



The insight you need. The independence you trust.

Chester Townhomes - Phase II

628 Lancaster Highway
Chester, South Carolina

BBG File #0125005765

Prepared for

Mr. George Baker
CAHEC Development, LLC
7700 Trenholm Road Ext
Columbia, South Carolina 29223

Report Date

May 22, 2025

Prepared by

BBG, Inc., Columbus Office
150 E. Wilson Bridge Road, Suite 350
Columbus, Ohio 43085

Client manager: Shashwat Rijal
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May 22, 2025

CAHEC Development, LLC
Attn: Mr. George Baker
7700 Trenholm Road Ext
Columbia, South Carolina 29223

**Re: Chester Townhomes Phase II
628 Lancaster Highway
Chester, South Carolina 29706**

Dear Mr. Baker:

At your request, we have completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The accompanying report has been prepared in conformance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute and any additional standards SC Housing and USDA. Our client, and SC Housing may read and rely upon the findings and conclusions of this report.

The appraisal is in conformance with USPAP requirements. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

COMPETITIVE RENT COMPARABLE UNIT CONCLUSIONS (CRCU)				
As-is CRCU	QR 4 rents	<u>1 Bed, 1 Bath</u> \$880, \$880, \$890, \$915	<u>2 Bed, 1.5 Bath</u> \$970	<u>3 Bed, 1.5 Bath</u> \$1,100, \$1,150
Prospective (Renovated) CRCU	QR 1B rents	\$930, \$930, \$940, \$965	\$1,020	\$1,200, \$1,250
Value Opinions		Date of Value		Value
QR 1A - prospective, subject to restricted rents		April 15, 2026		\$2,810,000
QR 1B - prospective, as conventional or unrestricted		April 15, 2026		\$3,830,000
QR 3 - current, subject to restricted rents		April 15, 2025		\$1,210,000
QR 4 - current, as conventional or unrestricted		April 15, 2025		\$3,250,000
BBG Value 5 - Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years		March 1, 2026		\$565,000
BBG Value 5 - Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years		March 1, 2026		\$413,000
BBG Value 5 - Favorable Financing Valuation, Prospective-538 Loan		March 1, 2026		\$88,582
BBG Value 6 - LIHTC Value (prospective)		April 15, 2026		\$4,555,600
BBG Value 7 - Insurable Value (prospective)		April 15, 2026		\$8,477,370
BBG Value 8 - Land Value (current)		April 15, 2025		\$170,000

It is noted that the subject was appraised by BBG in May 2024. The values of the subject from the previous appraisals have changed. Values for QR 1A has decreased due to an increase in the budgeted expenses. Values for QR 1B, QR 3 and QR4 has increased due to a rise in market ranges/increase of revenue.

Mr. George Baker
May 22, 2025
Page Two

The opinion of value contained in the attached appraisal report is subject to the standard assumptions and limiting conditions found at the end of the report.

The opinion of value contained in the attached appraisal report is subject to the following extraordinary assumptions:

- That the units and other improvements at the property that were viewed during the inspection (identified within the body of the report) are representative of all the units and other improvements at the property.
- Per USDA requirements, the restricted values in this report are based on the operating budgets. In the 'as is' scenario, the most current approved budget should be used, which is for year 2025. For the prospective scenario, the approved budget is for year 2026. This value request is considered an investment value but for the purposes of USDA, investment value and market value are considered synonymous.

The use of extraordinary assumptions might affect the assignment results.

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

- The prospective value conclusions incorporate the hypothetical assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.
- The unencumbered value in this report contains a hypothetical condition that there are no rent or income restrictions exist.

The use of hypothetical conditions might affect the assignment results.

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

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

Sincerely,

BBG



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BW/SR
Enclosure



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Executive Summary

Property name, address	Chester Townhomes Phase II 628 Lancaster Highway Chester County Chester, South Carolina 29706
Size (units)	52
Buildings	7
Size (sf of apartments)	40,983
Unit mix	6 1 Bed, 1 Bath units (564 sf); 2 1 Bed, 1 Bath units (572 sf); 2 1 Bed, 1 Bath units (631 sf); 1 1 Bed, 1.5 Bath units (664 sf); 24 2 Bed, 1.5 Bath units (767 sf); 16 3 Bed, 1.5 Bath units (947 sf); and 1 3 Bed, 1.5 Bath units (969 sf).
Stories	1 and 2
Year built (original)	1983
Current occupancy	98.1%
Current vacancy	1.9%
Site size (acres)	4.920
Existing use of real estate	Apartment (subsidized, non-age restricted)
Highest and best use	Multi-family residential (current use)
Zoning	GC: General Commercial District by Chester
USPAP report option	Appraisal report
Values, interests appraised	see next page
Pertinent dates	
valuation dates	see chart
prospective valuation dates	see chart
inspection date	April 15, 2024
report date	date on letter of transmittal

COMPETITIVE RENT COMPARABLE UNIT CONCLUSIONS (CRCU)

	<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1.5 Bath</u>	<u>3 Bed, 1.5 Bath</u>
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Parameters of Assignment

Purpose, Intended Use

The purpose of this assignment is to arrive at a number of value opinions of the property known as Chester Townhomes Phase II. Note: The identifier “QR x” (Quick Reference) is from HB-1-3560, Attachment 7-C, Page 4 of 10, Quick Reference of Values to Request. The value opinions, applicable commentary and notes (including discussion about the use of a hypothetical condition) are detailed below:

Chester Townhomes Phase II Quick Reference of Values to Request			
Replicated from HB-1-3560, Attachment 7-C, Page 4 of 10			
	Identified as	Comments	
1. NEW FUNDS OR SUBSEQUENT LOANS (by Rural Development or others)			
New construction			
Rehab/repair construction			
REQUEST:			
"Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)."	QR 1A	restricted rent, historic vacancy, historic expenses, OAR recognizes safeness of RA units	
(The appraiser must consider all restrictions and report the value of intangible assets individually and separately from the real estate.)			
"Prospective Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Conventional Housing."	QR 1B	market - rent, vacancy, operating expenses, capitalization rate	
(Optional value used to <u>analyze</u> the affects of restrictions).			
2. EXISTING LOANS			
Transfer			
Loan assumption			
Loan write-down			
Subordination			
REQUEST:			
"Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)."	QR 2	restricted rent, historic vacancy, historic expenses, OAR recognizes safeness of RA units	
(The appraiser must consider all restrictions and report the value of intangible assets individually and separately from the real estate.)			
3. VALUE OF PROPERTY (Does NOT qualify for Prepayment Incentives Offers within 7 CFR Part 3650.656 Incentives Offers).			
Validation of sale/marketing price			
Equity determination			
Acquisition of property into program			
REQUEST:			
"Market Value within 7 CFR Part 3560.752(b)(1)(ii)."	QR 3	restricted rent, historic vacancy, historic expenses, OAR recognizes safeness of RA units, RUPs considered	
(All restrictions and prohibitions currently existing must be considered, including Restrictive Use Provisions).			
4. VALUE OF PROPERTY (Qualifies for Prepayment Incentives Offers within 7 CFR Part 3650.656 Incentives Offers).			
Validation of sale/marketing price			
Equity determination			
REQUEST:			
"Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i)."	QR 4	market - rent, vacancy, operating expenses, capitalization rate	
(In order to use this value the property must qualify for a prepayment incentives offer within the Code of Federal Regulations).			
5. VALUE FOR SALE - ELIGIBLE AS PROGRAM PROPERTY			
Maintain in program, REO's, foreclosure, etc.			
REQUEST:			
"Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Conventional Housing."	QR 5	market - rent, vacancy, operating expenses, capitalization rate	
"Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)."	QR 2	restricted rent, historic vacancy, historic expenses, OAR recognizes safeness of RA units	
(The appraiser must consider all restrictions and report the value of intangible assets individually and separately from the real estate.)			
6. VALUE FOR SALE - NON PROGRAM PROPERTY			
Properties leaving program, REO's, etc.			
REQUEST:			
"Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If a Conventional Market Property."	QR 5	market - rent, vacancy, operating expenses, capitalization rate	
"Liquidation Value Premised Upon a Marketing Period of (enter days) Days."	n/a	not used by RD	
(Optional value, market period prescribed by USDA).			

The exclusion of an approach to value is due to RD restrictions and the effect on value.

BBG Value 5	Value(s) of the favorable financing.
BBG Value 6	Value of LIHTC (tax credits).
BBG Value 7	Insurable Value.
BBG Value 8	Market Value of Underlying Land.

Hypothetical Condition Discussion

Hypothetical Condition:

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

Source: Uniform Standards of Professional Appraisal Practice (USPAP)

For those reports that incorporate a hypothetical condition, USPAP requires that the appraiser provide notice to the user of the report that the use of the hypothetical condition might affect the assignment results. The appraiser(s) is not required to report on the impact of the hypothetical condition on assignment results.

QR 1B - *the hypothetical condition is stated as “as-if conventional housing”. This means the value estimate will be based upon a highest and best use analysis as-if not encumbered by USDA program provisions.*

QR 4 – *the hypothetical condition is stated as “as-if unsubsidized conventional housing in compliance with 7 CFR Part 3560.656(c)(1)(i)”. This means that when the appraiser develops their highest and best use analysis, they will not recognize any Rural Development restrictions or subsidies and must only consider the property as continued use as housing.*

Per the Quick Reference of Values to Request document that has been previously cited, this value is premised upon a hypothetical condition as-if conventional housing in compliance with 7 CFR Part 3560.656(c)(1)(i).

Definitions (specific to USDA/RD)

Market Value

The 7th edition of The Dictionary of Real Estate Appraisal includes several definitions for *market value*. The following definition from the dictionary is used by the federal agencies that regulate insured financial institutions in the United States.

“Market value: the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Comments from HB-1-3560

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

Market Value

A definition of market value within 7 CFR 3560.752(b)(1)(ii), as the term is used by RHS, derived from the definition of market value above, is stated as follows. Market value, within 7 CFR 3560.752(b)(1)(ii): the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Comments from HB-1-3560

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

Market value refers only to the value of the subject real estate, as restricted, and excludes the value of any favorable financing. The market value within 7 CFR 3560.752(b)(1)(ii)v, is based on a pro forma that projects income, vacancy, operating expenses, and reserves for the property under a restricted (subsidized) scenario. This restricted pro forma includes the scheduled restricted rents, a vacancy and collection loss factor that reflects any rental assistance (RA) or Section 8, and operating expenses and reserves projected for the subject as a subsidized property. Subsidized apartments typically experience higher management, auditing, and bookkeeping expenses, relative to similar conventional apartments, but often have lower real estate tax expenses.

Real Property Interest Valued

fee simple estate, subject to short-term leases.

The 7th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” Recognition is made that there are leases with tenants that are short-term (no more than one year) in nature for the units in the apartment building improvements.

Prospective Value

The term *prospective value* is defined by the 7th edition of The Dictionary of Real Estate Appraisal as follows. “*Prospective opinion of value: A value opinion effective as of a specified future date. The term does not define a type of value. 150 prospectus 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.*”

Comments from HB-1-3560

As used in Agency regulations and instructions, the term “as-improved value” refers to the value of real property after completion of proposed improvements. The Agency’s intended meaning of “as-improved value” is the same

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

“As-Is” Value

The 7th edition of the Dictionary of Real Estate Appraisal defines as is market value as follows. “As is market value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.”

Comments from HB-1-3560

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

Insurable Value, BBG Value 7

A definition of *insurable value* acceptable for use in Agency Multi-Family Housing appraisals is as follows: *Insurable value: the value of the destructible portions of a property which determines the amount of insurance that may, or should, be carried to indemnify the insured in the event of loss. The estimate is based on replacement cost new of the physical improvements that are subject to loss from hazards, plus allowances for debris removal or demolition. It should reflect only direct (hard) construction costs, such as construction labor and materials, repair design, engineering, permit fees, and contractor's profit, contingency, and overhead. It should not include indirect (soft) costs, such as administrative costs, professional fees, and financing costs.*

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

Extraordinary Assumption:

An 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 conclusion.

Source: Uniform Standards of Professional Appraisal Practice (USPAP)

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

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

Intended Use, User

The intended use for most of the values developed and reported have been shown in the prior section. For those values that do not have an intended use, the use is to assist the client in their understanding and analysis of the property. Unless otherwise identified within this report, the intended use of the report has not been more fully described to the appraiser(s). The client, or intended user, for whom the report is prepared is identified in the letter of transmittal, Mr. George Baker of CAHEC Development, LLC. The only other known intended users are representative from USDA, and South Carolina State Housing Finance and Development Authority. Unless otherwise identified within this report, no other intended users have been identified to the appraiser(s).

The Uniform Standards of Professional Appraisal Practice (USPAP) have a number of rules, comments, advisory opinions, and frequently asked questions relating to control or use of reports. The signatory of this report is bound by USPAP. Therefore, as noted in the letter of transmittal, no party other than the intended user may use this report without receiving written consent from the client and signing appraiser. Further, no part of the report shall be published or made available to the general public, nor shall any part of the report be published or made available for public or private offering memorandum or prospectus, without the written consent of the signing appraiser of this report. While required to disclose prior appraisals to the client, the appraiser is not required to disclose this appraisal or any prior appraisal to other parties. If requested to discuss or disclose this appraisal with parties outside this agreement or who are not an intended user, I am not required to acknowledge or discuss any appraisal.

Scope

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

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

Note that:

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

Comments Regarding Appraisal

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

- **Property.** The subject is known as Chester Townhomes Phase II and has an address of 628 Lancaster Highway in Chester, South Carolina. The property is a 52-unit apartment complex. The property includes one, two, and three bedroom units. The complex operates as a Class C, restricted income, non-age restricted property. The improvements were built in 1983. Overall, the property is in average physical and functional condition.

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

Historical operating information for the subject was available for a number of recent years. In general, the information provided indicated that the property is being run in an efficient manner. Historical information will be used when developing expenses and for valuation purposes, while market data will be used as support.

- **Near Term.** The subject property will transfer ownership in the near term. The subject is currently under contract to be purchased. The purchase price will be \$2,021,822. This includes assumption of a \$1,553,822 loan and cash for the balance of \$468,000. As the transfer is not arms-length no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition, the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. Among the items that will be replaced and/or renovated (depending upon the condition of the individual components) are air conditioning units, windows, roofs, plumbing and electric, parking areas, and kitchens and bathrooms. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate.
- **Property Location.** The property is on the south side of Lancaster Highway in eastern Chester. The property is in Chester County. Chester is in northern South Carolina about 40 miles southwest of the Charlotte CBD. Chester is a relatively small South Carolina town. There are few truly comparable properties in the area.
- **Valuation Naming Convention.** Value opinions are identified as being “QR x” or “BBG Value x”. **QR x** refers to the chart found in HB-1-3560, Attachment 7-C, Page 4 of 10, entitled Quick Reference of Values to Request; there are a number of values that could be developed and reported within six categories (depending upon the specific program/scenario identified by Rural Development). To aid in communication of the QR x values, summary text is added – either **current** or **prospective**, and either **subject to restricted rents** or **as conventional or unrestricted**. The use of the **BBG Value** nomenclature is for consistent identification purposes.
- **Value Opinions Developed and Reported.** There are a number of value opinions developed and reported in the appraisal report. In large part, this is due to the number of intended users – who have similar, but not identical – needs. The values that are not required by a specific intended user should be ignored.
- **Valuation Order.** The values are presented numerically within the report. If a number is skipped, it is because that particular value was not requested. (For example, since QR 5 was not requested, it is skipped.)

Apartment Housing

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

Luxury, Class A, Class B, Class C -

The type of property is designated by the year of construction and the amenities (unit and project). A luxury complex will have more amenities than a Class A property, while a Class A property has more amenities than Class B. A Class C property typically possesses few amenities. An *upscale* property could be either a luxury or a Class A property. A Class B property could be new. A Class B property does not possess all the amenities of a Class A or luxury property.

Market rate, LIHTC, HUD -

Refers to the rent limits, or rent payment structure. A market rate property has no rent constraints (other than the market) while a LIHTC (Low-Income Housing Tax Credit) property is (or could be) constrained by income levels as well as the market. A market rate property is also known as a *conventional* property. Low-income, subsidized, or affordable (such as HUD Section 8 and/or Section 236) are designations used to denote subsidy programs other than the LIHTC program, and refer to the entity (or entities) that make the rent payment to the property owner.

Independent, assisted -

Refers to the level of service offered, particularly with respect to the senior housing/care market. An independent complex has few, if any, services (such as meals, housekeeping). An assisted living facility offers more ADL (Activities of Daily Living) services. This classification also has implications as to the typical design of apartment units within a complex – an independent complex generally has apartments with full kitchens and exterior entries, while the units at an assisted living complex typically have a small kitchenette, many common areas, and interior enclosed hallways.

Elderly Only (Age Restricted) -

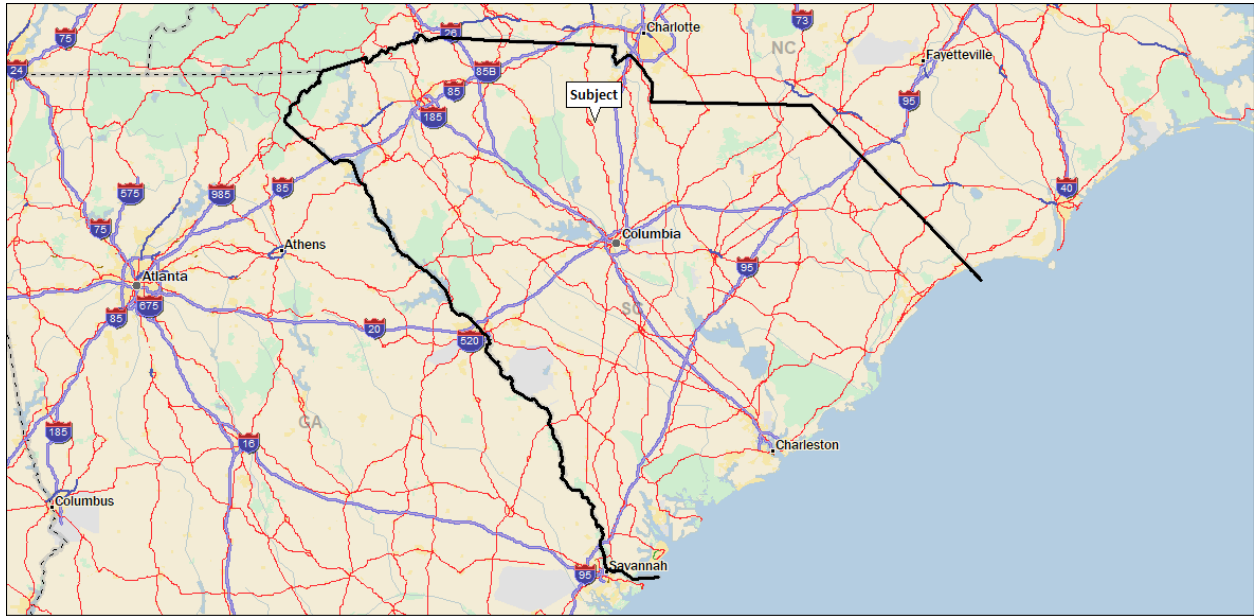
Refers to the minimum age of at least one of the residents of a unit. Depending upon the specific nature of a given program, the typical minimum age limit is within the 55 to 65 range.

Based on the above, the complex operates as a Class C, restricted income, non-age restricted property.

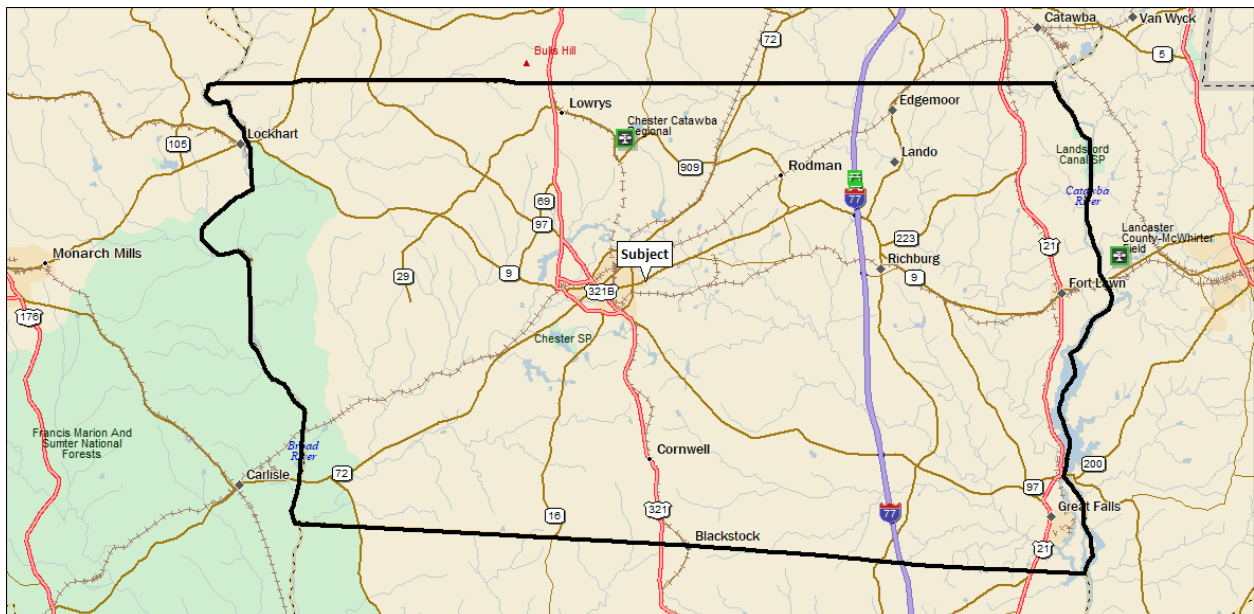
City Overview

The subject property is located in the city of Chester, Chester County, South Carolina. This is within the influence of the Charlotte-Concord-Gastonia MSA (Metropolitan Statistical Area), that is comprised of 8 counties in North Carolina and 3 counties in South Carolina. The city of Chester is ± 40 mile southwest of Charlotte, North Carolina; ± 50 miles northwest of Columbia, South Carolina (state capital); and ± 65 miles east of Greenville. The maps below show the subject's location within the state of South Carolina, Chester County, and Chester. The aerial below locates the property relative to downtown Chester.

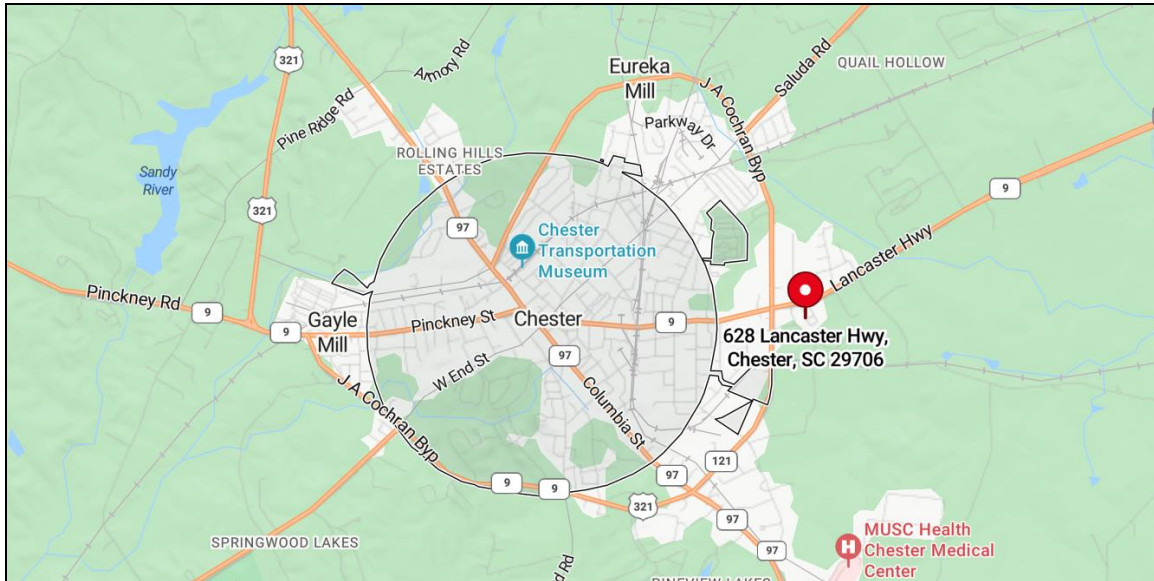
State of South Carolina



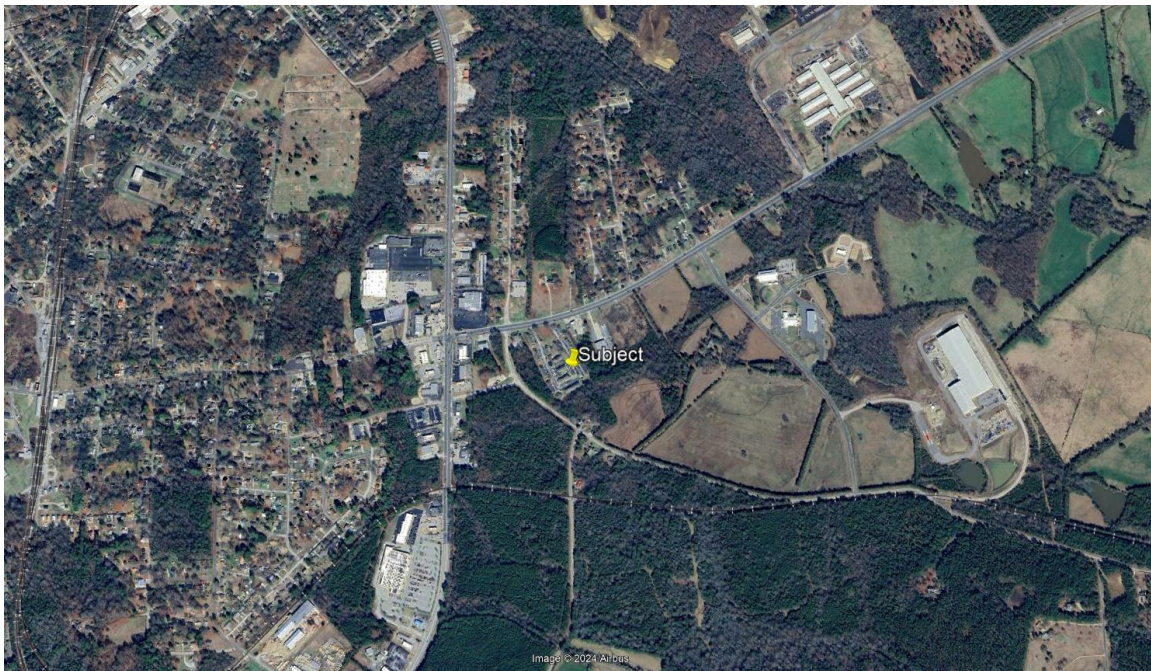
Chester County



Chester



Aerial



Physical Boundaries

Chester is roughly bordered by Dry Fork Creek to the north, Glenn Street to the east, US 321 to the south, and Lee Street to the west.

Road Infrastructure

There are four major roadways that service Chester. These are US 321, US 321 Business, SR 9, and SR 72. US 321 travels in the northeast-southwest direction along the western border of Chester. It connects the area to York to the north and White Oak to the south. US 321 Business travels in a northwest-southeast direction through central

Chester and begins on the outside of Chester to the northwest and ends outside of Chester to the southeast. SR 9 travels in an east-west direction through central Chester and connects the area to Lancaster to the east and Lockhart to the northwest. SR 72 travels in and northeast-southwest direction through central Chester. It connects the area to Rock Hill to the northeast and Carlisle to the southwest.

Population

The Chester population according to the 2010 census was 5,528. In 2020, the population was 5,269 (a decrease of 0.5% compounded annual growth or CAG). The 2025 population estimation is 5,187 (population decrease of 1.66% CAG from 2020). The population is expected to decrease by 0.98% CAG in 2030 to 5,136.

History & Growth

The city of Chester grew as the county seat of government and was founded in 1790. The City of Chester developed as a leading trade center for the surrounding farm communities and grew rapidly after the development of the first railroad in the area in 1851. During the Civil War, Chester County furnished many soldiers for the Confederate cause. Portions of Union General William Tecumseh Sherman's troops moved through the county in the spring of 1865, bringing widespread destruction to many areas of the county. The Civil War and the Reconstruction period which followed brought economic turmoil to the people of Chester County, but the citizens of the county were blessed as well with institutions such as the Brainerd Institute creating educational and religious opportunities for both poor African American and white residents of the county.

Mainly an agricultural community for its first 100 years, Chester County slowly evolved into a manufacturing economy in the late 1800s due to the textile industry. The founding of the Chester Manufacturing Company in 1888 and the Catawba Manufacturing Company in 1892, brought new wealth and jobs to Chester County. Both mills later became part of Springs Industries - one of the world's largest textile companies.

Land Uses and Development

The primary uses in Chester are residential, commercial, industrial, and agricultural. The largest commercial corridor is along US 321 Business and SR 9. This is where a majority of the restaurants and shops are located. Commercial users in the area along US 321 Business include Center Express, Land's Tire Center, Spot Food Store, Ice Cream King, City True Value, Bob's Food Mart, Coin Laundry, Diane's Kitchen, Shell, Dollar General, Keith's Alignment & Auto Services, and Cyclone Drive-In.

Commercial users along SR 9 include Bee's, Chester Express, Bantam Chef, Inn Upon River Moon Plantation Blues Bed & Breakfast, BB&C Copy Express, Hillside Restaurant & Bar, Wild Bees Bottle Shop, Gene's, Ezell Hardware, Broad River Mercantile, Desire Image Spa, Chester Auto Sales & Repair, Shelton's Barber Shop, Wood Shed, Beth's Canine Design, The Blue Cottage, All American City Coin Laundry, Keyless Auto Sales, Clack's Convenience Corner, and Los Magueyes.

Institutional users include churches, parks, schools, police department, fire department and the Post Office.

Immediate (Adjacent) Land Uses

North: To the north of the subject is Chester Townhouses Phase I.

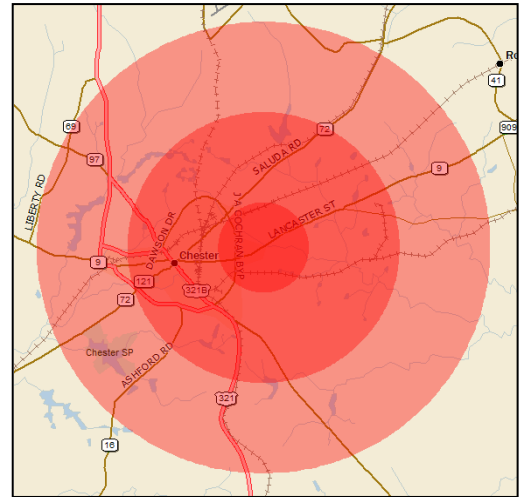
East: To the east of the subject is wooded land.

South: To the south of the subject is wooded land.

West: To the west of the subject is wooded land.

Demographic Profile

The map and table below provide a demographic profile for a 1, 3, and 5 mile radii from the subject and for the city and county.

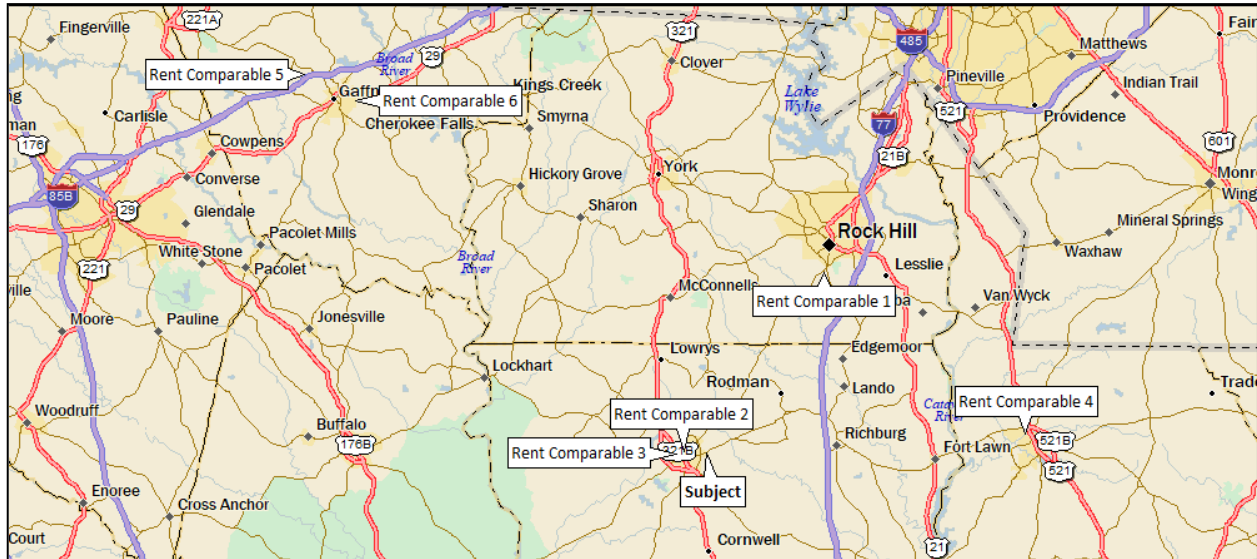


COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA					
Description	628 Lancaster Highway - 1 mi. Totals	628 Lancaster Highway - 3 mi. Totals	628 Lancaster Highway - 5 mi. Totals	Chester, SC (city) Totals	Chester County, SC Totals
Population					
2030 Projection	2,295	11,082	13,973	5,136	32,733
2025 Estimate	2,301	11,099	13,955	5,187	32,418
2020 Census	2,338	11,228	14,057	5,269	32,294
2010 Census	2,485	11,708	14,560	5,528	33,140
2025 Est. Median Age	39.26	39.92	40.67	38.16	42.28
2025 Est. Average Age	40.73	40.80	41.23	39.60	42.00
Households					
2030 Projection	942	4,464	5,624	2,093	13,312
2025 Estimate	942	4,455	5,595	2,113	13,102
2020 Census	953	4,484	5,604	2,146	12,928
2010 Census	975	4,524	5,627	2,161	12,875
2025 Est. Average Household Size	2.44	2.45	2.46	2.44	2.46
2025 Est. Households by Household Income (%)					
Household Income < \$15,000	13.59	12.19	11.65	12.26	10.76
Household Income \$15,000 - \$24,999	18.37	15.26	14.25	15.85	12.69
Household Income \$25,000 - \$34,999	5.95	10.21	9.31	12.64	8.53
Household Income \$35,000 - \$49,999	17.52	14.57	14.23	14.62	14.45
Household Income \$50,000 - \$74,999	20.81	20.14	20.79	20.21	19.56
Household Income \$75,000 - \$99,999	9.87	12.88	12.67	13.39	12.96
Household Income \$100,000 - \$124,999	6.26	6.38	6.77	5.44	8.05
Household Income \$125,000 - \$149,999	3.93	3.43	4.20	2.32	4.63
Household Income \$150,000 - \$199,999	2.65	3.32	3.88	2.08	4.76
Household Income \$200,000 - \$249,999	0.74	1.08	1.31	0.71	2.01
Household Income \$250,000 - \$499,999	0.43	0.47	0.77	0.38	1.28
Household Income \$500,000+	0.00	0.09	0.14	0.10	0.33
2025 Est. Average Household Income	\$55,793	\$59,409	\$63,312	\$55,074	\$70,153
2025 Est. Median Household Income	\$45,533	\$47,602	\$50,588	\$44,105	\$54,047
2025 Est. Tenure of Occupied Housing Units (%)					
Owner Occupied	67.73	62.85	66.72	54.47	74.57
Renter Occupied	32.27	37.15	33.28	45.53	25.43
2025 Est. Median All Owner-Occupied Housing Value	\$187,861	\$161,555	\$166,684	\$134,424	\$180,235

Source: 2025 Claritas, Inc.

