



BBG

AN APPRAISAL REPORT OF

OAKS OF HITCHCOCK APARTMENTS
AN EXISTING 160-UNIT
MULTIFAMILY RENTAL COMMUNITY
7440 HIGHWAY 6
HITCHCOCK, GALVESTON COUNTY,
TX 77563

FOR

MS. RETTA SMITH
ANALYST
HUNT MORTGAGE PARTNERS, LLC
2525 MCKINNON STREET, SUITE 300
DALLAS, TX 75201

AND

FREDDIE MAC
8100 JONES BRAND DRIVE
MCLEAN, VA 22102

DATE OF VALUATION, AS IS, ENCUMBERED: MARCH 28, 2017
DATE OF VALUATION, HYPOTHETICAL AS IS, UNENCUMBERED:
MARCH 28, 2017
DATE OF REPORT: APRIL 12, 2017

BY

BBG, INC.
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FOR QUESTIONS OR MORE INFORMATION ABOUT THIS
REPORT,
PLEASE CONTACT YOUR BBG CLIENT MANAGER,
MR. JOEL LEITNER MAI, CRE AT 212-682-0400
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April 12, 2017

Ms. Retta Smith
Analyst
Hunt Mortgage Partners, LLC
2525 McKinnon Street, Suite 300
Dallas, TX 75201

**Re: BBG File No. 0117002222
Oaks of Hitchcock Apartments
An Existing 160-Unit Multifamily Rental Community
7440 Highway 6
Hitchcock, Galveston County, TX 77563**

Dear Ms. Smith:

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report.

The report is intended for use only by Hunt Mortgage Partners, LLC, Freddie Mac, and their successors and/or assigns. The use by others is not intended by BBG, Inc.. Furthermore, the report is intended only for use in collateral valuation for a proposed secured credit transaction, and is not intended for any other use. The intent of the report is conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

In addition, the report has been prepared to meet any further appraisal reporting requirements of Hunt Mortgage Partners, LLC, and Freddie Mac, as well as Title XI, 12 CFR Part 323 (FDIC) of FIRREA, OCC, and FIL-82-2010 Interagency Guidance Appraisal and Evaluation guidelines.

"This report is for the use and benefit of, and may be relied upon by,

- a) the Seller/Service, Freddie Mac and any successors and assigns ("Lender");
- b) independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;

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- c) governmental agencies having regulatory authority over Lender;
- d) designated persons pursuant to an order or legal process of any court or governmental agency;
- e) prospective purchasers of the Mortgage; and
- f) with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report, the following parties and their respective successors and assigns:
 - any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;
 - any initial purchaser or subsequent holder of such debt and/or securities;
 - any Servicer or other agent acting on behalf of the holders of such debt and/or securities;
 - any indenture trustee;
 - any rating agency; and
 - any institutional provider from time to time of any liquidity facility or credit support for such financings

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.”

The subject was completed in 2001, and includes a Housing Tax Credit (HTC) multifamily rental community consisting of 160 dwelling units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs on a 13.52-acre tract of land. The subject is located on the north side of SH 6, west of Wayne Johnson Ave., and east of E. Bayou Dr., in the city of Hitchcock, Galveston County, Texas. Per the rent roll dated March 1, 2017, the subject has a total net rentable area (NRA) of 139,888 SF and is 96% occupied with an average encumbered rental rate of \$671 per unit, or \$0.77 per square foot, per month.

The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject’s units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016.

The subject is being sold as a portfolio including its sister property Bent Oaks, which is adjacent to the subject. Per communication from the purchaser, the subject is reportedly under contract from Oaks of Hitchcock Apartments, L.P. to a TBD buyer consisting of MacDonald and Associates, Inc., and Lone Star Investors LLC., for an allocated consideration of \$6,000,000, or \$37,500 per unit. We were not provided with an executed contract to confirm this price; however, have taken this into consideration within our analysis

herein. Purchaser further stated that as of March 2017, the subject's Qualified Contract period has been completed, and the pre-application for this process has been submitted to TDHCA for review.

In view of the facts and data in conjunction with the appraisal, it is our opinion that the Hypothetical "as is, unencumbered" Market Value of the Leased Fee interest in the property as of March 28, 2017, subject to the general and extraordinary underlying assumptions and limiting conditions, was:

\$13,900,000

In view of the facts and data in conjunction with the appraisal, it is our opinion that the "as is, encumbered" Market Value of the Leased Fee interest in the property as of March 28, 2017, subject to the general and extraordinary underlying assumptions and limiting conditions, was:

\$6,600,000

Extraordinary Assumptions

The encumbered value opinion concluded herein is predicated on the assumption of the following. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject's units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016. The projected income is based upon the subject's current operations (and LURA), with expenses based on historical figures, and utilizing a higher capitalization rate (compared to the unencumbered capitalization rate), to account for any risk associated with tax adjustments post close.

Should these restrictions change, or the allocation of the affordable unit mix change, then the encumbered value conclusion set forth herein will warrant reconsideration.

Hypothetical Condition

- As of the effective date of this appraisal, the subject site is improved with a Housing Tax Credit (HTC) multifamily rental community comprised of 160 dwelling units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs and is encumbered by a Land Use Restriction Agreement limiting development of the land to such. We have projected the unencumbered income utilizing revenue projections that are supported by comparables within the immediate market, and adjusted expenses based on unrestricted expense comparables. The market value opinion for the Leased Fee interest in the property "as is unencumbered" is predicated under the hypothetical condition that the subject site is not restricted to an affordable multifamily community.

Exposure Time/Marketing Period

- Based on exposure times of comparable sales and interviews with active participants in the local apartment market, the Market Value opinion could be achieved with an exposure time of less than 12 months. Furthermore, it is our opinion that a sale could be consummated at the Market Value opinion stated herein within a 12-month marketing period of the effective date.

This letter must remain attached to the report, which contains 97 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Respectfully submitted,
BBG, Inc.



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TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS	1
SUBJECT AT A GLANCE.....	6
CERTIFICATION	7
INTRODUCTION	9
ASSUMPTIONS AND LIMITING CONDITIONS.....	13
HOUSTON MSA ANALYSIS.....	16
MULTIFAMILY MARKET OVERVIEW	20
MARKET AREA ANALYSIS	31
SITE ANALYSIS.....	35
ZONING ANALYSIS.....	40
IMPROVEMENT ANALYSIS.....	41
HIGHEST AND BEST USE ANALYSIS	46
REAL ESTATE TAX ANALYSIS.....	48
APPRAISAL PROCESS.....	51
SALES COMPARISON APPROACH.....	53
INCOME CAPITALIZATION APPROACH	60
INSURABLE VALUE.....	77
RECONCILIATION & FINAL VALUE CONCLUSIONS	79
LIHTC OVERVIEW	82
EXHIBITS	97

SUMMARY OF SALIENT FACTS

Property	Oaks of Hitchcock Apartments An Existing 160-Unit Multifamily Rental Community 7440 Highway 6 Hitchcock, Galveston County, TX 77563
Date of Inspection	March 28, 2017
Date of Valuation	
As is, unencumbered	March 28, 2017
As is, encumbered	March 28, 2017
Date of Report	April 12, 2017
Interest Appraised	Leased Fee, subject to existing leases, easement and agreements

Physical Data

Land Area	13.52 acres or 588,801 SF
Floodplain	Zone B and A, Panel No. 485479 0005 D
Utilities	All available
Year of Construction	2001
No. Units	160
Gross Building Area (GBA)	183,532 SF (Includes 39,832 SF of garages, and 3,812 SF within the clubhouse/leasing office.)
Net Rentable Area (NRA)	139,888 SF
Average Unit Size	874 SF
Density	11.8 Units/Acre
Type of Construction	...features two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs
Building Class	A/B+
Project Amenities	...includes a one-story clubhouse/leasing office, picnic/playground, detached garages, gated access, and swimming pool.
Unit Amenities	...includes standard appliances, built-in microwave, laundry connections, 9-ft ceilings, ceiling fans, patio/balcony, and energy efficient package.
Zoning Classification	HR,
Status	legal, conforming use

Highest and Best Use

“As if Vacant”

Affordable multifamily development

“As Improved”

Continued utilization of the existing improvements as a multifamily rental community until their economic life is realized.

Income & Expense Data – “As Is, Unencumbered”

OAKS OF HITCHCOCK APARTMENTS			
Proforma Operating Statement, Unencumbered			
Item	Pro Forma		
		per Unit	per SF
INCOME			
Total Gross Potential Income	1,776,000	11,100	12.70
Less: Vacancy & Coll. Loss (7%)	(124,320)	(777)	(0.89)
Effective Gross Income	1,651,680	10,323	11.81
Ancillary Income (Net of Vac. Loss)	112,000	700	0.80
Total Effective Gross Income	1,763,680	11,023	12.61
EXPENSES			
Fixed Expenses			
Real Estate Taxes	147,619	923	1.06
Other Taxes & Assessments	5,838	36	0.04
Insurance	118,905	743	0.85
Total Fixed Expenses	272,361	1,702	1.95
Operating Expenses			
Electricity	19,200	120	0.14
Water/Sewer	162,400	1,015	1.16
Trash removal	12,800	80	0.09
Pest Control	8,000	50	0.06
Building maint. & repairs	88,000	550	0.63
Gardening	28,800	180	0.21
Nonresident Management (3.0%)	52,910	331	0.38
Payroll	119,200	745	0.85
Payroll taxes & benefits	36,800	230	0.26
Advertising	25,600	160	0.18
Security	800	5	0.01
Administrative	28,800	180	0.21
Telephone	11,200	70	0.08
Professional	16,800	105	0.12
Total Operating Expenses	611,310	3,821	4.37
Total Expenses	883,671	5,523	6.32
Replacement Reserves (\$300/unit)	48,000	300	0.34
Total Expenses & Reserves	(931,671)	(5,823)	(6.66)
NET OPERATING INCOME	832,009	5,200	5.95

Overall Capitalization Rate

6.00%

Hypothetical Market Value, “As Is, Unencumbered” Value Indications

Sales Comparison Approach	\$14,000,000
Income Capitalization Approach	\$13,900,000

Cost Approach Not Utilized

Market Value Opinion \$13,900,000

Units of Comparison

Value/Unit \$86,875

Value/SF (NRA) \$99.37

EGIM 7.88 (x)

R_o 5.99%

Exposure Time 12 months

Marketing Period 12 months

Income & Expense Data – “As Is, Encumbered”

OAKS OF HITCHCOCK APARTMENTS Reconstructed Operating Statement, Encumbered			
Item	Pro Forma		
		per Unit	per SF
INCOME			
Total Gross Potential Income	1,280,640	8,004	9.15
Less: Vacancy & Coll. Loss (5%)	(64,032)	(400)	(0.46)
Effective Gross Income	1,216,608	7,604	8.70
Ancillary Income	112,000	700	0.80
Total Effective Gross Income	1,328,608	8,304	9.50
EXPENSES			
Fixed Expenses			
Real Estate Taxes	87,956	550	0.63
Other Taxes & Assessments	4,398	27	0.03
Insurance	118,905	743	0.85
Total Fixed Expenses	211,259	1,320	1.51
Operating Expenses			
Electricity	19,200	120	0.14
Water/Sewer	162,400	1,015	1.16
Trash removal	12,800	80	0.09
Pest Control	8,000	50	0.06
Building maint. & repairs	88,000	550	0.63
Gardening	28,800	180	0.21
Nonresident Management (4.0%)	53,144	332	0.38
Payroll	119,200	745	0.85
Payroll taxes & benefits	36,800	230	0.26
Advertising	23,200	145	0.17
Security	800	5	0.01
Administrative	39,200	245	0.28
Telephone	11,200	70	0.08
Professional	24,000	150	0.17
Total Operating Expenses	626,744	3,917	4.48
Total Expenses	838,003	5,238	5.99
Replacement Reserves (\$300/unit)	48,000	300	0.34
Total Expenses & Reserves	(886,003)	(5,538)	(6.33)
NET OPERATING INCOME	442,605	2,766	3.16

Overall Capitalization Rate 6.75%

Market Value, “As Is, Encumbered” Value Indications

Income Capitalization Approach \$6,600,000

Market Value Opinion \$6,600,000

Units of Comparison

Value/Unit \$41,250

Value/SF (NRA)	\$47.18
EGIM	4.97 (x)
R _o	6.71%
Exposure Time	12 months
Marketing Period	12 months

Extraordinary Assumptions

- The encumbered value opinion concluded herein is predicated on the assumption of the following. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject’s units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016. The projected income is based upon the subject’s current operations (and LURA), with expenses based on historical figures, and utilizing a higher capitalization rate (compared to the unencumbered capitalization rate), to account for any risk associated with tax adjustments post close.
- Should these restrictions change, or the allocation of the affordable unit mix change, then the encumbered value conclusion set forth herein will warrant reconsideration.

Hypothetical Condition

- As of the effective date of this appraisal, the subject site is improved with a Housing Tax Credit (HTC) multifamily rental community comprised of 160 dwelling units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs and is encumbered by a Land Use Restriction Agreement limiting development of the land to such. We have projected the unencumbered income utilizing revenue projections that are supported by comparables within the immediate market, and adjusted expenses based on unrestricted expense comparables. The market value opinion for the Leased Fee interest in the property “as is unencumbered” is predicated under the hypothetical condition that the subject site is not restricted to an affordable multifamily community.

SUBJECT AT A GLANCE



Subject Photo



Subject Photo

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 is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and 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. The racial/ethnic composition of the neighborhood surrounding the property in no way affected the appraisal determination.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Tanner J. Etheredge inspected the interior and exterior of the property on December 20, 2016. A thorough inspection of the property was made along with the general and immediate market areas. The inspection included all vacant units along with the common areas and building exteriors. Tanner J. Etheredge completed an exterior inspection on March 28, 2017. Christopher S. Roach, MAI, ASA, CCIM did not inspect the subject of this appraisal but has reviewed the analysis and opinions contained herein, and agrees with the analysis. Joel Leitner MAI, CRE did not inspect the subject of this appraisal, but has also reviewed the analysis and opinions contained herein, and agrees with the analysis. Tucker D. Etheredge, an employee of BBG, Inc., provided research assistance to the undersigned.
- Tanner J. Etheredge has performed appraisal services on the subject property in October 2016, and December 2016 regarding the property that is the subject of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report has also been prepared to comply with the minimum appraisal standards cited in Section 323 (FDIC) of Title XI of FIRREA, and the December 2010 Interagency Appraisal and Evaluation Guidelines, and our understanding of Hunt Mortgage Partners, LLC, appraisal reporting requirements.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We are under contract for this specific assignment and have no other side deals, agreements, or financial considerations with Hunt Mortgage Partners, LLC in connections with this transaction.

As of the date of this report, Christopher S. Roach, MAI, ASA, CCIM has completed the continuing education requirements for Designated Members for the Appraisal Institute. Christopher S. Roach, MAI, ASA, CCIM and Tanner J. Etheredge have completed the appraiser licensing requirements of the state in which the property is located.



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Property Appraised

Oaks of Hitchcock Apartments
An Existing 160-Unit Multifamily Rental Community
7440 Highway 6
Hitchcock, Galveston County, TX 77563

Legal Description

Per the provided LURA, the subject is legally described as "Being 13.517 acres of land situated in the W.H. Jack League, Abstract No. 13, Galveston County, Texas and being a portion of that certain called 20.00 acre tract of land as conveyed to W.T. Reitmeyer, as recorded in Volume 653, Page 4411 of the Deed Records of Galveston County, Texas, dated January 5, 1945.

Marketability of Subject

Advantages

- Qualified contract eligibility expired in 2016.
- Strong occupancy among affordable communities.
- All units are currently being marketed at 50% AMI, when restrictions only require 60% AMI. (This has been considered within our cap rate analysis.)

Challenges

- The area median household income levels result in rents that do not support conventional, market rate financing.

Type of Value, Intended Use & Users

The type and definition of value sought in appraisal of the subject was:

- Hypothetical Market Value opinion for the Leased Fee interest in the property "as is, unencumbered" as of March 28, 2017, subject to the general underlying assumptions and limiting and hypothetical conditions;
- Market Value opinion for the Leased Fee interest in the property "as is, encumbered" as of March 28, 2017, subject to the general underlying and extraordinary assumptions and limiting conditions.

This report is intended for use in internal decision making by Hunt Mortgage Partners, LLC, Freddie Mac, and their successors and/or assigns. The use by others is not intended by BBG, Inc.. Furthermore, the report is intended only for use in collateral valuation for a proposed secured credit transaction, and is not intended for any other use. The intent of the report is conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. In addition, the report has been prepared to meet any further appraisal reporting requirements of Hunt Mortgage Partners, LLC, and Freddie Mac, as well as Title XI, 12 CFR Part 323 (FDIC) of FIRREA, OCC, and FIL-82-2010 Interagency Guidance Appraisal and Evaluation guidelines.

Property Rights Appraised

Leased Fee, subject to existing leases, easement and agreements; noteworthy, however, is that due to the short-term nature of multifamily leases, Fee Simple and Leased Fee interests are essentially synonymous.

Definition of Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

History of the Subject Property

According to the Galveston County Appraisal District, ownership of the subject is currently vested in Oaks of Hitchcock Apartments, L.P., which developed the subject improvements in 2001. Per communication from the purchaser, the subject is reportedly under contract negotiations from Oaks of Hitchcock Apartments, L.P. to a TBD buyer consisting of MacDonald and Associates, Inc., and Lone Star Investors, LLC., for an allocated consideration of \$6,000,000, or \$37,500 per unit. The subject was not marketed, and is being sold as a portfolio including its sister property Bent Oaks, which is adjacent to the subject. Total portfolio pricing is \$9,600,000, or \$41,379 per unit. The subject's allocated purchase price equals an in-place cap rate of 4.94% based on the subject's YE 2016 effective gross income, and expenses, adjusted for taxes assessed at the 2016 assessment, utilizing the 2016 millage rates, and a reserve figure of \$300/unit.

We were not provided with an executed contract to confirm this price; however, have taken this into consideration within our analysis herein. Purchaser further stated that as of March 2017, the subject's Qualified Contract period has been completed, and the pre-application for this process has been submitted to TDHCA for review.

^[1] (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Based on the individual analysis and opinions herein for the subject, the contract price appears to be at a discount to current pricing for both income restricted communities, as well as similar market rate properties in the greater Houston MSA. Furthermore, the contract price is below replacement value, and is considered to be a favorable basis for the Purchaser.

The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject's units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016.

We are unaware of any other sale transactions involving the subject within the three-year period immediately preceding the effective date of appraisal, nor are we aware of any other listing agreements, purchase offers, and/or option contracts to be outstanding on the property as of the date of this report. Please note, however, that this information is included only to satisfy the requirements of USPAP. It is not intended as a guarantee to the chain of title, and a title search should be performed by a title company should a definitive abstract be desired.

Scope of Appraisal

Following is a summary of steps completed by the appraisers in this assignment.

1. Tanner J. Etheredge inspected the interior and exterior of the property on December 20, 2016. A thorough inspection of the property was made along with the general and immediate market areas, and specific information relative to the property was obtained from the onsite manager. The inspection included all vacant units along with the common areas and building exteriors. Additionally, Tanner J. Etheredge completed an exterior inspection on March 28, 2017.
2. Gathered information from various secondary data sources regarding regional and local economic and demographic data specifically relating to the region, city and market areas.
3. Analyzed trends in the multifamily market utilizing data through confirmation of the comparable rents and sales. Numerous multifamily brokers and developers active in this market were also interviewed relative to new construction and communities in the planning stages.
4. Reviewed a tax plat involving the subject and researched its flood plain status relative to the same. Interviewed personnel at the City of Hitchcock relative to the subject's zoning and development restrictions.
5. Analyzed the highest and best use of the land as if vacant and the property as improved. Supply, demand and absorption potential, as well as construction costs and required yields, were analyzed relative to the subject market and specifically the subject property. Alternative uses were also analyzed relative to their financial feasibility.
6. Confirmed sales of comparable multifamily communities within the greater Hitchcock area. The specific units of comparison analyzed were Sales Price/Unit, and Sales Price/SF, on an "as is, unencumbered" basis.
7. Researched and analyzed market rate comparable rentals in the subject's immediate market area by interviewing the leasing agents at each respective property. These data, and the subject's existing lease encumbrances, were utilized to form market rent opinions on an "as is, encumbered" basis. Projected operating expenses applicable to the lease structure of the subject utilizing its historical operations, as well as Expense Comparables and IREM, on a "as is, encumbered" basis. A

Reconstructed Operating Statement was prepared with the rent and expense conclusions, on an “as is, encumbered” basis. Capitalized the encumbered NOI to reconcile a value conclusion “as is, encumbered”. Furthermore, the subject’s projected “as is, unencumbered” rental rate conclusions were reconciled, and compared to market rent comparables, within the immediate market. Projected operating expenses applicable to an unencumbered community were based on the historical operations, and adjusted for market rate expenses, and compared to unencumbered Expense Comparables and IREM. A Proforma Operating Statement was prepared with the rent and expense conclusions, on an “as is, unencumbered” basis. Capitalized the unencumbered NOI to reconcile a value conclusion “as is, unencumbered”.

8. Analyzed Marshall Valuation Service and reconciled an Insurable Value.
9. Reconciled the results of Sales Comparison and Income Capitalization approaches into a Hypothetical “as is, unencumbered” value opinion for the property.
10. Researched and analyzed affordable comparable rentals in the subject’s immediate market area,
11. Opined to exposure time and marketing period inherent in the Market Value opinions.
12. Prepared an Appraisal Report.

The appraisers were provided with the following information with which to complete the assignment:

- Year ending 2015, and 2016 operating history;
- LURA;
- Rent roll dated March 1, 2017;
- Property Condition Report (PCR) dated March 2017, by NOVA Consulting;
- Phase I Environmental Site Assessment Report (ESA) dated March 2017, by NOVA Consulting;
- Survey dated February 2017, by Miller Survey Group;
- Floor Plans, Site Plans, and Building Elevations;
- Utility Allowance Approval Letter dated September 22, 2015; and an
- Unexecuted Purchase and Sale Agreement.

Competency

The appraisers involved in this assignment have, collectively, considerable experience in appraising this property type. The appraisers have recently engaged in appraisal work in the geographical area of the subject property, and the company maintains a database of comparable properties for this area. Further, we are verse in the analytical methods typically employed in appraising this property type. In summary, we believe we have adequate knowledge of the property type, geographical location and analytical methods necessary to comply with the competency requirements of USPAP.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and

changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
27. The American Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.
29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.
31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.
34. If provided, the estimated insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

Extraordinary Assumptions

The encumbered value opinion concluded herein is predicated on the assumption of the following. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject's units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016. The projected income is based upon the subject's current operations (and LURA), with expenses based on historical figures, and utilizing a higher capitalization rate (compared to the unencumbered capitalization rate), to account for any risk associated with tax adjustments post close.

Should these restrictions change, or the allocation of the affordable unit mix change, then the encumbered value conclusion set forth herein will warrant reconsideration.

Hypothetical Condition

As of the effective date of this appraisal, the subject site is improved with a Housing Tax Credit (HTC) multifamily rental community comprised of 160 dwelling units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs and is encumbered by a Land Use Restriction Agreement limiting development of the land to such. We have projected the unencumbered income utilizing revenue projections that are supported by comparables within the immediate market, and adjusted expenses based on unrestricted expense comparables. The market value opinion for the Leased Fee interest in the property "as is unencumbered" is predicated under the hypothetical condition that the subject site is not restricted to an affordable multifamily community.

Introduction

The subject is located in Hitchcock, Galveston County, Texas, in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA), one of the major financial and population centers in the nation. Because the subject benefits from the strengths of this area, an overview of such is appropriate.

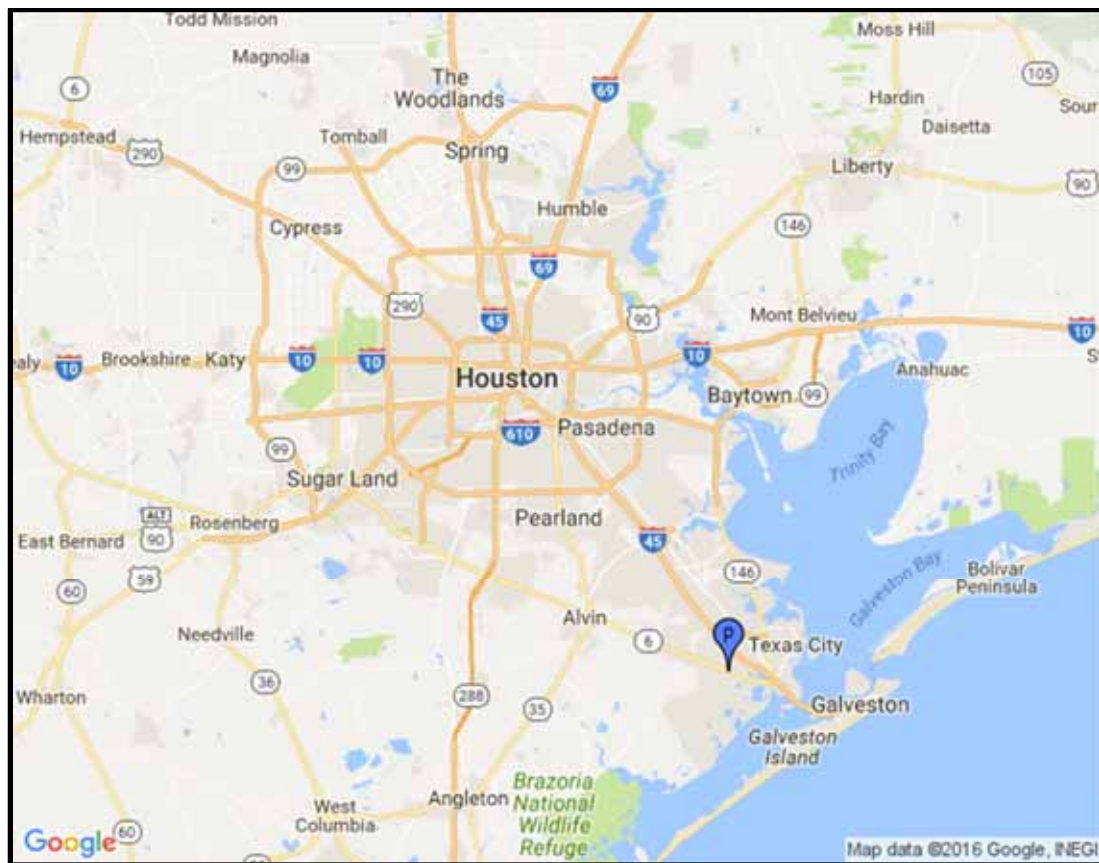



Figure 1: Houston Metropolitan Statistical Area Map (Subject denoted by blue pin)

Economy

The following information is from Moody's Economy.com Metropolitan Summary of the Houston-The Woodlands-Sugar Land MSA dated November 2016 (most recent).




MOODY'S ANALYTICS


HOUSTON-THE WOODLANDS-SUGAR LAND TX

Data Buffer: MSA code: HUSA, MHOU


ECONOMIC DRIVERS



ENERGY & RESOURCES



MANUFAC-TURING



LOGISTICS

EMPLOYMENT GROWTH RANK

2015-2017

347

5th quintile

2015-2020

222

3rd quintile

Best=1, Worst=408

RELATIVE COSTS

LIVING

108%

U.S.=100%

BUSINESS

101%

U.S.=100%

VITALITY

RELATIVE

141%

U.S.=100%

RANK

10

Best=1, Worst=401

BUSINESS CYCLE STATUS


Expansion

Recovery

AT RISK

Moderating Recession

In Recession



STRENGTHS & WEAKNESSES

STRENGTHS

- Global leadership in oil and gas technology supports technical and professional services jobs.
- Significant trade and export links, owing to location on Texas Gulf Coast.

WEAKNESSES

- Unpredictable energy markets add to volatility of economy.
- Industrial diversity is lower than in other metro areas of comparable size.

ANALYSIS

Recent Performance. The Houston-The Woodlands-Sugar Land economy remains weak. Job growth resumed in the third quarter, but the trend is weak with payroll employment up only slightly over the past year. Moreover, when revised data are published, they are likely to show a measurable decline. Core mining and manufacturing have contracted significantly, and while gains in personal services and local government have more than made up the difference, these jobs are lower-paying. Consequently, high-wage employment has fallen measurably, as have average hourly earnings. The unemployment rate has risen by more than a full percentage point since early 2015 to 5.5%. In the housing market, home sales and new permits have declined and house prices have not risen since late 2015.

Mining. Drilling will recover slowly at best over the next couple of years. West Texas Intermediate bottomed out at about \$25 per barrel six months ago, but since then, it has leveled off in the mid-\$40 range. Although active drill rigs statewide have bottomed out since May, they are still just a fraction of the 2014 peak. Industry participants believe exploration will not rebound strongly until prices get above \$60. Recent supply data suggest that the global glut caused by weak demand has not yet ended and could worsen as several countries like Iran raise production. Further, HOU has a lot of swing producers, and the wave of bankruptcies over the past two years has reduced the enthusiasm of the remaining companies to try again. An upside risk is that the recent OPEC agreement to limit supply will have a meaningful positive effect.

Residential. The housing market will be a negative for growth in the near term. Job losses and weaker earnings have caused home sales to fall and house prices to level off after years of increases. As a result, housing permits have declined. Multifamily permits have fallen especially sharply, by 65%, since their peak in late 2014, in part because a disproportionate share of mining workers rent rather than own houses. New permits for single-family homes have also fallen, but only by about 10% so far, and the pace still compares favorably with the early-2000s pre-boom rate. There is some support from job growth in nonenergy industries, but since much of that ultimately depends on the strength of mining, the support it provides to housing will erode if the slump in mining lasts much longer.

Professional services and manufacturing. Workforce reductions will continue in energy-related industries such as oilfield services and manufacturing. For example, Baker Hughes cut about 2,000 jobs globally in the third quarter, implying approximately another 400 in HOU. The delayed timing was in part because of its inability to do so earlier pending its ultimately failed merger with Halliburton. Likewise, oilfield equipment maker FMC Technologies anticipates more job cuts after laying off 1,000 globally and 200 locally in the third quarter.

Petrochemical plants. Nonresidential construction has been a key support in recent years, but this will not last much longer. Low energy prices have created downstream opportunities, leading to the biggest amount of investment in factories in decades, on the order of \$40 billion, providing jobs for thousands of construction workers. However, once the building phase is done, chemical facilities are highly capital-intensive, requiring few workers.

Houston-The Woodlands-Sugar Land will face another year of below-average performance in 2017, because of ongoing weakness in mining and related manufacturing. Longer term, a rebound in oil prices will enable exploration to recover. After that, above-average population growth and expansion in housing, transportation and distribution industries will help propel above-average gains.

Edward Friedman 1-866-275-3266
November 2016 help@economy.com

FORECAST RISKS

SHORT TERM

↓

LONG TERM

↑

RISK EXPOSURE

2016-2021 **27** 1st quintile Highest=1 Lowest=401

UPSIDE

- Petrochemical plant construction accelerates because of low energy prices.
- Improvement of distribution facilities boosts trade and transportation.

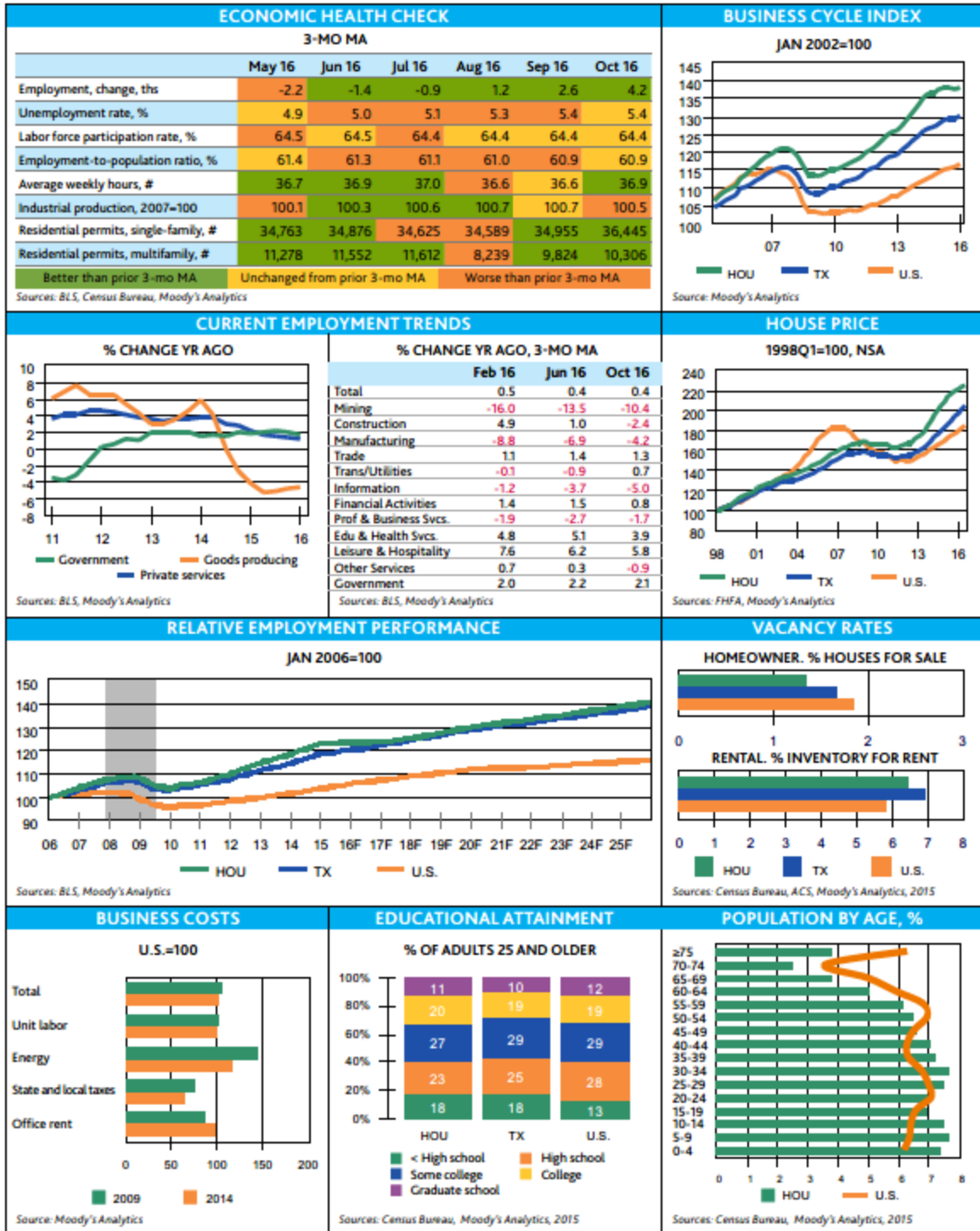
DOWNSIDE

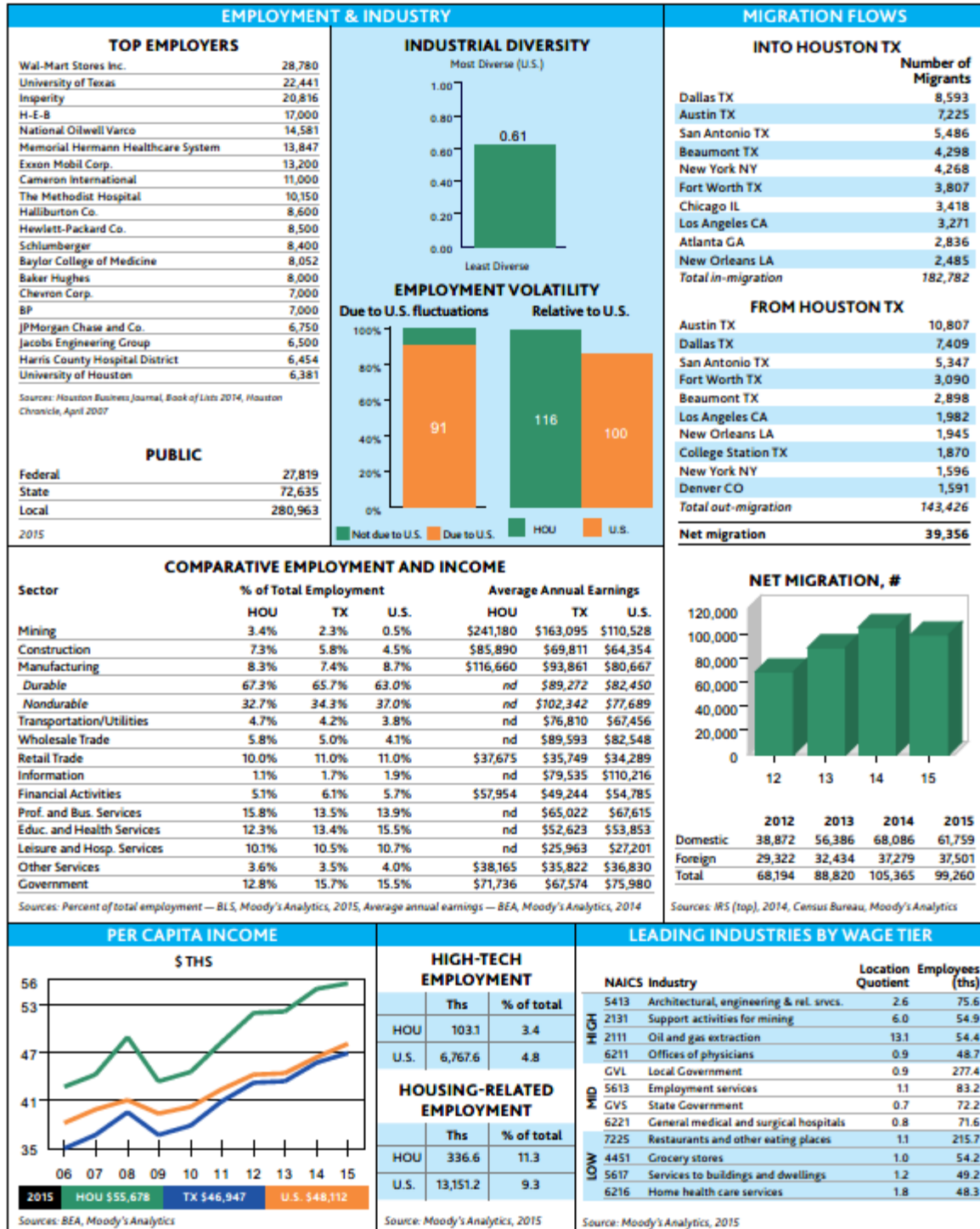
- Rising housing costs lower affordability.
- Lower oil prices result in more drilling layoffs than expected, throwing the metro area into recession.
- Population growth ratchets down.

MOODY'S RATING

Aaa COUNTY AS OF AUG 05, 2015

							INDICATORS							
2010	2011	2012	2013	2014	2015		2016	2017	2018	2019	2020	2021		
344.5	355.0	379.4	398.9	411.2	435.7	Gross metro product (C09\$ bil)	443.6	455.3	471.4	486.5	500.1	515.4		
2.3	3.1	6.9	5.2	3.1	6.0	% change	7.8	2.6	3.5	3.2	2.8	3.1		
2,554.7	2,621.3	2,725.5	2,828.3	2,927.9	2,989.3	Total employment (ths)	2,999.0	3,021.5	3,069.5	3,127.6	3,178.3	3,217.9		
-0.2	2.6	4.0	3.8	3.5	2.7	% change	0.3	0.8	1.6	1.9	1.6	1.2		
8.2	7.7	6.5	5.9	4.9	4.6	Unemployment rate (%)	5.2	5.6	5.1	4.7	4.6	4.7		
5.0	10.5	9.8	2.7	8.1	3.8	Personal income growth (%)	1.0	3.9	6.1	6.4	5.8	5.6		
54.8	55.0	55.8	57.1	59.6	61.5	Median household income (\$ ths)	61.7	62.7	65.2	67.7	69.7	71.7		
5,948.3	6,059.8	6,186.0	6,332.7	6,497.9	6,656.9	Population (ths)	6,787.7	6,920.0	7,053.9	7,187.4	7,319.3	7,454.8		
2.1	1.9	2.1	2.4	2.6	2.4	% change	2.0	1.9	1.9	1.9	1.8	1.9		
60.5	53.0	68.2	88.8	105.4	99.3	Net migration (ths)	70.2	71.0	71.9	70.8	68.5	71.6		
22,328	22,887	28,624	34,543	38,319	36,786	Single-family permits (#)	34,835	31,416	38,651	46,129	48,226	47,654		
5,122	8,382	14,662	16,791	25,426	20,315	Multifamily permits (#)	10,278	7,912	11,225	12,698	12,150	13,768		
184.5	181.8	187.2	198.3	220.1	239.8	FHFA house price (1995Q1=100)	250.0	258.8	262.4	261.8	262.3	264.7		





Conclusion

According to Moody's Economy.com, "Houston-The Woodlands-Sugar Land will face another year of below-average performance in 2017, because of ongoing weakness in mining and related manufacturing. Longer term, a rebound in oil prices will enable exploration to recover. After that, above-average population growth and expansion in housing, transportation and distribution industries will help propel above-average gains.

Introduction

For the purpose of investment analysis, apartments are classified into one of three categories: Classes A, B, and C, which are defined as follows:

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

Based on the age, location, and quality of construction of the subject, the market considers it a Class A community. Each property class is indirectly affected by the other classes, especially in weaker markets with a recessionary climate. Although we have considered all apartment properties in the Houston market area, our focus is on the class of competition that is most similar to the subject. The Reis database includes competitive, rental apartment properties in complexes with 40 or more units (20+ units in California and Arizona). Although the database also may contain selected condominium, co-operative, student apartment, senior housing, rent stabilized, and subsidized properties, these are excluded from inventory, completions, and all other Reis rental apartment statistics.

Houston Metro Area Analysis

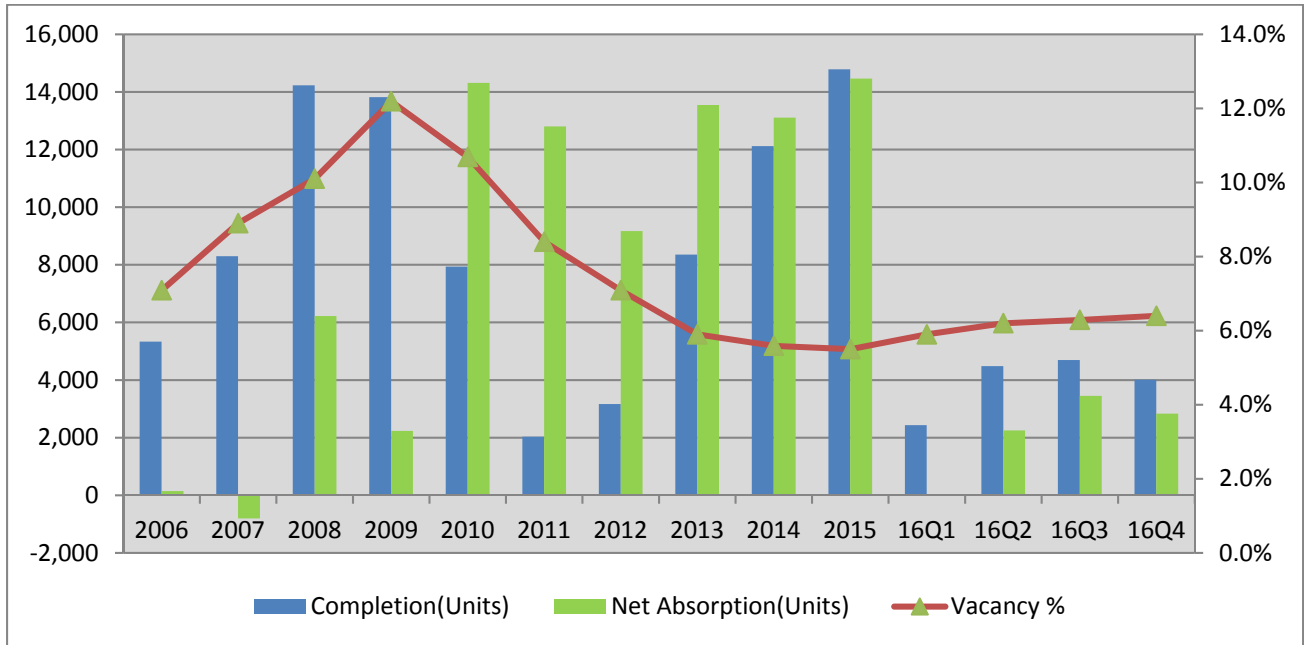
The appraisers have analyzed the multifamily economic outlook, occupancy, supply and demand, rents, and a brief discussion of recent developments in the major submarkets through statistics provided by Reis, Inc., a leading source. Presented first is an overview of the Houston metro area as a whole, followed by an analysis of the subject's submarket. Noteworthy, the subject's submarket area is not covered by Reis, Inc.; therefore, the appraisers have analyzed the multifamily conditions (occupancy and rents), as provided by ALN Apartment Data, Inc., for market-rate properties in Hitchcock.

