

A MARKET VALUATION OF:

LANCASTER MANOR APARTMENTS

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Located at:
201 Chesterfield Avenue
Lancaster, Lancaster County, SC 29720

Effective Date: November 8, 2023
Report Date: December 4, 2023

Prepared for:
Gerald A. Kruger
American Community Developers, Inc.
20250 Harper Avenue
Detroit, MI 48225

Prepared by:
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December 4, 2023

Gerald A. Kruger
American Community Developers, Inc.
20250 Harper Avenue
Detroit, MI 48225

Re: Appraisal of Lancaster Manor Apartments
201 Chesterfield Avenue
Lancaster, Lancaster County, SC 29720

Dear Gerald Kruger:

Novogradac & Company LLP doing business as Novogradac Consulting ("Novogradac") is pleased to present our findings with respect to the value of the above-referenced property, Lancaster Manor Apartments ("Subject"). The Subject is an existing 66-unit age-restricted (55+) Low Income Housing Tax Credit (LIHTC)/Section 8 property proposed for acquisition/rehabilitation through with additional LIHTC equity. As requested, we are providing a narrative appraisal report that includes the following value estimates, which are described and defined below. This letter serves as an introduction to the attached appraisal; the value opinions expressed in this introduction letter must be taken in context with the full appraisal report. We are concurrently preparing an application market study for the Subject property. We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the previous three-year period.

- Land value as if vacant.
- Market value "as is restricted" of the fee simple interest in the property.
- Hypothetical market value "as is unrestricted" of the fee simple interest in the property.

American Community Developers, Inc. is the client in this engagement. We understand that they will use this document for submittal to the South Carolina State Housing Finance and Development Authority (SCSHFDA) for Low Income Housing Tax Credit (LIHTC) and/or bond application. The South Carolina State Housing Finance Development Authority (SCSHFDA) is an authorized user and may rely on the representations made herein. Intended users including SCSHFDA, HUD, and those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, American Community Developers, Inc. owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

In addition, this report, or a reference to this report, may not be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report, as defined by USPAP.

For the purposes of this assignment, market value is defined as:

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

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

This report complies with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and FIRREA Title XI, 12 CFR Part 323(FDIC), and 12 CFR Part 34 (RTC), and the Code of Ethics & of Professional Practice of the Appraisal Institute. It also complies with Appraisal Institute, and SCSHFDA specifications.

As a result of our analysis, the value of the Subject's underlying land, "**As If Vacant**", of the fee simple interest, as of November 8, 2023, is:

THREE HUNDRED THOUSAND DOLLARS
(\$300,000)

As a result of our analysis of the Subject's restricted scenario, the fee simple market value "**As Is**", as of November 8, 2023, is:

FOUR MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
(\$4,550,000)

As a result of our analysis of the Subject's hypothetical unrestricted scenario, the fee simple market value "**As Is**", as of November 8, 2023, is:

THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$3,600,000)

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that

¹ 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

LANCASTER MANOR APARTMENTS
AMERICAN COMMUNITY DEVELOPERS, INC.
DECEMBER 2023
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the Subject will benefit from such a full property tax exemption in the restricted scenario. The use of extraordinary assumptions and/or hypothetical conditions may impact the assignment results.

Please refer to the assumptions and limiting conditions regarding the valuation conclusions and hypothetical conditions

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certificate Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the USPAP. Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material.

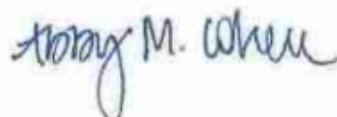
Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,
Novogradac



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I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Property Appraised:	Lancaster Manor Apartments, the Subject, is an existing 66-unit age-restricted (55+) LIHTC/Section 8 multifamily property located at 201 Chesterfield Avenue, in Lancaster, Lancaster County, SC 29720. The Subject consists of one elevator-serviced three-story lowrise structure offering 66 one and two-bedroom units. The Subject was originally constructed in 1983 and renovated in 2005 with LIHTC equity. The Subject's units are restricted to senior households, age 55 and over, earning 60 percent of the AMI, or less. Further, all of the Subject's units are encumbered by a Housing Assistance Payment (HAP) contract, and benefit from Section 8 subsidy, where tenants contribute 30 percent of their income towards rent.
Recent Operation:	The Subject is currently operating as a Section 8 property. According to the rent roll dated October 13, 2023, the Subject is currently 92.4 percent occupied and maintains a waiting list of undetermined length. According to historical financial statements, the Subject's annual vacancy and collection loss was 3.9, 4.9, and 1.7 percent in 2020, 2021, and 2022, respectively. According to management, the Subject's typical historical vacancy rate is less than five percent, and demand for affordable housing is very strong.
Tax Map ID:	The Subject is identified by the Lancaster County Tax Assessor with the following parcel number: 0081A-0G-005.00.
Land Area:	The Subject site consists of 2.42 acres, or 105,415 square feet.
Legal Interest Appraised:	The property interest appraised is fee simple, subject to any and all encumbrances, if applicable, for each value estimate.
Current Rents and Unit Mix:	The following table summarizes current tenant-paid rents at the Subject.

RENT ROLL ANALYSIS (10/13/2023)

Unit Type	Unit Size (SF)	Number of Units	Contract Rent*	Minimum Tenant Paid Rent	Maximum Tenant-Paid Rent	Average Tenant-Paid Rent	Vacant Units	Vacancy Rate
1BR/1BA	553	60	\$869	\$232	\$629	\$431	5	7.6%
2BR/1BA	779	6	\$1,000	\$194	\$677	\$537	0	0.0%
Total		66					1	7.6%

*Based on rent schedule, effective 11/1/2023

Ownership History of the Subject:	According to the Lancaster County Assessor's Office and a purchase and sale agreement provided by the client, dated July 20, 2023, Lancaster Manor II, LLC, ("Seller") transferred ownership of the Subject to Lancaster Manor 2022, LLC, ("Purchaser") for a purchase price of \$4,550,000. Based on our as-is value of \$4,550,000, as detailed later in this report, the transaction appears to represent a market-oriented transaction. There have been no other known transfers of the Subject property within the past three years.
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Highest and Best Use “As If Vacant”: The Subject’s highest and best use “as if vacant” is to construct a 30-unit multifamily affordable development utilizing tax credit equity or favorable financing.

Highest and Best Use “As Improved”: The Subject property currently operates as a Section 8 multifamily property, and it is in average condition. The property currently generates positive cash flow, and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

Effective Date: The Subject was inspected on November 8, 2023, which is the effective date for this report.

Capitalization Rate Reconciliation: After reviewing the appropriate methods for developing an overall rate, the following ranges of overall capitalization rates are indicated:

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	6.00%
The PWC Investor Survey	6.00%
Debt Coverage Ratio	7.92%
Band of Investment	8.85%

The various approaches indicate a range from 6.00 to 8.85 percent. We reconciled a 6.00 percent capitalization rate based primarily upon the market-extracted rate.

Operating Expense Reconciliation: Operating expenses were estimated based upon the historical expenses and comparable expenses. In the following table, we compared the total operating expenses per unit reported by the Subject with the total expenses reported by comparable properties utilized in our operating expense analysis. Our total expense estimate as restricted is below the Subject’s historical range, and below the range of the comparables; however, this is due to the extraordinary assumption that the Subject will be exempt from full property taxes, which it has historically paid, as have the comparable properties.

TOTAL EXPENSES PER UNIT		TOTAL EXPENSES PER UNIT LESS TUR	
Subject Expenses		Subject Expenses	
2022 (Audited)	\$8,502	2022 (Audited)	\$6,446
2021 (Audited)	\$8,454	2021 (Audited)	\$6,472
2020 (Audited)	\$7,964	2020 (Audited)	\$5,972
Comparable Properties		Comparable Properties	
Comp 1	\$5,160	Comp 1	\$3,316
Comp 2	\$5,956	Comp 2	\$5,053
Comp 3	\$7,040	Comp 3	\$4,797
Comp 4	\$5,609	Comp 4	\$3,346
Subject Conclusions		Subject Expenses	
Market Value - "As Is Restricted"	\$7,179	Market Value - "As Is Restricted"	\$5,954
Hypothetical Market Value "As Is Unrestricted"	\$6,932	Hypothetical Market Value "As Is Unrestricted"	\$4,250

Strengths and Weaknesses:

Based upon our market research, demographic calculations and analysis, we believe the Subject property is well positioned and accepted in the market. Strengths of the Subject include its good location, limited supply of affordable senior housing in the area, the positive demographics in the local area, and the fact that all units at the Subject benefit from subsidy. Weaknesses include the Subject's smaller unit sizes relative to comparable properties in the area.

Third Party Reports:

We were provided with a draft Phase I Environmental Site Assessment for the Subject property dated September 30, 2022. According to the report, no evidence of recognized environmental conditions (REC's) were identified in connection with the Subject property. During our site inspection, we walked the Subject's grounds and did not observe any obvious indicators of environmental contamination. Nonetheless, Novogradac is not an expert in this field and further analysis is beyond the scope of this report.

Indications of Value:

LAND VALUE

Scenario	No. of Units	Value/Unit	Indicated Value (Unrounded)	Indicated Value (Rounded)
Value Per Unit	30	\$10,000	\$300,000	\$300,000
Value Per Acre	2.42	\$123,967	\$300,000	\$300,000

DIRECT CAPITALIZATION ANALYSIS

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
Market Value - "As Is Restricted"	6.00%	\$273,355	\$4,550,000
Hypothetical Market Value "As Is Unrestricted"	6.00%	\$215,381	\$3,600,000

NOI/UNIT ANALYSIS

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Market Value - "As Is Restricted"	66	\$67,500	\$4,500,000
Hypothetical Market Value "As Is Unrestricted"	66	\$53,000	\$3,500,000

EGIM ANALYSIS

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
Market Value - "As Is Restricted"	6.2	\$747,172	\$4,600,000
Hypothetical Market Value "As Is Unrestricted"	5.4	\$672,885	\$3,600,000

Exposure Period:

Nine to Twelve Months

II. FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

Appraisal Assignment and Valuation Approach

As requested, the appraisers provided several value estimates, described and defined below:

- Land value as if vacant.
- Market value “as is restricted” of the fee simple interest in the property.
- Hypothetical market value “as is unrestricted” of the fee simple interest in the property.

In determining the value estimates, the appraisers employed the sales comparison and income capitalization approaches to value. The property is an existing subsidized apartment community. Given the Subject's restricted nature, age, and investment type, the cost approach is not considered a reliable method of valuation.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

Property Identification

The Subject is an existing 66-unit LIHTC/Section 8 development located at 201 Chesterfield Avenue, Lancaster, Lancaster County, SC 29720. The site is approximately 2.42 acres and is improved with one elevator-serviced three-story, lowrise residential building. The Subject site is identified by the following Assessor's Parcel Number (APN): 0081A-OG-005.00.

Intended Use and Intended User

American Community Developers, Inc. is the client in this engagement. We understand that they will use this document for submittal to the South Carolina State Housing Finance and Development Authority (SCSHFDA) for low income housing tax credit (LIHTC) and/or bond application.

Intended users including SCSHFDA, HUD, and those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, American Community Developers, Inc. owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement. The South Carolina State Housing Finance Development Authority (SCSHFDA) is an authorized user and may rely on the representations made herein. In addition, this report, or a reference to this report, may not be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.

Property Interest Appraised

The property interest appraised is fee simple estate.

Date of Inspection and Effective Date of Appraisal

The Subject was last inspected by Novogradac on November 8, 2023, which will serve as the effective date for this report.

Scope of the Appraisal

For the purposes of this appraisal, Novogradac visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration. We believe the scope of work is appropriate for the problem stated.

For the purposes of this appraisal, we have utilized the sales comparison and income approaches to complete this assignment based on the scope of work required.

Extraordinary Assumptions (EA) and Hypothetical Conditions (HC)

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario in accordance with South Carolina General Assembly Bill 207 of the 2019-2020 Legislative Session.

The use of extraordinary assumptions and/or hypothetical conditions may impact the assignment results.

Please refer to the complete assumptions and limiting conditions in the Addenda.

Market Value Definition

For the purposes of this assignment market value is defined as:

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

2 - 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

Compliance and Competency Provision

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Moreover, Advisory Opinion 14 acknowledges preparation of appraisals for affordable housing requires knowledge and experience that goes beyond typical residential appraisal competency including understanding the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these supplemental standards.

Unavailability of Information

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

Furniture, Fixtures, and Equipment

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included, and may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

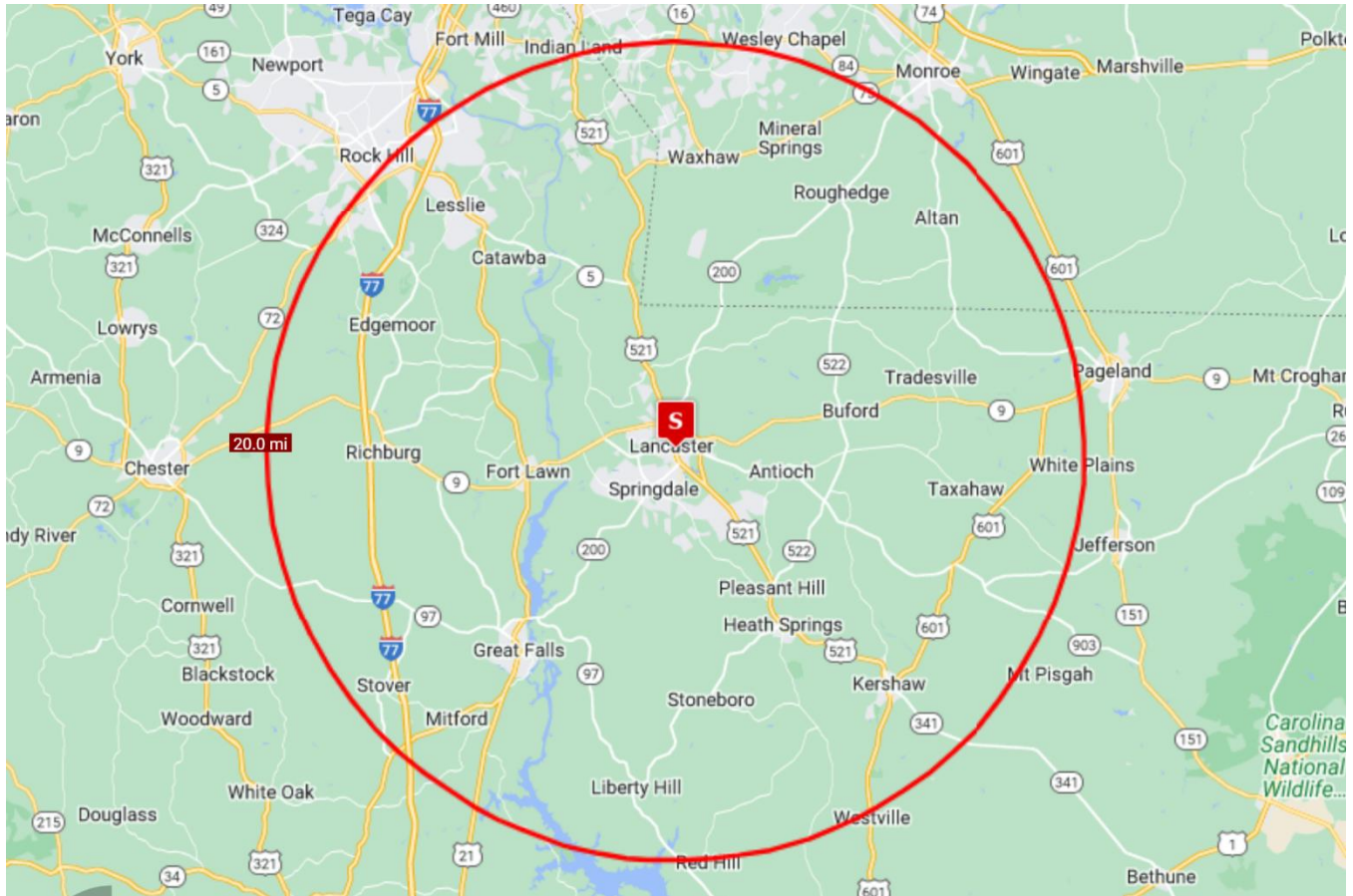
Ownership and History of Subject

According to the Lancaster County Assessor's Office and a purchase and sale agreement provided by the client, dated July 20, 2023, Lancaster Manor II, LLC, ("Seller") transferred ownership of the Subject to Lancaster Manor 2022, LLC, ("Purchaser") for a purchase price of \$4,550,000. Based on our as-is value of \$4,550,000, as detailed later in this report, the transaction appears to represent a market-oriented transaction. There have been no other known transfers of the Subject property within the past three years.

III. REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL AND LOCAL AREA ANALYSIS

Regional Map



Source: Google Earth, November 2023

The Subject is located in the southeast portion of Lancaster, South Carolina. Lancaster is located in the northern portion of South Carolina and is part of the Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area (MSA), which consists of the following counties: Chester, Lancaster, and York in South Carolina; Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union in North Carolina. According to the 2020 US Census, Lancaster had a population of 8,575 persons.

ECONOMIC ANALYSIS

Major Employers

The following table details major employers in Lancaster County, South Carolina. It should be noted that the number of employees was not available.

MAJOR EMPLOYERS LANCASTER COUNTY, SC	
Employer Name	Industry
Cmha Primary Care Facilities	Healthcare
Continental Tire	Wholesale/Distribution
Food Lion	Retail
Founders Federal Credit Union	Financial Services
Haile Gold Mine Inc	Mining
Kanawha Insurance Company	Financial Services
Keer America Corporation	Manufacturing
Lancaster County	Government
Lancaster County School District	Education
Medical University of SC Hospital Authority	Healthcare
Movement Mortgage Llc	Financial Services
Newbold Services - Lancaster	Facilities Services
Nutramax Manufacturing	Manufacturing
Pci Group	Communications
Rbus Inc	Consulting Services
Remac Corporation	Manufacturing
The Budd Group	Facilities Services
TriNet USA	Professional/Scientific/Technical Services
Wal-Mart	Retail
Watercrest Community Management	Social Assistance
Totals	

Source: SC Department of Employment & Workforce 2023 Q1, retrieved November 2023

Lancaster County's major employers are primarily concentrated within the healthcare, retail, financial services, and manufacturing sectors. The healthcare and financial services sectors represent historically stable industries, while the retail and manufacturing sectors are more volatile during economic downturns. Overall, we believe the diverse mix of industries in typically stable sectors bodes well for the local area economy.

Employment Expansion/Contractions

We contacted the County of Lancaster Economic Development Director, in order to gather information about economic expansions in the city; however, the Economic Development Director stated that they do not maintain records of business expansions or have a research department. Therefore, we conducted our own research into economic expansions in the area. We used the South Carolina I-77 Alliance website, an economic development agency. Notable expansions include, but are not limited to, the following:

- It was announced in May 2023, Snider Fleet Solutions will be relocating its headquarter offices to Lancaster County. The investment in the company is \$6.9 million dollars and it is forecast to create 167 jobs.
- It was announced in March 2022, FROMM Group is expanding in Lancaster County. The investment in the company is \$34.6 million dollars and it is forecast to create 63 jobs. The expansion was completed in March 2023.
- It was announced in June 2022, Nutramax Laboratories is expanding into Indian Land area, in Lancaster County. The company already has three existing locations in Lancaster, and the new expansion created approximately 200 new jobs. The company

- It was announced in January 2022, Chief Buildings which is a subsidiary of Chief Industries has a new operation site in Lancaster. Operations started to be online in October 2022. In the next five years, the company's \$22.1 million investment will create approximately 102 new jobs.

WARN Notices

We reviewed the Worker Adjustment and Retraining Notification Act (WARN) notices published by the South Carolina Economic Development Department for January 2020 to year-to-date 2023. During this period, there have been zero notices of layoffs in Lancaster County.

Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2007 to August 2023.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2007	1,015,925	-	5.4%	-	146,046,667	-	4.6%	-
2008	1,020,753	0.5%	6.6%	1.2%	145,362,500	-0.5%	5.8%	1.2%
2009	966,977	-5.3%	12.3%	5.7%	139,877,500	-3.8%	9.3%	3.5%
2010	1,012,597	4.7%	11.6%	-0.7%	139,063,917	-0.6%	9.6%	0.3%
2011	1,036,870	2.4%	10.6%	-1.0%	139,869,250	0.6%	9.0%	-0.7%
2012	1,071,281	3.3%	9.4%	-1.2%	142,469,083	1.9%	8.1%	-0.9%
2013	1,097,007	2.4%	7.6%	-1.8%	143,929,333	1.0%	7.4%	-0.7%
2014	1,133,169	3.3%	6.0%	-1.6%	146,305,333	1.7%	6.2%	-1.2%
2015	1,172,526	3.5%	5.4%	-0.6%	148,833,417	1.7%	5.3%	-0.9%
2016	1,213,116	3.5%	4.8%	-0.6%	151,435,833	1.7%	4.9%	-0.4%
2017	1,236,766	1.9%	4.3%	-0.5%	153,337,417	1.3%	4.3%	-0.5%
2018	1,264,009	2.2%	3.7%	-0.5%	155,761,000	1.6%	3.9%	-0.4%
2019	1,298,223	2.7%	3.5%	-0.2%	157,538,083	1.1%	3.7%	-0.2%
2020	1,234,590	-4.9%	7.1%	3.6%	147,794,750	-6.2%	8.1%	4.4%
2021	1,302,839	5.5%	4.6%	-2.5%	152,580,667	3.2%	5.4%	-2.7%
2022	1,377,095	5.7%	3.4%	-1.2%	158,291,083	3.7%	3.6%	-1.7%
2023 YTD Average*	1,410,563	2.4%	3.3%	-0.1%	160,773,875	1.6%	3.7%	0.0%
Aug-2022	1,373,614	-	3.9%	-	158,714,000	-	3.8%	-
Aug-2023	1,429,114	4.0%	3.3%	-0.6%	161,427,000	1.7%	3.9%	0.1%

Source: U.S. Bureau of Labor Statistics, November 2023

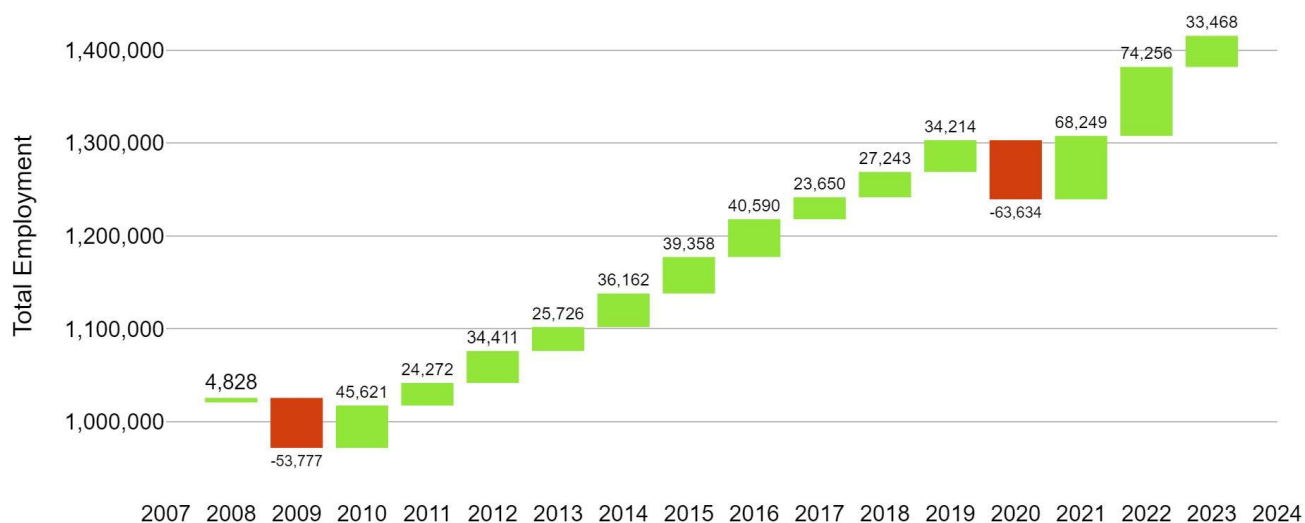
*2023 YTD Average is through August

The effects of the previous national recession (2008 - 2009) were exaggerated in the MSA, which experienced a 5.3 percent contraction in employment, compared to a 4.8 percent decline across the nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2011, three years before the overall nation. Between 2012 and 2019, employment growth in the MSA exceeded the nation in every year. Employment in the MSA declined sharply by 4.9 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. The MSA subsequently recovered all pandemic-related job losses, and employment levels are currently at a post-recessionary record. As of August 2023, employment in the MSA is increasing at an annualized rate of 4.0 percent, compared to 1.7 percent growth across the nation.

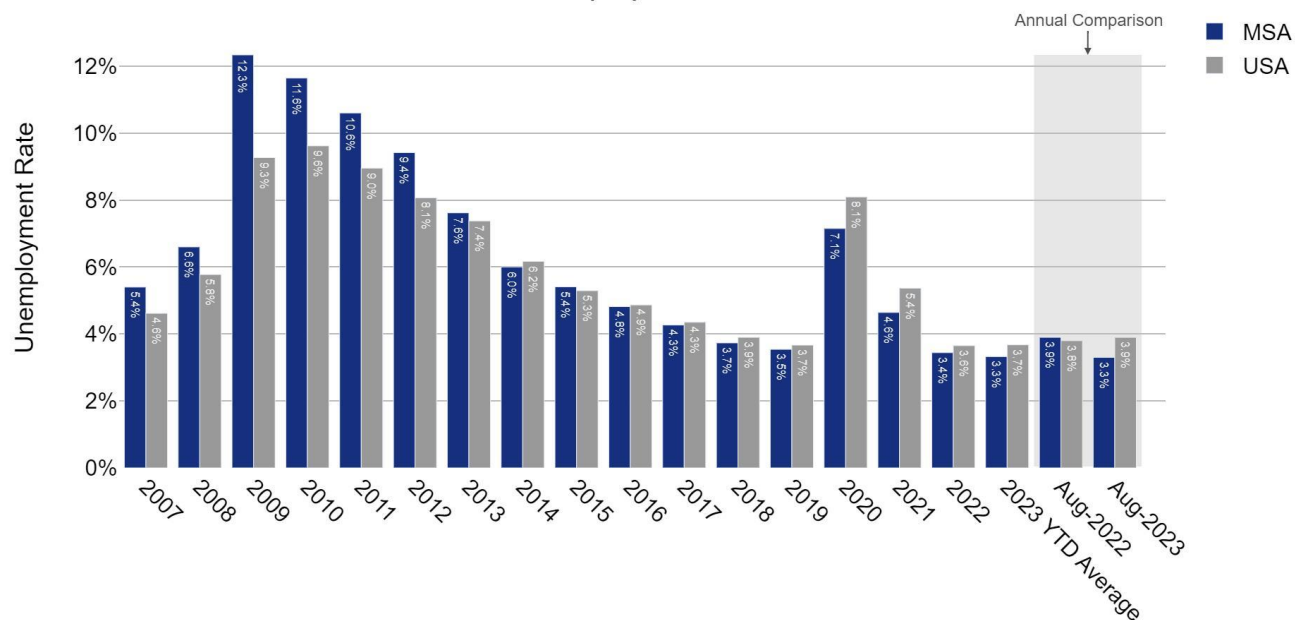
Measured by the unemployment rate, the MSA labor market demonstrated relative weakness during the housing recession (2007 - 2009). The local unemployment rate increased by 6.9 percentage points, compared to only 5.0 percentage points across the nation. During the period preceding the onset of COVID-19 (2012 - 2019), the MSA generally experienced a similar unemployment rate relative to the nation. The MSA unemployment rate increased modestly by 3.6 percentage points in 2020 amid the pandemic, reaching a high of 7.1 percent. For comparison, the national unemployment rate rose by 4.4 percentage points and reached a high of 8.1 percent over the same time period. According to the latest labor statistics, dated August 2023, the current MSA unemployment rate is 3.3 percent. This is well below the COVID highs of 2020, and slightly below the current national unemployment rate of 3.9 percent.

The following charts provide further illustration of the changes in employment and unemployment rate trends in the MSA.

MSA Job Growth



Unemployment Rate



Employment by Industry

The following table illustrates employment by industry for the PMA and nation as of 2023.

2023 - EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Manufacturing	5,237	21.4%	16,269,811	10.0%
Healthcare/Social Assistance	2,743	11.2%	22,115,876	13.6%
Retail Trade	2,569	10.5%	16,983,329	10.4%
Educational Services	1,960	8.0%	14,946,247	9.2%
Construction	1,549	6.3%	11,436,301	7.0%
Other Services	1,532	6.3%	7,645,568	4.7%
Accommodation/Food Services	1,369	5.6%	10,883,169	6.7%
Finance/Insurance	1,356	5.5%	8,135,144	5.0%
Transportation/Warehousing	1,200	4.9%	9,030,239	5.5%
Admin/Support/Waste Mgmt Svcs	1,069	4.4%	7,195,078	4.4%
Prof/Scientific/Tech Services	966	4.0%	13,955,403	8.6%
Public Administration	791	3.2%	7,857,180	4.8%
Arts/Entertainment/Recreation	475	1.9%	3,578,110	2.2%
Utilities	452	1.8%	1,335,595	0.8%
Wholesale Trade	440	1.8%	3,029,965	1.9%
Real Estate/Rental/Leasing	228	0.9%	2,901,274	1.8%
Information	211	0.9%	3,143,826	1.9%
Mining	191	0.8%	572,355	0.4%
Agric/Forestry/Fishing/Hunting	101	0.4%	1,800,335	1.1%
Mgmt of Companies/Enterprises	9	0.0%	216,588	0.1%
Total Employment	24,448	100.0%	163,031,393	100.0%

Source: Esri Demographics 2023, Novogradac, November 2023

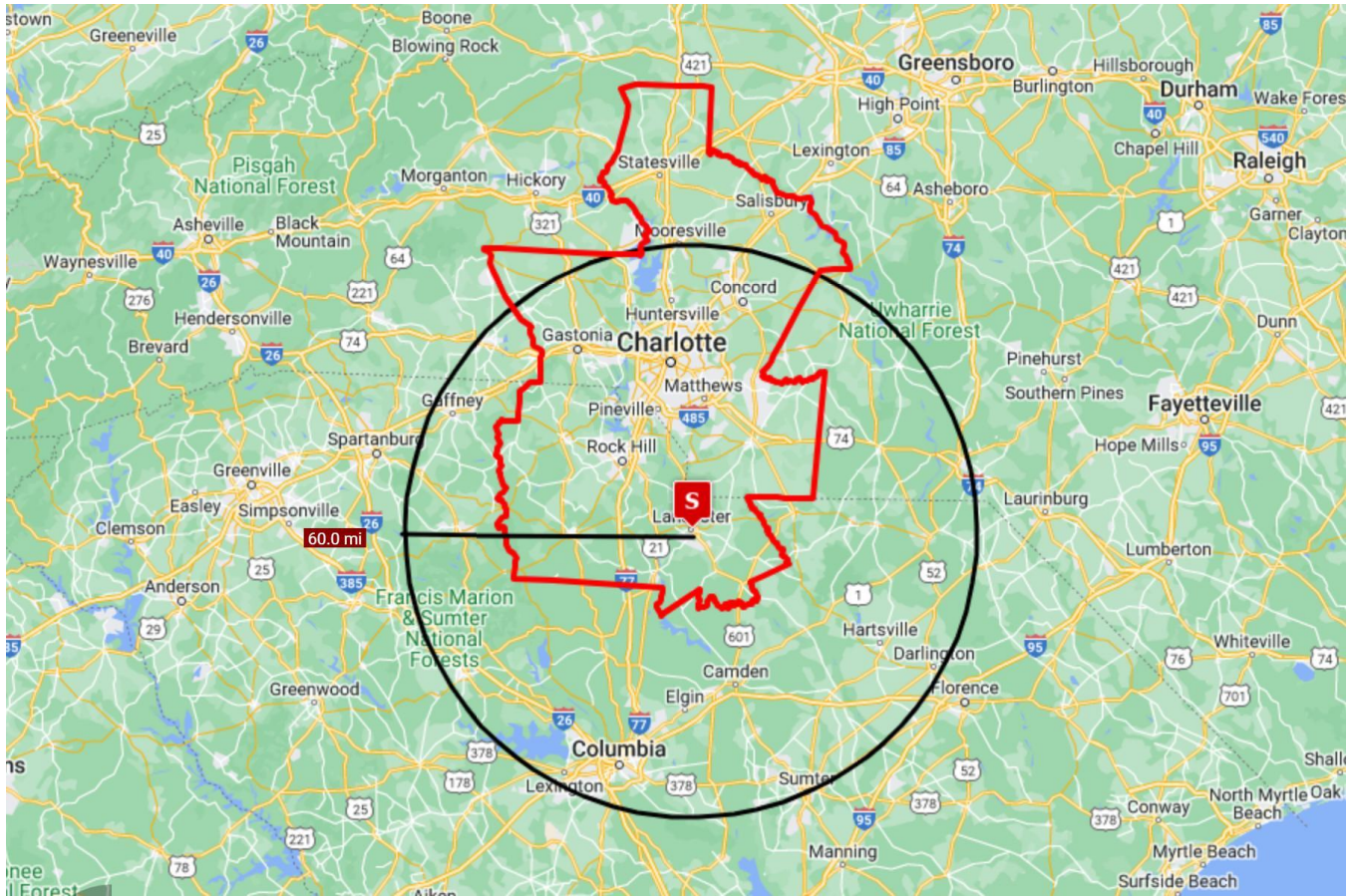
Employment in the PMA is concentrated in manufacturing, healthcare/social assistance, and retail trade, which collectively comprise 43.1 percent of local employment. The large share of PMA employment in the manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare/social assistance industry, which typically exhibits greater stability during economic recessions. Relative to the nation, the PMA features comparatively greater employment in the manufacturing, other services, and utilities industries. Conversely, the PMA is underrepresented in the prof/scientific/tech services, healthcare/social assistance, and public administration sectors.

Conclusion

Employment in the PMA is concentrated in manufacturing, healthcare/social assistance, and retail trade, which collectively comprise 43.1 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as these industries are historically volatile, and prone to contraction during economic recessions. However, the PMA also has a significant share of employment in the healthcare/social assistance industry, which typically exhibits greater stability during recessionary periods. Relative to the nation, the PMA features comparatively greater employment in the manufacturing, other services, and utilities industries. Conversely, the PMA is underrepresented in the prof/scientific/tech services, healthcare/social assistance, and public administration sectors. Employment in the MSA declined sharply by 4.9 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. The MSA subsequently recovered all pandemic-related job losses, and employment levels are currently at a post-recessionary record. As of August 2023, employment in the MSA is increasing at an annualized rate of 4.0 percent, compared to 1.7 percent growth across the nation.



SECONDARY MARKET AREA MAP



Source: Google Maps, November 2023

Population and Households

The following tables illustrates population and household trends in the PMA, MSA and nation from 2010 through 2023, as well as projections through 2028.

POPULATION

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	109,130	-	2,243,837	-	308,730,056	-
2023	142,065	2.3%	2,798,267	1.9%	337,460,311	0.7%
2028	151,720	1.4%	2,934,426	1.0%	342,629,524	0.3%

Source: Esri Demographics 2023, Novogradac, November 2023

HOUSEHOLDS

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	41,781	-	858,456	-	116,709,667	-
2023	55,687	2.6%	1,092,620	2.1%	129,912,564	0.9%
2028	60,123	1.6%	1,153,748	1.1%	133,092,836	0.5%

Source: Esri Demographics 2023, Novogradac, November 2023

The PMA experienced increasing population growth between 2010 and 2023 and at a faster rate than the surrounding MSA, which also reported positive growth over the same time period. According to ESRI demographic projections, annualized PMA growth is expected to increase to decrease to 1.4 percent through 2028, which is above growth expectations for the MSA and the nation.

Historical household growth in the PMA exceeded the MSA between 2010 and 2023. Both geographic areas experienced household growth greater than the nation during the same time period. According to ESRI demographic projections, annualized PMA growth is expected to slow to 1.6 percent through 2028, which is substantially above the MSA and nation.

Senior (55+) Population and Household Trends

The Subject is age-restricted to senior households; thus, we included a demographic analysis of the senior population. The following tables illustrate senior population and household trends in the PMA, MSA, and nation from 2010 through 2023, as well as projections through 2028.

POPULATION 55+

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	29,348	-	490,934	-	76,745,755	-
2023	46,993	4.6%	769,244	4.4%	102,953,186	2.6%
2028	52,389	2.3%	837,940	1.8%	107,618,110	0.9%

Source: Esri Demographics 2023, Novogradac, November 2023

HOUSEHOLDS 55+

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	19,556	-	341,548	-	50,929,661	-
2023	28,196	3.4%	447,712	2.4%	60,352,228	1.4%
2028	32,196	2.8%	512,260	2.9%	64,924,407	1.5%

Source: Esri Demographics 2023, Novogradac, November 2023

Historical population growth in the PMA exceeded the MSA between 2010 and 2023. Both geographic areas experienced population growth greater than the nation during the same time period. According to ESRI

demographic projections, annualized PMA growth is expected to slow to 2.3 percent through 2028, which is substantially above the MSA and nation.

Historical household growth in the PMA exceeded the MSA between 2010 and 2023. Both geographic areas experienced household growth greater than the nation during the same time period. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.8 percent through 2028, which is similar to growth expectations for the MSA and substantially above the nation.

Household Income

The table below illustrates Median Household Income in the PMA, MSA, and nation from 2010 through 2028.

MEDIAN HOUSEHOLD INCOME						
Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	\$45,239	-	\$59,675	-	\$55,535	-
2023	\$71,030	4.4%	\$75,497	2.0%	\$72,604	2.4%
2028	\$79,480	2.4%	\$86,420	2.9%	\$82,410	2.7%

Source: Esri Demographics 2023, Novogradac, November 2023

As of 2023, the median income in the PMA is similar to the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2010 and 2023. Growth in the PMA exceeded the nation during the same time period. In particular, median income in the PMA rose from 81.5 percent of the national median income in 2010 to 97.8 percent in 2023. The overall rise in median income levels reflects a market where lower income households may be priced out by more affluent households. It also indicates that affordable housing properties should prosper in the future as incomes and, therefore, achievable rents rise. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.4 percent through 2028, which is slightly below projected growth in the MSA and nation.