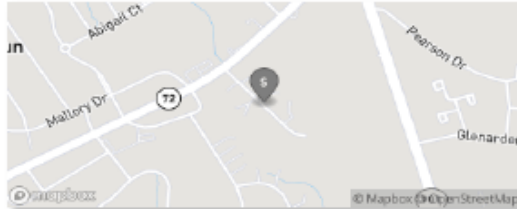
Supply Side Analysis - Competitive Properties Survey

A survey of multi-family complexes is detailed on the following pages. The map below shows the locations of the rent comparables and the subject. The appraisers drove the general area of the subject, spoke with management at the subject and the Chamber of Commerce, searched CoStar and other online websites for market rate comparables. Given the relatively small population in the market area, there are few apartment properties, and it was necessary to use properties that are somewhat geographically distant.



Rent Comparable 1

Multifamily Rent #1
Country Club
 1775 Cedar Post Lane
 Rock Hill, SC 29730
 York County
 BBG Property #57759

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.893640 / -81.0353
Legal	All that certain piece, parcel, or tract of land, lying, being and situate in the County of York, State of South Carolina shown as "Tract 1" containing approximately 13.434 acres, more or less and "Tract 2" containing approximately 0.008 acres, more or less, upon a plat entitled "ALTA/NSPS LAND TITLE SURVEY FOR: RASC-26005" prepared by Joseph C. Whisenant of Bock & Clark, dated September 18, 2017, last revised September 22, 2017 and recorded contemporaneously herewith in the Office of the Clerk of Court for York County, SC in Plat Book 156 at Page 16&17, which plat is incorporated herein by reference, and having such metes, bounds, courses, and distances as by reference to said plat will more fully appear.		
Parcel ID #	604-06-01-113	Number of Buildings	11
Year Built	1974	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	Wood frame, brick veneer, vinyl siding
Gross Building Area	80,000 SF	Rentable Area	78,300 SF
Multifamily Units	80		
Number of Stories	2	Floor Area Ratio	0.32
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	613
Parking	Surface: 181 Total: 181	Parking Ratio	2.31:1,000 SF of Rentable Area 2.26 Spaces per Unit
Site Size (Gross)	252,648 SF (5.80 acres)	Site Size (Net)	252,648 SF (5.80 acres)
Project Amenities	Business Center, Dog Park/Dog Run, On-Site Office, Playground, Pool, Clubhouse		
Unit Amenities	Ceiling Fans, Dishwasher, Laundry Connections, Patio/Balcony, Standard Appliances, Central Air Conditioning		

Multifamily Rental Survey Details

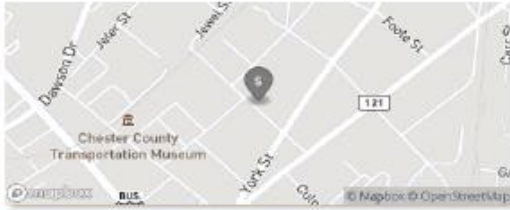
Utilities Paid By	Tenant pays Cable, Electric, Gas, Landlord pays Sewer, Trash, Water
Occupancy Rate	95%
Confirmed By	12/25/2024 Property Manager, (803) 339-1205, Jessica

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
57	2BR-1.5BA	950	MKT	\$1,300	\$1,300	\$1,300	\$1,300	TH
23	3BR-1.5BA	1,050	MKT	\$1,575	\$1,575	\$1,575	\$1,575	TH
80		979 SF Avg.		\$1,379 Average per Unit \$1.41 Average PSF		\$1,379 Average per Unit \$1.41 Average PSF		

Rent Comparable 2

Multifamily Rent #2
107 Pine St
 107 Pine Street
 Chester, SC 29706-1417
 Chester County
 BBG Property #864723

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.709871 / -81.2116
Parcel ID #	201-03-23-004-000	Number of Buildings	1
Year Built	1921	Year Renovated	N/A
Quality	Average/Good	Condition	Average/Good
Class	Class C	Construction Details	Wood frame, brick veneer
Gross Building Area	0 SF	Rentable Area	3,288 SF
Multifamily Units	3		
Number of Stories	3	Floor Area Ratio	0.00
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0203.00
Site Size (Gross)	10,890 SF (0.25 acres)	Site Size (Net)	10,890 SF (0.25 acres)
Unit Amenities	Dishwasher, Central Air Conditioning, Fireplace, Ceiling Fans		

Multifamily Rental Survey Details

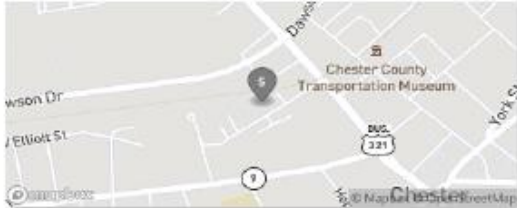
Utilities Paid By	Tenant pays Cable, Electric, Sewer, Water Landlord pays Trash
Occupancy Rate	66%
Confirmed By	12/25/2024 Property Manager, Muse Realty, LLC (803) 985-1231

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
2	1BR-1BA	700	MKT	\$895	\$895	\$895	\$895	n/a
1	3BR-2BA	1,888	MKT	\$1,750	\$1,750	\$1,750	\$1,750	n/a
3		1,096 SF Avg.		\$1,180 Average per Unit \$1.08 Average PSF		\$1,180 Average per Unit \$1.08 Average PSF		

Rent Comparable 3

Multifamily Rent #4
Hill Crest Apts
 113 Mill Street
 Chester, SC 29706-1799
 Chester County
 BBG Property #864733



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	34.707696 / -81.2199
Year Built	1960	Year Renovated	N/A
		Rentable Area	22,986 SF
Multifamily Units	25		
Number of Stories	1		
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0202.00
Site Size (Gross)	111,078 SF (2.55 acres)	Site Size (Net)	111,078 SF (2.55 acres)
Unit Amenities	Wall-Unit Air Conditioning, Ceiling Fans		

Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Cable, Electric, Gas, Sewer, Trash, Water
Occupancy Rate	92%
Confirmed By	4/23/2025 Manager

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
12	2BR-1BA	700	MKT	\$995	\$995	\$995	\$995	n/a
13	3BR-2BA	1,122	MKT	\$1,250	\$1,250	\$1,250	\$1,250	n/a
25		919 SF Avg.		\$1,128 Average per Unit		\$1,128 Average per Unit		
				\$1.23 Average PSF		\$1.23 Average PSF		

Rent Comparable 4

Multifamily Rent #4
Oakhaven Apts
 456 Colonial Avenue
 Lancaster, SC 29720-1876
 Lancaster County
 BBG Property #864739

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.728487 / -80.7841
Year Built	1987	Year Renovated	N/A
Gross Building Area	0 SF	Rentable Area	50,870 SF
Multifamily Units	68		
Number of Stories	2	Floor Area Ratio	0.00
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0109.00
Site Size (Gross)	574,992 SF (13.20 acres)	Site Size (Net)	574,992 SF (13.20 acres)
Project Amenities	Pool, Clubhouse, Tennis Court, Fitness Center, Laundry Facilities		
Unit Amenities	Dishwasher, Disposal, Microwave, Central Air Conditioning, Laundry Connections, Fireplace, Patio/Balcony		

Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Cable, Electric, Gas, Sewer, Trash, Water
Occupancy Rate	100%
Confirmed By	4/23/2025 Patty

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
62	1BR-1BA	700	MKT	\$735	\$735	\$735	\$735	n/a
1	1BR-1BA	1,080	MKT	\$835	\$835	\$835	\$835	n/a
1	2BR-1.5BA	1,000	MKT	\$875	\$875	\$875	\$875	n/a
1	2BR-2BA	1,000	MKT	\$900	\$900	\$900	\$900	n/a
1	2BR-2BA	1,260	MKT	\$1,000	\$1,000	\$1,000	\$1,000	n/a
1	3BR-2.5BA	1,350	MKT	\$1,025	\$1,025	\$1,025	\$1,025	n/a
1	3BR-3BA	1,780	MKT	\$1,150	\$1,150	\$1,150	\$1,150	n/a
68		748 SF Avg.		\$755 Average per Unit		\$755 Average per Unit		
				\$1.01 Average PSF		\$1.01 Average PSF		

Rent Comparable 5

Multifamily Rent #5
Stonecrest Apartments
 102 Stonecrest Lane
 Gaffney, SC 29341
 Cherokee County
 BBG Property #46195



Property Data

Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	35.099070 / -81.6868
Parcel ID #	062-00-00-001.000	Number of Buildings	6
Year Built	2008	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class C	Construction Details	Wood frame, brick veneer and vinyl siding
Gross Building Area	196,456 SF	Rentable Area	195,456 SF
Multifamily Units	198		
Number of Stories	3	Floor Area Ratio	0.49
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	9702.01
Site Size (Gross)	403,801 SF (9.27 acres)	Site Size (Net)	403,801 SF (9.27 acres)
Project Amenities	Business Center, Clubhouse, Fitness Center, Laundry Room, On-Site Office, Pool		
Unit Amenities	Patio/Balcony, Ceiling Fans, Standard Appliances		

Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Cable, Electric, Gas, Sewer, Water Landlord pays Trash
Occupancy Rate	99%
Confirmed By	4/23/2025 Manager

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
40	1BR-1BA	708	MKT	\$910	\$910	\$910	\$910	
40	1BR-1BA	833	MKT	\$895	\$895	\$895	\$895	
40	2BR-2BA	904	MKT	\$1,070	\$1,070	\$1,070	\$1,070	
39	2BR-2BA	1,029	MKT	\$1,115	\$1,115	\$1,115	\$1,115	
39	3BR-2BA	1,475	MKT	\$1,245	\$1,245	\$1,245	\$1,245	
198		987 SF Avg.		\$947 Average per Unit \$0.96 Average PSF		\$849 Average per Unit \$0.86 Average PSF		

Rent Comparable 6

Multifamily Rent #6
Magnolia Ridge Apartments
 266 Goldmine Springs Road
 Gaffney, SC 29340
 Cherokee County
 BBG Property #241002

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	35.068560 / -81.6262
Parcel ID #	100-13-00-033.000	Number of Buildings	12
Year Built	1971	Year Renovated	2001
Quality	Average	Condition	Average
Class	Class C	Construction Details	Wood frame, vinyl siding
Gross Building Area	182,720 SF	Rentable Area	70,880 SF
Multifamily Units	84		
Number of Stories	2	Floor Area Ratio	0.60
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	9705.02
Parking	Surface: 170 Total: 170	Parking Ratio	2.40:1,000 SF of Rentable Area 2.02 Spaces per Unit
Site Size (Gross)	304,920 SF (7.00 acres)	Site Size (Net)	304,920 SF (7.00 acres)
Project Amenities	Laundry Room, Playground		
Unit Amenities	Carpet, Standard Appliances, Vinyl Flooring, Patio/Balcony		
Comments	Select units have microwaves and dishwashers. Additional amenities include a grill/picnic area.		

Multifamily Rental Survey Details

Utilities Paid By	Tenant pays Cable, Electric, Sewer, Water Landlord pays Trash
Occupancy Rate	99%
Confirmed By	12/25/2024 Property Manager, (864)489-0692, Brooke

Rental Unit Detail

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
12	Studio	600	MKT	\$849	\$849	\$849	\$849	
16	1BR-1BA	720	MKT	\$949	\$949	\$949	\$949	
32	2BR-1BA	860	MKT	\$1,099	\$1,099	\$1,099	\$1,099	
20	3BR-1BA	1,000	MKT	\$1,199	\$1,199	\$1,199	\$1,199	
4	3BR-2BA	1,160	MKT	\$1,399	\$1,399	\$1,399	\$1,399	
84		844 SF Avg.		\$1,073 Average per Unit		\$1,073 Average per Unit		
				\$1.27 Average PSF		\$1.27 Average PSF		

Analysis

Chester Townhomes Phase II: The subject is more fully described and discussed in the Property Description section of the report. It is summarized below.

Chester Townhomes Phase II										
Property and Unit Amenity Summary										
Street Address	628 Lancaster Highway				Year Built	1983		Floors	1 and 2	
City	Chester				Total Units	52		Occupancy	98.1%	
Unit Types		# units	Size (sf)		Utilities (L-landlord, T-tenant, na-not applicable)					
1 Bed, 1 Bath	6	564		Water	Sewer	Electric	Gas	Trash	Cable	
1 Bed, 1 Bath	2	572		T	T	T	T	L	T	
1 Bed, 1 Bath	2	631		Complex Amenities (Y/N)						
1 Bed, 1.5 Bath	1	664								
2 Bed, 1.5 Bath	24	767								
3 Bed, 1.5 Bath	16	947								
3 Bed, 1.5 Bath	1	969								
				Comm. Room	Y	Bus. Ctr.	N	Lake	N	
				On-site off.	Y	Laundry	Y	Gated	N	
				B-ball court	N	Det. Garages	N	Car Wash	N	
				Jacuzzi	N	Cov. Storage	N	Elevators	N	
				Fit. Ctr	N	Open Storage	N	Playground	Y	
Unit Amenities (Y/N)										
Refrigerator	Y	Disposal	N	Fireplace	N	Central A/C	Y	Ceil. Fans	Y	
Range	Y	Double Sink	N	Patio	N	Wall A/C	N	Vlt Ceiling	N	
Microwave	Y	Fan Hood	Y	Balcony	N	W/D hk ups	Y	Sec Sys	N	
Dishwasher	N	Att Garage	N	Bsmt	N	W/D	N	Storage	Y	

Additional complex amenities include security cameras.

Market Rent Conclusions

APARTMENT SURVEY CONCLUSIONS							
Chester Townhomes Phase II							
		Subject		Comparable properties			
		Rent	Size (sf)	Adjusted Rent		Size (sf)	
1 Bed, 1 Bath							
	Unrenovated	\$880	564	\$697 -	\$1,072	700 -	950
	Prospective, as renovated	\$930	564	\$747 -	\$1,122	700 -	950
1 Bed, 1 Bath							
	Unrenovated	\$880	572	\$698 -	\$1,073	700 -	950
	Prospective, as renovated	\$930	572	\$748 -	\$1,123	700 -	950
1 Bed, 1 Bath							
	Unrenovated	\$890	631	\$710 -	\$1,085	700 -	950
	Prospective, as renovated	\$940	631	\$760 -	\$1,135	700 -	950
1 Bed, 1.5 Bath							
	Unrenovated	\$915	664	\$732 -	\$1,107	700 -	950
	Prospective, as renovated	\$965	664	\$782 -	\$1,157	700 -	950
2 Bed, 1.5 Bath							
	Unrenovated	\$970	767	\$817 -	\$1,148	700 -	1,000
	Prospective, as renovated	\$1,020	767	\$867 -	\$1,198	700 -	1,000
3 Bed, 1.5 Bath							
	Unrenovated	\$1,100	947	\$908 -	\$1,430	1,000 -	1,888
	Prospective, as renovated	\$1,200	947	\$958 -	\$1,480	1,000 -	1,888
3 Bed, 1.5 Bath							
	Unrenovated	\$1,150	969	\$913 -	\$1,434	1,000 -	1,888
	Prospective, as renovated	\$1,250	969	\$963 -	\$1,484	1,000 -	1,888

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

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

Location adjustments are based on median rents in the area. Median rent was provided from City-Data.com. Square footage adjustments are based on \$0.20 per square foot. A half bath adjustment of \$15 and a full bathroom adjustment of \$30 are used.

Unit and complex amenities are adjusted based on the number of amenities they provide. These adjustments are based on conversations with managers at the rent comparables and market participants. The chart below shows the unit and complex amenity adjustments.

Unit and Complex Amenities						
Chester Townhomes Phase II						
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
	Chester Townhomes Phase II 628 Lancaster Highway Chester	Country Club Apts 1775 Cedar Post Ln Rock Hill	107 Pine St Chester	Rosewood Garden Apts 113 Mill St Chester	Oakhaven Apts 456 Colonial Ave Lancaster	Stonecrest Apts 102 Stonecrest Ln Gaffney
Unit Amenities						
Refrigerator	x	x	x	x	x	x
Range	x	x	x	x	x	x
Microwave	x	\$5	\$5	\$5	x	\$5
Dishwasher		-\$5	-\$5		-\$5	-\$5
Disposal					-\$5	-\$5
A/C (Central)	x	x	x	-\$25	x	x
Washer/Dryer HU	x	x	\$10	\$10	x	\$10
Balcony/Patio			-\$5	-\$5	-5	-\$5
Ceiling Fans	x	x	x	x	\$5	\$5
Covered Storage	x	\$5	\$5	\$5	\$5	\$5
Fireplace			-\$5		-\$5	
Total Unit Adjustments		\$5	\$5	-\$10	-\$10	\$10
Complex Amenities						
Pool		-\$10			-\$10	-\$10
CH	x		\$5	\$5		
Bus Ctr		-\$5				
Fit Ctr					-\$10	-\$10
Tennis					-\$5	
Jacuzzi					-\$5	
Sec Cam	x	\$5	\$5	\$5	\$5	\$5
Laundry Fac	x	\$25	\$25	\$25	x	x
Playground	x	x	\$5	\$5	\$5	\$5
Dog Park		-\$5				
Benches		-\$5				
Car Care Area						-\$5
Grill/Picnic Area	x	\$5	\$5	\$5	\$5	
Total Complex Adjustments		\$10	\$45	\$45	-\$15	-\$15

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

Market Rent, 1 br-1 ba, not renovated, as-is

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

1 Bed, 1 Bath Not renovated - as-is							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	564	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$77	-\$27	-\$27	-\$27	-\$29	-\$31
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$228	-\$69	-\$63	-\$38	-\$54	\$9
Adjusted Rent		\$1,072	\$826	\$932	\$697	\$856	\$958
Market Rent Conclusion	\$880						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$697 to \$1,072. Central tendencies are \$890 (average) and \$894 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$879/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-is market rent of \$880/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 1 br-1 ba

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

1 Bed, 1 Bath Prospective - As Renovated							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts	Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts	
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$10	\$45	\$25	\$60
Unit Size (sf)	564	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$77	-\$27	-\$27	-\$27	-\$29	-\$31
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Star	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$178	-\$19	-\$13	\$12	-\$4	\$59
Adjusted Rent		\$1,122	\$876	\$982	\$747	\$906	\$1,008
Market Rent Conclusion	\$930						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$747 to \$1,122. Central tendencies are \$940 (average) and \$944 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$929/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-renovated market rent of \$930/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 1 br-1 ba, not renovated, as-is

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

1 Bed, 1 Bath Not renovated - as-is							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stoncrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stoncrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stoncrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$769	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	572	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$76	-\$26	-\$26	-\$26	-\$27	-\$30
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Tenant	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$227	-\$68	-\$62	-\$37	-\$52	\$10
Adjusted Rent		\$1,073	\$827	\$933	\$698	\$858	\$959
Market Rent Conclusion	\$880						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$698 to \$1,073. Central tendencies are \$892 (average) and \$896 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$880/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-is market rent of \$880/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 1 br-1 ba

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

1 Bed, 1 Bath Prospective - As Renovated							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$10	\$45	\$25	\$60
Unit Size (sf)	572	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$76	-\$26	-\$26	-\$26	-\$27	-\$30
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Wall A/C, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$177	-\$18	-\$12	\$13	-\$2	\$60
Adjusted Rent		\$1,123	\$877	\$983	\$748	\$908	\$1,009
Market Rent Conclusion	\$930						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$748 to \$1,123. Central tendencies are \$942 (average) and \$946 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$930/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-renovated market rent of \$930/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 1 br-1 ba, not renovated, as-is

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

1 Bed, 1 Bath Not renovated - as-is							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts	Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts	
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$769	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	631	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$64	-\$14	-\$14	-\$14	-\$15	-\$18
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Tenant	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$215	-\$56	-\$50	-\$25	-\$40	\$22
Adjusted Rent		\$1,085	\$839	\$945	\$710	\$870	\$971
Market Rent Conclusion	\$890						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$710 to \$1,085. Central tendencies are \$903 (average) and \$907 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$892/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-is market rent of \$890/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 1 br-1 ba

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

1 Bed, 1 Bath Prospective - As Renovated							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$10	\$45	\$25	\$60
Unit Size (sf)	631	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$64	-\$14	-\$14	-\$14	-\$15	-\$18
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.0	1.5	1.0	1.0	1.0	1.0	1.0
		Superior	Similar	Similar	Similar	Similar	Similar
		-\$15	\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Wall A/C, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$165	-\$6	\$0	\$25	\$10	\$72
Adjusted Rent		\$1,135	\$889	\$995	\$760	\$920	\$1,021
Market Rent Conclusion	\$940						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$760 to \$1,130. Central tendencies are \$953 (average) and \$957 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$942/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-renovated market rent of \$940/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 1 br-1 ba, not renovated, as-is

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

1 Bed, 1 Bath Not renovated - as-is							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	
Median Rent	\$769	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	664	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$57	-\$7	-\$7	-\$7	-\$9	-\$11
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.5	1.5	1.0	1.0	1.0	1.0	1.0
		Similar	Inferior	Inferior	Inferior	Inferior	Inferior
		\$0	\$15	\$15	\$15	\$15	\$15
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$193	-\$34	-\$28	-\$3	-\$19	\$44
Adjusted Rent		\$1,107	\$861	\$967	\$732	\$891	\$993
Market Rent Conclusion	\$915						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$732 to \$1,107. Central tendencies are \$925 (average) and \$929 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$914/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-is market rent of \$915/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 1 br-1.5 ba

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

1 Bed, 1 Bath Prospective - As Renovated							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$735	\$910	\$949
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$10	\$45	\$25	\$60
Unit Size (sf)	664	950	700	700	700	708	720
		Superior	Superior	Superior	Superior	Superior	Superior
		-\$57	-\$7	-\$7	-\$7	-\$9	-\$11
Bedrooms	1	2	1	2	1	1	1
		Superior	Similar	Superior	Similar	Similar	Similar
		-\$50	\$0	-\$50	\$0	\$0	\$0
Bathrooms	1.5	1.5	1.0	1.0	1.0	1.0	1.0
		Similar	Inferior	Inferior	Inferior	Inferior	Inferior
		\$0	\$15	\$15	\$15	\$15	\$15
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$71	-\$52	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pot, Cell Fans	Ref, Range, DW, Central A/C, FP, Cell Fans	Ref, Range, Wall A/C, Cell Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$143	\$16	\$22	\$47	\$31	\$94
Adjusted Rent		\$1,157	\$911	\$1,017	\$782	\$941	\$1,043
Market Rent Conclusion	\$965						

The comparables range in size from 700 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$782 to \$1,157. Central tendencies are \$975 (average) and \$979 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$964/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-renovated market rent of \$965/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 2 br-1.5 ba, not renovated, as-is

Comparable properties from the area are used to develop the unrenovated rent conclusion.

2 Bed, 1.5 Bath Not renovated - as-is							
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 3</u>	<u>Rent 4</u>	<u>Rent 5</u>	<u>Rent 6</u>
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,300	\$895	\$995	\$875	\$1,070	\$1,099
Location							
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1960, R-2022-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	767	950	700	700	1,000	904	860
		Superior	Inferior	Inferior	Superior	Superior	Superior
		-\$37	\$13	\$13	-\$47	-\$27	-\$19
Bedrooms	2	2	1	2	2	2	2
		Similar	Inferior	Similar	Similar	Similar	Similar
		\$0	\$50	\$0	\$0	\$0	\$0
Bathrooms	1.5	1.5	1.0	1.0	1.5	2.0	1.0
		Similar	Inferior	Inferior	Similar	Superior	Inferior
		\$0	\$15	\$15	\$0	-\$15	\$15
Utilities (who pays?)							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar	Similar
		-\$100	-\$81	\$19	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Wall A/C, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$152	\$7	\$42	-\$58	-\$67	\$36
Adjusted Rent		\$1,148	\$902	\$1,037	\$817	\$1,003	\$1,135
Market Rent Conclusion	\$970						

The comparables range in size from 700 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$817 to \$1,148. Central tendencies are \$1,007 (average) and \$1,020 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$970/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-is market rent of \$970/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 2 br-1.5 ba

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

2 Bed, 1.5 Bath Prospective - As Renovated						
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
Name	Chester Townhomes Phase II	Country Club Apts		Rosewood Garden Apts	Oakhaven Apts	Stonecrest Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln
Unadjusted Rent		\$1,300	\$895	\$995	\$875	\$1,070
Location						
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	113 Mill St	456 Colonial Ave	102 Stonecrest Ln
City	Chester	Rock Hill	Chester	Chester	Lancaster	Gaffney
Median Rent	\$940	\$1,301	\$940	\$940	\$1,013	\$854
		Superior	Similar	Similar	Similar	Inferior
		-\$40	\$0	\$0	\$0	\$5
Year Built	1983/2025R	1974	1921, R-2023	1960, R-2022-2023	1987	2008
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$10	\$45	\$25
Unit Size (sf)	767	950	700	700	1,000	904
		Superior	Inferior	Inferior	Superior	Superior
		-\$37	\$13	\$13	-\$47	-\$27
Bedrooms	2	2	1	2	2	2
		Similar	Inferior	Similar	Similar	Similar
		\$0	\$50	\$0	\$0	\$0
Bathrooms	1.5	1.5	1.0	1.0	1.5	2.0
		Similar	Inferior	Inferior	Similar	Superior
		\$0	\$15	\$15	\$0	-\$15
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Tenant	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Inferior	Similar
		-\$100	-\$81	\$19	\$19	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Wall A/C, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C
		Inferior	Inferior	Superior	Superior	Inferior
		\$5	\$5	-\$10	-\$10	\$10
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area
		Inferior	Inferior	Inferior	Superior	Superior
		\$10	\$45	\$45	-\$15	-\$15
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$102	\$57	\$92	-\$8	-\$17
Adjusted Rent		\$1,198	\$952	\$1,087	\$867	\$1,053
Market Rent Conclusion	\$1,020					

The comparables range in size from 700 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$867 to \$1,198. Central tendencies are \$1,057 (average) and \$1,070 (median). Rent Comparable 2 and Rent Comparable 3 are located within the same city as the subject. These comparables indicate an average of \$1,020/month. A point value between Rent Comparable 2 and Rent Comparable 3 is reasonable. An as-renovated market rent of \$1,020/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 3 br-1.5 ba, not renovated, as-is

Comparable properties from the area are used to develop the unrenovated rent conclusion.

3 Bed, 1.5 Bath Not renovated - as-is						
	Subject	Rent 1	Rent 2	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts	Rock Hill	Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,575	\$1,750	\$1,025	\$1,245	\$1,199
Location						
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	947	1,050	1,888	1,350	1,475	1,000
		Superior	Superior	Superior	Superior	Superior
		-\$21	-\$188	-\$81	-\$106	-\$11
Bedrooms	3	3	3	3	3	3
		Similar	Similar	Similar	Similar	Similar
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.5	1.5	2.0	2.5	2.0	1.0
		Similar	Superior	Superior	Superior	Inferior
		\$0	-\$15	-\$25	-\$15	\$15
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Similar	Similar
		-\$146	-\$127	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$182	-\$320	-\$117	-\$146	\$44
Adjusted Rent		\$1,393	\$1,430	\$908	\$1,099	\$1,243
Market Rent Conclusion	\$1,100					

The comparables range in size from 1,000 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$908 to \$1,430. Central tendencies are \$1,215 (average) and \$1,243 (median). Rent Comparable 4 and Rent Comparable 6 are two of the least adjusted. They indicate a rental rate range of \$908/month and \$1,243/month. A point value between Rent Comparable 4 and Rent Comparable 6 is reasonable. An as-is market rent of \$1,100/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 3 br-1.5 ba

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

3 Bed, 1.5 Bath Prospective - As Renovated						
	Subject	Rent 1	Rent 2	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,575	\$1,750	\$1,025	\$1,245	\$1,199
Location						
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$45	\$25	\$60
Unit Size (sf)	947	1,050	1,888	1,350	1,475	1,000
		Superior	Superior	Superior	Superior	Superior
		-\$21	-\$188	-\$81	-\$106	-\$11
Bedrooms	3	3	3	3	3	3
		Similar	Similar	Similar	Similar	Similar
		0	0	0	0	0
Bathrooms	1.5	1.5	2.0	2.5	2.0	1.0
		Similar	Superior	Superior	Superior	Inferior
		\$0	-\$15	-\$25	-\$15	\$15
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Similar	Similar
		-\$146	-\$127	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$132	-\$270	-\$67	-\$96	\$94
Adjusted Rent		\$1,443	\$1,480	\$958	\$1,149	\$1,293
Market Rent Conclusion	\$1,200					

The comparables range in size from 1,000 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$958 to \$1,480. Central tendencies are \$1,265 (average) and \$1,293 (median). Rent Comparable 4 and Rent Comparable 6 are two of the least adjusted. They indicate a rental rate range of \$958/month and \$1,293/month. A point value between Rent Comparable 4 and Rent Comparable 6 is reasonable. An as-renovated market rent of \$1,200/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Rent, 3 br-1.5 ba, not renovated, as-is

Comparable properties from the area are used to develop the unrenovated rent conclusion.

3 Bed, 1.5 Bath Not renovated - as-is						
	Subject	Rent 1	Rent 2	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,575	\$1,750	\$1,025	\$1,245	\$1,199
Location						
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$5	\$5
Year Built	1983	1974	1921, R-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Superior	Superior	Superior	Inferior
		\$10	-\$40	-\$5	-\$25	\$10
Unit Size (sf)	969	1,050	1,888	1,350	1,475	1,000
		Superior	Superior	Superior	Superior	Superior
		-\$16	-\$184	-\$76	-\$101	-\$6
Bedrooms	3	3	3	3	3	3
		Similar	Similar	Similar	Similar	Similar
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.5	1.5	2.0	2.5	2.0	1.0
		Similar	Superior	Superior	Superior	Inferior
		\$0	-\$15	-\$25	-\$15	\$15
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Similar	Similar
		-\$146	-\$127	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$177	-\$316	-\$112	-\$141	\$49
Adjusted Rent		\$1,398	\$1,434	\$913	\$1,104	\$1,248
Market Rent Conclusion	\$1,150					

The comparables range in size from 1,000 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$913 to \$1,434. Central tendencies are \$1,219 (average) and \$1,248 (median). Rent Comparable 4 and Rent Comparable 6 are two of the least adjusted. They indicate a rental rate range of \$913/month and \$1,248/month. A point value near Rent Comparable 4 and Rent Comparable 6 is reasonable. An as-is market rent of \$1,150/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

As Renovated Market Rent, 3 br-1.5 ba

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

3 Bed, 1.5 Bath Prospective - As Renovated						
	Subject	Rent 1	Rent 2	Rent 4	Rent 5	Rent 6
Name	Chester Townhomes Phase II	Country Club Apts		Oakhaven Apts	Stonecrest Apts	Magnolia Ridge Apts
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
Unadjusted Rent		\$1,575	\$1,750	\$1,025	\$1,245	\$1,199
Location						
Address	628 Lancaster Highway	1775 Cedar Post Ln	107 Pine St	456 Colonial Ave	102 Stonecrest Ln	266 Goldmine Springs Rd
City	Chester	Rock Hill	Chester	Lancaster	Gaffney	Gaffney
Median Rent	\$940	\$1,301	\$940	\$1,013	\$854	\$854
		Superior	Similar	Similar	Inferior	Inferior
		-\$40	\$0	\$0	\$5	\$5
Year Built	1983/2025R	1974	1921, R-2023	1987	2008	1971
Condition/Street Appeal		Inferior	Inferior	Inferior	Inferior	Inferior
		\$60	\$10	\$45	\$25	\$60
Unit Size (sf)	969	1,050	1,888	1,350	1,475	1,000
		Superior	Superior	Superior	Superior	Superior
		-\$16	-\$184	-\$76	-\$101	-\$6
Bedrooms	3	3	3	3	3	3
		Similar	Similar	Similar	Similar	Similar
		0	0	0	0	0
Bathrooms	1.5	1.5	2.0	2.5	2.0	1.0
		Similar	Superior	Superior	Superior	Inferior
		\$0	-\$15	-\$25	-\$15	\$15
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Sewer	Tenant	Landlord	Landlord	Tenant	Tenant	Tenant
Trash	Landlord	Landlord	Tenant	Tenant	Landlord	Landlord
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		Superior	Superior	Inferior	Similar	Similar
		-\$146	-\$127	\$19	\$0	\$0
Unit Amenities	Ref, Range, Micro, Central A/C, W/D HU, Pat, Ceiling Fans, Cov Stor	Ref, Range, DW, Central A/C, W/D HU, Bal/Pat, Ceil Fans	Ref, Range, DW, Central A/C, FP, Ceil Fans	Ref, Range, Micro, DW, Disp, Central A/C, W/D HU, FP, Pat	Ref, Range, DW, Disp, Central A/C	Ref, Range, Central A/C
		Inferior	Inferior	Superior	Inferior	Inferior
		\$5	\$5	-\$10	\$10	\$20
Complex Amenities	Laundry Fac, Playground, Sec Cam, CM, Grill/Picnic Area	Pool, CH, Bus Ctr, Playground, Dog Park, Benches	None	Pool, CH, Tennis, Jacuzzi, Fit Ctr, Laundry Fac	Pool, CH, Fit Ctr, Laundry Fac, Car Care Area, Grill/Picnic Area	Bus Ctr, Laundry Fac, Playground, Grill/Picnic Area
		Inferior	Inferior	Superior	Superior	Inferior
		\$10	\$45	-\$15	-\$15	\$5
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$127	-\$266	-\$62	-\$91	\$99
Adjusted Rent		\$1,448	\$1,484	\$963	\$1,154	\$1,298
Market Rent Conclusion	\$1,250					

The comparables range in size from 1,000 sf to 1,888 sf. After making the adjustments considered appropriate, the rent range is \$963 to \$1,484. Central tendencies are \$1,269 (average) and \$1,298 (median). Rent Comparable 4, Rent Comparable 5 and Rent Comparable 6 are two of the least adjusted. They indicate a rental rate of \$968/month \$1,298/month and \$1,154/month. A point value between Rent Comparable 5 and Rent Comparable 6 is reasonable. An as-renovated market rent of \$1,250/month is concluded to be appropriate, this is above the rent conclusion from the May 2024 report and is in line with the rental increase in the market.

Market Vacancy Conclusion

Several market rate properties have been detailed. There are relatively few market rate rent comparables.

APARTMENT VACANCY				
Chester Townhomes Phase II				
<u>Name</u>	<u>Location</u>	<u>Total Units</u>	<u>Occ.</u>	<u>Vacancy</u>
Chester Townhomes Phase II	628 Lancaster Highway	52	98.1%	1.9%
Country Club Apts	1775 Cedar Post Ln	80	95.0%	5.0%
107 Pine St	107 Pine St	3	66.6%	33.4%
Rosewood Garden Apts	113 Mill St	25	92.0%	8.0%
Oakhaven Apts	456 Colonial Ave	68	100.0%	
Stonecrest Apts	102 Stonecrest Ln	308	99.0%	1.0%
Magnolia Ridge Apts	266 Goldmine Springs Rd	84	98.8%	1.2%
	Minimum		66.6%	
	Maximum		100.0%	33.4%
Totals and average (excluding subject)		568	98.0%	2.0%

The subject has historically operated as a government subsidized property. About 73.1% of the units are available for rental assistance, with the tenant paying 30% of their income towards the rent figure. At the time of inspection, Chester Townhomes – Phase II was 98.01% occupied. The vacancy for the restricted rent scenarios are based on the current and post rehabilitation budgets. The market rent comparables average 3.0% vacancy. A market vacancy rate of 5.0% is used for the market rate scenarios.

