

The insight you need. The independence you trust.

**Jefferson Apartments**

100 South Jefferson Street  
Albany, Georgia 31701

BBG File #0122022721  
Client File #C2081101

**Prepared For**

Mr. Thomas Flannery  
Appraisal Services Officer  
StanCorp Mortgage Investors, LLC, or its Assigns  
10265 NE Tanasbourne Drive  
Hillsboro, OR 97124

**Report Date**

October 7, 2022

**Prepared By**

BBG, Inc., Atlanta Office  
1349 West Peachtree Street, Suite 207  
Atlanta, GA 30309  
770-777-6133

Client Manager: Phillip Hanshew, MAI, AI-GRS  
phanshew@bbgres.com



October 7, 2022  
 Mr. Thomas Flannery  
 Appraisal Services Officer  
 StanCorp Mortgage Investors, LLC, or its Assigns  
 10265 NE Tanasbourne Drive  
 Hillsboro, OR 97124

Re: Appraisal of Real Property  
**Jefferson Apartments**  
 100 South Jefferson Street  
 Albany, Georgia 31701  
**BBG File No.** 0122022721  
**Client File No.** C2081101

Dear Mr. Flannery:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of the As Is Market Value of the Leased Fee estate in the subject property, as referenced above. At the request of the client we have also provided the insurable value of the subject.

The subject property consists of a 2-building, 2 to 3-story Multi-Family Apartment built in 1970 containing 21 - dwelling units (14,319 square feet NRA) on a 0.61-acre parcel of land. Building construction consists of a wood frame with brick siding. The subject is currently 90.5% occupied per inspection. The subject includes one down unit with an estimated repair cost of \$25,000.

This report was prepared for StanCorp Mortgage Investors, LLC, or its Assigns (client) and is intended only for its specified use. The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the December 2010 Interagency Appraisal and Evaluation Guidelines.

**Note:** Our opinion of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

**EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

<b>Extraordinary Assumption(s)</b>	This appraisal employs no extraordinary assumptions.
<b>Hypothetical Condition(s)</b>	This appraisal employs no hypothetical conditions.

Based on our inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee	September 28, 2022	\$1,540,000

Mr. Flannery  
October 7, 2022  
Page 2

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of market value would have required an exposure time of approximately 6 months or fewer months. Furthermore, a marketing time of approximately 6 months or fewer months is currently warranted for the subject property.

This letter must remain attached to the report, which should be transmitted in its entirety, 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.

Sincerely,  
**BBG, Inc.**



Chung "John" Yoo, MAI  
GA Certified General Appraiser  
License #: CG334697  
678-690-1052  
jyoo@bbgres.com

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# SUBJECT PROPERTY







AERIAL PHOTOGRAPH



# SUMMARY OF SALIENT FACTS

## PROPERTY DATA

<b>Property Name</b>	Jefferson Apartments
<b>Address</b>	100 South Jefferson Street Albany, Georgia 31701
<b>Location</b>	Located on the corner of West Broad Avenue and South Jefferson Street, connected with Oglethorpe Alley as a side street.
<b>Property Description</b>	Apartment
<b>Parcel Number</b>	0S301/00006/01A and 0S301/00006/001
<b>Census Tract No.</b>	0114.00
<b>Legal Description</b>	All that tract or parcel of land being part of Lots 70 and 72, in Block 6, in the City of Albany, Dougherty County, Georgia.
<b>Site Area</b>	
<b>Primary Site</b>	26,572 square feet      (0.61 acres)
<b>Zoning</b>	C-2; GENERAL MIXED-USE BUSINESS DISTRICT
<b>Flood Status</b>	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
<b>Year Built</b>	1970
<b>Type of Construction</b>	Class C
<b>Number of Buildings</b>	2
<b>Gross Building Area</b>	15,819 square feet
<b>Net Rentable Area</b>	14,319 square feet
<b>Total Number of Units</b>	21
<b>Occupancy</b>	90.5%
<b>Overall Condition</b>	Average
<b>Overall Quality</b>	Average
<b>Overall Design/Functionality</b>	Average

## RISK SUMMARY

<b>Advantages</b>	The current contract rents are currently below market which creates a value-add opportunity to an investor.
<b>Challenges</b>	Inflation remains a chief concern among investors and lenders. Should inflation not come in line with Federal Reserve targets quickly the risk of additional prime interest rate hikes will remain elevated. Rising interest rates are a concern for real estate investors as it may compress returns and impact financing alternatives.

VALUE INDICATIONS			
As Is as of September 28, 2022			
Sales Comparison Approach	\$1,510,000	\$71,905	Per Dwelling Unit
Income Capitalization Approach			
Direct Capitalization	\$1,540,000	\$73,333	Per Dwelling Unit
Approach Reliance	Direct Capitalization		
Value Conclusion - As Is	<b>\$1,540,000</b>	<b>\$73,333</b>	<b>Per Dwelling Unit</b>
Insurable Value	\$1,060,000		
Exposure Time (Months)	6 months or fewer		

## PROPERTY HISTORY

The current owner is Kayram Atlanta LLC, who acquired the subject property in September 2020 from Michael A Edalgo.

According to the owner, the property was listed for sale in June 2022 and received a \$1.5 million offer but rejected as it was below the expectation and decided to continue to operate. However, after taking the property out of the market the owner recently received an offer of \$1.6 million, but also rejected due to it being below expectations.

PROPERTY HISTORY	
Recent Transaction	
<b>Sale Date</b>	September 30, 2020
<b>Deed Book/Page</b>	4758/47
<b>Sale Price</b>	\$600,000
<b>per Unit</b>	\$28,571
<b>Grantor</b>	Michael A Edalgo
<b>Grantee</b>	Kayram Atlanta LLC
<b>Comments</b>	It appears to have been an arm's length transaction

We note that our concluded opinion of As Is value of \$1,540,000 is significantly higher than the previous sale price of \$600,000. This variance is attributed to a combination of below stabilization occupancy at the time of the sale, approximately \$150,000 in capital improvement, rent growth, and cap rate compression since the date of the previous sale.

There appears to be no other sales or transfers of the subject property in the past three years from the effective date of the report on our review of public records.

# SCOPE OF WORK

## APPRAISAL INFORMATION

<b>Client</b>	StanCorp Mortgage Investors, LLC, or its Assigns 10265 NE Tanasbourne Drive Hillsboro, OR 97124
<b>Intended User(s)</b>	StanCorp Mortgage Investors, LLC, or its Assigns
<b>Intended Use</b>	The intended use of this appraisal is for loan underwriting and-or credit decisions by the Bank and/or participants.
<b>Values Concluded</b>	Market Value
<b>Property Rights Appraised</b>	As Is Market Value - Leased Fee
<b>Premise Summary</b>	As Is Market Value - September 28, 2022
<b>Date of Inspection</b>	September 28, 2022
<b>Marketing Time</b>	6 months or fewer
<b>Exposure Time</b>	6 months or fewer
<b>Owner of Record</b>	Kayram Atlanta LLC
<b>Property Contact(s)</b>	Ramesh Ramchandran
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Multifamily development
<b>As Improved</b>	As currently developed

## PROPERTY IDENTIFICATION

<b>Property Name</b>	Jefferson Apartments
<b>Address</b>	100 South Jefferson Street Albany, Georgia 31701
<b>Location</b>	Located on the corner of West Broad Avenue and South Jefferson Street, connected with Oglethorpe Alley as a side street.
<b>Property Description</b>	Apartment
<b>Parcel Number</b>	0S301/00006/01A and 0S301/00006/001
<b>Census Tract No.</b>	0114.00
<b>Legal Description</b>	All that tract or parcel of land being part of Lots 70 and 72, in Block 6, in the City of Albany, Dougherty County, Georgia.



### SCOPE OF THE INVESTIGATION

- General and Market Data Analyzed**
- Regional economic data and trends
  - Market analysis data specific to the subject property type
  - Published survey data
  - Neighborhood demographic data
  - Comparable cost, sale, rental, expense, and capitalization rate data
  - Floodplain status
  - Zoning information
  - Assessor's information
  - Interviewed professionals knowledgeable about the subject's property type and market

**Inspection Details**

SUMMARY OF UNITS INSPECTED				
Unit No.	Floorplan Type	Size (SF)	Status	Make-Ready Cost
12	2BR-1BA	787	Occupied	Ready
2	1BR-1BA	653	Occupied	Ready
Studio B	Studio	587	Occupied	Ready
3	1BR-1BA	653	Vacant	Ready
9	1BR-1BA	653	Vacant	Ready

**Property Specific Data Requested and Received**

PROPERTY DATA RECEIVED
Historical operating statements
Current year operating statement
Rent roll
Offering memorandum/listing brochure

**Data Requested, but not Provided**

DATA REQUESTED, BUT NOT PROVIDED
Floor plans
Site plan
ALTA survey

**Data Sources**

DATA SOURCES	
Site Size	County Assessor
Building Size	Maintenance Supervisor/County Assessor
Tax Data	County Assessor
Zoning Information	Planning Department
Flood Status	FEMA
Demographics Reports	Claritas, Inc.
Comparable Improved Sales	Various private and public sources
Comparable Rents	Various private and public sources



### VALUATION METHODOLOGY

<b>Most Probable Purchaser</b>	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property.  The most probable purchaser of the subject property "As Is" and "As Complete and Stabilized" is an investor because it is leased to third-party tenants.
<b>Valuation Methods Utilized</b>	This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. The client requires an As-is valuation and an insurable value of the improvements.

### EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

<b>Extraordinary Assumption(s)</b>	This appraisal employs no extraordinary assumptions.
<b>Hypothetical Condition(s)</b>	This appraisal employs no hypothetical conditions.

### DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

<b>Market Value</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• Buyer and seller are typically motivated;</li> <li>• Both parties are well informed or well advised, and acting in what they consider their best interests;</li> <li>• A reasonable time is allowed for exposure in the open market;</li> <li>• Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and</li> <li>• 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.<sup>[1]</sup></li> </ul>
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<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

#### LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

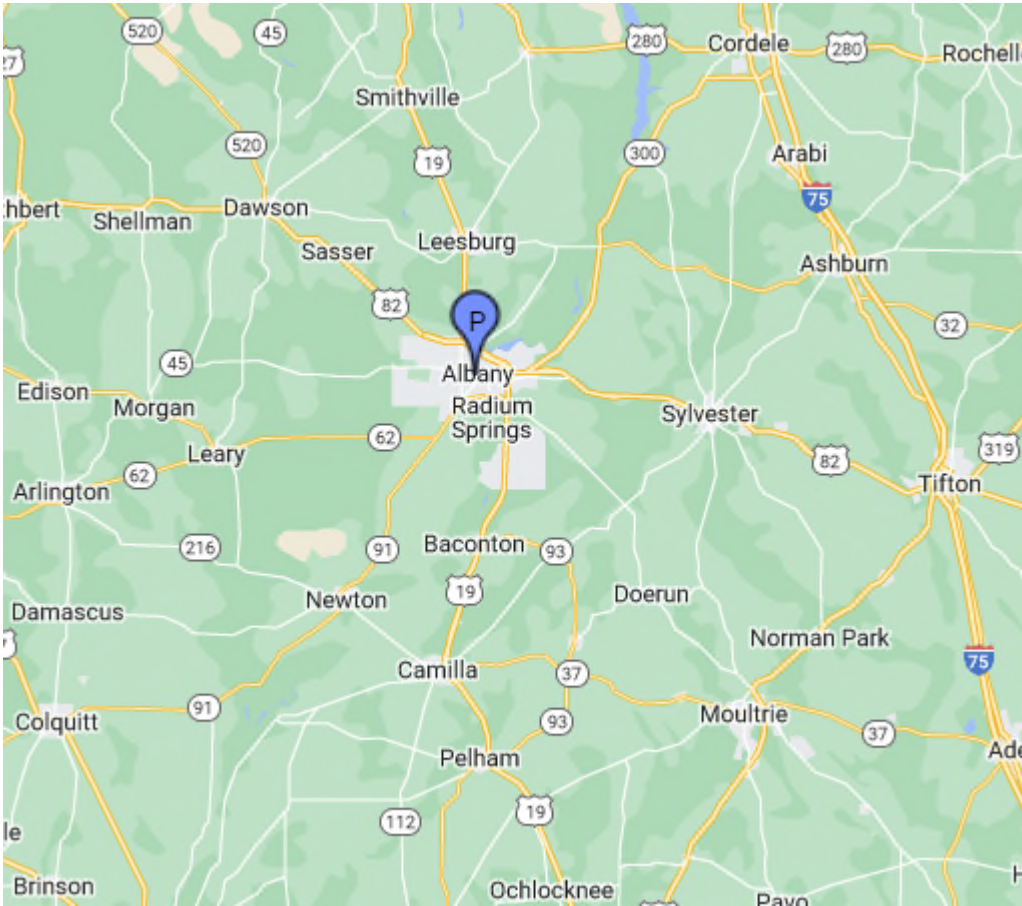
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# REGIONAL ANALYSIS

## AREA OVERVIEW

The subject is located within the city limits of Albany, Georgia, which is part of the Albany, GA metropolitan statistical area (MSA).

### REGIONAL MAP



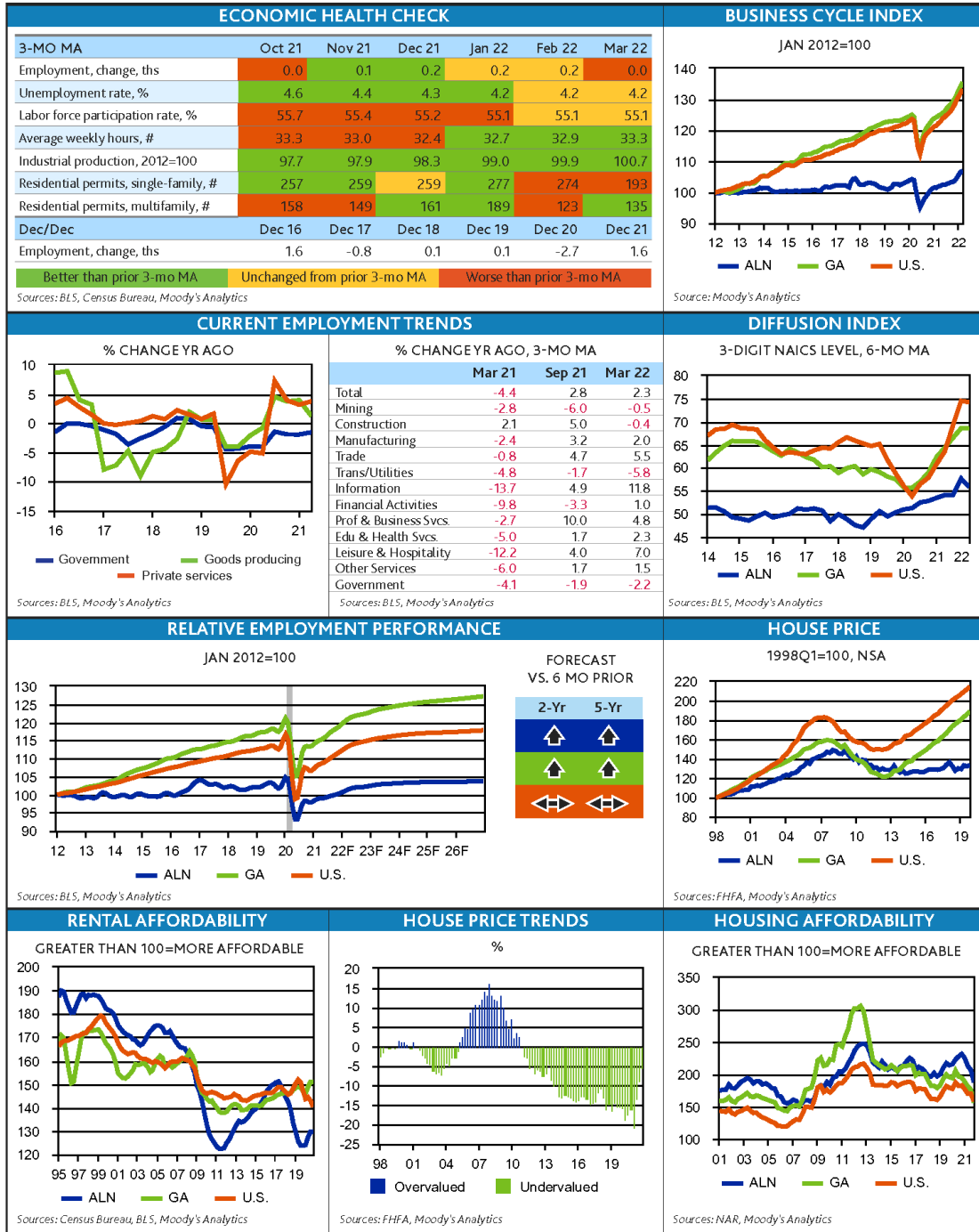
## INTRODUCTION

The following pages were taken from the most recent Moody's Economy.com report, April 2022, and summarize the current economic climate for the Albany, GA MSA.