Conclusion

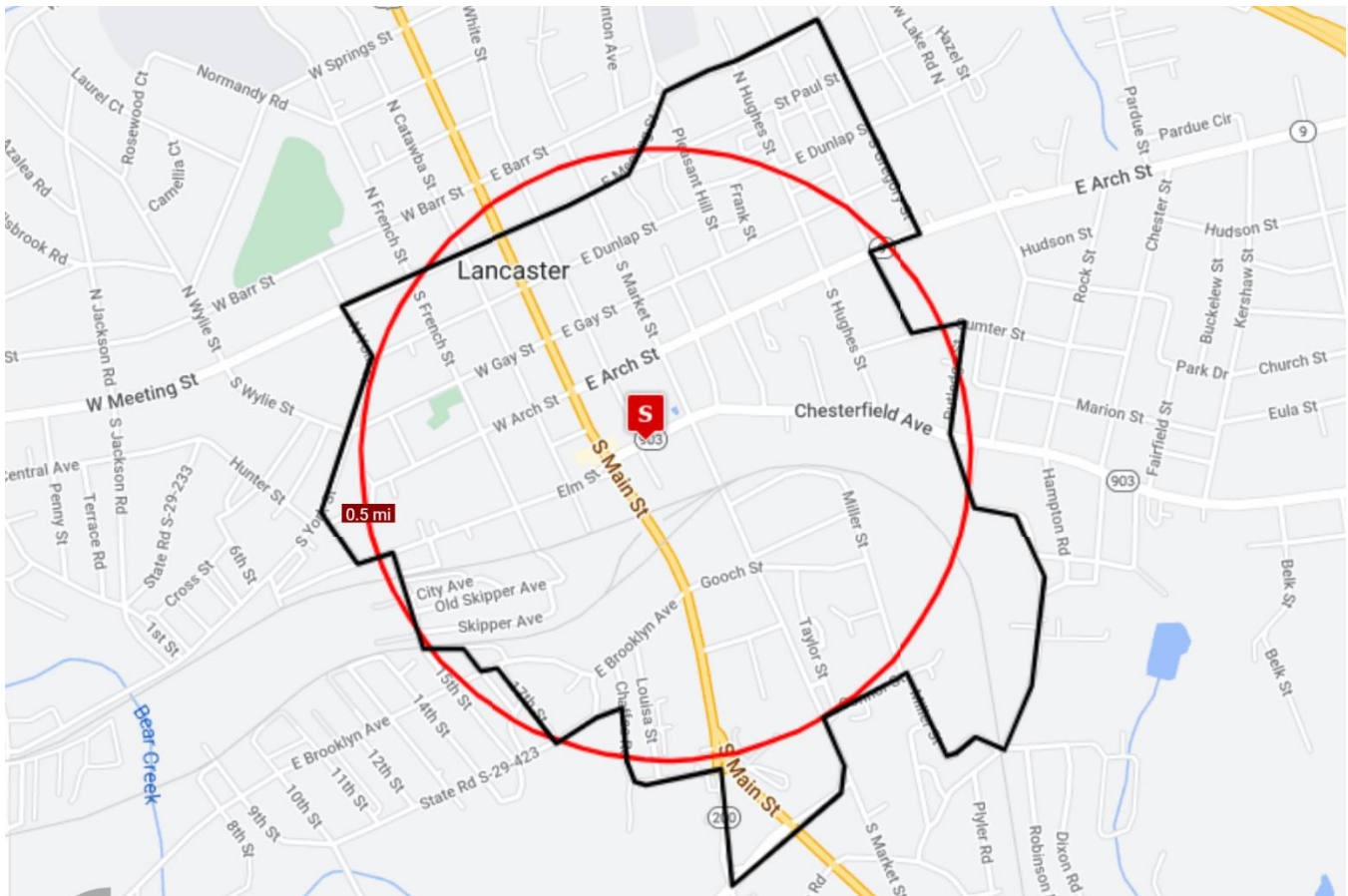
Population in the PMA increased at an annualized rate of 4.6 percent between 2010 and 2023, compared to growth of 4.4 percent in the MSA and 2.6 percent across the nation. The percentage of senior renter households in the PMA declined between 2010 and 2023 and is estimated to be 16 percent as of 2023. This is less than the estimated 33 percent renter households across the overall nation. The median income in the PMA as of 2023 is similar to the MSA and overall nation. According to ESRI demographic projections, population, household, and median income levels are all expected to rise through 2028. Overall, the combination of rising population and median household income bodes well for future demand for multifamily housing.

NEIGHBORHOOD ANALYSIS

The location and surrounding neighborhood of an apartment community often impacts the property's status, class and potential tenant base. In addition to the access to local commercial and employment opportunities, the quality and type of uses in a community are factors that could positively or negatively impact a property's marketability. This section describes the property's neighborhood and evaluates any locational factors that could affect its achievable rents, occupancy and overall profitability.

Location and Boundaries

The Subject is located in a mixed-use neighborhood in southeastern Lancaster, which is bounded by Meeting Street to the north, South Gregory Street, Rutledge Street, Cunningham Street, and Hampton Road to the east, Miller Street, Connor Street, Great Falls Highway, and 17th Street to the south, and 15th Street, York Street, and Cedar Street to the west. A map of the Subject's neighborhood is below.



Predominate Land Uses

The Subject is located in a mixed-use neighborhood of Lancaster surrounded by commercial/retail uses, single-family homes, the Lancaster County Public Library, and railroad tracks. To the north of the Subject is the Lancaster County Public Library in good condition. To the east of the Subject, across South Market Street, are single-family homes in average condition. Land use to the south of the Subject consists of railroad tracks and further south consists of undeveloped land and commercial/retail uses in average condition. Land use to the west of the Subject consists of commercial/retail uses in average condition. Overall, the Subject site is a good location for an affordable multifamily development and the surrounding land uses are generally in average condition. Commercial uses in the neighborhood appeared to be over 90 percent occupied and in average to good condition. The Subject has a Walk Score of 48, and is considered “Car-Dependent”, indicating that most errands require a car. No detrimental influences or site nuisances were observed, although south of the Subject are railroad tracks. However, we do not consider the Subject's proximity to the railroad tracks to be a detrimental influence as surrounding residential uses, including single-family homes do not appear to have operations impacted by their close proximity to the railroad tracks.

Accessibility

The Subject is accessed via South Market Street and Chesterfield Avenue. Chesterfield Avenue is a four-lane road which traverses east/west and provides access to South Main Street less than a mile from the Subject. South Main Street is a four-lane road, which traverses north/south and provides access to West Meeting Street approximately 0.5 miles west of the Subject. West Meeting Street is a four-lane road, which traverses north/south and provides access to Highway 9 approximately 4.2 miles west of the Subject. Highway 9 is a four-lane road which traverses east/west and provides access to Interstate 77 approximately 18.4 miles west of the Subject. Interstate 77 is a six-lane road traversing north/south, which provides access to Downtown Charlotte approximately 46.3 miles to the north of the Subject, and Columbia approximately 60.5 miles to the south of the Subject. Overall, access is considered good, and traffic flow in the immediate area is moderate.

Neighborhood Housing Stock

Single-family homes in the Subject's neighborhood generally exhibit generally average condition. According to Zillow, the median home value in the Subject's zip code is \$252,958.

NEIGHBORHOOD ANALYSIS		
	0.5 Mile Radius	PMA
	2023	2023
Owner-Occupied Housing Units	26.7%	73.9%
Renter-Occupied Housing Units	60.0%	19.3%
Vacant Housing Units	13.3%	6.8%
2023 Median Household Income	\$28,890	\$71,030
2023 - 2028 MHI Annual Growth	1.2%	2.4%
2023 Median Home Value	\$219,880	\$243,548

Source: ESRI Demographics 2023, Novogradac, November 2023

As indicated in the previous table, the percentage of renter households within a 0.5-mile radius of the Subject site is higher than that of the PMA as a whole. According to 2023 data provided by ESRI, approximately 60.0 percent of the occupied housing units within 0.5 miles of the Subject are renter-occupied, compared to 19.3 percent in the PMA. The median household income within a 0.5-mile radius of the Subject is higher than the PMA, and is projected to increase by 1.2 percent annually through 2028.

Public Transportation

The Lancaster Area Ride Service (LARS) is designed to provide Lancaster County residents of all ages access to transportation. Hours of operation are Monday through Friday from 9 a.m. to 3 p.m. To make a transportation reservation, Lancaster County residents must call three business days in advance. All persons must be 18 years of age or older to ride alone. Trips within Lancaster County are \$5.00 dollars each way. Fares to and from Rock Hill, South Carolina are \$10.00 dollars each way. Fares to and from Columbia or Charlotte, South Carolina are \$20.00 dollars each way. Fares must be exact change. LARS is a joint effort of local nonprofit organizations. The service is operated by the Lancaster County Council on Aging with funding from the South Carolina Department of Transportation and Lancaster County.

Healthcare

MUSC Health Lancaster Medical is located 1.2 miles northwest of the Subject. This 255-bed medical center offers a wide range of medical services including an emergency room, dermatology, cancer care, heart and vascular care, orthopedics, critical care, sports medicine, stroke care and trauma.

Crime Statistics

The table below illustrates crime indices in the PMA and MSA in comparison to that of the nation. A crime index below 100 is below the national average and anything over 100 is above the nation's crime index average. A crime index of 75 in a PMA would be 25 percent below the national average while a crime index of 200 would be twice that of the national average. Crime indices were provided by 2023 ESRI Demographics data.

2023 CRIME INDICES

	PMA	MSA
Total Crime*	122	138
Personal Crime*	155	144
Murder	131	123
Rape	117	104
Robbery	66	139
Assault	203	151
Property Crime*	117	138
Burglary	122	156
Larceny	120	135
Motor Vehicle Theft	81	104

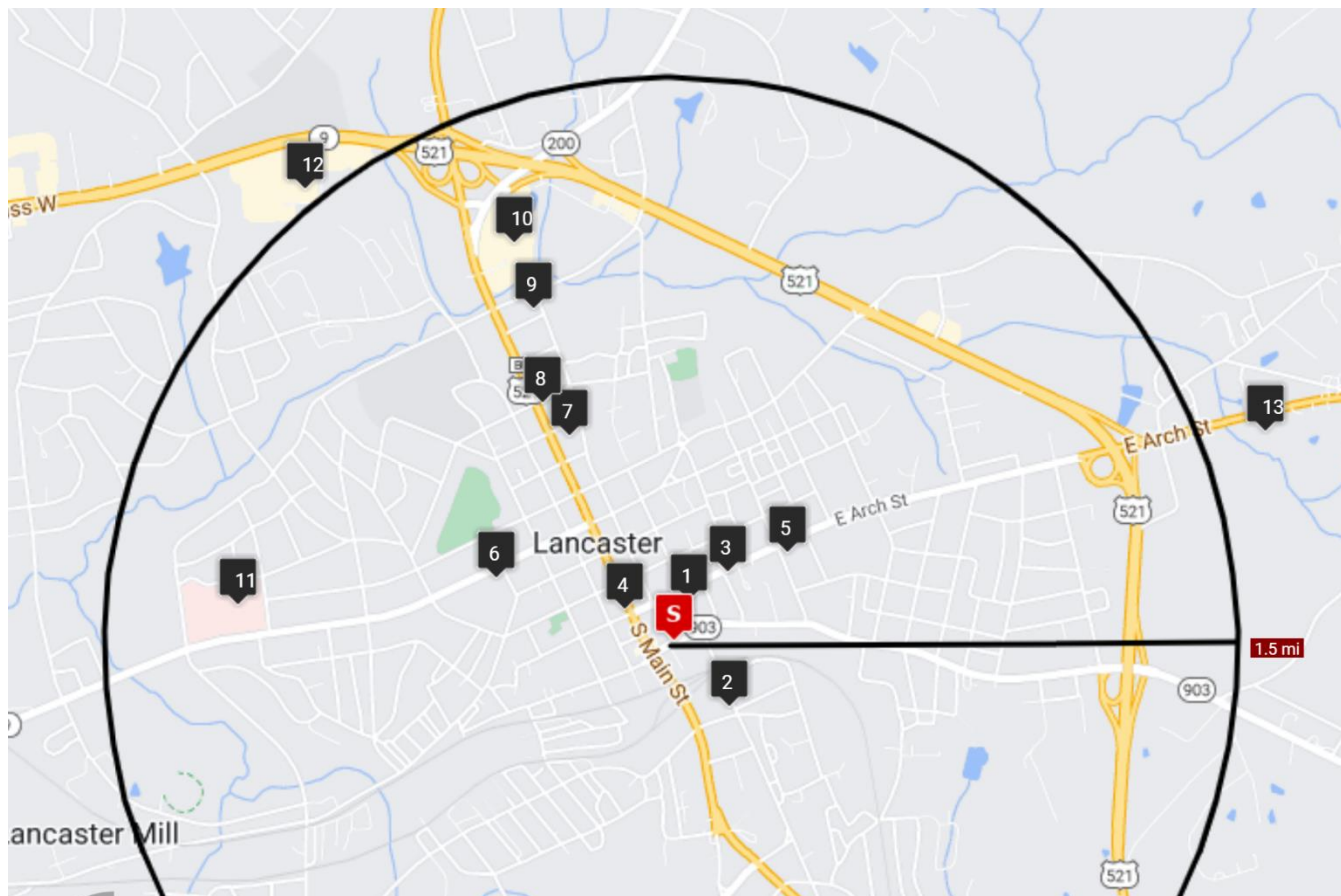
Source: Esri Demographics 2023, Novogradac, November 2023

*Unweighted aggregations

Total crime indices in the PMA are above the national average and below the MSA. Both geographic areas feature crime indices above the overall nation. In particular, the category of personal crime in the PMA is substantially elevated relative to the nation. The Subject offers limited access as a security feature. The upcoming Supply Section of this report provides a more detailed analysis of crime indices on a 0.5 mile basis.

Proximity to Local Services

The following table illustrates the Subject's proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented on the following table.



Source: Google Earth, November 2023

LOCATIONAL AMENITIES

#	Service or Amenity	Distance to Subject	Drive Time	#	Service or Amenity	Distance to Subject	Drive Time
1	Lancaster County Library	Adjacent	1 min	8	United States Postal Service	0.7 miles	2 min
2	The Forks	0.2 miles	1 min	9	Plexus Pharmacy	1.0 miles	2 min
3	Lancaster Fire Department	0.2 miles	1 min	10	Food Lion	1.1 miles	5 min
4	Sculpture Park	0.2 miles	1 min	11	MUSC Health Lancaster Medical Center	1.2 miles	5 min
5	Dollar General	0.4 miles	2 min	12	Walmart Supercenter	1.5 miles	6 min
6	Goldencare Adult Day Care	0.5 miles	2 min	13	Lancaster County Sheriff	1.7 miles	4 min
7	First Palmetto Bank	0.6 miles	2 min	-	-	-	-

Conclusion

The Subject's neighborhood appears to be an adequate location for an existing affordable multifamily development. Most desirable locational amenities are located within 1.7 miles from the Subject property. The Subject is located in a mixed-use neighborhood in southeastern Lancaster and is a compatible use within the existing neighborhood.

IV. ANALYSIS OF THE SUBJECT

ANALYSIS OF THE SUBJECT

DESCRIPTION OF THE SITE

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow. An aerial map of the Subject is provided below.



Source: Google Maps, November 2023

Size:	The Subject site is 2.42 acres, or 105,415 square feet.
Shape:	The Subject site is irregular in shape.
Frontage:	The Subject has frontage along the south side of Chesterfield Avenue, and the west side of South Market Street.
Topography	The site is exhibits gently rolling topography.
Utilities:	All utilities are available to the site.
Visibility/Views:	The Subject has average visibility from the south side of Elm Street. Views to the north of the Subject consist of single-family homes and the Lancaster County Public Library, in average and good condition, respectively. Views to the east of the Subject, across South Market

Road, consist of single-family homes in average condition. Views to the south of the Subject consist of railroad tracks and undeveloped land. Views to the west of the Subject consist of commercial/retail uses in average condition. Overall, visibility and views are considered average.

Access and Traffic Flow:

The Subject is accessed via South Market Street and Chesterfield Avenue. Chesterfield Avenue is a four-lane road which traverses east/west and provides access to South Main Street less than a mile from the Subject. South Main Street is a four-lane road, which traverses north/south and provides access to West Meeting Street approximately 0.5 miles west of the Subject. West Meeting Street is a four-lane road, which traverses north/south and provides access to Highway 9 approximately 4.2 miles west of the Subject. Highway 9 is a four-lane road which traverses east/west and provides access to Interstate 77 approximately 18.4 miles west of the Subject. Interstate 77 is a six-lane road traversing north/south, which provides access to Downtown Charlotte approximately 46.3 miles to the north of the Subject, and Columbia approximately 60.5 miles to the south of the Subject. Overall, access is considered good, and traffic flow in the immediate area is moderate.

Environmental, Soil and Subsoil Conditions and Drainage:

We were provided with a draft Phase I Environmental Site Assessment for the Subject property dated September 30, 2022. According to the report, no evidence of recognized environmental conditions (RECs) were identified in connection with the Subject property. During our site inspection, we walked the Subject's grounds and did not observe any obvious indicators of environmental contamination. Nonetheless, Novogradac are not experts in this field and further analysis is beyond the scope of this report.

Flood Plain:

According to Flood Insights and Flood Insurance Rate Map Community Panel Number 45057C0234D, dated June 16, 2011, the Subject site is located in Zone X. Zone X is defined as an area outside 500-year floodplain, which is determined to be outside the 0.2 percent annual chance floodplains. Further analysis by Novogradac is beyond the scope of the report.

Detrimental Influences:

No detrimental influences or site nuisances were observed, although south of the Subject are railroad tracks. However, we do not consider the Subject's proximity to the railroad tracks to be a detrimental influence as surrounded residential uses, including single-family homes do not appear to have operations impacted by the close proximity to the railroad tracks. However, we have taken the Subject's location adjacent to the railroad tracks into consideration in our determination of achievable rents.

Conclusion:

The Subject site is considered to be in a good location for multifamily use and is physically capable of supporting a variety of legally permissible uses.

DESCRIPTION OF THE IMPROVEMENTS

Details of the Subject's improvements are summarized as follows. This information, which was provided by the property manager, and confirmed during our inspection to the extent possible, is presumed to be accurate.

Property Improvements:	The Subject is an existing 66-unit age-restricted (55+) LIHTC/Section 8 multifamily property located at 201 Chesterfield Avenue, in Lancaster, Lancaster County, SC 29720. The Subject consists of one elevator-serviced three-story lowrise structure offering 66 one and two-bedroom units. The Subject's units are restricted to senior households, age 55 and over, earning 60 percent of the AMI, or less. Further, all of the Subject's units are encumbered by a Housing Assistance Payment (HAP) contract, and benefit from Section 8 subsidy, where tenants contribute 30 percent of their income towards rent.
Year Built or Date of Construction:	The Subject was originally constructed in 1983 and renovated in 2005 with LIHTC equity. The Subject is currently proposed for further renovations with additional LIHTC equity.
Property Layout and Curb Appeal:	Based on an inspection of the Subject by the appraiser, the property offers a functional property layout and has average curb appeal.
Current Rents and Unit Mix:	The following table summarizes the current rents and unit mix at the Subject. The current rent schedule for the Subject is effective November 1, 2023.

CURRENT RENTS

Unit Type	Unit Size (SF)	# Units	Contract Rent*	Utility Allowance*	Gross Rent
@60% (Section 8)**					
1BR/1BA	533	60	\$869	\$0	\$869
2BR/1BA	779	6	\$1,000	\$0	\$1,000
Total		66			

*Based on rent schedule, effective 11/1/2023

**Tenants contribute 30 percent of their income towards rent

The following table illustrates the current tenant-paid rents at the Subject, based on the rent roll provided, dated October 13, 2023.

RENT ROLL ANALYSIS (10/13/2023)

Unit Type	Unit Size (SF)	Number of Units	Contract Rent*	Minimum Tenant Paid Rent	Maximum Tenant-Paid Rent	Average Tenant-Paid Rent	Vacant Units	Vacancy Rate
1BR/1BA	533	60	\$869	\$232	\$629	\$431	5	7.6%
2BR/1BA	779	6	\$1,000	\$194	\$677	\$537	0	0.0%
Total		66					1	7.6%

*Based on rent schedule, effective 11/1/2023

The Subject is currently operating as a LIHTC/Section 8 property. According to the rent roll dated October 13, 2023, the Subject is currently 92.4 percent occupied and maintains a waiting list of undetermined length. According to historical financial statements, the Subject's annual vacancy and collection loss was 3.9, 4.9, and

1.7 percent in 2020, 2021, and 2022, respectively. According to management, the Subject's typical historical vacancy rate is less than five percent, and demand for affordable housing is very strong.

Unit Amenities:

The Subject's unit amenities include blinds, carpet and vinyl flooring, wall air conditioning, grab bars, pull cords, and coat closets. Appliances include a refrigerator and an oven.

Common Area Amenities:

The Subject's common area amenities include a clubhouse, computer room, community garden, elevators, exercise facility, central laundry facility, on-site management, and picnic areas.

Parking:

The Subject offers 51 off-street parking spaces, or 0.83 spaces per unit. The amount of parking appears adequate based on the tenancy, as well as comparable properties.

Unit Layout:

Based on our physical inspection of representative units, the floor plans appear adequate relative to their intended use and they offer good functional utility. We have inspected the following units on November 8, 2023.

UNITS INSPECTED

Unit Type	Unit Number	Status	Condition
1BR/1BA	120	Vacant	Average
1BR/1BA	221	Vacant	Average
2BR/1BA	213	Occupied	Average

Utility Structure:

The landlord is responsible for all utility expenses, including electric cooking, heating, water heating, air conditioning, general electric expenses, cold water, sewer, and trash expenses, in addition to common area utility expenses.

Americans With Disabilities Act of 1990:

We assume the property does not have any violations of the Americans With Disabilities Act of 1990.

PCA:

We were provided with a Capital Needs Assessment reported dated July 13, 2023. According to the report, 10 critical repairs were identified at the Subject property and are estimated to cost \$58,350. The critical repairs include issues regarding accessibility from municipal sidewalks, parking signage, modifications to units designated for disabled persons, two units must be modified for sensory impairment, termite inspection, new smoke detectors and fire extinguishers, inspection of the life safety/fire alarm control panel and devices, recertification of building elevator, repairs to sources of water leakage. According to the report, the identified accessibility non-compliance issues will be addressed within the 12 months after acquisition in conjunction with the non-critical repairs. As such, we have not subtracted the critical repairs from the overall value. Further, during our site inspection, we inspected a representative number of units as well as common areas, and did not observe any obvious or significant critical repairs.

Remaining Economic Life:

The Subject's actual age is 40 years based on the original construction date of 1983, but was renovated in 2005 and has been well-maintained. Based on a typical economic life of 60 years and the Subject's current average condition, we have estimated the effective age to be 30 years. Thus, the remaining economic life is approximately 30 years, as is.

Quality of Construction:

At the time of the inspection, the Subject was in average condition overall. The Subject appears to have been completed in a manner consistent with the information provided, using average-quality materials in a professional manner.


Functional Utility:

Based on our site inspection, the Subject does not appear to suffer from functional obsolescence.

Conclusion:

The Subject is an average quality multifamily property for this location and given its age. Based on our site inspection, the Subject does not appear to suffer from functional obsolescence and it provides adequate utility for its intended use.

LANCASTER MANOR APARTMENTS – LANCASTER, SOUTH CAROLINA – APPRAISAL

Lancaster Manor								
Location		201 Chesterfield Ave Lancaster, SC 29720 Lancaster						
Units		66						
Type		Lowrise (3-stories)						
Year Built / Renovated		1983 / 2005						
Tenant Characteristics		Senior						
Utilities								
A/C		included – wall		Other	included			
Cooking		included – electric		Water	included			
Water Heat		included – electric		Sewer	included			
Heat		included – electric		Trash	included			
Unit Mix (Face Rent)								
Beds		Bath	Type	Units	Size (SF)	Contract Rent	Restriction	Max Rent?
1		1	Lowrise (3-stories)	60	533	\$869	@60% (Section 8)	N/A
2		1	Lowrise (3-stories)	6	779	\$1,000	@60% (Section 8)	N/A
Amenities								
In-Unit		Blinds Carpeting Coat Closet Grab Bars Oven Pull Cords Refrigerator Vinyl Plank Flooring		Property	Elevators Exercise Facility Picnic Area Surface Parking Wall A/C			
Security		Intercom (Buzzer) Limited Access		Premium				
Services		Service Coordination		Other	Business Center Central Laundry Clubhouse Community Garden On-Site Mgmt			
Comments								
The Subject is proposed for acquisition/rehabilitation with additional LIHTC equity. The Subject consists of one three-story elevator-serviced lowrise structure. The rents in the profile reflect the contract rents from the rent schedule effective November 1, 2023.								

ASSESSMENT VALUE AND TAXES

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

The Subject is located within the Lancaster County and City real estate taxing jurisdiction. Real estate taxes for a property located in this jurisdiction are based upon a property's assessed valuation for each tax year. Real estate taxes in Lancaster County/City represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by multiplying the assessed value for the property by a millage rate.

According to the Lancaster County Assessor's Office, multifamily properties are primarily valued using all three approaches. Properties are assessed only every five years, or following a sale; the latest reassessments occurred in 2023, and the next reassessments will occur in 2028. The value of real property may not be increased more than 15 percent when revalued by the county, unless an assessable transfer of interest (ATI) occurs, which includes any sale or transfer of property to a third party. When an ATI occurs, the value of the property for tax purposes can be increased to its current market value (often actual sale price), without regard to the 15 percent cap. However, under a new law implemented in 2011, electing owners of commercial real property and non-owner-occupied residential property can have the value of their property reduced on the date of any ATI sale/transfer by up to 25 percent. If the 25 percent valuation discount results in a value lower than the property tax value at the time of the ATI, then the existing property tax value will continue to apply. If the market value of the property is lower than the property tax value at the time of the ATI, such as where the property is sold for a loss, then this lower market value will be used for property tax purposes.

Assessed values are equal to six percent of the market value. Lancaster City and County also offer a Local Option Sales Tax (LOST) credit (reduction), which is calculated by multiplying the LOST credit factor by the market value. The Lancaster County sales tax credit factor in 2023 is 0.01307 and the city of Lancaster sales tax credit factor is 0.06213. This tax credit is available to all multifamily properties, and the Subject would benefit from this tax credit in both the restricted and unrestricted scenarios. The 2023 millage rate for the Subject property is \$521.70 per \$1,000 of assessed value. The following table illustrates the current assessment and tax information for the Subject from the Lancaster County Assessor's Office; it should be noted that we have included the LOST credit in the millage rate, which results in an effective millage rate of \$446.50 per \$1,000 of assessed value.

CURRENT TAX BURDEN

Year	Market Value	Market Value Per Unit	Assessment Ratio	Assessed Value	Total Assessed Value Per Unit	Millage Rate	Tax Burden	Estimated Ad Valorem Taxes per Unit
2022	\$1,999,300	\$30,292	6.00%	\$119,958	\$1,818	44.65%	\$53,561	\$812
2023	\$1,999,300	\$30,292	6.00%	\$119,958	\$1,818	44.65%	\$53,561	\$812

*Includes the standard mill rate of 521.7 in addition to the 75.2 mill rate reduction attributable to the LOST credit

Reasonable Assessment and Taxes

It should be noted that following the sale, the Subject will benefit from a tax abatement that abates all ad valorem taxes. The property is eligible for the tax abatement under South Carolina Tax Code Article 3, Section 12-37-220(B)(11) as the abatement is based on the non-profit status of the owner and the use of the property for housing for low or very income residents. The abatement runs in perpetuity provided the property continues to meet the qualifications of Section 12-37-220(B)(11) and the abatement can transfer with ownership. It is likely that any new purchaser would include a non-profit partner and be eligible for the tax exemption. As such, there is no tax burden applied in the as is restricted scenario.

We have utilized an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario. The use of this extraordinary assumption may impact assignment results.

As an unrestricted property, the Subject would be responsible for full real estate taxes. To estimate the Subject's tax liability in the unrestricted scenario, we have performed a tax recapitalization analysis. For comparison, we have obtained assessments of like market rate properties in the Subject's area, illustrated in the following table. It should be noted that we have deducted the sales tax credit from the millage rate.

COMPARABLE REAL ESTATE ASSESSMENTS

Property	Type	Year Built	Number of Units	Market Value	Market Value Per Unit	Assessed Value	Assessed Value Per Unit
Wylie Arms	Market	1970	32	\$837,100	\$26,159	\$45,113	\$1,410
Woodhaven Apartments*	Market	1972	54	\$1,971,200	\$36,504	\$118,272	\$2,190
Azalea Apartments	Market	1972	28	\$860,300	\$30,725	\$51,618	\$1,844
Oakhaven Apartments*	Market	1971	68	\$3,699,300	\$54,401	\$221,958	\$3,264
Market Average						\$109,240	\$2,177

*Utilized as a comparable

TAX RECAPITULATION

Hypothetical Market Value "As Is Unrestricted"	
NOI Excluding Ad Valorem Taxes	\$311,548
Cap Rate	6.00%
Tax Rate* (*)	44.65%
Loaded Cap Rate	8.68%
Indicated Market Value	\$3,589,681
Assessment Ratio	6.00%
Post-transfer Market Value	100.00%
Indicated Assessment (Overall)	\$215,381
Indicated Assessment (Per Unit)	\$3,263
Indicated Ad Valorem Tax (Overall)	\$96,168
Indicated Ad Valorem Tax (Per Unit)	\$1,457
Market Value With the Tax	\$3,589,681
Rounded Value	\$3,600,000

*Tax rate calculated based on assessor millage rate of 446.5, and is rounded to two decimals for display

(*)Includes the original mill rate of 521.7 per \$1,000 of assessed value as well as the LOST credit that results in a decrease of 75.2 to the mill rate

The above figures illustrate an assessed (six percent of market value) value range of \$1,410 to \$3,264 per unit, with an average of \$2,177 per unit. Based on the Subject's current condition, we have placed the most reliance on Woodhaven Apartments and Oakhaven Apartments have concluded to a hypothetical unrestricted assessed value per unit of \$3,263, which is within the range of the comparables and above the average.

ZONING

Current Zoning

According to City of Lancaster, the Subject site is zoned MF, Multiple-Family District Zone. According to the City of Lancaster Code of Ordinances, the MF zone is intended to “accommodate moderate density single-family development and low density multiple-family developments in areas within the city’s planning jurisdiction that are appropriate for development at higher densities”. The minimum land area per dwelling unit in the MF zone is 6,000 square feet, and an additional 3,400 square feet for each additional unit. The Subject site is 2.42 acres, or 105,415 square feet, and has been developed to a density of 27.3 units per acre, while the maximum allowable density for the Subject site is 12.5 units per acre. According to the zoning ordinance, the MF zone allows for buildings with a maximum height of 60 feet. The number of parking spaces required for multifamily dwellings is 1.5 spaces for family housing, and 0.75 spaces for low/moderate income or elderly housing. The Subject will offer 51 surface parking spaces or 0.77 spaces per unit. As such, the Subject appears to represent a legal, non-conforming use due to the Subject’s current density.

Potential Zoning Changes

We are not aware of any proposed zoning changes at this time.

V. COMPETITIVE RENTAL ANALYSIS

COMPETITIVE RENTAL ANALYSIS

GENERAL MARKET INFORMATION

New Supply

We attempted to contact the City of Lancaster and Lancaster County Planning Department to obtain information regarding proposed or under construction developments in the PMA; however, as of the date of this report, our calls have not been returned. As such, we consulted a CoStar report and the South Carolina State Housing Finance & Development Agency allocation lists and identified zero proposed or under construction developments within the PMA.

LIHTC Competition / Recent and Proposed Construction

According to the SCSHFDA LIHTC allocation lists from 2019 to 2022, there have been zero developments allocated tax credits in the PMA.

SURVEY OF COMPARABLE PROJECTS

Comparable properties are examined on the basis of physical characteristics; i.e., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

Description of Property Types Surveyed/Determination of Number of Units

To evaluate the competitive position of the Subject, we surveyed a total of 608 units in 11 rental properties. The availability of the LIHTC data is considered good. We included six affordable developments located between 0.6 and 2.3 miles from the Subject site, all of which are located inside the PMA. The availability of the market rate data is also considered good. We included five market rate properties located between 0.3 and 1.5 miles from the Subject site, all of which are located inside the PMA. Overall, we believe the availability of data is adequate to support our conclusions.

EXCLUDED PROPERTIES

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Havenwood Woodland	LIHTC	Senior	Unable to contact
Melrose Lane	LIHTC	Family	Comparable properties in closer proximity
Sycamore Run	LIHTC	Family	
The Cottages At Azalea	LIHTC	Family	Unable to contact
Pardue Street Apartments	LIHTC/PBRA	Family	Subsidized rents
The Falls Apartments	LIHTC/Market	Family	Comparable properties in closer proximity
Parr Place Apartments	LIHTC/Market	Senior	
Chesterfield Villas	USDA	Senior	Subsidized rents
Azalea Apartments	Market	Family	The contact could only provide the rent prices for one floor plan
Carobrook Commons	Market	Family	
Wylie Arms	Market	Family	Comparable properties in closer proximity
			Unable to contact

The following table and map are of the comparable properties used in the supply analysis.

Comparable Rental Property Map



Source: Google Maps, November 2023

COMPARABLE PROPERTIES

#	Property Name	City	Rent Structure	Tenancy	Distance to Subject
S	Lancaster Manor	Lancaster	@60% (Section 8)	Senior	-
1	Abbington Willow Lake	Lancaster	@50%, @60%	Family	0.8 miles
2	Azalea Gardens	Lancaster	@50%	Senior	1.6 miles
3	Miller Grove	Lancaster	@50%, @60%	Family	0.7 miles
4	Millers Ridge	Lancaster	@50%, @60%, Market	Family	0.6 miles
5	Northwest Apartments	Lancaster	@60%	Family	2.3 miles
6	Old Hickory Apartments	Lancaster	@50%	Family	2.3 miles
7	Chesterfield / Eula Apartments	Lancaster	Market	Family	0.3 miles
8	Dalton Ridge Apartments	Lancaster	Market	Family	1.5 miles
9	Oakhaven Apartments	Lancaster	Market	Family	1.1 miles
10	Oakleaf Senior Residences	Lancaster	Market	Senior	1.1 miles
11	Woodhaven Apartments	Lancaster	Market	Family	1.1 miles

LANCASTER MANOR APARTMENTS – LANCASTER, SOUTH CAROLINA – APPRAISAL

AMENITY MATRIX

	Lancaster Manor	Abbingdon Willow Lake	Azalea Gardens	Miller Grove	Millers Ridge	Northwest Apartments	Old Hickory Apartments	Chesterfield / Eula Apartments	Dalton Ridge Apartments	Oakhaven Apartments	Oakleaf Senior Residences	Woodhaven Apartments
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC	LIHTC/ Market Family	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Senior	Family	Family	Family	Family	Family	Family	Family	Senior	Family
Building												
Property Type	Lowrise	Garden	Lowrise	Garden	Garden	Garden	Garden	Townhouse	Various	Various	Lowrise	Various
# Stories	3	3	2	2	2	2	2	2	2	2	3	2
Year Built	1983	2021	2007	2006	2001	1979	1988	1974	1996	1971	2022	1971
Year Renovated	2005	n/a	n/a	n/a	2019	2007	n/a	n/a	n/a	2002	n/a	2020
Elevators	yes	no	yes	no	no	no	no	no	no	no	yes	no
Utility Structure												
Heat	yes	no	no	no	no	no	no	no	no	no	no	no
Cooking	yes	no	no	no	no	no	no	no	no	no	no	no
Other Electric	yes	no	no	no	no	no	no	no	no	no	no	no
Air Conditioning	yes	no	no	no	no	no	no	no	no	no	no	no
Water Heat	yes	no	yes	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	no	no	no	no	no	no	no	no
Sewer	yes	no	yes	no	no	no	no	no	no	no	no	no
Accessibility												
Grab Bars	yes	no	no	no	no	no	no	no	no	no	yes	no
Hand Rails	no	no	yes	no	no	no	no	no	no	no	yes	no
Pull Cords	yes	no	yes	no	no	no	no	no	no	no	yes	no
Unit												
Balcony	no	yes	yes	yes	yes	no	no	no	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	yes	yes	yes	no	no	yes	no	yes	no
Central/AC	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	yes	yes	yes	no	no	yes	no	no	no
Fireplace	no	no	no	no	no	no	no	no	no	no	no	yes
Tile Flooring	no	no	no	no	no	no	no	no	no	no	yes	no
Vinyl Plank Flooring	yes	no	no	no	no	no	yes	yes	no	no	yes	no
Walk-In-Closet	no	yes	no	yes	no	no	no	no	no	yes	yes	no
Wall A/C	yes	no	no	no	no	no	no	yes	no	no	no	no
Washer / Dryer	no	no	no	no	no	no	no	no	no	no	yes	no
W/D Hookups	no	yes	yes	yes	yes	no	no	yes	yes	yes	no	no
Kitchen												
Dishwasher	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Disposal	no	yes	yes	yes	yes	no	no	no	yes	yes	no	yes
Microwave	no	yes	yes	yes	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community												
Business Center	yes	yes	yes	yes	no	no	no	no	no	no	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes
Clubhouse	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Community Garden	yes	no	no	no	no	no	no	no	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes
Recreation												
Basketball Court	no	no	no	no	no	no	no	no	yes	no	no	no
Exercise Facility	yes	no	yes	no	no	no	no	no	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes	yes	no	no	yes	no	no	no	yes
Playground	no	yes	no	yes	yes	yes	yes	no	yes	no	no	no
Sauna	no	no	no	no	no	no	no	no	no	yes	no	yes
Swimming Pool	no	no	no	no	no	no	no	no	no	yes	no	yes
Tennis Court	no	no	no	no	no	no	no	no	no	yes	no	yes
Services												
Car Wash	no	no	no	no	no	no	no	no	no	yes	no	yes
Service Coordination	yes	no	yes	no	no	no	no	no	no	no	yes	no
Senior Services												
Delivered Hot Lunches	no	no	yes	no	no	no	no	no	no	no	no	no
Security												
Intercom (Buzzer)	yes	no	yes	no	no	no	no	no	no	no	yes	no
Intercom (Phone)	no	no	yes	no	no	no	no	no	no	no	no	no
Limited Access	yes	no	yes	no	no	no	no	no	no	no	yes	no
Video Surveillance	no	yes	no	yes	no	no	no	no	no	no	no	no
Parking												
Surface	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

PROPERTY PROFILE REPORT

Abbington Willow Lake

Effective Rent Date	10/30/2023
Location	201 North Willow Lake Road Lancaster, SC 29720 Lancaster County
Distance	0.8 miles
Units	40
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2021 / N/A
Marketing Began	N/A
Leasing Began	10/01/2021
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Paola
Phone	803-830-6008



Market Information

Program	@50%, @60%
Annual Turnover Rate	13%
Units/Month Absorbed	N/A
HCV Tenants	23%
Leasing Pace	Within one week
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes; 32 households in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	2	850	\$600	\$0	@50%	Yes	0	0.0%	no	None
1	1	Garden (3 stories)	6	850	\$670	\$0	@60%	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	4	975	\$660	\$0	@50%	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	24	975	\$750	\$0	@60%	Yes	0	0.0%	no	None
3	2	Garden (3 stories)	2	1,075	\$755	\$0	@50%	Yes	0	0.0%	no	None
3	2	Garden (3 stories)	2	1,075	\$845	\$0	@60%	Yes	0	0.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$600	\$0	\$600	\$131	\$731	1BR / 1BA	\$670	\$0	\$670	\$131	\$801
2BR / 2BA	\$660	\$0	\$660	\$177	\$837	2BR / 2BA	\$750	\$0	\$750	\$177	\$927
3BR / 2BA	\$755	\$0	\$755	\$238	\$993	3BR / 2BA	\$845	\$0	\$845	\$238	\$1,083

Abbingdon Willow Lake, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Video Surveillance	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Playground		

Comments

The contact was unable to determine whether maximum allowable rents are achievable.

