based on an RCS, and above the concluded market rents in this report. We assume that these rents will be approved by HUD and will not be marked down to market in the future.

Exposure and Marketing Time

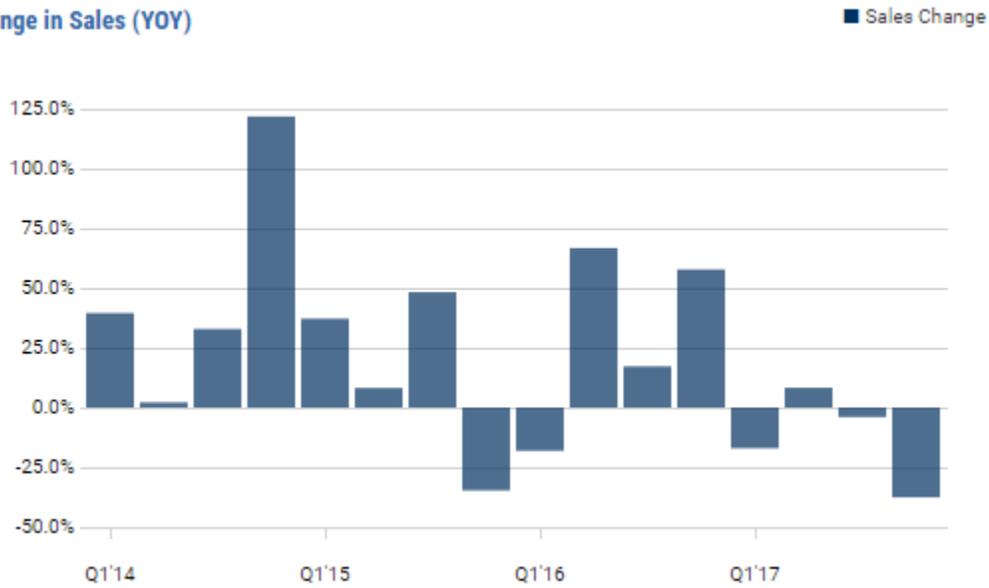
Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is an estimate of the amount of time it might take to sell a property at the estimated market value immediately following the effective date of value.

Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, presented earlier in this report, it is our opinion that the probable exposure time for the property is 6 to 12 Months. We foresee no significant changes in market conditions in the near term; therefore, it is our opinion that a reasonable marketing period is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period is 6 to 12 Months. Our estimate is supported by the following national investor survey data.

Sales By Total (\$m)



Change in Sales (YOY)



Source: Real Capital Analytics Atlanta MSA 1/2018

Certification Statement

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- Benjamin Adams and Sameer Gupta provided significant real property appraisal assistance to the persons signing this certification. Mr. Adams wrote the Neighborhood and metropolitan analyses, and Mr. Gupta assisted with the Income and Sales Approaches, as well as the Site and Improvements analysis.
- We certify that, to the best of our knowledge and belief, our analyses, opinions and conclusions were developed, and this report complies with, 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.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
- The analyst has not performed any 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.
- David W. Ross, Jr. made a visit to the property that is the subject of this report. Brian Walsh did not make a visit to the subject property.

- As of the date of this report, Brian Walsh has completed the Standards and Ethics Requirement of the Appraisal Institute for candidates/practicing affiliates.
- As of the date of this report, David W. Ross, Jr. has completed the continuing education program of the Appraisal Institute.



Brian Walsh
Vice President



David W. Ross, Jr., MAI, ASA, FRICS
Certified General Real Estate Appraiser
Georgia License: CG348032

Limiting Conditions and Assumptions

This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

Assumptions

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated. Also, the property is in compliance with all federal, state and local laws, regulations and codes.

There are no existing judgments or pending or threatened litigation that could affect the value of the property.

There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.

The information provided by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

Limiting Conditions

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.

The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.



No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of VSI Appraisal Group. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

All engineering studies are assumed to be correct. We have made no survey of the property and assume no responsibility in connection with such matters. The plot plans and illustrative materials in this report are included only to help the reader visualize the property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are

limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

VSI Appraisal Group is not a building or environmental inspector. We do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) VSI Appraisal Group's regular per diem rate plus expenses.

Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. VSI Appraisal Group has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

The appraisal is also subject to the following:

Hypothetical Conditions - A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The values as unrestricted assume no rent or income restrictions. The values as LIHTC Only assume no HAP overlay.

Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

- The developer proposed rents are based on an RCS, and above the concluded market rents in this report. We assume that these rents will be approved by HUD and will not be marked down to market in the future.

Definitions

The source of the following definitions is *The Dictionary of Real Estate Appraisal, Fifth Edition*, Appraisal Institute, Chicago, Illinois, 2010, unless otherwise noted.

Amenity

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Class of Apartment Property

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from "Class of Office Building" in The Dictionary of Real Estate Appraisal.)

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income

streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date of Appraisal

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the

improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Insurable Value

Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (Source: *Marshall Valuation Service*)

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e, a lease).

Leasehold Interest

The tenant's possessory interest created by a lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars, or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Low Income

The U.S. Department of Housing and Urban Development defines low income families as follows:

1. Low income families are those with household incomes at or below 80% of the area median family income.
2. Very low income families are those with household incomes at or below 50% of the area median family income.
3. Extremely low income families are those with household incomes at or below 30% of the area median family income.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

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 own 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.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42 [g])

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities.

(Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])

Multifamily Classifications

Garden/Low Rise Apartments: A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. *(Source: Appraisal Institute)*

Mid/High-Rise Apartment Building: A multifamily building with four or more stories, typically elevator-served. *(Source: Appraisal Institute)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. *(Source: Income/Expense Analysis, 2010 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois)*

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Addendum A – Appraiser Qualifications

Professional Qualifications

David W. Ross, Jr., MAI, ASA, FRICS

Phone: 614.884.2201

Email: dross@vsinsights.com

Experience

Mr. Ross is the President of VSI Appraisal Group and has over 20 years of experience in real estate consulting, development, and valuation. He has worked for a national appraisal company, a national syndicator for tax credit housing, a commercial real estate developer, and a market research consulting firm. This broad range of experience has allowed Mr. Ross to become familiar with all types of real estate and gain local knowledge for most markets throughout the United States. Extensive knowledge of LIHTC markets has resulted in invitations to speak at industry conferences. Mr. Ross has served on panels at the National Council of Affordable Housing Market Analysts, the Texas Association of Affordable Housing Providers, the National Housing and Rehabilitation Association, and other regional associations.

Mr. Ross has experience conducting commercial real estate appraisals for multifamily (market rate and restricted rent), land, office, retail, industrial and mixed-use properties. Clients include major lenders throughout the U.S., syndicators, developers, and government entities, such as USDA, HUD, and local agencies.

Professional Activities & Affiliations

MAI: The Appraisal Institute

Accredited Senior Appraiser (ASA), American Society of Appraisers

Fellow, Royal Institute of Chartered Surveyors (FRICS)

Member: National Council of Housing Market Analysts

Member: National Apartment Association

Licenses

Certified General Real Estate Appraiser, Licensed in Multiple States

Education

Master of Business Administration, Capital University, Columbus, Ohio

Bachelor of Arts, Urban Planning, Wright State University, Dayton, Ohio

Successfully completed a wide variety of professional classes offered by the Appraisal Institute.

Additional Appraisal Education:

MAP Underwriter/Valuation Training, Department of Housing and Urban Development.

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

DAVID W ROSS, JR

348032

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEANMARIE HOLMES
KEITH STONE

JEFF A. LAWSON
Vice Chairperson

24075051

Professional Qualifications

Brian Walsh

Phone: 614.884.2202

Email: bwalsh@vsinsights.com

Experience

Brian Walsh is Vice President of VSI Appraisal Group with over 10 years of experience in real estate development and valuation. He has worked for an affordable housing developer, a national commercial real estate brokerage and a national real estate valuation firm. Over this time, Mr. Walsh has conducted real estate assignments on multifamily, retail, office, and industrial developments in 38 states. Some of the real estate assignments performed include: LIHTC, market-rate, and government subsidized apartment communities, assisted-living facilities, nursing homes, commercial buildings, and studies for the privatization of military housing.

Mr. Walsh has experience conducting commercial real estate appraisals for multifamily (market rate and restricted rent), office, retail and mixed-use properties. Following is a summary of recent experience by type of property and recent clients.

Property Types

Low Income Housing Tax Credit
Market Rate Multifamily
Senior Housing
Office
Retail
Mixed-Use
Mixed-Income

Clients

Lenders
Syndicators
Developers
Government
Investors

Professional Activities & Affiliations

Candidate for Designation: The Appraisal Institute

Member: National Apartment Association

Licenses

Ohio, State of Ohio Registered Certified General Appraiser License: 2014004979

Michigan, State of Michigan Certified General Appraiser License: 1201075359

Education

Bachelor of Arts, Business Marketing, University of Wisconsin Oshkosh, Oshkosh, WI

Successfully completed a wide variety of professional classes offered by the Appraisal Institute.

STATE OF OHIO
DIVISION OF REAL ESTATE
AND PROFESSIONAL LICENSING

AN APPRAISER LICENSE/CERTIFICATE
has been issued under ORC Chapter 4763 to:

NAME: Brian Patrick Walsh
LIC/CERT NUMBER: 2014004979
LIC LEVEL: Certified General Real Estate Appraiser
CURRENT ISSUE DATE: 02/21/2017
EXPIRATION DATE: 02/20/2018
USPAP DUE DATE: 02/20/2019

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING

M500635

CERTIFIED GENERAL APPRAISER
LICENSE

BRIAN PATRICK WALSH

LICENSE NO.
1201075359

EXPIRATION DATE
07/31/2018

AUDIT NO
3119209

THIS DOCUMENT IS DULY ISSUED
UNDER THE LAWS OF THE STATE
OF MICHIGAN

Addendum B – Financials and Property Information

**ASSIGNMENT AND ASSUMPTION
OF PURCHASE AND SALE AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT (the "**Assignment**"), is made and entered into as of the 10th day of October, 2017, by The Hampstead Group, Inc., a California corporation ("**Assignor**"), and Hampstead Southwood Partners, L.P., a Georgia limited partnership ("**Assignee**").

W I T N E S S E T H:

WHEREAS, Assignor, as Buyer, and Southwood Investors, LLC, a Delaware limited liability company, as Seller, entered into that certain Purchase and Sale Agreement dated as of August 14, 2017 (the "**Agreement**"), pursuant to which the Seller agreed to sell to Assignor, and Assignor agreed to purchase from Seller, all of Seller's right, title, and interest in and to that certain real property located at 6001 Trammell Road in Morrow, Clayton County, Georgia, which real property is commonly known as Southwood Apartments (the "**Property**"), upon the terms and conditions stated in the Agreement; and

WHEREAS, Assignor intends to assign the Agreement to Assignee, all as more particularly set forth herein.

NOW, THEREFORE, for and in consideration of the premises, Ten and No/100 Dollars (\$10.00) in hand paid by Assignee to Assignor, the mutual covenants contained herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, Assignor and Assignee do hereby agree as follows:

1. Recitals. The foregoing recitals are true, correct and accurate and are hereby incorporated into this Assignment in their entirety.
2. Definitions. Capitalized terms used herein but not defined shall have the meanings assigned under the Agreement.
3. Assignment and Assumption.
 - a. Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor in, to and under the Agreement.
 - b. Assignee hereby accepts the foregoing assignment, and assumes and agrees to perform all of the covenants and agreements in the Agreement to be performed by the Buyer thereunder.
4. Further Assurances. Assignor and Assignee agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effect this Assignment.
5. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of Georgia without regard to principles of conflicts of laws.

6. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective personal representatives, heirs, successors and assigns.

7. Electronic or Facsimile Deemed Original. This Assignment may be executed and distributed by facsimile or electronically and a copy of this Assignment executed and distributed electronically shall be deemed an original for all purposes.

8. Counterparts. This Assignment may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

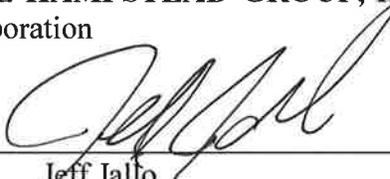
[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT]

IN WITNESS WHEREOF, Assignor, Assignee and Seller have each caused this Assignment to be executed and delivered under seal, effective as of the day and year first above written.

ASSIGNOR:

THE HAMPSTEAD GROUP, INC., a California corporation

By: 

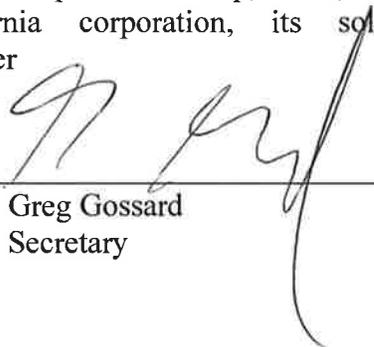
Jeff Jallo
Vice President

ASSIGNEE:

HAMPSTEAD SOUTHWOOD PARTNERS, L.P., a Georgia limited partnership

By: Hampstead Southwood, LLC, a Georgia limited liability company, its general partner

By: The Hampstead Group, Inc., a California corporation, its sole member

By: 

Greg Gossard
Secretary

Part G -- Information on Mortgagor Entity

Name of Entity

Southwood Investors, LLC

Type of Entity

- Individual General Partnership Joint Tenancy/Tenants In Common Other (specify) Limited Liability Corporation
 Corporation Limited Partnership Trust

List all Principals Comprising Mortgagor Entity: provide name and title of each principal. Use extra sheets, if needed. If mortgagor is a:
• corporation, list: (1) all officers; (2) all directors; and (3) each stockholder having a 10% or more interest.
• partnership, list: (1) all general partners; and (2) limited partners having a 25% or more interest in the partnership.
• trust, list: (1) all managers, directors or trustees and (2) each beneficiary having at least a 10% beneficial interest in the trust.

Name and Title

Southwood Investors, LLC - Owner

Name and Title

GJP Investors, LLC - Member

Name and Title

Southwood Investors Manager, LLC - Manager

Name and Title

Gregory Perlman - Manager of Southwood Investors Manager, LLC

Name and Title

Part H -- Owner Certification

To the best of my knowledge, all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name and Title

Gregory Perlman - Manager of Southwood Investors Manager, LLC

Authorized Official's Signature



02/01/2017
Date (mm/dd/yyyy)

Part I -- HUD/Lender Approval

Addendum Number

Branch Chief/Lender Official Signature

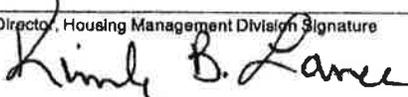
HAP Contract Number

Date (mm/dd/yyyy)

Exhibit Number

GACeL000092

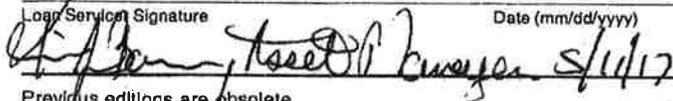
Director, Housing Management Division Signature



5/11/17
Date (mm/dd/yyyy)

Loan Servicer Signature

Date (mm/dd/yyyy)



National Housing Compliance

Previous editions are obsolete

**FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT**

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “First Amendment”) is made as of October 12, 2017, by and between **SOUTHWOOD INVESTORS, LLC**, a Delaware limited partnership (“Seller”), and **HAMPSTEAD SOUTHWOOD PARTNERS, L.P.**, a Georgia limited partnership (“Buyer”).

WHEREAS, Seller and The Hampstead Group, Inc., a California corporation (“Assignor”), entered into that certain Purchase and Sale Agreement dated as of August 14, 2017, as assigned by Assignor to Buyer pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement dated as of October 10, 2017 (as assigned, the “Agreement”); and

WHEREAS, the Buyer and Seller have agreed to amend the Agreement upon the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals. The recitals to this First Amendment are fully incorporated herein by this reference thereto with the same force and effect as though restated herein.
2. Capitalized Terms. Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings given thereto in the Agreement.
3. HUD Approval Submission Date Extension. Pursuant to Section 4(b) of the Agreement, Seller and Buyer hereby agree that the date for application for the HUD Approvals shall be, and hereby is, extended by thirty (30 days) to November 12, 2017.
4. Ratification. Except as modified hereby, the Agreement is hereby ratified, confirmed and reaffirmed in all respects.
5. Counterparts. This First Amendment may be executed in counterparts.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, Seller and Buyer have executed this First Amendment by their duly authorized representatives as of the date first set forth above.

SELLER:

SOUTHWOOD INVESTORS, LLC., a Delaware limited partnership

By: Southwood Investors Manager, LLC, a Delaware limited liability company, its General Partner

By: 

Gregory F. Perlman
Manager

BUYER:

HAMPSTEAD SOUTHWOOD PARTNERS, L.P., a Georgia limited partnership

By: Hampstead Southwood, LLC, a Georgia limited liability company, its General Partner

By: The Hampstead Group, Inc., a California corporation, its Sole Member

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, Seller and Buyer have executed this First Amendment by their duly authorized representatives as of the date first set forth above.

SELLER:

SOUTHWOOD INVESTORS, LLC., a Delaware limited partnership

By: Southwood Investors Manager, LLC, a Delaware limited liability company, its General Partner

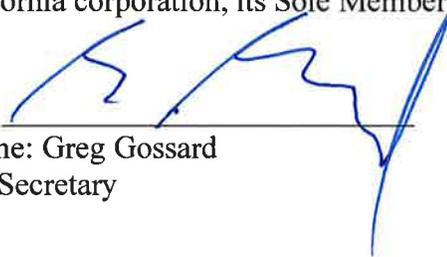
By: _____
Gregory F. Perlman
Manager

BUYER:

HAMPSTEAD SOUTHWOOD PARTNERS, L.P., a Georgia limited partnership

By: Hampstead Southwood, LLC, a Georgia limited liability company, its General Partner

By: The Hampstead Group, Inc., a California corporation, its Sole Member

By: 
Name: Greg Gossard
Its: Secretary

PURCHASE AND SALE AGREEMENT
(Southwood Apartments)

This **PURCHASE AND SALE AGREEMENT** (this “**Agreement**”) is made and entered into as of the 14 day of August, 2017 (the “**Effective Date**”), by and between **SOUTHWOOD INVESTORS, LLC**, a Delaware limited liability company (the “**Seller**”), and **THE HAMPSTEAD GROUP, INC.**, a California corporation, or its permitted assigns (the “**Buyer**”).

RECITALS

Buyer desires to purchase and Seller desires to sell the Property (as defined below) on the terms and conditions hereinafter documented.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual undertakings of the parties hereto, it is hereby agreed as follows:

1. Purchase and Sale. Subject to the terms and conditions of this Agreement, the Seller shall sell to Buyer, and Buyer shall purchase from the Seller, all of such Seller’s right, title and interest in and to, the following:

- (a) The land legally described on Exhibit A (the “**Land**”);
- (b) The rights, easements and appurtenances pertaining to the Land, including Seller’s interest, if any, to any adjacent streets, alleys or rights-of-ways same and owned by each Seller (the “**Related Rights**”);
- (c) The improvements, other physical structures and fixtures on the Land (collectively, the “**Improvements**”);
- (d) Seller’s interest in all tangible personal property located on the Land or within the Improvements and used exclusively in connection with the ownership, use, maintenance or operation of the Land and Improvements (the “**Tangible Personal Property**”); and
- (e) Seller’s interest as landlord under all tenant leases (the “**Leases**”);
- (f) Seller’s interest under and to the following (items (i) through and including (vi) are collectively known as the “**Intangible Property**”) (i) to the extent assignable, the supply, service, equipment rental and other contracts related to the operation of the Property (collectively, the “**Service Contracts**”), (ii) all assignable warranties and guaranties issued to or inuring to the benefit of Seller in connection with the Improvements or Tangible Personal Property, (iii) all assignable licenses and permits held by Seller at the time of Closing relating to the operation of the Property, (iv) Seller’s tradenames used in connection with the Land and the Improvements, (v) all environmental studies and reports, promotional materials, surveys, building plans, monthly parking contracts and lease files (including any original leases) possessed by Seller and used by Seller exclusively in connection with the Land and the Improvements, and (vi) the Housing Assistance Payments Agreement (“**HAP Contract**”) with the U.S. Department of Housing and

Urban Development (“**HUD**”); but excluding from Intangible Property any funds in a residual receipt account, other cash or cash equivalents, reserves, rents or other revenue allocable to periods prior to Closing, notes, receivables, refundable deposits belonging to Seller that Buyer does not reimburse Seller for at Closing, claims, causes of actions, this Agreement, insurance proceeds, Seller’s rights in any subsidy, grant or similar agreements (to the extent allocable to any period of time prior to the Closing Date), claims for refunds and rights to offset, any leases, contracts, agreements or other matters that are terminated by Seller pursuant to this Agreement or that expire prior to Closing, and any other assets owned by Seller which are not required for the actual use of the Property or operation of the Property, except as otherwise provided for herein. At Closing, all escrows for replacement reserves, residual receipts reserves, and any other reserves required by HUD for the operation and maintenance of the Property (the “**Reserves**”) shall be delivered to the Seller at Closing in accordance with HUD guidelines, provided, however, to the extent HUD requires the Buyer to maintain any balances in said Reserve accounts, those amounts shall remain with the Property and be transferred to Buyer at Closing.

(g) The Land, the Related Rights, the Improvements, the Tangible Personal Property, the Leases and the Intangible Property are collectively referred to as the “**Property**.”

2. Purchase Price. The purchase price for the Property is **Twelve Million Two Hundred Thousand and No/100 Dollars (\$12,200,000.00)** (“**Purchase Price**”), which shall be paid in cash or by wire transfer of immediately available funds at Closing, against which the Escrow Deposit shall be applied, subject to the adjustments specifically provided for in this Agreement.

3. Escrow Deposit.

(a) Within one (1) business day after the Effective Date, Buyer shall deposit the sum of **One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00)** (together with all interest thereon provided Buyer delivers a W-9 to the Escrow Agent concurrently with the Escrow Deposit pursuant to subsection 3(b) below, the “**Escrow Deposit**”) with Fidelity National Title Insurance Company, 990 Hammond Dr., Suite 550, Atlanta, GA 30328, Attention: Vanessa W. Dubuc, 770-352-7046, vwDubuc@fnf.com, which company, in its capacity as escrow holder hereunder, is called “Escrow Agent.”

(b) The Escrow Deposit and any Extension Payments (as defined in Section 7(a)(ii)) shall be herein referred to collectively as the “**Escrow Deposit**”. The Escrow Deposit shall be delivered to Escrow Agent by wire transfer of immediately available federal funds or by bank or cashier’s check. Such amount shall be held by Escrow Agent as a deposit against the Purchase Price in accordance with the terms and provisions of this Agreement and credited against the Purchase Price at Closing. Provided Buyer delivers an executed and completed W-9 to Escrow Agent, Escrow Agent shall invest the Escrow Deposit in such short-term, high-grade securities, interest-bearing bank accounts, money market funds or accounts, bank certificates of deposit or bank repurchase agreements as Buyer, in its discretion, deems suitable. If Closing does not occur in accordance with the terms hereof, the Escrow Deposit shall be held and disbursed by Escrow Agent only as provided in this Agreement.

(c) Despite any other provision of this Agreement, in the event that this Agreement is terminated for any reason whatsoever and the Escrow Deposit is to be returned to Buyer, then in any such event One Hundred and No/100 Dollars (\$100.00) of such Escrow Deposit will be paid to Seller as independent consideration for holding the Property available for Buyer and any reference to the return of the Escrow Deposit in such events will be such amount less the independent consideration.

4. Contingency Period and Due Diligence.

(a) Due Diligence.

(i) Buyer and Buyer's authorized investors, lenders, partners, officers, affiliates, agents, employees, contractors, consultants, surveyors, attorneys and representatives (collectively, the "**Buyer Parties**") shall have the right to perform and complete all of Buyer's review of the Due Diligence (defined below) and, during reasonable business hours and upon reasonable prior notice to Seller, to enter upon the Property and to perform, at Buyer's expense, such economic, surveying, engineering, topographic, environmental, marketing, and other tests, studies, inspections and investigations as Buyer may deem appropriate (including, without limitation, physical needs inspections, surveys, engineering tests, economic feasibility studies, soils, seismic and geologic reports and environmental testing and appraisals) with respect to the Property; provided, however, without the prior written consent of the Seller of the scope and method of such tests, not to be unreasonably withheld, conditioned or delayed, neither Buyer nor the Buyer Parties shall (A) be permitted to do inspections or testing (x) invasive into the walls, roof, foundation, or other components of any of the buildings or structures on the Land or drilling into the soil, or (y) which requires consent under a Lease or Service Contract, or which could result in a default under the Lease or Service Contract; or (z) that will alter the physical condition of the Property, (B) contact any consultant or other professional engaged by Seller or any tenant of the Property other than ordinary contact normally associated with routine due diligence examinations; or (C) contact any governmental authority having jurisdiction over the Property other than ordinary contact normally associated with routine due diligence examinations. Notwithstanding the foregoing the Buyer shall be allowed to conduct a Phase I environmental site assessment of the Property. Seller shall have the right, at its option, to cause a representative of Seller to be present at all inspections, reviews and examinations (including tenant interviews) conducted hereunder, at Seller's sole cost and expense.

(ii) Buyer is liable for all damage or injury to any person or property resulting from, relating to, or arising out of the activities of any of the Buyer Parties on the Property whether due to the acts of Buyer or any person acting by or on behalf of Buyer, and Buyer must keep the Property free and clear of any liens arising from work performed on behalf of Buyer in connection with its inspection activities. Buyer shall indemnify, defend and hold Seller and Seller's agents, property manager, employees, directors, officers, affiliates, interest holders, successors and assigns harmless from and against any and all claims, costs, damages, liabilities, losses, expenses, or liens of any kind (including, without limitation, reasonable attorney's fees) arising out of or due to the activities of Buyer or any of the Buyer Parties, excluding, however, any costs incurred by Seller in supervising Buyer's testing or caused by the gross negligence or willful misconduct of Seller or the authorized agents, employees or representatives of Seller. Buyer shall, with reasonable promptness, repair any damage caused to the Property by activity of the Buyer or

the Buyer Parties. The foregoing indemnity shall survive the termination of this Agreement and, if not so terminated, the Closing and delivery of the Deed.

(iii) Prior to entering upon the Property, Buyer shall provide Seller with a certificate of insurance evidencing liability insurance, with insurance limits in the minimum amount of \$1,000,000.00 of personal injury and property damage liability coverage, including contractual liability and naming Seller and the Seller's management agent, PK Management, LLC, as additional insureds.

(iv) Seller will make available to Buyer and the Buyer Parties (for informational purposes only) via an FTP Site, copies of the books and records related to the Property listed on **Exhibit B** attached hereto and in Seller's or Seller's management agent's possession other than the tenant files and Leases which shall be made available to Buyer for inspection at the Property (together with all other information regarding the Property of whatsoever nature made available to Buyer by Seller or Seller's agents or representative, hereinafter collectively referred to as the "**Due Diligence**").

(v) Unless Seller specifically and expressly otherwise agrees in writing, Buyer agrees that the Due Diligence and the results of all inspections, analyses, studies and similar reports relating to the Property prepared by or for Buyer utilizing any information acquired in whole or in part through the exercise of Buyer's inspection rights (together with the Due Diligence, hereinafter collectively, the "**Proprietary Information**") are confidential and shall not, directly or indirectly, be disclosed, published, or made known in any manner, other than to the Buyer Parties, Buyer's lenders, investors and any governmental or regulatory agencies, including HUD and the Contract Administrator (as hereinafter defined) as necessary, for the sole purpose of evaluating the transaction contemplated herein and then only upon Buyer making such persons aware of the confidentiality restriction. If Buyer is requested to disclose any Proprietary Information in connection with any legal or administrative proceeding or investigation, Buyer shall immediately notify Seller of the existence, terms and circumstances surrounding such request. Buyer agrees not to use, or allow to be used, any such information for any purpose other than to determine whether to proceed with the contemplated purchase, or if same is consummated, in connection with the operation of the Property post-closing. Further, if Closing does not occur for any reason whatsoever, Buyer agrees to return to Seller, or cause to be returned to Seller, all Proprietary Information. The foregoing obligations shall survive the termination of this Agreement.

(b) HUD Approvals.

(i) No later than sixty (60) days after the Effective Date, Buyer shall, at its sole cost and expense, apply to obtain from HUD as a condition of Closing: (i) approval of the assignment by Seller and assumption by Buyer of the HAP Contract ("**HAP Assumption**"), and (ii) 2530 approval of the Buyer and Buyer's proposed management agent (collectively, the "**HUD Approvals**") and Buyer shall, concurrently therewith, diligently and in good faith submit all applications, documents, financial statements, certificates, agreements, information and fees required by HUD to obtain the HUD Approvals. In addition to the foregoing, Buyer shall satisfy all other requirements imposed by HUD or the applicable Contract Administrator to obtain the HUD Approvals. Buyer shall be responsible at its sole cost and expense for promptly correcting

and re-submitting any deficiencies noted by HUD in connection with the application for HUD Approvals, provided such deficiency is not intentionally caused by Seller or related to an action required by or of Seller. Buyer shall pay all reasonable fees and expenses (including, without limitation, transfer fees, assumption fees, title fees, endorsement fees, and other fees (except as otherwise expressly provided in this Agreement)) imposed or charged by HUD or its counsel in connection with the HUD Approvals (which obligation shall survive the termination of this Agreement and the Closing). Buyer shall be responsible for and pay the cost of any physical inspection report, and, unless this Agreement is terminated on or before the expiration of the Contingency Period, for the cost of any repairs identified therein and required by HUD in connection with the HUD Approvals and the funding of any escrows and reserves, including without limitation, any repair escrows if required in connection with the HUD Approvals, as further provided in this Agreement.

(ii) Seller shall cooperate with Buyer and HUD, at no cost or expense to Seller, in connection with Buyer's application to HUD for HUD Approvals; provided, however, Seller shall be responsible for and shall pay the costs of its own legal counsel, if any, used by Seller in connection with HUD Approvals, any other costs of Seller of reviewing the HUD Approvals, and any and all costs in connection with the prepayment and releases of any existing HUD insured or HUD held mortgage, if any, pursuant to the terms of this Agreement. Seller reserves the right to reject, in Seller's reasonable discretion, the terms and conditions imposed by HUD in connection with the HUD Approvals (including, without limitation, any condition imposed by HUD which would impose liability on Seller or adversely affect the economic remuneration due Seller from the sale contemplated hereby).

(c) Intentionally Deleted.

(d) Title and Survey.

(i) Title Commitment and Survey. Seller shall request that Fidelity National Title Insurance Company, 990 Hammond Dr., Suite 550, Atlanta, GA 30328, Attention: Vanessa W. Dubuc, 770-352-7046, [yvubuc@fnf.com](mailto:yvdubuc@fnf.com) (which company, in its capacity as title insurer hereunder, is herein called the "Title Company") deliver to Buyer, via hard copy or electronic format, a Commitment for Title Insurance or the equivalent in the State where the Property is located (hereinafter, the "**Title Commitment**") and access to all underlying documents of public record identified therein and affecting the Property. Buyer may order, at its own cost and expense, a survey of the Property (the "Survey").

(ii) Permitted Exceptions. The Owner's Policy of Title Insurance issued by the Title Company to the Buyer (the "**Title Policy**") at or shortly after Closing and the Deed shall be subject to all of the following, all of which shall be deemed to be "Permitted Exceptions", but shall contain no additional exceptions: (A) subject to subsections (iii) and (iv) below, all matters shown in the Title Commitment, including, without limitation, any standard exceptions not customarily removed by a title affidavit, (B) the rights of tenants only, without any right to acquire any portion of the Property, under the Leases, (C) the lien to secure taxes and assessments not yet due and payable as of the Closing Date, subject to adjustment as herein provided, (D) Local, state and federal laws, ordinances or governmental regulations, including, but not limited to, building and zoning laws, ordinances and regulations, now or hereafter in effect

relating to the Property; (E) Such state of facts as may be shown on a current survey but deleting any general survey exception and the standard exception for easements, or claims of easements, not shown by the public records and replacing same with all matters disclosed by the Survey (unless Seller agrees to remedy any such matter disclosed by the Survey as further provided herein), (F) Any regulatory, use or similar agreements, which shall continue to bind the Property or Buyer after Closing as required in connection with the HUD Approvals; (G) matters affecting title created by, on behalf of, or with the consent of Buyer; and (H) the HAP Contract.

(iii) Monetary Encumbrances. Notwithstanding the foregoing provisions of this Section 4(d), Seller shall be obligated to cause any mortgages/deeds of trust or similar liens, other monetary liens, mechanic's liens or judgment liens, or fine and penalty assessed for violation of building or other codes to be removed as exceptions to the Title Policy on or before the Closing Date. Seller may use the Purchase Price to effectuate such release concurrently with the Closing. Such actions shall include obtaining a payoff letter at or prior to Closing and leaving a portion of the Purchase Price in escrow to satisfy any of the foregoing liens.

(iv) Objections.

(A) If the Title Commitment discloses any matters which are unacceptable to Buyer (the "**Title Objections**"), Buyer shall notify Seller in writing (the "**Objection Notice**") within thirty (30) days of receipt of the Title Commitment, but not later than the last day of the Contingency Period. The Title Objections shall not include the Permitted Exceptions and any liens, encumbrances or other title exceptions against which the Title Company is willing to provide affirmative insurance (without additional cost to Buyer or Seller) and which do not affect the marketability of the Property. Prior to notifying Seller of any Title Objections, Buyer must endeavor in good faith to cause Title Company to modify and update the Title Commitment to reflect Buyer's requested corrections and revisions. Failure to so timely notify Seller is deemed a waiver of Buyer's rights under this Section 4(d)(iv).

(B) If the Survey discloses any matters which are unacceptable to Buyer (the "**Survey Exceptions**"), Buyer shall notify Seller in writing within ten (10) days after the date Buyer receives the Survey, but in no event later than the last day of the Contingency Period (as hereinafter defined). Any survey matters not disapproved in writing within said time period shall be deemed waived and approved by Buyer and shall be deemed Permitted Exceptions. If Seller fails or refuses to agree to cure the Survey Exceptions prior to the expiration of said time period, Buyer may either: (1) elect to terminate this Agreement pursuant to Section 4(f) below, or (2) alternatively, Buyer may elect to purchase the Property subject to such exception(s) cited in the Buyer's notice of objections to Survey Exceptions.

(C) If the Buyer does not timely deliver the Objection Notice on or before the last day of the Contingency Period, then, except as otherwise provided herein, the state of title to the Property shall be deemed acceptable to Buyer. In the event that the Seller elects not to cure any of the Title Objections in the Objection Notice (no response by Seller shall be deemed an election not to cure), Buyer may either: (1) elect to terminate this Agreement pursuant to Section 4(f) below, or (2) alternatively, Buyer may elect to purchase the Property subject to such exception(s) cited in the Buyer's Objection Notice. Any title matters not disapproved in writing

within said time period shall be deemed waived and approved by Buyer and shall be deemed Permitted Exceptions.

(D) Notwithstanding any other provision herein, any failure of Seller to remove or cause to be removed (whether by insurance, bond or otherwise) any Title Objection or Survey Exception prior to or on the Closing Date, which objection Seller agreed in writing to remove or cause to be removed (whether by insurance, bond or otherwise) after receipt of the applicable Objection Notice, shall be deemed an event of default hereunder.

(E) Buyer may obtain from the Title Company an update to the Title Commitment no later than five (5) days prior to the date of Closing. In the event that any such update discloses any new defect to the Property, which was not caused by Buyer, and such new defect is not already a Permitted Exception, Buyer shall have the right to object to any new defect as outlined in Section 4(d)(iv)(C) above and Seller shall have the same curative rights provided in above. If Seller is unsuccessful in curing or eliminating a new defect prior to Closing, Buyer shall have the rights provided in Section 4(d)(iv)(C) above, and notwithstanding any other provision to the contrary, if the Buyer elects to terminate due to such new defect, the Escrow Deposit and any Extension Payments shall be immediately returned to the Buyer.

(e) Assignment of Service Contracts At Closing, Seller and its property manager shall terminate their property management contract at no cost to Buyer. Despite any other provision of this Agreement, Seller will not assign and Buyer will not assume those Service Contracts that Buyer requests Seller to terminate by written notice delivered to Seller not later than forty five (45) days prior to the Closing Date, provided, however, that Buyer shall be required to assume at Closing the Service Contracts listed on Schedule 4(e) (the “**Surviving Service Contracts**”).

(f) Termination. On or before the date occurring **sixty** (60) calendar days after the Effective Date (such period hereinafter referred to as the “**Contingency Period**”), Buyer may terminate this Agreement for any reason or no reason by giving written notice to Seller and Escrow Agent. Upon such termination, the Escrow Deposit shall be refunded to the Buyer and no party shall have any further rights, duties, obligations or liabilities under this Agreement except those which expressly survive termination of this Agreement. If Buyer fails to timely notify the Seller and Escrow Agent that it no longer intends to acquire the Property on or prior to the Contingency Period, Buyer shall be deemed to have waived its right to terminate pursuant to this Section 4(f) and to have elected to consummate the purchase of the Property pursuant to this Agreement.

5. Representations and Warranties.

(a) Representations, Warranties, and Covenants of Seller. Seller hereby warrants, represents and covenants to Buyer the following statements are true and correct on the date of this Agreement and shall be true and correct on the Closing Date:

(i) Authority. Seller is duly organized, validly existing and in good standing under the laws of the state of its formation. Seller is duly authorized and qualified to do business in the state where the Property is located. Seller has the right and authority to enter into this Agreement and to transfer the Property pursuant to this Agreement. The person signing this

Agreement on behalf of Seller is authorized to do so. This Agreement has been duly authorized, executed and delivered by Seller, is a valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms.

(ii) No Conflicts; Pending Actions. There is no agreement to which Seller is a party or, to Seller's knowledge, that is binding on Seller which is in conflict with this Agreement. To Seller's knowledge, there is no action or proceeding pending or threatened against Seller or relating to the Property other than (A) actions to evict tenants under the Leases in the ordinary course of business, (B) any matter covered by Seller's current insurance policy(ies) and disclosed to Buyer, and (C) matters listed on Schedule 5(a)(ii) attached hereto.

(iii) Leases and Rent Roll. A true, correct and complete list of the Leases is set forth in the rent roll attached as Exhibit C (the "**Rent Roll**"). To Seller's knowledge, there are no material defaults by any tenant under such tenant's Lease. Notwithstanding anything to the contrary contained in this Agreement, Seller does not represent or warrant that any particular Lease will be in force or effect at Closing or that the tenants under the Leases will have performed their obligations thereunder. The termination of any Lease prior to Closing by reason of the tenant's default or for any other reason not constituting a default by Seller under this Agreement shall not affect the obligations of Buyer under this Agreement in any manner or entitle Buyer to an abatement of or credit against the Purchase Price or give rise to any other claim on the part of Buyer. There are no outstanding commissions respecting the rental or lease of any apartments at the Property and there will be none at Closing. Except as set forth in the Rent Roll, no tenant is entitled to rental concessions or abatements for any period subsequent to the scheduled date of Closing. There are no security, pet, key, or other refundable deposits under the Leases, and there are no prepaid rents, other than as shown upon the Rent Roll, as attached hereto, and as is to be updated as of the Closing by Seller.

(iv) Condemnation. To Seller's knowledge, no condemnation proceedings are pending against the Property, nor has any written notice from a governmental authority threatening condemnation been received.

(v) FIRPTA. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986.56

(vi) Bankruptcy. Seller has not filed for itself any petition under Federal bankruptcy law or any Federal or state insolvency laws.

(vii) Environmental. To Seller's knowledge, Seller has not caused the Property to be in violation of, and Seller has received no written notice from a governmental authority with jurisdiction over the Property that the Property is in violation of, any Environmental Law. For purposes hereof, (i) "**Environmental Law**" means any Federal, state, local or administrative agency law, rule, regulation, ordinance or order relating to Hazardous Materials (as defined below), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et. seq.) and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901 et. seq.); and (ii) "Hazardous Material" means any substance, chemical, waste or other material listed as "hazardous" or "toxic" under any Environmental Law, including, without limitation, petroleum

and petroleum byproducts, provided, however, that the term “Hazardous Material” shall not include (x) motor oil and gasoline contained in or discharged from vehicles not used primarily for the transport of motor oil or gasoline, or (y) materials which are stored or used in the ordinary course of a tenant’s occupancy at (or Seller’s, or Seller’s managing agents’ operation of) the Property, and which are stored and used in compliance with all applicable environmental laws and which do not pose any material threat to the environment or person or property. Seller represents and covenants that to Seller’s actual knowledge, with no duty of inquiry, from the date it acquired the Property until the Effective Date, and from the Effective Date to the Closing Date: (a) it has not and it shall not permit the use of the Property for the generation, manufacture, refinement, production, or processing of any Hazardous Material or for the storage, handling, transfer or transportation of any Hazardous Material other than in compliance with Environmental Law; (b) it has not and it shall not install or permit the installation on the Property of any underground storage tanks, surface impoundments or asbestos-containing materials; (c) it has not and it shall not cause any alterations of the Property to be done in violation of any Environmental Law or which resulted or will result in exposure of any persons to Hazardous Material; and (d) it has and it shall, promptly upon obtaining knowledge thereof, provide Buyer with notice of: (A) any failure of the Property to comply with any Environmental Law in any manner whatsoever; (B) the issuance of any notice, complaint or order of violation or non-compliance of any nature whatsoever with regard to the Property or the use thereof with respect to Environmental Laws; or (C) any written notice or knowledge of a pending or threatened investigation that the operations on the Property are not in compliance with any Environmental Laws.

(viii) Prohibited Transactions. Seller is not acting directly for or on behalf of any party that is prohibited from engaging in this transaction due to any United States government embargos, sanctions, or terrorism or money laundering laws, including, without limitation, due to such party being (1) subject to United States government embargos or sanctions, (2) in violation of terrorism or money laundering laws, or (3) listed on a published United States government list (e.g., Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control) or other lists of similar import.

(ix) Accuracy of Financial Statements. To Seller’s knowledge, the financial statements provided (or to be provided) and prepared by Seller do or will accurately and fairly reflect the financial condition and operation of the Property.

(x) Prepayment Approvals. As of the Closing, there shall be no prohibition on Seller paying or prepaying any debt related to the Property, if any, and, other than the HUD Approvals, no consent or approval by any lender, governmental authority or any other person or entity is required in order for Seller to perform its obligations hereunder which will not have been obtained by Seller as of the Closing Date. As of the date hereof, no consent, authorization, license, permit, registration or approval of, or exemption or other action by, any governmental or public body, commission or authority is required in connection with the execution, delivery and performance by Seller of this Agreement, other than the HUD Approvals and prepayment approval of the HUD-insured mortgage loan on the Property.

(xi) Assignment of Leases and Rents. Seller has not previously assigned, transferred, or encumbered (other than by way of a collateral assignment to be released on or prior to the Closing Date) all or any part of its interests in or with respect to the Personal

Property, Leases, and/or Intangible Property, in a manner that will have an adverse impact on Seller's obligations set forth in this Agreement.

(xii) Broker. No broker or finder has been engaged by Seller in connection with the sale contemplated by this Agreement.

(xiii) ERISA. Seller neither is nor is acting on behalf of an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, a "plan" within the meaning of Section 4975 of the Internal Revenue.

(xiv) HAP Contract. The HAP Contract is in full force and effect and neither Seller nor Seller's management agent have received written notice of the occurrence of a default by Seller or Seller's management agent of the terms, covenants or conditions set forth in the HAP Contract.

(xv) Real Estate Tax Contests. There are no pending real estate tax valuation contests or real estate tax appeals currently affecting or pending against the Property and to Seller's actual knowledge, Seller has not received written notice of a proposed change in assessed value of the Property.

(xvi) Compliance with Laws. To Seller's actual knowledge, Seller has not received written notice that the current use and operation of the Property is not in compliance with applicable building codes, local, state and federal laws and regulations.

(b) Representations, Warranties and Covenants of Buyer. Buyer hereby represents, warrants and covenants to Seller the following statements are true on the date of this Agreement and shall be true and correct on the Closing Date:

(i) Authority. Buyer is duly organized and validly exists under the laws of the state of its formation, and, at Closing, shall be qualified to do business in the state in which the Property is located. Buyer has the right and authority to enter into this Agreement. The person signing this Agreement on behalf of Buyer is authorized to do so. The execution and delivery of this Agreement or any other document in connection with the transactions contemplated by this Agreement will not violate any provision of Buyer's organizational documents or of any regulations or laws to or by which Buyer is bound. This Agreement has been duly authorized, executed and delivered by Buyer, is a valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms.

(ii) No Conflicts; Pending Actions. There is no agreement to which Buyer is a party or that is binding on Buyer which is in conflict with this Agreement. To Buyer's knowledge, there is no action or proceeding pending or threatened against Buyer which challenges or impairs Buyer's ability to execute or perform its obligations under this Agreement.

(iii) Financing Contingency. Buyer has adequate financial resources to purchase the Property or is pursuing financing for the purchase of the Property at its sole cost and expense, provided, however, Buyer's obligation to purchase the Property is not contingent upon Buyer's ability to obtain any financing whatsoever. Buyer is solvent, has not made an assignment for the benefit of creditors and has not filed any bankruptcy, reorganization, arrangement,

insolvency or liquidation proceedings, nor has any such proceeding been instituted by or against Buyer.

(iv) ERISA. Buyer neither is nor is acting on behalf of an “employee benefit plan” within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, a “plan” within the meaning of Section 4975 of the Internal Revenue.

(v) Legitimate Business Activities. Buyer’s funds are derived from legitimate business activities that do not violate any applicable law and are from lawful and permissible sources.

(vi) Prohibited Parties. Buyer is not a person with whom Seller is prohibited from engaging in this transaction due to any United States government embargos, sanctions, or terrorism or money laundering laws, including, without limitation, due to Buyer or any party that has ownership in or control over Buyer being (1) subject to United States government embargos or sanctions, (2) in violation of terrorism or money laundering laws, or (3) listed on a published United States government list (e.g., Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control) or other lists of similar import.

(vii) Brokers. No broker, sale consultant or finder has been engaged by Buyer in connection with the sale contemplated by this Agreement.

(viii) 2530 Clearance.

(A) Neither Buyer nor any affiliate of Buyer (as defined in 24 CFR § 200.215) has been debarred, suspended, or voluntarily excluded from participation in any federal grant or procurement program or any program of a state government or agency, or has been the subject of a limited denial of participation issued pursuant to 24 CFR Part 24, Subpart G, or has been denied approval for participation in a HUD project pursuant to 24 CFR Part 200, subpart H, at any time during the ten (10) years preceding the date of this Agreement

(B) No approval of Buyer or any affiliate of Buyer (as defined in 24 CFR § 200.215) for participation in a HUD project pursuant to 24 CFR Part 200, Subpart H, has been delayed for more than thirty (30) days after submission of HUD Form 2530, nor have any of them been denied preliminary approval (or not received preliminary approval within ninety (90) days of application therefor) as transferee under a transfer of physical assets application or proposed assignment of any Housing Assistance Payments Agreement requiring full or modified review, in each case within the 12 calendar months preceding the date of this Agreement

(ix) No Reliance. Other than the representations of Seller expressly set forth in this Agreement, Buyer has not relied on any representation or warranty made by Seller or any representative of Seller (including, without limitation, Broker) in connection with this Agreement and the acquisition of the Property.

(x) Solicitation of Employees. Not earlier than ten (10) days prior to Closing, neither Buyer nor any of its agents, consultants or representatives shall, without the express written consent of Seller, solicit any employee of the Property (or any of Seller's affiliates'

employees located at any property owned by such affiliates) for potential employment.

(c) References to the “**knowledge**” of a party shall refer only to the current and actual knowledge, without investigation or inquiry, on the Effective Date of Seller’s Designated Representatives and Buyer’s Designated Representatives (as hereinafter defined), as applicable. The term “**Seller’s Designated Representatives**” shall refer to **Gregory F. Perlman**. The term “**Buyer’s Designated Representatives**” shall refer to **Greg Gossard**. In no event shall either party have any personal claim against the other parties’ Designated Representatives as a result of the reference thereto in this Section 5.

(d) Limitations. The representations and warranties of Seller and Buyer set forth in Sections 5(a) and 5(b), respectively, survive Closing for six (6) months (the “**Limitation Period**”). Seller’s liability for breach of any representation or warranty with respect to the Property is limited to claims in excess of an aggregate \$10,000.00 and Seller is liable only to the extent that such aggregate exceeds such figure. Seller’s aggregate liability for claims arising out of such representations and warranties must not exceed \$250,000.00. If Buyer learns of such breach by Seller after the Closing, Buyer shall provide written notice to Seller prior to the expiration of the Limitation Period of any alleged breach of such covenants, indemnities, warranties or representations and shall allow Seller thirty (30) days within which to cure such breach, or, if such breach cannot reasonably be cured within thirty days, an additional reasonable time period, so long as such cure has been commenced within such thirty days and is being diligently pursued. If Seller fails to cure such breach after written notice and within such cure period, Buyer's sole remedy shall be an action at law for actual damages as a consequence thereof, which must be commenced, if at all, within thirty (30) days after the end of the Limitation Period; provided, however, that if within the Limitation Period Buyer gives Seller written notice of such a breach and Seller notifies Buyer of Seller's commencement of a cure, commences to cure and thereafter terminates such cure effort, Buyer shall have an additional thirty (30) days from the date Buyer learns of such termination within which to commence an action at law for damages as a consequence of Seller's failure to cure. The Limitation Period referred to herein shall apply to known as well as unknown breaches of such warranties or representations. Buyer's waiver and release set forth in Section 7(e) shall apply fully to liabilities under such covenants, indemnitees, representations and warranties and is hereby incorporated by this reference. Buyer specifically acknowledges that such termination of liability represents a material element of the consideration to Seller.

(e) Notwithstanding anything to the contrary, no claim for a Seller breach of a representation or warranty is actionable if prior to Closing Buyer has knowledge of the breach, or of the condition, state of facts or other matters relating to the breach (the “**Exception Matters**”). Should Buyer obtain knowledge of an Exception Matter before the end of the Contingency Period, then Buyer’s failure to terminate the Agreement under Section 4(f) is deemed a Buyer waiver of the breach of that representation or warranty. Should Buyer first obtain knowledge of an Exception Matter after the end of the Contingency Period and Buyer closes, then Closing is deemed a Buyer waiver of the breach of that representation or warranty.

(f) Seller’s Covenants. Seller covenants with Buyer, from the Effective Date until the Closing or earlier termination of this Agreement, as follows:

(i) Operation of Property. Seller shall operate and maintain the Property in a manner generally consistent with the manner in which Seller has operated and maintained the Property prior to the Effective Date, ordinary wear and tear, casualty and condemnation excepted.

(ii) Provide Copies of Notices. Seller shall furnish Buyer with a copy of all written and material notices received by Seller from any governmental authority or other party of any alleged violation of any law, statute, ordinance, regulation or order of any governmental or public authority relating to the Property following Seller's receipt thereof.

(iii) Execution of New Contracts. After the Contingency Period, Seller shall not, without Buyer's prior written consent in each instance, enter into any contract or agreement (other than a Lease) that will be an obligation affecting the Property or binding on Buyer after the Closing and which is not terminable upon thirty (30) days' notice or less, without the consent of Buyer which shall not be unreasonably withheld, conditioned or delayed. Any new service contract or lease entered into by Seller shall constitute a "**Service Contract**" or "**Leases**", respectively, for purposes of this Agreement.

6. **Closing Conditions.**

(a) Seller's and Buyer's obligations to consummate the transactions contemplated by this Agreement are conditioned upon fulfillment of the following conditions, each of which may be waived by the party whose obligation to close is conditioned on the fulfillment of such condition:

(i) Representations and Warranties. All of the representations and warranties of the other party shall be true and correct in all material respects, both as of the date of this Agreement and as of the Closing Date.

(ii) Conditions Precedent. All other conditions precedent to each party's obligation to consummate the transactions contemplated by this Agreement shall have been satisfied on or before the applicable date specified for satisfaction of the applicable condition.

(iii) Seller Financing. At Buyer's option, Seller shall finance a portion of the Purchase Price equal to \$850,000.00, to be evidenced by a promissory note, the repayment of which is secured by a purchase money mortgage or deed of trust, as applicable in the state where the Property is located, due on sale of the Property at **eight percent (8%)** interest per annum for a term of **two (2) years** and on such other terms and conditions reasonably agreed to by the parties. Buyer shall provide to Seller a lender's policy of title insurance in the amount of the indebtedness to the Seller and shall pay for such policy at Closing.

(b) Except as otherwise provided herein, should any of the foregoing conditions benefiting a party have not been satisfied on or before the applicable date specified for satisfaction of the applicable condition and so long as that party is not in default under this Agreement, such party may either (i) terminate this Agreement by written notice to the other party or (ii) extend the Closing Date by up to ten (10) business days to allow the other party to satisfy the condition. Upon such termination, Escrow Agent shall refund the Escrow Deposit to Buyer and the parties shall have no further rights, duties or obligations under this Agreement, other than those which are

expressly provided in this Agreement to survive the termination of this Agreement; provided, however, that if any of the foregoing conditions has not been satisfied due to a default by Buyer or Seller, then Buyer's and Seller's respective rights, remedies and obligation shall be determined in accordance with Section 11.

7. Closing.

(a) Closing of Sale. The purchase and sale contemplated herein shall close (the "**Closing**") by the mutual exchange of documents through Escrow Agent (at the address shown in Section 10, not later than one hundred fifty (150) days after the Effective Date (the "**Closing Date**"). Buyer may extend the Closing Date for one (1) or two (2) additional thirty (30) day periods (each, an "**Extension Period**"), by providing Seller with Notice ("**Extension Notice**"). Any Extension Notice must be received by Seller no less than five (5) days prior to the then effective Closing Date. Buyer shall deposit with Escrow Agent an additional deposit of Twenty Thousand Dollars (\$20,000.00) (each payment, an "**Extension Payment**") for each thirty (30) day period that the Closing Date is extended, payable with each Extension Notice. The Extension Payment paid by the Buyer shall be applied to the Purchase Price, shall be released directly to Seller by Escrow Agent immediately upon receipt, and shall be non-refundable to the Buyer except in the event of a Seller default hereunder

(b) Prorations; Adjustments. All income and operating expenses (other than for debt service, insurance premiums, or compensation, benefits or fees due, accruing, deferred or outstanding to any employee or under any property management or affiliate agreements, which shall be paid by Seller at Closing), shall be prorated (utilizing the actual number of days remaining in such month or year, as applicable) by Buyer and Seller as of 11:59 p.m. PST on the day prior to the Closing Date.

(i) All income will be prorated on the basis of income actually received by Seller, as opposed to income that is due. For a period not to exceed ninety (90) days after the Closing Date, (A) Buyer will pay amounts subsequently received by it from tenants or any other payor constituting rent or other income due from tenants and attributable to Seller's period of ownership, but not collected as of the Closing Date, to Seller promptly upon receipt; provided that amounts received from tenants by Buyer will be first applied to current charges, second to rents attributable to any period after the Closing which are past due on the date of receipt and the balance will be applied to delinquent payments as of the Closing due to Seller; (B) If Seller receives any tenant rents or other income after Closing for periods attributable to or after Closing, Seller shall pay such amounts to Buyer; (C) If tenant rents or other income received by Buyer include amounts attributable to adjustments for periods prior to Closing, Buyer will pay such amounts to Seller; and (D) In connection with any delinquent rents that exist as of the Closing Date, Buyer covenants and agrees with Seller to continue to use commercially reasonable efforts to collect the same on behalf of Seller (net of all costs and expenses, including reasonable attorney's fees incurred by Buyer in connection with such collection efforts); provided, however, Buyer shall have no duty to engage a collection agency, hire an attorney or initiate any legal action. During the first six (6) months after the Closing, in the event HUD deducts or otherwise limits Housing Assistance Payments that would otherwise be made to the Buyer as a result of a default, violation or breach by Seller or PK Management LLC of the HAP Contract or applicable federal (and HUD) rules, regulations or requirements arising or occurring on or after the date the Seller acquired the Property and prior to

the Closing Date, including but not limited to receipt by Seller of duplicate Housing Assistance Payments or receipt of Housing Assistance Payments or other income by Seller for tenants no longer renting space at the Property, then Seller shall reimburse Buyer an amount equal to such deductions no later than ten (10) business days of Buyer's written request, provided that such request is accompanied by supporting documentation. The provisions of this paragraph shall survive the Closing for six (6) months only. Following the Closing, Seller shall maintain its HAP Contract Depository Account ("Seller's Account") open for 90 days in order to provide sufficient time for HUD to re-direct future HAP Contract voucher payments to Buyer's designated depository account. Following the Closing, Seller promptly shall remit to the Buyer's designated account funds deposited into the Seller's Account after Closing and attributable to periods after Closing. The provisions of this paragraph shall survive the Closing for a 90-day period.

(ii) At Closing, Buyer shall receive a credit against the Purchase Price in an amount equal to the received and unapplied balance of all cash (or cash equivalent) tenant security deposits and prepaid rents, including, but not limited to, security, damage or other refundable deposits paid by any of the tenants to secure their respective obligations under the Leases, together, in all cases, with any interest payable to the tenants thereunder as may be required by their respective Lease or state law and Seller shall retain any cash (or cash equivalents) which constitute tenant security deposits, prepaid rents and other refundable deposits in exchange for the foregoing credit against the Purchase Price, but the obligation with respect to the tenant security deposits nonetheless shall be assumed by Buyer.

(iii) General, special, ad valorem, personal property, and other property taxes and assessments imposed by any governmental authority and any association assessments, fees and dues (collectively, the "Taxes") for the then-current calendar year should be prorated. If the Closing Date occurs prior to the receipt by Seller of all tax bills for the calendar year, Buyer and Seller will prorate Taxes for such calendar year based on the previous year and a post-closing "true-up" shall take place once all tax bills for the calendar year are received. Buyer will pay all increases in Taxes due to the change in ownership or use of the Property, and the same will not be prorated.

(iv) All utility bills for the Property shall be prorated. Seller shall attempt to have all utility meters read as of the Closing Date. In the event Seller has not received utility bills through the Closing Date, utilities shall be prorated based on the most recent bills and a post-closing "true-up" shall take place within ninety (90) days of Closing. Buyer shall pay to Seller all utility deposits paid by Seller with respect to the Property unless refunded to Seller.

(v) Buyer shall assume, to the extent assignable, the Surviving Service Contracts and all payments required under the Surviving Service Contracts shall be prorated.

(vi) Any other operating expenses or other items pertaining to the Property which are customarily prorated between a purchaser and a seller in comparable commercial transactions in the area in which the Property is located shall be prorated according to local custom. Any item that cannot be finally prorated because of the unavailability of information shall be tentatively prorated on the basis of the best data then available and reprorated when the information is available. In the event any prorations or apportionments made shall prove to be incorrect for any reason, then any party shall be entitled to prompt reimbursement based on such

adjustment to correct the same provided a written request identifying the error in reasonable detail is given to the other party as soon as practicable after Closing; provided, however, that neither party shall have any obligation to re-adjust any items after the expiration of ninety (90) days after Closing.

(vii) The provisions of this Section 7(b) shall survive the Closing and delivery of the Deed to Buyer for the aforementioned adjustment periods.

(c) Closing Costs. Seller shall be charged the following amounts at Closing: (i) one-half (1/2) of the escrow fee, (ii) the cost of all recordation, transfer, deed transfer or grantor taxes and fees in connection with the recordation of the Deed owed to any state, county or city taxing authority or instrumentality, and (iii) the cost to remove any monetary encumbrances from the Title Policy (not caused by Buyer) and associated recording costs. Buyer shall be charged the following amounts at Closing: (i) the cost of the Title Policy, title search and examination fees, ALTA Extended Coverage and endorsements to the Title Policy which Buyer may require and the cost of any title insurance policy or endorsements thereto which may be required by Buyer's lender, tax credit investor(s) and/or equity provider, (ii) any mortgage and state and city sales, use and excise taxes or similar recordation and mortgage tax stamps, (iii) recording costs with respect to any documents which Buyer is required to cause to be recorded against the Property, (iv) the cost of any survey required by Buyer or Buyer's lender and/or equity provider, (v) one-half (1/2) of the escrow fee and (vi) the cost of all recording fees owed in connection with the recordation of any other Closing documents (other than the cost to record the Deed and any satisfactions with respect to monetary encumbrances, which recording costs shall be paid by Seller). Seller and Buyer shall each be responsible for the legal fees and expenses incurred by their respective counsel. The provisions of this Section 7(c) shall survive the termination of this Agreement and the Closing.

(d) Closing Documents.

(i) Seller's Closing Documents. As part of the Closing, Seller will deliver to the Escrow Agent:

(a) a duly executed Limited Warranty Deed conveying fee simple title (the "**Deed**"), subject only to the Permitted Exceptions, in substantially the form attached as **Exhibit D**;

(b) two (2) duly executed counterparts of an Assignment, Assumption and Bill of Sale in substantially the form attached as **Exhibit E** ("**Bill of Sale**");

(c) three (3) duly executed counterparts of an Assignment, Assumption and Amendment of Section 8 Housing Assistance Contract in substantially the form attached as **Exhibit F** or as required by HUD ("**HAP Contract Assignment**") which Seller acknowledges may be required to be executed prior to Closing and which may not be delivered at Closing through the Escrow Agent but will be a closing delivery;

(d) an executed counterpart of a notice (the "**Tenant Notice**"), which Buyer shall send to each tenant under each of the Leases informing such tenant of the sale of the Property and of the assignment to Buyer of Seller's interest in, and obligations under, the Leases and directing that all rent and other sums payable after the Closing under each such Lease

shall be paid as set forth in the notice;

(e) such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Seller;

(f) an affidavit duly executed by Seller and in customary form that Seller is not a foreign person within the meaning of Federal Foreign Investment in Real Property Tax Act of 1980 and the 1984 Tax Reform Act;

(g) a title insurance affidavit as is customarily required by the Title Company, duly executed by Seller, in the form and content satisfactory to Seller and the Title Company and sufficient to allow the Title Company to remove the standard exceptions from the Title Commitment (other than the exception for matters that would have disclosed by a survey if a survey is not ordered);

(h) an executed counterpart of the settlement statement setting forth the amounts paid by or on behalf of or credited to Buyer and Seller;

(i) a Georgia Form PT-61 Transfer Tax Affidavit;

(j) a Georgia Form Residency Affidavit; and

(k) such other documents, affidavits, certificates, instruments or writings reasonably required to consummate the transactions contemplated herein.

At the Closing, Seller also shall deliver to Buyer: (A) all keys and original or copies if originals are not available of the Leases, the Service Contracts, warranties, licenses and permits, if any, in Seller's possession, together with material leasing and property files and records which are in Seller's possession (provided that Seller may retain copies of any such files and documents as it deems necessary); and (B) possession and occupancy of the Property subject to the Permitted Exceptions and rights of tenants and occupants.

(ii) Buyer's Closing Documents. As part of the Closing, Buyer will deliver the following to the Escrow Agent:

(a) good federal funds in an amount equal to the Purchase Price, less the Escrow Deposit (which shall be delivered by Escrow Agent to Seller at Closing) and plus or minus prorations and adjustments as provided for herein;

(b) three (3) duly executed counterparts of the HAP Contract Assignment subject to 7(d)(i)(c);

(c) an executed counterpart of the Tenant Notice;

(d) such evidence as the Seller or the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Buyer;

(e) an executed counterpart of the settlement statement setting forth the amount paid by or on behalf of or credited to Buyer and Seller;

(f) a promissory note and mortgage to evidence the financing set forth in Section 6(a)(iii) of this Agreement, in form and substance reasonably approved by the Seller and the Buyer; and

(g) all other documents, affidavits, certificates, instruments or writings which may be reasonably required to consummate the transactions contemplated herein.

(e) “AS-IS”.

(i) **AS A MATERIAL PART OF THE CONSIDERATION FOR THE TRANSACTION CONTEMPLATED UNDER THIS AGREEMENT, BUYER AND SELLER EXPRESSLY STIPULATE AND AGREE THAT BUYER SHALL ACCEPT THE PROPERTY “AS IS” AND “WITH ALL FAULTS,” WHETHER LATENT, PATENT OR DETECTABLE OR NOT, EXCEPT TO THE EXTENT SELLER HAS OTHERWISE MADE AN EXPRESS REPRESENTATION, WARRANTY OR COVENANT HEREIN, AND BUYER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, SELLER MAKES AND HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WITH REGARD TO COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS INCLUDING, BUT NOT LIMITED TO, THOSE PERTAINING TO THE HANDLING, GENERATING, TREATING, STORING OR DISPOSING OF ANY HAZARDOUS WASTE OR SUBSTANCE), THE FITNESS OF THE PROPERTY FOR ANY INTENDED USE OR PURPOSE, THE WORKMANSHIP OR MATERIALS USED IN THE IMPROVEMENTS ON THE PROPERTY, OR THE PRESENT OR FUTURE INCOME THAT MAY BE GENERATED FROM THE PROPERTY, OTHER THAN WITH RESPECT TO THE WARRANTY OF TITLE SELLER AGREES TO DELIVER IN THE DEED REQUIRED UNDER THE PROVISIONS OF THIS AGREEMENT.**

(ii) **EXCEPT FOR THE REPRESENTATIONS, WARRANTIES, AND COVENANTS SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, BUYER ACKNOWLEDGES THAT IT IS NOT RELYING UPON ANY REPRESENTATIONS, STATEMENTS, ASSERTIONS OR NON-ASSERTIONS BY SELLER WITH RESPECT TO THE CONDITION OF THE PROPERTY, BUT IS RELYING UPON ITS OWN INVESTIGATION AND EXAMINATION OF THE PROPERTY. BUYER REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED BUYER OF REAL ESTATE, AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF BUYER’S CONSULTANTS IN PURCHASING THE PROPERTY. BUYER, WITH BUYER’S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT, AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF.**

(iii) In providing the Due Diligence to Buyer, except as expressly provided in this Agreement, Seller makes no representation or warranty, express, written, oral, statutory, or implied, and all such representations and warranties are hereby expressly excluded and disclaimed. Recognizing that the Due Diligence delivered or made available by Seller pursuant to this Agreement may not be complete and are those that are readily and reasonably available to Seller, Buyer shall not in any way be entitled to rely upon the completeness or accuracy of such Due Diligence and will instead in all instances rely exclusively on its own inspections and consultants with respect to all matters which it deems relevant to its decision to acquire, own and operate the Property.