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

Chester Townhomes Phase II		
Vacancy conclusions		
<u>Value</u>	<u>Scenario</u>	<u>Vacancy</u>
QR 4	current, as conventional or unrestricted	5.0%
QR 3	current, subject to restricted rents	0.8%
QR 1A	prospective, subject to restricted rents	7.0%
QR 1B	prospective, as conventional or unrestricted	5.0%

Per USDA requirements, the vacancy conclusions in this report for the restricted scenarios are based on the operating budgets.

Property Description

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

General Location

The subject is on the south side of Lancaster Highway in eastern Chester. The property is in Chester County. Chester is in northern South Carolina about 40 miles southwest of the Charlotte CBD. The property has an address of 628 Lancaster Highway, Chester, South Carolina. The maps in the preceding section show the property's location.

History of the Property

According to public records, the subject is owned by New Chester Townhouses Phase II. The current owner has owned the property for the past five years. The subject property will transfer ownership in the near term. The subject is currently under contract to be purchased. The purchase price will be \$2,021,822. This includes assumption of a \$1,553,822 loan and cash for the balance of \$468,000. The transfer is assumed to be between related parties and not one that is considered to be arms-length. As the transfer is presumably not arms-length, no credence is given to this purchase price when determining the said values of the subject property.

Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition, the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) The developer estimates the renovation cost to be about \$73,233 per unit, or about \$3,808,125. Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. It is expected that the air conditioning units will be replaced, windows will be repaired/replaced, new roofs will be installed, parking areas will be repaired, and kitchens and bathrooms will be updated as needed.

Site

Effective size (acres)	4.920
Shape	Rectangular
Frontage	Lancaster Highway
Typical depth (ft)	Varies
Topography	Level
Elevation	At road grade
Interior or Corner	Interior
Flood zone map number	45023C0208C & 45023C0204C
Flood zone date	September 16, 2011
Flood zone	Undetermined by FEMA
Flood zone comments	
Census tract	0206.02
Street from which general access is provided	Lancaster Highway
Local (neighborhood) access rating	Average
Regional access rating	Average
Street from which ingress/egress is provided	Lancaster Highway
Ingress/egress rating	Average
Legal Description	Found in the addendum
Stigma	None known
Easements	No detrimental easements that would substantially deter development are known to exist. Others, such as utility easements, allow for development of the site and are considered beneficial to the tract.
Soil Conditions	<p>Soil conditions are assumed to be adequate. The site appears to be well drained. No engineering or soil testing has been performed to the knowledge of the appraisers, and no further conclusion as to the condition of the foundation or soil is made. There is no reason to suspect that hazardous materials are on the property.</p> <p>The appraisers are not aware of any unique subsurface ownership rights. These rights include the right to mine, or water rights. Neither are we aware of any air rights ownership interests that may exist.</p> <p>Note: The appraisers are not experts in environmental matters. It is assumed that the site is clean from an environmental standpoint. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to environmental issues.</p>
Third Party Reports	While requested, no third party reports regarding the site (such as Phase I and/or Phase II reports) were provided for review or analysis and, unless noted, no warranty is made for any such reports that may exist.

Utilities

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

UTILITY DETAILS	
Chester Townhomes Phase II	
<u>Service</u>	<u>Paid by</u>
Electric	Tenant
Heat	Tenant
Water	Tenant
Sewer	Tenant
Trash	Landlord
Cable	Tenant

Zoning

The property is zoned GC: General Commercial District by the municipality of Chester. According to government officials, the current use has been grandfathered in and is a legal, non-conforming use under this zoning classification.

Real Estate Taxes

Assessment and real estate tax information were provided by the Chester County Appraiser's office. In the state of South Carolina, multifamily properties are assessed at 6.0% of the actual market appraised value, as estimated by the County Assessor. A sale does trigger a reassessment. In addition, the subject property was assessed in 2021 and is reassessed every 5 years (2026). South Carolina limits increases in assessable values to 15% over any 5-year period but mandated that a property's fair market value after an "assessable transfer of interest" was equal to the sales price. "Assessable transfer of interest" is a statutory term which includes the sale or certain transfers of ownership interests in real estate. An exemption applies to properties which are (1) are subject to a 6.0% assessment ratio and (2) undergo an assessable transfer of interest after year 2010. It acts to impose a 25% exemption from taxation on the "assessable transfer of interest" value of a parcel of real property and improvements at the time the parcel undergoes an assessable transfer of interest. If applicable, taxes would be imposed based on this exempt value (ATI FMV less 25%) if it is higher than the current "fair market value" of the property as reflected by the assessor's records at the time of the transfers.

The value is based on sales in the market.

The chart below shows the real estate tax details.

REAL ESTATE TAXES						
Chester Townhomes Phase II						
<u>Parcel #</u>	<u>Ownership Name</u>	<u>Size (Acres)</u>	<u>Auditors Appraised Values</u>			<u>Total</u>
			<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Taxes & Assmts</u>
079-00-00-056-000	New Chester Townhouses Phase II	4.920	\$125,000	\$1,155,440	\$1,280,440	\$37,226
<i>Totals</i>		<i>4.920</i>	<i>\$125,000</i>	<i>\$1,155,440</i>	<i>\$1,280,440</i>	<i>\$37,226</i>
<i>Real estate taxes and assessments/unit</i>						<i>\$716</i>

Per USDA requirements, the real estate tax expense in the restricted values in this report are based on the operating budgets.

Real estate tax expense for the as-is market (conventional) value scenario is calculated based on the estimated appraised value developed in the report. The as-is unrestricted (conventional) value is \$3,180,000. Therefore, the assessed value is \$190,800 (6% of the appraised value). Therefore, the estimated real estate taxes are \$117,701 ($\$190,800 \times 616.8832 / 1,000$). This is shown in the chart below (orange) and is within the assessed value per unit range of the tax comparables.

Chester Townhomes Phase II						
Tax Comparables						
<u>Name/Location</u>	<u>Effective Millage</u>	<u>Units</u>	<u>RE Taxes</u>	<u>Taxes/unit</u>	<u>Total Assessed Value</u>	<u>Assessed Value/unit</u>
107 Pine St	621.3094	3	4,759	1,586	7,660	2,553
Hill Crest Apts 113 Mill St	543.7687	25	23,670	947	43,530	1,741
Country Club Apts 1775 Cedar Post Ln	442.5979	80	91,618	1,145	207,001	2,588
Stonecrest Apts 102 Stonecrest Ln	344.4859	248	402,449	1,623	1,168,260	4,711
Magnolia Ridge Apts 266 Goldmine Springs Rd	325.8000	160	58,644	367	180,000	1,125
Chester Townhomes Phase II (as-is) 628 Lancaster Highway	616.8832	52	120,292	2,313	195,000	3,750
Chester Townhomes Phase II (prospective) South Carolina	616.8832	52	141,760	2,726	229,800	4,711

The market rate (conventional) comparables indicated an assessed value range of \$1,125/unit to \$4,711/unit. The subject will be renovated in the near future. An assessed value per unit near the upper end of the range is considered appropriate. The estimated real estate taxes are \$135,838 ($\$220,200 \times 616.8832 / 1,000$) and will be used in the prospective unrestricted (conventional) scenario. This estimate is shown in the chart above (green).

Improvements

Property name, address	Chester Townhomes Phase II 628 Lancaster Highway Chester, South Carolina 29706
Buildings	7
Size (units)	52
Size (sf of apartments)	40,983
Unit mix	6 1 Bed, 1 Bath units (564 sf); 2 1 Bed, 1 Bath units (572 sf); 2 1 Bed, 1 Bath units (631 sf); 1 1 Bed, 1.5 Bath units (664 sf); 24 2 Bed, 1.5 Bath units (767 sf); 16 3 Bed, 1.5 Bath units (947 sf); and 1 3 Bed, 1.5 Bath units (969 sf).
Stories	1 and 2
Year built (original)	1893
Renovations	as needed
Property amenities	On-site office, Laundry Fac, Playground, Security Cameras
<i>Interior description</i>	
Floor covering	mix of carpet and laminate
Walls	drywall
Ceilings	drywall
Doors	exterior doors are metal, interior doors are hollow core wood
Kitchen appliances	Refrigerator, Range, Fan Hood, Microwave
Kitchen finish	laminate flooring, formica counter tops
Washer/dryer	no/no
Washer/dryer hookups	yes/yes
Smoke alarms, fire alarms	hard wired and battery powered smoke alarms
Patios, balconies	patios
Heating	individual forced air
Air conditioning	Central Air
Water heater	individual
<i>Exterior description</i>	
Exterior	combination brick and siding
Windows	double-hung
Roof	pitched, covered with shingles
Downspouts, gutters	yes/yes
Unit amenities	Refrigerator, Range, Central A/C, Patio, Ceiling Fans, Cov Storage
Parking	surface parking, asphalt

Actual age (years)	42
Pre-renovation economic life (years)	55
Pre-renovation effective age (years)	40
Pre-renovation remaining economic life (years)	15
Post-renovation economic life (years)	55
Post-renovation effective age (years)	5
Post-renovation remaining economic life (years)	50

A major renovation is planned for the property improvements. Planned renovations include replacement of all existing flooring, replacement of kitchen cabinets and countertops, replacement of existing kitchen appliances, plumbing fixtures, lighting fixtures, bathroom cabinets and countertops, HVAC, repainting, re-roofing (new shingles), as well as exterior upgrades and improvements, and re-paving and re-striping of drive and parking areas. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate. The renovation is expected to cost about \$73,233 per unit, or about \$3,808,125. Upon completion of the renovations, the property's marketability, overall quality, and aesthetic appeal will be increased and enhanced.

Units Inspected

The property manager randomly selected the units for inspection. About 20% of units were inspected. At least one of each unit type was viewed. There were no down units and included 1 vacant unit. During the inspection the appraisers found some items of deferred maintenance. These include worn off and/or peeled paint, dented entrance doors to the units, loose and stained carpeting, and peeling stucco on ceiling in some of the units. No other items of deferred maintenance were found. As-is, the property is in average physical condition. Subsequent to renovations, the property will be in good physical condition. Photographs are in the addendum.

Financial

Current Rent Parameters/Rent Roll

The charts below illustrates the current and prospective unit mix and the rent parameters. As has been discussed, there will be LIHTC restrictions applicable to the units at the property.

Chester Townhomes Phase II													
Unit Mix and Rent Parameters													
	Total Units	% of total	Vacant Units	% of unit type	Size (sf)	Total Size (sf)	As-is Basic Rent	Prospective Basic Rent	Gross LIHTC	Utility Costs	Net LIHTC	As-Is	CRCU As-Renovated
1 Bed, 1 Bath	6	12%	0	0%	564	3,384	\$570	\$735	\$927	\$136	\$791	\$880	\$930
1 Bed, 1 Bath	2	4%	0	0%	572	1,144	\$570	\$735	\$927	\$136	\$791	\$880	\$930
1 Bed, 1 Bath	2	4%	0	0%	631	1,262	\$570	\$735	\$927	\$136	\$791	\$890	\$940
1 Bed, 1.5 Bath	1	2%	0	0%	664	664	\$570	\$735	\$927	\$136	\$791	\$895	\$950
2 Bed, 1.5 Bath	24	46%	0	0%	767	18,408	\$662	\$832	\$1,111	\$213	\$898	\$970	\$1,020
3 Bed, 1.5 Bath	16	31%	1	6%	947	15,152	\$764	\$960	\$1,284	\$247	\$1,037	\$1,100	\$1,200
3 Bed, 1.5 Bath	1	2%	0	0%	969	969	\$764	\$960	\$1,284	\$247	\$1,037	\$1,150	\$1,250
Overall Totals/Averages	52	100%	1	2%	788	40,983							

Operating History

The chart below shows the recent operating history for the subject.

Chester Townhomes Phase II												
Operating History											52 units	
	2021	Per Unit	2022	Per Unit	2023	Per Unit	2024	Per Unit	Current Budget	Per Unit	Post Rehab Budget	Per Unit
Apartment Rental Income	\$356,500	\$6,856	\$361,201	\$6,946	\$370,204	\$7,119	\$403,485	\$7,759	\$418,552	\$8,049	\$494,971	\$9,519
Plus: Other Income	4,502	87	3,329	64	2,200	42	2,277	44	1,500	29	3,185	61
Effective Gross Income	\$361,002	\$6,942	\$364,530	\$7,010	\$372,404	\$7,162	\$405,762	\$7,803	\$420,052	\$8,078	\$498,156	\$9,580
Operating Expenses												
Real Estate Taxes	35,046	674	36,210	696	35,500	683	38,029	731	39,700	763	39,700	763
Insurance	12,810	246	13,653	263	15,100	290	18,914	364	25,000	481	25,000	481
Repairs & Maintenance	44,365	853	44,938	864	48,800	938	88,781	1,057	85,600	1,646	76,285	1,467
General & Administrative	17,812	343	16,620	320	21,590	415	44,998	163	49,830	958	53,565	1,030
Management Fees	44,304	852	45,552	876	49,920	960	52,880	1,017	56,160	1,080	56,160	1,080
Utilities												
Electric	5,681	109	6,374	123	5,900	113	7,715	148	7,200	138	7,200	138
Water/Sewer	639	12	641	12	800	15	1,798	35	1,150	22	1,150	22
Total Utilities	6,319	122	7,015	135	6,700	129	9,513	183	8,350	161	8,350	161
Payroll	60,751	1,168	65,351	1,257	73,805	1,419	30,474	586	32,000	615	32,000	615
Marketing	55	1	124	2	150	3	589	11	250	5	250	5
Total Expenses	\$221,463	\$4,259	\$229,462	\$4,413	\$251,565	\$4,838	\$284,177	\$4,113	\$296,890	\$5,709	\$291,310	\$5,602
operating expense ratio		61.3%		62.9%		67.6%		52.7%		70.7%		58.5%
Net Operating Income	\$139,540	\$2,683	\$135,068	\$2,597	\$120,839	\$2,324	\$121,585	\$3,690	\$123,162	\$2,369	\$206,846	\$3,978

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

Value developed

QR 4

Market value,
unrestricted rents

Comment

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

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

QR 3

Market value,
based on restricted rents

an explicit Reserve expense. Operating expenses are based on market-rate expense comparables.

The apartment rent will be constrained by basic rent levels.

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

QR 1A

Prospective,
subject to restricted rents

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

With respect to operating expense line items, Real Estate Taxes, Insurance, Repairs & Maintenance, General & Administrative, Utilities, Payroll, and Marketing should be based on the budget. Management, which is based on a cost per occupied door/unit per month, is also essentially based on the budget. An explicit Reserve will be recognized.

QR 1B

Prospective,
as conventional or unrestricted

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

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

Highest and Best Use

Highest and best use is defined in The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, as follows:

The reasonably probable use of property that results in the highest value.

An additional sentence in the definition, but which is really commentary, notes:

The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

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

As If Vacant:

Physically Possible Uses:	Physical constraints include site area, shape, and adjacent uses. The site has all public utilities available. Noted easements are typical, and soil conditions are assumed to be adequate. There are acceptable access and visibility attributes. The primary physical constraints are the size and configuration.
Legally Permissible Uses:	Legally permissible uses are constrained by zoning, or if a variance or re-zoning could occur. Overall, the property is not considered to be overly constrained by legally permissible use.
Financially Feasible Uses:	The surrounding population and demographics, and socio-economic attributes lead to the conclusion that a non-speculative use is feasible. There is no indication that a speculative development is appropriate. A residential development appears to be financially feasible as the residential uses in the immediate area appear to have met with market acceptance.

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

As Improved:

Physically Possible Uses:	The presence of the improvements demonstrate their physical possibility.
Legally Permissible Uses:	The current multi-family use is a permissible use.
Financially Feasible Uses:	As is shown in the valuation, the existing improvements develop a return well in excess of that if the property were not improved.

Conclusion/Maximum Productivity: The existing improvements are considered to be financially feasible. The chart below demonstrates that the proposed renovation is appropriate and financially viable – when considering the inclusion of the additional value from the interest credit subsidy and LIHTC. As shown, the sum of the prospective market value, interest credit values, and LIHTC values are in excess of the property's as is value plus renovation costs. Therefore, the proposed renovations provide a higher return to the property than if the property were not renovated, and the highest and best as improved is concluded to be with the renovations made to the property.

FINANCIAL FEASIBILITY		
Chester Townhomes Phase II		
<u>Initial Test of Financial Feasibility</u>		
QR 1A, prospective, subject to restricted rents		\$2,810,000
QR 4, current, as conventional or unrestricted		<u>\$3,250,000</u>
	Incremental difference	-\$440,000
Renovation Cost - Hard Costs		<u>\$3,340,460</u>
Benefit (cost) of renovating <i>before</i> consideration of other benefits		-\$3,780,460
<u>Other Benefits</u>		
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	\$565,000
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	\$413,000
BBG Value 5	Favorable Financing Valuation, Prospective-538 Loan	\$88,582
BBG Value 6	LIHTC Value (prospective)	<u>\$4,555,600</u>
	Value of additional benefits of renovation	\$5,622,182
<i>Net benefits, or added value, of renovation</i>		<u>\$1,841,722</u>
<u>Initial Test of Financial Feasibility</u>		
QR 1A, prospective, subject to restricted rents		\$2,810,000
QR 3, current, subject to restricted rents		<u>\$1,210,000</u>
	Incremental difference	\$1,600,000
Renovation Cost - Hard Costs		<u>\$3,340,460</u>
Benefit (cost) of renovating <i>before</i> consideration of other benefits		-\$1,740,460
<u>Other Benefits</u>		
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	\$565,000
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	\$413,000
BBG Value 5	Favorable Financing Valuation, Prospective-538 Loan	\$88,582
BBG Value 6	LIHTC Value (prospective)	<u>\$4,555,600</u>
	Value of additional benefits of renovation	\$5,622,182
<i>Net benefits, or added value, of renovation</i>		<u>\$3,881,722</u>

These thoughts are carried to the Valuation section.

Valuation

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

VALUATION CHART		
Chester Townhomes Phase II		
<u>Identified in report</u>	<u>Summary</u>	<u>Valuation</u>
QR 1A	prospective, subject to restricted rents	income capitalization approach primary, cost approach used as support
QR 1B	prospective, as conventional or unrestricted	income capitalization approach primary, cost approach used as support
QR 3	current, subject to restricted rents	income capitalization approach
QR 4	current, as conventional or unrestricted	income capitalization approach is primary, sales comparison approach used as support
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	income capitalization approach
BBG Value 5	Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years	income capitalization approach
BBG Value 5	Favorable Financing Valuation, Prospective-538 Loan	income capitalization approach
BBG Value 6	LIHTC Value (prospective)	income capitalization approach
BBG Value 7	Insurable Value (prospective)	replacement cost of insurable improvements
BBG Value 8	Land Value (current)	developed within cost approach in QR 1
QR x - Quick Reference		

QR (Quick Reference) 1A

The value incorporates the extraordinary assumption that the proposed renovations to the subject property are complete (as of the prospective valuation date).

The income capitalization approach is primary, the cost approach is used as support.

Income Capitalization Approach

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

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the prospective, as renovated rent conclusions on the units less an allowance for vacancy, plus other income.
- Operating expenses inherent in the operation of the property are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

Pro Forma Capitalization

Base Rent Revenue – is based on the post rehab budget.

Chester Townhomes Phase II					QR 1A			
Base Rent Revenue					prospective			
subject to restricted rents								
	Total	% of	Size	Total	Rent/			
	Units	total	(sf)	sf	Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	6	12%	564	3,384	\$735	\$1.30	\$4,410	\$52,920
1 Bed, 1 Bath	2	4%	572	1,144	\$735	\$1.28	\$1,470	\$17,640
1 Bed, 1 Bath	2	4%	631	1,262	\$735	\$1.16	\$1,470	\$17,640
1 Bed, 1.5 Bath	1	2%	664	664	\$735	\$1.11	\$735	\$8,820
2 Bed, 1.5 Bath	24	46%	767	18,408	\$832	\$1.08	\$19,968	\$239,616
3 Bed, 1.5 Bath	16	31%	947	15,152	\$960	\$1.01	\$15,360	\$184,320
3 Bed, 1.5 Bath	1	2%	969	969	\$960	\$0.99	\$960	\$11,520
Overall Totals/Averages	52	100%	788	40,983	\$853	\$1.08	\$44,373	\$532,476

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$61/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on historic and the budget. As noted, Insurance, General & Administrative, Management Fee, Utilities, Payroll, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Real Estate Taxes are based on historic with consideration of how the county recognizes the renovations. An explicit Reserve will be recognized.

Total Operating Expenses – The charts below compares historical and the pro forma operating expenses, along with the reasons for the line item operating expense figures. Per USDA requirements, the expenses in the restricted value scenarios are based on the operating budgets.

PRO FORMA OPERATING EXPENSE ESTIMATE & COMPARISONS (PER UNIT BASIS)						QR 1A
Chester Townhomes Phase II						prospective
<i>subject to restricted rents</i>						
	2022	2023	Year End Historical		Post Rehab Budget	Subject Pro Forma
			2023	Current Budget		
Real Estate Taxes	696	683	731	763	763	763
Insurance	263	290	364	481	481	481
Repairs and Maintenance	864	938	1,057	1,646	1,467	1,467
General and Administrative	320	415	163	958	1,030	1,030
Management Fees	876	960	1,017	1,080	1,080	1,080
Utilities						
Electric	123	113	148	138	138	138
Water/Sewer	<u>12</u>	<u>15</u>	<u>35</u>	<u>22</u>	<u>22</u>	<u>22</u>
Total Utilities	135	129	183	161	161	161
Payroll	1,257	1,419	586	615	615	615
Marketing	2	3	11	5	5	5
Reserve	n/a	n/a	n/a	n/a	n/a	600
Total Operating Expenses	4,413	4,838	4,113	5,709	5,602	6,202

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

Chester Townhomes Phase II		QR 1A
Operating Expense Estimates		prospective
<i>subject to restricted rents</i>		
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	\$763	Based on the post rehab budget.
Insurance	\$481	Based on the post rehab budget.
Repairs & Maintenance	\$1,467	Based on the post rehab budget.
General & Administrative	\$1,030	Based on the post rehab budget.
Management	\$1,080	Based on the post rehab budget.
Utilities	\$138 Electric	Based on the post rehab budget.
	\$22 Water and sewer	Based on the post rehab budget.
Payroll	\$615	Based on the post rehab budget.
Marketing	\$5	Based on the post rehab budget.
Reserve	\$600	Based on the post rehab budget.

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

PRO FORMA OPERATING STATEMENT			subject to restricted rents	
Chester Townhomes Phase II			prospective	
		52 units	QR 1A	
		% of EGI	Per Unit	Amount
Potential Rental Revenue		106.9%	\$10,240	\$532,476
Less: Vacancy and Collection Loss @	7.0%	-7.5%	-721	-37,505
Effective Rent		99.4%	9,519	494,971
Plus Other Revenue:				
Other Income		0.6%	61	3,185
Effective Gross Income		100.0%	9,580	498,156
Less: Operating Expenses				
Real Estate Taxes		8.0%	763	39,700
Insurance		5.0%	481	25,000
Repairs and Maintenance		15.3%	1,467	76,285
General and Administrative		10.8%	1,030	53,565
Management Fees		11.3%	1,080	56,160
Utilities				
Electric		1.4%	138	7,200
Water/Sewer		0.2%	22	1,150
Total Utilities		1.7%	161	8,350
Payroll		6.4%	615	32,000
Marketing		0.1%	5	250
Reserve		6.3%	600	31,200
Total Operating Expenses		64.7%	\$6,202	\$322,510
Net Operating Income		35.3%	\$3,378	\$175,646

Capitalization Rate Discussion

The client is referred to the [QR 4 Valuation](#) section, where an extensive analysis and derivation of the appropriate overall rate can be found. The [\[QR 4 Valuation\]](#) section develops the appropriate overall rate for the property as if it were a conventional, unrestricted one.

A note: Often, market participants will increase, or “load”, an overall rate that is being used to value a given prospective net operating income, recognizing that there is some risk due to time. (There should be no load for the planned renovation, though; in this sense, the planned renovation is a certainty, it is for this reason that the extraordinary assumption is made.) In this case, though, the prospective date is not too far in the future – and the renovation will increase the economic life of the improvements.

Consideration as to the safeness of the income stream as a consequence of the RA (rental assistance) nature of the rents should be considered as well.

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

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

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

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

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

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

When arriving at an opinion of the *Market Value of the fee simple estate, as conventional or unrestricted, subject to the short-term leases as of the date of valuation* a weighted average technique is utilized to arrive at an overall

capitalization rate conclusion. The weighted average technique take the relative “safeness” of the income streams attributable to the rental assistance and non-rental assistance units at the property into consideration. The chart below summarizes the technique utilized to arrive at a final overall capitalization rate opinion.

OVERALL CAPITALIZATION RATE SELECTION				QR 1A
prospective				
<i>subject to restricted rents</i>				
Lease <u>Guarantor</u>	# of <u>Units</u>	% of <u>Total</u>	Selected <u>OAR</u>	Weighted Rate
Tenant	13	25.0%	7.00%	1.750%
Rental Assistance	39	75.0%	6.00%	4.500%
Total	52	100.0%		6.250%
Indicated OAR				6.25%

Application of the rate to the pro forma net operating income is shown in the chart below.

PRO FORMA TECHNIQUE VALUE CONCLUSION		QR 1A
Chester Townhomes Phase II		prospective
<i>subject to restricted rents</i>		
Net Operating Income		\$175,646
Overall Capitalization Rate		<u>6.25%</u>
Value Conclusion		2,810,336
Rounded To:		\$2,810,000

Cost Approach

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

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

Methodology

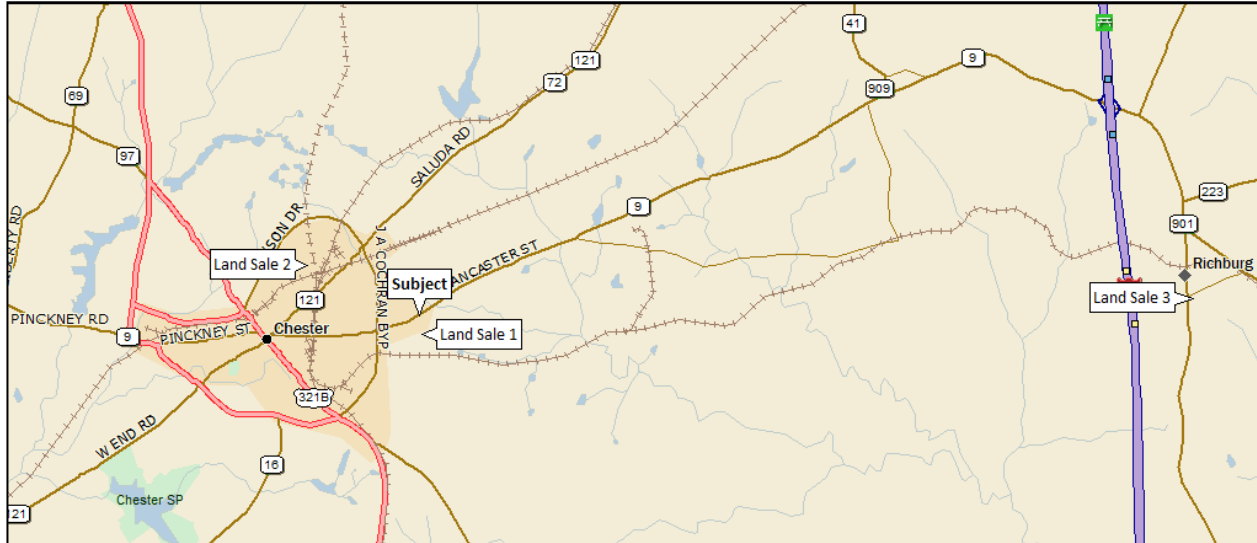
The cost approach involves several steps (presented below) that have been employed to project the value of the subject:

- Comparable land sales are typically analyzed and adjusted to provide an estimate of the subject's site as if vacant. However, although due to the size and location of Chester, minimal development has taken place and land rarely trades in the area. Given this, it was necessary to use land sales that are somewhat geographically distant to estimate the land value for the subject.
- The improvement cost was projected using the Marshall Valuation Service.
- The amount of accrued depreciation or obsolescence (physical, functional and economic) has been projected and deducted from the replacement cost opinion.
- The depreciated replacement cost opinion is then added to the land value projected for the subject site.
- The sum of these opinions produces an indication of value by the cost approach.

BBG Value 8, Land Value

The value of the property was estimated by using the sales comparison technique, which is the primary technique used to value unimproved land. In order to obtain an indication of value for the subject from the sales comparison technique, recent sales of similar properties have been analyzed and the sales adjusted to reflect dissimilarities between the properties and the subject. From these sale prices, an indication of market value for the subject has been estimated.

Through the course of expanding the time frame, a sufficient number of comparable sales were uncovered. While the research uncovered several sales properties which share similar attributes with the subject, dissimilarities do exist. The map below locates the comparable sales that were utilized.



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

LAND SALES CHART					VALUE 8
Chester Townhomes Phase II					
Sale	Subject	1	2	3	
Name	Chester Townhomes Phase II		SEC Swift St &	NWQ Lancaster Hwy &	
Location	628 Lancaster Highway	Beltline Rd	York St	Old Richburg Rd	
City	Chester	Chester	Chester	Richburg	
County	Chester	Chester	Chester	Chester	
Sale Date		Feb-23	Mar-22	May-22	
Sale Price		\$120,000	\$35,000	\$225,000	
Size (ac)	4.920	2.700	1.100	6.870	
Utilities	All public	All public	All public	All public	
Sale Price/acre		\$44,444	\$31,818	\$32,751	
Sale Adjustments					
Property Rights Conveyed	<i>Fee Simple</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	
Financing Terms	<i>Market</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	
Conditions of Sale	<i>Arm's Length</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	
Market Conditions	<i>Current</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	
Total Sale Adjustments		0%	0%	0%	
Adjusted Price/acre		\$44,444	\$31,818	\$32,751	
Property Adjustments					
General Location	628 Lancaster Highway	Beltline Rd	York St	Old Richburg Rd	
	Chester	Chester	Chester	Richburg	
		<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>	
		0%	5%	5%	
Topography/Configuration	Level/Rectangular	<i>Level to Gently Sloping/Irregular</i>	<i>Level/Rectangular</i>	<i>Level/Rectangular</i>	
		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>	
		5%	0%	0%	
Economic Size (acre)	4.920	2.700	1.100	6.870	
		<i>Superior</i>	<i>Superior</i>	<i>Similar</i>	
		-5%	-5%	0%	
Total Property Adjustments		0%	0%	5%	
Adjusted Price/acre		\$44,444	\$31,818	\$34,389	
Adjusted Value/acre	35,500				
Value Indication	170,000				
	Low	Average	Median	High	
Adjusted Value Conclusion per acre	\$31,818	\$36,884	\$34,389	\$44,444	

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

After adjustments, the value per acre range is \$31,818 to \$44,444 with a median of \$34,389 and an average of \$36,884. A value near the central tendencies of these sales is considered reasonable.

The land value of the subject is \$170,000 or \$35,500/acre.

Improvement Valuation

The Marshall Valuation service has been used to develop the replacement cost of the improvements. The chart below develops the improvement replacement cost.

IMPROVEMENT VALUE						QR 1A	
Chester Townhomes Phase II						prospective	
subject to restricted rents							
	Square feet	Unadjusted Cost/sf	Current Multiplier	Local Multiplier	Total Multiplier	Adjusted Cost/sf	Total Cost
Multiple Residences, Sec. 12, Excellent, Class D	40,983	193.00	1.02	0.94	0.96	185.05	<u>\$7,583,839</u>
				Total Cost Estimate			\$8,730,954
				Entrepreneurial incentive total with ent. incentive		10%	<u>\$873,095</u> \$9,604,049
				Less: Depreciation			
				Effective Age		5	
				Economic Life		<u>55</u>	
				Depreciation		9.1%	
				Total Depreciation			<u>\$873,095</u>
				Improvement Value			\$7,857,858
rounded							<u>\$7,860,000</u>

A base cost per square foot is developed. The base cost is within the range of similar properties that the appraisers have recently evaluated. A few examples include:

- A 30-unit apartment complex in Fayetteville, West Virginia. It consists of one and two bedroom units with 20,136 sf. The hard cost per square foot was \$198.89.
- A 33-unit apartment complex in Logan, West Virginia. It consists of one and two bedroom units with 24,638 sf. The hard cost per square foot was \$195.38.
- A 15-unit apartment complex in Columbia, South Carolina. It consists of two and three bedroom units with 19,470 sf. The hard cost per square foot was \$242.72.

Adjustments are made for current and local multipliers; the adjusted cost is multiplied by the size of the improvements.

Entrepreneurial Incentive

Entrepreneurial incentive is defined in The Dictionary of Real Estate Appraisal, 7th Edition, as follows:

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project.

Typically, properties like the subject are constructed as investment properties. Entrepreneurs, or developers/builders, of these properties usually seek profit margins of 10 to 25%. The reality is that the incentive may be less than anticipated by a developer, or may be more, depending upon the circumstances. In this appraisal, an entrepreneurial incentive at the lower end of this range is reasonable. It is based as a percentage of the improvement cost (as it applies to the development of the land, not the underlying land itself). The lower end is appropriate as there are additional incentives accruing to the developer in the form of interest credit subsidies and tax credits.

Depreciation/Obsolescence Estimates for Improvements

A depreciated age-life method is used to estimate depreciation. There are two types of depreciation and/or obsolescence that need to be considered for the improvements. Physical deterioration and functional/economic obsolescence are considered.

The difference between the Income Approach and the Cost Approach creates functional/economic obsolescence. Typically, the more rural the property the larger the difference is between these approaches. In the case of the subject, the difference between these approaches is \$5,220,000. The functional/economic obsolescence can also be seen from the amount of Low Income Tax Credits that are awarded for the subject as well as the favorable financing. In a subsequent section the values of the tax credit and favorable financing for the subject is estimated.

The economic life, effective age, and remaining economic life upon the renovations were noted previously, and are re-shown below. The total depreciation is deducted from the undepreciated replacement cost opinion to arrive at a depreciated improvement cost opinion.

Post-renovation effective age (years)	5
Post-renovation remaining economic life (years)	50

Conclusion

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

COST APPROACH SUMMARY		BBG Value 8
Chester Townhomes Phase II		QR 1A
Land Value	BBG Value 8	\$170,000
Depreciated Improvement Value		\$7,860,000
Less: Functional/Economic Obsolescence		<u>-\$5,220,000</u>
Cost Approach Value	QR 1A	\$2,810,000
<i>rounded</i>		<i>\$2,810,000</i>

Reconciliation and Final Value Opinion, QR 1A

The values for QR 1A developed by the approaches are summarized below:

RECONCILIATION AND FINAL VALUE CONCLUSION						QR 1A
Chester Townhomes Phase II						
<u>Identified in report</u>	<u>RD Identifier</u>	<u>Valuation date</u>	<u>Date to which valuation applies</u>	Income Capitalization <u>Approach</u>	Sales Comparison <u>Approach</u>	Cost <u>Approach</u>
QR 1A	subject to restricted rents	prospective	April 15, 2026	\$2,810,000	n/a	\$2,810,000
QR x - Quick Reference						

The income capitalization approach is the primary approach. Therefore, based upon the analyses and conclusions, the concluded value for QR 1A is shown below:

VALUE CONCLUSION	DATE OF VALUE	VALUE
QR 1A - subject to restricted rents	April 15, 2026	\$2,810,000

QR (Quick Reference) 1B

The value incorporates the extraordinary assumption that the proposed renovations to the subject property are complete (as of the prospective valuation date).