Abbington Willow Lake, continued

Trend Report

Vacancy Rates

2Q20	4Q23
N/A	0.0%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$415	\$0	\$415	\$546
2023	4	0.0%	\$600	\$0	\$600	\$731

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$488	\$0	\$488	\$665
2023	4	0.0%	\$660	\$0	\$660	\$837

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$552	\$0	\$552	\$790
2023	4	0.0%	\$755	\$0	\$755	\$993

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$521	\$0	\$521	\$652
2023	4	0.0%	\$670	\$0	\$670	\$801

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$616	\$0	\$616	\$793
2023	4	0.0%	\$750	\$0	\$750	\$927

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	N/A	\$690	\$0	\$690	\$928
2023	4	0.0%	\$845	\$0	\$845	\$1,083

Trend: Comments

2020	The property will consist of two, garden-style residential buildings, and one community building. The utility allowances for the one, two, and three-bedroom units are \$59, \$76, and \$93, respectively. Construction is expected to begin in August 2020 and be completed October 2021.
4Q23	The contact was unable to determine whether maximum allowable rents are achievable.

Photos



PROPERTY PROFILE REPORT

Azalea Gardens

Effective Rent Date	10/30/2023
Location	200 Monroe Highway Lancaster, SC 29720 Lancaster County
Distance	1.6 miles
Units	36
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (2 stories)
Year Built/Renovated	2007 / N/A
Marketing Began	N/A
Leasing Began	11/13/2007
Last Unit Leased	12/13/2007
Major Competitors	The Manor
Tenant Characteristics	Seniors 55-87 years old, avg. age 65
Contact Name	Chelsea
Phone	803-283-0305



Market Information

Program	@50%
Annual Turnover Rate	N/A
Units/Month Absorbed	36
HCV Tenants	14%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Inc. 3% - 4% annually since 1Q2019
Concession	None
Waiting List	Yes; nine households in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Lowrise (2 stories)	28	706	\$550	\$0	@50%	Yes	0	0.0%	no	None
2	2	Lowrise (2 stories)	8	1,032	\$610	\$0	@50%	Yes	0	0.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$550	\$0	\$550	\$67	\$617
2BR / 2BA	\$610	\$0	\$610	\$88	\$698

Azalea Gardens, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Intercom (Phone)	
Coat Closet	Dishwasher	Limited Access	
Ceiling Fan	Garbage Disposal		
Hand Rails	Microwave		
Oven	Pull Cords		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	Delivered Hot Lunches	Exam room, Game Room, Library
Elevators	Exercise Facility		
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Service Coordination			

Comments

The contact reported strong demand for affordable housing in the Lancaster area; however, the contact was unable to determine whether maximum allowable rents are achievable.

Azalea Gardens, continued

Trend Report

Vacancy Rates

1Q10	1Q11	1Q19	4Q23
0.0%	0.0%	0.0%	0.0%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$405	\$0	\$405	\$472
2011	1	0.0%	\$405	\$0	\$405	\$472
2019	1	0.0%	\$465	\$0	\$465	\$532
2023	4	0.0%	\$550	\$0	\$550	\$617

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$460	\$0	\$460	\$548
2011	1	0.0%	\$460	\$0	\$460	\$548
2019	1	0.0%	\$525	\$0	\$525	\$613
2023	4	0.0%	\$610	\$0	\$610	\$698

Trend: Comments

1Q10	Management reported strong demand for affordable senior housing in Lancaster. The previous report indicated that all of the units were initially leased in less than one month. The contact also leases Millers Ridge which is also 99 percent leased.
1Q11	One moveout was death related, and three tenants moved out to live with family or move to an assisted living facility. The property manager indicated there was demand for another senior LIHTC property as the property was always 100 percent occupied with a waiting list.
1Q19	The contact stated zero units turned over throughout 2018. The property manager indicated there was demand for another senior LIHTC property as the property was always 100 percent occupied with a waiting list. The contact could not provide the number of households currently on the waiting list but estimated it would be a six month wait.
4Q23	The contact reported strong demand for affordable housing in the Lancaster area; however, the contact was unable to determine whether maximum allowable rents are achievable.

Photos



PROPERTY PROFILE REPORT

Miller Grove

Effective Rent Date	10/25/2023
Location	2017 Miller St Lancaster, SC 29720 Lancaster County
Distance	0.7 miles
Units	48
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	2006 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Miller's Ridge
Tenant Characteristics	Mostly families from Lancaster, Rock Hill, Fort Mill, and Kershaw
Contact Name	Lisa
Phone	803-283-3498



Market Information

Program	@50%, @60%
Annual Turnover Rate	8%
Units/Month Absorbed	N/A
HCV Tenants	8%
Leasing Pace	Within one month
Annual Chg. in Rent	Inc. 6% - 9% annually since 2Q2020
Concession	None
Waiting List	Yes; undetermined length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	700	\$493	\$0	@50%	Yes	0	N/A	no	None
1	1	Garden (2 stories)	N/A	700	\$513	\$0	@60%	Yes	0	N/A	no	None
2	2	Garden (2 stories)	N/A	908	\$552	\$0	@50%	Yes	0	N/A	no	None
2	2	Garden (2 stories)	N/A	908	\$640	\$0	@60%	Yes	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,046	\$613	\$0	@50%	Yes	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,046	\$735	\$0	@60%	Yes	0	N/A	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$493	\$0	\$493	\$131	\$624	1BR / 1BA	\$513	\$0	\$513	\$131	\$644
2BR / 2BA	\$552	\$0	\$552	\$177	\$729	2BR / 2BA	\$640	\$0	\$640	\$177	\$817
3BR / 2BA	\$613	\$0	\$613	\$238	\$851	3BR / 2BA	\$735	\$0	\$735	\$238	\$973

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Video Surveillance	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground			

Comments

The contact was unable to opine as to whether or not maximum allowable rents are achievable.

Trend Report

Vacancy Rates

1Q11	1Q19	2Q20	4Q23
0.0%	2.1%	0.0%	0.0%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$315	\$0	\$315	\$446
2019	1	N/A	\$378	\$0	\$378	\$509
2020	2	N/A	\$398	\$0	\$398	\$529
2023	4	N/A	\$493	\$0	\$493	\$624

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
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2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$369	\$0	\$369	\$546
2019	1	N/A	\$437	\$0	\$437	\$614
2020	2	N/A	\$457	\$0	\$457	\$634
2023	4	N/A	\$552	\$0	\$552	\$729

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$455	\$0	\$455	\$693
2019	1	N/A	\$498	\$0	\$498	\$736
2020	2	N/A	\$518	\$0	\$518	\$756
2023	4	N/A	\$613	\$0	\$613	\$851

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	N/A	\$383	\$0	\$383	\$514
2020	2	N/A	\$408	\$0	\$408	\$539
2023	4	N/A	\$513	\$0	\$513	\$644

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
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2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	N/A	\$435	\$0	\$435	\$612
2019	1	N/A	\$508	\$0	\$508	\$685
2020	2	N/A	\$528	\$0	\$528	\$705
2023	4	N/A	\$640	\$0	\$640	\$817

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	N/A	\$535	\$0	\$535	\$773
2019	1	N/A	\$603	\$0	\$603	\$841
2020	2	N/A	\$623	\$0	\$623	\$861
2023	4	N/A	\$735	\$0	\$735	\$973

Trend: Comments

1Q11	The property manager indicated that maximum rents are not achievable in the market.
1Q19	The contact reported strong demand for affordable housing in the area. According to the contact, the one vacant three-bedroom unit is pre-leased. The contact was unable to provide a breakdown of the number of units at each floor plan and AMI level. The contact stated that the property has typically increased rents by \$5 per year, although rents increased \$15 across each unit type over the previous year. The property manager indicated that maximum rents are achievable in the market and could not comment as to why the property was not achieving higher 60% rents.
2Q20	The contact reported that the property has not experienced a decrease in collections during the COVID-19 pandemic. The property has, however, experienced a decrease in traffic during the pandemic due to social distancing guidelines.
4Q23	The contact was unable to opine as to whether or not maximum allowable rents are achievable.

Photos



PROPERTY PROFILE REPORT

Millers Ridge

Effective Rent Date	11/02/2023
Location	1000 Millers Ridge Lane Lancaster, SC 29720 Lancaster County
Distance	0.6 miles
Units	72
Vacant Units	3
Vacancy Rate	4.2%
Type	Garden (2 stories)
Year Built/Renovated	2001 / 2019
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Sycamore Run, Dalton Ridge
Tenant Characteristics	10% seniors; most tenants from Lancaster and Rock Hill
Contact Name	Dona
Phone	803-313-5980



Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	21%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	Pre-leased to one week
Annual Chg. in Rent	LIHTC incr. to 2023 max; MR inc. 9% since
Concession	None
Waiting List	Yes; nine months in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	16	905	\$764	\$0	@50%	Yes	N/A	N/A	yes	None
2	2	Garden (2 stories)	24	905	\$884	\$0	@60%	Yes	N/A	N/A	yes	None
2	2	Garden (2 stories)	16	905	\$900	\$0	Market	Yes	N/A	N/A	N/A	None
3	2	Garden (2 stories)	16	1,170	\$999	\$0	@60%	Yes	N/A	N/A	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$764	\$0	\$764	\$177	\$941	2BR / 2BA	\$884	\$0	\$884	\$177	\$1,061
						3BR / 2BA	\$999	\$0	\$999	\$238	\$1,237
Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
2BR / 2BA	\$900	\$0	\$900	\$177	\$1,077						

Millers Ridge, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Picnic Area	Playground		

Comments

The contact could not provide a breakdown of vacant units by unit type or inform if any units are pre-leased. The contact stated that there is strong demand for affordable housing in the market.

Millers Ridge, continued

Trend Report

Vacancy Rates

1Q11	1Q19	2Q20	4Q23
1.4%	2.8%	0.0%	4.2%

Trend: @50%

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$435	\$0	\$435	\$612
2019	1	0.0%	\$485	\$0	\$485	\$662
2020	2	0.0%	\$500	\$0	\$500	\$677
2023	4	N/A	\$764	\$0	\$764	\$941

Trend: @60%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$510	\$0	\$510	\$687
2019	1	4.2%	\$585	\$0	\$585	\$762
2020	2	0.0%	\$600	\$0	\$600	\$777
2023	4	N/A	\$884	\$0	\$884	\$1,061

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	6.2%	\$580	\$0	\$580	\$818
2019	1	6.2%	\$660	\$0	\$660	\$898
2020	2	0.0%	\$675	\$0	\$675	\$913
2023	4	N/A	\$999	\$0	\$999	\$1,237

Trend: Market

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$615	\$0	\$615	\$792
2019	1	0.0%	\$675	\$0	\$675	\$852
2020	2	0.0%	\$715	\$0	\$715	\$892
2023	4	N/A	\$900	\$0	\$900	\$1,077

Trend: Comments

1Q11	The contact also leases Azalea Gardens. The property manager believed a new family LIHTC property would be successful in Lancaster with 48 to 72 units. Several tenants moved out last year to buy homes, because of the homebuyer tax credit. The property is managed, in part, by a non-profit organization, which is why they do not always increase rents. The property manager indicated that the tenants could not afford higher rents in the current economy, and that the maximum allowable is not achievable.
1Q19	Property manager said that there is a small storage unit for each unit for no additional charge. Contact reported strong demand within the area, particularly for two-bedroom units. Both of the vacant units are pre-leased.
2Q20	Minor renovations are ongoing as units turn over. The property has renovated 16 of its units as of the date of this interview. Rents in the profile reflect renovated units. Renovations include updated carpeting, plank flooring, fixtures, countertops, sinks, and appliances. During the COVID-19 pandemic, the property has not experienced a decrease in collections. However, the property has experienced a decrease in traffic, particularly foot traffic.
4Q23	The contact could not provide a breakdown of vacant units by unit type or inform if any units are pre-leased. The contact stated that there is strong demand for affordable housing in the market.

Photos



PROPERTY PROFILE REPORT

Northwest Apartments

Effective Rent Date	10/24/2023
Location	3058 Northwest Apartments Drive Lancaster, SC 29720 Lancaster County
Distance	2.3 miles
Units	72
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	1979 / 2007
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Wood Creek
Tenant Characteristics	Varied tenancy from Lancaster County and Charlotte
Contact Name	Kacey
Phone	803-286-4822



Market Information

Program	@60%
Annual Turnover Rate	33%
Units/Month Absorbed	N/A
HCV Tenants	7%
Leasing Pace	Within one week
Annual Chg. in Rent	Inc. 2% - 6% annually since 2Q2020
Concession	None
Waiting List	Yes; undetermined length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	8	700	\$531	\$0	@60%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	56	929	\$599	\$0	@60%	Yes	0	0.0%	no	None
3	1.5	Garden (2 stories)	8	1,000	\$696	\$0	@60%	Yes	0	0.0%	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$531	\$0	\$531	\$131	\$662
2BR / 1BA	\$599	\$0	\$599	\$177	\$776
3BR / 1.5BA	\$696	\$0	\$696	\$238	\$934

Northwest Apartments, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	None	None
Central A/C	Coat Closet		
Dishwasher	Exterior Storage		
Ceiling Fan	Oven		
Refrigerator			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Playground			

Comments

The contact stated that there is strong demand for affordable housing in the area. Exterior storage is included for no additional fee. The contact was unable to report why rents are not at the maximum allowable level or state whether maximum allowable rents are achievable.

Northwest Apartments, continued

Trend Report

Vacancy Rates

1Q11	1Q19	2Q20	4Q23
13.9%	0.0%	0.0%	0.0%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$410	\$0	\$410	\$541
2019	1	0.0%	\$496	\$0	\$496	\$627
2020	2	0.0%	\$501	\$0	\$501	\$632
2023	4	0.0%	\$531	\$0	\$531	\$662

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	17.9%	\$435	\$0	\$435	\$612
2019	1	0.0%	\$525	\$0	\$525	\$702
2020	2	0.0%	\$531	\$0	\$531	\$708
2023	4	0.0%	\$599	\$0	\$599	\$776

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$460	\$0	\$460	\$698
2019	1	0.0%	\$570	\$0	\$570	\$808
2020	2	0.0%	\$589	\$0	\$589	\$827
2023	4	0.0%	\$696	\$0	\$696	\$934

Trend: Comments

1Q11	There are four applications pending on vacant units. Occupancy has been stable at 86 percent.
1Q19	The contact reported strong demand for affordable housing in the area. Exterior storage is included for no additional fee. The contact stated management also oversees Old Hickory Apartments, a Rural Development property in Lancaster. The contact confirmed Northwest Apartments is a LIHTC property and tenants pay full rent unless they utilize a Housing Choice Voucher.
2Q20	The contact reported strong demand for affordable housing in the area. Exterior storage is included for no additional fee. The contact stated management also oversees Old Hickory Apartments, a Rural Development property in Lancaster. The contact confirmed tenants at Northwest Apartments pay full rent unless they utilize a Housing Choice Voucher. During the COVID-19 pandemic, the property has not experienced a change in collections or traffic. Management has closed the community room during the pandemic, and is providing tours by appointments only.
4Q23	The contact stated that there is strong demand for affordable housing in the area. Exterior storage is included for no additional fee. The contact was unable to report why rents are not at the maximum allowable level or state whether maximum allowable rents are achievable.

Photos



PROPERTY PROFILE REPORT

Old Hickory Apartments

Effective Rent Date	10/31/2023
Location	1005 Hickory Hill Dr Lancaster, SC 29720 Lancaster County
Distance	2.3 miles
Units	32
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	1988 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Kay
Phone	803-286-4822



Market Information

Program	LIHTC, RD
Annual Turnover Rate	9%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within two weeks
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes; five households in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	8	659	\$518	\$0	@50%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	24	929	\$578	\$0	@50%	Yes	0	0.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$518	\$0	\$518	\$148	\$666
2BR / 1BA	\$578	\$0	\$578	\$194	\$772

Amenities

In-Unit		Security	Services
Blinds		None	None
Central A/C	Carpeting		
Oven	Coat Closet		
Vinyl Plank Flooring	Refrigerator		
Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
Playground			

Comments

The property is managed by CAHEC Management. According to the Rural Development Multi-Family Housing Rentals, the property has 24 units that are subsidized under Rural Development, and eight LIHTC units restricted at the 50 percent AMI level. The property accepts Housing Choice Vouchers; however, the contact was unable to provide the number of vouchers in use. The contact was unable to provide a breakdown of the unit mix by rent type. The profile reflects the asking rents for the LIHTC units.

Photos



PROPERTY PROFILE REPORT

Chesterfield / Eula Apartments

Effective Rent Date	10/30/2023
Location	1210 Chesterfield Ave And 1305 Eula St Lancaster, SC 29720 Lancaster County
Distance	0.3 miles
Units	49
Vacant Units	1
Vacancy Rate	2.0%
Type	Townhouse (2 stories)
Year Built/Renovated	1969/1974 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Family mix
Contact Name	Brandon
Phone	803-336-3376



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within one month
Annual Chg. in Rent	None reported
Concession	None
Waiting List	None

Utilities

A/C	not included -- wall
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Townhouse (2 stories)	N/A	850	\$795	\$0	Market	N/A	1	N/A	N/A	None
2	1.5	Townhouse (2 stories)	N/A	875	\$815	\$0	Market	N/A	0	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$795	\$0	\$795	\$194	\$989
2BR / 1.5BA	\$815	\$0	\$815	\$194	\$1,009

Amenities

In-Unit		Security	Services
Blinds		None	None
Central A/C	Carpeting		
Oven	Coat Closet		
Vinyl Plank Flooring	Refrigerator		
Washer/Dryer hookup	Wall A/C		
Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management	Picnic Area		

Comments

The contact noted that Chesterfield and Eula Apartments are located adjacent to each other and separated only by a wire fence. Both properties are managed by the same property manager. The contact noted that some units have washer/dryer connections, while others do not but have a dishwasher instead. Additionally, the contact noted the larger units have central A/C, while the smaller units have a European style, energy efficient, mini-split system (wall A/C). The contact stated that the vacant unit is pre-leased. Units are renovated as they turn. The vacant unit has been recently renovated with new hardwood flooring, carpet and a dishwasher. Each unit comes with two uncovered parking spaces.

Photos



PROPERTY PROFILE REPORT

Dalton Ridge Apartments

Effective Rent Date	10/25/2023
Location	581 Dalton Ridge Drive Lancaster, SC 29720 Lancaster County
Distance	1.5 miles
Units	87
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1996 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Miller's Ridge and Woodhaven
Tenant Characteristics	Mostly families from Lancaster
Contact Name	Kim
Phone	803-286-9776



Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within one week
Annual Chg. in Rent	Inc. 9% - 11% annually since 2020
Concession	None
Waiting List	Yes; six months in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1.5	Garden (2 stories)	N/A	500	\$614	\$0	Market	Yes	0	N/A	N/A	None
1	1.5	Garden (2 stories)	N/A	900	\$800	\$0	Market	Yes	0	N/A	N/A	None
2	1.5	Townhouse (2 stories)	N/A	1,000	\$875	\$0	Market	Yes	0	N/A	N/A	None
2	2	Garden (2 stories)	N/A	1,075	\$850	\$0	Market	Yes	0	N/A	N/A	None
3	2.5	Townhouse (2 stories)	N/A	1,200	\$950	\$0	Market	Yes	0	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1.5BA	\$614	\$0	\$614	\$134	\$748
1BR / 1.5BA	\$800	\$0	\$800	\$148	\$948
2BR / 1.5BA	\$875	\$0	\$875	\$194	\$1,069
2BR / 2BA	\$850	\$0	\$850	\$194	\$1,044
3BR / 2.5BA	\$950	\$0	\$950	\$255	\$1,205

Dalton Ridge Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage(\$25.00)	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Basketball Court	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking		
On-Site Management	Playground		

Comments

The contact reported strong demand for rental housing in the area. The property does not accept Housing Choice Vouchers.

Dalton Ridge Apartments, continued

Trend Report

Vacancy Rates

1Q11	1Q19	2Q20	4Q23
1.1%	0.0%	0.0%	0.0%

Trend: Market

1BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$525	\$0	\$525	\$673
2019	1	0.0%	\$655	\$0	\$655	\$803
2020	2	0.0%	\$625	\$0	\$625	\$773
2023	4	N/A	\$800	\$0	\$800	\$948

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	1.8%	\$575 - \$600	\$0	\$575 - \$600	\$769 - \$794
2023	4	N/A	\$875	\$0	\$875	\$1,069

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$560 - \$585	\$0	\$560 - \$585	\$754 - \$779
2019	1	0.0%	\$675	\$0	\$675	\$869

2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
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2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2020	2	0.0%	\$665	\$0	\$665	\$859
2023	4	N/A	\$850	\$0	\$850	\$1,044

3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$650 - \$685	\$0	\$650 - \$685	\$905 - \$940
2019	1	0.0%	\$725	\$0	\$725	\$980
2020	2	0.0%	\$715	\$0	\$715	\$970
2023	4	N/A	\$950	\$0	\$950	\$1,205

Studio / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$625	\$0	\$625	\$759
2020	2	0.0%	\$614	\$0	\$614	\$748
2023	4	N/A	\$614	\$0	\$614	\$748

Trend: Comments

1Q11	The property manager had no additional comments.
1Q19	This property does not accept Housing Choice Vouchers. According to the contact, there is a limited amount of non-subsidized properties throughout Lancaster county.
2Q20	This property does not accept Housing Choice Vouchers. According to the contact, there is a limited amount of non-subsidized properties throughout Lancaster County. The contact noted that the property is in the process of preparing for major renovations, which will begin in August 2020. During renovations, the property will not be leasing units until 2021. Rents in the profile reflect the current asking rents prior to renovations.
4Q23	The contact reported strong demand for rental housing in the area. The property does not accept Housing Choice Vouchers.

Photos



PROPERTY PROFILE REPORT

Oakhaven Apartments

Effective Rent Date	11/02/2023
Location	456 Colonial Avenue Lancaster, SC 29720 Lancaster County
Distance	1.1 miles
Units	68
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1971 / 2002
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Limited competition
Tenant Characteristics	Families, singles, and seniors from Lancaster
Contact Name	Patty
Phone	803-286-2185



Market Information

Program	Market
Annual Turnover Rate	15%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Inc. 5% - 10% annually since 2Q2020
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	3	700	\$735	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (2 stories)	3	1,080	\$835	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	8	1,000	\$875	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	8	1,000	\$900	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	16	1,260	\$1,000	\$0	Market	No	0	0.0%	N/A	None
3	2	Townhouse (2 stories)	16	1,350	\$1,025	\$0	Market	No	0	0.0%	N/A	None
3	3	Townhouse (2 stories)	14	1,780	\$1,150	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$735 - \$835	\$0	\$735 - \$835	\$148	\$883 - \$983
2BR / 1.5BA	\$875	\$0	\$875	\$194	\$1,069
2BR / 2BA	\$900 - \$1,000	\$0	\$900 - \$1,000	\$194	\$1,094 - \$1,194
3BR / 2BA	\$1,025	\$0	\$1,025	\$255	\$1,280
3BR / 3BA	\$1,150	\$0	\$1,150	\$255	\$1,405

Oakhaven Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Car Wash	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Central Laundry		
Off-Street Parking	On-Site Management		
Sauna	Swimming Pool		
Tennis Court			

Comments

The laundry facility, tennis courts, and car wash are located across the street at the sister property, Woodhaven Apartments. The two-bedroom units are the most in-demand unit type in the market. The contact reported strong demand for rental housing in the area.

Oakhaven Apartments, continued

Trend Report

Vacancy Rates

1Q10	1Q19	2Q20	4Q23
0.0%	0.0%	0.0%	0.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$595 - \$695	\$0	\$595 - \$695	\$743 - \$843
2019	1	0.0%	\$651 - \$714	\$0	\$651 - \$714	\$799 - \$862
2020	2	0.0%	\$645 - \$735	\$0	\$645 - \$735	\$793 - \$883
2023	4	0.0%	\$735 - \$835	\$0	\$735 - \$835	\$883 - \$983

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$695	\$0	\$695	\$889
2019	1	0.0%	\$752	\$0	\$752	\$946
2020	2	0.0%	\$675	\$0	\$675	\$869
2023	4	0.0%	\$875	\$0	\$875	\$1,069

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$685 - \$850	\$0	\$685 - \$850	\$879 - \$1,044
2019	1	0.0%	\$752 - \$898	\$0	\$752 - \$898	\$946 - \$1,092
2020	2	0.0%	\$775 - \$895	\$0	\$775 - \$895	\$969 - \$1,089
2023	4	0.0%	\$900 - \$1,000	\$0	\$900 - \$1,000	\$1,094 - \$1,194

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$795	\$0	\$795	\$1,050
2019	1	0.0%	\$970	\$0	\$970	\$1,225
2020	2	0.0%	\$875	\$0	\$875	\$1,130
2023	4	0.0%	\$1,025	\$0	\$1,025	\$1,280

3BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$950	\$0	\$950	\$1,205
2019	1	0.0%	\$1,005	\$0	\$1,005	\$1,260
2020	2	0.0%	\$995	\$0	\$995	\$1,250
2023	4	0.0%	\$1,150	\$0	\$1,150	\$1,405

Trend: Comments

1Q10	The laundry facility, tennis courts, and car wash are located across the street at the sister property, Woodhaven Apartments. Management reported that two- and three-bedroom units are the most demanded unit type in the market. There are 20 households on the waiting list, which is shared with the development's sister property Woodhaven Apartments.
1Q19	The laundry facility, tennis courts, and car wash are located across the street at the sister property, Woodhaven Apartments. Management reported that two-bedroom units are the most demanded unit type in the market.
2Q20	The laundry facility, tennis courts, and car wash are located across the street at the sister property, Woodhaven Apartments. Management reported that two-bedroom units are the most demanded unit type in the market. The property has recently renovated units. Renovations include new paint, carpet, ceiling fans, appliances, and fixtures.
4Q23	The laundry facility, tennis courts, and car wash are located across the street at the sister property, Woodhaven Apartments. The two-bedroom units are the most in-demand unit type in the market. The contact reported strong demand for rental housing in the area.

Photos



PROPERTY PROFILE REPORT

Oakleaf Senior Residences

Effective Rent Date	11/02/2023
Location	278 Lancaster Bypass Lancaster, SC 29720 Lancaster County
Distance	1.1 miles
Units	50
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (3 stories)
Year Built/Renovated	2022 / N/A
Marketing Began	12/01/2022
Leasing Began	12/29/2022
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Senior 55+
Contact Name	Megan
Phone	803-830-7555



Market Information

Program	Market
Annual Turnover Rate	4%
Units/Month Absorbed	N/A
HCV Tenants	2%
Leasing Pace	Within one week
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes; 12 households in length

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Lowrise (3 stories)	10	750	\$585	\$0	Market	Yes	0	0.0%	N/A	AVG*
1	1	Lowrise (3 stories)	N/A	750	\$630	\$0	Market	Yes	0	N/A	N/A	HIGH
1	1	Lowrise (3 stories)	N/A	750	\$540	\$0	Market	Yes	0	N/A	N/A	LOW
2	2	Lowrise (3 stories)	40	950	\$680	\$0	Market	No	0	0.0%	N/A	AVG*
2	2	Lowrise (3 stories)	N/A	950	\$735	\$0	Market	No	0	N/A	N/A	HIGH
2	2	Lowrise (3 stories)	N/A	950	\$625	\$0	Market	No	0	N/A	N/A	LOW

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$540 - \$630	\$0	\$540 - \$630	\$131	\$671 - \$761
2BR / 2BA	\$625 - \$735	\$0	\$625 - \$735	\$177	\$802 - \$912

Oakleaf Senior Residences, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Intercom (Buzzer)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Ceiling Fan		
Grab Bars	Hand Rails		
Microwave	Oven		
Pull Cords	Refrigerator		
Tile Flooring	Vinyl Plank Flooring		
Walk-In Closet	Washer/Dryer		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	None	Cafeteria
Exercise Facility	Off-Street Parking		
Service Coordination			

Comments

The contact confirmed that the property has in-unit washer/dryers. Rents range based on layout, location, and floor level.

Photos



PROPERTY PROFILE REPORT

Woodhaven Apartments

Effective Rent Date	11/02/2023
Location	456 Colonial Avenue Lancaster, SC 29720 Lancaster County
Distance	1.1 miles
Units	54
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1971 / 2020
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Limited competition
Tenant Characteristics	Varied tenancy, most from Lancaster, appr. 50% senior
Contact Name	Patty
Phone	803-286-2185



Market Information

Program	Market
Annual Turnover Rate	9%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Inc. 5% annually since 2Q2020
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Townhouse (2 stories)	25	1,000	\$775	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (2 stories)	25	1,000	\$895	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden (2 stories)	2	1,250	\$1,000	\$0	Market	Yes	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	2	1,250	\$995	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$775	\$0	\$775	\$194	\$969
2BR / 2BA	\$895	\$0	\$895	\$194	\$1,089
3BR / 2BA	\$1,000	\$0	\$1,000	\$255	\$1,255
3BR / 2.5BA	\$995	\$0	\$995	\$255	\$1,250

Woodhaven Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Fireplace	Garbage Disposal		
Oven	Refrigerator		
Property		Premium	Other
Car Wash	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Central Laundry		
Off-Street Parking	On-Site Management		
Picnic Area	Sauna		
Swimming Pool	Tennis Court		

Comments

The contact reported strong demand for rental housing in the area.

Woodhaven Apartments, continued

Trend Report

Vacancy Rates

1Q11	1Q19	2Q20	4Q23
3.7%	0.0%	0.0%	0.0%

Trend: Market

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	8.0%	\$580	\$0	\$580	\$774
2019	1	0.0%	\$752	\$0	\$752	\$946
2020	2	0.0%	\$775	\$0	\$775	\$969
2023	4	0.0%	\$775	\$0	\$775	\$969

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$570	\$0	\$570	\$764
2019	1	0.0%	\$752	\$0	\$752	\$946
2020	2	0.0%	\$895	\$0	\$895	\$1,089
2023	4	0.0%	\$895	\$0	\$895	\$1,089

3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$670	\$0	\$670	\$925
2019	1	0.0%	\$970	\$0	\$970	\$1,225
2020	2	0.0%	\$995	\$0	\$995	\$1,250
2023	4	0.0%	\$995	\$0	\$995	\$1,250

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	1	0.0%	\$680	\$0	\$680	\$935
2019	1	0.0%	\$868	\$0	\$868	\$1,123
2020	2	0.0%	\$875	\$0	\$875	\$1,130
2023	4	0.0%	\$1,000	\$0	\$1,000	\$1,255

Trend: Comments

1Q11	The property shares a waiting list with Oakhaven Apartments. There are a total of 20 households on the waiting list. The exercise facility, sauna, and on-site management office are located across the street at the sister property, Oakhaven Apartments.
1Q19	The exercise facility, sauna, and on-site management office are located across the street at the sister property, Oakhaven Apartments.
2Q20	The property has recently renovated units. The minor renovations include new paint, carpet, ceiling fans, appliances, and fixtures. The contact could not comment on the effects of COVID-19 to the property.
4Q23	The contact reported strong demand for rental housing in the area.

Photos



PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed:

Location

The following table illustrates the Subject and comparable property demographic data based on a 0.5-mile radius.

LOCATIONAL COMPARISON SUMMARY

#	Property Name	Tenancy	Program	Distance Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	Lancaster Manor	Senior	LIHTC/Section 8		\$28,620	\$252,958	\$733	181	48	13.4%	60.1%
1	Abbingtton Willow Lake	Family	LIHTC	0.8 miles	\$26,400	\$252,958	\$733	132	38	13.3%	61.4%
2	Azalea Gardens	Senior	LIHTC	1.6 miles	\$49,738	\$252,958	\$733	162	27	14.4%	40.6%
3	Miller Grove	Family	LIHTC	0.7 miles	\$28,759	\$252,958	\$733	159	11	15.4%	57.8%
4	Millers Ridge	Family	LIHTC/Market	0.6 miles	\$36,911	\$252,958	\$733	216	53	16.8%	51.3%
5	Northwest Apartments	Family	LIHTC	2.3 miles	\$64,040	\$252,958	\$733	80	0	0.0%	20.4%
6	Old Hickory Apartments	Family	LIHTC	2.3 miles	\$64,040	\$252,958	\$733	80	0	0.0%	20.4%
7	Chesterfield / Eula Apartments	Family	Market	0.3 miles	\$31,564	\$252,958	\$733	181	31	9.8%	60.0%
8	Dalton Ridge Apartments	Family	Market	1.5 miles	\$50,000	\$252,958	\$733	162	40	13.5%	41.0%
9	Oakhaven Apartments	Family	Market	1.1 miles	\$76,653	\$252,958	\$733	216	44	6.2%	26.8%
10	Oakleaf Senior Residences	Senior	Market	1.1 miles	\$36,574	\$252,958	\$733	162	36	10.0%	51.7%
11	Woodhaven Apartments	Family	Market	1.1 miles	\$76,653	\$252,958	\$733	216	44	6.2%	26.8%

As illustrated in the previous table, all of the comparables are located in areas with similar median home values and median rents relative to the Subject. Millers Ridge, Oakhaven Apartments, and Woodhaven Apartments are located in areas with similar to slightly higher median household incomes, slightly higher crime indices, and similar Walkscores relative to the Subject. All of the remaining comparables are located in areas with similar to slightly higher median household incomes, slightly lower to lower crime indices and Walkscores relative to the Subject. Further, all of the comparables are located within 2.3 miles of the Subject and generally have similar surrounding land uses, access to locational amenities, and access to primary employment centers relative to the Subject. As such, we have considered the locations of the comparables to be similar relative to the Subject's location.

Age, Condition, and Design

The Subject was originally constructed in 1983, renovated with LIHTC equity in 2005, and currently exhibits average condition. The comparables were built between 1971 and 2021, with three reporting subsequent renovations in 2002, 2007, and 2019. Based upon our inspection and online photographs, Abbingtton Willow Lake and Oakleaf Senior Residences exhibit excellent condition, superior to the Subject, and Azalea Gardens and Miller Grove exhibit good condition, slightly superior to the Subject. The remaining comparables generally exhibit average condition, similar to the Subject. The Subject offers an elevator-serviced three-story lowrise design, similar to one of the comparables, Oakleaf Senior Residences. The remaining comparables offer differing garden and townhome structures without elevator-service, and are considered slightly inferior to the Subject's structure.

Amenities

AMENITY MATRIX

	Lancaster Manor	Abbingdon Willow Lake	Azalea Gardens	Miller Grove	Millers Ridge	Northwest Apartments	Old Hickory Apartments	Chesterfield / Eula Apartments	Dalton Ridge Apartments	Oakhaven Apartments	Oakleaf Senior Residences	Woodhaven Apartments
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC	LIHTC/ Market Family	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Senior	Family	Family	Family	Family	Family	Family	Family	Senior	Family
Building												
Property Type	Lowrise	Garden	Lowrise	Garden	Garden	Garden	Garden	Townhouse	Various	Various	Lowrise	Various
# Stories	3	3	2	2	2	2	2	2	2	2	3	2
Year Built	1983	2021	2007	2006	2001	1979	1988	1974	1996	1971	2022	1971
Year Renovated	2005	n/a	n/a	n/a	2019	2007	n/a	n/a	n/a	2002	n/a	2020
Elevators	yes	no	yes	no	no	no	no	no	no	no	yes	no
Utility Structure												
Heat	yes	no	no	no	no	no	no	no	no	no	no	no
Cooking	yes	no	no	no	no	no	no	no	no	no	no	no
Other Electric	yes	no	no	no	no	no	no	no	no	no	no	no
Air Conditioning	yes	no	no	no	no	no	no	no	no	no	no	no
Water Heat	yes	no	no	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	no	no	no	no	no	no	no	no
Sewer	yes	no	yes	no	no	no	no	no	no	no	no	no
Accessibility												
Grab Bars	yes	no	no	no	no	no	no	no	no	no	yes	no
Hand Rails	no	no	yes	no	no	no	no	no	no	no	yes	no
Pull Cords	yes	no	yes	no	no	no	no	no	no	no	yes	no
Unit												
Balcony	no	yes	yes	yes	yes	no	no	no	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	yes	yes	yes	no	no	yes	no	yes	no
Central/AC	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	yes	yes	yes	no	no	yes	no	no	no
Fireplace	no	no	no	no	no	no	no	no	no	no	no	yes
Tile Flooring	no	no	no	no	no	no	no	no	no	no	yes	no
Vinyl Plank Flooring	yes	no	no	no	no	no	yes	yes	no	no	yes	no
Walk-In-Closet	no	yes	no	yes	no	no	no	no	no	yes	yes	no
Wall A/C	yes	no	no	no	no	no	no	yes	no	no	no	no
Washer / Dryer	no	no	no	no	no	no	no	no	no	no	yes	no
W/D Hookups	no	yes	yes	yes	yes	no	no	yes	yes	yes	no	no
Kitchen												
Dishwasher	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Disposal	no	yes	yes	yes	yes	no	no	no	yes	yes	no	yes
Microwave	no	yes	yes	yes	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community												
Business Center	yes	yes	yes	yes	no	no	no	no	no	no	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes
Clubhouse	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Community Garden	yes	no	no	no	no	no	no	no	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes
Recreation												
Basketball Court	no	no	no	no	no	no	no	no	yes	no	no	no
Exercise Facility	yes	no	yes	no	no	no	no	no	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes	yes	no	no	yes	no	no	no	yes
Playground	no	yes	no	yes	yes	yes	yes	no	yes	no	no	no
Sauna	no	no	no	no	no	no	no	no	no	yes	no	yes
Swimming Pool	no	no	no	no	no	no	no	no	no	yes	no	yes
Tennis Court	no	no	no	no	no	no	no	no	no	yes	no	yes
Services												
Car Wash	no	no	no	no	no	no	no	no	no	yes	no	yes
Service Coordination	yes	no	yes	no	no	no	no	no	no	no	yes	no
Senior Services												
Delivered Hot Lunches	no	no	yes	no	no	no	no	no	no	no	no	no
Security												
Intercom (Buzzer)	yes	no	yes	no	no	no	no	no	no	no	yes	no
Intercom (Phone)	no	no	yes	no	no	no	no	no	no	no	no	no
Limited Access	yes	no	yes	no	no	no	no	no	no	no	yes	no
Video Surveillance	no	yes	no	yes	no	no	no	no	no	no	no	no
Parking												
Surface	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The Subject's unit amenities consist of blinds, carpet and vinyl flooring, wall air conditioning, grab bars, pull cords, and coat closets. Appliances include a refrigerator and an oven. The surveyed comparables offer slightly superior unit amenities relative to the Subject, as many offer balconies/patios, ceiling fans, exterior storage, walk-in closets, dishwashers, disposals and washer/dryer hookups, though majority of the comparables do not offer grab bars or pull cords.