8. Escrow Agent.

(a) This section sets forth all of the responsibilities of the Escrow Agent pursuant to this Agreement, and the parties agree that such duties are ministerial in nature. However, Escrow Agent's signature hereon shall not be a prerequisite to the binding nature of this Agreement on Buyer and Seller. Escrow Agent is expressly authorized to rely upon a notice delivered to it by Buyer without any duty to investigate the sufficiency, manner of execution, or validity of any such notice. Escrow Agent shall not be required to determine whether or not the terms and conditions of this Agreement have been complied with by the parties. Escrow Agent shall not at any time be held liable for actions taken or omitted to be taken in good faith and without gross negligence. Escrow Agent is hereby relieved of all liability under this Agreement except for fraud, gross negligence, or willful misconduct. The parties agree to save and hold Escrow Agent harmless from any loss and from any claims or demands arising out of its actions hereunder and hereby agree to indemnify Escrow Agent from any claims or demands for losses arising out of its activities hereunder, including without limitation, court costs, reasonable attorney's fees, and expenses. The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing delivered to the Escrow Agent signed by Buyer and Seller.

(b) Buyer and Seller acknowledge and agree that except as otherwise specifically provided herein with respect to HUD Approvals any and all documents to be delivered at or as of Closing shall be dated as of the date of the disbursement of the Purchase Price to Seller, and, if necessary, any and all such documents that have been delivered undated, incorrectly dated or with incomplete dates may be dated, corrected or completed with the date of the disbursement of the Purchase Price to Seller, by Escrow Agent or Seller, either by completing any blanks or correcting any dates. Buyer hereby authorizes Seller and Escrow Agent to make any necessary completion and correction, as applicable, to conform the dates of such documents as aforesaid. The provisions of this subsection 8(b) shall survive the Closing and delivery of the Deed to Buyer.

9. Condemnation and Casualty.

(a) Condemnation. If, prior to Closing, a governmental authority initiates action to take the Property or a portion thereof by eminent domain proceedings, then, if the value of the part of the Property acquired, or to be acquired, is more than \$250,000.00, Buyer may by giving written notice within ten (10) days after Buyer's receipt from Seller of notice of the occurrence of such event (1) terminate this Agreement without further liability to Buyer, upon which the Escrow Agent will return the Escrow Deposit to Buyer and neither party shall have any obligation to the other under this Agreement, except as expressly provided herein or (2) continue to Closing. Should

Email: greg@ghchousing.com
Email: clarice@ghchousing.com

As to Buyer:

The Hampstead Group, Inc.
1350 Columbia Street, Suite 802
San Diego, CA 92101
Attn: Greg Gossard
Phone: (619) 543-4204
Fax: (619) 543-4220
Email: greg@hampstead.com with a copy to
legal@hampstead.com

As to Escrow
Agent:

Fidelity National Title Insurance Company
990 Hammond Drive, Suite 550
Atlanta, Georgia 30328

Attn: Vanessa Dubuc
Phone: (770) 352-7046
Fax: (404) 496-7229
Email: vdubuc@fnf.com

Any such notices may be sent by: (a) certified mail, return receipt requested, in which case notice will be deemed delivered three (3) business days after deposit, postage prepaid in the U.S. mail; or (b) a nationally recognized overnight courier, in which case notice will be deemed delivered one (1) business day after deposit with such courier; or (c) email transmission provided that (i) notices sent by email transmission shall be followed by delivery of such notice by regular mail or pursuant to subclause (a), (b) or (d) of this section and (ii) notices sent by email transmission on a day other than a business day, or after 5:00 p.m. PST on a business day, shall be deemed given on the first business day following the date of transmission; or (d) personal delivery. All notices must be sent to each party in the same manner and at the same time. The above addresses and facsimile numbers may be changed by notice to the other party; provided that no notice of a change of address or facsimile number will be effective until actual receipt of such notice. Notice to an attorney for a party shall be deemed sufficient and proper notice to the party represented by such attorney.

11. Remedies for Non-Performance; Attorney's Fees.

(a) In the event the transaction herein provided shall not Close by reason of a default by Seller under this Agreement (all other conditions to Closing having been materially satisfied or waived by the party benefitting from the condition) or in the event any fact, occurrence or circumstance occurs which causes any of Seller's representations or warranties to be false or untrue, in any material respect, which has not been cured within ten (10) days after Buyer's written notice thereof to Seller then Buyer may as Buyer's sole and exclusive remedies either (i) terminate this Agreement and receive back the Escrow Deposit and all interest earned thereon as its sole recoverable damages, OR (ii) seek specific performance within ninety (90) days of the Closing Date, provided that any conveyance of the Property through an action for specific performance shall remain subject to the approval of HUD. If specific performance is not available as a remedy

hereunder due solely to Seller's willful or intentional breach hereunder, then, upon termination of this Agreement by Buyer, in addition to receiving the immediate return of the Escrow Deposit, anything in the Agreement contained to the contrary notwithstanding, Buyer shall also receive from Seller, upon demand, Buyer's actual, documented out-of-pocket costs and expenses associated with conducting its due diligence relating to the Property (but expressly excluding legal fees incurred in connection with negotiating this Agreement). By electing either of these remedies, Buyer is expressly waiving any right to pursue Seller for any other damages—compensatory or punitive and further provided that Buyer shall have no right to bring a suit for specific performance unless Buyer (i) was not in default under this Agreement, and (ii) tendered performance on its part. This Agreement confers no present right, title or interest in the Property to Buyer and Buyer agrees not to, and waives its right to, file a lis pendens or other similar notice against the Property except in connection with, and after, the filing of a suit for specific performance.

(b) If (a) this Agreement is not terminated on the terms and conditions hereof and Buyer defaults in its obligations hereunder to (i) deliver an Extension Payment if Buyer elects to extend the Closing Date pursuant to Section 7(a), (ii) close on the sale of the Property on or before the Closing Date (all other conditions to Closing having been satisfied or waived by the party benefitting from the condition), or (iii) Buyer otherwise defaults in a material respect and any of such default under this clause (iii) continues for more than ten (10) days after written notice from Seller, or (b) if this Agreement is not otherwise terminated and the HUD Approvals are denied or not obtained on or prior to the Closing Date, then at Seller's election, as Seller's sole and exclusive remedy, Buyer shall forfeit the Escrow Deposit, and the Escrow Agent shall deliver the Escrow Deposit to Seller, this Agreement shall terminate, neither party shall be obligated to proceed with the purchase and sale of the Property, and the Agreement shall be of no further force and effect subject to and except for the provisions intended to survive a termination of this Agreement. The Escrow Deposit is liquidated damages and recourse to the Escrow Deposit is, except for Buyer's indemnity obligations under Section 4(a)(ii) and confidentiality obligations hereunder, Seller's sole and exclusive remedy for Buyer's failure to perform its obligation to purchase the Property or breach of a representation or warranty and Seller hereby expressly waives any right to pursue Buyer for any other damages—compensatory or punitive. The parties acknowledge that the aforesaid liquidated damages are reasonable and do not constitute a penalty and are being agreed upon due to the difficulty of calculating the actual amount of damages that Seller might sustain in the event of a default by Buyer and termination of this Agreement.



Seller's Initials



Buyer's Initials

(c) In addition, in the event Closing does not occur for any reason other than a default by Seller, Buyer shall deliver to Seller upon request, complete copies (with all appendices and exhibits) of all due diligence reports, evaluations and investigations involving only environmental testing or soil testing of the Property, surveys and title searches in Buyer's possession or control but excluding (i) any confidential internal memoranda of Buyer with respect to the Property, and (ii) any such reports or materials performed on Buyer's behalf by third parties, which pursuant to their terms, are privileged, confidential or proprietary (without representation or warranty and with a disclaimer of reliance). The obligations of the parties contained herein are intended to be binding only on the parties and resort shall not be had to the private properties of any of the managers or members of such party and any manager or member of such party shall

have no personal liability pursuant to this Agreement or any document executed in connection with the transactions contemplated by this Agreement. Notwithstanding any limitation on remedies or amounts recoverable set forth elsewhere herein, if any action is brought by either party against the other party, the prevailing party will be entitled to recover court costs incurred and reasonable attorney's fees at trial, upon appeal and on any petition for review. The limitations set forth in this section shall survive the termination of this Agreement and delivery of the Deed.

12. Miscellaneous.

(a) Parties Bound; Governing Law. Subject to the foregoing, this Agreement is binding upon and shall inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties. This Agreement shall be governed by and interpreted in accordance with the substantive, internal laws of the State where the Property is located without giving effect to conflict of laws principles thereof, and shall not be construed strictly against the drafter thereof.

(b) Assignment. Prior to Closing, Buyer shall have the right to assign this Agreement to an entity in which the Buyer or any of the members or managers of Buyer as of the date hereof have control as general partner, manager or managing member or an ownership interest, provided that Buyer delivers to Seller no later than ten (10) days prior to the Closing Date a written assignment and assumption agreement under which the assignee assumes all of Buyer's obligations under this Agreement and the Buyer is not released from its liability hereunder; provided further that there shall not be any increase in Seller's obligations. Except as provided in the foregoing sentence, Buyer shall have no right to assign or transfer its rights under this Agreement except with Seller's prior written consent, which Seller may withhold in its sole and absolute discretion. Seller shall have no obligation to respect any assignment in violation of this Section and such an assignment shall constitute a material breach of this Agreement on the part of Buyer. No assignment shall relieve or excuse Buyer of its obligations and liability hereunder. Seller's consent to any one assignment shall not be deemed consent to any other assignment or a waiver of the requirement for its consent to any other assignment.

(c) Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event, after which the designated period of time begins to run, is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday (i.e., a day on which federally chartered banks are not open for business). The last day of any period of time described herein shall be deemed to end at 5:00 p.m. on the last day of such period of time. All days other than Saturdays, Sundays and legal holidays on which federally chartered banks are closed are business days hereunder. Any reference to time of day shall mean Eastern Standard Time.

(d) Modifications; Entire Agreement; Severability; Time of the Essence. This Agreement may only be amended by a writing signed by Buyer and Seller (and Escrow Agent but only to the extent the rights and responsibilities of Escrow Agent are affected by such amendment). This Agreement and any other document to be furnished pursuant to the provisions hereof embody the entire agreement and understanding of the parties hereto as to the subject matter contained

herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings other than those expressly set forth or referred to in such documents. This Agreement and such documents supersede all prior agreements and understandings among the parties with respect to the subject matter hereof. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. Time (including, without limitation, the date specified as the Closing Date) is of the essence of this Agreement.

(e) Facsimile, Electronic and Counterpart Signatures. Executed copies of this Agreement or any amendments hereto delivered via facsimile or other electronic means, including email, shall be binding upon the parties, and copies of signatures appearing hereon or on any amendments hereto shall be deemed to be original signatures. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(f) Tax Deferred Exchange. Each party shall cooperate with the other party in the event a party hereto elects to close the sale of the Property as part of a tax-deferred exchange under and pursuant to Section 1031 of the Internal Revenue Code, as amended and restated; provided, that, (i) such exchange shall not impose upon the non-exchanging party any additional liability or financial obligation related to or arising from the exchanging party's exchange and the exchanging party shall hold the non-exchanging party harmless from any loss or liability arising from such exchange, and (ii) the consummation of a tax-deferred exchange shall not be a condition precedent to the exchanging party's obligations hereunder, and (iii) the Closing shall not be delayed or affected by reason of the tax-deferred exchange nor shall the consummation or accomplishment of the tax-deferred exchange be a condition precedent or condition subsequent to either party's obligations under this Agreement.

(g) Lead Based Paint Disclosure. Every Buyer of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

(h) ADA Disclosure. Buyer acknowledges that the Property may be subject to the federal Americans With Disabilities Act, 42 U.S.C.A. §§ 12101-12213 (as amended from time to time, the "ADA") and the federal Fair Housing Act, 42 U.S.C.A. §§ 3601-3619, 3631 (as amended from time to time, the "FHA"). The ADA requires, among other matters, that tenants and/or owners of "public accommodations" remove barriers in order to make the Property accessible to disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons. Except as set forth in Section 5(a)(xvi), Seller makes no warranty, representation or guarantee of any type or kind with respect to the Property's compliance with the

ADA or the FHA (or any similar state or local law), and Seller expressly disclaims any such representation.

(i) Radon Notice. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN THE STATE WHERE THE PROPERTY IS LOCATED. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

[Remainder of page intentionally blank – Signatures on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date, intending to be legally bound.

Seller:

Southwood Investors, LLC, a Delaware limited liability company

By: Southwood Investors Manager, LLC,
a Delaware limited liability company, its Manager

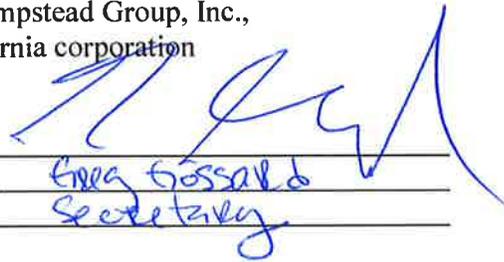
By: 

Name: Gregory F. Perlman

Its: Manager

Buyer:

The Hampstead Group, Inc.,
a California corporation

By: 

Name: Greg Gossard

Its: Secretary

LIST OF EXHIBITS

EXHIBIT A	LEGAL DESCRIPTION
EXHIBIT B	DUE DILIGENCE LIST
EXHIBIT C	RENT ROLL
EXHIBIT D	DEED
EXHIBIT E	BILL OF SALE
EXHIBIT F:	HAP ASSIGNMENT

EXHIBIT A

LEGAL DESCRIPTION FOR SOUTHWOOD APARTMENTS

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lots 142 and 147 of the 12th District, 2nd Section of Clayton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point on the westerly right-of-way of Trammell Road (right-of-way width varies) being 625 feet north of the intersection of westerly right-of-way of Trammell Road and the northerly right-of-way of Old Rex Morrow Road (having a 50' right-of-way); running thence South 89 degrees 16 minutes 07 seconds East a distance of 9.15 feet from a 1/2" rebar found on westerly right-of-way line of Trammell Road to the TRUE POINT OF BEGINNING.

From the True Point of Beginning, as thus established, proceed

1. North 89 degrees 16 minutes 07 seconds West for a distance of 568.95 feet along the northerly margin of property now or formerly owned by Donald E. and Rhonda S. Towe as recorded in [Deed Book 1729 and Page 704](#), (Clayton County, Georgia Records) to a 1/2" rebar found on the northwesterly corner of last said property;
2. Thence South 12 degrees 04 minutes 10 seconds East for a distance of 539.87 feet along the westerly margins of last said property and property now or formerly owned by Delane M. Thomas and others, as recorded in [Deed Book 3903, Page 211](#) (said records), and property now or formerly owned by Jerry M. and Becky M. Griffin, as recorded in Deed Book 944, Page 430 (said records), to a 2" open top pipe found on the northwesterly corner of property now or formerly owned by First Horizon GSMS 2004-04, as recorded in [Deed Book 9738, Page 631](#) (said records);
3. Thence South 04 degrees 54 minutes 46 seconds East for a distance of 149.92 feet along last said property to a 1/2" rebar found on the northerly margin of property now or formerly owned by Hermelo Yanez-Badillo as recorded in [Deed Book 9286, Page 296](#) (said records);
4. Thence South 86 degrees 55 minutes 56 seconds West for a distance of 265.55 feet along the northerly margins of last said property and property now or formerly owned by Beverly J. Wilson, as recorded in [Deed Book 1647, Page 674](#) (said records) to capped half-inch rebar set on the easterly margin of property now or formerly owned by Rosa L. Branan, as recorded in Deed Book 646 and Page 163 (said records);
5. Thence North 09 degrees 37 minutes 35 seconds West for a distance of 210.00 feet along the easterly margins of last said property and property now or formerly owned by Kern G. Mauldin, as recorded in [Deed Book 1951, Page 574](#) (said records) to a capped half-inch rebar set on the northeasterly corner of last said property;
6. Thence South 84 degrees 25 minutes 47 seconds West for a distance of 209.31 feet along the northerly margin of last said property to an angle iron found on the easterly margin of property now or formerly owned by New Life Community Missionary Baptist Church, as recorded in [Deed Book 8935, Page 308](#) (said records);
7. Thence North 11 degrees 00 minutes 00 seconds West for a distance of 612.96 feet along the easterly margin of last said property to a capped half-inch rebar set on the southeasterly corner of property now or formerly owned by Morrowood Townhouses, LLC, as recorded in [Deed Book 6432, Page 93](#) (said records), and the common land lot line of Land Lots 142 and 147;

8. Thence North 09 degrees 29 minutes 38 seconds West for a distance of 301.05 feet, along the easterly margin of last said property to a half-inch rebar set on an interior corner of last said property;

9. Thence North 83 degrees 19 minutes 54 seconds East for a distance of 1149.38 feet along a southerly margin of last said property to a capped half-inch rebar set on the westerly right-of-way line of Trammell Road;

10. Thence along the westerly right-of-way of Trammell Road South 02 degrees 29 minutes 07 seconds West for a distance of 535.07 feet to a capped half-inch rebar set and THE TRUE POINT OF BEGINNING.

Containing within said bounds 18.391 acres (801,131 square feet) more or less

Together with a Sewer Easement from Clark and Wall, Inc. to Southwood Apartments, Ltd., dated May 7, 1971, filed for record May 11, 1971, and recorded in Deed Book 606, Page 30, Clayton County, Georgia records more particularly described as follows:

BEGINNING at an iron pipe on the northerly boundary of Land Lot 142, which pipe is also located on the westerly boundary of the above described property at a point South 9 degrees 29 minutes 38 seconds East a distance of 301.05 feet from its northwesterly corner, run thence North 88 degrees 54 minutes West and along the northerly boundary of Land Lot 142 a distance of 145.0 feet to an existing public sewer easement; run thence South 1 degrees 6 minutes West along the easterly boundary of said existing public sewer easement 10.0 feet; run thence South 88 degrees 54 minutes East 147.1 feet to the westerly boundary of the property described above; run thence North 11 degrees 00 minutes 00 seconds West along said westerly boundary 10.2 feet to the point of beginning.

EXHIBIT B

DUE DILIGENCE LIST

1. Audited financial statements, if available, of the Property for the prior three (3) years, including monthly income and expense reports
2. Year to date operating statement of the Property
3. Current Rent Roll showing the name of each existing tenant, apartment number designation, the expiration date or status of the term of the lease (including all rights or options to renew), current rental rate, any prepaid or delinquent rent, any deposits whether refundable or non-refundable, and any rental concessions or additional charges paid by tenant and copies of rent rolls for past three (3) years with year-to-date rent roll for current year
4. Lease expiration report indicating number of leases expiring during the next 12 months
5. All leases including all tenant leases to be made available for Buyer's review at the Property. Easements, deed restrictions, side letters and any other documents encumbering the Property that Seller has actual knowledge of (other than those documents that can be obtained from the title company)
6. Copies of the monthly property operating statements for the last two years of property operations
7. Copies of existing management, service, or maintenance contracts pertaining to the operation of the Property including (a) the names of the providers; (b) the service provided or the subject matter thereof; (c) the monthly payment or other rate of payment as of the date of the contract; and (d) the expiration date of the contract, and (e) cancellation policies.
8. Copies of any appraisals, engineering reports, project needs assessment reports, rent comparability studies, and environmental reports, including all Phase I and Phase II Environmental Reports and any Lead Based Paint Disclosure and Asbestos Containing Material Disclosures for the Property in our possession performed in the last five (5) years.
9. Copies of Certificates of Occupancy and Notices of Completion, if available
10. Existing surveys
11. Existing owner's and lender's title insurance policies and any regulatory agreements or other agreements affecting the Property
12. Copies of most recent and prior three (3) years' real estate tax bills, tax receipts and any notices of special assessments
13. Copies of any and all claims made against insurance for the previous three years

14. All governmental authority written notices of building code, zoning fire and/or health code violations
15. Copies of all licenses, equipment leases, guaranties, warranties and permits
16. Listing of current litigation, actions, proceedings, and investigations pending against the Property
17. Copies of the last five (5) years' loss run statements for the Property
18. The last twelve (12) months' utility bills for the Property.
19. HAP Contract, including the original Section 8 Contract, and all prior renewals and related correspondence and notices, including HAP Vouchers for the prior twelve (12) months' application for payments

Security Deposit ledger

Plans and Specifications and all architectural drawings for the Property

Most recent REAC report and other Physical Needs Assessment Reports

Current HUD-92458 Rent Schedule, if available

Waiting list report

Management and Occupancy Review report (Section 8 HAP Contracts)

Current AFHMP

Most recent market study, if available

Current year operating budget and projected budgets with assumptions

Aged receivables report

Current payroll report

Employee list with salaries for this year

33. Last three years' capital improvement projects
34. Historical appliance replacement schedule
35. Security incident logs / reports
36. Personal property inventory list (office, shop, other)
37. Current marketing materials

38. Underground/overhead utility plans.
39. Copies of any land use approvals.
40. Year end Balance Sheet.
41. Summary of resident files and demographic information.
42. Copy of the current notes and mortgages
43. Schedule for current tenant's annual income.
44. Most recent Termite Inspection Report

EXHIBIT C

RENT ROLL

See Attached.

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
001	2A	N/A	1028	Occupied	LEWIS, MARY	05/01/1998	05/01/2010	04/30/2013	841.00	RESIDENT	RENT	156.00	0.00	156.00	209.00	(12.00)
										SUBSIDY	SUBRENT	685.00	0.00	685.00	0.00	24.00
002	2A	N/A	1028	Occupied	Thomas, Connie	10/01/1992	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	159.00	0.00	159.00	150.00	0.00
										SUBSIDY	SUBRENT	682.00	0.00	682.00	0.00	24.00
003	2A	N/A	1028	Occupied	Polite-Propes, Temika	10/25/2016	10/25/2016	10/25/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
004	2A	N/A	1028	Occupied	TURNER, MELISHA	05/25/2011	05/25/2011	05/24/2013	841.00	RESIDENT	UTILREIMB	0.00	(31.00)	(31.00)	209.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	872.00	0.00	128.00
										SUBSIDY	UTAC	0.00	31.00			
005	2A	N/A	1028	Occupied	IVIE, MILTON	07/16/2004	07/01/2010	06/30/2012	841.00	RESIDENT	RENT	184.00	0.00	184.00	243.00	(36.00)
										SUBSIDY	SUBRENT	657.00	0.00	657.00	0.00	61.00
006	2A	N/A	1028	Occupied	Delaine, Earnest	02/03/2016	02/03/2016	01/28/2017	841.00	RESIDENT	CONC/SPEC	0.00	(176.00)	665.00	313.00	(3.00)
										RESIDENT	RENT	841.00	0.00			
007	2A	N/A	1028	Occupied	Rambarran, Clyde	05/30/2017	05/30/2017	05/01/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	325.00	0.00
										RESIDENT	RENT	841.00	0.00			
008	2A	N/A	1028	Occupied	Cannon, Candice	03/10/2016	03/10/2016	03/09/2017	841.00	RESIDENT	RENT	63.00	0.00	63.00	297.00	(1,451.00)
										SUBSIDY	SUBRENT	778.00	0.00	778.00	0.00	24.00
009	2A	N/A	1028	Occupied	Lee, Andrew	11/18/2016	11/18/2016	11/17/2017	841.00	RESIDENT	CONC/SPEC	0.00	(216.00)	625.00	313.00	0.00
										RESIDENT	RENT	841.00	0.00			
010	2A	N/A	1028	Occupied	OWENS, WANDA	02/18/2000	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	327.00	0.00	327.00	156.00	0.00
										SUBSIDY	SUBRENT	514.00	0.00	514.00	0.00	24.00
011	2A	N/A	1028	Occupied	GEORGE, GREGORY	06/01/2009	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	134.00	0.00	134.00	198.00	0.00
										SUBSIDY	SUBRENT	707.00	0.00	707.00	0.00	24.00
012	2A	N/A	1028	Occupied	Maxwell, Yolanda	05/06/2011	05/06/2011	05/05/2013	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	241.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
013	1A	N/A	810	Occupied	Beasley, Carolyn	06/23/2017	06/23/2017	06/22/2018	737.00	RESIDENT	RENT	149.00	0.00	149.00	211.00	0.00
										SUBSIDY	SUBRENT	588.00	0.00	588.00	0.00	745.00
014	1A	N/A	810	Occupied	CARTER, ROSEMARY	12/11/2008	12/01/2010	11/30/2012	737.00	RESIDENT	RENT	280.00	0.00	280.00	195.00	1.00

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
015	1A	N/A	810	Occupied	ARNOLD, RICHETTA	07/10/2009	07/01/2010	06/30/2012	737.00	RESIDENT	SUBSIDY RENT	149.00	0.00	149.00	125.00	(1.00)
												457.00	0.00	457.00	0.00	22.00
016	1A	N/A	810	Occupied	Gray, Sharon	04/03/2017	04/03/2017	04/02/2018	737.00	RESIDENT	SUBSIDY RENT	155.00	0.00	155.00	217.00	0.00
												588.00	0.00	588.00	0.00	21.00
017	1A	N/A	810	Occupied	WOOD, FRANCES	05/21/1999	05/01/2010	04/30/2013	737.00	RESIDENT	SUBSIDY RENT	172.00	0.00	172.00	75.00	(2.00)
												582.00	0.00	582.00	0.00	22.00
018	1A	N/A	810	Occupied	MCDONALD, MINA	04/02/2016	04/02/2016	04/01/2017	737.00	RESIDENT	SUBSIDY RENT	154.00	0.00	154.00	120.00	(172.00)
												565.00	0.00	565.00	0.00	22.00
019	1A	N/A	810	Occupied	Beam, Nancy	03/01/2011	03/01/2011	02/28/2013	737.00	RESIDENT	SUBSIDY RENT	193.00	0.00	193.00	233.00	0.00
												544.00	0.00	544.00	0.00	22.00
020	1A	N/A	810	Occupied	Walker, Verna	05/01/2016	05/01/2016	04/30/2017	737.00	RESIDENT	SUBSIDY RENT	159.00	0.00	159.00	215.00	1.00
												578.00	0.00	578.00	0.00	22.00
021	3A	N/A	1235	Occupied	GATLIN, GRADY	12/01/2007	12/01/2010	11/30/2012	956.00	RESIDENT	SUBSIDY RENT	303.00	0.00	303.00	341.00	0.00
												653.00	0.00	653.00	0.00	24.00
022	3A	N/A	1235	Occupied	Solis, Brandie	03/08/2011	03/08/2011	03/07/2013	956.00	RESIDENT	UTILREIMB	0.00	(97.00)	(97.00)	139.00	0.00
												956.00	0.00	1,053.00	0.00	24.00
												0.00	97.00			
023	3A	N/A	1235	Occupied	Everett, Jade	08/14/2015	08/14/2015	08/13/2016	956.00	RESIDENT	UTILREIMB	0.00	(100.00)	(100.00)	192.00	0.00
												956.00	0.00	1,056.00	0.00	24.00
												0.00	100.00			
024	3A	N/A	1235	Occupied	Respress, Kiyonna	08/08/2012	08/08/2012	08/07/2013	956.00	RESIDENT	SUBSIDY RENT	18.00	0.00	18.00	163.00	3.00
												938.00	0.00	938.00	0.00	24.00
025	3A	N/A	1235	Occupied	Jewell - Major, Latasha	10/01/2016	10/01/2016	10/01/2017	956.00	RESIDENT	SUBSIDY RENT	956.00	0.00	956.00	363.00	0.00
												273.00	0.00	273.00	294.00	3.00
026	3A	N/A	1235	Occupied	Passmore, Talila	02/05/2016	02/05/2016	02/04/2017	956.00	RESIDENT	SUBSIDY RENT	683.00	0.00	683.00	0.00	24.00
												0.00	(161.00)	795.00	725.00	0.00
027	3A	N/A	1235	Occupied	Owens, Cara	07/01/2016	07/01/2016	06/30/2018	956.00	RESIDENT	CONC/SPEC	956.00	0.00			
												0.00	(161.00)	795.00	313.00	0.00
028	3A	N/A	1235	Occupied	Lee, Keoia	07/10/2015	07/10/2015	07/02/2016	956.00	RESIDENT	CONC/SPEC	956.00	0.00			
												24.00	0.00	24.00	264.00	0.00
029	3A	N/A	1235	Occupied	Tucker, Sarah	03/02/2016	03/02/2016	03/01/2017	956.00	RESIDENT	RESIDENT RENT					

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RENT ROLL DETAIL

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Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
030	3A	N/A	1235	Occupied	Lester, Miranda	03/01/2016	03/01/2016	02/28/2017	956.00	RESIDENT	UTILREIMB	0.00	(97.00)	(97.00)	189.00	0.00
										SUBSIDY	SUBRENT	932.00	0.00	932.00	0.00	24.00
										SUBSIDY	SUBRENT	956.00	0.00	1,053.00	0.00	24.00
										SUBSIDY	UTAC	0.00	97.00			
031	3A	N/A	1235	Occupied	Rosser, Lizzette	09/02/2014	09/02/2014	09/01/2015	956.00	RESIDENT	RENT	209.00	0.00	209.00	216.00	0.00
										SUBSIDY	SUBRENT	747.00	0.00	747.00	0.00	24.00
032	3A	N/A	1235	Occupied	Turner, Tyeneshia	12/16/2014	12/16/2014	12/15/2015	956.00	RESIDENT	RENT	81.00	0.00	81.00	98.00	0.00
										SUBSIDY	SUBRENT	875.00	0.00	875.00	0.00	25.00
										NO USE		0.00	0.00		0.00	(71.00)
033	3A	N/A	1235	Occupied	Allen, Isokea	09/08/2014	09/08/2014	09/07/2015	956.00	RESIDENT	RENT	217.00	0.00	217.00	200.00	(116.00)
										SUBSIDY	SUBRENT	739.00	0.00	739.00	0.00	(410.00)
034	3A	N/A	1235	Occupied	Jones, Tracy	07/15/2016	07/15/2016	07/14/2017	956.00	RESIDENT	UTILREIMB	0.00	(86.00)	(86.00)	54.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,042.00	0.00	31.00
										SUBSIDY	UTAC	0.00	86.00			
035	3A	N/A	1235	Occupied	HALL, PATSY	03/01/2004	03/01/2010	02/28/2013	956.00	RESIDENT	UTILREIMB	0.00	(68.00)	(68.00)	54.00	(20.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,024.00	0.00	24.00
										SUBSIDY	UTAC	0.00	68.00			
036	3A	N/A	1235	Occupied	Johnson, Alisha	07/28/2014	07/28/2014	07/27/2015	956.00	RESIDENT	RENT	469.00	0.00	469.00	387.00	0.00
										SUBSIDY	SUBRENT	487.00	0.00	487.00	0.00	49.00
037	2A	N/A	1028	Occupied	BUTLER, JOYCE	12/05/2003	12/01/2010	11/30/2012	841.00	RESIDENT	RENT	301.00	0.00	301.00	354.00	1.00
										SUBSIDY	SUBRENT	540.00	0.00	540.00	0.00	24.00
038	2A	N/A	1028	Occupied	Adams, Conswella	06/02/2017	06/02/2017	05/28/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	325.00	0.00
										RESIDENT	RENT	841.00	0.00			
039	2A	N/A	1028	Occupied	Nicolas, Eliane	09/14/2016	09/14/2016	08/31/2017	841.00	RESIDENT	RENT	295.00	0.00	295.00	372.00	(5.00)
										SUBSIDY	SUBRENT	546.00	0.00	546.00	0.00	24.00
040	2A	N/A	1028	Vacant	VACANT				841.00			0.00 *	0.00 *			
041	2A	N/A	1028	Occupied	Kinsey, Jennifer	04/15/2016	04/15/2016	04/14/2017	841.00	RESIDENT	UTILREIMB	0.00	(27.00)	(27.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	868.00	0.00	24.00
										SUBSIDY	UTAC	0.00	27.00			
042	2A	N/A	1028	Occupied	DRUMMOND, SHELIA	07/12/2010	07/12/2010	06/30/2012	841.00	RESIDENT	RENT	128.00	0.00	128.00	93.00	0.00
										SUBSIDY	SUBRENT	713.00	0.00	713.00	0.00	33.00
043	2A	N/A	1028	Occupied	Fields, Delilah	02/05/2016	02/05/2016	02/04/2017	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	313.00	0.00

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Details

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											RESIDENT RENT	841.00	0.00			
044	2A	N/A	1028	Occupied	Murphy, Aisha	12/23/2016	12/23/2016	12/22/2017	841.00	RESIDENT RENT	373.00	0.00	373.00	419.00	(238.00)	
										SUBSIDY SUBRENT	468.00	0.00	468.00	0.00	481.00	
045	2A	N/A	1028	Occupied	Copeland, Tiana	05/04/2016	05/04/2016	05/03/2017	841.00	RESIDENT RENT	85.00	0.00	85.00	208.00	1.00	
										SUBSIDY SUBRENT	756.00	0.00	756.00	0.00	24.00	
046	2A	N/A	1028	Occupied	Phillips, Michelle	07/01/2011	07/01/2011	06/30/2012	841.00	RESIDENT UTILREIMB	0.00	(58.00)	(58.00)	340.00	(157.00)	
										SUBSIDY SUBRENT	841.00	0.00	899.00	0.00	627.00	
										SUBSIDY UTAC	0.00	58.00				
047	2A	N/A	1028	Occupied	White, Kia	09/02/2016	09/02/2016	09/01/2017	841.00	RESIDENT RENT	122.00	0.00	122.00	205.00	0.00	
										SUBSIDY SUBRENT	719.00	0.00	719.00	0.00	23.00	
048	2A	N/A	1028	Occupied	St. John, Diana	01/13/2012	01/13/2012	01/12/2013	841.00	RESIDENT UTILREIMB	0.00	(26.00)	(26.00)	242.00	0.00	
										SUBSIDY SUBRENT	841.00	0.00	867.00	0.00	(144.00)	
										SUBSIDY UTAC	0.00	26.00				
049	2A	N/A	1028	Occupied	Underwood, Oyenma	11/16/2012	11/16/2012	11/15/2013	841.00	RESIDENT UTILREIMB	0.00	(58.00)	(58.00)	291.00	(5.00)	
										SUBSIDY SUBRENT	841.00	0.00	899.00	0.00	(516.00)	
										SUBSIDY UTAC	0.00	58.00				
050	2A	N/A	1028	Occupied	Robbins, Ria	07/16/2014	07/16/2014	07/15/2015	841.00	RESIDENT UTILREIMB	0.00	(58.00)	(58.00)	59.00	198.00	
										SUBSIDY SUBRENT	841.00	0.00	899.00	0.00	535.00	
										SUBSIDY UTAC	0.00	58.00				
051	2A	N/A	1028	Occupied	Purnell, Ebony	07/02/2017	07/02/2017	07/01/2018	841.00		0.00	0.00	0.00	0.00	0.00	
										RESIDENT	0.00	0.00		126.00	0.00	
052	2A	N/A	1028	Occupied	Myrick, Lavonda	12/23/2016	12/23/2016	12/22/2017	841.00	RESIDENT UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00	
										SUBSIDY SUBRENT	841.00	0.00	899.00	0.00	24.00	
										SUBSIDY UTAC	0.00	58.00				
053	2A	N/A	1028	Occupied	Sibert, Megenne	11/26/2014	11/26/2014	11/25/2015	841.00	RESIDENT RENT	6.00	0.00	6.00	75.00	0.00	
										SUBSIDY SUBRENT	835.00	0.00	835.00	0.00	24.00	
054	2A	N/A	1028	Occupied	BEANE, PRISCILLA	07/17/2009	07/01/2010	06/30/2012	841.00	RESIDENT UTILREIMB	0.00	(6.00)	(6.00)	125.00	0.00	
										SUBSIDY SUBRENT	841.00	0.00	847.00	0.00	24.00	
										SUBSIDY UTAC	0.00	6.00				
055	2A	N/A	1028	Occupied	Wilson, Barbara	04/28/2017	04/28/2017	04/27/2018	841.00	RESIDENT RENT	341.00	0.00	341.00	424.00	(68.00)	
										SUBSIDY SUBRENT	500.00	0.00	500.00	0.00	24.00	
056	2A	N/A	1028	Occupied	Mitchell, Naketa	01/28/2015	01/28/2015	01/27/2016	841.00	RESIDENT UTILREIMB	0.00	(35.00)	(35.00)	25.00	(373.00)	
										SUBSIDY SUBRENT	841.00	0.00	876.00	0.00	1,248.00	

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057	2A	N/A	1028	Occupied	Moore, Valaire	09/15/2016	09/15/2016	08/31/2017	841.00	RESIDENT	CONC/SPEC	0.00	35.00	625.00	315.00	0.00
												0.00	(216.00)			
												841.00	0.00			
058	2A	N/A	1028	Occupied	Blanding, Niajsa	05/30/2014	05/30/2014	05/29/2015	841.00	RESIDENT	UTILREIMB	0.00	(35.00)	(35.00)	25.00	0.00
												841.00	0.00	876.00	0.00	24.00
												0.00	35.00			
059	2A	N/A	1028	Occupied	Callaway, Reneika	11/23/2016	11/23/2016	11/22/2017	841.00	RESIDENT	UTILREIMB	0.00	(59.00)	(59.00)	439.00	0.00
												828.00	0.00	887.00	0.00	1,242.00
												0.00	59.00			
060	2A	N/A	1028	Occupied	Collins, Anisa	07/02/2014	07/02/2014	07/01/2015	841.00	RESIDENT	RENT	113.00	0.00	113.00	25.00	0.00
												728.00	0.00	728.00	0.00	(114.00)
061	2A	N/A	1028	Occupied	McGhee, Pamela	01/18/2013	01/18/2013	01/17/2014	841.00	RESIDENT	RENT	137.00	0.00	137.00	213.00	0.00
												704.00	0.00	704.00	0.00	24.00
062	2A	N/A	1028	Occupied	Sutton, Sylvia	03/07/2017	03/07/2017	03/06/2018	841.00	RESIDENT	RENT	87.00	0.00	87.00	170.00	1.00
												754.00	0.00	754.00	0.00	23.00
063	2A	N/A	1028	Occupied	Wilson, Saporita	11/03/2014	11/03/2014	11/02/2015	841.00	RESIDENT	RENT	665.00	0.00	665.00	45.00	(1,297.00)
												176.00	0.00	176.00	0.00	2,264.00
												0.00	0.00		0.00	(30.00)
064	2A	N/A	1028	Occupied	Guiton, Jennifer	07/20/2011	07/20/2011	07/19/2013	841.00	RESIDENT	RENT	408.00	0.00	408.00	160.00	0.00
												433.00	0.00	433.00	0.00	8.00
065	3A	N/A	1235	Occupied	Yearby, Shenera	12/02/2011	12/02/2011	12/01/2012	956.00	RESIDENT	RENT	388.00	0.00	388.00	233.00	(2,501.00)
												568.00	0.00	568.00	0.00	24.00
066	3A	N/A	1235	Occupied	GALLEGOS, TRACIE	10/15/2004	10/01/2010	09/30/2012	956.00	RESIDENT	RENT	87.00	0.00	87.00	116.00	0.00
												869.00	0.00	869.00	0.00	24.00
067	3A	N/A	1235	Occupied	BROWN, BOBBI	06/01/2008	06/01/2010	05/31/2013	956.00	RESIDENT	RENT	148.00	0.00	148.00	217.00	0.00
												808.00	0.00	808.00	0.00	24.00
068	3A	N/A	1235	Occupied	Duncan, Lakisha	10/31/2013	10/31/2013	10/31/2014	956.00	RESIDENT	RENT	99.00	0.00	99.00	238.00	0.00
												857.00	0.00	857.00	0.00	24.00
069	3A	N/A	1235	Occupied	Perry, Marcus	05/26/2016	05/26/2016	05/25/2017	956.00	RESIDENT	CONC/SPEC	0.00	(161.00)	795.00	725.00	1,690.00
												956.00	0.00			
070	3A	Conventional	1235	Occupied	Brown, Falesha	12/28/2015	12/28/2015	11/30/2016	956.00	RESIDENT	CONC/SPEC	0.00	(231.00)	725.00	725.00	0.00
												956.00	0.00			

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084	2A	N/A	1028	Occupied	GANTT, GARY	06/01/2008	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	229.00	0.00	229.00	298.00	0.00
										SUBSIDY	SUBRENT	612.00	0.00	612.00	0.00	24.00
085	2A	N/A	1028	Occupied	Lemons, Louise	04/01/1987	04/01/2010	04/30/2012	841.00	RESIDENT	CONC/SPEC	0.00	(120.00)	156.00	0.00	(359.00)
										RESIDENT	RENT	276.00	0.00			
										SUBSIDY	SUBRENT	561.00	0.00	561.00	0.00	2,416.00
086	2A	N/A	1028	Occupied	Carter, Kayla	10/07/2016	10/07/2016	10/06/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	152.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
087	2A	N/A	1028	Occupied	McJunkin, Patricia	06/08/2001	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	247.00	0.00	247.00	149.00	2.00
										SUBSIDY	SUBRENT	594.00	0.00	594.00	0.00	24.00
088	2A	N/A	1028	Occupied	FOSTER, GLORIA	03/14/2002	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	145.00	0.00	145.00	296.00	0.00
										SUBSIDY	SUBRENT	696.00	0.00	696.00	0.00	24.00
089	2A	N/A	1028	Occupied	Holmes, Victoria	04/25/2013	04/25/2013	04/24/2014	841.00	RESIDENT	RENT	181.00	0.00	181.00	118.00	(1,066.00)
										SUBSIDY	SUBRENT	660.00	0.00	660.00	0.00	24.00
090	2A	N/A	1028	Occupied	Starks, Andrea	02/16/2015	02/16/2015	02/15/2016	841.00	RESIDENT	RENT	315.00	0.00	315.00	365.00	748.00
										SUBSIDY	SUBRENT	526.00	0.00	526.00	0.00	(248.00)
091	2A	N/A	1028	Occupied	Bailey, Shanterias	04/10/2014	04/10/2014	04/09/2015	841.00	RESIDENT	RENT	168.00	0.00	168.00	301.00	0.00
										SUBSIDY	SUBRENT	673.00	0.00	673.00	0.00	(180.00)
										NO USE		0.00	0.00		0.00	(168.00)
092	2A	N/A	1028	Occupied	Parks, Tanequa	07/12/2012	07/12/2012	07/31/2013	841.00	RESIDENT	RENT	184.00	0.00	184.00	67.00	0.00
										SUBSIDY	SUBRENT	657.00	0.00	657.00	0.00	9.00
093	2A	N/A	1028	Occupied	WATSON, DEANNE	02/01/2010	02/01/2010	01/31/2013	841.00	RESIDENT	UTILREIMB	0.00	(5.00)	(5.00)	78.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	846.00	0.00	(716.00)
										SUBSIDY	UTAC	0.00	5.00			
094	2A	N/A	1028	Occupied	REED, DONNA	03/12/1998	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	124.00	0.00	124.00	65.00	0.00
										SUBSIDY	SUBRENT	717.00	0.00	717.00	0.00	24.00
095	2A	N/A	1028	Occupied	Moody, Kathleen	09/21/2015	09/21/2015	09/20/2016	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	177.00	(4.00)
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
096	2A	N/A	1028	Occupied	Presley, Stephanie	05/06/2016	05/06/2016	05/05/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	120.00

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097	3A	N/A	1235	Occupied	Woodard, Ryeisha	10/03/2013	10/03/2013	10/02/2014	956.00	RESIDENT	SUBSIDY UTAC RENT	0.00 39.00	58.00 0.00	39.00	165.00	0.00
098	3A	N/A	1235	Occupied	Snelson, Ebony	08/02/2016	08/02/2016	08/01/2017	956.00	RESIDENT	SUBRENT UTILREIMB	917.00 0.00	0.00 (108.00)	917.00 (108.00)	0.00	24.00 0.00
099	3A	N/A	1235	Occupied	SHIVERS, RASHONDA	11/13/2009	11/01/2010	10/31/2012	956.00	RESIDENT	SUBRENT UTILREIMB	956.00 0.00	0.00 (108.00)	1,064.00 (108.00)	0.00	24.00 (1.00)
100	3A	N/A	1235	Occupied	Wright, Princess	02/05/2016	02/05/2016	02/04/2017	956.00	RESIDENT	SUBRENT UTAC	69.00 0.00	0.00 108.00	69.00	134.00	(8.00)
101	3A	N/A	1235	Occupied	Heard, Shirlonda	02/24/2016	02/24/2016	02/23/2017	956.00	RESIDENT	SUBRENT RENT	887.00 51.00	0.00 0.00	887.00 51.00	0.00	24.00 0.00
102	3A	N/A	1235	Occupied	Fields, Antoine	12/29/2015	12/29/2015	11/30/2016	956.00	RESIDENT	SUBRENT CONC/SPEC RENT	905.00 0.00 956.00	0.00 (231.00) 0.00	905.00 725.00	0.00	24.00 0.00
103	3A	N/A	1235	Occupied	St. John, Donna	05/23/2016	05/23/2016	05/22/2017	956.00	RESIDENT	SUBRENT UTILREIMB UTAC	956.00 0.00 0.00	0.00 (70.00) 70.00	1,026.00 (70.00)	0.00	24.00 0.00
104	3A	N/A	1235	Occupied	Ard, Melissa	03/19/2015	03/19/2015	03/18/2016	956.00	RESIDENT	SUBRENT UTILREIMB UTAC	956.00 0.00 0.00	0.00 (85.00) 85.00	1,041.00 (85.00)	0.00	769.00 (1.00)
105	2A	N/A	1028	Occupied	EDWARDS, PAMELA	09/26/2005	09/01/2010	08/31/2012	841.00	RESIDENT	SUBRENT RENT	708.00 133.00	0.00 0.00	708.00 133.00	0.00	24.00 1.00
106	2A	N/A	1028	Occupied	EMMETT, DANNY	03/01/2009	03/01/2010	02/28/2013	841.00	RESIDENT	SUBRENT UTILREIMB UTAC	841.00 0.00 0.00	0.00 (35.00) 35.00	876.00 (35.00)	0.00	24.00 0.00
107	2A	N/A	1028	Occupied	Dickens, Tiffany	02/07/2012	02/07/2012	02/06/2013	841.00	RESIDENT	SUBRENT UTILREIMB UTAC	841.00 0.00 0.00	0.00 (58.00) 58.00	899.00 (58.00)	0.00	24.00 0.00
108	2A	N/A	1028	Occupied	Brown, Tramesia	03/13/2015	03/13/2015	03/12/2016	841.00	RESIDENT	SUBRENT RENT	559.00 282.00	0.00 0.00	559.00 282.00	0.00	24.00 0.00

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RENT ROLL DETAIL

As of 07/31/2017

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Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
109	2A	N/A	1028	Occupied	Richardson, Felicite	07/21/2014	07/21/2014	07/20/2015	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	287.00	(242.00)
												841.00	0.00	899.00	0.00	24.00
												0.00	58.00			
110	2A	N/A	1028	Occupied	OGLES, PENNY	05/29/2017	05/29/2017	05/28/2018	841.00	RESIDENT	UTILREIMB	0.00	(18.00)	(18.00)	60.00	0.00
												841.00	0.00	859.00	0.00	24.00
												0.00	18.00			
111	2A	N/A	1028	Vacant-Leased	VACANT				841.00			0.00 *	0.00 *			
		N/A		Applicant	Gilbert, Bennecia	08/02/2017	08/02/2017	08/01/2018		RESIDENT		0.00 *	0.00 *		0.00	25.00
												0.00 *	0.00 *	0.00 *	0.00	0.00
112	2A	N/A	1028	Occupied	WILSON, EVELYN	03/01/2004	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	137.00	0.00	137.00	207.00	0.00
												704.00	0.00	704.00	0.00	24.00
113	2A	N/A	1028	Occupied	Barnes, Larry	01/22/2014	01/22/2014	01/21/2015	841.00	RESIDENT	RENT	125.00	0.00	125.00	132.00	0.00
												716.00	0.00	716.00	0.00	24.00
114	2A	N/A	1028	Vacant	VACANT				841.00			0.00 *	0.00 *			
115	2A	N/A	1028	Occupied	Westbrook, Tammie	03/18/2013	03/18/2013	03/17/2014	841.00	RESIDENT	UTILREIMB	0.00	(1.00)	(1.00)	151.00	(4.00)
												841.00	0.00	842.00	0.00	24.00
												0.00	1.00			
116	2A	N/A	1028	Occupied	Echols, Tonyra	02/11/2015	02/11/2015	02/10/2016	841.00	RESIDENT	RENT	566.00	0.00	566.00	293.00	0.00
												275.00	0.00	275.00	0.00	24.00
117	2A	N/A	1028	Occupied	Turner, Natasha	02/02/2017	02/02/2017	02/01/2018	841.00	RESIDENT	RENT	337.00	0.00	337.00	158.00	0.00
												504.00	0.00	504.00	0.00	24.00
118	2A	N/A	1028	Occupied	Marrow, Keenan	08/01/2016	08/01/2016	08/01/2017	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	378.00	(1.00)
												841.00	0.00	891.00	0.00	24.00
												0.00	50.00			
119	2A	N/A	1028	Occupied	MARSENGILL, WANDA	09/10/1996	09/01/2010	08/31/2012	841.00	RESIDENT	RENT	133.00	0.00	133.00	62.00	1.00
												708.00	0.00	708.00	0.00	24.00
120	2A	N/A	1028	Occupied	Miner, Daniel	06/23/2005	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	28.00	0.00	28.00	165.00	(1.00)
												813.00	0.00	813.00	0.00	24.00
121	3A	N/A	1235	Occupied	Whitehead, Tikivvia	08/24/2015	08/24/2015	08/23/2016	956.00	RESIDENT	UTILREIMB	0.00	(67.00)	(67.00)	66.00	(360.86)
												956.00	0.00	1,023.00	0.00	24.00
												0.00	67.00			

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Details

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122	3A	N/A	1235	Occupied	CAGLE, SHERYON	02/19/1997	02/01/2010	01/31/2013	956.00	RESIDENT	RENT	121.00	0.00	121.00	259.00	3.00
										SUBSIDY	SUBRENT	835.00	0.00	835.00	0.00	24.00
123	3A	N/A	1235	Occupied	Furlow, Shanetta	03/05/2015	03/05/2015	03/04/2016	956.00	RESIDENT	UTILREIMB	0.00	(23.00)	(23.00)	152.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	979.00	0.00	24.00
										SUBSIDY	UTAC	0.00	23.00			
124	3A	N/A	1235	Occupied	Johnson, Clandeka	01/03/2014	01/03/2014	01/02/2015	956.00	RESIDENT	RENT	75.00	0.00	75.00	201.00	(108.00)
										SUBSIDY	SUBRENT	881.00	0.00	881.00	0.00	24.00
125	3A	N/A	1235	Occupied	HOLLISTER, JOSEPH	02/24/2005	02/01/2010	01/31/2013	956.00	RESIDENT	RENT	175.00	0.00	175.00	398.00	0.00
										SUBSIDY	SUBRENT	781.00	0.00	781.00	0.00	24.00
126	3A	N/A	1235	Occupied	Goodson, Turqusha	12/18/2014	12/18/2014	12/17/2015	956.00	RESIDENT	UTILREIMB	0.00	(102.00)	(102.00)	185.00	(19.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,058.00	0.00	24.00
										SUBSIDY	UTAC	0.00	102.00			
127	3A	N/A	1235	Occupied	BRYANT, DORIS	09/01/1993	09/01/2010	08/31/2012	956.00	RESIDENT	RENT	41.00	0.00	41.00	100.00	0.00
										SUBSIDY	SUBRENT	915.00	0.00	915.00	0.00	24.00
128	3A	N/A	1235	Occupied	Marrow, Monique	09/15/2014	09/15/2014	09/14/2015	956.00	RESIDENT	RENT	28.00	0.00	28.00	158.00	3.00
										SUBSIDY	SUBRENT	928.00	0.00	928.00	0.00	24.00
129	3A	N/A	1235	Occupied	Smith, Dana	12/30/2015	12/30/2015	12/29/2016	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	164.00	(26.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	24.00
										SUBSIDY	UTAC	0.00	108.00			
130	3A	N/A	1235	Occupied	Waters, Jamanah	01/28/2016	01/28/2016	01/27/2017	956.00	RESIDENT	RENT	16.00	0.00	16.00	60.00	0.00
										SUBSIDY	SUBRENT	940.00	0.00	940.00	0.00	24.00
131	3A	N/A	1235	Occupied	Ross, Demetra	06/18/2014	06/18/2014	06/17/2015	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	180.00	(2.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	(32.00)
										SUBSIDY	UTAC	0.00	108.00			
132	3A	N/A	1235	Occupied	Holder, Dwayne	06/05/2017	06/05/2017	06/04/2018	956.00	RESIDENT	CONC/SPEC	0.00	(206.00)	750.00	325.00	(132.00)
										RESIDENT	RENT	956.00	0.00			
133	2A	N/A	1028	Occupied	DICKERSON, DANNY	10/01/2009	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	133.00	0.00	133.00	192.00	0.00
										SUBSIDY	SUBRENT	708.00	0.00	708.00	0.00	24.00
134	2A	N/A	1028	Occupied	JOHNSON, DELILAH	02/02/2009	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	137.00	0.00	137.00	108.00	0.00
										SUBSIDY	SUBRENT	704.00	0.00	704.00	0.00	14.00

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Details

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135	2A	N/A	1028	Occupied	CLARK, SHERONDA	11/01/2009	11/01/2010	10/31/2012	841.00	RESIDENT	RENT	113.00	0.00	113.00	197.00	0.00
										SUBSIDY	SUBRENT	728.00	0.00	728.00	0.00	(48.00)
										NO USE		0.00	0.00		0.00	12.00
136	2A	N/A	1028	Occupied	Ford, Janay	07/14/2017	07/14/2017	07/13/2018	841.00	RESIDENT	RENT	117.00	0.00	117.00	200.00	7.00
										SUBSIDY	SUBRENT	724.00	0.00	724.00	0.00	420.00
137	2A	Affordable	1028	Occupied	Phan, Hong	11/02/2012	11/02/2012	03/31/2015	841.00	RESIDENT	RENT	841.00	0.00	841.00	0.00	0.00
138	2A	N/A	1028	Occupied	THOMAS, LATONYA	02/08/2007	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	140.00	0.00	140.00	373.00	0.00
										SUBSIDY	SUBRENT	701.00	0.00	701.00	0.00	(85.00)
139	2A	N/A	1028	Occupied	Brand, Amy	08/11/2014	08/11/2014	08/10/2015	841.00	RESIDENT	UTILREIMB	0.00	(23.00)	(23.00)	108.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	864.00	0.00	24.00
										SUBSIDY	UTAC	0.00	23.00			
140	2A	N/A	1028	Occupied	Stubbs, Shamica	08/16/2016	08/16/2016	08/15/2017	841.00	RESIDENT	RENT	3.00	0.00	3.00	443.00	(5.00)
										SUBSIDY	SUBRENT	838.00	0.00	838.00	0.00	24.00
141	3A	N/A	1235	Occupied	King, Dermeshia	12/28/2016	12/28/2016	12/27/2017	956.00	RESIDENT	UTILREIMB	0.00	(34.00)	(34.00)	132.00	3.00
										SUBSIDY	SUBRENT	956.00	0.00	990.00	0.00	24.00
										SUBSIDY	UTAC	0.00	34.00			
142	3A	N/A	1235	Occupied	Slater, Christopher	07/15/2016	07/15/2016	07/14/2017	956.00	RESIDENT	CONC/SPEC	0.00	(161.00)	795.00	363.00	(75.00)
										RESIDENT	RENT	956.00	0.00			
143	3A	N/A	1235	Occupied	Jones, Alica	08/19/2016	08/19/2016	08/18/2017	956.00	RESIDENT	RENT	342.00	0.00	342.00	99.00	(1.00)
										SUBSIDY	SUBRENT	614.00	0.00	614.00	0.00	25.00
144	3A	N/A	1235	Occupied	Taylor, Keiva	04/09/2015	04/09/2015	04/08/2016	956.00	RESIDENT	RENT	467.00	0.00	467.00	409.00	(14.00)
										SUBSIDY	SUBRENT	489.00	0.00	489.00	0.00	24.00
145	2A	N/A	1028	Occupied	Hamler, Eva	06/23/2011	06/23/2011	06/22/2013	841.00	RESIDENT	RENT	214.00	0.00	214.00	275.00	0.00
										SUBSIDY	SUBRENT	627.00	0.00	627.00	0.00	24.00
146	2A	N/A	1028	Occupied	Abney, Shakeshia	10/03/2014	10/03/2014	10/02/2015	841.00	RESIDENT	UTILREIMB	0.00	(19.00)	(19.00)	327.00	(379.00)
										SUBSIDY	SUBRENT	841.00	0.00	860.00	0.00	24.00
										SUBSIDY	UTAC	0.00	19.00			
147	2A	N/A	1028	Occupied	Patterson, Kiona	04/11/2016	04/11/2016	04/10/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	33.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	23.00
										SUBSIDY	UTAC	0.00	58.00			
148	2A	N/A	1028	Occupied	Johnson, Toya	07/01/2015	07/01/2015	06/30/2016	841.00	RESIDENT	RENT	91.00	0.00	91.00	186.00	(91.00)
										SUBSIDY	SUBRENT	750.00	0.00	750.00	0.00	36.00

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149	3A	N/A	1235	Occupied	Gresham, Shantell	06/23/2017	06/23/2017	06/22/2018	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	80.00	0.00
												956.00	0.00	1,064.00	0.00	233.00
												0.00	108.00			
												0.00	0.00		0.00	173.00
150	3A	N/A	1235	Occupied	Jones, Schelaundye	05/14/2014	05/14/2014	05/13/2015	956.00	RESIDENT	RENT	447.00	0.00	447.00	91.00	(1.00)
												509.00	0.00	509.00	0.00	24.00
151	3A	N/A	1235	Occupied	Smith, Queena	03/17/2016	03/17/2016	03/16/2017	956.00	RESIDENT	UTILREIMB	0.00	(91.00)	(91.00)	86.00	(2.00)
												956.00	0.00	1,047.00	0.00	24.00
												0.00	91.00			
152	3A	N/A	1235	Occupied	Taylor, Kimberly	10/07/2011	10/07/2011	10/06/2012	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	396.00	0.00
												956.00	0.00	1,064.00	0.00	526.00
												0.00	108.00			
153	2A	N/A	1028	Occupied	MITCHELL, JACKIE	12/01/1991	12/01/2010	11/30/2012	841.00	RESIDENT	RENT	124.00	0.00	124.00	100.00	1.00
												717.00	0.00	717.00	0.00	24.00
154	2A	N/A	1028	Occupied	SIGMON, BARBARA	12/30/1994	12/01/2010	11/30/2012	841.00	RESIDENT	RENT	133.00	0.00	133.00	180.00	0.00
												708.00	0.00	708.00	0.00	24.00
155	2A	N/A	1028	Occupied	BAGLEY, TAMMY	10/08/2009	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	345.00	0.00	345.00	83.00	0.00
												496.00	0.00	496.00	0.00	24.00
156	2A	N/A	1028	Occupied	ROBINSON-PHARMS, SANDRA	08/22/2008	08/01/2010	07/31/2012	841.00	RESIDENT	RENT	324.00	0.00	324.00	441.00	0.00
												517.00	0.00	517.00	0.00	24.00
												0.00	0.00		0.00	(26.00)
157	2A	N/A	1028	Occupied	Thomas, Betty	08/19/1998	08/01/2010	08/31/2012	841.00	RESIDENT	CONC/SPEC	0.00	(153.00)	286.00	0.00	0.00
												439.00	0.00			
												431.00	0.00	431.00	0.00	356.00
158	2A	N/A	1028	Occupied	Sanchez, Beverly	06/13/2014	06/13/2014	06/15/2015	841.00	RESIDENT	CONC/SPEC	0.00	(106.00)	735.00	476.00	(15.00)
												841.00	0.00			
159	2A	N/A	1028	Occupied	Bane, Henry	03/25/2011	03/25/2011	03/31/2015	841.00	RESIDENT	CONC/SPEC	0.00	(146.00)	695.00	99.00	0.00
												841.00	0.00			
160	2A	N/A	1028	Occupied	Bryant, Staretta	10/20/2014	10/20/2014	10/19/2015	841.00	RESIDENT	RENT	119.00	0.00	119.00	290.00	(1.00)
												709.00	0.00	709.00	0.00	(170.00)

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161	2A	Affordable	1028	Occupied	BRADLEY, NANCY	09/19/2012	09/19/2012	09/18/2013	841.00	RESIDENT	UTILREIMB	0.00	(56.00)	(56.00)	371.00	0.00
												841.00	0.00	897.00	0.00	(78.00)
												0.00	56.00			
162	2A	Affordable	1028	Occupied	Williams, Alice	07/14/2015	07/14/2015	06/30/2016	841.00	RESIDENT	CONC/SPEC	0.00	(146.00)	695.00	312.50	0.50
												841.00	0.00			
163	2A	N/A	1028	Occupied	Carson, Kayla	11/07/2016	11/07/2016	11/06/2017	841.00	RESIDENT	RENT	408.00	0.00	408.00	243.00	(1.00)
												433.00	0.00	433.00	0.00	(318.00)
												0.00	0.00		0.00	(164.00)
164	2A	Conventional	1028	Occupied	Cooksey, Robina	04/01/2013	04/01/2013	04/02/2014	841.00	RESIDENT	CONC/SPEC	0.00	(211.00)	630.00	525.00	(125.00)
												841.00	0.00			
165	1A	N/A	810	Occupied	Black, Sally	11/15/1993	11/01/2010	03/31/2015	737.00	RESIDENT	CONC/SPEC	0.00	(142.00)	595.00	0.00	0.00
												737.00	0.00			
166	1A	N/A	810	Occupied	DENNIS, VERNA	03/09/2017	03/09/2017	03/08/2018	737.00	RESIDENT	RENT	267.00	0.00	267.00	91.00	0.00
												470.00	0.00	470.00	0.00	22.00
167	1A	N/A	810	Occupied	Phillips, Denise	01/01/2007	01/01/2010	02/28/2015	737.00	RESIDENT	CONC/SPEC	0.00	(142.00)	595.00	0.00	0.00
												737.00	0.00			
168	1A	N/A	810	Occupied	Weems, Kristy	04/21/2016	04/21/2016	04/20/2017	737.00	RESIDENT	RENT	241.00	0.00	241.00	288.00	0.00
												496.00	0.00	496.00	0.00	36.00
169	1A	N/A	810	Occupied	Grier, Juanita	07/14/2017	07/14/2017	07/13/2018	737.00	RESIDENT	RENT	154.00	0.00	154.00	216.00	9.00
												583.00	0.00	583.00	0.00	339.00
170	1A	N/A	810	Occupied	Gresham, Rosa	07/23/2015	07/23/2015	07/22/2016	737.00	RESIDENT	RENT	149.00	0.00	149.00	210.00	(19.00)
												588.00	0.00	588.00	0.00	16.00
171	1A	N/A	810	Occupied	Maloy, Stacey	08/11/2015	08/11/2015	07/31/2016	737.00	RESIDENT	RENT	367.00	0.00	367.00	445.00	0.00
												370.00	0.00	370.00	0.00	22.00
172	1A	N/A	810	Occupied	Wilkins, Robert	07/02/2016	07/02/2016	07/01/2017	737.00	RESIDENT	CONC/SPEC	0.00	(142.00)	595.00	363.00	0.00
												737.00	0.00			
173	1A	N/A	810	Occupied	Bridges, Jimmy	08/14/2015	08/14/2015	07/31/2016	737.00	RESIDENT	RENT	148.00	0.00	148.00	226.00	0.00
												589.00	0.00	589.00	0.00	22.00
174	1A	N/A	810	Occupied	BARTLETT, LESSIE	12/07/2006	12/01/2010	11/30/2012	737.00	RESIDENT	RENT	266.00	0.00	266.00	276.00	0.00
												471.00	0.00	471.00	0.00	22.00
175	1A	N/A	810	Occupied	Haslem, Chanda	02/20/2015	02/20/2015	02/19/2016	737.00	RESIDENT	RENT	530.00	0.00	530.00	275.00	(671.00)
												207.00	0.00	207.00	0.00	22.00

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
176	1A	N/A	810	Occupied	BLOCKER, GLENDA	07/15/2005	07/01/2010	06/30/2012	737.00	RESIDENT	RENT	155.00	0.00	155.00	106.00	0.00
										SUBSIDY	SUBRENT	582.00	0.00	582.00	0.00	3.00
177	1A	N/A	810	Occupied	room, community	04/05/2011	04/05/2011	04/04/2012	737.00	RESIDENT	OFFICE	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
178	1A	N/A	810	Occupied	OFFICE, OFFICE	01/01/1980	12/01/2010	12/01/2020	737.00	RESIDENT	OFFMODRENT	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
179	1A	N/A	810	Occupied	Mitchell, Naylon	06/19/2012	06/19/2012	06/18/2013	737.00	RESIDENT	RENT	213.00	0.00	213.00	261.00	(25.00)
										SUBSIDY	SUBRENT	524.00	0.00	524.00	0.00	22.00
180	1A	N/A	810	Occupied	unit, corporate	04/06/2011	04/06/2011	04/05/2012	737.00	RESIDENT	EMPLCRED	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
181	2A	N/A	1028	Occupied	Thomas, Lakaisha	08/05/2015	08/05/2015	07/31/2016	841.00	RESIDENT	RENT	125.00	0.00	125.00	208.00	80.21
										SUBSIDY	SUBRENT	716.00	0.00	716.00	0.00	24.00
182	2A	N/A	1028	Occupied	CROWE, DORIS	10/10/1997	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	133.00	0.00	133.00	143.00	1.00
										SUBSIDY	SUBRENT	708.00	0.00	708.00	0.00	24.00
183	2A	N/A	1028	Occupied	DENNIS, DAWN	07/01/2005	01/01/2010	12/31/2012	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	200.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
184	2A	N/A	1028	Occupied	Williams, Shyquitta	12/18/2014	12/18/2014	12/17/2015	841.00	RESIDENT	RENT	152.00	0.00	152.00	229.00	0.00
										SUBSIDY	SUBRENT	689.00	0.00	689.00	0.00	24.00
185	2A	N/A	1028	Occupied	HOLMES, NATASHA	05/25/2011	05/25/2011	05/24/2013	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	0.00	(22.00)
										SUBSIDY	SUBRENT	841.00	0.00	891.00	0.00	24.00
										SUBSIDY	UTAC	0.00	50.00			
186	2A	N/A	1028	Occupied	MILLER, JANICE	02/11/2008	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	133.00	0.00	133.00	78.00	0.00
										SUBSIDY	SUBRENT	708.00	0.00	708.00	0.00	24.00
187	2A	N/A	1028	Occupied	CROCKER, JUDITH	09/01/2002	09/01/2010	08/31/2012	841.00	RESIDENT	RENT	180.00	0.00	180.00	189.00	(57.00)
										SUBSIDY	SUBRENT	661.00	0.00	661.00	0.00	24.00
188	2A	N/A	1028	Occupied	Jones, Ivnetta	12/05/2016	12/05/2016	12/04/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	320.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	24.00
										SUBSIDY	UTAC	0.00	58.00			
189	3A	N/A	1235	Occupied	Beane, Thomas	09/30/1998	09/01/2010	09/30/2012	956.00	RESIDENT	CONC/SPEC	0.00	(303.00)	134.00	0.00	(21.00)

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Details

Unit	Floorplan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	Balance
											RESIDENT RENT	437.00	0.00			
											SUBSIDY SUBRENT	519.00	0.00	519.00	0.00	(32.00)
190	3A	N/A	1235	Occupied	SOURIS, JOYCE	08/01/1989	08/01/2010	07/31/2012	956.00		RESIDENT RENT	441.00	0.00	441.00	100.00	0.00
											SUBSIDY SUBRENT	515.00	0.00	515.00	0.00	24.00
											NO USE	0.00	0.00		0.00	568.00
191	3A	N/A	1235	Occupied	Tate, Quianne	01/22/2013	01/22/2013	01/21/2014	956.00		RESIDENT UTILREIMB	0.00	(25.00)	(25.00)	86.00	0.00
											SUBSIDY SUBRENT	956.00	0.00	981.00	0.00	24.00
											SUBSIDY UTAC	0.00	25.00			
192	3A	N/A	1235	Occupied	BALLARD, YOLANDA	01/30/2009	01/01/2010	12/31/2012	956.00		RESIDENT RENT	515.00	0.00	515.00	425.00	6.00
											SUBSIDY SUBRENT	441.00	0.00	441.00	0.00	24.00
193	3A	N/A	1235	Occupied	THOMES, SHERON	11/05/1999	11/01/2010	10/31/2012	956.00		RESIDENT RENT	75.00	0.00	75.00	39.00	0.00
											SUBSIDY SUBRENT	881.00	0.00	881.00	0.00	24.00
194	3A	N/A	1235	Occupied	Lawton, Barney	06/30/2003	07/16/2013	06/30/2014	956.00		RESIDENT CONC/SPEC	0.00	(226.00)	730.00	0.00	0.00
											RESIDENT RENT	956.00	0.00			
195	3A	N/A	1235	Occupied	Brewer, Jazmen	09/16/2016	09/16/2016	09/15/2017	956.00		RESIDENT RENT	427.00	0.00	427.00	560.00	2.00
											SUBSIDY SUBRENT	529.00	0.00	529.00	0.00	25.00
196	3A	N/A	1235	Occupied	Hart, Danielle	08/23/2013	08/23/2013	08/22/2014	956.00		RESIDENT UTILREIMB	0.00	(18.00)	(18.00)	74.00	0.00
											SUBSIDY SUBRENT	956.00	0.00	974.00	0.00	23.00
											SUBSIDY UTAC	0.00	18.00			
Totals:									170,160.00			165,803.00	(6,721.00)	159,082.00	40,639.50	

-- Historically generated Rent Roll Detail data may differ due to the following product functions (including but not limited to) --

- Back-dated move-ins/outs or apply dates
- Applicants transferred to another unit will appear in the new unit, not the old
- Cancelling notices to vacate or transfer
- Undoing move-ins/outs or transfers

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Amt / SQFT: Market = 210,332 SQFT; Leased = 206,013 SQFT;

Floorplan	# Units	Average SQFT	Average Market + Addl.	Market Amt / SQFT	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
1A	24	810	737.00	0.91	735.50	0.91	24	100.00	0
2A	104	1,028	841.00	0.82	832.66	0.81	101	97.12	2
3A	68	1,235	956.00	0.77	956.00	0.77	67	98.53	0
Totals / Averages:	196	1,073	868.16	0.81	863.56	0.80	192	97.96	2

Occupancy and Rents Summary for Current Date

Unit Status	Market + Addl.	# Units	Potential Rent
Occupied, no NTV	166,681.00	192	165,803.00
Occupied, NTV	-	0	-
Occupied NTV Leased	-	0	-
Vacant Leased	1,797.00	2	1,797.00
Admin/Down	-	0	-
Vacant Not Leased	1,682.00	2	1,682.00
Totals:	170,160.00	196	169,282.00

Summary Billing by Sub Journal for Current Date

Sub Journal	Amount
RESIDENT	35,268.00
SUBSIDY	123,814.00
Total:	159,082.00

Summary Billing by Transaction Code for Current Date

Code	Amount
CONC/SPEC	(4,546.00)
EMPLCRED	(725.00)
HOUSING	431.00
OFFICE	(725.00)
OFFMODRENT	(725.00)
RENT	45,330.00

RENT ROLL DETAIL

As of 07/31/2017

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - ALL;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

Summary Billing by Transaction Code for Current Date

Code	Amount
SUBRENT	120,042.00
UTAC	3,341.00
UTILREIMB	(3,341.00)
Total:	159,082.00

EXHIBIT D

FORM OF LIMITED WARRANTY DEED

UPON RECORDING RETURN TO:

STATE OF GEORGIA

COUNTY OF CLAYTON

LIMITED WARRANTY DEED

THIS INDENTURE, made as of the ____ day of December, 2015, between **SOUTHWOOD LLC**, a Delaware limited liability company, as party of the first part (hereinafter called “Grantor”), and _____, a _____, as party of the second part (hereinafter called “Grantee”).