METRO TRENDS AND ANALYSIS

Year	Period	Inventory (Units)	Completion (Units)	Conversions	Vacancy %	Net Absorption (Units)	Asking Rental Rate	Effective Rental Rate	Annual Eff. Rent Growth
2006	Annual	454,535	5,328	0	7.1%	141	\$716	\$662	2.9%
2007	Annual	462,321	8,296	0	8.9%	-807	\$738	\$685	3.5%
2008	Annual	475,882	14,225	0	10.1%	6,221	\$770	\$715	4.4%
2009	Annual	489,595	13,814	0	12.2%	2,232	\$768	\$709	-0.8%
2010	Annual	497,165	7,934	0	10.7%	14,311	\$787	\$728	2.7%
2011	Annual	498,966	2,030	0	8.4%	12,801	\$803	\$745	2.3%
2012	Annual	501,984	3,163	0	7.1%	9,170	\$841	\$787	5.6%
2013	Annual	509,967	8,349	0	5.9%	13,543	\$877	\$822	4.4%
2014	Annual	522,084	12,117	0	5.6%	13,105	\$917	\$860	4.6%
2015	Annual	536,790	14,782	0	5.5%	14,463	\$966	\$902	4.9%
2016	1	539,219	2,429	0	5.9%	-4	\$974	\$910	---
2016	2	543,057	4,482	0	6.2%	2,250	\$981	\$915	---
2016	3	547,303	4,692	0	6.3%	3,446	\$987	\$920	---
2016	4	550,756	4,009	0	6.4%	2,830	\$986	\$919	---

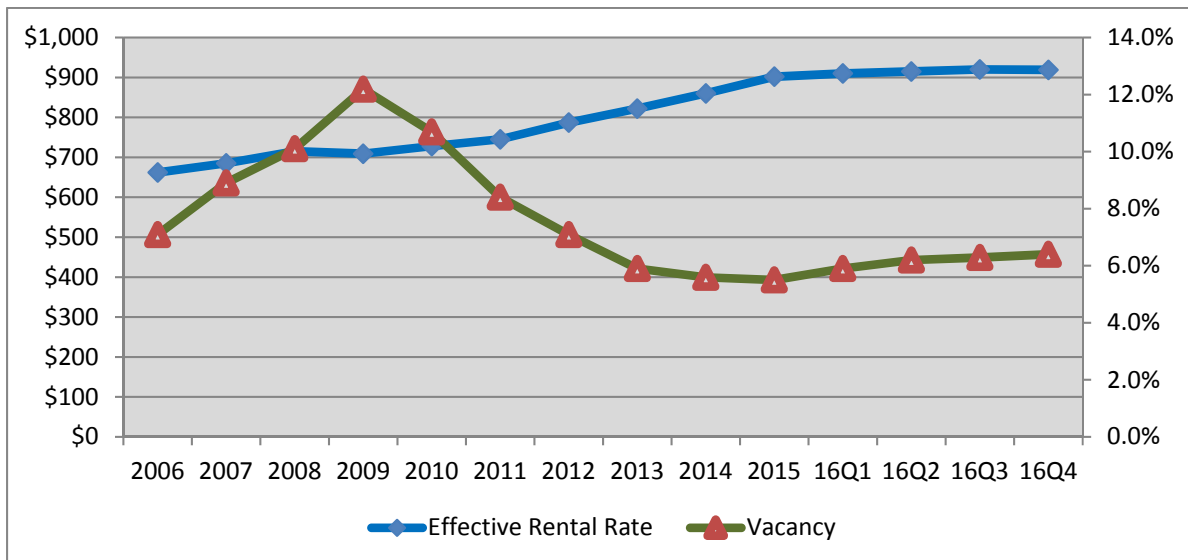
As of 4Q 2016, the Houston multifamily market maintains a current vacancy rate of 6.4%, which is 90 basis points above that of the 5.5% indication as of 2015 annual. The current vacancy rate is 80 basis points above that of the prior low rate of 5.6% reported in 2014 and 580 basis points below the highest historical rate of 12.2% indicated in 2009. The average vacancy rate over the past 10 years, excluding the current period, is 8.1%.

Currently, the Houston multifamily market contains an inventory of some 550,756 units, with 515,762 occupied units. 105,650 units have been added to the inventory since 2006, combined with 0 units of conversions out of the rental pool over the same time period. This figure compares to the net absorption of 93,702. The following table graphs the additions to supply, the absorption of supply, and the vacancy rate of product in the area.



Source: REIS, Inc.; Compiled by: BBG, Inc.

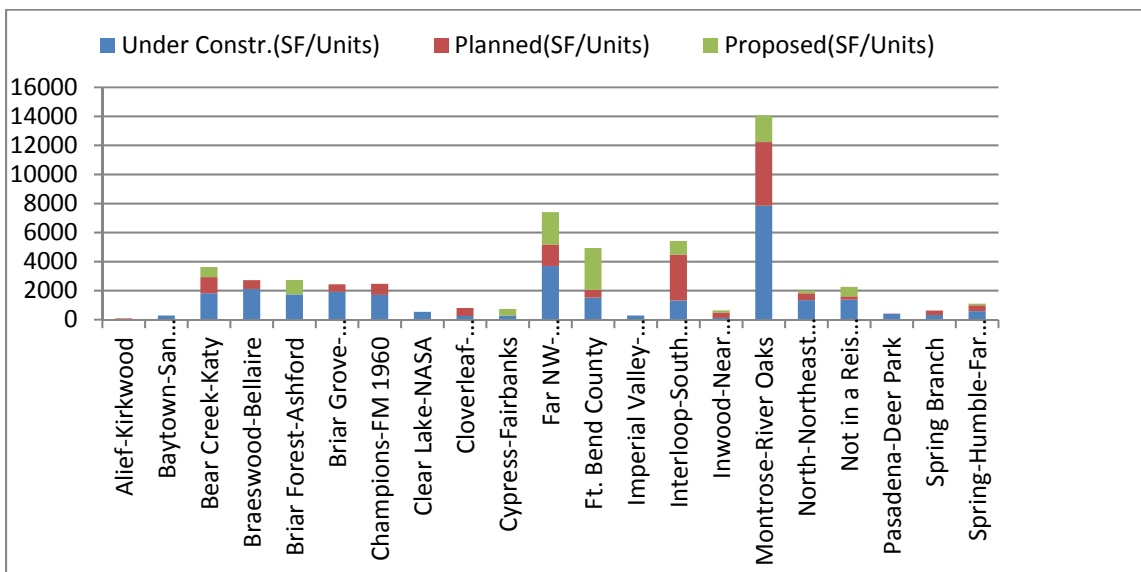
As presented, the current market-wide effective rental rate is \$919 per unit per month, which is an increase of 1.9% over the 2015 indication of \$902 per unit per month. Over the last 3-, 5-, and 9-year periods, effective rental rates have increased 11.8%, 23.4%, and 34.2%, respectively. The following table plots Effective Rental Rates against Vacancy Rates for the overall market, demonstrating their inverse relationship.



Source: REIS, Inc.; Compiled by: BBG, Inc.

As expected, vacancy rates and effective rents have a negative correlation to each other. When vacancy rises, rents decrease, and vice versa. Currently, vacancy has risen slightly over the last four quarters, while rents appear to be stabilizing, presenting a potential negative market condition for operators.

The following chart summarizes the new supply being added to each submarket, including the units under construction, planned, and proposed. Reis defines Planned Units as those units with permits on file and Proposed Units as those units which have strong potential of being built but permits have not been filed. Both are expected but not currently under construction. As shown, Montrose/River Oaks has the highest number of total units under construction. The Proposed units are less certain additions to the pipeline and should be regarded as possible. These may or may not have obtained financing, zoning, or other approvals from various entities. The Planned/Proposed supply may be added over an extended time but some will most likely fall out prior to the beginning of construction.



Source: REIS, Inc.; Compiled by: BBG, Inc.

METRO TREND CLASS CUTS								
Class	Year	Period	Inventory (SF/Units)	Completion (Units)	Vacancy %	Net Absorption (Units)	Asking Rental Rate	Asking Rent % Change
A	2006	Annual	187,951	5,152	5.8%	3,151	\$882	---
A	2007	Annual	195,257	7,448	7.6%	3,350	\$911	3.3%
A	2008	Annual	208,918	13,661	10.1%	7,525	\$951	4.4%
A	2009	Annual	221,718	12,800	11.5%	8,310	\$940	-1.2%
A	2010	Annual	229,360	7,642	9.0%	12,590	\$971	3.3%
A	2011	Annual	231,390	2,030	6.7%	7,132	\$990	2.0%
A	2012	Annual	234,553	3,163	6.1%	4,360	\$1037	4.7%
A	2013	Annual	242,902	8,349	5.6%	8,991	\$1085	4.6%
A	2014	Annual	255,019	12,117	6.1%	10,160	\$1134	4.5%
A	2015	Annual	269,801	14,782	7.0%	11,492	\$1189	4.9%
A	2016	1	272,230	2,429	7.5%	1,056	\$1200	---
A	2016	2	276,712	4,482	7.9%	2,992	\$1203	---
A	2016	3	281,404	4,692	7.8%	4,561	\$1206	---
A	2016	4	285,413	4,009	8.1%	2,731	\$1200	---
BC	2006	Annual	266,584	176	8.0%	-3,010	\$599	---
BC	2007	Annual	267,064	848	9.7%	-4,155	\$611	2.0%
BC	2008	Annual	266,964	564	10.2%	-1,303	\$628	2.8%
BC	2009	Annual	267,877	1,014	12.8%	-6,084	\$625	-0.5%
BC	2010	Annual	267,805	292	12.1%	1,723	\$630	0.8%
BC	2011	Annual	267,576	0	9.9%	5,671	\$641	1.7%
BC	2012	Annual	267,431	0	8.1%	4,809	\$669	4.4%
BC	2013	Annual	267,065	0	6.2%	4,551	\$687	2.7%

MULTIFAMILY MARKET OVERVIEW

BC	2014	Annual	267,065	0	5.1%	2,947	\$711	3.5%
BC	2015	Annual	266,989	0	4.0%	2,967	\$741	4.2%
BC	2016	1	266,989	0	4.4%	-1,058	\$745	---
BC	2016	2	266,345	0	4.4%	-739	\$751	---
BC	2016	3	265,899	0	4.7%	-1,115	\$756	---
BC	2016	4	265,343	0	4.4%	96	\$756	---

Overall the Class A product is reflecting a 8.1% vacancy rate and an asking rent of \$1,200/month as of 4Q 2016. The current vacancy is a 110 basis point change from the 2015 annualized figure of 7.0% and a 340 basis point change from the 10 year high of 11.5% in 2009. The current asking rent reflects a \$11 change from the 2015 annualized figure of \$1,189 per month. Absorption has been weak (average of 7,706 units over 10 years excluding current year) of Class A product shown while new supply has been higher at an average of 8,714 units per year. The average vacancy rate over the past 10 years, excluding the current period, is 7.5%.

Overall the Class B/C product indicated a 4.4% vacancy rate and an asking rent of \$756/month as of 4Q 2016. The current vacancy is a 40 basis point change from the 2015 annualized figure of 4.0% and a 840 basis point change from the 10 year high of 12.8% in 2009. The current asking rent reflects a \$15 change from the 2015 annualized figure of \$741 per month. Absorption has been strong (average of 811 units over 10 years excluding current year) of Class B/C product shown while new supply has been lower at an average of 289 units per year. The average vacancy rate over the past 10 years, excluding the current period, is 8.6%.

Metro Area Forecast

In addition to the historical trends previously analyzed, Reis provides forward-looking forecasts. The Futures report provides a 5-year forecast of supply, demand, and rents. These forecasts quantify the impact of a range of economic and demographic variables on expected real estate performance, such as future asking and effective rents, concessions, vacancies, net absorption and new construction.

METRO FUTURES									
Year	Period	Inventory (Units)	Completion (Units)	Conversions	Vacancy %	Net Absorption (Units)	Asking Rental Rate	Effective Rental Rate	Annual Eff. Rent Growth
2016	Annual	550,756	15,612	0	6.4%	8,522	\$986	\$919	1.9%
2017	Annual	572,603	21,847	0	7.8%	12,236	\$1014	\$943	2.6%
2018	Annual	577,424	4,821	0	7.6%	5,402	\$1035	\$962	2.0%
2019	Annual	579,814	2,390	0	7.4%	3,317	\$1054	\$980	1.9%
2020	Annual	582,352	2,538	0	7.4%	2,558	\$1076	\$999	1.9%
2021	Annual	587,036	4,684	0	7.5%	3,882	\$1098	\$1020	2.1%

As presented, Reis forecasts annual completions of 21,847 units in 2017, with average annual completions of 8,648 units through 2021. This is based on historical activity levels and trends/expectations in the market. The aforementioned average annual completions are complemented by a forecast of 5,986 average annual net absorbed units through 2021. Similarly, continued effective rent growth of 2.1% per annum, on average, is anticipated over this period.

Outlook

Prospects for the market appear relatively flat, with vacancy anticipated to stay in the mid to upper 7.0% range, while rent projections are stabilizing near 2.0% over the next five years. Noteworthy, rental projections have decreased from 3Q16 Figures of 2.5% to 3.0%, or roughly 100 to 50 basis points less than the previous quarter. Additionally, demand is beginning to lag supply; however, it appears the supply pipeline is slowing considerably after 2017. Strong population growth, meanwhile, is continuing which will support demand.

Hitchcock Submarket Analysis

Once again, the subject's submarket area is not covered by Reis, Inc.; therefore, we have analyzed the multifamily conditions (occupancy and rents), as provided by ALN Apartment Data, Inc., for market-rate properties in Hitchcock. The analysis is then further refined to focus on the comparables within the immediate area of the subject, that would be considered competitive to the same tenant base.

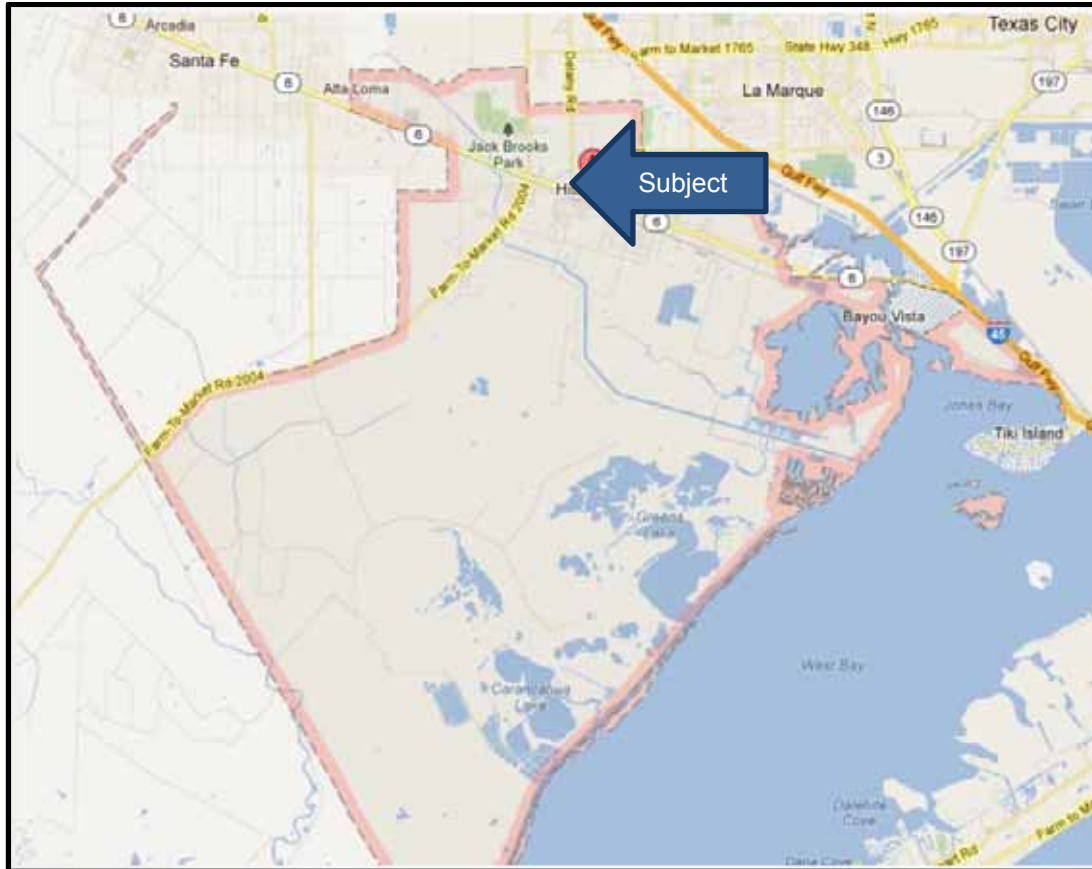


Figure 2: Submarket Map

STATISTICS		SEARCH OPTIONS	
Total Matching Properties:	75	# of Units:	0 - 9,999
Average Occupancy:	89.8	Average Unit Size:	0 - 9,999
# Units (Average/Total):	166 / 12,446	Year Built:	1800 - 2017
Ave Unit Size:	840	Average Rent Rate:	\$0 - \$9,999
Ave Market Rent:	\$877	Average Occupancy Rate:	0 - 100
Ave Market Rent/Sqft:	\$1.04	Price Per Sqft:	\$0. - \$5.
Ave Effective Rent:	\$871	Income Restricted:	All Props
Ave Effective Rent/Sqft:	\$1.04	Senior Living:	All Props

EXPANDED STATISTICS							
	EFF	1 BR	1 DEN	2 BR	2 DEN	3 BR	3 DEN+
# Units:	179	5,687	344	5,239	83	833	78
% of Results:	1.4	45.7	2.8	42.1	0.7	6.7	0.6

Square Footage							
Low:	260	466	657	632	962	768	1,100
High:	880	1,023	1,036	1,384	1,320	1,794	2,000
Average:	440	672	843	961	1,217	1,212	1,427

Vacancy

As of March 2017, the Hitchcock submarket (SE5) has a vacancy rate of 10.2%, which is 430 basis points above the end of March 2016 rate of 5.9%, and 310 basis points above the end of March 2015 reported rate of 7.1%.

	EFF	1 BR	1 DEN	2 BR	2 DEN	3 BR	3 DEN+
# Units:	179	5,687	344	5,239	83	833	78
% of Results:	1.4	45.7	2.8	42.1	0.7	6.7	0.6
Square Footage							
Low:	260	466	657	632	962	768	1,100
High:	880	1,023	1,036	1,384	1,320	1,794	2,000
Average:	440	672	843	961	1,217	1,212	1,427
Market Rent							
Low:	\$425	\$311	\$675	\$374	\$950	\$427	\$467
High:	\$812	\$1,324	\$1,150	\$1,650	\$1,505	\$1,784	\$2,000
Average:	\$624	\$766	\$964	\$966	\$1,206	\$1,017	\$1,293
Market Rent/Sqft							
Low:	\$0.85	\$0.43	\$0.96	\$0.36	\$0.86	\$0.40	\$0.32
High:	\$2.17	\$1.81	\$1.32	\$1.83	\$1.56	\$1.37	\$1.82
Average:	\$1.42	\$1.14	\$1.14	\$1.01	\$0.99	\$0.84	\$0.91
Effective Rent							
Low:	\$425	\$311	\$675	\$374	\$950	\$427	\$467
High:	\$812	\$1,324	\$1,150	\$1,650	\$1,505	\$1,784	\$2,000
Average:	\$622	\$761	\$956	\$959	\$1,206	\$1,014	\$1,293
Effective Rent/Sqft							
Low:	\$0.85	\$0.43	\$0.96	\$0.36	\$0.86	\$0.40	\$0.32
High:	\$2.17	\$1.81	\$1.32	\$1.83	\$1.56	\$1.37	\$1.82
Average:	\$1.41	\$1.13	\$1.13	\$1.00	\$0.99	\$0.84	\$0.91

vs. 12-Months (End of March 2016)			
	Now	Then	% Change
Occupancy Rate:	89.8%	94.1%	- 4.66
Average Rental Rate:	\$ 876.52	\$ 854.69	+ 2.55
Effective Rental Rate:	\$ 870.90	\$ 845.91	+ 2.95
New Units Added/Lost:	+ 311		
Absorption:	- 253		
vs. 24-Months (End of March 2015)			
	Now	Then	% Change
Occupancy Rate:	89.8%	92.9%	- 3.35
Average Rental Rate:	\$ 876.52	\$ 804.81	+ 8.91
Effective Rental Rate:	\$ 870.90	\$ 796.36	+ 9.36
New Units Added/Lost:	+ 433		
Absorption:	+ 15		

Rental Rates

The submarket's March 2017 market rental rate averaged \$877/month, or \$1.04/SF, while the effective rental rate averaged \$871/month, or \$1.04/SF. Over the last 12 months, market rents have increased by 2.55% and effective rents by 2.95%. Over the last 24 months, market rental rates have increased by approximately \$72/month, or roughly 8.91%, and effective rental rates have increased by approximately \$75, or roughly 9.36%. The 24-month growth equates to an approximate annual percentage increase of 4.56%.

Conclusion

According to ALN Apartment Data, Inc., the Hitchcock (SE5) submarket contains 75 properties with a total of 12,446 units. The properties had an average market rent of \$877/month as of March 2017. Over the last 24 months, market rental rates have increased by approximately \$72/month, or roughly 8.91%, and effective rental rates have increased by approximately \$75, or roughly 9.36%. The 24-month growth equates to a 4.56% increase annually over the last two years, which is a 335-basis point increase from the previous 6 months and a 161-basis point increase from the previous 12 months. As of March 2017, the Hitchcock submarket (SE5) has a vacancy rate of 10.2%, which is 430 basis points above the end of March 2016 rate of 5.9%, and 310 basis points above the end of March 2015 reported rate of 7.1%. Overall, conditions for existing operators should remain stable over the next few years.

Introduction

A market area is defined as being “a combination of factors— e.g., physical features, the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements (age, upkeep, ownership, and vacancy rates), and land use trends.”¹

The purpose of a market area analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Market area boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental, and environmental) operate in the same way they affect the subject property.

General Description

The market area is located northwest of the city of Galveston in the Texas City, La Marque market area. For the purposes of this analysis, the primary market area (PMA) is defined as that area that is bound by Galveston Bay on the east and includes Texas City, Hitchcock and the city of La Marque.

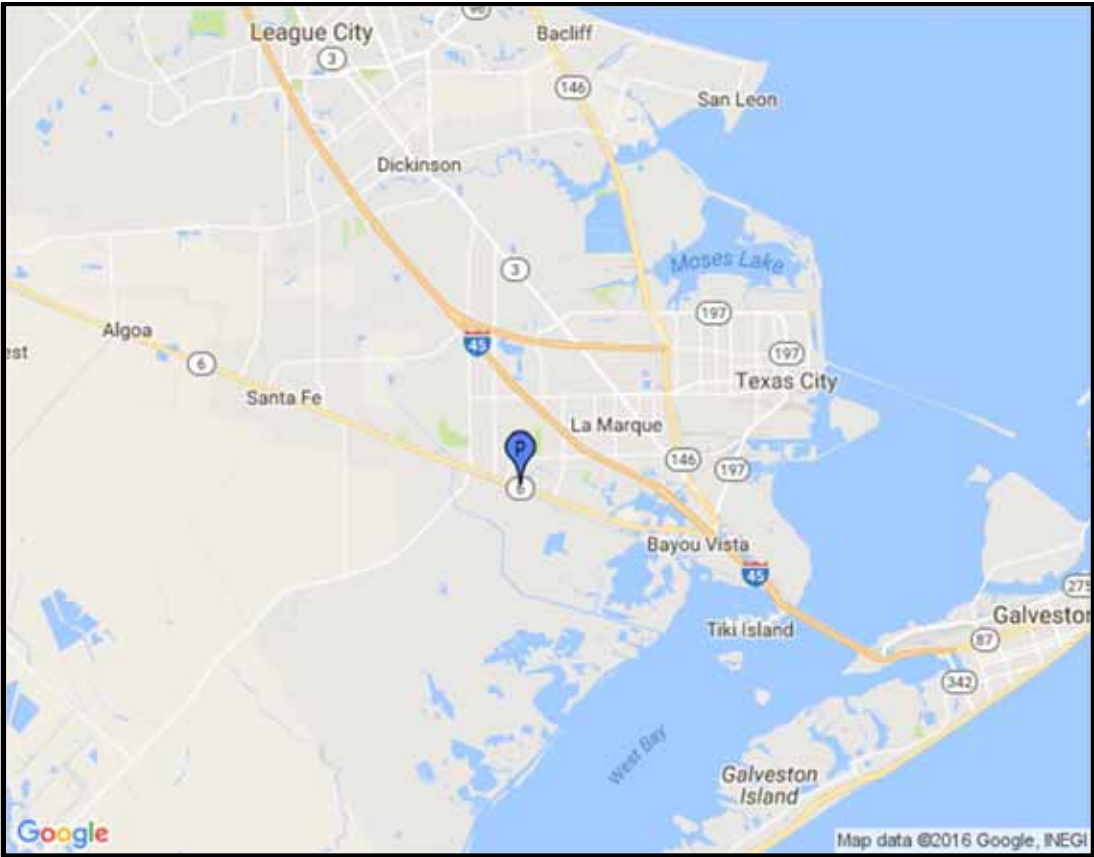


Figure 3: Market Area Map (Subject denoted by blue pin)

¹ The Appraisal Institute, 2013, *The Appraisal of Real Estate*, 14th Edition, Page 166.

Access

Access to the market area from surrounding areas is considered average. IH-45 runs north/south and bisects the market area. It is a major six-lane intrastate highway which connects the cities of Dallas and Houston, continuing southeast from Houston to Galveston on the Gulf of Mexico. The portion of IH-45 between downtown Houston and Galveston is known to Houston residents as the Gulf Freeway. The primary east/west roadway is Texas State Highway 6. Other north/south access is provided by Texas State Highway 146. Additional secondary roads provide access within the market area and to surrounding areas.

Land Use Patterns

The Texas City-La Marque economic base has emerged as a major global economic power over the past century. Boasting one of the largest ports in the country, it is a gateway to worldwide trade and a major hub for world energy inventories. The Texas City and La Marque area exhibits a number of capacities that support the viability of industrial businesses including direct access to 2 Class 1 railroads, close proximity to Hobby Houston and Scholes Field airports, a state of the art convention and conference center, and a business friendly city government.

The industrial base consists of a strong petrochemical industry with significant regional operations in the area. They include BP, Marathon-Ashlan Petroleum, Valero Refining, Sterling Chemical, Dow Chemicals and International Specialty Products. In addition to providing a large number of jobs, these companies contribute greatly to the community and local economy.

Residential development is most highly concentrated south of FM 1764, north of FM 519, east of Interstate 45, and west of SH 146. Some of the subdivisions within this area include Emerald Terrace, North Oak, and Williamson. For many years Texas City has been a center for refineries, chemical plants and other industrial uses. Recently, however, the area is being developed as a population growth area due to its proximity to both the Clear Lake area of Houston and the island of Galveston. There has been some success in builders marketing to people who work on the island but who have been priced out of living there.

Life Stages & Trends

The market area is located within the region hit by Hurricane Ike in September 2008. According to the Houston Chronicle, Hurricane Ike caused more than \$15 billion in damages nationwide, making it the most expensive weather catastrophe in Texas and the third-costliest hurricane to strike the United States, according to insurance industry officials. The Insurance Council of Texas released the figure, noting that about \$9.8 billion of the losses were for windstorm damage alone in Texas. An additional \$2.2 billion in losses in the state were covered by the federal flood insurance program. In addition, the U.S. Department of Housing and Urban Development, in a chart accompanying a letter to Gov. Rick Perry, estimated the state's total "unmet needs" for homes and small businesses at \$2.9 billion. The estimate, based on data from the Federal Emergency Management Agency and the Small Business Administration, includes damages not covered by insurance or FEMA grants.

Demographics

Claritas, Inc. provided the following population characteristics and income levels within 1, 3-, and 5-mile radii from the subject, as well as the Houston MSA.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston MSA
Description	Totals	Totals	Totals	Totals
Population				
2022 Projection	4,034	24,408	54,241	7,469,206
2017 Estimate	3,784	22,742	50,229	6,866,117
2010 Census	3,474	20,505	44,168	5,920,416
2000 Census	3,129	19,138	39,714	4,693,140
2017 Est. Median Age	33.80	37.90	39.00	34.60
2017 Est. Average Age	36.20	39.20	39.60	35.80
Households				
2022 Projection	1,502	9,235	20,826	2,594,796
2017 Estimate	1,412	8,579	19,260	2,384,880
2010 Census	1,302	7,685	16,897	2,062,529
2000 Census	1,176	7,306	15,272	1,648,146
2017 Est. Average Household Size	2.66	2.62	2.57	2.84
2017 Est. Households by Household Income				
Income Less than \$15,000	24.8%	16.3%	13.8%	9.8%
Income \$15,000 - \$24,999	13.4%	12.3%	11.6%	9.2%
Income \$25,000 - \$34,999	10.6%	11.0%	11.5%	9.1%
Income \$35,000 - \$49,999	11.7%	15.9%	14.8%	12.4%
Income \$50,000 - \$74,999	17.7%	18.0%	19.5%	16.6%
Income \$75,000 - \$99,999	7.8%	9.6%	10.1%	11.8%
Income \$100,000 - \$124,999	7.7%	7.6%	7.4%	8.8%
Income \$125,000 - \$149,999	3.5%	4.3%	4.7%	6.2%
Income \$150,000 - \$199,999	1.7%	3.2%	4.1%	6.8%
Income \$200,000 - \$249,999	0.6%	1.0%	1.4%	3.3%
Income \$250,000 - \$499,999	0.4%	0.7%	1.0%	3.9%
Income \$500,000 and more	0.0%	0.1%	0.2%	2.0%
2017 Est. Average Household Income	\$50,157	\$58,795	\$63,736	\$93,898
2017 Est. Median Household Income	\$36,485	\$44,769	\$48,306	\$64,261
2017 Est. Tenure of Occupied Housing Units				
Owner Occupied	57.59%	71.07%	68.44%	62.86%
Renter Occupied	42.41%	28.93%	31.56%	37.14%
2017 Est. Median All Owner-Occupied Housing Value	\$98,140	\$94,748	\$109,807	\$173,222

Source: 2017 Claritas, Inc.

The three-mile radius around the subject has an estimated 2016 population of 22,742 people in 8,579 households with an average income of \$58,795 and a median income of \$44,769. The three-mile radius experienced an increase of 379 households from 2000 to 2010, or 0.5% per year, and an increase of 894

households from 2010 to 2016, or 1.9% per year. Over the next five years, Nielsen estimates the three-mile radius will experience an increase of 656 households, which represents an average annual growth rate of 1.5%.

Public Utilities/Services

The market area is serviced by the following entities.

UTILITY/SERVICE SUPPLIERS	
Utility/Service	Supplier
Electricity	Centerpoint Energy
Gas (natural)	Centerpoint Energy
Water/Sewer	City of Hitchcock
Telephone	Various
Police/Fire	Hitchcock, LaMarque, Texas City
Education	Hitchcock ISD

Conclusion

The market area is well located with easy access to major employment centers and support facilities and benefits from the increased accessibility offered by a strong network of primary traffic carriers. The market area is classified as being in a period of stabilization. Expectations for the market area are good, due primarily to location, linkages, and proximity to major demand drivers.

Location/Size/Shape

The subject site is located north of SH 6, west of Wayne Johnson Ave, and east of E. Bayou Dr., in the city of Hitchcock, Galveston County, Texas. Per the Galveston County Central Appraisal District, the subject site consists of 13.52 acres (588,801 SF). The site is rectangular in shape but it exhibits a low frontage-to-depth ratio as shown in the following parcel map. A copy of the site plan is included in the Exhibits section of this report.



Figure 4: Parcel Map

Access/Visibility

The subject features approximately 555 feet of frontage along the northern side of SH 6. Ingress and egress of the site are facilitated via four curb cuts along the northern side of SH 6. SH 6 is a two-way, four-lane, concrete-paved, major arterial. The subject is situated 2 miles west of Interstate 45, and approximately 20 miles south of the Sam Houston Tollway. Overall, access and visibility are rated as good.

Topography/Drainage

The site is relatively level and is at street grade. Drainage of the site appears adequate.

Flood Plain

According to the Flood Insurance Rate Map by the Federal Emergency Management Agency (FEMA), Community Panel 485479 0005 D, dated April 4, 1983, the site appears to be located in Zone B and A, an area determined to be between the 100- and 500-year flood hazard area. Please note, this determination is made by graphic plotting only and is not guaranteed. The client is advised to obtain the services of a surveyor to determine the precise location of any flood hazards.

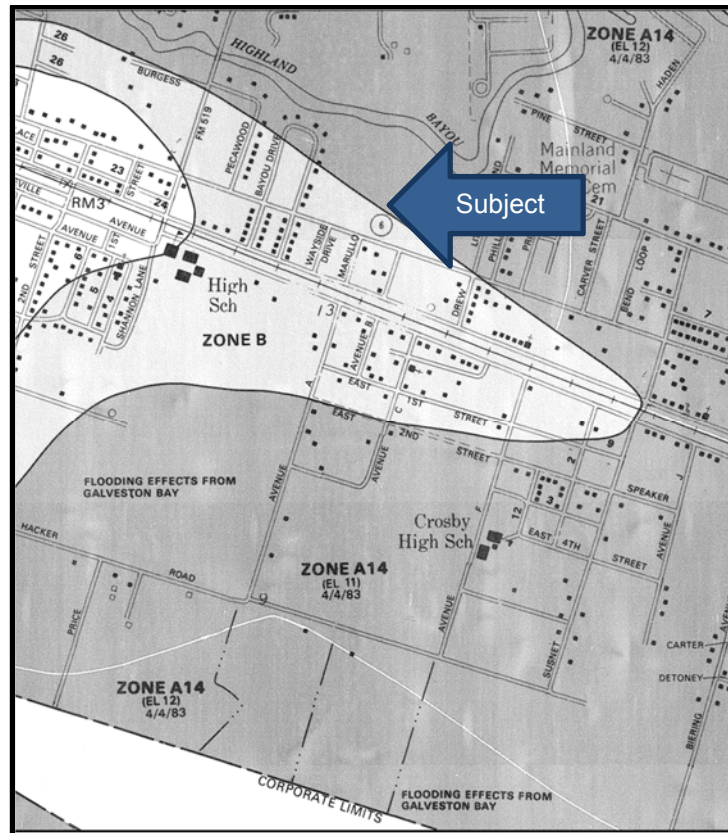


Figure 5: Flood Plain Map

Soil/Subsoil Conditions

A geotechnical analysis describing the soil and subsoil conditions at the site was not furnished to the appraisers. No soil conditions were observed by the appraisers that were construed as detrimental. The appraisers assume there are no hidden or unapparent soil conditions that would render the site more or less valuable.

Manmade Improvements

The subject site is currently improved with a 160-unit HTC multifamily rental community and corresponding amenities that were completed in 2001. These improvements are discussed in detail in the Improvement Analysis section of this report.

Environmental Hazards

An ESA dated March 2017 by NOVA Consulting was provided to the appraisers during the course of this assignment. No evidence of Recognized Environmental Conditions (REC), Controlled Recognized

Environmental Conditions (CREC), or Historical Recognized Environmental Conditions (HREC) in connection with the Property were reported. No apparent hazards or nuisances, such as smoke and hazardous materials, were noted on or near the site. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, were not observed by the appraisers. We have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon, and other potentially hazardous materials may affect the value of the property. The value opined is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.

Development Restrictions

Based on our review of the survey and our physical inspection of the property, the site does not appear to be detrimentally impacted by easements. Additionally, there do not appear to be any encroachments that would have an adverse impact on the development potential or marketability of the sites or its value.

The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject’s units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016.

Zoning

Development and construction requirements fall within the jurisdiction of the City of Hitchcock, and Galveston County. Per the Planning and zoning department, the subject is zoned High Density Residential (HR), and is utilized for multifamily development. Additional information is presented in the Zoning Analysis portion of the report.

Surrounding Land Uses

The land uses adjoining the site include the following:

ADJOINING LAND USES	
Direction	Use
North	Vacant land, and waterway
South	SH 6, convenience store, Hitchcock City Hall, Self Storage
East	Bent Oaks Apartments (Sister Property)
West	Single family residential, retail strip center with Family Dollar



Figure 6: Aerial Map

Supporting Facilities

The site’s proximity to supportive uses is detailed in the following table.

SUBJECT PROXIMITY TO USES	
Supportive Use	Distance from Subject
Employment Centers	Across the street from subject (Hitchcock City Hall), 0.3 to 1.0 miles (Hithcock ISD)
Elementary School	1 mile SW of subject (Stewart Elementary School)
Public Transportation	Not Available
Freeway Access	3 miles E (Interstate 45)
Shopping Facilities	0.3 mile W (Family Dollar), 1.5 miles SW (Dollar General), 5 miles N (WalMart Super Center)

Summary

The subject’s general location characteristics are rated as good with regard to visibility and access, as it is located near a primary arterial. As such, the site features good linkage to shopping facilities and to employers located in close proximity of the market area as well. The site is located within the city of Hitchcock and is zoned HR. The site is subject to typical easements that are not regarded as detrimental, and it features utilities sufficient in capacity to accommodate development comparable in density to that

which presently exists. For more information, please refer to the subject photographs presented in the Exhibits section of this report.

Specifications

Zoning is the governmental power involving the supervision and control over the utilization of privately owned land for the general good of the community. The subject site is located within the City of Hitchcock, and is considered to be inside the city limits for purposes of zoning. The subject site is zoned High Density Residential (HR), which is established for various forms of multi-family development.

ZONING REGULATIONS	
Category	Requirement
Maximum Height	Three (3) stories, and a maximum of forty-five (45) feet.
Minimum Lot Coverage	60%
Minimum Front Yard	25'
Minimum Rear Yard	25'
Minimum Side Yard	10'
Minimum Lot Area per Unit	2420
Density	18 UPA
Minimum Parking Required	1.5 spaces per 1BRs, and 2.1 spaces per 2 or 3BRs

Per the City codes, the subject's zoning allows for 18 units per acre, and the subject is developed to a density of 11.8, and is below the zoning requirements. Based on its unit mix, the subject is required to have 307 parking spaces. Per the information provided to our office, the subject offers 333 parking spaces. It has been assumed that it meets all of the other zoning regulations outlined herein. Therefore, the subject property "as improved," is considered to represent a legal, conforming use.

General Description

The subject development consists of 160 rental units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs. Per the rent roll, total net rentable area (NRA) is 139,888 SF. Additional improvements includes a one-story clubhouse/leasing office (3,812 SF), plus 26 detached garage buildings (39,832 SF), for a total of 41 buildings, with external entries. Per county records, and the survey provided, gross building area is 183,532 SF. Three (3) floor plans are offered within the subject, and the improvements were constructed in 2001.



Figure 7: Interior View of Subject

The improvements are in average condition and the architectural style, which is traditional in design, is considered average in comparison to other properties within the immediate area. The design and layout of the units are functional within the current rental market.

Legal Uses and Ratios

The subject reflects a development density of 11.8 units per acre. The City of Hitchcock development codes require the subject to have 307 parking spaces based on its unit mix. Per the information provided to our office, the subject offers 333 total parking spaces. Therefore, the subject is considered to be a legal, conforming use.

Unit Description

The mix and individual description of the subject unit types, along with the size (SF) and net rentable area (NRA), are as follows:

UNIT SUMMARY			
No.	Type	Size (SF)	NRA (SF)
20	1BR/1BA/50%	648	12,960
24	1BR/1BA/50%	648	15,552
4	1BR/1BA/50%	648	2,592
32	2BR/2BA/50%	886	28,352
32	2BR/2BA/50%	886	28,352
20	3BR/2BA/50%	1,085	21,700
24	3BR/2BA/50%	1,085	26,040
4	3BR/2BA/50%	1,085	4,340
160	Total/Avg	874	139,888

Construction Components

The appraisers were not provided detailed building plans for the subject. As such, the construction components referenced herein are based on observations made during our site visit, as well as our experience with this type of property. The community's basic construction components are as follows:

Exterior Description

Foundation	Reinforced concrete slabs on grade
Structural System	Wood frame
Exterior Walls	Brick veneer and composite siding
Roof	Pitched with composition shingles
Windows	Single-pane or double-pane glass in aluminum frames
Exterior Doors	Solid-core wood in wood frames with peepholes and dead-bolt locks
Patios/Balconies	Concrete floors, metal railings.
Height	Two-story buildings; upper level units are accessed via metal risers with concrete treads.

Interior Description

Interior Walls	Textured and painted gypsum board over wood studs.
Ceilings	Blown and painted gypsum board over wood roof trusses
Interior Doors	Hollow core wood in wood frames
Insulation	Unable to inspect; assumed to be adequate
Flooring	Living – carpet or vinyl tile Dining – vinyl tile Bedroom – carpet or vinyl tile

	<p>Kitchen – vinyl tile Bathroom – vinyl tile Entry – vinyl tile</p>
Walls and Ceiling	<p>Living areas – textured and painted gypsum board. Baths – textured and painted gypsum board</p>
Bath	<p>Traditional fixtures Fiberglass tub/shower unit Porcelain commode Incandescent wall lighting Pre-manufactured mill wood cabinets Ceramic sink set in laminate counter top</p>
Kitchen	<p>Frost-free refrigerator Electric oven/range with vent hood Double, stainless steel sink (no disposal) Pre-manufactured mill wood cabinets Incandescent lighting Laminate countertops</p>

Mechanical Systems

Heating/Cooling	Individual HVAC units
Domestic Hot Water	Individual, electric water heaters
Electrical	Electrical service is underground to each building, and each apartment has a circuit breaker panel for overload protection; assumed to conform to city building codes.
Plumbing	The community is on public sewer and water service and is assumed to meet building codes.

Miscellaneous

Unit Amenities	...include standard appliances, built-in microwave, laundry connections, 9-ft ceilings, ceiling fans, patio/balcony, and energy efficient package
Project Amenities	...includes a one-story clubhouse/leasing office, picnic/playground, detached garages, gated access, and swimming pool
Paving/Parking	Surface parking and drive areas are asphalt and striped, and sidewalks and other flatwork are concrete as well. Per the manager, there are a total of 333 parking spaces (159 open surface, 160 garage spaces within 26 detached garage buildings, and 14 handicap spaces). Parking is more than adequate to accommodate residents of the community, and it

exceeds the number of spaces required by the development codes as well.

Landscaping

Landscaping is average with mature trees and bushes indigenous to the area; fully irrigated.

Quality

The subject is rated as above average in regard to quality of construction for multifamily rental communities constructed in the area, and the project and unit amenities are rated as average for this grade product as well. From a market perspective, the subject reflects average quality, Class A/B+ product that features average project and unit amenities.

Per the provided PCR report by NOVA Consulting, dated March 2017, stated that the property is in overall good condition, and no critical repairs were identified. However, \$70,000 of priority repairs were noted. Priority repairs will be reserved at closing; therefore, an adjustment for these repairs will not be included within our analysis. The following table summarizes the PCR conclusions and recommendations.

RESERVE SUMMARY	Term (yrs)	Uninflated Cost	Inflated Cost (3%)	Uninflated \$/Unit/Yr	Inflated \$/Unit/Yr	Report Section
Critical Repairs	NA	\$0	N/A	N/A	N/A	Section III
Priority Repairs	1	\$70,000	N/A	N/A	N/A	Section III
Replacement Reserves Cost Estimate	9	\$351,600	\$399,190	\$244.17	\$277.22	Section IV

During 2016, approximately \$120,000 was spent on improvements including new appliances, vinyl flooring, and other non-recurring items. Additional renovations were reported to include, but may not have been limited to: replacement roofing; replacement Hardiplank siding; exterior painting; installation of two new playground areas; leasing office and fitness room renovation; and dwelling unit renovations (replacement carpeting, vinyl flooring, and appliances; as needed at unit turnover).

Physical Conditions Observed

With regard to property condition, most of the property components appeared to be in average condition for their age.

Depreciation Estimate

The improvements were constructed in 2001, as such, presently have an actual age of 16 years. Given the ongoing renovations and overall upkeep of the property since, effective age of the improvements was estimated to be only 16 years. Marshall Valuation Service estimates economic life of 55 years for multifamily construction of the subject's quality. As such, remaining economic life equates to 39 years.

The improvements suffer from incurable physical depreciation due to their age. Utilizing the modified economic age/life method of depreciation, accrued physical, incurable depreciation equates to 29.1% of Replacement Cost New.

In addition to physical deterioration, functional and external obsolescence must be considered. Functional obsolescence is defined as that loss from cost new due to causes within the property bounds, except the physical deterioration. Functional obsolescence was not noted at the subject property. External

obsolescence was noted in the neighborhood based on the current achievable market rental rates, which are not at a level to support new market rate construction at this time. However the subject was developed using additional funding through the syndication of the allocated LIHTC which subsidized the construction budget.

Conclusion

The design and layout of the subject complex is suitable to market conditions within this apartment rental sector. The average unit size is bracketed by the direct competition. The property has average curb appeal in comparison to the competitive properties. For more information regarding the subject improvements, please refer to the subject photographs in the Exhibits section of the report.

Introduction

The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be legally permissible, physically possible, financially feasible, and maximally productive. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A use may be financially feasible, but this is irrelevant if it is legally prohibited or physically impossible. Only when there is a reasonable possibility that one of the prior, unacceptable conditions can be changed is it appropriate to proceed with the analysis.

Analysis of Site, As if Vacant

Legally Permissible

Except for a legally nonconforming property, the first step in determining what is legally permissible is to analyze private restrictions, zoning, building codes, historic district controls, and environmental regulations.

Once again, the subject is encumbered by a Land Use Restriction Agreement limiting development of the land to such. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject's units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016.

There are no other known restrictions, historic district controls, or environmental regulations that restrict the subject in any unreasonable manner. Development and construction requirements fall within the jurisdiction of the City of Hitchcock, and Galveston County. Per the Planning and zoning department, the subject is zoned High Density Residential (HR), and is utilized for multifamily development.

Per the City codes, the subject's zoning allows for 18 units per acre, and the subject is developed to a density of 11.8 upa. Based on its unit mix, the subject is required to have 307 parking spaces. Per the information provided to our office, the subject offers 333 parking spaces. Therefore, the subject is considered to be a legal conforming use.

Physically Possible

The physical characteristics of a site can affect the uses. These characteristics include: 1) size, 2) shape, 3) terrain or topography, 4) soil condition, 5) utilities, 6) access characteristics, and 7) surrounding land uses. Each of these site characteristics were described and discussed in the Site Analysis section of this report.

The subject site is located in the jurisdiction of the City of Hitchcock, and is zoned for High Density Residential. A number of uses are physically possible on the 588,801 SF (13.52-acre) site. Soil and

subsoil conditions appear adequate for development, as evidenced by area construction. Surrounding land uses are primarily light industrial or residential in nature, as well as vacant land. Therefore, a multifamily residential use is considered compatible with surrounding properties. Public utilities are provided and are adequate in capacity to support development comparable in density to that which presently exists.

Financially Feasible/Maximally Productive

In determining which uses are legally permissible and physically possible, an appraiser eliminates some uses from consideration. Then the uses that meet the first two criteria are analyzed further. If the uses are income-producing, the analysis will study which are likely to produce an income, or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.²

The site is improved with a 160-unit rental community that represents a legal use. The improvements are adequately designed and will be functional for their use as multifamily rental units. Therefore, the multifamily rental community represents a physically possible use of the property as improved. The use as an apartment community is anticipated to provide an adequate return and, as such, the highest value. There are no alternative uses for the property at this time, and no excess land exists. As such, the highest and best use of the property, as improved, is for continued utilization of the existing improvements as an affordable multifamily rental community until their economic life is exhausted.

At this time, rental rates for multifamily product in Hitchcock are not at levels that would support new market rate construction. However, development of an affordable multifamily property may be feasible. Due to the occupancy rates at competing affordable properties, there is sufficient demand for additional affordable housing. To summarize, the highest and best use of the site, if vacant, would be to construct a multifamily rental community that would provide affordable housing and would be consistent with the existing development.