The Subject's common area amenities include a clubhouse, computer room, community garden, elevators, exercise facility, central laundry facility, on-site management, and picnic areas. The surveyed comparables

offer similar to slightly inferior property amenities relative to the Subject, as many do not offer a community garden, a business center/computer lab, exercise facilities, picnic areas, or service coordination.

The Subject offers 51 off-street parking spaces for no additional monthly fee. All of the comparables offer off-street parking included in the monthly rent, similar to the Subject. As such, the Subject's parking is considered similar to the comparables.

According to ESRI Demographic data, crime risk indices in the Subject's location are above the national averages and those of the MSA. The Subject currently offers limited access as a security feature. Seven of the eleven comparables reported offering no security features; as such, the Subject is considered slightly superior to the comparables in terms of security features and appears market-oriented.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's unit size relative to the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON

Bedroom Type	1BR	2BR
Subject	533	779
Average	777	967
Min	659	850
Max	1,080	1,260
Advantage/Disadvantage	-31.4%	-19.5%

UNIT SIZE COMPARISON (SENIOR)

Bedroom Type	1BR	2BR
Subject	533	779
Average	739	971
Min	706	950
Max	750	1,032
Advantage/Disadvantage	-27.9%	-19.7%

The Subjects' one and two-bedroom unit sizes are below the range of the comparables, and are 31.4 and 19.5 percent smaller than the surveyed averages among the comparables. Relative to the senior comparables, the Subject's one and two-bedroom unit sizes are 27.9 and 19.7 percent smaller than the surveyed averages. We have considered the Subject's unit sizes in our determination of achievable rents.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Turnover

The following table illustrates reported turnover for the comparable properties.

TURNOVER			
Property Name	Program	Tenancy	Annual Turnover
Abbingdon Willow Lake	LIHTC	Family	13%
Azalea Gardens	LIHTC	Senior	N/A
Miller Grove	LIHTC	Family	8%
Millers Ridge	LIHTC/Market	Family	21%
Northwest Apartments	LIHTC	Family	33%
Old Hickory Apartments	LIHTC	Family	9%
Chesterfield / Eula Apartments	Market	Family	N/A
Dalton Ridge Apartments	Market	Family	5%
Oakhaven Apartments	Market	Family	15%
Oakleaf Senior Residences	Market	Senior	4%
Woodhaven Apartments	Market	Family	9%
Average Turnover			13%

The comparable properties reported turnover ranging between four and 33 percent, with an overall average of 13 percent. The LIHTC comparables operate with an average turnover rate of 17 percent, which is above the eight percent average reported by the market rate properties. Based on the performance of the LIHTC comparables, we expect the Subject will operate with a turnover rate of approximately 15 percent.

Vacancy Levels

The following table summarizes overall weighted vacancy levels at the surveyed properties.

OVERALL VACANCY						
Property Name	Program	Tenancy	Total Units	Vacant Units	Vacancy %	
Abbingdon Willow Lake	LIHTC	Family	40	0	0.0%	
Azalea Gardens	LIHTC	Senior	36	0	0.0%	
Miller Grove	LIHTC	Family	48	0	0.0%	
Millers Ridge	LIHTC/Market	Family	72	3	4.2%	
Northwest Apartments	LIHTC	Family	72	0	0.0%	
Old Hickory Apartments	LIHTC	Family	32	0	0.0%	
Chesterfield / Eula Apartments	Market	Family	49	1	2.0%	
Dalton Ridge Apartments	Market	Family	87	0	0.0%	
Oakhaven Apartments	Market	Family	68	0	0.0%	
Oakleaf Senior Residences	Market	Senior	50	0	0.0%	
Woodhaven Apartments	Market	Family	54	0	0.0%	
LIHTC Total			300	3	1.0%	
Market Total			308	1	0.3%	
Overall Total			608	4	0.7%	

The comparable properties reported vacancy rates ranging from zero to 4.2 percent, with an overall weighted average of 0.7 percent. Managers at five of the six LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was one percent, above the 0.3 percent weighted average reported by the market rate properties. All of the market rate properties reported vacancy rates of two percent or less. The average LIHTC vacancy rate of one percent is considered exceptionally low, and indicative of supply-constrained conditions.

The Subject is currently operating as a LIHTC/Section 8 property. According to the rent roll dated October 13, 2023, the Subject is currently 92.4 percent occupied. According to historical financial statements, the Subject's annual vacancy and collection loss was 3.9, 4.9, and 1.7 percent in 2020, 2021, and 2022, respectively. According to management, the Subject's typical historical vacancy rate is less than five percent, and demand for affordable housing is very strong.

Concessions

None of the comparables reported offering concessions. With limited concessions present in the market, we do not believe that the Subject would need to offer concessions to be competitive both as restricted and hypothetically unrestricted.

Reasonability of Rents

The following table compares the Subject's current rents to comparable developments. Rents have been adjusted for differences in utility structure and concessions. The following table illustrates the current rents and unit mix for the Subject property.

RENT ROLL ANALYSIS (10/13/2023)

Unit Type	Unit Size (SF)	Number of Units	Contract Rent*	Minimum Tenant Paid Rent	Maximum Tenant-Paid Rent	Average Tenant-Paid Rent	Vacant Units	Vacancy Rate
1BR/1BA	553	60	\$869	\$232	\$629	\$431	5	7.6%
2BR/1BA	779	6	\$1,000	\$194	\$677	\$537	0	0.0%
Total		66					1	7.6%

*Based on rent schedule, effective 11/1/2023

Achievable Market Rents As Is

The achievable market rents were determined by comparing the aesthetic quality, amenities, unit sizes, etc. to that of the market rate projects in the area. Novogradac Consulting concluded that the Subject will be competitive with the market rate competition; as such, achievable rents are within the market rental range. The following illustrates the RCS grids utilized to determine the Subject's achievable market rents, as is.

Subject FHA#: -

	Subject		Comparable #7		Comparable #8		Comparable #9		Comparable #10		Comparable #11	
	Lancaster Manor	Data	Chesterfield / Eula Apartments		Dalton Ridge Apartments		Oakhaven Apartments		Oakleaf Senior Residences		Woodhaven Apartments	
	201 Chesterfield Ave	on	1210 Chesterfield Ave And 1305 Eula St		581 Dalton Ridge Drive		456 Colonial Avenue		278 Lancaster Bypass		456 Colonial Avenue	
	Lancaster, Lancaster County, SC	Subject	Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC	
A.	Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?		\$795	N	\$800	N	\$735	N	\$630	N	\$895	N
2	Date Last Leased (mo/yr)		Oct-23		Oct-23		Nov-23		Nov-23		Nov-23	
3	Rent Concessions		N		N		N		N		N	
4	Occupancy for Unit Type		98%		100%		100%		100%		100%	
5	Effective Rent & Rent/ sq. ft		\$795	\$0.94	\$800	\$0.89	\$735	\$1.05	\$630	\$0.84	\$895	\$0.90
B.	Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	E / 3	T / 2	\$25	G / 2	\$25	G / 2	\$25	E / 3		G / 2	\$25
7	Yr. Built / Yr. Renovated	1983 / 2005	1974		1996		1971 / 2002		2022		1971 / 2020	
8	Condition / Street Appeal	A	A		A		A		E	(\$25)	A	
9	Neighborhood	A	A		A		A		A		A	
10	Same Market? Miles to Subj.		Y/0.3		Y/1.5		Y/1.1		Y/1.1		Y/1.1	
C.	Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1.0	2.0	(\$100)	1.0		1.0		1.0		2.0	(\$100)
12	# Bathrooms	1.0	1.0		1.5	(\$25)	1.0		1.0		2.0	(\$50)
13	Unit Interior Sq. Ft.	533	850	(\$59)	900	(\$65)	700	(\$35)	750	(\$36)	1,000	(\$84)
14	Balcony / Patio	N	N		Y	(\$10)	Y	(\$10)	N		Y	(\$10)
15	AC: Central / Wall	Wa	Wa		C	(\$5)	C	(\$5)	C	(\$5)	C	(\$5)
16	Range / Refrigerator	R / F	R / F		R / F		R / F		R / F		R / F	
17	Microwave / Dishwasher	N	N		D	(\$10)	D	(\$10)	M / D	(\$10)	D	(\$10)
18	Washer / Dryer	L	L / HU	(\$10)	HU	(\$5)	L / HU	(\$10)	WD	(\$30)	L	
19	Floor Coverings	C / V	C / V		C		C		C / V / TF		C	
20	Window Coverings	B	B		B		B		B		B	
21	Cable / Satellite / Internet	N	N		N		N		N		N	
22	Special Features	CG / GB / PC	N	\$15	CF / GD	\$5	GD / WIC	\$5	CF / GB / PC / WIC	(\$5)	GD / F	\$5
D.	Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	L		L		L		L		L	
25	Extra Storage	N	N		Y (\$25)		N		N		N	
26	Security	Y	N	\$5	N	\$5	N	\$5	Y		N	\$5
27	Clubhouse / Meeting Rooms	MR	N	\$10	MR		MR		MR		MR	
28	Pool / Recreation Areas	E / R	R	\$5	E / RR	(\$5)	P / E / R	(\$10)	E	\$5	P / E / RR	(\$15)
29	Business Ctr / Nbhd Network	BC	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
30	Service Coordination	Y	N	\$15	N	\$15	N	\$15	Y		N	\$15
31	Non-shelter Services	N	N		N		N		N		N	
32	Neighborhood Networks	N	N		N		N		N		N	
E.	Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent? / type)	Y / E	N / E	\$14	N / E	\$14	N / E	\$14	N / E	\$14	N / E	\$14
34	Cooling (in rent? / type)	Y / Wa	N / Wa	\$10	N / C	\$10	N / C	\$10	N / C	\$10	N / C	\$10
35	Cooking (in rent? / type)	Y / E	N / E	\$6	N / E	\$6	N / E	\$6	N / E	\$6	N / E	\$6
36	Hot water (in rent? / type)	Y / E	N / E	\$14	N / E	\$14	N / E	\$14	N / E	\$14	N / E	\$14
37	Other Electric	Y	N	\$23	N	\$23	N	\$23	N	\$23	N	\$23
38	Cold Water / Sewer	Y / Y	N / N	\$64	N / N	\$64	N / N	\$64	N / N	\$64	N / N	\$64
39	Trash / Recycling	Y	N	\$17	N	\$17	N	\$17	Y		N	\$17
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		7	(3)	5	(7)	5	(6)	2	(6)	5	(7)
41	Sum Adjustments B to D		\$85	(\$169)	\$60	(\$125)	\$60	(\$80)	\$15	(\$111)	\$60	(\$274)
42	Sum Utility Adjustments		\$148		\$148		\$148		\$131		\$148	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net / Gross Adjustments B to E		\$64	\$402	\$83	\$333	\$128	\$288	\$35	\$257	(\$66)	\$482
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5 + 43)		\$859		\$883		\$863		\$665		\$829	
45	Adj Rent / Last rent			108%		110%		117%		106%		93%
46	Estimated Market Rent	\$870	\$1.63 Estimated Market Rent / Sq. Ft									

Subject FHA#: -

	Subject		Comparable #7		Comparable #8		Comparable #9		Comparable #10		Comparable #11	
	Lancaster Manor	Data	Chesterfield / Eula Apartments		Dalton Ridge Apartments		Oakhaven Apartments		Oakleaf Senior Residences		Woodhaven Apartments	
	201 Chesterfield Ave	on	1210 Chesterfield Ave And 1305 Eula St		581 Dalton Ridge Drive		456 Colonial Avenue		278 Lancaster Bypass		456 Colonial Avenue	
	Lancaster, Lancaster County, SC	Subject	Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC		Lancaster, Lancaster County, SC	
A.	Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?		\$815	N	\$850	N	\$900	N	\$735	N	\$895	N
2	Date Last Leased (mo/yr)		Oct-23		Oct-23		Nov-23		Nov-23		Nov-23	
3	Rent Concessions		N		N		N		N		N	
4	Occupancy for Unit Type		98%		100%		100%		100%		100%	
5	Effective Rent & Rent/ sq. ft		\$815	\$0.93	\$850	\$0.79	\$900	\$0.90	\$735	\$0.77	\$895	\$0.90
B.	Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	E / 3	T / 2	\$25	G / 2	\$25	G / 2	\$25	E / 3		G / 2	\$25
7	Yr. Built / Yr. Renovated	1983 / 2005	1974		1996		1971 / 2002		2022		1971 / 2020	
8	Condition / Street Appeal	A	A		A		A		E	(\$25)	A	
9	Neighborhood	A	A		A		A		A		A	
10	Same Market? Miles to Subj.		Y/0.3		Y/1.5		Y/1.1		Y/1.1		Y/1.1	
C.	Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2.0	2.0		2.0		2.0		2.0		2.0	
12	# Bathrooms	1.0	1.5	(\$25)	2.0	(\$50)	2.0	(\$50)	2.0	(\$50)	2.0	(\$50)
13	Unit Interior Sq. Ft.	779	875	(\$18)	1,075	(\$47)	1,000	(\$40)	950	(\$26)	1,000	(\$40)
14	Balcony / Patio	N	N		Y	(\$10)	Y	(\$10)	N		Y	(\$10)
15	AC: Central / Wall	Wa	C	(\$5)	C	(\$5)	C	(\$5)	C	(\$5)	C	(\$5)
16	Range / Refrigerator	R / F	R / F		R / F		R / F		R / F		R / F	
17	Microwave / Dishwasher	N	N		D	(\$10)	D	(\$10)	M / D	(\$10)	D	(\$10)
18	Washer / Dryer	L	L / HU	(\$10)	HU	(\$5)	L / HU	(\$10)	WD	(\$30)	L	
19	Floor Coverings	C / V	C / V		C		C		C / V / TF		C	
20	Window Coverings	B	B		B		B		B		B	
21	Cable / Satellite / Internet	N	N		N		N		N		N	
22	Special Features	CG / GB / PC	N	\$15	CF / GD	\$5	GD / WIC	\$5	CF / GB / PC / WIC	(\$5)	GD / F	\$5
D.	Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	L		L		L		L		L	
25	Extra Storage	N	N		Y (\$25)		N		N		N	
26	Security	Y	N	\$5	N	\$5	N	\$5	Y		N	\$5
27	Clubhouse / Meeting Rooms	MR	N	\$10	MR		MR		MR		MR	
28	Pool / Recreation Areas	E / R	R	\$5	E / RR	(\$5)	P / E / R	(\$10)	E	\$5	P / E / RR	(\$15)
29	Business Ctr / Nbhd Network	BC	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
30	Service Coordination	Y	N	\$15	N	\$15	N	\$15	Y		N	\$15
31	Non-shelter Services	N	N		N		N		N		N	
32	Neighborhood Networks	N	N		N		N		N		N	
E.	Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent? / type)	Y / E	N / E	\$17	N / E	\$17	N / E	\$17	N / E	\$17	N / E	\$17
34	Cooling (in rent? / type)	Y / Wa	N / C	\$13	N / C	\$13	N / C	\$13	N / C	\$13	N / C	\$13
35	Cooking (in rent? / type)	Y / E	N / E	\$9	N / E	\$9	N / E	\$9	N / E	\$9	N / E	\$9
36	Hot water (in rent? / type)	Y / E	N / E	\$18	N / E	\$18	N / E	\$18	N / E	\$18	N / E	\$18
37	Other Electric	Y	N	\$31	N	\$31	N	\$31	N	\$31	N	\$31
38	Cold Water / Sewer	Y / Y	N / N	\$89	N / N	\$89	N / N	\$89	N / N	\$89	N / N	\$89
39	Trash / Recycling	Y	N	\$17	N	\$17	N	\$17	Y		N	\$17
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		7	(4)	5	(7)	5	(7)	2	(7)	5	(6)
41	Sum Adjustments B to D		\$85	(\$58)	\$60	(\$132)	\$60	(\$135)	\$15	(\$151)	\$60	(\$130)
42	Sum Utility Adjustments		\$194		\$194		\$194		\$177		\$194	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net / Gross Adjustments B to E		\$221	\$337	\$122	\$386	\$119	\$389	\$41	\$343	\$124	\$384
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5 + 43)		\$1,036		\$972		\$1,019		\$776		\$1,019	
45	Adj Rent / Last rent			127%		114%		113%		106%		114%
46	Estimated Market Rent	\$1,000	\$1.28 Estimated Market Rent / Sq. Ft									

COMPARABLE PROPERTY RENT SUMMARY

Unit Type	Current Contract Rents	Adjusted Minimum	Adjusted Maximum	Adjusted Average	Market Rents
1BR/1BA	\$869	\$665	\$883	\$820	\$870
2BR/1BA	\$1,000	\$776	\$1,036	\$964	\$1,000

The Subject's current contract rents and achievable market rents fall within the range of the comparable properties after adjustment. The following is our explanation of our determination for market rents.

One-Bedroom – As Is

The following table summarizes the adjusted rents for the Subject's one-bedroom unit analysis.

1BR/1BA - LOWRISE - 533 SF									
#7		#8		#9		#10		#11	
Chesterfield / Eula Apartments		Dalton Ridge Apartments		Oakhaven Apartments		Oakleaf Senior Residences		Woodhaven Apartments	
Lancaster, SC		Lancaster, SC		Lancaster, SC		Lancaster, SC		Lancaster, SC	
Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
\$859		\$883		\$863		\$665		\$829	
	108%		110%		117%		106%		93%

The adjusted rents among the five comparables ranged from \$665 to \$883, with an average of \$820 and median of \$859. We placed the most reliance on Chesterfield / Eula Apartments and Dalton Ridge in the one-bedroom grid, as these properties received among the least net or percentage adjustment. Overall, we determined the Subject's one-bedroom achievable market rent to be \$870. Our conclusion is within the range of the comparables, above the average, and similar to the median adjusted rent.

Two-Bedroom – As Is

The following table summarizes the adjusted rents for the Subject's two-bedroom unit analysis.

2BR/1BA - LOWRISE - 779 SF									
#7		#8		#9		#10		#11	
Chesterfield / Eula Apartments		Dalton Ridge Apartments		Oakhaven Apartments		Oakleaf Senior Residences		Woodhaven Apartments	
Lancaster, SC		Lancaster, SC		Lancaster, SC		Lancaster, SC		Lancaster, SC	
Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
\$1,036		\$972		\$1,019		\$776		\$1,019	
	127%		114%		113%		106%		114%

The adjusted rents among the five comparables ranged from \$776 to \$1,036, with an average of \$964 and median of \$1,019. We placed the most reliance on Oakhaven Apartments and Dalton Ridge Apartments, as these properties received among the least net adjustments. Overall, we determined the Subject's two-bedroom achievable market rent to be \$1,000. Our conclusion is within the range of the comparables, above the average, and similar to the median adjusted rent.

COMPARABLE PROPERTY RENT SUMMARY - AS IS AFTER ADJUSTMENT

Unit Type	Size (SF)	Current Section 8 Contract Rents	Subject's Achievable Market Rent - As Is
1BR/1BA	533	\$869	\$870
2BR/1BA	779	\$1,000	\$1,000

We have utilized the current contract rents in the restricted scenario as this is the client's basis of their underwriting and purchase agreement determination; this is consistent with a typical buyer's motivations for this type of asset, given the HAP contract and its position relative to market rents.

VI. HIGHEST AND BEST USE

HIGHEST AND BEST USE

Highest and Best Use is defined as: "The reasonably probable and legal 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.³"

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the highest value. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it generally helps create and/or maintains maximum value.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. Four tests are typically used to determine the highest and best use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses to which it is physically possible to put on the site in question.
2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

³ Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

HIGHEST AND BEST USE AS IF VACANT

Physically Possible

The Subject site is 2.42 acres, or 105,415 square feet, in size. It is comprised of an irregularly-shaped parcel that exhibits level topography. The site has good accessibility and visibility, and is not located in a flood plain. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible

According to City of Lancaster, the Subject site is zoned MF, Multiple-Family District Zone. According to the City of Lancaster Code of Ordinances, the MF zone is intended to "accommodate moderate density single-family development and low density multiple-family developments in areas within the city's planning jurisdiction that are appropriate for development at higher densities". The minimum land area per dwelling unit in the MF zone is 6,000 square feet, and an additional 3,400 square feet for each additional unit. The Subject site is 2.42 acres, or 105,415 square feet, and has been developed to a density of 27.3 units per acre, while the maximum allowable density for the Subject site is 12.5 units per acre. Additionally, the Subject is currently encumbered with a LURA, dated April 7, 2006, that requires the Subject maintain at least 40 percent of its units for households earning 60 percent of the AMI, or less. The LURA indicates a total compliance period of 30 years from the effective date of the agreement, consisting of a 15-year compliance period plus a 15-year Extended Use period. Thus, the Subject site is encumbered with the LURA through 2036. According to the zoning ordinance, the MF zone allows for buildings with a maximum height of 60 feet. The number of parking spaces required for multifamily dwellings is 1.5 spaces for family housing, and 0.75 spaces for low/moderate income or elderly housing. The Subject will offer 51 surface parking spaces or 0.77 spaces per unit. As such, the Subject appears to represent a legal, non-conforming use due to the Subject's current density.

The comparable land sales have densities of 6.58 to 10.88 units per acre, with an average of 8.74 units per acre. Furthermore, we have gathered densities from multifamily developments located near the Subject site, as illustrated in the following table.

COMPARABLE DENSITIES						
Name	Type	Year Built	Total Units	Acres	Density	
Abbingtion Willow Lake	LIHTC	2021	40	5.24	7.63	
Azalea Gardens	LIHTC	2007	36	3.31	10.88	
Miller Grove	LIHTC	2006	48	4.55	10.55	
Millers Ridge	LIHTC/Market	2001	72	10.02	7.19	
Northwest Apartments	LIHTC	1979	72	7.50	9.60	
Old Hickory Apartments	LIHTC	1988	32	4.86	6.58	
Average			50	5.91	8.74	

Based upon the range of densities among the comparable properties, we believe the Subject site would support the maximum allowable density of 12.5 units per acre, which equates to a 30-unit multifamily affordable development utilizing tax credit equity or favorable financing.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible. The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the Subject site could support multifamily development. Based on the Subject's surrounding land uses, the site's physical attributes, and the recent development patterns in the area, multifamily residential development is most likely. Thus, multifamily development appears to financially feasible utilizing tax credit equity, favorable financing, and/or other gap subsidies.

Maximally Productive

Based upon our analysis, the maximally productive use the sites as if vacant would be to construct a 30-unit multifamily development using tax credit equity, favorable financing, and other gap subsidies.

CONCLUSION

Highest and Best Use “As If Vacant”

The Subject’s highest and best use “as if vacant” is to construct a 30-unit multifamily affordable development utilizing tax credit equity or favorable financing.

HIGHEST AND BEST USE “AS IMPROVED”

The Subject property currently operates as a Section 8 multifamily property, and it is in average condition. The property currently generates positive cash flow, and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

VII. APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

Applicability to the Subject Property

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. Given the restricted nature of the Subject property and lack of financial feasibility, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. However, we have provided a land value for the Subject as if vacant.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use both an EGIM and sales price per unit analyses in valuing the Subject property.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject will be an income producing property and this is considered to be the best method of valuation.

VIII. LAND VALUATION

LAND VALUATION

To arrive at an estimated land value for the Subject site, the appraisers have analyzed actual sales of comparable properties in the competitive area.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments made are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders and lending institutions. The following pages outline our findings.

The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the Subject property. We researched the subject's market area for recent sales of comparable vacant land. From our research, we selected transactions that represent the most recent competitive alternative sales in the marketplace. It should be noted that per SCSHFDA's QAP, comparable properties must be located in the proposal's sub-market. If none exist, comparable properties must be located in the proposal's county or an adjacent county. We attempted to utilize sales in the Subject's county, or adjacent counties; however, we were only able to identify one sale in Lancaster County. As such, we have also utilized two sales in Spartanburg County and one sale located in Richland County, which are the closest we were able to identify.

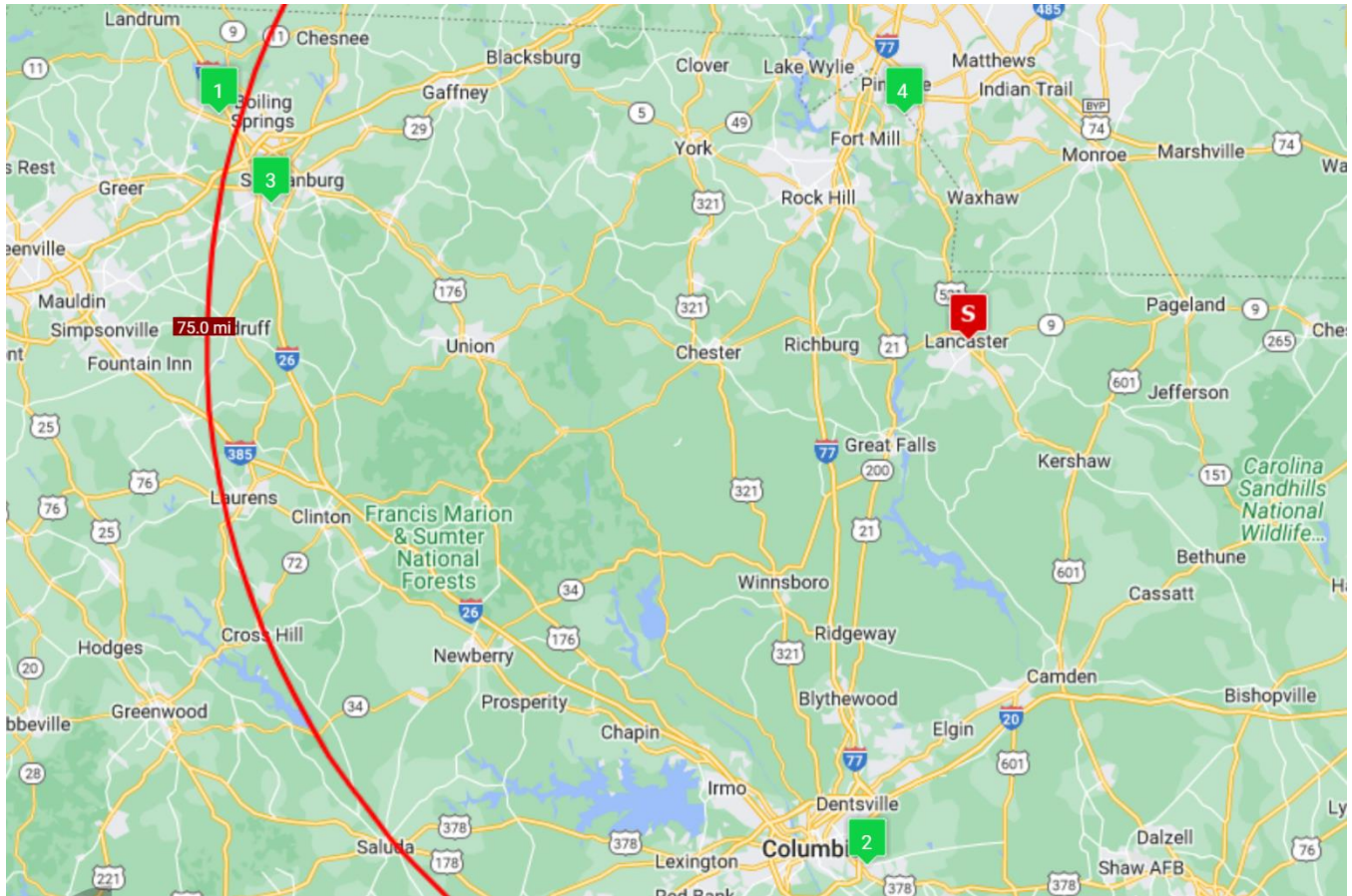
The previous highest and best use analysis concluded multifamily was the most likely type of development. The comparable land sales represent proposed multifamily developments ranging from 155 to 281 units. The following table details the land sale comparables used in our analysis.

COMPARABLE LAND SALES

#	Address	Location	Sale Date	Sale Price	Land Acres	# Units	Price Per Unit
1	NEC Of Jersey Rd & Bishop Rd	Inman, SC	2023-09-20	\$4,475,450	31.1	281	\$15,927
2	O Trinity Drive	Columbia, SC	2023-06-06	\$2,500,000	25.0	182	\$13,736
3	250 Southport Rd	Spartanburg, SC	2022-12-20	\$1,800,000	12.3	244	\$7,377
4	10962 Harrisburg Rd	Indian Land, SC	2022-10-20	\$2,687,300	37.4	155	\$17,337

Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price is typically based upon a price per unit. This is typical of the local multifamily market and will be used as a basis for analysis. A location map is presented on the following page.

Comparable Land Sales Map

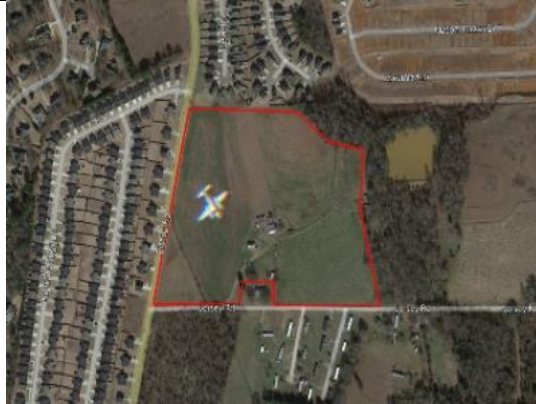


Google Maps, November 2023

COMPARABLE LAND SALES

#	Address	Location	Sale Date	Sale Price	Land Acres	# Units	Price Per Unit
1	NEC Of Jersey Rd & Bishop Rd	Inman, SC	2023-09-20	\$4,475,450	31.1	281	\$15,927
2	0 Trinity Drive	Columbia, SC	2023-06-06	\$2,500,000	25.0	182	\$13,736
3	250 Southport Rd	Spartanburg, SC	2022-12-20	\$1,800,000	12.3	244	\$7,377
4	10962 Harrisburg Rd	Indian Land, SC	2022-10-20	\$2,687,300	37.4	155	\$17,337

Hartley View



Transaction

Address	NEC Of Jersey Rd & Bishop Rd	Sale Date	Sep/2023
City	Inman	Sale Price	\$4,475,450
State	SC	Sale Status	Closed
Zip	29349	Sale Conditions	None
County	Spartanburg	Rights Conveyed	Fee Simple
Buyer	TruAmerica Multifamily, Inc.	Verification	CoStar, Public Record
Seller	Ramsey Roe		

Site

Land Acres	31.1	Topography	Level
Land Sq Ft	1,354,716	Zoning	Multifamily
Shape	Irregular	Corner	True

Improvements and Ratios

Proposed Units	281	Price \$/Proposed Unit	\$15,927
		Price \$/SF	\$3.30
		Price \$/Acre	\$143,905

Remarks

This parcel of land was developed with a dilapidated 966 square foot single-family home at the time of sale. Novoco has estimated demolition costs at \$5 per square foot. The buyer intends to build a 281-unit market rate development. Construction is anticipated to begin in September 2024 and be completed in June 2025.

Trinity Townhomes



Transaction			
Address	0 Trinity Drive	Sale Date	Jun/2023
City	Columbia	Sale Price	\$2,500,000
State	SC	Sale Status	Closed
Zip	29209	Sale Conditions	Typical
County	Richland	Rights Conveyed	Fee Simple
Buyer	Stanley Martin Homes LLC	Verification	County assessor, Developer
Seller	Big & Tall LLC		
Site			
Land Acres	25.0	Topography	Level
Land Sq Ft	1,089,000	Zoning	O-I
Shape	Irregular	Corner	True
Improvements and Ratios			
Proposed Units	182	Price \$/Proposed Unit	\$13,736
		Price \$/SF	\$2.30
		Price \$/Acre	\$100,000
Remarks			
The site was purchased for the development of a 182-unit townhouse development. Construction on the site has not yet begun.			

Southport Apartment Homes



Transaction			
Address	250 Southport Rd	Sale Date	Dec/2022
City	Spartanburg	Sale Price	\$1,800,000
State	SC	Sale Status	Closed
Zip	29306	Sale Conditions	None
County	Spartanburg	Rights Conveyed	Fee Simple
Buyer	Rozali Inc	Verification	CoStar, Public record
Seller	NAI Earle Furman LLC		
Site			
Land Acres	12.3	Topography	Level
Land Sq Ft	535,788	Zoning	Multifamily
Shape	Irregular	Corner	False
Improvements and Ratios			
Proposed Units	244	Price \$/Proposed Unit	\$7,377
		Price \$/SF	\$3.36
		Price \$/Acre	\$146,342
Remarks			
This parcel of land was vacant at the time of sale. The buyer bought the land with the intention to build a 244-unit market rate development. Construction began in July 2023 and is anticipated to be completed in July 2024.			

10962 Harrisburg Rd



Transaction			
Address	10962 Harrisburg Rd	Sale Date	Oct/2022
City	Indian Land	Sale Price	\$2,687,300
State	SC	Sale Status	Closed
Zip	29707	Sale Conditions	Cash
County	Lancaster	Rights Conveyed	Fee Simple
Buyer	Redwood Indian Land	Verification	CoStar/Public Record
Seller	Barberville Amanda Patterson		
Site			
Land Acres	37.4	Topography	Level
Land Sq Ft	1,629,144	Zoning	LDR
Shape	Rectangular	Corner	False
Improvements and Ratios			
Proposed Units	155	Price \$/Proposed Unit	\$17,337
		Price \$/SF	\$1.65
		Price \$/Acre	\$71,853
Remarks			
On 10/20/2022, Redwood Indian Barberville Rd SC P1 LLC purchased three parcels from Amanda Patterson. Two of the parcels were improved with single-family homes totaling approximately 6,265 square feet. Demolition costs were estimated at \$5.50 per square foot. The total sale price was \$2,687,300. The site is proposed for development of a 155-unit market rate apartment complex. All information was gathered via costar and Lancaster County public record.			

Explanation of Adjustments

The adjustment grid follows at the end of this section. As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing Terms**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning/Use**
- **Topography**
- **Site Characteristics**
- **Size**

Property Rights

All sales were of fee simple interest; therefore, no adjustments are necessary.

Financing

The sales were cash transactions; therefore, no adjustment is necessary.

Conditions of Sale

This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the comparable sales are considered to be market-oriented, arms-length transactions. Accordingly, no adjustment is necessary.

Market Conditions

Real estate values vary over time due to changes in market conditions. The rate of this change fluctuates due to investor's perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of the comparables, when values have appreciated or depreciated.

The comparable sales occurred between October 2022 and September 2023. Capitalization rates have increased approximately 39 percentage points since the fourth quarter of 2022 (Sales 3 and 4), and three percentage points since the second quarter of 2023 (Sale 2). Capitalization rates since the third quarter of 2023 have remained relatively the same. Based on the trend data and our conversations with area market participants, we have applied a downward adjustment of five percent to Sales 3 and 4.

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate					
Quarter	Cap Rate	Change (pp)	Quarter	Cap Rate	Change (pp)
4Q18	5.16	-	2Q21	4.96	-0.08
1Q19	5.03	-0.13	3Q21	4.59	-0.37
2Q19	5.14	0.11	4Q21	4.42	-0.17
3Q19	5.1	-0.04	1Q22	4.4	-0.02
4Q19	5.15	0.05	2Q22	4.45	0.05
1Q20	5.14	-0.01	3Q22	4.75	0.30
2Q20	5.19	0.05	4Q22	4.89	0.14
3Q20	5.22	0.03	1Q23	5.01	0.12
4Q20	5.22	0.00	2Q23	5.25	0.24
1Q21	5.04	-0.18	3Q23	5.28	0.03

Source: PwC Real Estate Investor Survey, 3Q 2023

Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following table illustrates the median income, median rent, and median home values, arranged by zip code for each of the land sales.