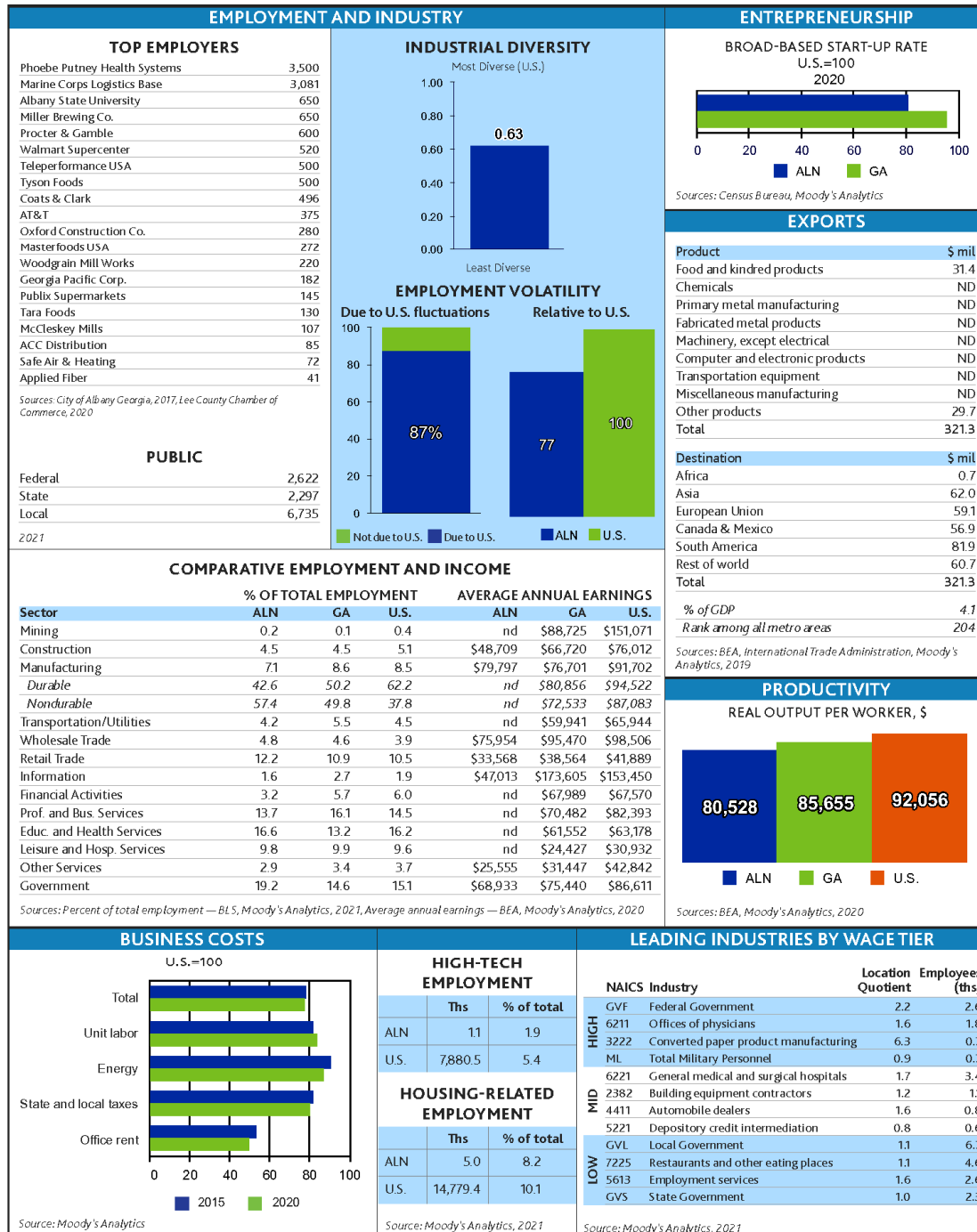


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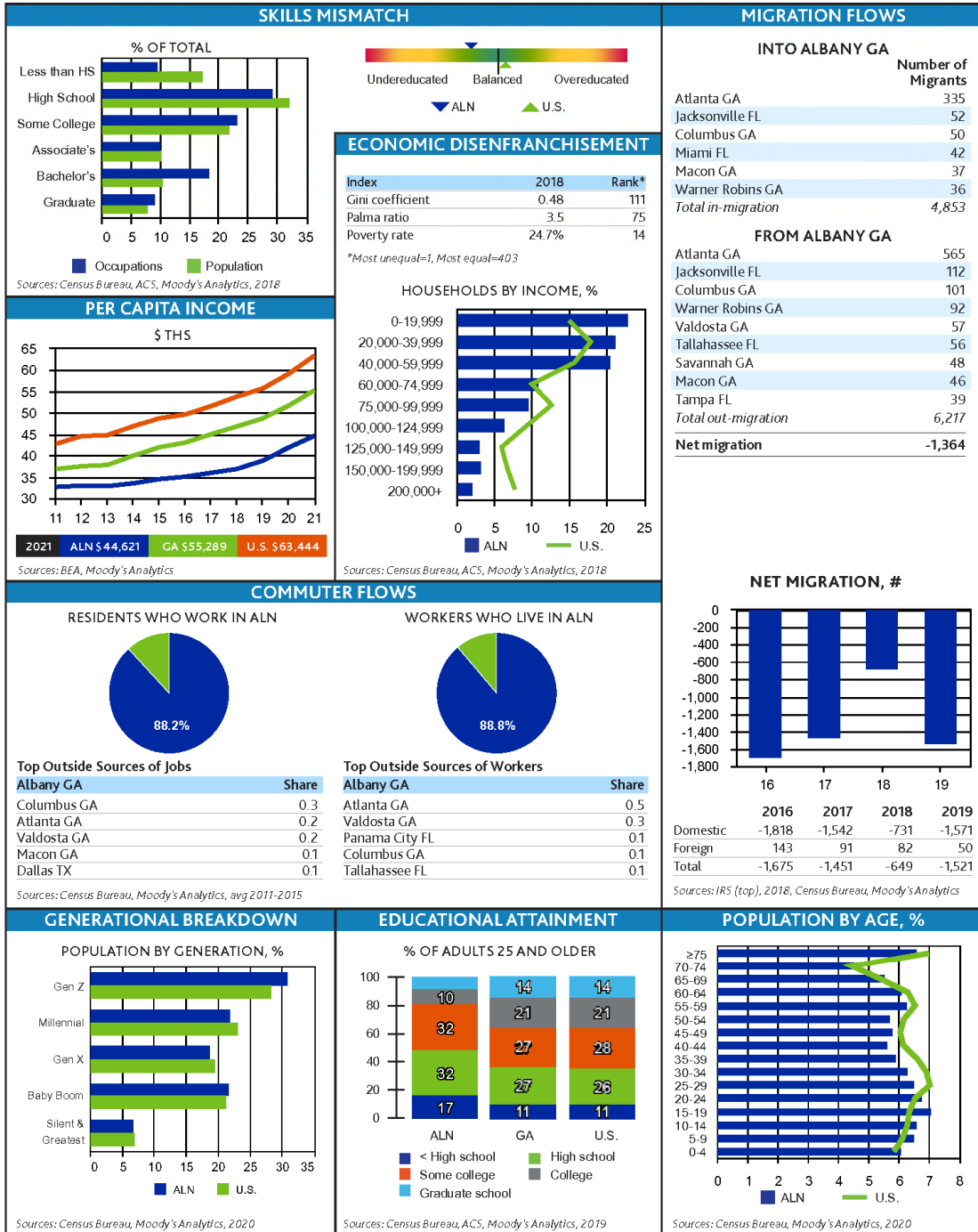
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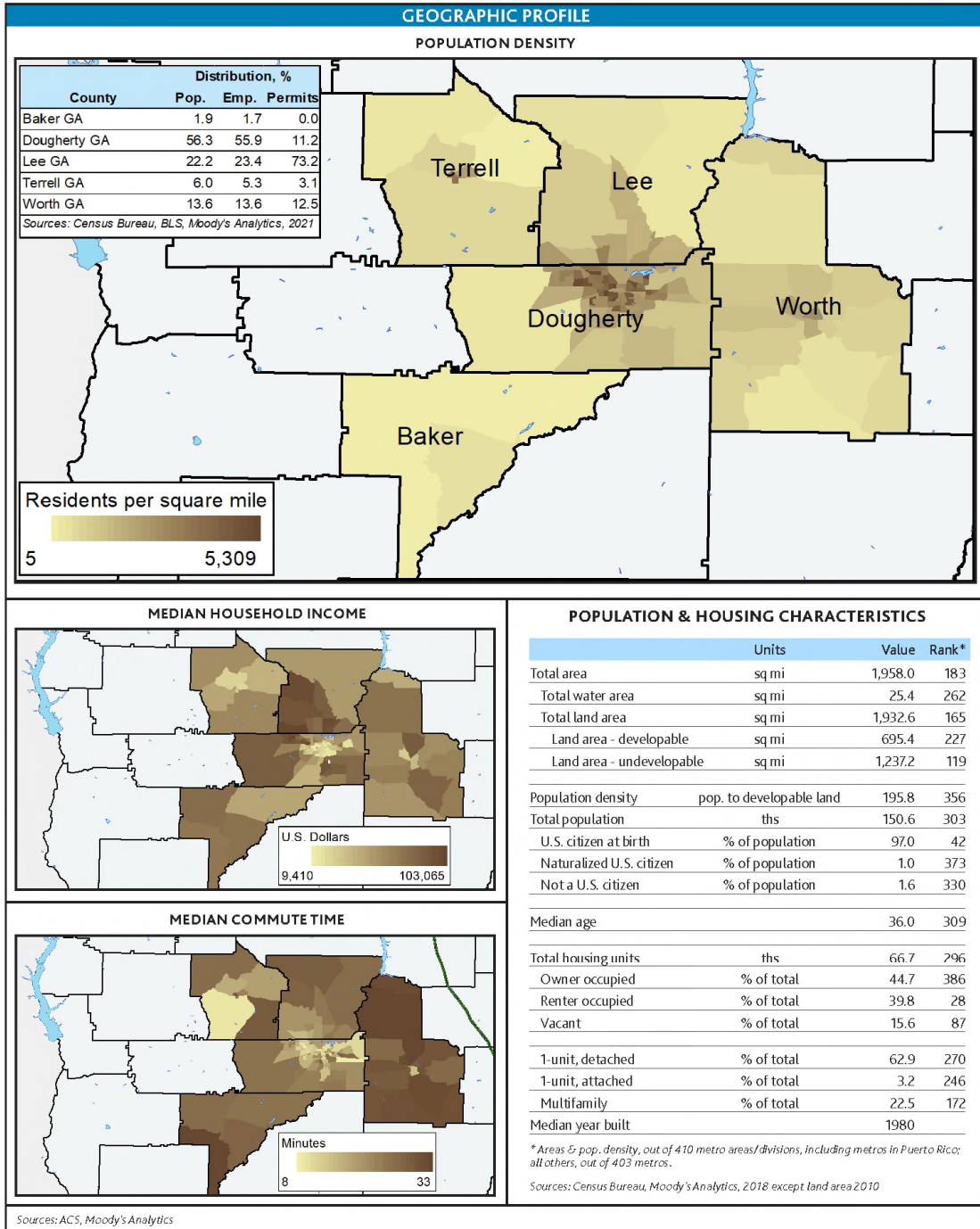
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## CONCLUSION

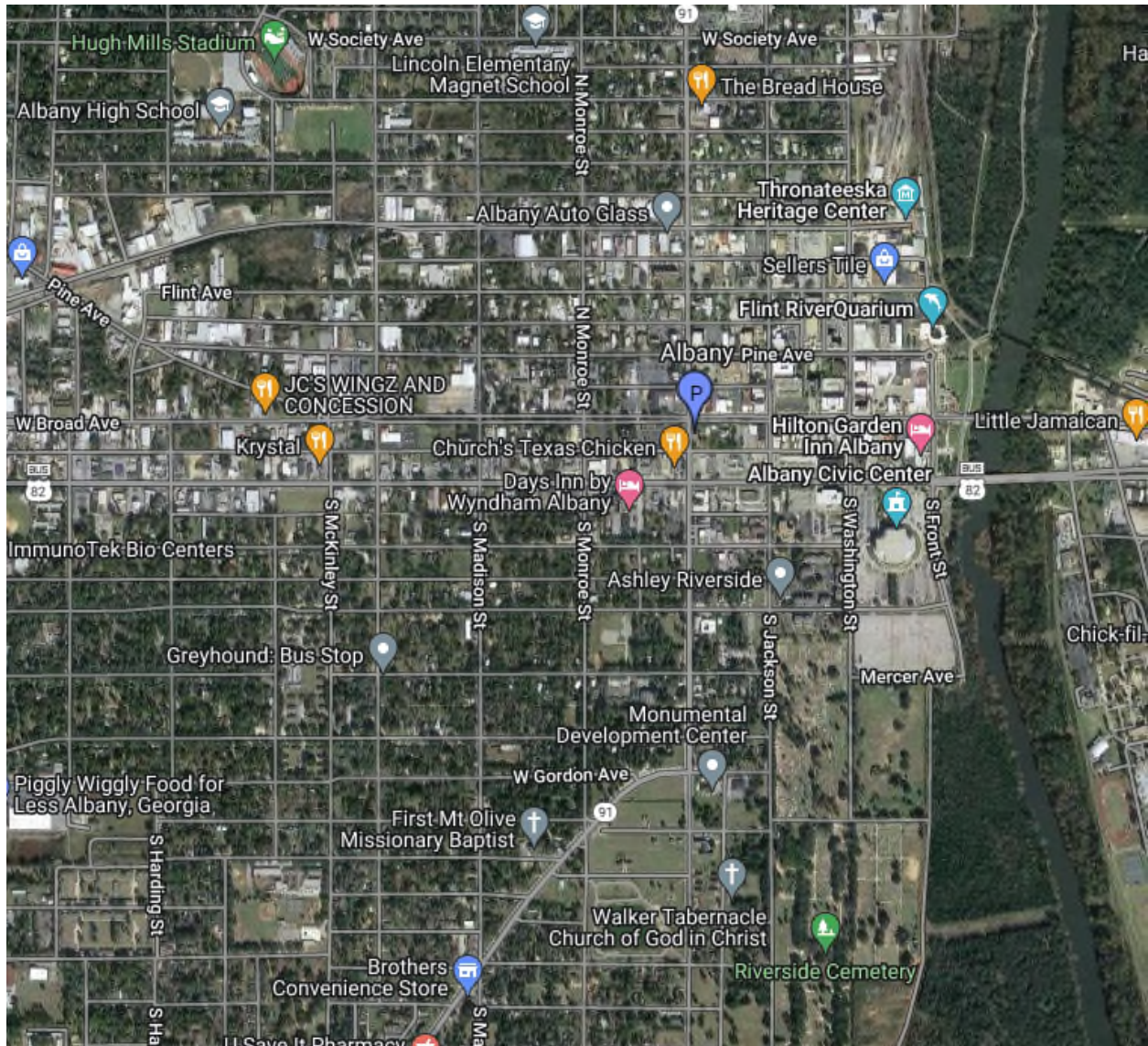
With a stable presence of the Marine Corps Logistics Base there will be some form of stability of income. The lower business and living cost can attract firms and residence as the rate of inflation continues to affect the surrounding areas and families and businesses will need to lower their spending. The Albany MSA will still heavily rely on the increased defense spending to lead to more personnel additions to the Marine Corps Logistics Base.

# NEIGHBORHOOD ANALYSIS

## LOCATION

The subject is located near the center of the city of Albany in Dougherty County, GA. The neighborhood is outlined by the Flint River to the east, W. Society Ave. to the north, US 82 to the west and SR 234 to the south.

## NEIGHBORHOOD MAP



## ACCESS AND MAJOR ROADWAYS

Access to major roadways is considered to be good as there are two US highways that run near the property which cover all directions of travel. US 82 goes east to Brunswick GA crossing Interstate 75, and west all the way through the southern states to New Mexico. While US 19 goes south to the Gulf of Mexico and north all the way up to Lake Erie. There is quick access to other back roads that connect the subject property throughout the city of Albany.

**LAND USE PATTERNS**

Development in the neighborhood includes of a mixture of commercial properties, with scattered residential uses around the neighborhood. Most of the commercial properties consist of restaurants like Dunkin', Church's Texas Chicken, Havana Lounge, The Grille House, Inc, and The Flint. Other commercial properties include office retail, government buildings, Flint Riverquarium, and Parks such as Grove Park and Riverside Park.

Other apartments in the neighborhood include Ashley Riverside, The Flats at 249, Woodland Heights, and Cedar Ave Apartments, amongst other multi-family development in the area.

Schools in the neighborhood include Monroe High School, Lincoln Elementary School, Merry Acres, and Albany Central Catapult Academy.

The nearest hospital to the subject is Phoebe Putney Memorial Hospital, located approximately 1 mile north of the subject.

## DEMOGRAPHICS

Selected neighborhood demographics in 1, 3, and 5-mile radii from the subject, are shown in the following table.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
Description	100 S Jefferson St -	100 S Jefferson St -	100 S Jefferson St -
	1 mi. Totals	3 mi. Totals	5 mi. Totals
<b>Population</b>			
2027 Projection	4,161	39,417	72,576
2022 Estimate	4,280	40,365	73,732
2010 Census	4,966	45,675	81,025
2000 Census	5,794	48,191	81,812
2022 Est. Median Age	37.06	33.73	35.16
2022 Est. Average Age	38.74	37.12	37.71
<b>Households</b>			
2027 Projection	1,542	14,836	28,159
2022 Estimate	1,598	15,187	28,553
2010 Census	1,899	17,083	31,049
2000 Census	2,211	17,320	30,141
<b>2022 Est. Average Household Size</b>	<b>2.27</b>	<b>2.42</b>	<b>2.42</b>
<b>2022 Est. Households by Household Income (%)</b>			
Income < \$15,000	<b>39.5</b>	<b>29.0</b>	<b>22.5</b>
Income \$15,000 - \$24,999	17.3	17.5	14.9
Income \$25,000 - \$34,999	10.8	10.4	10.4
Income \$35,000 - \$49,999	10.3	14.5	14.9
Income \$50,000 - \$74,999	12.5	14.4	16.7
Income \$75,000 - \$99,999	4.8	5.8	8.2
Income \$100,000 - \$124,999	2.6	3.7	5.5
Income \$125,000 - \$149,999	1.1	1.8	3.0
Income \$150,000 - \$199,999	0.6	1.4	2.1
Income \$200,000 - \$249,999	0.2	0.5	0.8
Income \$250,000 - \$499,999	0.3	0.6	0.8
Income \$500,000+	0.1	0.2	0.3
<b>2022 Est. Average Household Income</b>	<b>\$32,891</b>	<b>\$42,446</b>	<b>\$51,746</b>
<b>2022 Est. Median Household Income</b>	<b>\$20,566</b>	<b>\$27,866</b>	<b>\$37,214</b>
<b>2022 Est. Tenure of Occupied Housing Units (%)</b>			
Owner Occupied	20.3	37.4	43.6
Renter Occupied	79.7	62.6	56.4
<b>2022 Est. Median All Owner-Occupied Housing Value</b>	<b>\$73,383</b>	<b>\$98,334</b>	<b>\$125,538</b>

Source: 2022 Claritas, Inc.