Financially Feasible/Maximally Productive

The improvements represent a physically possible and legally permissible use of the site, and the mixed income operations of the property as an apartment rental community generate a sufficient return to the land. Therefore, the current improvements represent a financially feasible and maximally productive use of the site, as improved

² Appraisal Institute, 1996, *The Appraisal of Real Estate*, 11th Edition, Page 305.

Tax Rates

The respective taxing authorities and tax rates per \$100 of assessed value are similar to surrounding communities and are not atypically burdensome. The assessment ratio for improved properties is 100% of the full appraised value. The jurisdictions that tax the subject and their respective 2016 tax rates (2017 not yet available) are summarized in the following table:.

TAX LEVY (per \$100)	
Taxing Authority	2016
Galveston Co.	\$0.546247
Mainland Coll.	\$0.208376
Hitchcock ISD	\$1.540000
Co. Road and Flood	\$0.005753
Hitchcock City	\$0.413202
Total	\$2.713578

Assessed Value

The subject is assessed by the Galveston County Appraisal District under account number R381630. The recent assessments are as follows:

ASSESSMENT HISTORY		
Value	2015	2016
Improvements	\$2,415,160	\$2,981,690
Land	\$259,640	\$259,640
Total Markt Value	\$2,674,800	\$3,241,330
Assessment Ratio	100%	100%
Assessed Value	\$2,674,800	\$3,241,330

Unencumbered Tax Analysis

In an effort to estimate the reasonableness of the subject’s assessment, unencumbered, the assessed values of several multifamily rental communities in the immediate market area were analyzed, all of which also serve as comparable rentals in the Income Capitalization Approach of this report. These properties are summarized in the following table:

TAX COMPARABLES, UNENCUMBERED					
Property	Built	No. Units	Avg Unit Size (SF)	2016 AV	2016 AV/Unit
Veranda - Texas City	2003	200	867	\$7,341,470	\$36,707
Breakers	1983	272	706	\$9,200,150	\$33,824
Lakeview	1982	304	715	\$6,920,000	\$22,763
Stone Ridge	1984	248	699	\$6,300,000	\$25,403
Village by the Sea	1985	241	776	\$6,400,000	\$26,556
Subject	2001	160	874	\$5,440,000	\$34,000

The tax comparables range from \$22,763 to \$36,707/unit, and the subject’s assessment of \$20,258/unit falls below this range as it is not a market rate community. Four of the comparables represent 1980s construction, while Veranda was constructed in 2003, and is the most similar to the subject in this regard. In addition, the tax comparables feature similar locational attributes, and generally similar amenities, with the exception of garages. Considering such, an assessment on the upper end of the range would be reasonable. Therefore, we have projected an unencumbered assessed value of \$5,440,000, or \$34,000/unit. Although this is bracketed by the comparables range, it’s approximately 90% of the reported contract price, and represents a nearly 68% increase over the current 2016 assessment. Typically, post close a property will be re-assessed between 70% and up to 90% of the purchase price. We have also considered this within our hypothetical “as is, unencumbered” reconciled capitalization rate.

Using this unencumbered assessment and the total current tax rate cited above, the unencumbered tax liability employed in the Income Capitalization Approach of this report was projected to be \$147,619 or \$923/unit.

Encumbered Tax Analysis

The assessed value of the subject property increased over 20% over the 2015 assessment of \$2,674,800. In an effort to estimate the reasonableness of the subject’s encumbered assessment, the assessed values of several affordable multifamily rental communities in the immediate market area were analyzed, all of which also serve as comparable rentals in the Income Capitalization Approach of this report. These properties are summarized in the following table.

TAX COMPARABLES ENCUMBERED					
Property	Built	No. Units	Avg Unit Size (SF)	2016 AV	2016 AV/Unit
Bent Oaks (HTC)	1999	72	1,009	\$1,531,700	\$21,274
Costa Mariposa (HTC)	2010	252	980	\$7,500,000	\$29,762
Retreat at Texas City (HTC)	2000	250	1,112	\$4,816,580	\$19,266
Jordan Cove (HTC)	2001	248	1,045	\$3,825,350	\$15,425
Subject	2001	160	874	\$3,241,330	\$20,258

The tax comparables range from \$15,425 to \$29,762/unit. The subject's assessment of \$20,258/unit falls within this range. As such, the subject's 2016 assessed value is considered reasonable. Utilizing the subject's 2016 assessed value and 2016 tax rate, the subject's encumbered tax expense was calculated to be \$87,956 or \$550/unit. Per county records, the subject's taxes are current.

We have not adjusted the subject's encumbered taxes within our encumbered proforma, and have assumed the current assessment. Risk of re-assessment due to sale will be reflected in our reconciled "as is, encumbered" capitalization rate further within the report.

Overview

The three traditional approaches to valuing improved properties are:

1. Sales Comparison Approach - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;
2. Income Capitalization Approach - the processing of a projected net income into a valuation estimate via one or more capitalization techniques; and
3. Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of producing a rental income.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

The Appraisal Process is concluded by a review and re-examination of each of the approaches to value that was employed. Consideration is given to the type and reliability of data used, the applicability of each approach to the type of property being appraised and the type and definition of value being sought.

Subject Specific

In this appraisal, the Sales Comparison and Income Capitalization Approaches were utilized to derive an “as is, unencumbered, and as is, encumbered” value indication for the property. The Income Capitalization Approach was given primary consideration because potential gross income and expenses are well supported, and the income stream of this type property is what investors are actually looking at when making an offer. We have based our revenue on projected market rents, and utilized historical expenses, as well as adjusted market expenses to conclude an unencumbered value. Furthermore, we have reconciled a cap rate that is based on market sales transactions.

The Sales Comparison Approach was considered supportive of the value indicated by the Income Capitalization Approach. The Cost Approach was not utilized due to the age of the subject improvements and the fact that investors do not typically utilize it in their investment decisions and it is not required to provide a credible assignment results for this type of property.

Introduction

The Sales Comparison Approach is premised upon the Principle of Substitution - a valuation principle that states that a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The principle of substitution presumes that the purchaser will consider the alternatives available to him, that he will act rationally or prudently on the basis of his information about those alternatives, and that time is not a significant factor. Substitution may assume the form of the purchase of an existing property with the same utility, or of acquiring an investment, which will produce an income stream of the same size with the same risk as that involved in the property in question.

The applicability of this approach is based upon the assemblage of similar market sales and offerings for comparison to the subject. Considerations for such factors as market condition, location, size, quality, age-condition, and amenities, as well as the terms of the transaction, are all significant to the subject property. Any adjustments to the sale price of market sales to provide indications of market value for the subject must be market derived; therefore, the actions of typical buyers and sellers are reflected in the comparison process.

There are various units of comparison available in the evaluation of sales data in this approach. The annual Effective Gross Income Multiplier (EGIM), the Sales Price per Square Foot (SP/SF), and the Sales Price per Unit (SP/Unit) are the most commonly used in this approach. When the availability of sales is limited, comparison can be made based on the difference in income generating potential between the existing sales and the subject. This comparison is referred to as an economic analysis.

The EGIM should be relied upon cautiously when rental rates or expenses are changing rapidly. Sales are expected to reflect a decrease in the EGIM when expenses are increasing and rents are stabilized to discount for the adverse effect on the net income stream. Conversely, when rents are increasing and expenses are stabilized, an inflated EGIM is likely to be reflected in the sales.

Dividing the sale price by the net rentable area (NRA) derives the Sales Price per Square Foot (SP/SF) unit of comparison, while the Sales Price per Unit (SP/Unit) is derived by dividing the sales price by the total number of units. In this analysis, both the SP/SF and SP/Unit comparisons were analyzed on a physical basis.

Analysis of Comparable Sales

During the analysis we identified, and confirmed several recent transactions of garden apartment communities within close proximity of the subject's market. The comparables utilized are all market rate communities, with no rental restrictions, and are considered overall similar to the subject in regards to age, locational attributes, and quality. These sales are summarized in the following table while a detailed description is available in the Exhibits section of this report.

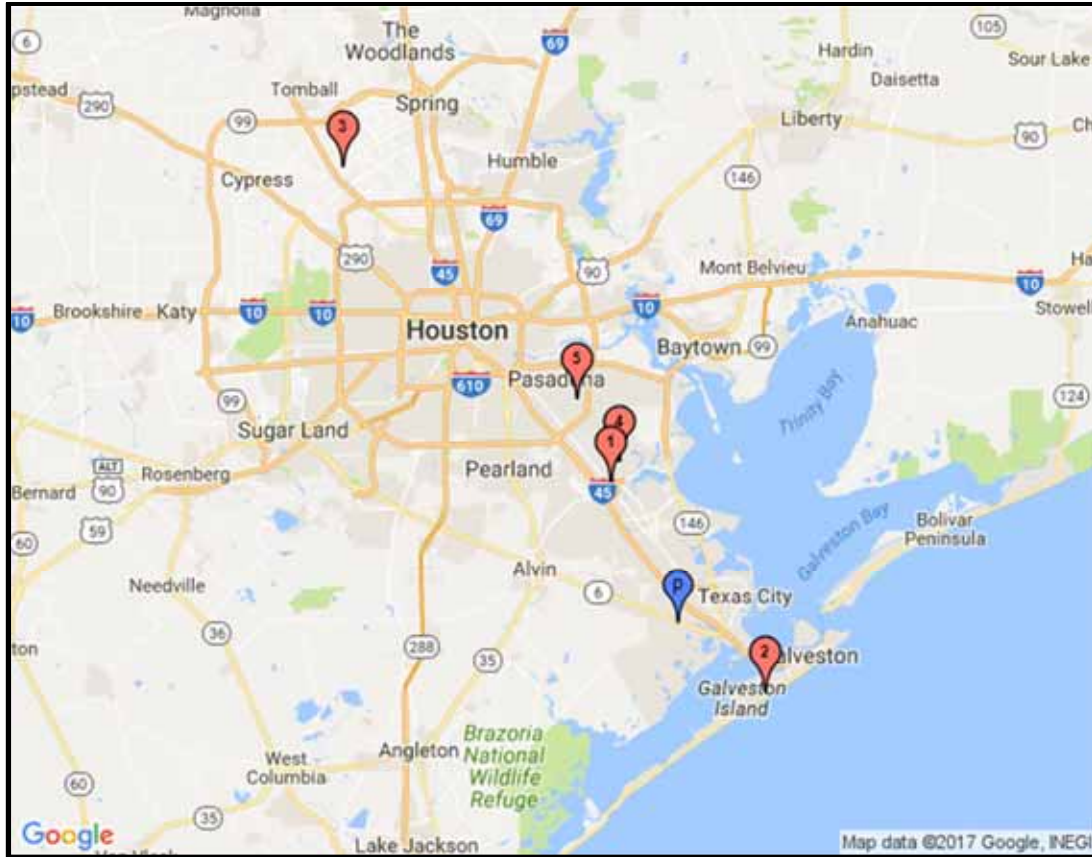


Figure 8: Comparable Sales Map (Subject denoted by blue pin)

COMPARABLE IMPROVED SALES SUMMARY									
No.	Project	DOS	YOC	No. Units	Avg Unit Size (SF)	Sale Price		NOI/Unit	Ro
						per SF	per Unit		
1	Preserve	Jun-16	1989/2008	530	828	\$118.52	\$98,113	\$6,377	6.50%
2	Campeche Cove	May-16	1985/2006	265	695	\$102.10	\$70,943	\$4,699	6.62%
3	Cypress Commons	Mar-16	1998	252	908	\$115.34	\$104,762	\$5,415	5.17%
4	The Ivy at Clear Creek, Houston	Feb-16	1979	244	929	\$85.57	\$79,508	\$4,807	6.05%
5	Willow Springs	Feb-16	1984	252	761	\$102.48	\$78,000	\$4,993	6.40%
	Subject	—	2001	160	874	—	—	\$5,200	—

The data mapped and summarized above will be discussed and analyzed on the following pages to form an “as is, unencumbered” value indication for the subject via this approach.

Sales Price per Unit Analysis (SP/DU)

The Sales Price per Unit comparison is a physical unit of comparison; however, it reflects the income producing potential of the property and can be adjusted to account for dissimilarities in that potential between the subject and market sales. The sales were analyzed and adjusted for differences in physical characteristics. The analysis reflects the physical adjustment process wherein paired sales were used to extract adjustments from the market. The adjustment categories considered and a brief explanation of each is as follows.

Rights Conveyed

All the sales involved conveyance of Leased Fee interest which were encumbered by short term leases. Such is similar to the property rights appraised herein for the subject; thus, no adjustments were necessary for property rights conveyed.

Financing Terms

The consideration of one property may differ significantly from that of an identical substitute property due to financing conditions. Below market financing must be identified and adjusted for in the sales data when applicable. Cash equivalency analysis is a procedure whereby comparable sales are adjusted for atypical financing based on market rates available for comparable properties at the time of sale. In this particular instance, all the sales involved third party financing or cash transactions; therefore, no adjustments to the sales were required for this category of comparison.

Conditions of Sale

Adjustments for conditions of sale typically reflect the motivations of buyers and sellers. All of the sales utilized herein represent arm's-length transactions that sold without atypical motivations or sales conditions. Thus, the sales were not adjusted for conditions of sale.

Market Conditions (Date of Sale)

The sales confirmed for analysis occurred between February 2016 and June 2016, and represent the most recent sales of similar properties in similar markets that we were able to confirm. Market conditions over this time period have generally been improving; however, the recent decline in oil pricing has had a negative impact on the apartment market. According to Reis, as of 4Q 2016, the Houston multifamily market reported a vacancy rate of 6.4%, which is 90 basis points above that of the 5.5% indication as of 2015 annual. Rent projections have begun to stabilize near 2.0% over the next five years. Noteworthy, rental projections have decreased from 3Q16 Figures of 2.5% to 3.0%, or roughly 100 to 50 basis points less than the previous quarter. Additionally, demand is beginning to lag supply; however, it appears the supply pipeline is slowing considerably after 2017. As such, we have elected to not adjust the comparables for market conditions.

Location

The subject property is located in Hitchcock, which is southeast of the Houston city limits. The property benefits from exposure along SH 6, which is a highly traversed primary highway. The surrounding uses include multi-family communities, single family neighborhoods and local retail. In order to help quantify the differences between the subject's location and the location of the comparables, we have compared the average rental rates for each Sales' respective submarket (according to 4Q 2016 Reis), to the subject's submarket (according to ALN as of March 2017), and summarized within the below.

LOCATION ADJUSTMENTS						
Sale	Submarket	Subject's		Comps		Adjustment
		Avg. Submarket Rent	Avg. Submarket Rent	Variance	Applied	
1	Pasadena/Deer Park	\$877	\$877	\$942	-7%	-15%
2	Galveston	\$877	\$877	\$843	4%	-5%
3	Champion/FM1960	\$877	\$877	\$1,012	-13%	-10%
4	Pasadena/Deer Park	\$877	\$877	\$942	-7%	-15%
5	Pasadena/Deer Park	\$877	\$877	\$942	-7%	-15%

In addition to the market adjustments noted above, we have also included locational adjustments above and beyond the variance of the rental rate analysis. All of the sales have superior locations relative to the subject, and a visibility that is slightly superior to that of the subject. Sale 1 has a superior location within close proximity to a hospital, medical office, and retail uses. Sale 2 is located within an inferior rental market; however, it is located along the waterway, and is adjacent to a marina, and is considered superior to the subject in this regard, warranting a downward adjustment. Sales 3, 4, and 5 are located adjacent to supportive retail, office, and employment districts, and are considered superior to the subject.

Age

The subject was completed in 2001, and is in average condition. The comparables were built from 1979 to 1998, and are older than the subject, warranting a slight upward adjustment for age during the analysis. As such, the data was adjusted to the subject on the basis of 0.5% per year difference when compared to the subject's age.

Occupancy

All of the sales represented stabilized properties, and have similar occupancy levels currently at the subject. Therefore, no adjustments were made during the analysis.

Project/Amenities

All of the sales represent Class A-/B+ properties, and have similar project amenities including a leasing office/clubhouse, pool, business, and fitness center similar to the subject. Therefore, no adjustment was warranted in this regard. However, the subject also offers detached garages. With the exception of Sale 3, the remaining comparables do not benefit from this amenity, warranting an upward adjustment.

Quality/Condition

The subject is a two-story garden rental community, with pitched roofs, individual HVAC units, and detached garages. The construction quality of the subject is average and is similar to Sales 1, 2, 4, and 5, warranting no adjustments. Sale 3 is considered to be superior to the subject in regards to quality, as it offers granite countertops, black, or stainless steel appliances, upgraded fixtures and cabinets, and warranted a downward adjustment in this regard.

All of the sales were considered to be similar with regard to condition, warranting no adjustments.

Project Size

The comparables ranged in size from 244 to 530 units, and the subject is below the range. According to market participants, investors are currently seeking larger properties, or portfolio transactions, and paying premiums for such assets. As such, we've adjusted each sale 1.0% per doubling of the subject's size.

Average Unit Size

The subject has average unit size of 874 SF, which falls within the range exhibited by the comparables. Typically, the larger the average unit size, the higher the price per unit and the lower the price per foot, and vice versa. Considering such, adjustments were applied to the sales on the basis of 3.0% for every 100 SF different in average unit size (rounded to the nearest whole percent).

Adjustment Summary

The table on the following page summarizes the previously discussed adjustments

SALES PRICE/UNIT ADJUSTMENT SUMMARY						
Subject	1	2	3	4	5	
Sale Date	—	Jun-16	May-16	Mar-16	Feb-16	Feb-16
No. of Units	160	530	265	252	244	252
Avg. Unit Size (SF)	874	828	695	908	929	761
Age (yrs.)	16	28	30	19	38	33
Sale Price per Unit		\$98,113	\$70,943	\$104,762	\$79,508	\$78,000
Rights Conveyed		0.0%	0.0%	0.0%	0.0%	0.0%
Financing Terms		0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale		0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$98,113	\$70,943	\$104,762	\$79,508	\$78,000
Market Conditions		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$98,113	\$70,943	\$104,762	\$79,508	\$78,000
Location		-15.0%	-5.0%	-10.0%	-15.0%	-15.0%
Age		6.0%	7.0%	1.5%	11.0%	8.5%
Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%
Project/Amenities		5.0%	5.0%	0.0%	5.0%	5.0%
Quality/Condition		0.0%	0.0%	-5.0%	0.0%	0.0%
Project Size		-3.3%	-1.7%	-1.6%	-1.5%	-1.6%
Unit Size		1.0%	5.0%	-1.0%	-2.0%	3.0%
Subtotal Net Adjustments		-6.3%	10.3%	-16.1%	-2.5%	-0.1%
Final Indicated Value		\$91,920	\$78,281	\$87,922	\$77,500	\$77,942
Value Summary	Unadjusted	Adjusted				
Minimum	\$70,943	\$77,500				
Maximum	\$104,762	\$91,920				
Mean	\$86,265	\$82,713				
Deviation	\$14,416	\$6,736				

Conclusion, SP/Unit Analysis

After physical adjustments the sales ranged from \$77,500 to \$91,920/unit, indicating a mean of \$82,713/unit. Despite the locational adjustments, all of the sales provided a good indication of value. Considering the age of the comparables, a sales price above the average adjusted mean would be easily supportable. Considering Sale 3 is the most similar to the subject in age, primary weight was given to the adjusted price of Sale 3. We've concluded to \$87,000/unit for the Sales Price/Unit analysis, which is summarized below.

Sales Price/Unit × No. Units = Value Indication
\$87,000/Unit × 160 Units = \$13,920,000
Rounded: \$13,900,000

Sales Price per Square Foot Analysis (SP/SF)

Most multifamily market participants utilize this unit of comparison and, as such, it can provide a reliable indication of value. However, how reliable an indication depends greatly upon the adjustments that have to be made. In this particular instance, the adjustments applied to the data are consistent with those employed in the previous SP/DU analysis, with the exception of that employed for average unit size, which were inverted and based on a factor of 3.0% for every 100 SF difference in average unit size (rounded to the nearest whole percent). The adjustments applied to the sales data are reflected in the table on the following page.

SALES PRICE/SF ADJUSTMENT SUMMARY						
Subject	1	2	3	4	5	
Sale Date	—	Jun-16	May-16	Mar-16	Feb-16	Feb-16
No. of Units	160	530	265	252	244	252
Avg. Unit Size (SF)	874	828	695	908	929	761
Age (yrs.)	16	28	30	19	38	33
Sale Price per SF		\$118.52	\$102.10	\$115.34	\$85.57	\$102.48
Rights Conveyed		0.0%	0.0%	0.0%	0.0%	0.0%
Financing		0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale		0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$118.52	\$102.10	\$115.34	\$85.57	\$102.48
Market Conditions		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$118.52	\$102.10	\$115.34	\$85.57	\$102.48
Location		-15.0%	-5.0%	-10.0%	-15.0%	-15.0%
Age		6.0%	7.0%	1.5%	11.0%	8.5%
Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%
Project/Amenities		5.0%	5.0%	0.0%	5.0%	5.0%
Quality/Condition		0.0%	0.0%	-5.0%	0.0%	0.0%
Project Size		-3.3%	-1.7%	-1.6%	-1.5%	-1.6%
Unit Size		-1.0%	-5.0%	1.0%	2.0%	-3.0%
Subtotal Net Adjustments		-8.3%	0.3%	-14.1%	1.5%	-6.1%
Final Indicated Value		\$108.67	\$102.45	\$99.11	\$86.83	\$96.25
Value Summary	Unadjusted	Adjusted				
Minimum	\$85.57	\$86.83				
Maximum	\$118.52	\$108.67				
Mean	\$104.80	\$98.66				
Deviation	\$13.06	\$8.07				

Conclusion, SP/SF Analysis

The adjustments applied to the data reduced the dispersion indicated by the unadjusted sales prices. Such is illustrated by the fact that the standard deviation is reduced from \$13.06 before adjustment to \$8.97 after. Once again, primary consideration was given to the adjusted sales price of Sale 3; therefore, we have reconciled \$100.00/SF within the Sales Price/SF analysis, and is summarized below.

Net Rentable Area × SP/SF = Value Indication
139,888 SF × \$100.00/SF = \$13,988,800
Rounded: \$14,000,000

Conclusion

Within the Sales Comparison Approach, the comparable sales were analyzed on a physical basis. The following table summarizes the “as is” unencumbered, value indications from the various analyses.

EGIM Analysis	Not Utilized
Physical Adjustment Analysis	
SP/Unit	\$13,900,000
SP/SF	\$14,000,000

The EGIM Analysis was not employed in this approach as the income-producing characteristics of the subject are best addressed employing principals of the Income Capitalization Approach. Giving relatively equal weight to both the SP/Unit, and SP/SF analyses, the subject’s Hypothetical “as is, unencumbered” value via the Sales Comparison Approach was concluded as follows:

Sales Comparison Approach Value Indication “As Is, Unencumbered”
\$14,000,000

The value concluded above equates to \$87,500/unit or \$100.08/SF, both of which fall within the range of the sales on an adjusted basis; therefore, the value indication provided via this approach is supported by recent sales within the market.

Introduction

The Income Capitalization Approach is a process of estimating the value of real estate based upon the principle that the value is directly related to the present value of all future net income attributable to the property. The value of the real property is therefore derived by capitalizing net income either by direct capitalization or a discounted cash flow analysis. Regardless of the capitalization technique employed, one must attempt to estimate a reasonable net operating income based upon the best available market data; therefore, the derivation of this estimate requires the appraiser to: (1) project potential gross income (PGI) based upon a comparison of the subject to competing properties; (2) project income loss from vacancy and collection loss based primarily upon supply and demand relationships in the subject's market; (3) derive effective gross income (EGI) by subtracting the vacancy and collection income loss from PGI; (4) project the operating expenses associated with the production of the income stream by comparison of the subject to similar competing properties; and (5) derive Net Operating Income (NOI) by subtracting the operating expenses from EGI.

Income Analysis “As Is, Unencumbered”

The rents being quoted at the subject property at the time of inspection were confirmed by the onsite leasing personnel, and are shown in the following table. The complex offers flat floorplans. In analyzing the subject units, the rent roll dated March 2017 was provided. The rates below represent the quoted rates on an encumbered basis as a tax-credit community. However, we are reconciling rental rates on an unencumbered basis as if it were a 100% market rate community

The subject's unit amenities include standard appliances, built-in microwave, laundry connections, 9-ft ceilings, ceiling fans, patio/balcony, and energy efficient package. The subject's property amenities includes a one-story clubhouse/leasing office, picnic/playground, detached garages, gated access, and swimming pool. Rent premiums for items such as views or upgrades are not prevalent in this market and will not be considered in this analysis. The inclusion of amenities and the overall level of quality of the subject are generally similar to competing market rate properties in the area. At the subject, electricity is billed directly to the resident by the utility provider, while the tenants pay their water and sewer through a RUBs program. Landlord is also responsible for trash.

Market Rental Comparison

The following analysis will compare the rent comparables to the subject on an unencumbered basis. Within our analysis, we have analyzed each of the subject's floor plans. We are estimating market rent as of the date of appraisal. The comparable rentals (reflecting base quoted rents) are summarized in the following table and represent market rate properties only (unencumbered). Noteworthy, we have included the subject's encumbered units as well, to illustrate the subject's upside compared to market comparables.

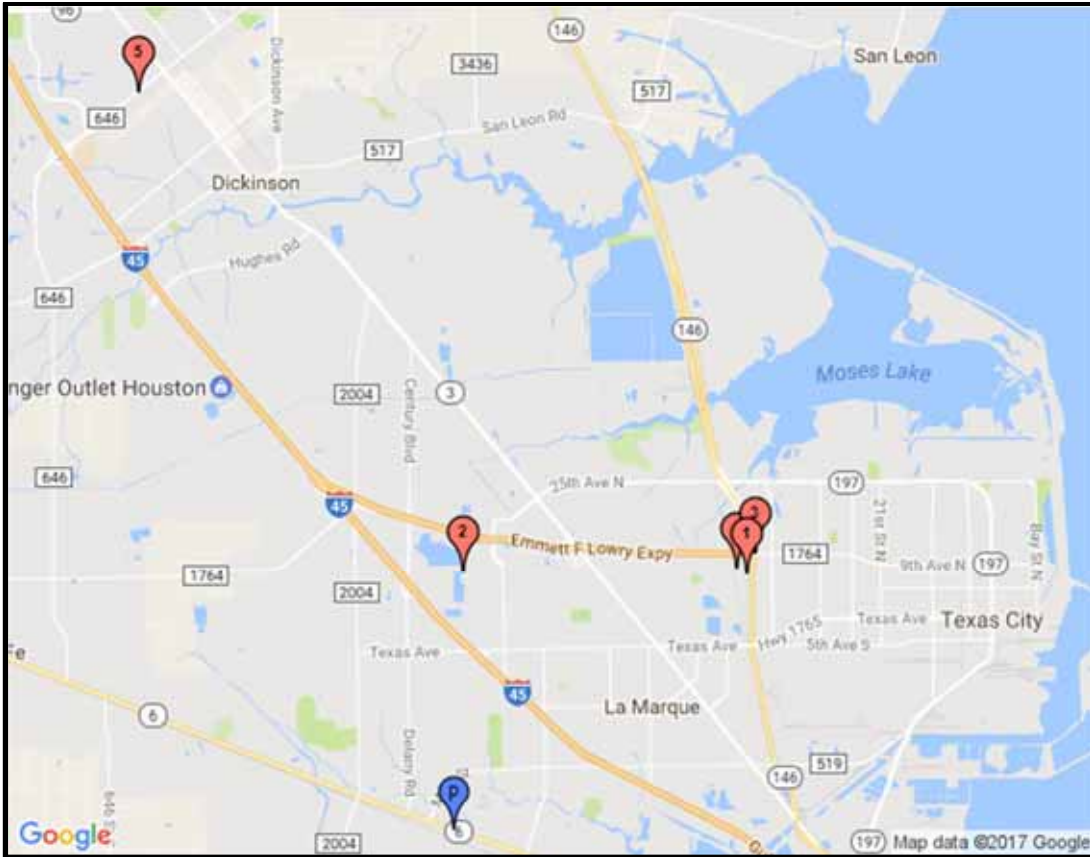


Figure 9: Comparable Rental Map (Subject denoted by blue pin)

(Please note that Rental 4 is obscured.) During our analysis, we tried to identify market comparables that were similar to the property with regard to location, and built after 1990; however, there is minimal new product within the greater area. Therefore, we expanded our search to include market rate units built after 1980. Rental 1 and 5 are most similar to the subject property with regard to age, while Rentals 2, 3, and 4 are considerably older. Although older, these market comparables easily identify the rent variance from HTC, to market rate properties in the immediate area.

Market Unit Types

The subject’s contract rent (highlighted in green) and quoted rents (highlighted in blue), per the rent roll dated March 1, 2017, are arrayed with the effective quoted rental rates of similar plans within market rate comparables in the immediate area. Once again, Rental 1 is the subject’s sister property and offers market rate units, and has been included within the below analysis (highlighted) also. Rental 9 offers market rate units too, and should be included within the below analysis (where applicable).

INCOME CAPITALIZATION APPROACH

MARKET - 1 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE									
No.	Name	YOC	Type	Size (SF)	Quoted Net Rental Rate	Adjustments Utility	Adj. Net (\$/Unit)	Rental Rate (\$/SF)	
1	Veranda - Texas City	2003	1BR/1BA	653	\$900	\$0	\$900	\$1.38	
1	Veranda - Texas City	2003	1BR/1BA	756	\$890	\$0	\$890	\$1.18	
1	Veranda - Texas City	2003	1BR/1BA	933	\$1,056	\$0	\$1,056	\$1.13	
2	Breakers	1983	1BR/1BA	518	\$635	\$0	\$635	\$1.23	
2	Breakers	1983	1BR/1BA	577	\$687	\$0	\$687	\$1.19	
2	Breakers	1983	1BR/1BA	662	\$769	\$0	\$769	\$1.16	
2	Breakers	1983	1BR/1BA	724	\$795	\$0	\$795	\$1.10	
3	Lakeview	1982	1BR/1BA	587	\$585	\$0	\$585	\$1.00	
3	Lakeview	1982	1BR/1BA	715	\$696	\$0	\$696	\$0.97	
4	Stone Ridge	1984	1BR/1BA	466	\$766	\$0	\$766	\$1.64	
4	Stone Ridge	1984	1BR/1BA	651	\$753	\$0	\$753	\$1.16	
5	Beacon Lakes	2008	1BR/1BA	850	\$1,100	\$0	\$1,100	\$1.29	
5	Beacon Lakes	2008	1BR/1BA	878	\$1,073	\$0	\$1,073	\$1.22	
5	Beacon Lakes	2008	1BR/1BA	972	\$1,018	\$0	\$1,018	\$1.05	
6	Bent Oaks	1999	1BR/1BA/Mkt	772	\$730	\$0	\$730	\$0.95	
Contract	Oaks of Hitchcock (HTC)	2001	1BR/1BA/50%	648	\$554	\$89	\$643	\$0.99	
Quoted	Oaks of Hitchcock (HTC)	2001	1BR/1BA/50%	648	\$560	\$89	\$649	\$1.00	
Market Rental Range (\$/Unit):		\$585 to \$1,100			Market Mean:		\$837		
Market Rental Range (\$/SF):		\$0.95 to \$1.64			Market Mean:		\$1.19		

Market Rental Range, and Market Mean exclude the subject's HTC units.

The 1BR comparables range from 466 SF to 972 SF. The subject's 1BR is bracketed by the comparables on a per square foot basis. The comparables market rental rate ranges from \$585 to \$1,100/month, or \$0.84 to \$1.64/SF. The subject is considered to be most similar to Rentals 1, 5, and 6 in regards to age, location, and amenities. Rental 1s 653 SF 1BR units are similar to the subject's, and lease for \$900/month. This is an increase of \$40, or 4.5% since our last survey in October 2016. We have reconciled the subject's 1BRs at \$775/month, which is supported by Rental 1s 1BR rents for a similar size floorplan. Furthermore, Rentals 2, and 3 offer a similar floorplan, and are quoting between \$750 to \$770, for units much older than the subject, further supporting our reconciled projection.

MARKET - 2 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE									
No.	Name	YOC	Type	Size (SF)	Quoted Net Rental Rate	Adjustments Utility	Adj. Net (\$/Unit)	Rental Rate (\$/SF)	
2	Breakers	1983	2BR/1BA	850	\$871	\$0	\$871	\$1.02	
9	Retreat at Texas City	2000	2BR/2BA/MKT	879	\$899	\$0	\$899	\$1.02	
6	Bent Oaks	1999	2BR/1BA/Mkt	881	\$845	\$0	\$845	\$0.96	
2	Breakers	1983	2BR/2BA	884	\$895	\$0	\$895	\$1.01	
4	Stone Ridge	1984	2BR/2BA	886	\$1,073	\$0	\$1,073	\$1.21	
Contract	Oaks of Hitchcock	2001	2BR/2BA/50%	886	\$673	\$110	\$783	\$0.88	
Quoted	Oaks of Hitchcock	2001	2BR/2BA/50%	886	\$671	\$110	\$781	\$0.88	
6	Bent Oaks	1999	2BR/1BA/Mkt	922	\$845	\$0	\$845	\$0.92	
3	Lakeview	1982	2BR/2BA	987	\$860	\$0	\$860	\$0.87	
6	Bent Oaks	1999	2BR/2BA/Mkt	991	\$865	\$0	\$865	\$0.87	
6	Bent Oaks	1999	2BR/2BA/Mkt	1,042	\$865	\$0	\$865	\$0.83	
1	Veranda - Texas City	2003	2BR/2BA	1,048	\$1,181	\$0	\$1,181	\$1.13	
5	Beacon Lakes	2008	2BR/2BA	1,102	\$1,470	\$0	\$1,470	\$1.33	
9	Retreat at Texas City	2000	2BR/2BA/MKT	1,130	\$899	\$0	\$899	\$0.80	
5	Beacon Lakes	2008	2BR/2BA	1,140	\$1,333	\$0	\$1,333	\$1.17	
5	Beacon Lakes	2008	2BR/2BA	1,262	\$1,395	\$0	\$1,395	\$1.11	
Market Rental Range (\$/Unit):		\$871 to \$1470			Market Mean:		\$1,046		
Market Rental Range (\$/SF):		\$0.80 to \$1.33			Market Mean:		\$1.04		

Market Rental Range, and Market Mean exclude the subject's HTC units.

The 2BR units at the comparables range from 850 SF to 1,262 SF. The subject's 2BR falls within this range, on a per square foot basis. The comparables market rental rate ranges from \$871 to

\$1,471/month, or \$0.80 to \$1.33/SF. The subject's units are considered to be most similar to Rentals 1, 5, 6, and 9 in regards to age, location, and amenities.

Rental 1 has one 2BR unit at 1,048 SF, and is renting for \$1,181/month, while Rental 5 has larger 2BRs, ranging from \$1,333 to \$1,470/month. Rental 6 offers a 2BR/1BA 881 SF unit for \$845/month. Rental 9 offers an 879 SF unit for \$899/month currently. We have reconciled the subject's 886 SF unit at \$925/month. The reconciled market rents are slightly higher than Rental 6 and 9s units; however, the subject's unit is larger. Additionally, the subject's unit has 2 bathrooms, compared to Rental 6s single bathroom. The reconciled rental rate is bracketed by Rentals 1 and 5s 2BR rents, and considered reasonable. Additionally, the rental rates reconciled for the subject's 2BRs are also bracketed by the market rental range on both a per month, and per square foot basis.

MARKET - 3 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE									
No.	Name	YOC	Type	Size (SF)	Quoted Net Rental Rate	Adjustments Utility	Adj. Net Rental Rate (\$/Unit)	Rental Rate (\$/SF)	
Contract	Oaks of Hitchcock (HTC)	2001	3BR/2BA/50%	1,085	\$770	\$137	\$907	\$0.84	
Quoted	Oaks of Hitchcock (HTC)	2001	3BR/2BA/50%	1,085	\$770	\$137	\$907	\$0.84	
6	Bent Oaks	1999	3BR/2BA/Mkt	1,176	\$985	\$0	\$985	\$0.84	
6	Bent Oaks	1999	3BR/2BA/Mkt	1,212	\$985	\$0	\$985	\$0.81	
1	Veranda - Texas City	2003	3BR/2BA	1,323	\$1,314	\$0	\$1,314	\$0.99	
9	Retreat at Texas City	2000	3BR/2BA/MKT	1,332	\$999	\$0	\$999	\$0.75	
Rental Range (\$/Unit):		\$985 to \$1,314				Market Mean:		\$1,071	
Rental Range (\$/SF):		\$0.75 to \$0.99				Market Mean:		\$0.85	

Market Rental Range, and Market Mean exclude the subject's HTC units.

The 3BR units at the comparables range from 1,176 SF to 1,332 SF. The subject's 3BR units are below the comparables on a per square foot basis, and are the smallest 3BR units within the market. The subject is considered to be most similar to Rentals 1, 6 and 9 in regards to location and amenities. Rental 6 offers a 1,176 SF, and a 1,212 SF unit for \$985/month. Both Rentals 1 and 9 offer larger 3BRs than the subject.

Rental 9s 1,332 SF unit is currently quoting \$999/month. Since our last survey in October 2016, Rental 1s 3BR unit has increased from \$1,264/month, to \$1,314/month during this time. This is an increase of \$50/month, or approximately 4.0%. We have reconciled the subject's 3BRs at \$1,075/month. The reconciled market rents are bracketed by Rental 1s 3BR rents, and the market rental range on both a per month, and per square foot basis.

Final Correlation of (Unencumbered) Market Rent

The following summarizes the market rent opinions for the subject's units as of March 28, 2017, and were requested by our client. Additionally, these rental rates will be utilized within the proforma concluding to the "as is, unencumbered" Market Value further within this report.

RECONCILED RENTAL RATES - MARKET					
No.	Type	Size (SF)	Rent/Mo.	Rent/SF	Total
20	1BR/1BA	648	\$775	\$1.20	\$15,500
24	1BR/1BA	648	\$775	\$1.20	\$18,600
4	1BR/1BA	648	\$775	\$1.20	\$3,100
32	2BR/2BA	886	\$925	\$1.04	\$29,600
32	2BR/2BA	886	\$925	\$1.04	\$29,600
20	3BR/2BA	1,085	\$1,075	\$0.99	\$21,500
24	3BR/2BA	1,085	\$1,075	\$0.99	\$25,800
4	3BR/2BA	1,085	\$1,075	\$0.99	\$4,300
160 Total/Average		874	\$925	\$1.06	\$148,000

Based on the rent roll provided, the subject's contract rent of \$671/month is 25% below the immediate market rate comparables average of \$896/month (average of Rentals 6-10). According to ALN Apartment Data, Inc., the Hitchcock (SE5) submarket had an average market rent of \$877/month as of March 2017. Over the last 24 months, market rental rates have increased by approximately \$72/month, or roughly 8.91%, and effective rental rates have increased by approximately \$75/month, or roughly 9.36% (4.56% annually). Occupancy within both HTC, and market rate communities within the immediate area are above the overall Houston apartment market, and supports a strong demand within the market for both asset types.

A comparison of the reconciled market rental rates, versus the reconciled HTC rental rates for the subject is summarized within the following table. Please note, that the HTC rental conclusions are concluded further in the report.

RENTAL COMPARISON - RECONCILED MKT RENT v. RECONCILED HTC RENT						
Set-Aside	Size (SF)	Market		HTC		Variance From Market
		Rent	Rent/SF	Rent	Rent/SF	
1BR/1BA	648	\$775	\$1.20	\$560	\$0.86	-28%
1BR/1BA	648	\$775	\$1.20	\$560	\$0.86	-28%
1BR/1BA	648	\$775	\$1.20	\$560	\$0.86	-28%
2BR/2BA	886	\$925	\$1.04	\$670	\$0.76	-28%
2BR/2BA	886	\$925	\$1.04	\$670	\$0.76	-28%
3BR/2BA	1,085	\$1,075	\$0.99	\$770	\$0.71	-28%
3BR/2BA	1,085	\$1,075	\$0.99	\$770	\$0.71	-28%
3BR/2BA	1,085	\$1,075	\$0.99	\$770	\$0.71	-28%
Total/Average		874	\$925	\$1.06	\$0.76	-28%

Although our reconciled unencumbered rental rate (average) of \$925/month, or \$1.06/SF, is above the immediate market rate comparables average of \$896/month, as well as the submarket average of \$877/month, the projected rental rates are below the weighted average of \$1,093/month, or \$1.17/SF presented by Rentals 1 and 5. Rentals 1 and 5 are the most similar (100%) market rate communities within the subject's immediate area, and are also the most comparable in regards to age, locational attributes, and amenities.

Therefore, our reconciled “as is, unencumbered” market rental rate projections are considered reasonable, and achievable based on the subject’s immediate competition within the local market.

Gross Potential Rental Income

The first step in the process of projecting the most probable net income a property is capable of generating during ownership is to estimate potential gross income. The selection of an appropriate economic rent, i.e., the rent a resident is justified in paying and which the owner is justified in accepting for the right to occupy the premises, is critical to this step. Economic rent should be based upon rental records of the subject property, if it is an existing income property, and rental data obtained from the marketplace. In this instance, we relied on the subject’s average contract rents and recently executed leases at the property, as well as market data obtained from surrounding rental communities.

We have calculated gross potential rent based on our projection of market rental rates for all units. Therefore, the total gross potential rental income is calculated as follows:

Gross Potential Rental Income
$\$148,000/\text{Month} \times 12 \text{ months} = \$1,776,000$

Ancillary Income

This income category includes services such as late charges and deposit forfeitures, etc.

ANCILLARY INCOME (per Unit)				
Item	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser's Forecast
Water/Sewer Income	357	396	398	400
Late/NSF Fees	77	130	120	125
Pet Fees & Rent	8	13	16	15
Application Fees	10	18	24	25
Garage Income	85	66	44	65
Cleaning Fee	14	30	34	35
Miscellaneous	47	7	(28)	35
Total Ancillary Income	598	659	610	700

Placing weight on the subject’s recent history, ancillary income was reconciled at \$700/unit. We have utilized the above assumptions within both the “as is, unencumbered, and as is encumbered,” pro formas. Noteworthy, the above figures are net of vacancy loss; therefore, our concluded figures are inclusive of vacancy loss as well.

Vacancy & Collection Loss

SUMMARY OF VACANCY AND COLLECTION LOSS				
Economic Vacancy	YE 2015	YE 2016	T3	Appraiser Forecast
Vacancy Loss	-3.6%	-5.3%	-6.1%	-5.0%
Rent Concessions	-0.6%	-0.7%	-0.4%	0.0%
Resident Referrals	-0.2%	-0.1%	0.0%	0.0%
Bad Debt/Loss to Lease	-3.6%	-3.1%	-2.3%	-2.0%
Total Economic Loss:	-7.9%	-9.3%	-8.8%	-7.0%

Vacancy Loss

To estimate effective gross income, an appropriate deduction must be made for vacancy. In estimating this allowance, the leasing agents of the comparable rentals were questioned about their occupancy levels and lease agreements. The data are summarized in the following table.

OCCUPANCY SUMMARY		
No.	Name	Occ. Rate
1	Veranda - Texas City	96%
2	Breakers	95%
3	Lakeview	94%
4	Stone Ridge	90%
5	Beacon Lakes	96%
	Minimum	90%
	Maximum	96%
	Weighted Average	94%
Subject	Oaks of Hitchcock Apartments (HTC)	96%

Although the subject's submarket reported a vacancy rate of 10.2% (March 2017), our survey of market rate (unrestricted properties) reported occupancy ranging from 90% to 96%, and the weighted average indicated by these data equates to 94%. Noteworthy, Stone Ridge reported a management change recently, and a retenanting initiative that has affected their occupancy.

If you excluded this comparable from the above analysis, the average would be 95%. According to the rent roll provided, the subject was 96% occupied, and per management discussions, the property has sustained an occupancy of approximately 95% over the last 12 months. Although this is reflective of the subject's encumbered occupancy, the adjusted average occupancy (excluding Stone Ridge) of the comparables suggests that demand for both unrestricted, and restricted properties are strong.

Therefore, we have estimated a stabilized vacancy rate of 5%. It should be noted that the vacancy and collection loss rate selected is intended to reflect the average over the typical holding period (7 to 10 years) for a market rate property.

Concessions

As noted earlier, effective rents at the comparables have been utilized in our unit by unit rental analysis in order to form market rent opinions for the subject, it is not necessary to estimate an additional concession loss.

Bad Debt/Loss to Lease

In addition to physical vacancy loss and losses attributable to concessions, the subject will also suffer losses due to bad debt, and loss to lease. An analysis of similar properties within the subject market indicated a range of 1.5% to 2.5% is typical for the immediate area. Considering such, and the subject's historical loss, we have assumed a 1% loss to lease, and 1% collection loss. Total economic vacancy including physical vacancy, market loss to lease, and collection loss totals 7.0%.

Unencumbered Effective Gross Income

The effective gross income for the subject property is calculated as follows.

Total Gross Potential Income	\$1,776,000
Plus: Gross Ancillary Income (Net of Vacancy Loss)	112,000
Less: Vacancy & Collection Loss	(124,320)
Total Effective Gross Income:	\$1,763,680

We have estimated gross potential rental income based on the unencumbered market comparables, and have projected ancillary income based on the subject's history. An economic vacancy and collection loss figure was also projected, which was based on trends in the subject's market, as well as the comparables and the subject's recent performance. Following is a comparison of the subject's historical EGI.

EGI COMPARISON		
Year	Amount	Change
YE 2015	\$1,237,632	-
YE 2016	\$1,259,065	1.7%
T3 Ann. Inc. w/ T12 Exp.	\$1,253,760	-0.4%
Appraiser Forecast (Unencumbered)	\$1,763,680	40.1%

Forecast % Change is based on YE 2016.

Once again the historical figures represent encumbered operations which include below market rental rates. Furthermore, our reconciled income includes reasonable estimates for market rent based on nearby rent comparables. Vacancy and collection loss is supported by the subject's current operations, the rent comparables, and the subject's submarket data. As such, our estimate is considered reasonable.

Operating Expense Analysis

The appraisers were supplied the subject's 2015, and 2016 operating data. Expenses compared to an encumbered property, vs. an unencumbered property are relatively similar, with the exception of 1) lower property taxes for a restricted community, 2) a slightly lower turnover expense, as HTC tenants don't typically move (or turnover) as often, and 3) management fees on HTC properties are typically higher due to additional accounting, and annual agency reporting that is required. Each of these adjustments will be made accordingly for each proforma, within the expense analysis.