WITNESSETH:

Grantor, for and in consideration of the sum of Ten and No/100 Dollars, in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged by Grantor, has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto the said Grantee, its successors, successors-in-title and assigns, that certain tract or parcel of land lying and being in, Toombs County, Georgia, and being more particularly described on Exhibit “A” attached hereto and made a part hereof.

TO HAVE AND TO HOLD the said tract or parcel of land, with all and singular the rights, members and appurtenances thereof, to the same being, belonging, or in anyway appertaining, to the only proper use, benefit and behoof of Grantee, its successors, successors-in-title and assigns, forever in FEE SIMPLE.

AND THE SAID GRANTOR, for itself and for successors, successors-in-title and assigns, does hereby agree to warrant and forever defend the right and title to the above-described property unto Grantee, its successors, successors-in-title and assigns, against the claims of all persons claiming by, through or under Grantor, but not otherwise, excepting, however, the matters referenced in Exhibit "B".

[CONTINUED ON FOLLOWING PAGE]

[Signature page to Limited Warranty Deed]

IN WITNESS WHEREOF, Grantor has caused this deed to be executed under seal as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

GRANTOR:

SOUTHWOOD INVESTORS, LLC
a Southwood limited liability company

Name: _____
Unofficial Witness

By: Southwood Investors Manager, LLC,
a Delaware limited liability company,
its Manager

Notary Public

By: _____

Name: Gregory F. Perlman

My Commission expires: _____

Title: Manager

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)
Printed Name of Notary: _____

EXHIBIT A

LEGAL DESCRIPTION FOR SOUTHWOOD APARTMENTS

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lots 142 and 147 of the 12th District, 2nd Section of Clayton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point on the westerly right-of-way of Trammell Road (right-of-way width varies) being 625 feet north of the intersection of westerly right-of-way of Trammell Road and the northerly right-of-way of Old Rex Morrow Road (having a 50' right-of-way); running thence South 89 degrees 16 minutes 07 seconds East a distance of 9.15 feet from a 1/2" rebar found on westerly right-of-way line of Trammell Road to the TRUE POINT OF BEGINNING.

From the True Point of Beginning, as thus established, proceed

1. North 89 degrees 16 minutes 07 seconds West for a distance of 568.95 feet along the northerly margin of property now or formerly owned by Donald E. and Rhonda S. Towe as recorded in [Deed Book 1729 and Page 704](#), (Clayton County, Georgia Records) to a 1/2" rebar found on the northwesterly corner of last said property;
2. Thence South 12 degrees 04 minutes 10 seconds East for a distance of 539.87 feet along the westerly margins of last said property and property now or formerly owned by Delane M. Thomas and others, as recorded in [Deed Book 3903, Page 211](#) (said records), and property now or formerly owned by Jerry M. and Becky M. Griffin, as recorded in Deed Book 944, Page 430 (said records), to a 2" open top pipe found on the northwesterly corner of property now or formerly owned by First Horizon GSMS 2004-04, as recorded in [Deed Book 9738, Page 631](#) (said records);
3. Thence South 04 degrees 54 minutes 46 seconds East for a distance of 149.92 feet along last said property to a 1/2" rebar found on the northerly margin of property now or formerly owned by Hermelo Yanez-Badillo as recorded in [Deed Book 9286, Page 296](#) (said records);
4. Thence South 86 degrees 55 minutes 56 seconds West for a distance of 265.55 feet along the northerly margins of last said property and property now or formerly owned by Beverly J. Wilson, as recorded in [Deed Book 1647, Page 674](#) (said records) to capped half-inch rebar set on the easterly margin of property now or formerly owned by Rosa L. Branan, as recorded in Deed Book 646 and Page 163 (said records);
5. Thence North 09 degrees 37 minutes 35 seconds West for a distance of 210.00 feet along the easterly margins of last said property and property now or formerly owned by Kern G. Mauldin, as recorded in [Deed Book 1951, Page 574](#) (said records) to a capped half-inch rebar set on the northeasterly corner of last said property;
6. Thence South 84 degrees 25 minutes 47 seconds West for a distance of 209.31 feet along the northerly margin of last said property to an angle iron found on the easterly margin of property now or formerly owned by New Life Community Missionary Baptist Church, as recorded in [Deed Book 8935, Page 308](#) (said records);
7. Thence North 11 degrees 00 minutes 00 seconds West for a distance of 612.96 feet along the easterly margin of last said property to a capped half-inch rebar set on the southeasterly corner of property now or formerly owned by Morrowood Townhouses, LLC, as recorded in [Deed Book 6432, Page 93](#) (said records), and the common land lot line of Land Lots 142 and 147;

8. Thence North 09 degrees 29 minutes 38 seconds West for a distance of 301.05 feet, along the easterly margin of last said property to a half-inch rebar set on an interior corner of last said property;
9. Thence North 83 degrees 19 minutes 54 seconds East for a distance of 1149.38 feet along a southerly margin of last said property to a capped half-inch rebar set on the westerly right-of-way line of Trammell Road;
10. Thence along the westerly right-of-way of Trammell Road South 02 degrees 29 minutes 07 seconds West for a distance of 535.07 feet to a capped half-inch rebar set and THE TRUE POINT OF BEGINNING.

Containing within said bounds 18.391 acres (801,131 square feet) more or less

Together with a Sewer Easement from Clark and Wall, Inc. to Southwood Apartments, Ltd., dated May 7, 1971, filed for record May 11, 1971, and recorded in Deed Book 606, Page 30, Clayton County, Georgia records more particularly described as follows:

BEGINNING at an iron pipe on the northerly boundary of Land Lot 142, which pipe is also located on the westerly boundary of the above described property at a point South 9 degrees 29 minutes 38 seconds East a distance of 301.05 feet from its northwesterly corner, run thence North 88 degrees 54 minutes West and along the northerly boundary of Land Lot 142 a distance of 145.0 feet to an existing public sewer easement; run thence South 1 degrees 6 minutes West along the easterly boundary of said existing public sewer easement 10.0 feet; run thence South 88 degrees 54 minutes East 147.1 feet to the westerly boundary of the property described above; run thence North 11 degrees 00 minutes 00 seconds West along said westerly boundary 10.2 feet to the point of beginning.

EXHIBIT B
PERMITTED EXCEPTIONS

EXHIBIT E

FORM OF BILL OF SALE AND GENERAL ASSIGNMENT AND ASSUMPTION

THIS BILL OF SALE AND GENERAL ASSIGNMENT AND ASSUMPTION (“**Assignment**”) is made as of [Closing Date: _____] **SOUTHWOOD INVESTORS, LLC**, a Delaware limited liability company (the “**Assignor**”), in favor of [ASSIGNEE _____] (the “**Assignee**”).

WITNESSETH:

WHEREAS, Assignor and Assignee entered into that certain Purchase and Sale Agreement dated as of _____, 2016 (“**Contract**”) with respect to the sale of certain the Land identified on Exhibit A attached thereto and the Improvements located thereon. (Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Contract.)

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Assignee all of the Tangible Personal Property, Leases, Surviving Service Contracts, and, to the extent assignable, the Intangible Personal Property (collectively, the “**Assigned Properties**”), without representation or warranty of any kind whatsoever except as set forth in and subject to the terms of the Contract and the terms, conditions, reservations and limitations set forth in the Leases and Surviving Service Contracts.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES STATED IN THIS BILL OF SALE, STATED IN THE CONTRACT WHICH EXPRESSLY SURVIVE THE CLOSING OF THE TRANSACTIONS IN THE CONTRACT AND DELIVERY OF THIS BILL OF SALE, OR CONTAINED IN ANY OTHER DOCUMENT OR INSTRUMENT CONVEYING THE ASSIGNED PROPERTIES OR THE LAND OR ANY INTEREST THEREIN, THE ASSIGNED PROPERTIES ARE ASSIGNED, TRANSFERRED, CONVEYED, SET OVER AND DELIVERED “AS IS, WHERE IS, AND WITH ALL FAULTS” WITHOUT ANY FURTHER REPRESENTATIONS OR WARRANTIES, AND ASSIGNOR EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT THERETO OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND WARRANTY FOR FITNESS FOR A PARTICULAR USE OR ANY OTHER WARRANTY EXPRESSED OR IMPLIED THAT MAY ARISE BY OPERATION OF LAW OR UNDER THE UNIFORM COMMERCIAL CODE FOR THE STATE IN WHICH THE PROPERTY IS LOCATED OR ANY OTHER STATE.

Assignor agrees to execute and deliver any additional documents and to perform any additional acts reasonably necessary or appropriate to carry out the intent of this Assignment in assigning, transferring, conveying, setting over and delivering the Assigned Properties, or any one or more of them, to Assignee.

Assignee hereby assumes and agrees to perform and discharge all of the duties and obligations to be performed or discharged by Assignor under (i) the Leases and (ii) the Surviving Service

Contracts accruing after the date hereof, but not prior thereto, including, but not limited to, the obligation to repay or account for, in accordance with the terms of the Leases, any and all refundable security deposits hereby transferred to Assignee.

Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all loss, liability, claims or causes of action arising out of or relating to Assignee's failure to perform any of the obligations of Assignor, as assumed herein by Assignee, under (i) the Leases or (ii) the Surviving Service Contracts accruing after the date hereof, but not prior thereto. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all loss, liability, claims or causes of action arising out of or relating to Assignor's failure to perform any of the obligations of Assignor under (i) the Leases or (ii) the Surviving Service Contracts accruing prior to the date hereof, but not thereafter. The provisions of this Certificate shall survive the Closing for a period of six (6) months, and any claim or action based on a breach of such representations and warranties must be initially asserted, through appropriate legal proceedings, within such six (6) month period pursuant to **Section 5(d)** of the Contract.

All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

The laws of the State of Georgia shall govern this Assignment.

Whenever the singular number is used in this Assignment and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and the word "person" shall include an individual and an entity.

This Assignment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first set forth hereinabove.

SELLER:

SOUTHWOOD INVESTORS, LLC,
a Delaware limited liability company

By: SOUTHWOOD INVESTORS MANAGER, LLC,
a Delaware limited liability company, its Manager

By: _____
Name: Gregory F. Perlman
Title: Manager

BUYER:

[***]

EXHIBIT F

ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT
SECTION 8 HOUSING ASSISTANCE PAYMENTS CONTRACT
(UNINSURED PROJECT)

THIS ASSIGNMENT, ASSUMPTION AND AMENDMENT OF SECTION 8 HOUSING ASSISTANCE CONTRACT (herein called the "Agreement") is made this _____ day of _____, 200_, by the United States of America, acting through the _____ (herein called "the Contract Administrator"), *insert name of Seller (current ownership entity), a insert limited partnership, general partnership, limited liability company, corporation, or sole proprietor* (herein called "the Seller"), and *insert name of Buyer, a insert limited partnership, general partnership, limited liability company, corporation, or sole proprietor* (herein called "the Buyer").

WHEREAS, the Contract Administrator and *insert name of prior owner or the Seller*, pursuant to Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437(f), entered into a Section 8 Housing Assistance Payments Contract (herein called the "HAP Contract") identified as HAP Contract Number _____ - _____ for units in the *insert project name* (herein called "the Property"), a copy of which is attached hereto as "Exhibit A". *insert or delete following as applicable*: Said HAP Contract, executed by the Prior Owner by an assignment of HAP Contract, executed by Prior Owner and approved by HUD, dated _____

WHEREAS, the Seller, and the Buyer have entered onto a Real Estate Purchase and Sale Agreement, dated as of _____ *insert date and month*, 200_, wherein the Seller agrees to sell the Property and the Buyer agrees to purchase the Property, including, without limitation, the improvements situated thereon, and has agreed to accept the assignment of and assume all obligations under the HAP Contract;

WHEREAS, the Buyer has submitted to the Secretary of HUD (herein called "the Secretary") an Application and documents in support thereof (herein collectively referred to as the "Application") requesting the Secretary's approval of the proposed assignment of the HAP Contract to the Buyer as set forth in the aforesaid Real Estate Purchase and Sale Agreement; and

WHEREAS, the Seller and the Buyer mutually desire to assign the HAP Contract; and it is necessary to and the Contract Administrator and the Buyer mutually desire to amend the HAP Contract to allow for physical inspections in accordance with 24 CFR Part 5 Subpart G and require financial reporting in accordance with 24 CFR Part 5 Subpart H;

NOW, THEREFORE, in consideration of the foregoing, the sum of Ten Dollars (\$10.00) in hand paid and other good consideration, the receipt of which is hereby acknowledged, and in order to comply with the requirements of the Secretary, the National Housing Act of 1937, and the regulations adopted pursuant thereto, the parties hereto agree as follows:

1. The Seller hereby irrevocably assigns HAP Contract to the Buyer together with all rights and obligations in and under said contract;
2. Effective as of the date of this Agreement the Buyer agrees to assume and to be bound by said HAP Contract as modified herein, and is responsible for filing the Annual Financial Statement (AFS) from the date of this Agreement through the end of the Buyer's fiscal year.
3. Effective as of the date of this Agreement, the Seller is released from any future obligations under the HAP Contract, excepting that the Seller shall remain responsible for filing the AFS through the day before this Agreement if said HAP Contract includes an AFS filing requirement. Nothing in this Agreement shall waive, compromise, impair, or prejudice any right HUD may have against the Seller for any violation of the HAP Contract that may have occurred prior to the date of this Agreement.
4. Part II of the HAP Contract shall be amended as follows to include the following provisions:

Physical Conditions Standards and Inspection Requirements. The Owner shall comply with the Physical Condition Standards and Inspection Requirements of 24 CFR Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the Owner shall comply with HUD's Physical Condition Standards of Multifamily Properties of 24 CFR Part 200, Subpart P, including any changes in the regulation and related Directives. This obligation shall apply both during the current term of the HAP contract and during each successive renewal term.

Financial Reporting Standards. The Owner shall comply with the Uniform Financial Reporting Standards of 24 CFR Part 5, Subpart H, including any changes in the regulation and related Directives. This obligation shall apply during the current term of the HAP contract and for each successive renewal term.

5. This Agreement shall be construed under the laws of the State of *insert project location* and to the extent inconsistent with the laws of the State of *insert project location*, the laws of the United States of America. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
6. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.
7. The Secretary, by the signature of his authorized representative below, consents to assignment made hereby. Said consent shall be void ab initio if the Secretary determines that Buyer, or any principal or interested party of the Buyer, is debarred, suspended or subject to a limited denial of participation under 24 CFR Part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

NOTHING in this Agreement shall in anyway impair the HAP Contract or alter, waive, annul, vary or affect any provision, condition, covenant therein, except as herein specifically provided, or affect or impair any rights, powers, or remedies under the HAP Contract, it being the intent of the parties hereto that the terms and conditions of the HAP Contract shall continue in full force and effect except as amended hereby.

IN WITNESS WHEREOF, THE Seller, the Buyer and the Contract Administrator have caused this agreement to be executed.

SELLER

Name of Seller (Print)

By _____
Signature of authorized representative

Name and title (Print)

BUYER

Name of Buyer (Print)

By _____
Signature of authorized representative

Name and title (Print)

CONTRACT ADMINISTRATOR (HUD or PHA)

Name of Contract Administrator (Print)

By _____
Signature of authorized representative

Name and title (Print)

Schedule 4(e)

1. Green Remedies Waste and Recycling, dated October 1, 2011.
2. Active Pest Control, dated June 15, 2015.
3. ADT Small Business Contract and Riders, dated June 11, 2012.
4. ComDoc 2015 Managed Print Services Agreement, executed November 11, 2015.
5. Comcast Cable Communications, LLC, entered into August 8, 2016.
6. Quality L&L Inc. Landscape Management Contract, dated August 1, 2012.

Schedule 5(a)(ii)

NONE



July 19, 2017
 Revised September 6, 2017
 Revised October 22, 2017
 Revised November 6, 2017
 Revised November 16, 2017
 Revised November 21, 2017
 Revised January 9, 2018

Greg Gossard
 The Hampstead Group Inc.
 3413 30th Street
 San Diego, CA 92104

RE: Southwood Apartments, Morrow, GA (the “Project”)

Dear Greg:

This letter (this “Letter”) expresses the intent of and summarizes the terms and conditions pursuant to which R4 Capital LLC or one of its affiliates (the “Limited Partner”) will purchase a limited partnership interest in Hampstead Southwood Partners, L.P., a Georgia limited partnership (the “Partnership”). The General Partner agrees and acknowledges that all information provided herein shall be true, correct and complete in all material respects.

1. Project Structure.

The Partnership has been formed to acquire, own, develop and operate the Project, which is anticipated to be eligible to claim Low Income Housing Tax Credits (“Credits”) under Section 42 of the U.S. Internal Revenue Code (the “Code”) and Georgia Housing Credits (“State Credits”) under O.C.G.A. Sections 48-7-29 and 33-1-18 (“GA Code”). The Partnership anticipates receiving an allocation of Credits and State Credits for the year 2017 (the “Allocation”) from the Georgia Department of Community Affairs / Georgia Housing & Finance Authority (the “Credit Agency”). It is anticipated that the Partnership will be entitled to receive Credits by reason of the Project being financed by tax-exempt volume cap bonds (the “Bonds”), which bonds will be issued by the Housing Authority of Clayton County (the “Issuer”).

The key parties involved in the Partnership shall be:

	Party	Name	Ownership Interest in the Partnership
1	The Partnership	Hampstead Southwood Partners, L.P.	N/A
2	Limited Partner	An affiliate of R4 Capital LLC	98.99%
3	General Partner	Hampstead Southwood, LLC	0.001%
4	State Limited Partner	TBD	1.00%
5	Sponsor Limited Partner	TBD	0.009%

Neither the General Partner nor any person related to the General Partner may hold any debt owed by the Partnership or allow any permanent debt to be recourse, if such debt was used to finance any items included in the Partnership's Eligible Basis, including the Deferred Developer Fee.

2. Other Project Parties.

A. Developer. The Hampstead Group Inc.

B. Guarantors. The Hampstead Group, Inc., Greg Gossard, Jeff Jallo, and Chris Foster. The obligations of the General Partner set forth in the Partnership Agreement, including but not limited to those described herein, shall be guaranteed by the Guarantors. Notwithstanding the foregoing, the liability of Greg Gossard, Jeff Jallo and Chis Foster shall be limited to the obligations set forth in Sections 9. B., 10 and 17 below, and, provided that no default has occurred, upon the attainment of Rental Achievement (as defined below) the liability of The Hampstead Group, Inc. shall be limited to the obligations set forth in Sections 9. B., 10 and 17 below. Alternatively, the Guarantors may establish an LLC, in a form acceptable to the Limited Partner in its sole discretion, as a replacement Guarantor, such LLC Guarantor to demonstrate a minimum net worth of \$5 million of which \$1 million shall be unrestricted cash liquidity, such net worth and liquidity to be maintained throughout the 15-year Tax Credit compliance period.

C. Property Manager. PK Management.

D. General Contractor. TBD. The General Partner shall enter into a fixed price contract with the General Contractor for the construction of the Project on terms and conditions and with a general contractor acceptable to the Limited Partner, which contract shall provide for a 100% payment and performance bond or letter of credit for not less than 15% of the fixed price construction contract amount from an banking institution acceptable to the Limited Partner. A minimum 10% total construction cost contingency is required and will be budgeted outside of the construction contract (a higher amount may be required by the Limited Partner after underwriting the Project).

The qualifications and financial condition of each of the foregoing parties must be acceptable to the Limited Partner.

3. Unit Matrix and Project Schedule.

A. Unit Matrix. The Project will consist of 196 units in 22 residential buildings plus a community building. It is anticipated that 163 of the units will be subject to a 20-year Housing Assistance Payment Contract ("**HAP Contract**") which will be in place prior to Admission of the Limited Partner to the Partnership. It is expected that all of the units will qualify for Credits and State Credit, all applicable state and federal regulations and the Allocation. The following will be the unit mix and income restrictions of the units:

Unit Type	Number of Units	Income Restrictions
1 Bedroom	18	60% AMI – Section 8
1 Bedroom	6	60% AMI
2 Bedroom	88	60% AMI – Section 8
2 Bedroom	16	60% AMI
3 Bedroom	57	60% AMI – Section 8
3 Bedroom	11	60% AMI

B. Project Schedule. The construction/lease-up schedule expected for the Project and upon which the Credit pricing and deal terms contained herein are calculated is as follows:

Closing Date	Anticipated on or about March 14, 2018
Completion Date	14 months after Closing Date, anticipated April 30, 2019
First Unit Qualified	Anticipated on or about April 1, 2018
Last Unit Qualified	Anticipated on or about January 1, 2019

4. Project Financing. It is anticipated that, in addition to the equity to be provided by the Limited Partner, the Project will be financed with the following loans (the “Loans”):

A. Permanent Loan. The following permanent loan (the “Permanent Loan”) is expected to be made to the Partnership:

i. Permanent Loan. A loan in the approximate amount of \$16,231,384 will be provided by R4 Capital Funding. This loan will bear interest at a fixed rate of approximately 4.55% per annum with a 192-month term and a 480-month amortization period. A commitment for this loan will be in place prior to admission of the Limited Partner to the Partnership.

B. Construction Loan. The Partnership will obtain a construction loan (the “Construction Loan”) from R4 Capital Funding in the approximate amount of \$20,949,703, with a term of not less than 24 months and an estimated interest rate of 4.55%. A portion of this loan in the approximate amount of \$2,449,703 will be funded with taxable bonds. This loan will be paid down to the Permanent Loan amount at or before Rental Achievement. The Guarantors shall guarantee repayment of the Construction Loan. A commitment for this loan will be in place prior to admission of the Limited Partner to the Partnership.

The terms and conditions of each of the Loans and any other loan to the Partnership will be subject to the Limited Partner’s approval. All Permanent Loans must be non-recourse, subject to standard carve-outs.

5. Tax Credits. It is anticipated that the Partnership will be eligible to receive Credits by reason of the Project being financed by the Bonds and accordingly will be entitled to receive annual Credits in the amount of \$750,315 of which \$750,240 will be allocated to the Limited Partner (“Limited Partner Credit Share”) and State Credits in the amount of \$750,315 of which \$750,240 will be allocated to the State Limited Partner (“State Limited Partner Credit Share”). The amount of Credits and State Credits for which the Project will qualify is based on an acquisition Eligible Basis of \$11,404,810 (“Acquisition Eligible Basis”), a rehabilitation Eligible Basis of \$11,755,366 (“Rehabilitation Eligible Basis”), a Qualified Basis of \$23,160,177 (“Qualified Basis”)

and an applicable percentage of 3.24% (“**Applicable Percentage**”). The following table sets forth the delivery of Credits and State Credits that the Project and the Limited Partner will claim:

Year	Project’s Low Income Tax Credits	Limited Partner Credit Share	Project’s State Credits	State Limited Partner State Credit Share
2018	\$496,701	\$496,651	\$496,701	\$496,651
2019 – 2027	\$750,315	\$750,240	\$750,315	\$750,240
2028	\$253,614	\$253,589	\$253,614	\$253,589

The pricing provided for in this Letter is, in part, based on the Credit and State Credit delivery set forth above. Any delay in such delivery will cause a decrease in the price per Credit and State Credit being paid by the Limited Partner. The Project is not located in a difficult to develop area or qualified census tract and therefore does not qualify for an Eligible Basis boost.

6. **Capital Contributions.** Based on the information set forth herein and the materials you previously submitted, and subject to the Limited Partner’s satisfactory completion of its pre-closing due diligence (in its sole discretion), the Limited Partner will make aggregate capital contributions (the “**Limited Partner Capital Contributions**”) to the Partnership (subject to adjustment as provided below) of \$6,959,000 with respect to the Credits based on a price of \$0.9275 per dollar of Limited Partner Credit Share and the State Limited Partner will make aggregate capital contributions (the “**State Limited Partner Capital Contributions**”) to the Partnership (subject to adjustment as provided below) of \$4,352,000 with respect to the State Credits based on a price of \$0.58 per dollar of State Limited Partner State Credit Share in four installments according to the following schedule:

		Amount of Limited Partner Capital Contribution (\$)	Amount of State Limited Partner Capital Contribution	% of Total Capital Contribution
1	Admission of the Limited Partner to the Partnership	\$1,043,850	\$652,800	15%
2	Later of 75% Construction Completion or April 1, 2019	\$1,322,210	\$826,880	19%
3	Later of 100% Construction Completion or July 1, 2019	\$208,770	\$130,560	3%
4	Later of Rental Achievement or October 1, 2019	\$4,036,220	\$2,524,160	58%
5	Later of Receipt of IRS Forms 8609 and GA Forms IT-HC or January 2, 2020	\$347,950	\$217,600	5%

The Limited Partner’s obligation to make its deferred Capital Contribution payments to the Partnership when due shall be secured by a pledge of the Limited Partner’s interests in the Partnership.

The following are definitions for the terms set forth above in the Capital Contribution schedule. All construction completion thresholds prior to 100% Construction Completion will be based on submissions of AIA forms G702/703 and an inspection by the Limited Partner's engineering consultant ("**Limited Partner Consultant**") and/or the Limited Partner's asset management group as to the progress of the Project, approving the construction and certifying that the work performed to meet such threshold has been permanently made a part of the Project.

- A. 100% Construction Completion. 100% Construction Completion will be deemed to have occurred when (i) the Limited Partner has received a certificate from the Project architect and Limited Partner Consultant that the Project has been completed substantially in accordance with the final plans and specifications (the "**Plans**") approved by the Limited Partner, (ii) the Project has received a final certificate of occupancy (or its equivalent) permitting occupancy of the entire Project for its intended use, and (iii) the Limited Partner has received a draft certificate from the Project's independent accountant setting forth the initial estimate of the Project's Eligible Basis for Credit and State Credit purposes and the amount of annual Credits and State Credits to which the Partnership is entitled, and that the amount of Bonds financing the Project as of the date the Project was placed-in-service was greater than 50% of the Project's basis in the land and buildings.
 - B. Rental Achievement. Rental Achievement will be deemed to have occurred when (i) all of the Project's permanent financing has closed (or will close simultaneously with payment of the Rental Achievement Capital Contribution), (ii) all information required by the Credit Agency for issuance of IRS Forms 8609 and GA Forms IT-HC for the buildings in the Project has been submitted to the Credit Agency and provided to Investor, (iii) not less than 98% of the set-aside apartments in the Project have qualified for Credits and State Credits, (iv) the Project has maintained a physical occupancy rate of at least 93% and a debt service coverage ratio of at least 1.15 to 1.00 (assuming a 7% vacancy factor based on the greater of actual or underwritten assumptions) for three (3) consecutive months, and (v) the Limited Partner has received a certificate from the Project's independent accountant stating the amount of the first year Credits and State Credits, Eligible Basis, Qualified Basis, Applicable Percentage, the amount of annual Credits and State Credits to which the Project is entitled, the Limited Partner Credit Share and State Limited Partner State Credit Share.
7. Adjuster Provisions. The Capital Contributions set forth in Section 6 of this Letter will be subject to the following Credit adjusters:
- A. Credit Adjuster. If the actual amount of annual Credits certified by the Project's independent accountant to be allocable to the Limited Partner is less than the amount set forth above, then the amount of the Capital Contributions to be provided by the Limited Partner will be decreased by \$0.9275 for each \$1.00 of Credits that the Limited Partner Credit Share is reduced. If the Project receives an additional allocation of Credits or is otherwise entitled to receive additional Credits more than initially anticipated or underwritten, subject to the availability of Limited Partner funds, the amount of the Limited Partner's Capital Contributions will be increased by \$0.9275 for each \$1.00 of Credits that the Limited Partner Credit Share is increased. If the Limited Partner does not purchase such additional Credits, then the Limited Partner will alter the ownership percentages in order to cause the additional Credits to be allocated to the General Partner or its designee. Any adjustment(s) will be reflected in the Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contribution(s), as set forth in the applicable documents.

If the actual amount of annual State Credits certified by the Project's independent accountant to be allocable to the State Limited Partner is less than the amount set forth above, then the amount of the Capital Contributions to be provided by the State Limited Partner will be decreased by \$0.58 for each \$1.00 of State Credits that the Limited Partner State Credit Share is reduced. If the Project receives an additional allocation of State Credits or is otherwise entitled to receive additional State Credits more than initially anticipated or underwritten, subject to the availability of State Limited Partner funds, the amount of the State Limited Partner's Capital Contributions will be increased by \$0.58 for each \$1.00 of Credits that the Limited Partner Credit Share is increased. If the State Limited Partner does not purchase such additional State Credits, then the State Limited Partner will alter the ownership percentages in order to cause the additional State Credits to be allocated to the General Partner or its designee. Any adjustment(s) will be reflected in the Rental Achievement and/or IRS Forms 8609/GA IT-HC Forms Capital Contribution(s), as set forth in the applicable documents.

- B. Timing Adjuster. If any portion of the Limited Partner Credit Share or State Limited Partner State Credit Share is not received in 2018 or 2019, then the Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contribution(s) will be reduced by \$0.65 for each \$1.00 that the Limited Partner Credit Share is so deferred and \$0.32 for each \$1.00 that the State Limited Partner State Credit Share is so deferred. If the actual amount of annual Credits certified by the Project's independent accountant to be available to the Limited Partner in 2018 or 2019 is more than the amount set forth in Section 5 above, then the amount of the Rental Achievement Limited Partner Capital Contributions to be provided by the Limited Partner shall be increased by \$0.45 for each dollar that the Limited Partner Credit Share is increased and if the actual amount of annual State Credits certified by the Project's independent accountant to be available to the State Limited Partner in 2018 or 2019 is more than the amount set forth in Section 5 above, then the amount of the Rental Achievement State Limited Partner Capital Contributions to be provided by the State Limited Partner shall be increased by \$0.22 for each dollar that the State Limited Partner Credit Share is increased.

The net increase in the Limited Partner's Capital Contribution as a result of adjusters set forth above shall be limited to \$347,950 as to the Credits and \$217,600 as to the State Credits. Should any downward adjuster be greater than the Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contributions, the amount shall be paid by the General Partner to the Limited Partner on a grossed-up after-tax basis and guaranteed by the Guarantors.

The amount of the Capital Contributions set forth above was also based upon the assumption that the Partnership will be entitled to claim depreciation deductions of the portion of the Project constituting residential rental property over 30 years, site improvements of not less than \$1,000 per unit over 15 years and personal property of not less than \$1,000 per unit over five years. The General Partner may not elect out of bonus depreciation with respect to the 15- and 5-year life assets in accordance with Section 168(k)(2) of the Code. As a result of the 100% accelerated depreciation, the Partnership will claim accelerated depreciation deductions of \$173,000 in 2018 and \$23,000 in 2019 with respect to site improvements and \$173,000 in 2018 and \$23,000 in 2019 with respect to personal property. If the amounts of the accelerated depreciation deductions are less than the amounts set forth in the preceding sentence, the amount of the 100% Construction Completion and/or Rental Achievement and/or IRS Forms 8609 Capital Contributions will be reduced by \$0.21 per dollar of such shortfall. In the event that the realization of such accelerated depreciation deductions by the Partnership is delayed to a subsequent year due to a delay in the Project's Completion Date, the portion

of the Capital Contributions due at Rental Achievement and/or IRS Forms 8609 will be reduced by \$0.021 for each dollar of accelerated depreciation deductions that are so deferred. At the Partnership's expense, the General Partner shall obtain a Cost Segregation Study on behalf of the Partnership, from a provider acceptable to the Limited Partner, to segregate personal property and land improvement assets from real property costs. The General Partner shall adopt the findings of the Cost Segregation Study for all Partnership reporting purposes.

8. Developer Fee. The Developer shall be entitled to a development fee (the "**Developer Fee**") in the amount permitted by the Credit Agency and agreed to by the Limited Partner. The Developer Fee shall be paid from the Limited Partner's Capital Contributions (and any other mutually agreed upon sources) in installments mutually agreeable to the Partnership's partners, provided that the payment of the Developer Fee is subordinate to the payment of all of the Partnership's obligations to third parties and deposits into the Replacement Reserve and the Operating Reserve. Subject to the foregoing and provided that the Limited Partner's projections do not show the need for additional sources of funds to complete the Project, 20% of the Developer Fee will be paid to the Developer upon admission of the Limited Partner to the Partnership, 15% of the Developer Fee will be paid to the Developer upon 75% Construction Completion, 10% of the Developer Fee will be paid to the Developer upon 100% Construction Completion, and the remainder at Rental Achievement and IRS Forms 8609/GA Forms IT-HC Capital Contributions. To the extent the Developer Fee has not been paid in full upon the funding of the IRS Forms 8609/GA Forms IT-HC Capital Contribution, the remainder of the Developer Fee (the "**Deferred Developer Fee**"), together with interest at the applicable long-term federal rate (the "**AFR**"), will be paid out of Cash Flow as provided below. To the extent the Deferred Developer Fee is not paid by the end of the 15-year compliance period, the General Partner shall be obligated to contribute to the Partnership an amount equal to the unpaid Deferred Developer Fee, which obligation shall be guaranteed by the Guarantors.

9. Reserves. The Partnership will fund the following reserves:
 - A. Replacement Reserve. The Partnership will fund out of Cash Flow a replacement reserve (the "**Replacement Reserve**") in the amount equal to the greater of (i) \$350 per unit per year or such other amount as determined by Limited Partner upon its initial review before Closing, to be increased by 3% annually, or (ii) such amount as reasonably determined necessary by the Limited Partner upon regular reviews (not to exceed more than once every five (5) years unless an event of default under the Partnership Agreement has occurred and is continuing) of the physical needs and financial circumstances of the Project.

 - B. Operating Reserve. An operating reserve (the "**Operating Reserve**") in the amount of \$1,050,000 will be required and funded at Rental Achievement. The Operating Reserve will be replenished up to \$1,050,000 (the "**Minimum Balance**") from Cash Flow to the extent withdrawals are made. No withdrawals may be made from the Operating Reserve (i) until Rental Achievement or (ii) while the Project is maintaining at least break-even operations or (iii) until the maximum amount of the General Partner's obligation under the Operating Deficit Guaranty (the "**Maximum ODG Amount**") is expended from other sources. If the Operating Reserve has not been previously used for normal or permanent deficits and there are no defaults under the Partnership Agreement, up to \$400,000 of the Operating Reserve may be used to fund operating deficits caused by a delay in funding under the HAP Contract so long as the Guarantors agree to repay the advance if the funds are not paid by HUD within 90 days. Up to one-half of the Operating Reserve (\$525,000) may be withdrawn to fund operating deficits prior to expiration of the Operating

Deficit Guarantee period. Provided that no default under the Partnership Agreement has occurred and is continuing, any balance remaining in the Operating Reserve at the end of the 15-year tax credit compliance period shall be released to the General Partner.

10. Obligations of the General Partner and the Guarantors. The General Partner shall have the following obligations, among others, and the Guarantors shall guarantee these obligations:
 - A. Completion and Development Deficit Guaranty. The General Partner shall guarantee lien-free completion of the Project in a good and workmanlike condition, substantially in accordance with the Plans by not later than May 1, 2019 (the "**Completion Date**"). The Completion Date is based on an assumed closing date of March 1, 2018 and a construction period of 14 months (such date may be extended by a maximum to four months in the case of unavoidable events if the lenders permit such extension). The General Partner shall be responsible to pay the amount (the "**Development Deficit**") by which all costs and expenses incurred with respect to the construction and completion of the Project and its operation until Rental Achievement has occurred (together, the "**Development Expenditures**") exceed the funds available to the General Partner from (i) the Capital Contributions, (ii) Cash Flow prior to Rental Achievement, and (iii) financing proceeds which have been approved by the Limited Partner (collectively, (i)-(iii), the "**Development Sources**"). The Development Deficit will be considered a cost overrun and will not be included in Eligible Basis without the consent of the Limited Partner, such consent not to be unreasonably withheld. Payments made under this Completion and Development Deficit Guaranty will constitute loans to the Partnership by the General Partner or Guarantors which shall be repayable solely from cash flow or sale or refinancing proceeds otherwise distributable to the General Partner in accordance with Sections 13(A)(viii) and 13(B)(viii) below.
 - B. Operating Deficit Guaranty ("ODG"). The General Partner shall be required to loan the Partnership without interest all funds necessary to cover operating deficits ("**Operating Loans**") for a period commencing on the expiration of the Completion and Development Deficit Guaranty and ending upon the later of (i) 60 months after the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of 1.15 to 1 debt service coverage on the Permanent Loan calculated over a period of 12 consecutive months based on audited financials and after the replenishment of the Operating Reserve to its originally required balance. The maximum ODG amount shall be \$1,050,000. Operating Loans will be repayable only to the extent of future Cash Flow or proceeds of a Capital Transaction otherwise distributable to the General Partner pursuant to Sections 13(A)(viii) and 13(B)(viii) below.
 - C. Loss of Section 8 Guaranty. The General Partner shall be required to loan the Partnership without interest all funds necessary to cover operating deficits ("**Operating Loans**") up to a maximum amount of \$600,000 (the "**Section 8 Guaranty Cap**") that result from the loss or delay in funding of the Section 8 subsidy to the Project. The Section 8 Guaranty Cap may reduce by 10% annually after expiration of the ODG period. Operating deficits could occur from lower collected rents, the cost to re-tenant the building with income eligible tenants and any other costs incurred due to a delay in contract funding and/or a loss of the HAP Contract. This Guaranty will run through the tax credit compliance period.
 - D. Recapture Guaranty. If the Limited Partner and/or State Limited Partner is allocated Credits or State Credits, respectively, less than the Limited Partner Credit Share or State Limited Partner Share, or Credits or State Credits allocated to the Limited Partner or State Limited Partner are recaptured, the General Partner shall reimburse the Limited Partner and/or State Limited Partner on a grossed-up, after-tax basis

for any such deficit or recapture of Credits or State Credits plus any associated penalties, interest or additional taxes due by reason of such payment (a "**Recapture Event**"), unless the same is caused by a change in the Code or GA Code, or the action of the Limited Partner or State Limited Partner in violation of the Partnership Agreement. Any amount due under this Recapture Guaranty shall bear interest at the rate of 10% per annum from the date of the Recapture Event until paid.

- E. **Repurchase.** At the election of the Limited Partner, the General Partner shall be required to permit the Limited Partner or an affiliate to become the General Partner of the Partnership or to repurchase the equity interests of the Limited Partner for an amount equal to (i) 100% of the Capital Contributions paid to date, plus (ii) an amount equal to 10% of the total scheduled Capital Contributions of the Project, plus (iii) interest on (i) and (ii) at the Prime Rate from the date of payment of the initial Capital Contribution, if (a) construction of the Project is not completed within four months after the Completion Date, (b) prior to Rental Achievement there is an uncured default under or termination of any financing document or commitment or any other material document, (c) a foreclosure action is commenced against the Project prior to Rental Achievement, (d) a Form 8609 and GA Form IT-HC for each building in the Project is not delivered within eighteen months following 100% Construction Completion or (e) Rental Achievement has not occurred within 36 months of 100% Construction Completion.
- F. **Environmental Indemnification.** The General Partner and the Guarantors, jointly and severally, shall indemnify the Partnership and the Limited Partner with respect to the presence of hazardous materials in, on or about the Project including all compliance, clean-up and remediation costs (if applicable). This obligation will be more specifically set forth in the Partnership Agreement and other related documents. The General Partner and Guarantors shall not be responsible for an environmental matter first occurring after a removal of the General Partner from the Partnership.

- 11. **Management Fee.** PK Management will be the Project's initial property manager. The Property Manager must have, to the Limited Partner's satisfaction, adequate experience in managing properties eligible for Credits, and the Property Manager will enter into a property management agreement (the "**Management Agreement**") with the Partnership subject to commercially reasonable terms and conditions including a management fee not to exceed 5% of gross rentals (the "**Management Fee**"). However, if the Property Manager is an affiliate of the General Partner, the Management Agreement will provide that up to 40% of the Management Fee will be deferred (the "**Deferred Management Fee**") to the extent that the Partnership does not have sufficient Cash Flow to pay such Management Fee. The Management Agreement must have a term of one year or less and provide for termination at the request of the Limited Partner upon 30 days' prior notice.
- 12. **Allocation of Tax Credits, Depreciation, Profits and Losses.** The Credits, State Credits, depreciation, operating profits and losses will be allocated in accordance with the percentage interests of the Partnership's partners.
- 13. **Distributions.**
 - A. **Cash Flow Distributions.** For the period prior to Rental Achievement but not longer than six months following 100% Construction Completion, cash flow of the Partnership ("**Cash Flow**") after paying all expenses in connection with the development of the Project will be paid to the General Partner. During such period, any cash flow paid to the General Partner up to \$155,000 shall be paid as an incentive fee ("**Lease-Up Fee**"), and any amount in excess of \$155,000 shall be paid to the General Partner as a priority

cash flow distribution, with an equivalent allocation of gross income to the General Partner. Thereafter, Cash Flow after operating expenses, mandatory debt service and any reserves that may be required under the Partnership Agreement or by any lender under the Loans will be distributed in the following order of priority:

- i. to pay the Limited Partner a \$7,500 cumulative annual local administrative fee (the "**Local Administrative Fee**"), which fee shall increase by 3% per annum;
- ii. to replenish the Operating Reserve account to the Minimum Balance;
- iii. to repay any loans made by any partner of the Partnership other than the General Partner;
- iv. to repay any other loans made by the Partnership's partners other than those made to pay for obligations of the General Partner;
- v. to pay any Deferred Management Fee;
- vi. to pay any outstanding portion of the Deferred Developer Fee and accrued interest;
- vii. to pay a cumulative annual administrative fee to the General Partner (the "**GP Administrative Fee**") in the amount of \$20,000, increasing by 3% per annum, to begin after and only if all Deferred Developer Fee has been paid and only to the extent that total cash flow distributions to the Administrative General Partner (including item viii below) do not exceed 90% of total cash flow distributions; and,
- viii. the balance 88% to the General Partner (inclusive of the repayment of any Operating Loans or loans made under the Completion and Development Deficit Guarantee), 12% to be split between the Limited Partner and State Limited Partner.

B. **Proceeds of Sale or Refinancing.** Net proceeds of a sale or refinancing (each, a "**Capital Transaction**") will be distributed in the following order of priority:

- i. to pay expenses of such Capital Transaction, debts and obligations of the Partnership, and establish necessary reserves;
- ii. to pay the Limited Partner any accrued but unpaid portion of the annual Local Administrative Fee;
- iii. to repay any loans made by any partner of the Partnership other than the General Partner;
- iv. to repay any other loans made by the Partnership's partners other than those made to pay for obligations of the General Partner;
- v. to pay any Deferred Management Fee;
- vi. to pay any outstanding portion of the Deferred Developer Fee and accrued interest;
- vii. to pay a Disposition Fee of five percent (5%) of the sales price to the General Partner; and,
- viii. the balance 85% to the General Partner (inclusive of the repayment of any Operating Loans or loans made under the Completion and Development Deficit Guarantee and the Disposition Fee), 10% to the Limited Partner and 5% to the State Limited Partner.

14. **Rights of Limited Partner.** The consent of the Limited Partner will be required for, among other things: (i) a Capital Transaction involving the Project, (ii) the withdrawal, admission or substitution of the General Partner, and (iii) the sale, assignment, encumbering or pledging of the General Partner's interests in the Partnership. Provided that more than 50% of the General Partner remains owned and controlled by one or more of Chris Foster, Jeff Jallo or Greg Gossard (collectively, the "**Existing Owners**"), the following types of transfers of ownership of the General Partner will be allowed without the Limited Partner's consent: (x) a transfer among the Existing Owners, (y) a transfer for estate planning purposes, and (z) a transfer of a non-

controlling minority interest in the General Partner to a third-party reasonably acceptable to the Limited Partner.

Furthermore, the Limited Partner will have the right to remove the General Partner and eliminate the General Partner's interest in the Partnership if certain events set forth in the Partnership Agreement occur, including if: (i) the General Partner violates its fiduciary responsibilities and such violation has or is likely to have a material adverse effect on the Partnership or the Limited Partner, (ii) the General Partner or the Partnership breaches its respective obligations and commitments and such breach has or is likely to have a material adverse effect on the Partnership or the Limited Partner, (iii) the General Partner becomes bankrupt, (iv) one or more of the Guarantors becomes bankrupt leaving the non-bankrupt Guarantors with aggregate liquidity and net worth of less than \$1,000,000 and \$5,000,000, respectively, (v) the Project has sustained a loss of more than 15% of the Credits, or (v) the Project is subject to foreclosure or has materially breached documents encumbering the Project.

15. Limited Partner Review. As set forth in the Partnership Agreement, the Limited Partner will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.
16. Reporting Requirements. The Partnership will prepare and deliver to the Limited Partner (a) quarterly unaudited balance sheet and statements of income (or loss) and changes in financial position and Cash Flow to be delivered within 20 days after the end of each quarter of the fiscal year; (b) draft annual audited financial statements to be delivered within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year to be delivered not later than November 1 of the preceding year; and (d) the Partnership's draft tax returns and K-1 forms to be delivered within 45 days after the end of each fiscal year. The independent accountant(s) for the Partnership may be chosen by the General Partner, subject to the Limited Partner's prior approval.
17. Purchase Option. The General Partner, so long as it is the general partner, shall have an option to purchase the Project or the Limited Partner's Interest in the Project (the "Purchase Option") commencing at the beginning of the year following the final year in which Credits are delivered, for a purchase price equal to the greater of (i) fair market value or (ii) the sum of (w) the amount of the outstanding indebtedness secured by the Project, which indebtedness may be assumed by the General Partner at its discretion, (x) the amount of the federal, state and local tax liability that the partners of the Partnership would incur as a result of such sale (determined on an after-tax basis), (y) the amount of any unreimbursed deficiency in Credits and State Credits recognized by the Limited Partner and/or State Limited Partner with respect to the Project as compared to the level forecast by the Limited Partner together with a return on such unrecognized Credits and State Credits of 10% per annum, and (z) if the Purchase Option is exercised prior to the end of the Compliance Period, the amount of any accrued and unpaid Local Administrative Fees owed to the Limited Partner as of the date the Purchase Option is exercised plus the amount of Local Administrative Fees that would be owed to the Limited Partner if the Purchase Option were exercised at the end of the Compliance Period. The Purchase Option shall terminate if it is not exercised prior to the end of the two-year period immediately following termination of the Compliance Period. In addition, if the General Partner exercises its rights pursuant to this Section 17 prior to the expiration of the Compliance Period, the General Partner and the Guarantors agree to execute a post-transfer compliance and guaranty agreement (the "Recapture Guaranty") relating to any tax credit recapture event arising during the Compliance Period (the form and substance of such agreement being reasonably acceptable to the General Partner, the Guarantors and the Limited Partner). Any exercise of the

option will be contingent on receipt by the Limited Partner of a fully-executed Recapture Guaranty that has been approved by the Limited Partner, certification from the Project accountant(s) that exercising the option will not cause a tax credit recapture, and current financial statements for the Guarantors reasonably acceptable to the Limited Partner, indicating minimum unrestricted liquidity and net worth of \$1,000,000 and \$5,000,000, respectively.

After the expiration of the two-year option period described above, if the Administrative General Partner does not exercise the Purchase Option, the Limited Partner shall have the right to procure a buyer willing to purchase the Limited Partner's interest at its FMV. If the Limited Partner procures a buyer, the Administrative General Partner, so long as it is the Administrative General Partner, will have a right of first refusal ("**ROFR**") to purchase the Limited Partner's interest on the same terms. The ROFR must be exercised within 120 days of the offer being submitted to the Administrative General Partner.

18. Conditions Precedent. The Limited Partner's investment in the Partnership in accordance with the terms of this Letter is subject to satisfaction (in the Limited Partner's sole and absolute discretion) of the following conditions precedent (the "**Conditions Precedent**"):
 - A. the negotiation of a final partnership agreement governing the Partnership (the "**Partnership Agreement**") and related documents;
 - B. evidence of the required approval of the Project by any necessary governmental entity;
 - C. the Limited Partner's receipt and approval of current financial statements (prepared in accordance with generally accepted accounting principles) and a real estate owned schedule for the General Partner, the Guarantors and their principals;
 - D. the Limited Partner's receipt of corporate opinions rendered by counsel to the General Partner satisfactory to the Limited Partner, in form and substance acceptable to the Limited Partner;
 - E. evidence of insurance in accordance with the requirements set forth by the Limited Partner;
 - F. evidence (in the form of an appraisal) that the allocation of basis between building and land is accurate and supportable;
 - G. such other materials as are reasonably required by the Limited Partner as part of its customary financial and legal due diligence review, including such information reasonably required for inclusion in a registration statement, supplement, other offering materials prepared for the Limited Partner, or any report required to be filed with any governmental authority; and,
 - H. approval of the Limited Partner's internal investment committee and satisfaction of such other conditions as may be required as a condition to such approval.
19. Transfer of Limited Partner Interest. The Limited Partner will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute limited partner: (i) to any affiliate of the Limited Partner, (ii) to any other person or entity provided that (A) the Limited Partner will remain liable to make all capital contributions outstanding at the time of the transfer or (B) the proposed transferee is acceptable to the General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Limited Partner is the general partner or managing member.
20. Transfer of General Partner Interest. The General Partner shall not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of the Limited Partner, which consent shall not be unreasonably withheld, delayed or conditioned. Provided that more than 50% of the General Partner remains owned and controlled by one or more of Chris Foster, Jeff Jallo or Greg Gossard

(collectively, the “**Existing Owners**”), the following types of transfers of ownership of the General Partner will be allowed without the Limited Partner’s consent: (x) a transfer among the Existing Owners, (y) a transfer for estate planning purposes, and (z) a transfer of a non-controlling minority interest in the General Partner to a third-party reasonably acceptable to the Limited Partner.

21. Bank Accounts. All bank accounts of the Partnership will be maintained with an accredited banking institution acceptable to the Limited Partner.
22. Changes. Any change to the information provided to us, or any change to our assumptions after our due diligence review, could affect our financial projections and thus the amount and terms of the Capital Contributions. The Limited Partner has predicated the proposed terms contained in this Letter on the financial projections it has prepared, which are based upon the financial and other information furnished by the General Partner or its agents, as well as certain assumptions of the federal income tax consequences of this transaction. Many regulations remain to be issued under various tax acts and many tax provisions contain ambiguities. The issuance of regulations or other resolution of such ambiguities, or any other changes in these tax assumptions, could affect the financial projections and thus, the amount and terms of the Capital Contributions.
23. Tax Disclosure. Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, the Limited Partner and each officer, employee, representative or agent of the Limited Partner may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership’s transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to the Limited Partner regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.
24. Exclusivity. The General Partner acknowledges that the Limited Partner will expend significant effort and expense in connection with its Project review and due diligence and may forego other investment opportunities as a result thereof. The General Partner agrees that it will not solicit or entertain any offers by other parties to acquire an equity interest in the Partnership unless and until the Limited Partner has notified the General Partner in writing that the Limited Partner is not prepared to proceed with this transaction. The Limited Partner shall make such determination within 60 days after the submission by the General Partner of all items required by the Limited Partner to complete its due diligence.
25. Transaction Expenses. In addition to any expenses that are the responsibility of the General Partner, if the transaction does not close due to the actions of the General Partner, or the inability of the General Partner to satisfy the Conditions Precedent contained herein, the General Partner shall be responsible for the legal costs incurred by the Limited Partner. Additionally, at the time of closing, the General Partner shall reimburse the Limited Partner for its legal fees in an amount equal to \$25,000. This Letter is not binding to the Limited Partner, as the Limited Partner’s potential equity investment in the Project summarized herein remains subject to approval from the relevant internal committees of the Limited Partner with respect to any such investment.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this Letter and returning it to the undersigned by January 22, 2018. If you have not done so by such date, the proposal contained in this Letter shall expire and be of no further effect. It is also understood that the economic terms outlined herein shall remain valid for 120 days from the date hereof. Should closing of the transaction occur after such date, such terms are subject to renegotiation by the Limited Partner. We look forward to working with you on this transaction.

Very truly yours,

R4 CAPITAL LLC



By: _____

Name: Ronne Thielen

Title: Executive Vice President

AGREED AND ACCEPTED THIS

____ day of January, 2018

The Hampstead Group, Inc.

By: _____

Name:

Title:

GUARANTORS

By: _____

Greg Gossard

By: _____

Jeff Jallo

By: _____

Chris Foster



July 19, 2017
Revised September 6, 2017
Revised October 22, 2017
Revised November 6, 2017
Revised November 16, 2017
Revised November 21, 2017
Revised January 9, 2018
Revised January 12, 2018

Greg Gossard
The Hampstead Group Inc.
3413 30th Street
San Diego, CA 92104

RE: Southwood Apartments, Morrow, GA (the "Project")

Dear Greg:

This letter (this "Letter") expresses the intent of and summarizes the terms and conditions pursuant to which R4 Capital LLC or one of its affiliates (the "Limited Partner") will purchase a limited partnership interest in Hampstead Southwood Partners, L.P., a Georgia limited partnership (the "Partnership"). The General Partner agrees and acknowledges that all information provided herein shall be true, correct and complete in all material respects.

1. Project Structure.

The Partnership has been formed to acquire, own, develop and operate the Project, which is anticipated to be eligible to claim Low Income Housing Tax Credits ("Credits") under Section 42 of the U.S. Internal Revenue Code (the "Code") and Georgia Housing Credits ("State Credits") under O.C.G.A. Sections 48-7-29 and 33-1-18 ("GA Code"). The Partnership anticipates receiving an allocation of Credits and State Credits for the year 2017 (the "Allocation") from the Georgia Department of Community Affairs / Georgia Housing & Finance Authority (the "Credit Agency"). It is anticipated that the Partnership will be entitled to receive Credits by reason of the Project being financed by tax-exempt volume cap bonds (the "Bonds"), which bonds will be issued by the Housing Authority of Clayton County (the "Issuer").

The key parties involved in the Partnership shall be:

	Party	Name	Ownership Interest in the Partnership
1	The Partnership	Hampstead Southwood Partners, L.P.	N/A
2	Limited Partner	An affiliate of R4 Capital LLC	98.99%
3	General Partner	Hampstead Southwood, LLC	0.001%
4	State Limited Partner	TBD	1.00%
5	Sponsor Limited Partner	TBD	0.009%

Neither the General Partner nor any person related to the General Partner may hold any debt owed by the Partnership or allow any permanent debt to be recourse, if such debt was used to finance any items included in the Partnership's Eligible Basis, including the Deferred Developer Fee.

2. Other Project Parties.

A. Developer. The Hampstead Group Inc.

B. Guarantors. The Hampstead Group, Inc., Greg Gossard, Jeff Jallo, and Chris Foster. The obligations of the General Partner set forth in the Partnership Agreement, including but not limited to those described herein, shall be guaranteed by the Guarantors. Notwithstanding the foregoing, the liability of Greg Gossard, Jeff Jallo and Chis Foster shall be limited to the obligations set forth in Sections 9. B., 10 and 17 below, and, provided that no default has occurred, upon the attainment of Rental Achievement (as defined below) the liability of The Hampstead Group, Inc. shall be limited to the obligations set forth in Sections 9. B., 10 and 17 below. Alternatively, the Guarantors may establish an LLC, in a form acceptable to the Limited Partner in its sole discretion, as a replacement Guarantor, such LLC Guarantor to demonstrate a minimum net worth of \$5 million of which \$1 million shall be unrestricted cash liquidity, such net worth and liquidity to be maintained throughout the 15-year Tax Credit compliance period.

C. Property Manager. PK Management.

D. General Contractor. TBD. The General Partner shall enter into a fixed price contract with the General Contractor for the construction of the Project on terms and conditions and with a general contractor acceptable to the Limited Partner, which contract shall provide for a 100% payment and performance bond or letter of credit for not less than 15% of the fixed price construction contract amount from an banking institution acceptable to the Limited Partner. A minimum 10% total construction cost contingency is required and will be budgeted outside of the construction contract (a higher amount may be required by the Limited Partner after underwriting the Project).

The qualifications and financial condition of each of the foregoing parties must be acceptable to the Limited Partner.

3. Unit Matrix and Project Schedule.

A. Unit Matrix. The Project will consist of 196 units in 22 residential buildings plus a community building. It is anticipated that 163 of the units will be subject to a 20-year Housing Assistance Payment Contract ("HAP Contract") which will be in place prior to Admission of the Limited Partner to the Partnership. It is expected that all of the units will qualify for Credits and State Credit, all applicable state and federal regulations and the Allocation. The following will be the unit mix and income restrictions of the units:

Unit Type	Number of Units	Income Restrictions
1 Bedroom	18	60% AMI – Section 8
1 Bedroom	6	60% AMI
2 Bedroom	88	60% AMI – Section 8
2 Bedroom	16	60% AMI
3 Bedroom	57	60% AMI – Section 8
3 Bedroom	11	60% AMI

B. Project Schedule. The construction/lease-up schedule expected for the Project and upon which the Credit pricing and deal terms contained herein are calculated is as follows:

Closing Date	Anticipated on or about March 14, 2018
Completion Date	14 months after Closing Date, anticipated April 30, 2019
First Unit Qualified	Anticipated on or about April 1, 2018
Last Unit Qualified	Anticipated on or about January 1, 2019

4. Project Financing. It is anticipated that, in addition to the equity to be provided by the Limited Partner, the Project will be financed with the following loans (the “Loans”):

A. Permanent Loan. The following permanent loan (the “Permanent Loan”) is expected to be made to the Partnership:

i. Permanent Loan. A loan in the approximate amount of \$16,231,384 will be provided by R4 Capital Funding. This loan will bear interest at a fixed rate of approximately 4.55% per annum with a 192-month term and a 480-month amortization period. A commitment for this loan will be in place prior to admission of the Limited Partner to the Partnership.

B. Construction Loan. The Partnership will obtain a construction loan (the “Construction Loan”) from R4 Capital Funding in the approximate amount of \$20,949,703, with a term of not less than 24 months and an estimated interest rate of 4.55%. A portion of this loan in the approximate amount of \$2,449,703 will be funded with taxable bonds. This loan will be paid down to the Permanent Loan amount at or before Rental Achievement. The Guarantors shall guarantee repayment of the Construction Loan. A commitment for this loan will be in place prior to admission of the Limited Partner to the Partnership.

The terms and conditions of each of the Loans and any other loan to the Partnership will be subject to the Limited Partner’s approval. All Permanent Loans must be non-recourse, subject to standard carve-outs.

5. Tax Credits. It is anticipated that the Partnership will be eligible to receive Credits by reason of the Project being financed by the Bonds and accordingly will be entitled to receive annual Credits in the amount of \$750,315 of which \$750,240 will be allocated to the Limited Partner (“Limited Partner Credit Share”) and State Credits in the amount of \$750,315 of which \$750,240 will be allocated to the State Limited Partner (“State Limited Partner Credit Share”). The amount of Credits and State Credits for which the Project will qualify is based on an acquisition Eligible Basis of \$11,404,810 (“Acquisition Eligible Basis”), a rehabilitation Eligible Basis of \$11,755,366 (“Rehabilitation Eligible Basis”), a Qualified Basis of \$23,160,177

(“**Qualified Basis**”) and an applicable percentage of 3.24% (“**Applicable Percentage**”). The following table sets forth the delivery of Credits and State Credits that the Project and the Limited Partner will claim:

Year	Project’s Low Income Tax Credits	Limited Partner Credit Share	Project’s State Credits	State Limited Partner State Credit Share
2018	\$496,701	\$496,651	\$496,701	\$496,651
2019 – 2027	\$750,315	\$750,240	\$750,315	\$750,240
2028	\$253,614	\$253,589	\$253,614	\$253,589

The pricing provided for in this Letter is, in part, based on the Credit and State Credit delivery set forth above. Any delay in such delivery will cause a decrease in the price per Credit and State Credit being paid by the Limited Partner. The Project is not located in a difficult to develop area or qualified census tract and therefore does not qualify for an Eligible Basis boost.