## CONCLUSION

The area within a 5-mile radius has seen a slight decrease in population through the 2000's. This trend is projected to continue into the future. The majority of housing in the area is renter occupied, which is a good sign for the subject.

# SITE DESCRIPTION

## INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. The site area utilized herein is taken from Dougherty County records.

### GENERAL SITE DESCRIPTION OVERVIEW

<b>Location</b>	Located on the corner of West Broad Avenue and South Jefferson Street, connected with Oglethorpe Alley as a side street.		
<b>Parcel Number</b>	0S301/00006/01A and 0S301/00006/001		
<b>Legal Description</b>	All that tract or parcel of land being part of Lots 70 and 72, in Block 6, in the City of Albany, Dougherty County, Georgia.		
<b>Site Area</b>			
<b>Primary Site</b>	26,572 square feet		(0.61 acres)
<b>Configuration</b>	Generally Rectangular		
<b>Drainage</b>	Appears adequate		
<b>Utilities/Municipal Services</b>	Typical utilities and municipal services available to site.		
<b>Floodplain</b>	<b>Zone</b>	<b>Map</b>	<b>Date</b>
	Zone X (Unshaded)	13095C0109E	February 20, 2008
	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
<b>Latitude Longitude</b>	31.57652, -84.15575		
<b>Soil/Subsoil Conditions</b>	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
<b>Environmental Concerns</b>	No studies were provided. Site is assumed to be free of any environmental concerns.		
<b>Land Use Restrictions</b>	None detrimental known		
<b>Hazards Nuisances</b>	None noted		
<b>Frontage</b>	237' on South Jefferson St		
<b>Access</b>	One curb cut out along West Broad Avenue		
<b>Visibility</b>	Average		
<b>Surrounding Land Uses</b>	Residential and commercial		
<b>Traffic Counts</b>	6,933 ADT on Northside Dr		

ZONING	
<b>General</b>	
<b>Property Jurisdiction</b>	City of Valdosta
<b>Zoning Classification</b>	C-2
<b>Description</b>	GENERAL MIXED-USE BUSINESS DISTRICT
<b>Zoning Intent/Purpose</b>	The General Business District is intended to provide a mixed-use district with a wider range of uses and greater height of building than permitted in the C-1 zoning, and to provide a compact and compatible and complementary mixture of residential, restaurant, retail, office, commercial, cultural, institutional and governmental uses that serve both nearby and regional residents.
<b>Special Permitting/Conditions</b>	None noted
<b>Compliance Conclusion</b>	The subject appears to be a legal non-conforming use in this zoning district due to not meeting minimum requirements for building setbacks.
<b>Reconstruction Clause</b>	When a nonconforming structure or a structure containing a nonconforming use or nonconforming sign is razed or damaged by fire, flood, wind, or act of God, such structure or sign may be reconstructed as a nonconforming use only if the damage totals less than 75 percent of the value of the structure. Structures which do not conform to the yard requirements of this ordinance shall also be governed by this provision

ZONING REQUIREMENTS			
Category	Required	Actual	Conforming?
Current Use:	Multi-Family Residential	Multi-family residential	Legal Conforming
Minimum Lot Size:	2200'	26572	Legal Conforming
Minimum Lot Width:	30'	105'	Legal Conforming
Minimum Front Yard:	30'	Does not appear adequate	Legal Non-conforming
Minimum Rear Yard:	15'	Appears adequate	Legal Conforming
Minimum Side Yard (Corner Street) :	20'	Does not appear adequate	Legal Non-conforming

## CONCLUSION

The subject property is functional for its current use. The current use of the property is consistent with the surrounding development. No adverse conditions are known to exist and there appears to be no environmental issues. The subject appears to be a legal non-conforming use in this zoning district due yard requirements and encroaching on the setback lines of the property.

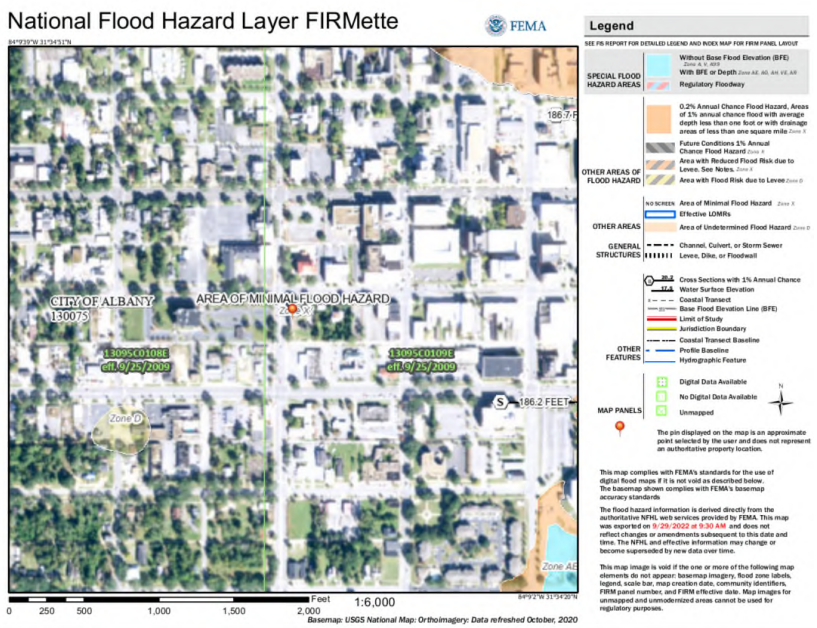


**SUBJECT MAPS**

**Parcel Map with Zoning Overlay**



**Flood Map**



# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

<b>Address</b>	100 South Jefferson Street Albany, Georgia 31701
<b>Property Description</b>	Apartment
<b>Year Built</b>	1970
<b>Number of Buildings</b>	2
<b>Number of Stories</b>	2 to 3
<b>Total Number of Units</b>	21
<b>Building Construction Class</b>	Class C
<b>Net Rentable Area</b>	14,319 square feet
+ Common Spaces & Laundry	1,500 square feet
<b>Gross Building Area</b>	15,819 square feet
<b>Building Footprint</b>	6,266 square feet
<b>Density</b>	34.43 units per acre
<b>Ingress/Egress</b>	Access via W Broad Ave
<b>Ceiling Heights</b>	8'
<b>Utility Metering</b>	Units individually metered for electricity.
<b>Parking Ratio</b>	1.24 spaces per dwelling unit.
<b>Elevator(s)</b>	None
<b>ADA Compliance</b>	The property was constructed prior to implementation of Federal ADA regulations; we assume the property is not fully ADA compliant.

## UNIT SUMMARY

Type	No.	Size (SF)	NRA (SF)
Studio	3	587	1,761
1BR-1BA	12	653	7,836
2BR-1BA	6	787	4,722
<b>Total/Avg</b>	<b>21</b>	<b>682</b>	<b>14,319</b>

## CONSTRUCTION DETAIL

<b>General Layout</b>	The subject is a 21-unit apartment complex with 2 building composed of a mix of studio, 1BR/1BA and 2BR/2BA units.
<b>Foundation</b>	Poured concrete slab
<b>Construction</b>	Wood frame
<b>Floor Structure</b>	Reinforced concrete
<b>Exterior Walls</b>	Masonry
<b>Roof Type</b>	Flat with parapet walls
<b>Roof Cover</b>	Sealed membrane
<b>Windows</b>	Double-pane, wood
<b>Balcony/Patios:</b>	Covered Patios



**INTERIOR DETAIL**

<b>Walls</b>	Drywall
<b>Ceilings</b>	Drywall
<b>Floor Coverings</b>	Vinyl flooring with wood planks
<b>Doors</b>	Hollow-core wood interior doors; hollow-core metal exterior doors
<b>Lighting</b>	Incandescent
<b>Ceiling Heights</b>	8'
<b>Kitchen Finish</b>	Average
<b>Bathroom Finish</b>	Average

**MECHANICAL DETAIL**

<b>Heating</b>	Forced hot air
<b>Cooling</b>	Central HVAC
<b>Plumbing</b>	Assumed to code and adequate.
<b>Electrical</b>	Assumed to code and adequate.
<b>Fire Protection</b>	Dry system

**SITE IMPROVEMENTS**

<b>Parking Type</b>	Unmarked surface lot
<b>Surface Parking Spaces</b>	26
<b>Total Parking Spaces:</b>	26
<b>Landscaping</b>	Low maintenance shrubs and grass
<b>Fencing</b>	Metal fencing on north and south

**RENOVATION/DEFERRED MAINTENANCE**

<b>Recent Renovations or Replacements</b>	The owner has invested approximately \$150,000 in capital improvements over the past 2 years.
<b>Deferred Maintenance</b>	\$25,000

**SUMMARY**

<b>Building Condition</b>	Average; The subject property has been adequately maintained and competes well relative to other properties in the neighborhood.
<b>Building Quality</b>	Average; The subject property will be of overall average quality and offers similar amenities as other properties in the neighborhood.
<b>Design and Functionality</b>	Average
<b>Actual Age</b>	52 years
<b>Expected Economic Life</b>	45 years
<b>Effective Age</b>	15 years
<b>Remaining Economic Life</b>	30 years

**CONCLUSION**

The design and layout of the respective buildings are well suited for the market area and should, therefore, maintain high occupancy rates within the market. Units are similar to that of the competition.

# PROPERTY TAXES AND ASSESSMENT

## PROPERTY ASSESSMENT

Assessment and real estate tax information were provided by the Dougherty County Appraiser's office. In the state of Georgia, multifamily properties are assessed at 40.0% of the actual market appraised value, as estimated by the County Assessor. The subject property is identified by parcel number 0S301/00006/01A and 0S301/00006/001.

Following is a summary of the historical property assessment.

REAL ESTATE ASSESSMENT AND TAXES			
	2021	2022	BBG Proj.
Assessor's Appraised Value	\$571,000	\$571,000	\$1,078,000
Assessed Value	\$228,400	\$228,400	\$431,200
Taxable Value	\$228,400	\$228,400	\$431,200
Effective Tax Rate (per \$1,000)	43.3540	46.7620	46.7620
<b>Property Taxes</b>	\$9,902	\$10,680	\$20,164
<b>Total Property Taxes</b>	\$9,902	\$10,680	\$20,164
per Unit	\$472	\$509	\$960

## TAX COMPARABLES – REASSESSMENT RATIO ANALYSIS

In order to determine the likely ratio of assessed value to sale price, we have analyzed recent sales of apartment projects throughout Dougherty County and compared the recent sales price to the reassessed taxable value. These sales are shown in the following table:

Ratio of Tax Value to Sale Price						
Comparable Sale	Summer Tree	Country Place	Shoreham	Palmyra	509 North	
Yr Built	1940	1981	1981	1965	1997	1987
Tax Yr	2022	2021	2021	2020	2020	2020
Sale Price	\$115,000	\$7,132,000	\$7,600,000	\$8,272,000	\$850,000	\$11,200,000
Date of Sale	6-Jul-21	30-Dec-20	30-Apr-20	14-Nov-19	31-Oct-19	15-Aug-19
Assessor's MV	\$90,300	\$5,475,060	\$6,626,880	\$5,680,000	\$754,300	\$11,067,900
<b>AV Ratio</b>	<b>78.5%</b>	<b>76.8%</b>	<b>87.2%</b>	<b>68.7%</b>	<b>88.7%</b>	<b>98.8%</b>
Increase of Tax Value vs. Previous Year						
Tax Yr	2021	2020	2020	2019	2019	2019
Assessor's MV	\$78,960	\$4,680,000	\$5,184,000	\$3,521,800	\$694,800	\$8,954,700
% Increase	14%	17%	28%	61%	9%	24%
Units	6	156	144	176	28	252
\$/unit	\$15,050	\$35,097	\$46,020	\$32,273	\$26,939	\$43,920

The Definition of Market Value requires the appraisers to analyze the subject as if a sale were occurring, even if we are appraising the subject for a refinance. Brokers active in the local market have indicated that buyers will typically utilize adjusted assessed values between 68.7% and 98.8% of the contract sale price of multifamily properties given that the county is open records, and their acquisition price will be transparent to the assessing authority.

## ASSESSMENT COMPARISONS

In order to determine whether the assessment of the subject property is reasonable, we have examined assessments of other market rate properties in the area, summarized in the following table.

REAL ESTATE TAX COMPARABLES							
No.	Property Name	No. Units	Year Built	Avg Unit Size (SF)	Assessor's Appraised Value (2022)	per SF	per Unit
	<b>Subject Property (Projected)</b>	<b>21</b>	<b>1970</b>	<b>682</b>	<b>\$1,078,000</b>	<b>\$75.27</b>	<b>\$51,333</b>
1	Summer Tree	156	1981	1,116	\$5,475,060	\$31.45	\$35,097
2	Princeton Place	301	1995	977	\$16,414,600	\$55.82	\$54,534
3	Town & Country	28	1974	950	\$754,300	\$28.36	\$26,939
4	Pointe North	106	1984	649	\$2,970,000	\$43.17	\$28,019
5	Windsor Apartments	117	1972	960	\$3,830,000	\$34.10	\$32,735
6	Friar Tuck	44	2003	1,078	\$1,959,300	\$41.31	\$44,530
	<b>Low</b>	28	1972	649	\$754,300	\$28.36	\$26,939
	<b>High</b>	301	2003	1,116	\$16,414,600	\$55.82	\$54,534
	<b>Average</b>	125	1985	955	\$5,233,877	\$39.03	\$36,975

The subject's projected tax value is within the range of the comparable properties on a per unit basis and on a per square foot basis. We have projected a reassessment ratio of 70% of our concluded opinion of value. Overall, the subject's assessment is considered reasonable.

## CONCLUSION

Taxes for the following 12 months are as shown in the following table.

TAX PROJECTION	
Assessor's Appraised Value	\$1,078,000
Assessed Value	\$431,200
Taxable Value	\$431,200
Tax Rate (per \$1,000)	46.7620
<b>Property Taxes</b>	<b>\$20,164</b>
<b>Total Property Taxes</b>	<b>\$20,164</b>
per Unit	\$960

# MARKET ANALYSIS

## ALBANY MULTI-FAMILY MARKET

Costar is the source for the following data. The data reflects conditions of 2022 Q2, the most recent data available. The initial discussion provides information on the overall Albany Multi-Family market.

CoStar's 2021Q4 Base Case forecast is based on the Oxford Economics Baseline scenario published on December 21, 2021, which incorporates the strong growth experienced in the fourth quarter despite the emergence of the Omicron variant. The outlook for the first quarter of 2022 envisions a moderate pullback in activity because of the variant followed by some recovery in the early spring, driving economic growth in the first quarter to about 3.4% annualized. Economic growth in 2022 is expected to reach a relatively strong 4.4%. After losing roughly 9.1 million jobs in 2020 and recovering about 6.2 million jobs in 2021, about 1.1 million jobs are added in the first quarter and about 3.5 to 4 million by year end. The unemployment rate falls below 4% in the second quarter. Employment returns to its pre-COVID peak in the fourth quarter of 2022. Thereafter, job growth slows gradually to about 0.3% per year in 2024 before returning to its long run growth rate of 0.6%. Solid aggregate demand amid lingering supply constraints led to inflation rising sharply in the fourth quarter of 2021. Headline and core PCE rose to their highest rates in decades but are expected to peak in the first quarter of 2022 as supply constraints ease, with core PCE falling to about 3.0% before mid-year. In response to higher prices, the Federal Reserve is expected to raise its policy rate four times in 2022, beginning in March after its asset purchases end. Further, the Fed has signaled that it is prepared to begin quantitative tightening by mid-year. Capital markets remain calm as spreads settle below 200 basis points through the end of the forecast period.

Costar rates multi-family properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

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.

### KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	11.80%	12.81%	increased 101 Basis Points
Absorption (Units)	-7	-62	decreased 55 Units
Quoted Rental Rates (\$/Unit/Month)	\$785	\$800	increased \$14 Per Unit
Inventory (Units)	6,166	6,166	no change Units
Net Deliveries (Units)	0	0	no change Units
Under Construction (Units)	0	0	no change Units

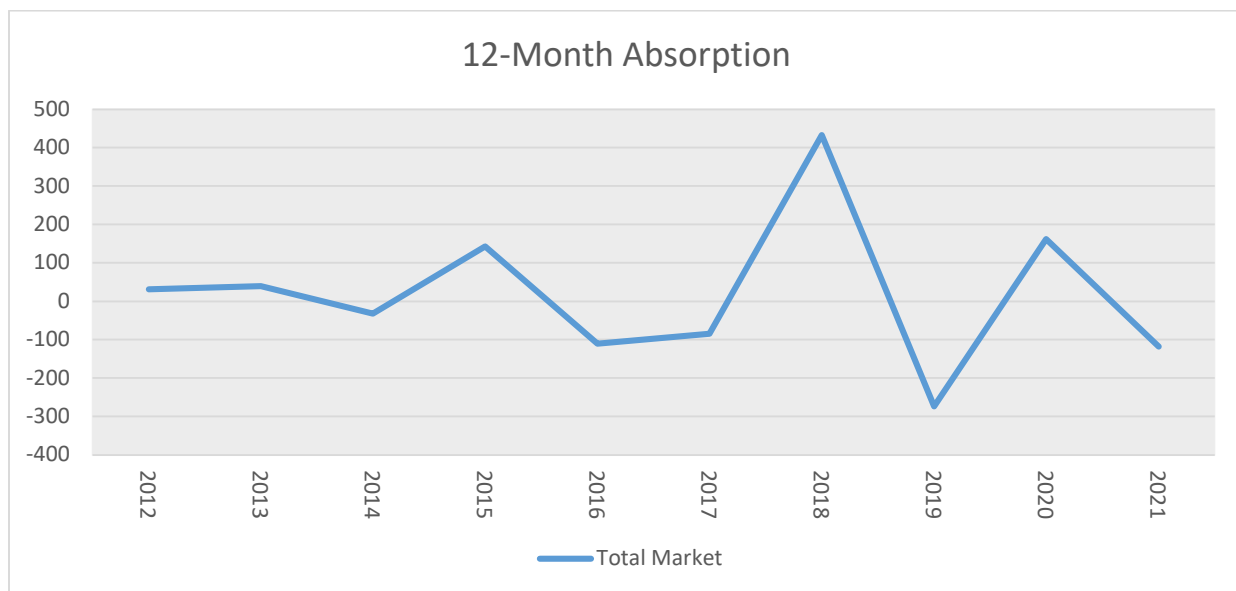
## Overall Comparison

## ALBANY MULTI-FAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2022 Q2	6,166	12.81%	-62	0	0	\$800
2022 Q1	6,166	11.80%	-7	0	0	\$785
2021 Q4	6,166	11.69%	-31	0	0	\$777
2021 Q3	6,166	11.19%	-26	0	0	\$765
2021	6,166	11.69%	-118	0	0	\$777
2020	6,166	9.78%	162	0	0	\$715
2019	6,166	12.41%	-274	-172	0	\$690
2018	6,338	10.47%	433	368	0	\$660
2017	5,970	12.21%	-85	0	368	\$647
2016	5,970	10.79%	-111	0	0	\$623
2015	5,970	8.91%	143	0	0	\$607
2014	5,970	11.31%	-32	0	0	\$598
2013	5,970	10.78%	39	0	0	\$591

The Albany Multi-Family market ended the second quarter with a vacancy rate of 12.81%. The vacancy rate increased over the previous quarter, with net absorption totaling -62 units in the second quarter. Rental rates increased compared to the previous quarter, ending second quarter at \$800. A total of 0 units was delivered to the market, with 0 units still under construction at the end of the quarter.

## ABSORPTION



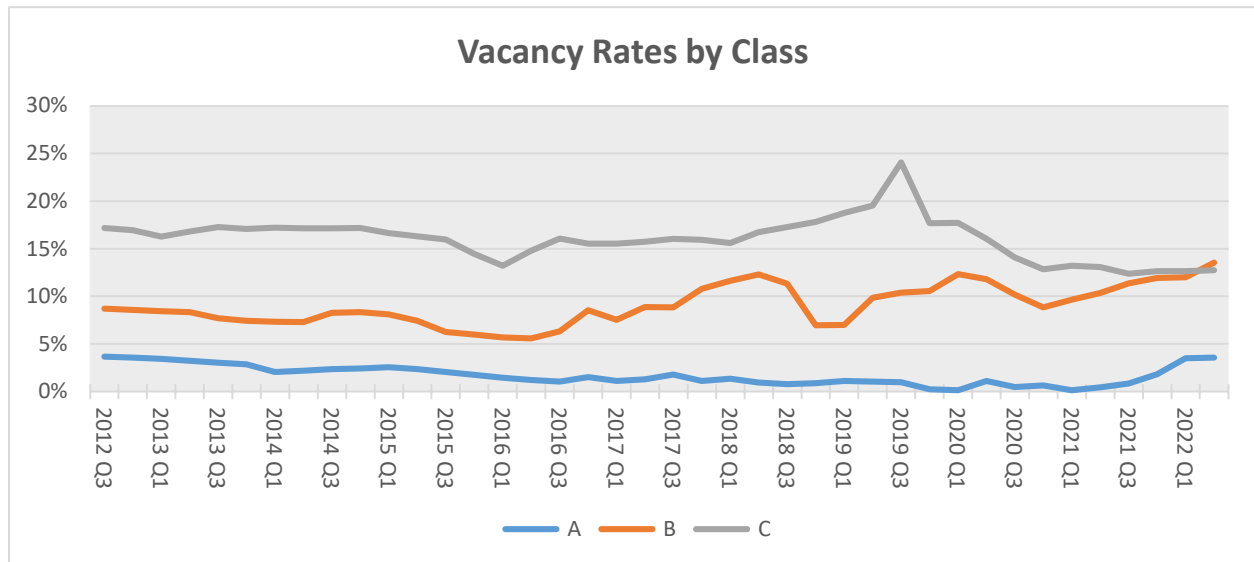
Net absorption for the overall Albany Multi-Family market was -62 units in the second quarter 2022. That compares to -7 units in the first quarter 2022, -31 units in the fourth quarter 2021, and -26 units in the third quarter 2021. Net absorption in the market over the prior 12 months totaled -126 units.

The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 0 units in the second quarter 2022, compared to -5 units in the first quarter 2022, -3 units in the fourth quarter 2021, and -1 units in the third quarter 2021.

The Class B (3 Star) Multi-Family market recorded net absorption of -59 units in the second quarter 2022, compared to -3 units in the first quarter 2022, -22 units in the fourth quarter 2021, and -39 units in the third quarter 2021.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of -3 units in the second quarter 2022, compared to 1 units in the first quarter 2022, -6 units in the fourth quarter 2021, and 14 units in the third quarter 2021.

## VACANCY



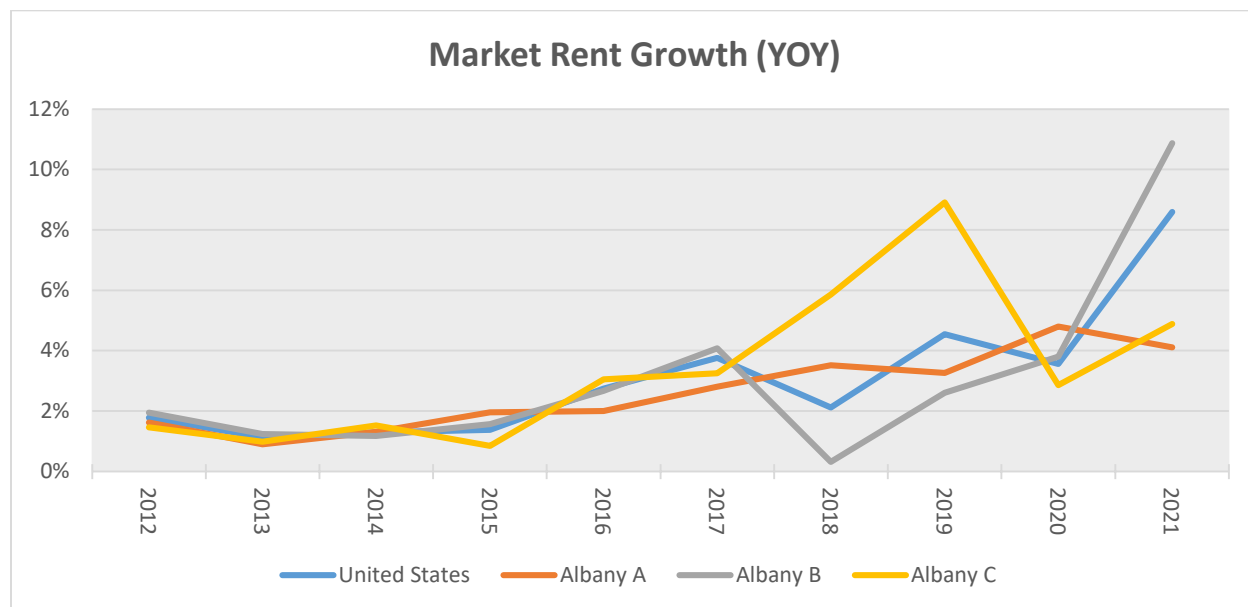
Vacancy for the overall Albany Multi-Family market increased to 12.81% in the second quarter 2022. That compares to 11.80% in the first quarter 2022, 11.69% in the fourth quarter 2021, and 11.19% in the third quarter 2021.

Class A (4 & 5 Star) projects reported a vacancy rate of 3.55% at the end of the second quarter 2022, 3.50% at the end of the first quarter 2022, 1.82% at the end of the fourth quarter 2021, and 0.83% at the end of the third quarter 2021.

Class B (3 Star) projects reported a vacancy rate of 13.56% at the end of the second quarter 2022, 12.01% at the end of the first quarter 2022, 11.93% at the end of the fourth quarter 2021, and 11.36% at the end of the third quarter 2021.

Class C (1 & 2 Star) projects reported a vacancy rate of 12.75% at the end of the second quarter 2022, 12.62% at the end of the first quarter 2022, 12.65% at the end of the fourth quarter 2021, and 12.37% at the end of the third quarter 2021.

## RENTAL RATES



The average asking rental rate for available Multi-Family space, all classes, was \$800 per unit per month at the end of the second quarter 2022 in the Albany market area. This represented a 1.8% increase in quoted rental rates from the end of the first quarter 2022, when rents were reported at \$785 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$887 at the end of the second quarter 2022, while Class B (3 Star) rates stood at \$822, and Class C (1 & 2 Star) rates at \$742. At the end of the first quarter 2022, Class A (4 & 5 Star) rates were \$867 per unit, Class-B (3 Star) rates were \$806, and Class C (1 & 2 Star) rates were \$733.

## INVENTORY & CONSTRUCTION

During the second quarter 2022, a total of 0 units was completed in the Albany market area. This compares to a total of 0 units completed in the first quarter 2022, a total of 0 units completed in the fourth quarter 2021, and 0 units completed in the third quarter 2021.

There were 0 units of Multi-Family space under construction at the end of the second quarter 2022.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	297	0	0
Class B (3 Star)	3,824	0	0
Class C (1 & 2 Star)	2,045	0	0
<b>Total</b>	<b>6,166</b>	<b>0</b>	<b>0</b>

## MARKET OUTLOOK

The Albany Multi-Family market ended the second quarter 2022 with an overall vacancy rate of 12.81%. The vacancy rate increased over the previous quarter, with net absorption totaling -62 units in the second quarter 2022. Rental rates increased \$14.34 per unit per month over the previous quarter and ended at \$799.79 per unit per month. A total of 0 units was delivered in the quarter, with 0 units still under construction at the end of the quarter.

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# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. 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 financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

## HIGHEST AND BEST USE AS VACANT

### LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is zoned C-2 (General Mixed Use Business District). Permitted uses include multifamily residential, retail, and office spaces. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.

### PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is best suited for multifamily property use.

### FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. There is good demand for new rental housing. Therefore, multifamily use is considered financially feasible.

### MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In order to determine the maximally productive use, a comparison of rents, occupancies and rates of return for the financially feasible uses have been made. Based on this analysis, multifamily use renders the highest residual land value; therefore, multifamily development on the subject's site is the maximally productive use of the subject as vacant.



## **HIGHEST AND BEST USE AS IMPROVED**

### **LEGALLY PERMISSIBLE**

The subject appears to be a legal non-conforming use in this zoning district due to not meeting minimum requirements for building setbacks.

### **PHYSICALLY POSSIBLE**

The subject is currently improved with a 21-unit multifamily property on a 26,572-square foot site that conforms to its surrounding uses.

### **FINANCIALLY FEASIBLE**

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject is capable of producing positive net cash flow to an investor. The existing improvements provide contributory value to the site, and there is no alternate use that would result in a greater value. Therefore, multifamily use is financially feasible.

### **MAXIMUM PRODUCTIVITY**

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for multifamily use. None of the comparable properties were acquired for conversion to an alternative use. This provides evidence suggesting that the renovated multifamily use is maximally productive. The most probable purchaser of the subject property "As Is" is an investor because it is leased to third-party tenants.

# VALUATION PROCESS

## OVERVIEW

The three traditional approaches to valuing improved properties are:

- 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;
- Income Capitalization Approach - the processing of a projected net income into a value opinion via one or more capitalization techniques.

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 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.

## SUMMARY

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. The client requires an As-is valuation and an insurable value of the improvements.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

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# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing the subject property with similar, recently sold properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

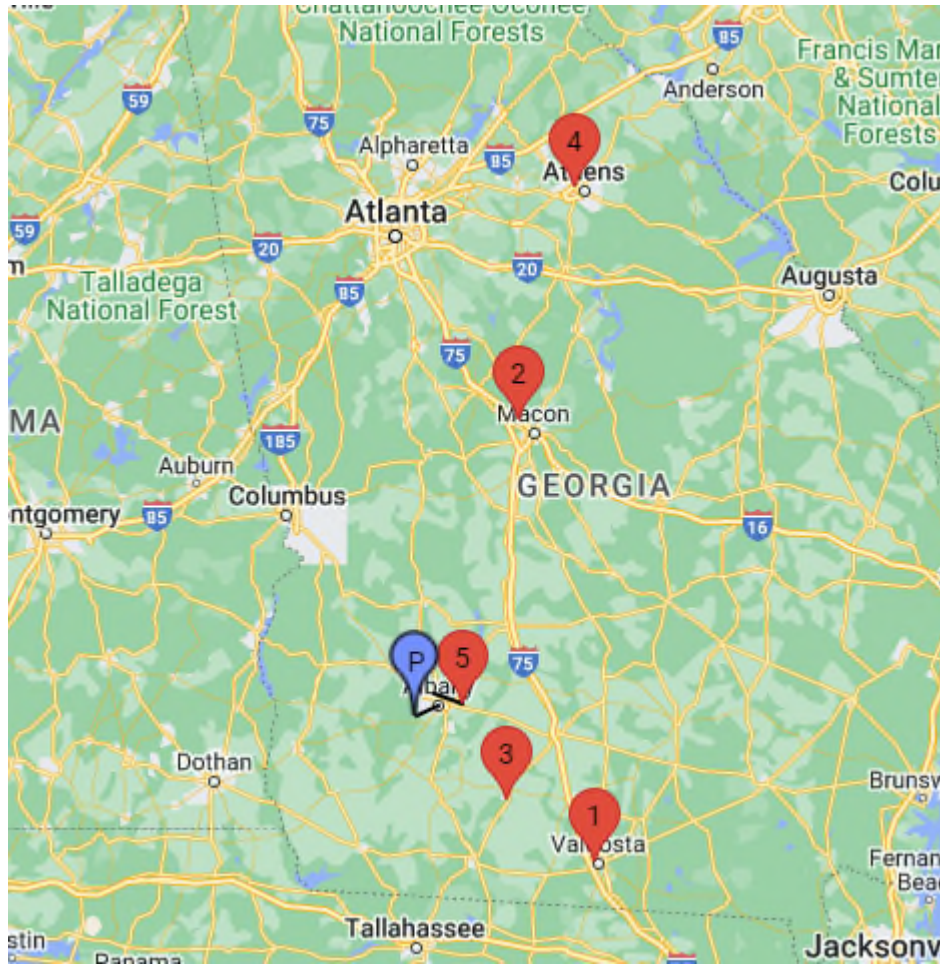
By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings throughout the competitive area;
- Select and analyze properties that are similar to the property appraised, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per dwelling unit or per square foot;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the property being appraised; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price \$ per Unit. All comparable sales were analyzed on this basis. On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

Due to the nature of the subject property and the level of detail available for the comparable data, we have elected to analyze the comparables through application of a traditional adjustment grid utilizing percentage adjustments. All comparable sales are in the Valdosta, GA market area.

## COMPARABLE IMPROVED SALES MAP



## SUMMARY OF IMPROVED SALES

No.	Property / Location	Date of Sale	Transaction Status	Year Built/ Renovated	Bldg. Size (SF Net)	No. Units	Avg Unit Size (SF)	Site Size (SF) (Acres)	Occup.	Overall Rate
1	1197 Melody Lane Valdosta, GA	Apr-22	Closed	1980	10,000	10	1,000	23,958 0.55	100%	6.85%
2	Forest Ridge Apartments 2074 Forest Hill Road Macon, GA	Mar-22	Closed	1986	90,472	94	962	378,054 8.68	90%	N/A
3	Holly Cove Apartments 2809 5th Street Southeast Moultrie, GA	Dec-21	Closed	1987	86,400	72	1,200	261,360 6.00	98%	5.58%
4	Cielo At 820 820-860 Sunset Drive Athens, GA	Oct-21	Closed	1968	63,038	77	818	215,186 4.94	99%	5.89%
5	Spring Lake Apartments 100 Tallokas Court Leesburg, GA	Jul-21	Closed	1995	78,670	89	883	337,154 7.74	95%	N/A
<b>Subj.</b>	Jefferson Apartments 100 South Jefferson Street Albany, Georgia	---	---	1970	14,319	21	682	26,572 0.61	---	---

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## **ADJUSTMENT PROCESS**

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

### **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### **FINANCING**

This category accounts for other factors that may have influenced the sale price, primarily pertaining to seller motivation, such as seller distress (short sale, REO, auction) or buyer motivation, such as an assemblage. In the case of active listings, this adjustment can also capture the disparity between asking prices and the achievable sale price expected by the appraiser or a party to the sale.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. In many situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### **EXPENDITURES AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### **MARKET CONDITIONS**

The sales included in this analysis date between Apr-21 and Apr-22. During that time, average rental rates have increased while cap rates have decreased. Mortgage interest rates began increasing in Q1 2022. However, given current market conditions vary day to day due to COVID-19 there is much uncertainty as to when markets will stabilize and how rents and occupancy will respond, even while investor appetites remain steady and financing currently remains available. Based upon the trend of Market Conditions in the local investment market as supported by PwC Real Estate and CoStar data, and considering recent trends as influenced by COVID-19, we have adjusted the

sales 2.0% per year for Market Conditions, rounded to the nearest whole percent. We have adjusted the sales, accounting for some of the effects of the pandemic on market conditions.