OAKS OF HITCHCOCK APARTMENTS (HTC)									
Operating History									
Item	YE 2015			YE 2016			T3 Ann. Inc. w/ T12 Exp.		
	Actual	per Unit	per SF	Actual	per Unit	per SF	Actual	per Unit	per SF
INCOME									
Gross Potential Rents	1,247,392	7,796	8.92	1,282,688	8,017	9.17	1,277,760	7,986	9.13
Water/Sewer Income	57,054	357	0.41	63,298	396	0.45	63,736	398	0.46
Late/NSF Fees	12,308	77	0.09	20,865	130	0.15	19,252	120	0.14
Pet Fees & Rent	1,215	8	0.01	2,080	13	0.01	2,500	16	0.02
Application Fees	1,661	10	0.01	2,805	18	0.02	3,900	24	0.03
Garage Income	13,619	85	0.10	10,514	66	0.08	7,104	44	0.05
Cleaning Fee	2,293	14	0.02	4,728	30	0.03	5,504	34	0.04
Miscellaneous	7,584	47	0.05	1,136	7	0.01	(4,472)	(28)	(0.03)
Total Gross Potential Income	1,343,126	8,395	9.60	1,388,114	8,676	9.92	1,375,284	8,596	9.83
Vacancy Loss	(48,216)	(301)	(0.34)	(73,981)	(462)	(0.53)	(83,252)	(520)	(0.60)
Rent Concessions	(7,395)	(46)	(0.05)	(10,062)	(63)	(0.07)	(6,016)	(38)	(0.04)
Resident Referrals	(2,062)	(13)	(0.01)	(2,060)	(13)	(0.01)	-	-	-
Bad Debt/Loss to Lease	(47,821)	(299)	(0.34)	(42,946)	(268)	(0.31)	(32,256)	(202)	(0.23)
Effective Gross Income	1,237,632	7,735	8.85	1,259,065	7,869	9.00	1,253,760	7,836	8.96
EXPENSES									
Fixed Expenses									
Real Estate Taxes	72,822	455	0.52	87,956	550	0.63	87,956	550	0.63
Insurance	116,135	726	0.83	122,315	764	0.87	122,315	764	0.87
Total Fixed Expenses	188,957	1,181	1.35	210,271	1,314	1.50	210,271	1,314	1.50
Operating Expenses									
Water/Sewer	144,968	906	1.04	161,738	1,011	1.16	161,738	1,011	1.16
Electricity	22,627	141	0.16	18,832	118	0.13	18,832	118	0.13
Trash removal	13,537	85	0.10	12,977	81	0.09	12,977	81	0.09
Pest Control	6,540	41	0.05	7,695	48	0.06	7,695	48	0.06
Building Maint. & Repairs	164,208	1,026	1.17	151,442	947	1.08	151,442	947	1.08
Gardening	26,716	167	0.19	28,491	178	0.20	28,491	178	0.20
Nonresident Management	56,996	356	0.41	58,725	367	0.42	58,725	367	0.42
	4.6%			4.7%			4.7%		
Payroll	107,824	674	0.77	114,936	718	0.82	121,926	762	0.87
Benefits	36,963	231	0.26	37,316	233	0.27	37,316	233	0.27
Professional	31,854	199	0.23	23,979	150	0.17	23,979	150	0.17
Telephone	13,064	82	0.09	11,361	71	0.08	11,361	71	0.08
Security	773	5	0.01	604	4	0.00	604	4	0.00
Advertising	25,215	158	0.18	23,886	149	0.17	23,886	149	0.17
Administrative	44,899	281	0.32	40,387	252	0.29	40,387	252	0.29
Total Operating Expenses	696,184	4,351	4.98	692,369	4,327	4.95	699,359	4,371	5.00
Total Expenses	885,141	5,532	6.33	902,640	5,642	6.45	909,630	5,685	6.50
Replacement Reserves	-	-	-	-	-	-	-	-	-
Total Expenses & Reserves	(885,141)	(5,532)	(6.33)	(902,640)	(5,642)	(6.45)	(909,630)	(5,685)	(6.50)
NET OPERATING INCOME	352,491	2,203	2.52	356,425	2,228	2.55	344,130	2,151	2.46

These expenses are compared to IREM data available for garden apartments in Houston, as well as the actual expenses for similar market communities within the greater Houston MSA. The IREM data reflect that from 151 communities with an average of 269 units and 905 SF per unit. The Expense Comparables are summarized in the following table.

COMPARABLE EXPENSES									
Year Built	2008			1999			2008		
No. Units	357			192			126		
Rentable Area	316,616			191,056			123,140		
Average Unit Size (SF)	887			995			977		
Year Operations	T12 Oct. 2016			2015			2015		
Item	Amount	per Unit	per SF	Amount	per Unit	per SF	Amount	per Unit	per SF
INCOME									
Effective Gross Income	4,361,779	12,218	13.78	2,226,216	11,595	11.65	1,779,774	14,125	14.45
Ancillary Income	602,237	1,687	1.90	233,926	1,218	1.22	58,194	462	0.47
EXPENSES									
Fixed Expenses									
Real Estate Taxes	833,646	2,335	2.63	249,880	1,301	1.31	315,695	2,506	2.56
Other Taxes & Assessments	-	-	-	75,008	391	0.39	-	-	-
Insurance	116,868	327	0.37	124,401	648	0.65	49,361	392	0.40
Total Fixed Expenses	950,514	2,663	3.00	449,289	2,340	2.35	365,056	2,897	2.96
Operating Expenses									
Gas	-	-	-	1,298	7	0.01	3,071	24	0.02
Electric	45,152	126	0.14	43,405	226	0.23	38,293	304	0.31
Water & Sewer	191,067	535	0.60	112,315	585	0.59	19,300	153	0.16
Trash removal	68,784	193	0.22	40,101	209	0.21	26,484	210	0.22
Pest Control	6,349	18	0.02	4,120	21	0.02	-	-	-
Maintenance/Repairs	191,735	537	0.61	100,455	523	0.53	73,478	583	0.60
Gardening	48,831	137	0.15	57,318	299	0.30	-	-	-
Nonresident Management	99,611	279	0.31	72,984	380	0.38	47,789	379	0.39
		2.0%			3.0%			2.6%	
Payroll	403,227	1,129	1.27	221,836	1,155	1.16	200,289	1,590	1.63
Payroll taxes	85,443	239	0.27	48,051	250	0.25	-	-	-
Advertising	36,951	104	0.12	46,565	243	0.24	24,391	194	0.20
Administrative	103,064	289	0.33	85,333	444	0.45	40,481	321	0.33
Total Operating Expenses	1,280,214	3,586	4.04	833,781	4,343	4.36	473,576	3,759	3.85
Total Expenses	2,230,728	6,249	7.05	1,283,070	6,683	6.72	838,632	6,656	6.81

Operating expenses for the subject are estimated as follows:

Real Estate Taxes

As noted in the Real Estate Tax Analysis section of this report, the unencumbered tax expense was estimated at \$147,619, or \$923/unit based on the appraiser's reconciled assessed value of \$5,440,000, or \$34,000/unit.

REAL ESTATE TAXES (\$/Unit)					
IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
1,565	1,301-2,506	455	550	550	923

Other Taxes & Assessments

The subject reported a Franchise Tax over the recent past which we have not included in our analysis; however, Texas passed a Margin Tax in 2007 that requires businesses to pay 0.331% of their revenue (if EGI over \$1,110,000) for businesses with total revenue of less than \$20 million. These figures are set by the State Comptroller and were permanently reduced in June 2015. In consideration of such, we have

employed a figure of 0.331% of the effective gross income concluded for the subject in the following pro forma.

Insurance

The expense sources and subject indicate the following:

INSURANCE (\$/SF)						
IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast	
0.42	0.37–0.65	0.83	0.87	0.87	0.85	

The subject’s historical insurance expense falls above the range presented by the comparables and it is above the IREM figure due to the coastal location of the subject. We estimated insurance for the subject at \$0.85/SF, which is based on the subject’s historical figures. We were not provided with an actual insurance premium during the analysis.

Utilities

These expenses cover the cost of all water, sewer, trash, and common area electricity for the day-to-day operation of the property. At the subject, electricity is billed directly to the resident by the utility provider, while the tenants pay their water and sewer through a RUBs program. Landlord is also responsible for trash. The subject and expense sources indicate the following:

UTILITY EXPENSES (\$/Unit)						
Expense Item	IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
Electricity	120	126–304	141	118	118	120
Water/Sewer	353	153–585	906	1,011	1,011	1,015
Trash Removal	--	193–210	85	81	81	80
Total Utilities	473	692–1,027	1,132	1,210	1,210	1,215

We have relied on the subject’s most recent historical figures to project future utility expenses. In doing so, the total utility expense was concluded to be \$1,215/unit. This is above both ranges of the expense comparables, and the IREM figure; but considered reasonable based on the subject’s historical trend.

Maintenance/Repairs

The subject and expense sources indicate the following:

MAINTENANCE EXPENSES (\$/Unit)						
Expense Item	IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
Pest Control	-	18–21	41	48	48	50
Bldg maint./repairs	812	523–583	1,026	947	947	550
Gardening	-	137–299	167	178	178	180
Total Maintenance	812	660–882	1,234	1,173	1,173	780

As you can see from above, the subject’s total maintenance expense is well above the range of the expense comparables, and IREM, and appears above market. However, the subject’s maintenance expense includes contract vendors for maid/porter services, which are typically allocated within payroll.

As you will see within the payroll expense analysis, the comparables payroll range is much higher compared to the subject's historical figures, which likely includes similar vendor services. Furthermore, these vendor services will be terminated post close. As such, we have based the pest control, and gardening on historical figures, while reconciling an adjusted building maintenance expense to market levels. Therefore, a reconciled maintenance expense of \$780/unit is considered reasonable. This is within the middle, to upper end of the comparables range, slightly below IREM, and well supported by the expense comparables.

Non-Resident Management Fees

The expense sources and subject are shown as a percentage of effective gross income as follows:

MANAGEMENT FEE EXPENSE (% of EGI)						
IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast	
3.0%	2.01%–2.97%	4.6%	4.7%	4.7%	3.0%	

The market expense comparables range from 2.01%-2.97% of EGI. IREM falls above this range at 3.0%, and represents market rate management fees. We've assumed a market management fee of 3.0%, within the "as is, unencumbered" proforma.

Payroll

The expense sources and subject indicate the following:

PAYROLL EXPENSES (\$/Unit)						
Expense Item	IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
Payroll	-	1,129–1,590	674	718	762	745
Payroll Taxes	-	239–250	231	233	233	230
Total Payroll	1,158	1,369–1,590	905	952	995	975

Placing weight on the subject's recent history, we estimated the payroll expense at \$975/unit. This figure falls below the range of IREM, and the comparables. Once again, the above figures for the subject do not include third party vendors, which has been allocated to R&M previously. As such, we have reconciled with the subject's historical figures.

Administrative

The expense sources and subject indicate the following:

ADMINISTRATIVE EXPENSES (\$/Unit)						
Expense Item	IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
Advertising	-	104–243	158	149	149	160
Security	-	-	5	4	4	5
General Admin.	642	289–444	281	252	252	180
Telephone	-	-	82	71	71	70
Professional	-	-	199	150	150	105
Total Administration	642	392–687	724	626	626	520

As previously stated, advertising expenses are generally higher in an unencumbered property, due to the competitive leasing environment. The subject’s historical expenses are based on the current restricted operations, and are on the upper end of the range bracketed by the market expense comparables. Considering such, we’ve slightly increased this expense within the “as is, unencumbered” proforma.

Similar to advertising expenses, administrative, and professional expenses are less costly within an unencumbered community. Therefore, we have adjusted this expense within the following unencumbered pro forma also. The market comparables ranged from \$289-\$444/unit for general administrative costs, and our projected unencumbered general administrative expense was concluded to be \$355/unit (including general administrative, telephone, and professional expenses). Total administration was concluded to be \$520/unit, which is reasonable for an unencumbered community.

Replacement Reserves

Based on our experience relative to the quality, age and the necessary maintenance, as well as the subject’s average unit size, reserves for replacement were estimated at \$300/unit or \$48,000 annually.

Total Expenses & Replacement Reserves

Total unencumbered expenses inclusive of reserves are projected at \$931,671, which equates to \$6.66/SF, or \$5,823/unit. As indicated, we relied on the historical data and market expense comparables in projecting expenses for future unencumbered market operations. Without reserves, the projected expenses are slightly below the range of the market expense comparables on both a per square foot, and per unit basis. However, are well above the reported average by IREM, and considered reasonable for the subject’s projected “as is, unencumbered” expenses. The expense data and subject’s historical figures are shown in the following table:

EXPENSE COMPARISON (no reserves)		
Source	\$/SF	\$/Unit
IREM	\$5.10	\$4,401
Expense Comps	\$6.72–\$7.05	\$6,249–\$6,683
YE 2016	\$6.45	\$5,642
T3 Ann. Inc. w/ T12 Exp.	\$6.50	\$5,685
Appraiser Forecast (Unencumbered)	\$6.32	\$5,523

Proforma Operating Statement - Unencumbered

The following reconstructed operating statement was utilized within the conclusion of the “as is, unencumbered” value.

OAKS OF HITCHCOCK APARTMENTS			
Proforma Operating Statement, Unencumbered			
Item	Pro Forma		
		per Unit	per SF
INCOME			
Total Gross Potential Income	1,776,000	11,100	12.70
Less: Vacancy & Coll. Loss (7%)	(124,320)	(777)	(0.89)
Effective Gross Income	1,651,680	10,323	11.81
Ancillary Income (Net of Vac. Loss)	112,000	700	0.80
Total Effective Gross Income	1,763,680	11,023	12.61
EXPENSES			
Fixed Expenses			
Real Estate Taxes	147,619	923	1.06
Other Taxes & Assessments	5,838	36	0.04
Insurance	118,905	743	0.85
Total Fixed Expenses	272,361	1,702	1.95
Operating Expenses			
Electricity	19,200	120	0.14
Water/Sewer	162,400	1,015	1.16
Trash removal	12,800	80	0.09
Pest Control	8,000	50	0.06
Building maint. & repairs	88,000	550	0.63
Gardening	28,800	180	0.21
Nonresident Management (3.0%)	52,910	331	0.38
Payroll	119,200	745	0.85
Payroll taxes & benefits	36,800	230	0.26
Advertising	25,600	160	0.18
Security	800	5	0.01
Administrative	28,800	180	0.21
Telephone	11,200	70	0.08
Professional	16,800	105	0.12
Total Operating Expenses	611,310	3,821	4.37
Total Expenses	883,671	5,523	6.32
Replacement Reserves (\$300/unit)	48,000	300	0.34
Total Expenses & Reserves	(931,671)	(5,823)	(6.66)
NET OPERATING INCOME	832,009	5,200	5.95

Capitalization Techniques

Direct Capitalization

Market Derivation Method

The Sales Comparison Analysis was used to estimate a capitalization rate for the subject property by extracting an overall rate from comparable sales. Sales selected for this analysis were described in the Sales Comparison Approach and a summary of their capitalization rates is shown as follows.

We have based our revenue on the reconciled unencumbered market rental projections previously concluded, and the subject’s historical operations, and utilized an adjusted market cap rate based on the upside within the subject’s income on an “as is, unencumbered” basis. We have assumed that the subject is not restricted by the LURA, and have assumed that it is unencumbered.

OVERALL RATE SUMMARY					
Sale	DOS	YOC	NOI/SF	NOI/Unit	Ro
1	Jun-16	1989/2008	\$7.70	\$6,377	6.50%
2	May-16	1985/2006	\$6.76	\$4,699	6.62%
3	Mar-16	1998	\$5.96	\$5,415	5.17%
4	Feb-16	1979	\$5.17	\$4,807	6.05%
5	Feb-16	1984	\$6.56	\$4,993	6.40%
Mean	—	—	\$6.43	\$5,258	6.15%
Subject	—	2001	\$5.95	\$5,200	—

The sales data indicates an overall rate range of 5.17% to 6.62% with a mean of 6.15%, and represent conventional properties within the greater Houston MSA. Once again, all of the sales provided a good indication of value within the Sales Comparison Approach. However, majority of the sales are in superior locations, but older than the subject, and trading between 6.05% to 6.62%; therefore, the subject would likely trade on the lower end of this range.

Sale 3 is the most similar to the subject in regards to age, but considered superior in quality; therefore, an appropriate unencumbered capitalization rate should be above 5.17% rate. We have adjusted the subject’s projected “as is, unencumbered” expenses to market levels (including taxes), and a reasonable capitalization rate above Sale 3, and the mean would be reasonable. Therefore, we have reconciled a 6.00% capitalization rate for the subject via the Market Derivation Method is considered reasonable for an unencumbered property similar to the subject.

National Investors’ Survey

Per CBRE’s survey, overall rates for stabilized, Class A assets with suburban locations in the Houston market reflected an upward trend during the second half of 2016, and that such ranged from 5.50% to 5.75%, as shown in the following table.

TIER II	CLASS A				CLASS B				CLASS C			
	CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
	5.00 - 5.50	CHANGE	6.25 - 6.75	CHANGE	5.50 - 6.25	CHANGE	6.25 - 7.00	CHANGE	6.50 - 7.00	CHANGE	7.25 - 7.75	CHANGE
ATLANTA	4.75 - 5.50	↔	4.50 - 5.25	▼	5.00 - 6.00	↔	4.75 - 5.75	▼	5.25 - 6.25	▼	5.25 - 6.00	↔
AUSTIN	5.00 - 5.65	▲	5.25 - 5.85	▲	5.35 - 5.80	▲	6.75 - 7.50	▲	6.25 - 7.50	▲	8.00 - 9.00	▲
BALTIMORE	4.75 - 5.25	▼	4.50 - 5.50	↔	5.50 - 6.00	▼	5.50 - 6.25	▲	6.25 - 6.75	▼	9.00 - 9.00	▲
DALLAS/FORT WORTH	4.75 - 5.25	▼	6.00 - 7.00	↔	5.25 - 5.75	▼	6.75 - 7.50	↔	5.75 - 6.25	↔	7.50 - 9.00	↔
DENVER	5.50 - 6.00	▲	5.50 - 6.00	▲	6.00 - 6.50	↔	5.75 - 6.25	↔	7.25 - 7.75	↔	7.00 - 7.50	↔
HOUSTON	5.00 - 5.25	↔	5.50 - 5.75	↔	5.25 - 5.75	↔	5.75 - 6.25	▼	6.00 - 6.50	▼	6.25 - 6.75	▼
MINNEAPOLIS	4.75 - 5.25	↔	—	—	5.50 - 6.00	↔	6.25 - 6.75	↔	6.50 - 7.00	↔	7.50 - 8.00	↔
ORLANDO	4.75 - 5.00	▲	6.00 - 6.50	▼	5.25 - 6.00	▼	6.50 - 6.75	▼	6.00 - 6.75	↔	7.25 - 7.75	↔
PHILADELPHIA	5.00 - 5.25	↔	6.25 - 6.50	↔	5.00 - 5.50	↔	6.25 - 6.75	↔	5.75 - 6.25	↔	7.00 - 7.50	↔
PHOENIX	4.75 - 5.25	↔	4.50 - 5.00	↔	5.00 - 5.50	↔	4.75 - 5.25	↔	5.25 - 5.75	↔	5.00 - 5.50	↔
PORTLAND	4.50 - 5.00	▲	5.00 - 5.50	↔	5.00 - 5.75	↔	5.75 - 6.25	▲	5.75 - 6.50	▲	6.25 - 7.00	↔
SACRAMENTO	4.25 - 4.75	▲	4.75 - 5.25	▲	4.75 - 5.25	↔	5.25 - 5.75	▲	5.25 - 5.75	↔	5.75 - 6.25	▲
SAN DIEGO	4.75 - 5.25	↔	5.25 - 5.75	↔	5.50 - 6.00	↔	6.00 - 6.50	↔	6.50 - 7.00	↔	7.00 - 7.50	↔
TAMPA												

▲ INCREASE ▼ DECREASE ↔ STABLE — N/A

We have utilized cap rates for the Houston metro area. The subject is considered to be a stabilized, Class A/B+ asset with organic rent growth, which would indicate a range of 5.50% - 6.00%. The reconciled cap rate is bracketed by the range indicated from the market derivation method.

Local Broker Survey

Conversations with market participants active in the metro market indicated that an overall cap rate between 5.00% to 5.75%, on a proforma income statement is reasonable for an A/B+ property similar to the subject, considering the location and quality. This is similar to the recent sales activity we have seen. The following brokers were surveyed relative to capitalization rates for the subject and similar properties.

BROKER INTERVIEW - CAPITALIZATION RATES		
Broker Name	Company	Cap Rate Indication
Cushman & Wakefield	Edward Nwokedi	5.00%-5.25% - Demand for Stabilized Class A Assets is strong.
CBRE	Ryan Epstein	5.25%-5.50% - Projects similar to the subject are generating strong interest.
ARA	David Mitchell	5.25%-5.75% - Properties are accepting offers and not typically setting market prices due to demand.

Debt Coverage Ratio

Although seldom used in the marketplace by buyers, sellers, brokers, etc., the debt coverage ratio is frequently used by institutional lenders who are generally fiduciaries managing and lending the money of others.

To estimate an overall rate, the debt service ratio can be multiplied by the mortgage capitalization rate and the loan-to-value-ratio. The formula is $Ro = DCR \times Rm \times LTV$. Ro is the overall rate. DCR is the debt coverage ratio. Rm is the mortgage constant and LTV is the Loan-to-Value Ratio. The following is the indicated Overall Rate using a Loan-to-Value Ratio range of 70% to 80%.

DEBT COVERAGE ANALYSIS					
DCR		LTV		Mortgage Constant	Indicate Cap Rate
1.25	x	70%	x	0.05903	5.17%
1.25	x	80%	x	0.05903	5.90%

This technique produces a range that is below the Band of Investment technique, but is within the range of the comparable Sales and similar to the broker survey. Since the concluded Overall Rates are seldom, if ever, relied on, no weight was given to the Debt Coverage Analysis.

Band of Investment Technique

The Band of Investment Technique was also used to derive an overall rate for the subject. Mortgage rates available in the present market are similar to the following: 30-year amortization, 4.25% interest rate, and 80% loan to value ratio. An overall rate can be calculated as follows:

0.80 x 0.05903 =	0.04722	0.80 x 0.05903 =	0.04722
0.20 x 0.08000 =	0.01600	0.20 x 0.10000 =	0.02000
	<u>0.06322</u>		<u>0.06722</u>

The Band of Investment Technique indicates an overall rate range of 6.32% to 6.72%.

Direct Capitalization Conclusion

After considering the sales, the income and expense assumptions for the subject, as well as the Band of Investment Technique, the Market Derivation Analysis was given primary weight in reconciling a capitalization rate of 6.00%. Applying this rate to the subject’s net operating income results in the following Hypothetical “as is, unencumbered” value indication as of the current effective date, March 28, 2017:

Net Operating Income ÷ R_o = Indicated Value “as is, unencumbered”
\$832,009 ÷ 6.00% = \$13,866,813
Rounded: \$13,900,000

At the request of the client, we have also estimated insurable value of the subject property. The following discussion is based primarily on information provided by Marshall Valuation Service. Typically, the insurable value for a property is its replacement cost new plus demolition and debris removal, less depreciation and insurance exclusions. However, insurance exclusions or additions are a matter of underwriting and not a matter of valuation. Furthermore, insurance exclusions or additions are computed on the basis of items specifically included or excluded from coverage by the insurance policy for the particular property considered and its riders and endorsements.

Our estimate of insurable value for the subject property is based on a typical scenario and does not address specific exclusions and additions that may be included in the subject's insurance policy.

Construction after a loss may call for added costs before replacement or repairs can be made. This may include complete or partial demolition, gutting and/or debris removal to make the site clear and safe for reconstruction. The added expense incurred for demolition and/or debris removal is a property cost of reconstruction and is a matter of underwriting policy. The possible added costs may vary by location, type of catastrophe, type of construction, and the extent of the loss. A building burned to the ground by fire may require only simple debris removal, while a partial storm damage loss could require a more complex gutting, cleanup, and removal.

After a loss or demolition, while the excavation and foundations may still exist, the necessity for repair and modification usually discourages re-use. Also, after a few years, the neighborhood value or character has changed sufficiently or building styles or codes may have changed, so that reuse is seldom attempted; when foundations or floor slabs are used again, expenditures must be made for rehabilitation and modification.

Mechanical piping below the ground is in much the same category, with little salvage value in connection with reuse.

Plans, specifications and engineering are seldom repeated on the same site, since buildings are not usually rebuilt in exactly the same way after loss. Also, ownership of the plans often remains with the architect, so that another use together with necessary modifications would call for a further fee. In the case of older buildings, plans and specifications may have been misplaced or lost.

Architects' fees for supervision pay for necessary functions that may be performed by a builders' control organization or by a resident engineer or supervisor employed by the owner, but they are a necessary cost of building and must be considered in replacing a structure.

Contractors' profit and overhead are included in all costs provided in Marshall and should never be excluded. They are definitely a part of the construction as the cost of any other labor.

We estimated insurance exclusions and additions based on demolition (and modifier) tables and architects' fee data provided in Marshall. Our insurable value estimate assumes a catastrophe that requires total demolition and removal of the improvements. We also assumed exclusions regarding the foundation below the ground and architects' fees. Our estimate is summarized on the following table.

DIRECT COST ESTIMATE		
Base Cost/SF	\$73.55	
Current Multiplier	0.980	
Local Multiplier	0.890	
Area Multiplier	0.933	
Adjusted Base Cost/SF	\$59.85	
Building Area (SF)	138,400	
Building Cost Estimate		\$8,372,610
Appliances		212,000
Surface Parking/Paving		256,000
Landscaping		43,200
Pools/Recreational		120,000
Total Direct Costs		\$9,003,810

Marshall and Swift Nov. 2016, Average Multiple Residences, Class C

ESTIMATE OF INSURABLE VALUE		
Direct Costs		\$9,378,810
Less: Landscaping, Paving, etc.		(419,200)
Less: Foundation, soft costs	7.0%	(656,517)
Insurable Value		\$8,303,093
Rounded		\$8,300,000

RECONCILIATION & FINAL VALUE CONCLUSIONS

“As Is, Unencumbered” Market Value Opinion

Reconciliation and correlation of value is performed when more than one approach is used to value real property and weighs the relative significance, applicability, and defensibility of each value indication and relies most heavily on the one that is most appropriate to the type and definition of value sought. The conclusion drawn in the reconciliation is based on the appropriateness, accuracy, and quantity of evidence in the entire appraisal.

The Sales Comparison and the Income Capitalization Approaches were performed to form a Market Value opinion for the property as of March 28, 2017. The approaches employed in this report indicate the following Hypothetical “as is, unencumbered” Market Value indications:

Sales Comparison Approach	\$14,000,000
Income Capitalization Approach	\$13,900,000
Cost Approach	Not Utilized

The initial method of property valuation utilized in this appraisal was the Sales Comparison Approach. The most comparable sales in the marketplace were gathered, which reflect the physical and economic characteristics of the respective properties. The units of comparison utilized in this approach were the Sales Price per Square Foot and Sales Price per Unit analyses. The indications of value provided by these approaches are a direct result of investor actions as such, the value indication provided was deemed reliable.

In the Income Capitalization Approach, the Direct Capitalization technique was used to form a value indication for the property. The net operating income of the subject was projected by analysis of rents for similar properties in the local market, with expenses adjusted for unencumbered operations, as well as historical operations that aren't effected by HTC operations. These conclusions were compared to market rate expense comparables, as well as IREM. An appropriate overall rate of 6.00% was estimated based on analysis of comparable sales within the market, investor surveys and the Band of Investment Technique. The Income Capitalization Approach is generally considered most applicable in the analysis of an income producing property.

The subject is an income producing entity and it is our opinion that the value indication via the Income Capitalization Approach should be given primary weight in reconciling final value for the subject. Investors desirous of purchasing this type of property would analyze the subject utilizing the principles of this approach. Therefore, we have placed primary weight on the Income Capitalization Approach, which was supported by the Sales Comparison Approach. In light of these considerations, it is our opinion that the Hypothetical “as is, unencumbered” Market Value of the Leased Fee interest in the property as of March 28, 2017, subject to the general underlying assumptions and limiting conditions was

\$13,900,000

The value opinion concluded above yields the following units of comparison.

Value/Unit	\$86,875
Value/SF (NRA)	\$99.37
R_o	5.99%
EGIM	7.88 (x)

Once again, the subject is reportedly under contract from Oaks of Hitchcock Apartments, L.P. to a TBD buyer consisting of MacDonald and Associates, Inc., and Lone Star Investors LLC., for an allocated consideration of \$6,000,000, or \$37,500 per unit. We were not provided with an executed contract to confirm this price; however, have taken this into consideration within our analysis herein. Based on the analysis and opinions herein, the transaction appears to be under contract for a discounted price compared to properties that are not income restricted.

Extraordinary Assumptions

- The “as is, encumbered” value opinion concluded herein is predicated on the assumption of the following. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject’s units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016. The projected income is based upon the subject’s current operations (and LURA), with expenses based on historical figures, and utilizing a higher capitalization rate (compared to the unencumbered capitalization rate), to account for any risk associated with tax adjustments post close.
- Should these restrictions change, then the “as is, encumbered” value conclusion set forth herein will warrant reconsideration.

Hypothetical Condition

- As of the effective date of this appraisal, the subject site is improved with a Housing Tax Credit (HTC) multifamily rental community comprised of 160 dwelling units contained within 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs and is encumbered by a Land Use Restriction Agreement limiting development of the land to such. We have projected the unencumbered income utilizing revenue projections that are supported by comparables within the immediate market, and adjusted expenses based on unrestricted expense comparables. The market value opinion for the Leased Fee interest in the property “as is unencumbered” is predicated under the hypothetical condition that the subject site is not restricted to an affordable multifamily community.

Exposure Time and Marketing Period

Based on exposure times of comparable sales and interviews with active participants in the local multifamily market, the Market Value opinions could be achieved with exposure times of 12 months.

Furthermore, it is our opinion that sales could be consummated at the Market Value opinions within 12-month marketing periods of the respective effective dates.

The low-income housing tax credit (LIHTC) was established by Section 252 of the Tax Reform Act of 1986 to replace traditional incentives for investment and low-income housing eliminated by the same law. Section 42 of the Internal Revenue Code of 1986 permits taxpayers to claim tax credit on their federal income tax returns for qualified expenditures in low-income housing units placed in service. Within the State of Texas, the Texas Department of Housing and Community Affairs (TDHCA) is the designated housing agency to administer the program.

Depending on the housing needs of individual communities, the tax credit can be used to stimulate new construction or substantial rehabilitation. It can be used to produce or preserve a single-family house, duplex or an apartment complex with hundreds of units. It can be combined with other governmental housing programs to improve the financial feasibility of development.

The amount of tax credits a developer is eligible to receive is directly related to the number of qualified low income housing units, which meet federal rent and income requirements within a development. The tax credit provides owners of low income housing with a dollar for dollar reduction in federal tax liability in exchange for the production of low income housing. The final tax credit amount awarded by the department is an annual amount, which can be claimed over a ten-year period.

To be eligible for the credit, housing sponsors must, at a minimum: (a) set aside 20% of the units in a development for households earning 50% or less of the median income, or (b) reserve 40% of the units for households earning 60% or less than of the median income. Property owners may set aside up to 100% of the available units, which results in a maximum tax credit eligibility for the development. Gross rents, utilities and incomes must not exceed the certain maximum limits, which vary from county to county. The program incorporates income limits by the U.S. Department of Housing and Urban Development for program operations. These requirements must be met for an initial compliance period of 15 years, then an extended compliance period of an additional 15 years.

The LIHTC program is one means of directing private capital towards the creation of affordable rental housing. The amount of tax credits a property owner may be eligible for is directly related to the amount of qualified development costs they incur and the percentage of low income units within a development that meet the applicable federal requirements for both tenant, income, and rent.

Under the Federal Income Tax Code, a credit is a dollar for dollar reduction in the tax liability or tax bill for the property owner or investor. A credit is subtracted after the amount of tax is calculated. In this form, a credit differs from a deduction or adjustment to income, which is subtracted from income before the tax rate is applied and the amount of taxes is calculated. The use of tax credits can be limited by the application of the passive loss provisions and other restrictions from the Internal Revenue Service.

Conversely, some forms of corporations may be able to utilize an unlimited amount of tax credits to offset their own federal tax liability. Due to the fact that the property owners typically cannot use all of the tax credits they earn on a property against their own tax liability, the tax credits awarded to a property will usually not be useful unless outside investors acquire an ownership interest in the property. The term “syndication” is used to describe the process of structuring the financial arrangements and securing the investors who will join in a partnership and own the property.

Through syndication, a limited partnership is created whereby the limited partners exchange initial equity for benefits of the tax credits and possibly residual cash flow from the property's operations over time. These syndications may be created by using either individual taxpayers as the limited partner or by obtaining equity capital from a single, corporate sponsor.

The following time periods will apply to any property owner that will utilize tax credits under Section 42 of the Code:

Credit Period - The tax credits that are allocated to any property are eligible to be claimed in an equal amount for a period not to exceed ten years [Section 42(f)(1) of the Code].

Compliance Period - The property must remain in compliance with the set aside and rent restriction requirements, as discussed above, for a period of not less than 15 years from the first taxable year of the credit period [Section 42 (i)(1) of the Code].

Extended Low Income Housing Commitment - No tax credits will be allocated to any property unless an extended low income housing commitment between the property owner and the housing agency is in effect. The requirements that must be met by this commitment are set forth in Section 42(h)(6)(B) of the Code. The period that is to be covered by the extended low income housing commitment, for the purpose of the Texas Department of Housing and Community Affairs, will be 15 years from the close of the compliance period, 15 years, based on Section 42(h)(6)(D) of the Code. Therefore, the property will be required to maintain its affordable housing characteristics for a period of 30 years.

There are, however, two provisions for the early release of the extended low housing commitment.

Pursuant to Section 42(h)(6)(E)(i)(1) of the Code, the extended low income housing commitment shall terminate on the date the property is acquired by foreclosure (or instrument in lieu of foreclosure) unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with the taxpayer, the purpose of which is to terminate the extended use period; or

Pursuant to section 42(h)(6)(E)(i)(1)(II) of the Code, if at the close of the 14th year of the compliance period, the property owner provides the department with a written request to find a person to acquire their interest in the low income portion of the property. The department will then be given a period of one year to find such a person and offer the property at a predetermined price. If no such person comes forward to acquire the low-income portion of the property by the end of the one-year period, then the extended low-income housing requirement will be released. The specific Code references pertaining to this process may be found in Sections 42(h)(6)(F), (G), (H), and (I).

Under either of the above provisions, the property owner may not evict or terminate the tenancy (other than for good cause) of a proposed tenant of any low-income unit, or increase the gross rent with respect to such unit that is not otherwise permitted under the tax credit program, for a period of not less than three years. The citing which establishes this requirement may be found in Section 42(h)(6)(E)(ii) of the Code.

Unit Mix

As discussed within the Improvement Analysis section of this analysis, the subject consists of 160 units in 14 two-story, garden-style buildings with wood frames, brick and composite siding exteriors, with pitched asphalt shingled roofs. The unit mix consists of 1BR-1BA, 2BR-2BA and 3BR-2BA units. The units are set aside as follows:

UNIT SUMMARY			
No.	Type	Size (SF)	NRA (SF)
20	1BR/1BA/50%	648	12,960
24	1BR/1BA/50%	648	15,552
4	1BR/1BA/50%	648	2,592
32	2BR/2BA/50%	886	28,352
32	2BR/2BA/50%	886	28,352
20	3BR/2BA/50%	1,085	21,700
24	3BR/2BA/50%	1,085	26,040
4	3BR/2BA/50%	1,085	4,340
160 Total/Avg		874	139,888

Income Analysis - Encumbered

The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject's units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016.

The subject's unit amenities include standard appliances, built-in microwave, laundry connections, 9-ft ceilings, ceiling fans, patio/balcony, and energy efficient package. The subject's property amenities includes a one-story clubhouse/leasing office, picnic/playground, detached garages, gated access, and swimming pool. Rent premiums for items such as views or upgrades are not prevalent in this market and will not be considered in this analysis. The inclusion of amenities and the overall level of quality of the subject are similar to competing HTC properties in the area. At the subject, electricity is billed directly to the resident by the utility provider, while the tenants pay their water and sewer through a RUBs program. Landlord is also responsible for trash.

CURRENT RENTAL RATES - HTC						
No.	Type	Size (SF)	Contract Rents		Quoted Rents	
			Rent/Mo.	Rent/SF	Rent/Mo.	Rent/SF
20	1BR/1BA/50%	648	\$558	\$0.86	\$560	\$0.86
24	1BR/1BA/50%	648	\$560	\$0.86	\$560	\$0.86
4	1BR/1BA/50%	648	\$558	\$0.86	\$560	\$0.86
32	2BR/2BA/50%	886	\$665	\$0.75	\$671	\$0.76
32	2BR/2BA/50%	886	\$681	\$0.77	\$671	\$0.76
20	3BR/2BA/50%	1,085	\$760	\$0.70	\$770	\$0.71
24	3BR/2BA/50%	1,085	\$783	\$0.72	\$770	\$0.71
4	3BR/2BA/50%	1,085	\$744	\$0.69	\$770	\$0.71
160	Total/Average	874	\$671	\$0.77	\$667	\$0.76

Maximum Rent and Income Levels under the 9% HTC Program

The 2016 area median income (AMI) for the subject is \$69,200. The 2016 maximum rent and income levels for the subject are summarized in the following table. Noteworthy, these figures have not been updated by TDHCA as of March 2017, and are typically posted within the second quarter of the fiscal year.

2016 MAXIMUM RENT LEVELS					
Category	1 BR	2 BR	3 BR	4 BR	5 BR
30% of Median Income	\$364	\$390	\$468	\$603	\$665
50% of Median Income	\$650	\$780	\$901	\$1,005	\$1,109
60% of Median Income	\$780	\$936	\$1,081	\$1,206	\$1,331
2016 MAXIMUM INCOME LEVELS					
Category	1 Person	2 Persons	3 Persons	4 Persons	5 Persons
30% of Median Income	\$14,580	\$16,650	\$18,720	\$20,790	\$22,470
50% of Median Income	\$24,300	\$27,750	\$31,200	\$34,650	\$37,450
60% of Median Income	\$29,160	\$33,300	\$37,440	\$41,580	\$44,940

Source: TDHCA 2016 Project Income and Rent Tool

A utility allowance is to be deducted from the maximum rent levels to determine the maximum net rents that can be charged for each unit type.

The utility allowances are summarized as follows:

Oaks of Hitchcock - Utility Allowances			
	1BR	2BR	3BR
Heating - Electric Resistance	\$3.43	\$4.00	\$4.87
Cooking - Electric	\$3.09	\$3.84	\$4.60
Other Electric	\$16.28	\$19.57	\$22.86
Air Conditioning	\$6.07	\$9.61	\$20.19
Water Heating - Electric	\$6.10	\$8.79	\$10.99
Water and Sewer	\$54.00	\$64.00	\$73.00
Total Actual	\$88.97	\$109.81	\$136.51
Total Rounded Up	\$89.00	\$110.00	\$137.00

Source: TDHCA Utility Allowances for Oaks of Hitchcock, (Electric) effective September 2015. Water/Sewer is based on September 2016 Allowances.

As mentioned, electricity is billed directly to the resident by the utility provider, while the tenants pay their water and sewer through a RUBs program. Landlord is also responsible for trash. Therefore, the maximum net rents that can be charged for the restricted units at the subject, inclusive of utility allowance, are summarized as follows:

CALCULATION OF MAXIMUM NET RENT, ENCUMBERED BY HTC				
Plan	Size (SF)	Gross Rent	Allowance	Net Rent
1BR/1BA	648	\$647	\$89	\$558
1BR/1BA	648	\$649	\$89	\$560
1BR/1BA	648	\$647	\$89	\$558
2BR/2BA	886	\$775	\$110	\$665
2BR/2BA	886	\$791	\$110	\$681
3BR/2BA	1,085	\$897	\$137	\$760
3BR/2BA	1,085	\$920	\$137	\$783
3BR/2BA	1,085	\$881	\$137	\$744

Affordable Rental Comparison

In order to estimate the encumbered rents for the subject, we surveyed competing HTC complexes, which range in year of construction from 1992 to 2010. These rent comparables are summarized in the following table. Noteworthy, Rental 1 is the subject’s sister property.

HTC - COMPARABLE RENTAL SURVEY							
No.	Name	YOC	No. Units	Avg Unit Size (SF)	Average Rent		Occup.
					(\$/SF)	(\$/Unit)	
6	Bent Oaks (HTC)	1999	72	1,009	\$0.80	\$810	96%
7	Santa Fe Plaza (HTC)	1992	48	772	\$0.69	\$534	98%
8	Costa Mariposa (HTC)	2010	252	980	\$0.88	\$867	98%
9	Retreat at Texas City (HTC)	2000	250	1,112	\$0.75	\$832	92%
10	Jordan Cove (HTC)	2001	248	1,045	\$0.70	\$728	98%
	Minimum	1992	48	772	\$0.69	\$534	92%
	Maximum	2010	252	1,112	\$0.88	\$867	98%
	Mean	2000	174	984	\$0.76	\$754	96%
	Subject (HTC)	2001	160	874	\$0.76	\$667	96%

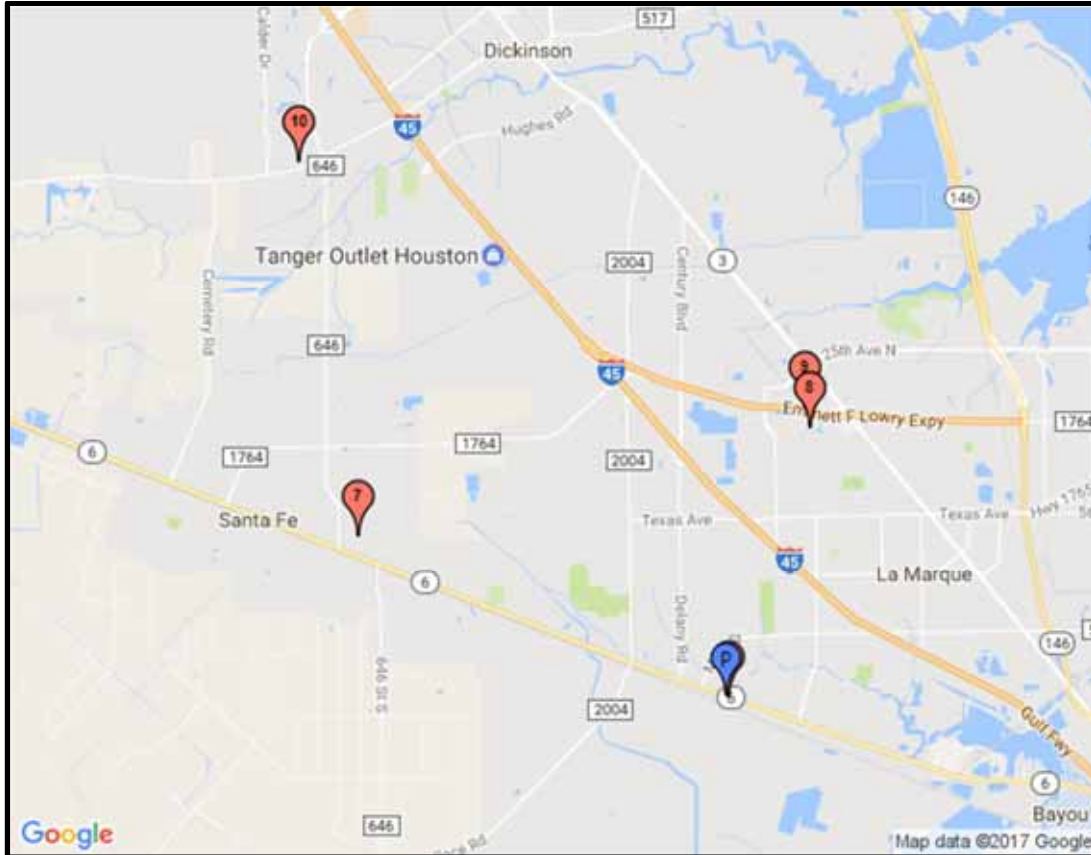


Figure 10: Comparable Rental Map (Subject denoted by blue pin)

Please note that Rental 6s location on the map above is partially covered by the subject's marker. Rental 6 and 9 are set aside at 50% and 60% of the area median income (AMI). Rental 7 is set aside at 30% and 50% AMI. Rental 8 is set aside at 30% and 60% AMI, while Rental 10 is set aside at 60% AMI. Additionally, Rentals 6 and 9 offer market units, and will be included within our market rate analysis further in this section. All of the comparables are stabilized.

Affordable Unit Types

The subject's contract rents (highlighted in green), and quoted rents (highlighted in blue), per the rent roll dated March 1, 2017, are arrayed with the effective quoted rental rates of similar plans at the affordable comparables surveyed in the following tables. Notably, in most cases the subject's quoted rents equal the 50% maximum allowable net rents, and it is reasonable to assume that the quoted rents of the comparables are at or near their respective maximum allowable net rents as well. Once again, the subject is currently quoting rents only at the 50% AMI; however, according to the LURA, the property can rent to 60% AMI. This means that the subject is not capturing the maximum allowable rent for each unit, and would warrant a below market cap rate for its upside potential.

The maximum allowable net rents of each comparable differ due to the location, utility structure, and placed in service date of each comparable. At the subject, electricity is billed directly to the resident by the utility provider, while the tenants pay their water and sewer through a RUBs program. Landlord is also responsible for trash. The utility structures for the rent comparables are summarized below.

HTC - UTILITY STRUCTURE SUMMARY		
No.	Name	Structure
6	Bent Oaks (HTC)	Tenant pays E, W/S, LL pays Trash
7	Santa Fe Plaza (HTC)	Tenant pays E, LL pays W/S/T
8	Costa Mariposa (HTC)	Tenant pays E, W/S, LL pays Trash
9	Retreat at Texas City (HTC)	Tenant pays E, W/S, LL pays Trash
10	Jordan Cove (HTC)	Tenant pays E, W/S, LL pays Trash
Subject	Oaks of Hitchcock Apartments (HTC)	Tenant pays E, W/S, LL pays Trash

All of the comparables are similar to the subject with the following exceptions: 1) residents at Rental 7 are only responsible for electricity. As such, the net rental rates for these units were adjusted accordingly based on the County Housing Authority utility allowances effective September 2016.