6. **Capital Contributions.** Based on the information set forth herein and the materials you previously submitted, and subject to the Limited Partner’s satisfactory completion of its pre-closing due diligence (in its sole discretion), the Limited Partner will make aggregate capital contributions (the “**Limited Partner Capital Contributions**”) to the Partnership (subject to adjustment as provided below) of \$6,959,000 with respect to the Credits based on a price of \$0.9275 per dollar of Limited Partner Credit Share and the State Limited Partner will make aggregate capital contributions (the “**State Limited Partner Capital Contributions**”) to the Partnership (subject to adjustment as provided below) of \$4,427,000 with respect to the State Credits based on a price of \$0.59 per dollar of State Limited Partner State Credit Share in four installments according to the following schedule:

		Amount of Limited Partner Capital Contribution (\$)	Amount of State Limited Partner Capital Contribution	% of Total Capital Contribution
1	Admission of the Limited Partner to the Partnership	\$1,043,850	\$664,050	15%
2	Later of 75% Construction Completion or April 1, 2019	\$1,322,210	\$841,130	19%
3	Later of 100% Construction Completion or July 1, 2019	\$208,770	\$132,810	3%
4	Later of Rental Achievement or October 1, 2019	\$4,036,220	\$2,567,660	58%
5	Later of Receipt of IRS Forms 8609 and GA Forms IT-HC or January 2, 2020	\$347,950	\$221,350	5%

The Limited Partner’s obligation to make its deferred Capital Contribution payments to the Partnership when due shall be secured by a pledge of the Limited Partner’s interests in the Partnership.

The following are definitions for the terms set forth above in the Capital Contribution schedule. All construction completion thresholds prior to 100% Construction Completion will be based on submissions of AIA forms G702/703 and an inspection by the Limited Partner's engineering consultant ("Limited Partner Consultant") and/or the Limited Partner's asset management group as to the progress of the Project, approving the construction and certifying that the work performed to meet such threshold has been permanently made a part of the Project.

- A. 100% Construction Completion. 100% Construction Completion will be deemed to have occurred when (i) the Limited Partner has received a certificate from the Project architect and Limited Partner Consultant that the Project has been completed substantially in accordance with the final plans and specifications (the "Plans") approved by the Limited Partner, (ii) the Project has received a final certificate of occupancy (or its equivalent) permitting occupancy of the entire Project for its intended use, and (iii) the Limited Partner has received a draft certificate from the Project's independent accountant setting forth the initial estimate of the Project's Eligible Basis for Credit and State Credit purposes and the amount of annual Credits and State Credits to which the Partnership is entitled, and that the amount of Bonds financing the Project as of the date the Project was placed-in-service was greater than 50% of the Project's basis in the land and buildings.
 - B. Rental Achievement. Rental Achievement will be deemed to have occurred when (i) all of the Project's permanent financing has closed (or will close simultaneously with payment of the Rental Achievement Capital Contribution), (ii) all information required by the Credit Agency for issuance of IRS Forms 8609 and GA Forms IT-HC for the buildings in the Project has been submitted to the Credit Agency and provided to Investor, (iii) not less than 98% of the set-aside apartments in the Project have qualified for Credits and State Credits, (iv) the Project has maintained a physical occupancy rate of at least 93% and a debt service coverage ratio of at least 1.15 to 1.00 (assuming a 7% vacancy factor based on the greater of actual or underwritten assumptions) for three (3) consecutive months, and (v) the Limited Partner has received a certificate from the Project's independent accountant stating the amount of the first year Credits and State Credits, Eligible Basis, Qualified Basis, Applicable Percentage, the amount of annual Credits and State Credits to which the Project is entitled, the Limited Partner Credit Share and State Limited Partner State Credit Share.
7. Adjuster Provisions. The Capital Contributions set forth in Section 6 of this Letter will be subject to the following Credit adjusters:
- A. Credit Adjuster. If the actual amount of annual Credits certified by the Project's independent accountant to be allocable to the Limited Partner is less than the amount set forth above, then the amount of the Capital Contributions to be provided by the Limited Partner will be decreased by \$0.9275 for each \$1.00 of Credits that the Limited Partner Credit Share is reduced. If the Project receives an additional allocation of Credits or is otherwise entitled to receive additional Credits more than initially anticipated or underwritten, subject to the availability of Limited Partner funds, the amount of the Limited Partner's Capital Contributions will be increased by \$0.9275 for each \$1.00 of Credits that the Limited Partner Credit Share is increased. If the Limited Partner does not purchase such additional Credits, then the Limited Partner will alter the ownership percentages in order to cause the additional Credits to be allocated to the General Partner or its designee. Any adjustment(s) will be reflected in the

Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contribution(s), as set forth in the applicable documents.

If the actual amount of annual State Credits certified by the Project's independent accountant to be allocable to the State Limited Partner is less than the amount set forth above, then the amount of the Capital Contributions to be provided by the State Limited Partner will be decreased by \$0.59 for each \$1.00 of State Credits that the Limited Partner State Credit Share is reduced. If the Project receives an additional allocation of State Credits or is otherwise entitled to receive additional State Credits more than initially anticipated or underwritten, subject to the availability of State Limited Partner funds, the amount of the State Limited Partner's Capital Contributions will be increased by \$0.59 for each \$1.00 of Credits that the Limited Partner Credit Share is increased. If the State Limited Partner does not purchase such additional State Credits, then the State Limited Partner will alter the ownership percentages in order to cause the additional State Credits to be allocated to the General Partner or its designee. Any adjustment(s) will be reflected in the Rental Achievement and/or IRS Forms 8609/GA IT-HC Forms Capital Contribution(s), as set forth in the applicable documents.

- B. Timing Adjuster. If any portion of the Limited Partner Credit Share or State Limited Partner State Credit Share is not received in 2018 or 2019, then the Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contribution(s) will be reduced by \$0.65 for each \$1.00 that the Limited Partner Credit Share is so deferred and \$0.32 for each \$1.00 that the State Limited Partner State Credit Share is so deferred. If the actual amount of annual Credits certified by the Project's independent accountant to be available to the Limited Partner in 2018 or 2019 is more than the amount set forth in Section 5 above, then the amount of the Rental Achievement Limited Partner Capital Contributions to be provided by the Limited Partner shall be increased by \$0.45 for each dollar that the Limited Partner Credit Share is increased and if the actual amount of annual State Credits certified by the Project's independent accountant to be available to the State Limited Partner in 2018 or 2019 is more than the amount set forth in Section 5 above, then the amount of the Rental Achievement State Limited Partner Capital Contributions to be provided by the State Limited Partner shall be increased by \$0.22 for each dollar that the State Limited Partner Credit Share is increased.

The net increase in the Limited Partner's Capital Contribution as a result of adjusters set forth above shall be limited to \$347,950 as to the Credits and \$221,350 as to the State Credits. Should any downward adjuster be greater than the Rental Achievement and/or IRS Forms 8609/GA Forms IT-HC Capital Contributions, the amount shall be paid by the General Partner to the Limited Partner on a grossed-up after-tax basis and guaranteed by the Guarantors.

The amount of the Capital Contributions set forth above was also based upon the assumption that the Partnership will be entitled to claim depreciation deductions of the portion of the Project constituting residential rental property over 30 years, site improvements of not less than \$1,000 per unit over 15 years and personal property of not less than \$1,000 per unit over five years. The General Partner may not elect out of bonus depreciation with respect to the 15- and 5-year life assets in accordance with Section 168(k)(2) of the Code. As a result of the 100% accelerated depreciation, the Partnership will claim accelerated depreciation deductions of \$173,000 in 2018 and \$23,000 in 2019 with respect to site improvements and \$173,000 in 2018 and \$23,000 in 2019 with respect to personal property. If the amounts of the accelerated depreciation deductions are less than the amounts set forth in the preceding sentence, the amount of the 100% Construction Completion and/or Rental Achievement and/or IRS Forms 8609 Capital Contributions

will be reduced by \$0.21 per dollar of such shortfall. In the event that the realization of such accelerated depreciation deductions by the Partnership is delayed to a subsequent year due to a delay in the Project's Completion Date, the portion of the Capital Contributions due at Rental Achievement and/or IRS Forms 8609 will be reduced by \$0.021 for each dollar of accelerated depreciation deductions that are so deferred. If the Limited Partner so requires, at the Partnership's expense, the General Partner shall obtain a Cost Segregation Study on behalf of the Partnership, from a provider acceptable to the Limited Partner, to segregate personal property and land improvement assets from real property costs. The General Partner shall adopt the findings of the Cost Segregation Study for all Partnership reporting purposes.

8. Developer Fee. The Developer shall be entitled to a development fee (the "**Developer Fee**") in the amount permitted by the Credit Agency and agreed to by the Limited Partner. The Developer Fee shall be paid from the Limited Partner's Capital Contributions (and any other mutually agreed upon sources) in installments mutually agreeable to the Partnership's partners, provided that the payment of the Developer Fee is subordinate to the payment of all of the Partnership's obligations to third parties and deposits into the Replacement Reserve and the Operating Reserve. Subject to the foregoing and provided that the Limited Partner's projections do not show the need for additional sources of funds to complete the Project, 20% of the Developer Fee will be paid to the Developer upon admission of the Limited Partner to the Partnership, 15% of the Developer Fee will be paid to the Developer upon 75% Construction Completion, 10% of the Developer Fee will be paid to the Developer upon 100% Construction Completion, and the remainder at Rental Achievement and IRS Forms 8609/GA Forms IT-HC Capital Contributions. To the extent the Developer Fee has not been paid in full upon the funding of the IRS Forms 8609/GA Forms IT-HC Capital Contribution, the remainder of the Developer Fee (the "**Deferred Developer Fee**"), together with interest at the applicable long-term federal rate (the "**AFR**"), will be paid out of Cash Flow as provided below. To the extent the Deferred Developer Fee is not paid by the end of the 15-year compliance period, the General Partner shall be obligated to contribute to the Partnership an amount equal to the unpaid Deferred Developer Fee, which obligation shall be guaranteed by the Guarantors.
9. Reserves. The Partnership will fund the following reserves:
 - A. Replacement Reserve. The Partnership will fund out of Cash Flow a replacement reserve (the "**Replacement Reserve**") in the amount equal to the greater of (i) \$350 per unit per year or such other amount as determined by Limited Partner upon its initial review before Closing, to be increased by 3% annually, or (ii) such amount as reasonably determined necessary by the Limited Partner upon regular reviews (not to exceed more than once every five (5) years unless an event of default under the Partnership Agreement has occurred and is continuing) of the physical needs and financial circumstances of the Project.
 - B. Operating Reserve. An operating reserve (the "**Operating Reserve**") in the amount of \$1,050,000 will be required and funded at Rental Achievement. The Operating Reserve will be replenished up to \$1,050,000 (the "**Minimum Balance**") from Cash Flow to the extent withdrawals are made. No withdrawals may be made from the Operating Reserve (i) until Rental Achievement or (ii) while the Project is maintaining at least break-even operations or (iii) until the maximum amount of the General Partner's obligation under the Operating Deficit Guaranty (the "**Maximum ODG Amount**") is expended from other sources. If the Operating Reserve has not been previously used for normal or permanent deficits and there are no defaults under the Partnership Agreement, up to \$400,000 of the Operating Reserve may be used to fund operating deficits caused by a delay in funding under the HAP

Contract so long as the Guarantors agree to repay the advance if the funds are not paid by HUD within 90 days. Up to one-half of the Operating Reserve (\$525,000) may be withdrawn to fund operating deficits prior to expiration of the Operating Deficit Guaranty period. Provided that no default under the Partnership Agreement has occurred and is continuing, any balance remaining in the Operating Reserve at the end of the 15-year tax credit compliance period shall be released to the General Partner.

10. Obligations of the General Partner and the Guarantors. The General Partner shall have the following obligations, among others, and the Guarantors shall guarantee these obligations:
 - A. Completion and Development Deficit Guaranty. The General Partner shall guarantee lien-free completion of the Project in a good and workmanlike condition, substantially in accordance with the Plans by not later than May 1, 2019 (the "**Completion Date**"). The Completion Date is based on an assumed closing date of March 1, 2018 and a construction period of 14 months (such date may be extended by a maximum to four months in the case of unavoidable events if the lenders permit such extension). The General Partner shall be responsible to pay the amount (the "**Development Deficit**") by which all costs and expenses incurred with respect to the construction and completion of the Project and its operation until Rental Achievement has occurred (together, the "**Development Expenditures**") exceed the funds available to the General Partner from (i) the Capital Contributions, (ii) Cash Flow prior to Rental Achievement, and (iii) financing proceeds which have been approved by the Limited Partner (collectively, (i)-(iii), the "**Development Sources**"). The Development Deficit will be considered a cost overrun and will not be included in Eligible Basis without the consent of the Limited Partner, such consent not to be unreasonably withheld. Payments made under this Completion and Development Deficit Guaranty will constitute loans to the Partnership by the General Partner or Guarantors which shall be repayable solely from cash flow or sale or refinancing proceeds otherwise distributable to the General Partner in accordance with Sections 13(A)(viii) and 13(B)(viii) below.
 - B. Operating Deficit Guaranty ("ODG"). The General Partner shall be required to loan the Partnership without interest all funds necessary to cover operating deficits ("**Operating Loans**") for a period commencing on the expiration of the Completion and Development Deficit Guaranty and ending upon the later of (i) 60 months after the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of 1.15 to 1 debt service coverage on the Permanent Loan calculated over a period of 12 consecutive months based on audited financials and after the replenishment of the Operating Reserve to its originally required balance. The maximum ODG amount shall be \$1,050,000. Operating Loans will be repayable only to the extent of future Cash Flow or proceeds of a Capital Transaction otherwise distributable to the General Partner pursuant to Sections 13(A)(viii) and 13(B)(viii) below.
 - C. Loss of Section 8 Guaranty. The General Partner shall be required to loan the Partnership without interest all funds necessary to cover operating deficits ("**Operating Loans**") up to a maximum amount of \$600,000 (the "**Section 8 Guaranty Cap**") that result from the loss or delay in funding of the Section 8 subsidy to the Project. The Section 8 Guaranty Cap may reduce by 10% annually after expiration of the ODG period. Operating deficits could occur from lower collected rents, the cost to re-tenant the building with income eligible tenants and any other costs incurred due to a delay in contract funding and/or a loss of the HAP Contract. This Guaranty will run through the tax credit compliance period.

- D. Recapture Guaranty. If the Limited Partner and/or State Limited Partner is allocated Credits or State Credits, respectively, less than the Limited Partner Credit Share or State Limited Partner Share, or Credits or State Credits allocated to the Limited Partner or State Limited Partner are recaptured, the General Partner shall reimburse the Limited Partner and/or State Limited Partner on a grossed-up, after-tax basis for any such deficit or recapture of Credits or State Credits plus any associated penalties, interest or additional taxes due by reason of such payment (a "**Recapture Event**"), unless the same is caused by a change in the Code or GA Code, or the action of the Limited Partner or State Limited Partner in violation of the Partnership Agreement. Any amount due under this Recapture Guaranty shall bear interest at the rate of 10% per annum from the date of the Recapture Event until paid.
- E. Repurchase. At the election of the Limited Partner, the General Partner shall be required to permit the Limited Partner or an affiliate to become the General Partner of the Partnership or to repurchase the equity interests of the Limited Partner for an amount equal to (i) 100% of the Capital Contributions paid to date, plus (ii) an amount equal to 10% of the total scheduled Capital Contributions of the Project, plus (iii) interest on (i) and (ii) at the Prime Rate from the date of payment of the initial Capital Contribution, if (a) construction of the Project is not completed within four months after the Completion Date, (b) prior to Rental Achievement there is an uncured default under or termination of any financing document or commitment or any other material document, (c) a foreclosure action is commenced against the Project prior to Rental Achievement, (d) a Form 8609 and GA Form IT-HC for each building in the Project is not delivered within eighteen months following 100% Construction Completion or (e) Rental Achievement has not occurred within 36 months of 100% Construction Completion.
- F. Environmental Indemnification. The General Partner and the Guarantors, jointly and severally, shall indemnify the Partnership and the Limited Partner with respect to the presence of hazardous materials in, on or about the Project including all compliance, clean-up and remediation costs (if applicable). This obligation will be more specifically set forth in the Partnership Agreement and other related documents. The General Partner and Guarantors shall not be responsible for an environmental matter first occurring after a removal of the General Partner from the Partnership.
11. Management Fee. PK Management will be the Project's initial property manager. The Property Manager must have, to the Limited Partner's satisfaction, adequate experience in managing properties eligible for Credits, and the Property Manager will enter into a property management agreement (the "**Management Agreement**") with the Partnership subject to commercially reasonable terms and conditions including a management fee not to exceed 5% of gross rentals (the "**Management Fee**"). However, if the Property Manager is an affiliate of the General Partner, the Management Agreement will provide that up to 40% of the Management Fee will be deferred (the "**Deferred Management Fee**") to the extent that the Partnership does not have sufficient Cash Flow to pay such Management Fee. The Management Agreement must have a term of one year or less and provide for termination at the request of the Limited Partner upon 30 days' prior notice.
12. Allocation of Tax Credits, Depreciation, Profits and Losses. The Credits, State Credits, depreciation, operating profits and losses will be allocated in accordance with the percentage interests of the Partnership's partners.
13. Distributions.

- A. Cash Flow Distributions. For the period prior to Rental Achievement but not longer than six months following 100% Construction Completion, cash flow of the Partnership (“**Cash Flow**”) after paying all expenses in connection with the development of the Project will be paid to the General Partner. During such period, any cash flow paid to the General Partner up to \$155,000 shall be paid as an incentive fee (“**Lease-Up Fee**”), and any amount in excess of \$155,000 shall be paid to the General Partner as a priority cash flow distribution, with an equivalent allocation of gross income to the General Partner. Thereafter, Cash Flow after operating expenses, mandatory debt service and any reserves that may be required under the Partnership Agreement or by any lender under the Loans will be distributed in the following order of priority:
- i. to pay the Limited Partner a \$7,500 cumulative annual local administrative fee (the “**Local Administrative Fee**”), which fee shall increase by 3% per annum;
 - ii. to replenish the Operating Reserve account to the Minimum Balance;
 - iii. to repay any loans made by any partner of the Partnership other than the General Partner;
 - iv. to repay any other loans made by the Partnership’s partners other than those made to pay for obligations of the General Partner;
 - v. to pay any Deferred Management Fee;
 - vi. to pay any outstanding portion of the Deferred Developer Fee and accrued interest;
 - vii. to pay a cumulative annual administrative fee to the General Partner (the “**GP Administrative Fee**”) in the amount of \$20,000, increasing by 3% per annum, to begin after and only if all Deferred Developer Fee has been paid and only to the extent that total cash flow distributions to the Administrative General Partner (including item viii below) do not exceed 90% of total cash flow distributions; and,
 - viii. the balance 88% to the General Partner (inclusive of the repayment of any Operating Loans or loans made under the Completion and Development Deficit Guarantee), 12% to be split between the Limited Partner and State Limited Partner.
- B. Proceeds of Sale or Refinancing. Net proceeds of a sale or refinancing (each, a “**Capital Transaction**”) will be distributed in the following order of priority:
- i. to pay expenses of such Capital Transaction, debts and obligations of the Partnership, and establish necessary reserves;
 - ii. to pay the Limited Partner any accrued but unpaid portion of the annual Local Administrative Fee;
 - iii. to repay any loans made by any partner of the Partnership other than the General Partner;
 - iv. to repay any other loans made by the Partnership’s partners other than those made to pay for obligations of the General Partner;
 - v. to pay any Deferred Management Fee;
 - vi. to pay any outstanding portion of the Deferred Developer Fee and accrued interest;
 - vii. to pay a Disposition Fee of five percent (5%) of the sales price to the General Partner; and,
 - viii. the balance 85% to the General Partner (inclusive of the repayment of any Operating Loans or loans made under the Completion and Development Deficit Guarantee and the Disposition Fee), 10% to the Limited Partner and 5% to the State Limited Partner.
14. Rights of Limited Partner. The consent of the Limited Partner will be required for, among other things: (i) a Capital Transaction involving the Project, (ii) the withdrawal, admission or substitution of the General

Partner, and (iii) the sale, assignment, encumbering or pledging of the General Partner's interests in the Partnership. Provided that more than 50% of the General Partner remains owned and controlled by one or more of Chris Foster, Jeff Jallo or Greg Gossard (collectively, the "**Existing Owners**"), the following types of transfers of ownership of the General Partner will be allowed without the Limited Partner's consent: (x) a transfer among the Existing Owners, (y) a transfer for estate planning purposes, and (z) a transfer of a non-controlling minority interest in the General Partner to a third-party reasonably acceptable to the Limited Partner.

Furthermore, the Limited Partner will have the right to remove the General Partner and eliminate the General Partner's interest in the Partnership if certain events set forth in the Partnership Agreement occur, including if: (i) the General Partner violates its fiduciary responsibilities and such violation has or is likely to have a material adverse effect on the Partnership or the Limited Partner, (ii) the General Partner or the Partnership breaches its respective obligations and commitments and such breach has or is likely to have a material adverse effect on the Partnership or the Limited Partner, (iii) the General Partner becomes bankrupt, (iv) one or more of the Guarantors becomes bankrupt leaving the non-bankrupt Guarantors with aggregate liquidity and net worth of less than \$1,000,000 and \$5,000,000, respectively, (v) the Project has sustained a loss of more than 15% of the Credits, or (v) the Project is subject to foreclosure or has materially breached documents encumbering the Project.

15. Limited Partner Review. As set forth in the Partnership Agreement, the Limited Partner will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.
16. Reporting Requirements. The Partnership will prepare and deliver to the Limited Partner (a) quarterly unaudited balance sheet and statements of income (or loss) and changes in financial position and Cash Flow to be delivered within 20 days after the end of each quarter of the fiscal year; (b) draft annual audited financial statements to be delivered within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year to be delivered not later than November 1 of the preceding year; and (d) the Partnership's draft tax returns and K-1 forms to be delivered within 45 days after the end of each fiscal year. The independent accountant(s) for the Partnership may be chosen by the General Partner, subject to the Limited Partner's prior approval.
17. Purchase Option. The General Partner, so long as it is the general partner, shall have an option to purchase the Project or the Limited Partner's Interest in the Project (the "Purchase Option") commencing at the beginning of the year following the final year in which Credits are delivered, for a purchase price equal to the greater of (i) fair market value or (ii) the sum of (w) the amount of the outstanding indebtedness secured by the Project, which indebtedness may be assumed by the General Partner at its discretion, (x) the amount of the federal, state and local tax liability that the partners of the Partnership would incur as a result of such sale (determined on an after-tax basis), (y) the amount of any unreimbursed deficiency in Credits and State Credits recognized by the Limited Partner and/or State Limited Partner with respect to the Project as compared to the level forecast by the Limited Partner together with a return on such unrecognized Credits and State Credits of 10% per annum, and (z) if the Purchase Option is exercised prior to the end of the Compliance Period, the amount of any accrued and unpaid Local Administrative Fees owed to the Limited Partner as of the date the Purchase Option is exercised plus the amount of Local Administrative Fees that would be owed to the Limited Partner if the Purchase Option were exercised at the end of the Compliance Period. The Purchase Option shall terminate if it is not exercised prior to the end of the two-year period

immediately following termination of the Compliance Period. In addition, if the General Partner exercises its rights pursuant to this Section 17 prior to the expiration of the Compliance Period, the General Partner and the Guarantors agree to execute a post-transfer compliance and guaranty agreement (the "Recapture Guaranty") relating to any tax credit recapture event arising during the Compliance Period (the form and substance of such agreement being reasonably acceptable to the General Partner, the Guarantors and the Limited Partner). Any exercise of the option will be contingent on receipt by the Limited Partner of a fully-executed Recapture Guaranty that has been approved by the Limited Partner, certification from the Project accountant(s) that exercising the option will not cause a tax credit recapture, and current financial statements for the Guarantors reasonably acceptable to the Limited Partner, indicating minimum unrestricted liquidity and net worth of \$1,000,000 and \$5,000,000, respectively.

After the expiration of the two-year option period described above, if the Administrative General Partner does not exercise the Purchase Option, the Limited Partner shall have the right to procure a buyer willing to purchase the Limited Partner's interest at its FMV. If the Limited Partner procures a buyer, the Administrative General Partner, so long as it is the Administrative General Partner, will have a right of first refusal ("**ROFR**") to purchase the Limited Partner's interest on the same terms. The ROFR must be exercised within 120 days of the offer being submitted to the Administrative General Partner.

18. Conditions Precedent. The Limited Partner's investment in the Partnership in accordance with the terms of this Letter is subject to satisfaction (in the Limited Partner's sole and absolute discretion) of the following conditions precedent (the "**Conditions Precedent**"):
- A. the negotiation of a final partnership agreement governing the Partnership (the "**Partnership Agreement**") and related documents;
 - B. evidence of the required approval of the Project by any necessary governmental entity;
 - C. the Limited Partner's receipt and approval of current financial statements (prepared in accordance with generally accepted accounting principles) and a real estate owned schedule for the General Partner, the Guarantors and their principals;
 - D. the Limited Partner's receipt of corporate opinions rendered by counsel to the General Partner satisfactory to the Limited Partner, in form and substance acceptable to the Limited Partner;
 - E. evidence of insurance in accordance with the requirements set forth by the Limited Partner;
 - F. evidence (in the form of an appraisal) that the allocation of basis between building and land is accurate and supportable;
 - G. such other materials as are reasonably required by the Limited Partner as part of its customary financial and legal due diligence review, including such information reasonably required for inclusion in a registration statement, supplement, other offering materials prepared for the Limited Partner, or any report required to be filed with any governmental authority; and,
 - H. approval of the Limited Partner's internal investment committee and satisfaction of such other conditions as may be required as a condition to such approval.
19. Transfer of Limited Partner Interest. The Limited Partner will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute limited partner: (i) to any affiliate of the Limited Partner, (ii) to any other person or entity provided that (A) the Limited Partner will remain liable to make all capital contributions outstanding at the time of the transfer or (B) the proposed transferee is acceptable to the General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Limited Partner is the general partner or managing member.

20. Transfer of General Partner Interest. The General Partner shall not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of the Limited Partner, which consent shall not be unreasonably withheld, delayed or conditioned. Provided that more than 50% of the General Partner remains owned and controlled by one or more of Chris Foster, Jeff Jallo or Greg Gossard (collectively, the “**Existing Owners**”), the following types of transfers of ownership of the General Partner will be allowed without the Limited Partner’s consent: (x) a transfer among the Existing Owners, (y) a transfer for estate planning purposes, and (z) a transfer of a non-controlling minority interest in the General Partner to a third-party reasonably acceptable to the Limited Partner.
21. Bank Accounts. All bank accounts of the Partnership will be maintained with an accredited banking institution acceptable to the Limited Partner.
22. Changes. Any change to the information provided to us, or any change to our assumptions after our due diligence review, could affect our financial projections and thus the amount and terms of the Capital Contributions. The Limited Partner has predicated the proposed terms contained in this Letter on the financial projections it has prepared, which are based upon the financial and other information furnished by the General Partner or its agents, as well as certain assumptions of the federal income tax consequences of this transaction. Many regulations remain to be issued under various tax acts and many tax provisions contain ambiguities. The issuance of regulations or other resolution of such ambiguities, or any other changes in these tax assumptions, could affect the financial projections and thus, the amount and terms of the Capital Contributions.
23. Tax Disclosure. Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, the Limited Partner and each officer, employee, representative or agent of the Limited Partner may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership’s transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to the Limited Partner regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.
24. Exclusivity. The General Partner acknowledges that the Limited Partner will expend significant effort and expense in connection with its Project review and due diligence and may forego other investment opportunities as a result thereof. The General Partner agrees that it will not solicit or entertain any offers by other parties to acquire an equity interest in the Partnership unless and until the Limited Partner has notified the General Partner in writing that the Limited Partner is not prepared to proceed with this transaction. The Limited Partner shall make such determination within 60 days after the submission by the General Partner of all items required by the Limited Partner to complete its due diligence.
25. Transaction Expenses. In addition to any expenses that are the responsibility of the General Partner, if the transaction does not close due to the actions of the General Partner, or the inability of the General Partner to satisfy the Conditions Precedent contained herein, the General Partner shall be responsible for the legal costs incurred by the Limited Partner. Additionally, at the time of closing, the General Partner shall reimburse the Limited Partner for its legal fees in an amount equal to \$25,000. This Letter is not binding to

the Limited Partner, as the Limited Partner's potential equity investment in the Project summarized herein remains subject to approval from the relevant internal committees of the Limited Partner with respect to any such investment.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this Letter and returning it to the undersigned by January 22, 2018. If you have not done so by such date, the proposal contained in this Letter shall expire and be of no further effect. It is also understood that the economic terms outlined herein shall remain valid for 120 days from the date hereof. Should closing of the transaction occur after such date, such terms are subject to renegotiation by the Limited Partner. We look forward to working with you on this transaction.

Very truly yours,

R4 CAPITAL LLC



By: _____

Name: Ronne Thielen

Title: Executive Vice President

AGREED AND ACCEPTED THIS

____ day of January, 2018

The Hampstead Group, Inc.

By: _____

Name:

Title:

GUARANTORS

By: _____

Greg Gossard

By: _____

Jeff Jallo

By: _____

Chris Foster

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
001	2A	N/A	1028	Occupied	LEWIS, MARY	05/01/1998	05/01/2010	04/30/2013	841.00	RESIDENT	RENT	156.00	0.00	156.00	209.00	156.00
										SUBSIDY	SUBRENT	685.00	0.00	685.00	0.00	685.00
002	2A	N/A	1028	Occupied	Thomas, Connie	10/01/1992	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	160.00	0.00	160.00	150.00	141.00
										SUBSIDY	SUBRENT	681.00	0.00	681.00	0.00	681.00
003	2A	N/A	1028	Occupied	Polite-Propes, Temika	10/25/2016	10/25/2016	10/25/2017	841.00	RESIDENT	UTILREIMB	0.00	(35.00)	(35.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	876.00	0.00	876.00
										SUBSIDY	UTAC	0.00	35.00			
004	2A	N/A	1028	Occupied	TURNER, MELISHA	05/25/2011	05/25/2011	05/24/2013	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	209.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	907.00
										SUBSIDY	UTAC	0.00	58.00			
005	2A	N/A	1028	Occupied	IVIE, MILTON	07/16/2004	07/01/2010	06/30/2012	841.00	RESIDENT	RENT	184.00	0.00	184.00	243.00	184.00
										SUBSIDY	SUBRENT	657.00	0.00	657.00	0.00	657.00
006	2A	N/A	1028	Occupied	Delaine, Earnest	02/03/2016	02/03/2016	01/28/2017	841.00	RESIDENT	RENT	841.00	0.00	841.00	313.00	841.00
007	2A	N/A	1028	Occupied	Rambarran, Clyde	05/30/2017	05/30/2017	05/01/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	325.00	650.00
										RESIDENT	RENT	841.00	0.00			
008	2A	N/A	1028	Occupied	Cannon, Candice	03/10/2016	03/10/2016	03/09/2017	841.00	RESIDENT	RENT	538.00	0.00	538.00	297.00	530.00
										SUBSIDY	SUBRENT	303.00	0.00	303.00	0.00	303.00
009	2A	N/A	1028	Vacant	VACANT				841.00			0.00 *	0.00 *			
010	2A	N/A	1028	Occupied	OWENS, WANDA	02/18/2000	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	327.00	0.00	327.00	156.00	327.00
										SUBSIDY	SUBRENT	514.00	0.00	514.00	0.00	514.00
011	2A	N/A	1028	Occupied	GEORGE, GREGORY	06/01/2009	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	134.00	0.00	134.00	198.00	134.00
										SUBSIDY	SUBRENT	707.00	0.00	707.00	0.00	707.00
012	2A	N/A	1028	Occupied	Maxwell, Yolanda	05/06/2011	05/06/2011	05/05/2013	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	241.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
013	1A	N/A	810	Occupied	Beasley, Carolyn	06/23/2017	06/23/2017	06/22/2018	737.00	RESIDENT	RENT	374.00	0.00	374.00	211.00	0.00
										SUBSIDY	SUBRENT	363.00	0.00	363.00	0.00	138.00
014	1A	N/A	810	Occupied	CARTER, ROSEMARY	12/11/2008	12/01/2010	11/30/2012	737.00	RESIDENT	RENT	210.00	0.00	210.00	195.00	207.00
										SUBSIDY	SUBRENT	527.00	0.00	527.00	0.00	527.00
015	1A	N/A	810	Occupied	ARNOLD, RICHETTA	07/10/2009	07/01/2010	06/30/2012	737.00	RESIDENT	RENT	149.00	0.00	149.00	125.00	149.00

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
016	1A	N/A	810	Occupied	Gray, Sharon	04/03/2017	04/03/2017	04/02/2018	737.00	RESIDENT	SUBSIDY RENT	155.00	0.00	155.00	217.00	154.00
017	1A	N/A	810	Occupied	Macias, Annie	09/29/2017	09/29/2017	09/28/2018	737.00	RESIDENT	SUBSIDY RENT	159.00	0.00	159.00	221.00	(9.00)
018	1A	N/A	810	Occupied	MCDONALD, MINA	04/02/2016	04/02/2016	04/01/2017	737.00	RESIDENT	SUBSIDY RENT	155.00	0.00	155.00	120.00	155.00
019	1A	N/A	810	Occupied	Beam, Nancy	03/01/2011	03/01/2011	02/28/2013	737.00	RESIDENT	SUBSIDY RENT	193.00	0.00	193.00	233.00	193.00
020	1A	N/A	810	Occupied	Walker, Verna	05/01/2016	05/01/2016	04/30/2017	737.00	RESIDENT	SUBSIDY RENT	159.00	0.00	159.00	215.00	0.00
021	3A	N/A	1235	Occupied	GATLIN, GRADY	12/01/2007	12/01/2010	11/30/2012	956.00	RESIDENT	SUBSIDY RENT	304.00	0.00	304.00	341.00	304.00
022	3A	N/A	1235	Vacant	VACANT				956.00			0.00 *	0.00 *			
023	3A	N/A	1235	Occupied	Everett, Jade	08/14/2015	08/14/2015	08/13/2016	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	192.00	(72.00)
024	3A	N/A	1235	Occupied	Respress, Kiyonna	08/08/2012	08/08/2012	08/07/2013	956.00	RESIDENT	SUBSIDY RENT	31.00	0.00	31.00	163.00	0.00
025	3A	N/A	1235	Occupied	Jewell - Major, Latasha	10/01/2016	10/01/2016	10/01/2017	956.00	RESIDENT	SUBSIDY CONC/SPEC	0.00	(161.00)	795.00	363.00	795.00
026	3A	N/A	1235	Occupied	Everett, Morgan	09/20/2017	09/20/2017	09/19/2018	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	25.00	0.00
027	3A	N/A	1235	Occupied	Owens, Cara	07/01/2016	07/01/2016	06/30/2018	956.00	RESIDENT	SUBSIDY RENT	956.00	0.00	1,064.00	0.00	1,065.00
028	3A	N/A	1235	Occupied	Lee, Keoia	07/10/2015	07/10/2015	07/02/2016	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	25.00	0.00
029	3A	N/A	1235	Occupied	Tucker, Sarah	03/02/2016	03/02/2016	03/01/2017	956.00	RESIDENT	SUBSIDY RENT	24.00	0.00	24.00	264.00	24.00
030	3A	N/A	1235	Occupied	Lester, Miranda	03/01/2016	03/01/2016	02/28/2017	956.00	RESIDENT	SUBSIDY RENT	932.00	0.00	932.00	0.00	932.00

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
												0.00	97.00			
031	3A	N/A	1235	Occupied	Rosser, Lizzette	09/02/2014	09/02/2014	09/01/2015	956.00	RESIDENT	UTAC	679.00	0.00	679.00	216.00	25.00
												277.00	0.00	277.00	0.00	277.00
032	3A	N/A	1235	Occupied	Turner, Tyeneshia	12/16/2014	12/16/2014	12/15/2015	956.00	RESIDENT	SUBRENT	90.00	0.00	90.00	98.00	89.00
												866.00	0.00	866.00	0.00	867.00
												0.00	0.00		0.00	(195.00)
033	3A	N/A	1235	Occupied	Prather, Shequita	12/19/2017	12/19/2017	12/18/2018	956.00	RESIDENT	RENT	389.00	0.00	389.00	522.00	338.00
												567.00	0.00	567.00	0.00	805.00
034	3A	N/A	1235	Occupied	Jones, Tracy	07/15/2016	07/15/2016	07/14/2017	956.00	RESIDENT	UTILREIMB	0.00	(86.00)	(86.00)	54.00	0.00
												956.00	0.00	1,042.00	0.00	1,042.00
												0.00	86.00			
035	3A	N/A	1235	Occupied	HALL, PATSY	03/01/2004	03/01/2010	02/28/2013	956.00	RESIDENT	UTILREIMB	0.00	(68.00)	(68.00)	54.00	(20.00)
												956.00	0.00	1,024.00	0.00	1,024.00
												0.00	68.00			
036	3A	N/A	1235	Occupied	Johnson, Alisha	07/28/2014	07/28/2014	07/27/2015	956.00	RESIDENT	RENT	469.00	0.00	469.00	387.00	469.00
												487.00	0.00	487.00	0.00	487.00
037	2A	N/A	1028	Occupied	BUTLER, JOYCE	12/05/2003	12/01/2010	11/30/2012	841.00	RESIDENT	RENT	314.00	0.00	314.00	354.00	348.00
												527.00	0.00	527.00	0.00	527.00
038	2A	N/A	1028	Occupied	Adams, Conswella	06/02/2017	06/02/2017	05/28/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	325.00	650.00
												841.00	0.00			
039	2A	N/A	1028	Occupied	Nicolas, Eliane	09/14/2016	09/14/2016	08/31/2017	841.00	RESIDENT	RENT	498.00	0.00	498.00	372.00	(2.00)
												343.00	0.00	343.00	0.00	343.00
040	2A	N/A	1028	Occupied	Lee, Janmacita	08/25/2017	08/25/2017	08/24/2018	841.00	RESIDENT	RENT	86.00	0.00	86.00	169.00	96.28
												755.00	0.00	755.00	0.00	755.00
041	2A	N/A	1028	Occupied	Kinsey, Jennifer	04/15/2016	04/15/2016	04/14/2017	841.00	RESIDENT	UTILREIMB	0.00	(27.00)	(27.00)	25.00	0.00
												841.00	0.00	868.00	0.00	868.00
												0.00	27.00			
042	2A	N/A	1028	Occupied	DRUMMOND, SHELIA	07/12/2010	07/12/2010	06/30/2012	841.00	RESIDENT	RENT	128.00	0.00	128.00	93.00	128.00
												713.00	0.00	713.00	0.00	713.00
043	2A	N/A	1028	Occupied	Fields, Delilah	02/05/2016	02/05/2016	02/28/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	313.00	650.00
												841.00	0.00			
044	2A	N/A	1028	Occupied	Murphy, Aisha	12/23/2016	12/23/2016	12/22/2017	841.00	RESIDENT	RENT	395.00	0.00	395.00	419.00	0.00

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details

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045	2A	N/A	1028	Occupied	Copeland, Tiana	05/04/2016	05/04/2016	05/03/2017	841.00	RESIDENT	SUBSIDY SUBRENT	446.00	0.00	446.00	0.00	465.00
046	2A	N/A	1028	Occupied	Phillips, Michelle	07/01/2011	07/01/2011	06/30/2012	841.00	RESIDENT	SUBSIDY SUBRENT	756.00	0.00	756.00	0.00	756.00
047	2A	N/A	1028	Occupied	White, Kia	09/02/2016	09/02/2016	09/01/2017	841.00	RESIDENT	SUBSIDY SUBRENT	114.00	0.00	114.00	205.00	114.00
048	2A	N/A	1028	Occupied	St. John, Diana	01/13/2012	01/13/2012	01/12/2013	841.00	RESIDENT	SUBSIDY SUBRENT	727.00	0.00	727.00	0.00	726.00
049	2A	N/A	1028	Occupied	Underwood, Oyenma	11/16/2012	11/16/2012	11/15/2013	841.00	RESIDENT	SUBSIDY SUBRENT	0.00	(9.00)	(9.00)	242.00	0.00
050	2A	N/A	1028	Occupied	Robbins, Ria	07/16/2014	07/16/2014	07/15/2015	841.00	RESIDENT	SUBSIDY SUBRENT	841.00	0.00	841.00	0.00	841.00
051	2A	N/A	1028	Occupied	Purnell, Ebony	07/02/2017	07/02/2017	07/01/2018	841.00	RESIDENT	SUBSIDY SUBRENT	480.00	0.00	480.00	0.00	(371.00)
052	2A	N/A	1028	Occupied	Myrick, Lavonda	12/23/2016	12/23/2016	12/22/2017	841.00	RESIDENT	SUBSIDY SUBRENT	0.00	(58.00)	(58.00)	59.00	(1.00)
053	2A	N/A	1028	Occupied	Sibert, Megenne	11/26/2014	11/26/2014	11/25/2015	841.00	RESIDENT	SUBSIDY SUBRENT	841.00	0.00	841.00	0.00	841.00
054	2A	N/A	1028	Occupied	BEANE, PRISCILLA	07/17/2009	07/01/2010	06/30/2012	841.00	RESIDENT	SUBSIDY SUBRENT	303.00	0.00	303.00	75.00	303.00
055	2A	N/A	1028	Occupied	Wilson, Barbara	04/28/2017	04/28/2017	04/27/2018	841.00	RESIDENT	SUBSIDY SUBRENT	538.00	0.00	538.00	0.00	538.00
056	2A	N/A	1028	Occupied	Mitchell, Naketa	01/28/2015	01/28/2015	01/27/2016	841.00	RESIDENT	SUBSIDY SUBRENT	0.00	(6.00)	(6.00)	125.00	(1.00)
057	2A	N/A	1028	Occupied	Moore, Valaire	09/15/2016	09/15/2016	01/30/2019	841.00	RESIDENT	SUBSIDY SUBRENT	0.00	0.00	0.00	0.00	0.00

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058	2A	N/A	1028	Occupied	Blanding, Niajsa	05/30/2014	05/30/2014	05/29/2015	841.00	RESIDENT	UTILREIMB	0.00	(35.00)	(35.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	876.00	0.00	876.00
										SUBSIDY	UTAC	0.00	35.00			
059	2A	N/A	1028	Occupied	Callaway, Reneika	11/23/2016	11/23/2016	11/22/2017	841.00	RESIDENT	RENT	245.00	0.00	245.00	439.00	240.00
										SUBSIDY	SUBRENT	596.00	0.00	596.00	0.00	596.00
060	2A	N/A	1028	Occupied	Collins, Anisa	07/02/2014	07/02/2014	07/01/2015	841.00	RESIDENT	RENT	113.00	0.00	113.00	25.00	(39.00)
										SUBSIDY	SUBRENT	728.00	0.00	728.00	0.00	727.00
061	2A	N/A	1028	Occupied	McGhee, Pamela	01/18/2013	01/18/2013	01/17/2014	841.00	RESIDENT	RENT	367.00	0.00	367.00	213.00	365.00
										SUBSIDY	SUBRENT	474.00	0.00	474.00	0.00	474.00
062	2A	N/A	1028	Occupied	Sutton, Sylvia	03/07/2017	03/07/2017	03/06/2018	841.00	RESIDENT	RENT	87.00	0.00	87.00	170.00	85.00
										SUBSIDY	SUBRENT	754.00	0.00	754.00	0.00	753.00
063	2A	N/A	1028	Occupied	Wilson, Saporita	11/03/2014	11/03/2014	11/02/2015	841.00	RESIDENT	UTILREIMB	0.00	(5.00)	(5.00)	45.00	(1,774.00)
										SUBSIDY	SUBRENT	841.00	0.00	846.00	0.00	4,170.00
										SUBSIDY	UTAC	0.00	5.00			
										NO USE		0.00	0.00		0.00	(30.00)
064	2A	N/A	1028	Occupied	Guiton, Jennifer	07/20/2011	07/20/2011	07/19/2013	841.00	RESIDENT	RENT	116.00	0.00	116.00	160.00	(405.00)
										SUBSIDY	SUBRENT	725.00	0.00	725.00	0.00	725.00
065	3A	N/A	1235	Occupied	Yearby, Shenera	12/02/2011	12/02/2011	12/01/2012	956.00	RESIDENT	RENT	530.00	0.00	530.00	233.00	530.00
										SUBSIDY	SUBRENT	426.00	0.00	426.00	0.00	426.00
066	3A	N/A	1235	Occupied	GALLEGOS, TRACIE	10/15/2004	10/01/2010	09/30/2012	956.00	RESIDENT	RENT	88.00	0.00	88.00	116.00	82.00
										SUBSIDY	SUBRENT	868.00	0.00	868.00	0.00	868.00
067	3A	N/A	1235	Occupied	BROWN, BOBBI	06/01/2008	06/01/2010	05/31/2013	956.00	RESIDENT	RENT	148.00	0.00	148.00	217.00	148.00
										SUBSIDY	SUBRENT	808.00	0.00	808.00	0.00	808.00
068	3A	N/A	1235	Occupied	Duncan, Lakisha	10/31/2013	10/31/2013	10/31/2014	956.00	RESIDENT	RENT	348.00	0.00	348.00	238.00	348.00
										SUBSIDY	SUBRENT	608.00	0.00	608.00	0.00	759.00
069	3A	N/A	1235	Occupied	Perry, Marcus	05/26/2016	05/26/2016	05/25/2017	956.00	RESIDENT	CONC/SPEC	0.00	(161.00)	795.00	725.00	3,180.00
										RESIDENT	RENT	956.00	0.00			
070	3A	Conventional	1235	Occupied	Brown, Falesha	12/28/2015	12/28/2015	11/30/2016	956.00	RESIDENT	RENT	956.00	0.00	956.00	725.00	921.00
071	3A	N/A	1235	Occupied	Johnson, Meredith	09/06/2013	09/06/2013	09/05/2014	956.00	RESIDENT	RENT	451.00	0.00	451.00	37.00	438.00
										SUBSIDY	SUBRENT	505.00	0.00	505.00	0.00	504.00
072	3A	N/A	1235	Occupied	Cain, Shayla	07/31/2015	07/31/2015	07/30/2016	956.00	RESIDENT	UTILREIMB	0.00	(82.00)	(82.00)	236.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,038.00	0.00	1,038.00

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073	3A	N/A	1235	Occupied	Souder, Nicole	03/03/2015	03/03/2015	03/02/2016	956.00	RESIDENT	UTILREIMB	0.00	82.00	(10.00)	257.00	0.00
										SUBSIDY	UTAC	0.00				
										RESIDENT	SUBRENT	956.00	0.00	966.00	0.00	606.00
										SUBSIDY	UTAC	0.00	10.00			
074	3A	N/A	1235	Occupied	Minter, Shanieka	08/02/2017	08/02/2017	08/01/2018	956.00	RESIDENT	CONC/SPEC	0.00	(231.00)	725.00	375.00	599.02
										RESIDENT	RENT	956.00	0.00			
075	3A	N/A	1235	Occupied	Williams, Bridgette	06/10/2016	06/10/2016	06/09/2017	956.00	RESIDENT	RENT	12.00	0.00	12.00	63.00	9.00
										SUBSIDY	SUBRENT	944.00	0.00	944.00	0.00	944.00
076	3A	N/A	1235	Occupied	Berry, Chrishona	01/15/2016	01/15/2016	01/14/2017	956.00	RESIDENT	UTILREIMB	0.00	(69.00)	(69.00)	207.00	(8.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,025.00	0.00	1,025.00
										SUBSIDY	UTAC	0.00	69.00			
077	3A	N/A	1235	Occupied	Costley, Stephanie	06/22/2017	06/22/2017	06/21/2018	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	56.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	1,065.00
										SUBSIDY	UTAC	0.00	108.00			
078	3A	N/A	1235	Occupied	Ransom, Wendy	02/27/2012	02/27/2012	02/26/2013	956.00	RESIDENT	RENT	94.00	0.00	94.00	185.00	94.00
										SUBSIDY	SUBRENT	862.00	0.00	862.00	0.00	862.00
079	3A	N/A	1235	Occupied	Barajas-Calvillo, Pamela	02/14/2017	02/14/2017	02/13/2018	956.00	RESIDENT	RENT	91.00	0.00	91.00	224.00	91.00
										SUBSIDY	SUBRENT	865.00	0.00	865.00	0.00	865.00
080	3A	N/A	1235	Occupied	Hall, Monique	05/01/2015	05/01/2015	04/30/2016	956.00	RESIDENT	UTILREIMB	0.00	(70.00)	(70.00)	186.00	(19.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,026.00	0.00	1,026.00
										SUBSIDY	UTAC	0.00	70.00			
081	2A	N/A	1028	Occupied	Black, Mercedes	10/02/2016	10/02/2016	10/01/2017	841.00	RESIDENT	RENT	415.00	0.00	415.00	565.00	0.00
										SUBSIDY	SUBRENT	426.00	0.00	426.00	0.00	426.00
082	2A	N/A	1028	Occupied	Evans, Marquita	05/17/2013	05/17/2013	05/16/2014	841.00	RESIDENT	RENT	114.00	0.00	114.00	853.00	94.00
										SUBSIDY	SUBRENT	727.00	0.00	727.00	0.00	1,141.00
083	2A	N/A	1028	Occupied	Thomas, Rebekah	10/06/2017	10/06/2017	10/05/2018	841.00	RESIDENT	CONC/SPEC	0.00	(407.00)	434.00	325.00	243.00
										RESIDENT	RENT	841.00	0.00			
084	2A	N/A	1028	Occupied	GANTT, GARY	06/01/2008	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	229.00	0.00	229.00	298.00	229.00
										SUBSIDY	SUBRENT	612.00	0.00	612.00	0.00	612.00
085	2A	N/A	1028	Occupied	Lemons, Louise	04/01/1987	04/01/2010	04/30/2012	841.00	RESIDENT	CONC/SPEC	0.00	(120.00)	156.00	0.00	156.00
										RESIDENT	RENT	276.00	0.00			
										SUBSIDY	SUBRENT	561.00	0.00	561.00	0.00	5,221.00

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086	2A	N/A	1028	Occupied	Carter, Kayla	10/07/2016	10/07/2016	10/06/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	152.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
087	2A	N/A	1028	Occupied	McJunkin, Patricia	06/08/2001	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	247.00	0.00	247.00	149.00	239.00
										SUBSIDY	SUBRENT	594.00	0.00	594.00	0.00	594.00
088	2A	N/A	1028	Occupied	FOSTER, GLORIA	03/14/2002	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	145.00	0.00	145.00	296.00	145.00
										SUBSIDY	SUBRENT	696.00	0.00	696.00	0.00	696.00
089	2A	N/A	1028	Occupied	Holmes, Victoria	04/25/2013	04/25/2013	04/24/2014	841.00	RESIDENT	RENT	181.00	0.00	181.00	118.00	174.00
										SUBSIDY	SUBRENT	660.00	0.00	660.00	0.00	660.00
090	2A	N/A	1028	Occupied	Hines, Deanna	09/12/2017	09/12/2017	09/11/2018	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	30.00	28.00
										SUBSIDY	SUBRENT	841.00	0.00	891.00	0.00	891.00
										SUBSIDY	UTAC	0.00	50.00			
091	2A	N/A	1028	Occupied	Bailey, Shanterias	04/10/2014	04/10/2014	04/09/2015	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	301.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	921.00
										SUBSIDY	UTAC	0.00	58.00			
										NO USE		0.00	0.00		0.00	(148.00)
092	2A	N/A	1028	Occupied	Parks, Tanequa	07/12/2012	07/12/2012	07/31/2013	841.00	RESIDENT	RENT	184.00	0.00	184.00	67.00	184.00
										SUBSIDY	SUBRENT	657.00	0.00	657.00	0.00	657.00
093	2A	N/A	1028	Occupied	WATSON, DEANNE	02/01/2010	02/01/2010	01/31/2013	841.00	RESIDENT	UTILREIMB	0.00	(5.00)	(5.00)	78.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	846.00	0.00	106.00
										SUBSIDY	UTAC	0.00	5.00			
094	2A	N/A	1028	Occupied	REED, DONNA	03/12/1998	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	124.00	0.00	124.00	65.00	124.00
										SUBSIDY	SUBRENT	717.00	0.00	717.00	0.00	717.00
095	2A	N/A	1028	Occupied	Moody, Kathleen	09/21/2015	09/21/2015	09/20/2016	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	177.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
096	2A	N/A	1028	Occupied	Presley, Stephanie	05/06/2016	05/06/2016	05/05/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	995.00
										SUBSIDY	UTAC	0.00	58.00			
097	3A	N/A	1235	Occupied	Woodard, Ryeisha	10/03/2013	10/03/2013	10/02/2014	956.00	RESIDENT	RENT	40.00	0.00	40.00	165.00	44.00

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098	3A	N/A	1235	Occupied	Snelson, Ebony	08/02/2016	08/02/2016	08/01/2017	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	306.00	0.00
099	3A	N/A	1235	Occupied	SHIVERS, RASHONDA	11/13/2009	11/01/2010	10/31/2012	956.00	RESIDENT	RENT	195.00	0.00	195.00	145.00	175.00
100	3A	N/A	1235	Occupied	Wright, Princess	02/05/2016	02/05/2016	02/04/2017	956.00	RESIDENT	RENT	69.00	0.00	69.00	134.00	62.00
101	3A	N/A	1235	Vacant	VACANT				956.00			0.00 *	0.00 *			
102	3A	N/A	1235	Occupied	Fields, Antoine	12/29/2015	12/29/2015	11/30/2016	956.00	RESIDENT	RENT	956.00	0.00	956.00	626.00	906.00
103	3A	N/A	1235	Occupied	St.John, Donna	05/23/2016	05/23/2016	05/22/2017	956.00	RESIDENT	UTILREIMB	0.00	(70.00)	(70.00)	63.00	0.00
104	3A	N/A	1235	Occupied	Ard, Melissa	03/19/2015	03/19/2015	03/18/2016	956.00	RESIDENT	UTILREIMB	0.00	(85.00)	(85.00)	25.00	(1.00)
105	2A	N/A	1028	Occupied	EDWARDS, PAMELA	09/26/2005	09/01/2010	08/31/2012	841.00	RESIDENT	RENT	134.00	0.00	134.00	136.00	0.00
106	2A	N/A	1028	Occupied	EMMETT, DANNY	03/01/2009	03/01/2010	02/28/2013	841.00	RESIDENT	UTILREIMB	0.00	(35.00)	(35.00)	183.00	0.00
107	2A	N/A	1028	Occupied	Dickens, Tiffany	02/07/2012	02/07/2012	02/06/2013	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	186.00	0.00
108	2A	N/A	1028	Occupied	Brown, Tramesia	03/13/2015	03/13/2015	03/12/2016	841.00	RESIDENT	RENT	38.00	0.00	38.00	78.00	113.00
109	2A	N/A	1028	Occupied	Richardson, Felicite	07/21/2014	07/21/2014	07/20/2015	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	287.00	(2.00)
110	2A	N/A	1028	Occupied	OGLES, PENNY	05/29/2017	05/29/2017	05/28/2018	841.00	RESIDENT	UTILREIMB	0.00	(18.00)	(18.00)	60.00	0.00

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RENT ROLL DETAIL

As of 01/02/2018

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details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
111	2A	N/A	1028	Occupied	Gilbert, Bennecia	08/02/2017	08/02/2017	08/01/2018	841.00	RESIDENT	CONC/SPEC	0.00	(216.00)	625.00	325.00	625.00
										RESIDENT	RENT	841.00	0.00			
112	2A	N/A	1028	Occupied	WILSON, EVELYN	03/01/2004	03/01/2010	02/28/2013	841.00	RESIDENT	RENT	137.00	0.00	137.00	207.00	137.00
										SUBSIDY	SUBRENT	704.00	0.00	704.00	0.00	704.00
113	2A	N/A	1028	Occupied	Barnes, Larry	01/22/2014	01/22/2014	01/21/2015	841.00	RESIDENT	RENT	126.00	0.00	126.00	132.00	124.00
										SUBSIDY	SUBRENT	715.00	0.00	715.00	0.00	715.00
114	2A	N/A	1028	Occupied	Marrow, Nikyia	10/06/2017	10/06/2017	10/05/2018	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
115	2A	N/A	1028	Occupied	Westbrook, Tammie	03/18/2013	03/18/2013	03/17/2014	841.00	RESIDENT	UTILREIMB	0.00	(1.00)	(1.00)	151.00	(4.00)
										SUBSIDY	SUBRENT	841.00	0.00	842.00	0.00	842.00
										SUBSIDY	UTAC	0.00	1.00			
116	2A	N/A	1028	Occupied	Copeland, Alexandria	09/08/2017	09/08/2017	09/07/2018	841.00	RESIDENT	RENT	391.00	0.00	391.00	474.00	390.00
										SUBSIDY	SUBRENT	450.00	0.00	450.00	0.00	450.00
117	2A	N/A	1028	Occupied	Turner, Natasha	02/02/2017	02/02/2017	02/01/2018	841.00	RESIDENT	RENT	421.00	0.00	421.00	158.00	(10.00)
										SUBSIDY	SUBRENT	420.00	0.00	420.00	0.00	420.00
118	2A	N/A	1028	Occupied	Marrow, Keenan	08/01/2016	08/01/2016	08/01/2017	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	378.00	(1.00)
										SUBSIDY	SUBRENT	841.00	0.00	891.00	0.00	891.00
										SUBSIDY	UTAC	0.00	50.00			
119	2A	N/A	1028	Occupied	MARSENGILL, WANDA	09/10/1996	09/01/2010	08/31/2012	841.00	RESIDENT	RENT	134.00	0.00	134.00	62.00	130.00
										SUBSIDY	SUBRENT	707.00	0.00	707.00	0.00	707.00
120	2A	N/A	1028	Occupied	Miner, Daniel	06/23/2005	06/01/2010	05/31/2013	841.00	RESIDENT	RENT	28.00	0.00	28.00	165.00	(5.00)
										SUBSIDY	SUBRENT	813.00	0.00	813.00	0.00	813.00
										NO USE		0.00	0.00		0.00	(93.00)
121	3A	N/A	1235	Occupied	Whitehead, Tikivvia	08/24/2015	08/24/2015	08/23/2016	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	66.00	(360.86)
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	1,064.00
										SUBSIDY	UTAC	0.00	108.00			
122	3A	N/A	1235	Occupied	CAGLE, SHERYON	02/19/1997	02/01/2010	01/31/2013	956.00	RESIDENT	RENT	121.00	0.00	121.00	259.00	129.00
										SUBSIDY	SUBRENT	835.00	0.00	835.00	0.00	835.00
123	3A	N/A	1235	Vacant	VACANT				956.00			0.00 *	0.00 *			

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details

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124	3A	N/A	1235	Occupied	Johnson, Clandeka	01/03/2014	01/03/2014	01/02/2015	956.00	RESIDENT	RENT	76.00	0.00	76.00	201.00	301.00
										SUBSIDY	SUBRENT	880.00	0.00	880.00	0.00	880.00
125	3A	N/A	1235	Occupied	HOLLISTER, JOSEPH	02/24/2005	02/01/2010	01/31/2013	956.00	RESIDENT	RENT	193.00	0.00	193.00	398.00	193.00
										SUBSIDY	SUBRENT	763.00	0.00	763.00	0.00	763.00
126	3A	N/A	1235	Occupied	Goodson, Turqusha	12/18/2014	12/18/2014	12/17/2015	956.00	RESIDENT	UTILREIMB	0.00	(97.00)	(97.00)	185.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,053.00	0.00	1,053.00
										SUBSIDY	UTAC	0.00	97.00			
127	3A	N/A	1235	Occupied	BRYANT, DORIS	09/01/1993	09/01/2010	08/31/2012	956.00	RESIDENT	RENT	84.00	0.00	84.00	100.00	84.00
										SUBSIDY	SUBRENT	872.00	0.00	872.00	0.00	872.00
128	3A	N/A	1235	Occupied	Marrow, Monique	09/15/2014	09/15/2014	09/14/2015	956.00	RESIDENT	RENT	28.00	0.00	28.00	158.00	(43.00)
										SUBSIDY	SUBRENT	928.00	0.00	928.00	0.00	1,486.00
129	3A	N/A	1235	Occupied	Smith, Dana	12/30/2015	12/30/2015	12/29/2016	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	164.00	(1.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	1,064.00
										SUBSIDY	UTAC	0.00	108.00			
130	3A	N/A	1235	Occupied	Waters, Jamanah	01/28/2016	01/28/2016	01/27/2017	956.00	RESIDENT	UTILREIMB	0.00	(68.00)	(68.00)	60.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,024.00	0.00	1,746.00
										SUBSIDY	UTAC	0.00	68.00			
										NO USE		0.00	0.00		0.00	(51.00)
131	3A	N/A	1235	Occupied	Ross, Demetra	06/18/2014	06/18/2014	06/17/2015	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	180.00	(2.00)
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	1,008.00
										SUBSIDY	UTAC	0.00	108.00			
132	3A	N/A	1235	Occupied	Holder, Dwayne	06/05/2017	06/05/2017	06/04/2018	956.00	RESIDENT	CONC/SPEC	0.00	(206.00)	750.00	325.00	700.00
										RESIDENT	RENT	956.00	0.00			
133	2A	N/A	1028	Occupied	DICKERSON, DANNY	10/01/2009	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	133.00	0.00	133.00	192.00	133.00
										SUBSIDY	SUBRENT	708.00	0.00	708.00	0.00	708.00
134	2A	N/A	1028	Occupied	JOHNSON, DELILAH	02/02/2009	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	137.00	0.00	137.00	108.00	107.00
										SUBSIDY	SUBRENT	704.00	0.00	704.00	0.00	694.00
135	2A	N/A	1028	Occupied	CLARK, SHERONDA	11/01/2009	11/01/2010	10/31/2012	841.00	RESIDENT	RENT	114.00	0.00	114.00	197.00	271.00
										SUBSIDY	SUBRENT	727.00	0.00	727.00	0.00	655.00
										NO USE		0.00	0.00		0.00	12.00

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136	2A	N/A	1028	Occupied	Ford, Janay	07/14/2017	07/14/2017	07/13/2018	841.00	RESIDENT	RENT	117.00	0.00	117.00	200.00	117.00
										SUBSIDY	SUBRENT	724.00	0.00	724.00	0.00	724.00
137	2A	Affordable	1028	Occupied	Phan, Hong	11/02/2012	11/02/2012	03/31/2015	841.00	RESIDENT	CONC/SPEC	0.00	(146.00)	695.00	0.00	0.00
										RESIDENT	RENT	841.00	0.00			
138	2A	N/A	1028	Occupied	THOMAS, LATONYA	02/08/2007	02/01/2010	01/31/2013	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	373.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	1,343.00
										SUBSIDY	UTAC	0.00	58.00			
139	2A	N/A	1028	Occupied	Brand, Amy	08/11/2014	08/11/2014	08/10/2015	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	108.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
140	2A	N/A	1028	Occupied	Stubbs, Shamica	08/16/2016	08/16/2016	08/15/2017	841.00	RESIDENT	RENT	3.00	0.00	3.00	443.00	(28.00)
										SUBSIDY	SUBRENT	838.00	0.00	838.00	0.00	838.00
141	3A	N/A	1235	Occupied	King, Dermeshia	12/28/2016	12/28/2016	12/27/2017	956.00	RESIDENT	UTILREIMB	0.00	(34.00)	(34.00)	132.00	(131.00)
										SUBSIDY	SUBRENT	956.00	0.00	990.00	0.00	990.00
										SUBSIDY	UTAC	0.00	34.00			
142	3A	N/A	1235	Occupied	Slater, Christopher	07/15/2016	07/15/2016	07/14/2017	956.00	RESIDENT	CONC/SPEC	0.00	(161.00)	795.00	363.00	795.00
										RESIDENT	RENT	956.00	0.00			
143	3A	N/A	1235	Occupied	Jones, Alica	08/19/2016	08/19/2016	08/18/2017	956.00	RESIDENT	RENT	230.00	0.00	230.00	99.00	224.00
										SUBSIDY	SUBRENT	726.00	0.00	726.00	0.00	1,688.00
144	3A	N/A	1235	Occupied	Taylor, Keiva	04/09/2015	04/09/2015	04/08/2016	956.00	RESIDENT	RENT	467.00	0.00	467.00	409.00	459.00
										SUBSIDY	SUBRENT	489.00	0.00	489.00	0.00	489.00
145	2A	N/A	1028	Occupied	Hamler, Eva	06/23/2011	06/23/2011	06/22/2013	841.00	RESIDENT	RENT	214.00	0.00	214.00	275.00	214.00
										SUBSIDY	SUBRENT	627.00	0.00	627.00	0.00	627.00
146	2A	N/A	1028	Occupied	Abney, Shakeshia	10/03/2014	10/03/2014	10/02/2015	841.00	RESIDENT	RENT	77.00	0.00	77.00	327.00	(175.00)
										SUBSIDY	SUBRENT	764.00	0.00	764.00	0.00	700.00
147	2A	N/A	1028	Occupied	Patterson, Kiona	04/11/2016	04/11/2016	04/10/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	33.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	898.00
										SUBSIDY	UTAC	0.00	58.00			
148	2A	N/A	1028	Occupied	Johnson, Toya	07/01/2015	07/01/2015	06/30/2016	841.00	RESIDENT	RENT	91.00	0.00	91.00	186.00	91.00
										SUBSIDY	SUBRENT	750.00	0.00	750.00	0.00	750.00
149	3A	N/A	1235	Occupied	Gresham, Shantell	06/23/2017	06/23/2017	06/22/2018	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	80.00	0.00
										SUBSIDY	SUBRENT	956.00	0.00	1,064.00	0.00	1,064.00