Per the Quick Reference of Values to Request document that has been previously cited, this value is also premised upon a hypothetical condition as-if conventional housing. (The value is based upon a highest and best uses analysis as-if not encumbered by USDA program provisions.)

The income capitalization approach is primary, the cost approach is used as support.

Income Capitalization Approach

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

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the prospective, as renovated market rent conclusions on the units less an allowance for vacancy, plus other income.
- Operating expenses inherent in the operation of the property are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

Pro Forma Capitalization

Base Rent Revenue – is based on the prospective (as renovated) market rent conclusions developed earlier. The rent is shown below.

Chester Townhomes Phase II					QR 1B			
Base Rent Revenue					prospective			
					<i>as conventional or unrestricted</i>			
	Total Units	% of total	Size (rsf)	Total rsf	Rent/Month	Market Rent Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	6	12%	564	3,384	\$930	\$1.65	\$5,580	\$66,960
1 Bed, 1 Bath	2	4%	572	1,144	\$930	\$1.63	\$1,860	\$22,320
1 Bed, 1 Bath	2	4%	631	1,262	\$940	\$1.49	\$1,880	\$22,560
1 Bed, 1.5 Bath	1	2%	664	664	\$965	\$1.45	\$965	\$11,580
2 Bed, 1.5 Bath	24	46%	767	18,408	\$1,020	\$1.33	\$24,480	\$293,760
3 Bed, 1.5 Bath	16	31%	947	15,152	\$1,200	\$1.27	\$19,200	\$230,400
3 Bed, 1.5 Bath	1	2%	969	969	\$1,250	\$1.29	\$1,250	\$15,000
Overall Totals/Averages	52	100%	788	40,983	\$1,062	\$1.35	\$55,215	\$662,580

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$61/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on comparable data. **Note: the comparable data is of market-rate operating expense comparables.**

OPERATING EXPENSE COMPARABLES					
Chester Townhomes Phase II					
<i>as conventional or unrestricted</i>					
	1	2	3	4	5
Units	100	125	125	120	75
City	Columbia	Lexington	Richland	Charleston	Greenville
State	SC	SC	SC	SC	SC
Per Unit Basis					
Real Estate Taxes	2,181	1,285	2,567	1,632	657
Insurance	237	323	316	564	402
Repairs and Maintenance	1,541	876	1,048	548	922
General and Administrative	1,010	330	303	827	232
Management Fees	427	375	476	298	237
Total Utilities	1,282	1,040	661	903	581
Payroll	1,653	1,448	1,636	1,436	993
Marketing		203	323		
Total	8,331	5,880	7,330	6,208	4,024
Per Unit Basis					
<u>Category</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Median</u>	
Real Estate Taxes	657	2,567	1,664	1,632	
Insurance	237	564	368	323	
Repairs and Maintenance	548	1,541	987	922	
General and Administrative	232	1,010	540	330	
Management Fees	237	476	363	375	
Total Utilities	581	1,282	893	903	
Payroll	993	1,653	1,433	1,448	
Marketing		323	132	102	
Total	4,024	8,331	6,355	6,208	

Total Operating Expenses – The charts below compares comparable data, historic results, and the pro forma operating expenses, along with the reasons for the line item operating expense figures.

PRO FORMA OPERATING EXPENSE ESTIMATE & COMPARISONS (PER UNIT BASIS)										QR 1B
Chester Townhomes Phase II										prospective
as conventional or unrestricted										
	BBG Survey				Year End Historical					Subject
	Low	High	Avg.	Med.	2022	2023	2023	Current Budget	Post Rehab Budget	Pro Forma
Real Estate Taxes	657	2,567	1,664	1,632	696	683	731	763	763	2,726
Insurance	237	564	368	323	263	290	364	481	481	481
Repairs and Maintenance	548	1,541	987	922	864	938	1,057	1,646	1,467	850
General and Administrative	232	1,010	540	330	320	415	163	958	1,030	400
Management Fees	237	476	363	375	876	960	1,017	1,080	1,080	608
Utilities										
Electric					123	113	148	138	138	138
Water/Sewer					<u>12</u>	<u>15</u>	<u>35</u>	<u>22</u>	<u>22</u>	<u>22</u>
Total Utilities	581	1,282	893	903	135	129	183	161	161	161
Payroll	993	1,653	1,433	1,448	1,257	1,419	586	615	615	1,440
Marketing		323	132	102	2	3	11	5	5	100
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	250
Total Operating Expenses	4,024	8,331	6,355	6,208	4,413	4,838	4,113	5,709	5,602	7,016

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

Chester Townhomes Phase II			QR 1B
Operating Expense Estimates			prospective
			<i>as conventional or unrestricted</i>
<u>Operating Expense</u>	<u>Cost/unit</u>		<u>Discussion</u>
Real Estate Taxes	\$2,726		Based on real estate tax comparables.
Insurance	\$481		Based on historic with support from market.
Repairs & Maintenance	\$850		Reflects the renovation as well as the recognition that the property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	\$400		Market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%		Percent of effective gross income rather than fee per occupied door per month.
Utilities	\$138	Electric	Based on historic with support from market.
	\$22	Water and sewer	Based on historic with support from market.
Payroll	\$1,440		Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense recognizes the renovation and is based on the probable cost if the property were operated as a market rate one.
Marketing	\$100		Above historic; market rate properties require a higher cost for marketing.
Reserve	\$250		Based on market participant attitudes reflecting the renovation.

The pro forma is below.

PRO FORMA OPERATING STATEMENT		prospective	
Chester Townhomes Phase II		as conventional or unrestricted	
	52 units		QR 1B
	% of EGI	Per Unit	Amount
Potential Rental Revenue	104.7%	\$12,742	\$662,580
Less: Vacancy and Collection Loss @ 5.0%	-5.2%	-637	-33,129
Effective Rent	99.5%	12,105	629,451
Plus Other Revenue:			
Other Income	0.5%	61	3,185
Effective Gross Income	100.0%	12,166	632,636
Less: Operating Expenses			
Real Estate Taxes	22.4%	2,726	141,760
Insurance	4.0%	481	25,000
Repairs and Maintenance	7.0%	850	44,200
General and Administrative	3.3%	400	20,800
Management Fees	5.0%	608	31,632
Utilities			
Electric	1.1%	138	7,200
Water/Sewer	0.2%	22	1,150
Total Utilities	1.3%	161	8,350
Payroll	11.8%	1,440	74,880
Marketing	0.8%	100	5,200
Reserve	2.1%	250	13,000
Total Operating Expenses	57.7%	\$7,016	\$364,822
Net Operating Income	42.3%	\$5,150	\$267,814

Capitalization Rate Discussion

The client is referred to the [QR 4 Valuation](#) section, where an extensive analysis and derivation of the appropriate overall rate can be found. The [\[QR 4 Valuation\]](#) section develops the appropriate overall rate for the property as if it were a conventional, unrestricted one in a current, rather than prospective, time frame.

It is appropriate to use an overall rate that is below the capitalization rate that used in the QR 4 valuation. The value conclusion is shown below.

PRO FORMA TECHNIQUE VALUE CONCLUSION	QR 1B
Chester Townhomes Phase II	prospective
	<i>as conventional or unrestricted</i>
Net Operating Income	\$267,814
Overall Capitalization Rate	7.00%
Value Conclusion	3,825,921
<i>Rounded To:</i>	<i>\$3,830,000</i>

Reconciliation and Final Value Opinion, QR 1B

The values for QR 1B developed by the approaches are summarized below:

Reconciliation and Final Value Conclusions						QR 1B
Chester Townhomes Phase II						
<u>Identified in report</u>	<u>RD Identifier</u>	<u>Valuation date</u>	<u>Date to which valuation applies</u>	<u>Income Capitalization Approach</u>	<u>Sales Comparison Approach</u>	<u>Cost Approach</u>
QR 1B	as conventional or unrestricted	prospective	April 15, 2026	\$3,830,000	n/a	Not Applicable
QR x - Quick Reference						

The income capitalization approach is the primary approach. Therefore, based upon the analyses and conclusions, the concluded value for QR 1B is shown below:

VALUE CONCLUSION	DATE OF VALUE	VALUE
QR 1B - as conventional or unrestricted	April 15, 2026	<i>\$3,830,000</i>

QR (Quick Reference) 3

The income capitalization approach is used.

Income Capitalization Approach

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

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is projected by the rents on the units less an allowance for vacancy, plus other income.
- Operating expenses inherent in the operation of the property are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

Pro Forma Capitalization

Base Rent Revenue – is based on the current budget.

Chester Townhomes Phase II					QR 3			
Base Rent Revenue					subject to restricted rents			
	Total Units	% of total	Size (sf)	Total sf	Rent/Month	Basic Rent Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	6	12%	564	3,384	\$570	\$1.01	\$3,420	\$41,040
1 Bed, 1 Bath	2	4%	572	1,144	\$570	\$1.00	\$1,140	\$13,680
1 Bed, 1 Bath	2	4%	631	1,262	\$570	\$0.90	\$1,140	\$13,680
1 Bed, 1.5 Bath	1	2%	664	664	\$570	\$0.86	\$570	\$6,840
2 Bed, 1.5 Bath	24	46%	767	18,408	\$662	\$0.86	\$15,888	\$190,656
3 Bed, 1.5 Bath	16	31%	947	15,152	\$764	\$0.81	\$12,224	\$146,688
3 Bed, 1.5 Bath	1	2%	969	969	\$764	\$0.79	\$764	\$9,168
Overall Totals/Averages	52	100%	788	40,983	\$676	\$0.86	\$35,146	\$421,752

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. It is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$29/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on historic. The charts below compares historical and the pro forma operating expenses, along with the reasons for the line item operating expense figures.

PRO FORMA OPERATING EXPENSE ESTIMATE & COMPARISONS (PER UNIT BASIS)						QR 3
Chester Townhomes Phase II						subject to restricted rents
	2022	2023	Year End Historical			Subject
			2023	Current Budget	Post Rehab Budget	Pro Forma
Real Estate Taxes	696	683	731	763	763	\$763
Insurance	263	290	364	481	481	\$481
Repairs and Maintenance	864	938	1,057	1,646	1,467	\$1,646
General and Administrative	320	415	163	958	1,030	\$958
Management Fees	876	960	1,017	1,080	1,080	\$1,080
Utilities						
Electric	123	113	148	138	138	\$138
Water/Sewer	12	15	35	22	22	\$22
Total Utilities	135	129	183	161	161	\$161
Payroll	1,257	1,419	586	615	615	\$615
Marketing	2	3	11	5	5	\$5
Reserve	n/a	n/a	n/a	n/a	n/a	
Total Operating Expenses	4,413	4,838	4,113	5,709	5,602	\$5,709

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

Chester Townhomes Phase II		QR 3
Operating Expense Estimates		subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	\$763	Based on the current budget.
Insurance	\$481	Based on the current budget.
Repairs & Maintenance	\$1,646	Based on the current budget.
General & Administrative	\$958	Based on the current budget.
Management	\$1,080	Based on the current budget.
Utilities	\$138	Electric
	\$22	Water and sewer
Payroll	\$615	Based on the current budget.
Marketing	\$5	Based on the current budget.
Reserve	\$795	Based on the current budget.

The pro forma is below.

PRO FORMA OPERATING STATEMENT			QR 3	
Chester Townhomes Phase II		subject to restricted rents		
		52 units		
		<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue		100.4%	\$8,111	\$421,752
Less: Vacancy and Collection Loss @	0.8%	<u>-0.8%</u>	<u>-62</u>	<u>-3,200</u>
Effective Rent		99.6%	8,049	418,552
Plus Other Revenue:				
Other Income		0.4%	29	1,500
Effective Gross Income		100.0%	8,078	420,052
Less: Operating Expenses				
Real Estate Taxes		9.5%	763	39,700
Insurance		6.0%	481	25,000
Repairs and Maintenance		20.4%	1,646	85,600
General and Administrative		11.9%	958	49,830
Management Fees		13.4%	1,080	56,160
Utilities				
Electric		1.7%	138	
Water/Sewer		<u>0.3%</u>	<u>22</u>	
Total Utilities		2.0%	161	8,350
Payroll		7.6%	615	32,000
Marketing		0.1%	5	250
Reserve		<u>9.8%</u>	<u>795</u>	<u>41,350</u>
Total Operating Expenses		80.5%	\$6,505	\$338,240
Net Operating Income		19.5%	\$1,573	\$81,812

Capitalization Rate Discussion

The client is referred to the [QR 4 Valuation](#) section, where an extensive analysis and derivation of the appropriate overall rate can be found. The [\[QR 4 Valuation\]](#) section develops the appropriate overall rate for the property as if it were a conventional, unrestricted one. Consideration as to the safeness of the income stream as a consequence of the RA (rental assistance) nature of the rents should be considered as well.

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

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

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

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

When the subject property has RA, the appraisal must include a discussion of the Section 521 Rental Assistance Program, the number of RA units at the subject, and how RA affects the market value, subject to restricted

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

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

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

OVERALL CAPITALIZATION RATE SELECTION			QR 3	
Chester Townhomes Phase II			subject to restricted rents	
Lease Guarantor	# of Units	% of Total	Selected OAR	Weighted Rate
Tenant	13	25.0%	7.50%	1.875%
Rental Assistance	39	75.0%	6.50%	4.875%
Total	52	100.0%		6.750%
Indicated OAR				6.75%

Application of the rate to the pro forma net operating income is shown in the chart below.

PRO FORMA TECHNIQUE VALUE CONCLUSION		QR 3
Chester Townhomes Phase II		subject to restricted rents
Net Operating Income		\$81,812
Overall Capitalization Rate		6.75%
Value Conclusion		1,212,030
Rounded To:		\$1,210,000

QR (Quick Reference) 4

Per the Quick Reference of Values to Request document that has been previously cited, this value is premised upon a hypothetical condition as-if conventional housing in compliance with 7 CFR Part 3560.656(c)(1)(i).

The income capitalization approach is primary, the sales comparison approach is used as support.

Income Capitalization Approach

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

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the market rent conclusions on the units less an allowance for vacancy, plus other income.
- Operating expenses inherent in the operation of the property are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

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

Chester Townhomes Phase II					QR 4			
Base Rent Revenue					as conventional or unrestricted			
	Total Units	% of total	Size (rsf)	Total rsf	Unit Rent /Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	6	12%	564	3,384	\$880	\$1.56	\$5,280	\$63,360
1 Bed, 1 Bath	2	4%	572	1,144	\$880	\$1.54	\$1,760	\$21,120
1 Bed, 1 Bath	2	4%	631	1,262	\$890	\$1.41	\$1,780	\$21,360
1 Bed, 1.5 Bath	1	2%	664	664	\$915	\$1.38	\$915	\$10,980
2 Bed, 1.5 Bath	24	46%	767	18,408	\$970	\$1.26	\$23,280	\$279,360
3 Bed, 1.5 Bath	16	31%	947	15,152	\$1,100	\$1.16	\$17,600	\$211,200
3 Bed, 1.5 Bath	1	2%	969	969	\$1,150	\$1.19	\$1,150	\$13,800
Overall Totals/Averages	52	100%	788	40,983	\$995	1.26	\$51,765	\$621,180

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. It is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$29/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on comparable data. **Note: the comparable data is of market-rate operating expense comparables.**

OPERATING EXPENSE COMPARABLES					
Chester Townhomes Phase II					
	1	2	3	4	5
Units	100	125	125	120	75
City	Columbia	Lexington	Richland	Charleston	Greenville
State	SC	SC	SC	SC	SC
Year Built	1981	1972	2014	1991	1973
Year	2022	2022	2022	2023	2021
Per Unit Basis					
Real Estate Taxes	2,181	1,285	2,567	1,632	657
Insurance	237	323	316	564	402
Repairs and Maintenance	1,541	876	1,048	548	922
General and Administrative	1,010	330	303	827	232
Management Fees	427	375	476	298	237
Total Utilities	1,282	1,040	661	903	581
Payroll	1,653	1,448	1,636	1,436	993
Marketing		203	323		
Total	8,331	5,880	7,330	6,208	4,024
Per Unit Basis					
<u>Category</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Median</u>	
Real Estate Taxes	657	2,567	1,664	1,632	
Insurance	237	564	368	323	
Repairs and Maintenance	548	1,541	987	922	
General and Administrative	232	1,010	540	330	
Management Fees	237	476	363	375	
Total Utilities	581	1,282	893	903	
Payroll	993	1,653	1,433	1,448	
Marketing		<u>323</u>	<u>132</u>	102	
Total	4,024	8,331	6,355	6,208	

PRO FORMA OPERATING EXPENSE ESTIMATE & COMPARISONS (PER UNIT BASIS)										QR 4
Chester Townhomes Phase II										as conventional or unrestricted
	BBG Survey				Year End Historical					Subject
	Low	High	Avg.	Med.	2022	2023	2023 Current Budget	Post Rehab Budget		Pro Forma
Real Estate Taxes	657	2,567	1,664	1,632	696	683	731	763	763	\$2,313
Insurance	237	564	368	323	263	290	364	481	481	\$481
Repairs and Maintenance	548	1,541	987	922	864	938	1,057	1,646	1,467	\$925
General and Administrative	232	1,010	540	330	320	415	163	958	1,030	\$400
Management Fees	237	476	363	375	876	960	1,017	1,080	1,080	\$569
Utilities										
Electric					123	113	148	138	138	\$138
Water/Sewer					<u>12</u>	<u>15</u>	<u>35</u>	<u>22</u>	<u>22</u>	<u>\$22</u>
Total Utilities	581	1,282	893	903	135	129	183	161	161	\$161
Payroll	993	1,653	1,433	1,448	1,257	1,419	586	615	615	\$1,440
Marketing		323	132	102	2	3	11	5	5	\$100
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$300
Total Operating Expenses	4,024	8,331	6,355	6,208	4,413	4,838	4,113	5,709	5,602	\$6,689

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

Chester Townhomes Phase II		QR 4
Operating Expense Estimates		as conventional or unrestricted
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	\$2,313	Based on appraised value.
Insurance	\$481	Based on historic with support from market.
Repairs & Maintenance	\$925	Below historic; property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	\$400	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.0%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	\$138	Electric
	\$22	Water and sewer
Payroll	\$1,440	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense is based on the probable cost if the property were operated as a market rate one.
Marketing	\$100	Above historic; market rate properties require a higher cost for marketing.
Reserve	\$300	Based on market participant attitudes.

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

PRO FORMA OPERATING STATEMENT					QR 4
Chester Townhomes Phase II			as conventional or unrestricted		
			52 units		
			<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue			105.0%	\$11,946	\$621,180
Less: Vacancy and Collection Loss @	5.0%		<u>-5.2%</u>	<u>-597</u>	<u>-31,059</u>
Effective Rent			99.7%	11,348	590,121
Plus Other Revenue:					
Other Income			0.3%	29	1,500
Effective Gross Income			100.0%	11,377	591,621
Less: Operating Expenses					
Real Estate Taxes			20.3%	2,313	120,292
Insurance			4.2%	481	25,000
Repairs and Maintenance			8.1%	925	48,100
General and Administrative			3.5%	400	20,800
Management Fees	@	5.0%	5.0%	569	29,581
Utilities					
Electric			1.2%	138	
Water/Sewer			<u>0.2%</u>	<u>22</u>	
Total Utilities			1.4%	161	8,350
Payroll			12.7%	1,440	74,880
Marketing			0.9%	100	5,200
Reserve			<u>2.6%</u>	<u>300</u>	<u>15,600</u>
Total Operating Expenses			58.8%	\$6,689	\$347,803
Net Operating Income			41.2%	\$4,689	\$243,818

Capitalization Rate Discussion

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

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

Comparable Sales

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

COMPARABLE SALES						QR 4
Overall Capitalization Rates			as conventional or unrestricted			
<u>Name/Location</u>	<u>Sale Date</u>	<u>Year Built</u>	<u>Units</u>	<u>Sale Price</u>	<u>Price/Unit</u>	<u>OAR</u>
Bentree Apartments Florence, SC	Jan-23	1987	132	10,500,000	79,545	6.00%
Ames Manor Columbia, SC	Feb-23	1992	64	4,575,000	71,484	6.00%
1041 W Meadow Dr Lancaster, SC	Nov-23	1969	27	2,050,000	75,926	7.20%
1203 Furches Avenue Florence, SC	May-23	1977	10	975,000	97,500	7.00%
Ravenwood Apartments Greenwood, SC	Jul-24	1979	44	2,640,000	60,000	7.00%
200 York Street Chester, SC	Oct-23	1960	75	3,100,000	41,333	7.10%
Park Terrace Apts Greenwood, SC	Jun-22	1966	24	1,512,000	63,000	7.78%
Average, Median, Range		6.87%	7.00%	6.00%	-	7.78%

A number of differences between the properties and the specifics of transaction, however, make correlation to a specific rate within the range problematic.

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

Financing Techniques

Debt Coverage Ratio

The debt coverage ratio technique places emphasis on lender requirements while inherently providing for a reasonable equity return. Rather than developing an explicit equity dividend, the equity position is left with a residual dividend return. This has good applicability for properties such as the subject.

Interviews were taken of individuals that are knowledgeable with rural development properties. The financing terms provided during the interview are shown below.

- Greystone indicated the following financing terms: Interest rates ranging from 7.5% to 8.0%, 30 year amortization term, loan to value range of 70% to 75%, debt coverage ratio range of 1.20x to 1.25x, and an equity constant of 6.0%.
- Barron Lane indicated the following financing terms: Interest rates ranging from 7.0% to 7.5%, 30 year amortization term, loan to value range of 70% to 75%, debt coverage ratio range of 1.20x to 1.25x, and an equity constant of 6.0%.

Using current parameters from data from sources (Greystone and Barron Lane) development of the overall rate can be seen in the following chart.

OVERALL RATE DERIVATION					
Debt Coverage Ratio Technique					
<u>Mtg. Rate</u>	<u>Term of Mtg.</u>	<u>Mtg. Constant</u>	<u>Loan to Value</u>	<u>DCR</u>	<u>OAR</u>
7.50%	30	0.0839	70.0%	1.25	7.34%
7.50%	30	0.0839	75.0%	1.20	7.55%
7.75%	30	0.0860	70.0%	1.25	7.52%
7.75%	30	0.0860	75.0%	1.20	7.74%
8.00%	30	0.0881	70.0%	1.25	7.70%
8.00%	30	0.0881	75.0%	1.20	7.92%
rounded to				7.3%	- 7.9%

Band of Investment

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

OVERALL RATE DERIVATION						
Band of Investment Technique						
<u>Interest Rate</u>	<u>Amort.</u>				<u>Constant</u>	<u>Weighted Average</u>
7.50%	30	70%	(loan to value)	x	0.0839	= 5.873%
		30%	(equity to value)	x	6.0%	= 1.800%
Overall Rate						= 7.673%
Rounded To:						7.7%

Conclusion

The weakness in the rates indicated by the comparable sales is that the figures are historic, and the comparable sales are not overly comparable. From a market condition (economic) perspective, the sales are somewhat dated. (On the other hand, the absence of an explicit market condition adjustment suggests that the market conditions/time period during which these properties sold is similar to the value date appropriate for the subject.) It is the location and physical attributes of these sales that are most dissimilar to the subject. The overall rates from the comparable sales are also suspect to relatively wide fluctuations when relatively minor changes are made (as an example, a change to the net operating income of only \$1,000 on a \$1,000,000 sale impacts the overall rate by 10 basis points). For these reasons, the “weighting” of the sales when developing the conclusion regarding the appropriate capitalization rate is not significant.

The strength in the debt coverage and the band of investment techniques, is that they are based on real participants and real mortgage rates. Of the two, the debt coverage ratio technique has fewer “moving parts” – all of the inputs are objective. (By contrast, while the band of investment technique may be more familiar to market participants, the explicit estimate of the equity to value figure is, when all is said and done, wildly subjective as it represents a single year (Year One) cash on cash return to the equity. For this reason, of the two financing techniques used to develop the overall rate, the debt coverage ratio technique develops the most objective overall rate indicator.

The sales comparables indicate a capitalization rate range of 6.00% to 7.78%. The sales at the lower end of the range are of properties in superior location when compared to the subject. A capitalization rate of 7.5% is used for the as-is market (conventional) rate scenario and 7.0% for the prospective market (conventional) rate scenario. Application of the selected rate to the pro forma net operating income is shown in the chart below.

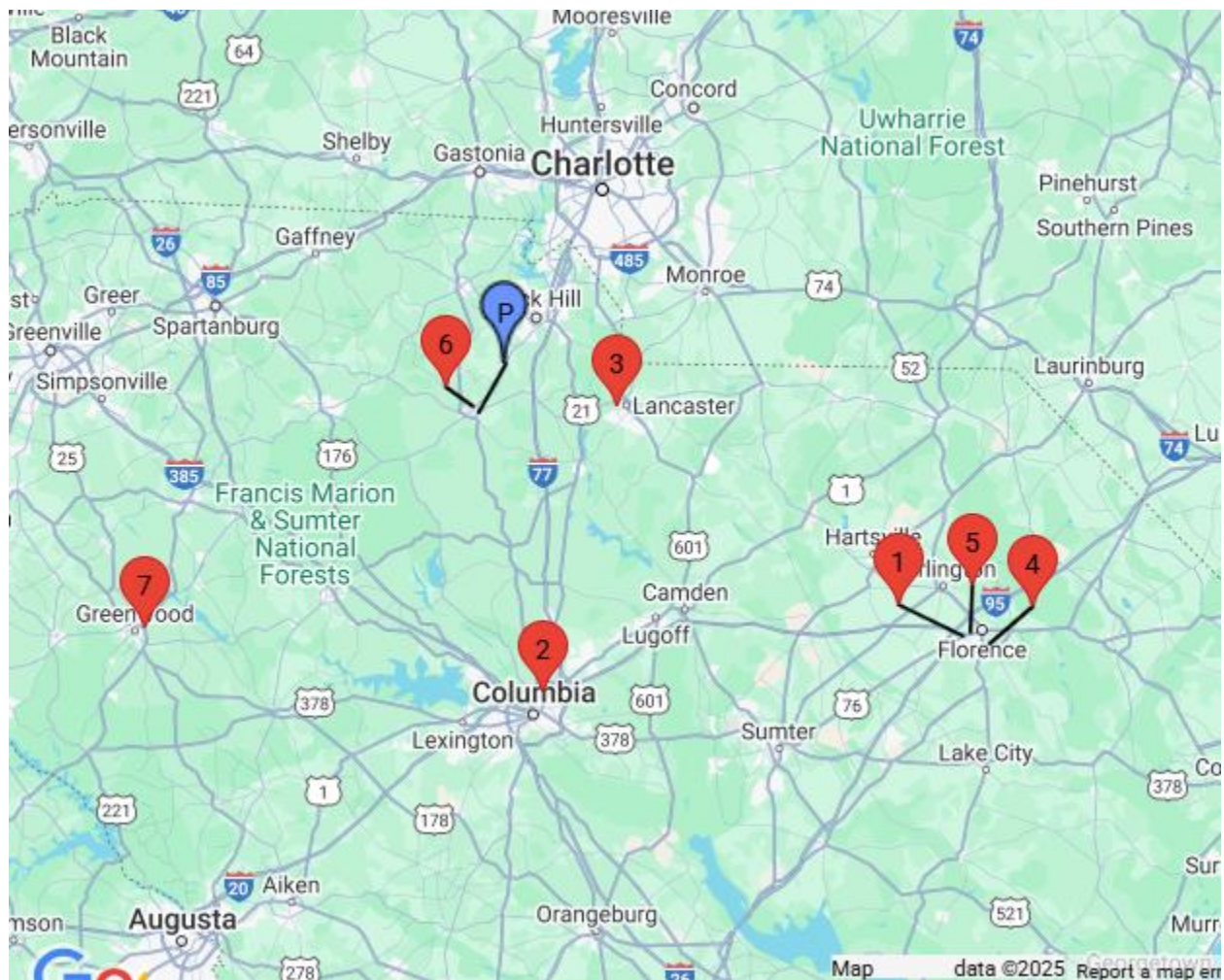
PRO FORMA TECHNIQUE VALUE CONCLUSION		QR 4
Chester Townhomes Phase II		as conventional or unrestricted
Net Operating Income		\$243,818
Overall Capitalization Rate		<u>7.50%</u>
Value Conclusion		3,250,903
<i>Rounded To:</i>		<i>\$3,250,000</i>

Sales Comparison Approach

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

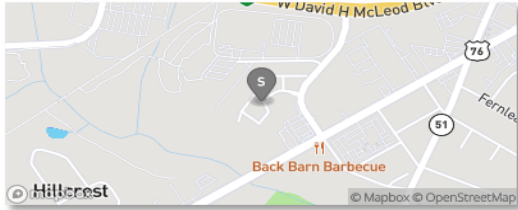
In order to obtain an indication of value from the sales comparison approach, recent sales of similar properties have been analyzed and the sales prices adjusted to reflect dissimilarities between these properties and the subject. From these sales prices an indication of market value for the subject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

The accuracy of this approach relies upon the similarities, or lack thereof, between the sales properties and the subject. The greater the differences, the more subjective this valuation technique becomes. While the research uncovered several comparables that share similar attributes with the subject, dissimilarities do exist. The map below locates the comparable sales that were utilized. A detailed write up page and photograph of each sale can be found after the map.



Sale Comparable 1

Sale #1
Bentree
 200 Bentree Lane
 Florence, SC 29501
 Florence County
 BBG Property #316412

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.184020 / -79.8195
Parcel ID #	90010-01-014	Number of Buildings	9
Year Built	1981	Year Renovated	N/A
Quality	Average	Condition	Average/Good
Class	Class C	Construction Details	Wood frame, vinyl and brick siding.
Gross Building Area	172,446 SF	Rentable Area	111,000 SF
Multifamily Units	132		
Number of Stories	2	Floor Area Ratio	0.30
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0011.00
Parking	Surface: 227	Parking Ratio	2.05:1,000 SF of Rentable Area 1.72 Spaces per Unit
Site Size (Gross)	577,170 SF (13.25 acres)	Site Size (Net)	577,170 SF (13.25 acres)
Project Amenities	Laundry Room, On-Site Office, Playground, Pool		
Unit Amenities	Patio/Balcony, Carpet, Ceiling Fans, Dishwasher, Ice Maker, Laundry Connections, Standard Appliances		
Comments	The property consists of 9, 2-story apartment buildings that contain 132 dwelling units.		

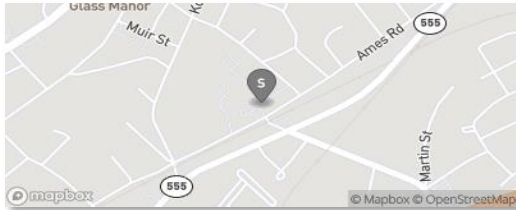
Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
36	650	1BR-1BA	
72	850	2BR-2BA	
24	1,100	3BR-2BA	
132	840 SF Avg.		

Sale Transaction Data for BBG Event #838155 on 1/6/2023				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	1/6/2023					
Sale Status	Closed					
Occupancy at TOS	98%	Cash Equivalent Price	\$10,500,000	\$60.89	\$94.59	\$79,545
Property Rights	Leased Fee					
Grantor	Bentree Llc					
Grantee	Bentree Apartments 22 Llc					
Verification	3/29/2023 John Phoenix, Broker, C&W					
Financial Attributes		In-Place Income				
	Amount	PSF (Rentable)		Per Unit		
Net Operating Income	\$630,000	\$5.68		\$4,773		
Overall Rate	6.00%					

Sale Comparable 2**Sale #2**

Ames Manor
 5779 Ames Road
 Columbia, SC 29203
 Richland County
 BBG Property #430632

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.053280 / -81.0077
Legal	The legal description is presented under the addenda item "Subject Public Data"		
Parcel ID #	R11713-09-02, R11713-09-03, R11713-09-04, R11713-09-05, R11713-09-06, R11713-09-07, R11713-09-08, R11713-09-09, R11713-09-10, R11713-09-20, R11713-09-21, R11713-09-22, R11713-09-23, R11713-09-24, R11713-09-25, R11713-09-26, R11713-09-27	Number of Buildings	8
Year Built	1992	Year Renovated	2021
Quality	Average	Condition	Average
Class	Class C		
Gross Building Area	63,295 SF	Rentable Area	59,154 SF
Multifamily Units	64		
Number of Stories	2	Floor Area Ratio	0.34
HAP Contract	No HAP in place	Income Restricted	Yes
Opportunity Zone	No	Census Tract	0001.00
Parking	Surface: 111		
Site Size (Gross)	184,302 SF (4.23 acres)	Site Size (Net)	184,302 SF (4.23 acres)

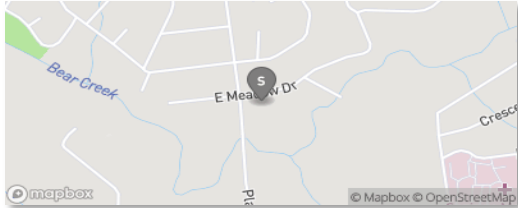
Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
28	846	2BR-1BA	
3	860	2BR-1BA	
1	886	2BR-1BA	
32	1,000	3BR-1BA	
64	924 SF Avg.		

Sale Transaction Data for BBG Event #1011904 on 2/14/2023				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	2/14/2023					
Sale Status	Closed					
Occupancy at TOS	92%	Cash Equivalent Price	\$4,575,000	\$72.28	\$77.34	\$71,484
Property Rights	Fee Simple					
Grantor	AMES Equity Partners LLC					
Grantee	Arete Ames Holdings LLC					
Verification	5/15/2024	The sale was confirmed with parties close to the transaction.				

Sale Comparable 3**Sale #3**

1041 W Meadow Dr
 1041 West Meadow Drive
 Lancaster, SC 29720
 Lancaster County
 BBG Property #839484

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.720592 / -80.7966
Parcel ID #	0067N-0D-014.00	Number of Buildings	5
Year Built	1969	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C		
		Rentable Area	26,352 SF
Multifamily Units	27		
Number of Stories	2	Floor Area Ratio	0.23
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	109.00
Site Size (Gross)	112,820 SF (2.59 acres)	Site Size (Net)	112,820 SF (2.59 acres)
Unit Amenities	Standard Appliances		

Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
27	976	2BR-1BA	n/a
27	976 SF Avg.		

Sale Transaction Data for BBG Event #984743 on 11/9/2023

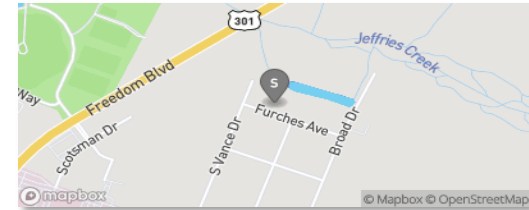
				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	11/9/2023					
Sale Status	Closed					
Occupancy at TOS	95%	Cash Equivalent Price	\$2,050,000	\$0.00	\$77.79	\$75,926
Property Rights	Leased Fee					
Grantor	Enzo Real Estate LLC					
Grantee	SC Steady Cashflow, LLC					
Verification	3/26/2024 Deed					

Financial Attributes**Proforma Income**

	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$147,550	\$5.60	\$5,465
Overall Rate	7.20%		

Sale Comparable 4**Sale #4**

1203 Furches Ave
 1203 Furches Avenue
 Florence, SC 29505-6121
 Florence County
 BBG Property #866579

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.164773 / -79.7460
Parcel ID #	90121-03-004	Number of Buildings	5
Year Built	1977	Year Renovated	N/A
Quality	Average	Condition	Average
Gross Building Area	10,000 SF	Rentable Area	10,000 SF
Multifamily Units	10		
Number of Stories	1	Floor Area Ratio	0.16
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No		
Site Size (Gross)	61,594 SF (1.41 acres)	Site Size (Net)	61,594 SF (1.41 acres)

Unit Mix

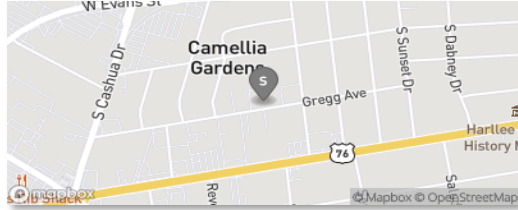
Unit Count	Unit Size (SF)	Unit Plan	Comments
10	1,000	2BR-1BA	n/a
10	1,000 SF Avg.		