1 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE										
No.	Name	YOC	Type	Size (SF)	Quoted Rental Rate	Net Adjustments Utility	Adj. Net Rental Rate (\$/Unit)	(\$/SF)		
Contract	Oaks of Hitchcock (HTC)	2001	1BR/1BA/50%	648	\$559	\$89	\$648	\$1.00		
Quoted	Oaks of Hitchcock (HTC)	2001	1BR/1BA/50%	648	\$560	\$89	\$649	\$1.00		
7	Santa Fe Plaza (HTC)	1992	1BR/1BA/50%	655	\$524	\$38	\$562	\$0.86		
7	Santa Fe Plaza (HTC)	1992	1BR/1BA/30%	655	\$429	\$38	\$467	\$0.71		
8	Costa Mariposa (HTC)	2010	1BR/1BA/60%	674	\$702	\$69	\$771	\$1.14		
8	Costa Mariposa (HTC)	2010	1BR/1BA/30%	674	\$311	\$69	\$380	\$0.56		
6	Bent Oaks (HTC)	1999	1BR/1BA/60%	727	\$676	\$96	\$772	\$1.06		
6	Bent Oaks (HTC)	1999	1BR/1BA/50%	727	\$554	\$96	\$650	\$0.89		
6	Bent Oaks (HTC)	1999	1BR/1BA/60%	772	\$683	\$96	\$779	\$1.01		
Rental Range (\$/Unit):		\$650 to \$779					Mean:		\$626	
Rental Range (\$/SF):		\$0.89 to \$1.06					Mean:		\$0.89	

The 1BR comparables range from 655 SF to 772 SF. The subject's 1BRs are below the range presented by the comparables, and are the smallest within the immediate market. Both, the subject's contract and quoted rent falls within the range on a rent per month, and on a rent per SF basis. The subject's 1BR contract rent is within roughly \$12.00, or less off its 50% maximum allowable net rent (quoted rent). As such, we have reconciled the subject's 1BR unit rents at the quoted rent, or between its average contract rents.

2 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE										
No.	Name	YOC	Type	Size (SF)	Quoted Rental Rate	Net Adjustments Utility	Adj. Net Rental Rate (\$/Unit)	(\$/SF)		
7	Santa Fe Plaza (HTC)	1992	2BR/2BA/50%	815	\$612	\$45	\$657	\$0.81		
7	Santa Fe Plaza (HTC)	1992	2BR/2BA/30%	815	\$496	\$45	\$541	\$0.66		
9	Retreat at Texas City (HTC)	2000	2BR/2BA/60%	879	\$799	\$62	\$861	\$0.98		
9	Retreat at Texas City (HTC)	2000	2BR/2BA/50%	879	\$714	\$62	\$776	\$0.88		
6	Bent Oaks (HTC)	1999	2BR/1BA/60%	881	\$809	\$122	\$931	\$1.06		
6	Bent Oaks (HTC)	1999	2BR/1BA/50%	881	\$657	\$122	\$779	\$0.88		
Contract	Oaks of Hitchcock (HTC)	2001	2BR/2BA/50%	886	\$673	\$110	\$783	\$0.88		
Quoted	Oaks of Hitchcock (HTC)	2001	2BR/2BA/50%	886	\$671	\$110	\$781	\$0.88		
8	Costa Mariposa (HTC)	2010	2BR/2BA/60%	892	\$843	\$88	\$931	\$1.04		
8	Costa Mariposa (HTC)	2010	2BR/2BA/30%	892	\$375	\$88	\$463	\$0.52		
6	Bent Oaks (HTC)	1999	2BR/1BA/60%	922	\$790	\$122	\$912	\$0.99		
6	Bent Oaks (HTC)	1999	2BR/1BA/50%	922	\$715	\$122	\$837	\$0.91		
10	Jordan Cove (HTC)	2001	2BR/2BA/60%	924	\$679	\$88	\$767	\$0.83		
6	Bent Oaks (HTC)	1999	2BR/2BA/60%	991	\$811	\$122	\$933	\$0.94		
6	Bent Oaks (HTC)	1999	2BR/2BA/50%	991	\$699	\$122	\$821	\$0.83		
6	Bent Oaks (HTC)	1999	2BR/2BA/60%	1,042	\$810	\$122	\$932	\$0.89		
9	Retreat at Texas City (HTC)	2000	2BR/2BA/60%	1,130	\$799	\$62	\$861	\$0.76		
9	Retreat at Texas City (HTC)	2000	2BR/2BA/50%	1,130	\$714	\$62	\$776	\$0.69		
Rental Range (\$/Unit):		\$779 to \$933					Mean:		\$799	
Rental Range (\$/SF):		\$0.83 to \$1.06					Mean:		\$0.85	

The 2BR units at the comparables range from 815 SF to 1,130 SF. The subject's unit is bracketed by the comparables on a per square foot basis. Additionally, the subject's contract and quoted rent for the 2BR units are bracketed by the comparables on a square foot basis, and per month basis. The subject's 2BR contract rent is within \$13.00, or less off its 50% maximum allowable net rent (quoted rent). As such, we reconciled the subject's 2BR units at the quoted rents, or between their respective average contract rents.

3 BEDROOM SUMMARY SORTED BY EFFECTIVE UNIT SIZE										
No.	Name	YOC	Type	Size (SF)	Quoted Net Rental Rate	Adjustments Utility	Adj. Net Rental Rate (\$/Unit)	Net Rental Rate (\$/SF)		
7	Santa Fe Plaza (HTC)	1992	3BR/2BA/50%	950	\$697	\$57	\$754	\$0.79		
7	Santa Fe Plaza (HTC)	1992	3BR/2BA/30%	950	\$555	\$57	\$612	\$0.64		
8	Costa Mariposa (HTC)	2010	3BR/2BA/60%	1,078	\$968	\$106	\$1,074	\$1.00		
8	Costa Mariposa (HTC)	2010	3BR/2BA/30%	1,078	\$427	\$106	\$533	\$0.49		
Contract	Oaks of Hitchcock (HTC)	2001	3BR/2BA/50%	1,085	\$770	\$137	\$907	\$0.84		
Quoted	Oaks of Hitchcock (HTC)	2001	3BR/2BA/50%	1,085	\$770	\$137	\$907	\$0.84		
10	Jordan Cove (HTC)	2001	3BR/2BA/60%	1,174	\$781	\$106	\$887	\$0.76		
6	Bent Oaks (HTC)	1999	3BR/2BA/60%	1,176	\$1,048	\$157	\$1,205	\$1.02		
6	Bent Oaks (HTC)	1999	3BR/2BA/50%	1,176	\$804	\$157	\$961	\$0.82		
6	Bent Oaks (HTC)	1999	3BR/2BA/60%	1,212	\$935	\$157	\$1,092	\$0.90		
9	Retreat at Texas City (HTC)	2000	3BR/2BA/60%	1,332	\$849	\$73	\$922	\$0.69		
9	Retreat at Texas City (HTC)	2000	3BR/2BA/50%	1,332	\$814	\$73	\$887	\$0.67		
Rental Range (\$/Unit):		\$961 to \$1,205					Mean:	\$893		
Rental Range (\$/SF):		\$0.82 to \$1.02					Mean:	\$0.78		

The 3BR units at the comparables range from 950 SF to 1,332 SF. The subject's unit is bracketed by the comparables on a per square foot basis. Additionally, the subject's contract and quoted rent for the 3BR units are bracketed by the comparables on a square foot basis, and per month basis. The subject's 3BR contract rent is within \$47.00, or less off its 50% maximum allowable net rent (quoted rent). As such, we reconciled the subject's 3BR units at the quoted rents, or between their respective average contract rents.

Final Correlation of Encumbered Market Rent

The following summarizes the encumbered rent opinions for the subject's units as of March 28, 2017, and will be utilized within the proforma concluding to the "As Is" Encumbered Market Value further within this report.

RECONCILED RENTAL RATES - HTC						
No.	Type	Size (SF)	Rent/Mo.	Rent/SF	Total	
20	1BR/1BA/50%	648	\$560	\$0.86	\$11,200	
24	1BR/1BA/50%	648	\$560	\$0.86	\$13,440	
4	1BR/1BA/50%	648	\$560	\$0.86	\$2,240	
32	2BR/2BA/50%	886	\$670	\$0.76	\$21,440	
32	2BR/2BA/50%	886	\$670	\$0.76	\$21,440	
20	3BR/2BA/50%	1,085	\$770	\$0.71	\$15,400	
24	3BR/2BA/50%	1,085	\$770	\$0.71	\$18,480	
4	3BR/2BA/50%	1,085	\$770	\$0.71	\$3,080	
160	Total/Average	874	\$667	\$0.76	\$106,720	

Encumbered Gross Potential Rental Income

The potential gross income for the subject property is calculated based on the schedule concluded above as follows.

Gross Potential Rental Income	
\$106,720/Month × 12 months = \$1,280,640	

Ancillary Income

ANCILLARY INCOME (per Unit)					
Item	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser's Forecast	
Water/Sewer Income	357	396	398	400	
Late/NSF Fees	77	130	120	125	
Pet Fees & Rent	8	13	16	15	
Application Fees	10	18	24	25	
Garage Income	85	66	44	65	
Cleaning Fee	14	30	34	35	
Miscellaneous	47	7	(28)	35	
Total Ancillary Income	598	659	610	700	

Placing weight on the subject's recent history, ancillary income was reconciled at \$700/unit. We have utilized the above assumptions within both the "as is, unencumbered, and as is encumbered," pro formas.

Vacancy & Collection Loss

SUMMARY OF VACANCY AND COLLECTION LOSS				
Economic Vacancy	YE 2015	YE 2016	T3	Encumbered Forecast
Vacancy Loss	-3.6%	-5.3%	-6.1%	-4.0%
Rent Concessions	-0.6%	-0.7%	-0.4%	0.0%
Resident Referrals	-0.2%	-0.1%	0.0%	0.0%
Bad Debt/Loss to Lease	-3.6%	-3.1%	-2.3%	-1.0%
Total Economic Loss:	-7.9%	-9.3%	-8.8%	-5.0%

Vacancy Loss

To estimate effective gross income, an appropriate deduction must be made for vacancy. In estimating this allowance, the leasing agents of the comparable rentals were questioned about their occupancy levels and lease agreements. The data are summarized in the following table.

HTC - COMPARABLE RENTAL SURVEY							
No.	Name	YOC	No. Units	Avg Unit Size (SF)	Average Rent (\$/SF) (\$/Unit)		Occup.
6	Bent Oaks (HTC)	1999	72	1,009	\$0.80	\$810	96%
7	Santa Fe Plaza (HTC)	1992	48	772	\$0.69	\$534	98%
8	Costa Mariposa (HTC)	2010	252	980	\$0.88	\$867	98%
9	Retreat at Texas City (HTC)	2000	250	1,112	\$0.75	\$832	92%
10	Jordan Cove (HTC)	2001	248	1,045	\$0.70	\$728	98%
	Minimum	1992	48	772	\$0.69	\$534	92%
	Maximum	2010	252	1,112	\$0.88	\$867	98%
	Mean	2000	174	984	\$0.76	\$754	96%
	Subject (HTC)	2001	160	874	\$0.76	\$667	96%

The HTC rent comparables were 92% to 98% occupied, and the weighted average indicated by these data equates to 96%. According to the rent roll provided, the subject was 96%, and per management discussions, the property has sustained an occupancy of approximately 95% over the last 12 months. It should be noted that the vacancy and collection loss rate selected is intended to reflect the average over the typical holding period (7 to 10 years). Therefore, we have estimated a stabilized vacancy rate of 4% with an additional deduction of 1% included for collection loss, which results in a total economic loss factor of 5%.

Effective Gross Income

The effective gross income for the subject property is calculated as follows.

Total Gross Potential Income	\$1,280,640
Plus: Gross Ancillary Income (Net of Vacancy Loss)	112,000
Less: Vacancy & Collection Loss	(64,032)
Total Effective Gross Income:	\$1,328,608

We have estimated gross potential rental income based on the encumbered market comparables, and have projected ancillary income based on the subject’s history. An economic vacancy and collection loss figure was also projected, which was based on trends in the subject’s market, as well as the comparables and the subject’s recent performance. Following is a comparison of the subject’s historical EGI.

EGI COMPARISON		
Year	Amount	Change
YE 2015	\$1,237,632	-
YE 2016	\$1,259,065	1.7%
T3 Ann. Inc. w/ T12 Exp.	\$1,253,760	-0.4%
Appraiser Forecast (Encumbered)	\$1,328,608	5.5%

Historical figures noted above are based on the subject’s encumbered income. Once again, the encumbered rental projections were supported by contractual in-place leases at the property, and are already being achieved. The Appraiser Forecast reflects a figure above the historical data, and the

variance of the appraisers' forecast EGI, versus the YE 2016 EGI reported, is due to our concluded economic vacancy loss is based on a 7.0% loss, while the property reported a 9.3% loss during this time.

Operating Expense Analysis

The appraisers were supplied the subject's 2015 and 2016 operating data.

OAKS OF HITCHCOCK APARTMENTS (HTC)									
Operating History									
Item	YE 2015			YE 2016			T3 Ann. Inc. w/ T12 Exp.		
	Actual	per Unit	per SF	Actual	per Unit	per SF	Actual	per Unit	per SF
INCOME									
Gross Potential Rents	1,247,392	7,796	8.92	1,282,688	8,017	9.17	1,277,760	7,986	9.13
Water/Sewer Income	57,054	357	0.41	63,298	396	0.45	63,736	398	0.46
Late/NSF Fees	12,308	77	0.09	20,865	130	0.15	19,252	120	0.14
Pet Fees & Rent	1,215	8	0.01	2,080	13	0.01	2,500	16	0.02
Application Fees	1,661	10	0.01	2,805	18	0.02	3,900	24	0.03
Garage Income	13,619	85	0.10	10,514	66	0.08	7,104	44	0.05
Cleaning Fee	2,293	14	0.02	4,728	30	0.03	5,504	34	0.04
Miscellaneous	7,584	47	0.05	1,136	7	0.01	(4,472)	(28)	(0.03)
Total Gross Potential Income	1,343,126	8,395	9.60	1,388,114	8,676	9.92	1,375,284	8,596	9.83
Vacancy Loss	(48,216)	(301)	(0.34)	(73,981)	(462)	(0.53)	(83,252)	(520)	(0.60)
Rent Concessions	(7,395)	(46)	(0.05)	(10,062)	(63)	(0.07)	(6,016)	(38)	(0.04)
Resident Referrals	(2,062)	(13)	(0.01)	(2,060)	(13)	(0.01)	-	-	-
Bad Debt/Loss to Lease	(47,821)	(299)	(0.34)	(42,946)	(268)	(0.31)	(32,256)	(202)	(0.23)
Effective Gross Income	1,237,632	7,735	8.85	1,259,065	7,869	9.00	1,253,760	7,836	8.96
EXPENSES									
Fixed Expenses									
Real Estate Taxes	72,822	455	0.52	87,956	550	0.63	87,956	550	0.63
Insurance	116,135	726	0.83	122,315	764	0.87	122,315	764	0.87
Total Fixed Expenses	188,957	1,181	1.35	210,271	1,314	1.50	210,271	1,314	1.50
Operating Expenses									
Water/Sewer	144,968	906	1.04	161,738	1,011	1.16	161,738	1,011	1.16
Electricity	22,627	141	0.16	18,832	118	0.13	18,832	118	0.13
Trash removal	13,537	85	0.10	12,977	81	0.09	12,977	81	0.09
Pest Control	6,540	41	0.05	7,695	48	0.06	7,695	48	0.06
Building Maint. & Repairs	164,208	1,026	1.17	151,442	947	1.08	151,442	947	1.08
Gardening	26,716	167	0.19	28,491	178	0.20	28,491	178	0.20
Nonresident Management	56,996	356	0.41	58,725	367	0.42	58,725	367	0.42
	4.6%			4.7%			4.7%		
Payroll	107,824	674	0.77	114,936	718	0.82	121,926	762	0.87
Benefits	36,963	231	0.26	37,316	233	0.27	37,316	233	0.27
Professional	31,854	199	0.23	23,979	150	0.17	23,979	150	0.17
Telephone	13,064	82	0.09	11,361	71	0.08	11,361	71	0.08
Security	773	5	0.01	604	4	0.00	604	4	0.00
Advertising	25,215	158	0.18	23,886	149	0.17	23,886	149	0.17
Administrative	44,899	281	0.32	40,387	252	0.29	40,387	252	0.29
Total Operating Expenses	696,184	4,351	4.98	692,369	4,327	4.95	699,359	4,371	5.00
Total Expenses	885,141	5,532	6.33	902,640	5,642	6.45	909,630	5,685	6.50
Replacement Reserves	-	-	-	-	-	-	-	-	-
Total Expenses & Reserves	(885,141)	(5,532)	(6.33)	(902,640)	(5,642)	(6.45)	(909,630)	(5,685)	(6.50)
NET OPERATING INCOME	352,491	2,203	2.52	356,425	2,228	2.55	344,130	2,151	2.46

The adjusted operating expenses for the subject property are reconciled as follows. Noteworthy, the subject's historical data noted below is based on the encumbered operations.

With the exception of management, gross margin taxes, advertising, administrative, and taxes due to encumbered operations, the reconciled expenses were identical to that previously estimated.

Encumbered Tax Analysis

The assessed value of the subject property increased over 20% over the 2015 assessment of \$2,674,800. In an effort to estimate the reasonableness of the subject's encumbered assessment, the assessed values of several affordable multifamily rental communities in the immediate market area were analyzed, all of which also serve as comparable rentals in the Income Capitalization Approach of this report. These properties are summarized in the following table.

TAX COMPARABLES ENCUMBERED					
Property	Built	No. Units	Avg Unit Size (SF)	2016 AV	2016 AV/Unit
Bent Oaks (HTC)	1999	72	1,009	\$1,531,700	\$21,274
Costa Mariposa (HTC)	2010	252	980	\$7,500,000	\$29,762
Retreat at Texas City (HTC)	2000	250	1,112	\$4,816,580	\$19,266
Jordan Cove (HTC)	2001	248	1,045	\$3,825,350	\$15,425
Subject	2001	160	874	\$3,241,330	\$20,258

The tax comparables range from \$15,425 to \$29,762/unit. The subject's assessment of \$20,258/unit falls within this range. As such, the subject's 2016 assessed value is considered reasonable. Utilizing the subject's 2016 assessed value and 2016 tax rate, the subject's encumbered tax expense was calculated to be \$87,956 or \$550/unit. Per county records, the subject's taxes are current.

Management

The expense sources and subject are shown as a percentage of effective gross income as follows:

MANAGEMENT FEE EXPENSE (% of EGI)					
IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
3.0%	2.01%–2.97%	4.6%	4.7%	4.7%	4.0%

The market expense comparables ranged from 2.01%-2.97% of EGI. IREM falls above this range at 3.0%, and represents market rate management fees. HTC communities within the immediate market reported management fees ranging from 4.0% to 5.0%.

The subject's historical figures are based on encumbered operations, which are normally higher than unencumbered properties due to special reporting requirements, and additional management responsibilities. Post close, purchaser will self-manage, which will reduce the current management expense. As such, we've estimated a 4.0% encumbered management expense, within the "as is, encumbered" proforma.

Administrative

The expense sources and subject indicate the following:

ADMINISTRATIVE EXPENSES (\$/Unit)						
Expense Item	IREM	Expense Comps	YE 2015	YE 2016	T3 Ann. Inc. w/ T12 Exp.	Appraiser Forecast
Advertising	-	104-243	158	149	149	145
Security	-	-	5	4	4	5
General Admin.	642	289-444	281	252	252	245
Telephone	-	-	82	71	71	70
Professional	-	-	199	150	150	150
Total Administration	642	392-687	724	626	626	615

As previously stated, advertising expenses are generally higher in an unencumbered property, due to the competitive leasing environment. The subject's historical expenses are based on the current restricted operations, and are on the upper end of the range bracketed by the market expense comparables. Noteworthy, the subject's administrative expenses have been on a decreasing trend.

Similar to advertising expenses, administrative, and professional expenses are less costly within an unencumbered community. Therefore, we have adjusted this expense within the following encumbered pro forma. Total administration was concluded to be \$615/unit, which is reasonable based on the historical operations of the subject.

Reconstructed Operating Statement

The following reconstructed operating statement is based on the income and expenses discussed on the previous pages.

OAKS OF HITCHCOCK APARTMENTS			
Reconstructed Operating Statement, Encumbered			
Item	Pro Forma		
		per Unit	per SF
INCOME			
Total Gross Potential Income	1,280,640	8,004	9.15
Less: Vacancy & Coll. Loss (5%)	(64,032)	(400)	(0.46)
Effective Gross Income	<u>1,216,608</u>	<u>7,604</u>	<u>8.70</u>
Ancillary Income	<u>112,000</u>	<u>700</u>	<u>0.80</u>
Total Effective Gross Income	<u>1,328,608</u>	<u>8,304</u>	<u>9.50</u>
EXPENSES			
Fixed Expenses			
Real Estate Taxes	87,956	550	0.63
Other Taxes & Assessments	4,398	27	0.03
Insurance	118,905	743	0.85
Total Fixed Expenses	<u>211,259</u>	<u>1,320</u>	<u>1.51</u>
Operating Expenses			
Electricity	19,200	120	0.14
Water/Sewer	162,400	1,015	1.16
Trash removal	12,800	80	0.09
Pest Control	8,000	50	0.06
Building maint. & repairs	88,000	550	0.63
Gardening	28,800	180	0.21
Nonresident Management (4.0%)	53,144	332	0.38
Payroll	119,200	745	0.85
Payroll taxes & benefits	36,800	230	0.26
Advertising	23,200	145	0.17
Security	800	5	0.01
Administrative	39,200	245	0.28
Telephone	11,200	70	0.08
Professional	24,000	150	0.17
Total Operating Expenses	<u>626,744</u>	<u>3,917</u>	<u>4.48</u>
Total Expenses	<u>838,003</u>	<u>5,238</u>	<u>5.99</u>
Replacement Reserves (\$300/unit)	<u>48,000</u>	<u>300</u>	<u>0.34</u>
Total Expenses & Reserves	<u>(886,003)</u>	<u>(5,538)</u>	<u>(6.33)</u>
NET OPERATING INCOME	<u>442,605</u>	<u>2,766</u>	<u>3.16</u>

“As Is, Encumbered” Market Value Conclusion

Historically, conventional properties have traded at a 75 to 150 basis point spread below HTC communities. Majority of the sales traded between 6.0% to 6.62%, but reflect older properties in superior locations. Considering the subject’s limited increase due to rent restrictions, additional management costs as well as possible reassessment due post closing, an “as is, encumbered” capitalization rate would likely trade on the upper end of this range.

Therefore, a capitalization rate of 6.75% was reconciled for the “as is, encumbered” cap rate. Applying this rate to the subject’s net operating income results in the following “as is, encumbered” value indication:

Net Operating Income ÷ R_o = Indicated Value “as is, encumbered”
\$442,605 ÷ 6.75% = \$6,557,118
Rounded: \$6,600,000

Extraordinary Assumptions

- The “as is, encumbered” value opinion concluded herein is predicated on the assumption of the following. The subject was developed via the 9% Non-Competitive Tax Credit program administered by the Texas Department of Housing and Community Affairs (TDHCA). Per the provided Land Use Restrictions Agreement (LURA), 100% of the subject’s units must be set aside for individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size), with rents restricted to a maximum of 30% of the income limitation. The initial Tax Credit Compliance Period (TCCP) ended in 2016, and final year of restrictions end in 2031. Qualified contract eligibility was completed in 2016. The projected income is based upon the subject’s current operations (and LURA), with expenses based on historical figures, and utilizing a higher capitalization rate (compared to the unencumbered capitalization rate), to account for any risk associated with tax adjustments post close.
- Should these restrictions change, then the “as is, encumbered” value conclusion set forth herein will warrant reconsideration.

GLOSSARY A
LETTER OF ENGAGEMENT B
SUBJECT PHOTOGRAPHS C
COMPARABLE IMPROVED SALES D
COMPARABLE RENTALS E
COMPARABLE LIHTC RENTS F
OPERATING STATEMENTS G
RENT ROLL H
SITE SURVEY I
QUALIFICATIONS OF APPRAISERS J

GLOSSARY

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.¹

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).¹

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.³

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible:

1. Worthy of belief, supported by analysis of relevant information. Credibility is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).¹

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance.¹

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 specific time, which is short than the typical exposure time for such a property in that market. 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. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of 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.¹

Economic Life: The period over which improvements to real property contribute to property value.¹

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.¹

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed).¹

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. Comment: 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 an analysis. (USPAP, 2016-2017 ed).¹

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value.¹

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

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.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or 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.¹

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA): 1) 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 market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) ¹

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) 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. Comment: Hypothetical conditions are 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. (USPAP, 2016-2017 ed.) ¹

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. ¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector. ¹

Insurable Value: A type of value for insurance purposes. ¹

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), -future economic benefits (such as revenues or reduced future costs). (IAS 38) ¹

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) ¹

Intended Use: 1) The valuer's intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) ¹

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) ¹

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income

patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). ¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) ¹

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. ¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. ¹

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. ¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: ¹

$$\text{Load Factor} = \frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expo- sure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market

value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that 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 each 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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Market Value "As If Complete" On The Appraisal Date:

Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

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. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)³

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

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.¹

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

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.¹

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016–2017 ed.)¹

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

¹Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ²Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser, IFRS Website, www.ifrs-ebooks.com/index.html*. ³Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. ⁶ U.S. Treasury Regulations

LETTER OF ENGAGEMENT



HUNT MORTGAGE GROUP

230 Park Avenue, 19th Floor
New York, NY 10169
212.317.5700

March 13, 2017

Mr. Joel Leitner MAI, CRE
BBG
112 Madison Avenue, 11th Floor
New York, NY 10016
jleitner@bbgres.com

**RE: Oaks of Hitchcock Apartments
7440 Highway 6
Hitchcock, TX 77563
160 Units**

Dear Mr. Leitner,

This letter authorizes you to undertake an appraisal of the above-captioned property on behalf of Hunt Mortgage Partners, LLC. Some pertinent information regarding the property is referenced above.

The property is subject to rent restrictions; therefore the following values will be needed:

- *As-Is value subject to applicable restrictions
- *As-Is value with all units at market rents
- *Insurable Value

Complete information regarding the status of the improvements will be made available for your consideration. Upon your execution of this engagement letter, a rent roll and operating history, if available, will be forwarded to you. This information has been provided to Hunt Mortgage Partners, LLC, by the loan applicant, but has not been verified by our office. The appraiser should conduct the necessary due diligence to complete the assignment. We will subsequently provide you with a rent roll and operating history certified by the loan applicant. The final appraisal must include as exhibits the certified attachments.

The Appraisal must adhere to the requirements set forth in Chapter 12 of Freddie Mac's Seller/Servicer Guide and Freddie Mac's Appraisal Best Practices. Particular attention should be paid to the minimum unit inspection and valuation support requirements. The Appraisal must:

- Comply with the USPAP in effect as of the date of the Appraisal
- Comply with the current version of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), including its Title XI regulations
- Disclose any steps taken by the appraiser to comply with the competency provision of the USPAP, if required; and

The Appraisal must also include the following language in the letter of transmittal above the appraiser's signature and/or on the appraiser's Certification page above the appraiser's signature:

**"This report is for the use and benefit of, and may be relied upon by,
(a) the Seller/Servicer, Freddie Mac and any successors and assigns ("Lender");"**

(b) independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;
(c) governmental agencies having regulatory authority over Lender;
(d) designated persons pursuant to an order or legal process of any court or governmental agency;
(e) prospective purchasers of the Mortgage; and
(f) with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report, the following parties and their respective successors and assigns:

- any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;
- any initial purchaser or subsequent holder of such debt and/or securities;
- any Servicer or other agent acting on behalf of the holders of such debt and/or securities;
- any indenture trustee;
- any rating agency; and
- any institutional provider from time to time of any liquidity facility or credit support for such financings

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.”

The Appraisal must adequately describe the geographic area, neighborhood, rental competition, sale comparables, site and improvements. The Appraisal must demonstrate a market value supported by the reconciliation of the cost approach, income approach and market approach. The appraiser must perform the functions stated in this section and in Sections 12.13 through 12.19 to ensure the completeness of each Appraisal.

For all Appraisals of a Property with a tax abatement, the preferred Freddie Mac valuation methodology is as follows:

- First, full, stabilized real estate taxes are used to calculate the NOI that is used to determine the property value with full taxes.
- Next, the present value of the tax savings over the term of the tax abatement is determined using a discount rate supported fully by the appraiser.
- The present value of the tax savings is then added to the property value with full taxes to determine the value of the Property with the tax abatement.

Note: If local practice is different from the Freddie Mac preferred methodology, the appraiser may use the local methodology, provided that any differences in technique are fully discussed in the Appraisal.

Please contact **Lucille Jones** at (830) 257-5323 or LJones@macdonald-companies.com as the primary site contact or **Justin MacDonald** at (830) 257-5323 or tjmacdonald@macdonald-companies.com as the back-up site contact within the next week to arrange for a property inspection. If you have any difficulty obtaining necessary data, please call us immediately so we can expedite the matter. The underwriter assigned to this transaction is **Daryl Burton** at (770) 776-8130 or daryl.burton@huntcompanies.com, who can also provide you with information regarding the property. The underwriter will probably contact you during the appraisal process for market information.

Both engineering and environmental investigations will be undertaken during the period of your appraisal analysis. Upon receipt draft reports will be provided to you along with any material updates to the reports that may affect your findings. Please request further instructions if, during your inspection, you detect obvious building-condition or environmental risk problems. A zoning report will also be provided upon completion.

You should discuss any engineering, environmental, zoning or other legal issues that affect the value of the property.

The appraisal should be consistent with Appraisal Institute requirements and the requirements of Freddie Mac. It should be in conformance with Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI (and amendments) of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA). The certification required by USPAP must include an additional statement indicating that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. Should there be any questions regarding the standards or requirements, please do not hesitate to contact the undersigned.

The final product should consist of a **self-contained narrative report** utilizing three (3) approaches to value, cost, land; the income approach and the market approach and an **insurable value**. In addition, if the property is recently constructed, and the last certificate of occupancy was issued within one year of the date of appraisal, then the cost approach shall be included as well. Appraiser must complete the Form FHLMC 439 and include in the final report. The exact certification language must appear just above the required signature of MAI Appraiser.

We request that the appraiser pay particular attention to the following items to be included in the appraisal report: (1) A numbered table of contents; (2) A thorough discussion of the property and the local market's supply and demand trends should be provided, with the analysis considering the physical aspects of the property and its competitive position in the marketplace; (3) Competing properties should be described in detail and identified (along with the subject property) on a map; (4) Population growth rates and major employers should be identified; (5) Trends in household size and formation, and household income should be compared to the metropolitan area or region in which the property is located; (6) Census tract of property must be provided; (7) Aerial Photograph to be provided; (8) a line-by-line expense analysis; and (9) providing a replacement cost of the property.

The scope of the appraisal should contain a comprehensive listing of external sources and individuals interviewed in the course of the assignment, as well as information regarding the specific documents that have been utilized. In addition to the above, the items in the attached appraisal requirements must be included. Should any material information on the property be unavailable, please discuss this in the appraisal report. Also, please disclose any steps taken that were necessary or appropriate to comply with the Competency Provision of the USPAP.

Hunt Mortgage Partners, LLC engages the services of individual appraisers and not appraiser firms. Hunt Mortgage Partners, LLC is specifically contracting for your services to perform the requested services and will rely on your knowledge, reputation, specialized skill, and experience in performing similar assignments. While your services are material to this agreement, Hunt Mortgage Partners, LLC recognizes and allows you to delegate portions of the work to an employee or associate of yours. You agree to personally inspect the Property and comparables and to sign the appraisal report. Each appraiser signing the report must be certified in the state in which the property is located and must have personally inspected the property.

Please include in the report a copy of this engagement letter and evidence of your certification from the State in which the property is located.

The following are the terms of this engagement:

(1) Draft report to be received by us no later than **April 3, 2017**. Please provide an email draft copy including color pictures and maps to me at retta.smith@huntcompanies.com and copy the underwriter at daryl.burton@huntcompanies.com.

- (2) Insurable Value Cost Analysis must be provided within **two weeks** of date ordered.
- (3) Final report to be received by us no later than 5 days following receipt of our comments on the draft report.
- (4) The fee for the full appraisal is **\$4,000.00**.
- (5) You understand and agree that time is of the essence in this agreement. Meeting the deadlines for the draft and completion are an integral part of this agreement. If either of those deadlines is not met, the fee payable shall be reduced by \$100 for each day that receipt is delayed.
- (6) Please provide a list of the rental and sales comparables selected within 10 business days of the signing of the said proposal letter to the undersigned.
- (7) The appraiser is required to provide a current (most recent quarter) REIS SubTrend Futures report or comparable third party market data acceptable to Hunt Mortgage Partners, LLC.

Please address the report to:

Retta Smith
Hunt Mortgage Partners, LLC
2525 McKinnon Street, Suite 300
Dallas, TX 75201
* Please forward invoice to (retta.smith@huntcompanies.com)

And to:

Freddie Mac
8100 Jones Branch Drive
McLean, VA 22102

Additionally, a final version of the report (including all photographs, maps, etc.) must be prepared in an electronic format to be sent to the above individual.

In keeping with our policy, Hunt Mortgage Partners, LLC reserves the right to discuss your findings and reproduce in full and provide copies of the appraisal report to interested parties, including the Borrower, Freddie Mac, bond rating agencies and existing or potential loan securitization purchasers. During and upon completion of the appraisal, neither the value conclusion nor any other aspect of the valuation should be released by you to anyone other than Hunt Mortgage Partners, LLC's Underwriting Department without our written consent.

Please contact me at (972) 868-5721 immediately should there be any problems or if you have any questions regarding the assignment. As soon as you have reached a tentative value conclusion, please report it to me by email. This agreement, to become effective, must be validly accepted in writing not later than the close of business seven calendar days after the date of this letter. Please indicate your acceptance of the assignment and terms outlined above by returning a signed copy of this engagement letter.

Sincerely,



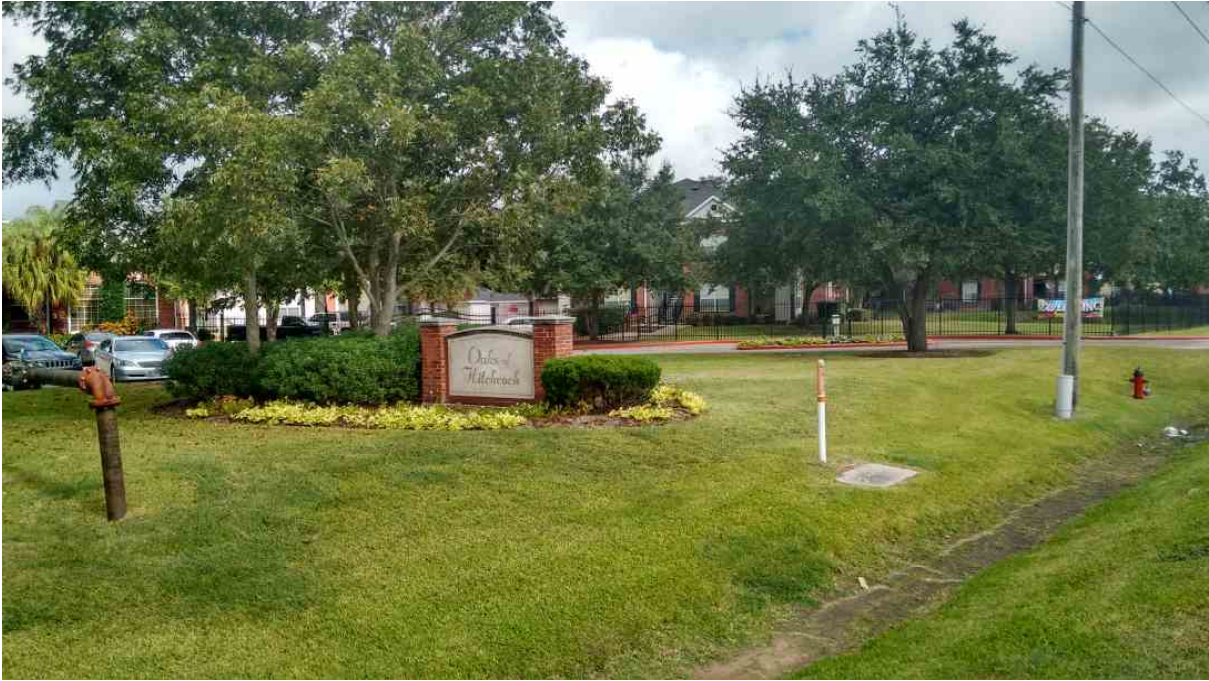
Retta Smith
Analyst



Accepted by: _____

Date: March 13, 2017

SUBJECT PHOTOGRAPHS



View of Subject



Street Scene



Street Scene



Typical view of Subject



Typical view of Subject



Typical view of Subject



Typical Interior View



Typical Interior View



Typical Interior View



Typical Interior View

COMPARABLE IMPROVED SALES

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **30367**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **444 E. Medical Center Blvd.**
 City, St., Zip: **Webster, TX 77598**
 County: **Harris**
 Tax Accounts: **1166250000002, 1166250000018 & 1174050000004**
 Legal Description: **Res. M, Bay Terrace Robert W. Wilson League A. 88**

PROPERTY SIZE

	<u>Gross</u>	<u>Net</u>
Land Area:	29.63 Acres (1,290,683 SF)	29.63 Acres (1,290,683 SF)
Building Area:	438,748 SF	438,748 SF
Land/ Building Ratio:	2.94 : 1	
# of Units:	530	
# of Stories:	2	

BUILDING ATTRIBUTES

Year of Construction: **1989**
 Quality: **Average**
 Condition: **Average**
 Year of Latest Remodel: **2008**

UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Comments
50	1BR/1BA	557	
82	1BR/1BA	625	
38	1BR/1BA	691	
48	1BR/1BA	745	
48	1BR/1BA	768	
20	1BR/1BA	831	
36	1BR/1BA	854	
16	1BR/1BA	855	
36	2BR/2BA	939	
48	2BR/2BA	986	
46	2BR/2BA	1,049	
28	2BR/2BA	1,071	
24	2BR/2BA	1,081	
6	2BR/2BA	1,412	
4	2BR/2BA	1,483	
530	<i>Average:</i>	828	

PROPERTY ATTRIBUTES

Site

Easements: **none detrimental**
 Floodplain: **none noted**
 Road Frontage: **495' E. Medical Center Blvd.**
 Terrain: **level**
 Utilities: **all available**

Improvements

Construction Details: **2 and 3 story, brick and stucco, pitched roof w/composition shingles**
 Parking Facilities: **350 total spaces (assigned and open surface concrete, 260 covered spaces)**

Amenities

Project Amenities: **4 pools, 2 fitness centers, 2 laundry rooms, 2 exercise rooms, access gated, preserved areas**
 Unit Amenities: **Frost-free refrigerator w/icemaker, dishwasher, disposal, electric range, microwave, patio/balcony, fireplace (select), W/D connections (all), storage, tile kitchens, backsplash, large bath area, tiled entries**

SALE INFORMATION

Consideration:	\$52,000,000	Grantor: ROC II TX Preserve LLC
Adjustments:	\$0	Grantee: Preserve Apartments LLC
Cash Equivalent Price:	\$52,000,000	Date of Sale: 06-30-16
1st Mortgage:	\$0	Sale Status: Closed
2nd Mortgage:	\$0	Record info: 20160284966
Equity:	\$0	
Sales Price (\$/SF):	\$118.52	
Sales Price/Unit:	\$98,113	

SALE ATTRIBUTES

Occupancy At Sale: **93%**

SALE INCOME SUMMARY - ACTUAL

	Total	\$/SF	\$/Unit
Gross Rental Income	\$0	\$0.00	\$0
Other Income	\$0	\$0.00	\$0
Gross Annual Income	\$0	\$0.00	\$0
Vacancy Expense	\$0	\$0.00	\$0
Effective Gross Income	\$0	\$0.00	\$0
Expenses	\$0	\$0.00	\$0
Reserves	\$0	\$0.00	\$0
Net Operating Income	\$3,380,000	\$7.70	\$6,377
Debt Service			
Cash Flow	\$3,380,000	\$7.70	\$6,377

Indicators	
Effective Gross Income Multiplier	0.00
Gross Income Multiplier	0.00
Overall Rate	6.50%
Equity Dividend Rate	0%
Operating Expense Ratio	0.00%

SALE TRANSACTION INFORMATION

Verified On: **10/3/2016**
 Verified By: **Broker/ARA Newmark Company/713.425.5428/AG**
 Comments:

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **75115**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **3428 Cove View Blvd**
 City, St., Zip: **Galveston, TX 77554**
 County: **Galveston**
 Tax Accounts: **R118192 & R118193**
 Legal Description: **Abst 121 Page 74 & 75 Tr 10 & W Pt OF Tr 2 Campeche Cove Phase 2 Sub, Abst 121 Page 74 & 75 E Pt OF Tr 2 (2-1) Campeche Cove Phase 2 Sub**

PROPERTY SIZE

	<u>Gross</u>	<u>Net</u>
Land Area:	11.25 Acres (489,963 SF)	11.25 Acres (489,963 SF)
Building Area:	186,390 SF	184,130 SF
Land/ Building Ratio:	2.63 : 1	
# of Units:	265	
# of Stories:	4	

BUILDING ATTRIBUTES

Year of Construction: **1985**
 Quality: **Average**
 Condition: **Average**
 Year of Latest Remodel: **2006**

UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Comments
93	1BR\1BA	506	
72	1BR\1BA	605	
42	1BR\1BA	768	
36	2BR\1BA	1,011	
22	2BR\2BA	1,130	
265	<i>Average:</i>	695	

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental**
Floodplain: **None noted**
Road Frontage: **Cove View Blvd**
Terrain: **Level**
Utilities: **All to site**

Improvements

Construction Details: **Wood frame, vinyl siding w/pitched composition roofs**
Parking Facilities: **Open surface**

Amenities

Project Amenities: **clubhouse, fitness center, business center, laundry room, pool, billiards, on site office**
Unit Amenities: **standard appliances, balconies, ceiling fans, fireplace, laundry connections, dishwasher, ceramic tile flooring, carpet, faux granite countertops**

PROPERTY COMMENTS

General: **FKA Newport at Campeche Cove**

SALE INFORMATION

<i>Consideration:</i>	\$18,800,000	<i>Grantor:</i>	Mosaic Campeche LP
<i>Adjustments:</i>	\$0	<i>Grantee:</i>	TPI Campeche Cove LLC
<i>Cash Equivalent Price:</i>	\$18,800,000	<i>Date of Sale:</i>	05-23-16
<i>1st Mortgage:</i>	\$0	<i>Sale Status:</i>	Closed
<i>2nd Mortgage:</i>	\$0	<i>Record info:</i>	2016029921
<i>Equity:</i>	\$0		
<i>Sales Price (\$/SF):</i>	\$102.10		
<i>Sales Price/Unit:</i>	\$70,943		

SALE ATTRIBUTES

Occupancy At Sale: **97%**

SALE INCOME SUMMARY - PROFORMA

	<i>Proforma</i>	<i>\$/SF</i>	<i>\$/Unit</i>
<i>Gross Rental Income</i>	\$2,528,577	\$13.73	\$9,542
<i>Other Income</i>	\$30,210	\$0.16	\$114
<i>Gross Annual Income</i>	\$2,558,787	\$13.90	\$9,656
<i>Vacancy Expense</i>	\$0	\$0.00	\$0
<i>Effective Gross Income</i>	\$2,558,787	\$13.90	\$9,656
<i>Expenses</i>	\$1,253,806	\$6.81	\$4,731
<i>Reserves</i>	\$59,625	\$0.32	\$225
<i>Net Operating Income</i>	\$1,245,356	\$6.76	\$4,699
<i>Debt Service</i>			\$0
<i>Cash Flow</i>	\$1,245,356	\$6.76	\$4,699

<i>Indicators</i>	
<i>Effective Gross Income Multiplier</i>	7.35
<i>Gross Income Multiplier</i>	7.35
<i>Overall Rate</i>	6.62%
<i>Equity Dividend Rate</i>	0.00%
<i>Operating Expense Ratio</i>	51.33%

SALE TRANSACTION INFORMATION

Verified On: **11/7/2016**

Verified By: **Confidential Source/CFB**

Comments: **Proforma cap rate noted above is based on the buyer's YR 1 in-place cap rate, and includes market rents at the time of sale, and an economic vacancy of 7.0%, and expenses at a 49% OER, including an appraiser's reserve figure of \$225/unit. Source confirmed cap rate and purchase price, and stated that the property was in good condition at purchase. YR 2 cap rate is projected to be 7.50%.**

Buyer is in the process of a repositioning, and capital improvements completed thus far were amenity based including a new fitness center, and new pool area. Interior renovations are being done at turnover, and include black appliance packages, new cabinets, new plank flooring, and fixtures. Upgraded units are \$70 to \$120 over base model units.