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												0.00	108.00			
												0.00	0.00		0.00	173.00
150	3A	N/A	1235	Occupied	Jones, Schelaundye	05/14/2014	05/14/2014	05/13/2015	956.00	RESIDENT	RENT	447.00	0.00	447.00	91.00	438.00
												509.00	0.00	509.00	0.00	509.00
151	3A	N/A	1235	Occupied	Smith, Queena	03/17/2016	03/17/2016	03/16/2017	956.00	RESIDENT	UTILREIMB	0.00	(91.00)	(91.00)	86.00	(2.00)
												956.00	0.00	1,047.00	0.00	1,047.00
												0.00	91.00			
152	3A	N/A	1235	Occupied	Taylor, Kimberly	10/07/2011	10/07/2011	10/06/2012	956.00	RESIDENT	UTILREIMB	0.00	(108.00)	(108.00)	396.00	0.00
												956.00	0.00	1,064.00	0.00	1,064.00
												0.00	108.00			
153	2A	N/A	1028	Occupied	MITCHELL, JACKIE	12/01/1991	12/01/2010	11/30/2012	841.00	RESIDENT	RENT	125.00	0.00	125.00	100.00	342.00
												716.00	0.00	716.00	0.00	716.00
154	2A	N/A	1028	Occupied	Marrow, Nikiya	12/21/2017	12/21/2017	12/20/2018	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	25.00	0.00
												841.00	0.00	899.00	0.00	1,218.00
												0.00	58.00			
155	2A	N/A	1028	Occupied	BAGLEY, TAMMY	10/08/2009	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	519.00	0.00	519.00	83.00	519.00
												322.00	0.00	322.00	0.00	322.00
156	2A	N/A	1028	Occupied	ROBINSON-PHARMS, SANDRA	08/22/2008	08/01/2010	07/31/2012	841.00	RESIDENT	RENT	313.00	0.00	313.00	441.00	626.00
												528.00	0.00	528.00	0.00	640.00
												0.00	0.00		0.00	(30.00)
157	2A	N/A	1028	Occupied	Thomas, Betty	08/19/1998	08/01/2010	08/31/2012	841.00	RESIDENT	CONC/SPEC	0.00	(153.00)	(153.00)	0.00	(1,802.00)
												431.00	0.00	431.00	0.00	629.00
158	2A	N/A	1028	Occupied	Sanchez, Beverly	06/13/2014	06/13/2014	06/15/2015	841.00	RESIDENT	CONC/SPEC	0.00	(106.00)	735.00	476.00	675.00
												841.00	0.00			
159	2A	N/A	1028	Occupied	Bane, Henry	03/25/2011	03/25/2011	03/31/2015	841.00	RESIDENT	CONC/SPEC	0.00	(146.00)	695.00	99.00	645.00
												841.00	0.00			
160	2A	N/A	1028	Occupied	Bryant, Staretta	10/20/2014	10/20/2014	10/19/2015	841.00	RESIDENT	UTILREIMB	0.00	(35.00)	(35.00)	290.00	(3.00)
												841.00	0.00	876.00	0.00	1,016.00
												0.00	35.00			
												0.00	0.00		0.00	(161.00)

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161	2A	Affordable	1028	Occupied	BRADLEY, NANCY	09/19/2012	09/19/2012	09/18/2013	841.00	RESIDENT	UTILREIMB	0.00	(56.00)	(56.00)	371.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	897.00	0.00	795.00
										SUBSIDY	UTAC	0.00	56.00			
162	2A	Affordable	1028	Occupied	Powell, Dagelo	12/11/2017	12/11/2017	11/23/2018	841.00	RESIDENT	CONC/SPEC	0.00	(191.00)	650.00	325.00	650.00
										RESIDENT	RENT	841.00	0.00			
163	2A	N/A	1028	Occupied	Carson, Kayla	11/07/2016	11/07/2016	11/06/2017	841.00	RESIDENT	RENT	672.00	0.00	672.00	243.00	1,700.00
										SUBSIDY	SUBRENT	169.00	0.00	169.00	0.00	(173.00)
										NO USE		0.00	0.00		0.00	(96.00)
164	2A	Conventional	1028	Occupied	Cooksey, Robina	04/01/2013	04/01/2013	04/02/2014	841.00	RESIDENT	CONC/SPEC	0.00	(211.00)	630.00	525.00	1,949.00
										RESIDENT	RENT	841.00	0.00			
165	1A	N/A	810	Occupied	McIntyre, Princess	12/08/2017	12/08/2017	12/07/2018	737.00	RESIDENT	CONC/SPEC	0.00	(187.00)	550.00	275.00	500.00
										RESIDENT	RENT	737.00	0.00			
166	1A	N/A	810	Occupied	DENNIS, VERNA	03/09/2017	03/09/2017	03/08/2018	737.00	RESIDENT	RENT	300.00	0.00	300.00	91.00	300.00
										SUBSIDY	SUBRENT	437.00	0.00	437.00	0.00	437.00
167	1A	N/A	810	Occupied	Phillips, Denise	01/01/2007	01/01/2010	02/28/2015	737.00	RESIDENT	CONC/SPEC	0.00	(142.00)	595.00	0.00	595.00
										RESIDENT	RENT	737.00	0.00			
168	1A	N/A	810	Occupied	Weems, Kristy	04/21/2016	04/21/2016	04/20/2017	737.00	RESIDENT	RENT	241.00	0.00	241.00	288.00	241.00
										SUBSIDY	SUBRENT	496.00	0.00	496.00	0.00	510.00
169	1A	N/A	810	Occupied	Grier, Juanita	07/14/2017	07/14/2017	07/13/2018	737.00	RESIDENT	RENT	154.00	0.00	154.00	216.00	154.00
										SUBSIDY	SUBRENT	583.00	0.00	583.00	0.00	583.00
170	1A	N/A	810	Occupied	Gresham, Rosa	07/23/2015	07/23/2015	07/22/2016	737.00	RESIDENT	RENT	149.00	0.00	149.00	210.00	149.00
										SUBSIDY	SUBRENT	588.00	0.00	588.00	0.00	588.00
171	1A	N/A	810	Occupied	Maloy, Stacey	08/11/2015	08/11/2015	07/31/2016	737.00	RESIDENT	RENT	367.00	0.00	367.00	445.00	367.00
										SUBSIDY	SUBRENT	370.00	0.00	370.00	0.00	370.00
172	1A	N/A	810	Occupied	Wilkins, Robert	07/02/2016	07/02/2016	07/01/2017	737.00	RESIDENT	CONC/SPEC	0.00	(142.00)	595.00	363.00	595.00
										RESIDENT	RENT	737.00	0.00			
173	1A	N/A	810	Occupied	Bridges, Jimmy	08/14/2015	08/14/2015	07/31/2016	737.00	RESIDENT	RENT	149.00	0.00	149.00	226.00	0.00
										SUBSIDY	SUBRENT	588.00	0.00	588.00	0.00	588.00
174	1A	N/A	810	Occupied	BARTLETT, LESSIE	12/07/2006	12/01/2010	11/30/2012	737.00	RESIDENT	RENT	266.00	0.00	266.00	276.00	266.00
										SUBSIDY	SUBRENT	471.00	0.00	471.00	0.00	471.00
175	1A	N/A	810	Occupied	Haslem, Chanda	02/20/2015	02/20/2015	02/19/2016	737.00	RESIDENT	RENT	530.00	0.00	530.00	275.00	362.00
										SUBSIDY	SUBRENT	207.00	0.00	207.00	0.00	207.00

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
176	1A	N/A	810	Occupied	BLOCKER, GLENDA	07/15/2005	07/01/2010	06/30/2012	737.00	RESIDENT	RENT	155.00	0.00	155.00	106.00	155.00
										SUBSIDY	SUBRENT	582.00	0.00	582.00	0.00	564.00
177	1A	N/A	810	Occupied	room, community	04/05/2011	04/05/2011	04/04/2012	737.00	RESIDENT	OFFICE	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
178	1A	N/A	810	Occupied	OFFICE, OFFICE	01/01/1980	12/01/2010	12/01/2020	737.00	RESIDENT	OFFMODRENT	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
179	1A	N/A	810	Occupied	Mitchell, Naylon	06/19/2012	06/19/2012	06/18/2013	737.00	RESIDENT	RENT	213.00	0.00	213.00	261.00	199.00
										SUBSIDY	SUBRENT	524.00	0.00	524.00	0.00	524.00
180	1A	N/A	810	Occupied	unit, corporate	04/06/2011	04/06/2011	04/05/2012	737.00	RESIDENT	EMPLCRED	0.00	(725.00)	0.00	0.00	0.00
										RESIDENT	RENT	725.00	0.00			
181	2A	N/A	1028	Occupied	Thomas, Lakaisha	08/05/2015	08/05/2015	07/31/2016	841.00	RESIDENT	RENT	126.00	0.00	126.00	208.00	126.00
										SUBSIDY	SUBRENT	715.00	0.00	715.00	0.00	715.00
182	2A	N/A	1028	Occupied	CROWE, DORIS	10/10/1997	10/01/2010	09/30/2012	841.00	RESIDENT	RENT	134.00	0.00	134.00	143.00	0.00
										SUBSIDY	SUBRENT	707.00	0.00	707.00	0.00	707.00
183	2A	N/A	1028	Occupied	DENNIS, DAWN	07/01/2005	01/01/2010	12/31/2012	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	200.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
184	2A	N/A	1028	Occupied	Williams, Shyquitta	12/18/2014	12/18/2014	12/17/2015	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	229.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00
										SUBSIDY	UTAC	0.00	58.00			
185	2A	N/A	1028	Occupied	HOLMES, NATASHA	05/25/2011	05/25/2011	05/24/2013	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	0.00	(22.00)
										SUBSIDY	SUBRENT	841.00	0.00	891.00	0.00	891.00
										SUBSIDY	UTAC	0.00	50.00			
186	2A	N/A	1028	Occupied	MILLER, JANICE	02/11/2008	02/01/2010	01/31/2013	841.00	RESIDENT	RENT	133.00	0.00	133.00	78.00	133.00
										SUBSIDY	SUBRENT	708.00	0.00	708.00	0.00	708.00
187	2A	N/A	1028	Occupied	Keaton, Jasmine	12/21/2017	12/21/2017	12/20/2018	841.00	RESIDENT	UTILREIMB	0.00	(50.00)	(50.00)	33.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	891.00	0.00	1,207.00
										SUBSIDY	UTAC	0.00	50.00			
188	2A	N/A	1028	Occupied	Jones, Ivnetta	12/05/2016	12/05/2016	12/04/2017	841.00	RESIDENT	UTILREIMB	0.00	(58.00)	(58.00)	320.00	0.00
										SUBSIDY	SUBRENT	841.00	0.00	899.00	0.00	899.00

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
189	3A	N/A	1235	Occupied	Beane, Thomas	09/30/1998	09/01/2010	09/30/2012	956.00	RESIDENT	UTAC	0.00	58.00			
190	3A	N/A	1235	Occupied	SOURIS, JOYCE	08/01/1989	08/01/2010	07/31/2012	956.00	RESIDENT	RENT	437.00	0.00	437.00	0.00	433.00
191	3A	N/A	1235	Occupied	Tate, Quianne	01/22/2013	01/22/2013	01/21/2014	956.00	RESIDENT	UTILREIMB	0.00	(25.00)	(25.00)	86.00	0.00
192	3A	N/A	1235	Occupied	BALLARD, YOLANDA	01/30/2009	01/01/2010	12/31/2012	956.00	RESIDENT	RENT	707.00	0.00	707.00	425.00	702.00
193	3A	N/A	1235	Occupied	THOMES, SHERON	11/05/1999	11/01/2010	10/31/2012	956.00	RESIDENT	RENT	88.00	0.00	88.00	39.00	88.00
194	3A	N/A	1235	Occupied	Lawton, Barney	06/30/2003	07/16/2013	06/30/2014	956.00	RESIDENT	CONC/SPEC	0.00	(226.00)	730.00	0.00	730.00
195	3A	N/A	1235	Occupied	Smith, Chineta	09/29/2017	09/29/2017	09/28/2018	956.00	RESIDENT	RENT	95.00	0.00	95.00	266.00	94.00
196	3A	N/A	1235	Occupied	Hart, Danielle	08/23/2013	08/23/2013	08/22/2014	956.00	RESIDENT	RENT	3.00	0.00	3.00	74.00	3.00
totals:									170,160.00			165,160.00	(6,574.00)	158,586.00	39,871.00	

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RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Amt / SQFT: Market = 210,332 SQFT; Leased = 205,599 SQFT;

Floorplan	# Units	Average SQFT	Average Market + Addl.	Market Amt / SQFT	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
1A	24	810	737.00	0.91	735.50	0.91	24	100.00	0
2A	104	1,028	841.00	0.82	828.82	0.81	103	99.04	1
3A	68	1,235	956.00	0.77	956.00	0.77	65	95.59	3
totals / averages:	196	1,073	868.16	0.81	860.21	0.80	192	97.96	4

occupancy and rents summary for current date

unit status	Market + Addl.	# units	potential rent
Occupied, no NTV	166,451.00	192	165,160.00
Occupied, NTV	-	0	-
Occupied NTV Leased	-	0	-
Vacant Leased	-	0	-
Admin/Down	-	0	-
Vacant Not Leased	3,709.00	4	3,709.00
totals:	170,160.00	196	168,869.00

summary billing by sub journal for current date

sub journal	amount
RESIDENT	36,802.00
SUBSIDY	121,784.00
total:	158,586.00

summary billing by transaction code for current date

code	amount
CONC/SPEC	(4,399.00)
EMPLCRED	(725.00)
HOUSING	431.00
OFFICE	(725.00)
OFFMODRENT	(725.00)
RENT	46,881.00

RENT ROLL DETAIL

As of 01/02/2018

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - ALL;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

summary billing by transaction code for current date

code	amount
SUBRENT	117,848.00
UTAC	3,505.00
UTILREIMB	(3,505.00)
total:	158,586.00

JEFFREY E. TURNER
CHAIRMAN
SONNA SINGLETON-GREGORY
DISTRICT 1
GAIL B. HAMBRICK
DISTRICT 2
FELICIA FRANKLIN WARNER
DISTRICT 3
MICHAEL L. EDMONDSON
DISTRICT 4

*Planning, Zoning, &
Sustainability*
121 S. McDonough St. Annex 2
Jonesboro, GA 30236



Kimberly Smith
Planning and Zoning
Administrator

August 31, 2017
Hampstead Southwood Partners, L.P.
C/O The Hampstead Group, Inc.
1350 Columbia Street
Suite # 802
San Diego, CA 92101

Re: Zoning Verification for Property Located at 6001 Trammell Road, Morrow, Georgia 30260

To whom it may concern,

This letter is in reference to the verification of zoning of property located at 6001 Trammell Road, Morrow, Georgia 30260, which is further described as parcel number 12147D A001.

The subject property is identified as having a total of 18.30 +/- acre of land located in Land Lot 147 of the 12th District of Clayton County. The subject property is currently zoned **Multiple Family Residential (RM)** according to the Clayton County Official Zoning Map. In accordance with *Article 3.11: Multiple Family District Intent, Permitted Uses and Conditional Uses*, this zoning classification permits apartment dwelling units.

As of the date hereof, there are no petitions for a change or variance in the zoning classification. Please contact Clayton County Code Enforcement in regards to Code Violations at (678) 610-4755.

The subject property was researched on August 29, 2017, by the undersigned per your request. The undersigned certifies that this information is believed to be accurate per the Clayton County Zoning Map, adopted on May 30, 2017. Although the subject property is currently zoned as prescribed above, no assurance can be made as to the continuation of such zoning currently applicable to the subject property for future use. Such zoning is subject to possible change by the Board of Commissioners via public hearing process. All information was obtained from public records, which may be inspected during regular business hours, Monday through Friday, 8 a.m. to 5 p.m.

Enclosed, you will find the following documents: Zoning map and applicable Articles of the Clayton County Zoning Ordinance. If you should have any further questions, please feel free to contact me via phone at (770) 473-5401 or by email at tyler.mcswain@claytoncountyga.gov.

Sincerely,

Handwritten signature of Tyler McSwain in blue ink.

Tyler McSwain
Planning and Zoning Consultant

Enclosures

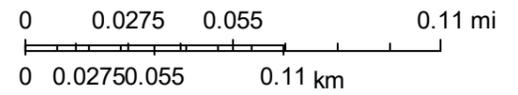
Clayton County GIS Map



August 29, 2017

1:3,000

Overlay		Simultaneous Conveyance	
	138 East		HI
	138 West		LI
	Cherry Hills		MCD
	Highway 42		MMX
	Highway 54		MX
	North Tara Blvd		OI
	Panhandle		PUD
	South Tara Blvd		RG75
	AG		RM
	ER		RMH
	GB		RS110
			RS180
			UV
			Apartment Complex
			Subdivision
			Tax Parcels



Clayton County GIS

ARTICLE 6. - DEVELOPMENT STANDARDS

Sec. 6.1 - Introduction.

All structures, land uses, land use changes, structural alterations, structural relocations, structural additions, and structural enlargements that are constructed, created, established, or otherwise occur after the effective date of this ordinance (except as may otherwise be provided within this ordinance) shall be subject to all Development Standards and regulations for the applicable zoning district.

Sec. 6.2 - Expansion or Modification of Existing Uses and Structures.

No structure, parking area, or other site feature regulated by this ordinance shall be enlarged, altered, or expanded unless the minimum improvements required by this Article are provided to the property to the extent of its alteration or expansion. In the case of a substantial expansion, the portion of the site affected must meet the requirements of this Article. An alteration or expansion to an existing property is substantial when the area or square footage of the expanded or altered land (including property used for building space, parking, or storage) or structure, respectively, exceeds twenty (25) percent of the area or square footage of the existing land or structure, exclusive of the alteration or expansion.

Sec. 6.3 - Development Standards that Apply.

Under the sections of this Article that follow the Development Standards. The two and three digit codes listed below are referred to in the "Additional Development Standards that Apply" section on the Two-Page Layout for each Zoning District.

Sec. 6.4 - Lot/Yard Standards (LY).

LY-01: This Lot/Yard Standards section applies to all districts.

- A. Legal Nonconforming Lots: Any existing lot in conflict with the lot/yard regulations at the effective date of this Ordinance shall be considered a Legal Non-Conforming Lot of Record.
- B. General Requirements: Except as provided in this Ordinance, no building or structure shall be erected, altered, enlarged or reconstructed unless such alteration, enlargement, or reconstruction conforms with the lot/yard regulations of the district in which it is located, as follows:
 - 1. Front Yard Setbacks: The minimum front yard setbacks shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 - 2. Side Yard Setbacks: The minimum side yard setbacks shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 - 3. Rear Yard Setbacks: The minimum rear yard setbacks shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 - 4. Lot Areas: The minimum and maximum lot areas shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 - 5. Lot Width: The minimum lot width shall be as note in the Two-Page Layout for each Zoning District found in Article 3.
 - 6. Lot Frontage: The minimum lot frontage shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 - 7. Lot Depth: The maximum lot depth shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.

8. Public Utility Requirements: The public utility requirements shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 9. Lot Coverage: The maximum lot coverage shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 10. Living and Ground Floor Areas: The minimum dwelling unit and ground floor living areas shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
 11. Primary Structures: The maximum number of residential and/or primary structures per lot shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
- C. Setback Standards: No portion of any temporary structure or materials for sale stored outdoors is allowed to be located within the required setbacks. All accessory uses and structures shall be permitted within the required setbacks subject to the requirements of this Ordinance. Parking spaces, interior drives, other vehicle use areas and sidewalks shall be permitted within the required setbacks at normal grade level subject to the requirements of this Ordinance.

Sec. 6.5 - Height Standards (HT).

HT-01: This Height Standards section applies to all districts.

- A. The maximum height permitted shall be as noted in the Two-Page Layout for each Zoning District found in Article 3.
- B. No structure may be erected or changed so as to make its height greater than specified in the applicable zoning district, except as noted below. Exceptions to the height standards include:
 1. The following structures may exceed the permitted height regulations by twofold (x2), but shall not exceed a total height from grade level of one hundred fifty (150) feet:
 - a. Church steeples
 - b. Private water towers, and
 - c. Utility transmission towers.
 2. The following structures may exceed the permitted height standards by up to fifteen (15) feet, but shall be completely shielded from view by design features of the building:
 - a. Necessary mechanical appurtenances, and
 - b. Elevator bulkheads.
 3. The height of telecommunication towers and antenna shall meet the requirements of Section 6.37, Telecommunication Facilities Standards, of this Article.

Sec. 6.6 - Septic Tank Standards (ST).

HT-01: This Septic Tank Standards section applies to all districts.

The following standards shall apply to lots requiring septic tanks:

Non-public Individual Water Supply System (Individual Well)	Public Water Supply System
43,560 square feet (1 acre)	25,000 square feet (usable soil)

- A. The above minimum lot sizes are for the typical size home (3 or 4 bedroom) with basic appurtenances such as: driveway, minimum number of trees, and water supply line. If larger homes, swimming pools, tennis courts or outbuildings, etc. are proposed to be constructed or if trees would interfere with installation of an on-site sewage management system, the Clayton County Board of Health may require larger lots to assure useable soil area or proposal may not be approved.
- B. The following land areas are not considered as a part of a lot when calculating the required minimum lot size: right of ways of roads, private or public easements (such as power line or pipe line) that exclude installation of an on-site sewage management system, any area deemed undisturbed by any county or governmental office, flood control and management features (such as retention and/or detention ponds, etc.), any portion of the lot established to grant access to the lot and is less than 30 feet in width, soil conditions that exclude the installation of an on-site sewage management system, bodies of water, land within 50 feet of a lake, river, stream, wetland or other bodies of water and similar limiting factors.
- C. No single-family residence shall be permitted on a lot of less than 25,000 square feet of usable surface area to be served by septic tank(s), regardless of the zoning district classification. With respect to existing platted lots, the Clayton County Board of Health will evaluate each individual request for a permit on a case-by-case basis. This restriction on lot size does not apply to residential development served by community sewer systems. Further, no septic tanks or drainfields will be permitted within a drinking water supply watershed buffer.
- D. No person may begin the physical development of a lot or structure thereon, where an on-site sewage management system will be utilized, nor install an on-site sewage management system or component thereof without having first applied for and obtained from the County Health Department a construction permit for the installation.
- E. In instances where a larger lot is required by the district standard than this section, the larger requirement shall apply.

Sec. 6.7 - Architecture and Appearance (AA).

AA-01: These Architecture and Appearance Standards section applies to all districts.

The intent of this section is to encourage architecture that is unobtrusive and of a design, material, and color that blends harmoniously with the natural surroundings and the form and scale of existing adjoining neighborhood architecture. Architectural Design Standards are not meant to stifle innovative design or diversity, but to safeguard property values and long-term economic assets through quality design and development.

- A. Compliance: Compliance with this Article, as determined by the Zoning Administrator, shall be required as a condition precedent to the issuance of a preliminary plat approval or building permit for any residential dwelling or structure. A decision by the Zoning Administrator or request for a variance may be appealed to the Board of Zoning Appeals, as provided within Article 13. The Department of Community Development is further authorized to adopt administrative regulations establishing the submittal requirements necessary to determine whether a proposed residential dwelling or structure complies within this Article, as well as the requirements of any other applicable Clayton County Ordinance.
- B. Plan Book: A Plan Book shall be submitted by the Applicant to the Zoning Administrator for all proposed development of new single family, two family, townhouse, rowhouse, condominium, or multiple family developments. The documents shall include, but are not limited to: building elevations, design criteria applicable for entries, porches, doors, windows, dormers, columns, cornices, rakes, garages, roofs, landscaping, fencing, retaining walls, exterior colors and materials, and other pertinent information as required by the Zoning Administrator.

AA-02: Architectural Design Standards for Single-Family Detached or Two-Family Attached Residential Dwellings

- A. Exterior Finish: The exterior of all new single-family detached or two-family attached residences should consist of a combination of brick veneer, concrete masonry veneer, hardboard or panel siding — vertical or lap siding — horizontal, stone veneer, vinyl siding, natural wood painted or stained, shiplap, fiber cement panel siding, fiber cement lap siding, three coat stucco, or any other product approved by the Zoning Administrator. Exterior finish materials shall be approved by the Zoning Administrator as part of the Plan Book. Structures utilizing a single exterior finish material of brick, stone, or stucco shall be permitted with approval from the Zoning Administrator.
- B. Gutters: Full length gutters and down spouts shall be required on all single-family detached or attached dwellings.
- D. Garages: All single family detached dwellings, located within the ER, and RS-180 zoning district shall have an attached or detached, two car garage, which is enclosed on at least three sides, and be architecturally consistent with the primary structure. All single-family detached and two-family attached dwellings located within the RS-110 and RG-75 zoning district shall have an attached or detached, one car garage, which is enclosed on at least three (3) sides, and be architecturally consistent with the primary structure.
- E. Chimney: Chimneys located on the exterior building wall of the dwelling must extend to the ground and be clad in brick, stone, or masonry finished materials or the same material as the exterior adjacent to the chimney.
- F. Decks: Decks shall be located within the side and/or rear yard only.
- G. Accessory Structures: Accessory structures shall be architecturally compatible with the primary structure.

AA-03: Architectural Design Standards for Residential Townhomes, Rowhomes, and Condominiums

- A. Exterior Finish: The exterior shall consist of a combination of brick veneer, concrete masonry veneer, hardboard or panel siding — vertical or lap siding — horizontal, stone veneer, vinyl siding, natural wood painted or stained, shiplap, fiber cement panel siding, fiber cement lap siding, three coat stucco, or any other product approved by the Zoning Administrator. The use of architectural details such as window shutters, window pediments, door pilasters, gable pediments, wrought iron railings, and decorative lighting, are strongly encouraged. Exterior finish materials, architectural detailing, and decorative trim shall be approved by the Zoning Administrator as part of the Plan Book. Any building elevation that is visible from the street must be consistent with the front facades. Structures utilizing a single exterior finish material of brick, stone, or stucco shall be permitted with approval from the Zoning Administrator.
- B. Color: The primary color of building exteriors shall be compatible with the colors of adjacent buildings and in character with the surrounding area, provided the trim may be of a contrasting color.
- C. Facades: Walls visible from a public street, adjacent off-street parking areas or other residential uses shall include windows and architectural features similar to the front facade of the building, including, but not limited to awnings, cornice work, edge detailing or other decorative finish materials.
- D. Porches: All main entrances to the units shall have a porch or stoop facing the street that is at least six (6) feet in depth and thirty (30) square feet in area.
- E. Roofs: All buildings shall have pitched roofs. The roofline may also include varying lines customary with gable or hip style roofing. Functional dormer window features are encouraged. Permitted roofing materials include asphalt shingles, cedar shake, and slate. Standing seam metal roofing is not permitted on residential structures.

- F. Garages: All single family attached townhouse developments shall have an attached or detached, one car garage, which is enclosed on at least three (3) sides, and be architecturally consistent with the primary structure.
- G. Accessory Structures: Accessory structures shall be architecturally compatible with the primary structure.

AA-04: Architectural Design Standards for Multi-family Residential Apartment Developments and Condominiums

- A. Exterior Finish: Exterior material shall be constructed with a combination of brick veneer, concrete masonry veneer, hardboard of panel siding — vertical or lap siding — horizontal, stone veneer, vinyl siding, natural wood painted or stained, shiplap, fiber cement panel siding, fiber cement lap siding, three coat stucco, or any other product approved by the Zoning Administrator. The use of architectural details such as window shutters, window pediments, door pilasters, gable pediments, wrought iron railings, and decorative lighting, are strongly encouraged. Exterior finish materials, architectural detailing, and decorative trim shall be approved by the Zoning Administrator as part of the Plan Book. Any building elevation that is visible from the street must be consistent with the front facades. Structures utilizing a single exterior finish material of brick, stone, or stucco shall be permitted with approval from the Zoning Administrator.
- B. Color: The primary color of building exteriors shall be compatible with the colors of adjacent buildings and in character with the surrounding area, provided the trim may be of a contrasting color.
- C. Facades: Walls visible from a public street, adjacent off-street parking areas or other residential uses shall include windows and architectural features similar to the front facade of the building, including, but not limited to awnings, cornice work, edge detailing or other decorative finish materials.
- D. Exemption: Condominiums established via the conversion of an existing apartment development are exempt from this Section 6.7-AA-04.
- E. Accessory Structures: Accessory structures shall be architecturally compatible with the primary structure.

Sec. 6.8 - Architectural and Appearance for Commercial and Industrial (AC).

AC-01: These Architectural and Appearance Standards section applies to all districts.

The intent of this section is to encourage architecture that is unobtrusive and of a design, material, and color that blends harmoniously with the natural surroundings and the form and scale of existing architecture.

- A. Compliance: Compliance with this Article, as determined by the Zoning Administrator, shall be required as a condition precedent to the issuance of a building permit for any commercial or industrial building or structure. A decision by the Zoning Administrator or request for a variance may be appealed to the Board of Zoning Appeals, as provided within Article 13. The Department of Community Development is further authorized to adopt administrative regulations establishing the submittal requirements necessary to determine whether a proposed commercial or industrial building or structure complies with this Article, as well as the requirements of any other applicable Clayton County Ordinance.

AC-02: Architectural Design Standards for Commercial and Industrial Buildings.

- A. On all roadways where buildings or parts thereof are visible, all exposed exterior wall sidings shall be composed of the following maximum and minimum percentages of materials in each classification. The percentages apply to the siding on each exposed exterior wall of each building visible from the street on which such building is located:

	Maximum (percent)	Minimum (percent)
Type A material	100	40
Type B material	60	0
Type C material	25	0
Type D material	10	0

1. Type A material. To consist of face brick, granite, stone, marble, terrazzo, architecturally treated reinforced concrete slabs, either fluted or with exposed aggregate, insulated window wall panels or stainless steel, porcelain-treated steel, anodized or other permanently finished aluminum.
 2. Type B material. To consist of metal panels with a baked-on enamel or acrylic finish (which must be expected to retain its appearance without substantial maintenance for a period of ten years), stucco, dryvit, concrete block with either sculptured treatment or stack bond with sculptured treatment, or split-faced decorative block. All materials shall be earth-tone in color.
 3. Type C material. To consist of plain reinforced concrete slabs, concrete block with either sculptured treatment or stacked bond and raked joints.
 4. Type D material. To consist of corrugated steel and aluminum without finish prescribed in subsection (2) of this subsection, plain concrete block, redwood or other decorative wood, masonite, article board. All materials shall be earth-tone in color.
- B. Materials not listed may be presented to the Zoning Administrator or his/her designated agent/representative for classification.
- C. Buildings having walls over twenty (20) feet high may be given special material percentages by the Zoning Administrator or his/her designated representative.

Sec. 6.9 - Accessory Use/Structures Standards (AS).

AS-01: This Accessory Use/Structure Standards section applies to the agricultural district.

- A. All accessory uses and structures shall be permitted only in association with, and on the same lot as the primary use or structure. Accessory uses and structures shall not be permitted to be located, placed, or established on any lot prior to the establishment of a primary use or structure unless otherwise permitted by this Ordinance.
- B. Accessory structures are not deemed to include swing sets, mailboxes, lamp posts, doghouses, tree houses, and other such incidentals except as otherwise stated in this Ordinance.
- C. The following accessory structures are permitted, subject to all applicable requirements of this Ordinance:
 1. Antennas and satellite dishes larger than 4 feet in diameter,
 2. Attached and detached decks and patios,

3. Gazebos,
4. Pools, hot tubs, and saunas,
5. Detached garages and/ or workshops,
6. Mini-barns, sheds, and other storage buildings,
7. Pole barns, horse barns, animal shelters and cages,
8. Grain or liquid silos, irrigations systems and turbines, and
9. Similar structures related to the primary use.

D. Accessory structures shall comply with the following location requirements:

1. No accessory structures shall encroach on any platted easement without written consent of the agency the easement belongs to or is managed by.
2. No accessory structures shall be placed in any operable septic fields or reserve septic fields.
3. A minimum separation of ten (10) feet shall be provided between any detached accessory structure and any primary structure or other accessory structure.
4. All accessory structures shall be placed a minimum of five (5) feet from the side and rear property lines, unless otherwise restricted by this Ordinance.
5. All accessory structures, with the exception of gazebos and decks, shall only be located to the side or rear of the primary structure. When placing the accessory structure in the side yard, the minimum side yard setback as identified within Article 3 of the Zoning District Standard must be met. In the case of corner or through lot, no accessory structure shall be located closer to the front property line than the setback provided by the primary structure.

E. Accessory structures and uses permitted as conditional uses are specified for each zoning district in Article 3 of this Ordinance.

AS-02: This Accessory Use/Structure Standards section applies to all single family and two family residential districts.

- A. All accessory uses and structures shall be permitted only in association with, and on the same lot as the primary use or structure. Accessory uses and structures shall not be permitted to be located, placed, or established on any lot prior to the establishment of a primary use or structure unless otherwise permitted by this Ordinance.
- B. Accessory structures are not deemed to include swing sets, mailboxes, lamp posts, doghouses, tree houses, and other such incidentals except as otherwise stated in this Ordinance.
- C. The following accessory structures are permitted, subject to all applicable requirements of this Ordinance:
 1. Antennas and satellite dishes larger than 4 feet in diameter,
 2. Attached and detached decks and patios,
 3. Gazebos,
 4. Pools, hot tubs, and saunas,
 5. Detached garages and/ or workshops,
 6. Mini-barns, sheds, and other storage buildings, and
 7. Similar structures related to the primary use.
- D. Accessory uses and structures shall be consistent with the following requirements:
 1. No more than three (3) accessory structures may be placed on any one lot; and

2. The combined size of all accessory structures on any one lot may not exceed an amount equal to fifty (50) percent of the finished floor area of the primary structure on that lot.

E. Accessory structures shall comply with the following location requirements:

1. No accessory structures shall encroach on any platted easement without written consent of the agency the easement belongs to or is managed by.
2. No accessory structures shall be placed in any operable septic fields or reserve septic fields.
3. A minimum separation of ten (10) feet shall be provided between all detached accessory structure and any primary structure or other accessory structure.
4. All accessory structures shall be placed a minimum of five (5) feet from the side and rear property lines.
5. All accessory structures, with the exception of gazebos and decks, shall only be located to the rear of the primary structure except in the case of corner or through lots; in which case, the structures may be placed to the side of the primary structure. When placing the accessory structure in the side yard, the minimum side yard setback as identified within Article 3 of the Zoning District Standard must be met. In no case may any accessory structure be located closer to the front property line than the setback provided by the primary structure.

F. Accessory structures and uses permitted as conditional uses are specified for each zoning district in Article 3 of this Ordinance.

AS-03: This Accessory Use/Structure Standards section applies to all multiple family and mobile home districts.

- A. All accessory uses and structures shall be permitted only in association with, and on the same lot as the primary use or structure. Accessory uses and structures shall not be permitted to be located, placed, or established on any lot prior to the establishment of a primary use or structure unless otherwise permitted by this Ordinance.
- B. Accessory structures are not deemed to include swing sets, mailboxes, lamp posts, doghouses, tree houses, and other such incidentals except as otherwise stated in this Ordinance.
- C. The following accessory structures are permitted, subject to all applicable requirements of this Ordinance:
 1. Antennas and satellite dishes larger than 4 feet in diameter,
 2. Attached and detached decks and patios,
 3. Gazebos,
 4. Pools, hot tubs, and saunas,
 5. Detached garages and/ or workshops,
 6. Mini-barns, sheds, and other storage buildings,
 7. Management offices, fitness centers, and recreation facilities, and
 8. Similar structures related to the primary use.
- D. Accessory structures shall comply with the following location requirements:
 1. No accessory structures shall encroach on any platted easement without written consent of the agency the easement belongs to or is managed by.
 2. No accessory structures shall be placed in any operable septic fields or reserve septic fields.
 3. A minimum separation of ten (10) feet shall be provided between any detached accessory structure and any primary structure or other accessory structure.

4. All accessory structures shall be placed a minimum of five (5) feet from the side and rear property lines, unless otherwise restricted by this Ordinance.
 5. All accessory structures, with the exception of gazebos and decks, shall only be located to the rear of the primary structure except in the case of corner or through lots; in which case, the structures may be placed to the side of the primary structure. When placing the accessory structure in the side yard, the minimum side yard setback as identified within Article 3 of the Zoning District Standard must be met. In no case may any accessory structure be located closer to the front property line than the setback provided by the primary structure.
- E. Accessory structures and uses permitted as conditional uses are specified for each zoning district in Article 3 of this Ordinance.

AS-04: This Accessory Use/Structure Standards section applies to all non-residential districts.

- A. All accessory uses and structures shall be permitted only in association with, and on the same lot as the primary use or structure. Accessory uses and structures shall not be permitted to be located, placed, or established on any lot prior to the establishment of a primary use or structure unless otherwise permitted by this Ordinance.
- B. Accessory structures are not deemed to include mailboxes, lamp posts, bollards, signs, retractable gates or bars, and other such incidentals except as otherwise stated in this Ordinance.
- C. The following accessory structures are permitted, subject to all applicable requirements of this Ordinance:
 1. Antennas and satellite dishes larger than 4 feet in diameter,
 2. Attached and detached decks and patios,
 3. Gazebos, covered porches, and covered patios,
 4. Detached garages and/ or workshops,
 5. Mini-barns, sheds, and other storage buildings,
 6. Vending machines, ice dispensing machines, automated teller machines, and donation/ collection bins or containers,
 7. Security/ site monitoring buildings and cash collection buildings, and
 8. Similar structures related to the primary use.
- D. Accessory structures shall comply with the following location requirements:
 1. No accessory structures shall encroach on any platted easement without written consent of the agency the easement belongs to or is managed by.
 2. No accessory structures shall be placed in any operable septic fields or reserve septic fields.
 3. A minimum separation of ten (10) feet shall be provided between all detached accessory structure and any primary structure or other accessory structure.
 4. All accessory structures shall be placed a minimum of five (5) feet from the side and rear property lines.
 5. All accessory structures, with the exception of gazebos, attached decks and patios, vending machines, ice dispensing machines, automated teller machines, collection and distribution bins or containers, security/ site monitoring buildings, and cash collection buildings, shall only be located to the rear of the primary structure except in the case of corner or through lots; in which case, the structures may be placed to the side of the primary structure. When placing the accessory structure in the side yard, the minimum side yard setback as identified within Article 3 of the Zoning District Standard must be met. In no case may any accessory structure be located closer to the front property line than the setback provided by the primary structure.

6. Accessory structures shall be architecturally compatible with the primary structure and incorporate similar construction materials.
- E. Requirements for vending machines, ice dispensing machines, automated teller machines, collection and distribution bins or containers are as follows:
1. No more than two (2) of these accessory structures may be placed on any one lot,
 2. When placing the accessory structure in front of the primary structure, the minimum front yard setback and side yard setback as identified within Article 3 of the Zoning District Standard must be met,
 3. All required parking spaces or drive up lanes must be striped in accordance with the applicable Parking Standard requirements,
 4. In cases where the existing site landscaping does not meet the requirements of the applicable Landscaping Standard requirements, each accessory structure requires the planting of 2 ornamental trees and 6 shrubs to visually balance the site. The landscaping materials may be planted within the parking lot or within the front yard, and
 5. All collection and distribution or containers shall be 80 percent opaquely screened on three (3) sides with building materials similar to those located upon the exterior wall elevations.
- F. Requirements for security/ site monitoring buildings and cash collection buildings are as follows:
1. Only one (1) security/ site monitoring building and/ or cash collection building may be placed in front of the primary structure on any one lot,
 2. When placing the accessory structure in front of the primary structure, the minimum front yard setback and side yard setback as identified within Article 3 of the Zoning District Standard must be met,
 3. When placing the accessory structure in the side or rear yard, the structure shall be placed a minimum of five (5) feet from the side and rear property lines.
 4. All required parking spaces or drive up lanes must be striped in accordance with the applicable Parking Standard requirements,
 5. In cases where the existing site landscaping does not meet the requirements of the applicable Landscaping Standard requirements, each accessory structure requires the planting of 2 ornamental trees and 6 shrubs to visually balance the site. The landscaping materials may be planted within the parking lot or within the front yard, and
 6. Accessory structures shall be architecturally compatible with the primary structure and incorporate similar construction materials.
- G. Accessory structures and uses permitted as conditional uses are specified for each zoning district in Article 3 of this Ordinance.

AS-05: Accessory Dwellings (Garage Quarters/ Guest Houses/ Caretaker Houses/ Mother-In-Law Suites):

Accessory dwellings are permitted as conditional use within the principle dwelling or as a free standing dwelling in the following zoning districts: AG, ER, and RS-180.

- A. Accessory dwellings shall include basement quarters, garage quarters, caretaker or other employee quarters, guest houses, mother-in-law suites, and other accessory dwellings as determined by the Zoning Administrator.
- B. Accessory dwellings contained within a principle dwelling shall comply with the following standards:
 1. There shall be no more than 1 accessory dwelling in a principle dwelling unit.
 2. The accessory dwelling shall not have the only single access point being from a separate exterior entrance.

3. One additional parking space shall be provided to serve the accessory dwelling.
 4. The accessory dwelling shall comply with all building and health code standards.
- C. Freestanding accessory dwellings shall comply with the following standards:
1. There shall be no more than 1 accessory dwelling per residential lot.
 2. The accessory dwelling may be located in a second floor over a detached garage or may be a separate structure.
 3. The accessory dwelling shall be located only within the rear yard.
 4. The accessory structures shall comply with the minimum setbacks set forth within Article 3.
 5. The residential lot shall comply with the minimum lot area standards set forth within Article 3, except that in no case shall an accessory dwelling be located on a lot having less than 12,000 square feet of lot area.
 6. One additional parking space shall be provided to serve the accessory dwelling.

AS-[06]: Outdoor Storage:

Outdoor storage shall be permitted as an accessory use within the following zoning districts: LI and HI.

- A. Outdoor storage shall be permitted as an accessory use subject to the following requirements:
1. In the LI, Light Industrial and HI, Heavy Industrial districts outdoor storage shall be limited as follows:
 - a. LI - outdoor storage shall be limited to finished products; and
 - b. HI - outdoor storage of finished products and materials used in production shall be permitted.
 2. Outdoor storage of vehicles being stored at auto repair facilities and junk yards shall be consistent with Article, 6.32, Parking Standards (PK).
 3. Outdoor storage shall be located within the rear or side yard.
 4. Outdoor storage shall be fully concealed with a solid fence, in addition to any buffer requirements set forth in this Article.
 5. Items stored behind the fully concealed fence may not protrude over the height of the fence.
 6. Outside storage of parts and materials, service areas, refuse, or work activity areas shall be maintained in a neat and orderly manner.

AS-[07]: Swimming Pools and Pool Enclosures:

Swimming pools and pool enclosures shall be permitted as an accessory use within the following zoning districts: AG, ER, RS-180, RS-110, RG-75, RM, MMX, RMH, NMX, RMX, and PUD.

All accessory swimming pools shall meet the following requirements:

1. All swimming pools shall be placed a minimum of ten (10) feet from the side and rear property lines.
2. All swimming pools shall only be located to the rear of the primary structure except in the case of corner or through lots; in which case, the structures may be placed to the side of the primary structure. When placing the accessory structure in the side yard, the minimum side yard setback as identified within Article 3 of the Zoning District Standard must be met. In no case may any accessory structure be located closer to the front property line than the setback provided by the primary structure.

3. All accessory swimming pools shall meet the requirements of the adopted Building Code for the State of Georgia.

AS-[08]: Recreational Vehicle Standards:

This Recreational Vehicle Standards section applies to all zoning districts.

One recreational vehicle owned by the residents may be stored on their individual lot within the confines of the rear yard and shall further follow the requirements of this Article applicable to accessory buildings, insofar as distances from principal structures, lot lines and easements are concerned. All recreational equipment parked or stored shall not be connected to sanitary facilities and shall not be occupied. In those instances where the rear yard is not accessible by means of a driveway, alley or has insufficient side yard clearance for the passage of a recreational vehicle, the recreational vehicle may be parked in the front yard. In those instances where a recreational vehicle is to be parked or stored in a front yard, only the driveway portion of such yard shall be utilized and in no instance shall the recreational vehicle be parked closer than ten (10) feet to the front property line.

AS-[09]: Trash Refuse Standards:

This Trash Refuse Standards section applies to all districts.

All trash refuse areas and dumpsters located in Clayton County shall be consistent with the following minimum standards and requirements:

1. Permanent trash refuse areas and dumpsters shall be located on a cement pad.
2. Permanent trash refuse areas and dumpster shall be located within the rear of the primary structure except in the case of corner or through lots; in which case, the structures may be placed to the side of the primary structure or out of visible sight from any roadway.
3. Permanent trash refuse areas and dumpsters shall be one hundred (100) percent opaquely screened on three (3) sides with building materials similar to those located upon the exterior wall elevations.
4. Permanent trash refuse areas and dumpsters shall not be located within any required landscape areas, required buffers, required parking areas, or required loading areas.

(Ord. No. 2012-231, § 1, 11-13-12)

Sec. 6.10 - Home Occupation Standards (HO).

HO-01: This Home Occupation Standards section applies to all districts.

Home occupations shall be allowed as either permitted uses or conditional uses consistent with the provisions of Article 3 of this Ordinance. The allowed home occupations are classified as either a Type I Home Occupation or a Type II Home Occupation as defined below.

- A. Type I Home Occupations: Type I Home Occupations are those which meet the following standards; representing requirements which permit minimal business practices in certain residential zoning districts while maintaining residential character. Type I home occupations shall be permitted uses, consistent with the provisions of Article 3, Zoning District Intent, Uses & Standards, and Article 6.9, Accessory Uses & Structure Standards, of this Ordinance.
 1. The use of a dwelling unit for the home occupation shall be clearly incidental and subordinate to the residential use of the property.
 2. The home occupation shall not involve the employment of any person other than those residing at the location of the home occupation.
 3. At least one (1) person residing on the premises shall be the primary operator of the home occupation.

4. The home occupation shall not involve any exterior storage or display of products, equipment, or materials that can be visible from the street.
5. The home occupation shall not make any use of accessory structures, including detached garages and sheds.
6. The home occupation shall not utilize more than twenty-five (25) percent of the total floor area of the primary structure.
7. The home occupation shall not require any exterior, structural or aesthetic alterations to the dwelling unit that change the residential character of the dwelling unit.
8. The home occupation shall not require any additional entrances to the dwelling unit.
9. The home occupation may have a sign, attached to the primary structure, not exceeding 2 square feet, as authorized by Article 8, Sign Standards (SS). No off-site signs or signs in the yard of the property shall be permitted.
10. The home occupation shall not require increasing or enhancing the size, capacity, or flow of the water, gas, septic, sewer, or electrical system beyond that which is standard for a residence.
11. The home occupation shall not provide parking for customers or visits for business purposes that require the addition of any off street parking spaces.
12. The home occupation shall not require the use of commercial vehicles for pickup and deliveries other than from the U.S. Postal Service or other express couriers.
13. No more than one (1) vehicle shall be associated with the home occupation may be parked at the site. Such vehicle is limited to 1 1/2-ton carrying capacity and must be used exclusively by the resident.
14. The following are permitted home occupations provided they do not violate any of the provisions of the previous paragraph:
 - a. Dressmaking, sewing and tailoring.
 - b. Painting, sculpturing, writing and other fine arts.
 - c. Telephone answering and marketing.
 - d. Home crafts, such as model making, rug weaving, and lapidary work.
 - e. Instruction or teaching, such as academic tutoring, performing arts, or fine arts limited to one (1) student at any given time.
 - f. Computer application and internet sales, not including sale of computers.
 - g. Office for professionals, such as attorneys, drafters, realtors, insurance agents, engineers, architects, and other consultants.
 - h. Administrative or clerical support services, such as transcription, court reporters, stenographers, notary public, or addressing services.
 - i. Repair of clocks, instruments or other small appliances which do not create a nuisance due to noise, vibration, glare, fumes, odors or result in electrical interference.
 - j. Barbershops and beauty parlors; limited to one operator and station.
 - k. General construction and maintenance contractors.
 - l. Lawn care and maintenance providers.
 - m. Janitorial and cleaning services.
 - n. Consultants and representatives for the sales industry, having no product displays onsite.

- B. Type II Home Occupations: Type II Home Occupations are those which meet the following standards, and the representing requirements permit reasonable business practices in certain residential districts while maintaining the residential character. Type II home occupations shall be considered conditional uses, consistent with the provisions of Article 3, Zoning District Intent, Uses and Standards, and Article 6.9, Accessory Use/Structure Standards (AS), of this Ordinance.
1. The home occupation shall not involve the employment of any more than one (1) person who does not reside at the location of the home occupation.
 2. At least one (1) member residing on the premises shall be the primary operator of the business.
 3. The home occupation shall not require any exterior storage or display of equipment, materials, or appliances being serviced by the home occupation.
 4. No more than forty (40) percent of the total floor area of any level of the primary structure shall be used for the home occupation.
 5. Business practices in accessory structures, such as detached garages and sheds, shall not be permitted.
 6. The home occupation shall not require any exterior structural or aesthetic alterations to the dwelling unit that change the residential character of the dwelling unit.
 7. The home occupation may have a sign, attached to the primary structure, not exceeding 2 square feet, as authorized by Article 8, Sign [Regulations] (SS). No off-site signs or signs in the yard of the property shall be permitted.
 8. The home occupation shall not require increasing or enhancing the size, capacity, or flow of the water, gas, septic, sewer, or electrical system beyond what is standard for a residence.
 9. No more than two additional parking spaces shall be added to the lot(s) on which the residence is located.
 10. The home occupation shall not require the use of commercial vehicles for pickup and deliveries other than from the U.S. Postal Service or other express couriers.
 11. Due to incompatibility with the residential character and qualities of residential zoning districts, no license shall be issued for a home occupation in any of the following trades or businesses:
 - a. Automotive repair.
 - b. Firearms and firearms' supplies dealers/sales/service (including gunsmithing).
 - c. Group assembly or instruction involving more than four (4) persons.
 - d. Mobile oil change.
 - e. Pest control services.
 - f. Septic tank operation or repair.
 - g. Taxicab/limousine services.
 - h. Transporting autos for dealerships.
 - i. Wrecker/towing service.

(Ord. No. 2008-215, § 1, 12-2-08)

Sec. 6.11 - Day Care Homes and Centers Standards (DCF).

DCF-01: This Family Day Care Home Standards section applies to all districts.

Each family day care home shall be subject to the following requirements, when located within a residential zoning district or residential dwelling:

- A. All regulated facilities shall comply with the State regulation and acquire applicable State licenses for operation.
- B. All facilities shall comply with the adopted Building Code for the State of Georgia.
- C. Each family day care home shall provide not less than thirty-five (35) square feet of indoor play area for each child, based on maximum permissible enrollment.
- D. Each family day care home shall provide not less than two hundred (200) square feet of outdoor play area for each child, based on maximum permissible enrollment.
- E. All required outdoor play/recreation areas shall be enclosed by a fence or wall not less than four (4) feet in height.
- F. The exterior appearance of any residential structure for which a family day care home is approved, shall be maintained as a residential structure and no signs other than a sign, attached to the primary structure, not exceeding 2 square feet, as authorized within Article 8, Sign Standards (SS), shall be erected, and no cut-outs, animals characters, or other graphics shall be affixed to the exterior of the structure or displayed upon the premises.
- G. No family day care home shall be located within one thousand five hundred (1,500) feet of another day care facility.
- H. All facilities must register with the Department of Community Development and provide a copy of all State licenses and documentation.
- I. All facilities must apply for and receive a Clayton County Business License.

DCF-02: This Group Day Care Home Standards section applies to all districts.

Each group day care home shall be subject to the following requirements, when located within a residential zoning district or residential dwelling:

- A. All regulated facilities shall comply with the State regulation and acquire applicable State licenses for operation.
- B. All facilities shall comply with the adopted Building Code for the State of Georgia.
- C. Each child day care facility shall provide not less than thirty-five (35) square feet of indoor play area for each child, based on maximum permissible enrollment.
- D. Each child day care facility shall provide not less than two hundred (200) square feet of outdoor play area for each child, based on maximum permissible enrollment.
- E. All required outdoor play/recreation areas shall be enclosed by a fence or wall not less than four (4) feet in height.
- F. The exterior appearance of any residential structure for which a family day care facility is approved, shall be maintained as a residential structure and no signs other than a sign, attached to the primary structure, not exceeding 2 square feet, as authorized within Article 8, Sign Standards (SS), shall be erected, and no cut-outs, animals characters, or other graphics shall be affixed to the exterior of the structure or displayed upon the premises.
- G. No day care facility shall be located within one thousand five hundred (1,500) feet of another day care facility.
- H. All facilities must register with the Department of Community Development and provide a copy of all State licenses and documentation.
- I. All facilities must apply for and receive a Clayton County Business License.

DCF-03: These Day Care Center Standards section applies to all districts.

Each day care center shall be subject to the following requirements when located within a commercial building or commercial zoning district:

- A. All regulated facilities shall comply with the State regulation and acquire applicable State licenses for operation.
- B. Each child day care facility shall provide not less than thirty-five (35) square feet of indoor play area for each child, based on maximum permissible enrollment.
- C. Each child day care facility shall provide not less than two hundred (200) square feet of outdoor play area for each child, based on maximum permissible enrollment.

Sec. 6.12 - Personal Care Home, Boarding Home, and Group Home Standards (PCH).

PCH-01: This Personal Care Home, Boarding Home, and Group Home Standards section applies to all districts.

Each personal care home, boarding home, and group home having six (6) or more persons shall be subject to the following requirements:

- A. All regulated facilities shall comply with the State regulation and acquire applicable State licenses for operation.
- B. All facilities must register with the Department of Community Development and provide a copy of all State licenses and documentation.
- C. The exterior appearance of any residential structure for which a personal care home, boarding home, or group home is approved, shall be maintained as a residential structure and no signs other than a sign, attached to the primary structure, not exceeding 2 square feet, as authorized within Article 8, Sign Standards (SS), shall be erected.
- D. Meet all regulations as identified in the adopted building code and adopted fire code.
- E. Meet all parking standards as identified within Section 6.32, Parking Standards (PK).
- F. All facilities must apply for and receive a Clayton County Business License.

Sec. 6.13 - Places of Worship, Theater, and Amphitheater Standards (POW).

POW-01: This Places of Worship, Theater, and Amphitheater Standards section applies to all districts.

The following shall apply to places of worship, convents and monasteries, theaters, amphitheaters, public parks, playgrounds, and recreation centers, and other related uses:

- A. Any building or structure established in connection with places of worship, monasteries or convents, theaters, amphitheaters, and other related uses in residential districts shall be located at least fifty (50) feet from any property line.
- B. A forty (40) feet wide landscaped buffer in accordance with Buffer Yard, Type 3, as identified within Article 6.35, Buffer Yard Standards, shall be planted along the side and rear property lines when located one hundred (100) feet or less to any property line of a residential zoned lot or lot containing a residential dwelling.
- C. Places of worship, convents and monasteries, theaters, amphitheaters, and other related uses, in residential districts shall be located on a minimum lot area of five (5) acres and shall have frontage of at least two hundred (200) feet along a public street.
- D. Places of worship, convents and monasteries, theaters, amphitheaters, and other related uses in residential districts shall be located on a major thoroughfare having a street classification of at least that of a collector street.
- E. Meet all commercial building regulations as identified in the adopted building code and all adopted fire codes.

- F. Meet all parking standards as identified within Article 6.32, Parking Standards (PK).
- F. The establishment of sites and tents for temporary religious meetings, theaters, amphitheaters, requires the granting of a special building permit from the Department of Community Development. Such sites may not be used for a purpose covered by this Article for a cumulative period of more than fourteen (14) days during any calendar year.

(Ord. No. 2012-55, § 1, 3-13-12)

Sec. 6.14 - Parochial and Private School Standards (PPP).

PPP-01: This Parochial and Private School Standards section applies to all districts.

The following shall apply to parochial and private schools and colleges, including dormitories, convents, and monasteries when these facilities are located on the same property of the parochial or private school or college.

- A. Any such facility shall be located on a lot having a minimum of two hundred (200) feet of continuous frontage on a major thoroughfare having a street classification of at least that of a collector street.
- B. The minimum site area shall be three (3) acres.

Sec. 6.15 - Adult Oriented Uses Standards (AU).

AU-01: This Adult Orientated Uses Standards section applies to the following districts: HI.

Standards for adult oriented uses are found in Clayton County's Adult Oriented Business Ordinance.

Sec. 6.16 - Automobile and Recreational Vehicle Sales Uses Standards (AV).

AV-01: This Automobile and Recreational Vehicle Sale Standards section applies to the following districts: GB, LI, and HI.

- A. The site design standards for automobile and recreational vehicle (new and used vehicles) sales are as follows:
 1. The minimum lot size for any automobile and recreational vehicle sales establishment is two (2) acres.
 2. The minimum public road frontage for any automobile and recreational vehicle sales establishment is two hundred (200) feet.

Sec. 6.17 - Salvage Yard and Junk Yard Uses Standards (SY).

SY-01: This Salvage Yard and Junk Yard Standards section applies to the following districts: LI and HI.

- A. The site design standards for salvage yards and junk yards are as follows:
 1. Salvage yards and junk yards shall be setback a minimum of five hundred (500) feet from residentially zoned property.
 2. A solid wall or fence that is a minimum of six (6) feet in height and a maximum of eight (8) feet in height shall be erected around any outdoor storage areas. In addition, the solid wall or fence shall be setback a minimum of 50 feet from all property lines.
 3. The storage of salvaged or junk materials shall not exceed the height of the fence or wall.
 4. The storage of salvaged or junk materials shall not be located outside of the fence or wall.

Sec. 6.18 - Municipal Solid Waste Landfills, Inert Landfills, Construction and Demolition Landfills, and Solid Waste Collection and Recycling Center Standards (SL).

LF-01: This Municipal Solid Waste Landfills, Inert Landfills, Construction and Demolition Landfills, and Solid Waste Collection and Recycling Center Standards section applies to the following districts: AG and HI.

- A. The subject site must have a valid solid waste handling permit issued by the Georgia Environmental Protection Division (EPD) and considered a disposal facility accepting only waste unlikely to cause environmental harm. Such waste includes: waste building materials and rubble resulting from construction, remodeling, repair, and demolition operations on pavements, houses, commercial buildings and other structures; and includes but is not limited to wood, bricks, metal, concrete, wall board, earth, earth-like products, cured asphalt, rock, yard trimmings, stumps, limbs and leaves.
- B. Soils, groundwater, floodplains, and other natural resources shall not be negatively impacted by the municipal solid waste landfills, inert landfills, construction and demolition landfills, and solid waste collection and recycling center.
- C. The site design standards required for a municipal solid waste landfill, inert landfills, construction and demolition landfill, and solid waste collection are as follows:
 1. Municipal solid waste landfills, inert landfills, construction and demolition landfills, and solid waste collection and recycling centers shall be setback a minimum of 1,000 feet from residentially zoned property.
 2. A solid wall or solid fence that is a minimum of six (6) feet in height shall be erected around the entire perimeter.
 3. These landfills will have a minimum of 200 feet buffer from the waste disposal cells to the property lines. Adjacent lands of a common landowner may be utilized for these buffers if zoned industrial. Ancillary permitted activities in this designation include excavation and removal of soil or rock from the site, storage of excavated materials, recovery and recycling of inert landfill material, and installation of equipment and facilities for these purposes.
- D. Sanitary landfills are allowed as a conditional use in the Agricultural Zoning District provided the following conditions are met:
 1. They are located, constructed and operated in conformance with the standards set forth by Georgia EPD;
 2. Plans are submitted to and approved by the Board of Commissioners at the time of the application for rezoning, showing a comprehensive plan and timetable for the reuse of the property at the cessation of the landfill operation.
- E. Recycling centers are allowed as a conditional use in the Heavy Industrial District provided the following conditions are met:
 1. Recycling centers shall be setback a minimum of six hundred (600) feet from residentially zoned property.
 2. Recycling centers must be located upon two (2) or more acres.
 3. A solid wall or solid fence, which is a minimum of six (6) feet in height shall be erected around the entire perimeter.

(Ord. No. 2015-134, § 1, 5-19-15)

Sec. 6.19 - Mining and Mineral Extraction Standards (ME).

ME-01: This Mining and Mineral Extraction Standards section applies to the following district: HI.

Extraction of natural resources, including the removal of minerals, together with the necessary buildings and machinery will be allowed as a conditional use in the Heavy Industrial Zoning District provided that:

1. The subject site must have a valid permit issued by the Georgia Environmental Protection Division (EPD) for extraction operations.
2. Soils, groundwater, floodplains, and other natural resources shall not be negatively impacted.
3. Any extension of quarrying operations beyond the limits actually being quarried at the effective date of this ordinance shall be considered as a new operation and shall be subject to requirements herein;
4. Quarry areas being excavated shall be entirely enclosed within a fence located at least ten feet back from the edge of any excavation and of such construction and height as to be demonstrably able to exclude children and animals from entry; and
5. At the time of the application for the conditional use permit, the owners or operators of the quarry shall present to the Board of Commissioners a comprehensive plan for the refuse of the property at the cessation of the quarry operation.

Sec. 6.20 - Kennel Standards (TF).

KS-01: This Kennel Standards section applies to the following district: AG.

Kennels and similar operations are allowed as a conditional use in the Agricultural zoning district, provided that the parcel of land has a minimum of three (3) acres and no portion of a building, pen, or structure used to contain animals shall be located closer than two hundred (200) feet to any property line. The facility must meet all State regulations, O.C.G.A. § 4-11-3.

Sec. 6.21 - Cemetery Standards (CS).

CS-01: This Cemetery Standards section applies to the following district: AG.

Cemeteries will be allowed as a conditional use in the Agricultural Zoning District provided that they are not less than five (5) acres in area. The facility must meet all State regulations, O.C.G.A. § 10-14-10.

Sec. 6.22 - Temporary Sawmill Standards (TS).

TS-01: This Temporary Sawmill Standards section applies to the following district: AG

Temporary sawmills for the cutting of timber will be allowed as a conditional use in the Agricultural Zoning District provided that no machine operation is located closer than two hundred (200) feet to a property line.

Sec. 6.23 - Airport and Heliport Standards (AH).

AH-01: This Airport and Heliport Standards section applies to the following district: AG.

Private airport, heliport, and helicopter stop facilities will be allowed as a conditional use in the Agricultural Zoning district provided that the minimum site area shall be five (5) acres, and there shall be an undisturbed buffer area of not less than two hundred (200) feet provided along all property lines which abut property with a residential zoning classification, or property with any other zoning classification which is developed with a structure or other improved facility.

Sec. 6.24 - Truck Terminal Standards (TT).

TT-01: This Truck Terminals Standards section applies to the following districts: LI and HI.

All truck terminals shall be constructed as follows:

- A. Class "A" materials, as defined in Section 6.8, Architectural and Appearance Standards for Commercial and Industrial Buildings and Structures, on each building wall.
- B. Breaks, of at least sixteen (16) inches in depth, in the front building wall no less than every forty (40) feet.
- C. Minimum office space of twenty (20) percent for the total non-repair-use structures.
- D. Truck courts, trucks, and trailers must be located behind a fence or masonry wall no less than eight (8) feet in height. The fence may not encroach into the front yard area past the front edge of the building. In addition, trucks and trailers must be parked in an orderly fashion and on surfaces paved with asphalt or concrete.
- E. Any truck repair must be performed inside an enclosed building.
- F. Each site shall have a landscaped buffer of fifty (50) feet in width along any right-of-way.

Sec. 6.25 - Recreational Vehicle Parks (RV).

RV-01: This Recreational Vehicle Parks Standards section applies to the following district: AG.

Campgrounds for recreational vehicles, campers, or motor coaches are allowed as conditional uses in the Agricultural Zoning District, provided that the following requirements are met:

- 1. Adequate water and sewage facilities shall be provided.
- 2. No such park shall be located except with direct access to a county, state or federal highway and having a minimum of three hundred (300) feet of frontage thereon to permit adequate design of entrances and exits.
- 3. The minimum area for such park shall be ten (10) acres, and maximum density within any park shall be eight (8) units per gross acre.
- 4. The condition of the soil, groundwater level, drainage and topography shall not create hazards to the property or the health or safety of the occupants. The site shall not be exposed to objectionable smoke, noise, odors or other adverse influences, and no portion subject to unpredictable and/or sudden flooding, subsidence or erosion shall be used for any purpose which would expose persons or property to hazards.
- 5. Spaces in such parks may be used by motor coaches, travel trailers, equivalent facilities constructed in or on automotive vehicles, tents or other short-term housing or shelter arrangements or devices.
- 6. Management headquarters, recreational facilities, showers, coin-operated laundry facilities, and other uses and structures customarily incidental to the operation of a recreational vehicle park are permitted as an accessory use in any district in which recreational vehicle parks are allowed provided:
 - a. Such establishments and the parking areas primarily related to their operations shall not occupy more than ten percent of the area of the park.
 - b. Such establishments shall be restricted in their use to occupants of the park.
 - c. Such establishments shall present no visible evidence of their commercial character which would attract customers other than occupants of the park.
- 7. In addition to yard requirements, the following limitations shall apply with respect to such parks. No space shall be located so that any part intended for occupancy for sleeping purposes shall be within fifty (50) feet of the right-of-way line of any county street or state or federal highway.
- 8. RV Parks shall comply with all applicable regulations including, state, County, and Health Department Guidelines.

Sec. 6.26 - Performance Standards (PS).

PS-01: This Performance Standards section applies to all districts.

All uses begun after the effective date of this ordinance should comply with the following general performance standards in the interests of protecting public health, safety, and general welfare and lessening damage to property. No use on a property should exhibit obnoxious characteristics to the extent that it constitutes a public nuisance or interferes with reasonable enjoyment of neighboring properties. No use in existence on the effective date of this ordinance should be altered or modified to conflict with these standards.