LAND SALES - LOCATION COMPARISON												
#	Property Name	City	Zip Code	Walk Score	Median Income	Median Rent	Median Home Value	Walk Score Differential	Income Differential	Rent Differential	Home Value Differential	Average Delta
Subject	Lancaster Manor	Lancaster	29720	48	\$28,620	\$1,103	\$219,880	-	-	-	-	-
1	Hartley View	Inman	29349	6	\$72,288	\$1,193	\$239,114	700.0%	-60.4%	-7.5%	-8.0%	156.0%
2	Trinity Townhomes	Columbia	29209	47	\$60,095	\$1,537	\$194,236	2.1%	-52.4%	-28.2%	13.2%	-16.3%
3	Southport Apartment Homes	Spartanburg	29306	29	\$37,212	\$1,100	\$162,193	65.5%	-23.1%	0.3%	35.6%	19.6%
4	10962 Harrisburg Rd	Indian Land	29707	1	\$105,942	\$1,882	\$384,323	4700.0%	-73.0%	-41.4%	-42.8%	1135.7%

As illustrated above, Sales 1 and 4 are located in Inman and Indian Land, respectively, in areas with higher median household incomes, slightly higher to higher median rents, higher median home values, and lower Walkscores relative to the Subject. Sale 2 is located in Columbia, in an area with higher median household incomes, median rents, slightly lower median home values, and a similar Walkscore relative to the Subject. Sale 3 is located in Spartanburg, in an area with similar median household incomes, median rents, and slightly lower median home values and Walkscore relative to the Subject. Overall, we have considered the locations of Sales 1, 2, and 4 to be superior relative to the Subject, and downward adjustments of 15 to 20 percent were applied. We have considered the location of Sale 3 to be similar relative to the Subject, and no adjustments were applied.

Zoning/Use

All of the comparable sites allow for multifamily development. However, the Subject site is encumbered with a LURA, which requires affordable operation. None of the land sales were encumbered with a LURA at the time of sale. Based on a comparison of potential gross income between the restricted and unrestricted scenarios, a negative adjustment is warranted. Therefore, we applied negative adjustments of 10 percent to all of the sales.

Topography

All sales exhibit level topography. Therefore, no adjustments are warranted.

Site Characteristics

The Subject and all of the sales have functional shapes and site characteristics for multifamily development. As such, no adjustments were warranted.

Size

With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Typically, smaller sites exhibit higher price per unit. As previously indicated in the *Highest and Best Use* section of this report, the Subject could support 30 total units. Sales 1, 3, and 4 are larger at 281, 244, and 155 units, respectively, while the remaining sale is generally similar in size. As such we applied upward adjustments of 10 percent to Sales 1 and 3, an upward adjustment of five percent to Sale 4, and no adjustments to the remaining sale.

Land Value Estimate

The land sales grid is presented following:

LAND SALES DATA ADJUSTMENT GRID					
	Subject	1	2	3	4
Property Name	Lancaster Manor	Hartley View	Trinity Townhomes	Southport Apartment Homes	10962 Harrisburg Rd
Address	201 Chesterfield Ave	NEC Of Jersey Rd & Bishop Rd	0 Trinity Drive	250 Southport Rd	10962 Harrisburg Rd
City	Lancaster	Inman	Columbia	Spartanburg	Indian Land
Parcel Data					
Zoning	MF	Multifamily	O-I	Multifamily	LDR
Topography	Level	Level	Level	Level	Level
Shape	Irregular	Irregular	Irregular	Irregular	Rectangular
Size (SF)	105,415	1,354,716	1,089,000	535,788	1,629,144
Size (Acres)	2.42	31.10	25.00	12.30	37.40
Units	30	281	182	244	155
Units Per Acre	12.40	9.04	7.28	19.84	4.14
Sales Data					
Date		2023-09-20	2023-06-06	2022-12-20	2022-10-20
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$4,475,450	\$2,500,000	\$1,800,000	\$2,687,300
Price (Per Unit)		\$15,927	\$13,736	\$7,377	\$17,337
Adjustments					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		\$0	\$0	\$0	\$0
		\$4,475,450	\$2,500,000	\$1,800,000	\$2,687,300
Financing Terms		None	Typical	None	Cash
Adjustment		\$0	\$0	\$0	\$0
		\$4,475,450	\$2,500,000	\$1,800,000	\$2,687,300
Conditions of Sale		None	Typical	None	Cash
Adjustment		\$0	\$0	\$0	\$0
		\$4,475,450	\$2,500,000	\$1,800,000	\$2,687,300
Expenditures After Purchase		996 SF Single-family home	None	None	Single-Family Home Demolition
Adjustment		\$4,980	\$0	\$0	\$34,458
		\$4,480,430	\$2,500,000	\$1,800,000	\$2,721,758
Market Conditions		1.0	1.0	0.95	0.95
Adjusted Sales Price		\$4,480,430	\$2,500,000	\$1,710,000	\$2,585,670
Adjusted Price (Per Unit)		\$15,945	\$13,736	\$7,008	\$16,682
Adjustments					
Location		-15.0%	-20.0%	0.0%	-15.0%
Zoning/ Use		-10.0%	-10.0%	-10.0%	-10.0%
Topography		0.0%	0.0%	0.0%	0.0%
Shape		0.0%	0.0%	0.0%	0.0%
Size		10.0%	0.0%	10.0%	5.0%
Overall Adjustment		-15.0%	-30.0%	0.0%	-20.0%
Adjusted Price (Per Unit)		\$13,553	\$9,615	\$7,008	\$13,345

The sales indicate an adjusted price per unit per unit range of \$7,008 to \$13,553, with a mean of \$10,880 and a median of \$11,480 per unit. Overall, we have concluded to a per unit value of \$10,000 for the land 'As Vacant.' This correlates with an indication of land value as follows: 30 units at \$10,000 per unit, equates to \$300,000.

LAND VALUE

Scenario	No. of Units	Value/Unit	Indicated Value (Unrounded)	Indicated Value (Rounded)
Value Per Unit	30	\$10,000	\$300,000	\$300,000

Conclusion of As If Vacant Value

As a result of our investigation and analysis, it our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated value of the underlying land, as if vacant, of the fee simple interest, as of November 8, 2023, is:

THREE HUNDRED THOUSAND DOLLARS
(\$300,000)

Please refer to the complete Assumptions and Limiting Conditions in the Addenda of this report.

IX. INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

Introduction

We were asked to provide several value estimates, including:

- Market value “as is restricted” of the fee simple interest in the property.
- Hypothetical market value “as is unrestricted” of the fee simple interest in the property.

As discussed, we were asked to provide an estimate of the Subject’s value under as restricted as well as hypothetical market rate operation.

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property’s market value is derived via the capitalization of these future income streams.

The Subject’s “as is” values were determined via the income capitalization approach.

INCOME ANALYSIS

Potential Gross Income

In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject’s potential rental income for the restricted scenario is based upon the Subject’s current contract rents, effective November 1, 2023, while the potential rental income in the hypothetical unrestricted scenario is based upon achievable market rents as derived in the *Supply Section* of this report. The following tables illustrate the potential gross income as restricted and as unrestricted.

POTENTIAL GROSS INCOME (MARKET VALUE - "AS IS RESTRICTED")

Unit Type	Program	# Units	Square Feet	Contract Rent	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	@60% (Section 8)	60	533	\$869	\$52,140	\$625,680
2BR/1BA	@60% (Section 8)	6	779	\$1,000	\$6,000	\$72,000
Total		66			\$58,140	\$697,680

POTENTIAL GROSS INCOME (HYPOTHETICAL MARKET VALUE "AS IS UNRESTRICTED")

Unit Type	Program	# Units	Square Feet	Achievable Rent	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	Market	60	533	\$870	\$52,200	\$626,400
2BR/1BA	Market	6	779	\$1,000	\$6,000	\$72,000
Total		66			\$58,200	\$698,400

Other Income

Miscellaneous income includes fees for late rent fees, damages and cleaning fees and other miscellaneous fees. The comparables indicate other income ranging from \$54 to \$1,432 per unit, with an average of \$561. Note that we were not provided with a budgeted figure. We concluded to other income of \$1,100 per unit in the restricted scenario, which includes other income associated with the grant funding to cover the service coordinator. In the unrestricted scenario, we have concluded to other income of \$150 per unit. Our conclusion is within the comparable expense range and below the Subject historicals.

Vacancy and Collection Loss

As previously indicated, we have concluded to a vacancy and collection loss of three percent in the restricted scenario and five percent in the unrestricted scenario.

EXPLANATION OF EXPENSES

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted.

Comparable operating expense data was collected from a combination of affordable properties in the area. The following table provides additional information on each of the comparable expense properties.

COMPARABLE EXPENSES

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
City	Lancaster	Rock Hill	Rock Hill	Rock Hill	Rock Hill
Year Built / Renovated	1983 / 2026	2003	1973 / 2000	1999	1970
Structure	Lowrise	Garden	Townhouse	Garden	Lowrise
Tenancy	Senior	Family	Family	Family	Family
Rent Restrictions	LIHTC/Section 8	Market	Section 8	Market	Market

The comparable data was compared to the 2020, 2021, and 2022 historical data for the Subject based on information supplied by the client. It should be noted that we were not provided with a budget.

LANCASTER MANOR APARTMENTS – LANCASTER, SOUTH CAROLINA – APPRAISAL

Scenario Property Program Tenancy Statement Type Year City, State Year Built / Renovated Number of Units	NOVOCO Market Value - "As Is Restricted"		NOVOCO Hypothetical Market Value "As Is Unrestricted"		SUBJECT Audited		SUBJECT Audited		SUBJECT Audited	
	Lancaster Manor LIHTC/Section 8 Senior Pro Forma Lancaster, SC 1983 / 2026 66		Lancaster Manor LIHTC/Section 8 Senior Pro Forma Lancaster, SC 1983 / 2026 66		Lancaster Manor LIHTC Senior Audited 2022 Lancaster, SC 1983 / 2005 66		Lancaster Manor LIHTC Senior Audited 2021 Lancaster, SC 1983 / 2005 66		Lancaster Manor LIHTC Senior Audited 2020 Lancaster, SC 1983 / 2005 66	
INCOME CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Rental Income	\$697,680	\$10,571	\$698,400	\$10,582	\$641,448	\$9,719	\$628,068	\$9,516	\$614,712	\$9,314
Other Income	\$72,600	\$1,100	\$9,900	\$150	\$70,583	\$1,069	\$77,991	\$1,182	\$79,636	\$1,207
Vacancy Loss	(\$23,108)	(\$350)	(\$35,415)	(\$537)	(\$12,255)	(\$186)	(\$34,553)	(\$524)	(\$27,229)	(\$413)
		3.00%		5.00%		1.72%		4.89%		3.92%
SUBTOTAL	\$747,172	\$11,321	\$672,885	\$10,195	\$699,776	\$10,603	\$671,506	\$10,174	\$667,119	\$10,108
EXPENSE CATEGORY										
ADMINISTRATION										
Professional Fees	\$18,150	\$275	\$13,200	\$200	\$18,129	\$275	\$17,447	\$264	\$17,306	\$262
Other Administrative	\$34,650	\$525	\$33,000	\$500	\$32,213	\$488	\$35,908	\$544	\$36,288	\$550
Advertising/Marketing	\$990	\$15	\$1,650	\$25	\$200	\$3	\$997	\$15	\$366	\$6
SUBTOTAL	\$53,790	\$815	\$47,850	\$725	\$50,542	\$766	\$54,352	\$824	\$53,960	\$818
OPERATING/MAINTENANCE										
Elevator	\$990	\$15	\$990	\$15	-	-	-	-	-	-
Pest Control	-	-	-	-	-	-	-	-	-	-
Repairs and Supplies	\$26,400	\$400	\$26,400	\$400	\$26,078	\$395	\$55,553	\$842	\$42,293	\$641
Painting & Decorating	-	-	-	-	-	-	-	-	-	-
Trash Removal	\$2,640	\$40	\$2,640	\$40	\$2,605	\$39	\$2,559	\$39	\$2,495	\$38
Security	\$7,920	\$120	\$7,920	\$120	\$7,776	\$118	\$6,735	\$102	\$10,871	\$165
Pool and Grounds	-	-	-	-	-	-	-	-	-	-
Contract	\$66,000	\$1,000	\$66,000	\$1,000	\$66,942	\$1,014	\$66,708	\$1,011	\$48,032	\$728
SUBTOTAL	\$103,950	\$1,575	\$103,950	\$1,575	\$103,401	\$1,567	\$131,555	\$1,993	\$103,691	\$1,571
UTILITIES										
Heating & Fuel	-	-	-	-	-	-	-	-	-	-
Electricity	\$48,180	\$730	\$48,180	\$730	\$49,348	\$748	\$45,628	\$691	\$48,634	\$737
Gas	-	-	-	-	-	-	-	-	-	-
Water & Sewer	\$12,870	\$195	\$12,870	\$195	\$12,931	\$196	\$12,531	\$190	\$13,481	\$204
Other Utilities	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$61,050	\$925	\$61,050	\$925	\$62,279	\$944	\$58,159	\$881	\$62,115	\$941
PAYROLL										
Repair & Maintenance	\$45,000	\$682	\$30,000	\$455	\$40,054	\$607	\$36,266	\$549	\$36,096	\$547
Payroll	-	-	-	-	-	-	-	-	-	-
Management Payroll	\$47,000	\$712	\$30,000	\$455	\$51,220	\$776	\$47,109	\$714	\$45,856	\$695
Service Coordinator	\$50,000	\$758	-	-	\$72,348	\$1,096	\$58,547	\$887	\$61,652	\$934
Staff Unit	-	-	-	-	-	-	-	-	-	-
Benefits/Taxes	\$27,040	\$410	\$12,200	\$185	\$34,369	\$521	\$28,884	\$438	\$27,547	\$417
SUBTOTAL	\$169,040	\$2,561	\$72,200	\$1,094	\$197,991	\$3,000	\$170,806	\$2,588	\$171,151	\$2,593
TAXES/INSURANCE										
Real Estate Taxes	-	-	\$96,168	\$1,457	\$53,562	\$812	\$52,853	\$801	\$49,516	\$750
Direct Assessments/Other	-	-	-	-	-	-	-	-	-	-
Insurance	\$36,300	\$550	\$36,300	\$550	\$36,304	\$550	\$33,202	\$503	\$28,149	\$427
SUBTOTAL	\$36,300	\$550	\$132,468	\$2,007	\$89,866	\$1,362	\$86,055	\$1,304	\$77,665	\$1,177
MANAGEMENT FEE	\$29,887	\$453	\$20,187	\$306	\$37,224	\$564	\$37,224	\$564	\$37,224	\$564
		4.00%		3.00%		5.32%		5.54%		5.58%
REPLACEMENT RESERVES	\$19,800	\$300	\$19,800	\$300	\$19,800	\$300	\$19,800	\$300	\$19,800	\$300
Total All Expenses	\$473,817	\$7,179	\$457,504	\$6,932	\$561,103	\$8,502	\$557,951	\$8,454	\$525,606	\$7,964
Total Expenses less TUR	\$392,967	\$5,954	\$280,487	\$4,250	\$425,462	\$6,446	\$427,139	\$6,472	\$394,175	\$5,972

LANCASTER MANOR APARTMENTS – LANCASTER, SOUTH CAROLINA – APPRAISAL

Scenario Property Program Tenancy Statement Type Year City, State Year Built / Renovated Number of Units INCOME CATEGORY	NOVOCO Market Value - "As Is Restricted"		NOVOCO Hypothetical Market Value "As Is Unrestricted"		COMPARABLE Audited		COMPARABLE Actuals		COMPARABLE Audited		COMPARABLE Audited	
	Lancaster Manor LIHTC/Section 8 Senior Pro Forma - Lancaster, SC 1983 / 2026 66	Per Unit	Lancaster Manor LIHTC/Section 8 Senior Pro Forma - Lancaster, SC 1983 / 2026 66	Per Unit	Confidential Market Family Audited 2022 Rock Hill, SC 2003 64	Per Unit	Confidential Section 8 Family Actuals 2022 Rock Hill, SC 1973 / 2000 68	Per Unit	Confidential Market Family Audited 2022 Rock Hill, SC 1999 80	Per Unit	Confidential Market Family Audited 2022 Rock Hill, SC 1970 70	Per Unit
Rental Income	\$697,680	\$10,571	\$698,400	\$10,582	\$808,455	\$12,632	\$1,051,944	\$15,470	\$1,050,454	\$13,131	\$586,873	\$8,384
Other Income	\$72,600	\$1,100	\$9,900	\$150	\$38,977	\$609	\$3,640	\$54	\$114,592	\$1,432	\$10,511	\$150
Vacancy Loss	(\$23,108)	(\$350)	(\$35,415)	(\$537)	(\$35,951)	(\$562)	(\$14,432)	(\$212)	(\$63,027)	(\$788)	(\$16,676)	(\$238)
		3.00%		5.00%		4.24%		1.37%		5.41%		2.79%
SUBTOTAL	\$747,172	\$11,321	\$672,885	\$10,195	\$811,481	\$12,679	\$1,041,152	\$15,311	\$1,102,019	\$13,775	\$580,708	\$8,296
EXPENSE CATEGORY												
ADMINISTRATION												
Professional Fees	\$18,150	\$275	\$13,200	\$200	\$15,357	\$240	-	-	\$46,135	\$577	\$29,172	\$417
Other Administrative	\$34,650	\$525	\$33,000	\$500	-	-	-	-	\$61,725	\$772	\$27,655	\$395
Advertising/Marketing	\$990	\$15	\$1,650	\$25	\$698	\$11	-	-	\$13,407	\$168	\$528	\$8
SUBTOTAL	\$53,790	\$815	\$47,850	\$725	\$16,055	\$251	\$129,202	\$1,900	\$121,267	\$1,516	\$57,355	\$819
OPERATING/MAINTENANCE												
Elevator	\$990	\$15	\$990	\$15	-	-	-	-	-	-	-	-
Pest Control	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and Supplies	\$26,400	\$400	\$26,400	\$400	-	-	-	-	-	-	-	-
Painting & Decorating	-	-	-	-	-	-	-	-	-	-	-	-
Trash Removal	\$2,640	\$40	\$2,640	\$40	-	-	-	-	-	-	-	-
Security	\$7,920	\$120	\$7,920	\$120	-	-	-	-	-	-	-	-
Pool and Grounds	-	-	-	-	-	-	-	-	-	-	-	-
Contract	\$66,000	\$1,000	\$66,000	\$1,000	-	-	-	-	-	-	-	-
SUBTOTAL	\$103,950	\$1,575	\$103,950	\$1,575	\$53,529	\$836	\$75,631	\$1,112	\$63,218	\$790	\$45,924	\$656
UTILITIES												
Heating & Fuel	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	\$48,180	\$730	\$48,180	\$730	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-
Water & Sewer	\$12,870	\$195	\$12,870	\$195	-	-	-	-	-	-	-	-
Other Utilities	-	-	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$61,050	\$925	\$61,050	\$925	\$21,716	\$339	\$40,984	\$603	\$61,594	\$770	\$89,713	\$1,282
PAYROLL												
Repair & Maintenance	\$45,000	\$682	\$30,000	\$455	-	-	-	-	-	-	-	-
Payroll	\$47,000	\$712	\$30,000	\$455	-	-	\$64,087	\$942	-	-	-	-
Management Payroll	\$50,000	\$758	-	-	-	-	-	-	-	-	-	-
Service Coordinator	-	-	-	-	-	-	-	-	-	-	-	-
Staff Unit	-	-	-	-	-	-	-	-	-	-	-	-
Benefits/Taxes	\$27,040	\$410	\$12,200	\$185	-	-	\$38,472	\$566	-	-	-	-
SUBTOTAL	\$169,040	\$2,561	\$72,200	\$1,094	\$87,479	\$1,367	\$102,559	\$1,508	\$118,929	\$1,487	\$84,824	\$1,212
TAXES/INSURANCE												
Real Estate Taxes	-	-	\$96,168	\$1,457	\$77,110	\$1,205	-	-	\$93,829	\$1,173	\$47,693	\$681
Direct Assessments/Other	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	\$36,300	\$550	\$36,300	\$550	\$21,878	\$342	\$36,236	\$533	\$28,772	\$360	\$10,812	\$154
SUBTOTAL	\$36,300	\$550	\$132,468	\$2,007	\$98,988	\$1,547	\$36,236	\$533	\$122,601	\$1,533	\$58,505	\$836
GROUND LEASE												
MANAGEMENT FEE	\$29,887	\$453	\$20,187	\$306	\$33,257	\$520	-	-	\$13,610	\$170	-	-
		4.00%		3.00%		4.10%			\$37,978	\$475	\$35,307	\$504
										3.45%		6.08%
REPLACEMENT RESERVES	\$19,800	\$300	\$19,800	\$300	\$19,200	\$300	\$20,400	\$300	\$24,000	\$300	\$21,000	\$300
Total All Expenses	\$473,817	\$7,179	\$457,504	\$6,932	\$330,224	\$5,160	\$405,012	\$5,956	\$563,197	\$7,040	\$392,628	\$5,609
Total Expenses less TUR	\$392,967	\$5,954	\$280,487	\$4,250	\$212,198	\$3,316	\$343,628	\$5,053	\$383,774	\$4,797	\$234,222	\$3,346

General Administrative and Marketing

The following table details the historical general administrative and marketing expenses at the Subject, in addition to the comparable figures and benchmarks. This category includes all professional fees for items such as legal, accounting, marketing, and office.

Administration											
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited	Min	Max	Average	Region Unit Count
Year	2022	2021	2020	2022	2022	2022	2022				
Expense	\$766	\$824	\$818	\$251	\$1,900	\$1,516	\$819	\$251	\$1,900	\$1,122	\$517 \$810

The comparables indicate administrative and marketing expenses ranging from \$251 to \$1,900 per unit, with an average of \$1,122. Note that we were not provided with a budgeted figure. We concluded to an administration expense of \$815 per unit in the restricted scenario, and \$725 in the unrestricted scenario. Our conclusion is within the comparable expense range, as well as the Subject historicals. According to a Novogradac & Company LLP comprehensive analysis of national 2019 operating expense data (Multifamily Rental Housing Operating Expense Report, 2020), it costs on average approximately 10 percent more per unit for administrative costs for a Low Income Housing Tax Credit property nationally than it does for a market-rate property.

Operating, Repairs & Maintenance

The following table details the historical operating, repairs, and maintenance expenses at the Subject, in addition to the comparable figures and benchmarks. Included in this expense are normal costs of operating a multifamily property including unit turnover, painting/decorating, trash removal, ground expenses, and security costs, as well as normal items of repair and maintenance, cleaning contracts, and pest control.

Operating, Repairs & Maintenance											
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited	Min	Max	Average	Region Unit Count
Year	2022	2021	2020	2022	2022	2022	2022				
Expense	\$1,567	\$1,993	\$1,571	\$836	\$1,112	\$790	\$656	\$656	\$1,112	\$849	\$941 \$1,294

The comparables indicate operating, repairs and maintenance expense ranging from \$656 to \$1,112 per unit, with an average of \$849. Note that we were not provided with a budgeted figure. We concluded to an operating, repairs and maintenance expense of \$1,575 per unit. Our conclusion is above the comparable expense range and within the Subject historicals.

Utilities

The Subject offers wall air conditioning units and electric cooking, heating, and water heating. All in-unit utility expenses at the Subject are landlord-paid.

Utility											
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited	Min	Max	Average	Region Unit Count
Year	2022	2021	2020	2022	2022	2022	2022				
Expense	\$944	\$881	\$941	\$339	\$603	\$770	\$1,282	\$339	\$1,282	\$748	\$602 \$917

Due to the fact that properties often vary in terms of utility responsibilities, comparisons are difficult. Therefore, we placed greater weight on the historical expenses. The comparables indicate total utility expenses ranging from \$339 to \$1,282 per unit, with an average of \$748. Note that we were not provided with a budgeted figure. We concluded to a utility expenses of \$925 per unit. Our conclusion is within the comparable expense range, as well as the Subject historicals.

Payroll and Leasing Expenses

The following table details the historical payroll and leasing expenses at the Subject, in addition to the comparable figures and benchmarks. Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category.

Payroll												
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)	
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited				Region	Unit Count
Year	2022	2021	2020	2022	2022	2022	2022	Min	Max	Average		
Expense	\$3,000	\$2,588	\$2,593	\$1,367	\$1,508	\$1,487	\$1,212	\$1,212	\$1,508	\$1,393	\$1,284	\$1,485

Overall, we typically find that properties the size of the Subject operate with a staff of part time manager and one part time maintenance supervisor. However, it should be noted that the Subject currently employs a service coordinator that is funded through a grant. We have included the service coordinator in the restricted scenario. Benefits for the Subject's employees are estimated at \$2,500 and \$5,000 for part and full-time employees, respectively. Payroll taxes are calculated as 12 percent of the salary cost. The comparables indicate total payroll expenses ranging from \$1,212 to \$1,508 per unit, with an average of \$1,393. Note that we were not provided with a budgeted figure. We concluded to a payroll expense of \$2,561 per unit in the restricted scenario and \$1,094 under the unrestricted scenario. Our restricted conclusion is above the comparable expense range, and below the Subject's historical range. The unrestricted conclusion is below the comparable expense range, as well as the Subject's historical range.

PAYROLL - RESTRICTED

Type	Quantity	Annual Salary	Full Cost
Manager (PT)	1	\$47,000	\$47,000
Maintenance Supervisor (PT)	1	\$45,000	\$45,000
Service Coordinator	1	\$50,000	\$50,000
Subtotal			\$142,000
Payroll taxes at 12.0%			\$17,040
Benefits			\$10,000
Total Payroll			\$169,040
Total Per Unit			\$2,561

PAYROLL - UNRESTRICTED

Type	Quantity	Annual Salary	Full Cost
Manager (PT)	1	\$30,000	\$30,000
Maintenance Supervisor (PT)	1	\$30,000	\$30,000
Subtotal			\$60,000
Payroll taxes at 12.0%			\$7,200
Benefits			\$5,000
Total Payroll			\$72,200
Total Per Unit			\$1,094

Taxes

Please refer to the real estate tax section of this report for further discussion and analysis.

Insurance

Insurance												
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)	
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited				Region	Unit Count
Year	2022	2021	2020	2022	2022	2022	2022	Min	Max	Average		
Expense	\$550	\$503	\$427	\$342	\$533	\$360	\$154	\$154	\$533	\$347	\$440	\$310

The comparables indicate an insurance cost ranging from \$154 to \$533 per unit, with an average of \$347. Note that we were not provided with a budgeted figure. We concluded to an insurance cost of \$550 per unit. Our conclusion is above the comparable expense range, and at the top end of the Subject historicals.

Management Fees

				Management								
Subject				Comp 1	Comp 2	Comp 3	Comp 4	Range (Comparables)			Range (Benchmarks)	
Type	Audited	Audited	Audited	Audited	Actuals	Audited	Audited	Min	Max	Average	Region	Unit Count
Year	2022	2021	2020	2022	2022	2022	2022					
Expense	\$564	\$564	\$564	\$520	\$0	\$475	\$504	\$475	\$520	\$500	\$510	\$653

Historically, the Subject's management fee has ranged from \$564 to \$564 per unit, which equates to approximately 5.32 to 5.58 percent of EGI. The comparables illustrate a range of 3.45 to 6.08 percent of EGI. We concluded to a management fee expense of 4.0 percent in the restricted scenario and 3.0 percent in the unrestricted scenario.

Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from \$250 to \$350 per unit per year. New properties typically charge \$200 to \$250 for reserves. We used an expense of \$300 per unit based on the unit mix, tenancy, and condition of the Subject property.

Summary

Operating expenses were estimated based upon the historical expenses, comparable expenses, and the developer's budget. In the following tables, we compared historical operating expenses, budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes, utilities, and reserves.

TOTAL EXPENSES PER UNIT			TOTAL EXPENSES PER UNIT LESS TUR		
Subject Expenses			Subject Expenses		
2022 (Audited)		\$8,502	2022 (Audited)		\$6,446
2021 (Audited)		\$8,454	2021 (Audited)		\$6,472
2020 (Audited)		\$7,964	2020 (Audited)		\$5,972
Comparable Properties			Comparable Properties		
Comp 1		\$5,160	Comp 1		\$3,316
Comp 2		\$5,956	Comp 2		\$5,053
Comp 3		\$7,040	Comp 3		\$4,797
Comp 4		\$5,609	Comp 4		\$3,346
Subject Conclusions			Subject Expenses		
Market Value - "As Is Restricted"		\$7,179	Market Value - "As Is Restricted"		\$5,954
Hypothetical Market Value "As Is Unrestricted"		\$6,932	Hypothetical Market Value "As Is Unrestricted"		\$4,250

The concluded expenses for the restricted scenarios (less taxes, utilities, and reserves) are just above the range of the comparables and slightly below the Subject's historical data. Overall, our conclusions appear reasonable and will be utilized in our valuation.

DIRECT CAPITALIZATION

We have provided an estimate of the Subject's as is value for the restricted and unrestricted scenarios. To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income. In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

Market Extraction

The table below summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis:

IMPROVED SALES

#	Property Name	City/State	Sale Date	Sales Price	# Units	Year Built / Renovated	Price / Unit	EGIM	Cap Rate
1	Ames Villas Apartments	Columbia, SC	Feb/2023	\$4,575,000	64	1992	\$71,484	7.30	6.00%
2	Mallard Apartments	Columbia, SC	Jan/2023	\$1,250,000	28	1965	\$44,643	5.18	7.00%
3	Windtree Apartments	Fayetteville, NC	Oct/2022	\$28,750,000	254	1979	\$113,189	9.21	6.00%
4	Treetops Apartments	Spartanburg, SC	Aug/2022	\$12,455,000	152	1981	\$81,941	7.30	6.81%
5	Upstate Coliving	Spartanburg, SC	Aug/2022	\$11,220,000	72	2005	\$155,833	11.46	5.20%
	Average				114		\$93,418	8.09	6.20%

We have selected comparable sales from the Subject's area. The sales illustrate a range of overall rates from 5.2 to 7.0 percent, with an average of 6.2 percent. All of the sales represent typical market transactions for multifamily market rate properties in the area. It should be noted that we searched for affordable, both LIHTC and Section 8, multifamily sales in the area and were unable to locate any. Therefore, we utilized five conventional market rate developments in our sales approach. We believe the improved sales we chose for our analysis represent the typical multifamily market in the Subject's area.

The primary factors that influence the selection of an overall rate is the Subject's condition, size, location, and market conditions. The Subject is considered similar to Sales 1, 2, 3, and 4, but slightly inferior to Sale 5 in terms of condition. Further, the Subject is slightly inferior to all of the sales in terms of location. The Subject is generally similar to all of the sales in terms of size, as the sales range from 28 to 254 units in size. In order to understand local market conditions, we analyzed CoStar market data regarding multifamily sales since the second quarter of 2022. It should be noted that we attempted to include data for the Lancaster submarket; however, sales data is non-existent, as we are unaware of any multifamily sales that have occurred in the area in the last several years. However, according to Zillow, the median home value in Lancaster is \$262,150, down 1.6 percent from one year ago (October 2022), but up 12.9 percent from two years ago (October 2021). This indicates that, like many markets across the country, the supply of homes is constrained, and many families will begin to or continue to rent.

Overall, we have concluded to a capitalization rate of 6.0 percent for both the restricted and unrestricted scenarios based on market extraction, slightly below the average of the sales, which appears reasonable given the Subject's condition, location and market conditions relative to the sales.

The PwC Real Estate Investor Survey

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

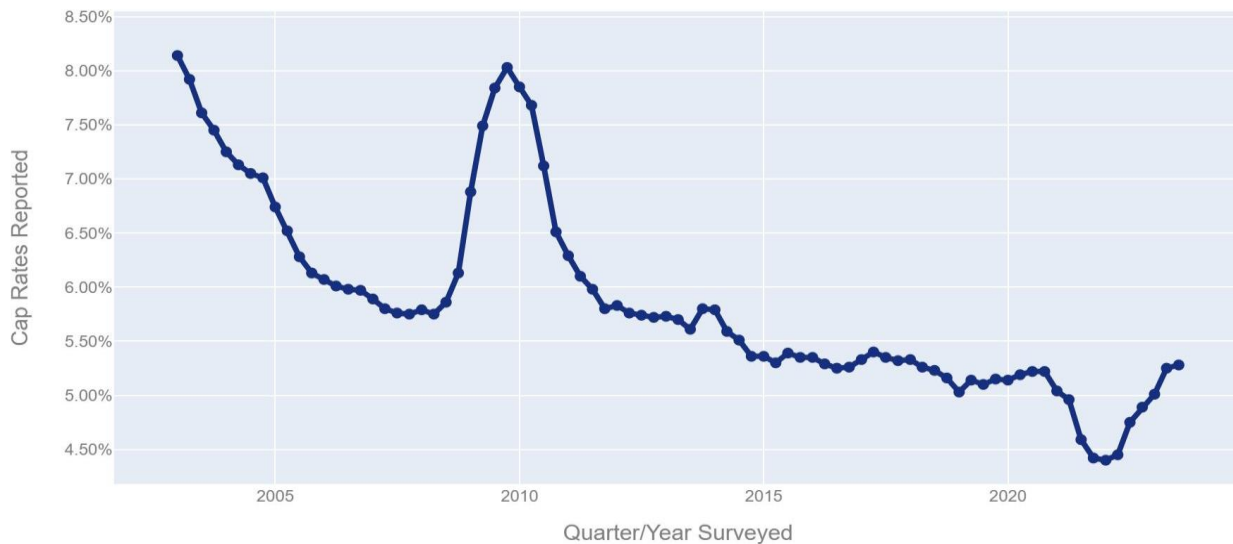
PwC REAL ESTATE INVESTOR SURVEY National Apartment Market

Overall Capitalization Rate	
Range:	3.75% - 8.00%
Average:	5.28%
Institutional Grade Investments	
Range:	5.00% - 6.00%
Average:	6.00%
Non-Institutional Grade Investments	
Range:	6.00% - 8.00%
Average:	7.00%

Source: PwC Real Estate Investor Survey, 3Q 2023

The *PwC Real Estate Investor Survey* defines “Institutional – Grade” real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria⁴. Typical “Institutional – Grade” apartment properties are newly constructed, well amenitized, market-rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-Institutional Grade capitalization rate is most relevant; this is currently 100 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

PwC Investor Survey



⁴ PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate					
Quarter	Cap Rate	Change (pp)	Quarter	Cap Rate	Change (pp)
4Q18	5.16	-	2Q21	4.96	-0.08
1Q19	5.03	-0.13	3Q21	4.59	-0.37
2Q19	5.14	0.11	4Q21	4.42	-0.17
3Q19	5.1	-0.04	1Q22	4.4	-0.02
4Q19	5.15	0.05	2Q22	4.45	0.05
1Q20	5.14	-0.01	3Q22	4.75	0.3
2Q20	5.19	0.05	4Q22	4.89	0.14
3Q20	5.22	0.03	1Q23	5.01	0.12
4Q20	5.22	0	2Q23	5.25	0.24
1Q21	5.04	-0.18	3Q23	5.28	0.03

Source: PwC Real Estate Investor Survey, 3Q 2023

As the graph and table indicate, the overall national average capitalization rate decreased nearly 100 basis points from the second quarter of 2017 to the first quarter of 2022 (5.40 percent to 4.40 percent). Over this period, the rate generally decreased quarter-over-quarter, with a few exceptions. However, the recent increases in interest rates appear to be directly impacting capitalization rates as the overall average national capitalization rate increased 0.88 percentage points since the first quarter of 2022. The increase from the second to the third quarter of 2022 was the largest quarter-over-quarter increase since the third quarter of 2009. This trend has continued through the third quarter of 2023, with an aggregate 53-basis point increase since the third quarter of 2022. We have considered the current market conditions and we have estimated a capitalization rate of 6.0 percent.

Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant).

The ratio used is:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$R_0 = D.C.R \times R_M \times M$$

Where:

R_0 = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

R_M = Mortgage Constant

M = Loan-to-Value Ratio

Band of Investment

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$R_o = M \times R_M + (1-M) \times R_E$$

Where:

R_o = Overall Capitalization Rate
 M = Loan-to-Value Ratio
 R_M = Mortgage Constant
 R_E = Equity Dividend

The equity dividend rate (R_E) also known as the cash on cash return rate, is the rate of return that an equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally, we see equity dividend rates ranging from two to 10 percent. We believe an equity dividend estimate of 9.0 percent is considered reasonable in this analysis.

The Mortgage Constant (R_M) is based upon the calculated interest rate from the ten year treasury. We have utilized 9.00 percent as our estimate of equity return. The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 8.0 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 6.0 and 8.0 percent. Therefore, we believe a 8.0 percent interest rate with a 30 year amortization period and a loan to value of 75.00 percent is reasonable. The following table illustrates the band of investment for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.2	Treasury Bond Basis	
R_M	0.0881	10 Year T-Bond Rate (Nov/2023)	4.49%
Interest (per annum)*	8.00%	Interest rate spread	351
Amortization (years)	30.0	Interest Rate (per annum)	8.00%
M	0.75		
R_E	9.00%		
Debt Coverage Ratio			
	R_o	=	DCR
	7.92%	=	1.2
		X	R_M
		X	0.0881
		X	M
		X	75.0%
Band of Investment			
	R_o	=	(M
	8.85%	=	75.0%
		X	R_M
		X	0.0881
		+	$((1 - M)$
		+	25.0%
		X	R_E
		X	9.00%

Source: Bloomberg.com, November 2023

Conclusion of Overall Rate Selection

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	6.00%
The PWC Investor Survey	6.00%
Debt Coverage Ratio	7.92%
Band of Investment	8.85%

The following issues impact the determination of a capitalization rate for the Subject:

- Current market health
- Existing competition
- Subject's construction type, tenancy and physical appeal
- The demand growth expected over the next three years
- Local market overall rates

The various approaches indicate a range from 6.0 to 8.85 percent. We reconciled to a capitalization rate of 6.0 percent based primarily upon the market-extracted rates and associated analysis.

A summary of the direct capitalization analysis follows.