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **41849**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **9721 Cypresswood Drive**
 City, St., Zip: **Houston, TX 77070**
 County: **Harris**
 Tax Accounts: **1195280010001**
 Legal Description: **BLDGS 1 THRU 25
 CYPRESS COMMONS APTS**

PROPERTY SIZE

	Gross	Net
Land Area:	11.87 Acres (517,057 SF)	11.87 Acres (517,057 SF)
Building Area:	228,888 SF	228,888 SF
Land/ Building Ratio:	2.26 : 1	
# of Units:	252	
# of Stories:	3	
# of Buildings:	11	

BUILDING ATTRIBUTES

Year of Construction: **1998**

Quality: **Average**

Condition: **Average**

UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)		Comments
36	1BR/1BA	590	Flat	
48	1BR/1BA	705	Flat	
36	1BR/1BA	760	Flat	
36	1BR/1BA	860	Den	
48	2BR/2BA	1,051	Flat	
36	2BR/2BA	1,197	Flat	
12	3BR/2BA	1,230	Flat	
252		Average: 908		

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental known**
Floodplain: **None noted**
Road Frontage: **Cypresswood**
Terrain: **Level**
Utilities: **All available to site**

Improvements

Construction Details: **Masonry exterior wall, wood and steel joists, and pitched roof with composition shingles**
Parking Facilities: **Open surface, carports, garages**

Amenities

Project Amenities: **Pool, Covered Parking, Sauna, Patio/Balconies, Management Provided Activities, Security Gates**
Unit Amenities: **Fireplace, Washer/Dryer Connections, Ceiling Fan**

SALE INFORMATION

<i>Consideration:</i>	\$26,400,000
<i>Adjustments:</i>	\$0
<i>Cash Equivalent Price:</i>	\$26,400,000
<i>1st Mortgage:</i>	\$0
<i>2nd Mortgage:</i>	\$0
<i>Equity:</i>	\$0
<i>Sales Price (\$/SF):</i>	\$115.34
<i>Sales Price/Unit:</i>	\$104,762

Grantor: Gaia Cypress Commons LLC
Grantee: Commons at Vintage, LP
Date of Sale: 03-31-16
Sale Status: Closed
Record info: 2016-135984

SALE ATTRIBUTES

Occupancy At Sale: **96%**
Terms of Sale: **Cash to seller**

SALE INCOME SUMMARY - ACTUAL

	Total	\$/SF	\$/Unit
Gross Rental Income	\$0	\$0.00	\$0
Other Income	\$0	\$0.00	\$0
Gross Annual Income	\$0	\$0.00	\$0
Vacancy Expense	\$0	\$0.00	\$0
Effective Gross Income	\$3,088,055	\$13.49	\$12,254
Expenses	\$1,660,441	\$7.25	\$6,589
Reserves	\$63,000	\$0.28	\$250
Net Operating Income	\$1,364,614	\$5.96	\$5,415
Debt Service			
Cash Flow	\$1,364,614	\$5.96	\$5,415

Indicators	
Effective Gross Income Multiplier	8.55
Gross Income Multiplier	0.00
Overall Rate	5.17%
Equity Dividend Rate	0%
Operating Expense Ratio	55.81%

SALE TRANSACTION INFORMATION

Verified On: **12/1/2016**
Verified By: **Third Party/Public Records/TJE**
Comments:

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **410471**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **300 Cyberonics Boulevard**
 City, St., Zip: **Houston, TX 77058**
 County: **Harris**
 Tax Accounts: **040211000025**

PROPERTY SIZE

	Gross	Net
Land Area:	10.07 Acres (438,780 SF)	10.07 Acres (438,780 SF)
Building Area:	226,704 SF	226,704 SF
Land/ Building Ratio:	1.94 : 1	
# of Units:	244	

BUILDING ATTRIBUTES

Year of Construction: **1979**

Quality: **Average**

Condition: **Average**

UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Comments
96	1BR/1BA	700	
132	2BR/2BA	1,040	
16	3BR/2BA	1,389	
244	<i>Average:</i>	929	

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental**

Floodplain: **None**

Road Frontage: **Space Center Boulevard**

Terrain: **Level**

Utilities: **All to site**

Zoning: **None - City of Houston**

Improvements

Construction Details: **Wood frame with brick veneer and pitched composition roof**

Parking Facilities: **Open surface**

SALE INFORMATION

<i>Consideration:</i>	\$19,400,000	Grantor: RRE Armand Place Holdings, LLC
<i>Adjustments:</i>	\$0	Grantee: Ivey Clear Creek Holdings, LLC
<i>Cash Equivalent Price:</i>	\$19,400,000	Date of Sale: 02-11-16
<i>1st Mortgage:</i>	\$0	Sale Status: Closed
<i>2nd Mortgage:</i>	\$0	Record info: 20160067060
<i>Equity:</i>	\$0	
<i>Sales Price (\$/SF):</i>	\$85.57	
<i>Sales Price/Unit:</i>	\$79,508	

SALE ATTRIBUTES

Occupancy At Sale: **92%**

SALE INCOME SUMMARY - ACTUAL

	<i>Total</i>	<i>\$/SF</i>	<i>\$/Unit</i>
<i>Gross Rental Income</i>	\$0	\$0.00	\$0
<i>Other Income</i>	\$0	\$0.00	\$0
<i>Gross Annual Income</i>	\$0	\$0.00	\$0
<i>Vacancy Expense</i>	\$0	\$0.00	\$0
<i>Effective Gross Income</i>	\$2,591,944	\$11.43	\$10,623
<i>Expenses</i>	\$1,358,104	\$5.99	\$5,566
<i>Reserves</i>	\$61,000	\$0.27	\$250
<i>Net Operating Income</i>	\$1,172,840	\$5.17	\$4,807
<i>Debt Service</i>			
<i>Cash Flow</i>	\$1,172,840	\$5.17	\$4,807

<i>Indicators</i>	
<i>Effective Gross Income Multiplier</i>	7.48
<i>Gross Income Multiplier</i>	0.00
<i>Overall Rate</i>	6.05%
<i>Equity Dividend Rate</i>	0%
<i>Operating Expense Ratio</i>	54.75%

SALE TRANSACTION INFORMATION

Verified On: **5/31/2016**

Verified By: **Zack Springer-broker-ARA/Public Records/TjE**

Comments: **Income and expense data is based reported actuals and market norms with reserves added by appraiser.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **1553**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **3402 Preston Road**
 City, St., Zip: **Pasadena, TX 77505**
 County: **Harris**
 Tax Accounts: **0342010000039**
 Legal Description: **LT 40 TRS 39 39A & 39B
 SOUTH HOUSTON GARDENS
 SEC 5**

PROPERTY SIZE

Gross	Net
Land Area: 5.25 Acres (228,690 SF)	5.25 Acres (228,690 SF)
Building Area: 217,487 SF	191,808 SF
Land/ Building Ratio: 1.05 : 1	
# of Units: 252	
# of Stories: 2	
# of Buildings: 19	

BUILDING ATTRIBUTES

Year of Construction: **1984**

Quality: **Average**

Condition: **Average**

UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Comments
48	1BR/1BA	604	
80	1BR/1BA	644	
32	1BR/1BA/Den	756	
52	2BR/2BA	876	
16	2BR/2BA	947	
24	3BR/2BA	1,100	
252	<i>Average:</i>	761	

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental noted**
Floodplain: **None noted**
Road Frontage: **Preston & Tulip**
Terrain: **Level**
Utilities: **All available**
Zoning: **None**

Improvements

Construction Details: **Two-story, wood frame, brick & wood exteriors, pitched roofs with composition shingles, submetered for electric, individual water heaters.**
Parking Facilities: **Open, concrete-paved surface**

Amenities

Project Amenities: **On-site management and leasing, two pools, spa, clubhouse, lighted tennis courts, laundry room, courtesy patrol**
Unit Amenities: **Standard appliance package with frost-free refrigerator with ice-maker, self-cleaning oven, fireplaces (most), ceiling fans, screened patio/balcony with outside storage, mini-blinds, and washer/dryer connections**

SALE INFORMATION

<i>Consideration:</i>	\$19,656,000	Grantor: Venterra Realty
<i>Adjustments:</i>	\$0	Grantee: Omninet Capital
<i>Cash Equivalent Price:</i>	\$19,656,000	Date of Sale: 02-12-16
<i>1st Mortgage:</i>	\$0	Sale Status: Closed
<i>2nd Mortgage:</i>	\$0	Record info: 2016 60352
<i>Equity:</i>	\$0	
<i>Sales Price (\$/SF):</i>	\$102.48	
<i>Sales Price/Unit:</i>	\$78,000	

SALE ATTRIBUTES

Occupancy At Sale: **94%**
Terms of Sale: **Cash to seller**

SALE INCOME SUMMARY - ACTUAL

	Total	\$/SF	\$/Unit
Gross Rental Income	\$0	\$0.00	\$0
Other Income	\$0	\$0.00	\$0
Gross Annual Income	\$0	\$0.00	\$0
Vacancy Expense	\$0	\$0.00	\$0
Effective Gross Income	\$0	\$0.00	\$0
Expenses	\$0	\$0.00	\$0
Reserves	\$0	\$0.00	\$0
Net Operating Income	\$1,258,195	\$6.56	\$4,993
Debt Service			
Cash Flow	\$1,258,195	\$6.56	\$4,993

Indicators	
Effective Gross Income Multiplier	0.00
Gross Income Multiplier	0.00
Overall Rate	6.40%
Equity Dividend Rate	0%
Operating Expense Ratio	0.00%

SALE TRANSACTION INFORMATION

Verified On: **8/8/2016**

Verified By: **Reliable Third Party/Public Sources/TJE**

Comments: **This property was part of a portfolio that included three properties. Purchase price reflects the subject's allocated purchase price. NOI is reflective of Trailing 12 actual figures with reserves of included.**

COMPARABLE RENTALS

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **409719**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **3700 9th Avenue North**
 City, St., Zip: **Texas City, TX 77591**
 County: **Galveston**
 Tax Accounts: **4424-0009-0500-001**
 Legal Description: **ABST 176 J SMITH SUR PT OF
 BLKS 2, 5 & 6 (500-1) SUB I
 KOHFELDT'S RESUB**

PROPERTY SIZE

Gross	Net
Land Area: 9.17 Acres (399,227 SF)	9.17 Acres (399,227 SF)
Building Area: 173,304 SF	173,304 SF
Land/ Building Ratio: 2.30 : 1	
# of Units: 200	
# of Stories: 3	

BUILDING ATTRIBUTES

Year of Construction: **2003**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental known**

Floodplain: **Zone B, 485514-0030C, 5/2/1983**

Road Frontage: **Adequate along 9th Avenue**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Masonry and Hardie siding exterior with a pitched asphalt shingled roof**

Parking Facilities: **Surface parking**

Construction Date: **2003**

Amenities

Project Amenities: **Club house, fitness center, business center, security gate, detached garage, carport, pool**

Unit Amenities: **Standard appliances, balconies, ceiling fans, laundry connections, dish washer, garden tub; crown molding**

RENTAL ATTRIBUTES

Leasing Incentives: None
Rent Premiums: Carports: \$30/month
Detached Garages: \$100/month
Upgraded units: \$50 to \$100/month
Utilities Paid By: Electric Paid by Tenant , Gas Paid by Landlord, Water Paid by Landlord, Sewer Paid by Landlord, Cable Paid by Landlord, Trash Paid by Landlord
Occupancy Rate: 96%
Historical Occupancy: 95%

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
48	1BR/1BA	653	\$900	\$1.38	\$900	\$1.38	
48	1BR/1BA	756	\$890	\$1.18	\$890	\$1.18	
48	1BR/1BA W/Study	933	\$1056	\$1.13	\$1056	\$1.13	
48	2BR/2BA	1,048	\$1181	\$1.13	\$1181	\$1.13	
8	3BR/2BA	1,323	\$1314	\$0.99	\$1314	\$0.99	
200	Average:	867	\$1,019	\$1.18	\$1,019	\$1.18	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant Trash: Landlord
 Gas : Landlord
 Water : Landlord
 Sewer : Landlord
 Cable : Landlord

RENTAL TRANSACTION INFORMATION

Verified On: 3/17/2017
Verified By: Leasing office/409.229.4666/CFB
Comments: Property is preleased at 97%

PROPERTY INFORMATION

PROPERTY TYPE

Property #: **61136**
Property Type: **Apartment**
Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **8801 Monticello Drive**
City, St., Zip: **Texas City, TX 77591-3012**
County: **Galveston**
Map Ref: **KeyMap (Houston) 736C**
Tax Accounts: **R133375**
Legal Description: **Abst 2 Page 2 Pt Of Lots 21,22 & 24 (21-1) L A Murff Sub**



PROPERTY SIZE

Gross	Net
<i>Land Area:</i> 11.25 Acres (490,006 SF)	11.25 Acres (490,006 SF)
<i>Building Area:</i> 191,960 SF	191,960 SF
<i>Land/ Building Ratio:</i> 2.55 : 1	
<i># of Units:</i> 272	
<i># of Stories:</i> 2	
<i># of Buildings:</i> 16	

BUILDING ATTRIBUTES

Year of Construction: **1983**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Rental

Absorption Rate: **N/A**

Site

Easements: **None detrimental**

Floodplain: **None noted**

Road Frontage: **Monticello Drive**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Wood frame, brick veneer with pitched composition roofs**

Parking Facilities: **Open concrete**

Amenities

Project Amenities: **fitness center, security gate, laundry room, jogging trail, pool, hot tub, sauna, playground, on site office**

Unit Amenities: **standard appliances, balconies, ceiling fans, fireplace, laundry appliances, dishwasher, vaulted ceilings, intrusion alarm**

PROPERTY COMMENTS

General: R133375

RENTAL ATTRIBUTES

Leasing Incentives: **None**

Rent Premiums: **Lake view: \$40/month**

Upgraded units: \$100/month

Utilities Paid By: **Electric Paid by Tenant , Gas Paid by Landlord, Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Landlord**

Occupancy Rate: **95%**

Historical Occupancy: **0%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
48	1BR\1BA	518	\$635	\$1.23	\$635	\$1.23	
40	1BR\1BA	577	\$687	\$1.19	\$687	\$1.19	
56	1BR\1BA	662	\$769	\$1.16	\$769	\$1.16	
32	1BR\1BA	724	\$795	\$1.10	\$795	\$1.10	
32	2BR\1BA	850	\$871	\$1.02	\$871	\$1.02	
64	2BR\2BA	884	\$895	\$1.01	\$895	\$1.01	
272	Average:	706	\$778	\$1.10	\$778	\$1.10	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Gas : Landlord
 Water : Tenant
 Sewer : Tenant
 Cable : Tenant
 Trash: Landlord

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**

Verified By: **Kathy (409) 938 - 8813/CFB**

Comments: **Property is pre-leased at 98.16%.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **132195**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **8801 Palmer Highway**
 City, St., Zip: **Texas City, TX 77590**
 County: **Galveston**
 Tax Accounts: **O387114**
 Legal Description: **ABST 189 PAGE 1 SA & MG RR SUR TR 10 10.268 ACRS**

PROPERTY SIZE

	Gross	Net
Land Area:	10.27 Acres (447,274 SF)	10.27 Acres (447,274 SF)
Building Area:	217,360 SF	217,360 SF
Land/ Building Ratio:	2.06 : 1	
# of Units:	304	

BUILDING ATTRIBUTES

Year of Construction: **1982**
 Quality: **Average**
 Condition: **Average**
 Year of Latest Remodel: **2006**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental known**
 Floodplain: **None noted**
 Road Frontage: **Palmer Highway**
 Terrain: **Gently sloping**
 Utilities: **All to site**

Improvements

Construction Details: **2-story, wood frame with brick exterior and pitched composition roof**
 Parking Facilities: **Open surface**

Amenities

Project Amenities: **clubhouse, fitness center, laundry room, courtyard**
 Unit Amenities: **balconies, ceiling fans, laundry connections, laundry appliances, dishwasher, vaulted ceilings, ceramic tile flooring, carpet, disposal, microwave**

RENTAL ATTRIBUTES

Leasing Incentives: **\$599 total move-in on larger 1 BR unit**
\$699 total move-in on 2 BR unit
Rent Premiums: **none**
Utilities Paid By: **Electric Paid by Tenant , Gas Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Trash Paid by Tenant**
Occupancy Rate: **94%**
Historical Occupancy: **95%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
136	1BR/1BA	587	\$585	\$1.00	\$585	\$1.00	
104	1BR/1BA	715	\$696	\$0.97	\$696	\$0.97	
64	2BR/1BA	987	\$860	\$0.87	\$860	\$0.87	
304	Average:	715	\$681	\$0.95	\$681	\$0.95	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Gas : Tenant
 Water : Tenant
 Sewer : Tenant
 Trash: Tenant

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**
Verified By: **Leasing Office (409) 938 - 8359/CFB**
Comments: **Property is pre-leased at 96%.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **409716**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **1115 Texas 146**
 City, St., Zip: **Texas City, TX 77590**
 County: **Galveston**
 Tax Accounts: **4424-0009-0200-001**
 Legal Description: **ABST 176 PAGE 4 PT OF BLKS 1,2,5 & 6 (200-1) SUB I KOHFELDT'S RESUB**

PROPERTY SIZE

Gross	Net
Land Area: 9.99 Acres (435,077 SF)	9.99 Acres (435,077 SF)
Building Area: 173,248 SF	173,248 SF
Land/ Building Ratio: 2.51 : 1	
# of Units: 248	
# of Stories: 2	

BUILDING ATTRIBUTES

Year of Construction: **1984**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental known**

Floodplain: **Zone B, 485514-0030C, 5/2/1983**

Road Frontage: **Adequate along Highway 146**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Masonry and Hardie siding exterior with a pitched asphalt shingled roof**

Parking Facilities: **Surface Parking**

Construction Date: **1984**

Amenities

Project Amenities: **Fitness center, business center, security gate, pool, hot tub**

Unit Amenities: **Standard appliances, balconies, ceiling fans, fire place, laundry connections, dish washer**

RENTAL ATTRIBUTES

Leasing Incentives: **None**

Rent Premiums: **None**

Utilities Paid By: **Electric Paid by Tenant , Gas Paid by Landlord, Water Paid by Landlord, Sewer Paid by Landlord, Cable Paid by Landlord, Trash Paid by Landlord**

Occupancy Rate: **90%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
48	1BR/1BA	466	\$766	\$1.64	\$766	\$1.64	
112	1BR/1BA	651	\$753	\$1.16	\$753	\$1.16	
88	2BR/2BA	886	\$1073	\$1.21	\$1073	\$1.21	
248	Average:	699	\$869	\$1.24	\$869	\$1.24	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Gas : Landlord
 Water : Landlord
 Sewer : Landlord
 Cable : Landlord
 Trash: Landlord

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**

Verified By: **Miguel (409) 359 - 5199/CFB**

Comments: **Property is pre-leased at 91%.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **118353**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **555 FM 646 W**
 City, St., Zip: **Dickinson, TX 77539**
 County: **Galveston**
 Tax Accounts: **R512885**

PROPERTY SIZE

	Gross	Net
Land Area:	12.11 Acres (527,555 SF)	12.11 Acres (527,555 SF)
Building Area:	349,888 SF	349,888 SF
Land/ Building Ratio:	1.51 : 1	
# of Units:	360	

BUILDING ATTRIBUTES

Year of Construction: **2008**
 Quality: **Good**
 Condition: **Good**

PROPERTY ATTRIBUTES

Amenities

Project Amenities: **Club house, fitness center, business center, detached garage, carport, pool, volley ball**
 Unit Amenities: **Standard appliances, balconies, ceiling fans, laundry appliances, vinyl flooring**



RENTAL ATTRIBUTES

Leasing Incentives: **\$200 off 1st month's rent if move in by March**
Waived deposits (\$150 1 BR/ \$200 2 BR)
 Rent Premiums: **Carport: \$35/month**
Detached garage: \$90/month
Various view premiums
 Utilities Paid By: **Electric Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Tenant**
 Occupancy Rate: **96%**
 Historical Occupancy: **96%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
36	1BR/1BA	850	\$1100	\$1.29	\$1100	\$1.29	
144	1BR/1BA	878	\$1073	\$1.22	\$1073	\$1.22	
96	1BR/1BA	972	\$1018	\$1.05	\$1018	\$1.05	
16	2BR/2BA	1,102	\$1470	\$1.33	\$1470	\$1.33	
32	2BR/2BA	1,140	\$1333	\$1.17	\$1333	\$1.17	
36	2BR/2BA	1,262	\$1395	\$1.11	\$1395	\$1.11	
360	Average:	972	\$1,134	\$1.17	\$1,134	\$1.17	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant Trash: Tenant
 Water : Tenant
 Sewer : Tenant
 Cable : Tenant

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**
 Verified By: **Brian (281) 337 - 1133/CFB**
 Comments:

COMPARABLE LIHTC RENTS

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **51479**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units (Subsidized)**

PROPERTY LOCATION

Address: **7410 Highway 6**
 City, St., Zip: **Hitchcock, TX 77563**
 County: **Galveston**
 Map Ref: **KeyMap (Houston) 736-Y**
 Tax Accounts: **R380480**
 Legal Description: **9.266 acres, Tract 89-2, W.H. Jack Survey, Abstract 13, Page 2**

PROPERTY SIZE

Gross	Net
Land Area: 9.27 Acres (403,627 SF)	9.27 Acres (403,627 SF)
Building Area: 75,561 SF	72,678 SF
Land/ Building Ratio: 5.34 : 1	
# of Units: 72	
# of Stories: 2	

BUILDING ATTRIBUTES

Year of Construction: **1999**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None considered detrimental**

Floodplain: **Yes; entire Gulf area conducive to flooding**

Road Frontage: **SH 6**

Terrain: **Level**

Utilities: **All available through City of Hitchcock**

Improvements

Construction Details: **2-story, wood frame with brick and wood exterior**

Parking Facilities: **Open, surface and covered private garage parking**

Amenities

Project Amenities: **Freestanding on-site management and leasing office, private garages, swimming pool, fitness center and playground**

Unit Amenities: **Private patio/balcony, standard kitchen appliances, 9' ceilings with crown moulding, washer/dryer connections, microwave ovens, frost-free refrigerators with icemakers and cable TV**

RENTAL ATTRIBUTES

Leasing Incentives: **None**
 Rent Premiums: **None**
 Utilities Paid By: **Electric Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Tenant**
 Occupancy Rate: **96%**
 Historical Occupancy: **95%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
1	1BR/1BA/50 %	727	\$554	\$0.76	\$554	\$0.76	
3	1BR/1BA 60%	727	\$676	\$0.93	\$676	\$0.93	
3	1BR/1BA	772	\$650	\$0.84	\$650	\$0.84	
5	1BR/1BA 60%	772	\$683	\$0.88	\$683	\$0.88	
1	2BR/1BA	881	\$845	\$0.96	\$845	\$0.96	
1	2BR/1BA/50 %	881	\$657	\$0.75	\$657	\$0.75	
4	2BR/1BA/60 %	881	\$809	\$0.92	\$809	\$0.92	
2	2BR/1BA	922	\$833	\$0.90	\$833	\$0.90	
2	2BR/1BA/50 %	922	\$715	\$0.78	\$715	\$0.78	
2	2BR/1BA/60 %	922	\$790	\$0.86	\$790	\$0.86	
3	2BR/2BA	991	\$842	\$0.85	\$842	\$0.85	
11	2BR/2BA 50%	991	\$699	\$0.71	\$699	\$0.71	
2	2BR/2BA/60 %	991	\$811	\$0.82	\$811	\$0.82	
3	2BR/2BA	1,042	\$835	\$0.80	\$835	\$0.80	
5	2BR/2BA/60 %	1,042	\$810	\$0.78	\$810	\$0.78	
3	3BR/2BA	1,176	\$955	\$0.81	\$955	\$0.81	
5	3BR/2BA/50 %	1,176	\$804	\$0.68	\$804	\$0.68	
6	3BR/2BA/60 %	1,176	\$1048	\$0.89	\$1048	\$0.89	
3	3BR/2BA	1,212	\$950	\$0.78	\$950	\$0.78	
7	3BR/2BA/60 %	1,212	\$935	\$0.77	\$935	\$0.77	
72	Average:	1,009	\$810	\$0.80	\$810	\$0.80	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
Water : Tenant
Sewer : Tenant
Cable : Tenant

Trash: Tenant

RENTAL TRANSACTION INFORMATION

Verified On: **3/27/2017**

Verified By: **RR Dated 2.28.17/Job # 0117002221/CFB**

Comments:

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **94116**
Property Type: **Apartment**
Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **12200 11th Street**
City, St., Zip: **Santa Fe, TX 77510**
County: **Galveston**
Tax Accounts: **R313362**
Legal Description: **ABST 149 PAGE 6 PT OF
 OUTLOT 258 (258-8) ALTA
 LOMA OUTLOTS**

PROPERTY SIZE

<i>Gross</i>	<i>Net</i>
<i>Land Area:</i> 3.88 Acres (169,056 SF)	3.88 Acres (169,056 SF)
<i>Building Area:</i> 38,500 SF	37,050 SF
<i>Land/ Building Ratio:</i> 4.39 : 1	
<i># of Units:</i> 48	
<i># of Stories:</i> 2	

BUILDING ATTRIBUTES

Year of Construction: **1992**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental**

Floodplain: **None noted**

Road Frontage: **11th St**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Wood frame, brick veneer w/pitched composition roofs**

Parking Facilities: **Open surface**

Amenities

Project Amenities: **On-site office, laundry room**

Unit Amenities: **Standard appliances, dishwasher, carpet**

RENTAL ATTRIBUTES

Leasing Incentives: **None**
 Rent Premiums: **None**
 Utilities Paid By: **Electric Paid by Tenant , Water Paid by Landlord, Sewer Paid by Landlord, Trash Paid by Landlord**
 Occupancy Rate: **98%**
 Historical Occupancy: **100%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
9	30% 1BR/1BA	655	\$429	\$0.65	\$429	\$0.65	
9	50% 1BR/1BA	655	\$524	\$0.80	\$524	\$0.80	
12	30% 2BR/2BA	815	\$496	\$0.61	\$496	\$0.61	
12	50% 2BR/2BA	815	\$612	\$0.75	\$612	\$0.75	
3	30% 3BR/2BA	950	\$555	\$0.58	\$555	\$0.58	
3	50% 3BR/2BA	950	\$697	\$0.73	\$697	\$0.73	
48	Average:	772	\$534	\$0.69	\$534	\$0.69	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Water : Landlord
 Sewer : Landlord
 Trash: Landlord

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**
 Verified By: **Shelly/409.925.8475/CFB**
 Comments:

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **439537**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **7555 Medical Center Drive**
 City, St., Zip: **Texas City, TX 77591**
 County: **Galveston**
 Tax Accounts: **R521462**
 Legal Description: **MAINLAND MEDICAL PLAZA
 PH 1 (2011) ABST 189, BLOCK
 2, RESERVE B, ACRES 15.684**

PROPERTY SIZE

Gross	Net
Land Area: 15.68 Acres (683,021 SF)	15.68 Acres (683,021 SF)
Building Area: 247,068 SF	247,068 SF
Land/ Building Ratio: 2.76 : 1	
# of Units: 252	
# of Stories: 3	

BUILDING ATTRIBUTES

Year of Construction: **2010**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental known**

Road Frontage: **Adequate along Medical Center Dr**

Terrain: **Basically level**

Utilities: **All reportedly available**

Improvements

Construction Details: **Stucco exterior, pitched composition roof**

Parking Facilities: **Adequate surface parking available**

Construction Date: **2010**

Amenities

Project Amenities: **Fitness center, security gate, laundry room, pool**

Unit Amenities: **Standard appliances, balconies, laundry connections, dish washer, microwave**

RENTAL ATTRIBUTES

Leasing Incentives: **None**
 Rent Premiums: **None**
 Utilities Paid By: **Electric Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Tenant**
 Occupancy Rate: **98%**
 Historical Occupancy: **98%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
3	1BR/1BA-30%	674	\$311	\$0.46	\$311	\$0.46	
9	1BR/1BA-60%	674	\$702	\$1.04	\$702	\$1.04	
4	2BR/2BA-30%	892	\$375	\$0.42	\$375	\$0.42	
128	2BR/2BA-60%	892	\$843	\$0.95	\$843	\$0.95	
4	3BR/2BA-30%	1,078	\$427	\$0.40	\$427	\$0.40	
92	3BR/2BA-60%	1,078	\$968	\$0.90	\$968	\$0.90	
3	4BR/2BA-30%	1,479	\$467	\$0.32	\$467	\$0.32	
9	r4B/2BA-60%	1,479	\$1070	\$0.72	\$1070	\$0.72	
252	Average:	980	\$867	\$0.88	\$867	\$0.88	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Water : Tenant
 Sewer : Tenant
 Cable : Tenant
 Trash: Tenant

RENTAL TRANSACTION INFORMATION

Verified On: **3/21/2017**
 Verified By: **Miranda/409.908.0552/CFB**
 Comments: **Property is pre-leased at 100%.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **73939**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **7500 Emmett F. Lowry**
 City, St., Zip: **Texas City, TX 77591**
 County: **Galveston**
 Tax Accounts: **R219563**
 Legal Description: **Abst 189 Page 1 & 2 Pt Of Lots 15 Thru 17 Motor Sub**

PROPERTY SIZE

Gross	Net
Land Area: 24.37 Acres (1,061,383 SF)	24.37 Acres (1,061,383 SF)
Building Area: 293,866 SF	277,962 SF
Land/ Building Ratio: 3.61 : 1	
# of Units: 250	
# of Stories: 2	

BUILDING ATTRIBUTES

Year of Construction: **2000**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental**

Floodplain: **None noted**

Road Frontage: **Emmett F. Lowry & N/S Palmer Hwy**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Wood frame, brick veneer with pitched composition roofs**

Parking Facilities: **Open, surface**

Amenities

Project Amenities: **clubhouse, fitness center, business center, security gate, jogging trail, pool, volleyball, basketball, playground**

Unit Amenities: **standard appliances, balconies, ceiling fans, laundry connections, laundry appliances, dishwasher, vaulted ceilings**

RENTAL ATTRIBUTES

Leasing Incentives: **None**
 Rent Premiums: **None**
 Utilities Paid By: **Electric Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Landlord**
 Occupancy Rate: **92%**
 Historical Occupancy: **95%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
21	2BR/2BA-50%	879	\$714	\$0.81	\$714	\$0.81	
21	2BR/2BA-60%	879	\$799	\$0.91	\$799	\$0.91	
22	2BR/2BA-MARKET	879	\$899	\$1.02	\$899	\$1.02	
30	3BR/2BA-50%	1,110	\$814	\$0.73	\$814	\$0.73	
30	3BR/2BA-60%	1,110	\$849	\$0.76	\$849	\$0.76	
21	2BR/2BA-TH-50%	1,130	\$714	\$0.63	\$714	\$0.63	
21	2BR/2BA-TH-60%	1,130	\$799	\$0.71	\$799	\$0.71	
21	2BR/2BA-TH-MARKET	1,130	\$899	\$0.80	\$899	\$0.80	
21	3BR/2BA-TH-50%	1,332	\$814	\$0.61	\$814	\$0.61	
21	3BR/2BA-TH-60%	1,332	\$849	\$0.64	\$849	\$0.64	
21	3BR/2BA-TH-MARKET	1,332	\$999	\$0.75	\$999	\$0.75	
250	Average:	1,112	\$832	\$0.75	\$832	\$0.75	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant Trash: Landlord
 Water : Tenant
 Sewer : Tenant
 Cable : Tenant

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**
 Verified By: **Bianca/409.938.3000/CFB**
 Comments: **Property is pre-leased at 97%.**

PROPERTY INFORMATION



PROPERTY TYPE

Property #: **94118**
 Property Type: **Apartment**
 Property Use: **Multi Family - Units**

PROPERTY LOCATION

Address: **901 FM 517 Road West**
 City, St., Zip: **Dickinson, TX 77539**
 County: **Galveston**
 Tax Accounts: **R399126**
 Legal Description: **BAY COLONY APARTMENTS (2001), ABST 19 PERRY & AUSTIN SUR, ACRES 14.456**

PROPERTY SIZE

Gross	Net
Land Area: 14.46 Acres (629,703 SF)	14.46 Acres (629,703 SF)
Building Area: 259,152 SF	259,152 SF
Land/ Building Ratio: 2.43 : 1	
# of Units: 248	
# of Stories: 2	
# of Buildings: 12	

BUILDING ATTRIBUTES

Year of Construction: **2001**

Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Easements: **None detrimental**

Floodplain: **None noted**

Road Frontage: **FM 517 & Bay Sky Dr**

Terrain: **Level**

Utilities: **All to site**

Improvements

Construction Details: **Wood frame, stucco and brick exterior w/pitched composition roofs**

Parking Facilities: **Open surface**

Amenities

Project Amenities: **Club house, fitness center, security gate, carport, laundry room, play ground, on site office**

Unit Amenities: **Standard appliances, balconies, laundry connections, dish washer**

RENTAL ATTRIBUTES

Leasing Incentives: **None**
 Rent Premiums: **None**
 Utilities Paid By: **Electric Paid by Tenant , Gas Paid by Landlord, Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Tenant , Trash Paid by Landlord**
 Occupancy Rate: **98%**
 Historical Occupancy: **98%**

RENTAL UNIT DETAIL

Unit Count	Unit Type (Plan)	Unit Size (SF)	Quoted		Effective		Comments
			Rent/Month Low /High	Rent /SF Low/High	Rent/Month Low/High	Rent /SF Low/High	
128	60% 2BR/2BA	924	\$679	\$0.73	\$679	\$0.73	
120	60% 3BR/2BA	1,174	\$781	\$0.67	\$781	\$0.67	
248	Average:	1,045	\$728	\$0.70	\$728	\$0.70	

TENANT & LANDLORD RESPONSIBILITIES

Electric : Tenant
 Gas : Landlord
 Water : Tenant
 Sewer : Tenant
 Cable : Tenant
 Trash: Landlord

RENTAL TRANSACTION INFORMATION

Verified On: **3/20/2017**
 Verified By: **Rosanna/281.534.2100/CFB**
 Comments: **Property is pre-leased at 100%.**

OPERATING STATEMENTS



Oaks of Hitchcock DETAIL OPERATING STATEMENT WITH BUDGET VARIANCE

	Month Ending 12/31/2015			Year To Date 12/31/2015			Year Ending 12/31/2015
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
OPERATING INCOME							
RENTAL INCOME							
4010 - Gross Potential	107,712.00	101,632.00	6,080.00	1,247,392.00	1,219,584.00	27,808.00	1,219,584.00
4011 - Loss to Lease	(4,130.60)	(142.66)	(3,987.94)	(33,393.40)	(11,652.69)	(21,740.71)	(11,652.69)
ADJUSTED GROSS POTENTIAL	103,581.40	101,489.34	2,092.06	1,213,998.60	1,207,931.31	6,067.29	1,207,931.31
ADJUSTMENTS TO RENTAL INCOME							
4013 - Vacancy Loss	(9,338.00)	(4,172.86)	(5,165.14)	(48,216.00)	(58,331.92)	10,115.92	(58,331.92)
4016 - Employee Apartments	(882.00)	(1,438.00)	556.00	(8,835.00)	(17,256.00)	8,421.00	(17,256.00)
4018 - Rent Concessions	(623.00)	(300.00)	(323.00)	(7,394.80)	(4,329.00)	(3,065.80)	(4,329.00)
4019 - Resident Referrals	0.00	(500.00)	500.00	(2,062.00)	(3,000.00)	938.00	(3,000.00)
4020 - Bad Debt	(3,983.37)	(978.00)	(3,005.37)	(14,427.96)	(11,736.00)	(2,691.96)	(11,736.00)
TOTAL ADJ TO RENTAL INCOME	(14,826.37)	(7,388.86)	(7,437.51)	(80,935.76)	(94,652.92)	13,717.16	(94,652.92)
TOTAL RENTAL INCOME	88,755.03	94,100.48	(5,345.45)	1,133,062.84	1,113,278.39	19,784.45	1,113,278.39
OTHER INCOME							
4102 - Application Fees	137.00	124.00	13.00	1,660.75	1,488.00	172.75	1,488.00
4116 - Interest	1,060.78	0.00	1,060.78	1,060.78	0.00	1,060.78	0.00
4118 - Late Charges	239.74	1,000.00	(760.26)	11,808.41	12,000.00	(191.59)	12,000.00
4122 - Miscellaneous	210.00	0.00	210.00	7,343.82	90.00	7,253.82	90.00
4124 - NSF Charges	150.00	0.00	150.00	500.00	300.00	200.00	300.00
4126 - Pet Fees	0.00	60.00	(60.00)	780.00	720.00	60.00	720.00
4127 - Pet Rent	155.00	0.00	155.00	435.00	0.00	435.00	0.00
4138 - Vending Income	0.00	0.00	0.00	240.00	0.00	240.00	0.00
4140 - Garage Rental	900.00	1,400.00	(500.00)	13,619.00	16,800.00	(3,181.00)	16,800.00
4144 - Cleaning & Damages	129.75	0.00	129.75	2,293.22	1,200.00	1,093.22	1,200.00
TOTAL OTHER INCOME	2,982.27	2,584.00	398.27	39,740.98	32,598.00	7,142.98	32,598.00
TOTAL OPERATING INCOME	91,737.30	96,684.48	(4,947.18)	1,172,803.82	1,145,876.39	26,927.43	1,145,876.39
EXPENSES							
VARIABLE EXPENSES							
MANAGEMENT FEES							
5001 - Management Fee	4,767.79	4,834.22	66.43	56,996.33	57,293.81	297.48	57,293.81
TOTAL MANAGEMENT FEES	4,767.79	4,834.22	66.43	56,996.33	57,293.81	297.48	57,293.81
PAYROLL EXPENSE							
5102 - Salaries: Manager	3,184.61	2,187.15	(997.46)	29,086.18	28,432.94	(653.24)	28,432.94
5104 - Salaries: Asst Manager	2,726.85	1,381.66	(1,345.19)	23,024.18	17,961.58	(5,062.60)	17,961.58
5106 - Salaries: Leasing	2,119.02	1,184.28	(934.74)	20,203.64	15,395.64	(4,808.00)	15,395.64
5108 - Salaries: Maintenance	458.21	3,187.26	2,729.05	12,907.49	41,434.38	28,526.89	41,434.38
5110 - Salaries: Maids/Porters	1,305.45	1,862.33	556.88	13,767.74	24,210.30	10,442.56	24,210.30
5114 - Salaries: Taxes/Work Comp	1,388.07	1,822.07	434.00	17,039.52	23,590.12	6,550.60	23,590.12
5115 - 401(k) - ER Matches	86.29	0.00	(86.29)	317.28	0.00	(317.28)	0.00
5116 - Group Insurance	1,681.75	1,560.00	(121.75)	19,605.61	18,720.00	(885.61)	18,720.00
5118 - Contract Services	11,495.84	0.00	(11,495.84)	79,547.60	0.00	(79,547.60)	0.00
5119 - Contract Services: Maids/Porters	0.00	0.00	0.00	5,957.58	0.00	(5,957.58)	0.00
5121 - Payroll Processing	0.00	0.00	0.00	100.00	0.00	(100.00)	0.00
TOTAL PAYROLL EXPENSE	24,446.09	13,184.75	(11,261.34)	221,556.82	169,744.96	(51,811.86)	169,744.96
LEASING & MARKETING							
5202 - Brochure,BSN Crds/Letterhead	0.00	0.00	0.00	0.00	390.00	390.00	390.00
5204 - Leasing Commissions	1,170.00	550.00	(620.00)	10,644.70	6,600.00	(4,044.70)	6,600.00
5206 - Locator Fees	0.00	0.00	0.00	2,600.00	0.00	(2,600.00)	0.00
5208 - Newspaper & Magazine Ads	336.51	375.00	38.49	6,498.10	4,500.00	(1,998.10)	4,500.00

Oaks of Hitchcock DETAIL OPERATING STATEMENT WITH BUDGET VARIANCE

	Month Ending 12/31/2015			Year To Date 12/31/2015			Year Ending 12/31/2015
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
5210 - Promotional	22.39	50.00	27.61	3,151.58	600.00	(2,551.58)	600.00
5212 - Signs,Flags,Balloons	429.91	40.00	(389.91)	1,201.74	585.00	(616.74)	585.00
5214 - Social Events	766.34	75.00	(691.34)	1,119.25	660.00	(459.25)	660.00
TOTAL LEASING & MARKETING	2,725.15	1,090.00	(1,635.15)	25,215.37	13,335.00	(11,880.37)	13,335.00
GENERAL & ADMINISTRATIVE							
5302 - Answering Service	73.95	60.00	(13.95)	841.37	720.00	(121.37)	720.00
5304 - Bank Service Charge	175.27	95.00	(80.27)	2,307.57	1,140.00	(1,167.57)	1,140.00
5308 - Applicant Screening Charges	147.22	75.00	(72.22)	1,712.33	900.00	(812.33)	900.00
5309 - Employment Related Cost	0.00	0.00	0.00	546.27	0.00	(546.27)	0.00
5310 - Dues & Subscriptions	0.00	396.00	396.00	1,834.05	2,190.00	355.95	2,190.00
5311 - Education	107.80	53.00	(54.80)	752.66	1,174.00	421.34	1,174.00
5314 - Legal & Professional	416.00	211.00	(205.00)	5,328.01	8,033.70	2,705.69	8,033.70
5315 - Miscellaneous	9.33	10.00	0.67	631.95	120.00	(511.95)	120.00
5316 - Model Apartment Expense	0.00	200.00	200.00	0.00	400.00	400.00	400.00
5318 - Office Equipment & Supply	218.29	75.00	(143.29)	1,985.69	900.00	(1,085.69)	900.00
5322 - Postage & Shipping	51.01	40.00	(11.01)	896.40	480.00	(416.40)	480.00
5324 - Printing	0.00	0.00	0.00	0.00	220.00	220.00	220.00
5326 - Rental Equipment	(935.85)	285.00	1,220.85	2,968.63	3,420.00	451.37	3,420.00
5327 - Supportive Services	1,365.00	1,352.00	(13.00)	16,380.00	16,224.00	(156.00)	16,224.00
5328 - Telephone	966.81	570.00	(396.81)	13,064.10	6,840.00	(6,224.10)	6,840.00
5330 - Software & Support	(178.39)	361.00	539.39	5,498.27	4,502.00	(996.27)	4,502.00
6202 - Mileage	361.43	150.00	(211.43)	8,251.01	1,800.00	(6,451.01)	1,800.00
5335 - Employee Meals	34.36	0.00	(34.36)	47.19	0.00	(47.19)	0.00
TOTAL GENERAL & ADMINISTRATIVE	2,812.23	3,933.00	1,120.77	63,045.50	49,063.70	(13,981.80)	49,063.70
UTILITIES							
5402 - Electric-Vacants	573.91	225.00	(348.91)	9,657.39	2,700.00	(6,957.39)	2,700.00
5404 - Electric-Property	1,113.02	1,300.00	186.98	12,969.77	16,550.00	3,580.23	16,550.00
5405 - Water Billing Expense	356.87	345.00	(11.87)	3,916.51	4,140.00	223.49	4,140.00
5406 - Water & Sewer	14,469.50	10,300.00	(4,169.50)	141,051.10	124,425.00	(16,626.10)	124,425.00
5410 - Water Billing Income	(4,273.65)	(4,300.00)	(26.35)	(57,053.96)	(51,600.00)	5,453.96	(51,600.00)
TOTAL UTILITIES	12,239.65	7,870.00	(4,369.65)	110,540.81	96,215.00	(14,325.81)	96,215.00
SUPPLIES							
5502 - Cleaning Supplies	185.84	75.00	(110.84)	1,250.91	900.00	(350.91)	900.00
5504 - Light Bulbs	87.50	20.00	(67.50)	562.08	240.00	(322.08)	240.00
5506 - Uniforms	0.00	0.00	0.00	10.65	480.00	469.35	480.00
TOTAL SUPPLIES	273.34	95.00	(178.34)	1,823.64	1,620.00	(203.64)	1,620.00
CONTRACT SERVICES							
5604 - Exterminating	221.50	233.00	11.50	4,215.53	3,096.00	(1,119.53)	3,096.00
5606 - Pool/Spa	129.90	0.00	(129.90)	355.37	0.00	(355.37)	0.00
5608 - Trash Removal	1,081.41	1,052.00	(29.41)	13,536.54	13,524.00	(12.54)	13,524.00
TOTAL CONTRACT SERVICES	1,432.81	1,285.00	(147.81)	18,107.44	16,620.00	(1,487.44)	16,620.00
SECURITY							
5702 - Alarms	70.88	60.00	(10.88)	773.14	720.00	(53.14)	720.00
TOTAL SECURITY	70.88	60.00	(10.88)	773.14	720.00	(53.14)	720.00
GROUND MAINTENANCE							
5802 - Landscaping	2,219.99	2,270.00	50.01	26,715.58	29,240.00	2,524.42	29,240.00
5804 - Pool/Spa	102.53	0.00	(102.53)	651.43	0.00	(651.43)	0.00
5806 - Fencing & Gates	0.00	0.00	0.00	1,314.00	300.00	(1,014.00)	300.00

Oaks of Hitchcock

DETAIL OPERATING STATEMENT WITH BUDGET VARIANCE

	Month Ending			Year To Date			Year Ending
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
5808 - Parking Lot & Sidewalks	0.00	0.00	0.00	91.71	400.00	308.29	400.00
TOTAL GROUND MAINTENANCE	2,322.52	2,270.00	(52.52)	28,772.72	29,940.00	1,167.28	29,940.00
REPAIRS & MAINTENANCE							
5902 - Appliances	27.52	90.00	62.48	1,829.87	1,080.00	(749.87)	1,080.00
5904 - A/C & Heat	623.60	60.00	(563.60)	5,491.83	3,530.00	(1,961.83)	3,530.00
5906 - Equipment Rental/Repair	0.00	5.00	5.00	375.00	155.00	(220.00)	155.00
5908 - Electrical-Fixtures	639.02	105.00	(534.02)	1,380.56	1,260.00	(120.56)	1,260.00
5910 - Exterior Light Fixtures	0.00	30.00	30.00	126.35	360.00	233.65	360.00
5911 - Garage Doors	0.00	0.00	0.00	0.00	600.00	600.00	600.00
5912 - Exterior Painting	0.00	15.00	15.00	225.00	180.00	(45.00)	180.00
5914 - Exterior Building Repairs	0.00	20.00	20.00	1,254.23	240.00	(1,014.23)	240.00
5915 - Interior Bldg:Paint & Cont Labor	0.00	0.00	0.00	176.85	0.00	(176.85)	0.00
5916 - Interior Building Repairs	12.60	0.00	(12.60)	4,259.43	400.00	(3,859.43)	400.00
5918 - Safety Equipment	110.31	20.00	(90.31)	538.15	240.00	(298.15)	240.00
5920 - Glass & Mirrors	0.00	15.00	15.00	712.27	180.00	(532.27)	180.00
5922 - Hardware-Parts	116.18	60.00	(56.18)	1,347.32	720.00	(627.32)	720.00
5924 - Keys & Locks	175.09	20.00	(155.09)	1,113.72	240.00	(873.72)	240.00
5926 - Plumbing	1,029.06	200.00	(829.06)	3,340.53	2,400.00	(940.53)	2,400.00
5927 - Sewer Line Cleanouts	636.56	0.00	(636.56)	3,347.71	1,200.00	(2,147.71)	1,200.00
5928 - Windows,Doors & Screens	0.00	0.00	0.00	849.87	550.00	(299.87)	550.00
5930 - Paving:Parking Lot/Sidewalks	0.00	10.00	10.00	0.00	120.00	120.00	120.00
5932 - Pool Repairs & Supplies	181.42	50.00	(131.42)	908.94	1,180.00	271.06	1,180.00
5934 - Exterminating	0.00	0.00	0.00	2,324.21	2,165.00	(159.21)	2,165.00
5938 - Other Misc Expense	183.67	0.00	(183.67)	479.42	460.00	(19.42)	460.00
TOTAL REPAIRS & MAINTENANCE	3,735.03	700.00	(3,035.03)	30,081.26	17,260.00	(12,821.26)	17,260.00
NON-ROUTINE MAINTENANCE							
6002 - Appliance Replacement	0.00	0.00	0.00	42.99	0.00	(42.99)	0.00
6003 - Electrical	0.00	0.00	0.00	131.64	0.00	(131.64)	0.00
6004 - Carpet & Tile Replacement	0.00	0.00	0.00	405.12	0.00	(405.12)	0.00
6007 - Exterior Bldg Repairs	0.00	0.00	0.00	1,860.59	0.00	(1,860.59)	0.00
6012 - Exterior Lighting	0.00	0.00	0.00	47.01	0.00	(47.01)	0.00
6013 - Grounds	0.00	0.00	0.00	1,087.39	0.00	(1,087.39)	0.00
6014 - Hardware/Small Parts	0.00	0.00	0.00	2,051.42	0.00	(2,051.42)	0.00
6015 - Mileage/Payroll	0.00	0.00	0.00	2,122.00	0.00	(2,122.00)	0.00
6019 - Safety Equipment	0.00	0.00	0.00	1,898.52	0.00	(1,898.52)	0.00
6020 - Miscellaneous	0.00	0.00	0.00	2,110.88	0.00	(2,110.88)	0.00
6030 - Inspection Maintenance	0.00	155.00	155.00	3,362.67	1,860.00	(1,502.67)	1,860.00
TOTAL NON-ROUTINE MAINTENANCE	0.00	155.00	155.00	15,120.23	1,860.00	(13,260.23)	1,860.00
MAKE READY							
6102 - Carpet Cleaning & Repairs	443.81	930.00	486.19	5,808.27	10,320.00	4,511.73	10,320.00
6106 - Paint & Sheetrock	2,565.22	520.00	(2,045.22)	11,065.24	6,240.00	(4,825.24)	6,240.00
6108 - Contract Service:Painting	3,628.00	955.00	(2,673.00)	14,726.73	10,900.00	(3,826.73)	10,900.00
TOTAL MAKE READY	6,637.03	2,405.00	(4,232.03)	31,600.24	27,460.00	(4,140.24)	27,460.00
PROFESSIONAL EXPENSE							
6204 - Permits & Inspections	0.00	0.00	0.00	135.00	135.00	0.00	135.00
6252 - Compliance Fees	0.00	0.00	0.00	4,000.00	4,000.00	0.00	4,000.00
6254 - Audit & Accounting Fees	1,615.00	0.00	(1,615.00)	9,165.00	4,615.00	(4,550.00)	4,615.00
6256 - Consulting/Stefan Z.	0.00	0.00	0.00	9,907.25	3,210.00	(6,697.25)	3,210.00
6260 - Accounting Fee	0.00	196.00	196.00	2,128.99	2,352.00	223.01	2,352.00
TOTAL PROFESSIONAL	1,615.00	196.00	(1,419.00)	25,336.24	14,312.00	(11,024.24)	14,312.00