- A. Air Pollution: No use on a property should release fly ash, dust, smoke, vapors, noxious, toxic or corrosive matter or other air pollutants in such concentration as to be detrimental to health, animals, vegetation or property, or violate public air quality standards.
- B. Electrical Disturbance: No use on a property should cause electrical disturbance adversely affecting radio, television or other equipment in the vicinity.
- C. Fire Protection: Fire fighting equipment and prevention measures acceptable to the local Fire Departments should be readily available and apparent when any activity involving the handling and storage of flammable or explosive materials is conducted.
- D. Noise: No use on a property should produce noise in such a manner as to be objectionable because of volume, frequency, intermittence, beat, shrillness, or vibration. Such noise should be muffled or otherwise controlled so as not to become detrimental. Public safety sirens and related apparatus used solely for public purposes shall be exempt from this standard.
- E. Odor: No use on a property should emit across lot lines any gas or matter with a bad odor in such quantity as to be readily detectable at any point along such lines.
- F. Vibration: No use on a property should cause vibrations detectable beyond lot lines without the aid of instruments.
- G. Heat and Glare: No use on a property should produce heat and glare in such a manner as to create interference with the reasonable enjoyment of neighboring property, or the safety of transportation routes.
- H. Waste Matter: No use on a property should accumulate within the lot or discharge waste matter beyond the lot lines.
- I. Water Pollution: No use on a property should produce erosion or other pollutants in such a quantity as to be detrimental to adjacent properties or to conflict with public water quality standards.
- J. Traffic: No use on a property should cause excessive vehicular traffic on adjoining roads.
- K. Maintenance on Private Property: Every person or entity owning or occupying improved or unimproved property within the County shall at all times maintain such property in a clean and sanitary condition which shall include, but not be limited to, keeping the property free from all waste, litter, trash, dead animals and rubbish of every nature and kind. In order to prevent the property from becoming a breeding ground for vermin and other types of pests the property shall also be kept free of weeds, underbrush and high grass more than eight (8) inches in height.
- L. Maintenance on Sidewalks: The occupant of any building and the owner of any lot shall keep the sidewalks adjacent to such building or lot clean of such refuse, rubbish, dead animals, weeds, underbrush and high grass, etc., as specified more completely in Section 6.26 (L), above. As used in this section, "sidewalk" shall include all the ground, whether paved or not, between the property line and back of curb or edge of pavement if no curb exists.

Sec. 6.27 - Sight Visibility Standards (SV).

SV-01: This Sight Visibility Standards section applies to all districts.

The intent of Sight Visibility Standards is to provide for a safe vehicular and pedestrian transportation system. The visibility at intersections, driveways, curb cuts, and entrances are particularly important for the safe movement of vehicles and pedestrians.

- A. All intersections must meet American Association of State of Highway Transportation Officials Sight Distance Requirements as described within the Department of Transportation and Developments Land Disturbance and Right-of-Way Construction Guidelines.

Sec. 6.28 - Public Improvement Standards (PI).

PI-01: This public Improvement Standards section applies to all districts.

- A. General Requirements: Developments are permitted only if the public streets, drainage facilities, and utilities are adequate to serve the proposed development.
 - 1. The Department of Transportation and Development shall make determinations as to needed street and utility improvements.
 - 2. The Clayton County Water Authority shall make determinations as to needed drainage and utility, including water and sewer, improvements.
 - 3. All public improvements must be constructed to comply with all applicable standards included in this Ordinance, the Clayton County Subdivision Ordinance, any other adopted engineering and/or construction standards of Clayton County and State law.
- B. Sidewalks: All developments, except those located within the Agricultural (AG) zoning district, shall be required to install public sidewalks along any public streets within and adjacent to the development.
 - 1. All sidewalks shall be constructed in the right-of-way or in a sidewalk easement adjacent to the right-of-way as required by the Department of Transportation and Development.
 - 2. Sidewalks shall be a minimum of five (5) feet in width in residential areas and six (6) feet width in nonresidential areas, and constructed of concrete consistent with all applicable Clayton County construction standards.
 - 3. Sidewalks shall connect to adjacent developments to create uninterrupted pedestrian walkways.
- C. Internal Pedestrian Pathways: All developments shall be required to install designated walks or paths providing for pedestrian and bicycle movement between public sidewalks and the structures on the site.
 - 1. These designated pedestrian pathways shall be a minimum of eight (8) feet in width and include an improved surface of asphalt.
 - 2. Designated walks shall be separated by grade or distance from entrance drives and internal traffic aisles and drives.
- D. Street Construction: Roadways shall be constructed in accordance with the guidelines of the Clayton County Department of Transportation and Development.
- E. Street Trees: All developments shall be required to provide street trees within the private property along the right-of-way, outside of the clear zone as delineated within the Department of Transportation and Development's Land Disturbance and Right-of-way Construction Guidelines.
 - 1. One street tree shall be planted for every forty (40) feet of road frontage.
 - 2. All street trees shall be a minimum of two and one half (2-1/2) inch caliper as measured consistent with the American Nursery Standards Institute (ANSI) at the time of planting and shall be of a species listed as an approved street tree in Article 6.15 of the Subdivision Ordinance [Section 86-160 of this Code].

3. No tree shall be planted within ten (10) feet of any fire hydrant or five (5) lateral feet of any underground utility service.
- F. Maintenance on Sidewalks: The occupant of any building and the owner of any lot shall keep the sidewalks adjacent to such building or lot clean of such refuse, rubbish, dead animals, weeds, underbrush and high grass, etc., as specified more completely in Section 6.26 (L), Performance Standards. As used in this section, "sidewalk" shall include all the ground, whether paved or not, between the property line and the back of curb or edge of pavement if no curb exists.
 - G. Storm water: Storm water drainage systems in developments shall be in accordance with the requirement of the Clayton County Water Authority and not result in any additional run-off being transferred to adjacent properties other than through proper easements established for that purpose.
 - H. Water and Sewer: The size of all water and sewer mains shall be in accordance with the requirements of the Water Authority.
 - I. Fire Protection: Fire hydrants and other fire fighting infrastructure shall be installed in accordance with the requirements of the Clayton County Fire Department.
 - J. Easements: No structure with the exception of fences may be located in, or otherwise obstruct any easement. Fences shall be permitted within easements subject to the receipt of written permission from the easement holder. Approval of the Zoning Administrator and applicable County Department shall be required for all fences proposed for placement in easements which are held by Clayton County.

Sec. 6.29 - Mobile Home Standards (MS).

MS: This Mobile Home Standards section applies to the following district: RMH.

- A. A site plan shall be submitted to and approved by the Department of Community Development prior to any development or expansion of a mobile home park. No mobile homes shall be placed in the new area of an existing park or a new park until the final site plan is approved.
- B. The minimum space limits and setback requirements shall be as set forth in Article 3 of this Ordinance.
- C. The maximum overall mobile home park density shall not exceed five (5) units per gross acre.
- D. No additions shall be made to a mobile home park or mobile home that will violate setback requirements.
- E. Each mobile home unit shall be installed on a concrete block foundation, of which the base block shall be solid and equal in size to the pier block size, which is a minimum of eight (8) inches by eight (8) inches by sixteen (16) inches. Top course of said parts of foundation shall be a solid cap block with a minimum dimension of four (4) inches by eight (8) inches by sixteen (16) inches. The mobile home unit shall be installed true and plumb. The tongue and wheels shall be removed and an approved permanent skirting shall be installed.
- F. Each mobile home in a mobile home park shall be provided with safety tie-downs in conformance with Clayton County building code requirements.
- G. All streets and driveways within the mobile home park shall be lighted between sunset and sunrise with electric lights emitting light at an intensity of at least 5,000 lumens, and the light poles shall be no more than 250 feet apart.
- H. All streets and driveways shall be properly designed and shall have a minimum pavement width of twenty-four (24) feet as approved by the Department of Transportation and Development.
- I. An adequate supply of pure, potable water for drinking and domestic purposes shall be supplied by pipes to all buildings and mobile home spaces within the park. Each mobile home stand shall

be provided with an approved cold water connection and a tap (hydrant) constructed in accordance with the plumbing standards adopted by Clayton County, Georgia.

- J. The area around and underneath each mobile home unit shall be kept clean and free from collection of refuse, rubbish, glass bottles or other unsightly material.
- K. Refuse control shall be provided by either of the following methods:
 - 1. Centrally located trash collection stations shall be provided for each twenty (20) mobile home spaces, or fraction thereof, conveniently located to serve tenants, not more than two hundred (200) feet from any space served, and shall be conveniently located for collection. Such station shall be constructed with a concrete floor and appropriate enclosure as stated in Section 6.9, Accessory Structures.
 - 2. A centrally located trash compactor.
- L. No mobile home park shall be served by a privy.
- M. Every mobile home park shall be equipped at all times with fire equipment in good working order and of such type, size, number and location as to satisfy applicable fire regulations of Clayton County; provided further, that no open fires or burning of leaves or other refuse shall be permitted within the boundaries of any mobile home park.
- N. A minimum of fifteen (15) percent of the gross acreage of the mobile home park shall be set aside for the recreational use by residents of the mobile home park. Said recreational park shall be one contiguous tract or several tracts each no smaller than one-half acre and located within the mobile home park in such a manner as to be convenient to all its residents. The recreational park shall be located on land suitable for park development and shall contain a sufficient amount of play equipment designed for elementary-school-age children.
- O. Planted buffers shall be required per Section 6.35, Buffer Yard Standards.
- P. Coin-operated laundries for the use of the residents of the mobile home park shall be permitted within enclosed buildings inside the park. Building structures containing said laundries may also contain vending machines and recreational rooms and activities.
- Q. The regulations governing mobile home parks prescribed by the health department, as well as other county or state regulations, shall be complied with.
- R. Each mobile home space shall have the following:
 - 1. A concrete patio at least four inches thick with minimum dimensions of 40 feet by eight feet within each trailer space; or
 - 2. A wooden deck built to Clayton County specifications and having a surface area of at least 320 square feet; or
 - 3. A combination of a concrete patio at least four inches thick and a wooden deck built to Clayton County specifications, provided the combined surface area (excluding steps) is at least 320 square feet.

Sec. 6.30 - Fence and Wall Standards (FW).

FW-01: This Fence and Wall Standards section applies to all districts.

- A. Fences and walls shall be permitted in all zoning districts with the issuance of a permit subject to conformance with the following requirements:
 - 1. Height and location requirements: All fences and wall shall be erected in compliance with the following table:

Type of Fence or Wall	Maximum Height (feet)
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	Front	Side	Rear
Chain-link fence	N/A	6	6
Living fence	-	-	-
Ornamental fence	4	6	6
Privacy fence	N/A	6	6
Rail fence	4	5	5
Industrial fence	N/A	8	8
Decorative wall	2	4	4
Obscuring wall	N/A	6	6

2. All required setbacks for fences and walls shall be measured from the property line or existing street right-of-way line. Height of such fences or walls shall be measured from the grade level to the highest point of the fence or wall.
3. All fences and walls located within the front yard shall be less than four (4) feet in height.
4. All fences and walls, including, but not limited to posts, foundations, and overhanging elements, shall be located completely within the limits of the lot to which they are associated. Fences and walls located within required side and rear yards may be erected on the property line with the submission of written consent from all adjacent property owners or a certified survey verifying the location of lot boundaries.
5. All fences and walls may be permitted up to any property line that is not also a right-of-way line. All fences and walls shall be setback a minimum of two (2) feet from all adjacent rights-of-way or clear zone, as designated within the Department of Transportation and Development's Land Disturbance and Right-of-way Construction Guidelines, whichever is greater.
6. Fences that have one finished or decorative side shall be oriented with the finished or decorative side facing outward towards adjacent parcels and away from the interior of the lot to which the fence is associated. Masonry walls shall be finished in a similar manner on all sides.
7. No fence or wall may be placed in any right-of-way or any required sight clear zone, as defined within Section 6.27, Sight Visibility Standards.
8. No fence or wall may be placed in any drainage, utility, sidewalk, landscaping, access or other easement without written permission from the easement holder.
9. No fence or wall may be placed in any required buffer zone that does not specifically provide for the inclusion of fences.

10. On residential corner lots, a chain link fence or privacy fence up to six (6) feet in height is permitted within a front yard of a side street provided the residences on the adjacent lot and opposing lot do not front on such side street. Such chain link fence or privacy fence shall not extend beyond the front building line into the front yard of the street that the front of the dwelling faces.
 11. On nonresidential lots, a privacy fence or an obscuring wall up to six (6) feet in height shall be permitted within a front yard only where necessary for buffering from adjacent uses and approved on a site plan by the Zoning Administrator.
- B. Fences specifically required by this Ordinance for screening, swimming pools, telecommunications facilities, or other purposes may exceed the maximum heights established by this section in a manner consistent with the specific requirements of this Ordinance.
- C. The height of a fence shall be determined by measuring from the highest grade to the highest point of the fence, including any posts or finials.
- D. The following fences and walls are prohibited within Clayton County:
1. Barbed-wire, razor-wire, or electrified fences, except where, for the purpose of ensuring public safety, the Board of Zoning Appeals may grant approval for installation.
 2. Wire fences, except where such fences are located on parcels used for agricultural purposes and not less than three (3) acres in size with a minimum road frontage of 200 feet.
 3. Any fence or wall unlawfully installed, erected or maintained.
- E. Permits required: A fence permit shall be required for all work performed in association with the construction, alteration, or relocation of a fence or wall, except where otherwise specified herein.
1. Fences and walls for which a fence permit is not required:
 - a. Repairs: Repairs to an existing fence or wall with no structural changes.
 - b. Replacement: Replacement of an existing fence with a new fence that is the same type, and height and in the same location as the existing fence; provided the replacement fence is otherwise in full compliance with this ordinance.
 - c. Gates: The installation of gates of up to eight feet in width in an existing fence or wall with no structural changes.
 - d. Fences associated with active farms: Wire or wood fences associated with an active farm on parcels of not less than three (3) acres in size with a minimum road frontage of 200 feet.
 - e. Living fences: Planting of continuous hedgerows or similar landscape features.
- F. Permit application: Applications for fence permits shall be made upon forms provided by the Community Development Department. The following information shall be provided with the application:
1. A plot plan or lot survey shall be provided that includes the location of all existing and proposed fences, walls, structures, easements and setback dimensions. A detail of the proposed fence or wall with all appropriate dimensions shall also be provided.
 2. Written consent of all adjacent property owners, or a certified survey verifying the location of lot boundaries, if a fence or wall is proposed to be erected or installed on a property line.
 3. Other information that the Zoning Administrator may require to show full compliance with this ordinance.
- G. Legal nonconforming fences and walls: All existing legal nonconforming fences or walls shall be permitted to continue as such until removed, extended or altered, at which time such fences or walls shall be made to conform to the provisions of this Article.

- H. Removal of illegal or damaged fences or walls: Damaged or illegal fences or walls shall be immediately repaired, replaced, or removed by the owner, agent or person having the beneficial use of the building or structure upon which said fence or wall shall be found. Upon identification of a damaged or illegal fence or wall, the Zoning Administrator or his designee shall order the property owner via citation or letter to remove or make repairs within ten (10) business days. If the damaged fence or wall is not removed or repaired as ordered within forty-five (45) calendar days, the Board of Commissioners may authorize the County Attorney to pursue court approval for the removal or repair at the expense of the property owner. All expenses related to the removal or repair shall be placed upon the tax roll for the property to which the fence is associated unless immediately reimbursed by the property owner.

Sec. 6.31 - Large-Scale Retail Standards (LR).

LR-01: This Large-Scale Retail Facility Standards section applies to all districts.

This section shall apply to all retail development which includes one or more structures which individually exceed 25,000 square feet in gross floor area. The purpose of these standards is to provide additional design criteria for large-scale retail facilities to ensure safe and efficient vehicle and pedestrian circulation, and protect the general welfare of the community by ensuring that such facilities are consistent in design with, and complimentary to, adjacent land uses and the physical characteristics of Clayton County.

- A. Architectural Design Standards: The architectural design of the structure shall meet the following requirements:
 - 1. Facades and Exterior Walls: Facades and exterior walls shall generally be articulated to visually reduce the scale of the building and provide visual interest.
 - a. All buildings shall be designed with a minimum of eight (8) external corners.
 - b. All front facades between external corners which equal or exceed two hundred (200) feet in length shall incorporate wall plane projections or recesses along at least twenty (20) percent of the length. All such wall plane projections or recesses should have a depth equal to at least three (3) percent of the length of the facade.
 - c. All facades which face a public street shall have arcades, display windows, entry areas, or awnings at the ground floor along a minimum of sixty (60) percent of their horizontal length at the ground floor.
 - d. Building penthouses shall be incorporated into the building facade design and make use of exterior materials consistent with the facades.
 - 2. Tenant Spaces: When smaller, tenant spaces are located within a structure that exceeds 25,000 square feet in gross floor area, such spaces shall meet the following requirements when located along the front facade of the building:
 - a. Each such space may have a customer entrance which is separate from the main entrance(s) of the structure.
 - b. The ground level facade of each such store located along the front facade shall be transparent between the height of three (3) and eight (8) feet above the exterior grade level for a minimum of sixty (60) percent of the horizontal length of the front building facade occupied by each tenant.
 - 3. Roofs: All roof-top equipment, such as HVAC units, shall be screened from public view on all sides by parapets, dormers or other screens. The material of all structures used to screen roof-top equipment shall be consistent with the exterior materials used on the facade of the structure. Roofs shall also meet the following requirements:
 - a. Flat roofs shall feature parapets concealing roof-top equipment. The parapets shall not exceed an average height equal to fifteen (15) percent of the height of the supporting wall, and shall not at any point exceed a height equal to thirty (30) percent of the supporting wall.

- b. Sloped roofs shall feature a roof plane change, gable, or dormer for every one hundred (100) feet of horizontal length.
 - (1) Sloped roof exterior material shall either be standing seam metal or dimensional shingles.
 - (2) Sloped roofs shall include overhanging eaves which extend a minimum of 3 feet beyond the supporting walls.
 - (3) Sloped roofs shall not be sloped less than fifteen (15) degrees nor greater than forty-five (45) degrees.
 - 4. Building Materials: A minimum of three different materials shall be used for all front building exteriors and any side or rear elevation visible from a roadway. The primary front building facade materials shall consist of stone, brick, glass, ornamental metal, architectural pre-cast (panels or detailing), or architectural metal panels, as defined in Section 6.8, Architectural and Appearance Standards for Commercial and Industrial Buildings and Structures.
 - 5. Customer Entrances: All customer entrances located along the front facade, including those for smaller, tenant spaces as described above, shall be clearly defined and highly visible. The design of each entrance shall feature a combination of three (3) or more of the following features:
 - a. Canopies and portions;
 - b. Overhangs;
 - c. Recesses or projections;
 - d. Arcades;
 - e. Raised, corniced parapets;
 - f. Peaked roof forms;
 - g. Arches;
 - h. Outdoor patios;
 - i. Display windows;
 - j. Architectural details, such as tile work and moldings which are integrated into the building structure and design; or
 - k. Fixed-in-place planters or wing walls that incorporate landscaped areas and places for sitting.
- B. Building Orientation: The structure shall be required to face and have its main entrance located on the side of the building which faces a public street.
- 1. In cases where such structures face more than one public street and the streets are of different classifications in the Clayton County Comprehensive Transportation Plan, the building shall face the street which is of the highest use classification. Main entrances may also be located on the corner of a building which faces two public streets.
 - 2. No loading docks, overhead service doors, or trash collection binds may be placed on, or adjacent to any facade which faces a public street.
- C. Additional Regulations: These provisions shall apply regardless of whether or not the structure is located within or outside of an overlay zoning district. All other applicable requirements of this Ordinance and other adopted regulations of Clayton County shall also apply.

Sec. 6.32 - Parking Standards (PK).

PK-01: This Parking Standards section applies to the following districts: AG and ER.

Two off-street parking spaces, paved or graveled, are required per single-family dwelling unit. Off-street parking spaces may not fully or partially be in a public right-of-way, utility easement, or septic field. Each space must be at least two hundred (200) square feet. Parking spaces shall be provided on the same lot as the dwelling units for which they are required.

PK-02: This Parking Standards section applies to the following districts: RS-180, RS-110, RG-75, RM, RMH, MMX, NMX, and RMX.

Two off-street parking spaces, paved with asphalt or concrete, are required per dwelling unit. Off-street parking spaces may not fully or partially be in a public right-of-way, utility easement, or septic field. Each space must be at least two hundred (200) square feet. Parking spaces shall be provided on the same lot as the dwelling units for which they are required.

PK-03: This Parking Standards section applies to the following districts: OI, NB, CB, GB, MMX, NMX, RMX, LI, and HI.

All required non-residential parking spaces and lots shall conform to all of the following requirements:

- A. **Driving Surfaces:** All parking areas, including parking spaces, interior drives, and ingress/egress into parking areas must be paved with asphalt or concrete. All parking areas shall be clearly painted to show each parking space.
- B. **Drainage:** Parking areas must be constructed to allow proper drainage which shall be subject to the review and approval of the Department of Community Development and Department of Transportation and Development.
- C. **Access to Public Streets:** Parking areas must be designed as to prevent vehicles from having to back into or maneuver in public streets.
- D. **Locations:** Parking lots shall not be located in any right-of-way, easement, required buffer yard, or any required setback from a public street.
- E. **Curbs and Wheelstops:** All parking areas shall be completely curbed and wheel stops shall be provided as necessary to protect pedestrians and/or landscaping.
- F. **Striping:** To facilitate movement and to help maintain an orderly parking arrangement, all parking spaces shall be clearly striped with paint.
- G. **Lighting:** Lighting for parking areas shall conform to the applicable requirements of Section 6.36, Lighting Standards.
- H. **Landscaping:** Landscaping for parking areas shall conform with the applicable requirements of Section 6.34, Landscaping Standards.
- I. **Off-site Parking:** Parking spaces required in this section may be provided either on the premises or on an off-site lot located within 300 feet of the premises.
 1. Two or more uses may provide off-site parking collectively on one lot if the total number of spaces shall not be less than the sum of the spaces required for each use.
 2. Two or more uses for which the normal hours of operation do not overlap may share parking either on or off-site.
 3. A permanent documentation of any off-site and/or shared parking agreement must be signed by all involved property owners. The permanent written agreement shall include, but is not limited to the following items: maintenance, snow removal, ownership, and liability. The agreement shall be reviewed and approved by the Zoning Administrator. The agreement shall be recorded in the office of the Clerk of Superior Courts. A copy of the agreement shall be kept in the Department of Community Development.
- J. **Handicap Parking:** Handicap parking spaces shall be provided in all parking areas consistent with the requirements of the Americans with Disabilities Act.

- K. **Parking Space and Interior Drive Dimensions:** All spaces shall be provided adequate access by means of maneuvering lanes. Backing directly onto a street shall be prohibited. Parking lots shall meet the following dimensional requirements:

Parking Space and Interior Drive Requirements			
Angle of Parking	Minimum Driving Aisles Width (Feet)	Minimum Parking Space Size (Feet)	
		Width	Length
Parallel	12	10	24
...up to and including 45 degrees	14	10	18
...up to and including 60 degrees	18	9	18
...up to and including 90 degrees	24	9	18

- L. **Spaces Required:** The minimum number of parking spaces required per property shall be determined by the following table:

Use	Number of minimum parking spaces per unit of measure
A.	Residential Uses
1.	Residential, multiple-family high-rise (over stories) One and three-quarters for each dwelling unit.
2.	Housing for the elderly One for each two units and one for each employee. Should units revert to general occupancy, then two spaces per unit shall be provided.
3.	Mobile/manufactured home park Two for each mobile home site and one for each employee of the mobile home park.

	4.	Bed and breakfast dwellings	Two for the owner and/or operator and one for each leaseable room.
B.	Institutional Uses		
	1.	Churches and temples	One for each three seats or six feet of pews in the main unit of worship.
	2.	Hospitals	Two for each one bed.
	3.	Convalescent homes and nursing homes	One for each two employees plus one for each four persons in residence.
	4.	Elementary and junior high schools	One for each one teacher, employee, or administrator in addition to the requirements for auditorium or stadium.
	5.	Senior high schools	One for each one teacher, employee, or administrator, and one for each ten students, in addition to the requirements of the auditorium or stadium, whichever seats more.
	6.	Private clubs, or lodge halls	One for each three persons allowed within the maximum occupancy load as established by local, county or state fire, building or health codes.
	7.	Fraternity or sorority	One for each five permitted active members, or one for each two beds, whichever is greater.
	8.	Library, museum or post office	One for each 150 square feet of usable floor area.
	9.	Child and adult care facilities	
	a.	Care home for up to 6 adults	Two for each unit plus one for each caregiver.
	b.	Care home for up to 12 adults	Two for each dwelling unit plus one for each caregiver.
	c.	Group day care home for children	Two for each dwelling unit plus one for each caregiver.
	d.	Day care center for children	One for each caregiver.

	e.	Day care center for adults	Two, plus one for each 20 adults in the facility.
C.	Offices		
	1.	Banks	One for each 200 square feet of usable floor space, plus three for each ATM. Drive-up windows and ATM's shall be provide three (3) stacking spaces.
	2.	Business offices or professional offices except medical offices	One for each 250 square feet of usable floor space.
	3.	Professional offices of doctors, dentists or similar professions	One for each 200 square feet of usable floor area.
D.	Retail Uses		
	1.	Retail stores except as otherwise specified herein	One for each 250 square feet of usable floor space.
	2.	Shopping centers with multiple tenants	One for each 250 square feet of usable retail floor area for the first 50,000 square feet. One for each 275 square feet for the next 50,000 to 450,000 square feet of usable retail floor area. One for each 300 square feet for that area in excess of 450,000 square feet of usable retail floor area. Non-retail uses such as restaurants, bars and theaters shall be calculated separately based upon their respective requirements.
	3.	Furniture and appliance, household equipment, repair shops, showroom of a plumber, decorator, electrician, or similar trade, shoe repair, and other similar uses	One for each 800 square feet of usable floor area. (For that floor area used in processing, one additional space shall be provided for each two persons employed therein.)
	4.	Gasoline service stations (full service)	Two for each lubrication stall, rack or pit; and one for each service vehicle used by the service station, in addition to space provided at each fuel pump dispenser. Gasoline service stations providing carwash facilities, sale of food, beverages and other products

			shall provide additional off-street parking spaces based on the requirements for such uses.
5.	Gasoline filling stations (self-service)		One for each employee plus one for each 100 square feet of floor area used for cashier, office or retail sale of food, beverages and other products in addition to space provided at each fuel pump dispenser. In no instance shall such facility provide fewer than three spaces for cashier's and office use. Gasoline service stations providing carwash facilities shall provide additional off-street parking spaces based upon the requirements for such uses.
6.	Home improvement centers		One per 300 square feet of usable floor area.
7.	Motor vehicle sales and service establishments		One for each 400 square feet of usable floor area of sales room and one for each one auto service stall in the service room.
8.	Outdoor commercial display and sales		One for each 500 square feet of land area being used for display, plus one for each employee.
E.	Restaurants/Food and Beverage		
1.	Bars, lounges, taverns, nightclubs (majority of sales consist of alcoholic beverages)		One per each 70 square feet of usable floor area or one per two seats, whichever is greater.
2.	Drive-in Restaurant		One for each employee and one for each 25 square feet of usable floor area.
3.	Drive-through Restaurant		One for each employee, one for each 75 square feet of dining area and five stack-up spaces for each drive-through window or station.
4.	Carry-out Restaurant (with no eating on premises)		Six per service or counter station, plus one for each employee.

5.	Open front Restaurants such as, but not limited to: dairy bars, fruit, and vegetable stands	Ten plus one per employee.
6.	Standard sit-down restaurants without liquor license	One for each 100 square feet of usable floor area or one for each three persons allowed within the maximum occupancy load as established by local, county or state fire, building or health codes, whichever is the greater.
7.	Standard sit-down restaurants with liquor license	One for each 75 square feet of usable floor area or one for each two persons allowed within the maximum occupancy load as established by local, county or state fire, building or health codes, whichever is the greater.
F.	Service Uses	
1.	Automobile repair	Two for each service stall plus one for each employee.
2.	Automobile quick oil change	Two stacking spaces for each service stall, rack or pit plus one for each employee.
3.	Auto wash	One for each one employee. In addition, stacking spaces equal in number to five times the maximum capacity of the auto wash. Maximum capacity of the auto wash shall mean the greatest number of automobiles possible undergoing some phase of washing at the same time, which shall be determined by dividing the length in feet of each wash line by 24.
4.	Auto wash (self service or coin operated)	Two stacking spaces for each washing stall in addition to the stall itself plus one for each drying space.
5.	Beauty parlor or barbershop	Two for each beauty or barber chair plus one for each employee.
6.	Dry Cleaners	One (1) per five hundred (500) square feet of usable floor area.

7.	Laundromats and coin-operated dry cleaners	One for each two washing and/or dry-cleaning machines.
8.	Mortuary establishments	One for each 50 square feet of usable floor area.
9.	Motel, hotel or other commercial lodging establishments	One for each one occupancy unit plus one for each employee plus spaces as required for accessory uses such as a bar, restaurant, meeting rooms, etc.
10.	Adult entertainment facility	
a.	Adult book/video store	One for each 75 square feet of usable floor space.
b.	Adult motion picture theater	One for each two seats plus one for each theater employee.
c.	Adult mini-motion picture theater	One for each one seat or viewing station plus one for each employee.
d.	Cabaret	One for each 75 square feet of usable floor space.
11.	Massage establishment	One for each massage table or station, plus one for each 20 square feet of waiting room, plus one for each employee.
12.	Self-storage mini-warehouse	One for each 20 storage units plus two for manager's residence.
13.	Video Rental Establishments	One per 150 square feet of usable floor area.
G.	Recreational Uses	
1.	Athletic clubs, exercise establishments, health studios, sauna baths, material art schools and other similar uses	One for each three persons allowed within the maximum occupancy load as established by local, county or state fire, building or health codes plus one per employee. In those instances where memberships are provided for, not less than one per each five memberships shall be provided plus one per employee or one for each two clothing lockers plus one per employee whichever is the larger.

2.	Amusement arcade	One for each one game table and one for each amusement device.
3.	Bowling alleys	Five for each one bowling lane plus spaces required for accessory uses such as a bar or restaurant.
4.	Commercial outdoor recreation facilities (such as archery ranges, batting cages, etc.)	Two for each batting cage, archery range or similar activity.
5.	Dancehalls, pool or billiard parlors, roller or skating rinks, exhibition halls, and assembly halls without fixed seats	One for each three persons allowed within the maximum occupancy load as established by local, county or state fire, building or health codes or one for each 200 square feet of gross floor area, whichever is greater.
6.	Golf courses, open to the general public, except miniature or "par-three" courses	Six for each one golf hole and one for each one employee, plus spaces required for each accessory use such as a restaurant or bar.
7.	Golf driving range	Two for each driving tee plus three spaces for employees.
8.	Ice skating or roller rink	One for each seat or six feet of benches, or one for each 150 square feet of skating area, whichever is the greater.
9.	Miniature or "par-three" golf courses	Two for each one hole plus one for each one employee.
10.	Private golf clubs, swimming pool clubs, tennis clubs or other similar uses	One for each two member families or individuals plus spaces required for each accessory use such as a restaurant or bar.
11.	Stadium, sports arena or similar place of outdoor assembly	One for each four seats or eight feet of benches.
12.	Tennis club, paddle-ball club, racquetball club and other similar uses	Six per court, plus such additional spaces as may be required herein for affiliated uses such as restaurants, plus one per employee.

	13.	Theaters and auditoriums	One for each three seats plus one for each two employees.
H.	Industrial Uses		
	1.	Assembly plants, fabrication plants, and/or factories	One per each 1,000 square feet.
	2.	Industrial or research establishments and related accessory offices	Five plus one for every one and a half employees in the largest working shift or one for each 500 square feet of usable floor area in those instances where shift size is not known. Space on the site shall also be provided for all construction workers during periods of plant construction.
	3.	Mini-warehouses	One per each employee, plus one per each 5,000 square feet.
	4.	Salvage, storage, and/or junk facility	One per each employee, plus four per acre.
	5.	Warehouses and wholesale establishments and related accessory offices	Five plus one for every one employee in the largest working shift, or five plus one for every 1,700 square feet of usable floor space, whichever is the greater.

- M. For those uses not specifically mentioned, the requirements for off-street parking facilities shall be in accordance with a use which the Zoning Administrator and/or Board of Zoning Appeals consider to be similar in type.
- N. When units or measurements determining the number of required parking spaces result in the requirement of a fractional space, any fraction up to and including one-half shall be disregarded and fractions over one-half shall require one parking space.
- O. Two or more buildings or uses may collectively provide the required off-street parking in which case the required number of parking spaces shall not be less than the sum of the requirements for the several individual uses computed separately, except as provided below.
- P. The Board of Zoning Appeals may reduce the parking requirements based upon a finding that there will be a lower demand for parking due to one or more of the following:
1. Shared parking by multiple uses where there will be a high proportion of multipurpose visits or uses having peak parking demands during differing times of the day or days of the week. Where uses are on separate lots, the lots shall be adjacent, and pedestrian and/or vehicular connections shall be maintained between the lots and shared parking agreements shall be filed with the Clerk of Superior Courts.

2. Expectations of walk-in trade due to sidewalk connections to adjacent residential neighborhoods or employment areas. The site design shall incorporate pedestrian connections to the site and on-site pedestrian circulation providing safe and convenient access to the building entrance.
 3. Availability of other forms of travel such as transit. The site design shall incorporate transit stops, pedestrian connections to nearby transit stops, or bicycle parking facilities.
- Q. Where the conditions of subsection Pare not met, but an applicant demonstrates that the parking requirements for a proposed use could be excessive, the Zoning Administrator may defer some of the parking requirements, provided the site plan designates portions of the site for future construction of the required parking spaces. Areas reserved for future parking shall be maintained in a landscaped appearance and not used for building area, storage, or other accessory use. The deferred parking shall be required to meet ordinance requirements if constructed and may not occupy required greenbelts. Construction of the deferred parking area to add parking spaces may be initiated by the owner or required by the Zoning Administrator, based on parking needs or observation of the facility or use.

PK-04: This Parking Standards section applies to the MMX, NMX, and RMX.

In any development requiring more than one thousand (1,000) parking spaces, a minimum of sixty (60) percent of the required parking spaces shall be located within a parking structure, whether located above or below ground level.

PK-05: This Parking Standards section applies to all districts.

- A. No vehicle, including recreational and commercial vehicles, shall be parked, stored, or allowed to remain on a lot or parcel of land that does not contain a principal structure.
- B. Vehicles or trailers of any type without current license plates and registration or in an inoperable condition shall be prohibited other than in completely enclosed buildings or associated with permitted junk yards or auto-repair facilities. Such vehicles associated with permitted junk yards or auto-repair facilities must be stored consistent with the following requirements:
 1. All such vehicles, including antique vehicles, shall be stored within the rear or side yard. In no case shall such vehicles be stored in any right-of-way, front yard, or required setback area.
 2. All storage areas for such vehicles shall be completely enclosed with six (6) feet tall, one hundred (100) percent opaque wood, stone, or masonry fence. Gates allowing access to the storage areas are permitted, shall be closed when not in use, and shall consist of a six (6) feet tall, one hundred (100) percent opaque doors.
- C. No vehicle or tractor-trailer of any type may be used predominantly for the purpose of personal storage.

Sec. 6.33 - Loading Standards (LD).

LD-01: This Loading Standards section applies to all districts.

There shall be provided off-street loading berths meeting the minimum requirements specified in this section in connection with any building or structure which is to be erected or substantially altered, and which requires the receipt or distribution of materials or merchandise by trucks or similar vehicles.

- A. Location: All required off-street loading berths shall be located on the same lot as the use to be served, and no portion of the vehicle shall project into a street, alley, or other public right-of-way. No permitted or required loading berth shall be located within fifty (50) feet of the nearest point of intersection of any two streets.
- B. Size: Off-street loading berths for over-the-road tractor-trailers shall be fourteen (14) feet in width and one hundred twenty (120) feet in length including the apron. For local pick-up and delivery

trucks, off-street loading berths shall be at least twelve (12) feet in width and sixty (60) feet in length including the apron. All loading spaces shall be provided with a vertical clearance of not less than fifteen (15) feet.

- C. Access: Each required off-street loading berth shall be designed with appropriate means of vehicular access to a street or alley in a manner which will not interfere with traffic movements. There shall be no maneuvering within the right-of-way. In no case shall a loading berth be located in such a manner as to require loading/unloading vehicles to back into a public right-of-way.
- D. Surfacing: All open off-street loading berths shall be improved with a compacted base of asphalt or concrete.
- E. Space allowed: Space allowed to any off-street loading berth shall not be used to satisfy the space requirements of any off-street parking spaces or portions thereof.
- F. Landscaping: The paved surface of all loading areas shall be considered as part of the parking lot and shall be factored into calculations for required landscaping as specified by Section 6.34, Landscaping Standards, of this Ordinance.
- G. Berths Required: Off-street loading berths shall be required based on the following table:

Loading Berth Requirements	
Gross Floor Area	Berths Required
Up to 40,000 square feet	1
40,000 to 80,000 square feet	2
80,000 to 120,000 square feet	3
120,000 to 160,000 square feet	4
Greater than 160,000 square feet	1 additional berth for every 80,000 square feet of floor area

Sec. 6.34 - Landscaping Standards (LA).

LA-01: This Landscaping Standards section applies to all districts:

A landscape plan shall be submitted for any proposed use or building which requires the submittal of a site development plan or when otherwise required by this ordinance. In cases where a site development plan is submitted for alterations or additions to an existing building, all of the standards set forth herein shall be met. Landscape plans shall be approved by the Zoning Administrator prior to the issuance of a building permit and shall be prepared in accordance with the following:

- A. Planting plan specifications:
 - 1. Minimum scale of one (1) inch = fifty (50) feet.
 - 2. Existing and proposed contours with contour interval not to exceed two (2) feet.

3. The planting plan shall indicate, to scale, the location, spacing and starting size for all proposed landscape material within the required greenbelt or landscaped area.
 4. Typical straight cross section including slope, height and width of berms and type of ground cover or height and type of construction for all proposed walls, including footings.
 5. Significant construction details to resolve specific site conditions, e.g. tree wells to preserve existing trees, culverts to maintain natural drainage patterns.
 6. Planting and staking details in either text or drawing form to insure proper installation and establishment of proposed plant materials.
 7. Planting plans shall be prepared by a registered landscape architect.
- B. Landscape Planting Standards: Under no circumstances shall any artificial plant be installed and/or counted as part of the required plantings. Except for those areas occupied by buildings, loading areas, parking areas, patios and walkways, all areas of a site shall remain in lawn area. All plant materials shall be living plants and shall meet the following requirements:

Site Interior Planting Requirements			
For lots with the following land use...	...this number of	...this planting type...	...shall be required for every...
Single Family Residential (including dwelling units in RMH districts)	1	Deciduous Tree	1 dwelling unit
	1	Needled Evergreen Tree	1 dwelling unit
	1	Foundation Planting	20' of perimeter
Multiple Family Residential	1	Deciduous Tree	2 dwelling units
	1	Needled Evergreen Tree	2 dwelling units
	1	Ornamental Tree	4 dwelling units
	1	Foundation Planting	10' of perimeter
Commercial	1	Deciduous Tree	1,000 sq. ft. of ground floor area

	1	Needled Evergreen Tree	1,000 sq. ft. of ground floor area
	1	Ornamental Tree	1,000 sq. ft. of ground floor area
	1	Foundation Planting	20' of perimeter
Institutional	1	Deciduous Tree	1,000 sq. ft. of ground floor area
	1	Needled Evergreen Tree	1,000 sq. ft. of ground floor area
	1	Ornamental Tree	1,000 sq. ft. of ground floor area
	1	Foundation Planting	10' of perimeter
Industrial	1	Deciduous Tree	3,000 sq. ft. of ground floor area
	1	Needled Evergreen Tree	3,000 sq. ft. of ground floor area
	1	Ornamental Tree	3,000 sq. ft. of ground floor area
	1	Foundation Planting	30' of perimeter

1. In no instance shall any landscaping required by the table listed above, or by any other article of this Ordinance, including, but not limited to Section 6.35, Buffer Yard, of this Ordinance and Article 1 of the Tree Protection Ordinance [Chapter 86, Article II of this Code], be used to meet the requirements of a different Ordinance section. In all cases the landscaping required by any article of this Ordinance shall be considered as being in addition to any other requirements.

2. Any existing vegetation on site which is retained may be counted towards the minimum landscaping requirements.
 3. All new trees required to be planted by this Ordinance shall be measured consistent with the American Nursery Standards Institute (ANSI).
 - a. All deciduous trees shall be two and one half (2-1/2) inches in diameter at the time of planting measured at six (6) inches above the root ball.
 - b. All evergreen trees shall be six (6) feet in height at the time of planting measured from the base of the root ball.
 - c. All shrubs shall be twelve (12) inches in height at the time of planting measured from ground level.
 - d. These planting standards shall not be considered as fulfilling any screening or buffer requirement.
 - e. No landscaping materials, vegetation, plants, shrubs, trees, retaining walls, bedding, lighting, or mounds may extend into any existing or proposed right-of-way or easement without written permission from the agency that established the right-of-way or easement.
- B. Design Standards: All proposed landscape materials should complement the form of the existing trees and plantings. Light water, soil quantity and quality, and on-going maintenance requirements should be considered in selecting plant materials.
- C. Irrigation: All required landscaped areas shall be irrigated.
- D. Maintenance Requirements: Trees, vegetation, irrigation systems, fences, walls and other landscape elements are considered elements of a project in the same manner as parking and other site details. The owner of the property shall be responsible for the continuous proper maintenance of all landscaping materials, and shall keep them in a proper, neat and orderly appearance, free from refuse and debris and in good repair at all times.
1. All unhealthy or dead plant material shall be replaced by the next planting period. Other defective landscape material shall be replaced or repaired within three months.
 2. Landscape materials are intended to grow, spread and mature over time. Landscaping materials used to fulfill requirements of this section should only be pruned, limbed-up, or topped to insure the public safety, to maintain a neat and attractive appearance and to preserve the relative health of the material involved.
- E. Interior Planting Requirements: Landscaping shall be required on each lot based on the use of that lot as defined in the table above. Where a lot is occupied by a combination of land uses listed below, only plantings consistent with the requirements for the land use that would result in the most landscaping is required.
- F. Detention/Retention Pond Landscaping:
1. Landscape plans shall be submitted for all detention/retention ponds.
 2. Detention/retention ponds shall be landscaped to provide a natural setting in open space areas which are removed from residential lots. Where possible, ponds or basins shall be "free form" following the natural shape of the land to the greatest practical extent.
 3. The minimum requirements for the landscaping of detention/retention ponds shall be as follows:
 - a. One deciduous shade or evergreen tree and ten shrubs shall be planted for every fifty (50) lineal feet of pond perimeter as measured along the top of the bank elevation.
 - b. The required trees and shrubs shall be planted in a random pattern or in groupings. The placement of required landscaping is not limited to the top of the ground bank.

5. To assure that water quality is maintained, ponds shall be designed to continuously circulate either by surface water movement, ground water movement or some form of artificial aeration.
 6. Maintenance of detention/retention ponds and the landscaping thereof shall be the responsibility of the property owner or of the development association whichever is appropriate.
- G. Greenbelt Buffer for Residential Developments: When a subdivision, site condominium, cluster housing or multiple family development borders a major thoroughfare, a landscaped greenbelt shall be provided directly adjacent, and parallel to, the future right-of-way of said thoroughfare for the entire length of the subdivision. The applicant has the option of either constructing a landscaped earth berm or a decorative wall with landscaping. The planting of materials shall be done in a manner so as to provide adequate screening of the homes from the major thoroughfare within five years of construction. Creativity is encouraged. Thus, required trees and shrubs may be planted at uniform intervals, at random, or in groupings, with the intent being to screen the subdivision from the major thoroughfare, coordinate the landscaping treatment with adjoining properties, and provide a visually pleasing design. Existing plant material may be counted toward the fulfillment of the greenbelt planting requirements.

LA-02: This Landscaping Standards section applies to all districts.

- A. Parking Lot Landscaping: In addition to the interior planting requirements, landscaping on the perimeter and in the interior of parking lots shall be provided.
- B. Perimeter Screening: All parking lots, including parking spaces, interior drives, and loading/unloading areas, must be screened on each side adjoining any residentially zoned or used property.
 1. The screening must be placed within five (5) feet of the parking area, and shall consist of either evergreen trees, or a combination of an earthen berm, shrubs, and evergreen trees.
 2. All evergreen trees and shrubs must meet the planting requirements provided by this section.
 3. All screening shall provide a barrier at least four (4) feet in height at the time of installation.
- C. Interior Planting: To help reduce excessive heat build-up and emissions from large areas of hard surfacing, landscape areas must be provided within parking lots.
 1. Landscape islands with a surface area equal to eight (8) percent of the area of the parking lots (including all parking spaces, interior drives, loading docks, drop-off/pick-up lanes, and access drives beyond the right-of-way) shall be provide in all parking lots with more than fifteen (15) parking spaces.
 2. Trees shall be distributed evenly throughout the parking area. In large parking areas, islands should be approximately every ten spaces.
 3. The required landscape areas shall meet the following requirements:
 - a. All required landscaped areas shall consist of curbed islands or peninsulas which are surrounded on at least two sides by pavement. Landscaping on the perimeter of the parking lot shall not be counted toward this requirement.
 - b. All landscape islands must be a minimum of 150 square feet in area.
 - c. No individual landscape area shall be larger than 350 square feet in size in a parking lot that is less than 30,000 square feet, and no individual area shall be larger than 1,500 square feet in a parking lot that exceeds 30,000 square feet.
 - d. Individual landscape areas larger than those described above are permitted as long as the additional area is in excess of the required minimum total.
 - e. One deciduous tree and two shrubs shall be provided within the landscape islands for every 150 square feet of interior landscape area required.

- D. Design Requirements: Landscaping provided at the perimeter of, and interior to parking areas shall meet the following design requirements:
 1. Parked vehicles may hang over the interior landscaped area up to two and one half (2-1/2) feet, and wheel stops shall be provided to insure no greater overhang or penetration of the landscaped area.
 2. All areas not landscaped with hedges, walls, or trees shall be provided with grass or other acceptable ground cover.

Sec. 6.35 - Buffer Yard Standards (BY).

BY-01: This Buffer Yard Standards section applies to all districts.

- A. The general purpose of a buffer yard is to soften the potential conflicts between the potential uses in one zoning district and the potential uses in another adjacent district by using setbacks and landscaping. The potential degree (or intensity) of conflict (or potential conflict) between two zoning districts determines the extent of buffer yard required.
- B. The following general buffer yard standards will apply to all buffer yards.
 1. The buffer yard standards only apply along the property lines where the two conflicting zoning districts meet.
 2. The developer or owner of the subject property is responsible for installing the buffer yard. The adjacent property owner shall not have to participate in installing the buffer yard until their property is developed or redeveloped.
 3. No buffer yard or required landscape materials shall be placed within any easement, right-of-way, or septic field.
 4. All required buffer yard areas shall be provided entirely on the subject property and shall be in addition to setbacks required by this Ordinance.
 5. All required buffer yard trees shall be irregularly spaced and designed to provide the appearance of a natural landscape unless otherwise specified by this Ordinance.
 6. All portions of the buffer yard not planted with trees, shrubs or other landscaped materials shall be covered with grass or other ground covering vegetation.
 7. No landscaping required by this section may be used to satisfy the minimum requirements of any other provisions of this Ordinance.
 8. All landscape materials must be properly maintained, and kept in a neat and orderly appearance, free from all debris and refuse. All unhealthy or dead plant material shall be removed by the end of the next planting season.
- C. The following matrix determines the type of buffer yard which shall be installed by the subject development entirely on the subject property:

Buffer Yard Requirements															
The buffer yard type indicated in the table below shall be provided on the subject property when:															
the zoning district for the subject property is	...and the adjoining property is zoned:														
	AG	ER	RS-180	RS-110	RG-75	RM	RMH	OI	NB	CB	GB	MMX	NMX	RMX	LI

AG																	
ER																	
RS-180	2	1															
RS-110	3	2															
RG-75	3	2	1														
RM	3	3	3	3	2		2	1	1	1	1	1	1	1	1	1	1
RMH	3	3	3	3	2	2		2	2	2	2	2	2	2	2	2	2
OI	3	3	3	3	3	2	2										
NB	3	3	3	3	3	2	2										
CB	3	3	3	3	3	2	2										
GB	3	3	3	3	3	3	2	1									
MMX	3	3	3	3	3	3	2										
NMX	3	3	3	3	3	3	2	1									
RMX	3	3	3	3	3	3	3	2	2	2	1	1	1				
LI	3	3	3	3	3	3	3	2	2	1	1	1	1	1			
HI	3	3	3	3	3	3	3	3	3	3	2	2	2	2	1		

- D. The required buffer yards shall meet the following minimum requirements:
1. Buffer Yard Type 1: Buffer yard type 1 shall include a minimum setback of fifteen (15) feet in addition to the yard setback otherwise required by this ordinance. In addition, one (1) deciduous canopy tree must be planted in the buffer yard for every thirty (30) feet of contiguous boundary between the subject and adjoining properties.
 2. Buffer Yard Type 2: Buffer yard type 2 shall include a minimum setback of twenty-five (25) feet in addition to the yard setback otherwise required by this ordinance. In addition, one (1)

deciduous canopy tree and two (2) evergreen trees shall be planted in the buffer yard for every twenty-five (25) feet of contiguous boundary between the subject and adjoining properties.

3. Buffer Yard Type 3: Buffer yard type 3 shall include a minimum setback of forty (40) feet in addition to the yard setback otherwise required by this ordinance. In addition, two (2) rows of deciduous canopy trees shall be planted parallel to the property line within the buffer yard with one (1) tree placed every twenty (20) feet long the boundary between the subject and adjoining properties. Also, a six (6) feet tall opaque wooden fence or brick or stone wall, a five (5) feet tall undulating mound planted with shrubs, or a row of evergreen trees shall be placed parallel to the property line within ten (10) feet of the row of canopy trees along the boundary between the subject and adjoining properties.
 - a. If an undulating mound is used to fulfill the requirements, one (1) shrub for every ten (10) feet of continuous boundary shall be planted on the mound. All required shrubs shall measure eighteen (18) inches in height measured from grade at the time of planting.
 - b. If a row of evergreen trees is used to meet the requirements, one (1) tree shall be placed every ten (10) feet long the property boundary.

Sec. 6.36 - Outdoor Lighting Standards (OL).

OL-01: This Outdoor Lighting Standards section applies to all districts.

The intent of this ordinance is to preserve, protect, and enhance the lawful nighttime use and enjoyment of any and all property through the use of appropriate lighting practices and systems. Such individual fixtures and lighting systems are designed, constructed, and installed to control glare, minimize obtrusive light, conserve energy and resources while maintaining safety, security and productivity, and curtail the degradation of the nighttime visual environment.

- A. Submittal requirements: The applicant for any permit of work involving outdoor lighting fixtures governed by this Section shall submit, as part of the site plan, evidence that the proposed work will comply with this Article. The following information must be included for all nonresidential site plan submissions, final preliminary plats, and final residential site plans. Where formal site plan approval is not required, some or all of the items may be required to be reviewed by the Zoning Administrator and/or Building Inspector prior to lighting installation:
 1. Location, type and height of all freestanding, building-mounted and canopy light fixtures, and all existing and proposed sign lighting, shall be shown on the site plan and building elevations.
 2. Photometric grid overlaid on the proposed site plan indicating the overall light for intensity throughout the site (in footcandles).
 3. Specifications and details for the type of fixture being proposed including the total lumen output, type of lamp and method of shielding.
 4. Use of fixture proposed; and
 5. Any other information deemed necessary by the Zoning Administrator and/or Building Inspector.
- B. General provisions: The design and illumination standards of this ordinance shall apply to all exterior lighting sources and other light sources visible from the public way or adjacent parcels, except where specifically exempted herein.
 1. Shielding: Exterior lighting shall be fully shielded and directed downward, and shall utilize full cutoff housings, louvers, glare shields, optics, reflectors or other measures to prevent off-site glare and minimize light pollution.

2. Intensity: The intensity of light within a site shall not exceed 10.0 footcandles within any site and 1.0 footcandles at any zoning lot boundary or street right-of-way line. Where a zoning lot abuts a residential district or existing residential use, the intensity shall not exceed 0.5 footcandles at the zoning lot boundary. The Zoning Administrator may permit a maximum intensity of 20.0 footcandles for lighting under a gas station pump island canopy or within the outdoor sales and display space of an automobile dealership, provided that such lighting is otherwise in compliance with this ordinance.
 3. Measurement: Light intensity levels shall be measured on the horizontal plane at grade level within the site, and on the vertical plane of any zoning lot boundary or street right-of-way line at a height of five feet above grade level.
 4. Lamp options: Metal halide lamps with a maximum wattage of 250 watts per fixture are recommended for use in Clayton County to maintain a unified lighting standard and to minimize light pollution and 'sky glow.' The Zoning Administration may permit the use of other lamp-types and wattages up to 400 watts maximum for fully shielded fixtures, provided that such lighting is otherwise in compliance with this ordinance.
 5. Decorative light fixtures: The Zoning Administrator may approve decorative light fixtures as an alternative to shielded fixtures, provided that such fixtures would enhance the aesthetics of the site and would not cause off-site glare or light pollution. Such fixtures may utilize incandescent, tungsten-halogen, metal halide or high-pressure sodium lamps with a maximum wattage of 100 watts per fixture.
 6. Freestanding pole lighting: The following standards shall apply to all freestanding pole-mounted light fixtures:
A maximum overall height (as measured from grade level to the highest point of the fixture):
 - a. Fifteen (15) feet high, where such fixtures are located within fifty (50) feet of a residential district or residential use.
 - b. Twenty (20) feet high, where such fixtures are located more than fifty (50) feet from a residential district or residential use.
 - c. Twenty-five (25) feet high, where such fixtures are located more than three hundred (300) feet from a residential district or residential use.
 7. Building-mounted lighting: Luminous tube or exposed lamp fluorescent lighting is prohibited as an architectural detail on all buildings, including, but not limited to areas along roof lines, cornices and eaves or around and within window and door openings. The Zoning Administrator may approve internally illuminated architectural bands or similar shielded lighting accents as part of a site plan, provided that such lighting accents would enhance the aesthetics of the site and would not cause off-site glare or light pollution.
- C. Exemptions: The following are exempt from the lighting requirements of this section:
1. Roadway and Airport lighting and lighting activated by motion sensor devices;
 2. Temporary circus, fair, carnival, or civic uses;
 3. Construction or emergency lighting, provided such lighting is temporary and is discontinued immediately upon completion of the construction work or abatement of the emergency necessitating said lighting;
 4. Temporary lighting;
 5. Lighting associated with agricultural pursuits.
 6. Sports fields.
 7. Swimming pools.
 8. Holiday decorations.

9. Shielded pedestrian walkway lighting.
10. Residential lighting with no-offsite glare.
11. Street lights.

Sec. 6.37 - Telecommunication Facilities Standards (TF).

TF-01: This Telecommunication Facility Standards section applies to all districts.

The intent of this Telecommunications Ordinance is to ensure that residents and businesses in Clayton County have reliable access to telecommunications networks and state of the art communications services while also ensuring that this objective is achieved in a fashion that preserves the intrinsic aesthetic character of the community and is accomplished according to Clayton County's zoning, planning, and design standards. The Telecommunications Act of 1996 gave local government's land use and zoning authority, with certain limitations, to determine the placement, construction, and modification of wireless telecommunications facilities. Clayton County recognizes that facilitating the development of wireless service technology can be an economic development asset to Clayton County and a significant benefit to its residents. The intent of this wireless communication facilities ordinance is to accomplish the above stated objectives and to ensure that the placement, construction or modification of wireless telecommunications facilities complies with all applicable federal laws, and is consistent with Clayton County's land use policies, and wireless telecommunications ordinance.

- A. This Ordinance is enacted for the purpose of safeguarding the public health, safety, and welfare by establishing general guidelines for the location and placement of antennas and towers. The goals of the ordinance are to:
 1. Ensure access to reliable wireless communications services throughout all areas of Clayton County;
 2. Encourage the use of existing monopoles, towers, utility poles, and other structures for the co-location of telecommunications facilities;
 3. Encourage the location of new monopoles and towers in non-residential areas;
 4. Minimize the number of new monopoles and towers that would otherwise need to be constructed by providing incentives for the use of existing structures;
 5. Encourage the location of monopoles and towers, to the extent possible, in areas where the adverse impact on the community will be minimal;
 6. Minimize the potential adverse effects associated with the construction of monopoles and towers through the implementation of reasonable design, landscaping and construction practices;
 7. Ensure public health, safety, welfare, and convenience; and
 8. Conform to Federal and State laws that allow certain antennas to be exempt from local regulations.

TF-02: General Requirements.

- A. Principal or Accessory Use: Antennas and towers may be considered either principal or accessory uses.
- B. Inventory of Existing Sites: Each applicant for an antenna and/or tower shall provide to the Zoning Administrator an inventory of its existing towers, antennas, or sites approved for towers or antennas, that are either within the jurisdiction of the Clayton County or within one (1) mile of the border thereof, including specific information about the location, height, and design of each tower or antenna.
- C. Aesthetics: Towers and antennas shall meet the following aesthetics requirements.

1. Finish: Any tower shall either maintain a galvanized steel finish or, subject to any applicable standards of the FAA, be painted a neutral color so as to reduce visual obtrusiveness.
2. Related Structures: At a tower site, the design of the buildings and related structures shall, to the extent possible, use materials, colors, textures, screening, and landscaping that will blend them into the natural setting and surrounding buildings.
3. Lighting: Towers shall not be artificially lighted, unless required by the FAA or other applicable authority. If lighting is required, the lighting alternatives and design chosen must cause the least disturbance to the surrounding views.
4. State or Federal Requirements: All towers and antennas must meet or exceed current standards and regulations of the FAA, the FCC, and any other agency of the state or federal government with the authority to regulate towers and antennas. If such standards and regulations are changed, then the owners of the towers and antennas governed by this Ordinance shall, to the extent required by the FAA or the FCC, bring such towers and antennas into compliance with such revised standards and regulations within six (6) months of the effective date of such standards and regulations, unless a different compliance schedule is mandated by the controlling state or federal agency. Failure to bring towers and antennas into compliance with such revised standards and regulations shall constitute grounds for the County to seek a court order, authorizing the County or its designee to remove the tower or antennae at the owner's expense.
5. Building Codes: To ensure the structural integrity of towers and antennas, the owner of a tower shall ensure that it is maintained in compliance with applicable standards for towers that are published by the Electronic Industries Association and/or adopted Building Code for the State of Georgia, as amended from time to time. Failure to bring a tower into compliance within thirty (30) calendar days of notice being provided to the owner by the County shall constitute abandonment and grounds for the removal of the tower or antenna in accordance with Section TF-10 of the Telecommunication Facility Ordinance.
6. Exceptions: The provisions of this ordinance shall not be deemed to apply to the following:
 - a. Any tower, antenna, or other communication structure located on property owned, leased, or otherwise controlled by Clayton County.
 - b. Any amateur radio facility that is owned and operated by a federally-licensed amateur radio station operator issued by the Federal Communications (FCC).
 - c. Personal over-the-air devices for video programming and wireless Internet services are not subject to the requirements of this Section.
 - d. Satellite dish antennas, or similar devices, as provided in the Federal Telecommunications Act of 1996, are exempt from the requirements of this Section, subject to the standards listed below.

TF-03: Availability of Suitable Existing Towers or Other Structures.

- A. No new tower shall be permitted unless the applicant demonstrates that no existing tower or structure can accommodate the applicant's proposed antenna. Evidence submitted to demonstrate that no existing tower or structure can accommodate the applicant's proposed antenna may consist of the following:
 1. Evidence that no existing towers or structures are located within the geographic area required to meet the applicant's engineering requirements;
 2. Evidence that the existing towers or structures are not of a sufficient height to meet the applicant engineering requirements;
 3. Evidence that existing structures or towers do not have sufficient structural strength to support the applicant's proposed antenna and related equipment;

4. Evidence that the applicant's proposed antenna would cause electromagnetic interference with the antenna on the existing towers or structures, or the antenna on the existing structures would cause interference with the applicant's proposed antenna; and
5. The applicant demonstrates other limited factors that render existing towers and structures unsuitable.
6. The above evidence must be provided by a registered professional engineer and/or other industry specialist, and clearly demonstrate the evidence required.

TF-04: Review and Approval Process for Telecommunication Facilities.

- A. Permitted. The following structures and uses are permitted with the approval of an administrative review and issuance of a building permit.
 1. Co-locations and Attached Antennas. The installation of attached antennas located on any existing support structure shall be permitted in any zoning district provided that the additional antennas do not increase the structure height. The applicant shall submit the documentation proper administrative approval is given and a building permit is issued.
 2. Temporary Wireless Communication Facility (COW). A temporary wireless communication facility may be approved by administrative review in any zoning district for a period not to exceed 90 calendar days. The application shall include an explanation of the urgency of need for a temporary facility in addition to all other documentation requirements.
- B. Administrative Review. Applicants applying for administrative approval of co-locations, attached antennas, or a temporary wireless communication facility shall submit the permit fees, application forms, and all supporting documentation as identified within Section TF-07 of this section with the Clayton County Community Development Department and the County shall complete review of the application within 30 calendar days, notifying the applicant of its decision.
- C. Building Permit. If approved, the County shall issue a building permit to the applicant. If denied, the Applicant may reapply, correcting deficiencies in the original application or file notice of appeal under the procedure outlined in Article 13, of the Zoning Ordinance of Clayton County.
- D. Conditional Use Permit. The following structures and uses are permitted with the approval of a conditional use permit and issuance of a building permit.
 1. New Tower and Concealed Support Structures. Telecommunications Facilities and Support Structures not permitted by administrative approval shall be permitted in any zoning district upon approval of a conditional use permit from the Board of Commissioners in accordance with the standards set forth in this Ordinance.
- E. Conditional Use Application. Applicants applying for a conditional use permit for a new tower or concealed support structure shall submit the permit fees, application forms, and all supporting documentation as identified within Section TF-07 of this section with the Clayton County Community Development Department.
- F. Building Permit. If approved, the County shall issue a building permit to the applicant.

TF-05: Review Criteria for Conditional Use.

- A. Conditional Use. The Board of Commissioners shall have the authority to approve a conditional use permit for a new support tower structure and grant approval only if the Board of Commissioners's finds supportive evidence that meets the following standards and criteria:
 1. The wireless telecommunications tower will not be detrimental to the public welfare, safety, and health of surrounding properties;
 2. The communication tower will be compatible with the existing contiguous uses or zoning and compatible with the general character and aesthetics of the neighborhood or the area;

3. The design and height of the communication tower incorporates characteristics that have the effect of reducing or eliminating visual obtrusiveness;
4. The tower conforms to the minimum setback requirement from the nearest residential structure as set forth in the Wireless Telecommunications Ordinance;
5. The location of the communication tower in relation to existing structures, surrounding tree cover and vegetation, surrounding topography, and other visual buffers, minimizes to the greatest extent practicable, any impacts on affected residentially-zoned property;
6. No available towers or structures exist within the proposed service area to reasonably meet the applicant's engineering requirements;
7. The granting of the conditional use for a communications tower is based upon the goals set forth in the Telecommunication Facilities Ordinance and other adopted policies or regulation of the jurisdiction; and
8. The granting of the conditional use for a communication tower is consistent with the intent and purpose of this Article.

TF-06: Design Standards for Telecommunication Facilities.

- A. Setbacks. The following setback and separation requirements shall apply to all antennas and towers. Provided, however, the Board of Commissioners may in its sole discretion, grant a variance to reduce the standards setback and separation requirements if the goals of this Section would be better served thereby.
 1. Antennas and towers shall be setback a distance equal to the height of the prospective antenna or tower from the boundary line of property upon which the tower is located (effectively creating a buffer equal to the height of the antenna or tower).
 2. Antennas and towers may not be constructed within a locally or nationally designated historic district. Furthermore, antennas and towers may not be located within one thousand (1,000) feet of a locally- or nationally-designated historic district or historic landmark.
 3. Antennas, towers, guyed wires and all accessory equipment shall be setback from all property lines in accordance with the minimum setback requirements in the underlying zoning district.
- B. Maximum Height Limitations
 1. New Tower Support Structures.
 - a. Monopoles. Monopole towers shall not exceed a height of two hundred twenty (220) feet from the base of the structure to the top of the highest point.
 - b. Lattice or Guyed. Self-supported, lattice, and guyed towers shall not exceed three hundred fifty (350) feet in height.
 - c. Concealed Support Structure. Concealed support structures shall not exceed one hundred sixty (160) feet within any residential district. Concealed support structures shall not exceed one hundred eighty (180) feet in industrial, commercial, and agricultural zoning districts. Co-location of conceal support structures shall be contingent upon the design of the structure.
 2. Attached Antennae.
 - a. Attached antennae shall not increase the total height on an existing building or structure by more than twenty (20) feet. The placement of any additional building or other supporting equipment used within connection with the antennas is also permitted.
- C. Co-location Design Requirements.
 1. Support tower structures over one hundred (100) feet shall be designed to accommodate at least three (3) telecommunications providers.

2. The compound area surrounding the support tower structures must be of sufficient size to accommodate accessory equipment for at least three (3) telecommunications providers.

D. Landscaping.

1. The visual impacts of communication towers shall be mitigated through landscaping or other screening materials at the base of the tower and ancillary structures as follows:
 - a. A ten (10) feet wide landscape buffer which meets the landscape requirements of the Landscape standards in Section 6.34 shall be required around the perimeter of the tower and related equipment; and
 - b. Required landscaping shall be installed outside the fence or wall.

E. Security Fencing.

The base of the tower, including any accessory structures, shall be enclosed by a minimum six (6) feet high chain link fence. Landscaping as required by this ordinance shall be installed outside the fenced enclosure.