DIRECT CAPITALIZATION ANALYSIS

Operating Revenues

Apartment Rentals	Market Unit Mix	Market Value - "As Is Restricted"		Hypothetical Market Value "As Is Unrestricted"	
		Average Rent (Monthly)	Total Revenue	Average Rent (Monthly)	Total Revenue
Potential Rental Income	66	\$881	\$697,680	\$882	\$698,400
Voucher Overhang Income		\$0	\$0	\$0	\$0
Other Income					
Miscellaneous		\$1,100	\$72,600	\$150	\$9,900
Total Potential Revenue		\$11,671	\$770,280	\$10,732	\$708,300
Vacancy Loss		(\$350)	(\$23,108)	(\$537)	(\$35,415)
Vacancy Percentage			3.0%		5.0%
Effective Gross Income		\$11,321	\$747,172	\$10,195	\$672,885

Operating Expenses

	Market Value - "As Is Restricted"		Hypothetical Market Value "As Is Unrestricted"	
Administration	\$815	\$53,790	\$725	\$47,850
Operating/Maintenance	\$1,575	\$103,950	\$1,575	\$103,950
Utilities	\$925	\$61,050	\$925	\$61,050
Payroll	\$2,561	\$169,040	\$1,094	\$72,200
Real Estate Taxes	\$0	\$0	\$1,457	\$96,168
Insurance	\$550	\$36,300	\$550	\$36,300
Management Fee	\$453	\$29,887	\$306	\$20,187
Replacement Reserves	\$300	\$19,800	\$300	\$19,800
Total Operating Expenses	\$7,179	\$473,817	\$6,932	\$457,504
Expenses as ratio of EGI		63.4%		68.0%

Valuation

	Market Value - "As Is Restricted"		Hypothetical Market Value "As Is Unrestricted"	
Net Operating Income	\$4,142	\$273,355	\$3,263	\$215,381
Capitalization Rate		6.00%		6.00%
Indicated Value Rounded	\$69,697	\$4,550,000	\$54,545	\$3,600,000

Conclusion

As a result of our analysis of the Subject's restricted scenario, the fee simple market value "**As Is**", as of November 8, 2023, is:

FIVE MILLION FIVE HUNDRED FIFTY FIVE THOUSAND DOLLARS
(\$5,550,000)

As a result of our analysis of the Subject's hypothetical unrestricted scenario, the fee simple market value "**As Is**", as of November 8, 2023, is:

THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$3,600,000)

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario. The use of extraordinary assumptions and/or hypothetical conditions may have an impact on assignment results. Please refer to the assumptions and limiting conditions regarding the valuation conclusions and hypothetical conditions

X. SALES COMPARISON APPROACH

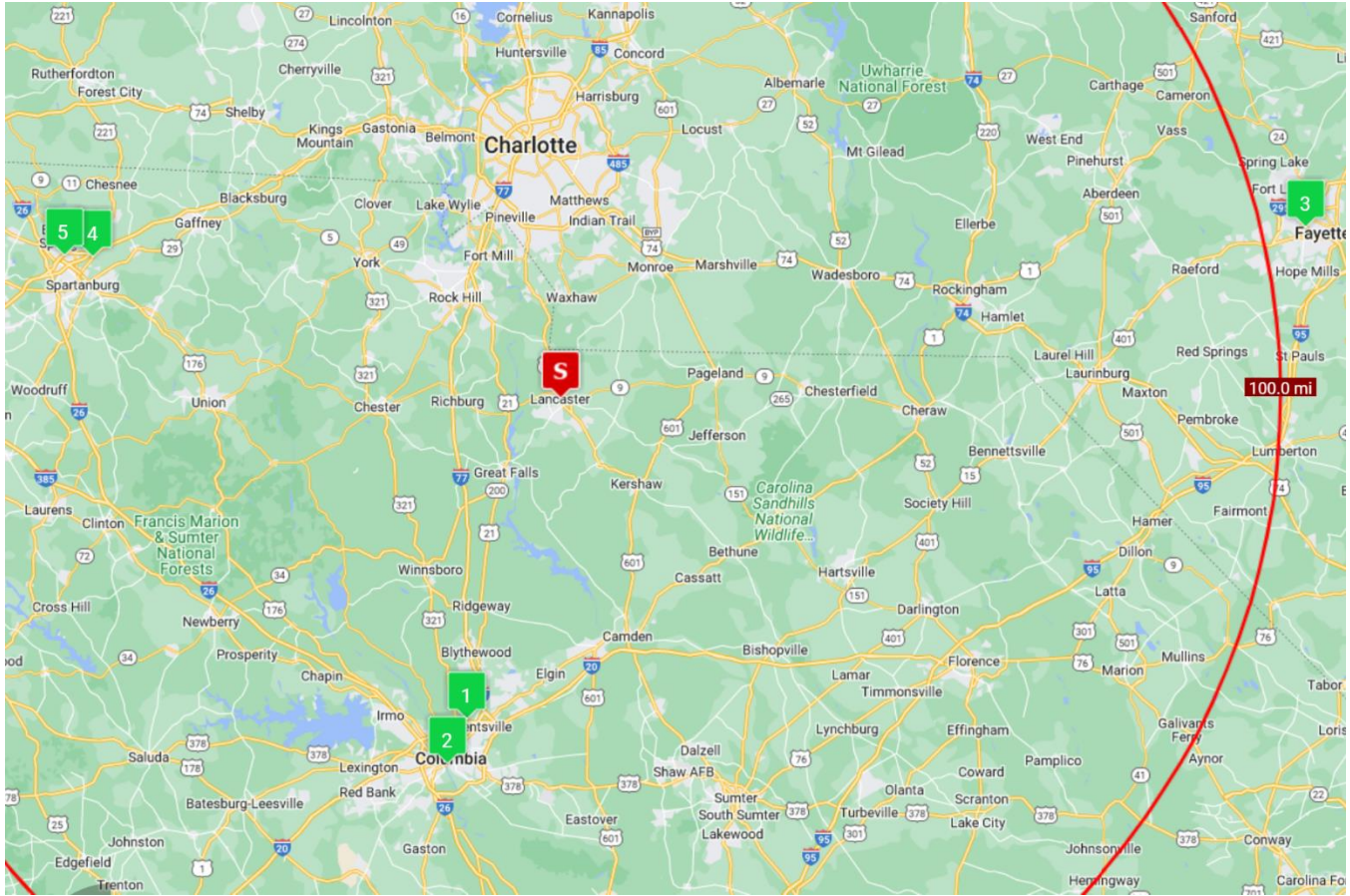
SALES COMPARISON APPROACH

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by hypothetical purchasers willing to buy or lease. It should be noted, the sales utilized represent the best sales available. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

We searched for LIHTC multifamily sales in the area and were unable locate any. It should be noted that any potential sale of the Subject property would be constrained by the limitations and penalties of the LIHTC program, specifically the recapture/penalty provision upon transfer. Because of this, there are a limited number of properties that have sold nationwide that have the restrictions associated with Section 42 provisions. We believe the improved sales we have chosen for our analysis represents the typical multifamily market in the Subject's area. Therefore, we have utilized five conventional market rate developments in our sales approach.

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable.

Improved Sales Map



Source: Google Earth, November 2023

IMPROVED SALES

#	Property Name	City/State	Sale Date	Sales Price	# Units	Year Built / Renovated	Price / Unit	EGIM	Cap Rate
1	Ames Villas Apartments	Columbia, SC	Feb/2023	\$4,575,000	64	1992	\$71,484	7.30	6.00%
2	Mallard Apartments	Columbia, SC	Jan/2023	\$1,250,000	28	1965	\$44,643	5.18	7.00%
3	Windtree Apartments	Fayetteville, NC	Oct/2022	\$28,750,000	254	1979	\$113,189	9.21	6.00%
4	Treetops Apartments	Spartanburg, SC	Aug/2022	\$12,455,000	152	1981	\$81,941	7.30	6.81%
5	Upstate Coliving	Spartanburg, SC	Aug/2022	\$11,220,000	72	2005	\$155,833	11.46	5.20%
Average					114		\$93,418	8.09	6.20%

Improved Sale: Ames Villas Apartments



Transaction

Name	Ames Villas Apartments	Sale Date	Feb/2023
Address	5779 Ames Road	Sale Price	\$4,575,000
City	Columbia	Price Per Unit	\$71,484
State	SC	Sale Status	Closed
Zip	29203	Sale Conditions	Typical
County	Richland	Financing	Conventional
Buyer	DSH Holdings LLC	Verification	CoStar, Listing Broker (Tyler Fish with Cushman & Wakefield)
Seller	AMES Equity Partners LLC		

Site and Improvements

No. of Units	64	Land Acres	3.59
Year Built	1992	Land Sq Ft	156,380
Year Renovated		Structure	Garden

Financial Data

EGI	\$626,500	NOI	\$274,500
Total Expenses	\$352,000	Expense Ratio	56.2%
Expenses / Unit	\$5,500	EGIM (\$)	7.3
Cap Rate	6.00%		

Remarks

This market rate development offers 32 two and 32 three-bedroom units. The property recently converted from a LIHTC property to market rate in 2022. The property was 97.5 percent occupied at the time of sale. The listing broker confirmed the sale price, NOI, and capitalization rate. Novogradac estimated expenses at \$5,500 per unit.

Improved Sale: Mallard Apartments



Transaction			
Name	Mallard Apartments	Sale Date	Jan/2023
Address	3032 Howell Court	Sale Price	\$1,250,000
City	Columbia	Price Per Unit	\$44,643
State	SC	Sale Status	Closed
Zip	29203	Sale Conditions	Typical
County	Richland	Financing	Conventional
Buyer	Deenar Howell LLC	Verification	CoStar, Listing Broker (Ryan Lipomi with Marcus & Millichap)
Seller	Howell Court Apts LLC		
Site and Improvements			
No. of Units	28	Land Acres	1.66
Year Built	1965	Land Sq Ft	72,310
Year Renovated		Structure	One-story
Financial Data			
EGI	\$241,500	NOI	\$87,500
Total Expenses	\$154,000	Expense Ratio	63.8%
Expenses / Unit	\$5,500	EGIM (\$)	5.18
Cap Rate	7.00%		
Remarks			
This market rate development offers 28 two-bedroom units. The property was 95 percent occupied at the time of sale. The listing broker confirmed the sale price, NOI, and capitalization rate. Novogradac estimated expenses at \$5,500 per unit.			

Improved Sale: Windtree Apartments



Transaction

Name	Windtree Apartments	Sale Date	Oct/2022
Address	409 Tradewinds Drive	Sale Price	\$28,750,000
City	Fayetteville	Price Per Unit	\$113,189
State	NC	Sale Status	Closed
Zip	28314	Sale Conditions	Typical
County	Cumberland	Financing	Conventional
Buyer	Ballast Rock Capital	Verification	CoStar; Public record
Seller	Floyd Properties Inc.		

Site and Improvements

No. of Units	254	Land Acres	16.3
Year Built	1979	Land Sq Ft	710,028
Year Renovated		Structure	Garden

Financial Data

EGI	\$3,122,000	NOI	\$1,725,000
Total Expenses	\$1,397,000	Expense Ratio	44.7%
Expenses / Unit	\$5,500	EGIM (\$)	9.21
Cap Rate	6.00%		

Remarks

This market rate property features one and two-bedroom units. Occupancy at the time of sale was not revealed. The sale price and capitalization rate are per CoStar. Novogradac estimated expenses at \$5,500 per unit

Improved Sale: Treetops Apartments



Transaction

Name	Treetops Apartments	Sale Date	Aug/2022
Address	345 Bryant Rd	Sale Price	\$12,455,000
City	Spartanburg	Price Per Unit	\$81,941
State	SC	Sale Status	Closed
Zip	29303	Sale Conditions	Typical
County	Spartanburg	Financing	Conventional
Buyer	Tree Top Spartanburg, LLC	Verification	CoStar, Public record
Seller	Cross Creek Spartanburg LLC		

Site and Improvements

No. of Units	152	Land Acres	10.2
Year Built	1981	Land Sq Ft	444,312
Year Renovated		Structure	Various

Financial Data

EGI	\$1,706,186	NOI	\$848,186
Total Expenses	\$858,000	Expense Ratio	50.3%
Expenses / Unit	\$5,645	EGIM (\$)	7.3
Cap Rate	6.81%		

Remarks

This market rate property offers one and two-bedroom units; however, a breakdown was not available. The buyer bought the property with the intention to renovate the property. Renovations were completed after the sale.

Improved Sale: Upstate Coliving



		Transaction	
Name	Upstate Coliving	Sale Date	Aug/2022
Address	1200 College Pointe Ln	Sale Price	\$11,220,000
City	Spartanburg	Price Per Unit	\$155,833
State	SC	Sale Status	Closed
Zip	29303	Sale Conditions	Typical
County	Spartanburg	Financing	Conventional
Buyer	VanRock Real Estate	Verification	
Seller	Upstate Property Rentals		
		Site and Improvements	
No. of Units	72	Land Acres	6.58
Year Built	2005	Land Sq Ft	286,625
Year Renovated		Structure	Garden
		Financial Data	
EGI	\$979,440	NOI	\$583,440
Total Expenses	\$396,000	Expense Ratio	40.4%
Expenses / Unit	\$5,500	EGIM (\$)	11.46
Cap Rate	5.20%		
Remarks			
This market rate developments offers 24 three-bedroom units and 48 four-bedroom units. Novoco estimated expenses at \$5,500 per unit.			

Valuation Analysis

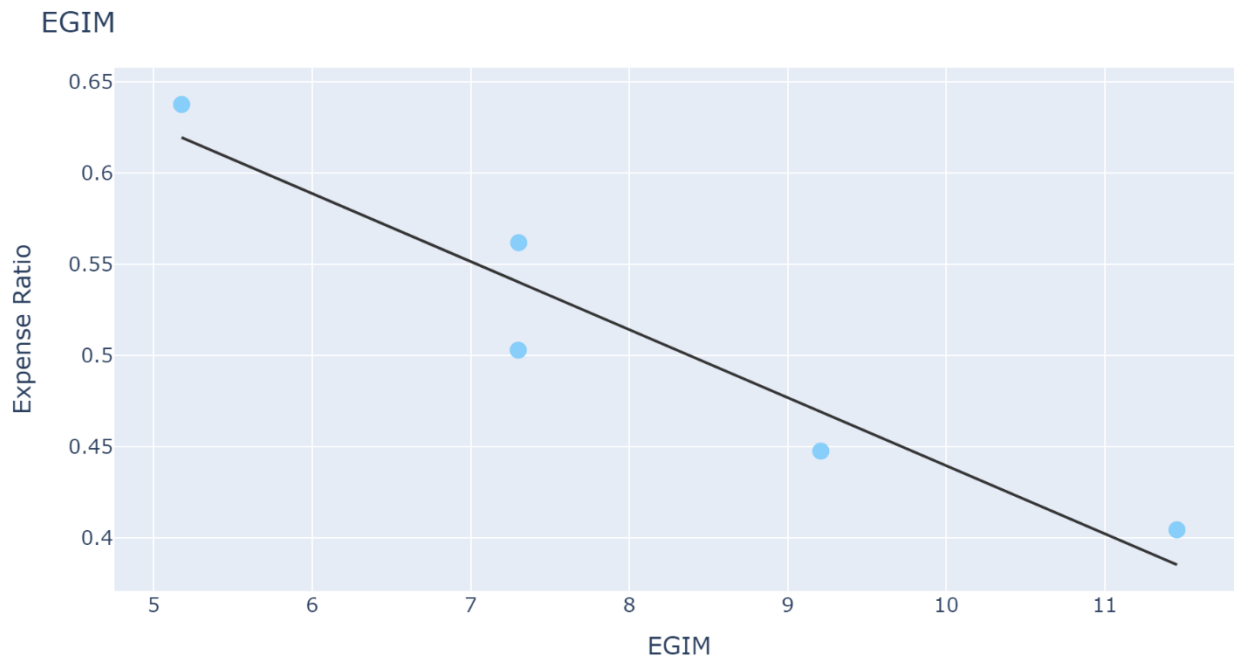
The sales selected for this analysis are summarized in the following table.

IMPROVED SALES

#	Property Name	City/State	Sale Date	Sales Price	# Units	Year Built / Renovated	Price / Unit	EGIM	Cap Rate
1	Ames Villas Apartments	Columbia, SC	Feb/2023	\$4,575,000	64	1992	\$71,484	7.30	6.00%
2	Mallard Apartments	Columbia, SC	Jan/2023	\$1,250,000	28	1965	\$44,643	5.18	7.00%
3	Windtree Apartments	Fayetteville, NC	Oct/2022	\$28,750,000	254	1979	\$113,189	9.21	6.00%
4	Treetops Apartments	Spartanburg, SC	Aug/2022	\$12,455,000	152	1981	\$81,941	7.30	6.81%
5	Upstate Coliving	Spartanburg, SC	Aug/2022	\$11,220,000	72	2005	\$155,833	11.46	5.20%
Average					114		\$93,418	8.09	6.20%

EGIM Analysis

We first estimate the Subject's value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject's anticipated effective gross income into an estimate of value. The following chart highlights the correlation between the EGIM and the expense ratios reported by the comparable sales utilized in our analysis.



Typically, the higher the operating expense ratio, the lower the EGIM. The comparable properties generally follow this trend. The Subject's expense ratio is 63.4 percent in the restricted scenario, and 68.0 percent in the unrestricted scenario, which are within to above the range of the comparables. As summarized below, we have concluded to an EGIM of 6.2 percent for the restricted scenario and 5.4 percent for the unrestricted scenario.

IMPROVED SALES

#	Property Name	Sales Price	EGI	Expense Ratio	Total Expenses	EGIM
1	Ames Villas Apartments	\$4,575,000	\$626,500	56.2%	\$352,000	7.30
2	Mallard Apartments	\$1,250,000	\$241,500	63.8%	\$154,000	5.18
3	Windtree Apartments	\$28,750,000	\$3,122,000	44.7%	\$1,397,000	9.21
4	Treetops Apartments	\$12,455,000	\$1,706,186	50.3%	\$858,000	7.30
5	Upstate Coliving	\$11,220,000	\$979,440	40.4%	\$396,000	11.46
Market Value - "As Is Restricted"			\$747,172	63.4%	\$473,817	6.20
Hypothetical Market Value "As Is Unrestricted"			\$672,885	68.0%	\$457,504	5.40

EGIM ANALYSIS

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
Market Value - "As Is Restricted"	6.8	\$747,172	\$5,100,000
Hypothetical Market Value "As Is Unrestricted"	5.4	\$672,885	\$3,600,000

NOI/UNIT ANALYSIS

The available sales data also permits the use of the NOI/Unit analysis. The NOI/Unit analysis examines the income potential of a property relative to the price paid per unit. The sales indicate that, in general, investors are willing to pay more for properties with greater income potential. Based on this premise, we are able to gauge the Subject's standing in our market survey group, thereby estimating a value on a price per unit applicable to the Subject. This analysis allows us to provide a quantitative adjustment process and avoids qualitative, speculative adjustments.

To estimate an appropriate price/unit for the Subject, we examined the change in NOI/Unit and how it affects the price/unit. By determining the percent variance of the comparable properties NOI/Unit to the Subject, we determine an adjusted price/unit for the Subject.

The table(s) below summarize the calculated adjustment factors and the indicated adjusted prices.

NOI/UNIT ANALYSIS – MARKET VALUE - "AS IS RESTRICTED"

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	X	Unadjusted Price Per Unit	=	Adjusted Price/Unit
1	\$4,142	/	\$4,289	=	0.966	X	\$71,484	=	\$69,029
2	\$4,142	/	\$3,125	=	1.325	X	\$44,643	=	\$59,168
3	\$4,142	/	\$6,791	=	0.61	X	\$113,189	=	\$69,029
4	\$4,142	/	\$5,580	=	0.742	X	\$81,941	=	\$60,818
5	\$4,142	/	\$8,103	=	0.511	X	\$155,833	=	\$79,649
Average			\$5,578		0.831		\$93,418		\$67,539

NOI/UNIT ANALYSIS – HYPOTHETICAL MARKET VALUE "AS IS UNRESTRICTED"

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	X	Unadjusted Price Per Unit	=	Adjusted Price/Unit
1	\$3,263	/	\$4,289	=	0.761	X	\$71,484	=	\$54,389
2	\$3,263	/	\$3,125	=	1.044	X	\$44,643	=	\$46,619
3	\$3,263	/	\$6,791	=	0.481	X	\$113,189	=	\$54,389
4	\$3,263	/	\$5,580	=	0.585	X	\$81,941	=	\$47,920
5	\$3,263	/	\$8,103	=	0.403	X	\$155,833	=	\$62,757
Average			\$5,578		0.655		\$93,418		\$53,215

NOI/UNIT ANALYSIS

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Market Value - "As Is Restricted"	66	\$67,500	\$4,500,000
Hypothetical Market Value "As Is Unrestricted"	66	\$53,000	\$3,500,000

Conclusion

As a result of our analysis of the Subject's restricted scenario, the fee simple value "**As Is**", as of November 8, 2023, via the Sales Comparison Approach is:

FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$4,500,000)

As a result of our analysis of the Subject's hypothetical unrestricted scenario, fee simple value "**As Is**", as of November 8, 2023, via the Sales Comparison Approach is:

THREE MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$3,500,000)

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario.

The use of extraordinary assumptions and/or hypothetical conditions may impact the assignment results.

Please refer to the assumptions and limiting conditions regarding the valuation conclusions and hypothetical conditions.

XI. RECONCILIATION

RECONCILIATION

We were asked to provide an estimate of the Subject's value. We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

LAND VALUE

Scenario	No. of Units	Value/Unit	Indicated Value (Unrounded)	Indicated Value (Rounded)
Value Per Unit	30	\$10,000	\$300,000	\$300,000
Value Per Acre	2.42	\$123,967	\$300,000	\$300,000

DIRECT CAPITALIZATION ANALYSIS

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
Market Value - "As Is Restricted"	6.00%	\$273,355	\$4,550,000
Hypothetical Market Value "As Is Unrestricted"	6.00%	\$215,381	\$3,600,000

NOI/UNIT ANALYSIS

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
Market Value - "As Is Restricted"	66	\$67,500	\$4,500,000
Hypothetical Market Value "As Is Unrestricted"	66	\$53,000	\$3,500,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject is income producing in nature, this approach is the most applicable method of valuing the Subject property.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. \$/Unit, OAR, etc.). Our search revealed several sales over the past two years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a sales price/unit analysis. These analyses provide a good indication of the Subject's market value, but are somewhat inconsistent.

In the final analysis, we considered the influence of the two developed approaches in relation to one another and in relation to the Subject. Both are considered reasonable indications of value, but substantially more weight was placed on the income approach, given that the Subject is a federally subsidized, income generating multifamily development.

As a result of our analysis, the value of the Subject's underlying land, **"As If Vacant"**, of the fee simple interest, as of November 8, 2023, is:

THREE HUNDRED THOUSAND DOLLARS
(\$300,000)

As a result of our analysis of the Subject's restricted scenario, the fee simple market value **"As Is"**, as of November 8, 2023, is:

FOUR MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
(\$4,550,000)

As a result of our analysis of the Subject's hypothetical unrestricted scenario, the fee simple market value **"As Is"**, as of November 8, 2023, is:

THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$3,600,000)

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario. The use of extraordinary assumptions and/or hypothetical conditions may have an impact on assignment results.

Please refer to the assumptions and limiting conditions regarding the valuation conclusions and hypothetical conditions

Reasonable Exposure Time:

Advisory Opinion 35 (AO-35), Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

It is defined as “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 market value on the effective date of the appraisal.” Based on our read of the market, historical information provided by the PwC Investor Survey and recent sales of similar product, an exposure time of nine to 12 months appears reasonable.

Marketing Time Projection:

Marketing Time is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "As Is" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of nine to twelve months is reasonable for properties such as the Subject. This is supported by data obtained from several of the comparable sales and consistent with information obtained from the PwC Survey. This estimate assumes a strong advertising and marketing program during the marketing period.

ADDENDUM A
Assumptions and Limiting Conditions, Certification

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report, which others furnished, was assumed to be True, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the development will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other appraisal or study and are invalid if so used.
11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is nonstatic and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the consultant. Nor shall the consultant, firm, or professional organizations of which the consultant is a member be identified without written consent of the consultant.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional organization with which the consultant is affiliated.

14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property Unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the consultant and contained in this report.
21. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the property. The consultant reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
25. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

For the purposes of our unrestricted analysis, we have employed a hypothetical condition assuming unrestricted, conventional operations. It is an extraordinary assumption that there exist no environmental issues that would impact the value of the Subject property. The Subject currently pays full real estate taxes. However, according to the client, the Subject is expected to benefit from a full real estate tax exemption after the sale as the buyer will have a non-profit entity as an equity partner. It is an extraordinary assumption that the Subject will benefit from such a full property tax exemption in the restricted scenario.

The use of extraordinary assumptions and/or hypothetical conditions may have an impact on assignment results.

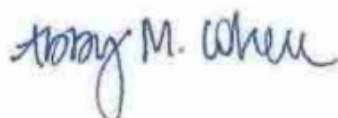
Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment; however, we are concurrently preparing an application market study for the Subject property;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- Hayden Bruner has made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and is competent to perform such analyses. Rebecca Arthur and Abby Cohen did not inspect the Subject, but are familiar with the market area. Ryan Browder and Brandon Lawlor provided significant professional assistance to the appraisers including conducting internet research, compiling and coalescing data, analyzing data trends, evaluating and analyzing comparable data, and drafting text and documents. No one other than those listed on this page provided any significant real property appraisal assistance;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Rebecca S. Arthur, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



Rebecca S. Arthur, MAI
Certified General Real Estate Appraiser
SC License No.: 8417



Abby Cohen
Certified General Real Estate Appraiser
SC License No.: 7487

ADDENDUM B

Qualifications of Consultants

**STATEMENT OF PROFESSIONAL QUALIFICATIONS
REBECCA S. ARTHUR, MAI**

I. Education

University of Nebraska, Lincoln, Nebraska
Bachelor of Science in Business Administration – Finance

Appraisal Institute
Designated Member (MAI)

II. Licensing and Professional Affiliation

Member of Kansas Housing Association
Board of Directors; 2017 – Present
Vice President - Board of Directors; 2017 - 2021
Designated Member of the Appraisal Institute (MAI)
Kansas City Chapter of the Appraisal Institute Board of Directors: 2013 – 2014
National Council of Housing Market Analysts (NCHMA) – Member in Good Standing
Member of Texas Association of Affordable Housing Providers
Member of Women's Affordable Housing Network (WAHN)

State of Arkansas Certified General Real Estate Appraiser No. CG2682
State of Arizona Certified General Real Estate Appraiser No. 31992
State of California Certified General Real Estate Appraiser No. AG041010
State of Delaware Certified General Real Estate Appraiser No. X1-0010790
State of Georgia Certified General Real Estate Appraiser No. CG416465
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047
State of Iowa Certified General Real Estate Appraiser No. CG03200
State of Indiana Certified General Real Estate Appraiser No. CG41300037
State of Kansas Certified General Real Estate Appraiser No. G-2153
State of Louisiana Certified General Real Estate Appraiser No. 4018
State of Minnesota Certified General Real Estate Appraiser No. 40219655
State of Missouri Certified General Real Estate Appraiser No. 2004035401
State of New York Certified General Real Estate Appraiser No. 46000053039
State of North Carolina Certified General Real Estate Appraiser No. A8713
State of Oklahoma Certified General Real Estate Appraiser No. 13563CGA
State of South Carolina Certified General Real Estate Appraiser No. 8417
State of Tennessee Certified General Real Estate Appraiser No. 6399
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G
State of Virginia Certified General Real Estate Appraiser No. 4001018566
State of Washington Certified General Real Estate Appraiser No. 23001712

III. Professional Experience

Partner, Novogradac & Company LLP
Principal, Novogradac & Company LLP
Manager, Novogradac & Company LLP
Real Estate Analyst, Novogradac & Company LLP
Corporate Financial Analyst, Deloitte LLP

IV. Professional Training

RAD and HUD related seminars
Various Continuing Education Classes as required by appraisal licensing, ongoing
NCHMA Seminars
Uniform Standards of Professional Appraisal Practice
Forecasting Revenue
Discounted Cash Flow Model
Business Practices and Ethics
Biases in Appraising
HUD MAP Training – Ongoing
The Appraiser as an Expert Witness: Preparation & Testimony
How to Analyze and Value Income Properties
Appraising Apartments – The Basics
HUD MAP Third Party Tune-Up Workshop
HUD MAP Third Party Valuation Training
HUD LEAN Third Party Training
National Uniform Standards of Professional Appraisal Practice
MAI Comprehensive Four Part Exam
Report Writing & Valuation Analysis
Advanced Applications
Highest and Best Use and Market Analysis
HUD MAP – Valuation Advance MAP Training
Advanced Sales Comparison and Cost Approaches
Advanced Income Capitalization
Basic Income Capitalization
Appraisal Procedures
Appraisal Principals

IV. Real Estate Assignments

A representative sample of Valuation or Consulting Engagements includes:

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.
- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Public Housing for RAD conversion, Section 18 disposition, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.
- Have managed and conducted numerous appraisals of multifamily housing. Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered LIHTC and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and PILOT agreements.
- Completed numerous appraisals of public housing properties for RAD conversion, Section 18 disposition, and/or LIHTC application of housing authority owned properties.

- Performed market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA, and the developer in the underwriting process. Market studies are compliant to State, FannieMae, and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.
- Managed and completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.
- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.
- Performs valuations of solar panels, wind turbines and other renewable energy installations in connection with financing and structuring analyses performed by various clients.

V. Speaking Engagements

A representative sample of industry speaking engagements follows:

- Novogradac & Company LLP: RAD Conferences, LIHTC, Developer and Bond Conferences
- Institute for Professional Education and Development (IPED): LIHTC and Year 15 Seminars
- Institute for Responsible Housing Preservation (IRHP): Annual Meetings
- Western FHA Mortgage Lenders Conference: Annual Meetings
- Midwest FHA Mortgage Lenders Conference: Annual Meetings
- Southwest FHA Mortgage Association Lenders Conference: Annual Meetings
- National Council of Housing Market Analysts (NCHMA): Seminars and Workshops
- National Council of State Housing Agencies: Housing Credit Connect Conferences
- National Leased Housing Association: Annual Meeting
- Nebraska's County Assessors: Annual Meeting
- AHF Live! Affordable Housing Finance Magazine Annual Conference
- Missouri Workforce Housing (MOWHA) Annual Conference
- Ohio Housing Council Symposium
- Kansas Housing Conference
- California Council for Affordable Housing (CCAH) Meetings

VI. Industry Engagements

- Novogradac & Company LLP – Chairperson of Annual RAD Conference
- Novogradac & Company LLP – Chairperson of Annual Affordable Housing LIHTC and Bond Developer and Investor Conference

BCD 1442038

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

REBECCA S ARTHUR

Is hereby entitled in practice as a:

Certified General Appraiser

License Number: **8417**

Expiration Date: 06/30/2024

POCKET CARD

Jana L. Smith
Administrator

BCD 1442038

State of South Carolina
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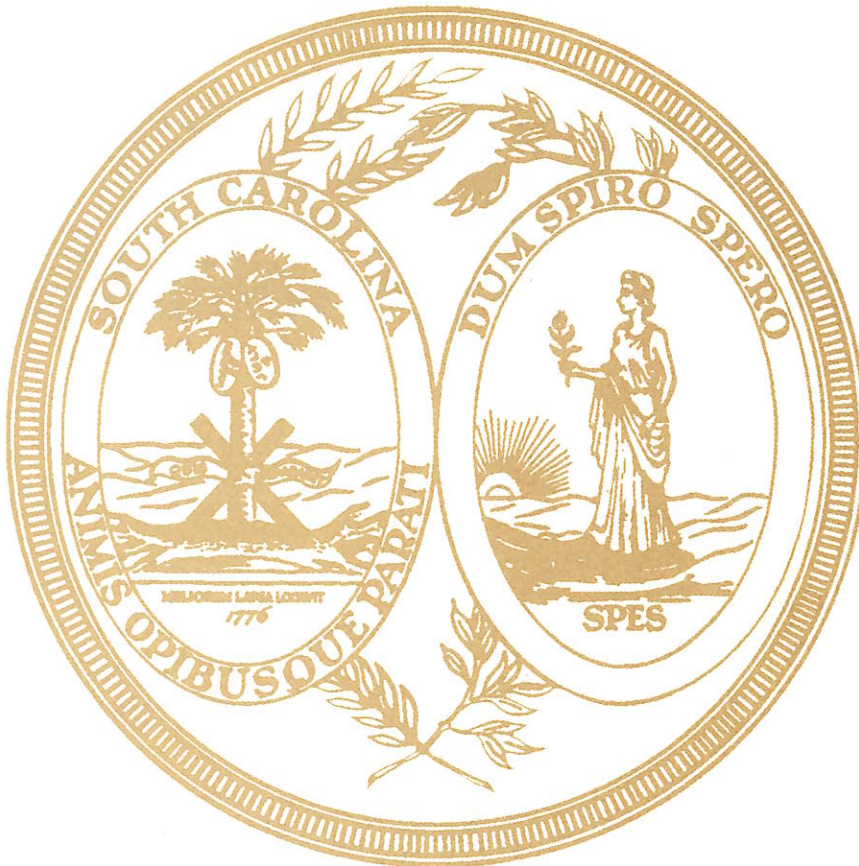
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Jana L. Smith
Administrator

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STATEMENT OF PROFESSIONAL QUALIFICATIONS

ABBY M. COHEN

I. Education

The Pennsylvania State University, University Park, PA, Bachelor of Arts

II. Licensing and Professional Affiliation

Certified General Appraiser, FL License #RZ4143
Certified General Appraiser, GA License #427009
Certified General Appraiser, MD License #40032823
Certified General Appraiser, NC License #A8127
Certified General Appraiser, NJ License #42RG00255000
Certified General Appraiser, SC License #7487
Certified General Appraiser, TX License #1381138-G

Designated Member of the National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network

III. Professional Experience

Novogradac & Company LLP, Partner
Novogradac & Company LLP, Principal
Novogradac & Company LLP, Manager
Novogradac & Company LLP, Senior Real Estate Analyst

IV. Professional Training

7-Hour National USPAP Update for 2022-2023, April 2022
Appraisal of Industrial and Flex Buildings, April 2022
Green Building Concepts for Appraisers, April 2022
Basic and Advanced Hotel Appraising, October 2019
Appraisal of Land Subject to Ground Leases, December 2017
Business Practices and Ethics, January 2017
General Appraiser Report Writing and Case Studies, February 2015
General Appraiser Sales Comparison Approach, February 2015
General Appraiser Site Valuation and Cost Approach, February 2015
Expert Witness for Commercial Appraisers, January 2015
Commercial Appraisal Review, January 2015
Real Estate Finance Statistics and Valuation Modeling, December 2014
General Appraiser Income Approach Part II, December 2014
General Appraiser Income Approach Part I, November 2014
General Appraiser Market Analysis and Highest & Best Use, November 2014
Basic Appraisal Procedures, March 2013
Basic Appraisal Principles, January 2013

V. Publications

Co-authored "Determining Whether a Developer Fee is Reasonable and Market-Oriented for Purposes of the Revenue Procedure 2014-12 Historic Tax Credit Safe Harbor," Novogradac Journal of Tax Credits, March 2021
Co-authored "Reasonableness of Historic Tax Credit Related-Party Fees a Complicated, Changing Question in Context of Rev. Proc. 2014-12," Novogradac Journal of Tax Credits, March 2021
Co-authored "Post Rev. Proc. 2014-12 Trend Emerges: Developer Fee Reasonableness Opinions," Novogradac Journal of Tax Credits, March 2016

VI. Real Estate Assignments

A representative sample of Asset Management, Due Diligence, and Valuation Engagements includes:

- Performed a variety of asset management services for a lender including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.
- Performed asset management services for lenders and syndicators on underperforming assets to identify significant issues facing the property and recommend solutions. Scope of work included analysis of deferred maintenance and property condition, security issues, signage, marketing strategy, condition of units upon turnover and staffing plan. Performed a physical inspection of the assets, to include interior and exterior of property and assessed how the property compares to competition. Analyzed operating expense results.
- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies and appraisals for projects under the HUD Multifamily Accelerated Processing program.
- Prepared Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Completed numerous reasonableness opinions related to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall prime lease terms.