Oaks of Hitchcock DETAIL OPERATING STATEMENT WITH BUDGET VARIANCE

	Month Ending 12/31/2015			Year To Date 12/31/2015			Year Ending 12/31/2015
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
TOTAL VARIABLE EXPENSES	63,077.52	38,077.97	(24,999.55)	628,969.74	495,444.47	(133,525.27)	495,444.47
FIXED EXPENSES							
INSURANCE							
6404 - Insurance	(3,794.29)	10,042.00	13,836.29	116,134.60	120,504.00	4,369.40	120,504.00
TOTAL INSURANCE	(3,794.29)	10,042.00	13,836.29	116,134.60	120,504.00	4,369.40	120,504.00
TAXES							
6402 - Taxes	2,531.67	6,390.00	3,858.33	72,821.67	76,680.00	3,858.33	76,680.00
6405 - Property Tax Consultant Fees	0.00	0.00	0.00	1,325.00	2,931.00	1,606.00	2,931.00
TOTAL TAXES	2,531.67	6,390.00	3,858.33	74,146.67	79,611.00	5,464.33	79,611.00
TOTAL FIXED EXPENSES	(1,262.62)	16,432.00	17,694.62	190,281.27	200,115.00	9,833.73	200,115.00
TOTAL OPERATING EXPENSES	61,814.90	54,509.97	(7,304.93)	819,251.01	695,559.47	(123,691.54)	695,559.47
NET OPERATING INCOME	29,922.40	42,174.51	(12,252.11)	353,552.81	450,316.92	(96,764.11)	450,316.92
IMPROVEMENTS							
6704 - Appliances	1,330.88	900.00	(430.88)	21,593.35	10,800.00	(10,793.35)	10,800.00
6706 - A/C & Heat	0.00	0.00	0.00	10,053.18	5,400.00	(4,653.18)	5,400.00
6708 - Carpet Replacement	846.84	2,500.00	1,653.16	31,858.76	30,000.00	(1,858.76)	30,000.00
6718 - Mini Blinds	1,311.02	360.00	(951.02)	4,168.17	4,320.00	151.83	4,320.00
6720 - Equipment	0.00	0.00	0.00	17,467.30	0.00	(17,467.30)	0.00
6722 - Fences & Gates	0.00	0.00	0.00	10,350.00	0.00	(10,350.00)	0.00
6727 - Gates and Garages	738.48	0.00	(738.48)	5,699.90	0.00	(5,699.90)	0.00
6732 - Landscaping	0.00	0.00	0.00	2,899.98	8,000.00	5,100.02	8,000.00
6742 - Plumbing	2,166.11	0.00	(2,166.11)	3,689.38	2,460.00	(1,229.38)	2,460.00
6743 - Interior Painting and Refurbishing	576.30	0.00	(576.30)	8,816.30	0.00	(8,816.30)	0.00
6760 - Recreation Equipment	0.00	0.00	0.00	14,928.75	12,000.00	(2,928.75)	12,000.00
6792 - Resurfacing - Cabinets & Counters	1,928.00	700.00	(1,228.00)	14,041.33	8,400.00	(5,641.33)	8,400.00
6793 - Miscellaneous	0.00	0.00	0.00	0.00	15,000.00	15,000.00	15,000.00
TOTAL IMPROVEMENTS	8,897.63	4,460.00	(4,437.63)	145,566.40	96,380.00	(49,186.40)	96,380.00
INCOME BEFORE DEBT SERVICE	21,024.77	37,714.51	(16,689.74)	207,986.41	353,936.92	(145,950.51)	353,936.92
DEBT SERVICE							
6806 - Interest on Bonds	126.98	397.00	270.02	3,082.93	4,764.00	1,681.07	4,764.00
6807 - Letter of Credit Fees	6,486.58	6,487.00	0.42	77,838.96	77,844.00	5.04	77,844.00
6808 - Maintenance	0.00	0.00	0.00	2,600.00	5,200.00	2,600.00	5,200.00
6813 - Loan Service Fee	0.00	0.00	0.00	358.00	0.00	(358.00)	0.00
6824 - Remarketing Fee	3,227.57	0.00	(3,227.57)	6,455.14	0.00	(6,455.14)	0.00
TOTAL DEBT SERVICE	9,841.13	6,884.00	(2,957.13)	90,335.03	87,808.00	(2,527.03)	87,808.00
INCOME AFTER DEBT SERVICE	11,183.64	30,830.51	(19,646.87)	117,651.38	266,128.92	(148,477.54)	266,128.92
CURRENT YEAR INCOME	11,183.64	30,830.51	(19,646.87)	117,651.38	266,128.92	(148,477.54)	266,128.92



Oaks of Hitchcock DETAIL OPERATING STATEMENT BY MONTH

	Month Ending 01/31/2016	Month Ending 02/29/2016	Month Ending 03/31/2016	Month Ending 04/30/2016	Month Ending 05/31/2016	Month Ending 06/30/2016	Month Ending 07/31/2016	Month Ending 08/31/2016	Month Ending 09/30/2016	Month Ending 10/31/2016	Month Ending 11/30/2016	Month Ending 12/31/2016	Year To Date 12/31/2016
OPERATING INCOME													
RENTAL INCOME													
4010 - Gross Potential	107,712	107,712	107,712	107,712	106,480	106,480	106,480	106,480	106,480	106,480	106,480	106,480	1,282,688
4011 - Loss to Lease	(5,476)	(4,598)	(3,843)	(3,424)	(1,766)	(1,451)	(1,801)	(1,895)	(1,727)	(699)	(1,059)	(649)	(28,383)
ADJUSTED GROSS POTENTIAL	102,236	103,114	103,869	104,288	104,714	105,029	104,679	104,585	104,754	105,781	105,421	105,831	1,254,305
ADJUSTMENTS TO RENTAL INCOME													
4013 - Vacancy Loss	(8,498)	(8,013)	(4,957)	(6,674)	(6,010)	(6,845)	(4,304)	(3,194)	(4,674)	(8,344)	(6,674)	(5,795)	(73,981)
4016 - Employee Apartments	0	0	(723)	(723)	(723)	(723)	(723)	(723)	(723)	(1,043)	(1,487)	(1,487)	(9,078)
4018 - Rent Concessions	(1,997)	(1,671)	(2,194)	(422)	(222)	(178)	(515)	(322)	(1,036)	(486)	(765)	(253)	(10,062)
4019 - Resident Referrals	(155)	0	(75)	(325)	0	(5)	0	(1,500)	0	0	0	0	(2,060)
4020 - Bad Debt	(32)	(2,266)	(1,642)	(1,244)	(2,380)	(803)	0	(278)	(259)	(2,262)	(2,194)	(1,201)	(14,563)
TOTAL ADJ TO RENTAL INCOME	(10,682)	(11,950)	(9,591)	(9,388)	(9,335)	(8,554)	(5,542)	(6,017)	(6,692)	(12,135)	(11,120)	(8,736)	(109,744)
TOTAL RENTAL INCOME	91,554	91,164	94,278	94,900	95,379	96,475	99,137	98,568	98,063	93,646	94,301	97,095	1,144,561
OTHER INCOME													
4102 - Application Fees	19	0	105	300	187	486	156	402	176	553	211	211	2,805
4116 - Interest Income	99	0	0	0	0	547	0	0	0	456	0	588	1,690
4118 - Late Charges	2,340	1,520	540	1,732	880	1,060	2,390	1,200	3,590	1,539	1,010	2,214	20,015
4122 - Miscellaneous Income	2,351	1,729	1,032	(3,190)	139	(1,048)	589	326	326	100	(1,759)	541	1,136
4124 - NSF Charges	250	50	50	50	0	150	100	100	50	50	0	0	850
4126 - Pet Fees	0	0	(100)	0	0	0	0	0	0	250	0	0	150
4127 - Pet Rent	155	155	155	185	185	185	165	185	157	73	145	1930	
4144 - Cleaning & Damages	184	0	0	709	893	105	300	633	527	1,376	0	0	4,728
4150 - Garage Income	990	990	1,110	1,018	878	1,014	975	855	908	486	540	750	10,514
TOTAL OTHER INCOME	6,388	4,444	2,892	804	3,162	2,499	4,695	3,681	5,762	4,967	75	4,449	43,818
TOTAL OPERATING INCOME	97,942	95,608	97,170	95,704	98,541	98,974	103,832	102,249	103,825	98,613	94,376	101,544	1,188,379
EXPENSES													
VARIABLE EXPENSES													
MANAGEMENT FEES													
5001 - Management Fees	4,599	4,900	4,723	4,913	4,949	4,936	5,074	4,837	4,797	5,250	4,877	4,870	58,725
TOTAL MANAGEMENT FEES	4,599	4,900	4,723	4,913	4,949	4,936	5,074	4,837	4,797	5,250	4,877	4,870	58,725
PAYROLL EXPENSE													
5102 - Salaries: Manager	2,123	2,123	2,123	2,517	2,385	2,386	3,578	2,385	2,385	2,386	2,385	3,578	30,356
5104 - Salaries: Asst Manager	1,625	1,731	1,787	762	1,647	1,619	1,460	968	1,456	1,467	1,468	2,421	18,411
5106 - Salaries: Leasing	1,565	1,595	1,716	1,641	1,574	1,603	2,364	1,636	1,386	1,608	1,415	2,152	20,254
5108 - Salaries: Maintenance	262	253	261	290	389	1,793	2,387	2,016	2,514	2,650	2,545	3,999	19,359
5110 - Salaries: Maids/Porters	955	880	882	897	925	929	1,405	1,048	1,983	2,133	2,084	3,356	17,478
5114 - Salaries: Taxes/Work Comp	1,174	1,220	1,343	1,480	1,173	1,322	1,789	1,277	1,593	1,624	1,526	2,354	17,874
5115 - 401(k) - ER Matches	56	57	62	60	42	37	65	36	35	35	35	53	574
5116 - Group Insurance	1,468	1,471	1,472	1,479	1,141	1,477	1,503	1,158	1,165	1,876	2,340	2,318	18,868
5118 - Contract Services	2,067	11,778	4,068	17,082	7,648	4,773	12,158	4,488	5,203	8,166	2,208	4,839	84,476
5119 - Contract Services: Maids/Porters	2,365	445	0	0	0	0	0	0	0	(2,811)	0	0	0
TOTAL PAYROLL EXPENSE	13,660	21,553	13,714	26,208	16,924	15,939	26,709	15,012	17,720	19,134	16,006	25,070	227,650
LEASING & MARKETING													
5204 - Leasing Commissions	589	765	1,890	1,090	2,365	765	1,660	725	705	780	870	1,575	13,780
5206 - Locator Fees	284	772	0	0	0	0	0	0	0	0	0	0	1,056
5208 - Newspaper & Magazine Ads	558	131	2,220	(1,920)	131	216	131	132	131	131	131	131	2,124
5209 - Internet Advertising	206	206	205	206	55	185	0	0	1,340	370	205	206	3,181
5210 - Promotional	0	61	8	44	14	134	23	16	392	39	202	438	1,372
5211 - Resident Referral Expense	0	75	0	0	575	0	0	0	0	0	0	0	650



Oaks of Hitchcock DETAIL OPERATING STATEMENT BY MONTH

	Month Ending 01/31/2016	Month Ending 02/29/2016	Month Ending 03/31/2016	Month Ending 04/30/2016	Month Ending 05/31/2016	Month Ending 06/30/2016	Month Ending 07/31/2016	Month Ending 08/31/2016	Month Ending 09/30/2016	Month Ending 10/31/2016	Month Ending 11/30/2016	Month Ending 12/31/2016	Year To Date 12/31/2016
5212 - Signs,Flags,Balloons	155	174	17	334	160	17	0	0	(17)	17	129	34	1,020
5214 - Social Events	0	0	0	0	0	0	0	320	0	0	0	383	703
TOTAL LEASING & MARKETING	1,792	2,184	4,340	(246)	3,300	1,317	1,814	1,193	2,551	1,337	1,537	2,767	23,886
GENERAL & ADMINISTRATIVE													
5302 - Answering Service	0	0	276	0	65	134	(134)	0	65	65	65	65	601
5304 - Bank Service Charges	166	176	87	54	302	69	52	72	62	65	77	16	1,199
5308 - Applicant Screening Charges	148	234	191	43	294	234	190	148	147	384	148	695	2,855
5309 - Employment-Related Costs	0	0	25	91	0	0	0	308	0	0	0	0	424
5310 - Dues & Subscriptions	600	0	273	0	0	0	0	0	720	0	41	0	1,634
5311 - Education	53	53	53	62	63	95	60	166	78	168	56	132	1,037
5314 - Legal & Professional	216	646	211	(211)	442	2,683	316	419	(633)	1,084	388	9,164	14,726
5315 - Miscellaneous	9	71	186	6	33	45	32	28	0	69	41	138	658
5318 - Office Equipment & Supply	47	110	230	223	48	27	75	69	252	185	10	138	1,415
5322 - Postage & Shipping	119	97	113	93	96	88	129	66	68	39	42	107	1,056
5326 - Rental Equipment	212	244	240	243	351	250	337	132	237	11	233	411	2,904
5327 - Supportive Services	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	16,380
5328 - Telephone	1,010	996	896	28	1,833	926	939	947	944	943	959	942	11,361
5330 - Software & Support	920	379	589	105	1,902	437	501	551	404	404	404	419	7,016
6202 - Mileage	108	155	147	155	184	121	572	164	315	191	220	295	2,628
5335 - Employee Meals	0	0	27	8	0	0	0	21	52	0	0	0	108
TOTAL GENERAL & ADMINISTRATIVE	4,973	4,526	4,909	2,265	6,978	6,474	4,434	4,456	4,076	4,973	4,049	13,887	66,002
UTILITIES													
5402 - Electric - Vacants	285	370	435	274	229	390	389	97	318	383	521	744	4,430
5404 - Electric - Property	1,273	1,308	1,149	1,067	1,031	1,241	1,413	1,292	1,245	1,296	1,048	1,037	14,402
5405 - Water Billing Expense	357	357	357	358	356	354	354	354	355	358	350	352	4,263
5406 - Water & Sewer	14,040	14,170	12,461	11,902	12,331	12,103	12,539	12,708	13,085	13,287	15,477	13,371	157,475
5410 - Water Billing Income	(5,236)	(5,086)	(4,678)	(4,978)	(5,491)	(5,283)	(5,530)	(5,513)	(5,567)	(5,255)	(5,400)	(5,279)	(63,298)
TOTAL UTILITIES	10,719	11,119	9,724	8,623	8,456	8,805	9,165	8,938	9,436	10,069	11,996	10,225	117,272
SUPPLIES													
5502 - Cleaning Supplies	0	89	0	76	363	332	129	0	131	114	86	68	1,389
5504 - Light Bulbs	76	15	30	100	87	0	81	(461)	0	0	678	269	875
5506 - Uniforms	0	0	8	0	0	40	0	0	0	288	0	0	337
TOTAL SUPPLIES	76	104	38	176	450	372	210	(461)	131	402	764	337	2,601
CONTRACT SERVICES													
5604 - Exterminating	222	221	222	1,839	222	233	(454)	886	221	0	221	486	4,319
5606 - Pool/Spa	0	260	216	0	69	216	216	0	0	0	(91)	0	887
5608 - Trash Removal	1,081	1,081	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,081	1,082	12,977
TOTAL CONTRACT SERVICES	1,303	1,562	1,520	2,921	1,373	1,531	844	1,968	1,303	1,082	1,211	1,568	18,183
SECURITY													
5702 - Alarms	71	71	77	77	77	77	0	0	0	76	0	76	604
TOTAL SECURITY	71	71	77	77	77	77	0	0	0	76	0	76	604
GROUND MAINTENANCE													
5802 - Landscaping	2,220	2,220	0	5,858	2,220	2,220	2,220	2,220	2,220	2,220	2,220	2,653	28,491
5804 - Pool/Spa	130	0	0	0	217	219	331	216	377	130	222	130	1,971
5806 - Fencing & Gates	120	0	0	0	0	0	260	0	0	0	120	0	500
TOTAL GROUND MAINTENANCE	2,470	2,220	0	5,858	2,437	2,439	2,811	2,436	2,597	2,350	2,562	2,783	30,962



Oaks of Hitchcock DETAIL OPERATING STATEMENT BY MONTH

	Month Ending 01/31/2016	Month Ending 02/29/2016	Month Ending 03/31/2016	Month Ending 04/30/2016	Month Ending 05/31/2016	Month Ending 06/30/2016	Month Ending 07/31/2016	Month Ending 08/31/2016	Month Ending 09/30/2016	Month Ending 10/31/2016	Month Ending 11/30/2016	Month Ending 12/31/2016	Year To Date 12/31/2016
REPAIRS & MAINTENANCE													
5902 - Appliances	0	109	269	428	108	0	0	0	105	0	237	34	1,290
5904 - A/C & Heat	152	185	227	1,041	282	140	522	380	242	502	284	766	4,723
5906 - Equipment Rental/Repair	0	0	0	0	0	150	0	150	0	0	0	0	301
5908 - Electrical - Fixtures	(334)	229	26	136	61	0	486	0	14	0	410	(210)	817
5910 - Exterior Light Fixtures	39	0	0	0	0	0	76	0	21	0	0	0	137
5912 - Exterior Painting	0	0	0	14	6	0	9	0	0	0	0	0	29
5914 - Exterior Building Repairs	0	48	0	0	0	0	0	0	10	0	0	54	111
5915 - Interior Bldg:Paint & Cont Labor	0	0	0	114	0	0	132	0	0	(246)	59	0	59
5916 - Interior Building Repairs	127	135	90	340	293	(30)	106	0	68	246	595	11	1,984
5918 - Safety Equipment	0	0	193	162	68	0	12	0	44	0	52	15	544
5920 - Glass & Mirrors	237	237	0	0	0	0	0	298	327	239	189	0	1,527
5922 - Hardware - Parts	(21)	192	51	74	66	10	353	58	152	0	154	143	1,232
5924 - Keys & Locks	0	308	0	305	30	0	203	0	95	0	93	328	1,364
5926 - Plumbing	(118)	283	298	1,005	799	8	816	16	293	0	680	982	5,058
5927 - Sewer Line Cleanouts	473	185	0	172	361	385	1,274	385	0	1,969	0	0	5,204
5928 - Windows,Doors & Screens	78	0	32	0	0	0	260	0	0	0	0	0	371
5932 - Pool Repairs & Supplies	0	0	0	0	0	0	0	0	25	0	53	98	176
5934 - Exterminating	0	0	0	0	0	0	0	0	2,165	0	30	1,181	3,376
5938 - Other Misc Expense	0	0	0	0	0	0	0	319	0	0	0	0	319
TOTAL REPAIRS & MAINTENANCE	633	1,911	1,186	3,791	2,074	663	4,249	1,606	3,561	2,710	2,836	3,402	28,622
NON-ROUTINE MAINTENANCE													
6030 - Inspection Maintenance	428	0	0	0	0	165	0	0	68	0	0	0	662
TOTAL NON-ROUTINE MAINTENANCE	428	0	0	0	0	165	0	0	68	0	0	0	662
MAKE READY													
6102 - Carpet Cleaning & Repairs	690	236	0	1,920	0	0	330	676	92	839	756	480	6,019
6106 - Paint & Sheetrock	764	2,277	757	1,866	378	1,033	155	1,429	425	910	1,751	697	12,440
6108 - Contract Service:Painting	(374)	367	1,103	4,038	265	2,557	253	1,095	1,528	626	3,702	1,760	16,922
6112 - Contract Services:Cleaning	0	55	0	0	0	0	0	0	0	0	0	0	55
TOTAL MAKE READY	1,080	2,935	1,860	7,824	643	3,590	738	3,200	2,045	2,375	6,209	2,937	35,436
PROFESSIONAL EXPENSE													
6204 - Permits & Inspections	0	0	0	0	135	0	0	0	0	0	0	0	135
6254 - Audit & Accounting Fees	3,142	0	0	1,615	3,141	0	0	0	0	0	0	0	7,898
6260 - Accounting Fee	428	0	0	0	0	165	0	0	0	0	0	0	593
6264 - Other Professional Fees	0	0	0	0	0	0	254	0	0	254	0	253	762
TOTAL PROFESSIONAL	3,570	0	0	1,615	3,276	165	254	0	0	254	0	253	9,388
TOTAL VARIABLE EXPENSES	45,374	53,085	42,091	64,025	50,937	46,473	56,302	43,185	48,285	50,012	52,047	68,175	619,993
FIXED EXPENSES													
INSURANCE													
6404 - Insurance	10,620	10,621	10,621	10,621	10,621	9,888	9,888	9,888	9,888	9,887	9,887	9,888	122,315
TOTAL INSURANCE	10,620	10,621	10,621	10,621	10,621	9,888	9,888	9,888	9,888	9,887	9,887	9,888	122,315
TAXES													
6402 - Taxes	6,069	6,068	6,068	6,068	6,068	6,069	6,068	6,068	6,068	6,069	13,636	13,635	87,956
TOTAL TAXES	6,069	6,068	6,068	6,068	6,068	6,069	6,068	6,068	6,068	6,069	13,636	13,635	87,956
TOTAL FIXED EXPENSES	16,689	16,689	16,689	16,689	16,689	15,957	15,956	15,956	15,956	15,956	23,523	23,523	210,271
TOTAL OPERATING EXPENSES	62,063	69,774	58,780	80,714	67,626	62,430	72,258	59,141	64,241	65,968	75,570	91,698	830,264
NET OPERATING INCOME	35,879	25,834	38,390	14,990	30,915	36,544	31,574	43,108	39,584	32,645	18,806	9,846	358,115



Oaks of Hitchcock DETAIL OPERATING STATEMENT BY MONTH

	Month Ending 01/31/2016	Month Ending 02/29/2016	Month Ending 03/31/2016	Month Ending 04/30/2016	Month Ending 05/31/2016	Month Ending 06/30/2016	Month Ending 07/31/2016	Month Ending 08/31/2016	Month Ending 09/30/2016	Month Ending 10/31/2016	Month Ending 11/30/2016	Month Ending 12/31/2016	Year To Date 12/31/2016
IMPROVEMENTS													
6704 - Appliances	648	0	1,297	3,953	254	78	1,775	628	546	0	101	1,563	10,844
6706 - A/C & Heat	0	0	583	(63)	787	2,440	700	754	755	972	0	851	7,778
6708 - Carpet Replacement	3,869	3,058	0	9,589	859	0	5,036	0	0	0	5,864	655	28,930
6718 - Mini-Blinds	0	542	460	2,174	38	394	(22)	235	(73)	3,208	224	324	7,503
6720 - Equipment	0	488	3,043	1,388	(362)	0	0	0	0	0	0	3,166	7,724
6732 - Landscaping	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500
6738 - Pool	0	0	0	631	0	0	0	0	9,551	0	449	0	10,631
6742 - Plumbing	0	0	693	347	1,501	628	1,319	628	0	0	0	1,358	6,474
6743 - Interior Painting and Refurbishing	9,161	787	(244)	0	0	0	950	0	0	0	0	0	10,654
6776 - Fire Loss Repairs	0	3,265	0	0	0	3,750	0	0	0	0	0	0	7,015
6792 - Resurfacing - Cabinets & Counters	1,017	1,346	1,244	4,374	1,506	605	826	2,241	1,245	1,667	3,266	2,149	21,486
TOTAL IMPROVEMENTS	14,695	9,486	7,076	22,393	4,583	7,895	10,584	4,486	12,024	5,847	9,904	12,566	121,539
INCOME BEFORE DEBT SERVICE	21,184	16,348	31,314	(7,403)	26,332	28,649	20,990	38,622	27,560	26,798	8,902	(2,720)	236,576
DEBT SERVICE													
6806 - Interest on Bonds	172	175	235	1,512	1,970	1,988	2,021	2,176	2,732	3,602	3,602	2,261	22,447
6807 - Letter of Credit Fees	6,487	6,486	6,487	6,487	6,486	6,487	6,486	6,487	6,486	6,486	6,487	6,487	77,839
6814 - TDHCA Annual Compliance Fee	4,000	0	0	0	0	0	0	0	0	0	0	0	4,000
6824 - Remarketing Fee	0	0	0	0	0	3,220	0	0	0	0	0	3,219	6,439
TOTAL DEBT SERVICE	10,659	6,661	6,722	7,999	8,456	11,695	8,507	8,663	9,218	10,088	10,089	11,967	110,725
INCOME AFTER DEBT SERVICE	10,525	9,687	24,592	(15,402)	17,876	16,954	12,483	29,959	18,342	16,710	(1,187)	(14,687)	125,851
CURRENT YEAR INCOME	10,525	9,687	24,592	(15,402)	17,876	16,954	12,483	29,959	18,342	16,710	(1,187)	(14,687)	125,851

RENT ROLL

RENT ROLL DETAIL

As of 03/01/2017

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 + Add.;

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
101	B1-50	N/A	886	Occupied	Hale, Harlquesta	08/08/2014	02/01/2017	07/31/2017	671.00	RESIDENT	GARAGE	0.00	30.00	701.00	300.00	321.55
										RESIDENT	RENT	671.00	0.00			
102	B2-50	N/A	886	Occupied	Love, Ada	02/03/2012	02/01/2017	01/31/2018	671.00	RESIDENT	RENT	129.00	0.00	129.00	100.00	31.43
										HOUSING	HOUSING RENT	528.00	0.00	528.00	0.00	0.00
103	B1-50	N/A	886	Occupied	Switzer, Tonia	10/02/2014	10/01/2016	09/30/2017	671.00	RESIDENT	GARAGE	0.00	30.00	700.00	300.00	170.19
										RESIDENT	RENT	670.00	0.00			
104	B2-50	N/A	886	Occupied	Martin, Pamela	12/01/2016	12/01/2016	11/30/2017	671.00	RESIDENT	GARAGE	0.00	30.00	700.00	350.00	77.00
										RESIDENT	RENT	670.00	0.00			
105	B1-50	N/A	886	Occupied	McMonigle, Kathryn	07/27/2015	07/01/2016	03/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	350.00	(3.06)
106	B2-50	N/A	886	Occupied	Merrweather, Javon	04/25/2012	04/01/2016	03/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	100.00	59.96
107	B1-50	N/A	886	Occupied	Green, Jamie	02/01/2011	02/01/2017	01/31/2018	671.00	RESIDENT	RENT	364.00	0.00	364.00	0.00	30.36
										HOUSING	HOUSING RENT	251.00	0.00	251.00	0.00	0.00
108	B2-50	N/A	886	Occupied	Ross-Young, Wyvette	03/27/2015	04/01/2016	03/31/2017	671.00	HOUSING	HOUSING RENT	678.00	0.00	678.00	0.00	0.00
										RESIDENT		0.00	0.00		300.00	91.36
		N/A		Pending renewal	Ross-Young, Wyvette	03/27/2015	04/01/2017	03/31/2018		RESIDENT	RENT	678.00 *	0.00 *	678.00 *	0.00	0.00
										HOUSING	HOUSING RENT	678.00 *	0.00 *	678.00 *	0.00	0.00
201	C1-50	N/A	1085	Occupied-NTV	Butler, Angela	09/01/2010 03/31/2017	05/31/2016	04/30/2017	770.00	RESIDENT	GARAGE	0.00	30.00	132.00	375.00	98.02
										RESIDENT	RENT	102.00	0.00			
										HOUSING	HOUSING RENT	651.00	0.00	651.00	0.00	651.00
202	C2-50	N/A	1085	Occupied	Hogan, Natashaia	11/17/2016	11/17/2016	10/31/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	6.95
203	A1-50	N/A	648	Occupied	Mata, Maria	03/21/2016	03/01/2017	02/28/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	25.42
204	A2-50	N/A	648	Occupied	Gregg, Cecelia	06/25/2016	06/25/2016	05/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	16.85
205	A1-50	N/A	648	Occupied	Price, Rebecca	01/21/2016	02/02/2017	12/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	34.35
206	A2-50	N/A	648	Vacant-Leased	VACANT				560.00			0.00 *	0.00 *			
		N/A		Applicant	Belzer, Austen	03/03/2017	03/03/2017	02/28/2018		RESIDENT	RENT	560.00 *	0.00 *	560.00 *	0.00	0.00
207	C1-50	N/A	1085	Occupied	SCOTT, SHEENA	04/01/2016	04/01/2016	03/31/2017	770.00	RESIDENT	RENT	425.00	0.00	425.00	450.00	38.40
										HOUSING	HOUSING RENT	347.00	0.00	347.00	0.00	297.00
		N/A		Pending renewal	SCOTT, SHEENA	04/01/2016	04/01/2017	03/31/2018		RESIDENT	RENT	425.00 *	0.00 *	425.00 *	0.00	0.00
										HOUSING	HOUSING RENT	347.00 *	0.00 *	347.00 *	0.00	0.00
208	C2-50	N/A	1085	Occupied	LEONE, ALICIA	05/16/2014	05/01/2016	04/30/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	400.00	(39.04)

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 03/01/2017

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	764.00	0.00			
209	C1-50	N/A	1085	Occupied	Shaw, Krystal	02/27/2017	02/27/2017	02/28/2018	770.00	RESIDENT RENT	RESIDENT RENT	6.00	0.00	6.00	0.00	0.00
											HOUSING HOUSING RENT	764.00	0.00	764.00	0.00	0.00
210	C2-50	N/A	1085	Occupied	Matthews, Shelly	08/05/2016	08/05/2016	07/31/2017	770.00	RESIDENT RENT	RESIDENT RENT	764.00	0.00	764.00	450.00	113.40
211	A1-50	N/A	648	Occupied	Love, Francine	07/25/2015	02/01/2017	01/31/2018	560.00	RESIDENT RENT	RESIDENT RENT	139.00	0.00	139.00	250.00	23.11
											HOUSING HOUSING RENT	422.00	0.00	422.00	0.00	16.00
212	A2-50	N/A	648	Occupied	Garcia, Humberto	07/01/2013	07/01/2016	06/30/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	199.00	253.69
213	A1-50	N/A	648	Occupied	Spiller, Audrey	02/07/2003	11/01/2016	10/31/2017	560.00	RESIDENT GARAGE	RESIDENT RENT	0.00	30.00	590.00	150.00	20.75
											RESIDENT RENT	560.00	0.00			
214	A2-50	N/A	648	Occupied	Nash, David	11/11/2015	11/01/2016	10/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	400.00	319.43
215	C1-50	N/A	1085	Occupied	Pope, Lakendra	06/01/2013	06/01/2016	05/31/2017	770.00	RESIDENT RENT	RESIDENT RENT	764.00	0.00	764.00	199.00	50.86
216	C2-50	N/A	1085	Occupied	Cooper, Terri	04/15/2014	04/13/2016	03/31/2017	770.00	HOUSING HOUSING RENT	RESIDENT RENT	753.00	0.00	753.00	0.00	0.00
											RESIDENT RENT	0.00	0.00		400.00	92.12
		N/A		Pending renewal	Cooper, Terri	04/15/2014	04/01/2017	03/31/2018		RESIDENT RENT	RESIDENT RENT	753.00 *	0.00 *	753.00 *	0.00	0.00
											HOUSING HOUSING RENT	753.00 *	0.00 *	753.00 *	0.00	0.00
301	B1-50	N/A	886	Occupied	Benson, Naomi	02/20/2016	03/01/2017	02/28/2018	671.00	RESIDENT RENT	RESIDENT RENT	671.00	0.00	671.00	350.00	48.42
302	B2-50	N/A	886	Occupied	JOHNSON, CHARLES	03/01/2014	03/01/2017	02/28/2018	671.00	RESIDENT RENT	RESIDENT RENT	671.00	0.00	671.00	300.00	14.07
303	A1-50	N/A	648	Occupied-NTV	Marshman, Linda	03/30/2002 04/30/2017	05/01/2016	04/30/2017	560.00	RESIDENT RENT	RESIDENT RENT	133.00	0.00	133.00	150.00	20.03
											HOUSING HOUSING RENT	420.00	0.00	420.00	0.00	0.00
304	A2-50	N/A	648	Occupied	Benjamin, Ora	11/05/2008	09/01/2016	07/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	150.00	27.09
305	A1-50	N/A	648	Occupied	Gravitt, Cathy	06/07/2013	03/01/2017	02/28/2018	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	1,043.00	65.77
306	A2-50	N/A	648	Occupied	Porter, Kathy	01/25/2011	02/01/2017	01/31/2018	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	0.00	31.26
307	B1-50	N/A	886	Occupied	Armstrong, Sharen	02/22/2017	02/22/2017	02/28/2018	671.00	RESIDENT RENT	RESIDENT RENT	671.00	0.00	671.00	350.00	47.45
308	B2-50	N/A	886	Occupied	Butler, Elishae	01/05/2016	02/01/2017	12/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	670.00	0.00	670.00	350.00	6.38
309	B1-50	N/A	886	Occupied	Nash, Sandra	04/01/2014	04/01/2016	03/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	10.00	0.00	10.00	300.00	30.42
											HOUSING HOUSING RENT	647.00	0.00	647.00	0.00	0.00
		N/A		Pending renewal	Nash, Sandra	04/01/2014	04/01/2017	03/31/2018		RESIDENT RENT	RESIDENT RENT	3.00 *	0.00 *	3.00 *	0.00	0.00
											HOUSING HOUSING RENT	654.00 *	0.00 *	654.00 *	0.00	0.00
310	B2-50	N/A	886	Occupied	Williams, Erika	04/11/2012	03/01/2016	02/28/2017	671.00	HOUSING HOUSING RENT	HOUSING HOUSING RENT	657.00	0.00	657.00	0.00	0.00
											RESIDENT RENT	0.00	0.00		100.00	295.95
311	A1-50	N/A	648	Occupied	Muncey, Robin	05/27/2016	05/27/2016	04/30/2017	560.00	RESIDENT PET RENT	RESIDENT RENT	0.00	25.00	585.00	400.00	81.76
											RESIDENT RENT	560.00	0.00			

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RENT ROLL DETAIL

As of 03/01/2017

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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
312	A2-50	N/A	648	Occupied	Wells, Jonathon	02/15/2017	02/15/2017	02/28/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	0.00
313	A1-50	N/A	648	Occupied	Spillers, Rhonda	06/18/2013	11/30/2016	10/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	736.00	29.56
314	A2-50	N/A	648	Occupied	Hill, Teri	02/01/2015	02/01/2017	01/31/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	200.00	83.74
315	B1-50	N/A	886	Occupied	Lett, Cora	05/12/2006	09/01/2016	04/30/2017	671.00	RESIDENT	RENT	419.00	0.00	419.00	250.00	(457.80)
										HOUSING	HOUSING RENT	238.00	0.00	238.00	0.00	0.00
316	B2-50	N/A	886	Occupied	Chatman, Natasha	07/07/2006	11/01/2015	06/30/2016	671.00	RESIDENT	GARAGE	0.00	30.00	687.00	250.00	41.91
										RESIDENT	RENT	657.00	0.00			
401	B1-50	N/A	886	Occupied	Phillips, Kefflin	09/20/2016	09/20/2016	08/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	350.00	291.97
402	B2-50	N/A	886	Occupied	Little, Debra	03/24/2016	03/01/2017	02/28/2018	671.00	RESIDENT	PET RENT	0.00	25.00	696.00	950.00	(212.80)
										RESIDENT	RENT	671.00	0.00			
403	B1-50	N/A	886	Occupied	Boston, LaTavia	07/01/2015	07/01/2016	06/30/2017	671.00	RESIDENT	RENT	0.00	0.00	0.00	350.00	(410.54)
										HOUSING	HOUSING RENT	670.00	0.00	670.00	0.00	0.00
404	B2-50	N/A	886	Occupied	Tolden, Laquita	08/01/2012	08/01/2016	07/31/2017	671.00	RESIDENT	RENT	10.00	0.00	10.00	100.00	416.49
										HOUSING	HOUSING RENT	635.00	0.00	635.00	0.00	0.00
405	B1-50	N/A	886	Occupied	Smith, Sharae	02/26/2016	03/01/2017	02/28/2018	671.00	RESIDENT	RENT	373.00	0.00	373.00	350.00	95.09
										HOUSING	HOUSING RENT	305.00	0.00	305.00	0.00	0.00
406	B2-50	N/A	886	Occupied	Elam, Kadizha	07/30/2015	08/01/2016	07/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	350.00	714.24
407	B1-50	N/A	886	Vacant-Leased	VACANT				671.00			0.00 *	0.00 *			
				Applicant	Werdlow, Chasidy	03/17/2017	03/17/2017	03/31/2018		RESIDENT	RENT	671.00 *	0.00 *	671.00 *	0.00	0.00
408	B2-50	N/A	886	Occupied	Mallory, Harriett	04/02/2013	04/01/2016	03/31/2017	671.00	RESIDENT	RENT	156.00	0.00	156.00	300.00	179.77
										HOUSING	HOUSING RENT	501.00	0.00	501.00	0.00	0.00
				Pending renewal	Mallory, Harriett	04/02/2013	04/01/2017	03/31/2018		RESIDENT	RENT	165.00 *	0.00 *	165.00 *	0.00	0.00
										HOUSING	HOUSING RENT	492.00 *	0.00 *	492.00 *	0.00	0.00
501	C3-HC	N/A	1085	Occupied	Garrett, Cheryl	05/13/2005	12/01/2015	08/31/2016	770.00	RESIDENT	GARAGE	0.00	30.00	315.00	350.00	46.40
										RESIDENT	RENT	285.00	0.00			
										HOUSING	HOUSING RENT	410.00	0.00	410.00	0.00	0.00
502	C2-50	N/A	1085	Occupied	Jones, Tomeka	10/01/2015	10/01/2015	09/30/2016	770.00	RESIDENT	RENT	753.00	0.00	753.00	450.00	47.05
503	A3-HC	N/A	648	Vacant	VACANT				560.00			0.00 *	0.00 *			
504	A2-50	N/A	648	Occupied	Hunt, Adam	02/16/2017	02/16/2017	01/31/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	(561.00)
505	A3-HC	N/A	648	Occupied	Williams, Debra	09/07/2016	09/07/2016	09/30/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	(22.80)
506	A2-50	N/A	648	Occupied	Williams, Justin	11/04/2015	11/07/2016	07/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	35.53
507	C3-HC	N/A	1085	Occupied	Tice, Shawn	10/29/2016	10/29/2016	10/31/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	56.18

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508	C2-50	N/A	1085	Occupied	McGaskey, De Ashia	02/29/2016	02/29/2016	01/31/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	302.49
509	C3-HC	N/A	1085	Occupied	Harbison, Olga	07/27/2015	07/01/2016	06/30/2017	770.00	RESIDENT	RENT	753.00	0.00	753.00	450.00	55.26
510	C2-50	N/A	1085	Occupied	CASIMERE, BRIDGET	07/01/2014	01/01/2017	06/30/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	400.00	11.93
										HOUSING		0.00	0.00		0.00	473.00
511	A3-HC	N/A	648	Occupied	Valle, Ramon	05/29/2008	06/01/2016	05/31/2017	560.00	RESIDENT	GARAGE	0.00	0.00	177.00	150.00	79.10
										RESIDENT	RENT	177.00	0.00			
										HOUSING	HOUSING RENT	376.00	0.00	376.00	0.00	0.00
512	A2-50	N/A	648	Vacant	VACANT				560.00			0.00 *	0.00 *			
513	A3-HC	N/A	648	Occupied	Pabon, Jaime	09/07/2012	09/01/2016	08/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	125.26
514	A2-50	N/A	648	Occupied	Johnson, Torina	09/06/2014	06/01/2016	05/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	200.00	77.11
515	C3-HC	N/A	1085	Occupied	Smith, Jason	03/26/2015	04/01/2016	03/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	819.00	800.00	104.10
										RESIDENT	PET RENT	0.00	25.00			
										RESIDENT	RENT	764.00	0.00			
516	C2-50	N/A	1085	Occupied	Collins, Zenobia	06/01/2014	10/01/2016	05/31/2017	770.00	RESIDENT	RENT	28.00	0.00	28.00	400.00	153.01
										HOUSING	HOUSING RENT	725.00	0.00	725.00	0.00	0.00
601	C1-50	N/A	1085	Occupied	Chapman, Crystal	11/15/2006	09/01/2016	08/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	150.00	112.00
										RESIDENT	RENT	764.00	0.00			
602	C2-50	N/A	1085	Occupied	McNair, Kyla	07/20/2016	07/20/2016	06/30/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	64.50
603	C1-50	N/A	1085	Occupied	Bennett, Rikita	08/01/2014	07/01/2016	06/30/2017	770.00	HOUSING	HOUSING RENT	766.00	0.00	766.00	0.00	137.00
										RESIDENT		0.00	0.00		400.00	334.93
604	C2-50	N/A	1085	Occupied	Kelley, Anita	12/01/2013	12/01/2015	11/30/2016	770.00	RESIDENT	RENT	307.00	0.00	307.00	199.00	81.01
										HOUSING	HOUSING RENT	350.00	0.00	350.00	0.00	0.00
605	C1-50	N/A	1085	Occupied	Joseph, Lajuanda	07/28/2008	07/01/2016	06/30/2017	770.00	RESIDENT	GARAGE	0.00	30.00	229.00	350.00	46.63
										RESIDENT	RENT	199.00	0.00			
										HOUSING	HOUSING RENT	554.00	0.00	554.00	0.00	0.00
606	C2-50	N/A	1085	Occupied	Turner, Connie	02/03/2012	03/01/2017	01/31/2018	770.00	RESIDENT	RENT	744.00	0.00	744.00	100.00	622.52
										HOUSING	HOUSING RENT	9.00	0.00	9.00	0.00	166.00
607	C1-50	N/A	1085	Occupied	Ibarra, Belinda	08/15/2015	08/01/2016	07/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	450.00	20.50
										RESIDENT	RENT	764.00	0.00			
608	C2-50	N/A	1085	Occupied	Rodriguez, Teresa	11/07/2014	11/30/2016	10/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	400.00	(956.36)
										RESIDENT	RENT	764.00	0.00			
701	C1-50	N/A	1085	Occupied	Perry, Rosa	08/05/2010	03/01/2016	02/28/2017	770.00	RESIDENT	GARAGE	0.00	30.00	259.00	375.00	4.10