Sale Transaction Data for BBG Event #1014365 on 5/23/2023				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	5/23/2023					
Sale Status	Closed					
Occupancy at TOS	100%	Cash Equivalent Price	\$975,000	\$97.50	\$97.50	\$97,500
Property Rights	Leased Fee					
Grantor	Steven C Lowe					
Grantee	4TwigsPoperties LLC					
Verification	5/23/2024 Buyer Broker - Ashley Drayton					

Financial Attributes		In-Place Income	
	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$68,250	\$6.83	\$6,825
Overall Rate	7.00%		

Sale Comparable 5**Sale #5****Ravenwood Apartments**

1620 Gregg Avenue
 Florence, SC 29501
 Florence County
 BBG Property #747878

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.192354 / -79.7980
Legal	GREGG AV L 16,17&18 III, GREGG AVE LOTS 11&12, GREGG AVE LOT 10		
Parcel ID #	90035-01-005, 90035-10-011, 90035-10-013	Number of Buildings	2
Year Built	1979	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C	Construction Details	Market Rate, Walk Up, Combination
Gross Building Area	50,000 SF	Rentable Area	41,000 SF
Multifamily Units	44		
Number of Stories	2		
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	11.00
Site Size (Gross)	68,825 SF (1.58 acres)	Site Size (Net)	68,825 SF (1.58 acres)
Flood Zone	Zone X (Unshaded)		

Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
20	850	1BR-1BA	n/a
24	1,000	2BR-1BA	
44	932 SF Avg.		

Sale Transaction Data for BBG Event #1370503 on 7/25/2024

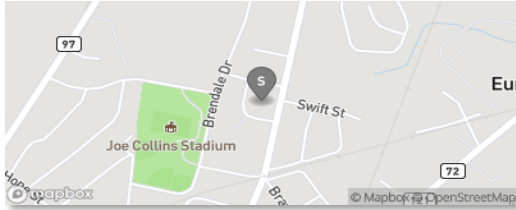
				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	7/25/2024					
Sale Status	Closed					
Occupancy at TOS	100%	Cash Equivalent Price	\$2,640,000	\$52.80	\$64.39	\$60,000
Property Rights	Leased Fee					
Grantor	Jones and Son Properties LLC					
Grantee	Curl Properties LLC					
Verification	4/17/2025 Jonathan Kessler (Aline)					

Financial Attributes

	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$184,800	\$4.51	\$4,200
Overall Rate	7.00%		

Sale Comparable 6

Sale #6
200 York Street
 200 York Street
 Chester, SC 29706
 Chester County
 BBG Property #231965

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.717600 / -81.2066
Parcel ID #	201-03-01-015-000	Number of Buildings	19
Year Built	1960	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C		
Gross Building Area	37,500 SF	Rentable Area	37,500 SF
Multifamily Units	75		
Number of Stories	1	Floor Area Ratio	0.12
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No		
Site Size (Gross)	319,730 SF (7.34 acres)	Site Size (Net)	319,730 SF (7.34 acres)
Project Amenities	Laundry Facilities		

Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
75	500	1BR-1BA	n/a
75	500 SF Avg.		

Sale Transaction Data for BBG Event #1354880 on 10/17/2023

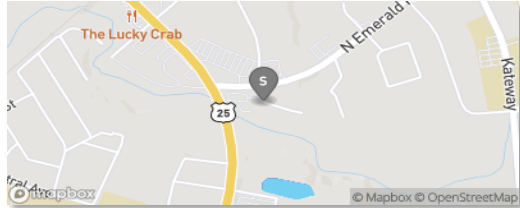
				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	10/17/2023					
Sale Status	Closed					
Occupancy at TOS	60%	Cash Equivalent Price	\$3,100,000	\$82.67	\$82.67	\$41,333
Property Rights	Leased Fee					
Grantor	YORK STREET LLC					
Grantee	RIDGEWOOD CHESTER LLC					
Verification	3/31/2025 Listing broker					

Financial Attributes**In-Place Income**

	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$220,100	\$5.87	\$2,935
Overall Rate	7.10%		

Sale Comparable 7**Sale #7****Park Terrace Apartments**

104 Park Terrace
 Greenwood, SC 29646-3000
 Greenwood County
 BBG Property #720079

**Property Data****Improvement Details**

Property Type/Use	Multifamily Apartments	Lat/Long	34.201998 / -82.1332
		Number of Buildings	5
Year Built	1966	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class C		
Gross Building Area	0 SF	Rentable Area	20,400 SF
Multifamily Units	24		
Number of Stories	2	Floor Area Ratio	0.15
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	9706.02
Parking	Surface: 35	Parking Ratio	1.72:1,000 SF of Rentable Area 1.46 Spaces per Unit
Unit Amenities	Standard Appliances		

Unit Mix

Unit Count	Unit Size (SF)	Unit Plan	Comments
12	750	1BR-1BA	n/a
12	950	2BR-2BA	n/a
24	850 SF Avg.		

Sale Transaction Data for BBG Event #838129 on 6/7/2022				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	6/7/2022	Consideration	\$1,512,000	\$0.00	\$74.12	\$63,000
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	95%	Cash Equivalent Price	\$1,512,000	\$0.00	\$74.12	\$63,000
Property Rights	Leased Fee					
Grantor	Greg S & Julie M Miner					
Grantee	Park Terrace Greenwood, LLC					
Verification	3/29/2023 Brent Edgerton, Broker, KW Commercial					

Financial Attributes		In-Place Income	
	Amount	PSF (Rentable)	Per Unit
Net Operating Income	\$117,634	\$5.77	\$4,901
Overall Rate	7.78%		

Comparable Sales Data

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

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

Bentree Apartments (Comparable 1) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the comparable property had a superior property amenity package (there were more property amenities) when compared to the subject, and the comparable is adjusted downward to reflect this characteristic. Combined, the adjustments total -35%. A value of \$51,705/unit is indicated by this comparable.

Ames Manor (Comparable 2) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were superior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total -25%. A value of \$53,613/unit is indicated by this comparable.

1041 West Meadow Drive (Comparable 3) - On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total -5%. A value of \$72,130/unit is indicated by this comparable.

1203 Furches Avenue (Comparable 4) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were superior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total -20%. A value of \$78,000/unit is indicated by this comparable.

Ravenwood Apartments (Comparable 5) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the

comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total %. A value of \$60,000/unit is indicated by this comparable.

200 York Street (Comparable 6) - On average, the unit size at the comparable is smaller, which is considered to be an inferior attribute, as compared to the average unit size at the subject, and the comparable is adjusted upward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total 35%. A value of \$55,800/unit is indicated by this comparable.

Park Terrace Apts (Comparable 7) - At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. At the time of sale, the comparable property had an inferior property amenity package (there were fewer property amenities) when compared to the subject, and the comparable is adjusted upward to reflect this characteristic. Combined, the adjustments total 10%. A value of \$69,300/unit is indicated by this comparable.

All of the sales were given credence when determining the value via this approach. This approach is used only as support for the primary approach, and the value conclusion reflects a hypothetical condition. This value indication is concluded to as representative of the property's value as if operated under the hypothetical conventional, market rate scenario. The following summarizes the projections of value via the sales comparison approach.

SALES COMPARISON APPROACH SUMMARY			QR 4
Chester Townhomes Phase II	as conventional or unrestricted		
Unadjusted Value Range Per Unit	\$41,333	-	\$97,500
Indicated Value Range (rounded)	\$2,100,000	-	\$5,100,000
Adjusted Value Range Per Unit	\$51,705	-	\$78,000
Indicated Value Range (rounded)	\$2,700,000	-	\$4,100,000
Average, Median (adjusted)	\$62,935		\$60,000
Indicated Value (rounded)	\$3,200,000		
Value per Unit	\$61,500 /unit		

Reconciliation and Final Value Opinion, QR 4

The values for QR 4 developed by the approaches are summarized below:

RECONCILIATION AND FINAL VALUE CONCLUSION						QR 4
Chester Townhomes Phase II						
<u>Identified in report</u>	<u>RD Identifier</u>	<u>Valuation date</u>	<u>Date to which valuation applies</u>	<u>Income Capitalization Approach</u>	<u>Sales Comparison Approach</u>	<u>Cost Approach</u>
QR 4	as conventional or unrestricted	current	April 15, 2025	\$3,250,000	\$3,200,000	n/a
QR x - Quick Reference						

The income capitalization approach is the primary approach, with support from the sales comparison approach. Therefore, based upon the analyses and conclusions, the concluded value for QR 4 is shown below:

VALUE CONCLUSION	DATE OF VALUE	VALUE
QR 4 - as conventional or unrestricted	April 15, 2025	\$3,250,000

Favorable Financing Value Opinion

BBG Value 5

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

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

For the subject, interest credit subsidy values are calculated for the existing Section 515 loan and the subsequent “new” 515 loan (the existing 515 loan that is rewritten with new terms. These calculations are as of the [unrenovated] date of valuation and are summarized in the following chart:

FAVORABLE FINANCING VALUATION

Existing Debt-New Rates and Terms-Balloon at 30 years

Chester Townhomes Phase II**BBG Value 5****Existing Lender's Terms (market rates)**

New Loan Amount (Principal Balance as of)	March 1, 2026	\$902,283
Market interest rate		7.50%
Market loan amortization (years)		30
Market loan amortization (months)		360
Market monthly mortgage payment		\$6,309

Subsidized Payment (New rates and Terms)

Loan amount	March 1, 2026	\$902,283
USDA basic interest rate		1.00%
RD proposed loan amortization (years)		50
RD proposed loan amortization (months)		600
Subsidized monthly mortgage payment		\$1,912
Monthly Savings from Below Market Financing		\$4,397
Term of savings (months)		360
Market interest rate		7.50%

Present Value of Subsidy**\$628,895****Adjustment for Balloon Amortization**

New Loan Amount (Principal Balance as of)	March 1, 2026	\$902,283
RD Proposed Loan Amortization (months)		600
USDA Note Interest rate (provided by RD)		4.625%
Monthly payment (fully amortizing)		\$3,862
Market loan amortization (months)		360
Balloon due at end of loan term		\$603,926
Market interest rate		7.50%

Present Value of Balloon Payment**\$64,101****Value of Favorable Financing****\$564,795****rounded to****\$565,000**

FAVORABLE FINANCING VALUATION

Existing Debt-New Rates and Terms-Balloon at 30 years

Chester Townhomes Phase II**BBG Value 5****Existing Lender's Terms (market rates)**

New Loan Amount (Principal Balance as of)	March 1, 2026	\$659,546
Market interest rate		7.50%
Market loan amortization (years)		30
Market loan amortization (months)		360
Market monthly mortgage payment		\$4,612

Subsidized Payment (New rates and Terms)

Loan amount	March 1, 2026	\$659,546
USDA basic interest rate		1.00%
RD proposed loan amortization (years)		50
RD proposed loan amortization (months)		600
Subsidized monthly mortgage payment		\$1,397
Monthly Savings from Below Market Financing		\$3,214
Term of savings (months)		360
Market interest rate		7.50%

Present Value of Subsidy**\$459,706****Adjustment for Balloon Amortization**

New Loan Amount (Principal Balance as of)	March 1, 2026	\$659,546
RD Proposed Loan Amortization (months)		600
USDA Note Interest rate (provided by RD)		4.625%
Monthly payment (fully amortizing)		\$2,823
Market loan amortization (months)		360
Balloon due at end of loan term		\$441,455
Market interest rate		7.50%

Present Value of Balloon Payment**\$46,856****Value of Favorable Financing****\$412,850****rounded to****\$413,000**

FAVORABLE FINANCING VALUATION

Prospective-538 Loan

**BBG Value 5
Permanent Loan****Market Rate**

Principal Balance	March 1, 2026	\$1,591,000
Conventional Loan Interest Rate		7.50%
Term (years)		30

Conventional Loan Monthly Payment \$11,125

Permanent Loan Terms

Principal Balance	\$1,591,000
Interest Rate	7.00%
Term (years)	40

Permanent Loan Monthly Payment \$9,887

Monthly Savings from Below Market Financing \$1,238

Present Value of Monthly Savings \$176,989

Less: Adjustment for Remaining Debt Service

New loan amount (principal balance as of)	March 1, 2026
Term (months)	480
Conventional Loan Interest Rate	7.50%
Monthly payment (fully amortizing)	\$9,887

Debt Service due at end of 30 year loan term \$832,925

Present Value of Remaining Debt Service \$88,407

Value of Favorable Financing \$88,582

rounded to **\$88,582**

LIHTC Value Opinion

BBG Value 6

An annual LIHTC (Low Income Housing Tax Credit) is anticipated to be granted for the acquisition and rehabilitation of the subject. The low income housing tax credit will be granted annually over a 10-year term. The tax credits reduce the owner's tax liability. Thus, they have value to the owner. The tax credits can be transferred if the seller guarantees that the transfer will still maintain the LIHTC requirements.

Current LIHTC Market

Not surprising, LIHTC pricing has not remained static. Specific to the subject, there is a contract to purchase the tax credits. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

Value of Tax Credits

The recent pricing on tax credits is shown below.

FEDERAL - EQUITY PRICING				
State	Region	Contract Pricing	Credit Type	Date
NC	E	\$0.9100	LIHTC	11/1/2021
NC	E	\$0.9200	LIHTC	11/8/2021
NC	E	\$0.8800	LIHTC	2/4/2022
NC	E	\$0.9000	LIHTC	5/31/2022
NC	E	\$0.8900	LIHTC	12/1/2022
NC	E	\$0.8700	LIHTC	4/1/2023
NC	E	\$0.8800	LIHTC	10/10/2023
NC	E	\$0.8100	LIHTC	3/13/2024
NC	E	\$0.8400	LIHTC	3/19/2024
NC	E	\$0.8750	LIHTC	4/1/2024
NC	E	\$0.8999	LIHTC	Proforma
SC	E	\$0.9600	LIHTC	3/23/2021
SC	E	\$0.9100	LIHTC	11/1/2021
SC	E	\$0.8500	LIHTC	Proforma

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing. The value is shown below.

LIHTC ANALYSIS	
Chester Townhomes Phase II	BBG Value 6
<u>Period</u>	
Annual Tax Credits	\$555,557
Years	<u>10</u>
Total Tax Credits	\$5,555,570
Total Pricing	0.82
Value of Tax Credits	\$4,555,567
	<i>rounded</i>
	<i>\$4,555,600</i>

The current agreement to purchase credits at the subject is within the range of the recent LIHTC pricing. Given this, we conclude in line with the current pricing.

Insurable Value Opinion

BBG Value 7

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

USDA RURAL DEVELOPMENT		
Insurable Value Calculation		BBG Value 7
Property Name		Chester Townhomes Phase II
Street Address		628 Lancaster Highway
City, County, State, Zip		Chester, Chester County, South Carolina 29706
Base Cost		
Main Structure/sf		\$193.00
Sprinkler/sf		0.00
Other/sf		0.00
Adjustments and/or Multipliers		1.02 current cost 0.94 local cost 0.96
Total Base Cost per square foot		\$185.05
Building Area square footage		47,182
Total Replacement Cost New		\$8,730,954
Exclusions		
per sf		percent
Excavations		\$0.00 0.0%
Foundations		6.48 3.5%
Site Work		0.00 0.0%
Site Improvements		0.00 0.0%
Architect's Fees		0.00 0.0%
Underground Piping		0.00 0.0%
Total Exclusions		\$6.48 3.5%
Total Exclusions		\$305,583
Inclusions		
per unit		units
Appliance Packages		\$750 52
Patios/Balconies		\$250 52
Total Inclusions		\$52,000
Total Inclusions		\$52,000
Concluded Insurable Value		
Total Replacement Cost New		\$8,730,954
Less Total Exclusions		305,583
Plus Total Inclusions		\$2,000
Concluded Insurable Value		\$8,477,370

The opinion of insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

Final Value Opinions

The purpose of this assignment is to develop and report a number of opinions of value for Chester Townhomes Phase II. Based upon the analyses and conclusions contained within this report and subject to the assumptions and limiting conditions contained herein, the value opinions, as of the respective dates of valuation are:

COMPETITIVE RENT COMPARABLE UNIT CONCLUSIONS (CRCU)				
As-is CRCU	QR 4 rents	<u>1 Bed, 1 Bath</u> \$880, \$880, \$890, \$915	<u>2 Bed, 1.5 Bath</u> \$970	<u>3 Bed, 1.5 Bath</u> \$1,100, \$1,150
Prospective (Renovated) CRCU	QR 1B rents	\$930, \$930, \$940, \$965	\$1,020	\$1,200, \$1,250
<i>Value Opinions</i>			<u>Date of Value</u>	<u>Value</u>
QR 1A - prospective, subject to restricted rents			April 15, 2026	\$2,810,000
QR 1B - prospective, as conventional or unrestricted			April 15, 2026	\$3,830,000
QR 3 - current, subject to restricted rents			April 15, 2025	\$1,210,000
QR 4 - current, as conventional or unrestricted			April 15, 2025	\$3,250,000
BBG Value 5 - Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years			March 1, 2026	\$565,000
BBG Value 5 - Favorable Financing Valuation, Prospective-New Rates and Terms-Balloon at 30 years			March 1, 2026	\$413,000
BBG Value 5 - Favorable Financing Valuation, Prospective-538 Loan			March 1, 2026	\$88,582
BBG Value 6 - LIHTC Value (prospective)			April 15, 2026	\$4,555,600
BBG Value 7 - Insurable Value (prospective)			April 15, 2026	\$8,477,370
BBG Value 8 - Land Value (current)			April 15, 2025	\$170,000

Certifications

Certification Statement

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3 We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
- 4 We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5 Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6 Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 8 Our 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 South Carolina.
- 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, Brian Walsh, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- 12 Shashwat Rijal has and Brian Walsh, MAI has not made a personal inspection of the property that is the subject of this report.
- 13 Jack Behmke provided significant real property appraisal assistance to the person(s) signing this certification.
- 14 Shashwat Rijal has and Brian Walsh, MAI has 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. Other BBG appraisers have appraised the subject within the past 3 years.



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 License #7829



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 SC Certified Temporary Permit
 License #2025049

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.

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- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances 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. and the appraiser(s) assume 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. The Client is free to retain an expert on such matters 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.
- h) 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.
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- 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 opinion of insurable replacement cost 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 replacement cost purposes. The Appraisers are not familiar with the definition of insurable replacement cost from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraisers are not cost experts in cost estimating for insurance purposes.
 - 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.
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- 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.
 - 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
-

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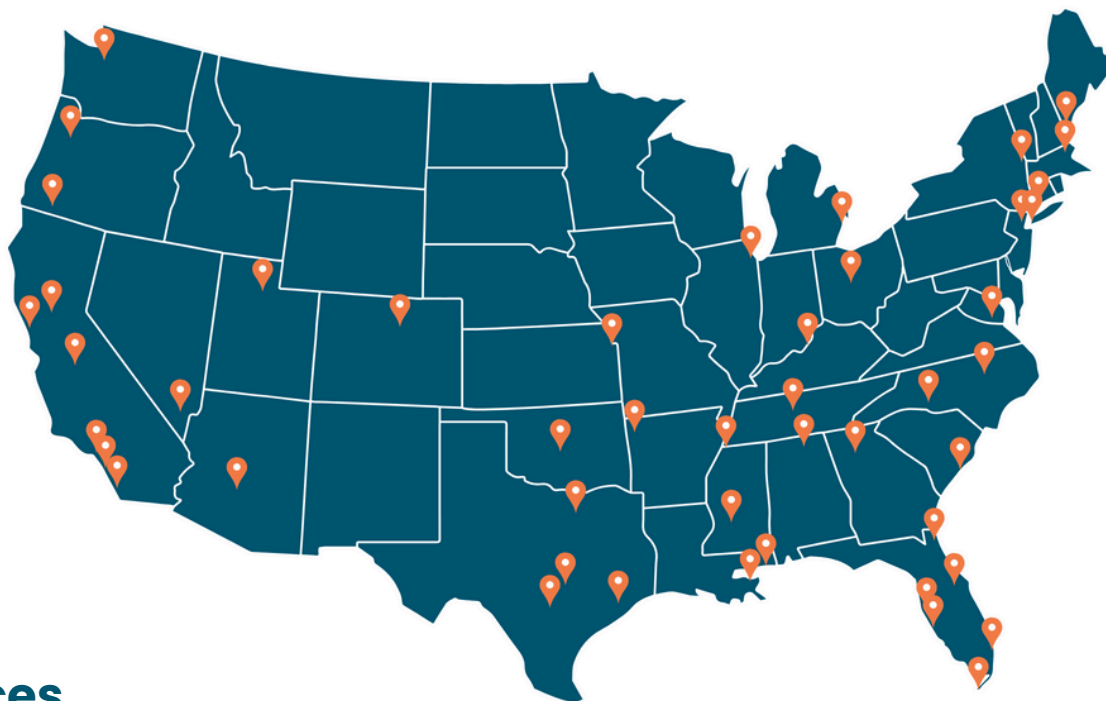
Several of our professionals support specialized industry expertise in the following areas:

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- + Arbitration & Consulting
- + Estate Planning
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment Analysis
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- + ASC 805 Business Combinations
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 - + TSA, RSRA, & other streamlined services
- + Property Condition Reports
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- + Seismic & Structural Engineering
- + HUD Due Diligence Reporting
- + Energy Consulting
- + Indoor Air Quality Services
 - + IAQ/Radon
 - + ACM/LBP

ADDENDUM

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.⁷

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

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.⁷

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

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

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

Asset:

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

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

Assignment: a valuation service that is provided by an appraiser as a consequence of an agreement with a client.⁷

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

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.⁷

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.⁷

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

Business Enterprise: an entity pursuing an economic activity.⁷

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).⁷

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.¹

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.¹

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.⁷

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.¹

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.⁷

Cost: the actual or estimated amount required to create, reproduce, replace or obtain a property.⁷

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

Credible: worthy of belief.⁷

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.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

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

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

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

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

Exposure Time: 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.⁷

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.⁷

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)¹

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.¹

Fair Value:

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

Feasibility Analysis: a study of the cost benefit relationship of an economic endeavor.¹

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going Concern:

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.¹

Gross Building Area (GBA):

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use:

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

Hypothetical Condition: 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.⁷

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

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

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

Intangible 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.⁷

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.⁷

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.⁷

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

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

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

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

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

Liquidation Value: The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

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

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.⁷

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

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

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

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).³

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.⁷

Mass Appraisal Model: a mathematical expression of how supply and demand factors interact in a market.⁷

Misleading: intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.⁷

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

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

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

Personal Inspection: a physical observation performed to assist in identifying relevant property characteristics in a valuation service.⁷

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.⁷

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.⁷

Price: the amount asked, offered or paid for a property.⁷

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Real Estate: an identified parcel or tract of land, including improvements, if any.⁷

Real Property: the interests, benefits and rights inherent in the ownership of real estate.⁷

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

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

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

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

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

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.⁷

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

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

comparable sales is available.¹

Scope of Work: the type and extent of research and analyses in an appraisal or appraisal review assignment.⁷

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.⁷

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

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

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

Use Value:

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

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.⁷

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.⁷

Workfile: data, information and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP.⁷

¹Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ²Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵Finacial Publishing Company, *The Real Estate Dictionary*, 7 ed. ⁶ U.S. Treasury Regulations. ⁷USPAP 2020-2021



March 17, 2025

Mr. George Baker
CAHEC Development, LLC
7700 Trenholm Road Ext
Columbia, South Carolina 29223

Office: 919-348-8695
Email: gbaker@CAHEC.com

RE: Appraisal of Chester Townhouses – Phase II (Multifamily) 628 Lancaster Highway, Chester 29706

Dear Mr. Baker:

We are pleased to submit this proposal and our Terms and Conditions for the appraisal of the above referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:	Form an opinion of the Market Value As Is, As If Unsubsidized Conventional Housing, Prospective Market Value Subject to Restricted Rents, Prospective Value Upon As-If-Conventional Housing, Market Value of Underlying Land, Market Value of the Favorable Financing from Assumed 514/515 Loan, 538 Loan (if applicable), Market Value of the Tax Credits (if applicable), and Prospective Insurable Value
Property Rights Appraised:	Fee Simple
Intended Use:	Acquisition/Rehab/Financing
Intended Users:	CAHEC Development, LLC, South Carolina State Housing Finance and Development Authority, USDA/RD, Bonneville, Lender, LIHTC Syndicator
Scope of Work:	All Applicable Approaches
Inspection:	BBG Inspection
Report Type:	Appraisal
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

Fee (includes all expenses): \$4,200

Retainer: None Required

Payment Information: **Wire or ACH Payments:** When paying via wire or ACH, please submit complete bank remittance details, including applicable invoice numbers to eft@bbgres.com to ensure timely and accurate payment to your account.

Wire Payment/ACH Information Below:

Bank of America

Acct#: 488038497058

Wire Payment Routing#: 026009593

ACH Payment Routing#: 111000025

Payment Terms: Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.

Report Copies: 1 PDF

Delivery Date: 3-4 weeks from receipt of requested information

Report Recipients: If any other person(s) are authorized to be included on delivery of the report, please provide their names and addresses below:

Acceptance Date: Date of Execution

Information Request: The following list of items will be needed within 2 days in order to meet the above referenced delivery date:

- Current Rent Roll with unit mix, square footage and rental rates with income segments identified (basic & note rent)
- Operating history for 2024, 2025 budget, post rehab budget
- Renovation costs
- Purchase Price
- Favorable Financing Information Tax Credit information, 515 loan, and 538 loan (if applicable)
- Tax Bills

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated,

anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



Kim Garner

Appraiser

Valuation

150 E Wilson Bridge Road, Suite 350, Columbus, OH 43085

P 614-468-5220 **C** 614-581-6585

E kgarner@bbgres.com

As Agent for BBG, Inc.

A handwritten signature in blue ink that reads "Kimberly K. Garner". The signature is enclosed in a thin yellow rectangular border.

AGREED AND ACCEPTED

A handwritten signature in blue ink, appearing to read "B. M. Baker", written over a horizontal line. Below the line, the text "Client Signature" is printed.

03.17.2025

Date

Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal and Consulting Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, consulting services, oral testimony, reports, contracts, or orders into which they may be incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report. "Appraiser" may also mean "Consultant" in a consulting assignment.
3. "Appraisal and Consulting Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal and Consulting Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal or consulting report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

B) Venue and Jurisdiction

THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.

Each party to this Appraisal and Consulting Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal and Consulting Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Terms and Limiting Conditions of the Engagement

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by third parties is not intended unless expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc.

D) Confidentiality

The parties agree that (i) this Appraisal and Consulting Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal and Consulting Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

E) General Assumptions and Limiting Conditions

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal or consulting assignment, 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 or consulting 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 written report or oral 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

Terms and Limiting Conditions of the Engagement

- 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, except as stated.
 - 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 report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value 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 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 or oral 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 existing or proposed buildings.
 - i) Unless otherwise stated within the appraisal report or oral 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 or Consultant'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 or oral report. Further, unless so stated in the report or oral 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., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances 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. and the appraiser(s) assume 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. The Client is free to retain an expert on such matters 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.

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- 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 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 or cost 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 or cost 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. Any appraisal report is based on market conditions existing as of the effective date.
- 5. Any value opinions reported or expressed 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 for 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.

Terms and Limiting Conditions of the Engagement

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 or Consultant. 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 unless other services are provided for in this agreement. Such 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, unless otherwise defined herein. 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. 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. A payment agreement must be reached in advance of the Appraiser providing such services.
13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party (including without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.



The photo above shows the exterior of the subject.



The picture above shows the living room of a unit.



The picture above shows the bathroom of a unit.



The picture above shows the kitchen of a unit.



The picture above shows a bedroom of a unit.



The picture above shows the exterior of the subject.

Affordable Rent Roll
Property:Chester Townhouses II (131) Sort By:Unit

As of Date: 03/17/2025

Property	Unit	Unit Type	Unit Sq Ft	Bed Rms	Tenant Name	Program	Tran Type	Effective Date	Annual Recert Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Total Rent	Utility Allowance	TTP	Utility Reim.
Chester Townhouses II (131)	302	131s2	767	2	Robinson, Sharon	No Deep Tenant	GR	01/01/25	10/01/25	764	875	662	662	0	764	764.00	213	977	0
	303	131s2	767	2	Hinson, Shakeera	Rental Assistance	GR	01/01/25	12/01/25	764	875	662	662	749	0	749.00	213	126	87
	304	131s2	767	2	McClurkin, Joei	HUD Voucher	GR	01/01/25	06/01/25	764	875	662	662	0	662	662.00	213	875	0
	305	131s2	767	2	Crosby, Sheila	HUD Voucher	AR	03/01/25	03/01/26	764	875	662	662	0	662	662.00	213	875	0
	306	131s3	947	3	Clark, Latia	Rental Assistance	GR	01/01/25	05/01/25	866	1,011	764	764	855	0	855.00	247	156	91
	307	131s3	947	3	Rother, Julie	No Deep Tenant	GR	01/01/25	12/01/25	866	1,011	764	764	0	866	866.00	247	1,113	0
	308	131s3	947	3	Reid, Coty	Rental Assistance	GR	01/01/25	06/01/25	866	1,011	764	764	914	0	914.00	247	97	150
	309	131s3	947	3	Rivera, Esteban	HUD Voucher	GR	01/01/25	11/01/25	866	1,011	764	764	0	764	764.00	247	1,011	0
	310	131s2	767	2	Turner, Cierra	Rental Assistance	GR	01/01/25	04/01/25	764	875	662	662	632	30	662.00	213	243	0
	311	131s2	767	2	Thurman, Aayanna	Rental Assistance	GR	01/01/25	11/01/25	764	875	662	662	581	81	662.00	213	294	0
	312	131s2	767	2	Brown, London	Rental Assistance	GR	01/01/25	06/01/25	764	875	662	662	602	60	662.00	213	273	0
	313	131s2	767	2	COLVIN, SARAH	Rental Assistance	GR	01/01/25	07/01/25	764	875	662	662	204	458	662.00	213	671	0
	314	131s3	947	3	ESTES, WENDY	Rental Assistance	GR	01/01/25	12/01/25	866	1,011	764	764	626	138	764.00	247	385	0
	315	131s3	947	3	Tobias, Johnny	Rental Assistance	GR	01/01/25	08/01/25	866	1,011	764	764	686	78	764.00	247	325	0
	316	131s3	947	3	Mayfield, Jalisa	HUD Voucher	GR	01/01/25	06/01/25	866	1,011	764	764	0	764	764.00	247	1,011	0
	317	131s3	947	3	Pearson, Carrie	Rental Assistance	MI	01/10/25	01/01/26	866	1,011	764	764	883	0	883.00	247	128	119
	318	131s2	767	2	Miller, Crystal	Rental Assistance	GR	01/01/25	05/01/25	764	875	662	662	630	32	662.00	213	245	0
	319	131s2	767	2	Robinson, Mary	HUD Voucher	GR	01/01/25	10/01/25	764	875	662	662	0	662	662.00	213	875	0
	320	131s2	767	2	MURPHY, KA'DASHIA	Rental Assistance	GR	01/01/25	09/01/25	764	875	662	662	469	193	662.00	213	406	0
	321	131s2	767	2	Cutler, Brittany	Rental Assistance	AR	01/01/25	01/01/26	764	875	662	662	82	580	662.00	213	793	0
	322	131s3	947	3	Woods, Daresha	Rental Assistance	GR	01/01/25	11/01/25	866	1,011	764	764	836	0	836.00	247	175	72
	323	131s3	947	3	Roof, Melanie	Rental Assistance	AR	03/01/25	03/01/26	866	1,011	764	764	735	29	764.00	247	276	0
	324	131h3	947	3	Woods, Shemeka	HUD Voucher	AR	03/01/25	03/01/26	866	1,011	764	764	0	764	764.00	247	1,011	0
	325	131s3	947	3	Howze, Diamond	Rental Assistance	AR	02/01/25	02/01/26	866	1,011	764	764	840	0	840.00	247	171	76
	326	131s2	767	2	Young, Franquitta	HUD Voucher	AR	01/01/25	01/01/26	764	875	662	662	0	662	662.00	213	875	0
	327	131s2	767	2	CLIFTON, CURTIS	Rental Assistance	GR	01/01/25	08/01/25	764	875	662	662	366	296	662.00	213	509	0
	328	131s2	767	2	McGowens, Annette	HUD Voucher	GR	01/01/25	11/01/25	764	875	662	662	0	662	662.00	213	875	0
	329	131s2	767	2	Coleman, Shaniah	Rental Assistance	GR	01/01/25	05/01/25	764	875	662	662	628	34	662.00	213	247	0
	330	131s3	947	3	Groves, Matthew	Rental Assistance	GR	01/01/25	12/01/25	866	1,011	764	764	172	592	764.00	247	839	0
	331	131s3	947	3	Teague, Jessica	Rental Assistance	GR	01/01/25	11/01/25	866	1,011	764	764	694	70	764.00	247	317	0
	332	131h1	631	1	Abouhoussein, Osama	Rental Assistance	GR	01/01/25	05/01/25	672	706	570	570	511	59	570.00	136	195	0
	333	131h1	631	1	Bonner, Lamont	Rental Assistance	GR	01/01/25	11/01/25	672	706	570	570	385	185	570.00	136	321	0
	334	131s1	572	1	McCoy, Julianne	HUD Voucher	AR	03/01/25	03/01/26	672	706	570	570	0	570	570.00	136	706	0
	335	131s1	572	1	Lynch, Belinda	Rental Assistance	GR	01/01/25	10/01/25	672	706	570	570	83	487	570.00	136	623	0
	336	131s1	564	1	Jones, Geneva	Rental Assistance	GR	01/01/25	12/01/25	672	706	570	570	356	214	570.00	136	350	0
	337	131s1	564	1	Graham, John	HUD Voucher	GR	01/01/25	07/01/25	672	706	570	570	0	570	570.00	136	706	0
	338	131s2	767	2	Graham, Tammer	Rental Assistance	GR	01/01/25	10/01/25	764	875	662	662	644	18	662.00	213	231	0
	339	131s2	767	2	Koehler, Michael	Rental Assistance	AR	02/01/25	02/01/26	764	875	662	662	219	443	662.00	213	656	0
	340	131s2	767	2	Cooper, Wanda	Rental Assistance	GR	01/01/25	11/01/25	764	875	662	662	469	193	662.00	213	406	0
	341	131s2	767	2	Rainey, Khadijah	Rental Assistance	AR	03/01/25	03/01/26	764	875	662	662	795	0	795.00	213	80	133
	342	131s1	664	1	Pressley Jr, Jeffrey	Rental Assistance	GR	01/01/25	08/01/25	672	706	570	570	420	150	570.00	136	286	0
	343	131s3	969	3	Caldwell, Kenyetta	Rental Assistance	GR	01/01/25	06/01/25	866	1,011	764	764	768	0	768.00	247	243	4
	344	131s3	947	3	Davis, Sara	Rental Assistance	GR	01/01/25	08/01/25	866	1,011	764	764	208	556	764.00	247	803	0
	345	131s3	947	3	Truesdale, R'AyonZoer	Rental Assistance	GR	01/01/25	11/01/25	866	1,011	764	764	813	0	813.00	247	198	49
	346	131s1	564	1	Deese, Leroy	HUD Voucher	GR	01/01/25	11/01/25	672	706	570	570	0	570	570.00	136	706	0
	347	131s1	564	1	Patterson, Michael	Rental Assistance	MI	02/24/25	03/01/26	672	706	570	570	305	265	570.00	136	401	0
	348	131s2	767	2	Snapp, Alex	Rental Assistance	GR	01/01/25	11/01/25	764	875	662	662	539	123	662.00	213	336	0
	349	131s2	767	2	TRUESDALE, Kylie	Rental Assistance	GR	01/01/25	11/01/25	764	875	662	662	499	163	662.00	213	376	0
	350	131s2	767	2	RIVERA, Hailey	Rental Assistance	GR	01/01/25	11/01/25	764	875	662	662	692	0	692.00	213	183	30
	351	131s2	767	2	Buff, Morgan	Rental Assistance	GR	01/01/25	10/01/25	764	875	662	662	485	177	662.00	213	390	0
	352	131s1	564	1	Young, Kelvin	Rental Assistance	GR	01/01/25	12/01/25	672	706	570	570	449	121	570.00	136	257	0
	353	131s1	564	1	James, Bernice	Rental Assistance	AR	03/01/25	03/01/26	672	706	570	570	286	284	570.00	136	420	0
Total			40,983	##	Number of Units: 52					40,450	45,953	35,146	35,146	21,110	15,051	36,161	10,807	25,047	811