## **LOCATION**

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and/or employment centers and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

## **PROJECT SIZE - UNITS**

Normally, all other characteristics being equal, the per square foot value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Sale No. 2, 3, 4, and 5 were regarded inferior to the subject and received a downward adjustment of 5.0%.

## **AVERAGE UNIT SIZE (SF)**

The average unit size of a property may affect the sales price. Typically, the smaller the average unit size, the higher the price per square foot and the lower the price per unit.

Sale No. 1 and 2 were regarded superior to the subject and received a downward adjustment of 6.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 10.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 3.0%. Sale No. 5 was regarded superior to the subject and received a downward adjustment of 4.0%.

## **YEAR BUILT**

The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property's original construction date.

Sale No. 2, 3 and 5 were regarded superior to the subject and received a downward adjustment of 5.0%.

## **QUALITY**

Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, et cetera.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

## **PROJECT AMENITIES**

This adjustment category recognizes differences in project amenities amongst properties. Such project amenities may include clubhouses, swimming pools, jacuzzi's, spa's, fitness centers, tennis courts, security gates, laundry facilities, elevators/escalators, et cetera.



Sale No. 2 was regarded superior to the subject and received a downward adjustment of 5.0%.

**OCCUPANCY**

All other factors being equal, properties that exhibit higher occupancy command premiums over those with lower occupancy ratios.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

## SUMMARY OF ADJUSTMENTS

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Property / Location	Jefferson Apartments 100 South Jefferson Street Albany, Georgia	1197 Melody 1197 Melody Lane Valdosta, GA	Forest Ridge Apartments 2074 Forest Hill Road Macon, GA	Holly Cove Apartments 2809 5th Street Southeast Moultrie, GA	Cielo At 820 820-860 Sunset Drive Athens, GA	Spring Lake Apartments 100 Tallokas Court Leesburg, GA
Date of Sale	----	Apr-22	Mar-22	Dec-21	Oct-21	Jul-21
Bldg. Size (SF Net)	14,319	10,000	90,472	86,400	63,038	78,670
No. Units	21	10	94	72	77	89
Avg. Unit Size (SF)	682	1,000	962	1,200	818	883
Occup.	90%	100%	90%	98%	99%	95%
Sale Price	----	\$590,000	\$8,500,000	\$5,300,000	\$5,500,000	\$6,319,000
Unadjusted Price (\$ per Unit)	----	\$59,000	\$90,426	\$73,611	\$71,429	\$71,000
<b>Transactional Adjustments</b>						
Property Rights Conveyed	<i>Leased Fee</i>	<i>Fee Simple</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>
Adjustment		\$0	\$0	\$0	\$0	\$0
Financing	<i>Cash to Seller</i>					
Adjustment		\$0	\$0	\$0	\$0	\$0
Terms/Conditions of Sale	<i>Arm's-Length</i>					
Adjustment		\$0	\$0	\$0	\$0	\$0
Expenditures After Sale	<i>None</i>					
Adjustment		\$0	\$0	\$0	\$0	\$0
Market Conditions	<i>Sep-22</i>	<i>Apr-22</i>	<i>Mar-22</i>	<i>Dec-21</i>	<i>Oct-21</i>	<i>Jul-21</i>
Adjustment		0.9%	1.1%	1.7%	1.9%	2.5%
<b>Total Transactional Adjustment</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Adjusted Price (\$ per Unit)</b>		<b>\$59,502</b>	<b>\$91,456</b>	<b>\$74,826</b>	<b>\$72,793</b>	<b>\$72,747</b>
<b>Property Adjustments</b>						
	<i>Average</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
Location		0%	0%	0%	0%	0%
Project Size - Units	21	10	94	72	77	89
Average Unit Size (SF)	682	1,000	962	1,200	818	883
Year Built	1970	1980	1986	1987	1968	1995
Quality	<i>Average</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>
Project Amenities	<i>None</i>	<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
Occupancy	95%	100%	90%	98%	99%	95%
<b>Total Property Adjustments</b>		<b>-6%</b>	<b>-11%</b>	<b>-10%</b>	<b>2%</b>	<b>-4%</b>
<b>Indication for Subject:</b>		<b>\$55,931</b>	<b>\$81,396</b>	<b>\$67,343</b>	<b>\$74,249</b>	<b>\$69,837</b>

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$59,000	\$55,931
Maximum	\$90,426	\$81,396
Average	\$73,093	\$69,751

## CONCLUSION OF SALES COMPARISON APPROACH

After adjustments, the sales indicated a range from \$55,931 to \$81,396 per unit with an average of \$69,751 per unit. Primary weight was placed on Sale No. 4, which is similar to the subject in location, average unit size, year built, quality, project amenities, and occupancy. We conclude the following indicated value via the Sales Comparison Approach.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value Per Unit	\$75,000
No. Units	x 21
<hr/>	
Indicated Value - As Is	\$1,575,000
Less: Deferred Maintenance	(\$25,000)
Less: Rent Loss Lumpsum	(\$40,740)
<hr/>	
<b>Indicated Value - As Is</b>	<b>\$1,509,260</b>
<b>Rounded to nearest \$10,000</b>	<b>\$1,510,000</b>
<b>Per Unit</b>	<b>\$71,905</b>

# INCOME CAPITALIZATION APPROACH

## MARKET RENT

### Quoted Rental Rates

Electricity is separately metered and paid directly the tenants with water/sewer being included in the rent. The landlord pays for exterminating and trash removal.

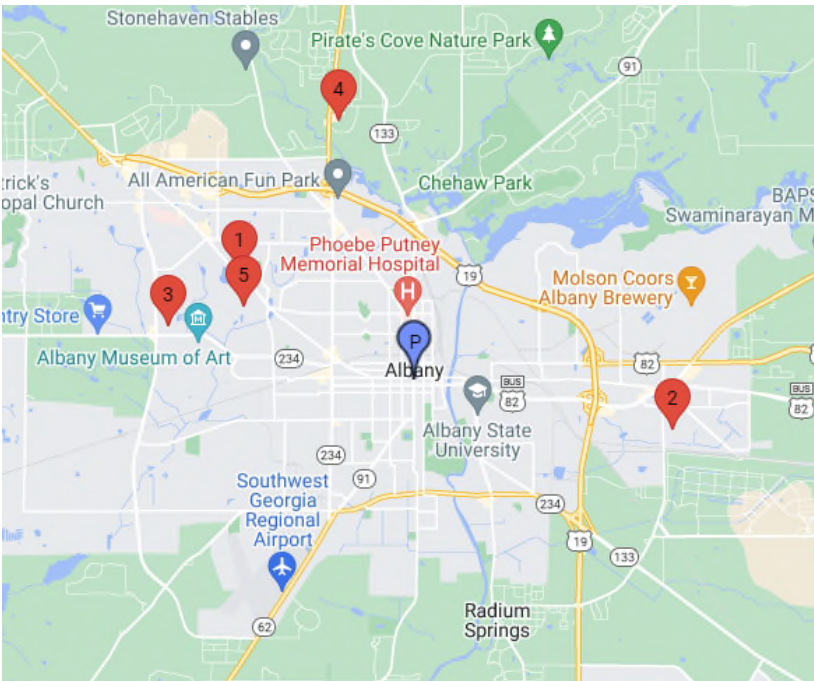
SUBJECT RENT SUMMARY			QUOTED RENTAL RATES		IN-PLACE RENTAL RATES	
Type	No.	Size (SF)	Rent/Mo.	Rent/SF	Rent/Mo.	Rent/SF
Studio	3	587	\$650	\$1.11	\$567	\$0.97
1BR-1BA	12	653	\$700	\$1.07	\$525	\$0.80
2BR-1BA	6	787	\$775	\$0.98	\$543	\$0.69
<b>Total/Avg</b>	<b>21</b>	<b>682</b>	<b>\$714</b>	<b>\$1.05</b>	<b>\$536</b>	<b>\$0.79</b>

In analyzing the market rent for the subject property, we have relied upon the market comparables and have compared them to the contract rents provided by the owner. An older rent roll dated July 07, 2022 was provided. We were not able to obtain a more current rent roll from the borrowers. The subject is not currently offering concessions. Following is an analysis of comparable rentals that compete directly with the subject.

### Comparable Rents

The rent comparables are all located in within Albany, GA. None of the comparable properties offer concessions. Most comparable properties offer similar level of unit amenities to the subject.

### COMPARABLE RENTAL MAP



COMPARABLE RENTAL SURVEY									
No.	Property Name	No. Units	Year Built / Renovated	Avg Unit Size (SF)	Avg Asking Rent (\$/mo.)	Avg Asking Rent (\$/SF)	Avg Effective Rent (\$/mo.)	Avg Effective Rent (\$/SF)	Occup.
1	Shoreham Apartments	176	1966	978	\$849	\$0.87	\$849	\$0.87	95%
2	Quail Call	55	1984	649	\$784	\$1.21	\$784	\$1.21	94%
3	Glen Arm Manor	70	1984	614	\$721	\$1.17	\$721	\$1.17	97%
4	Spring Lake Apartments	89	1995	884	\$913	\$1.03	\$913	\$1.03	97%
5	Greenbriar	156	1981 / 2021	1,116	\$872	\$0.78	\$872	\$0.78	94%
	Minimum	55	1966	614	\$721	\$0.78	\$721	\$0.78	94%
	Maximum	176	1995	1,116	\$913	\$1.21	\$913	\$1.21	97%
	Average	109	1982	848	\$828	\$1.01	\$828	\$1.01	95.2%
	<b>Subject</b>	<b>21</b>	<b>1970</b>	<b>682</b>	<b>\$714</b>	<b>\$1.05</b>	<b>\$567</b>	<b>\$0.83</b>	<b>90.5%</b>

The preceding comparable properties are analyzed in the following tables in order to estimate market rent for the subject property. The subject's projected **market rent** is shown in the table below and is compared to the comparable properties.

### Studios & 1BR Units

UNIT-BY-UNIT ANALYSIS – Studio & One-Bedroom							
Comp No.	Property Name	Year Built / Renovated	Unit Type	Size (SF)	Rental Rate (\$/mo.)	Rental Rate (\$/SF)	
3	Glen Arm Manor	1984	1BR-1BA	576	\$700	\$1.22	
<b>Subject</b>	<b>Jefferson Apartments</b>	<b>1970</b>	<b>Studio</b>	<b>587</b>	<b>\$650</b>	<b>\$1.11</b>	
2	Quail Call	1984	1BR-1BA	576	\$770	\$1.34	
<b>Subject</b>	<b>Jefferson Apartments</b>	<b>1970</b>	<b>1BR-1BA</b>	<b>653</b>	<b>\$700</b>	<b>\$1.07</b>	
4	Spring Lake Apartments	1995	1BR-1BA	711	\$830	\$1.17	
1	Shoreham Apartments	1966	1BR-1BA	745	\$765	\$1.03	
5	Greenbriar	1981/2021	1BR-1BA	897	\$795	\$0.89	
5	Greenbriar	1981/2021	1BR-1BA	957	\$815	\$0.85	
<b>Rental Range (\$/mo.): \$650 to \$830</b>				<b>Average: \$753</b>			
<b>Rental Range (\$/SF): \$0.85 to \$1.34</b>				<b>Average: \$1.08</b>			
<b>Unit Size (SF): 576 to 957</b>				<b>Average: 713</b>			

The subject's 587 SF studio unit, with there being minimal to no comparables for studios in Albany it is compared with one-bedroom units and it lies within the range but below the average presented by the comparable properties in terms of size. According to the rent roll, contract rents range from \$500 to \$650 with an average of \$567 per month. Given the recent leasing of the property and consideration of comparable rents, we reconciled the average market rent for this unit type at **\$650 per month** (\$1.11 per square foot).

The subject's 653 SF 1BR unit lies within the range but below the average presented by the comparable properties in terms of size. According to the rent roll, contract rents range from \$450 to \$650 with an average of \$525 per month. Given the recent leasing of the property and consideration of comparable rents, we reconciled the average market rent for this unit type at **\$700 per month** (\$1.07 per square foot).

**2BR Units**

UNIT-BY-UNIT ANALYSIS – Two-Bedroom						
Comp No.	Property Name	Year Built / Renovated	Unit Type	Size (SF)	Rental Rate (\$/mo.)	Rental Rate (\$/SF)
<b>Subject</b>	<b>Jefferson Apartments</b>	<b>1970</b>	<b>2BR-1BA</b>	<b>787</b>	<b>\$775</b>	<b>\$0.98</b>
3	Glen Arm Manor	1984	2BR-1BA	800	\$800	\$1.00
3	Glen Arm Manor	1984	2BR-2BA	800	\$900	\$1.13
4	Spring Lake Apartments	1995	2BR-1BA	850	\$900	\$1.06
2	Quail Call	1984	2BR-1BA	864	\$825	\$0.95
2	Quail Call	1984	2BR-2BA	864	\$825	\$0.95
1	Shoreham Apartments	1966	2BR-1BA	960	\$840	\$0.88
4	Spring Lake Apartments	1995	2BR-2BA	970	\$950	\$0.98
1	Shoreham Apartments	1966	2BR-1.5BA	1,160	\$899	\$0.78
5	Greenbriar	1981/2021	2BR-2BA	1,227	\$896	\$0.73
<b>Rental Range (\$/mo.): \$775 to \$950</b>			<b>Average: \$861</b>			
<b>Rental Range (\$/SF): \$0.73 to \$1.13</b>			<b>Average: \$0.94</b>			
<b>Unit Size (SF): 787 to 1,227</b>			<b>Average: 928</b>			

The subject's 787 SF 2BR unit lies below the range presented by the comparable properties in terms of size. According to the rent roll, contract rents range from \$475 to \$650 with an average of \$543 per month. Given the recent leasing of the property and consideration of comparable rents, we reconciled the average market rent for this unit type at **\$775 per month** (\$0.98 per square foot).

**MARKET RENT CONCLUSIONS**

Following are the concluded market rents for the subject property:

MARKET RENTAL RATES					
Type	No.	Size (SF)	Rent/Mo.	Rent/SF	Total
Studio	3	587	\$650	\$1.11	\$1,950
1BR-1BA	12	653	700	\$1.07	8,400
2BR-1BA	6	787	775	\$0.98	4,650
<b>Total/Avg</b>	<b>21</b>	<b>682</b>	<b>\$714</b>	<b>\$1.05</b>	<b>\$15,000</b>

The concluded average rental rate per square foot is at the bottom of the range presented by the comparable rental properties on a per square foot basis. This appears to be reasonable due to the project amenities that the comparable rentals offer, as well as our units being on the bottom of the range for unit size.

Due to the existing rents being significantly below market, we have incorporated the market rents in order to be more reflective of the potential income of the subject. An investor would also give credit for the below market rents. Thus, we have analyzed the PGI at market rent and incorporated the rent loss of 12 months for the difference between the existing rents and market rents.

**VACANCY AND COLLECTION LOSS**

As discussed previously in the report, CoStar reports an overall vacancy level of 12.81% for the subject's market. At the time of inspection, the physical occupancy of the property was 90.5% occupied. Our survey of 5 competitive properties in the vicinity of the subject comprised a total of 546 units, of which 546 reported occupancy levels.



OCCUPANCY SUMMARY		
No.	Property Name	Occup. Rate
1	Shoreham Apartments	95%
2	Quail Call	94%
3	Glen Arm Manor	97%
4	Spring Lake Apartments	97%
5	Greenbriar	94%
	Minimum	94%
	Maximum	97%
	<b>Subject's Actual Occupancy</b>	<b>90.5%</b>
	<b>Subject's Forecast Occupancy</b>	<b>95.0%</b>

We have estimated a physical vacancy of 5.0% for the subject.

### BAD DEBT / COLLECTION LOSS

In addition to physical vacancy loss and losses attributable to concessions, Loss to lease, the subject will also suffer losses due to rental write offs, bad debt, etc. Typically, discounted employee-occupied units are included as a payroll expense, and model units are accounted for in administrative expenses. Investors typically expect credit losses of 0.15% to 3.00% for apartment projects with the lower end of the range representative of Class A communities. We have estimated a collection loss of 1.0% for the subject, which indicates a total vacancy and collection loss of 6% for the subject.

### GAIN/LOSS TO LEASE

We have not estimated a loss to lease for the subject.

### CONCESSIONS

Currently, the subject is not offering any concessions nor are comparable properties in the vicinity of the subject. Thus, no concession deduction is warranted for the subject property.

### OTHER INCOME

This income category includes services such as late charges, damage, and cleaning fees. This income category can fluctuate due to any number of reasons including rental market, the economy, or increased turnover. We have concluded no Ancillary Income for the subject.

ANCILLARY INCOME (PER UNIT)		
Income Item	IREM	BBG
		Forecast
<b>Total Ancillary Income</b>	327	-

As previously described, the tenant pays for water/sewer and electricity directly and the landlord pays for exterminating and trash removal. We have not projected any ancillary income for the subject property.

**EFFECTIVE GROSS INCOME**

The summation of the preceding income analysis results in what is commonly referred to as the effective gross income (EGI). We have estimated the market rents and ancillary income based on market operations of similar properties. The forecasted EGI is shown in the following table.