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Details

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											RESIDENT RENT	229.00	0.00			
											HOUSING HOUSING RENT	524.00	0.00	524.00	0.00	329.00
702	C2-50	N/A	1085	Occupied	Cooper, Nyeshia	06/01/2014	03/01/2016	02/28/2017	770.00	RESIDENT RENT	753.00	0.00	753.00	400.00	403.55	
703	C1-50	N/A	1085	Occupied	Robinson, James	09/30/2016	09/30/2016	09/30/2017	770.00	RESIDENT RENT	764.00	0.00	764.00	450.00	247.78	
704	C2-50	N/A	1085	Occupied	Jones, Darnella	02/27/2016	02/01/2017	01/31/2018	770.00	RESIDENT RENT	770.00	0.00	770.00	450.00	35.78	
705	C1-50	N/A	1085	Occupied-NTV	Gordon, Nina	04/15/2014 03/31/2017	05/01/2016	03/31/2017	770.00	RESIDENT RENT	342.00	0.00	342.00	500.00	544.70	
											HOUSING HOUSING RENT	381.00	0.00	381.00	0.00	18.00
706	C2-50	N/A	1085	Occupied	Paul, Markedra	02/01/2017	02/01/2017	01/31/2018	770.00	RESIDENT RENT	206.00	0.00	206.00	200.00	44.91	
											HOUSING HOUSING RENT	564.00	0.00	564.00	0.00	564.00
707	C1-50	N/A	1085	Occupied	Davis, Tiffany	08/01/2013	08/01/2016	07/31/2017	770.00	RESIDENT RENT	218.00	0.00	218.00	349.00	1,088.60	
											HOUSING HOUSING RENT	535.00	0.00	535.00	0.00	0.00
708	C2-50	N/A	1085	Occupied	Jenkins, Shermika	06/01/2011	06/07/2016	05/31/2017	770.00	HOUSING HOUSING RENT	735.00	0.00	735.00	0.00	0.00	
											RESIDENT	0.00	0.00		100.00	89.93
801	B1-50	N/A	886	Occupied	Walker, Margaret	04/04/2009	11/01/2016	10/31/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	250.00	27.79	
802	B2-50	N/A	886	Occupied	Wilson, Leah	10/14/2016	10/14/2016	09/30/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	350.00	8.42	
803	B1-50	N/A	886	Occupied	Williams, Robin	12/05/2006	11/01/2016	10/31/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	250.00	88.58	
804	B2-50	N/A	886	Vacant-Leased	VACANT				671.00			0.00 *	0.00 *			
				Applicant	Arriaga, Demecio	03/17/2017	03/17/2017	03/31/2018		RESIDENT RENT	671.00 *	0.00 *	671.00 *	0.00	0.00	
805	B1-50	N/A	886	Occupied	Smith, Virgie	01/10/2006	02/01/2017	12/31/2017	671.00	RESIDENT GARAGE	0.00	30.00	138.00	250.00	44.24	
											RESIDENT RENT	108.00	0.00			
											HOUSING HOUSING RENT	549.00	0.00	549.00	0.00	0.00
806	B2-50	N/A	886	Occupied	McCain, Aschel	05/01/2014	05/01/2015	04/30/2016	671.00	RESIDENT RENT	386.00	0.00	386.00	300.00	40.67	
											HOUSING HOUSING RENT	242.00	0.00	242.00	0.00	0.00
807	B1-50	N/A	886	Occupied	Aleman, Marlen	07/12/2011	09/01/2015	07/31/2016	671.00	RESIDENT RENT	381.00	0.00	381.00	100.00	37.30	
											HOUSING HOUSING RENT	289.00	0.00	289.00	0.00	90.00
808	B2-50	N/A	886	Occupied	Terrell, Amber	01/01/2017	01/01/2017	12/31/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	350.00	20.95	
901	B1-50	N/A	886	Occupied	Martin, Ronald	08/04/2014	10/01/2016	07/31/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	300.00	23.89	
902	B2-50	N/A	886	Occupied	CASTILLE, ANDREA	06/01/2014	06/01/2015	05/31/2016	671.00	HOUSING HOUSING RENT	628.00	0.00	628.00	0.00	0.00	
											RESIDENT	0.00	0.00		300.00	222.61
903	B1-50	N/A	886	Occupied	Anthony Devona, Jordana	05/06/2013	05/01/2016	04/30/2017	671.00	RESIDENT RENT	670.00	0.00	670.00	199.00	50.53	
904	B2-50	N/A	886	Occupied	Smith, Raven	03/18/2016	03/01/2017	02/28/2018	671.00	RESIDENT RENT	670.00	0.00	670.00	350.00	58.85	
905	B1-50	N/A	886	Occupied	Caraway, Donna	05/19/2016	05/19/2016	04/30/2017	671.00	RESIDENT GARAGE	0.00	30.00	700.00	0.00	(84.76)	

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											RESIDENT RENT	670.00	0.00			
906	B2-50	N/A	886	Occupied	Dalton, Evelyn	12/01/2014	02/01/2017	11/30/2017	671.00	RESIDENT RENT	RESIDENT RENT	37.00	0.00	37.00	300.00	19.86
											HOUSING HOUSING RENT	600.00	0.00	600.00	0.00	0.00
907	B1-50	N/A	886	Occupied	Vasquez, Mariselda	04/12/2016	04/12/2016	03/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	670.00	0.00	670.00	350.00	405.66
908	B2-50	N/A	886	Occupied	Casale, Gloria	08/22/2016	08/22/2016	08/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	670.00	0.00	670.00	350.00	(1,311.45)
1001	B1-50	N/A	886	Occupied	Gonzales, Genevieve	12/27/2016	12/27/2016	12/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	670.00	0.00	670.00	350.00	40.01
1002	B2-50	N/A	886	Occupied	Slaughter Jr, Donald	02/18/2017	02/18/2017	02/28/2018	671.00	RESIDENT RENT	RESIDENT RENT	671.00	0.00	671.00	350.00	0.00
1003	A1-50	N/A	648	Occupied	Joseph, Bertha	08/01/2014	09/01/2016	08/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	153.00	0.00	153.00	200.00	(30.56)
											HOUSING HOUSING RENT	373.00	0.00	373.00	0.00	0.00
1004	A2-50	N/A	648	Occupied	Mullin, Janina	01/06/2017	01/06/2017	12/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	250.00	46.92
1005	A1-50	N/A	648	Occupied	Garza, Francisco	12/30/2015	01/27/2017	10/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	250.00	213.02
1006	A2-50	N/A	648	Occupied	Gaines, Laura	10/01/2012	10/01/2016	09/30/2017	560.00	RESIDENT RENT	RESIDENT RENT	320.00	0.00	320.00	100.00	38.03
											HOUSING HOUSING RENT	233.00	0.00	233.00	0.00	0.00
1007	B1-50	N/A	886	Occupied	Simpson, Betty	02/13/2002	03/01/2017	01/31/2018	671.00	RESIDENT GARAGE	RESIDENT GARAGE	0.00	30.00	152.00	250.00	87.03
											RESIDENT RENT	122.00	0.00			
											HOUSING HOUSING RENT	535.00	0.00	535.00	0.00	34.00
1008	B2-50	N/A	886	Occupied	Coleman, Doris	12/11/2008	03/01/2017	12/31/2017	671.00	RESIDENT GARAGE	RESIDENT GARAGE	0.00	30.00	687.00	250.00	(74.45)
											RESIDENT RENT	657.00	0.00			
											HOUSING HOUSING RENT	657.00	0.00	657.00	0.00	381.00
1009	B1-50	N/A	886	Vacant-Leased	VACANT				671.00			0.00 *	0.00 *			
		N/A		Applicant	Kovacevich, Cristina	03/10/2017	03/10/2017	03/31/2018		RESIDENT RENT	RESIDENT RENT	671.00 *	0.00 *	671.00 *	0.00	0.00
1010	B2-50	N/A	886	Occupied	Caldwell, Hillery	02/25/2015	02/01/2016	01/31/2017	671.00	RESIDENT RENT	RESIDENT RENT	657.00	0.00	657.00	300.00	191.39
1011	A1-50	N/A	648	Occupied	Vasquez, Manuel	10/12/2016	10/12/2016	10/31/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	250.00	19.30
1012	A2-50	N/A	648	Occupied	Renchie, Kiara	10/28/2016	10/28/2016	10/31/2017	560.00	RESIDENT GARAGE	RESIDENT GARAGE	0.00	30.00	590.00	250.00	628.31
											RESIDENT RENT	560.00	0.00			
1013	A1-50	N/A	648	Occupied	Greer, Carl	11/15/2013	10/01/2016	09/30/2017	560.00	RESIDENT RENT	RESIDENT RENT	560.00	0.00	560.00	199.00	671.35
1014	A2-50	N/A	648	Occupied	Enrique, Dolores	10/10/2015	10/01/2016	09/30/2017	560.00	RESIDENT PET RENT	RESIDENT PET RENT	0.00	25.00	585.00	350.00	44.06
											RESIDENT RENT	560.00	0.00			
1015	B1-50	N/A	886	Occupied	Johnson, Amberlyn	07/01/2011	07/01/2015	06/30/2016	671.00	RESIDENT GARAGE	RESIDENT GARAGE	0.00	30.00	119.00	100.00	33.24
											RESIDENT RENT	89.00	0.00			
											HOUSING HOUSING RENT	581.00	0.00	581.00	0.00	0.00

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1016	B2-50	N/A	886	Occupied	Johnson, Kimberly	01/29/2009	05/01/2016	04/30/2017	671.00	RESIDENT	GARAGE	0.00	30.00	153.00	550.00	136.67
										RESIDENT	PET RENT	0.00	20.00			
										RESIDENT	RENT	103.00	0.00			
										HOUSING	HOUSING RENT	554.00	0.00	554.00	0.00	0.00
1101	C1-50	N/A	1085	Occupied	Singleton, Callena	12/14/2016	12/14/2016	12/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	175.00	450.00	10.93
										RESIDENT	RENT	145.00	0.00			
										HOUSING	HOUSING RENT	619.00	0.00	619.00	0.00	58.00
1102	C2-50	N/A	1085	Occupied	Mason, Charlene	08/01/2014	09/01/2015	07/31/2016	770.00	RESIDENT	RENT	259.00	0.00	259.00	400.00	956.02
										HOUSING	HOUSING RENT	505.00	0.00	505.00	0.00	41.00
1103	C1-50	N/A	1085	Occupied-NTVL	JACKSON, ALICIA	01/01/2016 03/17/2017	01/01/2016	12/31/2016	770.00	RESIDENT	RENT	0.00	0.00	0.00	450.00	26.71
										HOUSING	HOUSING RENT	772.00	0.00	772.00	0.00	0.00
		N/A		Applicant	Smith, Jovaunia	04/01/2017	04/01/2017	03/31/2018		RESIDENT	RENT	770.00 *	0.00 *	770.00 *	0.00	0.00
1104	C2-50	N/A	1085	Occupied	Lazare, Trayzeal	04/26/2016	04/26/2016	03/31/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	395.66
1105	C1-50	N/A	1085	Occupied	Bennett, Andianne	01/01/2014	01/01/2015	12/31/2015	770.00	RESIDENT	RENT	524.00	0.00	524.00	199.00	379.50
										HOUSING	HOUSING RENT	229.00	0.00	229.00	0.00	79.00
1106	C2-50	N/A	1085	Occupied	Ross, Chena	04/10/2012	05/01/2016	03/31/2017	770.00	RESIDENT	RENT	297.00	0.00	297.00	100.00	40.71
										HOUSING	HOUSING RENT	456.00	0.00	456.00	0.00	0.00
1107	C1-50	N/A	1085	Occupied	Gutierrez, Ray	06/25/2016	06/25/2016	06/30/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	450.00	3.80
										RESIDENT	RENT	764.00	0.00			
1108	C2-50	N/A	1085	Occupied	BARBIN, MONICA	01/01/2015	02/02/2017	12/31/2017	770.00	RESIDENT	RENT	729.00	0.00	729.00	400.00	494.01
										HOUSING	HOUSING RENT	729.00	0.00	729.00	0.00	0.00
1201	C1-50	N/A	1085	Occupied	Sumlin, Kyna	09/15/2007	05/02/2016	04/30/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	350.00	43.80
										RESIDENT	RENT	764.00	0.00			
1202	C2-50	N/A	1085	Occupied	White, Tyler	06/24/2014	09/01/2015	06/30/2016	770.00	RESIDENT	RENT	723.00	0.00	723.00	400.00	0.10
1203	A1-50	N/A	648	Occupied	Villarreal, Olivia	02/01/2017	02/01/2017	01/31/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	0.00	78.44
1204	A2-50	N/A	648	Occupied	Gonzalez, Jaqueline	02/28/2017	02/28/2017	02/28/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	0.00	20.00
1205	A1-50	N/A	648	Occupied	Chambers, Angelica	02/22/2017	02/22/2017	02/28/2018	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	0.00
1206	A2-50	N/A	648	Occupied	Menifee, Larry	04/05/2016	04/05/2016	03/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	313.08
1207	C1-50	N/A	1085	Occupied	Kinlaw, Valencia	12/07/2015	02/01/2017	12/31/2017	770.00	RESIDENT	RENT	49.00	0.00	49.00	450.00	59.28
										HOUSING	HOUSING RENT	723.00	0.00	723.00	0.00	0.00

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 03/01/2017

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
1208	C2-50	N/A	1085	Occupied	Vanhorne, Dian	04/08/2016	04/08/2016	03/31/2017	770.00	RESIDENT	GARAGE	0.00	30.00	794.00	450.00	55.59
										RESIDENT	RENT	764.00	0.00			
1209	C1-50	N/A	1085	Occupied	Betancourt, Luis	10/19/2016	10/19/2016	10/31/2017	770.00	RESIDENT	EMPLCRED	0.00	(764.00)	0.00	0.00	126.22
										RESIDENT	RENT	764.00	0.00			
1210	C2-50	N/A	1085	Occupied-NTV	Hardy, Nicole	02/19/2016 05/01/2017	02/19/2016	01/31/2017	770.00	RESIDENT	RENT	764.00	0.00	764.00	450.00	122.81
1211	A1-50	N/A	648	Occupied	SHELTON, ASHLEY	03/01/2014	04/01/2016	03/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	200.00	452.07
1212	A2-50	N/A	648	Occupied	Weaver, Elesrus	05/12/2015	05/01/2016	01/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	42.58
1213	A1-50	N/A	648	Occupied	Bell, Rhonda	10/18/2014	10/01/2016	06/30/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	200.00	29.18
1214	A2-50	N/A	648	Occupied	Haynes, Tracy	12/01/2013	12/01/2016	11/30/2017	560.00	RESIDENT	GARAGE	0.00	30.00	590.00	200.00	8.77
										RESIDENT	RENT	560.00	0.00			
1215	C1-50	N/A	1085	Occupied	Chachere, Daviesha	06/04/2013	06/01/2015	05/31/2016	770.00	RESIDENT	RENT	62.00	0.00	62.00	199.00	(14.64)
										HOUSING	HOUSING RENT	691.00	0.00	691.00	0.00	(28.00)
1216	C2-50	N/A	1085	Occupied	Ward, Tamika	06/01/2012	12/01/2015	05/31/2016	770.00	RESIDENT	RENT	380.00	0.00	380.00	100.00	210.61
										HOUSING	HOUSING RENT	373.00	0.00	373.00	0.00	0.00
1301	B1-50	N/A	886	Occupied	Allen, Sonia	08/11/2015	08/08/2016	07/31/2017	671.00	RESIDENT	PET RENT	0.00	25.00	682.00	950.00	23.90
										RESIDENT	RENT	657.00	0.00			
1302	B2-50	N/A	886	Occupied	Woods, John	09/26/2014	10/01/2016	09/30/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	300.00	108.08
1303	A1-50	N/A	648	Occupied	McColum, John	08/12/2016	08/12/2016	07/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	0.00	34.04
1304	A2-50	N/A	648	Occupied	Freeman, Tori	08/31/2015	08/01/2016	07/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	260.80
1305	A1-50	N/A	648	Occupied	Penter, Andrea	12/01/2016	12/01/2016	11/30/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	8.36
1306	A2-50	N/A	648	Occupied	Duhon, Mason	07/21/2015	08/01/2016	07/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	36.85
1307	B1-50	N/A	886	Occupied	Parson, Robert	02/01/2017	02/01/2017	01/31/2018	671.00	RESIDENT	RENT	671.00	0.00	671.00	350.00	32.61
1308	B2-50	N/A	886	Occupied	Mendoza, Estefana	05/03/2016	05/03/2016	04/30/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	350.00	40.62
1309	B1-50	N/A	886	Occupied	Janice, Darrell	11/07/2014	09/01/2016	05/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	300.00	499.00
1310	B2-50	N/A	886	Occupied	Edwards, Pamela	06/22/2016	06/22/2016	06/30/2017	671.00	RESIDENT	GARAGE	0.00	30.00	700.00	350.00	39.11
										RESIDENT	RENT	670.00	0.00			
1311	A1-50	N/A	648	Vacant-Leased	VACANT				560.00			0.00 *	0.00 *			
		N/A		Applicant	Ashton, Norrisa	03/10/2017	03/10/2017	03/31/2018		RESIDENT	RENT	560.00 *	0.00 *	560.00 *	0.00	0.00
1312	A2-50	N/A	648	Occupied	Johnson, Sanetra	07/29/2015	07/01/2016	03/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	(0.38)
1313	A1-50	N/A	648	Occupied	Bell, Carol	12/31/2005	01/01/2017	12/31/2017	560.00	RESIDENT	GARAGE	0.00	30.00	590.00	150.00	147.80
										RESIDENT	RENT	560.00	0.00			
1314	A2-50	N/A	648	Occupied	Crowe, Darielle	11/14/2016	11/14/2016	10/31/2017	560.00	RESIDENT	RENT	560.00	0.00	560.00	250.00	70.48

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 03/01/2017

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
1315	B1-50	N/A	886	Occupied	Collins, Kantresa	06/01/2013	06/01/2016	05/31/2017	671.00	RESIDENT	RENT	75.00	0.00	75.00	0.00	81.02
										HOUSING	HOUSING RENT	570.00	0.00	570.00	0.00	72.00
1316	B2-50	N/A	886	Occupied	Mckinney, Sharron	08/27/2015	02/01/2017	07/31/2017	671.00	RESIDENT	RENT	671.00	0.00	671.00	350.00	132.55
1401	B1-50	N/A	886	Occupied	Vanderslice, John	07/12/2016	07/12/2016	06/30/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	350.00	27.48
1402	B2-50	N/A	886	Occupied	SPOONS, BRANDI	05/01/2014	05/01/2015	04/30/2016	671.00	RESIDENT	RENT	141.00	0.00	141.00	300.00	299.31
										HOUSING	HOUSING RENT	487.00	0.00	487.00	0.00	0.00
1403	B1-50	N/A	886	Occupied	Cooper, Monta	05/15/2015	06/01/2016	04/30/2017	671.00	RESIDENT	PET RENT	0.00	25.00	695.00	950.00	163.64
										RESIDENT	RENT	670.00	0.00			
1404	B2-50	N/A	886	Occupied	Walker, Renita	06/01/2014	10/01/2016	05/31/2017	671.00	RESIDENT	RENT	421.00	0.00	421.00	300.00	(509.90)
										HOUSING	HOUSING RENT	207.00	0.00	207.00	0.00	0.00
1405	B1-50	N/A	886	Occupied	Watts, Brenda	01/01/2014	02/01/2017	12/31/2017	671.00	RESIDENT	GARAGE	0.00	30.00	141.00	100.00	(60.33)
										RESIDENT	RENT	111.00	0.00			
										HOUSING	HOUSING RENT	546.00	0.00	546.00	0.00	0.00
1406	B2-50	N/A	886	Occupied	Isaac, Robbie	03/31/2007	11/01/2016	10/31/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	250.00	(31.30)
1407	B1-50	N/A	886	Occupied	Lopez, Charlene	09/01/2013	10/01/2016	06/30/2017	671.00	RESIDENT	RENT	670.00	0.00	670.00	199.00	14.95
1408	B2-50	N/A	886	Occupied	Pitts, Yolanda	12/06/2013	12/01/2015	11/30/2016	671.00	RESIDENT	RENT	657.00	0.00	657.00	199.00	668.86
Totals:									106,784.00			102,618.00	276.00	102,894.00	46,269.00	

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 03/01/2017

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 = 139,888 SQFT; Leased = 134,638 SQFT;

Floorplan	# Units	Average SQFT	Average Market + Addl.	Market Amt / SQFT	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
A1-50	20	648	560.00	0.86	557.89	0.86	19	95.00	1
A2-50	24	648	560.00	0.86	559.68	0.86	22	91.67	1
A3-HC	4	648	560.00	0.86	557.67	0.86	3	75.00	1
B1-50	32	886	671.00	0.76	665.13	0.75	30	93.75	0
B2-50	32	886	671.00	0.76	680.94	0.77	31	96.88	0
C1-50	20	1,085	770.00	0.71	760.25	0.70	20	100.00	2
C2-50	24	1,085	770.00	0.71	782.83	0.72	24	100.00	1
C3-HC	4	1,085	770.00	0.71	744.00	0.69	4	100.00	0
Totals / Averages:	160	874	667.40	0.76	670.71	0.77	153	95.63	6

Occupancy and Rents Summary for Current Date

Unit Status	Market + Addl.	# Units	Potential Rent
Occupied, no NTV	98,891.00	148	99,053.00
Occupied, NTV	2,870.00	4	2,793.00
Occupied NTV Leased	770.00	1	772.00
Vacant Leased	3,133.00	5	3,133.00
Admin/Down	-	0	-
Vacant Not Leased	1,120.00	2	1,120.00
Totals:	106,784.00	160	106,871.00

Summary Billing by Sub Journal for Current Date

Sub Journal	Amount
HOUSING	26,544.00
RESIDENT	76,350.00
Total:	102,894.00

Summary Billing by Transaction Code for Current Date

Code	Amount
EMPLCRED	(764.00)

RENT ROLL DETAIL

As of 03/01/2017

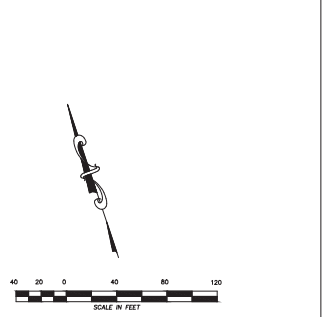
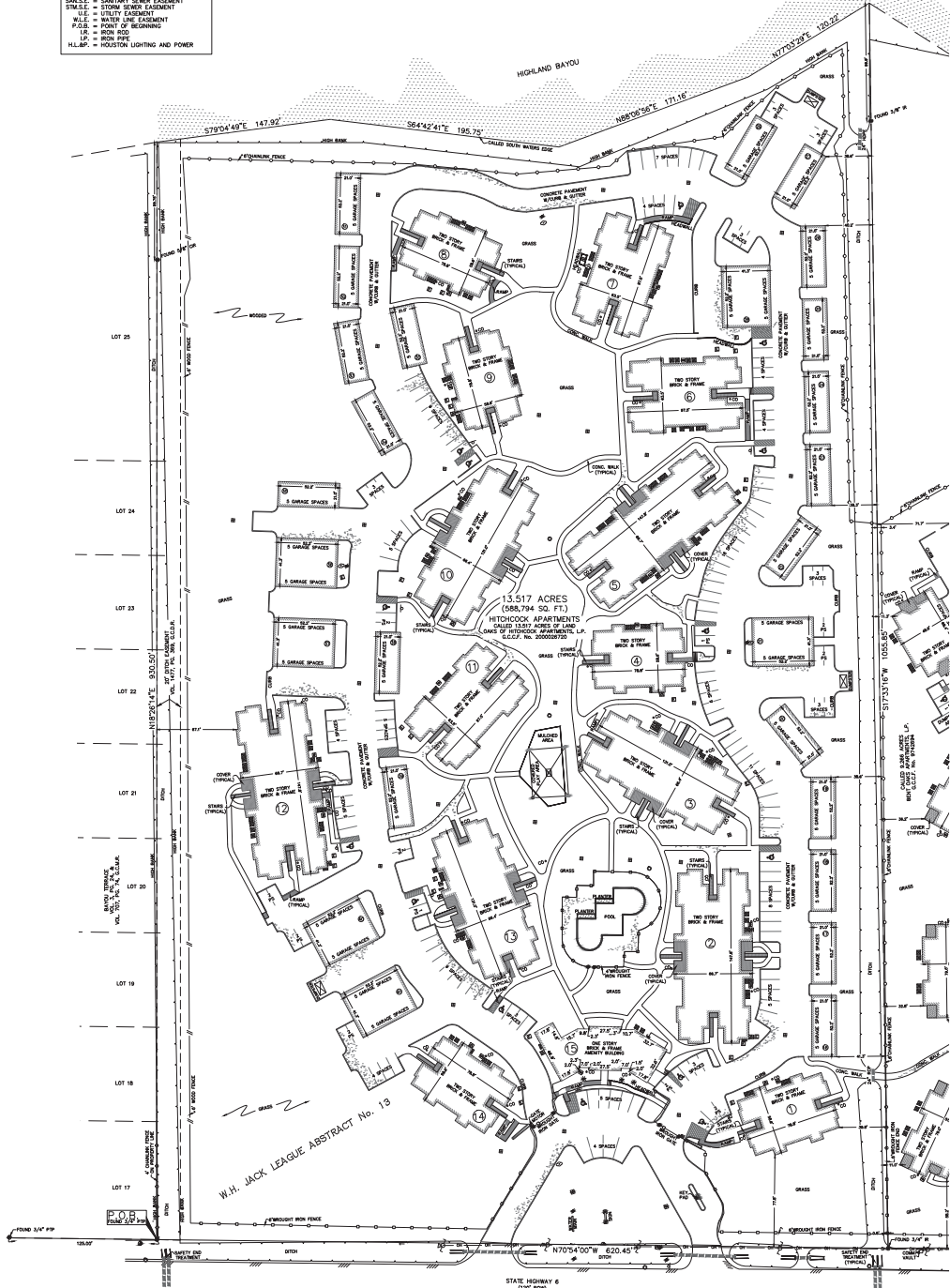
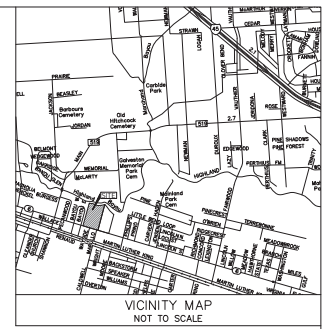
Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - ALL;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

Summary Billing by Transaction Code for Current Date

Code	Amount
GARAGE	870.00
HOUSING RENT	26,544.00
PET RENT	170.00
RENT	76,074.00
Total:	102,894.00

SITE SURVEY

- LEGEND**
- AC = ACRE
 - A.E. = AREA EASEMENT
 - B.L. = BUILDING LINE
 - C.B. = CHORD BEARING
 - C.D. = CHORD DISTANCE
 - C.E. = CURVE EASEMENT
 - C.F. = CURVE
 - C.G.C. = GALVESTON COUNTY CLERK'S FILE
 - C.G.C.F. = GALVESTON COUNTY CLERK'S FILE
 - C.G.M.R. = GALVESTON COUNTY MAP RECORDS
 - E. = EASEMENT
 - L.E. = LANDSCAPE EASEMENT
 - L.I. = LIMITED
 - N. = NORTH
 - N.R. = NON-RADIAL
 - N.S. = NON-SUBJECT
 - P.V. = PRIVATE
 - S.F. = SQUARE FEET
 - S.S.E. = SANITARY SEWER EASEMENT
 - S.S. = STORM SEWER EASEMENT
 - S.W. = WATER EASEMENT
 - W.L. = WATER LINE EASEMENT
 - F. = FRONT OF RECORDING
 - I.R. = IRON ROD
 - I.P. = IRON PIPE
 - H.L.P. = HOUSTON LIGHTING AND POWER



- SCHEDULE "B", ITEM 10 EXCEPTIONS TABLE (SEE NOTE #1)**
1. RIGHTS OF PARTIES IN POSSESSION, NOT SURVEY RELATED.
 2. TERMS, CONDITIONS, RESTRICTION AND PROVISIONS OF REGULATORY AGREEMENT AND DELIMITATION OF RESTRICTED COVENANTS COURT CLERK FILE NO. 200002522 IN THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF GALVESTON COUNTY, TEXAS, NOT SURVEY RELATED.
 3. INTEREST AND RIGHTS TO ALL OIL, GAS AND OTHER MINERALS PER COUNTY CLERK FILE NO. 2000025720 OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF GALVESTON COUNTY, TEXAS, NOT SURVEY RELATED.
 4. ANY RIGHTS OF ADJOINING PROPERTY OWNERS IN AND TO THEIR PART OF THE HEREN ABOVE PROPERTY WHICH MAY CONSTITUTE ACCRETION OR AVULSION BY VIRTUE OF THE POSSIBLE SHIFTING OF THE BED OR SHOES OF THE RIVER, STREAM OR BODY OF WATER WHICH BOUNDS THE SUBJECT PROPERTY FUTURE EASEMENT AFFECTS NOT PLOTTABLE.
 5. RIGHTS OF TENANTS IN POSSESSION UNDER UNRECORDED LEASES OR RENTAL AGREEMENTS, NOT SURVEY RELATED.

- NOTES**
1. THIS SURVEY WAS PREPARED WITH THE BENEFIT OF COMMENT FOR TITLE INSURANCE ISSUED BY CHICAGO TITLE INSURANCE COMPANY OF ILLINOIS, EFFECTIVE DATE OF PLAT: OCTOBER 24, 2018, AND ISSUE DATE: NOVEMBER 8, 2018 WITH REGARD TO ANY RECORDED EASEMENTS, RIGHTS-OF-WAY OR EASEMENTS AFFECTING THE SUBJECT PROPERTY. NO ADDITIONAL RESEARCH REGARDING THE EXISTENCE OF EASEMENTS, RESTRICTIONS, OR OTHER MATTERS OF RECORD HAS BEEN PERFORMED BY THE SURVEYOR.
 2. RELIANCE SHOWN HEREON ARE BASED ON THE NORTH RIGHT-OF-WAY LINE OF STATE HIGHWAY NO. 6, N 70° 54' 00" W, 620.45 FEET DISTANCE TO THE WEST END OF SAID BAYOU TERRACE SUBDIVISION RECORDED IN VOL. 3, PAGE 24 OF THE MAP RECORDS OF GALVESTON COUNTY.
 3. ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP NO. 48474-0002-0002, REVISED DATE APRIL 4, 1983, THE SUBJECT PROPERTY LIES WITHIN ZONE "A" DESCRIBED AS AREAS OF 100-YEAR FLOOD; BASE FLOOD ELEVATION AND FLOOD HAZARD FACTORS ARE DETERMINED, AND ZONE "B" DESCRIBED AS AREAS OF 100-YEAR FLOOD AND 500-YEAR FLOOD; OR CERTAIN AREAS SUBJECT TO 100-YEAR FLOODING WITH AVERAGE DEPTH LESS THAN ONE (1) FOOT OR WHERE THE CONTRIBUTING DRAINAGE AREA IS LESS THAN ONE SQUARE MILE; OR AREAS PROTECTED BY LEVEES FROM THE BASE FLOOD.
 4. THE SURVEYED PROPERTY IS SUBJECT TO RESTRICTIVE COVENANTS AS SET FORTH IN CLERK'S FILE NO. 986443 OF THE REAL PROPERTY RECORDS OF GALVESTON COUNTY, TEXAS.
 5. THE CITY OF HITCHCOCK HAS NO FORMAL ZONING ORDINANCES, NOR DOES THE SURVEYOR HAVE KNOWLEDGE OF ANY SPECIFIC ORDINANCES AFFECTING THE SURVEYED PROPERTY.
 6. THERE WAS NO EVIDENCE OF RECENT EARTH MOVING WORK, BUILDING CONSTRUCTION OR BUILDING ADDITIONS AT THE TIME OF THE SURVEY, NOR DOES THE SURVEYOR HAVE ANY KNOWLEDGE OF PROPOSED CONSTRUCTION OR REPAIRS.
 7. THERE WAS NO OBSERVABLE EVIDENCE OF RECENT STREET OR SIDEWALK CONSTRUCTION OR REPAIRS AT THE TIME OF THE SURVEY, NOR DOES THE SURVEYOR HAVE ANY KNOWLEDGE OF PROPOSED CONSTRUCTION OR REPAIRS.
 8. THERE WAS NO OBSERVED EVIDENCE OF SITE USE AS A SOLID WASTE DUMP, SLUMP OR SANITARY LANDFILL.
 9. NO METALS WERE LOCATED ON THE SUBJECT TRACT.
 10. AS PER ITEM 11 OF THE ALTA/NSPS 2018 REQUIREMENTS, ALL SURFACE UTILITY FEATURES SHOWN HEREON ARE BASED ON OFFICIAL SURFACE EVIDENCE AT THE TIME OF THE SURVEY. NO ADDITIONAL UTILITY INFORMATION WAS PROVIDED TO OR OBTAINED BY THE SURVEYOR.
 11. THE METES AND BOUNDS DESCRIPTION OF THE SUBJECT PROPERTY HEREOF DESCRIBES THE SAME TRACT AS THE METES AND BOUNDS DESCRIPTION OF THE SUBJECT PROPERTY IN THE TITLE COMMITMENT.

- SYMBOLS**
- FOUND 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED)
 - SET 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED)
 - ♿ HANDICAPPED PARKING SPACE
 - ⊕ FLUSH VALVE
 - ⊕ WATER METER
 - ⊕ FIRE DEPARTMENT CONNECTION
 - ⊕ MONITORING WELL
 - ⊕ CABLE BOX
 - ⊕ CABLE MARKER
 - ⊕ ELECTRIC BOX
 - ⊕ ELECTRIC PANEL
 - ⊕ GRATE INLET
 - ⊕ E-MANLET
 - ⊕ STORM MANHOLE
 - ⊕ CURB INLET
 - ⊕ SANITARY MANHOLE
 - ⊕ CLEAN-OUT
 - ⊕ POWER POLE
 - ⊕ SERVICE POLE
 - ⊕ LIGHT STANDARD
 - ⊕ GUY ANCHOR
 - ⊕ TRAFFIC SIGNAL POLE
 - ⊕ TRAFFIC SIGNAL CONTROL BOX
 - ⊕ SIGN
 - ⊕ BOLLARD
 - ⊕ TELEPHONE PEDESTAL
 - ⊕ TELEPHONE MANHOLE
 - ⊕ GAS VALVE
 - ⊕ GAS METER

PARKING DETAIL			
REGULAR PARKING	GARAGE PARKING	HANDICAP PARKING	TOTAL PARKING
159	160	14	333

- LINE TYPES**
- BARBED-WIRE FENCE
 - WOOD FENCE
 - CHAIN-LINK FENCE
 - WROUGHT IRON FENCE
 - OVERHEAD ELECTRIC LINE
 - UNDERGROUND ELECTRIC LINE
 - UNDERGROUND GAS LINE
 - UNDERGROUND FIBER OPTIC LINE
 - UNDERGROUND TELEPHONE LINE
 - STORM LINE CULVERT
 - UNDERGROUND SANITARY LINE
 - UNDERGROUND WATER LINE
 - CURB AND GUTTER LINE
 - EDGE OF ASPHALT
 - EDGE OF GRAVEL
 - HIGH BANK LINE
 - GRADE BREAK LINE
 - TOE SLOPE LINE

FIELD NOTES FOR A 13.517 ACRE TRACT

BEING A TRACT OF LAND CONTAINING 13.517 ACRES, LOCATED IN THE W. JACK LEAGUE, ABSTRACT NO. 13, IN GALVESTON COUNTY, TEXAS; SAID 13.517 ACRE TRACT BEING THAT SAME TRACT RECORDED IN THE NAME OF OAKS OF HITCHCOCK APARTMENTS, L.P., IN GALVESTON COUNTY CLERK'S FILE NO. 200002522 (C.G.C.F. NO.) SAID 13.517 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS (ALL BEARINGS ARE REFERENCED TO THE NORTH RIGHT-OF-WAY LINE OF STATE HIGHWAY 6, NORTH 70 DEGREES 54 MINUTES 00 SECONDS WEST AS SHOWN ON THE RECORDED PLAT OF BAYOU TERRACE SUBDIVISION RECORDED IN VOL. 3, PAGE 24 OF THE MAP RECORDS OF GALVESTON COUNTY):

BEGINNING AT A 3/4-INCH PINNED TOP PIPE FOUND IN THE NORTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY 6 (120 FEET WIDE PER VOLUME 447, PAGE 487 OF THE GALVESTON COUNTY DEED RECORDS (C.G.C.F. NO. 14) FOR THE SOUTHEAST CORNER OF THE PLAT OF SAID BAYOU TERRACE SUBDIVISION AND THE SOUTHWEST CORNER OF THE HEREN DESCRIBED TRACT;

THENCE, ALONG THE LINE COMMON TO THE HEREN DESCRIBED TRACT AND THE EAST LINE OF SAID BAYOU TERRACE SUBDIVISION, NORTH 18 DEGREES 28 MINUTES 14 SECONDS EAST, AT A DISTANCE OF 830.75 FEET PASSING A 5/8-INCH IRON ROD WITH CAP FOUND FOR REFERENCE, CONTAINING A TOTAL DISTANCE OF 830.20 TO A POINT IN THE CALLED SOUTH WATER'S EDGE OF HIGHLAND BAYOU FOR THE NORTHEAST CORNER OF SAID BAYOU TERRACE SUBDIVISION AND THE NORTHEAST CORNER OF THE HEREN DESCRIBED TRACT;

THENCE, MEASURING ALONG THE SOUTH WATER'S EDGE OF HIGHLAND BAYOU THE FOLLOWING (4) COURSES:

1. SOUTH 79 DEGREES 04 MINUTES 49 SECONDS EAST, A DISTANCE OF 147.92 FEET TO A POINT;
2. SOUTH 84 DEGREES 42 MINUTES 41 SECONDS EAST, A DISTANCE OF 195.79 FEET TO A POINT;
3. NORTH 88 DEGREES 00 MINUTES 56 SECONDS EAST, A DISTANCE OF 171.18 FEET TO A POINT;
4. NORTH 77 DEGREES 03 MINUTES 29 SECONDS EAST, A DISTANCE OF 135.22 FEET TO A POINT FOR THE NORTHWEST CORNER OF A CALLED 9.266 ACRE TRACT RECORDED IN THE NAME OF BEST OAKS APARTMENTS, L.P., IN GALVESTON COUNTY CLERK'S FILE NO. 9742684 (C.G.C.F. NO.) AND THE NORTHEAST CORNER OF THE HEREN DESCRIBED TRACT.

THENCE, ALONG THE LINE COMMON TO THE HEREN DESCRIBED TRACT AND SAID 9.266 ACRE TRACT, SOUTH 17 DEGREES 33 MINUTES 16 SECONDS WEST, AT A DISTANCE OF 169.00 FEET PASSING A 5/8-INCH IRON ROD FOUND FOR REFERENCE, CONTAINING A TOTAL DISTANCE OF 168.50 TO A 3/4-INCH IRON ROD FOUND FOR THE COMMON CORNER OF THE HEREN DESCRIBED TRACT AND SAID CALLED 9.266 ACRE TRACT IN THE NORTH RIGHT OF WAY LINE OF STATE HIGHWAY 6;

THENCE, NORTH 70 DEGREES 54 MINUTES 00 SECONDS WEST ALONG SAID NORTH RIGHT OF WAY LINE OF STATE HIGHWAY 6, A DISTANCE OF 620.45 FEET TO THE POINT OF BEGINNING AND CONTAINING 13.517 ACRES OF LAND.

Oaks of Hitchcock Apartments, L.P., HITCHCOCK TWIN OAKS APARTMENTS, L.P., A TEXAS LIMITED PARTNERSHIP AND FOLEY NATIONAL TITLE INSURANCE COMPANY.

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH 2018 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, CONTINUED ESTABLISHED AND ADOPTED BY ALTA AND NSPS AND INCLUDES ITEMS 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 16, 17, 18 AND 19 OF TABLE A THEREOF. THE FIELD WORK WAS COMPLETED ON FEBRUARY, 06, 2017.

DATE OF PLAT OR MAP: 17TH DAY OF FEBRUARY, 2017

PREPARED BY: ANTHONY K. PEACOCK, REALTOR
 FOR REVIEW: 02/17/2017
 ANTHONY K. PEACOCK, REALTOR
 TEXAS REGISTRATION NO. 52477
 PEACOCKWILKINSONSURVEY.COM

Oaks of Hitchcock Apartments
 7440 Hwy 7,
 Hitchcock TX 77563

ALTA/NSPS LAND TITLE SURVEY
 13.517 ACRES
 (588,794 SQ. FT.)

LOCATED IN THE
 W.H. JACK LEAGUE, A-13
 GALVESTON COUNTY, TEXAS

MILLER SURVEY+GROUP
 www.millersurvey.com
 1760 WEST SAM HOUSTON PARKWAY NORTH • HOUSTON, TEXAS 77063
 PHONE 713-413-1900 • FAX 713-413-1914
 TITLE REGISTRATION NO. 1007100

JOB NO.: 3385-ALTA-OAKS SCALE: 1" = 40' DATE: 02/09/2017 FIELD BOOK: 16-081/EA
 DWG. NO.: 3385-ALTA-OAKS-DWG DRAWN BY: JUS CHECKED BY: AMP MAB NO.: 171068

QUALIFICATIONS OF APPRAISERS



Christopher S. Roach, MAI, ASA, CCIM
Chief Executive Officer
Work: 214.269.0545
CRoach@bbgres.com

PROFILE

Chris Roach is Chief Executive Officer of BBG, a real estate services company headquartered in Dallas, Texas. He is responsible for the oversight of operations, marketing and strategic planning with the company. Prior to this position he was the President of the Valuation and Advisory team at BBG with extensive experience in commercial real estate valuation and management.

Preceding BBG, Chris was Vice President at LandAmerica from 2007 to 2009. He has extensive experience in the appraisal of multi-family properties, single and multi-tenant retail properties, single and multi-tenant industrial properties, single and multi-tenant office properties, hospitality, vacant land, and subdivisions. His experience also includes feasibility work, consulting and market analyses.

PROFESSIONAL AFFILIATIONS & LICENCES

Appraisal Institute

MAI Designation # 12681, May 2009

Vice President of the North Texas Chapter of the Appraisal Institute 2017

Secretary 2016

Treasurer 2015

General Certified Appraiser:

State of Texas (License # TX-1334352-G)

State of Oklahoma (License # 12822CGA)

State of California (License # AG 044617)

State of Arizona (License #31875)

State of Ohio (License #2011002173)

State of Hawaii (License # CGA 1062)

State of Iowa (License # CG03277)

State of Illinois (License # 553.002299)

State of Nebraska (License #CG2013023R)

State of Washington (License #1102062)

State of Colorado (License # 100020233)

State of Kansas (License # G 2694)

State of Georgia (License #345750)

State of Pennsylvania (License #GA003959)

State of Louisiana (License #G2567)

State of South Dakota (License #1302CG)

State of Alabama (License # G001194)

State of Maine (License # CG3548)

State of West Virginia (License #CG480)

Texas Real Estate Council (TREC)

Sustaining Member, since 2009

Associate Leadership Council (ALC) Class of 2010-2011

International Council of Shopping Centers (ICSC)

Member since 2009

National Multi-Housing Council (NMHC)

Mortgage Bankers Association (MBA)

CCIM Institute

Designated Member – 2014

American Society of Appraisers (ASA)

Designated Member – 2014

EDUCATION

Bachelor of Business Administration, Finance with Real Estate Emphasis
Texas Tech University, 2001

EXPERT WITNESSExpert Testimony

Qualified as an Expert Witness in both Federal and State Courts

You may wish to laminate the pocket identification card to preserve it.

CHRISTOPHER STEVEN ROACH
8300 N DOUGLAS STE 600
DALLAS, TX 75225

The person named on the reverse is licensed by the Texas Appraiser Licensing and Certification Board.

Inquiry as to the status of this license may be made to:

Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, Tx 78711-2188
www.talcb.texas.gov
(512) 936-3001
Fax:(512) 936-3899

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number#: **TX 1334352 G**

Issued: **11/09/2016** Expires: **11/30/2018**

Appraiser: **CHRISTOPHER STEVEN ROACH**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1334352 G**

Issued: **11/09/2016** Expires: **11/30/2018**

Appraiser: **CHRISTOPHER STEVEN ROACH**

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Douglas E. Oldmixon
Commissioner



Tanner J. Etheredge
Senior Appraiser
Work: 214.269.0535
TEtheredge@bbgres.com

PROFILE

Tanner is a Senior Appraiser at BBG with extensive experience in commercial real estate valuation. Before joining BBG, he was with LandAmerica in 2007. Prior to joining LandAmerica, Tanner was an Associate at Butler Burgher, Inc. from 2001 to 2006. He has expertise with analysis of multi-family properties, single and multi-tenant retail centers, office buildings, industrial buildings, hotels/motels, vacant land, and subdivisions. His experience also includes feasibility work, consulting and market analysis.

PROFESSIONAL AFFILIATIONS

General Certified Appraiser:
State of Texas (License # TX-1334408-G)
State of Oklahoma (License # 12954CGA)
State of Colorado (License # CG200000445)

General Associate Member - #436407

EDUCATION

Bachelor of Business Administration
Specialization in Business Management and Minor in Finance
Magna Cum Laude
Howard Payne University, 2000

COURSEWORK

Appraisal Institute Courses
Appraisal Principles
Appraisal Procedures
Basic Income Capitalization
General Applications
Advanced Income Capitalization
Advanced Sales Comparison and Cost Approach
Highest and Best Use and Market Analysis
Report Writing and Valuation Analysis
Advanced Applications
Standards of Professional Practice, USPAP Course Update

Other Real Estate Courses

Basic Appraisal Principles	Real Estate Appraisal	USPAP
HUD MAP Certified	Real Estate Fundamentals	

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TANNER J ETHEREDGE
8300 DOUGLAS AVE STE 600
DALLAS, TX 75225

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Fax:(512) 936-3899

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number#: **TX 1334408 G**

Issued: **01/03/2017** Expires: **12/31/2018**

Appraiser: **TANNER J ETHEREDGE**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1334408 G**

Issued: **01/03/2017** Expires: **12/31/2018**

Appraiser: **TANNER J ETHEREDGE**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner



Joel Leitner, MAI, CRE
Managing Director
Work: 212.682.0400
jleitner@bbgres.com

PROFILE

Joel is a Managing Director at BBG. He has over 27 years of experience in real estate valuation, investment analysis, and consultation. Mr. Leitner's experience includes a diversified background in the valuation of real estate on a national basis for a wide range of applications including market value appraisals, property portfolio consulting and management, investment advisory service, valuations and consulting studies for securitization-equity based and mortgage-backed transactions, purchase price allocations, liquidation sale valuations, condemnation, tax reduction, estates, and expert witness testimony for litigation. These activities have been conducted on behalf of foreign and domestic investment firms including major industrial corporations, leading foreign and domestic financial institutions, individual investors, leading law firms, and government agencies.

Mr. Leitner's areas of specialization include preparation of market value appraisals for all types of real estate with a full range of valuation objectives; investment analysis via computer based lease to lease models and discounted cash flow projections before and after taxes; Ad valorem property appraisals; litigation support; consultation in the negotiations of equity investment acquisitions; market and economic feasibility studies for existing property or proposed development projects; and purchase price allocations.

Mr. Leitner's experience in real estate valuation and consulting has encompassed an extremely diverse range of real estate. This experience includes researching and analyzing various real estate markets within the Tristate area along with testifying as an expert witness in several local and federal courts. Mr. Leitner has recently been appointed to the panel of neutral arbitrators by the American Arbitration Association. Appraisal assignments include industrial facilities, shopping centers and malls, office and medical centers, hotel and motel facilities, and apartment complexes.

PROFESSIONAL AFFILIATIONS

MAI designation
CRE designation

New York University, Adjunct Professor, Masters of Real Estate
Executive Committee of the Board of Directors of the New York Chapter
2003 Person of the Year - Appraisal Institute
2008 President of the Metropolitan New York Chapter
Member, Real Estate Board of New York - Real Estate Appraisal Committee
Member, Counselors of Real Estate
Member, Mortgage Bankers Association of New York

General Certified Appraiser:

State of New York (License # 46-3011)
State of New Jersey (License # RG01545)
State of Connecticut (License # RCG0001050)
State of Pennsylvania (License # GA003488)
State of Maryland (License # 28730)

EDUCATION

Master Degree in Real Estate Investment, Finance and Valuation, New York University