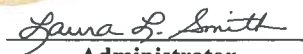
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Department of Labor, Licensing and Regulation
Real Estate Appraisers Board
ABBY M COHEN
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Certified General Appraiser
License Number: **7487**
Expiration Date: 06/30/2024
POCKET CARD


Administrator

BCD 1447769

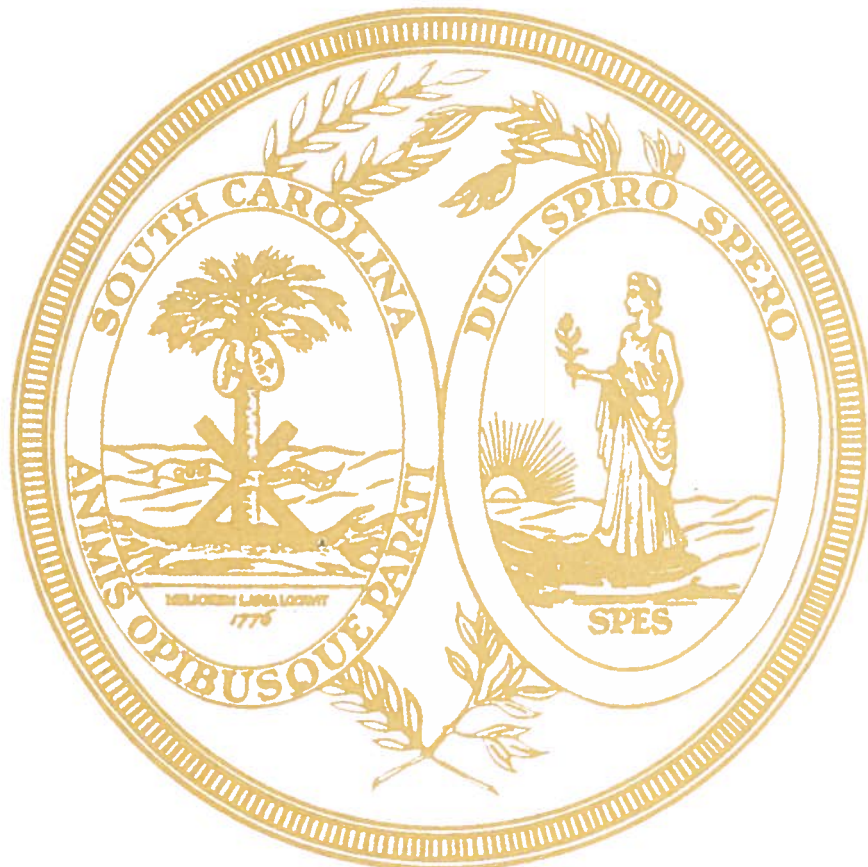
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ADDENDUM C
Subject Photos



Subject exterior



Subject exterior



Subject exterior



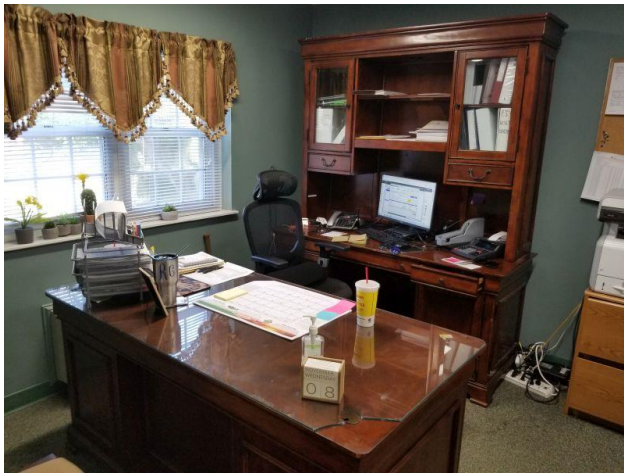
Subject exterior



Subject signage and entrance



Subject leasing office



Subject leasing office



Subject mailboxes



Community room



Laundry facility



Laundry facility



Community room



Typical living room



Typical kitchen



Typical bedroom



Typical bathroom



Typical coat closet



Typical wall air conditioning unit



Typical living room



Typical kitchen



Typical bedroom



Typical walk-in closet



Typical bathroom



Typical coat closet



Typical bedroom



Typical bathroom



Typical living room



Typical kitchen



Typical hallway



Typical walk-in closet



View west on Chesterfield Avenue



View east on Chesterfield Avenue



House of worship north of Subject



Typical commercial/retail use north of Subject



Single-family home north of Subject



Lancaster County Public Library north of Subject



Typical single-family homes east of Subject



Train tracks south of Subject



Typical commercial use south of Subject



Typical commercial use south of Subject



Typical single-family home south of Subject



Typical commercial use west of Subject

ADDENDUM D
Rent Roll

FloorPlan Summary											
FloorPlan	#Units	Market SQFT	Average SQFT	Average Market Rent + Addl.	Market Amt + Addl/SQFT	Leased SQFT	Average Leased	Leased Amt /SQFT	Units Occupied	Occupancy%	Units Available
1A	60	31,980	533	\$823.00	\$1.54	29,315	\$821.69	\$1.54	55	91.7%	5
2A	6	4,674	779	\$947.00	\$1.22	4,674	\$947.00	\$1.22	6	100.0%	0
Summary	66	36,654	555	\$834.27	\$1.50	33,989	\$834.02	\$1.50	61	92.4%	5

Occupancy and Rents Summary				
Unit Status	# Units	% of Total Units	Market Rent + Addl.	Potential Rent
Occupied No NTV Units	61	92.4%	\$50,947.00	\$50,875.00
Occupied NTV Units	0	0.0%	\$0.00	\$0.00
Occupied NTV Leased Units	0	0.0%	\$0.00	\$0.00
Vacant Leased Units	0	0.0%	\$0.00	\$0.00
Vacant Not Leased Units	5	7.6%	\$4,115.00	\$4,115.00
Down Units	0	0.0%	\$0.00	\$0.00
Model Units	0	0.0%	\$0.00	\$0.00
Other Unavailable	0	0.0%	\$0.00	\$0.00
Summary	66	100.0%	\$55,062.00	\$54,990.00

Unit #	Floor Plan	Unit Designation	SQFT	Unit/Lease Status	Name	Move In	Notice	Move Out	Days Vacant	Make Ready	Make Ready Days to Complete	Lease Start	Lease End	Market Rent + Addl.	Lease Rent	Subsidy Rent	Amenities	Total Billing
00-103	1A	N/A	533	Occupied	Barbee, Jr., Horace	03/15/2014						03/15/2014	03/14/2015	\$823.00	\$823.00	\$435.00	\$0.00	\$823.00
00-104	1A	N/A	533	Occupied	Hardy, Donna	09/17/2012						09/01/2013	08/31/2014	\$823.00	\$823.00	\$489.00	\$0.00	\$823.00
00-105	1A	N/A	533	Occupied	Faulk, Enelle	12/09/2019						12/09/2019	12/08/2020	\$823.00	\$823.00	\$581.00	\$0.00	\$823.00
00-106	1A	N/A	533	Occupied	Threatt, Phyllis	03/01/1993						03/01/2013	02/28/2014	\$823.00	\$823.00	\$467.00	\$0.00	\$823.00
00-107	1A	N/A	533	Occupied	Catloe, Marcine	03/21/2023						03/21/2023	03/31/2024	\$823.00	\$823.00	\$369.00	\$0.00	\$823.00
00-108	1A	N/A	533	Occupied	Fowler, Kathy	12/15/2021						12/15/2021	12/15/2022	\$823.00	\$823.00	\$470.00	\$0.00	\$823.00
00-113	2A	N/A	779	Occupied	Catloe, Brice	09/17/2021						09/17/2021	09/16/2022	\$947.00	\$947.00	\$677.00	\$0.00	\$947.00
00-114	2A	N/A	779	Occupied	Porter, Ruth	06/28/2018						06/28/2018	06/27/2019	\$947.00	\$947.00	\$677.00	\$0.00	\$947.00
00-115	1A	N/A	533	Occupied	Robinson, Debra	06/12/2015						06/12/2015	06/11/2016	\$823.00	\$823.00	\$517.00	\$0.00	\$823.00
00-116	1A	N/A	533	Occupied	Bennett, Susie	11/30/2012						11/01/2013	10/31/2014	\$823.00	\$823.00	\$575.00	\$0.00	\$823.00
00-117	1A	N/A	533	Vacant				05/05/2023	160	09/28/2023	146			\$823.00	\$0.00	\$0.00	\$0.00	\$0.00
00-118	1A	N/A	533	Occupied	Naper, Doris	02/28/2022						02/28/2022	02/28/2023	\$823.00	\$823.00	\$468.00	\$0.00	\$823.00
00-119	1A	N/A	533	Occupied	Demby, Betty	11/17/2006						11/01/2013	10/31/2014	\$823.00	\$823.00	\$574.00	\$0.00	\$823.00
00-120	1A	N/A	533	Vacant				06/30/2023	104					\$823.00	\$0.00	\$0.00	\$0.00	\$0.00
00-121	1A	N/A	533	Occupied	Taylor, Rose	08/02/2019						08/02/2019	08/01/2020	\$823.00	\$823.00	\$374.00	\$0.00	\$823.00
00-122	1A	N/A	533	Occupied	Clyburn, Larry	07/01/2022						07/01/2022	06/30/2023	\$823.00	\$823.00	\$120.00	\$0.00	\$823.00
00-123	1A	N/A	533	Occupied	Cauthen, Nancy	03/06/2014						03/06/2014	03/05/2015	\$823.00	\$823.00	\$443.00	\$0.00	\$823.00
00-124	1A	N/A	533	Occupied	Flowers, Eddie	02/05/2016						02/05/2016	02/04/2017	\$823.00	\$823.00	\$552.00	\$0.00	\$823.00
00-201	1A	N/A	533	Occupied	Crawford, Willie	12/21/2022						12/21/2022	12/20/2023	\$823.00	\$823.00	\$390.00	\$0.00	\$823.00
00-202	1A	N/A	533	Occupied	Blackmon, Annette	12/29/2016						12/29/2016	12/31/2017	\$823.00	\$823.00	\$554.00	\$0.00	\$823.00
00-203	1A	N/A	533	Occupied	Rogers, Peggy	10/22/2021						10/22/2021	10/21/2022	\$823.00	\$823.00	\$375.00	\$0.00	\$823.00
00-204	1A	N/A	533	Occupied	Blair, Betty	12/09/2021						12/09/2021	12/31/2022	\$823.00	\$823.00	\$421.00	\$0.00	\$823.00
00-205	1A	N/A	533	Occupied	Tindal, Betty	03/29/2012						03/01/2013	02/28/2014	\$823.00	\$823.00	\$574.00	\$0.00	\$823.00
00-206	1A	N/A	533	Occupied	Richardson, Doris	12/29/2016						12/29/2016	12/31/2017	\$823.00	\$823.00	\$319.00	\$0.00	\$823.00
00-207	1A	N/A	533	Occupied	McWhirter, Calvin	11/18/2016						11/18/2016	11/30/2017	\$823.00	\$823.00	\$385.00	\$0.00	\$823.00
00-208	1A	N/A	533	Occupied	Taylor, Gloria	11/22/2021						11/22/2021	11/21/2022	\$823.00	\$823.00	\$524.00	\$0.00	\$823.00
00-209	1A	N/A	533	Occupied	Watts, Edward	07/09/2020						07/09/2020	07/08/2021	\$823.00	\$823.00	\$520.00	\$0.00	\$823.00
00-210	1A	N/A	533	Occupied	Nichols, Kathy	10/17/2022						10/17/2022	10/31/2023	\$823.00	\$823.00	\$465.00	\$0.00	\$823.00
00-211	1A	N/A	533	Occupied	George, Charles	05/04/2016						05/04/2016	05/03/2017	\$823.00	\$823.00	\$553.00	\$0.00	\$823.00
00-212	1A	N/A	533	Occupied	Baker, Della	04/03/2023						04/03/2023	04/30/2024	\$823.00	\$823.00	\$553.00	\$0.00	\$823.00
00-213	2A	N/A	779	Occupied	Smith, Geraldine	06/23/2021						06/23/2021	06/22/2022	\$947.00	\$947.00	\$335.00	\$0.00	\$947.00
00-214	2A	N/A	779	Occupied	Tate, Armanda	09/09/2021						09/09/2021	09/30/2022	\$947.00	\$947.00	\$194.00	\$0.00	\$947.00
00-215	1A	N/A	533	Occupied	Powell, Doris	10/17/2022						10/17/2022	10/31/2023	\$823.00	\$823.00	\$505.00	\$0.00	\$823.00
00-216	1A	N/A	533	Occupied	McGriffe, Tiny Bell	11/30/2012						11/01/2013	10/31/2014	\$823.00	\$823.00	\$522.00	\$0.00	\$823.00
00-217	1A	N/A	533	Occupied	Martin, Elaine	06/30/2017						06/30/2017	06/29/2018	\$823.00	\$823.00	\$299.00	\$0.00	\$823.00
00-218	1A	N/A	533	Occupied	Truesdale, Carrie	04/04/2011						04/01/2013	03/31/2014	\$823.00	\$823.00	\$375.00	\$0.00	\$823.00
00-219	1A	N/A	533	Vacant				09/28/2023	14					\$823.00	\$0.00	\$0.00	\$0.00	\$0.00
00-220	1A	N/A	533	Occupied	Twitty, JEan	01/03/2020						01/03/2020	01/02/2021	\$823.00	\$823.00	\$462.00	\$0.00	\$823.00
00-221	1A	N/A	533	Occupied	Truesdale, Joe	06/10/2019						06/10/2019	06/09/2020	\$823.00	\$799.00	\$330.00	\$0.00	\$799.00
00-222	1A	N/A	533	Occupied	Hartley, Lillie	03/23/2017						03/23/2017	03/22/2018	\$823.00	\$799.00	\$324.00	\$0.00	\$799.00
00-223	1A	N/A	533	Occupied	Hughes, Orlando	05/03/2021						05/03/2021	05/03/2022	\$823.00	\$799.00	\$507.00	\$0.00	\$799.00
00-224	1A	N/A	533	Occupied	Theirse, Delores	09/01/2015						09/01/2015	08/31/2016	\$823.00	\$823.00	\$512.00	\$0.00	\$823.00
00-301	1A	N/A	533	Occupied	Marsh, Janice	07/09/2014						07/09/2014	07/08/2015	\$823.00	\$823.00	\$551.00	\$0.00	\$823.00
00-302	1A	N/A	533	Occupied	Floyd, Martha	02/08/2019						02/08/2019	02/07/2020	\$823.00	\$823.00	\$399.00	\$0.00	\$823.00
00-303	1A	N/A	533	Occupied	Ealey, Jacqueline	06/05/2023						06/05/2023	06/30/2024	\$823.00	\$823.00	\$564.00	\$0.00	\$823.00
00-304	1A	N/A	533	Vacant				06/30/2023	104	09/29/2023	91			\$823.00	\$0.00	\$0.00	\$0.00	\$0.00
00-305	1A	N/A	533	Occupied	Barnes, Bobby	05/25/2023						05/25/2023	05/31/2024	\$823.00	\$823.00	\$553.00	\$0.00	\$823.00
00-306	1A	N/A	533	Occupied	Westmoreland, Mary	05/16/2018						05/16/2018	05/15/2019	\$823.00	\$823.00	\$393.00	\$0.00	\$823.00
00-307	1A	N/A	533	Occupied	Mickles, Dayetta	03/13/2023						03/13/2023	03/31/2024	\$823.00	\$823.00	\$406.00	\$0.00	\$823.00
00-308	1A	N/A	533	Occupied	White, Sallie	11/20/2013						11/20/2013	10/31/2014	\$823.00	\$823.00	\$530.00	\$0.00	\$823.00
00-309	1A	N/A	533	Occupied	McGriff, Gerrea	11/02/2015						11/02/2015	11/01/2016	\$823.00	\$823.00	\$556.00	\$0.00	\$823.00
00-310	1A	N/A	533	Occupied	Byers, Elizabeth	10/21/2022						10/21/2022	10/21/2023	\$823.00	\$823.00	\$460.00	\$0.00	\$823.00
00-311	1A	N/A	533	Occupied	Hughes, Margaret	08/22/2018						08/22/2018	08/21/2019	\$823.00	\$823.00	\$421.00	\$0.00	\$823.00
00-312	1A	N/A	533	Occupied	Griffin, Carolyn	06/21/2023						06/21/2023	06/30/2024	\$823.00	\$823.00	\$471.00	\$0.00	\$823.00
00-313	2A	N/A	779	Occupied	Samuel, Thomas	05/17/2022						05/17/2022	05/31/2023	\$947.00	\$947.00	\$664.00	\$0.00	\$947.00
00-314	2A	N/A	779	Occupied	Rose-Rodriguez, Natalie	05/17/2022						05/17/2022	11/17/2022	\$947.00	\$947.00	\$677.00	\$0.00	\$947.00
00-315	1A	N/A	533	Occupied	Boatright, Jean	05/27/2022						05/27/2022	05/31/2023	\$823.00	\$823.00	\$232.00	\$0.00	\$823.00
00-316	1A	N/A	533	Occupied	Maree, Brenda	05/19/2022						05/19/2022	05/31/2023	\$823.00	\$823.00	\$431.00	\$0.00	\$823.00
00-317	1A	N/A	533	Occupied	Fleming, Michael	02/03/2022						02/03/2022	02/02/2023	\$823.00	\$823.00	\$465.00	\$0.00	\$823.00
00-318	1A	N/A	533	Occupied	McIlwain, Rose	12/27/2021						12/27/2021	12/31/2022	\$823.00	\$823.00	\$584.00	\$0.00	\$823.00
00-319	1A	N/A	533	Occupied	Metcalf, Rebekah	03/24/2014						03/24/2014	03/23/2015	\$823.00	\$823.00	\$447.00	\$0.00	\$823.00
00-320	1A	N/A	533	Occupied	Price, Beth	05/30/2023						05/30/2023	05/30/2024	\$823.00	\$823.00	\$629.00	\$0.00	\$823.00
00-321	1A	N/A	533	Occupied	Catloe, Dora	07/01/2021						07/01/2021	06/30/2022	\$823.00	\$823.00	\$559.00	\$0.00	\$823.00
00-322	1A	N/A	533	Occupied	McCoy, Mary	12/22/2003						12/01/2013	11/30/2014	\$823.00	\$823.00	\$535.00	\$0.00	\$823.00
00-323	1A	N/A	533	Occupied	Mullin, Vicki	08/04/2011						08/01/2013	07/31/2014	\$823.00	\$823.00	\$461.00	\$0.00	\$823.00
00-324	1A	N/A	533	Vacant				09/29/2023	13					\$823.00	\$0.00	\$0.00	\$0.00	\$0.00
														\$55,062.00	\$50,875.00	\$28,774.00	\$0.00	\$50,875.00

ADDENDUM E

Financials

Lancaster Manor II, LLC

**(Lancaster Manor)
Lancaster, South Carolina**

Financial Statements
and Supplemental Information

December 31, 2020

Lancaster Manor II, LLC

(Lancaster Manor)

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December 31, 2020

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Independent Auditors' Report

To the Members
Lancaster Manor II, LLC
(Lancaster Manor)

Report on the Financial Statements

We have audited the accompanying financial statements of Lancaster Manor II, LLC, (Lancaster Manor), (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in members' capital, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lancaster Manor as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 21 is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Maddox & Associates, APC

Baton Rouge, Louisiana
February 8, 2021

Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2020

ASSETS

CURRENT ASSETS

Cash-Operations	\$	46,271
Tenant Accounts Receivable		2,680
Cash-Service Coordinator		4,297
Prepaid Expenses		9,290
Total Current Assets		<u>62,538</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust	19,366
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow Deposits	37,043
Other Reserve	448,814
Total Restricted Deposits	<u>485,857</u>

FIXED ASSETS

Land	145,200
Buildings	4,026,279
Building Equipment-Portable	8,166
Furniture for Project/Tenant Use	15,109
Furnishings	90,088
Office Furniture and Equipment	15,717
Miscellaneous Fixed Assets	171,140
Total Fixed Assets	<u>4,471,699</u>
Less Accumulated Depreciation	<u>1,664,034</u>
Net Fixed Assets	<u>2,807,665</u>

OTHER ASSETS

Tax Credit Fees (net of \$17,780 amortization)	1,269
Utility Deposits	165
Total Other Assets	<u>1,434</u>

TOTAL ASSETS

\$	<u><u>3,376,860</u></u>
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Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2020

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Accounts Payable-Operations	\$	29,021
Accrued Management Fee Payable		3,102
Accrued Interest Payable-First Mortgage		5,207
Accrued Interest Payable-Other Loans and Notes (Surplus Cash)		2,166
Mortgage Payable-First Mortgage (short-term)		25,925
Prepaid Revenue		781
Total Current Liabilities		<u>66,202</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust (contra)	18,016
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LONG-TERM LIABILITIES

Notes Payable-Surplus Cash	806,839
Mortgage Payable-First Mortgage (less debt issuance cost of \$22,472)	819,418
Accrued Interest Notes Payable (Surplus Cash) long term	55,670
Total Long-Term Liabilities	<u>1,681,927</u>

Total Liabilities	1,766,145
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MEMBERS' CAPITAL	<u>1,610,715</u>
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TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u><u>\$ 3,376,860</u></u>
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Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Operations
For the Year Ended December 31, 2020

REVENUES:

Rent	\$ 587,483
Service Coordinator Revenue	68,916
Financial	608
Other	<u>10,720</u>
Total Revenue	667,727

EXPENSES:

Administrative	135,340
Utilities	62,115
Operating and Maintenance	139,787
Taxes and Insurance	106,912
Financial	105,044
Service Coordinator Expenses	61,652
Entity Expenses	7,129
Depreciation and Amortization	<u>123,116</u>
Total Expenses	<u>741,095</u>

NET LOSS

\$ (73,368)

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Changes in Members' Capital
For the Year Ended December 31, 2020

	Managing Member	Investor Member	Total
Members' Capital, December 31, 2019	\$ 170	\$ 1,683,913	\$ 1,684,083
Net Loss	<u>(7)</u>	<u>(73,361)</u>	<u>(73,368)</u>
Members' Capital, December 31, 2020	<u>\$ 163</u>	<u>\$ 1,610,552</u>	<u>\$ 1,610,715</u>

See accompanying notes to the financial statements.

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental Receipts	\$ 580,507
Interest Receipts	608
Other Receipts	10,720
Total Receipts	<u>591,835</u>
Administrative	(42,258)
Management Fees	(36,960)
Utilities	(62,327)
Salaries and Wages	(81,952)
Operating and Maintenance	(101,006)
Real Estate Taxes	(99,105)
Property Insurance	(31,214)
Miscellaneous Taxes and Insurance	(29,247)
Tenant Security Deposits	(1,224)
Other Operating Expenses	7,824
Interest on Mortgage	(63,434)
Interest on Notes Payable	(11,132)
Entity/Construction Disbursements	(7,129)
Total Disbursements	<u>(559,164)</u>
Net Cash Provided by Operating Activities	<u>32,671</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Purchase of Fixed Assets	<u>(23,717)</u>
Net Cash Used in Investing Activities	<u>(23,717)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Mortgage Principal Payments	<u>(24,129)</u>
Net Cash Used in Financing Activities	<u>(24,129)</u>

Net Decrease in Cash, Cash Equivalents, and Restricted Cash (15,175)

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Beginning of Period	<u>570,966</u>
End of period	<u>\$ 555,791</u>

(continued)

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows (continued)
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$	(73,368)
Adjustments to Reconcile Net Loss to		
Net Cash Provided by Operating Activities		
Depreciation Expense		121,846
Amortization Expense		1,270
Amortization of Debt Issuance Costs		1,303
Decrease (Increase) in:		
Tenant Accounts Receivable		(2,253)
Prepaid Expenses		(3,065)
Increase (Decrease) in:		
Accounts Payable		7,728
Accrued Liabilities		(49,325)
Accrued Interest Payable		29,175
Tenants Security Deposits Held in Trust		(1,224)
Prepaid Revenue		584
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>32,671</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements

December 31, 2020

1. Organization and Summary of Significant Accounting Policies

The Company is organized as a limited liability company under the laws of the State of South Carolina for the purpose of owning and operating an apartment complex. The company consists of 66 units located in Lancaster, South Carolina.

The Company also is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Company's rental income is received from HUD. The Company is also subject to a Use Agreement which requires the low-income character of the property be maintained through December 2055.

The Company is owned .01% by VOA Lancaster Manor, Inc., the managing member, and 99.99% by Enterprise Housing Alliance Fund, L.P., the investor member. Allocations of cash distributions, capital transactions, and net income and losses are made in accordance with the Operating Agreement.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

The Company has qualified for and been allocated low-income housing credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. The company must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. In addition, the Company has executed an Agreement of Restrictive Covenants with the South Carolina State Housing Finance and Development Authority, which requires the utilization of the project pursuant to Section 42 for a minimum of thirty years beginning the first year of the credit period, as defined, even if disposition of the project by the Company occurs.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting which is in accordance with generally accepted accounting principles.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including February 8, 2021, which is the date the financial statements were issued.

Revenue Recognition: Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants are operating leases. Rental income is recorded net of vacancies. Under the Section 8 Housing Assistance Payments Agreement, the Company may not increase rents charged to tenants without HUD approval.

Cash, Cash Equivalents, and Restricted Cash: For the purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)

December 31, 2020

Concentration of Credit Risk: The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Allowance for Uncollectible Receivables: Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation: The Company's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided by the straight-line method over the estimated useful life of the asset.

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Fixtures, and Equipment	5-10 years

Impairment of Long-Lived Assets: The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There is no impairment loss recognized for the period ending December 31, 2020.

Debt Issuance Costs: Debt issuance costs of \$39,084 are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Estimated amortization expense for the permanent loans for the next five years is expected to be \$1,303. Debt issuance costs are presented as a direct deduction to the related note payable. Those debt issuance costs were previously reported as other assets. Debt issuance costs amortization is reported as a component of interest expense.

Tax Credit Fees: Tax credit fees are amortized by the straight-line method over the tax credit compliance period. Estimated amortization expense for the final year is expected to be \$1,269.

Other Liabilities: Accrued expenses for compensated absences, vacations, and sick pay are not shown due to the fact that amount of the liability cannot be reasonably estimated. It is the Company's policy to expense these items when they are incurred.

Interest Expense: The Company has expensed all interest and none has been capitalized.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)

December 31, 2020

Income Taxes: Under the provisions of the Internal Revenue Code, the Company is not a taxable entity and, accordingly the net loss of the Company is included in the income tax returns of the members. The Company files tax returns in the U.S. federal jurisdiction and the state of South Carolina. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. There are no interest and penalties related to income taxes recognized in the statement of operations. The Company has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic Concentrations: The Company's primary asset is its 66-unit apartment project. The Company's operations are concentrated in the multifamily housing real estate market. In addition, the Company operates in a regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

2. Mortgage Payable

The mortgage note, insured by the Federal Housing Administration, is payable over 40 years in monthly installments, including principal and interest of \$7,297 at 7.20%. All interest is charged to expense. This note is secured by a mortgage on the real estate and improvements thereon. The maturity date is May 1, 2026.

Maturities of the mortgage note payments for the next five years and thereafter are:

Fiscal year ending December 31, 2021	\$	25,925
2022		27,855
2023		29,928
2024		32,155
2025		34,549
Remaining Balance		717,403
	\$	<u>867,815</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2020

3. Related Party-Identity of Interest

Related Party: VOA National Housing Corporation
Relationship: Affiliate of the Managing Member
Management, Payroll, Accounting, Reimbursable Expenses, and Service
Transactions: Coordinator
Amount paid for services: \$206,148
Amount payable at December 31, 2020: \$3,617

Related Party: VOA National Services
Relationship: Affiliate of the Managing Member
Transactions: Reimbursable Expenses and Service Coordinator
Amount paid for services: \$9,399
Amount payable at December 31, 2020: \$3,082

On June 6, 2006, Lancaster Manor, LLC, an affiliate of the managing member, entered into a loan agreement with the Company in the amount of \$907,251. The note is secured by a second mortgage on the rental property. Interest on the note accrues at a rate of 5.0% per annum on the unpaid principal balance. Annual payments of principal and interest are due on June 5 of each year, provided that net cash flow, as defined, is available after payments of an Investor Member obligations, Investor Service Fee, and the Property Development Fee, as defined in the First Amended and Restated Operating Agreement. The note matures on June 5, 2036. During 2020, the interest incurred on the note was \$40,452. During 2020, the Company paid \$11,132 towards the accrued interest. No payments were made towards principal on the note. As of December 31, 2020, accrued interest on the note was \$57,836. At December 31, 2020, the outstanding principal balance on the note was \$806,839.

4. Management Fee

The Company has contracted with VOA National Housing Corporation to provide management services. The charges for these services are based upon a management agreement. The charges are 6.70% of collected rental income not to exceed \$43 per unit, per month). For the period ended December 31, 2020, management fees charged amounted to \$34,056. The Company is also charged Better Buildings Challenge management add-on fees. The charges are \$4 per unit, per month. For the period ended December 31, 2020, Better Buildings Challenge management fees charged amounted to \$3,168. The balance owed VOA National Housing Corporation at December 31, 2020 is \$3,102.

5. Restricted Funds

There is a Multifamily Service Coordinator grant agreement with HUD. The funds are accounted for in a restricted account.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)

December 31, 2020

6. Cash, Cash Equivalents, and Restricted Cash

In accordance with Accounting Standards Update (ASU) 2016-18, "Restricted Cash", the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet to the amounts presented in the statement of cash flows:

	Beginning of Period	End of Period
Cash-Operations	\$ 53,714	\$ 46,271
Cash-Service Coordinator	4,297	4,297
Tenant Security Deposits Held in Trust	19,502	19,366
Escrow Deposits	75,196	37,043
Other Reserve	418,257	448,814
	<u>\$ 570,966</u>	<u>\$ 555,791</u>

7. Reserves

Under the Operating Agreement, the Company is required to establish and maintain a replacement reserve in the initial amount of \$39,600. The replacement reserve is to be used for the purpose of funding future capital repairs and improvements. The required monthly deposit to the replacement reserve is \$300 per unit per year beginning in 2007 and shall increase by 3% annually thereafter. The Company may not utilize the replacement reserve for any capital expenditure which causes total withdrawals from the replacement reserve during any calendar year to exceed \$5,000 unless the Company has obtained the consent of the Investor Member. As of December 31, 2020, the balance of the replacement reserve is \$292,110. The replacement reserve is included in other reserve on the balance sheet.

Under the Operating Agreement, the Company is required to establish and maintain an operating reserve in the initial amount of \$25,000 from the first capital contribution installment made by the investor member. An additional deposit of \$122,970 is to be funded from the fourth capital contribution installment of the investor member. The operating reserve may be used to fund operating deficits under the operating deficit guaranty after the Stabilization Date, as defined in the Amended and Restated Operating Agreement. The reserve requires approval by an affiliate of the investor member before withdrawals can be made. As of December 31, 2020, the balance of the operating reserve is \$156,704. The operating reserve is included in other reserve on the balance sheet.

8. Entity Expenses

The Company is required to pay a cumulative annual investor services fee of \$5,000, which amount shall be increased by 3% per year, to an affiliate of the investor member for its services in monitoring the operations of the Company. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. During the year, the company paid \$7,129 towards investor service fees. The accumulated and unpaid balance at December 31, 2020 is \$7,344.

The Company is required to pay a cumulative annual company administration fee of \$15,000, which amount shall be increased by 3% per year, to the managing member for its services with the administration of Company affairs. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. There was no company administration fee paid for the year ended December 31, 2020. The accumulated and unpaid balance at December 31, 2020 is \$264,841.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)

December 31, 2020

9. Capital Contributions

The managing member is obligated to make capital contributions of \$262. The investor member is obligated to make capital contributions totaling \$2,615,508 (after upward adjuster of \$3,008) in various installments which are based on the occurrence of specific events described in the Operating Agreement. As of December 31, 2020 the investor member has made capital contributions of \$2,615,508 and the managing member has made capital contributions of \$262.

10. Guarantees

The managing member and an affiliate of the managing member are obligated to fully pay any Credit Adjuster Advances, as defined in the Amended and Restated Operating Agreement.

11. Low-Income Housing Tax Credits

The Company's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rents, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor member.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2020

12. Allowable Distribution to Members

Under the Operating Agreement, net cash flow shall be distributed in the following order of priority: 1) the investor member, an amount equal to the credit deficiency, 2) the investor member, an amount sufficient to pay federal income taxes on taxable income allocated to the investor member for such fiscal year by the Company, 3) payment of the Investor Service Fee, 4) payment of the Deferred Developer Fee, 5) fund the Operating Reserve after capital contributions of the investor member have been paid up to the Operating Reserve amount, 6) the managing member, an amount to repay any Operating Deficit Reserve Contribution, Credit Adjuster Advance, Additional Advance, and Development Advances, 7) payment of the Company Administration Fee.

The remaining amounts shall be distributed within seventy-five (75) days after the close of the fiscal year to .01% to the managing member and 99.99% to the investor member.

Gross Revenue Collected	
Total Cash Receipts	\$ 591,835
Total Gross Revenue Collected	591,835
Project Expenses	
Total Expenses	733,966
Plus: Mortgage Principal Payments	24,129
Required Replacement Reserve Deposits	29,949
Less: Depreciation and Amortization	(123,116)
Long-term Note Interest	(40,452)
Amortization of Debt Issuance Costs	(1,303)
Total Project Expenses	623,173
Cash Flow per Operating Agreement	\$ (31,338)

Note: The Company, with the investor member's approval, will utilize the HUD surplus cash calculation to determine the amount of surplus cash to be distributed in accordance with Note 12 above.

13. Subsequent Event

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Project's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

SUPPLEMENTAL INFORMATION

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Information Required by HUD
December 31, 2020

Financial Statement Data:

Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash-Operations	46,271
1130	Tenant Accounts Receivable	2,680
1190-020	Cash-Service Coordinator	4,297
1190	Miscellaneous Current Assets	4,297
1200	Prepaid Expenses	9,290
1100T	Total Current Assets	62,538
1191	Tenant Security Deposits Held in Trust	19,366
1310	Escrow Deposits	37,043
1330	Other Reserve	448,814
1300T	Total Deposits	485,857
1410	Land	145,200
1420	Buildings	4,026,279
1440	Building Equipment-Portable	8,166
1450	Furniture for Project/Tenant Use	15,109
1460	Furnishings	90,088
1465	Office Furniture and Equipment	15,717
1490	Miscellaneous Fixed Assets	171,140
1400T	Total Fixed Assets	4,471,699
1495	Less Accumulated Depreciation	1,664,034
1400N	Net Fixed Assets	2,807,665
1590-020	Tax Credit Fees	1,269
1590-020	Utility Deposits	165
1590	Miscellaneous Other Assets	1,434
1500T	Total Other Assets	1,434
1000T	Total Assets	3,376,860
Liabilities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts Payable-Operations	29,021
2123	Accrued Management Fee Payable	3,102
2131	Accrued Interest Payable-First Mortgage	5,207
2133	Accrued Interest Payable-Other Loans and Notes (Surplus Cash)	2,166
2170	Mortgage Payable-First Mortgage (short-term)	25,925
2210	Prepaid Revenue	781
2122T	Total Current Liabilities	66,202
2191	Tenant Security Deposits Held in Trust (contra)	18,016
2311	Notes Payable-Surplus Cash	806,839
2320	Mortgage Payable-First Mortgage	841,890
2332	Accrued Interest Notes Payable (Surplus Cash) long term	55,670
2340	Debt Issuance Costs	(22,472)
2300T	Total Long-Term Liabilities	1,681,927
2000T	Total Liabilities	1,766,145

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)

December 31, 2020

Equity Data		
<u>Account</u>	<u>Description</u>	<u>Value</u>
3130	Total Equity	1,610,715
2033T	Total Liabilities and Equity	3,376,860

Rent Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	248,036
5121	Tenant Assistance Payments	366,676
5100T	Total Rent Revenue	614,712

Vacancies		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	27,229
5200T	Total Vacancies	27,229
5152N	Net Rental Revenue	587,483

5300 Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5300	Other Elderly Care Revenue-Service Coordinator	68,916

Financial Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5490-020	Other Reserve Interest	608
5490	Revenue from Investments-Miscellaneous	608
5400T	Total Financial Revenue	608

Other Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	3,184
5920	Tenant Charges	6,865
5990	Miscellaneous Revenue	671
5900T	Total Other Revenue	10,720
5000T	Total Revenue	667,727

Administrative Expenses		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	925
6204	Management Consultants	738
6210	Advertising and Marketing	366
6250	Other Renting Expenses	1,120
6311	Office Expense	23,927
6320	Management Fee	37,224
6330	Manager or Superintendent Salaries	45,856
6350	Audit Expense	11,128
6351	Bookkeeping Fees/Accounting Services	6,178
6370	Bad Debts	5,307
6390	Miscellaneous Administrative Expenses	2,571
6263T	Total Administrative Expenses	135,340

Utilities Expense		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6450	Electricity	48,634

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2020

6451	Water	6,281
6453	Sewer	7,200
6400T	Total Utilities Expense	62,115

Operating & Maintenance Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	36,096
6515	Supplies	13,587
6520	Contracts	48,032
6525	Garbage and Trash Removal	2,495
6530	Security Payroll/Contract	10,871
6546	Heating/Cooling Repairs and Maintenance	11,195
6548	Snow Removal	66
6590-020	COVID-19 Expenses	17,445
6590	Miscellaneous Operating and Maintenance Expense	17,445
6500T	Total Operating and Maintenance Expenses	139,787

Taxes & Insurance

<u>Account</u>	<u>Description</u>	<u>Value</u>
6710	Real Estate Taxes	49,516
6711	Payroll Taxes	5,945
6720	Property and Liability Insurance	28,149
6722	Workmen's Compensation	1,516
6723	Health Insurance and Other Employee Benefits	20,086
6790	Miscellaneous Taxes, Licenses, Permits, and Insurance	1,700
6700T	Total Taxes and Insurance	106,912

Financial Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6820	Interest on Mortgage (or Bonds) Payable	64,592
6830	Interest on Notes Payable (long term)	40,452
6800T	Total Financial Expenses	105,044

6900 Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6900	Other Elderly Care Expenses-Service Coordinator	61,652

Operating Results

<u>Account</u>	<u>Description</u>	<u>Value</u>
6000T	Total Cost of Operations Before Depreciation and Amortization	610,850
5060T	Profit (Loss) Before Depreciation and Amortization	56,877
6600	Depreciation Expenses	121,846
6610	Amortization Expenses	1,270
5060N	Operating Profit or (Loss)	(66,239)

Corporate or Mortgagor Revenue/Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
7190-020	Investor Service Fee	7,129
7190	Other Expenses	7,129
7100T	Net Entity Revenue/Expenses	7,129

Profit or Loss

<u>Account</u>	<u>Description</u>	<u>Value</u>
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Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2020

3250 Profit or Loss (Net Income or Loss) (73,368)

Part II		
Account	Description	Value
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans and HUD-held and HUD-insured first mortgages.	24,129
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	0
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	0
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy program that are included as expense items on this Profit and Loss statement.	0

Equity Data-Entities Other Than Corporations

Account	Description	Value
S1100-010	Beginning of Year Balance	1,684,083
3250	Net Income or Loss	(73,368)
3130	End of Year-3130	1,610,715

Cash Flow from Operating Activities

Account	Description	Value
S1200-010	Rental Receipts	580,507
S1200-020	Interest Receipts	608
S1200-030	Other Receipts	10,720
S1200-040	Total Receipts	591,835
S1200-050	Administrative	(42,258)
S1200-070	Management Fees	(36,960)
S1200-090	Utilities	(62,327)
S1200-100	Salaries and Wages	(81,952)
S1200-110	Operating and Maintenance	(101,006)
S1200-120	Real Estate Taxes	(99,105)
S1200-140	Property Insurance	(31,214)
S1200-150	Miscellaneous Taxes and Insurance	(29,247)
S1200-160	Tenant Security Deposits	(1,088)
S1200-170	Other Operating Expenses	7,824
S1200-180	Interest on Mortgage	(63,434)
S1200-190	Interest on Notes Payable	(11,132)
S1200-227	Payment of Investor Service Fee	(7,129)
S1200-225	Entity/Construction Disbursements	(7,129)
S1200-230	Total Disbursements	(559,028)
S1200-240	Net Cash Provided by (Used in) Operating Activities	32,807

Cash Flow from Investing Activities

Account	Description	Value
S1200-245	Net Deposits to the Mortgage Escrow Account	38,153
S1200-255	Net Deposits to the Other Reserve Account	(30,557)
S1200-330	Net Purchase of Fixed Assets	(23,717)
S1200-350	Net Cash Provided by (Used in) Investing Activities	(16,121)

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2020

Cash Flow from Financing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-360	Principal Payments-First Mortgage (or Bonds)	(24,129)
S1200-460	Net Cash Provided by (Used in) Financing Activities	(24,129)
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	(7,443)

Cash and Cash Equivalents

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	53,714
S1200T	End of Period	46,271

Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in)

Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
3250	Net Income or Loss	(73,368)

Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by

(Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
6600	Depreciation Expense	121,846
6610	Amortization Expense	1,270
S1200-486	Amortization of Debt Issuance Costs	1,303
S1200-490	Decrease (Increase) in Tenant Accounts Receivable	(2,253)
S1200-520	Decrease (Increase) in Prepaid Expenses	(3,065)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	136
S1200-540	Increase (Decrease) in Accounts Payable	7,728
S1200-560	Increase (Decrease) in Accrued Liabilities	(49,325)
S1200-570	Increase (Decrease) in Accrued Interest Payable	29,175
S1200-580	Increase (Decrease) in Tenants Security Deposits Held in Trust	(1,224)
S1200-590	Increase (Decrease) in Prepaid Revenue	584