F. Signage.

1. Wireless telecommunications facilities shall contain a sign no larger than four square feet and, no less than three square feet, to provide adequate notification to persons in the immediate area of the presence of an antenna that has transmission capabilities.
2. The sign shall contain the name(s) of the owner(s) and operator(s) of the antenna(s) as well as emergency phone number(s).
 - a. The sign shall be located so as to be visible from the access point of the site. The sign shall not be lighted unless permitted by the County Board of Commissioners.
 - b. No other signage, including advertising, shall be permitted on any facilities, antennas, antenna supporting structures, or antenna towers, unless otherwise required by law.

TF-07: Application Requirements for Administrative Review and Conditional Use Permit.

In addition to other application requirements of this ordinance, all applicants for administrative approval/building permit and conditional use permit approval shall submit the information listed below.

- A. Application. A completed application as provided by the Zoning Administrator and located within the Department of Community Development.
- B. Commitment. A written statement of commitment to use the proposed site from at least one federally licensed wireless service provider.
- C. Materials. Narrative and graphic materials, such as signal propagation plots, prepared by a radio frequency engineer clearly explaining and illustrating the proposed service provider's need for the new antenna installation. In documenting need, the applicant will address the following:
 1. The proposed site's relationship to the existing antenna network, existing towers and tall structures located within 3,000 feet of the proposed location;
 2. The required antenna height;
 3. Alternate locations as may be appropriate; and
 4. Line-of-sight diagram or photo simulation, showing the proposed Support Structure set against the skyline and viewed from at least four (4) directions within the surrounding areas.
- D. Structural Renderings. Architectural renderings or simulated photographs of all proposed structures in their physical environment with particular attention to views from public streets or residential uses.
- E. Engineering Statement. For towers or concealed support structures, a report from a qualified independent engineer licensed in the State of Georgia documenting the following information:

1. The location of the facility by longitude and latitude and Georgia Plan Coordinate System, ground elevation and total height in English and metric measurements;
 2. Total anticipated capacity of new communications tower;
 3. Number and type of proposed antennas and their height above ground level, including the proposed placement of antennas on the support structure;
 4. Evidence of the structural integrity of the structure with respect to wind and ice loadings;
 5. Design characteristics that indicate the limits of falling debris in the event of catastrophic structural failure; and
 6. A scale drawing of the site and area that indicates distances to the nearest residential uses.
- F. Map. A map that illustrates the proposed tower location with respect to the nearest airport.
- G. FAA Determination. A determination by the FAA regarding potential hazards to air navigation.
- H. Contact or Agent. Identity and current contact information of the person authorized by the applicant to answer questions from the local government or community regarding construction and operation of the facility. Include name, mailing address, telephone number, facsimile number and electronic mail address, if applicable.
- I. Authorization from Property Owner. Copy of lease or letter of authorization from property owner evidencing applicant's authority to pursue conditional use application.
- J. Statement of Co-location Feasibility. A statement justifying why co-location is not feasible. Such statement shall include:
1. Such technical information and other justifications as are necessary to document the reasons why co-location is not a viable option;
 2. The applicant shall provide a list of all existing structures considered as alternatives to the proposed location. The applicant shall provide a written explanation why the alternatives considered were either unacceptable or infeasible due to technical, physical, or financial reasons. If an existing tower was listed among the alternatives, applicant must specifically address why the modification of such tower is not a viable option; and
 3. A statement that the proposed Support Structure will be made available for co-location to other service providers at commercially reasonable rates.
- K. Fees. Fees as prescribed by the adopted fee schedule within the Department of Community Development.

TF-08: Nonconforming Communication Towers.

To the extent set forth herein, the restrictions on nonconforming uses and structures contained in Article 9, Nonconformities, in the Zoning Ordinance are modified and supplemented by this section. Bona fide nonconforming communication towers or antennas that are damaged or destroyed may be rebuilt and all such towers or antennas may be modified or replaced without meeting the minimum distance requirements specified in Article TF-07. hereinabove. The type, height, and location of the tower on the site shall have no greater impact on the adjacent property than the original facility approval. Building permits to rebuild the tower shall comply with the applicable County Ordinances and shall be obtained within one hundred eighty (180) calendar days from the date the tower is damaged or destroyed. If no permit is applied for, or obtained, or if said permit expires, the communication tower shall be deemed abandoned as specified in Section TF-09 hereinafter.

TF-09: Abandonment and Removal

- A. Abandonment. Any Telecommunications Facility or Support Structure that is not operated for a period of twelve (12) consecutive months shall be considered abandoned.

- B. Removal. The owner of the Telecommunications Facility or Support Structure shall remove the Facility within six (6) months of its abandonment. The Clayton County Department of Community Development shall ensure and enforce removal by means of its existing regulatory authority.

Sec. 6.38 - Agritourism, Agritainment, and Seasonal Sales Standards (AAS).

AAS-01: This Agritourism, Agritainment, and Seasonal Sales Standards section applies to the following district: AG.

- A. The site design standards for agritourism, agritainment, and/or seasonal sales are as follows:
 - 1. Agritourism and agritainment establishments catering to outdoor group events shall meet the parking requirements for "stadium, sports arena or similar place of outdoor assembly" as detailed in the Parking Standards (PK) section of the Clayton County Zoning Ordinance.
 - 2. Seasonal sales establishments, including roadside stands, pumpkin patch, and pre-cut Christmas tree sales, shall meet the parking requirement for "outdoor commercial display and sales" as detailed in the Parking Standards (PK) section of the Clayton County Zoning Ordinance.
 - 3. Driving surfaces, including parking areas, interior drives, and ingress/egress must be stabilized with asphalt, concrete, gravel, and/ or permeable surfaces. Any such driving surface shall be treated as necessary to control dust.
 - 4. All parking areas shall be screened from neighboring properties.
 - 5. Where an agritourism, agritainment, and/or seasonal sales establishment is located adjacent to a residentially-zoned property, a 25 feet wide vegetative buffer, planted in accordance with Buffer Yard Type 2 in Article 6.35, shall be required along the property line between such uses. Undisturbed buffers are shall be maintained when vegetation already exists along subject property line.
 - 6. Any outdoor gather spaces, patios, pavilions, and/ or any other similar temporary or permanent open structures shall be located 50 feet from all residentially zoned properties.
 - 7. Entrance to agritourism and agritainment establishments must be from a collector or arterial roadway.
 - 8. Agritourism and agritainment establishments shall have hours of operation no earlier than 8:00 AM and no later than 10:00 PM, except when hours of operation are expressly decided by the Clayton County Board of Commissioners.
 - 9. Amplified sound or music shall only be permitted between the hours of 11:00 AM and 7:00 PM and as approved by the Clayton County Board of Commissioners.
 - 10. Sanitary facilities must be provided in accordance with the Clayton County Water Authority requirements.
 - 11. Signage shall meet the sign requirements for the AG district.
 - 12. Food and/or beverages provided for sale and/or consumption on the subject property must meet all federal, state, and local regulations.
 - 13. Food and/or beverages should be limited to only those value-added products that are produced from or grown on the farm, unless they are secondary and incidental to the primary agritourism or agritainment establishment. In all cases the use of locally grown or produced food and/or beverages is encouraged.
 - 14. All facilities must apply for and receive a Clayton County Business License.

(Ord. No. 2013-52, § 3, 2-19-13)

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

dba SOUTHWOOD APARTMENTS

FHA PROJECT NO.: 061-11208

**REPORT ON AUDIT OF FINANCIAL
STATEMENTS AND ACCOMPANYING
INFORMATION AND COMPLIANCE
AND INTERNAL CONTROL**

YEARS ENDED DECEMBER 31, 2016 AND 2015

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Financial statements	
Balance sheets	3-4
Statements of profit and (loss)	5-6
Statements of changes in Members' equity (deficit)	7
Statements of cash flows	8-9
Notes to financial statements	10-19
Accompanying information for the year ended December 31, 2016	
Accompanying information required by HUD	20
Computations of surplus cash, distributions, and residual receipts	21-22
Supplemental information	23-38
Schedule of changes in property and equipment	39
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	40-41
Independent auditor's report on compliance for each major HUD program and on internal control over compliance required by the <i>Consolidated Audit Guide for Audits of HUD Programs</i>	42-43
Schedule of findings and questioned costs	44
Corrective action plan	45
Auditor's comments on audit resolution matters	46
Management agent certification	47
Certification of Members	48



Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

Report on the Financial Statements

We have audited the accompanying financial statements of Southwood Investors, LLC, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of profit and (loss), changes in Members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Southwood Investors, LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwood Investors, LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwood Investors, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 20 to 39 is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information shown on pages 20 to 39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 20 to 39 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, on our consideration of Southwood Investors, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwood Investors, LLC's internal control over financial reporting and compliance.

Dauby O'Connor & Zaleski, LLC

March 24, 2017
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash - operations	\$ 251,203	\$ 28,016
Cash - entity	1,155	17,417
Accounts receivable - residents, net	8,267	13,688
Accounts receivable - operations	29,400	301
Accounts receivable - insurance proceeds	-	37,572
Miscellaneous current assets	3,010	-
Prepaid expenses	47,969	48,980
	<u>341,004</u>	<u>145,974</u>
Deposits held in trust		
Resident security deposits	<u>48,530</u>	<u>44,233</u>
Restricted deposits and funded reserves		
Mortgagee escrow deposits	56,266	83,702
Reserve for replacements	443,454	555,158
Other reserves	-	13,987
	<u>499,720</u>	<u>652,847</u>
Property and equipment		
Land	1,207,434	1,207,434
Buildings and improvements	5,222,995	5,098,336
Building equipment - portable	2,520,080	2,493,632
	<u>8,950,509</u>	<u>8,799,402</u>
Less: Accumulated depreciation	<u>(3,008,852)</u>	<u>(2,672,427)</u>
Total property and equipment	<u>5,941,657</u>	<u>6,126,975</u>
	<u>\$ 6,830,911</u>	<u>\$ 6,970,029</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2016</u>	<u>2015</u>
Current liabilities		
Accounts payable - operations	\$ 47,399	\$ 49,523
Accounts payable - entity	396	-
Accrued asset management fees	14,700	-
Accounts payable - HUD	7,865	9,814
Accrued wages payable	6,760	9,359
Accrued management fees	851	3,149
Accrued interest - mortgage payable	21,930	22,322
Current maturities of mortgage payable	122,657	117,867
Accounts payable - unreported resident income due to HUD	3,408	5,034
Deferred cable revenue	2,940	-
Miscellaneous current liabilities	495	495
Prepaid revenue	10,357	9,110
	<u>239,758</u>	<u>226,673</u>
Total current liabilities		
Deposit liabilities, resident security deposits	<u>46,227</u>	<u>42,951</u>
Long term liabilities		
Mortgage payable, net of current maturities	6,472,793	6,595,450
Less: unamortized debt issuance costs	(149,387)	(154,539)
Deferred cable revenue	25,235	-
	<u>6,348,641</u>	<u>6,440,911</u>
Total long term liabilities		
Total liabilities	<u>6,634,626</u>	<u>6,710,535</u>
Members' equity (deficit)	<u>196,285</u>	<u>259,494</u>
	<u>\$ 6,830,911</u>	<u>\$ 6,970,029</u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF PROFIT AND (LOSS)
YEARS ENDED DECEMBER 31, 2016 AND 2015

		2016	2015
Rental revenue	Rent revenue - gross potential	\$ 620,656	\$ 633,178
	Tenant assistance payments	1,373,224	1,324,954
	Rent revenue - stores and commercial		
	Garage and parking spaces		
	Flexible subsidy revenue		
	Miscellaneous rent revenue		
	Excess rent		
	Rent revenue/insurance	449	16,686
	Special claims revenue		
	Retained excess income		
	Lease revenue (nursing home or section 232-B&C or AL)		
	Total rental revenue potential at 100% occupancy	\$ 1,994,329	\$ 1,974,818
Vacancies	Apartments	(33,273)	(44,448)
	Stores and commercial	()	()
	Rental concessions	(75,967)	(79,813)
	Garage and parking spaces	()	()
	Miscellaneous	()	()
Total vacancies	(109,240)	(124,261)	
	Net rental revenue rent revenue less vacancies	\$ 1,885,089	\$ 1,850,557
	Nursing homes and other elderly care revenues	\$	\$
Financial revenue	Financial revenue - project operations	67	54
	Revenue from investments - residual receipts		
	Revenue from investments - reserve for replacements	222	267
	Revenue from investments - miscellaneous		
Total financial revenue	\$ 289	\$ 321	
Other revenue	Laundry and vending		
	Resident charges	6,981	9,517
	Interest reduction payments revenue		
	Miscellaneous revenue	2,273	42,131
Total other revenue	\$ 9,254	\$ 51,648	
Total revenue	\$ 1,894,632	\$ 1,902,526	
Admin. expenses	Conventions and meetings	1,351	4,115
	Management consultants	1,894	
	Advertising and marketing	2,098	1,398
	Other renting expenses	2,694	2,892
	Office salaries	40,122	42,172
	Office expenses	30,395	26,963
	Office or model apartment rent	17,260	19,583
	Management fee	91,634	91,634
	Manager or superintendent salaries	47,630	50,505
	Administrative rent free unit		
	Legal expenses (project)	13,269	10,648
	Audit expenses	5,257	5,597
	Bookkeeping fees/accounting services	11,760	12,360
	Bad debts	13,254	13,807
Miscellaneous administrative expenses	6,594	6,150	
Total administrative expenses	\$ 285,212	\$ 287,824	
Utilities expenses	Fuel oil/coal		
	Electricity	18,180	18,734
	Water	89,862	101,646
	Gas	83,687	101,081
	Sewer	100,576	111,113
Total utilities expense	\$ 292,305	\$ 332,574	

See notes to financial statements

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF PROFIT AND (LOSS) (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

		2016	2015
Operating and maint. expenses	Payroll	115,878	111,693
	Supplies	47,883	51,930
	Contracts	213,720	162,214
	Operating and maintenance rent free unit	8,630	8,477
	Garbage and trash removal	19,786	23,005
	Security payroll/contract	10,632	19,122
	Security rent free unit		
	Heating/cooling repairs and maintenance	27,744	14,964
	Snow removal	250	
	Vehicle and maint. equipment operation and repairs	160	5,547
	Lease expense		
	Miscellaneous operating and maintenance expenses		
	Total operating and maintenance expenses		\$ 444,683
Taxes and insurance	Real estate taxes	134,280	92,512
	Payroll taxes (project's share)	19,288	18,648
	Property and liability insurance (hazard)	52,332	49,818
	Fidelity bond insurance		540
	Workmen's compensation	10,170	9,960
	Health insurance and other employee benefits	25,837	28,007
	Miscellaneous taxes, licenses, permits and insurance		3,318
Total taxes and insurance		\$ 241,907	\$ 202,803
Financial expenses	Interest on first mortgage (or bonds) payable	270,481	275,099
	Interest on other mortgages		
	Interest on notes payable (long-term)		
	Interest on notes payable (short-term)		
	Interest on capital recovery payment		
	Mortgage insurance premium/service charge	33,300	33,904
	Miscellaneous financial expenses	170	68
Total financial expenses		\$ 303,951	\$ 309,071
	Nursing homes and other elderly care expenses	\$	\$
	Total cost of operations before depreciation	\$ 1,568,058	\$ 1,529,224
	Profit (loss) before depreciation	\$ 326,574	\$ 373,302
	Depreciation expense	336,425	551,424
	Amortization expense		
	Operating profit or (loss)	\$ (9,851)	\$ (178,122)
Entity income and expenses	Entity revenue	(102,097)	
	Officer's salaries		
	Incentive performance fee		
	Legal expenses		
	Federal, state, and other income taxes		
	Interest on notes payable		
	Interest on mortgage payable		
	Other expenses	42,655	60,972
	Total entity net (income) expense	\$ (59,442)	\$ 60,972
Profit or loss	Profit or loss (net income or loss)	\$ 49,591	\$ (239,094)

See notes to financial statements

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, January 1, 2015	\$ 850,291
Distributions	(351,703)
Net income (loss)	<u>(239,094)</u>
Balance, December 31, 2015	259,494
Distributions	(112,800)
Net income (loss)	<u>49,591</u>
Balance, December 31, 2016	<u>\$ 196,285</u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flow from operating activities		
Revenue:		
Rental income	\$ 1,849,038	\$ 1,781,112
Financial income	289	321
Other income	8,330	9,959
	<u>1,857,657</u>	<u>1,791,392</u>
Expenditures:		
Administrative	(77,966)	(72,591)
Management fees	(93,932)	(88,949)
Utilities	(296,505)	(344,311)
Salaries and wages	(205,651)	(203,282)
Operating and maintenance	(278,799)	(286,721)
Real estate taxes	(134,280)	(92,512)
Property insurance	(52,132)	(51,055)
Miscellaneous taxes and insurance	(55,276)	(60,043)
Resident security deposits	(1,021)	566
Interest	(265,721)	(270,324)
Mortgage insurance premium	(33,200)	(33,781)
Miscellaneous financial	(170)	(68)
Corporate or mortgagor entity expenses	(27,955)	(31,359)
	<u>(1,522,608)</u>	<u>(1,534,430)</u>
Net cash provided by (used in) operating activities	<u>335,049</u>	<u>256,962</u>
Cash flow from investing activities		
Purchase of property and equipment	(153,077)	(574,211)
Net change in mortgagee escrow deposits	27,436	8,288
Net change in reserve for replacements	111,704	(77,236)
Net change in other reserves	13,987	-
Insurance proceeds received	-	41,388
	<u>50</u>	<u>(601,771)</u>
Net cash provided by (used in) investing activities	<u>50</u>	<u>(601,771)</u>
Cash flow from financing activities		
Principal payments on mortgage payable	(117,867)	(113,264)
Distributions	(112,800)	(351,703)
Change in due from GHC Investment Holdings, LLC	30	-
Change in due from GHC Housing Partners, LLC	6	-
Change in due from Southwood Investors Manager, LLC	180	948
Change in due from Whitney Young Investors Manager, LLC	180	-
Advances from (to) related parties	102,097	(29,652)
	<u>(128,174)</u>	<u>(493,671)</u>
Net cash provided by (used in) financing activities	<u>(128,174)</u>	<u>(493,671)</u>
Net changes in cash and cash equivalents	<u>206,925</u>	<u>(838,480)</u>
Cash and cash equivalents, beginning	<u>45,433</u>	<u>883,913</u>
Cash and cash equivalents, ending	<u>\$ 252,358</u>	<u>\$ 45,433</u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of net income (loss) to net cash provided by (used in) operating activities		
Net income (loss)	<u>\$ 49,591</u>	<u>\$ (239,094)</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	336,425	551,424
Amortization of debt issuance costs	5,152	5,151
Gain on involuntary conversion	-	(41,388)
Forgiveness of related party advances	(102,097)	29,662
Changes in:		
Accounts receivable - residents	5,421	(7,859)
Accounts receivable - operations	(29,099)	(301)
Accounts receivable - insurance proceeds	37,572	(16,686)
Prepaid expenses	(1,999)	(1,376)
Resident security deposits funded	(4,297)	(5,558)
Accounts payable - operations	(154)	(25,001)
Accounts payable - HUD	(1,949)	(6,056)
Accounts payable - unreported resident income due to HUD	(1,626)	234
Accrued liabilities	(4,897)	5,389
Accrued interest - mortgage payable	(392)	(376)
Resident security deposits liability	3,276	6,124
Prepaid revenue	1,247	2,722
Deferred cable revenue	28,175	-
Corporate or mortgagor entity expenses	14,700	(49)
Total adjustments	<u>285,458</u>	<u>496,056</u>
Net cash provided by (used in) operating activities	<u>\$ 335,049</u>	<u>\$ 256,962</u>

Supplemental information

Cash flow from investing activities related to the purchase of property and equipment for the year ended December 31, 2016 excludes \$929, which is included in accounts payable - operations at December 31, 2016, and includes \$2,899, which was included in accounts payable - operations at December 31, 2015.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Southwood Investors, LLC (the "Company") is a Limited Liability Company formed on June 24, 2010 pursuant to the laws of the State of Delaware. The Company was formed for the purpose of owning and operating a 196 unit apartment community known as Southwood Apartments (the "Property") located in Morrow, Georgia. The Property operates under Section 207, pursuant to Section 223(f) of the National Housing Act. The Company acquired the Property on December 14, 2010.

The Managing Member and Manager of the Company is Southwood Investors Manager, LLC.

The term of the Company shall be perpetual, unless sooner terminated as provided in the Limited Liability Company Agreement.

The Company was assigned a Regulatory Agreement with the Department of Housing and Urban Development ("HUD"), which governs the operation of the Property with the Federal Housing Administration ("FHA") Section of HUD. The Regulatory Agreement regulates the application of cash flow from the operation of the Property. The Company is limited to surplus cash on distributions and payments for non-Property related expenditures. See computation of surplus cash, distributions, and residual receipts.

In connection with the acquisition of the Property, the Company was assigned a housing assistance payments contract ("HAP Contract") with HUD which covers 163 of the Property's 196 units. The HAP Contract is a rent assistance program for low income families (or persons) as provided by the Section 8 Program of the National Housing Act. Eligible low income residents pay 30% of their income as rent, while HUD pays the difference between this rental amount and "contract rent" (as defined). The Company can request from HUD an amount equal to 80% of contract rent during periods that the unit is vacant if certain conditions are met, but not to exceed 60 days. If a unit continues to be vacant after the 60-day period, the Company may submit a claim and receive additional housing assistance payments on a semiannual basis if certain conditions are met as outlined in the HAP Contract.

A HAP Contract, among other items, prohibits the sale, assignment, conveyance, or transfer of the HAP Contract on all or any part of the Property without the prior consent of HUD. Such prohibition also includes the transfer of (a) the interest of a Managing Member; (b) the interest of an Investor Member or group of Investor Members having a 25% or more interest in the Company; or (c) any other significant change in the ownership of the Company.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The Company has adopted the policy of presenting its financial statements to comply with the financial reporting provisions of the Consolidated Audit Guide for Audits of HUD Programs, IG 2000.4, issued April 2011 by HUD.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

For the statements of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. At December 31, 2016 and 2015, cash and cash equivalents consist of operating checking, entity checking, and petty cash accounts.

Resident receivables and bad debt policy

Resident rent charges for the current month are due on the first of the month. Residents who are evicted or move-out are charged with damages and/or cleaning fees, if applicable. Resident receivables consist of amounts due for rental income or the charges for damages and/or cleaning fees. The Company does not accrue interest on the resident receivable balances.

Resident receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection and a review of the current status of resident accounts receivable. At December 31, 2016 and 2015, the allowance for doubtful accounts was \$900 and \$1,600, respectively.

Property and equipment

Depreciation of property and equipment, stated at cost, is computed using the straight-line method for buildings and building equipment over the estimated useful lives of the assets ranging from five to twenty-seven and one half years.

The Company is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB *Accounting Standards Codification* ("ASC") 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Company's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the years ended December 31, 2016 and 2015.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Change in accounting principle

During the year ended December 31, 2016, the Company adopted the Interest-Imputation of Interest topic of the FASB ASC 835-30 ("ASC 835-30") related to the presentation of debt issuance costs. In previous periods, debt issuance costs were presented as a deferred asset on the balance sheets. Effective January 1, 2015, the provisions of ASC 835-30 require debt issuance costs to be presented as a reduction of the outstanding debt.

There has been no change to the recognition and measurement of the debt issuance costs after initial recognition, therefore these costs will continue to be amortized over the life of the respective mortgage using the straight-line method. However, the amortization of debt issuance costs is now required to be reported as a component of interest expense.

Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2016 and 2015. The change in accounting principle resulted in the following changes in previously reported balances:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated 2015</u>
Unamortized costs	\$ 154,539	\$ (154,539)	\$ -
Less: unamortized debt issuance costs	-	(154,539)	(154,539)
Interest on first mortgage payable	269,948	5,151	275,099
Amortization expense	5,151	(5,151)	-

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the residents of the Property are operating leases.

Advertising costs

Advertising costs are expensed as incurred and are included in Advertising and Marketing in the statements of profit and (loss).

Property taxes

Property taxes are expensed in the year of the lien on the Property such that twelve months of expense is charged to operations.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Concentration of credit risk

The Company deposits its cash in federally insured financial institutions. At times, deposits may exceed federally insured limits. At December 31, 2016, the Company has \$299,930 on deposit with California United Bank in a checking, security deposit, and entity cash account. The Company has not experienced any losses in such accounts.

The Property's operations are concentrated in the multifamily real estate market. In addition, the Property operates in a heavily regulated environment, and is subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related costs, including the additional administrative burden, to comply with a change.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value

The Company is subject to the provisions of the Fair Value Measurement topic of FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The Fair Value Measurement did not have a material impact on the Company's financial statements for the years ended December 31, 2016 and 2015.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounting for uncertainty in income taxes

The Company is treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which it must consider for disclosure. There has been no interest or penalties recognized in the statements of profit and (loss) or balance sheets for the years ended December 31, 2016 and 2015. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Subsequent events

Management performed an evaluation of the Company's activity through March 24, 2017, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

NOTE 2-FINANCING

In connection with the acquisition of the Property, the Company obtained a mortgage in the original principal amount of \$7,229,200 that is insured by HUD under Section 207, pursuant to Section 223(f) of the National Housing Act (the "Mortgage"), and is currently serviced by Walker & Dunlop, LLC. The terms of the Mortgage provide, among other things, for:

- a) A term of 35 years ending January 1, 2046;
- b) Monthly payments of principal and interest of \$31,965.72 including interest at 3.99% per annum (commencing February 2011);
- c) Monthly payments to the tax and insurance escrow; and
- d) Monthly deposits to the reserve for replacements fund.

The Mortgage contained a prepayment lockout provision through January 31, 2013. Thereafter, the Company will be subjected to a prepayment premium if the Mortgage is repaid prior to January 30, 2021. The premium would be calculated based on a percentage of the outstanding principal starting at 8% prior to January 30, 2014, reducing by 1% each year until January 30, 2021.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2-FINANCING (CONTINUED)

During the years ended December 31, 2016 and 2015, interest expensed on the Mortgage was \$265,329 and \$269,948, and interest paid was \$265,721 and \$270,324, all respectively. At December 31, 2016 and 2015, accrued interest was \$21,930 and \$22,322, respectively.

The property, equipment, and restricted reserve funds are pledged as collateral on the Mortgage.

Estimated principal payments for the next five years and thereafter are as follows:

2017	\$ 122,657
2018	127,642
2019	132,829
2020	138,227
2021	143,844
Thereafter	<u>5,930,251</u>
	6,595,450
Debt issuance costs	<u>(149,387)</u>
	<u>\$ 6,446,063</u>

Financing fees of \$180,886 were incurred in connection with the Mortgage. These fees are being amortized using the straight-line method over the term of the Mortgage. Amortization expense for the years ended December 31, 2016 and 2015 totaled \$5,152 and \$5,151, respectively, and is included in Interest on First Mortgage Payable on the statements of profit and (loss). As of December 31, 2016 and 2015, accumulated amortization was \$31,499 and \$26,347, respectively.

Estimated amortization expense for each of the next five years and thereafter is as follows:

2017	\$ 5,152
2018	5,152
2019	5,152
2020	5,152
2021	5,152
Thereafter	<u>123,627</u>
	<u>\$ 149,387</u>

The HUD Regulatory Agreement regulates the application of cash flow from the operation of the Property. Specifically, there is no authority to use cash flow to service any indebtedness other than the Mortgage, make distributions, or to pay corporate or mortgagor entity expenses; unless the Property generates surplus cash, as that term is defined by HUD. In accordance with the Regulatory Agreement, surplus cash can be distributed for these items semi-annually based upon a computation at June 30 and December 31 of each year (see computations of surplus cash, distributions, and residual receipts).

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2-FINANCING (CONTINUED)

Reserve for replacements

Pursuant to the terms of the Regulatory Agreement, the Company is required to make monthly deposits to the reserve for replacements fund. At closing, the Company was required to fund an initial deposit of \$200,000. As of December 31, 2016, monthly deposits of \$9,046 were required. Disbursements from such fund may only be made for the purpose of effecting replacement of structural elements and mechanical equipment of the Property and after receiving the written consent of the Secretary of HUD. At December 31, 2016 and 2015, these funds amounted to \$443,454 and \$555,158, respectively.

Other reserves

In connection with the Mortgage, the Company entered into an Escrow Agreement for Non-critical, Deferred Repairs with HUD. As part of this agreement, the Company was required to deposit \$530,650 into interest-bearing accounts under the control of the Lender, which consisted of two separate reserves (the "Other Reserve"): (1) a repair reserve of \$442,208, which is equal to 100% of the estimated costs of the repair work, as defined; and (2) an additional deposit of \$88,442, which is equal to 20% of the estimated costs of the repair work. Disbursements from these reserves can be made only after receiving consent, in writing, of the Secretary (HUD) as set forth in the agreement. The completion date, as defined in the agreement, of the repair work is twelve months following endorsement of the Mortgage. During the year ended December 31, 2016, the funds in this reserve were transferred to the reserve for replacements. At December 31, 2016 and 2015, the balance of the Other Reserve was \$-0- and \$13,987, respectively.

NOTE 3-RELATED PARTIES

PK Management, LLC

The Property is managed by PK Management, LLC (the "Agent"), an identity of interest entity (i.e., common ownership) of the Owner, pursuant to a management agreement. In accordance with the management agreement, the Agent earns fees of 6.0% of residential and miscellaneous income, as approved by HUD. During each of the years ended December 31, 2016 and 2015, management fees incurred were \$91,634, and at December 31, 2016 and 2015, \$851 and \$3,149 remained payable, respectively.

In accordance with HUD regulations, the Agent is also entitled to be reimbursed for the actual costs incurred for front-line management activities performed at the central office (as these activities are defined by HUD). During the years ended December 31, 2016 and 2015, the Agent was reimbursed \$11,760 and \$12,360 for front-line management functions performed at the central office, respectively. These reimbursements are included in Bookkeeping Fees/Accounting Services on the statements of profit and (loss).

The on-site personnel are employees of and paid by the Agent. As such, the Agent is reimbursed the actual costs of salaries, benefits, and processing.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3-RELATED PARTIES (CONTINUED)

Asset management fee

The Company entered into an Asset Management Agreement with GP-CHH Holdings LLC, an identity of interest entity (i.e., common ownership), to provide asset management services. An asset management fee in an amount equal to 1% of the gross offering proceeds shall be earned. This fee is payable from unrestricted entity cash or surplus cash, as defined by HUD. For the years ended December 31, 2016 and 2015, asset management fees of \$37,117 and \$29,890 were earned, and \$22,417 and \$29,890 were paid, all respectively. At December 31, 2016 and 2015, \$14,700 and \$-0- remained payable, respectively.

Due from Southwood Investors Manager, LLC

In prior years, the Company loaned funds of \$612 from its unrestricted entity cash account of to the Managing Member. During the years ended December 31, 2016 and 2015, the Company was advanced \$180 and \$948, and repaid \$-0-, respectively. At December 31, 2016 and 2015, \$180 and \$-0- remained payable to the Managing Member, respectively, and is recorded in Accounts Payable - Entity on the balance sheets.

Due from Whitney Young Investors Manager, LLC

During the year ended December 31, 2016, Whitney Young Investors Manager, LLC, an identity of interest entity (i.e., common ownership), advanced the Company \$180. At December 31, 2016, \$180 remained payable to Whitney Young Investors Manager, LLC, and is recorded in Accounts Payable - Entity on the balance sheets.

Due from (to) related parties

During the years ended December 31, 2016 and 2015, the Company received funds from related entities under common ownership from unrestricted entity cash totaling \$102,097 and \$29,652, respectively. On December 31, 2016 and 2015, the Company and its related parties elected to forgive amounts due to and from the various entities, resulting in forgiveness of debt of \$102,097 and \$29,652, respectively. This amount is recorded in Other Expenses and Entity Revenue on the statements of profit and (loss). At December 31, 2016 and 2015, no amounts remained due to or from related parties.

Due from GHC Investment Holdings, LLC

During the years ended December 31, 2016 and 2015, the Company was advanced \$6 and \$-0- from GHC Investment Holdings, LLC, an identity of interest entity (i.e., common ownership). At December 31, 2016 and 2015, \$6 and \$-0- remained due to GHC Investment Holdings, respectively, and is recorded in Accounts Payable - Entity on the balance sheets.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3-RELATED PARTIES (CONTINUED)

Due from GHC Housing Partners, LLC

During the years ended December 31, 2016 and 2015, the Company was advanced \$30 and \$-0- from GHC Housing Partners, LLC, an identity of interest entity (i.e., common ownership). At December 31, 2016 and 2015, \$30 and \$-0- remained due to GHC Housing Partners, respectively, and is recorded in Accounts Payable - Entity on the balance sheets.

NOTE 4-MEMBERS' EQUITY (DEFICIT), CONTRIBUTIONS, AND DISTRIBUTIONS

Each Member shall make contributions to the Company in accordance with the Limited Liability Company Agreement. Each Member shall also have the right, but not the obligation, to make additional Contributions to the Company as the Manager determines are required by the Company. At December 31, 2016, contributions of \$1,999,800 have been made by the Members.

The Manager shall determine from time to time, in its sole and absolute discretion, whether the Company has Distributable Cash, as defined. The Manager shall cause the Company to distribute Distributable Cash to the Members remaining after repayment of Member loans. Remaining Distributable Cash shall be distributed to and among the Members in proportion to their respective ownership percentages.

The Members maintain an entity cash and distribution account. Funds contained in this account typically represent approved surplus cash distributions (transferred from the Property's operating account), and contributions and/or advances from the Members or related entities. Entity level expenses are disbursed from this entity level account.

Interest earned on cash balances held at the entity level is also considered entity level cash and is to be distributed or used for entity level cash requirements. As such, the cash principal and earned interest are not subject to HUD defined surplus cash calculations.

The following details cash activity at the entity level during the year ended December 31, 2016:

Balance, January 1, 2016	\$	17,417
Transfers from operating cash		22,000
Distributions	(112,800)
Entity expenses paid from entity cash	(27,955)
Funds received from related parties		<u>102,493</u>
Balance, December 31, 2016	\$	<u>1,155</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 5-CONTINGENCY

The HAP Contract expires May 31, 2019, subject to annual appropriations to HUD from Congress. The rental income from the HAP Contract totaled \$1,373,224 or 73% of net rental revenue for the year ended December 31, 2016. HUD is contemplating several changes which may have a significant financial impact on the Company. Management cannot reasonably estimate the ramifications, if any, of these uncertainties.

NOTE 6-GAIN ON INVOLUNTARY CONVERSION

On June 28, 2014, the Property suffered a casualty loss due to a fire, which caused significant damage to 5 units. The total amount of the damage was approximately \$475,928, of which \$399,860 was reimbursed by insurance proceeds, less a deductible of \$10,000.

At December 31, 2015, construction to repair the damage was completed. During the year ended December 31, 2015, the Property received additional insurance proceeds totaling \$41,388 and recognized a gain on involuntary conversion of \$41,388, which is included in Miscellaneous Revenue on the statements of profit and (loss).

During the year ended December 31, 2016, management received additional insurance proceeds of \$38,021 relating to this claim for lost rents. At December 31, 2016 and 2015, insurance proceeds receivable totaled \$-0- and \$37,572, respectively, all of which relates to lost rents.

NOTE 7-CABLE CONTRACT

The Company entered into a contract with Comcast Cable Communications, LLC whereby the Company will receive a prepayment of \$29,400 in 2017 to provide cable, internet, and phone services at the Property. This prepayment will be recognized over the term of the contract, which is 10 years, and ends on August 7, 2026. Cable contract revenue recognized during the year ended December 31, 2016 totaled \$1,503, and is included in Miscellaneous Revenue on the statements of profit and (loss). At December 31, 2016, deferred cable revenue was \$28,175.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**ACCOMPANYING INFORMATION REQUIRED BY HUD
YEAR ENDED DECEMBER 31, 2016**

Reserve for replacements

In accordance with the provisions of the Regulatory Agreement, restricted cash is held by Walker & Dunlop, LLC and used for replacement of property with the approval of HUD as follows:

Balance at January 1, 2016	\$	555,158
Monthly deposits (\$9,046 x 5)		
(\$9,227 x 7)		109,819
Other deposits - release of non-critical, deferred repairs escrow		13,987
Interest		222
Approved withdrawals		<u>(235,732)</u>
Balance at December 31, 2016	\$	<u>443,454</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS
YEAR ENDED DECEMBER 31, 2016**

Part A - Compute Surplus Cash		
1. Cash	\$	299,733
2. Accounts Receivable - HUD	\$	
3. Other	Cable revenue receivable	\$ 29,400
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 329,133
Current Obligations		
4. Accrued Mortgage (or Bond) Interest Payable	\$	21,930
5. Delinquent Mortgage (or Bond) Principal Payments	\$	
6. Delinquent Deposits to Reserve for Replacements	\$	
7. Accounts Payable (due Within 30 days)	\$	55,264
8. Loans and Notes Payable (due Within 30 days)	\$	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$	
10. Accrued Expenses (not Escrowed)	\$	7,611
11. Prepaid Revenue	\$	10,357
12. Resident/Patient Deposits Held in Trust	\$	46,227
13. Other Current Obligations	Deferred cable revenue	\$ 28,175
(b) Less Total Current Obligations (Add Lines 4 Through 13)		\$ 169,564
(c) Surplus Cash (Deficiency) (Line (a) Minus Line (b))		\$ 159,569

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS
JUNE 30, 2016**

Part A - Compute Surplus Cash		
1. Cash	\$	241,497
2. Accounts Receivable - HUD	\$	
3. Other	\$	
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 241,497
Current Obligations		
4. Accrued Mortgage (or Bond) Interest Payable	\$	22,322
5. Delinquent Mortgage (or Bond) Principal Payments	\$	
6. Delinquent Deposits to Reserve for Replacements	\$	
7. Accounts Payable (due Within 30 days)	\$	69,808
8. Loans and Notes Payable (due Within 30 days)	\$	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$	
10. Accrued Expenses (not Escrowed)	\$	17,032
11. Prepaid Revenue	\$	10,240
12. Resident/Patient Deposits Held in Trust	\$	43,916
13. Other Current Obligations	\$	
(b) Less Total Current Obligations (Add Lines 4 Through 13)		\$ 163,318
(c) Surplus Cash (Deficiency) (Line (a) Minus Line (b))		\$ 78,179

BALANCE SHEET DATA
 SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number		
Southwood Investors, LLC		See cover page		
For Year Ending				
December 31, 2016				
ASSETS				
Acct No.	Description of Account			
1120	Cash - Operations		251,203	
1121	Construction Cash Account		-	
1125	Cash - Entity		1,155	
1130	Tenant/Member Accounts Receivable (Coops)	9,167		
1131	Allowance for Doubtful Accounts	900		
1130N	Net Tenant Accounts Receivable		8,267	
1135	Accounts Receivable - HUD		-	
1137	Medicare/Medicaid/Other Insurance Receivable	-		
1138	Allowance for Doubtful Accounts (Medicare/Medicaid/Other Insurance Receivable)	-		
1137N	Net Medicare/Medicaid/Other Insurance Receivable		-	
1140	Accounts and Notes Receivable - Operations		29,400	
1145	Accounts and Notes Receivable - Entity		-	
1160	Accounts Receivable - Interest		-	
1165	Interest Reduction Payment Receivable		-	
1170	Short Term Investments - Operations		-	
1175	Short Term Investments - Entity		-	
1180	Inventory		-	
1190	Miscellaneous Current Assets		3,010	
1200	Prepaid Expenses		47,969	
1100T	Total Current Assets			341,004
1191	Tenant/Patient Deposits Held in Trust			48,530
1310	Escrow Deposits		56,266	
1320	Replacement Reserve		443,454	
1330	Other Reserves		-	
1340	Residual Receipts Reserve		-	
1355	Bond Reserves		-	
1367	Sinking Fund		-	
1381	Management Improvement and Operating Plan		-	
1300T	Total Deposits			499,720
1410	Land		1,207,434	
1420	Buildings		5,222,995	
1440	Building Equipment (Portable)		2,520,080	
1450	Furniture for Project/Tenant Use		-	
1460	Furnishings		-	
1465	Office Furniture and Equipment		-	
1470	Maintenance Equipment		-	
1480	Motor Vehicles		-	
1490	Miscellaneous Fixed Assets		-	
1400T	Total Fixed Assets			8,950,509
1495	Accumulated Depreciation		3,008,852	
1400N	Net Fixed Assets			5,941,657
1510	Investments - Operations		-	
1515	Investments - Entity		-	
1590	Miscellaneous Other Assets		-	
1500T	Total Other Assets			-
1000T	Total Assets			\$ 6,830,911

LIABILITIES			
2105	Bank Overdraft - Operations		-
2110	Accounts Payable - Operations		47,399
2111	Accounts Payable - Construction/Development		-
2112	Accounts Payable - Project Improvement Items		-
2113	Accounts Payable - Entity		15,096
2114	Incentive Performance Fee Payable		-
2115	Accounts Payable - 236 Excess Income due HUD		-
2116	Accounts Payable - Section 8 & Other		7,865
2120	Accrued Wages Payable		6,760
2121	Accrued Payroll Taxes Payable		-
2123	Accrued Management Fee Payable		851
2125	Accrued Lease Payments Payable		-
2130	Accrued Interest Payable - Section 236		-
2131	Accrued Interest Payable - First Mortgage (or Bonds)		21,930
2132	Accrued Interest Payable - Other Mortgages		-
2133	Accrued Interest Payable - Other Loans and Notes (Surplus Cash)		-
2134	Accrued Interest Payable - Other Loans and Notes		-
2135	Accrued Interest Payable - Flexible Subsidy Loan		-
2136	Accrued Interest Payable - Capital Improvements Loan		-
2137	Accrued Interest Payable - Operating Loss Loan		-
2139	Accrued Interest Payable - Capital Recovery Payment		-
2150	Accrued Property Taxes		-
2160	Notes Payable (Short-term)		-
2170	Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term)		122,657
2172	Other Mortgages Payable (Short Term)		-
2173	Other Loans and Notes Payable - Surplus Cash (Short Term)		-
2174	Other Loans and Notes (Short Term)		-
2175	Flexible Subsidy Loan Payable (Short Term)		-
2176	Capital Improvement Loan Payable (Short Term)		-
2177	Operating Loss Loan Payable (Short Term)		-
2179	Capital Recovery Payment Payable (Short Term)		-
2180	Utility Allowances		-
2190	Miscellaneous Current Liabilities		6,843
2210	Prepaid Revenue		10,357
2122T	Total Current Liabilities		239,758
2191	Tenant/Patient Deposits Held In Trust (Contra)		46,227
2305	Accounts Payable - Entity (Long Term)		-
2306	Accrued Lease Payments Payable - Long Term		-
2310	Notes Payable (Long-Term)		-
2311	Notes Payable - Surplus Cash		-
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)		6,472,793
2322	Other Mortgages Payable (Long Term)		-
2323	Other Loans and Notes Payable - Surplus Cash		-
2324	Other Loans and Notes Payable		-
2325	Flexible Subsidy Loan Payable		-
2326	Capital Improvement Loan Payable		-
2327	Operating Loss Loan Payable		-
2329	Capital Recovery Payment Payable		-
2330	Interest on Loans or Notes Payable (Long Term)		-
2331	Accrued Interest Other Mortgages Payable (Long Term)		-
2332	Accrued Interest Notes Payable (Surplus Cash) (Long Term)		-
2340	Debt Issuance Costs		149,387
2390	Miscellaneous Long Term Liabilities		25,235
2300T	Total Long Term Liabilities		6,348,641
2000T	Total Liabilities		\$ 6,634,626
EQUITY DATA - ENTITIES OTHER THAN CORPORATIONS			
3130	Total Equity		196,285
2033T	Total Liabilities and Equity		6,830,911
EQUITY DATA - CORPORATIONS			
3161	Common Stock (Corporations)		-
3162	Paid-In Surplus (Corporations)		-
3163	Retained Earnings (Corporations)		-
3164	Other Equity (Corporations)		-
3160	Total Equity (Corporations)		-
2036 T	Total Liabilities and Equity/Retained Earnings (Corporations)		\$ -

PROFIT AND LOSS DATA
SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Year Ending December 31, 2016			
Acct No.	Description of Account		
Rent Revenue			
5120	Rent Revenue - Gross Potential	620,656	
5121	Tenant Assistance Payments	1,373,224	
5140	Rent Revenue - Stores and Commercial	-	
5170	Garage and Parking Spaces	-	
5180	Flexible Subsidy Revenue	-	
5190	Miscellaneous Rent Revenue	-	
5191	Excess Rent	-	
5192	Rent Revenue/Insurance	449	
5193	Special Claims Revenue	-	
5194	Retained Excess Income	-	
5195	Lease Revenue (Nursing Home or Section 232 - B&C or AL)	-	
5100T	Total Rent Revenue		1,994,329
Vacancies			
5220	Apartments	33,273	
5240	Stores and Commercial	-	
5250	Rental Concessions	75,967	
5270	Garage and Parking Space	-	
5290	Miscellaneous	-	
5200T	Total Vacancies		109,240
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)		1,885,089
5300 Revenue			
5300	Nursing Homes/ Assisted Living/Board & Care/Other Elderly Care/Coop/ and Other Revenues		-
Financial Revenue			
5410	Financial Revenue - Project Operation	67	
5430	Revenue from Investments - Residual Receipts	-	
5440	Revenue from Investments - Replacement Reserve	222	
5490	Revenue from Investments - Miscellaneous	-	
5400T	Total Financial Revenue		289
Other Revenue			
5910	Laundry and Vending Revenue	-	
5920	Tenant Charges	6,981	
5945	Interest Reduction Payments Revenue	-	
5990	Miscellaneous Revenue	2,273	
5900T	Total Other Revenue		9,254
5000T	Total Revenue		1,894,632
Administrative Expenses			
6203	Conventions and Meetings	1,351	
6204	Management Consultants	1,894	
6210	Advertising and Marketing	2,098	
6250	Other Renting Expenses	2,694	
6310	Office Salaries	40,122	
6311	Office Expenses	30,395	
6312	Office or Model Apartment Rent	17,260	
6320	Management Fee	91,634	
6330	Manager or Superintendent Salaries	47,630	
6331	Administrative Rent Free Unit	-	
6340	Legal Expense - Project	13,269	
6350	Audit Expense	5,257	
6351	Bookkeeping Fees/Accounting Services	11,760	
6370	Bad Debts	13,254	
6390	Miscellaneous Administrative Expenses	6,594	
6263T	Total Administrative Expenses		285,212
Utilities Expenses			
6420	Fuel Oil/Coal	-	
6450	Electricity	18,180	
6451	Water	89,862	
6452	Gas	83,687	
6453	Sewer	100,576	
6400T	Total Utilities Expense		292,305

Operating & Maintenance Expenses		
6510	Payroll	115,878
6515	Supplies	47,883
6520	Contracts	213,720
6521	Operating and Maintenance Rent Free Unit	8,630
6525	Garbage and Trash Removal	19,786
6530	Security Payroll/Contract	10,632
6531	Security Rent Free Unit	-
6546	Heating/Cooling Repairs and Maintenance	27,744
6548	Snow Removal	250
6570	Vehicle and Maintenance Equipment Operation and Repairs	160
6580	Lease Expense	-
6590	Miscellaneous Operating and Maintenance Expenses	-
6500T	Total Operating and Maintenance Expense	444,683
Taxes & Insurance		
6710	Real Estate Taxes	134,280
6711	Payroll Taxes (Project's Share)	19,288
6720	Property & Liability Insurance (Hazard)	52,332
6721	Fidelity Bond Insurance	-
6722	Workmen's Compensation	10,170
6723	Health Insurance and Other Employee Benefits	25,837
6790	Miscellaneous Taxes, Licenses, Permits and Insurance	-
6700T	Total Taxes and Insurance	241,907
Financial Expenses		
6820	Interest on First Mortgage (or Bonds) Payable	270,481
6825	Interest on Other Mortgages	-
6830	Interest on Notes Payable (Long Term)	-
6840	Interest on Notes Payable (Short Term)	-
6845	Interest on Capital Recovery Payment	-
6850	Mortgage Insurance Premium/ Service Charge	33,300
6890	Miscellaneous Financial Expenses	170
6800T	Total Financial Expenses	303,951
6900 Expenses		
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	-
Operating Results		
6000T	Total Cost of Operations before Depreciation	1,568,058
5060T	Profit (Loss) before Depreciation	326,574
6600	Depreciation Expenses	336,425
6610	Amortization Expense	-
5060N	Operating Profit or (Loss)	(9,851)
Corporate or Mortgagor Revenue/Expenses		
7105	Entity Revenue	102,097
7110	Officer's Salaries	-
7115	Incentive Performance Fee	-
7120	Legal Expenses	-
7130	Federal, State, and Other Income Taxes	-
7141	Interest on Notes Payable	-
7142	Interest on Mortgage Payable	-
7190	Other Expenses	42,655
7100T	Net Entity Expenses	(59,442)
Profit or Loss		
3250	Profit or Loss (Net Income or Loss)	\$ 49,591
Part II		
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	\$ 117,867
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	\$ 109,819
S1000-030	Replacement Reserves, or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	\$ 34,656
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss statement.	\$ -

EQUITY DATA
 SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Year Ending December 31, 2016			
Acct No.	Description of Account		
Equity Data - Entities other than Corporations			
S1100-010	Beginning of Year Balance	259,494	
3250	Net Income or Loss	49,591	
S1200-420	Distributions	(112,800)	
S1200-430	Contributions	-	
S3100-030	Prior Period Adjustment	-	
S1100-020	Other Changes in Equity	-	
3130	End of Year - 3130		\$ 196,285
Equity Data - Corporations			
S1100-300	Beginning Balance - Common Stock (Corporations)	-	
S1100-310	Change in Common Stock (Corporations)	-	
3161	Common Stock (Corporations)		-
S1100-400	Beginning Balance - Paid-in Surplus (Corporations)	-	
S1100-410	Change in Paid-in Surplus (Corporations)	-	
3162	Paid-in Surplus (Corporations)		-
S1100-500	Beginning Balance - Retained Earnings (Corporations)	-	
S1100-510	Change in Retained Earnings (Corporations)	-	
3163	Retained Earnings (Corporations)		-
S1100-600	Beginning Balance - Other Equity (Corporations)	-	
S1100-610	Change in Other Equity (Corporations)	-	
3164	Other Equity (Corporations)		-
S1100-700	Beginning of Year Balance/Prior Year Total Equity (Corporations)	-	
S1100-710	Change in Total Equity (Corporations)	-	
3160	Total Equity (Corporations)		\$ -

CASH FLOW DATA
SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number	
Southwood Investors, LLC		See cover page	
For Year Ending			
December 31, 2016			
Acct No.	Description of Account		
Cash Flow from Operating Activities			
S1200-010	Rental Receipts	1,849,038	
S1200-020	Interest Receipts	289	
S1200-030	Other Operating Receipts	8,330	
S1200-035	Entity/Construction Receipts	-	
S1200-040	Total Receipts		1,857,657
S1200-050	Administrative	(77,966)	
S1200-070	Management Fee	(93,932)	
S1200-090	Utilities	(296,505)	
S1200-100	Salaries and Wages	(205,651)	
S1200-110	Operating and Maintenance	(278,799)	
S1200-115	Lease Payments	-	
S1200-120	Real Estate Taxes	(134,280)	
S1200-140	Property Insurance	(52,132)	
S1200-150	Miscellaneous Taxes and Insurance	(55,276)	
S1200-160	Tenant Security Deposits	(1,021)	
S1200-170	Other Operating Expenses	-	
S1200-180	Interest on Mortgages	(265,721)	
S1200-181	Interest Payments - Second Mortgage	-	
S1200-182	Interest Payments - Third Mortgage	-	
S1200-190	Interest on Notes Payable	-	
S1200-195	Interest on Capital Recovery Payment	-	
S1200-210	Mortgage Insurance Premium (MIP)	(33,200)	
S1200-220	Miscellaneous Financial	(170)	
S1200-223	Entity - Incentive Performance Fee	-	
S1200-225	Entity/Construction Disbursements	(27,955)	
S1200-230	Total Disbursements		(1,522,608)
S1200-240	Net Cash Provided by (Used in) Operating Activities		335,049
Cash Flow from Investing Activities			
S1200-245	Net Deposits to the Mortgage Escrow Account	27,436	
S1200-250	Net Deposits to the Reserve for Replacement Account	111,704	
S1200-255	Net Deposits to Other Reserves	13,987	
S1200-260	Net Deposits to the Residual Receipts Account	-	
S1200-300	Net Deposits to the Management Improvement and Operating Plan Account	-	
S1200-310	Net Deposits to the Long Term Investment Account	-	
S1200-330	Net Purchase of Fixed Assets	(153,077)	
S1200-340	Other Investing Activities	-	
S1200-345	Entity/Construction Investing Activities	-	
S1200-350	Net Cash Provided by (Used in) Investing Activities		50

Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage (or Bonds)	(117,867)
S1200-361	Principal Payments - Second Mortgage	-
S1200-362	Principal Payments - Third Mortgage	-
S1200-365	Proceeds from Mortgages, Loans or Notes Payable	-
S1200-370	Principal Payments on Loans or Notes Payable	-
S1200-385	Proceeds from Flexible Subsidy Loans	-
S1200-390	Flexible Subsidy Loan Principal Payments	-
S1200-395	Proceeds from Capital Improvement Loans	-
S1200-400	Principal Payments on Capital Improvement Loan Payable	-
S1200-405	Proceeds from Operating Loss Loans	-
S1200-410	Principal Payments on Operating Loss Loan Payable	-
S1200-413	Proceeds from Capital Recovery Payment	-
S1200-417	Principal Payments on Capital Recovery Payment	-
S1200-420	Distributions	(112,800)
S1200-430	Contributions	-
S1200-450	Other Financing Activities	-
S1200-455	Entity/Construction Financing Activities	102,493
S1200-460	Net Cash Provided by (Used in) Financing Activities	(128,174)
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	206,925
Cash and Cash Equivalents		
S1200-480	Beginning of Period Cash	45,433
S1200T	End of Period Cash	\$ 252,358
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
3250	Profit or Loss (Net Income or Loss)	49,591
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
6600	Depreciation Expenses	336,425
6610	Amortization Expense	-
S1200-486	Amortization of Debt Issuance Costs	5,152
S1200-490	Decrease (Increase) in Tenant/Member Accounts Receivable	5,421
S1200-500	Decrease (Increase) in Accounts Receivable - Other	8,473
S1200-510	Decrease (Increase) in Accrued Receivable	-
S1200-520	Decrease (Increase) in Prepaid Expenses	(1,999)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	(4,297)
S1200-535	Decrease (Increase) in Entity/Construction Asset Accounts	-
S1200-540	Increase (Decrease) in Accounts Payable	(2,103)
S1200-550	Increase (Decrease) in Accounts Payable - HUD Excess Rents	-
S1200-560	Increase (Decrease) in Accrued Liabilities	(6,523)
S1200-570	Increase (Decrease) in Accrued Interest Payable	(392)
S1200-580	Increase (Decrease) in Tenant Security Deposits held in trust	3,276
S1200-590	Increase (Decrease) in Prepaid Revenue	1,247
S1200-600	Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities	(73,922)
S1200-605	Increase (Decrease) in Entity/Construction Liability accounts	14,700
Net Cash Provided by (Used in) Operating Activities		
S1200-610	Net Cash Provided by (Used in) Operating Activities	\$ 335,049
S1200-620	Comments	
	Cash flow from investing activities related to the purchase of property and equipment for the year ended December 31, 2016 excludes \$929, which is included in accounts payable - operations at December 31, 2016, and includes \$2,899, which was included in accounts payable - operations at December 31, 2015.	

DETAIL OF ACCOUNTS
SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number	
Southwood Investors, LLC		See cover page	
For Year Ending			
December 31, 2016			
Acct No.	Detail Description		
Balance Sheet Data			
1140	Accounts and Notes Receivable - Operations		
	Capital Advance Receivable	-	
	Commercial Rents Receivable	-	
	Grant Receivable	-	
	Insurance Refund	-	
	Insurance Settlement	-	
	Inter-company Receivable	-	
	Laundry Revenue Receivable	-	
	Lessee Receivable	-	
	Management Fee Overpayment Receivable	-	
	Mortgage Insurance Premium Refund	-	
	Mortgage Proceeds Receivable	-	
	Other Tenant Receivables	-	
	Overpaid/Prepaid Distributions	-	
	Partner/Officer/Sponsor Receivable	-	
	Property Tax Refund	-	
	Receivable from Other Project or Business	29,400	
	Related Party Receivable	-	
	Sales Tax Refund	-	
	Reserve Withdrawals Receivable	-	
	Service Coordinator Receivable	-	
	Syndication Proceeds Receivable	-	
	Vendor Rebate	-	
	Vendor Refund	-	
	Other (Must Detail)	-	
1140	Total Accounts and Notes Receivable - Operations		29,400
1145	Accounts and Notes Receivable - Entity		
	Asset Management Fee Receivable	-	
	Capital Contributions Receivable	-	
	Income Taxes Receivable	-	
	Entity Interest Receivable	-	
	Leasee Receivable	-	
	Partner/Officer/Sponsor Receivable	-	
	Related Party Receivable	-	
	Syndication Proceeds Receivable	-	
	Other (must detail)	-	
1145	Total Accounts and Notes Receivable - Entity		-
1190	Miscellaneous Current Assets		
	Payroll Deposit	-	
	Utility Deposit	-	
	Credit card collateral deposit	3,010	
1190	Total Miscellaneous Current Assets		3,010
1330	Other Reserves		
		-	
		-	
		-	
1330	Other Reserves		-

1590	Miscellaneous Other Assets		
	Construction in Progress	-	
	Notes Receivable Related Parties	-	
	Offering Costs	-	
	Utility Deposits	-	
	Other (Must Detail)	-	
	Other (Must Detail)	-	
1590	Total Miscellaneous Other Assets		-
2132	Accrued Interest Payable - Other Mortgages		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2132	Total Accrued Interest Payable - Other Mortgages		-
2172	Other Mortgages Payable (Short Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2172	Total Other Mortgages Payable (Short Term)		-
2190	Miscellaneous Current Liabilities		
	Accounts payable - unreported resident income due to HUD	3,408	
	Deferred cable revenue	2,940	
	Unclaimed funds	495	
2190	Total Miscellaneous Current Liabilities		6,843
2322	Other Mortgages Payable (Long Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2322	Total Other Mortgages Payable (Long Term)		-
2331	Accrued interest Other Mortgages Payable (Long Term)		
	First Mortgage	-	
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2331	Total Accrued interest Other Mortgages Payable (Long Term)		-
2390	Miscellaneous Long-term Liabilities		
	Deferred cable revenue	25,235	
		-	
		-	
2390	Total Miscellaneous Long-term Liabilities		25,235
Profit and Loss Data			
5190	Miscellaneous Rent Revenue		
		-	
		-	
		-	
		-	
5190	Total Miscellaneous Rent Revenue		-
5290	Miscellaneous		
		-	
		-	
		-	
		-	
5290	Total Miscellaneous		-

5490	Revenue from Investments - Miscellaneous		
		-	
		-	
		-	
		-	
5490	Total Revenue from Investments - Miscellaneous		-
5990	Miscellaneous Revenue		
	Cable revenue	1,503	
	EIV management fee revenue	70	
	Miscellaneous income	700	
		-	
5990	Total Miscellaneous Revenue		2,273
6390	Miscellaneous Administrative Expenses		
		-	
		-	
		-	
		-	
		-	
6390	Total Miscellaneous Administrative Expenses		-
6590	Miscellaneous Operating and Maintenance Expenses		
		-	
		-	
		-	
		-	
		-	
6590	Total Miscellaneous Operating and Maintenance Expenses		-
6790	Miscellaneous Taxes, Licenses, Permits and Insurance		
		-	
		-	
		-	
6790	Total Miscellaneous Taxes, Licenses, Permits and Insurance		-
6890	Miscellaneous Financial Expenses		
		-	
		-	
		-	
6890	Total Miscellaneous Financial Expenses		-
7190	Other Expenses		
	Asset management fee	37,117	
	Entity expenses	5,538	
		-	
		-	
7190	Total Other Expenses		42,655
Equity Data			
S1100-020	Other Changes in Equity		
		-	
		-	
		-	
		-	
S1100-020	Total Other Changes in Equity		-
Cash Flow Data			
S1200-035	Entity/Construction Receipts		
		-	
		-	
		-	
		-	
S1200-035	Total Entity/Construction Receipts		-

S1200-225	Entity/Construction Disbursements		
	Asset management fee	(22,417)	
	Entity expenses	(5,538)	
		-	
		-	
S1200-225	Total Entity/Construction Disbursements		(27,955)
S1200-255	Net Deposits to Other Reserves		
	Net change in Non-critical Deferred Repairs Escrow	13,987	
		-	
		-	
		-	
S1200-255	Total Net Deposits to Other Reserves		13,987
S1200-340	Other Investing Activities		
		-	
		-	
		-	
		-	
S1200-340	Total Other Investing Activities		-
S1200-345	Entity/Construction Investing Activities		
		-	
		-	
		-	
		-	
S1200-345	Total Entity/Construction Investing Activities		-
S1200-450	Other Financing Activities		
		-	
		-	
		-	
		-	
S1200-450	Total Other Financing Activities		-
S1200-455	Entity/Construction Financing Activities		
	Advanced from related parties	102,097	
	Advanced from GHC Investment Holdings, LLC	30	
	Advanced from GHC Housing Partners, LLC	6	
	Advanced from Southwood Investors Manager LLC	180	
	Advanced from Whitney Young Manager LLC	180	
S1200-455	Total Entity/Construction Financing Activities		102,493
S1200-535	Decrease (increase) in Entity/ Construction Asset accounts		
		-	
		-	
		-	
		-	
S1200-535	Total Decrease (increase) in Entity/ Construction Asset accounts		-
S1200-600	Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
	Change in deferred cable revenue	28,175	
	Forgiveness of related party payable	(102,097)	
		-	
		-	
S1200-600	Total Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		(73,922)
S1200-605	Increase (decrease) in Entity/Construction Liability accounts		
	Asset management fee	14,700	
		-	
		-	
		-	
S1200-605	Total Increase (decrease) in Entity/Construction Liability accounts		14,700

SCHEDULE OF REQUIRED RESERVES
 SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number	
Southwood Investors, LLC		See cover page	
For Year Ending			
December 31, 2016			
SCHEDULE OF RESERVE FOR REPLACEMENT			
Acct No.	Description of Account		
1320P	Balance at Beginning of Year		555,158
1320DT	Total Monthly Deposits	109,819	
1320ODT	Other Deposits	13,987	
1320INT	Interest on Replacement Reserve Accounts	222	
1320RGL	Realized Gain or (Loss)	-	
1320UGL	Unrealized Gain or (Loss)	-	
1320WT	Approved Withdrawals	235,732	
1320OWT	Other Withdrawals	-	
1320	Balance at End of Year		443,454
1320R	Deposits suspended or waived indicator		-
Reserve for Replacements Details			
1320ODT	Other Deposits		
	Release of Non-critical, Deferred Repairs Escrow	13,987	
		-	
		-	
		-	
1320ODT	Total Other Deposits		13,987
1320OWT	Other Withdrawals		
		-	
		-	
		-	
1320OWT	Total Other Withdrawals		-
SCHEDULE OF RESIDUAL RECEIPTS			
1340P	Balance at Beginning of Year		-
1340DT	Total Deposits	-	
1340ODT	Other Deposits	-	
1340INT	Interest on Residual Receipts Accounts	-	
1340RGL	Realized Gain or (Loss)	-	
1340UGL	Unrealized Gain or (Loss)	-	
1340WT	Approved Withdrawals	-	
1340OWT	Other Withdrawals	-	
1340	Balance at End of Year		-
Residual Receipts Details			
1340ODT	Other Deposits		
		-	
		-	
		-	
		-	
1340ODT	Total Other Deposits		-
1340OWT	Other Withdrawals		
		-	
		-	
		-	
1340OWT	Total Other Withdrawals		-

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS
 SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Year Ending December 31, 2016			
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS			
Acct No.	Description of Account		
S1300-010	Cash	299,733	
1135	Tenant subsidy due for period covered by financial statement	-	
S1300-030	Other	29,400	
S1300-040	Total Cash		329,133
S1300-050	Accrued Mortgage Interest Payable	21,930	
S1300-060	Delinquent Mortgage Principal Payments	-	
S1300-070	Delinquent Deposits to Reserve for Replacements	-	
S1300-075	Accounts Payable (due within 30 days)	55,264	
S1300-080	Loans and Notes Payable (due within 30 days)	-	
S1300-090	Deficient Tax Insurance or MIP Escrow Deposits	-	
S1300-100	Accrued Expenses [not escrowed]	7,611	
2210	Prepaid Revenue	10,357	
2191	Tenant Security Deposits Liability	46,227	
S1300-110	Other Current Obligations	28,175	
S1300-140	Total Current Obligations		169,564
S1300-150	Surplus Cash (Deficiency)		159,569
S1300-160	Annual Distribution earned during fiscal period covered by the statement	-	
S1300-170	Distribution Accrued and Unpaid as of the end of the prior fiscal period	-	
S1300-180	Distributions and Entity Expenses paid during fiscal period covered by statement	-	
S1300-190	Distribution Earned but Unpaid		-
S1300-200	Amount Available for distribution during next fiscal period		159,569
S1300-203	Incentive Performance Fee Payable (M2M)	-	
S1300-204	Percentage Surplus Cash Split (M2M)	0%	
S1300-205	Surplus Cash Available for Second Mortgage Payments (M2M)	-	
S1300-206	Surplus Cash Available for Distribution (M2M)		-
S1300-210	Deposit Due Residual Receipts		-
Surplus Cash Details (Annual)			
S1300-030	Other Cash		
	Cable revenue receivable	29,400	
		-	
		-	
		-	
S1300-030	Total Other Cash		29,400
S1300-110	Other Current Obligations		
	Deferred cable revenue	28,175	
		-	
		-	
		-	
S1300-110	Total Other Current Obligations		28,175

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS (MID-YEAR)
 SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Period Ending June 30, 2016			
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS (MID-YEAR)			
Acct No.	Description of Account		
S1400-010	Semi-Annual Period Ended		6/30/2016
S1400-020	Cash	241,497	
S1400-030	Tenant Subsidy due for semi-annual period	-	
S1400-040	Other	-	
S1400-050	Total Cash		241,497
S1400-060	Accrued Mortgage Interest Payable	22,322	
S1400-070	Delinquent Mortgage Principal Payments	-	
S1400-080	Delinquent Deposits to Reserve for Replacements	-	
S1400-090	Accounts Payable (due within 30 days)	69,808	
S1400-100	Loans and Notes Payable (due within 30 days)	-	
S1400-110	Deficient Tax Insurance or MIP Escrow Deposits	-	
S1400-120	Accrued Expenses [not escrowed]	17,032	
S1400-130	Prepaid Revenue	10,240	
S1400-140	Tenant Security Deposits Liability	43,916	
S1400-150	Other Current Obligations	-	
S1400-180	Total Current Obligations		163,318
S1400-190	Surplus Cash (Deficiency)		78,179
S1400-200	Distribution earned during semi-annual period	-	
S1400-210	Distribution Accrued and Unpaid as of the end of the semi-annual period	-	
S1400-220	Distributions and Entity Expenses paid during semi-annual period	-	
S1400-230	Distribution Earned but Unpaid		-
S1400-240	Amount Available for Distribution during next fiscal period		78,179
S1400-250	Deposit Due Residual Receipts		-
Surplus Cash Details (Mid-year)			
S1400-040	Other Cash		
		-	
		-	
		-	
		-	
S1400-040	Total Other Cash		-
S1400-180	Other Current Obligations		
		-	
		-	
		-	
		-	
S1400-180	Total Other Current Obligations		-

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
 SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Year Ending December 31, 2016			
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS			
Acct No.	Description of Account		
1410P	Beginning Balance for 1410		1,207,434
1410AT	Additions for 1410	-	
1410DT	Deductions for 1410	-	
1410	Land		1,207,434
1420P	Beginning Balance for 1420		5,098,336
1420AT	Additions for 1420	124,659	
1420DT	Deductions for 1420	-	
1420	Buildings		5,222,995
1440P	Beginning Balance for 1440		2,493,632
1440AT	Additions for 1440	26,448	
1440DT	Deductions for 1440	-	
1440	Building Equipment (Portable)		2,520,080
1450P	Beginning Balance for 1450		-
1450AT	Additions for 1450	-	
1450DT	Deductions for 1450	-	
1450	Furniture for Project/Tenant Use		-
1460P	Beginning Balance for 1460		-
1460AT	Additions for 1460	-	
1460DT	Deductions for 1460	-	
1460	Furnishings		-
1465P	Beginning Balance for 1465		-
1465AT	Additions for 1465	-	
1465DT	Deductions for 1465	-	
1465	Office Furniture and Equipment		-
1470P	Beginning Balance for 1470		-
1470AT	Additions for 1470	-	
1470DT	Deductions for 1470	-	
1470	Maintenance Equipment		-
1480P	Beginning Balance for 1480		-
1480AT	Additions for 1480	-	
1480DT	Deductions for 1480	-	
1480	Motor Vehicles		-
1490P	Beginning Balance for 1490		-
1490AT	Additions for 1490	-	
1490DT	Deductions for 1490	-	
1490	Miscellaneous Fixed Assets		-
1400PT	Total Beginning Balance for Fixed Assets		8,799,402
1400AT	Total Asset Additions	151,107	
1400DT	Total Asset Deductions	-	
1400T	Total Fixed Assets		8,950,509
1495P	Beginning Balance for Accumulated Depreciation		2,672,427
6600	Total Provisions	336,425	
1400ADT	Total Accumulated Depreciation from Disposed Assets.	-	
1495	Ending Balance for Accumulated Depreciation		3,008,852
1400N	Total Net Book Value		5,941,657

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS (CONTINUED)
 SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page	
For Year Ending December 31, 2016			
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS (CONTINUED)			
Acct No.	Description of Account		
Fixed Asset Details			
1410AT		-	
1410DT		-	
1420AT	Asphalt parking lot, building improvements, electrical, flooring	124,659	
1420DT		-	
1440AT	Appliances	26,448	
1440DT		-	
1450AT		-	
1450DT		-	
1460AT		-	
1460DT		-	
1465AT		-	
1465DT		-	
1470AT		-	
1470DT		-	
1480AT		-	
1480DT		-	
1490AT		-	
1490DT		-	

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2016**

	ASSETS			Balance 12/31/2016	
	Balance 1/1/2016	Additions	Deletions		
Land	\$ 1,207,434	\$ -	\$ -	\$ 1,207,434	
Building and improvements	5,098,336	124,659 ⁽¹⁾	-	5,222,995	
Building equipment - portable	2,493,632	26,448 ⁽²⁾	-	2,520,080	
	<u>\$ 8,799,402</u>	<u>\$ 151,107</u>	<u>\$ -</u>	<u>\$ 8,950,509</u>	
	ACCUMULATED DEPRECIATION				Net Book Value
	Balance 1/1/2016	Current Provisions	Deletions	Balance 12/31/2016	12/31/2016
Accumulated Depreciation	<u>\$ 2,672,427</u>	<u>\$ 336,425</u>	<u>\$ -</u>	<u>\$ 3,008,852</u>	<u>\$ 5,941,657</u>

Additions

(1) Asphalt parking lot, building improvements, electrical, flooring

(2) Appliances



Dauby O'Connor & Zaleski, LLC

A Limited Liability Company

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwood Investors, LLC, which comprise the balance sheet as of December 31, 2016, and the related statements of profit and (loss), changes in Members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwood Investors, LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwood Investors, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwood Investors, LLC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

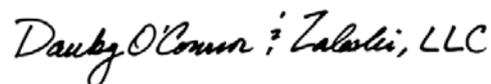
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwood Investors, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwood Investors, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwood Investors, LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 24, 2017
Carmel, Indiana



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants



Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *CONSOLIDATED
AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS***

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

Report on Compliance for Each Major HUD Program

We have audited Southwood Investors, LLC's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on each of Southwood Investors, LLC's major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2016. Southwood Investors, LLC's major HUD programs are as follows: Section 207, pursuant to Section 223(f) of the National Housing Act accompanied with a Section 8 Housing Assistance Payments Contract.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its HUD programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southwood Investors, LLC's major HUD programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Southwood Investors, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. However, our audit does not provide a legal determination of Southwood Investors, LLC's compliance.