EGI COMPARISON		
Year	Amount	Change
2021	\$98,985	—
Annld 2022	\$93,026	-6.0%
<b>Forecast</b>	<b>\$169,200</b>	<b>55.0%</b>

HISTORICAL & PROFORMA OPERATING ANALYSIS						
	2021		12 months Annld 2022		BBG Projection*	
	Total	per Unit	Total	per Unit	Total	per Unit
<b>INCOME</b>						
Base Rental Income	\$98,985	\$4,714	\$93,026	\$4,430	\$180,000	\$8,571
<b>Total Potential Gross Income</b>	\$98,985	\$4,714	\$93,026	\$4,430	\$180,000	\$8,571
Vacancy Loss	0	0	0	0	(9,000)	(429)
Bad Debt/Collection Loss (1.0%)	0	0			(1,800)	(86)
<b>EFFECTIVE GROSS INCOME</b>	\$98,985	\$4,714	\$93,026	\$4,430	\$169,200	\$8,057
<b>OPERATING EXPENSES</b>						
General Administration	\$0	\$0	\$0	\$0	\$1,575	\$75
Management	0	0	0	0	10,152	483
Utilities	3,000	143	0	0	6,300	300
Trash Removal	0	0	0	0	2,100	100
Maintenance & Repairs	4,830	230	10,554	503	10,500	500
Painting & Decorating	0	0	0	0	2,100	100
Real Estate Taxes	9,902	472	10,680	509	20,164	960
Insurance	0	0	0	0	6,825	325
Replacement Reserves	0	0	0	0	5,250	250
<b>TOTAL EXPENSES</b>	\$17,732	\$844	\$21,234	\$1,011	\$64,966	\$3,094
<b>NET OPERATING INCOME</b>	\$81,253	\$3,869	\$71,791	\$3,419	\$104,234	\$4,964

\* Fiscal Year Beginning Sep-22

## OPERATING EXPENSE ANALYSIS

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. We have been provided with previous operating data for the subject but it shows to be very limited with what was provided for expense data. Each of the respective expense items is estimated in the following analysis with consideration being given to comparable expense data.

### COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of actual historical operations and market data. The following table summarizes the expenses from other multifamily properties in the market area. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail. The management fee for a property is typically based upon a percentage of the EGI, which is denoted separately. Property insurance is also shown on the basis of per square foot of building area, which is shown separately in the following table.

COMPARABLE EXPENSES									
City	Union City		Griffin		Bogart		Valdosta		
County, St	GA		GA		GA		GA		
Year Built	1984		2001		1984		2018		
No. Units	~60		~60		~60		~45		
Average Unit Size (SF)	605		1,170		605		828		
Year Operations	T12 July 2021		Annlz'd T10 Apr 2022		T12 July 2021		2020		
Expense	per Unit		per Unit		per Unit		per Unit		
General Administration	1,611		1,699		1,772		200		
Payroll	1,343		983		1,657				
Management	285		407		288		723		5.0%
Utilities	1,207		1,293		427		1,050		
Trash Removal	118		206		147		150		
Maintenance & Repairs	604		1,110		494		800		
Real Estate Taxes	733		535		517		1,169		
Insurance	397		299		390		300		0.36
<b>Total Expenses</b>	<b>4,955</b>		<b>6,879</b>		<b>5,691</b>		<b>4,391</b>		
<b>Total Expenses w/o Taxes</b>	<b>4,222</b>		<b>5,996</b>		<b>5,174</b>		<b>3,223</b>		

## EXPENSE PROJECTIONS

### Administrative

Administrative expenses are subcategorized into two separate expense items, as shown in the following table.

ADMINISTRATIVE EXPENSES (PER UNIT)				
Expense Item	Expense Comps		IREM	BBG
	Range	Average		Forecast
General Administration	200–1,772	1,320	-	75
Management	285–723	426	348	483
<b>Total Administration</b>	<b>923–3,717</b>	<b>2,742</b>	<b>1,456</b>	<b>558</b>

General Administration expenses include advertising and office costs. An expense was projected below the range of the comparable data which is typical of similar size properties to the subject.

A property in the subject's size segment is not likely to have a full-time maintenance staff or dedicated on-site management. As such, no payroll expense is being forecasted. Based on the available data, and conversations with

property managers, for a property in the subject's size and class segment a management fee of 6.0% is projected, which is slightly above the range posted by the expense comparables.

This expense covers the cost of executive management of the property. The market generally commands 5% to 8% of EGI for professional management of a property, depending upon the income levels of the property and the potential of the area. The expense sources are shown as a percentage of effective gross income.

MANAGEMENT FEE (% of EGI)			
Expense Comps		BBG	
Range	Average	IREM	Forecast
3.0%–5.0%	3.8%	4.7%	6.0%

### Operating

The most reliable indicator for utility expenses is the history of the subject; however, the historical operating data provided was limited. **We note that the landlord is responsible for trash collection, exterminating, and water/sewer.** Repairs & Maintenance pertains to general upkeep of the property, whereas Painting & Decorating is specific to the normal turnover costs of units as they are vacated. In this case, other services such as ground maintenance and pest control are included in maintenance costs.

OPERATING EXPENSES (PER UNIT)				
Expense Item	Expense Comps		BBG	
	Range	Average	IREM	Forecast
Utilities	427–1,293	994	484	300
Trash Removal	118–206	155	143	100
Maintenance & Repairs	494–1,110	752	613	500
Painting & Decorating	54–347	200	119	100
Insurance	517–1,169	739	330	325
<b>Total Operating</b>	<b>1,458–3,255</b>	<b>2,348</b>	<b>1,689</b>	<b>1,325</b>

INSURANCE (PER SQ.FT.)			
Expense Comps		BBG	
Range	Average	IREM	Forecast
0.26–0.66	0.48	0.37	0.48

The comparable expense data shows a wide range. We have projected an insurance cost at the average of the range of the comparable data on a per square foot basis, due to its small size.

### Real Estate Taxes

The level of ad valorem taxes and special assessments collected by the various taxing authorities is described in the Real Property Taxes and Assessment section of this report. As previously discussed, real estate taxes are projected at \$20,164 (\$960/unit).

### Replacement Reserves

This expense accounts for the eventual required replacement of short-lived items such as carpeting and drapes, ranges and refrigerators, flooring, disposals, pavement, and roofs. The appraisers have had considerable experience with the review of engineering reports specifically designed at estimating the annual reserves for replacement for

apartment complexes throughout the country. The subject property was built in 1970. The property has been fairly well maintained during the course of its operation. Based on our experience relative to the quality, age and the necessary maintenance, reserves for replacement were estimated at \$250 per unit.

### TOTAL EXPENSES & REPLACEMENT RESERVES

For all expenses, we relied upon market data given that not historical operating data was provided. In order to provide a more equitable basis of comparison, taxes and reserves are excluded from the comparable properties and the subject.

EXPENSE COMPARISON*			
Source	\$/SF	\$/Unit	Expense Ratio
Expense Comps	\$4.19–\$7.07	\$3,473–\$5,361	24.0%–53.7%
Average	\$5.42	\$4,157	39.8%
<b>Forecast</b>	\$2.76	\$1,883	23.4%

\* Taxes and replacement reserves are excluded as basis of comparison.

The subject's estimated expenses are below the range of the comparable expenses on a per square foot basis and a per unit basis largely due to the fact that the property is a smaller property and the units are smaller in size. In the final analysis, the subject's operating expense ratio is within the range derived from the expense comparables and considered reasonable due to the smaller size of the subject compared to the comparables.

### NET OPERATING INCOME

Following is a summary of the income and expense projections for the subject as of the date of, September 28, 2022, which is a summation of the preceding analysis. The subject property is currently operating at stabilized occupancy.

DIRECT CAPITALIZATION		
Income	FY 2023	\$/Unit
Base Rental Income	\$180,000	\$8,571
<b>Total Potential Gross Income</b>	<b>\$180,000</b>	<b>8,571</b>
Vacancy Loss (5.0%)	(9,000)	(429)
Bad Debt/Collection Loss (1.0%)	(\$1,800)	(86)
<b>Effective Gross Income</b>	<b>\$169,200</b>	<b>\$8,057</b>
Operating Expenses		
General Administration	\$1,575	\$75
Management (6.0%)	10,152	483
Utilities	6,300	300
Trash Removal	2,100	100
Maintenance & Repairs	10,500	500
Painting & Decorating	2,100	100
Real Estate Taxes	20,164	960
Insurance	6,825	325
Replacement Reserves	5,250	250
<b>Total Expenses</b>	<b>\$64,966</b>	<b>\$3,094</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$104,234</b>	<b>\$4,964</b>



## INCOME CAPITALIZATION

### MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The sales summarized in the following table that were utilized in the Sales Comparison Approach, provide good insight into capitalization rates for similar properties in the market. The following table summarizes capitalization rates extracted from the comparable sales transactions.

CAPITALIZATION RATE SUMMARY				
No.	Property / Location	Date of Sale	Year Built	Capitalization Rate
1	1197 Melody, Valdosta, GA	Apr-22	1980	6.85%
2	Forest Ridge Apartments, Macon, GA	Mar-22	1986	N/A
3	Holly Cove Apartments, Moultrie, GA	Dec-21	1987	5.58%
4	Cielo At 820, Athens, GA	Oct-21	1968	5.89%
5	Spring Lake Apartments, Leesburg, GA	Jul-21	1995	N/A
Low				5.58%
High				6.85%
Median				5.89%
Average				6.11%

After considering the subject's location, quality, and overall market position, we estimate the subject is likely to trade within the range and above the average of this dataset around a 6.50% overall rate.

### INVESTOR SURVEYS

INVESTOR SURVEYS		
Survey/Investment Type	OAR Range	Average
PwC Real Estate Investor Survey (2Q22)		
Apartment - Southeast	2.50% - 4.50%	3.85%
Situs RERC Real Estate Report (2Q22)		
Apartment: Second-Tier	4.50% - 8.50%	6.30%
Apartment: Third-Tier	5.00% - 9.00%	6.80%
<b>Indicated OAR:</b>	<b>2.50% - 9.00%</b>	<b>5.65%</b>

The subject property represents a Class C property in a tertiary market. Due to the size of the property, it would not likely attract the attention of institutional investors. Thus, the subject warrants a capitalization rate above the reported average of PwC and RERC investor surveys.

### BAND OF INVESTMENT

The band of investment technique is utilized as a check for reasonableness with respect to the extracted market indications. The band of investment represents the build-up of a capitalization rate by using a weighted average return to the equity and the debt. Typical market loan parameters for a property such as the subject would likely entail an 70% loan-to-value at an annual interest rate of about 5.00%. The amortization period for this loan is 30 years. Based upon a 5.00% interest rate (payable monthly), the resultant mortgage constant is 0.06442.

The following table indicates the cap rate employing the assumptions indicated above, and a typical investor equity return of around 7.00%.

<b>BAND OF INVESTMENT</b>		
<b>Loan Parameters</b>		
Loan-to-Value (LTV)		70%
Amortization Period (yrs)		30
Interest Rate		5.00%
Mortgage Constant		0.06442
Equity Dividend Rate		7.00%
<b>Calculation</b>		
0.70 LTV	x 0.06442 Mortgage Constant =	0.04509
0.30 Equity	x 0.07000 Equity Dividend Rate =	0.02100
<b>Capitalization Rate</b>		<b>6.61%</b>

### CONCLUDED OVERALL RATE

Based upon the range of overall rates suggested by comparable sales, we reconciled an overall capitalization rate of 6.50% is appropriate for the subject property.

### VALUE INDICATION FROM DIRECT CAPITALIZATION

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate. Our conclusion via the Direct Capitalization Method is as follows, as previously discussed.

<b>DIRECT CAPITALIZATION METHOD VALUE CONCLUSION</b>		
<b>NET OPERATING INCOME</b>	<b>\$104,234</b>	<b>\$4,964</b>
Based on Most Probable Rate of 6.50%	\$1,603,600	\$76,362
<b>Indicated Value</b>	<b>\$1,603,600</b>	
Less: Deferred Maintenance	(25,000)	
Less: Rent Loss Lumpsum	(40,740)	
<b>Reconciled Value - Adjusted</b>	<b>\$1,537,860</b>	<b>\$73,231</b>
<b>Rounded to nearest \$10,000</b>	<b>\$1,540,000</b>	<b>\$73,333</b>

As previously mentioned, we have included the rent loss lumpsum of 12 months between the existing rents and the market rents which calculates as follows: Monthly rent at market (\$15,000) – monthly rent existing (\$11,605) = \$3,395 x 12 months (\$40,740).

# RECONCILIATION

## SUMMARY OF VALUE INDICATIONS

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value; this exclusion does not affect the credibility of the assignment results herein. The client requires an As-is valuation and an insurable value of the improvements.

VALUE INDICATIONS			
As Is as of September 28, 2022			
Sales Comparison Approach	\$1,510,000	\$71,905	Per Dwelling Unit
Income Capitalization Approach			
Direct Capitalization	\$1,540,000	\$73,333	Per Dwelling Unit
Approach Reliance	Direct Capitalization		
Value Conclusion - As Is	<b>\$1,540,000</b>	<b>\$73,333</b>	<b>Per Dwelling Unit</b>
Insurable Value	\$1,060,000		
Exposure Time (Months)	6 months or fewer		

The Sales Comparison Approach is compromised by the fact that many physical differences exist between the subject property and the comparable sale properties. The Sales Comparison Approach serves as a complement to the Income Capitalization Approach, and is relied upon as a check of reasonableness.

In the Income Capitalization Approach, the Direct Capitalization Method was used, for which ample market data was available. We utilized historical operating data, as well as market surveys and published comparable expense data to estimate an anticipated net operating income. Direct capitalization rates were extracted from local sales, which were compared to national investor surveys of anticipated performance. The Income Capitalization Approach is often given primary reliance by market participants when evaluating investment properties such as the subject. Thus, the opinion of value by the Income Capitalization Approach is given primary reliance in the final reconciliation of value.

## FINAL OPINION OF VALUE

Based on our inspection of the property, the investigation and the analysis undertaken, subject to the assumptions and limiting conditions, certifications, extraordinary assumptions and hypothetical conditions, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee	September 28, 2022	\$1,540,000

## **MARKETING TIME AND EXPOSURE TIME**

The subject consists of an apartment building located in Albany, GA. Marketing periods of similar properties throughout the neighborhood and general area have ranged from a couple of months to over one year. Marketing periods of similar properties throughout the neighborhood and general area have ranged from a couple of months to over one year. Based on the subject's location, comparable sales and listings, and conversations with real estate professionals active in the market, the subject's exposure time is estimated to be 6 to 9 months.

Furthermore, market conditions are not expected to change dramatically in the short term, so the marketing time is estimated to be similar to the exposure time. Thus, the marketing time for the subject is projected at 6 to 9 months. Both the exposure and marketing times assume that the subject would be adequately marketed at a price near the market value concluded in this report.

## INSURABLE VALUE

Insurable Value is directly related to the portion of the real estate which is covered under the asset's insurance policy. We have based this opinion on the building's replacement cost new (RCN) which has no direct correlation with its actual market value.

The replacement cost new is the total construction cost of a new building built using modern technology, materials, standards and design, but built to the same specifications of and with the same utility as the building being appraised. For insurance purposes, replacement cost new includes all direct costs necessary to construct the building improvements. Items which are not considered include land value, site improvements, indirect costs, accrued depreciation and entrepreneurial profit. To develop an opinion of insurable value, exclusions for below-grade foundations and architectural fees must be deducted from replacement cost new.

We developed an opinion of replacement cost new by using the Calculator Cost Method developed by Marshall Valuation Service, a nationally recognized cost estimating company which estimates construction costs for all types of improvements. Marshall Valuation Service revises its cost factors monthly and adjusts them to reflect regional and local cost variations.

INSURABLE REPLACEMENT COST			
Replacement Cost New (RCN)	Area (SF)	\$/SF	Subtotal
Building Improvements			
Base Cost	15,819	\$76.50	\$1,210,154
Balconies/Patios	1,440	\$19.13	27,540
Appliances	21	\$1,800	37,800
Subtotal			\$1,275,494
Multipliers			
Current Cost		1.030	
Local Area		0.830	
Area Multiplier		1.000	
Story Height		1.090	
Product of Multipliers			x 0.927
<b>Adjusted Base Building Cost</b>			<b>\$1,182,382</b>
<b>Less: Insurance Exclusions</b>			
Total Insurance Exclusion Adjustment		10.00%	(118,238)
<b>Insurable Replacement Cost</b>			<b>\$1,064,144</b>
<b>Rounded to nearest \$10,000</b>			<b>\$1,060,000</b>
<b>Source: Marshall Valuation Service</b>			
Type: Multiple Residences	Section: 12	Class: D	
Date: Sep-2022	Page: 16	Quality: Average	

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## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1 The statements of fact contained in this report are true and correct.
  - 2 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
  - 3 I 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 with this assignment.
  - 4 I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
  - 5 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
  - 6 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
  - 7 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
  - 8 My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Georgia.
  - 9 The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
  - 10 The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
  - 11 As of the date of this report, Chung "John" Yoo, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
  - 12 Chung "John" Yoo, MAI has made a personal inspection of the property that is the subject of this report.
  - 13 Michael Von Kutzleben provided significant real property appraisal assistance to the person signing this certification.
  - 14 Chung "John" Yoo, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- 



Chung "John" Yoo, MAI  
GA Certified General Appraiser  
License #: CG334697  
678-690-1052  
jyoo@bbgres.com



# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) 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. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) 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. Further, 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. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal 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. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) 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. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report 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 appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal 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 opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that 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.
  - f) 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.
- g) No monetary liability or responsibility is assumed 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.
  - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, 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.
  - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) 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 monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc. is not an expert 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. BBG, Inc. assumes no monetary liability or 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. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert 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. BBG, Inc. assumes no monetary liability or 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 contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) 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.

- 3) 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 Appraiser is 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 Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) 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.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such 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.
- 7) The Appraiser assumes no monetary liability or 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.
- 8) Any proposed or incomplete improvements included in the appraisal 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.
- 9) If the appraisal 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.
- 10) 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 opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal 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. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report 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, or 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 opinion 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.