**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET****PART I - BALANCE SHEET**

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.
Chester Townhouses II	Chester II	119400742 017

	CURRENT YEAR (01 - 01 - 2021) (12 - 31 - 2021)	PRIOR YEAR (01 - 01 - 2020) (12 - 31 - 2020)	COMMENTS
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ASSETS**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT	64339.6600	50617.4600	incl \$300 petty cash
2. R.E. TAX & INSURANCE ACCOUNT	19885.2900	22405.3800	
3. RESERVE ACCOUNT	87592.9300	76546.0600	
4. SECURITY DEPOSIT ACCOUNT	8651.0000	8401.0000	
5. OTHER CASH (<i>identify</i>)	0.0000	0.0000	
6. OTHER (<i>identify</i>)	0.0000	0.0000	
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)	178.0000		
ACCTSRCVBL 0-30 DAYS \$ 178.0000		109.0000	AR Tenant \$2
ACCTSRCVBL 30-60 DAYS \$ 0.0000		0.0000	AR Related \$176
ACCTSRCVBL 60-90 DAYS \$ 0.0000		0.0000	
ACCTSRCVBL OVER 90 DAYS \$ 0.0000		450.0000	
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS	0.0000	0.0000	
9. INVENTORIES (<i>supplies</i>)	(0.0000)	(0.0000)	
10. PREPAYMENTS	1071.4200	1024.3300	
11.	78450.2800	78442.4300	ODR
12. TOTAL CURRENT ASSETS (<i>Add 1 thru 11</i>)	260168.5800	237995.6600	

FIXED ASSETS

13. LAND	218987.0000	218987.0000	
14. BUILDINGS	2395100.2300	2376150.2300	
15. LESS: ACCUMULATED DEPRECIATION	(1893039.6400)	(1765196.0200)	
16. FURNITURE & EQUIPMENT	6957.8600	5904.8400	
17. LESS: ACCUMULATED DEPRECIATION	(4957.6400)	(4847.3300)	
18.	0.0000	0.0000	
19. TOTAL FIXED ASSETS (<i>Add 13 thru 18</i>)	723047.8100	830998.7200	

OTHER ASSETS

20.	0.0000	0.0000	
21. TOTAL ASSETS (<i>Add 12, 19, and 20</i>)	983216.3900	1068994.3800	

LIABILITIES AND OWNERS EQUITY**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)	2665.4000		
ACCTS PAYABLE 0-30 DAYS \$ 2665.4000		1985.5000	AP \$656
ACCTS PAYABLE 30-60 DAYS \$ 0.0000		0.0000	Acc Mamt \$784
ACCTS PAYABLE 60-90 DAYS \$ 0.0000		0.0000	Ppd Rnt \$1,225.40
ACCTS PAYABLE OVER 90 DAYS \$ 0.0000		0.0000	
23. NOTES PAYABLE (<i>Attach list</i>)	10556.0000	14028.0000	Accr AMF
24. SECURITY DEPOSITS	8651.0000	8401.0000	
25. TOTAL CURRENT LIABILITIES (<i>Add 22 thru 24</i>)	21872.4000	24414.5000	

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT	1629216.0600	1643285.5800	usda
27. OTHER <i>(Identify)</i>	216557.2700	224308.7900	76088 GP, home Loan \$16
28. TOTAL LONG-TERM LIABILITIES <i>(Add 26 and 27).</i>	1845773.3300	1867594.3700	
29. TOTAL LIABILITIES <i>(Add 25 and 28)</i>	1867645.7300	1892008.8700	
30. OWNER'S EQUITY (Net Worth) <i>(21 minus 29)</i>	-884429.3400	-823014.4900	
31. TOTAL LIABILITIES AND OWNER'S EQUITY <i>(Add 29 and 30)</i>	983216.3900	1068994.3800	

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

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

(Date)

(Signature of Borrower or Borrower's Representative)

(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☐ In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

Form RD 3560-7
(Rev. 05-06)**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**FORM APPROVED
OMB NO.0575-0189

PROJECT NAME Chester Townhouses II		BORROWER NAME Chester II		BORROWER ID AND PROJECT NO. 119400742 017	
Loan/Transfer Amount \$ 0.00		Note Rate Payment \$ 0.00		IC Payment \$ 3,774.57	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units 36.00. Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET (01 - 01- 202) (12 - 31- 202)	ACTUAL (01 - 01- 2021) (12 - 31- 2021)	PROPOSED BUDGET (01 - 01- 2022) (12 - 31- 2022)	COMMENTS or (YTD) (- -) (- -)
BEGINNING DATES				
ENDING DATES				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	347,412.00	176,826.00	354,348.00	
2. RHS RENTAL ASSISTANCE RECEIVED		179,674.00		
3. APPLICATION FEES RECEIVED		0.00		
4. LAUNDRY AND VENDING	0.00	0.00	0.00	
5. INTEREST INCOME	50.00	22.19	20.00	
6. TENANT CHARGES	850.00	3,817.00	1,200.00	
7. OTHER - PROJECT SOURCES	0.00	685.48	0.00	W/C, App fees -12!
8. LESS (Vacancy and Contingency Allowance)	(3,500.00)		(3,200.00)	
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	344,812.00	361,024.67	352,368.00	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE	47,775.00	30,516.61	46,400.00	
14. SUB-TOTAL (11 thru 13)	47,775.00	30,516.61	46,400.00	
15. TOTAL CASH SOURCES (10+14)	392,587.00	391,541.28	398,768.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	238,038.00	231,276.95	245,067.00	
17. RHS DEBT PAYMENT	45,295.00	45,294.84	45,295.00	
18. RHS PAYMENT (Overage)		2,953.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		8,433.00		
22. TRANSFER TO RESERVE	41,350.00	41,563.48	41,350.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	9,340.00	9,340.00	9,340.00	
24. SUB-TOTAL (16 thru 23)	334,023.00	338,861.27	341,052.00	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)	10,646.00	10,645.08	10,646.00	State Home Mortgag
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	47,775.00	30,516.61	46,400.00	
27. MISCELLANEOUS	0.00	1,330.02	0.00	Printer
28. SUB-TOTAL (25 thru 27)	58,421.00	42,491.71	57,046.00	
29. TOTAL CASH USES (24+28)	392,444.00	381,352.98	398,098.00	
30. NET CASH (DEFICIT) (15-29)	143.00	10,188.30	670.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	38,400.00	73,022.84	25,500.00	
32. ACCRUAL TO CASH ADJUSTMENT		1,013.81		
33. ENDING CASH BALANCE (30+31+32)	38,543.00	84,224.95	26,170.00	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	22,500.00	22,849.86	23,100.00	
2. MAINTENANCE AND REPAIRS SUPPLY	8,500.00	10,143.09	9,800.00	
3. MAINTENANCE AND REPAIRS CONTRACT	8,500.00	4,289.10	8,500.00	\$2750 p/w
4. PAINTING	3,000.00	2,289.13	3,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	14,500.00	17,393.24	16,000.00	\$1060 pinestraw
8. SERVICES	1,100.00	2,335.00	2,000.00	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	10,815.00	9,813.57	11,755.00	
10. OTHER OPERATING EXPENSES (Itemize)	0.00	0.00	0.00	
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	68,915.00	69,112.99	74,155.00	
12. ELECTRICITY If master metered	5,900.00	5,680.64	5,900.00	
13. WATER check box on	250.00	307.18	250.00	
14. SEWER front.	250.00	331.35	250.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	7,500.00	7,915.20	7,900.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	13,900.00	14,234.37	14,300.00	
19. SITE MANAGEMENT PAYROLL	30,000.00	26,146.37	28,000.00	
20. MANAGEMENT FEE	44,304.00	44,304.00	45,552.00	\$68+\$5 LIHTC
21. PROJECT AUDITING EXPENSE	5,230.00	5,730.00	5,400.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	300.00	50.00	300.00	
24. ADVERTISING	200.00	55.06	200.00	
25. TELEPHONE & ANSWERING SERVICE	2,400.00	2,901.64	2,450.00	
26. OFFICE SUPPLIES	2,800.00	2,810.46	2,600.00	
27. OFFICE FURNITURE & EQUIPMENT	0.00	0.00	0.00	
28. TRAINING EXPENSE	900.00	44.87	850.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	7,300.00	6,805.90	7,100.00	
30. PAYROLL TAXES	4,725.00	3,603.15	4,600.00	
31. WORKER'S COMPENSATION	1,444.00	1,345.92	1,410.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	5,970.00	6,275.51	7,550.00	see comments
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	105,573.00	100,072.88	106,012.00	
34. REAL ESTATE TAXES	36,100.00	35,046.80	36,750.00	29.8%
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	0.00	0.00	0.00	
37. PROPERTY & LIABILITY INSURANCE	13,500.00	12,809.91	13,800.00	
38. FIDELITY COVERAGE INSURANCE	50.00	0.00	50.00	
39. OTHER INSURANCE	0.00	0.00	0.00	
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	49,650.00	47,856.71	50,600.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	238,038.00	231,276.95	245,067.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	69,400.00	76,546.06	105,000.00	
2. TRANSFER TO RESERVE	41,350.00	41,563.48	41,350.00	add'l \$20,100
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	47,775.00	30,516.61	46,400.00	
5. BUILDING & EQUIPMENT REPAIR	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES	0.00	0.00	0.00	
7. TOTAL (3 thru 6)	(47,775.00)	(30,516.61)	(46,400.00)	
8. ENDING BALANCE [(1+2)-7]	62,975.00	87,592.93	99,950.00	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	50,617.46	
ENDING BALANCE	64,339.66	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	22,405.38	
ENDING BALANCE	19,885.29	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	8,401.00	
ENDING BALANCE	8,651.00	

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	20,288.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND	1,784.00

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
CURRENT RENT TOTALS:									
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: ____/____/____

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
PROPOSED RENT TOTALS:								
						BASIC	NOTE	HUD

C. PROPOSED UTILITY ALLOWANCE - Effective Date: ____/____/____

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range	3.00	0.00	0.00	1,050.00	483.64	483.64	1.00
Refrigerator	3.00	0.00	0.00	1,650.00	547.70	547.70	1.00
Range Hood	8.00	0.00	0.00	480.00	0.00	0.00	0.00
Washers & Dryers	8.00	3,200.00	2,618.65	0.00	2,328.54	4,947.19	9.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Carpet & Vinyl:							
1BR	3.00	5,400.00	2,688.85	0.00	1,766.34	4,455.19	2.00
2BR	4.00	9,600.00	3,575.68	0.00	2,086.75	5,662.43	5.00
3BR	3.00	9,000.00	2,000.92	0.00	625.03	2,625.95	2.00
4BR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cabinets:							
Kitchens	2.00	6,000.00	0.00	0.00	0.00	0.00	0.00
Bathrooms	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Doors:							
Exterior	3.00	0.00	0.00	1,125.00	298.17	298.17	3.00
Interior	15.00	0.00	0.00	1,875.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Window Coverings:							
List:	100.00	0.00	0.00	2,500.00	1,677.40	1,677.40	67.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Heating & Air Conditioning:							
Heating	4.00	13,200.00	0.00	0.00	0.00	0.00	0.00
Air Conditioning	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plumbing:							
Water Heater	5.00	0.00	682.51	2,250.00	0.00	682.51	1.00
Bath Sinks	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kitchen Sinks	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Faucets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Toilets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	3.00	0.00	0.00	600.00	0.00	0.00	0.00
Screens	15.00	0.00	0.00	225.00	0.00	0.00	0.00
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		0.00	18,950.00	0.00	0.00	18,950.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	179	46,400.00	30,516.61	11,755.00	9,813.57	40,330.18	91

**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET****PART I - BALANCE SHEET**

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.
Chester Townhouses II	Chester II	119400742 017

		CURRENT YEAR	PRIOR YEAR	COMMENTS
BEGINNING DATES>		(01 - 01 - 2022)	(01 - 01 - 2021)	
ENDING DATES>		(12 - 31 - 2022)	(12 - 31 - 2021)	
<u>ASSETS</u>				
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT		75227.2700	64339.6600	incl \$300 petty cash
2. R.E. TAX & INSURANCE ACCOUNT		14538.5500	19885.2900	
3. RESERVE ACCOUNT		85135.5800	87592.9300	
4. SECURITY DEPOSIT ACCOUNT		8951.0000	8651.0000	
5. OTHER CASH (<i>identify</i>)		0.0000	0.0000	
6. OTHER (<i>identify</i>)		0.0000	0.0000	
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)		284.0000		
ACCTS RCVBL 0-30 DAYS \$ 284.0000			178.0000	AR Tenant \$124
ACCTS RCVBL 30-60 DAYS \$ 0.0000			0.0000	AR Related \$160
ACCTS RCVBL 60-90 DAYS \$ 0.0000			0.0000	
ACCTS RCVB OVER 90 DAYS \$ 0.0000			0.0000	
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS		0.0000	0.0000	
9. INVENTORIES (<i>supplies</i>)		(0.0000)	(0.0000)	
10. PREPAYMENTS		5675.5500	1071.4200	
11.		78458.1300	78450.2800	ODR
12. TOTAL CURRENT ASSETS (<i>Add 1 thru 11</i>)		268270.0800	260168.5800	

FIXED ASSETS

13. LAND		218987.0000	218987.0000	
14. BUILDINGS		2395100.2300	2395100.2300	
15. LESS: ACCUMULATED DEPRECIATION		(1932469.9600)	(1893039.6400)	
16. FURNITURE & EQUIPMENT		16357.8600	6957.8600	
17. LESS: ACCUMULATED DEPRECIATION		(5931.0700)	(4957.6400)	
18.		0.0000	0.0000	
19. TOTAL FIXED ASSETS (<i>Add 13 thru 18</i>)		692044.0600	723047.8100	

OTHER ASSETS

20.		0.0000	0.0000	
21. TOTAL ASSETS (<i>Add 12, 19, and 20</i>)		960314.1400	983216.3900	

LIABILITIES AND OWNERS EQUITY**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)		6766.2100		
ACCTS PAYABLE 0-30 DAYS \$ 6766.2100			2665.4000	AP \$1028.22 WC 53.05
ACCTS PAYABLE 30-60 DAYS \$ 0.0000			0.0000	Acc Mgmt \$192, other
ACCTS PAYABLE 60-90 DAYS \$ 0.0000			0.0000	Ppd Rnt \$4,805.40
ACCTS PAYABLE OVER 90 DAYS \$ 0.0000			0.0000	
23. NOTES PAYABLE (<i>Attach list</i>)		7084.0000	10556.0000	Accr AMF
24. SECURITY DEPOSITS		8951.0000	8651.0000	
25. TOTAL CURRENT LIABILITIES (<i>Add 22 thru 24</i>)		22801.2100	21872.4000	

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT	1614315.9000	1629216.0600	usda
27. OTHER <i>(Identify)</i>	208649.3900	216557.2700	76088 GP, home Loan \$16
28. TOTAL LONG-TERM LIABILITIES <i>(Add 26 and 27).</i>	1822965.2900	1845773.3300	
29. TOTAL LIABILITIES <i>(Add 25 and 28)</i>	1845766.5000	1867645.7300	
30. OWNER'S EQUITY (Net Worth) <i>(21 minus 29)</i>	-885452.3600	-884429.3400	
31. TOTAL LIABILITIES AND OWNER'S EQUITY <i>(Add 29 and 30)</i>	960314.1400	983216.3900	

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

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

(Date)

(Signature of Borrower or Borrower's Representative)

(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☐ In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

Form RD 3560-7
(Rev. 05-06)**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**FORM APPROVED
OMB NO.0575-0189

PROJECT NAME Chester Townhouses II		BORROWER NAME Chester II		BORROWER ID AND PROJECT NO. 119400742 017	
Loan/Transfer Amount \$ 0.00		Note Rate Payment \$ 0.00		IC Payment \$ 3,774.57	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units 38. Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	BEGINNING DATES ENDING DATES	CURRENT BUDGET (01 - 01- 202) (12 - 31- 202)	ACTUAL (01 - 01- 2022) (12 - 31- 2022)	PROPOSED BUDGET (01 - 01- 2023) (12 - 31- 2023)	COMMENTS or (YTD) (- -) (- -)
OPERATIONAL CASH SOURCES					
1. RENTAL INCOME		354,348.00	182,577.50	373,404.00	
2. RHS RENTAL ASSISTANCE RECEIVED			178,623.00		
3. APPLICATION FEES RECEIVED			-225.00		
4. LAUNDRY AND VENDING		0.00	0.00	0.00	
5. INTEREST INCOME		20.00	61.41	40.00	
6. TENANT CHARGES		1,200.00	3,359.00	2,200.00	
7. OTHER - PROJECT SOURCES		0.00	195.00	0.00	UA Checks
8. LESS (Vacancy and Contingency Allowance)		(3,200.00)		(3,200.00)	
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]		352,368.00	364,590.91	372,444.00	
NON-OPERATIONAL CASH SOURCES					
11. CASH - NON PROJECT		0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)		0.00	0.00	0.00	
13. TRANSFER FROM RESERVE		46,400.00	44,117.54	67,900.00	
14. SUB-TOTAL (11 thru 13)		46,400.00	44,117.54	67,900.00	
15. TOTAL CASH SOURCES (10+14)		398,768.00	408,708.45	440,344.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)		245,067.00	241,323.61	264,910.00	
17. RHS DEBT PAYMENT		45,295.00	45,294.84	45,295.00	
18. RHS PAYMENT (Overage)			3,457.00		
19. RHS PAYMENT (Late Fee)			0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES			0.00		
21. TENANT UTILITY PAYMENTS			5,351.00		
22. TRANSFER TO RESERVE		41,350.00	41,660.19	41,350.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .		9,340.00	9,340.00	9,340.00	
24. SUB-TOTAL (16 thru 23)		341,052.00	346,426.64	360,895.00	
NON-OPERATIONAL CASH USES					
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		10,646.00	10,645.08	10,646.00	State Home Mortgage
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)		46,400.00	44,117.54	67,900.00	
27. MISCELLANEOUS		0.00	1,369.00	750.00	Bad Debt
28. SUB-TOTAL (25 thru 27)		57,046.00	56,131.62	79,296.00	
29. TOTAL CASH USES (24+28)		398,098.00	402,558.26	440,191.00	
30. NET CASH (DEFICIT) (15-29)		670.00	6,150.19	153.00	
CASH BALANCE					
31. BEGINNING CASH BALANCE		25,500.00	84,224.95	10,000.00	
32. ACCRUAL TO CASH ADJUSTMENT			-609.32		
33. ENDING CASH BALANCE (30+31+32)		26,170.00	89,765.82	10,153.00	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	23,100.00	24,308.32	24,900.00	
2. MAINTENANCE AND REPAIRS SUPPLY	9,800.00	7,176.18	9,800.00	
3. MAINTENANCE AND REPAIRS CONTRACT	8,500.00	5,691.87	8,500.00	\$2800 p/w
4. PAINTING	3,000.00	3,658.08	3,000.00	
5. SNOW REMOVAL	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	16,000.00	14,506.27	15,500.00	\$1,075/mo, \$1200
8. SERVICES	2,000.00	4,102.00	2,500.00	\$300/qtr + other
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	11,755.00	11,862.02	13,345.00	
10. OTHER OPERATING EXPENSES (Itemize)	0.00	0.00	0.00	
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	74,155.00	71,304.74	77,545.00	
12. ELECTRICITY If master metered	5,900.00	6,373.63	5,900.00	
13. WATER check box on	250.00	334.04	400.00	
14. SEWER front.	250.00	307.06	400.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	7,900.00	9,803.46	9,500.00	\$782/mo + extra w
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17)	14,300.00	16,818.19	16,200.00	
19. SITE MANAGEMENT PAYROLL	28,000.00	27,136.39	28,300.00	
20. MANAGEMENT FEE	45,552.00	45,552.00	49,920.00	\$75+\$5 LIHTC
21. PROJECT AUDITING EXPENSE	5,400.00	5,405.00	5,500.00	DHG
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	300.00	0.00	300.00	
24. ADVERTISING	200.00	123.55	150.00	
25. TELEPHONE & ANSWERING SERVICE	2,450.00	2,400.42	2,850.00	incl Ring Central
26. OFFICE SUPPLIES	2,600.00	3,031.53	2,600.00	
27. OFFICE FURNITURE & EQUIPMENT	0.00	0.00	0.00	
28. TRAINING EXPENSE	850.00	891.60	885.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	7,100.00	8,684.58	14,880.00	5% 401k + Health
30. PAYROLL TAXES	4,600.00	3,810.79	4,260.00	8%
31. WORKER'S COMPENSATION	1,410.00	1,410.63	1,465.00	2.75%
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	7,550.00	4,891.56	9,405.00	see comments
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	106,012.00	103,338.05	120,515.00	
34. REAL ESTATE TAXES	36,750.00	36,209.96	35,500.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS	0.00	0.00	0.00	
37. PROPERTY & LIABILITY INSURANCE	13,800.00	13,652.67	15,100.00	10% inc
38. FIDELITY COVERAGE INSURANCE	50.00	0.00	50.00	
39. OTHER INSURANCE	0.00	0.00	0.00	
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	50,600.00	49,862.63	50,650.00	
41. TOTAL O&M EXPENSES (11+18+33+40)	245,067.00	241,323.61	264,910.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	694,000.00	87,592.93	99,000.00	
2. TRANSFER TO RESERVE	41,350.00	41,660.19	41,350.00	add'l \$20,100
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	46,400.00	44,117.54	67,900.00	
5. BUILDING & EQUIPMENT REPAIR	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES	0.00	0.00	0.00	
7. TOTAL (3 thru 6)	(46,400.00)	(44,117.54)	(67,900.00)	
8. ENDING BALANCE [(1+2)-7]	688,950.00	85,135.58	72,450.00	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	64,339.66	
ENDING BALANCE	75,227.27	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	19,885.29	
ENDING BALANCE	14,538.55	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	8,651.00	
ENDING BALANCE	8,951.00	

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	20,288.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND	1,784.00

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1.00	N	11.00	481.00	649.00	0.00	63,492.00	85,668.00	0.00	120.00
2.00	N	24.00	558.00	760.00	0.00	160,704.00	218,880.00	0.00	166.00
3.00	N	17.00	638.00	839.00	0.00	130,152.00	171,156.00	0.00	197.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						354,348.00	475,704.00	0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 12/ 01/ 2022

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1.00	N	11.00	500.00	668.00	0.00	66,000.00	88,176.00	0.00
2.00	N	24.00	585.00	787.00	0.00	168,480.00	226,656.00	0.00
3.00	N	17.00	681.00	882.00	0.00	138,924.00	179,928.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROPOSED RENT TOTALS:						373,404.00	494,760.00	0.00
						BASIC	NOTE	HUD

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12/ 01/ 2022

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1.00	N	11.00	67.00	0.00	27.00	31.00	0.00	0.00	125.00
2.00	N	24.00	98.00	0.00	46.00	52.00	0.00	0.00	196.00
3.00	N	17.00	121.00	0.00	51.00	58.00	0.00	0.00	230.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range	3.00	0.00	681.48	1,200.00	-352.31	329.17	2.00
Refrigerator	3.00	0.00	626.40	1,800.00	626.40	1,252.80	2.00
Range Hood	8.00	0.00	0.00	520.00	0.00	0.00	0.00
Washers & Dryers	8.00	0.00	3,224.88	3,200.00	870.48	4,095.36	7.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Carpet & Vinyl:							
1BR	3.00	6,000.00	2,050.62	0.00	1,939.86	3,990.48	3.00
2BR	4.00	10,600.00	2,462.43	0.00	4,984.45	7,446.88	6.00
3BR	3.00	9,900.00	1,182.04	0.00	0.00	1,182.04	1.00
4BR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cabinets:							
Kitchens	1.00	3,500.00	0.00	0.00	0.00	0.00	0.00
Bathrooms	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Doors:							
Exterior	3.00	0.00	0.00	1,200.00	268.99	268.99	2.00
Interior	15.00	0.00	0.00	2,100.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Window Coverings:							
List:	100.00	0.00	0.00	2,500.00	1,965.40	1,965.40	78.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Heating & Air Conditioning:							
Heating	4.00	20,400.00	5,527.95	0.00	0.00	5,527.95	2.00
Air Conditioning	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plumbing:							
Water Heater	5.00	2,500.00	1,350.06	0.00	728.75	2,078.81	3.00
Bath Sinks	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kitchen Sinks	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Faucets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Toilets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Major Electrical:							
List:		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Structures:							
Windows	3.00	0.00	0.00	600.00	830.00	830.00	2.00
Screens	15.00	0.00	0.00	225.00	0.00	0.00	0.00
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		0.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
Paving:							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Landscape & Grounds:							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Accessibility Features:							
List:		15,000.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Automation Equipment:							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other:		0.00	0.00	0.00	0.00	0.00	
Other:							
List:		0.00	17,611.68	0.00	0.00	17,611.68	
List:		0.00	9,400.00	0.00	0.00	9,400.00	
List:		0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EXPENSES:	178	67,900.00	44,117.54	13,345.00	11,862.02	55,979.56	108

Form RD 3560-7
(Rev. 05-06)**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**FORM APPROVED
OMB NO.0575-0189

PROJECT NAME		BORROWER NAME Chester II		BORROWER ID AND PROJECT NO. 119400742	
Loan/Transfer Amount \$		Note Rate Payment \$ 0.00		IC Payment \$	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units <u>38.00</u> . Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	BEGINNING DATES ENDING DATES	CURRENT BUDGET (01 - 01 - 2024) (- -)	ACTUAL (01 - 01 - 2024) (- -)	PROPOSED BUDGET (01 - 01 - 2025) (- -)	COMMENTS or (YTD) (- -) (- -)
OPERATIONAL CASH SOURCES					
1. RENTAL INCOME		399,912.00		421,752.00	
2. RHS RENTAL ASSISTANCE RECEIVED					
3. APPLICATION FEES RECEIVED					
4. LAUNDRY AND VENDING					
5. INTEREST INCOME		125.00		125.00	
6. TENANT CHARGES					
7. OTHER - PROJECT SOURCES		0.00		0.00	
8. LESS (Vacancy and Contingency Allowance)		()		()	
9. LESS (Agency Approved Incentive Allowance)		(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]					
NON-OPERATIONAL CASH SOURCES					
11. CASH - NON PROJECT		0.00		0.00	
12. AUTHORIZED LOAN (Non-RHS)					
13. TRANSFER FROM RESERVE		95,636.00		142,400.00	
14. SUB-TOTAL (11 thru 13)					
15. TOTAL CASH SOURCES (10+14)		493,973.00		562,577.00	
OPERATIONAL CASH USES					
16. TOTAL O&M EXPENSES (From Part II)					
17. RHS DEBT PAYMENT		45,295.00		45,295.00	
18. RHS PAYMENT (Overage)					
19. RHS PAYMENT (Late Fee)					
20. REDUCTION IN PRIOR YEAR PAYABLES					
21. TENANT UTILITY PAYMENTS					
22. TRANSFER TO RESERVE					
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .		9,340.00		9,340.00	
24. SUB-TOTAL (16 thru 23)					
NON-OPERATIONAL CASH USES					
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		10,646.00		10,646.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)					
27. MISCELLANEOUS		0.00		0.00	
28. SUB-TOTAL (25 thru 27)					
29. TOTAL CASH USES (24+28)		493,835.00		562,416.00	
30. NET CASH (DEFICIT) (15-29)					
CASH BALANCE					
31. BEGINNING CASH BALANCE		10,000.00		51,895.00	
32. ACCRUAL TO CASH ADJUSTMENT					
33. ENDING CASH BALANCE (30+31+32)					

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PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	25,450.00		27,600.00	
2. MAINTENANCE AND REPAIRS SUPPLY				
3. MAINTENANCE AND REPAIRS CONTRACT	9,000.00		9,000.00	
4. PAINTING				
5. SNOW REMOVAL	0.00		0.00	
6. ELEVATOR MAINTENANCE/CONTRACT				
7. GROUNDS	19,700.00		20,300.00	
8. SERVICES				
9. ANNUAL CAPITAL BUDGET(<i>From Part V - Operating</i>)	14,652.00		16,495.00	
10. OTHER OPERATING EXPENSES (<i>Itemize</i>)				
11. SUB-TOTAL MAINT. & OPERATING (<i>1 thru 10</i>)	84,302.00		90,795.00	
12. ELECTRICITY <i>If master metered</i>				
13. WATER <i>check box on</i>	550.00		550.00	
14. SEWER <i>front.</i>				
15. FUEL (<i>Oil/Coal/Gas</i>)	0.00		0.00	
16. GARBAGE & TRASH REMOVAL				
17. OTHER UTILITIES	0.00		0.00	
18. SUB-TOTAL UTILITIES (<i>12 thru 17</i>)				
19. SITE MANAGEMENT PAYROLL	31,000.00		32,000.00	
20. MANAGEMENT FEE				
21. PROJECT AUDITING EXPENSE	5,750.00		6,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING				
23. LEGAL EXPENSES	300.00		300.00	
24. ADVERTISING				
25. TELEPHONE & ANSWERING SERVICE	2,900.00		2,900.00	
26. OFFICE SUPPLIES				
27. OFFICE FURNITURE & EQUIPMENT	0.00		0.00	
28. TRAINING EXPENSE				
29. HEALTH INS. & OTHER EMP. BENEFITS	18,500.00		18,000.00	
30. PAYROLL TAXES				
31. WORKER'S COMPENSATION	1,270.00		1,340.00	
32. OTHER ADMINISTRATIVE EXPENSES (<i>Itemize</i>)				
33. SUB-TOTAL ADMINISTRATIVE (<i>19 thru 32</i>)	132,596.00		138,240.00	
34. REAL ESTATE TAXES				
35. SPECIAL ASSESSMENTS	0.00		0.00	
36. OTHER TAXES, LICENSES & PERMITS				
37. PROPERTY & LIABILITY INSURANCE	19,620.00		25,000.00	
38. FIDELITY COVERAGE INSURANCE				
39. OTHER INSURANCE	0.00		0.00	
40. SUB-TOTAL TAXES & INSURANCE (<i>34 thru 39</i>)				
41. TOTAL O&M EXPENSES (<i>11+18+33+40</i>)	291,568.00		313,385.00	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	107,715.00		125,000.00	
2. TRANSFER TO RESERVE				
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.00		0.00	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)				
5. BUILDING & EQUIPMENT REPAIR	0.00		0.00	
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL (3 thru 6)	(95,636.00)	()	(142,400.00)	
8. ENDING BALANCE [(1+2)-7]				

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0.00	RESERVE ACCT. REQ. BALANCE.....	20,288.00
NUMBER OF APPLICANTS NEEDING RA.....		AMOUNT AHEAD/BEHIND	

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
CURRENT RENT TOTALS:									
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: ____/____/____

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
PROPOSED RENT TOTALS:								
						BASIC	NOTE	HUD

C. PROPOSED UTILITY ALLOWANCE - Effective Date: ____/____/____

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL

PART V - ANNUAL CAPITAL BUDGET

		Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:								
	Range		2,100.00		1,400.00		1,289.52	
	Refrigerator							
	Range Hood		0.00		720.00		265.39	
	Washers & Dryers							
	Other:		0.00		0.00		0.00	
Carpet & Vinyl:								
	1BR							
	2BR		24,000.00		0.00		9,112.17	
	3BR							
	4BR		0.00		0.00		0.00	
	Other:							
Cabinets:								
	Kitchens		4,500.00		0.00		0.00	
	Bathrooms							
	Other:		0.00		0.00		0.00	
Doors:								
	Exterior							
	Interior		0.00		2,250.00		0.00	
	Other:							
Window Coverings:								
	List:		0.00		7,500.00		1,240.33	
	Other:							
Heating & Air Conditioning:								
	Heating		48,000.00		0.00		21,575.60	
	Air Conditioning							
	Other:		0.00		0.00		0.00	
Plumbing:								
	Water Heater							
	Bath Sinks		0.00		0.00		0.00	
	Kitchen Sinks							
	Faucets		0.00		0.00		0.00	
	Toilets							
	Other		0.00		0.00		12,371.41	
Major Electrical:								
	List:							
	Other:		0.00		0.00		0.00	
Structures:								
	Windows							
	Screens		0.00		150.00		0.00	
	Walls							
	Roofing		0.00		0.00		0.00	
	Siding							
	Exterior Painting		0.00		0.00		0.00	
	Other							
Paving:								
	Asphalt		0.00		0.00		0.00	
	Concrete		0.00		0.00		0.00	
	Seal & Stripe							
	Other:							
Landscape & Grounds:								
	Landscaping		0.00		0.00		0.00	
	Lawn Equipment							
	Fencing		0.00		0.00		0.00	
	Recreation Area							
	Signs		0.00		0.00		0.00	
	Other:							
Accessibility Features:								
	List:		0.00		0.00		0.00	
	Other:							
Automation Equipment:								
	Site Management		0.00		0.00		447.50	
	Common Area							
	Other:		0.00		0.00		0.00	
Other:								
	List:							
	List:		0.00		0.00		46,149.90	
	List:							
TOTAL CAPITAL EXPENSES:		240	142,400.00		16,495.00		141,512.46	

PART VI -- SIGNATURES, DATES AND COMMENTS

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

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

(DATE)

(Signature of Borrower or Borrower’s Representative)

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET****PART I - BALANCE SHEET**

PROJECT NAME	BORROWER NAME Chester II	BORROWER ID AND PROJECT NO. 119400742
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	BEGINNING DATES> ENDING DATES>	CURRENT YEAR (01 - 01 -2024) (- -)	PRIOR YEAR (01- 01 -2023) (- -)	COMMENTS
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ASSETS**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT		43,794.78		
2. R.E. TAX & INSURANCE ACCOUNT				
3. RESERVE ACCOUNT		17,248.99		
4. SECURITY DEPOSIT ACCOUNT				
5. OTHER CASH (<i>identify</i>)		0.00		
6. OTHER (<i>identify</i>)				
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)				
ACCTS RCVBL 0-30 DAYS \$ 42,635.95				
ACCTS RCVBL 30-60 DAYS \$ 				
ACCTS RCVBL 60-90 DAYS \$ 0.00				
ACCTS RCVBL OVER 90 DAYS \$ 				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS		0.00		
9. INVENTORIES (<i>supplies</i>)		()	()	
10. PREPAYMENTS		5,999.94		
11. _____				
12. TOTAL CURRENT ASSETS (<i>Add 1 thru 11</i>)		223,392.19		

FIXED ASSETS

13. LAND		218,987.00		
14. BUILDINGS				
15. LESS: ACCUMULATED DEPRECIATION		(2,008,532.92)	()	
16. FURNITURE & EQUIPMENT				
17. LESS: ACCUMULATED DEPRECIATION		(9,798.05)	()	
18. _____				
19. TOTAL FIXED ASSETS (<i>Add 13 thru 18</i>)		636,643.33		

OTHER ASSETS

20. _____				
21. TOTAL ASSETS (<i>Add 12, 19, and 20</i>)		860,035.52		

LIABILITIES AND OWNERS EQUITY**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)		9,858.12		
ACCTS PAYABLE 0-30 DAYS \$ 				
ACCTS PAYABLE 30-60 DAYS \$ 0.00				
ACCTS PAYABLE 60-90 DAYS \$ 				
ACCTS PAYABLE OVER 90 DAYS \$ 0.00				
23. NOTES PAYABLE (<i>Attach list</i>)				
24. SECURITY DEPOSITS		9,450.00		
25. TOTAL CURRENT LIABILITIES (<i>Add 22 thru 24</i>)				

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT
27. OTHER (Identify) _____
28. **TOTAL LONG-TERM LIABILITIES** (Add 26 and 27).