Opinion on Each Major HUD Program

In our opinion, Southwood Investors, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

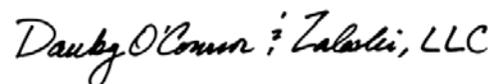
Management of Southwood Investors, LLC is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwood Investors, LLC's internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwood Investors, LLC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

March 24, 2017
Carmel, Indiana



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016**

Our audit disclosed no findings or questioned costs that are required to be reported.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2016**

Name of auditee: Southwood Investors, LLC

HUD auditee identification number: 061-11208

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Year ended December 31, 2016

CAP prepared by

Name: Tom McGinty

Position: Chief Financial Officer

Telephone number: (216) 472-1870

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
YEAR ENDED DECEMBER 31, 2016**

There were no open findings or questioned costs from the prior audit report.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**MANAGEMENT AGENT CERTIFICATION
YEAR ENDED DECEMBER 31, 2016**

I hereby certify that I have examined the accompanying financial statements and supplemental data of Southwood Investors, LLC and, to the best of my knowledge and belief, the same are accurate and complete.

PK Management, LLC



By: Jenee McClain-Bankhead, President

26-1291107

Managing Agent Tax I.D. Number

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**CERTIFICATION OF MEMBERS
YEAR ENDED DECEMBER 31, 2016**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Southwood Investors, LLC and, to the best of our knowledge and belief, the same are complete and accurate.


(Signature of Manager)

Gregory Perlman, Manager (Southwood Investors Manager, LLC)
(Print Name of Manager)


(Signature of Member)

Gregory Perlman, Member (GJP Investors, LLC)
(Print Name of Member)

27-2935012

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

dba SOUTHWOOD APARTMENTS

FHA PROJECT NO.: 061-11208

**REPORT ON AUDIT OF FINANCIAL
STATEMENTS AND ACCOMPANYING
INFORMATION AND COMPLIANCE
AND INTERNAL CONTROL**

YEARS ENDED DECEMBER 31, 2015 AND 2014

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Financial statements	
Balance sheets	3-4
Statements of profit and (loss)	5-6
Statements of changes in Members' equity (deficit)	7
Statements of cash flows	8-9
Notes to financial statements	10-19
Accompanying information for the year ended December 31, 2015	
Accompanying information required by HUD	20
Computations of surplus cash, distributions, and residual receipts	21-22
Supplemental information	23-33
Schedule of changes in property and equipment	34
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	35-36
Independent auditor's report on compliance for each major HUD program and on internal control over compliance required by the <i>Consolidated Audit Guide for Audits of HUD Programs</i>	37-38
Schedule of findings and questioned costs	39
Corrective action plan	40
Auditor's comments on audit resolution matters	41
Management agent certification	42
Certification of Members	43



Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

Report on the Financial Statements

We have audited the accompanying financial statements of Southwood Investors, LLC, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of profit and (loss), changes in Members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Southwood Investors, LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwood Investors, LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwood Investors, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 20 to 34 is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information shown on pages 20 to 34 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 20 to 34 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016, on our consideration of Southwood Investors, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwood Investors, LLC's internal control over financial reporting and compliance.

Dauby O'Connor & Zaleski, LLC

March 29, 2016
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets		
Cash - operations	\$ 28,016	\$ 833,728
Cash - entity	17,417	50,185
Accounts receivable - residents, net	13,688	5,829
Accounts receivable - operations	301	-
Accounts receivable - insurance proceeds	37,572	20,886
Due from GJP Investors, LLC	-	214
Due from Southwood Investors Manager, LLC	-	948
Prepaid expenses	48,980	47,604
Total current assets	<u>145,974</u>	<u>959,394</u>
Deposits held in trust		
Resident security deposits	<u>44,233</u>	<u>38,675</u>
Restricted deposits and funded reserves		
Mortgagee escrow deposits	83,702	91,990
Reserve for replacements	555,158	477,922
Other reserves	13,987	13,987
Total restricted deposits and funded reserves	<u>652,847</u>	<u>583,899</u>
Property and equipment		
Land	1,207,434	1,207,434
Buildings and improvements	5,098,336	4,543,148
Building equipment - portable	2,493,632	2,473,962
	<u>8,799,402</u>	<u>8,224,544</u>
Less: Accumulated depreciation	<u>(2,672,427)</u>	<u>(2,121,003)</u>
Total property and equipment	<u>6,126,975</u>	<u>6,103,541</u>
Other assets		
Unamortized costs	<u>154,539</u>	<u>159,690</u>
	<u>\$ 7,124,568</u>	<u>\$ 7,845,199</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2015 AND 2014**

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2015</u>	<u>2014</u>
Current liabilities		
Accounts payable - operations	\$ 49,523	\$ 73,877
Due to Hollywoodland Investors Manager, LLC	-	204
Accounts payable - entity	-	49
Accounts payable - HUD	9,814	15,870
Accrued wages payable	9,359	6,722
Accrued management fees	3,149	464
Accrued interest - mortgage payable	22,322	22,698
Current maturities of mortgage payable	117,867	113,264
Accounts payable - unreported resident income due to HUD	5,034	4,800
Miscellaneous current liabilities	495	428
Prepaid revenue	9,110	6,388
	<u>226,673</u>	<u>244,764</u>
Total current liabilities	226,673	244,764
Deposit liabilities, resident security deposits	42,951	36,827
Long term liabilities		
Mortgage payable, net of current maturities	<u>6,595,450</u>	<u>6,713,317</u>
	6,865,074	6,994,908
Total liabilities	6,865,074	6,994,908
Members' equity (deficit)	<u>259,494</u>	<u>850,291</u>
	<u><u>\$ 7,124,568</u></u>	<u><u>\$ 7,845,199</u></u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF PROFIT AND (LOSS)
YEARS ENDED DECEMBER 31, 2015 AND 2014

		2015	2014
Rental revenue	Rent revenue - gross potential	\$ 633,178	\$ 584,434
	Tenant assistance payments	1,324,954	1,347,794
	Rent revenue - stores and commercial		
	Garage and parking spaces		
	Flexible subsidy revenue		
	Miscellaneous rent revenue		
	Excess rent		
	Rent revenue/insurance	16,686	20,886
	Special claims revenue		
	Retained excess income		
	Lease revenue (nursing home or section 232-B&C or AL)		
	Total rental revenue potential at 100% occupancy	\$ 1,974,818	\$ 1,953,114
Vacancies	Apartments	(44,448)	(44,114)
	Stores and commercial	()	()
	Rental concessions	(79,813)	(85,182)
	Garage and parking spaces	()	()
	Miscellaneous	()	()
	Total vacancies	(124,261)	(129,296)
	Net rental revenue rent revenue less vacancies	\$ 1,850,557	\$ 1,823,818
	Nursing homes and other elderly care revenues	\$	\$
Financial revenue	Financial revenue - project operations	54	58
	Revenue from investments - residual receipts		
	Revenue from investments - reserve for replacements	267	437
	Revenue from investments - miscellaneous		34
	Total financial revenue	\$ 321	\$ 529
Other revenue	Laundry and vending		
	Resident charges	9,517	10,955
	Interest reduction payments revenue		
	Miscellaneous revenue	42,131	102,748
	Total other revenue	\$ 51,648	\$ 113,703
	Total revenue	\$ 1,902,526	\$ 1,938,050
Admin. expenses	Conventions and meetings	4,115	1,115
	Management consultants		7,600
	Advertising and marketing	1,398	720
	Other renting expenses	2,892	2,246
	Office salaries	42,172	35,046
	Office expenses	26,963	25,026
	Office or model apartment rent	19,583	16,689
	Management fee	91,634	89,320
	Manager or superintendent salaries	50,505	43,704
	Administrative rent free unit		
	Legal expenses (project)	10,648	7,417
	Audit expenses	5,597	6,135
	Bookkeeping fees/accounting services	12,360	11,760
	Bad debts	13,807	11,218
Miscellaneous administrative expenses	6,150	3,307	
	Total administrative expenses	\$ 287,824	\$ 261,303
Utilities expenses	Fuel oil/coal		
	Electricity	18,734	15,992
	Water	101,646	91,251
	Gas	101,081	114,436
	Sewer	111,113	101,220
	Total utilities expense	\$ 332,574	\$ 322,899

See notes to financial statements

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF PROFIT AND (LOSS) (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

		2015	2014	
Operating and maint. expenses	Payroll	111,693	101,419	
	Supplies	51,930	62,147	
	Contracts	162,214	101,057	
	Operating and maintenance rent free unit	8,477	8,373	
	Garbage and trash removal	23,005	15,740	
	Security payroll/contract	19,122	11,928	
	Security rent free unit			
	Heating/cooling repairs and maintenance	14,964	13,772	
	Snow removal			
	Vehicle and maint. equipment operation and repairs	5,547	1,499	
	Lease expense			
	Miscellaneous operating and maintenance expenses			
	Total operating and maintenance expenses		\$ 396,952	\$ 315,935
	Taxes and insurance	Real estate taxes	92,512	83,054
Payroll taxes (project's share)		18,648	15,933	
Property and liability insurance (hazard)		49,818	46,711	
Fidelity bond insurance		540	426	
Workmen's compensation		9,960	8,096	
Health insurance and other employee benefits		28,007	20,232	
Miscellaneous taxes, licenses, permits and insurance		3,318	13,042	
Total taxes and insurance			\$ 202,803	\$ 187,494
Financial expenses	Interest on first mortgage (or bonds) payable	269,948	274,385	
	Interest on other mortgages			
	Interest on notes payable (long-term)			
	Interest on notes payable (short-term)			
	Interest on capital recovery payment			
	Mortgage insurance premium/service charge	33,904	34,428	
	Miscellaneous financial expenses	68		
Total financial expenses		\$ 303,920	\$ 308,813	
	Nursing homes and other elderly care expenses	\$	\$	
	Total cost of operations before depreciation	\$ 1,524,073	\$ 1,396,444	
	Profit (loss) before depreciation	\$ 378,453	\$ 541,606	
	Depreciation expense	551,424	546,760	
	Amortization expense	5,151	5,151	
	Operating profit or (loss)	\$ (178,122)	\$ (10,305)	
Entity income and expenses	Entity revenue		(28,491)	
	Officer's salaries			
	Incentive performance fee			
	Legal expenses			
	Federal, state, and other income taxes			
	Interest on notes payable			
	Interest on mortgage payable			
	Other expenses	60,972	30,852	
	Total entity net (income) expense	\$ 60,972	\$ 2,361	
Profit or loss	Profit or loss (net income or loss)	\$ (239,094)	\$ (12,666)	

See notes to financial statements

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Balance, January 1, 2014	\$ 1,123,498
Distributions	(260,541)
Net income (loss)	<u>(12,666)</u>
Balance, December 31, 2014	850,291
Distributions	(351,703)
Net income (loss)	<u>(239,094)</u>
Balance, December 31, 2015	<u><u>\$ 259,494</u></u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flow from operating activities		
Revenue:		
Rental income	\$ 1,781,112	\$ 1,773,311
Financial income	321	529
Other income	9,959	18,943
	<u>1,791,392</u>	<u>1,792,783</u>
Expenditures:		
Administrative	(72,591)	(64,617)
Management fees	(88,949)	(89,338)
Utilities	(344,311)	(300,137)
Salaries and wages	(203,282)	(175,863)
Operating and maintenance	(286,721)	(200,743)
Real estate taxes	(92,512)	(83,054)
Property insurance	(51,055)	(47,324)
Miscellaneous taxes and insurance	(60,043)	(59,048)
Resident security deposits	566	(1,780)
Interest	(270,324)	(274,747)
Mortgage insurance premium	(33,781)	(34,339)
Miscellaneous financial	(68)	-
Corporate or mortgagor entity expenses	(31,359)	(30,803)
	<u>(1,534,430)</u>	<u>(1,361,793)</u>
Net cash provided by (used in) operating activities	<u>256,962</u>	<u>430,990</u>
Cash flow from investing activities		
Purchase of property and equipment	(574,211)	(55,894)
Net change in mortgagee escrow deposits	8,288	(35,195)
Net change in reserve for replacements	(77,236)	(79,921)
Insurance proceeds received	41,388	389,860
Net cash provided by (used in) investing activities	<u>(601,771)</u>	<u>218,850</u>
Cash flow from financing activities		
Principal payments on mortgage payable	(113,264)	(108,841)
Distributions	(351,703)	(260,541)
Change in due from Southwood Investors Manager, LLC	948	(336)
Change in due from Whitney Young Investors Manager, LLC	-	133
Advances to related parties	(29,652)	28,491
Net cash provided by (used in) financing activities	<u>(493,671)</u>	<u>(341,094)</u>
Net changes in cash and cash equivalents	<u>(838,480)</u>	<u>308,746</u>
Cash and cash equivalents, beginning	<u>883,913</u>	<u>575,167</u>
Cash and cash equivalents, ending	<u>\$ 45,433</u>	<u>\$ 883,913</u>

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of net income (loss) to net cash provided by (used in) operating activities		
Net income (loss)	<u>\$ (239,094)</u>	<u>\$ (12,666)</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	551,424	546,760
Amortization	5,151	5,151
Gain on involuntary conversion	(41,388)	(94,760)
Forgiveness of related party advances	29,662	(28,491)
Changes in:		
Accounts receivable - residents	(7,859)	(1,310)
Accounts receivable - operations	(301)	-
Accounts receivable - insurance proceeds	(16,686)	(20,886)
Prepaid expenses	(1,376)	5,267
Resident security deposits funded	(5,558)	(1,058)
Accounts payable - operations	(25,001)	23,310
Accounts payable - HUD	(6,056)	2,379
Accounts payable - unreported resident income due to HUD	234	4,800
Accrued liabilities	5,389	595
Accrued interest - mortgage payable	(376)	(362)
Resident security deposits liability	6,124	(722)
Prepaid revenue	2,722	2,934
Corporate or mortgagor entity expenses	(49)	49
Total adjustments	<u>496,056</u>	<u>443,656</u>
Net cash provided by (used in) operating activities	<u>\$ 256,962</u>	<u>\$ 430,990</u>

Supplemental information

Cash flow from investing activities related to the purchase of property and equipment for the year ended December 31, 2015 excludes \$2,899, which is included in accounts payable - operations at December 31, 2015, and includes \$2,252, which was included in accounts payable - operations at December 31, 2014.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Southwood Investors, LLC (the "Company") is a Limited Liability Company formed on June 24, 2010 pursuant to the laws of the State of Delaware. The Company was formed for the purpose of owning and operating a 196 unit apartment community known as Southwood Apartments (the "Property") located in Morrow, Georgia. The Property operates under Section 207, pursuant to Section 223(f) of the National Housing Act. The Company acquired the Property on December 14, 2010.

The Managing Member and Manager of the Company is Southwood Investors Manager, LLC.

The term of the Company shall be perpetual, unless sooner terminated as provided in the Limited Liability Company Agreement.

The Company was assigned a Regulatory Agreement with the Department of Housing and Urban Development ("HUD"), which governs the operation of the Property with the Federal Housing Administration ("FHA") Section of HUD. The Regulatory Agreement regulates the application of cash flow from the operation of the Property. The Company is limited to surplus cash on distributions and payments for non-Property related expenditures. See computation of surplus cash, distributions, and residual receipts.

In connection with the acquisition of the Property, the Company was assigned a housing assistance payments contract ("HAP Contract") with HUD which covers 163 of the Property's 196 units. The HAP Contract is a rent assistance program for low income families (or persons) as provided by the Section 8 Program of the National Housing Act. Eligible low income residents pay 30% of their income as rent, while HUD pays the difference between this rental amount and "contract rent" (as defined). The Company can request from HUD an amount equal to 80% of contract rent during periods that the unit is vacant if certain conditions are met, but not to exceed 60 days. If a unit continues to be vacant after the 60-day period, the Company may submit a claim and receive additional housing assistance payments on a semiannual basis if certain conditions are met as outlined in the HAP Contract.

A HAP Contract, among other items, prohibits the sale, assignment, conveyance, or transfer of the HAP Contract on all or any part of the Property without the prior consent of HUD. Such prohibition also includes the transfer of (a) the interest of a Managing Member; (b) the interest of an Investor Member or group of Investor Members having a 25% or more interest in the Company; or (c) any other significant change in the ownership of the Company.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The Company has adopted the policy of presenting its financial statements to comply with the financial reporting provisions of the Consolidated Audit Guide for Audits of HUD Programs, IG 2000.4, issued April 2011 by the U.S. Department of Housing and Urban Development.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

For the statements of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. At December 31, 2015 and 2014, cash and cash equivalents consist of operating checking, entity checking, and petty cash accounts.

Resident receivables and bad debt policy

Resident rent charges for the current month are due on the first of the month. Residents who are evicted or move-out are charged with damages and/or cleaning fees, if applicable. Resident receivables consist of amounts due for rental income or the charges for damages and/or cleaning fees. The Company does not accrue interest on the resident receivable balances.

Resident receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection and a review of the current status of resident accounts receivable. At December 31, 2015 and 2014, the allowance for doubtful accounts was \$1,600 and \$800, respectively.

Property and equipment

Depreciation of property and equipment, stated at cost, is computed using the straight-line method for buildings and building equipment over the estimated useful lives of the assets ranging from five to twenty-seven and one half years.

The Company is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB *Accounting Standards Codification* ("ASC") 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Company's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the years ended December 31, 2015 and 2014.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Unamortized costs

The Company incurred financing costs in connection with the mortgage. These costs have been capitalized and are being amortized using the straight-line method over the term of the mortgage. Generally accepted accounting principles require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2015 and 2014.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the residents of the property are operating leases.

Advertising costs

Advertising costs are expensed as incurred and are included in Advertising and Marketing in the statements of profit and (loss).

Property taxes

Property taxes are expensed in the year of the lien on the property such that twelve months of expense is charged to operations.

Concentration of credit risk

The Company deposits its cash in federally insured financial institutions. At times, deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts.

The Property's operations are concentrated in the multifamily real estate market. In addition, the Property operates in a heavily regulated environment, and is subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related costs, including the additional administrative burden, to comply with a change.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair value

The Company is subject to the provisions of the Fair Value Measurement topic of FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The Fair Value Measurement did not have a material impact on the Company's financial statements for the years ended December 31, 2015 and 2014.

Accounting for uncertainty in income taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which it must consider for disclosure. There has been no interest or penalties recognized in the statements of profit and (loss) or balance sheets for the years ended December 31, 2015 and 2014. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Subsequent events

Management performed an evaluation of the Company's activity through March 29, 2016, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

NOTE 2-UNAMORTIZED COSTS

Financing costs of \$180,886 were incurred in connection with the mortgage and are amortized over the term of the mortgage using the straight-line method. Amortization expense for each of the years ended December 31, 2015 and 2014 totaled \$5,151. At December 31, 2015 and 2014, accumulated amortization was \$26,347 and \$21,196, respectively.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2-UNAMORTIZED COSTS (CONTINUED)

Estimated amortization expense for each of the next five years and thereafter is as follows:

2016	\$	5,151
2017		5,151
2018		5,151
2019		5,151
2020		5,151
Thereafter		<u>128,784</u>
		<u>\$ 154,539</u>

NOTE 3-FINANCING

In connection with the acquisition of the Property, the Company obtained a mortgage in the original principal amount of \$7,229,200 that is insured by HUD under Section 207, pursuant to Section 223(f) of the National Housing Act (the "Mortgage"), and is currently serviced by Walker & Dunlop, LLC. The terms of the Mortgage provide, among other things, for:

- a) A term of 35 years ending January 1, 2046;
- b) Monthly payments of principal and interest of \$31,965.72 including interest at 3.99% per annum (commencing February 2011);
- c) Monthly payments to the tax and insurance escrow; and
- d) Monthly deposits to the reserve for replacements fund.

The Mortgage contained a prepayment lockout provision through January 31, 2013. Thereafter, the Company will be subjected to a prepayment premium if the Mortgage is repaid prior to January 30, 2021. The premium would be calculated based on a percentage of the outstanding principal starting at 8% prior to January 30, 2014, reducing by 1% each year until January 30, 2021.

During the years ended December 31, 2015 and 2014, interest expensed on the Mortgage was \$269,948 and \$274,385 and interest paid was \$270,324 and \$274,747, all respectively. At December 31, 2015 and 2014, accrued interest was \$22,322 and \$22,698, respectively.

The property, equipment, and restricted reserve funds are pledged as collateral on the Mortgage.

Estimated principal payments for the next five years and thereafter are as follows:

2016	\$	117,867
2017		122,657
2018		127,642
2019		132,829
2020		138,227
Thereafter		<u>6,074,095</u>
		<u>\$ 6,713,317</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3-FINANCING (CONTINUED)

The HUD Regulatory Agreement regulates the application of cash flow from the operation of the Property. Specifically, there is no authority to use cash flow to service any indebtedness other than the Mortgage, make distributions, or to pay corporate or mortgagor entity expenses; unless the Property generates surplus cash, as that term is defined by HUD. In accordance with the Regulatory Agreement, surplus cash can be distributed for these items semi-annually based upon a computation at June 30 and December 31 of each year (see computations of surplus cash, distributions, and residual receipts).

Reserve for replacements

Pursuant to the terms of the Regulatory Agreement, the Company is required to make monthly deposits to the reserve for replacements fund. At closing, the Company was required to fund an initial deposit of \$200,000. As of December 31, 2015, monthly deposits of \$9,046 were required. Disbursements from such fund may only be made for the purpose of effecting replacement of structural elements and mechanical equipment of the Property and after receiving the written consent of the Secretary of HUD. At December 31, 2015 and 2014, these funds amounted to \$555,158 and \$477,922, respectively.

Other reserves

In connection with the Mortgage, the Company entered into an Escrow Agreement for Non-critical, Deferred Repairs with HUD. As part of this agreement, the Company was required to deposit \$530,650 into interest-bearing accounts under the control of the Lender, which consisted of two separate reserves (the "Other Reserve"): (1) a repair reserve of \$442,208, which is equal to 100% of the estimated costs of the repair work, as defined; and (2) an additional deposit of \$88,442, which is equal to 20% of the estimated costs of the repair work. Disbursements from these reserves can be made only after receiving consent, in writing, of the Secretary (HUD) as set forth in the agreement. The completion date, as defined in the agreement, of the repair work is twelve months following endorsement of the Mortgage. At December 31, 2015 and 2014, the balance of the Other Reserve was \$13,987.

NOTE 4-RELATED PARTIES

PK Management, LLC

The Property is managed by PK Management, LLC (the "Agent"), an identity of interest entity (i.e., common ownership) of the Owner, pursuant to a management agreement. In accordance with the management agreement, the Agent earned fees of 4.9% of residential and miscellaneous income collected, as approved by HUD. Effective June 30, 2014, the Agent earns fees of 6.0% of residential and miscellaneous income, as approved by HUD. During the years ended December 31, 2015 and 2014, management fees incurred were \$91,634 and \$89,320, and at December 31, 2015 and 2014, \$3,149 and \$464 remained payable, all respectively.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4-RELATED PARTIES (CONTINUED)

PK Management, LLC (continued)

In accordance with HUD regulations, the Agent is also entitled to be reimbursed for the actual costs incurred for front-line management activities performed at the central office (as these activities are defined by HUD). During the years ended December 31, 2015 and 2014, the Agent was reimbursed \$12,360 and \$11,760 for front-line management functions performed at the central office, respectively. These reimbursements are included in Bookkeeping Fees/Accounting Services on the statements of profit and (loss).

The on-site personnel are employees of and paid by the Agent. As such, the Agent is reimbursed the actual costs of salaries, benefits, and processing.

During 2014, the Agent advanced \$52,000 to the Company to fund operations, and the Company repaid \$52,000 to the Agent. At December 31, 2014, \$-0- remained due to the Agent.

Asset management fee

The Company entered into an Asset Management Agreement with GP-CHH Holdings LLC, an identity of interest entity (i.e., common ownership), to provide asset management services. An asset management fee in an amount equal to 1% of the gross offering proceeds shall be earned. This fee is payable from unrestricted entity cash or surplus cash, as defined by HUD. For each of the years ended December 31, 2015 and 2014, asset management fees earned and paid were \$29,890.

Due from GJP Investors, LLC

In prior years, the Company loaned funds from its unrestricted entity cash account of \$214 to GJP Investors, LLC, an identity of interest entity (i.e., common ownership). This advance was non-interest bearing. During the year ended December 31, 2015, the Company forgave \$214 due from the related party. At December 31, 2015 and 2014, \$-0- and \$214 remained due from GJP Investors, LLC, respectively, and was recorded in Accounts and Notes Receivable - Entity on the balance sheets.

Due from Southwood Investors Manager, LLC

In prior years, the Company loaned funds of \$612 from its unrestricted entity cash account of to the Managing Member. During the years ended December 31, 2015 and 2014, the Company loan additional funds of \$-0- and \$336, and was repaid \$948 and \$-0-, all respectively. At December 31, 2015 and 2014, \$-0- and \$948 remained due from the Managing Member, respectively, and is recorded in Accounts and Notes Receivable - Entity on the balance sheets.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4-RELATED PARTIES (CONTINUED)

Due from Whitney Young Investors Manager, LLC

During prior years, the Company loaned funds from its unrestricted entity cash account of \$133 to Whitney Young Investors Manager, LLC, an identity of interest entity (i.e., common ownership). During 2014, Whitney Young Investors Manager, LLC repaid the Company \$133. At December 31, 2014, \$-0- remained due from Whitney Young Investors Manager, LLC, and was recorded in Accounts and Notes Receivable - Entity on the balance sheets.

Due to Hollywoodland Investors Manager, LLC

During prior years, Hollywoodland Investors Manager, LLC, an identity of interest entity (i.e., common ownership), advanced funds of \$204 to the Company. The advance is non-interest bearing. During the year ended December 31, 2015, the related entity forgave amounts totaling \$204 due from the Company. At December 31, 2015 and 2014, \$-0- and \$204 remained due to the related entity, respectively, and was recorded in Accounts Payable - Entity on the balance sheets.

Due from (to) related parties

During the years ended December 31, 2015 and 2014, the Company received funds from related entities under common ownership from unrestricted entity cash totaling \$29,652 and \$28,491, respectively. On December 31, 2015 and 2014, the Company and its related parties elected to forgive amounts due to and from the various entities, resulting in forgiveness of debt of \$29,652 and \$28,491, respectively. This amount is recorded in Other Expenses on the statements of profit and (loss). At December 31, 2015 and 2014, no amounts remained due to or from related parties.

NOTE 5-MEMBERS' EQUITY (DEFICIT), CONTRIBUTIONS, AND DISTRIBUTIONS

Each Member shall make contributions to the Company in accordance with the Limited Liability Company Agreement. Each Member shall also have the right, but not the obligation, to make additional Contributions to the Company as the Manager determines are required by the Company. At December 31, 2015, contributions of \$1,999,800 have been made by the Members.

The Manager shall determine from time to time, in its sole and absolute discretion, whether the Company has Distributable Cash, as defined. The Manager shall cause the Company to distribute Distributable Cash to the Members remaining after repayment of Member loans. Remaining Distributable Cash shall be distributed to and among the Members in proportion to their respective ownership percentages.

The Members maintain an entity cash and distribution account. Funds contained in this account typically represent approved surplus cash distributions (transferred from the Property's operating account), and contributions and/or advances from the Members or related entities. Entity level expenses are disbursed from this entity level account.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 5-MEMBERS' EQUITY (DEFICIT), CONTRIBUTIONS, AND DISTRIBUTIONS
(CONTINUED)**

Interest earned on cash balances held at the entity level is also considered entity level cash and is to be distributed or used for entity level cash requirements. As such, the cash principal and earned interest are not subject to HUD defined surplus cash calculations.

The following details cash activity at the entity level during the year ended December 31, 2015:

Balance, January 1, 2015	\$	50,185
Transfers from operating cash		378,998
Distributions	(351,703)
Entity expenses paid from entity cash	(31,359)
Payments to/from related parties	(<u>28,704</u>)
Balance, December 31, 2015	\$	<u>17,417</u>

NOTE 6-CONTINGENCY

The HAP Contract expires May 31, 2019, subject to annual appropriations to HUD from Congress. The rental income from the HAP Contract totaled \$1,324,954 or 72% of net rental revenue for the year ended December 31, 2015. The Department of Housing and Urban Development is contemplating several changes which may have a significant financial impact on the Company. Management cannot reasonably estimate the ramifications, if any, of these uncertainties.

NOTE 7-GAIN ON INVOLUNTARY CONVERSION

On June 28, 2014, the Property suffered a casualty loss due to a fire, which caused significant damage to 5 units. The total amount of the damage was approximately \$475,928, of which \$399,860 will be reimbursed by insurance proceeds, less a deductible of \$10,000. During the year ended December 31, 2014, insurance proceeds received totaled \$389,860. The original cost of the assets destroyed was estimated to be \$338,000, and accumulated depreciation at the time of the loss was \$42,900, creating a gain of \$104,760. At December 31, 2014, construction to repair the damage had not commenced.

The following summarizes the gain on involuntary conversion:

Insurance proceeds	\$	399,860
Less deductible	(<u>10,000</u>)
Net proceeds		389,860
Undepreciated cost of buildings damaged	(<u>295,100</u>)
Gain on involuntary conversion	\$	<u>94,760</u>

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7-GAIN ON INVOLUNTARY CONVERSION (CONTINUED)

At December 31, 2015, construction to repair the damage was completed. During the year ended December 31, 2015, the Property received additional insurance proceeds totaling \$41,388 and recognized a gain on involuntary conversion of \$41,388, which is included in Miscellaneous Revenue on the statements of profit and (loss).

Management anticipates receiving additional insurance proceeds relating to this claim for lost rents. At December 31, 2015 and 2014, insurance proceeds receivable totaled \$37,572 and \$20,886, respectively, all of which relates to lost rents.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS
YEAR ENDED DECEMBER 31, 2015**

Part A - Compute Surplus Cash		
1. Cash	\$	72,249
2. Accounts Receivable - HUD	\$	
3. Other	Accounts receivable - insurance proceeds	\$ 37,572
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 109,821
Current Obligations		
4. Accrued Mortgage (or Bond) Interest Payable	\$	22,322
5. Delinquent Mortgage (or Bond) Principal Payments	\$	
6. Delinquent Deposits to Reserve for Replacements	\$	
7. Accounts Payable (due Within 30 days)	\$	59,337
8. Loans and Notes Payable (due Within 30 days)	\$	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$	
10. Accrued Expenses (not Escrowed)	\$	12,508
11. Prepaid Revenue	\$	9,110
12. Resident/Patient Deposits Held in Trust	\$	42,951
13. Other Current Obligations	\$	
(b) Less Total Current Obligations (Add Lines 4 Through 13)		\$ 146,228
(c) Surplus Cash (Deficiency) (Line (a) Minus Line (b))		\$ (36,407)
PART B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
1. Surplus Cash	\$	0
Limited Dividend Projects		
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	
2c. Distributions and Entity Expenses Paid During Fiscal Period Covered	\$	
3. Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	
4. Amount Available for Distribution During Next Fiscal Period	\$	
Mark to Market Projects		
5. Incentive Performance Fee Payable	\$	
6. Percentage Surplus Cash Split		
7. Surplus Cash Available for Second Mortgage Payments	\$	
8. Surplus Cash Available for Distribution	\$	
9. Deposit Due Residual Receipts	\$	

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS
JUNE 30, 2015**

Part A - Compute Surplus Cash		
1. Cash	\$	240,657
2. Accounts Receivable - HUD	\$	
3. Other	Accounts receivable - insurance proceeds	\$ 41,388
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 282,045
Current Obligations		
4. Accrued Mortgage (or Bond) Interest Payable	\$	22,698
5. Delinquent Mortgage (or Bond) Principal Payments	\$	
6. Delinquent Deposits to Reserve for Replacements	\$	
7. Accounts Payable (due Within 30 days)	\$	26,380
8. Loans and Notes Payable (due Within 30 days)	\$	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$	
10. Accrued Expenses (not Escrowed)	\$	41,957
11. Prepaid Revenue	\$	7,139
12. Resident/Patient Deposits Held in Trust	\$	38,214
13. Other Current Obligations	Insurance claim repairs	\$ 62,080
(b) Less Total Current Obligations (Add Lines 4 Through 13)		\$ 198,468
(c) Surplus Cash (Deficiency) (Line (a) Minus Line (b))		\$ 83,577
PART B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
1. Surplus Cash	\$	83,577
Limited Dividend Projects		
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	
2c. Distributions and Entity Expenses Paid During Fiscal Period Covered	\$	
3. Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	
4. Amount Available for Distribution During Next Fiscal Period	\$	
Mark to Market Projects		
5. Incentive Performance Fee Payable	\$	
6. Percentage Surplus Cash Split		
7. Surplus Cash Available for Second Mortgage Payments	\$	
8. Surplus Cash Available for Distribution	\$	
9. Deposit Due Residual Receipts	\$	

BALANCE SHEET DATA
SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number	
Southwood Investors, LLC		See cover page	
For Year Ending			
December 31, 2015			
ASSETS			
Acct No.	Description of Account		
1120	Cash - Operations		28,016
1121	Construction Cash Account		-
1125	Cash - Entity		17,417
1130	Tenant/Member Accounts Receivable (Coops)	15,288	
1131	Allowance for Doubtful Accounts	1,600	
1130N	Net Tenant Accounts Receivable		13,688
1135	Accounts Receivable - HUD		-
1137	Medicare/Medicaid/Other Insurance Receivable	-	
1138	Allowance for Doubtful Accounts (Medicare/Medicaid/Other Insurance Receivable)	-	
1137N	Net Medicare/Medicaid/Other Insurance Receivable		-
1140	Accounts and Notes Receivable - Operations		37,873
1145	Accounts and Notes Receivable - Entity		-
1160	Accounts Receivable - Interest		-
1165	Interest Reduction Payment Receivable		-
1170	Short Term Investments - Operations		-
1175	Short Term Investments - Entity		-
1180	Inventory		-
1190	Miscellaneous Current Assets		-
1200	Prepaid Expenses		48,980
1100T	Total Current Assets		145,974
1191	Tenant/Patient Deposits Held in Trust		44,233
1310	Escrow Deposits		83,702
1320	Replacement Reserve		555,158
1330	Other Reserves		13,987
1340	Residual Receipts Reserve		-
1355	Bond Reserves		-
1367	Sinking Fund		-
1381	Management Improvement and Operating Plan		-
1300T	Total Deposits		652,847
1410	Land		1,207,434
1420	Buildings		5,098,336
1440	Building Equipment (Portable)		2,493,632
1450	Furniture for Project/Tenant Use		-
1460	Furnishings		-
1465	Office Furniture and Equipment		-
1470	Maintenance Equipment		-
1480	Motor Vehicles		-
1490	Miscellaneous Fixed Assets		-
1400T	Total Fixed Assets		8,799,402
1495	Accumulated Depreciation		2,672,427
1400N	Net Fixed Assets		6,126,975
1510	Investments - Operations		-
1515	Investments - Entity		-
1520	Deferred Financing Costs		154,539
1590	Miscellaneous Other Assets		-
1500T	Total Other Assets		154,539
1000T	Total Assets		\$ 7,124,568

LIABILITIES			
2105	Bank Overdraft - Operations		-
2110	Accounts Payable - Operations		49,523
2111	Accounts Payable - Construction/Development		-
2112	Accounts Payable - Project Improvement Items		-
2113	Accounts Payable - Entity		-
2114	Incentive Performance Fee Payable		-
2115	Accounts Payable - 236 Excess Income due HUD		-
2116	Accounts Payable - Section 8 & Other		9,814
2120	Accrued Wages Payable		9,359
2121	Accrued Payroll Taxes Payable		-
2123	Accrued Management Fee Payable		3,149
2125	Accrued Lease Payments Payable		-
2130	Accrued Interest Payable - Section 236		-
2131	Accrued Interest Payable - First Mortgage (or Bonds)		22,322
2132	Accrued Interest Payable - Other Mortgages		-
2133	Accrued Interest Payable - Other Loans and Notes (Surplus Cash)		-
2134	Accrued Interest Payable - Other Loans and Notes		-
2135	Accrued Interest Payable - Flexible Subsidy Loan		-
2136	Accrued Interest Payable - Capital Improvements Loan		-
2137	Accrued Interest Payable - Operating Loss Loan		-
2139	Accrued Interest Payable - Capital Recovery Payment		-
2150	Accrued Property Taxes		-
2160	Notes Payable (Short-term)		-
2170	Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term)		117,867
2172	Other Mortgages Payable (Short Term)		-
2173	Other Loans and Notes Payable - Surplus Cash (Short Term)		-
2174	Other Loans and Notes (Short Term)		-
2175	Flexible Subsidy Loan Payable (Short Term)		-
2176	Capital Improvement Loan Payable (Short Term)		-
2177	Operating Loss Loan Payable (Short Term)		-
2179	Capital Recovery Payment Payable (Short Term)		-
2180	Utility Allowances		-
2190	Miscellaneous Current Liabilities		5,529
2210	Prepaid Revenue		9,110
2122T	Total Current Liabilities		226,673
2191	Tenant/Patient Deposits Held In Trust (Contra)		42,951
2305	Accounts Payable - Entity (Long Term)		-
2306	Accrued Lease Payments Payable - Long Term		-
2310	Notes Payable (Long-Term)		-
2311	Notes Payable - Surplus Cash		-
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)		6,595,450
2322	Other Mortgages Payable (Long Term)		-
2323	Other Loans and Notes Payable - Surplus Cash		-
2324	Other Loans and Notes Payable		-
2325	Flexible Subsidy Loan Payable		-
2326	Capital Improvement Loan Payable		-
2327	Operating Loss Loan Payable		-
2329	Capital Recovery Payment Payable		-
2330	Interest on Loans or Notes Payable (Long Term)		-
2331	Accrued Interest Other Mortgages Payable (Long Term)		-
2332	Accrued Interest Notes Payable (Surplus Cash) (Long Term)		-
2390	Miscellaneous Long Term Liabilities		-
2300T	Total Long Term Liabilities		6,595,450
2000T	Total Liabilities		\$ 6,865,074
EQUITY DATA - ENTITIES OTHER THAN CORPORATIONS			
3130	Total Equity		259,494
2033T	Total Liabilities and Equity		7,124,568
EQUITY DATA - CORPORATIONS			
3161	Common Stock (Corporations)		-
3162	Paid-In Surplus (Corporations)		-
3163	Retained Earnings (Corporations)		-
3164	Other Equity (Corporations)		-
3160	Total Equity (Corporations)		-
2036 T	Total Liabilities and Equity/Retained Earnings (Corporations)		\$ -

PROFIT AND LOSS DATA
SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number
Southwood Investors, LLC		See cover page
For Year Ending		
December 31, 2015		
Acct No.	Description of Account	
Rent Revenue		
5120	Rent Revenue - Gross Potential	633,178
5121	Tenant Assistance Payments	1,324,954
5140	Rent Revenue - Stores and Commercial	-
5170	Garage and Parking Spaces	-
5180	Flexible Subsidy Revenue	-
5190	Miscellaneous Rent Revenue	-
5191	Excess Rent	-
5192	Rent Revenue/Insurance	16,686
5193	Special Claims Revenue	-
5194	Retained Excess Income	-
5195	Lease Revenue (Nursing Home or Section 232 - B&C or AL)	-
5100T	Total Rent Revenue	1,974,818
Vacancies		
5220	Apartments	44,448
5240	Stores and Commercial	-
5250	Rental Concessions	79,813
5270	Garage and Parking Space	-
5290	Miscellaneous	-
5200T	Total Vacancies	124,261
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	1,850,557
5300 Revenue		
5300	Nursing Homes/ Assisted Living/Board & Care/Other Elderly Care/Coop/ and Other Revenues	-
Financial Revenue		
5410	Financial Revenue - Project Operation	54
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserve	267
5490	Revenue from Investments - Miscellaneous	-
5400T	Total Financial Revenue	321
Other Revenue		
5910	Laundry and Vending Revenue	-
5920	Tenant Charges	9,517
5945	Interest Reduction Payments Revenue	-
5990	Miscellaneous Revenue	42,131
5900T	Total Other Revenue	51,648
5000T	Total Revenue	1,902,526
Administrative Expenses		
6203	Conventions and Meetings	4,115
6204	Management Consultants	-
6210	Advertising and Marketing	1,398
6250	Other Renting Expenses	2,892
6310	Office Salaries	42,172
6311	Office Expenses	26,963
6312	Office or Model Apartment Rent	19,583
6320	Management Fee	91,634
6330	Manager or Superintendent Salaries	50,505
6331	Administrative Rent Free Unit	-
6340	Legal Expense - Project	10,648
6350	Audit Expense	5,597
6351	Bookkeeping Fees/Accounting Services	12,360
6370	Bad Debts	13,807
6390	Miscellaneous Administrative Expenses	6,150
6263T	Total Administrative Expenses	287,824
Utilities Expenses		
6420	Fuel Oil/Coal	-
6450	Electricity	18,734
6451	Water	101,646
6452	Gas	101,081
6453	Sewer	111,113
6400T	Total Utilities Expense	332,574

Operating & Maintenance Expenses		
6510	Payroll	111,693
6515	Supplies	51,930
6520	Contracts	162,214
6521	Operating and Maintenance Rent Free Unit	8,477
6525	Garbage and Trash Removal	23,005
6530	Security Payroll/Contract	19,122
6531	Security Rent Free Unit	-
6546	Heating/Cooling Repairs and Maintenance	14,964
6548	Snow Removal	-
6570	Vehicle and Maintenance Equipment Operation and Repairs	5,547
6580	Lease Expense	-
6590	Miscellaneous Operating and Maintenance Expenses	-
6500T	Total Operating and Maintenance Expense	396,952
Taxes & Insurance		
6710	Real Estate Taxes	92,512
6711	Payroll Taxes (Project's Share)	18,648
6720	Property & Liability Insurance (Hazard)	49,818
6721	Fidelity Bond Insurance	540
6722	Workmen's Compensation	9,960
6723	Health Insurance and Other Employee Benefits	28,007
6790	Miscellaneous Taxes, Licenses, Permits and Insurance	3,318
6700T	Total Taxes and Insurance	202,803
Financial Expenses		
6820	Interest on First Mortgage (or Bonds) Payable	269,948
6825	Interest on Other Mortgages	-
6830	Interest on Notes Payable (Long Term)	-
6840	Interest on Notes Payable (Short Term)	-
6845	Interest on Capital Recovery Payment	-
6850	Mortgage Insurance Premium/ Service Charge	33,904
6890	Miscellaneous Financial Expenses	68
6800T	Total Financial Expenses	303,920
6900 Expenses		
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	-
Operating Results		
6000T	Total Cost of Operations before Depreciation	1,524,073
5060T	Profit (Loss) before Depreciation	378,453
6600	Depreciation Expenses	551,424
6610	Amortization Expense	5,151
5060N	Operating Profit or (Loss)	(178,122)
Corporate or Mortgagor Revenue/Expenses		
7105	Entity Revenue	-
7110	Officer's Salaries	-
7115	Incentive Performance Fee	-
7120	Legal Expenses	-
7130	Federal, State, and Other Income Taxes	-
7141	Interest on Notes Payable	-
7142	Interest on Mortgage Payable	-
7190	Other Expenses	60,972
7100T	Net Entity Expenses	60,972
Profit or Loss		
3250	Profit or Loss (Net Income or Loss)	\$ (239,094)
Part II		
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	\$ 113,264
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	\$ 107,842
S1000-030	Replacement Reserves, or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	\$ -
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss statement.	\$ -

EQUITY DATA
 SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number	
Southwood Investors, LLC		See cover page	
For Year Ending			
December 31, 2015			
Acct No.	Description of Account		
Equity Data - Entities other than Corporations			
S1100-010	Beginning of Year Balance	850,291	
3250	Net Income or Loss	(239,094)	
S1200-420	Distributions	(351,703)	
S1200-430	Contributions	-	
S3100-030	Prior Period Adjustment	-	
S1100-020	Other Changes in Equity	-	
3130	End of Year - 3130		\$ 259,494
Equity Data - Corporations			
S1100-300	Beginning Balance - Common Stock (Corporations)	-	
S1100-310	Change in Common Stock (Corporations)	-	
3161	Common Stock (Corporations)		-
S1100-400	Beginning Balance - Paid-in Surplus (Corporations)	-	
S1100-410	Change in Paid-in Surplus (Corporations)	-	
3162	Paid-in Surplus (Corporations)		-
S1100-500	Beginning Balance - Retained Earnings (Corporations)	-	
S1100-510	Change in Retained Earnings (Corporations)	-	
3163	Retained Earnings (Corporations)		-
S1100-600	Beginning Balance - Other Equity (Corporations)	-	
S1100-610	Change in Other Equity (Corporations)	-	
3164	Other Equity (Corporations)		-
S1100-700	Beginning of Year Balance/Prior Year Total Equity (Corporations)	-	
S1100-710	Change in Total Equity (Corporations)	-	
3160	Total Equity (Corporations)		\$ -

CASH FLOW DATA
 SUPPLEMENTAL INFORMATION

Organization Name		FHA/Contract Number
Southwood Investors, LLC		See cover page
For Year Ending		
December 31, 2015		
Acct No.	Description of Account	
Cash Flow from Operating Activities		
S1200-010	Rental Receipts	1,781,112
S1200-020	Interest Receipts	321
S1200-030	Other Operating Receipts	9,959
S1200-035	Entity/Construction Receipts	-
S1200-040	Total Receipts	1,791,392
S1200-050	Administrative	(72,591)
S1200-070	Management Fee	(88,949)
S1200-090	Utilities	(344,311)
S1200-100	Salaries and Wages	(203,282)
S1200-110	Operating and Maintenance	(286,721)
S1200-115	Lease Payments	-
S1200-120	Real Estate Taxes	(92,512)
S1200-140	Property Insurance	(51,055)
S1200-150	Miscellaneous Taxes and Insurance	(60,043)
S1200-160	Tenant Security Deposits	566
S1200-170	Other Operating Expenses	-
S1200-180	Interest on Mortgages	(270,324)
S1200-181	Interest Payments - Second Mortgage	-
S1200-182	Interest Payments - Third Mortgage	-
S1200-190	Interest on Notes Payable	-
S1200-195	Interest on Capital Recovery Payment	-
S1200-210	Mortgage Insurance Premium (MIP)	(33,781)
S1200-220	Miscellaneous Financial	(68)
S1200-223	Entity - Incentive Performance Fee	-
S1200-225	Entity/Construction Disbursements	(31,359)
S1200-230	Total Disbursements	(1,534,430)
S1200-240	Net Cash Provided by (Used in) Operating Activities	256,962
Cash Flow from Investing Activities		
S1200-245	Net Deposits to the Mortgage Escrow Account	8,288
S1200-250	Net Deposits to the Reserve for Replacement Account	(77,236)
S1200-255	Net Deposits to Other Reserves	-
S1200-260	Net Deposits to the Residual Receipts Account	-
S1200-300	Net Deposits to the Management Improvement and Operating Plan Account	-
S1200-310	Net Deposits to the Long Term Investment Account	-
S1200-330	Net Purchase of Fixed Assets	(574,211)
S1200-340	Other Investing Activities	41,388
S1200-345	Entity/Construction Investing Activities	-
S1200-350	Net Cash Provided by (Used in) Investing Activities	(601,771)

Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage (or Bonds)	(113,264)
S1200-361	Principal Payments - Second Mortgage	-
S1200-362	Principal Payments - Third Mortgage	-
S1200-365	Proceeds from Mortgages, Loans or Notes Payable	-
S1200-370	Principal Payments on Loans or Notes Payable	-
S1200-385	Proceeds from Flexible Subsidy Loans	-
S1200-390	Flexible Subsidy Loan Principal Payments	-
S1200-395	Proceeds from Capital Improvement Loans	-
S1200-400	Principal Payments on Capital Improvement Loan Payable	-
S1200-405	Proceeds from Operating Loss Loans	-
S1200-410	Principal Payments on Operating Loss Loan Payable	-
S1200-413	Proceeds from Capital Recovery Payment	-
S1200-417	Principal Payments on Capital Recovery Payment	-
S1200-420	Distributions	(351,703)
S1200-430	Contributions	-
S1200-450	Other Financing Activities	-
S1200-455	Entity/Construction Financing Activities	(28,704)
S1200-460	Net Cash Provided by (Used in) Financing Activities	(493,671)
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	(838,480)
Cash and Cash Equivalents		
S1200-480	Beginning of Period Cash	883,913
S1200T	End of Period Cash	\$ 45,433
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
3250	Profit or Loss (Net Income or Loss)	(239,094)
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
6600	Depreciation Expenses	551,424
6610	Amortization Expense	5,151
S1200-490	Decrease (Increase) in Tenant/Member Accounts Receivable	(7,859)
S1200-500	Decrease (Increase) in Accounts Receivable - Other	(16,987)
S1200-510	Decrease (Increase) in Accrued Receivable	-
S1200-520	Decrease (Increase) in Prepaid Expenses	(1,376)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	(5,558)
S1200-535	Decrease (Increase) in Entity/Construction Asset Accounts	-
S1200-540	Increase (Decrease) in Accounts Payable	(31,057)
S1200-550	Increase (Decrease) in Accounts Payable - HUD Excess Rents	-
S1200-560	Increase (Decrease) in Accrued Liabilities	5,623
S1200-570	Increase (Decrease) in Accrued Interest Payable	(376)
S1200-580	Increase (Decrease) in Tenant Security Deposits held in trust	6,124
S1200-590	Increase (Decrease) in Prepaid Revenue	2,722
S1200-600	Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities	(11,726)
S1200-605	Increase (Decrease) in Entity/Construction Liability accounts	(49)
Net Cash Provided by (Used in) Operating Activities		
S1200-610	Net Cash Provided by (Used in) Operating Activities	\$ 256,962
S1200-620	Comments	
	Cash flow from investing activities related to the purchase of PP&E for the year ended 12/31/15 excludes \$2,899, which is included in AP - operations at 12/31/15 and includes \$2,252, which was included in AP-operations at 12/31/14, respectively.	

DETAIL OF ACCOUNTS
SUPPLEMENTAL INFORMATION

Organization Name Southwood Investors, LLC		FHA/Contract Number See cover page
For Year Ending December 31, 2015		
Acct No.	Detail Description	
Balance Sheet Data		
1140	Accounts and Notes Receivable - Operations	
	Capital Advance Receivable	-
	Commercial Rents Receivable	-
	Grant Receivable	-
	Insurance Refund	-
	Insurance Settlement	37,572
	Inter-company Receivable	-
	Laundry Revenue Receivable	-
	Leasee Receivable	-
	Management Fee Overpayment Receivable	-
	Mortgage Insurance Premium Refund	-
	Mortgage Proceeds Receivable	-
	Other Tenant Receivables	301
	Overpaid/Prepaid Distributions	-
	Partner/Officer/Sponsor Receivable	-
	Property Tax Refund	-
	Receivable from Other Project or Business	-
	Related Party Receivable	-
	Sales Tax Refund	-
	Reserve Withdrawals Receivable	-
	Service Coordinator Receivable	-
	Syndication Proceeds Receivable	-
	Vendor Rebate	-
	Vendor Refund	-
	Other (Must Detail)	-
1140	Total Accounts and Notes Receivable - Operations	37,873
1145	Accounts and Notes Receivable - Entity	
	Asset Management Fee Receivable	-
	Capital Contributions Receivable	-
	Income Taxes Receivable	-
	Entity Interest Receivable	-
	Leasee Receivable	-
	Partner/Officer/Sponsor Receivable	-
	Related Party Receivable	-
	Syndication Proceeds Receivable	-
	Other (must detail)	-
1145	Total Accounts and Notes Receivable - Entity	-
1190	Miscellaneous Current Assets	
	Payroll Deposit	-
	Utility Deposit	-
	Other (Must Detail)	-
1190	Total Miscellaneous Current Assets	-

1590	Miscellaneous Other Assets		
	Construction in Progress	-	
	Notes Receivable Related Parties	-	
	Offering Costs	-	
	Utility Deposits	-	
	Other (Must Detail)	-	
1590	Total Miscellaneous Other Assets		-
2132	Accrued Interest Payable - Other Mortgages		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2132	Total Accrued Interest Payable - Other Mortgages		-
2172	Other Mortgages Payable (Short Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2172	Total Other Mortgages Payable (Short Term)		-
2190	Miscellaneous Current Liabilities		
	Accounts payable - unreported resident income due to HUD	5,034	
	Unclaimed Funds	495	
		-	
2190	Total Miscellaneous Current Liabilities		5,529
2322	Other Mortgages Payable (Long Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2322	Total Other Mortgages Payable (Long Term)		-
2331	Accrued interest Other Mortgages Payable (Long Term)		
	First Mortgage	-	
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2331	Total Accrued interest Other Mortgages Payable (Long Term)		-
2390	Miscellaneous Long-term Liabilities		
		-	
		-	
		-	
2390	Total Miscellaneous Long-term Liabilities		-
Profit and Loss Data			
5190	Miscellaneous Rent Revenue		
		-	
		-	
		-	
5190	Total Miscellaneous Rent Revenue		-
5290	Miscellaneous		
		-	
		-	
		-	
5290	Total Miscellaneous		-

5490	Revenue from Investments - Miscellaneous		
		-	
		-	
		-	
5490	Total Revenue from Investments - Miscellaneous		-
5990	Miscellaneous Revenue		
	Gain on involuntary conversion	41,388	
	EIV management fees	438	
	Miscellaneous income	305	
		-	
5990	Total Miscellaneous Revenue		42,131
6390	Miscellaneous Administrative Expenses		
		-	
		-	
		-	
6390	Total Miscellaneous Administrative Expenses		-
6590	Miscellaneous Operating and Maintenance Expenses		
		-	
		-	
		-	
6590	Total Miscellaneous Operating and Maintenance Expenses		-
6790	Miscellaneous Taxes, Licenses, Permits and Insurance		
		-	
		-	
		-	
6790	Total Miscellaneous Taxes, Licenses, Permits and Insurance		-
6890	Miscellaneous Financial Expenses		
		-	
		-	
		-	
6890	Total Miscellaneous Financial Expenses		-
7190	Other Expenses		
	Asset management fee	29,890	
	Entity expenses	1,420	
	Forgiveness of related party debt	29,662	
		-	
7190	Total Other Expenses		60,972
Equity Data			
S1100-020	Other Changes in Equity		
		-	
		-	
		-	
S1100-020	Total Other Changes in Equity		-
Cash Flow Data			
S1200-035	Entity/Construction Receipts		
		-	
		-	
		-	
S1200-035	Total Entity/Construction Receipts		-

S1200-225	Entity/Construction Disbursements		
	Asset management fee	(29,890)	
	Entity expenses	(1,469)	
		-	
		-	
S1200-225	Total Entity/Construction Disbursements		(31,359)
S1200-340	Other Investing Activities		
	Insurance proceeds received	41,388	
		-	
		-	
		-	
S1200-340	Total Other Investing Activities		41,388
S1200-345	Entity/Construction Investing Activities		
		-	
		-	
		-	
		-	
S1200-345	Total Entity/Construction Investing Activities		-
S1200-450	Other Financing Activities		
		-	
		-	
		-	
		-	
S1200-450	Total Other Financing Activities		-
S1200-455	Entity/Construction Financing Activities		
	Advanced to related parties	(29,652)	
	Repayment from Southwood Investors Manager, LLC	948	
		-	
		-	
S1200-455	Total Entity/Construction Financing Activities		(28,704)
S1200-535	Decrease (increase) in Entity/ Construction Asset accounts		
		-	
		-	
		-	
		-	
S1200-535	Total Decrease (increase) in Entity/ Construction Asset accounts		-
S1200-600	Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
	Forgiveness of related party debt	29,662	
	Gain on involuntary conversion	(41,388)	
		-	
		-	
S1200-600	Total Other Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		(11,726)
S1200-605	Increase (decrease) in Entity/Construction Liability accounts		
	Entity expenses	(49)	
		-	
		-	
		-	
S1200-605	Total Increase (decrease) in Entity/Construction Liability accounts		(49)

SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)

SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2015

	ASSETS			Balance 12/31/2015	
	Balance 1/1/2015	Additions	Deletions		
Land	\$ 1,207,434	\$ -	\$ -	\$ 1,207,434	
Building and improvements	4,543,148	555,188 (1)	-	5,098,336	
Building equipment - portable	2,473,962	19,670 (2)	-	2,493,632	
	\$ 8,224,544	\$ 574,858	\$ -	\$ 8,799,402	
	ACCUMULATED DEPRECIATION				Net Book Value
	Balance 1/1/2015	Current Provisions	Deletions	Balance 12/31/2015	12/31/2015
Accumulated Depreciation	\$ 2,121,003	\$ 551,424	\$ -	\$ 2,672,427	\$ 6,126,975

Additions

(1) Building improvements, flooring, plumbing, water heaters

(2) Appliances



Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwood Investors, LLC, which comprise the balance sheet as of December 31, 2015, and the related statements of profit and (loss), changes in Members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwood Investors, LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwood Investors, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwood Investors, LLC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

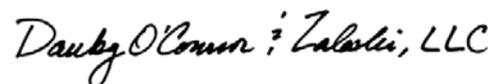
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwood Investors, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwood Investors, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwood Investors, LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 29, 2016
Carmel, Indiana



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants



Dauby O'Connor & Zaleski, LLC

A Limited Liability Company

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *CONSOLIDATED
AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS***

To the Members of
Southwood Investors, LLC
(A Delaware Limited Liability Company)

Report on Compliance for Each Major HUD Program

We have audited Southwood Investors, LLC's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on each of Southwood Investors, LLC's major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2015. Southwood Investors, LLC's major HUD programs are as follows: Section 207 pursuant to Section 223(f) of the National Housing Act accompanied with a Section 8 Housing Assistance Payments Contract.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its HUD programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southwood Investors, LLC's major HUD programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Southwood Investors, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. However, our audit does not provide a legal determination of Southwood Investors, LLC's compliance.

Opinion on Each Major HUD Program

In our opinion, Southwood Investors, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Southwood Investors, LLC is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwood Investors, LLC's internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwood Investors, LLC's internal control over compliance.

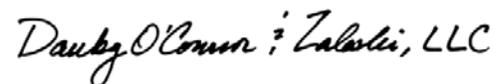
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Restricted Use

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

March 29, 2016
Carmel, Indiana



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Our audit disclosed no findings or questioned costs that are required to be reported.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2015**

Name of auditee: Southwood Investors, LLC

HUD auditee identification number: 061-11208

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Year ended December 31, 2015

CAP prepared by

Name: Tom McGinty

Position: Chief Financial Officer

Telephone number: (216) 472-1870

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
YEAR ENDED DECEMBER 31, 2015**

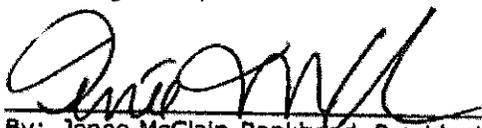
There were no open findings or questioned costs from the prior audit report.

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**MANAGEMENT AGENT CERTIFICATION
YEAR ENDED DECEMBER 31, 2015**

I hereby certify that I have examined the accompanying financial statements and supplemental data of Southwood Investors, LLC and, to the best of my knowledge and belief, the same are accurate and complete.

PK Management, LLC



By: Jenee McClain-Bankhead, President

26-1291107

Managing Agent Tax I.D. Number

**SOUTHWOOD INVESTORS, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)**

**CERTIFICATION OF MEMBERS
YEAR ENDED DECEMBER 31, 2015**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Southwood Investors, LLC and, to the best of our knowledge and belief, the same are complete and accurate.


(Signature of Manager)

Gregory Perlman, Manager (Southwood Investors Manager, LLC)
(Print Name of Manager)


(Signature of Member)

Gregory Perlman, Member (GJP Investors, LLC)
(Print Name of Member)

27-2935012
Tax I.D. Number

Addendum C – Letter of Authorization