## Overview

### BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 45 offices across the country serving more than 3,000 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

### THE BBG DIFFERENCE

**National Footprint.** BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

**Customer-focused Growth.** BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

**Qualified Team.** Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

**Unbiased Independence.** By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

**Innovative Technology.** BBG has made significant analytics and IT investments to continually improve our data and report quality.

### SERVICES

#### Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

#### Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

#### Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys

# ADDENDA

**Appraiser Qualifications .....A**

**Glossary ..... B**

**Letter of Engagement ..... C**

**Rent Roll ..... D**

**Comparable Improved Sales ..... E**

**Comparable Rents ..... F**

## APPRAISER QUALIFICATIONS

## Profile

John Yoo is a Director at BBG in our Atlanta office. He has 9 years of experience in Real Estate Appraisal. John specializes in retail, office, and apartments.

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## Professional Affiliations

### Appraisal Institute

MAI Designation

### General Certified Appraiser:

State of Georgia (License #CG334697)

State of Mississippi (License #GA-1064)

State of Tennessee (License #CG4847)

State of Alabama (License #G01104)

State of South Carolina (License #7119)

State of North Carolina (License #A7903)

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## Education

Master of Science in Real Estate, Georgia State University, Atlanta, GA

B.A. in Spanish, Hankuk University of Foreign Studies, Seoul, Republic of Korea

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## Coursework

### Appraisal Institute Classes:

Advanced Concepts & Case Studies

Advanced Income Capitalization

Advanced Market Analysis and Highest & Best Use

General Appraiser Income Approach

General Appraiser Site Valuation & Cost Approach

General Appraiser Sales Comparison Approach

General Appraiser Report Writing & Case Studies

Real Estate Finance, Statistics and Valuation Modeling

America's Real Estate Academy – National USPAP Course

America's Real Estate Academy – Appraiser Qualifying Education Course



VALUATION



ADVISORY



ASSESSMENT



ZONING



# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**CHUNG H YOO**  
**334697**

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

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

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CHUNG H YOO

# 334697  
Status ACTIVE

END OF RENEWAL  
12/31/2022

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY  
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY  
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



LYNN DEMPSEY  
Real Estate Commissioner

1471661747175726

CHUNG H YOO

# 334697  
Status ACTIVE

END OF RENEWAL  
12/31/2022

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY  
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY  
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Atlanta, GA 30303-1605



LYNN DEMPSEY  
Real Estate Commissioner

1471661747175726

YOO, CHUNG H  
8300 DOUGLAS AVE  
SUITE 600  
DALLAS, TX 75225

**GLOSSARY**

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**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. <sup>1</sup>

**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. <sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**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. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** 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.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**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 estate.<sup>1</sup>

**Confidential Information:**

**1:** information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

**2:** Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules. <sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**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. <sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**Deferred Maintenance:** Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>1</sup>

**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. <sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value. <sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

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

**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. <sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)<sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**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).<sup>1</sup>
3. 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.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. 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.<sup>1</sup>

**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. 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.<sup>1</sup>

**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)<sup>1</sup>

**Hypothetical Condition:** 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.<sup>7</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (intangible Assets):** 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.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**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).<sup>1</sup>

**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)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**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 useable area from the rentable area and then dividing the difference by the useable area:<sup>1</sup>

Load Factor =

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

**Market Value:** 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 value definition that is identified by the appraiser as applicable in an appraisal.<sup>7</sup>

**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.<sup>4</sup>

**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.).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**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.<sup>5</sup>

**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.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**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.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**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.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**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.<sup>2</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**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."<sup>1</sup>

**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.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**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.<sup>3</sup>

**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.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup>Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> 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. <sup>5</sup>Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021

**LETTER OF ENGAGEMENT**

# LETTER OF ENGAGEMENT

Client hereby engages Appraiser to complete an appraisal assignment as follows:

**DATE OF AGREEMENT:** 09/16/2022

## **PARTIES TO AGREEMENT:**

### **CLIENT**

**Client Company** StanCorp Mortgage Investors, LLC or its assigns  
**Relationship Manager**  
**Address** 10265 NE Tanasbourne Drive  
**City** Hillsboro  
**State** OR  
**Zip** 97124

### **APPRAISER:**

**Appraiser Name** Phillip Hanshew  
**Appraiser Company** BBG, Inc. (Portland)  
**Address** 1220 SW Morrison, Suite 800  
**City** Portland  
**State** OR  
**Zip** 97205  
**Phone** 415-655-1235  
**Email** phanshew@bbgres.com

## **SUBJECT PROPERTY:**

**Borrower Name** Kayram Atlanta, LLC  
**Property Address** 100 S Jefferson Street  
**Property City** Albany  
**Property State** GA  
**Property Zip Code** 31701  
**Property Type** Multi-family  
**Loan Type** Renewal with new money  
**Loan Number** C2081101

## **ASSIGNMENT INFORMATION:**

**Interest Valued** Leased Fee  
**Intended Users** StanCorp Mortgage Investors, LLC, or its Assigns  
**Intended Use** The intended use of this assessment is for loan underwriting and/or credit decisions by the Bank and/or participants  
**Type of Value** As Is  
**Date of Value: As of the appraisal inspection date**

## **ANTICIPATED SCOPE OF WORK:**

**Inspection Requirements** Full Inspection  
**Approaches to Value** Approaches to Value: 1) Income approach - As-is; 2) Income approach - As-stabilized (if applicable); 3) Sales comparison approach; 4) Insurable Value; 5) Land value (if specified); and 6) Cost approach (if applicable).  
**Report Format** Summary  
**Delivery Date** 10/07/2022  
**Delivery Method** EDR's Collateral360 via www.parcelplatform.com. Must include report and invoice  
**Number of Buildings**  
**Improvement Size As Is** 21 Units  
**Improvement Size As Complete**  
**Land Area** 15,564 SF - Land  
**Year Built** 1970  
**Property Tenancy** Multi-Tenant Investor  
**Property Status** Existing  
**Ground Lease?** NO  
**Pending or Recent Sale?**  
**Sale Price**



**Property Description** The collateral is a 21-unit apartment building, 100% leased. 3 studio units / 12 one bedroom-one bathroom units / 6 two bedroom-two bathroom units. APN: 0S301/00006/001 and 0S301/00006/01A.

**Requester Comments**

**CONTACT FOR PROPERTY ACCESS, IF APPLICABLE:**

**Name** Chad Plumly  
**Phone** 404.348.4873  
**Email** Chad.Plumly@matthews.com  
**Comments**

**Hypothetical Conditions, Extraordinary Assumptions**

No additional hypothetical conditions or extraordinary assumptions are required as part of this engagement.

**Applicable Requirements Other than the Uniform Standards of Professional Appraisal Practice (USPAP)**

No additional applicable requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP) are required as part of this engagement.

**Additional Terms and Conditions**

By accepting this appraisal assignment, you and any staff member associated with this assignment certify that you have no direct or indirect interest, financial or otherwise, in the property or transaction, or relationship with the ownership or borrower. A qualified, designated MAI associate with your firm, must participate and sign the appraisal. Appropriately licensed/certified appraisers may participate in the valuation.

**APPROACHES TO VALUE**

1) Income Approach - As-is; 2) Income Approach - As Stabilized (if applicable); 3) Sales Comparison Approach; 4) Insurable Value; 5) Land Value (if specified); and 6) Cost Approach (if applicable).

**PROPOSED IMPROVEMENTS**

If the property appraised consists of proposed improvements, Client shall provide to Appraiser plans, specifications, or other documentation sufficient to identify the extent and character of the proposed improvements.

**PROPERTIES UNDER CONTRACT FOR SALE**

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda.

**CONFIDENTIALITY**

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes in writing, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

**CHANGES TO AGREEMENT**

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

**CANCELLATION**

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

### **NO THIRD PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

### **USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

### **TESTIMONY AT COURT OR OTHER PROCEEDINGS**

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

### **APPRAISER INDEPENDENCE**

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

### **EXPIRATION OF AGREEMENT**

This Agreement is valid only if signed by both Appraiser and Client within 5 days of the Date of Agreement specified.

### **GOVERNING LAW & JURISDICTION**

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

### **LIMITATIONS**

Client agrees that Appraiser and its personnel's maximum liability to Client and Client's personnel for any acts or omissions (including negligent acts and omissions) by Appraiser (including its affiliates and/or subcontractors) and/or its personnel arising out of or related to this agreement or any services provided to Client will be limited to the amount paid for the services. this limitation shall not apply to the extent it is determined that the loss was caused by Appraiser's gross negligence or willful misconduct.

Except for the indemnification obligations set forth herein, in no event shall either party be liable to the other party or its personnel for any consequential, incidental, indirect, punitive or special damages, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated. Client agrees that in no event shall any claim or proceeding, regardless of its form, arising out of or related to this agreement or any services provided to Client be brought by Client after the earlier of (a) 12 months after discovery of facts giving rise to any such alleged claim; or (b) two years after the completion of the particular services giving rise to the alleged claim. any claim or proceeding not brought by Client within that time period shall be barred without regard to any other limitations period set forth by law or statute.

### **USE & INDEMNIFICATION**

The services, work product, deliverables, advice and/or recommendations (collectively, "deliverables") provided under this agreement are for the use and benefit of Client only. accordingly, Client shall indemnify and hold harmless Appraiser, its affiliates and its personnel from and against any and all claims (including claims by Client's affiliates, members and/or partners) and resulting damages, liabilities or losses (including costs and legal fees) arising out of or related to a third party's use or reliance on the deliverables or the services provided to the Client.

**By Client:**



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Thomas Flannery  
Mortgage Loan Analyst

**By Appraiser:**



## RENT ROLL

**Rent Roll**

**DATE RANGE**  
 as of 07/22/2022

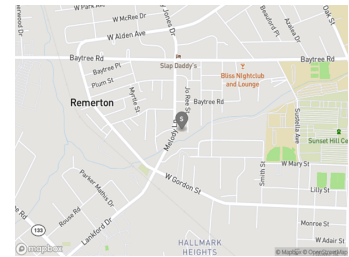
PROPERTY	PROPERTY ADDRESS	UNIT	TENANT	DEPOSITS HELD	LEASE NUMBER	LEASE DURATION	RENT	BALANCE
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	1	Daisy Green	\$200.00	90	10/01/2021 - 09/30/2022	\$475.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	10	Henry Terrell	\$0.00	548	08/01/2022 - 07/01/2023	\$500.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	12	Isalah Anderson	\$650.00	505	05/01/2022 - 04/28/2023	\$650.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	14	Dwight Smith	\$400.00	98	09/01/2021 - 08/31/2022	\$450.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	15	Michael Wiggins	\$200.00	99	12/01/2021 - 11/30/2022	\$450.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	16	Harold Mason	\$200.00	161	08/01/2022 - 07/01/2023	\$500.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	17	Christine Thomas	\$650.00	552	07/01/2022 - 07/01/2023	\$650.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	18	Jennifer Gray	\$550.00	358	09/02/2021 - 08/31/2022	\$550.00	\$0.00
			Jeremy Buckhalter					
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	19	Ealy E	\$495.00	106	11/01/2021 - 10/31/2022	\$530.00	\$580.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	2	Raya floyd	\$650.00	506	04/30/2022 - 04/29/2023	\$650.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	4	Charlie McCullough	\$200.00	159	11/01/2021 - 10/31/2022	\$450.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	5	Stanley Odum	\$650.00	512	05/12/2022 - 04/30/2023	\$500.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	6	Thela Dennis	\$0.00	482	01/01/2022 - 12/31/2022	\$550.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	7	Mike Fergusson	\$475.00	94	10/01/2021 - 09/30/2022	\$500.00	\$200.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	8	LC Coleman	\$200.00	95	10/01/2021 - 09/30/2022	\$450.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	8	Michael A Edaligo	\$0.00	103	11/01/2021 - 10/31/2022	\$650.00	\$1.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	8	Jay Ives	\$500.00	402	05/11/2022 - 05/11/2023	\$550.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	8	Brendamae Gardner	\$500.00	435	12/01/2021 - 11/30/2022	\$500.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	11	Abbie G	\$650.00	535	12/01/2021 - 11/30/2022	\$650.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	3	Under Renovation	\$0.00	TBD		\$650.00	\$0.00
JEFFERSON	100 S Jefferson St, Albany, GA, 31701, US	9	Under Renovation	\$0.00	TBD		\$650.00	\$0.00
<b>PROPERTY TOTAL</b>				<b>\$7,170.00</b>			<b>\$11,505.00</b>	<b>\$781.00</b>
<b>TOTAL (USD)</b>				<b>\$7,170.00</b>			<b>\$11,505.00</b>	<b>\$781.00</b>

POWERED BY TENANTCLOUD

## COMPARABLE IMPROVED SALES



**Sale Comparable #1**  
**1197 Melody**  
1197 Melody Lane  
Valdosta, GA 31601-3674  
Lowndes County  
BBG Property #587425



**Property Data**

*Improvement Details*

Property Type/Use	Multi-Family	Lat/Long	30.84 / -83.3000
Parcel ID #	0117A 171	Number of Buildings	1
Year Built	1980	Year Renovated	N/A
Quality	Average	Condition	Average
Class		Construction Details	
Gross Building Area	10,000 SF	Rentable Area	10,000 SF
Multifamily Units	10		
Number of Stories	2	Floor Area Ratio	0.42
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	
Parking	Surface: 20 Total: 20	Parking Ratio	2.00:1,000 SF of Rentable Area 2.00 Spaces per Unit
Site Size (Gross)	23,958 SF (0.55 acres)	Site Size (Net)	23,958 SF (0.55 acres)
Flood Designation	Zone AE		

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
10	1,000	2BR-1.5BA	
10	1,000 SF Avg.		

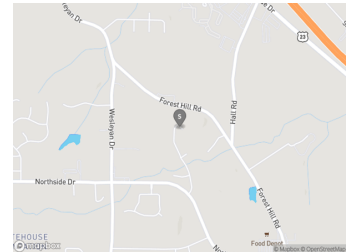
Sale Transaction Data for BBG Event #736367 on 4/25/2022				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	4/25/2022	Consideration	\$590,000	\$59.00	\$59.00	\$59,000
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	100%	Cash Equivalent Price	\$590,000	\$59.00	\$59.00	\$59,000
Property Rights	Fee Simple					
Grantor	KB INVESTMENT GROUP LLC					
Grantee	LUXURY HOMES AND LAND DEVELOPMENT LLC					
Record Info	6904/412					
Comments	This property sold in April 2022 for \$590,000 or \$59,000. At the time of the sale, the property was 100% occupied. This sale was a part of a two-property portfolio in which the other property, 4-units located adjacent to 1197 Melody Ln at 1198 Jo Ree St, sold for \$185,000.					
Verification	6/23/2022 CB Commercial, John Courson/Public Record					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$40,415	\$4.04	\$4,042	\$0	\$0.00	\$0
Overall Rate	6.85%			0.00%		





**Sale Comparable #2**  
**Forest Ridge Apartments**  
 2074 Forest Hill Road  
 Macon, GA 31210  
 Bibb County  
 BBG Property #41156



**Property Data**

*Improvement Details*

Property Type/Use	Multi-Family Apartment	Lat/Long	32.91 / -83.7100
Parcel ID #	L042-0029	Number of Buildings	12
Year Built	1986	Year Renovated	N/A
Quality	Average	Condition	Average
Class	C	Construction Details	Wood frame, rock and vinyl siding exterior with pitched composition roofs
Gross Building Area	97,280 SF	Rentable Area	90,472 SF
Multifamily Units	94		
Number of Stories	2	Floor Area Ratio	0.26
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	
Parking	Total: 0		
Site Size (Gross)	378,054 SF (8.68 acres)	Site Size (Net)	378,054 SF (8.68 acres)
Project Amenities	On-Site Office, Pool		
Unit Amenities	Carpet, Fireplace, Laundry Connections, Standard Appliances, Vinyl Flooring		

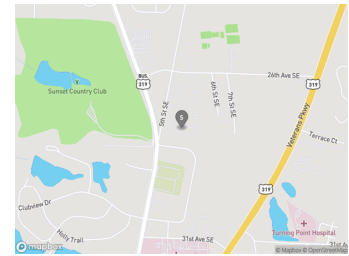
**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
52	711	1BR-1BA	
20	1,080	2BR-2BA	
22	1,450	3BR-2.5BA	
94	962 SF Avg.		

<b>Sale Transaction Data for BBG Event #68398 on 3/4/2022</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>	<b>Per Unit</b>
Transaction Date	<b>3/4/2022</b>	Consideration	<b>\$8,500,000</b>	<b>\$87.38</b>	<b>\$93.95</b>	<b>\$90,426</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0</b>
Occupancy at TOS	<b>90%</b>	Cash Equivalent Price	<b>\$8,500,000</b>	<b>\$87.38</b>	<b>\$93.95</b>	<b>\$90,426</b>
Property Rights	<b>Leased Fee</b>					
Grantor	<b>Forest Ridge Apartments</b>					
Grantee	<b>Cmf Pancho Forest Ridge LLC</b>					
Record Info	<b>11181/0351</b>					
Comments	<b>This comparable was sold in March 2022 for \$8,500,000 or \$90,426 per unit.</b>					
Verification	<b>5/3/2019</b>					
	<b>public records</b>					



**Sale Comparable #3**  
**Holly Cove Apartments**  
 2809 5th Street Southeast  
 Moultrie, GA 31768-6785  
 Colquitt County  
 BBG Property #551445



**Property Data**

*Improvement Details*

Property Type/Use	Multi-Family Apartment	Lat/Long	31.13 / -83.7800
Parcel ID #	M041-020	Number of Buildings	0
Year Built	0	Year Renovated	N/A
Quality		Condition	
Class		Construction Details	
Gross Building Area	89,400 SF	Rentable Area	86,400 SF
Multifamily Units	72		
Number of Stories	0	Floor Area Ratio	0.00
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	9707.04
Parking	Total: 0		
Site Size (Gross)	261,360 SF (6.00 acres)	Site Size (Net)	261,360 SF (6.00 acres)
Flood Designation	Zone X (Unshaded)		
Project Amenities	Activities Room, Pool, Playground, Laundry Facilities		
Unit Amenities	Laundry Connections, Patio/Balcony, Ceiling Fans, Laminate Flooring		

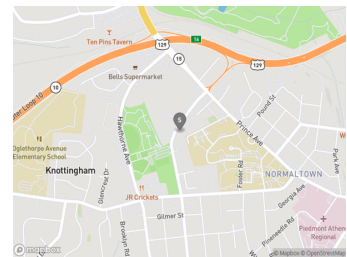
**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
72	1,200	2BR-1BA	
72	1,200 SF Avg.		