1,581,824.58

29. **TOTAL LIABILITIES** (Add 25 and 28)

1,798,484.26

--	--	--

30. OWNER'S EQUITY (Net Worth) (21 minus 29)

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31. **TOTAL LIABILITIES AND OWNER'S EQUITY**
(Add 29 and 30)

860,035.52

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

(Date)

(Signature of Borrower or Borrower's Representative)

(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☐ In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

Form RD 3560-7
(Rev. 05-06)**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**FORM APPROVED
OMB NO.0575-0189

PROJECT NAME			BORROWER NAME Chester II		BORROWER ID AND PROJECT NO. 119400742	
Loan/Transfer Amount \$			Note Rate Payment \$ 0.0000		IC Payment \$	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units <u>38</u> . Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET (01 - 01 - 2025) (- -)	ACTUAL (- -) (- -)	PROPOSED BUDGET (01 - 01 - 2026) (- -)	COMMENTS or (YTD) (- -) (- -)
BEGINNING DATES				
ENDING DATES				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	421752.0000		532476.0000	
2. RHS RENTAL ASSISTANCE RECEIVED				
3. APPLICATION FEES RECEIVED				
4. LAUNDRY AND VENDING				
5. INTEREST INCOME	125.0000		125.0000	
6. TENANT CHARGES				
7. OTHER - PROJECT SOURCES	0.0000		0.0000	
8. LESS (Vacancy and Contingency Allowance)	()		()	
9. LESS (Agency Approved Incentive Allowance)	(0.0000)		(0.0000)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]				
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT	0.0000		0.0000	
12. AUTHORIZED LOAN (Non-RHS)				
13. TRANSFER FROM RESERVE	142400.0000		0.0000	
14. SUB-TOTAL (11 thru 13)				
15. TOTAL CASH SOURCES (10+14)	562577.0000		498281.0000	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)				
17. RHS DEBT PAYMENT	45295.0000		39503.0000	
18. RHS PAYMENT (Overage)				
19. RHS PAYMENT (Late Fee)				
20. REDUCTION IN PRIOR YEAR PAYABLES				
21. TENANT UTILITY PAYMENTS				
22. TRANSFER TO RESERVE				
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	9340.0000		22480.0000	
24. SUB-TOTAL (16 thru 23)				
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)	10646.0000		111584.4000	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)				
27. MISCELLANEOUS	0.0000		0.0000	
28. SUB-TOTAL (25 thru 27)				
29. TOTAL CASH USES (24+28)	562416.0000		498077.4000	
30. NET CASH (DEFICIT) (15-29)				
CASH BALANCE				
31. BEGINNING CASH BALANCE	51895.0000		52056.0000	
32. ACCRUAL TO CASH ADJUSTMENT				
33. ENDING CASH BALANCE (30+31+32)				

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PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	27600.0000		27600.0000	
2. MAINTENANCE AND REPAIRS SUPPLY				
3. MAINTENANCE AND REPAIRS CONTRACT	9000.0000		5710.0000	
4. PAINTING				
5. SNOW REMOVAL	0.0000		0.0000	
6. ELEVATOR MAINTENANCE/CONTRACT				
7. GROUNDS	20300.0000		20300.0000	
8. SERVICES				
9. ANNUAL CAPITAL BUDGET(<i>From Part V - Operating</i>)	16495.0000		2000.0000	
10. OTHER OPERATING EXPENSES (<i>Itemize</i>)				
11. SUB-TOTAL MAINT. & OPERATING (<i>1 thru 10</i>)	90795.0000		66985.0000	
12. ELECTRICITY <i>If master metered</i>				
13. WATER <i>check box on</i>	550.0000		550.0000	
14. SEWER <i>front.</i>				
15. FUEL (<i>Oil/Coal/Gas</i>)	0.0000		0.0000	
16. GARBAGE & TRASH REMOVAL				
17. OTHER UTILITIES	0.0000		0.0000	
18. SUB-TOTAL UTILITIES (<i>12 thru 17</i>)				
19. SITE MANAGEMENT PAYROLL	32000.0000		32000.0000	
20. MANAGEMENT FEE				
21. PROJECT AUDITING EXPENSE	6000.0000		6000.0000	
22. PROJECT BOOKKEEPING/ACCOUNTING				
23. LEGAL EXPENSES	300.0000		250.0000	
24. ADVERTISING				
25. TELEPHONE & ANSWERING SERVICE	2900.0000		2900.0000	
26. OFFICE SUPPLIES				
27. OFFICE FURNITURE & EQUIPMENT	0.0000		0.0000	
28. TRAINING EXPENSE				
29. HEALTH INS. & OTHER EMP. BENEFITS	18000.0000		18000.0000	
30. PAYROLL TAXES				
31. WORKER'S COMPENSATION	1340.0000		1340.0000	
32. OTHER ADMINISTRATIVE EXPENSES (<i>Itemize</i>)				
33. SUB-TOTAL ADMINISTRATIVE (<i>19 thru 32</i>)	138240.0000		141975.0000	
34. REAL ESTATE TAXES				
35. SPECIAL ASSESSMENTS	0.0000		0.0000	
36. OTHER TAXES, LICENSES & PERMITS				
37. PROPERTY & LIABILITY INSURANCE	25000.0000		25000.0000	
38. FIDELITY COVERAGE INSURANCE				
39. OTHER INSURANCE	0.0000		0.0000	
40. SUB-TOTAL TAXES & INSURANCE (<i>34 thru 39</i>)				
41. TOTAL O&M EXPENSES (<i>11+18+33+40</i>)	313385.0000		293310.0000	

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	0.0000		110374.0000	
2. TRANSFER TO RESERVE				
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT	0.0000		0.0000	
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)				
5. BUILDING & EQUIPMENT REPAIR	0.0000		0.0000	
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL (3 thru 6)	(142400.0000)	()	(0.0000)	
8. ENDING BALANCE [(1+2)-7]				

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE
ENDING BALANCE

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE
ENDING BALANCE

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE
ENDING BALANCE

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	27791.0000
NUMBER OF APPLICANTS NEEDING RA.....		AMOUNT AHEAD/BEHIND	

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
	N		570.0000		0.0000	75240.0000		0.0000	136.0000
	N		764.0000		0.0000	155856.0000		0.0000	247.0000
			0.0000		0.0000	0.0000		0.0000	0.0000
			0.0000		0.0000	0.0000		0.0000	0.0000
CURRENT RENT TOTALS:							485400.0000		
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 01 / 01 2026

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1		11		837.0000			110484.0000	
3		17		1062.0000			216648.0000	
0		0		0.0000			0.0000	
0		0		0.0000			0.0000	
PROPOSED RENT TOTALS:						532476.0000		0.0000
						BASIC	NOTE	HUD

C. PROPOSED UTILITY ALLOWANCE - Effective Date: ____/____/____

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
	N		68.0000		30.0000		0.0000	0.0000	
	N		135.0000		50.0000		0.0000	0.0000	
			0.0000		0.0000		0.0000	0.0000	

PART V - ANNUAL CAPITAL BUDGET

		Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:								
	Range		0.00		0.00		0.00	
	Refrigerator							
	Range Hood		0.00		0.00		0.00	
	Washers & Dryers							
	Other:		0.00		0.00		0.00	
Carpet & Vinyl:								
	1BR				2,000.00		0.00	
	2BR		0.00					
	3BR							
	4BR		0.00		0.00		0.00	
	Other:							
Cabinets:								
	Kitchens		0.00		0.00		0.00	
	Bathrooms							
	Other:		0.00		0.00		0.00	
Doors:								
	Exterior							
	Interior		0.00		0.00		0.00	
	Other:							
Window Coverings:								
	List:		0.00		0.00		0.00	
	Other:							
Heating & Air Conditioning:								
	Heating		0.00		0.00		0.00	
	Air Conditioning							
	Other:		0.00		0.00		0.00	
Plumbing:								
	Water Heater							
	Bath Sinks		0.00		0.00		0.00	
	Kitchen Sinks							
	Faucets		0.00		0.00		0.00	
	Toilets							
	Other		0.00		0.00		0.00	
Major Electrical:								
	List:							
	Other:		0.00		0.00		0.00	
Structures:								
	Windows							
	Screens		0.00		0.00		0.00	
	Walls							
	Roofing		0.00		0.00		0.00	
	Siding							
	Exterior Painting		0.00		0.00		0.00	
	Other							
Paving:								
	Asphalt		0.00		0.00		0.00	
	Concrete							
	Seal & Stripe		0.00		0.00		0.00	
	Other:							
Landscape & Grounds:								
	Landscaping		0.00		0.00		0.00	
	Lawn Equipment							
	Fencing		0.00		0.00		0.00	
	Recreation Area							
	Signs		0.00		0.00		0.00	
	Other:							
Accessibility Features:								
	List:		0.00		0.00		0.00	
	Other:							
Automation Equipment:								
	Site Management		0.00		0.00		0.00	
	Common Area							
	Other:		0.00		0.00		0.00	
Other:								
	List:							
	List:		0.00		0.00		0.00	
	List:							
TOTAL CAPITAL EXPENSES:		1	0.0000		2000.0000		0.0000	

PART VI -- SIGNATURES, DATES AND COMMENTS

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

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

(DATE)

(Signature of Borrower or Borrower’s Representative)

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

OWNER ESTIMATE SUMMARY										
PROJECT:	Chester Townhouses II	8	1BR	EST. DATE:	2/11/2022	# UNITS:	52	SALES TAX:	8.0%	
LOCATION:	Chester, SC	24	2BR	BID DATE:		HEATED S.F.:	18,812			
P.M.:		17	3BR	CHECKED BY:		OTHER S.F.:	3642	PRT & INS.:	50.0%	
SUPT.:		3	UFAS	COST/UNIT:	\$64,240	COST/NHS.F.:	\$177.57			
CODE	DESCRIPTION			MAT'L	SUB	LABOR	EQUIP	TOTAL	%	\$/SF
1-10-000	GENERAL REQUIREMENTS			X	X	X	X	X		
1-20-000	GENERAL OVERHEAD			X	X	X	X	X		
1-30-000	OTHER FEES/MISCELLANEOUS			X	X	X	X	X		
1-40-000	BOND PREMIUM			X	X	X	X	X		
1-50-000	CONTINGENCY			X	X	X	X	X		
2-00-000	Sitework			\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -
2-14-000	Earthwork			\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -
2-17-000	Site Improvements			\$ 6,502	\$ 67,480	\$ -	\$ 390	\$ 74,372	2.0%	\$ 3.95
2-18-000	Landscaping			\$ -	\$ 127,400	\$ -	\$ -	\$ 127,400	3.3%	\$ 6.77
2-19-000	Roads and Walks			\$ -	\$ 110,120	\$ -	\$ -	\$ 110,120	2.9%	\$ 5.85
2-20-000	Site Utilities			\$ -	\$ 46,600	\$ -	\$ -	\$ 46,600	1.2%	\$ 2.48
3-00-000	Concrete			\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000	5.3%	\$ 10.63
4-00-000	Masonry			\$ -	\$ 11,000	\$ -	\$ -	\$ 11,000	0.3%	\$ 0.58
5-00-000	Metals			\$ -	\$ 81,000	\$ -	\$ -	\$ 81,000	2.1%	\$ 4.31
6-11-000	Rough Carpentry			\$ -	\$ 159,125	\$ -	\$ -	\$ 159,125	4.2%	\$ 8.46
6-15-000	Finish Carpentry			\$ 7,560	\$ 2,825	\$ -	\$ -	\$ 10,385	0.3%	\$ 0.55
7-13-000	Insulation			\$ -	\$ 17,078	\$ -	\$ -	\$ 17,078	0.4%	\$ 0.91
7-15-000	Roofing Sheetmetal			\$ -	\$ 156,750	\$ -	\$ -	\$ 156,750	4.1%	\$ 8.33
8-00-000	Doors			\$ 121,889	\$ 65,640	\$ -	\$ -	\$ 187,529	4.9%	\$ 9.97
8-15-000	Windows			\$ 78,624	\$ 87,964	\$ -	\$ -	\$ 166,588	4.4%	\$ 8.86
9-12-000	Drywall			\$ 921	\$ 54,125	\$ -	\$ -	\$ 55,046	1.4%	\$ 2.93
9-18-000	Resilient Flooring			\$ -	\$ 122,368	\$ -	\$ -	\$ 122,368	3.2%	\$ 6.50
9-19-000	Carpet			\$ 75,060	\$ -	\$ -	\$ -	\$ 75,060	2.0%	\$ 3.99
9-22-000	Paint			\$ -	\$ 124,500	\$ -	\$ -	\$ 124,500	3.3%	\$ 6.62
10-00-000	Specialties			\$ 22,458	\$ 31,350	\$ 390	\$ 250	\$ 54,448	1.4%	\$ 2.89
11-00-000	Spec. Equip. Appliances			\$ 74,836	\$ 8,865	\$ -	\$ 1,470	\$ 85,171	2.2%	\$ 4.53
11-16-000	Cabinets			\$ 142,884	\$ 44,100	\$ -	\$ -	\$ 186,984	4.9%	\$ 9.94
12-00-000	Furnishings			\$ 6,048	\$ 2,240	\$ -	\$ -	\$ 8,288	0.2%	\$ 0.44
13-00-000	Special Construction			\$ -	\$ 102,500	\$ -	\$ -	\$ 102,500	2.7%	\$ 5.45
15-00-000	Plumbing			\$ 1,300	\$ 455,650	\$ -	\$ -	\$ 456,950	12.0%	\$ 24.29
15-50-000	HVAC			\$ -	\$ 329,725	\$ -	\$ -	\$ 329,725	8.7%	\$ 17.53
16-00-000	Electrical			\$ -	\$ 391,475	\$ -	\$ -	\$ 391,475	10.3%	\$ 20.81
	SUB TOTAL			\$ 538,081	\$ 2,799,879	\$ 390	HARD COST \$ 2,110	\$ 3,340,460	87.7%	\$ 177.57
	GENERAL REQUIREMENTS	6%						\$ 200,428		
	GENERAL OVERHEAD	2%						\$ 66,809		
	PROFIT	6%						\$ 200,428	6.0%	\$ 10.65
	BUDGET							\$ 3,808,125	100.0%	\$ 202.43

PURCHASE AND SALE AGREEMENT
CHESTER TOWNHOUSES PHASE II

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made effective as of the 11th day of February, 2025 (the "Effective Date"), by and between New Chester Townhouses II of SC, LLC, a South Carolina limited liability company, its successors and assigns ("Buyer"), and New Chester Townhouses, Phase II, A Limited Partnership, a South Carolina limited partnership ("Seller").

STATEMENT OF PURPOSE

Seller is the owner of that certain real property located in Chester, Chester County, South Carolina, being more particularly described in Exhibit A attached hereto, and the improvements and fixtures thereon including a 52-unit apartment complex known as "Chester Townhouses Phase II," and the easements, rights of way, access rights, and appurtenances and hereditaments thereto (collectively referred to as the "Real Property"). In accordance with the terms and conditions herein set forth, Buyer desires to buy and Seller desires to sell the Real Property, together with all of the personal property, assets and business of Seller of every kind and description, tangible and intangible, located on or otherwise associated with the Real Property, including without limitation, cash accounts, prepaid expenses, the exclusive right to use the name "Chester Townhouses Phase II", all replacement, operating, tax, insurance and other reserves maintained by Seller and/or its lender(s), and all of Seller's goodwill (collectively, the "Personal Property") and all warranties and guarantees relating to the operation and use of the Real Property, or any part thereof (the "Warranties" and together with the Real Property and the Personal Property, collectively, the "Property").

NOW THEREFORE, in consideration of the premises and of the mutual covenants of the parties hereinafter expressed, it is hereby agreed as follows:

ARTICLE I - PURCHASE AND SALE

1.1 Agreement to Sell and Purchase. In accordance with and subject to the terms and conditions hereof, on the Closing Date (as defined in **Section 1.6** below), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property. Buyer hereby further acknowledges that Agreement is amicable and voluntary in nature, without any threat of eminent domain (condemnation).

1.2 Purchase Price. The total purchase price (the "Purchase Price") for the Property shall be in the form of the assumption by Buyer of that certain existing USDA Section 515 mortgage encumbering the Property, estimated to be One Million Five Hundred Fifty Three Thousand Eight Hundred Twenty Two Dollars (\$1,553,822) as of the projected closing date of March 1, 2026 (the "Assumed Debt") plus cash in the amount of Four Hundred Sixty Eight Thousand Dollars (\$468,000), subject to the terms and conditions set forth in this Agreement. Subject to the amount of Assumed Debt due at Closing, the total Purchase Price shall be approximately \$2,021,822. The assumption of the Assumed Debt is subject to the approval of the applicable government agencies as set forth in Section 3.5(d) below.

1.3 Earnest Money Deposit.

(a) Deposit. Within five (5) business days after the Effective Date of this Agreement, Buyer shall deliver the sum of FIVE HUNDRED AND 00/100 DOLLARS (\$500.00) (the "Earnest Money Deposit") to the Title Company (as defined in **Section 1.7(a)(3)** below), by and through its agent, Coleman Talley LLP, as escrow agent ("Escrow Agent"), to be held as earnest money hereunder. The Earnest Money shall be in the form of a check or wire transfer to Escrow Agent of goods (in the case of the check) and immediately available funds. If Buyer fails to timely deposit any portion of the Earnest Money within the time periods required, Seller may terminate this Agreement by written notice to Buyer, in which event the parties hereto shall have no further

rights or obligations hereunder, except for rights and obligations which, by their terms, survive the termination hereof.

(b) Disposition of Earnest Money Deposit.

(1) In the event that this Agreement is terminated by Buyer on or before the Due Diligence Contingency Date (as defined in **Section 3.1** below), then the Earnest Money Deposit shall be immediately refunded and returned to Buyer, and the parties shall have no further rights, duties, or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement.

(2) In the event that this Agreement is terminated by Buyer on or before the Financing Contingency Date (as defined in **Section 3.4(a)** below), then the Earnest Money Deposit shall be immediately refunded and returned to Buyer, and the parties shall have no further rights, duties, or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement.

(3) If the sale of the Property is closed pursuant to this Agreement, then the Earnest Money Deposit shall be applied as a credit to the Purchase Price at the time of the Closing.

(4) In the event that this Agreement is terminated pursuant to this Agreement due to the failure of a closing condition (as set forth in **Section 3.5** below) which is not the result of a breach or default of Buyer or Seller, then the Earnest Money Deposit shall be immediately refunded and returned to Buyer, and thence the parties shall have no further rights, duties or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement.

(5) If the sale of the Property is not closed pursuant to this Agreement due to a default hereunder by Seller or failure of performance hereunder by Seller, then Buyer shall give Seller written notice specifying Seller's default or failure of performance, and Seller shall have ten (10) business days to cure the default or failure of performance. In the event that Seller fails to cure Seller's default or failure of performance within the ten (10) day period, then the Earnest Money Deposit shall be immediately refunded and returned to Buyer, and, in addition, Buyer may enforce and exercise its rights and remedies available at law or in equity, including without limitation an action for specific performance of this Agreement.

(6) If the sale of the Property is not closed pursuant to this Agreement due to a default hereunder by Buyer or failure of performance by Buyer, then Seller shall give Buyer written notice specifying Buyer's default or failure of performance, and Buyer shall have ten (10) business days to cure the default or failure of performance. In the event that Buyer fails to cure Buyer's default or failure of performance within the ten (10) day period, then the Earnest Money Deposit shall be immediately forfeited by Buyer, and retained by Seller as and for liquidated damages, and as Seller's sole and exclusive remedy; and thence the parties shall have no further rights, duties or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement.

1.4 Closing Costs. At Closing, Seller shall pay the cost of preparation of the Deed (as defined in **Section 1.7(a)(1)** below), the State of South Carolina transfer tax, any instruments which may be required to clear the title of any prior liens, including the associated recording and filing fees, any counsel fees for counsel employed or retained by Seller and any other fees and costs customarily borne by sellers as "closing costs" in South Carolina. Buyer shall pay for the title examination, the Title Policy (as defined in **Section 3.1(b)** below), the Survey (as defined in **Section 3.1(c)** below), the Appraisal (as defined in **Section 3.1(d)** below), recording and filing fees regarding the Deed, any counsel fees Buyer incurs in the transaction, any other due diligence of the Property requested by Buyer, all costs and expenses incurred by Buyer in connection with obtaining financing for the Property, and any other fees and costs customarily borne by purchasers as "closing costs" in South Carolina.

1.5 Possession at Closing; Assignment to Buyer.

(a) Seller shall transfer exclusive possession of the Property, in substantially the same or better condition as on the Effective Date, reasonable wear and tear excepted, to Buyer on the Closing Date, subject to the Permitted Leases. The “Permitted Leases” are: (a) the current residential leases of the apartment units of the Property (including month-to-month leases); (2) renewals of said current residential leases of the apartment units of the Property entered into by Seller during Seller’s normal course of operation of the Property; and (3) new residential leases of the apartment units of the Property entered into by Seller during Seller’s normal course of operation of the Property.

(b) The following items shall not be prorated but shall be transferred, assigned and delivered to Buyer as of the date of Closing: (1) any prepaid expenses, costs, deposits, fees, premiums or similar charges for Maintenance Contracts (as defined in **Section 3.1(a)(2)** below) or licenses that are assigned to Buyer at Closing pursuant to **Section 1.7(a)(5)** below; (2) all tenant security, utility and other service deposits; (3) all rents and other sums either prepaid or paid in arrears; (4) any ad valorem taxes for the year of Closing assessable against the Property; and (5) all pending and confirmed assessments in favor of any governmental unit having jurisdiction thereof. Seller shall assign to Buyer all of its rights to take legal action against tenants to collect delinquent rent and other charges including termination of leases and/or eviction or other removal of a delinquent tenant as so permitted by federal, state or local jurisdiction, or other regulatory bodies. All charges for water, gas, electric, and other service outstanding and any other trade payables or accruals as of the date of Closing shall be assumed and paid by Buyer from and after the Closing Date.

1.6 Closing Date. Upon and subject to all of the terms and conditions contained in this Agreement, the closing of the transactions contemplated hereby (the “Closing”) shall occur at noon at the office of the Escrow Agent on or before the later of: (i) March 1, 2026 or (ii) such other date as Buyer and Seller may mutually agree to in writing (the “Closing Date”).

1.7 Documents Delivered on the Closing Date.

(a) On the Closing Date, Seller shall execute and deliver to Buyer the following:

(1) Limited Warranty Deed in recordable form (the “Deed”), transferring and conveying to Buyer good, insurable and marketable fee simple title to the Real Property, free and clear of all liens and encumbrances, subject only to the following (the “Permitted Encumbrances”): (A) all easements, restrictions, reservations, conditions and rights of way, if any, now of record (subject to any cure required pursuant to **Section 3.1(c)** below); (B) all matters that would be disclosed by a survey and physical inspection of the Property; (C) the Permitted Leases; (D) the Assumed Debt; and (E) real estate taxes for the year of the Closing Date and thereafter. The legal description of the Real Property shall be based upon the Survey made in accordance with **Section 3.1(c)** below, provided that such legal description is approved by Seller, which approval shall not be unreasonably withheld.

(2) FIRPTA Affidavit.

(3) Such affidavits or other evidence of title from Seller or other third parties as may reasonably be required by Old Republic National Title Insurance Company (the “Title Company”) or in forms customarily used by the Title Company in order to issue the Title Policy (as defined in **Section 3.1(b)** below).

(4) A Bill of Sale and Assignment and Assumption Agreement (the “Bill of Sale and Assignment and Assumption Agreement”) transferring and assigning to Buyer:

(i) all of the Permitted Leases, and originals or copies of the Permitted Leases in force on the Closing Date, together with all current tenant files, security and other deposits, escrows and/or prepaid rents.

(ii) all of the Maintenance Contracts for the Property that Buyer has elected to assume, in its sole discretion, and originals or copies of the Maintenance Contracts in force on the Closing Date,

together with all current maintenance files. Buyer shall notify Seller of all Maintenance Contracts it elects to assume within fifteen (15) days after the Due Diligence Contingency Date. In the event that Buyer does not deliver such notice to Seller, Buyer shall have been deemed to have elected to assume all of the Maintenance Contracts.

(iii) all fixtures, Personal Property and Warranties used in the operation of the Property by Seller to be conveyed free from all liens and encumbrances;

(iv) an assignment of all replacement, operating deficit, taxes, insurance, and other reserves held by Seller.

(5) Form Tenant Notice (to be provided by Buyer) from Buyer and Seller to the tenants of the Property, notifying the tenants of the sale and conveyance of the Property to Buyer ("Tenant Notice"). Such Tenant Notice shall be completed by Buyer and Seller for each Tenant and delivered by Buyer to each Tenant on or after the Closing Date.

(6) A completed Seller's Certificate, in the form attached hereto as Exhibit B (the "Seller's Certificate").

(b) On the Closing Date, Buyer shall execute, where applicable, and deliver to Seller the following:

(1) The Purchase Price;

(2) Bill of Sale and Assignment and Assumption Agreement;

(3) Form Tenant Notice; and

(4) Any and all documents required to evidence the assumption of the Assumed Debt.

(c) On or before the Closing Date, each of the parties shall execute, provide and deliver to the other party and to the Title Company: (1) such indicia of authority and related customary documents and instruments as may be required by the Title Company or as may be reasonable requested by the other party; and (2) such other documents and instruments as are necessary to consummate the transactions contemplated by this Agreement.

ARTICLE II - REPRESENTATIONS AND WARRANTIES

2.1 Seller's Warranties and Representations. Seller makes the following representations and warranties, each of which are true and correct on the Effective Date and shall be true and correct on the Closing Date:

(a) Authority; Enforceability. Seller has full power, partnership consent and authority to execute, deliver, and carry out Seller's obligations under this Agreement and all documents executed herewith without the consent of any other person, entity, agency, or authority; the execution, delivery, and performance of this Agreement and the transactions contemplated herein shall not breach the provisions of any agreement binding upon Seller or any governmental order to which Seller is a party or which binds the Property; and the person signing this Agreement has full power and authority to bind Seller and to execute and perform this Agreement. Seller has received the consent of its limited partners to the transactions contemplated herein. This Agreement is a binding obligation of Seller, enforceable against Seller in accordance with its terms. To the best of Seller's knowledge, Seller is not currently in default with respect to any agreement to which it is a party or any order of a court or governmental instrumentality. Notwithstanding the foregoing, the Buyer and Seller hereby acknowledge that the approval of the United States of America, acting through the United States Department of Agriculture ("USDA"), will be required before Buyer and Seller can consummate the transaction contemplated

by this Agreement. Buyer agrees to request and obtain such approval from USDA at its sole cost and expense, and Seller agrees to cooperate with Buyer as reasonably necessary to obtain such approval.

(b) No Other Interests In Property. To the best of Seller's knowledge and after due inquiry, other than those tenants currently occupying the Property (the names and addresses of whom will be provided by the managing agent in connection with Seller's obligations to deliver rent rolls and Permitted Leases pursuant to **Sections 1.7(a)(4) and 3.1(a)(2)**), there are no existing agreements regarding the Property, nor are there any persons in possession or occupancy of the Property or any part thereof other than the aforementioned nor are there any persons who have possessor rights in respect to the Property or any part thereof except for the aforementioned and Seller. No part of the Property is subject to a right of first refusal, option or other right granted to other persons or parties, whether oral or written. To the best of Seller's knowledge and after due inquiry, there are no service, maintenance, leasing or any other agreements affecting the Property other than the Maintenance Contracts delivered to Buyer pursuant to **Section 3.1(a)(2)** below.

(c) Condemnation. Seller has received no notice that the Property may be subject to any condemnation or eminent domain proceeding or any other taking with respect to the Property or any portion thereof. Seller agrees that it will give Buyer prompt written notice of any actual or written threat of a taking or condemnation of all or any portion of the Property, and any actual or written threat of action by any governmental or quasi-governmental agency or authority relating to the use, condition or environmental quality of the Property and any notice of any fire, damage or destruction of all or any part of the Property.

(d) Title; Liens. Seller is and shall as of the Closing Date owns marketable fee simple title to the Property, subject only to the Permitted Encumbrances and, as of the Effective Date only, such other deeds of trust and other financing documents now of record which shall be discharged and/or satisfied on or before the Closing Date.

(e) Litigation. There is no litigation, action, proceeding, or investigation pending, nor to the best of Seller's knowledge threatened in writing, in, before or by any court or any governmental body or agency in any manner affecting the Property.

(f) Authorizations. Except as otherwise set forth herein, Seller is aware of no required authorization by or registration with any governmental or quasi-governmental entity for Seller to enter into this Agreement and consummate the Closing.

(g) Unwritten or Unrecorded Agreements. There are no unwritten or unrecorded leases, easements, licenses, or agreements of any kind or nature which grant any rights whatsoever to any individual(s) or entity(ies) with respect to the Property.

(h) Loans. Seller represents and warrants that the existing loans, if any, on the Property are current in all respects and that no default exists under the loan documents (which shall include all documents executed by the Seller in connection with such loans), and that such loans shall remain current, and the Seller shall comply with all aspects, conditions and requirements of said loan documents at all times that this Agreement is in force including the Closing, until satisfied by Seller or assumed by Buyer pursuant to the terms hereof.

(i) Termination of Contracts. At Closing, Seller shall terminate all contracts affecting the Property except the Permitted Leases, any Maintenance Contracts and interest credit, rental assistance and other agreements relating to the Assumed Debt that Buyer has elected to assume. Notwithstanding the foregoing, Seller shall not be required to terminate any contracts that are not terminable by their terms and shall not be required to incur any costs or pay any fees related to such terminations.

(j) Insurance. Seller shall keep the Property continuously insured in amounts and with companies and on terms and conditions that are customary for buildings of the nature and size of the Property but, in no event, less than the amount for which the Property is presently insured.

(k) OFAC. To the Seller's best knowledge, Seller is in compliance with the requirements of Executive Order No. 133224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "Executive Order"). Without limiting the foregoing, to the best knowledge of Seller, Seller is not:

(a) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") pursuant to the Executive Order and/or on any other list of terrorists or terrorist organizations maintained by OFAC pursuant to any requirement of law or Executive Order of the President of the United States in respect of terrorism or terrorist activities (such lists are collectively referred to as the "Lists"); or

(b) a person or entity that is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or who has been determined by the United States Secretary of State, in consultation with the United States Secretary of the Treasury and the United States Attorney General, to have committed or to pose a significant threat of committing acts of terrorism or otherwise to assist, sponsor or support acts of terrorism.

2.2 Buyer's Warranties and Representations. Buyer makes the following representations and warranties, each of which are true and correct on the Effective Date and shall be true and correct on the Closing Date:

(a) Authority; Enforceability. Buyer has full power, limited partnership consent and authority to execute, deliver, and carry out Buyer's obligations under this Agreement and all documents executed herewith without the consent of any other person, entity, agency, or authority; the execution, delivery, and performance of this Agreement and the transactions contemplated herein shall not breach the provisions of any agreement binding upon Buyer or any governmental order to which Buyer is a party; and the person signing this Agreement has full power and authority to bind Buyer and to execute and perform this Agreement. This Agreement is a binding obligation of Buyer, enforceable against Buyer in accordance with its terms. To the best of Buyer's knowledge, Buyer is not currently in default with respect to any agreement to which it is a party or any order of a court or governmental instrumentality.

(b) Litigation. There is no litigation, action, proceeding, or investigation pending, nor to the best of Buyer's knowledge threatened, in, before or by any court or any governmental body or agency in any manner which would affect Buyer's ability to perform under this Agreement.

(c) Authorizations. Except as otherwise set forth herein, Buyer is aware of no required authorization by or registration with any governmental or quasi-governmental entity for Buyer to enter into this Agreement and consummate the Closing.

(d) OFAC. To the Buyer's best knowledge, Buyer is in compliance with the requirements of the Executive Order. Without limiting the foregoing, to the best knowledge of Buyer, Buyer is not:

(a) listed on the Lists; or

(b) a person or entity that is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or who has been determined by the United States Secretary of State, in consultation with the United States Secretary of the Treasury and the United States Attorney General, to have committed or to pose a significant threat of committing acts of terrorism or otherwise to assist, sponsor or support acts of terrorism.

ARTICLE III - CONDITIONS TO CLOSING

3.1 Due Diligence Contingencies. The obligation of Buyer to consummate the transactions provided for in this Agreement shall be subject to the satisfaction of Buyer (in its sole discretion) or waiver by Buyer of each of the following conditions (the “Due Diligence Contingencies”) on or before June 1, 2025 (the “Due Diligence Contingency Date”):

(a) Buyer and its representatives shall have the right to conduct an investigation of the Property, at Buyer’s sole expense and after reasonable notice, and to access the Property to perform such tests, studies, inspections, and analyses, including without limitation, engineering and environmental studies and structural, mechanical, electrical, roof and ADA compliance inspections, as it deems necessary or desirable in connection with determining the feasibility of acquiring the Property. In connection with this examination of the Property, Seller shall deliver to Buyer true, correct, and complete copies of such documents, books and records reasonably related to the Property in the possession of the Seller or Seller’s representatives and requested by the Buyer, including without limitation the following:

(1) All engineering, architectural and geotechnical information, studies, plans, specifications, blueprints, surveys (boundary or physical), topographic maps and information, environmental assessment reports, soil reports and building inspection reports for the Property, including a listing of the unit mix by unit type and square footage.

(2) A complete rent roll and tenant roster of all leases and occupancy agreements of the Property including a list of all tenants, rentals, security deposits and rental terms, together with true and correct copies of such lease documentation.

(3) A complete listing of all maintenance and service contracts and agreements (the “Maintenance Contracts”) for the Property, together with true and correct copies of the Maintenance Contracts.

(4) Copies of existing insurance policies covering the Property, as well as documentation detailing the history of any property or liability insurance claims made in connection with the Property in the last five (5) years.

(5) A copy of the most recent owner’s title insurance policy for the Property in Seller’s possession or readily available to Seller; together with copies of title exception documents in Seller’s possession or readily available to Seller; together with a copy of the most recent survey of the Property in Seller’s possession or readily available to Seller, showing boundaries, easements, and location of all permanent.

(6) A listing and inventory of the Personal Property and Warranties owned by Seller and used in connection with the use and operation of the Property.

(7) Copy of all licenses, permits and approvals, and evidence of compliance with applicable laws, ordinances, and zoning requirements, with respect to the Property in Seller’s possession or readily available to Seller, together with copies of any notice or request from any insurance company or Board of Fire Underwriters (or organization exercising functions similar thereto) or mortgagee requesting or recommending the performance of any work or alterations to the Property.

(8) Copies of all loan documents relating to or evidencing any financing on the Property and/or any other indebtedness to which the Property is subject, including, without limitation, the Assumed Debt.

(9) Copies of all financial statements and tax bills, including any information within Seller's possession or under its control relating to any pending, or contemplated appeals relating to the Property, for the last three (3) years, including the current year.

(b) Buyer shall have obtained, at its sole cost and expense, a commitment (the "Title Commitment") in favor of Buyer for an ALTA owner's policy of title insurance from the Title Company with respect to the Real Property (the "Title Policy"), which Title Commitment shall be in the amount of the Purchase Price and shall show Seller as the owner of marketable fee simple title to the Real Property, with exception only for: (1) the standard preprinted exceptions; (2) the Permitted Encumbrances; (3) mortgages, deeds of trust and other financing instruments of record (to be paid, discharged and released by Seller on or before the Closing Date); and (4) such additional exceptions as shall be acceptable to Buyer, in its sole discretion, and Buyer shall have reviewed and approved (as satisfactory to Buyer, in its sole discretion) in writing the terms of the Title Commitment, and such exceptions as may be disclosed thereon. Buyer may require that such Title Commitment contain an endorsement expressly ensuring the compliance with all applicable zoning and use laws, and expressly containing any other affirmative endorsements Buyer may require.

(c) Buyer shall have obtained, at its sole cost and expense, reviewed and approved a complete, updated ALTA survey of the Real Property (the "Survey"), dated on or after the date hereof, and shall have conducted a title examination with regard to the Property and notified Seller of any objections thereto prior to the Due Diligence Contingency Date. If Buyer's title examination or Survey reveals a title defect of a character that can be reasonably satisfied, remedied, or cured by legal action or otherwise within a reasonable time, upon written request by Buyer delivered to Seller on or before the Due Diligence Contingency Date, Seller may, at its expense and sole option, promptly take such action as is necessary to eliminate such defect. If such defect is not cured by Seller or Seller elects not to cure such defect by the Closing Date, then Buyer may, at its sole discretion, (1) extend the date of Closing for such period as is reasonably necessary to remedy such defect, (2) cure such defect and deduct any amount expended, plus reasonable attorney's fees, not to exceed \$10,000 from the Purchase Price, (3) terminate this Agreement in which event Buyer shall receive a full refund of the Earnest Money Deposit; or (4) proceed to Closing and accept such title as Seller may convey. Notwithstanding any other provision hereof, Seller covenants and agrees that all liens and exceptions to Seller's title to the Property which secure the payment of a sum certain, including, without limitation, judgment liens, mechanics liens and delinquent taxes or taxes which are otherwise due and payable on or before the Closing, to the extent that such cost in the aggregate do not to exceed \$10,000, shall be removed by Seller at the Closing, whether or not Buyer has designated such as an unacceptable exception or a defect, except for the Assumed Debt.

(d) Prior to the Due Diligence Contingency Date, Buyer shall, at its sole expense, retain an independent, third-party appraiser reasonably acceptable to Seller to determine the appraised fair market value of the Property (the "Appraisal"), such Appraisal to be delivered to Buyer and Seller in writing (the "Appraised Value").

3.2 Failure of Satisfaction of Due Diligence Contingencies. In the event Buyer is unsatisfied with its Due Diligence investigations, it may deliver a notice to Seller terminating this Agreement on or before the Due Diligence Contingency Date, upon which the Earnest Money Deposit shall be refunded to Buyer and the parties shall thereafter have no further rights, duties, or obligations hereunder, excepting obligations which expressly survive the termination of this Agreement.

3.3 Satisfaction of Due Diligence Contingencies. At any time on or before the Due Diligence Contingency Date, Buyer may give Seller written notice of the satisfaction, waiver, or removal of the Due Diligence Contingencies, in which event the Due Diligence Contingencies shall be deemed satisfied, waived, and removed as of the Due Diligence Contingency Date. In the event the Buyer has not delivered a termination notice to Seller pursuant to Section 3.2 above, all Due Diligence Contingencies shall be deemed waived by Buyer.

3.4 Financing Contingency.

(a) The obligation of Buyer to consummate the transactions provided for in this Agreement shall be subject to (i) USDA consent to the assumption of the Assumed Debt by Buyer; (ii) USDA and Buyer entering into an Interest Credit Agreement with respect to the Assumed Debt having such terms satisfactory to Buyer; (iii) USDA and Buyer entering into a Rental Assistance Agreement continuing the tenant rental assistance currently be provided to the tenants of Seller; and, (iv) the issuance of a Low Income Housing Tax Credit Reservation Certificate by the South Carolina State Housing Finance and Development Authority in the favor of Buyer in such form acceptable to Buyer (the "Financing Contingency").

(b) In the event there is a failure of the Financing Contingency, then on or before the Closing Date Buyer may deliver a notice to Seller terminating this Agreement, the Earnest Money Deposit shall be refunded to Buyer and the parties shall thereafter have no further rights, duties, or obligations hereunder, excepting obligations which, expressly survive the termination of this Agreement.

(c) At any time on or before the Closing Date, Buyer may give Seller written notice of the satisfaction, waiver, or removal of the Financing Contingency, in which event the Financing Contingency shall be deemed satisfied, waived, and removed as of such date.

(d) Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Dept of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, the provision shall be considered null and void.

3.5 Closing Conditions. The obligation of Buyer to consummate the transactions provided for in this Agreement shall be subject to the satisfaction of each of the following conditions as of the Closing Date (the "Buyer's Closing Conditions"):

(a) Buyer shall have obtained a title commitment in an amount equal to or greater than the Purchase Price with exception only for the Permitted Encumbrances.

(b) Buyer shall have received from Seller on or prior to the Closing Date the documents, certificates and papers specified in **Section 1.7(a)**, duly executed by Seller or other appropriate parties.

(c) The representations and warranties made by Seller shall be true and correct in all material respects.

(d) The Financing Contingency shall have been satisfied or waived by Buyer.

(e) Buyer shall have obtained all necessary approvals from governmental agencies to purchase and own the Property.

The obligation of Seller to consummate the transactions provided for in this Agreement shall be subject to the satisfaction of each of the following conditions as of the Closing Date (the "Seller's Closing Conditions"):

(f) Seller shall have received from Buyer on or prior to the Closing Date the documents, certificates and papers specified in **Section 1.7(b)**, duly executed by Seller or other appropriate parties, where applicable.

(g) The representations and warranties made by Buyer shall be true and correct in all material respects.

3.6 Failure of Satisfaction of Closing Conditions. In the event that any one or more of the Buyer's Closing Conditions has not been satisfied as of the Closing Date, then Buyer, at its option, may declare this Agreement terminated, whereupon the Earnest Money Deposit shall be returned to Buyer, and thence the parties shall have no further rights, duties or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement. In the event that any one or more of the Seller's Closing Conditions has not been satisfied as of the Closing Date for any reason other than a Seller default, then Seller, at its option, may declare this Agreement terminated, whereupon the Earnest Money Deposit shall be returned to Buyer, and thence the parties shall have no further rights, duties or obligations hereunder, excepting obligations which, by their nature or terms, survive the termination of this Agreement. However, if the failure of any such Closing Condition also constitutes a default under or breach of the terms of this Agreement on the part of either party, then the non-defaulting party may, at its option, pursue its rights and remedies provided hereunder in the event of a default.

ARTICLE IV - COVENANTS OF SELLER

Seller covenants and agrees that from and after the Effective Date of this Agreement and until the Closing Date:

4.1 Compliance with Laws. Seller shall comply with all ordinances and laws pertaining to the Property.

4.2 Access to Property. Seller will allow Buyer and its agents from and after the date of this Agreement continuing access at reasonable times to the Property, for the purpose of conducting inspections or satisfying Due Diligence Contingencies; provided that: (a) all entry and access by Buyer shall be during regular business hours; (b) Buyer shall provide Seller with reasonable advance prior notice of any desired entry or access; (c) Seller shall have the right to require that a representative of Seller accompany Buyer during any entry into any tenant apartments; (d) Buyer shall cause no substantial or material damage to the Property; and (e) Buyer shall not interfere with any tenant's use and enjoyment of the Property. Buyer shall indemnify and hold Seller harmless from all liability, loss, damage, cost, and expense, including reasonable attorney's fees and court costs, which Seller may suffer or incur as a result of any substantial or material damage to the Property or personal injury caused by Buyer or its representatives during such any such investigation or inspection. Following any such investigations or inspections contemplated by this Agreement, Buyer shall, at Buyer's expense, promptly restore the Property to substantially the same condition as existed prior to such inspection or investigation.

4.3 Title Covenants. At all times until the Closing Date, Seller shall maintain the legal title to the Property free and clear of any and all defects, liens, and encumbrances of every kind and nature other than the Permitted Encumbrances and other financing liens that will be satisfied by Seller by the payment of money on or before the Closing Date. Between the Effective Date of the Agreement and the termination of the Agreement or the Closing Date, Seller shall not enter into any contracts or "back-up" contracts with respect to the sale of the Property.

4.4 Continued Operations. At all times prior to Closing, Seller agrees to continue to conduct, maintain and operate the apartment complex located on the Property in a manner consistent with Seller's operation of said apartment business as of the date hereof. Without limiting the generality of the foregoing, Seller covenants and agrees to continue prudent credit underwriting practices, to comply with all laws and ordinances affecting the leasing of the apartment units, to maintain mechanical equipment, structures and utilities in their present condition until the Closing date, with 100% of the units in a "rent ready" state, normal wear and tear excepted, and to maintain casualty insurance covering the Property in an amount equal to the replacement value of the Property. In addition, at all times prior to Closing, Seller agrees to make those reasonable repairs and replacements necessary, which can be made for less than One Thousand Dollars (\$1,000.00), to satisfy any and all reasonable and bona fide tenant complaints affecting the Property. Seller further agrees to notify Buyer of any tenant complaint that Seller, or its agent, deems unreasonable, not bona fide, or involving expenses over One Thousand Dollars (\$1,000.00).

ARTICLE V – CASUALTY AND CONDEMNATION

5.1 Risk of Loss; Casualty. Risk of loss by fire or other casualty is assumed by Seller until the Closing Date. In the event of loss or damage to the Property between the date of this Agreement and the Closing Date, by fire or other casualty, Seller shall immediately give Buyer notice of such occurrence. In such an event, Buyer may, within fifteen (15) days after receipt of such casualty notice, elect to (a) terminate this Agreement, in which event the Earnest Money Deposit shall be returned forthwith to Buyer, all obligations of the parties hereunder shall cease and this Agreement shall have no further force and effect, or (b) close the transactions contemplated hereby as scheduled (except that if the Closing Date is less than fifteen (15) days following Buyer's receipt of such casualty notice, the Closing Date shall be delayed until Buyer makes such election). In the event that the transactions contemplated hereby close notwithstanding such destruction or damage, Buyer shall have the right to participate in the adjustment and settlement of any insurance claim relating to said damage, and Seller shall assign and/or pay to Buyer on the Closing Date all insurance proceeds (and other related chooses in action, if any) collected or claimed by either Seller with respect to said loss or damage plus any deductible or self-insured amount.

5.2 Condemnation. If, during the term of this Agreement, any portion of the Property shall be taken by eminent domain or is the subject of eminent domain proceedings threatened or commenced, Seller shall promptly notify Buyer thereof, and immediately provide Buyer with copies of any written communication from any condemning authority. If any of said events occur then, in that event, Buyer shall have the right to rescind the Agreement, in which event, this Agreement shall become null and void, and the Earnest Money Deposit shall be immediately returned to Buyer. If any of said events occur and Buyer still desires to close, (a) if the transfer to the condemning authority takes place prior to the Closing Date, the remainder of the Property shall be conveyed to Buyer on the Closing Date; (b) if the transfer to the condemning authority has not taken place prior to the Closing Date, the entire Property shall be conveyed to Buyer on the Closing Date; (c) if Seller has received payment for such condemnation or taking prior to the Closing Date, the amount of such payment shall be a credit against the Purchase Price; and (d) if Seller has not received such payment prior to the Closing Date, Seller shall assign to Buyer all claims and rights on account of or arising out of such taking, including the right to conduct any litigation in respect of such condemnation.

ARTICLE VI- DEFAULT; REMEDIES

6.1 Right to Notice and Cure. Neither party shall be in material default hereunder unless such party (i) has first received a notice from the party claiming the material default specifying it in reasonable detail and (ii) if such material default exists, has not cured the material default within ten (10) days from its receipt of the said notice. If the Closing Date is set to occur within the foregoing cure period, then the Closing Date shall automatically be extended to the first to occur of the next business day following (a) notice that the cure has been affected or (b) the expiration of the ten (10) day cure period. If no cure has been affected within the said ten (10) day cure period, then the non-defaulting party may waive the default in writing and proceed to the Closing of the transaction or exercise the remedies applicable to it in this Agreement.

6.2 Buyer's Default, Seller's Remedies. IF BUYER FAILS TO PURCHASE THE PROPERTY IN VIOLATION OF THIS AGREEMENT OR IS IN DEFAULT OF ITS MATERIAL OBLIGATIONS UNDER THIS AGREEMENT (AND PROVIDED SELLER IS NOT IN MATERIAL DEFAULT UNDER THIS AGREEMENT), THE PARTIES HAVE DETERMINED AND AGREED THAT THE ACTUAL AMOUNT OF DAMAGES THAT WOULD BE SUSTAINED BY SELLER AS A RESULT OF SUCH BUYER'S DEFAULT UNDER THIS AGREEMENT IS DIFFICULT OR IMPOSSIBLE TO ASCERTAIN AND THAT IN SUCH EVENT SELLER, AS ITS SOLE AND EXCLUSIVE REMEDY, MAY TERMINATE ITS OBLIGATION TO COMPLETE THE TRANSACTION AND, UPON SO DOING, WILL BE ENTITLED TO RECEIVE THE EARNEST MONEY DEPOSIT AS LIQUIDATED DAMAGES. BY PLACING THEIR INITIALS BELOW, BUYER AND SELLER ACKNOWLEDGE THEIR AGREEMENT TO THIS LIQUIDATED DAMAGES PROVISION. IT IS AGREED THAT SELLER SHALL NOT HAVE ANY

CAUSE OF ACTION OR CLAIM WHATSOEVER AGAINST BUYER BECAUSE OF A DEFAULT OF THIS AGREEMENT BY BUYER, AND SELLER'S SOLE AND EXCLUSIVE REMEDY SHALL BE THE RECEIPT OF THE ABOVE REFERENCED SUM AS LIQUIDATED DAMAGES. PAYMENT TO SELLER OF THE ABOVE REFERENCED SUM IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER.

BUYER'S INITIALS: CTB

SELLER'S INITIALS: CTB

6.3 Seller's Default, Buyer's Remedies. If Seller fails to perform any of its material obligations under this Agreement, then Buyer (provided that Buyer is not then in a material default under this Agreement), as its sole and exclusive remedy, may either (a) terminate its obligation to complete the transaction, in which case Buyer may recover the Earnest Money Deposit, or (b) enforce specific performance of Seller's obligation to sell the Property pursuant to this Agreement. Buyer hereby expressly waives all remedies for Seller's failure in performance (including any right to obtain any damages from Seller), except for specific performance as provided herein. Notwithstanding the foregoing, in the event Buyer (i) elects to enforce specific performance of Seller's obligations hereunder as set forth in Section 6.3(b) above, (ii) brings such suit for specific performance within sixty (60) days after the Closing Date fails to occur in accordance with the terms hereof and (iii) is successful in such suit for specific performance, then Seller shall indemnify and hold Buyer and Buyer's officers, agents, contractors, employees, representatives, attorneys, successors and assigns harmless against any and all costs, expenses and charges incurred in connection with enforcing Buyer's right to specific performance hereunder (including without limitation, court filing fees, court costs, arbitration fees or costs, reasonable witness fees, and reasonable fees and disbursements of legal counsel, expert witnesses and other professionals).

6.4 Cumulative Remedies. Except as otherwise specifically provided in this Agreement, all remedies provided for in this Agreement or available as a matter of law (whether at law, in equity, by statute or otherwise) are cumulative and may be exercised concurrently or consecutively, in such order as a party may elect. Limitations on remedies apply only to the obligations specifically referenced to be limited.

6.5 Limited Liability. No limited partner or general partner of the limited partnership comprising Seller, nor an officer, director or shareholder of any partner comprising, nor any employee or agent of, Seller or of Seller's partners, shall have any personal liability directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or in connection with this Agreement, and Buyer and Buyer's successors and assigns shall look solely to Seller's interest in the Property or Seller's interest in the net sales proceeds from the sale of the Property following a transfer thereof, for the payment of any claim or for any performance hereunder, and Buyer hereby waives any and all claims for personal liability against any limited partner, managing member or member, or general partner of Seller, and any officer, director or shareholder of any partner comprising Seller, and any employee or agent of Seller or of any of Seller's partners.

ARTICLE VII - MISCELLANEOUS PROVISIONS

7.1 Assignment of Agreement. Seller acknowledges and agrees that Buyer may assign this Agreement, without requiring Seller's approval, to a related or affiliated entity upon certifying to Seller no later than five (5) days following the expiration of the Due Diligence Contingency Date: (i) that the assignee is controlled by CAHEC Properties Corporation, a North Carolina nonprofit corporation; and (ii) that such assignment is for no monetary consideration; provided, however that if Buyer makes such a permitted assignment, Buyer shall, notwithstanding the assignment, remain fully obligated under this Agreement.

7.2 Binding Agreement. This Agreement shall be binding on and shall inure to the benefit of the parties named herein and to their respective personal representatives, successors and permitted assigns.

7.3 Brokers and Commissions. Buyer and Seller represent and warrant to each other that neither has dealt with a broker, agent, or other person in connection with this transaction. Seller and Buyer shall each indemnify the other against, and shall hold each other harmless from, any and all suits, claims, demands, judgments, damages, costs or expenses of or for any fees or commissions which are the responsibility of the indemnifying party or resulting from a breach of such parties' representations, and shall pay all costs of defending any action or lawsuit brought to recover any fees or commissions incurred by the other, including reasonable attorneys' fees and court costs. This provision shall survive the Closing.

7.4 Notices. All notices and requests permitted or required to be given hereunder shall be in writing, and all such notices may be given: (a) by personal delivery, (b) by nationally recognized overnight delivery service, or (c) by United States Certified Mail, Return Receipt Requested, Postage Prepaid. Notices shall be addressed to the parties at their respective addresses set forth opposite their respective signatures on this Agreement or at such other address as such party shall designate in writing by notice given hereunder. If mailed as aforesaid, any mailed notice hereunder shall be deemed given on the date deposited in the U.S. Mails, as evidenced by the postmark. If given by a nationally recognized overnight delivery service, notice hereunder shall be deemed given on the date received by the delivery service, as evidenced by its records. Notices sent by any other means shall be deemed given on the date received or on which delivery is refused.

7.5 Nature of Agreements. Each and every representation, warranty, covenant, indemnification and agreement made by the parties in this Agreement or in any instrument, certificate or other document delivered pursuant to this Agreement, shall be deemed to be material, shall survive the execution and delivery of this Agreement and the Closing and the consummation of the transactions contemplated hereby and shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives, successors and permitted assigns.

7.6 Time. Time is of the essence hereunder. However, if the date for performance of any act hereunder falls on a Saturday, Sunday, or Legal Holiday, then the time for performance of such act shall be deemed extended to the next succeeding regular business day.

7.7 Governing Law. This Agreement shall be construed and interpreted according to the laws of the State of South Carolina.

7.8 Amendment. This Agreement may not be modified, amended, altered, or changed in any respect except by a written agreement executed by all of the parties hereto. Any amendment, waiver or change to this Agreement that adversely affects the rights of Seller's limited partners, including without limitation any reduction in the Purchase Price except as contemplated hereby or any increase in any liability of the limited partners hereunder, shall require the consent of the limited partners of Seller.

7.9 Entire Agreement; Severability. This Agreement constitutes the entire undertaking between the parties hereto, and supersedes any and all prior agreements, arrangements and understanding between the parties with regard to the subject matter hereof, and there are no representations, inducements, conditions, or other provisions other than those expressed herein. If any provision of this Agreement is deemed unenforceable in whole or in part, such provision shall be limited to the extent necessary to render the same valid or shall be excised from this Agreement as need be and this Agreement shall be construed as if such provision had been so limited or as if such provision had not been included herein, as the case may be.

7.10 Counterparts; Captions. This Agreement is executed in multiple counterparts, with an executed counterpart being retained by each party hereto. Each counterpart shall be deemed to be an original, and all of which together shall constitute one and the same instrument. The captions and headings in this Agreement are for convenience and shall not be held or deemed to define, limit, describe, explain, modify, amplify, or add to the interpretation, construction or meaning of any provisions of or the scope or intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Address for Notices:

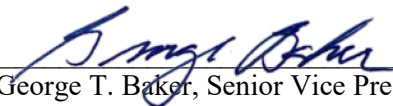
George T. Baker
CAHEC Preservation, LLC
PO Box 23589
Columbia, SC 29224
Office: (919) 645-9847
Fax: (919) 645-9848

SELLER:

New Chester Townhouses, Phase II, A Limited Partnership,
a South Carolina limited partnership

By: CAHEC Preservation, LLC,
a North Carolina limited liability company
Its: General Partner

By: CAHEC Properties Corporation
a North Carolina nonprofit corporation
Its: Manager

By: 
George T. Baker, Senior Vice President

Address for Notices:

George T. Baker
CAHEC MM, LLC
7700 Falls of Neuse Rd, Ste 200
Raleigh, NC 27615
Office: (919) 788-1803
Fax: (919) 532-1803

BUYER:

New Chester Townhouses II of SC, LLC
a South Carolina limited liability company

By: Chester II MM, LLC,
a South Carolina limited liability company
Its: Managing Manager

By: CAHEC MM, LLC,
a North Carolina limited liability company
Its: Manager

By: CAHEC Properties Corporation
a North Carolina nonprofit corporation
Its: Manager

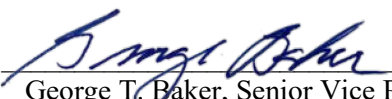
By: 
George T. Baker, Senior Vice President

EXHIBIT A
Real Property Description

All that certain piece, parcel or tract of land, together with the improvements thereon, situate, lying and being in the County of Chester, in the State of South Carolina, containing 4.92 ACRES, and having, according to a Plat prepared for Chester Townhouses, A Limited Partnership, by Civil Engineering of Columbia, dated July 23, 1982, and recorded in the Office of the Clerk of Court for Chester County, South Carolina, in Plat Book "515" at page 553; and having the following courses and distances, to-wit:

BEGINNING at a point at a joint corner of properties now or formerly of Chester Townhouses, Phase I and now or formerly of S.M. Frazer, Jr. and running thence along the line of property now or formerly of S.M. Frazer, Jr., S. 15-54-55 E. 447.69 feet to an iron pin; thence S. 03-21-53 E. 297.51 feet to an iron pin; thence S. 55-52-48 W. 172.12 feet to an iron pin; thence N. 46-20-10 W. 61.59 feet to an iron pin; thence N. 55-56-47 E. 149.43 feet to an iron pin; thence N. 39-36-53 W. 251.99 feet to an iron pin; thence N. 67-58-13 E. 24.99 feet to an iron pin; thence N. 22-53-47 W. 44.91 feet to an iron pin; thence N. 22-56-02 W. 200.95 feet to an iron pin; thence S. 63-31-22 W. 235.77 feet to an iron pin; thence N. 15-57-00 W. 257.87 feet to an iron pin; thence N. 74-03-39 E. 110.05 feet to an iron pin; thence N. 15-55-59 W. 75.00 feet to an iron pin; thence N. 74-04-01 E. 225.25 feet to an iron pin; thence S. 15-56-06 E. 75.00 feet to an iron pin; thence N. 74-03-54 E. 120.42 feet to the point of beginning.

EXHIBIT B

SELLER'S CERTIFICATE

The undersigned does hereby certify to New Chester Townhouses II of SC, LLC, a South Carolina limited liability company, and its members, successors, and assigns, (collectively, the "**Buyer**") that he is a Vice President of CAHEC Properties Corporation, the Manager of CAHEC Preservation, LLC, the General Partner of New Chester Townhouses, Phase II, A Limited Partnership, a South Carolina limited partnership, tax identification number 20-1239731 (the "**Seller**"). In such capacity, the undersigned is familiar with the properties, affairs, operations, and records of the Seller with respect to a 52-unit apartment complex located at 628 Lancaster Highway, Chester, South Carolina, known as Chester Townhouses Phase II (the "Real Property"). The undersigned further certifies as follows:

1. The Buyer is purchasing the Real Property pursuant to the Purchase and Sale Agreement, dated _____, 2025, by and between Buyer and Seller, and the undersigned is transferring the Real Property to the Buyer as of **[Date]** (the "**Closing Date**").
2. The undersigned has held record title to the Real Property as a limited partnership, during the ten (10) year period immediately prior to the Closing Date (the "**10 Year Period**"), and we and our predecessors in interest have operated the Real Property through a partnership for federal income tax purposes. Accordingly, we represent that:
 - A. Seller originally acquired the Real Property by a warranty deed dated on _____ from _____ and recorded in the Office of the Clerk, _____ County Superior Court in Deed Book _____, Page _____, on **[Date]**.
 - B. Seller and each person comprising Seller contributed capital or services and capital accounts which have been maintained for each partner in accordance with the requirements of the Internal Revenue Code of 1986 (the "**Code**") and the applicable Treasury Regulations.
 - C. Seller has maintained separate books of accounts for the partnership.
 - D. Throughout the 10 Year Period, Seller filed federal income tax returns in the name of the Seller reflecting (i) the income, gain, loss, and deduction attributable to the Real Property (including depreciation), (ii) that each Partner owned a percentage interest in the profits, losses, and capital of the Seller, and (iii) an allocation among the partners of profit and loss attributable to the Real Property.
3. After Seller acquired the Real Property, each building was placed in service prior to the 10 Year Period. Seller has operated the Real Property as a residential rental property at all times during the 10 Year Period.
4. During the 10 Year Period, the only changes in the ownership of the Seller were:
5. The undersigned acknowledges that the Buyer intends to claim low-income housing tax credits pursuant to Section 42 of the Code with respect to the acquisition of the Project, that the truth of the certifications made herein are critical to qualifying for such credits and that the Buyer, its members and their successors and assigns, and their respective legal counsel shall be entitled for all purposes to rely fully upon this Certificate.

WITNESS the hand and seal of the Seller this _____ day of _____, 20__.

New Chester Townhouses, Phase II, A Limited Partnership,
a South Carolina limited partnership

By: _____
Its: General Partner

STATE OF SOUTH CAROLINA)
)
COUNTY OF _____) ACKNOWLEDGMENT

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____, in his/her capacity as _____ for the Seller, New Chester Townhouses, Phase II, A Limited Partnership, a South Carolina limited partnership, personally appeared before me this day and voluntarily acknowledged the due execution of the foregoing instrument for the purpose described herein.

Witness my hand and official stamp or seal this _____ day of _____, 20__.

_____ [SEAL]
Notary Public

My commission expires: _____



Chester County, South Carolina

Department of Planning, Building & Zoning
1476 J.A. Cochran Bypass
Chester, SC 29706

May 8, 2024

New Chester Townhouses II of SC, LLC

Attn: Maile Miller

7700 Trenholm Road Extension

Columbia, SC 29223

Ref: Property located at 628 Lancaster Hwy., Chester, SC 29706

Further identified as Chester County parcel 079-00-00-056-000, Zoned GC

Ms. Miller,

The parcel referenced above is currently zoned GC (General Commercial District). In accordance with Chapter 3 § 3-200 General Regulations, Nonconformities of the Chester County Zoning Ordinance, this zoning district of GC does not permit a multi-family dwelling use. The proposed intended use of Chester Townhouses II is acquisition and rehabilitation. The property existed prior to the enactment of the Chester County Zoning Ordinance and therefore grandfathered in reference to #4 in the attached Nonconforming structure or use regulations. Please see the information attached regarding Nonconformities.

**Chapter 3: GENERAL REGULATIONS
Nonconformities**

§ 3-200 Nonconforming structures or uses.

Nonconforming structures or land uses are declared to be incompatible with permitted uses in the districts established by this ordinance. It is the intent of this ordinance to allow nonconformities to continue until they are removed, but not to encourage their survival. The lawful use of any structure or land on the effective date of this ordinance may be continued subject to the following regulations:

1. A nonconforming use shall not be changed to any other nonconforming use.
2. A permitted use in a structure which is on a nonconforming lot or which does not meet minimum yard requirements may be converted to another permitted use without enlargement.
3. A nonconforming structure for which a certificate has been issued pursuant to § 6-102.b may be repaired, altered or rebuilt in conformity with this ordinance after sustaining damage or deterioration exceeding seventy-five (75%) percent of the appraised market value of the structure for tax purposes at the time of application for a permit. (Revised 2/21/2000)
4. A nonconforming structure existing on the effective date of this ordinance for which a certificate has been issued pursuant to § 6-102.b is grandfathered and may be continued in use although it does not conform to the provisions of this ordinance, and it may be removed or demolished and replaced in the same location with a structure of the same type and size or which reduces the nonconformity, and which meets applicable building codes. Replacement of mobile and manufactured homes shall be in accordance with § 3-201.
5. A nonconforming structure or use shall not be extended, enlarged, or intensified except in conformity with this ordinance; provided, however, a nonconforming use may be extended throughout any parts of a building which were manifestly arranged or designed for such use at the time of adoption or amendment of this ordinance, but the use shall not be extended outside the building.
6. A nonconforming use shall not be reestablished after vacancy, abandonment, or discontinuance for a period of six (6) consecutive months. (Revised 2/21/2000)

**Chapter 3: GENERAL REGULATIONS
Nonconformities**

§ 3-200 Nonconforming structures or uses.

7. Nothing in this section shall prevent work on a structure which is necessary to protect public safety upon the order of the Zoning Administrator.
8. Ordinary repairs to a nonconforming structure, such as repairs to interior non-bearing walls, fixtures, wiring or plumbing to meet building codes may be permitted, provided the cubic content of the structure is not increased.

Sincerely,



Mike Levister

Planning Director

803.581.0942

mlevister@chestercountysc.gov

EXHIBIT "A"
LEGAL DESCRIPTION

All that certain piece, parcel or tract of land, together with the improvements thereon, situate, lying and being in the County of Chester, in the State of South Carolina, containing 4.92 ACRES, and having, according to a Plat prepared for Chester Townhouses, A Limited Partnership, by Civil Engineering of Columbia, dated July 23, 1982, and recorded in the Office of the Clerk of Court for Chester County, South Carolina, in Plat Book "515" at page 553; and having the following courses and distances, to-wit:

BEGINNING at a point at a joint corner of properties now or formerly of Chester Townhouses, Phase I and now or formerly of S.M. Frazer, Jr. and running thence along the line of property now or formerly of S.M. Frazer, Jr., S. 15-54-55 E. 447.69 feet to an iron pin; thence S. 03-21-53 E. 297.51 feet to an iron pin; thence S. 55-52-48 W. 172.12 feet to an iron pin; thence N. 46-20-10 W. 61.59 feet to an iron pin; thence N. 55-56-47 E. 149.43 feet to an iron pin; thence N. 39-36-53 W. 251.99 feet to an iron pin; thence N. 67-58-13 E. 24.99 feet to an iron pin; thence N. 22-53-47 W. 44.91 feet to an iron pin; thence N. 22-56-02 W. 200.95 feet to an iron pin; thence S. 63-31-22 W. 235.77 feet to an iron pin; thence N. 15-57-00 W. 257.87 feet to an iron pin; thence N. 74-03-39 E. 110.05 feet to an iron pin; thence N. 15-55-59 W. 75.00 feet to an iron pin; thence N. 74-04-01 E. 225.25 feet to an iron pin; thence S. 15-56-06 E. 75.00 feet to an iron pin; thence N. 74-03-54 E. 120.42 feet to the point of beginning.

Profile

Brian Walsh is a Director at BBG Real Estate Services with over 20 years of experience in real estate development and valuation. He has worked for an affordable housing developer, a national commercial real estate brokerage and multiple national real estate valuation firms. Over this time, Mr. Walsh has conducted real estate assignments on multifamily, retail, office, and industrial developments in over 40 states. Some of the real estate assignments performed include: LIHTC, market-rate, and government subsidized apartment communities, assisted-living facilities, nursing homes, commercial buildings, and studies for the privatization of military housing. Mr. Walsh also provides expert witness testimony for LIHTC and other affordable housing developments working with government agencies and owners.

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

Property Types

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

Clients

Lenders
Syndicators
Developers
Government
Investors

Professional Affiliations

MAI: The Appraisal Institute
Alternate Regional Representative for 2022-Present Appraisal Institute

State of Ohio (License No. 2014004979)
State of Michigan (License No. 1205075359)
State of South Carolina (License No. 7829)
District of Columbia (License No. GA2002133)
State of Wisconsin (License No. 2151-10)
State of New York (License No. 46000054339)
State of Indiana (License No. CG42400041)
State of Illinois (License No. 553.002881)

Education

Bachelor of Arts, Business Marketing, University of Wisconsin Oshkosh, Oshkosh, WI Successfully completed a wide variety of professional classes offered by the Appraisal Institute.

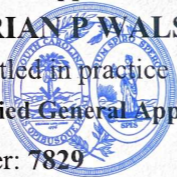
State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

BRIAN P WALSH

Is hereby entitled in practice as a:

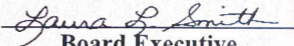
Certified General Appraiser

License Number: **7829**



Expiration Date: 06/30/2026

OFFICE COPY


Board Executive

Profile

Shashwat is an Appraiser at BBG in the Columbus office. His experience includes real estate consulting, including appraisal and market study assignments for commercial real estate.

Professional Affiliations

General Certified Appraiser:

State of Ohio, Certified General Appraiser (License No. ACG.2022003656)

State of Michigan, Certified General Appraiser (License No. 1205078218)

State of Pennsylvania, Certified General Appraiser (License No. GA004841)

Education

Master of Business Administration, Capital University, Bexley, Ohio.

Bachelor of Arts, Accounting, Ohio Wesleyan University, Delaware, Ohio

Coursework

- Appraisal Principles
- Appraisal Procedures
- National Unified Standards of Professional Appraisal Practice
- Supervisory Appraiser/Trainee Appraiser
- Fair Housing
- General Appraiser Income Approach/Part 1
- Real Estate Finance, Statistics, and Valuation Modeling
- General Appraiser Market Analysis and Highest & Best Use
- General Appraiser Sales Comparison Approach
- General Appraiser Report Writing and Case Studies
- Quantitative Analysis

South Carolina Department of Labor, Licensing and Regulation
Real Estate Appraisers Board



CERTIFIES THAT:
SHASHWAT RIJAL
IS AUTHORIZED TO PRACTICE
Temporary Permit

LICENSE NO.
AT .2025049

EXPIRATION DATE: 10/18/2025

To verify current license status, go to <http://verify.llronline.com/LicLookup/LookupMain.aspx>