Sale Transaction Data for BBG Event #710361 on 12/1/2021				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	12/1/2021	Consideration	\$5,300,000	\$59.28	\$61.34	\$73,611
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	98%	Cash Equivalent Price	\$5,300,000	\$59.28	\$61.34	\$73,611
Property Rights	<b>Leased Fee</b>					
Grantor	<b>Larry Franklin Properties, Inc.</b>					
Grantee	<b>Blackshear &amp; Reese, LLC</b>					
Record Info	<b>1480-21</b>					
Comments	<b>On January 11,2022 the property was sold as a direct sale with no broker for \$5,300,000 for \$73,611 per unit. The recorded buyer is Blackshear Reese LLC and the recorded seller was Larry Franklin Properties LLC.</b>					
Verification	<b>4/4/2022 Larry Franklin of Larry Franklin Properties Inc (229) 890-1044</b>					

Financial Attributes	In-Place Income			Proforma Income		
	Amount	PSF (Rentable)	Per Unit	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$295,765	\$3.42	\$4,108	\$310,000	\$3.59	\$4,306
Overall Rate	5.58%			5.85%		

**Sale Comparable #4**  
**Cielo At 820**  
820-860 Sunset Drive  
Athens, GA 30606  
Clarke County  
BBG Property #458544



Property Data			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family Apartment	Lat/Long	33.97 / -83.4100
Legal	All that tract or parcel of land, together with all improvements thereon, situate, lying and being in the 216th GMD, Athens-Clarke County, Georgia, and shown on survey and plat made by Ben McLeroy & Associates		
Parcel ID #	114C1 C005, 114C1 C006, 114C1 C007, 114C1 C008, 114C1 C009	Number of Buildings	18
Year Built	1968	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Construction Details		
Gross Building Area	63,038 SF	Rentable Area	63,038 SF
Multifamily Units	77		
Number of Stories	2	Floor Area Ratio	0.29
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0018.00
Parking	Surface: 123 Total: 123	Parking Ratio	1.95:1,000 SF of Rentable Area 1.60 Spaces per Unit
Site Size (Gross)	215,186 SF (4.94 acres)	Site Size (Net)	215,186 SF (4.94 acres)
Flood Designation	Zone X (Unshaded)		
Unit Amenities	Standard Appliances, Ceiling Fans		
Comments	The improvements are in average condition and of average quality.		

Unit Mix			
Unit Count	Unit Size (SF)	Unit Plan	Comments
25	800	1BR-1BA	
26	800	1BR-1BA	Renovated
10	800	2BR-1BA	
11	800	2BR-1BA	Renovated
1	1,047	3BR-2BA	Renovated
1	1,047	4BR-2BA	
2	1,047	4BR-2BA	Renovated
1	1,250	6BR-4BA	
77	818 SF Avg.		

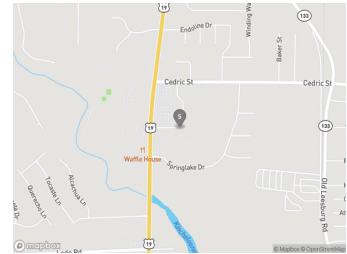
Sale Transaction Data for BBG Event #693432 on 10/15/2021				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	10/15/2021	Consideration	\$5,500,000	\$87.25	\$87.25	\$71,429
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	99%	Cash Equivalent Price	\$5,500,000	\$87.25	\$87.25	\$71,429
Property Rights	Leased Fee					
Grantor	Fred Street Properties, LLC (Fred's Historic Properties)					
Grantee	Cielo At Athens, LLC (Omar E. Zavala)					
Record Info	0528-0448					
Comments	Property consists of a mix of mostly one- and two-bedroom units in a garden with linear common balconies that are motel style. The property was named Sunset prior to the 2021 but has since been rebranded Cielo At 820. At the time of the sale about 40% of units had been renovated with proforma rents reportedly planned to increase rents by over \$200 per unit after renovation.					
Verification	2/24/2022 Fred Moorman, Owner 706-613-2742/ CoStar					

Financial Attributes	In-Place Income			Proforma Income		
	<i>Amount</i>	<i>PSF (Rentable)</i>	<i>Per Unit</i>	<i>Amount</i>	<i>PSF (Rentable)</i>	<i>Per Unit</i>
Net Operating Income	<b>\$324,000</b>	<b>\$5.14</b>	<b>\$4,208</b>	<b>\$360,000</b>	<b>\$5.71</b>	<b>\$4,675</b>
Overall Rate	<b>5.89%</b>			<b>6.55%</b>		





**Sale Comparable #5**  
**Spring Lake Apartments**  
 100 Tallokas Court  
 Leesburg, GA 31763  
 Lee County  
 BBG Property #551465



**Property Data**

*Improvement Details*

Property Type/Use	Multi-Family Apartment	Lat/Long	31.63 / -84.1700
Parcel ID #	126L270109-C01	Number of Buildings	7
Year Built	1995	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	
Gross Building Area	0 SF	Rentable Area	78,670 SF
Multifamily Units	89		
Number of Stories	3	Floor Area Ratio	0.00
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0204.05
Parking	Surface: 150 Total: 150		
Site Size (Gross)	337,154 SF (7.74 acres)	Site Size (Net)	337,154 SF (7.74 acres)
Flood Designation	Zone X (Unshaded)		
Project Amenities	Fitness Center, Playground, On-Site Management, Controlled Access, Dog Park/Dog Run, Pool		
Unit Amenities	Views Available, Luxury Vinyl Tile/Plank Flooring		

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
20	711	1BR-1BA	
34	850	2BR-1BA	
27	970	2BR-2BA	
8	1,170	3BR-2BA	
89	883 SF Avg.		

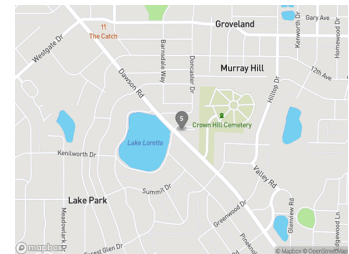


Sale Transaction Data for BBG Event #710381 on 7/6/2021				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	7/6/2021	Consideration	\$6,319,000	\$0.00	\$80.32	\$71,000
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	95%	Cash Equivalent Price	\$6,319,000	\$0.00	\$80.32	\$71,000
Property Rights	<b>Leased Fee</b>					
Grantor	<b>21st Century Rentals LLC (Donna R. Quiles)</b>					
Grantee	<b>Spring Lake Apartments 21 LLC (Ballast Rock Capital)</b>					
Record Info	<b>002258000048</b>					
Comments	<p>The subject property, Spring Lake Apartments, offers 89 units. The one bedrooms are 711 square feet, the two bedrooms range from 850-969 square feet, and the three bedrooms are 1,169 SF. The community features a refrigerator and freezer, range/oven, dishwasher, microwave, mini blinds, vertical blinds, washer/dryer connections, walk in closets in select units, ceiling fans, garbage disposals, and a sheltered grilling area near the community pool. This is a pet friendly property.</p>					
Verification	<p>4/4/2022 Mason Taylor of Marcus &amp; Millichap (678) 808-2772</p>					

## COMPARABLE RENTS



**Multifamily Rent Comparable #1**  
**Shoreham Apartments**  
2001 Dawson Road  
Albany, GA 31707  
Dougherty County  
BBG Property #302523



<b>Property Data</b>			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family Apartment	Lat/Long	31.599050 / -84.1990
Parcel ID #	00000/00028/001	Number of Buildings	31
Year Built	1966	Year Renovated	N/A
Quality	Average	Condition	Average
Class		Construction Details	
Gross Building Area	0 SF	Rentable Area	172,180 SF
Multifamily Units	176		
Number of Stories	2	Floor Area Ratio	0.00
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0006.00
Parking	Total: 0		
Site Size (Gross)	513,572 SF (11.79 acres)	Site Size (Net)	513,572 SF (11.79 acres)
Comments	The property is a garden style apartment complex with 31 two story buildings		

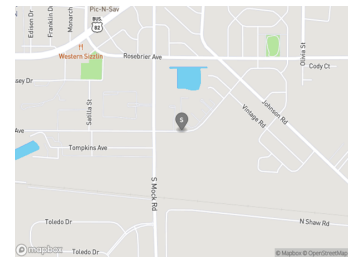
<b>Multifamily Rental Survey Details</b>	
Utilities Paid By	<b>Tenant pays Electric, Trash, Water</b>
Occupancy Rate	<b>95%</b>
Confirmed By	<b>10/3/2022</b> <b>front desk- 229-435-6611</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
52	1BR-1BA	745	N/A	\$765	\$765	\$765	\$765	
52	2BR-1BA	960	N/A	\$840	\$840	\$840	\$840	
52	2BR-1.5BA	1,160	N/A	\$899	\$899	\$899	\$899	
16	3BR-1.5BA	1,160	N/A	\$950	\$950	\$950	\$950	
4	3BR-2BA	1,160	N/A	\$1,000	\$1,000	\$1,000	\$1,000	
176		978 SF Avg.		\$849 Average per Unit \$0.87 Average PSF		\$849 Average per Unit \$0.87 Average PSF		



**Multifamily Rent Comparable #2**  
**Quail Call**  
 2414 North  
 Albany, GA 31705  
 Dougherty County  
 BBG Property #144512



Property Data			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family Apartment	Lat/Long	31.566100 / -84.0926
Legal	All that certain tract or parcel of land situate, lying being in Land Lot 163, First Land District, Dougherty County, Georgia.		
Parcel ID #	000RR/00011/012	Number of Buildings	9
Year Built	1984	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	masonry and wood siding over a wood frame with a composition shingle roof
Gross Building Area	36,297 SF	Rentable Area	35,712 SF
Multifamily Units	0		
Number of Stories	1	Floor Area Ratio	0.22
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	1
Parking	Surface: 90 Total: 90		
Site Size (Gross)	166,835 SF (3.83 acres)	Site Size (Net)	166,835 SF (3.83 acres)
Project Amenities	Laundry Room, On-Site Office		
Unit Amenities	Carpet, Ceiling Fans, Laundry Connections, Standard Appliances, Vaulted Ceiling		

**Multifamily Rental Survey Details**

Utilities Paid By	Tenant pays Cable, Electric, Trash Landlord pays Sewer, Water
Occupancy Rate	94%
Confirmed By	10/3/2022 229-255-2957

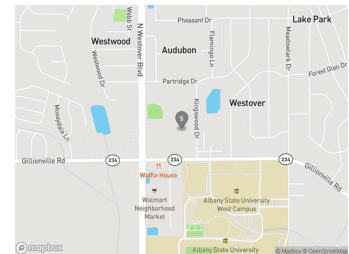
**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
41	1BR-1BA	576	N/A	\$770	\$770	\$770	\$770	
11	2BR-1BA	864	N/A	\$825	\$825	\$825	\$825	
3	2BR-2BA	864	N/A	\$825	\$825	\$825	\$825	
55		649 SF Avg.		\$784 Average per Unit \$1.21 Average PSF		\$784 Average per Unit \$1.21 Average PSF		





**Multifamily Rent Comparable #3**  
**Glen Arm Manor**  
 2609 Gillionville Road  
 Albany, GA 31707  
 Dougherty County  
 BBG Property #641302



<b>Property Data</b>			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family	Lat/Long	31.587635 / -84.2164
Parcel ID #		Number of Buildings	0
Year Built	1984	Year Renovated	N/A
Quality		Condition	
Class		Construction Details	
Gross Building Area	0 SF	Rentable Area	43,008 SF
Multifamily Units	70		
Number of Stories	0	Floor Area Ratio	0.00
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0005.02
Parking	Total: 0		
Site Size (Gross)	0 SF (0.00 acres)	Site Size (Net)	0 SF (0.00 acres)

<b>Multifamily Rental Survey Details</b>	
Utilities Paid By	<b>Tenant pays Cable, Electric, Sewer</b> <b>Landlord pays Trash, Water</b>
Occupancy Rate	<b>97%</b>
Comments	<b>Tenants reimburse landlord for water on a monthly basis.</b> <b>576 sqft units = 54\$</b> <b>800 sqft units = 69\$</b>
Confirmed By	<b>10/3/2022</b> <b>front desk</b>

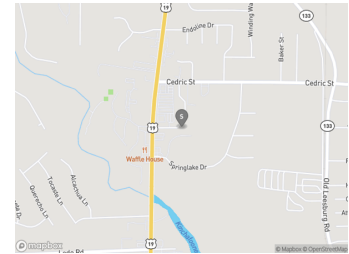
**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
58	1BR-1BA	576	N/A	\$700	\$700	\$700	\$700	
9	2BR-1BA	800	N/A	\$800	\$800	\$800	\$800	
3	2BR-2BA	800	N/A	\$900	\$900	\$900	\$900	
70		614 SF Avg.		\$721 Average per Unit \$1.17 Average PSF		\$721 Average per Unit \$1.17 Average PSF		





**Multifamily Rent Comparable #4**  
**Spring Lake Apartments**  
 100 Tallokas Court  
 Leesburg, GA 31763  
 Lee County  
 BBG Property #551465



<b>Property Data</b>			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family Apartment	Lat/Long	31.630726 / -84.1746
Parcel ID #	126L270109-C01	Number of Buildings	7
Year Built	1995	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	
Gross Building Area	81,560 SF	Rentable Area	78,670 SF
Multifamily Units	89		
Number of Stories	3	Floor Area Ratio	0.24
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0204.05
Parking	Surface: 150 Total: 150	Parking Ratio	1.91:1,000 SF of Rentable Area 1.69 Spaces per Unit
Site Size (Gross)	337,154 SF (7.74 acres)	Site Size (Net)	337,154 SF (7.74 acres)
Flood Designation	Zone X (Unshaded)		
Project Amenities	Fitness Center, Playground, On-Site Management, Controlled Access, Dog Park/Dog Run, Pool		
Unit Amenities	Views Available, Luxury Vinyl Tile/Plank Flooring		

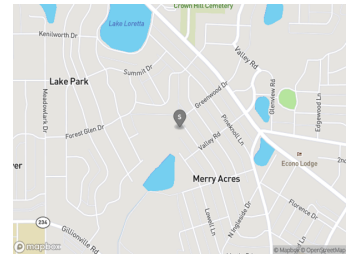
<b>Multifamily Rental Survey Details</b>	
Utilities Paid By	<b>Tenant pays Cable, Electric Landlord pays Sewer, Trash, Water</b>
Occupancy Rate	<b>97%</b>
Confirmed By	<b>10/3/2022 costar/ management</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
20	1BR-1BA	711	N/A	\$830	\$830	\$830	\$830	
34	2BR-1BA	850	N/A	\$900	\$900	\$900	\$900	
27	2BR-2BA	970	N/A	\$950	\$950	\$950	\$950	
8	3BR-2BA	1,170	N/A	\$1,050	\$1,050	\$1,050	\$1,050	
89		884 SF Avg.		\$913 Average per Unit \$1.03 Average PSF		\$913 Average per Unit \$1.03 Average PSF		



**Multifamily Rent Comparable #5**  
**Greenbriar**  
 3110 Graystone Lane  
 Albany, GA 31707  
 Dougherty County  
 BBG Property #342259



<b>Property Data</b>			
<i>Improvement Details</i>			
Property Type/Use	Multi-Family Apartment	Lat/Long	31.591660 / -84.1978
Legal	GREENBRIAR APTS		
Parcel ID #	00348/00008/009	Number of Buildings	0
Year Built	1981	Year Renovated	2021
Quality	Average	Condition	Average
Class		Construction Details	Wood frame, brick veneer with pitched composition roofs
Gross Building Area	175,420 SF	Rentable Area	174,172 SF
Multifamily Units	0		
Number of Stories	2	Floor Area Ratio	0.30
HAP Contract	No HAP in place	LIHTC	Property is not LIHTC
Opportunity Zone	No	Census Tract	0005.02
Parking	Total: 0		
Site Size (Gross)	577,606 SF (13.26 acres)	Site Size (Net)	577,606 SF (13.26 acres)
Project Amenities	Laundry Room, On-Site Office, Playground, Pool, Tennis Court		
Unit Amenities	Ceiling Fans, Laundry Connections, Standard Appliances		

**Multifamily Rental Survey Details**

Utilities Paid By	Electric Paid by Tenant , Water Paid by Tenant , Sewer Paid by Tenant , Cable Paid by Landlord, Trash Paid by Tenant
Occupancy Rate	94%
Comments	Tennants reimburse for utilites including w/s and trash
Confirmed By	8/16/2022 Leasing Site/CS

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
36	1BR-1BA	897	N/A	\$795	\$795	\$795	\$795	
40	1BR-1BA	957	N/A	\$815	\$815	\$815	\$815	w/study
48	2BR-2BA	1,227	N/A	\$896	\$896	\$896	\$896	
32	3BR-2BA	1,397	N/A	\$996	\$996	\$996	\$996	
156		1,116 SF Avg.		\$872 Average per Unit \$0.78 Average PSF		\$872 Average per Unit \$0.78 Average PSF		