Net Cash Provided by (Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-610	Net Cash Provided by (Used in) Operating Activities	32,807

Computation of Surplus Cash, Distributions, and Residual Receipts-Annual

Cash	\$ 65,637
Total Cash	65,637
Accrued Mortgage Interest Payable	5,207
Accounts Payable-30 Days	29,021
Accrued Expenses [not escrowed]	3,102
Prepaid Revenue	781
Tenant Security Deposits Liability	18,016
Total Current Obligations	56,127
Surplus Cash (Deficiency)	\$ 9,510

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2020

Schedule of Fixed Assets Accounts-Detail

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>
Land	\$ 145,200	\$ 0	\$ 0	\$ 145,200
Buildings	4,026,279	0	0	4,026,279
Building Equipment-Portable	8,166	0	0	8,166
Furniture for Project/Tenant Use	15,109	0	0	15,109
Furnishings	72,406	17,682	0	90,088
Office Furniture and Equipment	15,717	0	0	15,717
Miscellaneous Fixed Assets	171,140	0	0	171,140
Total	<u>\$ 4,454,017</u>	<u>\$ 17,682</u>	<u>\$ 0</u>	<u>4,471,699</u>
Accumulated Depreciation	<u>\$ 1,542,188</u>	<u>\$ 121,846</u>	<u>\$ 0</u>	<u>1,664,034</u>
Net Book Value				<u>\$ 2,807,665</u>

<u>Description</u>	<u>Additions (Deductions)</u>
Flooring	\$ 17,682

Certifying Official:

Joseph A. Budzynski, Assistant Treasurer/Assistant Secretary
TIN: 20-4892571
Phone: (703) 341-5000

Certifying Management Agent:

VOA National Housing Corporation
Peter J. Desjardins, Senior Vice President of Real Estate Operations
TIN: 52-0886223

Lancaster Manor II, LLC
(Lancaster Manor)
Lancaster, South Carolina

Financial Statements
and Supplemental Information

December 31, 2021

Lancaster Manor II, LLC

(Lancaster Manor)

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December 31, 2021

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Independent Auditors' Report

To the Members
Lancaster Manor II, LLC
(Lancaster Manor)

Opinion

We have audited the accompanying financial statements of Lancaster Manor II, LLC (Lancaster Manor) (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lancaster Manor as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lancaster Manor and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster Manor's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lancaster Manor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster Manor's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 21 is presented for the purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Maddox & Associates, APC

Baton Rouge, Louisiana
February 1, 2022

Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2021

ASSETS

CURRENT ASSETS

Cash-Operations	\$	24,338
Tenant Accounts Receivable		461
Accounts Receivable-HUD (Service Coordinator)		30,479
Cash-Service Coordinator		4,297
Prepaid Expenses		9,953
Total Current Assets		<u>69,528</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust	21,490
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow Deposits	87,844
Other Reserve	479,954
Total Restricted Deposits	<u>567,798</u>

FIXED ASSETS

Land	145,200
Buildings	4,026,279
Building Equipment-Portable	8,166
Furniture for Project/Tenant Use	15,109
Furnishings	90,088
Office Furniture and Equipment	15,717
Miscellaneous Fixed Assets	171,140
Total Fixed Assets	<u>4,471,699</u>
Less Accumulated Depreciation	<u>1,784,608</u>
Net Fixed Assets	<u>2,687,091</u>

OTHER ASSETS

Utility Deposits	165
Total Other Assets	<u>165</u>

TOTAL ASSETS

\$	<u><u>3,346,072</u></u>
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Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2021

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Accounts Payable-Operations	\$ 29,522
Accrued Management Fee Payable	3,102
Accrued Interest Payable-First Mortgage	5,051
Accrued Interest Payable-Other Loans and Notes (Surplus Cash)	11,144
Accrued Property Taxes	52,853
Mortgage Payable-First Mortgage (short-term)	27,855
Prepaid Revenue	763
Total Current Liabilities	<u>130,290</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust (contra)	19,161
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LONG-TERM LIABILITIES

Notes Payable-Surplus Cash	806,839
Mortgage Payable-First Mortgage (less debt issuance cost of \$21,170)	792,865
Accrued Interest Notes Payable (Surplus Cash) long term	84,868
Total Long-Term Liabilities	<u>1,684,572</u>

Total Liabilities	1,834,023
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MEMBERS' CAPITAL

	<u>1,512,049</u>
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TOTAL LIABILITIES AND MEMBERS' CAPITAL

	<u><u>\$ 3,346,072</u></u>
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Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Operations
For the Year Ended December 31, 2021

REVENUES:

Rent	\$ 593,515
Service Coordinator Revenue	72,689
Financial	293
Other	<u>5,302</u>
Total Revenue	671,799

EXPENSES:

Administrative	136,396
Utilities	58,159
Operating and Maintenance	167,821
Taxes and Insurance	117,228
Financial	103,127
Service Coordinator Expenses	58,547
Entity Expenses	7,344
Depreciation and Amortization	<u>121,843</u>
Total Expenses	<u>770,465</u>

NET LOSS

\$ (98,666)

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Changes in Members' Capital
For the Year Ended December 31, 2021

	<u>Managing Member</u>	<u>Investor Member</u>	<u>Total</u>
Members' Capital, December 31, 2020	\$ 163	\$ 1,610,552	\$ 1,610,715
Net Loss	<u>(10)</u>	<u>(98,656)</u>	<u>(98,666)</u>
Members' Capital, December 31, 2021	<u>\$ 153</u>	<u>\$ 1,511,896</u>	<u>\$ 1,512,049</u>

See accompanying notes to the financial statements.

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental Receipts	\$ 590,084
Interest Receipts	293
Other Receipts	47,512
Total Receipts	<u>637,889</u>
Administrative	(51,372)
Management Fees	(37,224)
Utilities	(58,041)
Salaries and Wages	(83,375)
Operating and Maintenance	(126,613)
Property Insurance	(33,865)
Miscellaneous Taxes and Insurance	(31,173)
Tenant Security Deposits	1,145
Other Operating Expenses	(58,165)
Interest on Mortgage	(61,639)
Interest on Notes Payable	(2,166)
Entity/Construction Disbursements	(7,344)
Total Disbursements	<u>(549,832)</u>
Net Cash Provided by Operating Activities	88,057

CASH FLOWS FROM INVESTING ACTIVITIES: 0

CASH FLOWS FROM FINANCING ACTIVITIES:

Mortgage Principal Payments	<u>(25,925)</u>
Net Cash Used in Financing Activities	<u>(25,925)</u>

Net Increase in Cash, Cash Equivalents, and Restricted Cash 62,132

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Beginning of Period	<u>555,791</u>
End of period	<u><u>\$ 617,923</u></u>

(continued)

See accompanying notes to the financial statements.

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows (continued)
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$	(98,666)
Adjustments to Reconcile Net Loss to		
Net Cash Provided by Operating Activities		
Depreciation Expense		120,574
Amortization Expense		1,269
Amortization of Debt Issuance Costs		1,302
Decrease (Increase) in:		
Tenant Accounts Receivable		2,219
Accounts Receivable-Other		(30,479)
Prepaid Expenses		(663)
Increase (Decrease) in:		
Accounts Payable		501
Accrued Liabilities		52,853
Accrued Interest Payable		38,020
Tenants Security Deposits Held in Trust		1,145
Prepaid Revenue		(18)
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>88,057</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements
December 31, 2021

1. Organization and Summary of Significant Accounting Policies

The Company is organized as a limited liability company under the laws of the State of South Carolina for the purpose of owning and operating an apartment complex. The company consists of 66 units located in Lancaster, South Carolina.

The Company also is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Company's rental income is received from HUD. The Company is also subject to a Use Agreement which requires the low-income character of the property be maintained through December 2055.

The Company is owned .01% by VOA Lancaster Manor, Inc., the managing member, and 99.99% by Enterprise Housing Alliance Fund, L.P., the investor member. Allocations of cash distributions, capital transactions, and net income and losses are made in accordance with the Operating Agreement.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

The Company has qualified for and been allocated low-income housing credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. The company must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. In addition, the Company has executed an Agreement of Restrictive Covenants with the South Carolina State Housing Finance and Development Authority, which requires the utilization of the project pursuant to Section 42 for a minimum of thirty years beginning the first year of the credit period, as defined, even if disposition of the project by the Company occurs.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting which is in accordance with generally accepted accounting principles.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including February 1, 2022, which is the date the financial statements were issued.

Revenue Recognition: Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants are operating leases. Rental income is recorded net of vacancies. Under the Section 8 Housing Assistance Payments Agreement, the Company may not increase rents charged to tenants without HUD approval.

Cash, Cash Equivalents, and Restricted Cash: For the purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Concentration of Credit Risk: The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2021

Allowance for Uncollectible Receivables: Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation: The Company's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided by the straight-line method over the estimated useful life of the asset.

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Fixtures, and Equipment	5-10 years

Impairment of Long-Lived Assets: The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There is no impairment loss recognized for the period ending December 31, 2021.

Debt Issuance Costs: Debt issuance costs of \$39,084 are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Estimated amortization expense for the permanent loans for the next five years is expected to be \$1,302. Debt issuance costs are presented as a direct deduction to the related note payable. Those debt issuance costs were previously reported as other assets. Debt issuance costs amortization is reported as a component of interest expense.

Tax Credit Fees: Tax credit fees are amortized by the straight-line method over the tax credit compliance period. As of December 31, 2021, tax credit fees are fully amortized.

Other Liabilities: Accrued expenses for compensated absences, vacations, and sick pay are not shown due to the fact that amount of the liability cannot be reasonably estimated. It is the Company's policy to expense these items when they are incurred.

Interest Expense: The Company has expensed all interest and none has been capitalized.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)

December 31, 2021

Income Taxes: Under the provisions of the Internal Revenue Code, the Company is not a taxable entity and, accordingly the net loss of the Company is included in the income tax returns of the members. The Company files tax returns in the U.S. federal jurisdiction and the state of South Carolina. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. There are no interest and penalties related to income taxes recognized in the statement of operations. The Company has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic Concentrations: The Company's primary asset is its 66-unit apartment project. The Company's operations are concentrated in the multifamily housing real estate market. In addition, the Company operates in a regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

2. Mortgage Payable

The mortgage note, insured by the Federal Housing Administration, is payable over 40 years in monthly installments, including principal and interest of \$7,297 at 7.2%. All interest is charged to expense. This note is secured by a mortgage on the real estate and improvements thereon. The maturity date is May 1, 2026.

Maturities of the mortgage note payments for the next five years and thereafter are:

Fiscal year ending December 31, 2022	\$	27,855
2023		29,928
2024		32,155
2025		34,549
2026		37,120
Remaining Balance		680,283
	\$	<u>841,890</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2021

3. Related Party-Identity of Interest

Related Party: VOA National Housing Corporation
Relationship: Affiliate of the Managing Member
Management, Payroll, Accounting, Reimbursable Expenses, and Service
Transactions: Coordinator
Amount paid for services: \$205,281
Amount payable at December 31, 2021: \$3,617

Related Party: VOA National Services
Relationship: Affiliate of the Managing Member
Transactions: Reimbursable Expenses and Service Coordinator
Amount paid for services: \$9,019
Amount payable at December 31, 2021: None

On June 6, 2006, Lancaster Manor, LLC, an affiliate of the managing member, entered into a loan agreement with the Company in the amount of \$907,251. The note is secured by a second mortgage on the rental property. Interest on the note accrues at a rate of 5.0% per annum on the unpaid principal balance. Annual payments of principal and interest are due on June 5 of each year, provided that net cash flow, as defined, is available after payments of an Investor Member obligations, Investor Service Fee, and the Property Development Fee, as defined in the First Amended and Restated Operating Agreement. The note matures on June 5, 2036. During 2021, the interest incurred on the note was \$40,342. During 2021, the Company paid \$2,166 towards the accrued interest. No payments were made towards principal on the note. As of December 31, 2021, accrued interest on the note was \$96,012. At December 31, 2021, the outstanding principal balance on the note was \$806,839.

4. Management Fee

The Company has contracted with VOA National Housing Corporation to provide management services. The charges for these services are based upon a management agreement. The charges are 6.70% of collected rental income not to exceed \$43 per unit, per month. For the period ended December 31, 2021, management fees charged amounted to \$34,056. The Company is also charged Better Buildings Challenge management add-on fees. The charges are \$4 per unit, per month. For the period ended December 31, 2021, Better Buildings Challenge management fees charged amounted to \$3,168. The balance owed VOA National Housing Corporation at December 31, 2021 is \$3,102.

5. Restricted Funds

There is a Multifamily Service Coordinator grant agreement with HUD. The funds are accounted for in a restricted account.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2021

6. Cash, Cash Equivalents, and Restricted Cash

In accordance with Accounting Standards Update (ASU) 2016-18, "Restricted Cash", the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet to the amounts presented in the statement of cash flows:

	Beginning of Period	End of Period
Cash-Operations	\$ 46,271	\$ 24,338
Cash-Service Coordinator	4,297	4,297
Tenant Security Deposits Held in Trust	19,366	21,490
Escrow Deposits	37,043	87,844
Other Reserve	448,814	479,954
	<u>\$ 555,791</u>	<u>\$ 617,923</u>

7. Reserves

Under the Operating Agreement, the Company is required to establish and maintain a replacement reserve in the initial amount of \$39,600. The replacement reserve is to be used for the purpose of funding future capital repairs and improvements. The required monthly deposit to the replacement reserve is \$300 per unit per year beginning in 2007 and shall increase by 3% annually thereafter. The Company may not utilize the replacement reserve for any capital expenditure which causes total withdrawals from the replacement reserve during any calendar year to exceed \$5,000 unless the Company has obtained the consent of the Investor Member. As of December 31, 2021, the balance of the replacement reserve is \$323,167. The replacement reserve is included in other reserve on the balance sheet.

Under the Operating Agreement, the Company is required to establish and maintain an operating reserve in the initial amount of \$25,000 from the first capital contribution installment made by the investor member. An additional deposit of \$122,970 is to be funded from the fourth capital contribution installment of the investor member. The operating reserve may be used to fund operating deficits under the operating deficit guaranty after the Stabilization Date, as defined in the Amended and Restated Operating Agreement. The reserve requires approval by an affiliate of the investor member before withdrawals can be made. As of December 31, 2021, the balance of the operating reserve is \$156,787. The operating reserve is included in other reserve on the balance sheet.

8. Entity Expenses

The Company is required to pay a cumulative annual investor services fee of \$5,000, which amount shall be increased by 3% per year, to an affiliate of the investor member for its services in monitoring the operations of the Company. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. During the year, the company paid \$7,344 towards investor service fees. The accumulated and unpaid balance at December 31, 2021 is \$7,564.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2021

8. Entity Expenses (continued)

The Company is required to pay a cumulative annual company administration fee of \$15,000, which amount shall be increased by 3% per year, to the managing member for its services with the administration of Company affairs. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. There was no company administration fee paid for the year ended December 31, 2021. The accumulated and unpaid balance at December 31, 2021 is \$287,532.

9. Capital Contributions

The managing member is obligated to make capital contributions of \$262. The investor member is obligated to make capital contributions totaling \$2,615,508 (after upward adjuster of \$3,008) in various installments which are based on the occurrence of specific events described in the Operating Agreement. As of December 31, 2021, the investor member has made capital contributions of \$2,615,508 and the managing member has made capital contributions of \$262.

10. Guarantees

The managing member and an affiliate of the managing member are obligated to fully pay any Credit Adjuster Advances, as defined in the Amended and Restated Operating Agreement.

11. Low-Income Housing Tax Credits

The Company's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rents, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor member.

12. Accounts Receivable from HUD

"Accounts receivable-HUD" at December 31, 2021 includes \$30,479 in service coordinator grant funds due from HUD for the period through December 31, 2021.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2021

13. Allowable Distribution to Members

Under the Operating Agreement, net cash flow shall be distributed in the following order of priority: 1) the investor member, an amount equal to the credit deficiency, 2) the investor member, an amount sufficient to pay federal income taxes on taxable income allocated to the investor member for such fiscal year by the Company, 3) payment of the Investor Service Fee, 4) payment of the Deferred Developer Fee, 5) fund the Operating Reserve after capital contributions of the investor member have been paid up to the Operating Reserve amount, 6) the managing member, an amount to repay any Operating Deficit Reserve Contribution, Credit Adjuster Advance, Additional Advance, and Development Advances, 7) payment of the Company Administration Fee.

The remaining amounts shall be distributed within seventy-five (75) days after the close of the fiscal year to .01% to the managing member and 99.99% to the investor member.

Gross Revenue Collected	
Total Cash Receipts	\$ 637,889
	<hr/>
Total Gross Revenue Collected	637,889
Project Expenses	
Total Expenses	770,465
Plus: Mortgage Principal Payments	25,925
Required Replacement Reserve Deposits	30,848
Less: Depreciation and Amortization	(121,843)
Long-term Note Interest	(40,342)
Amortization of Debt Issuance Costs	(1,302)
	<hr/>
Total Project Expenses	663,751
	<hr/>
Cash Flow per Operating Agreement	\$ (25,862)
	<hr/>

Note: The Company, with the investor member's approval, will utilize the HUD surplus cash calculation to determine the amount of surplus cash to be distributed in accordance with Note 13 above.

14. Risks and Uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Project's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

SUPPLEMENTAL INFORMATION

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Information Required by HUD
December 31, 2021

Financial Statement Data:

Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash-Operations	24,338
1130	Tenant Accounts Receivable	461
1190-020	Accounts Receivable-HUD (Service Coordinator)	30,479
1190-020	Cash-Service Coordinator	4,297
1190	Miscellaneous Current Assets	34,776
1200	Prepaid Expenses	9,953
1100T	Total Current Assets	69,528
1191	Tenant Security Deposits Held in Trust	21,490
1310	Escrow Deposits	87,844
1330	Other Reserve	479,954
1300T	Total Deposits	567,798
1410	Land	145,200
1420	Buildings	4,026,279
1440	Building Equipment-Portable	8,166
1450	Furniture for Project/Tenant Use	15,109
1460	Furnishings	90,088
1465	Office Furniture and Equipment	15,717
1490	Miscellaneous Fixed Assets	171,140
1400T	Total Fixed Assets	4,471,699
1495	Less Accumulated Depreciation	1,784,608
1400N	Net Fixed Assets	2,687,091
1590-020	Utility Deposits	165
1590	Miscellaneous Other Assets	165
1500T	Total Other Assets	165
1000T	Total Assets	3,346,072
Liabilities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts Payable-Operations	29,522
2123	Accrued Management Fee Payable	3,102
2131	Accrued Interest Payable-First Mortgage	5,051
2133	Accrued Interest Payable-Other Loans and Notes (Surplus Cash)	11,144
2150	Accrued Property Taxes	52,853
2170	Mortgage Payable-First Mortgage (short-term)	27,855
2210	Prepaid Revenue	763
2122T	Total Current Liabilities	130,290
2191	Tenant Security Deposits Held in Trust (contra)	19,161
2311	Notes Payable-Surplus Cash	806,839
2320	Mortgage Payable-First Mortgage	814,035
2332	Accrued Interest Notes Payable (Surplus Cash) long term	84,868
2340	Debt Issuance Costs	(21,170)
2300T	Total Long-Term Liabilities	1,684,572
2000T	Total Liabilities	1,834,023

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2021

Equity Data		
<u>Account</u>	<u>Description</u>	<u>Value</u>
3130	Total Equity	1,512,049
2033T	Total Liabilities and Equity	3,346,072

Rent Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	255,087
5121	Tenant Assistance Payments	372,981
5100T	Total Rent Revenue	628,068

Vacancies		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	34,553
5200T	Total Vacancies	34,553
5152N	Net Rental Revenue	593,515

5300 Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5300	Other Elderly Care Revenue-Service Coordinator	72,689

Financial Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5490-020	Other Reserve Interest	293
5490	Revenue from Investments-Miscellaneous	293
5400T	Total Financial Revenue	293

Other Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	2,568
5920	Tenant Charges	2,091
5990	Miscellaneous Revenue	643
5900T	Total Other Revenue	5,302
5000T	Total Revenue	671,799

Administrative Expenses		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	200
6204	Management Consultants	2,277
6210	Advertising and Marketing	997
6250	Other Renting Expenses	944
6311	Office Expense	20,307
6320	Management Fee	37,224
6330	Manager or Superintendent Salaries	47,109
6350	Audit Expense	11,269
6351	Bookkeeping Fees/Accounting Services	6,178
6370	Bad Debts	5,632
6390	Miscellaneous Administrative Expenses	4,259
6263T	Total Administrative Expenses	136,396

Utilities Expense		
<u>Account</u>	<u>Description</u>	<u>Value</u>

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)

December 31, 2021

6450	Electricity	45,628
6451	Water	5,870
6453	Sewer	6,661
6400T	Total Utilities Expense	58,159

Operating & Maintenance Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	36,266
6515	Supplies	14,070
6520	Contracts	66,708
6525	Garbage and Trash Removal	2,559
6530	Security Payroll/Contract	6,735
6546	Heating/Cooling Repairs and Maintenance	19,562
6590-020	COVID-19 Expense	21,921
6590	Miscellaneous Operating and Maintenance Expense	21,921
6500T	Total Operating and Maintenance Expenses	167,821

Taxes & Insurance

<u>Account</u>	<u>Description</u>	<u>Value</u>
6710	Real Estate Taxes	52,853
6711	Payroll Taxes	5,909
6720	Property and Liability Insurance	33,202
6722	Workmen's Compensation	1,479
6723	Health Insurance and Other Employee Benefits	21,496
6790	Miscellaneous Taxes, Licenses, Permits, and Insurance	2,289
6700T	Total Taxes and Insurance	117,228

Financial Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6820	Interest on Mortgage (or Bonds) Payable	62,785
6830	Interest on Notes Payable (long term)	40,342
6800T	Total Financial Expenses	103,127

6900 Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6900	Other Elderly Care Expenses-Service Coordinator	58,547

Operating Results

<u>Account</u>	<u>Description</u>	<u>Value</u>
6000T	Total Cost of Operations Before Depreciation and Amortization	641,278
5060T	Profit (Loss) Before Depreciation and Amortization	30,521
6600	Depreciation Expenses	120,574
6610	Amortization Expenses	1,269
5060N	Operating Profit or (Loss)	(91,322)

Corporate or Mortgagor Revenue/Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
7190-020	Investor Service Fee	7,344
7190	Other Expenses	7,344
7100T	Net Entity Revenue/Expenses	7,344

Profit or Loss

<u>Account</u>	<u>Description</u>	<u>Value</u>
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Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2021

3250	Profit or Loss (Net Income or Loss)	(98,666)
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Part II

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans and HUD-held and HUD-insured first mortgages.	25,925
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	0
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	0
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy program that are included as expense items on this Profit and Loss statement.	0

Equity Data-Entities Other Than Corporations

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1100-010	Beginning of Year Balance	1,610,715
3250	Net Income or Loss	(98,666)
3130	End of Year-3130	1,512,049

Cash Flow from Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-010	Rental Receipts	590,084
S1200-020	Interest Receipts	293
S1200-030	Other Receipts	47,512
S1200-040	Total Receipts	637,889
S1200-050	Administrative	(51,372)
S1200-070	Management Fees	(37,224)
S1200-090	Utilities	(58,041)
S1200-100	Salaries and Wages	(83,375)
S1200-110	Operating and Maintenance	(126,613)
S1200-140	Property Insurance	(33,865)
S1200-150	Miscellaneous Taxes and Insurance	(31,173)
S1200-160	Tenant Security Deposits	(979)
S1200-170	Other Operating Expenses	(58,165)
S1200-180	Interest on Mortgage	(61,639)
S1200-190	Interest on Notes Payable	(2,166)
S1200-227	Payment of Investor Service Fee	(7,344)
S1200-225	Entity/Construction Disbursements	(7,344)
S1200-230	Total Disbursements	(551,956)
S1200-240	Net Cash Provided by (Used in) Operating Activities	85,933

Cash Flow from Investing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-245	Net Deposits to the Mortgage Escrow Account	(50,801)
S1200-255	Net Deposits to the Other Reserve Account	(31,140)
S1200-350	Net Cash Provided by (Used in) Investing Activities	(81,941)

Cash Flow from Financing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
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Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)

December 31, 2021

S1200-360	Principal Payments-First Mortgage (or Bonds)	(25,925)
S1200-460	Net Cash Provided by (Used in) Financing Activities	(25,925)
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	(21,933)

Cash and Cash Equivalents

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	46,271
S1200T	End of Period	24,338

Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in)

Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
3250	Net Income or Loss	(98,666)

Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by

(Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
6600	Depreciation Expense	120,574
6610	Amortization Expense	1,269
S1200-486	Amortization of Debt Issuance Costs	1,302
S1200-490	Decrease (Increase) in Tenant Accounts Receivable	2,219
S1200-500	Decrease (Increase) in Accounts Receivable-Other	(30,479)
S1200-520	Decrease (Increase) in Prepaid Expenses	(663)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	(2,124)
S1200-540	Increase (Decrease) in Accounts Payable	501
S1200-560	Increase (Decrease) in Accrued Liabilities	52,853
S1200-570	Increase (Decrease) in Accrued Interest Payable	38,020
S1200-580	Increase (Decrease) in Tenants Security Deposits Held in Trust	1,145
S1200-590	Increase (Decrease) in Prepaid Revenue	(18)

Net Cash Provided by (Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-610	Net Cash Provided by (Used in) Operating Activities	85,933

Computation of Surplus Cash, Distributions, and Residual Receipts-Annual

Cash	\$	45,828
Other: Accounts Receivable-HUD (Service Coordinator)		30,479
Total Cash		76,307
Accrued Mortgage Interest Payable		5,051
Accounts Payable-30 Days		29,522
Accrued Expenses [not escrowed]		3,102
Prepaid Revenue		763
Tenant Security Deposits Liability		19,161
Total Current Obligations		57,599
Surplus Cash (Deficiency)	\$	18,708

Lancaster Manor II, LLC

(Lancaster Manor)

HUD Project No. SC160073048

Supplementary Data Required by HUD (continued)
December 31, 2021

Schedule of Fixed Assets Accounts-Detail

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 145,200	\$ 0	\$ 0	\$ 145,200
Buildings	4,026,279	0	0	4,026,279
Building Equipment-Portable	8,166	0	0	8,166
Furniture for Project/Tenant Use	15,109	0	0	15,109
Furnishings	90,088	0	0	90,088
Office Furniture and Equipment	15,717	0	0	15,717
Miscellaneous Fixed Assets	171,140	0	0	171,140
Total	<u>\$ 4,471,699</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>4,471,699</u>
Accumulated Depreciation	<u>\$ 1,664,034</u>	<u>\$ 120,574</u>	<u>\$ 0</u>	<u>1,784,608</u>
Net Book Value				<u>\$ 2,687,091</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Certification of Members

I hereby certify that I have examined the accompanying financial statements and supplemental data of Lancaster Manor II, LLC, (Lancaster Manor), as of December 31, 2021, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: _____

Wayne Moyer, Assistant Treasurer/Assistant Secretary
Lancaster Manor II, LLC
February 1, 2022

Employer Identification Number: 20-4892571

Lancaster Manor II, LLC

(Lancaster Manor)

Management Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplemental data of Lancaster Manor II, LLC, (Lancaster Manor), as of December 31, 2021, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: _____

Peter J. Desjardins, Assistant Secretary/Assistant Treasurer
VOA National Housing Corporation
Employer ID #: 52-0886223
February 1, 2022

Lancaster Manor II, LLC
(Lancaster Manor)
Lancaster, South Carolina

Financial Statements
and Supplemental Information

December 31, 2022

Lancaster Manor II, LLC

(Lancaster Manor)

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December 31, 2022

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Independent Auditors' Report

To the Members
Lancaster Manor II, LLC
(Lancaster Manor)

Opinion

We have audited the accompanying financial statements of Lancaster Manor II, LLC (Lancaster Manor) (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lancaster Manor as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lancaster Manor and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster Manor's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lancaster Manor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster Manor's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 21 is presented for the purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Maddox & Associates, APC

Baton Rouge, Louisiana
January 31, 2023

Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2022

ASSETS

CURRENT ASSETS

Cash-Operations	\$	33,100
Tenant Accounts Receivable		4,049
Accounts Receivable-HUD (Service Coordinator)		15,531
Cash-Service Coordinator		23,595
Prepaid Expenses		10,766
Total Current Assets		<u>87,041</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust	23,123
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow Deposits	190,381
Other Reserve	<u>512,669</u>
Total Restricted Deposits	<u>703,050</u>

ASSETS HELD FOR SALE

2,570,973

OTHER ASSETS

Utility Deposits	<u>165</u>
Total Other Assets	<u>165</u>

TOTAL ASSETS

\$ 3,384,352

Lancaster Manor II, LLC

(Lancaster Manor)

Balance Sheet
December 31, 2022

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Accounts Payable-Operations	\$ 23,684
Accrued Wages Payable	5,884
Accrued Payroll Taxes Payable	1,329
Accrued Management Fee Payable	3,102
Accrued Interest Payable-First Mortgage	4,884
Accrued Interest Payable-Other Loans and Notes (Surplus Cash)	125,210
Accrued Property Taxes	53,562
Mortgage Payable-First Mortgage (less debt issuance costs \$19,867)	794,168
Other Loans and Notes Payable, Surplus Cash (short-term)	806,839
Earnest Funds Due to Purchaser	100,000
Prepaid Revenue	1,363
Total Current Liabilities	<u>1,920,025</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust (contra)	<u>20,982</u>
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Total Liabilities	1,941,007
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MEMBERS' CAPITAL

<u>1,443,345</u>

TOTAL LIABILITIES AND MEMBERS' CAPITAL

<u><u>\$ 3,384,352</u></u>

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Operations
For the Year Ended December 31, 2022

REVENUES:

Rent	\$ 629,193
Service Coordinator Revenue	66,512
Financial	942
Other	<u>4,071</u>
Total Revenue	700,718

EXPENSES:

Administrative	136,908
Utilities	62,279
Operating and Maintenance	143,455
Taxes and Insurance	126,313
Financial	104,437
Service Coordinator Expenses	72,348
Entity Expenses	7,564
Depreciation	<u>116,118</u>
Total Expenses	<u>769,422</u>

NET LOSS

\$ (68,704)

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Changes in Members' Capital
For the Year Ended December 31, 2022

	<u>Managing Member</u>	<u>Exiting Investor Member</u>	<u>Entering Investor Member</u>	<u>Total</u>
Members' Capital, December 31, 2021	\$ 153	\$ 1,511,896	\$ 0	\$ 1,512,049
Net Loss	(7)	(65,309)	(3,388)	(68,704)
Transfer of Interest	<u>0</u>	<u>(1,446,587)</u>	<u>1,446,587</u>	<u>0</u>
Members' Capital, December 31, 2022	<u>\$ 146</u>	<u>\$ 0</u>	<u>\$ 1,443,199</u>	<u>\$ 1,443,345</u>

See accompanying notes to the financial statements.

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental Receipts	\$ 626,158
Interest Receipts	942
Other Receipts	66,233
Total Receipts	<u>693,333</u>
Administrative	(45,488)
Management Fees	(37,224)
Utilities	(60,240)
Salaries and Wages	(87,795)
Operating and Maintenance	(113,464)
Real Estate Taxes	(52,853)
Property Insurance	(37,117)
Miscellaneous Taxes and Insurance	(35,118)
Tenant Security Deposits	1,821
Other Operating Expenses	(51,388)
Interest on Mortgage	(59,709)
Interest on Notes Payable	(11,144)
Miscellaneous Financial Expenses	(3,250)
Entity/Construction Disbursements	(7,564)
Total Disbursements	<u>(600,533)</u>
Net Cash Provided by Operating Activities	92,800

CASH FLOWS FROM INVESTING ACTIVITIES:

Earnest Funds Received from Purchaser	<u>100,000</u>
Net Cash Provided by Investing Activities	100,000

CASH FLOWS FROM FINANCING ACTIVITIES:

Mortgage Principal Payments	<u>(27,855)</u>
Net Cash Used in Financing Activities	<u>(27,855)</u>

Change in Cash, Cash Equivalents, and Restricted Cash	164,945
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CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Beginning of Period	<u>617,923</u>
End of period	<u><u>\$ 782,868</u></u>

(continued)

See accompanying notes to the financial statements.

Lancaster Manor II, LLC

(Lancaster Manor)

Statement of Cash Flows (continued)
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$ (68,704)
Adjustments to Reconcile Net Loss to	
Net Cash Provided by Operating Activities	
Depreciation Expense	116,118
Amortization of Debt Issuance Costs	1,303
Decrease (Increase) in:	
Tenant Accounts Receivable	(3,588)
Accounts Receivable-Other	14,948
Prepaid Expenses	(813)
Increase (Decrease) in:	
Accounts Payable	(5,838)
Accrued Liabilities	7,922
Accrued Interest Payable	29,031
Tenants Security Deposits Held in Trust	1,821
Prepaid Revenue	600
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 92,800</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements
December 31, 2022

1. Organization and Summary of Significant Accounting Policies

The Company is organized as a limited liability company under the laws of the State of South Carolina for the purpose of owning and operating an apartment complex. The company consists of 66 units located in Lancaster, South Carolina.

The Company also is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Company's rental income is received from HUD. Under the agreement, the Company may not increase rents charged to tenants without HUD approval. The Company is also subject to a Use Agreement which requires the low-income character of the property be maintained through December 2055.

Effective December 14, 2022, Enterprise Housing Alliance Fund, L.P., the investor member, assigned its entire investor member interest to VOANS Preservation and Development Holding Corporation, an affiliate of the managing member.

The resulting ownership of the Company is as follows:

<u>Managing Member:</u>	
VOA Lancaster Manor Inc.	0.01%
<u>Investor Member:</u>	
VOANS Preservation & Development Holding Corporation	99.99%

Allocations of cash distributions, capital transactions, and net income and losses are made in accordance with the Operating Agreement. Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

The Company has qualified for and been allocated low-income housing credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. The Company must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

In addition, the Company has executed an Agreement of Restrictive Covenants with the South Carolina State Housing Finance and Development Authority, which requires the utilization of the project pursuant to Section 42 for a minimum of thirty years beginning the first year of the credit period, as defined, even if disposition of the project by the Company occurs.

On December 20, 2022, Lancaster Manor II, LLC entered into a Purchase and Sale Agreement (the "Agreement") to sell Lancaster Manor for \$4,550,000. The sale includes only the fixed assets. The closing date is estimated to be 150 days after execution of the Agreement and has yet to be determined but is expected to be within the next year. The estimated gain on the sale is \$1,979,027.

As part of the Agreement, the Purchaser is required to deposit \$100,000 within three days of execution of the Agreement into escrow with Fidelity National Title Insurance Company. In the event that the Purchaser terminates this agreement, \$33,300 of the escrowed deposit is non-refundable. The remaining \$66,700 of escrow deposit and all accrued interest shall remain fully refundable to the Purchaser. The deposit and all accrued interest shall be payable to Seller and credited to the purchase price at closing. The deposit is included on the Balance Sheet with escrow deposits and the current liability due to purchaser is shown as a short-term liability.

Based on the sale, fixed assets are classified as "Assets Held for Sale" on the Balance Sheet.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting which is in accordance with generally accepted accounting principles.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including January 31, 2023, which is the date the financial statements were issued.

Revenue Recognition: The Company's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The Company records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 Housing Assistance Payments Contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference from the calculated subsidy and the contract rent is paid by the HUD. The current contract expires on October 31, 2025.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Company believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Company on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet, and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Cash, Cash Equivalents, and Restricted Cash: For the purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Concentration of Credit Risk: The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Allowance for Uncollectible Receivables: Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

Depreciation: The Company's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided by the straight-line method over the estimated useful life of the asset.

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Fixtures, and Equipment	5-10 years

Impairment of Long-Lived Assets: The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There is no impairment loss recognized for the period ending December 31, 2022.

Debt Issuance Costs: Debt issuance costs of \$39,084 are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Estimated amortization expense for the permanent loans for the next five years is expected to be \$1,303. Debt issuance costs are presented as a direct deduction to the related note payable. Debt issuance costs amortization is reported as a component of interest expense.

Tax Credit Fees: Tax credit fees are amortized by the straight-line method over the tax credit compliance period. As of December 31, 2022, tax credit fees are fully amortized.

Other Liabilities: Accrued expenses for compensated absences, vacations, and sick pay are not shown due to the fact that amount of the liability cannot be reasonably estimated. It is the Company's policy to expense these items when they are incurred.

Interest Expense: The Company has expensed all interest and none has been capitalized.

Income Taxes: Under the provisions of the Internal Revenue Code, the Company is not a taxable entity and, accordingly the net loss of the Company is included in the income tax returns of the members. The Company files tax returns in the U.S. federal jurisdiction and the state of South Carolina. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. There are no interest and penalties related to income taxes recognized in the statement of operations. The Company has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

The Company has not elected out of the centralized partnership audit regime under the Bipartisan Budget Act of 2015 (BBA). Under the BBA, the IRS generally assesses and collects any understatement of tax (called an imputed underpayment) at the partnership level. The Company may request to modify the imputed underpayment and may elect to pushout the adjustments underlying the imputed underpayment instead of paying. The Company does not owe any imputed underpayments.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic Concentrations: The Company's primary asset is its 66-unit apartment project. The Company's operations are concentrated in the multifamily housing real estate market. In addition, the Company operates in a regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

2. Mortgage Payable

The mortgage note, insured by the Federal Housing Administration, is payable over 40 years in monthly installments, including principal and interest of \$7,297 at 7.2%. All interest is charged to expense. This note is secured by a mortgage on the real estate and improvements thereon. The maturity date is May 1, 2026

As part of the sales agreement described in Note 1, the mortgage principal will be paid in full. The aggregate principal balance is shown as current liabilities on the balance sheet.

3. Related Party-Identity of Interest

Related Party: VOA National Housing Corporation
Relationship: Affiliate of the Managing Member
Management, Payroll, Accounting, Reimbursable Expenses, and Service
Transactions: Coordinator
Amount paid for services: \$233,692
Amount payable at December 31, 2022: \$3,617

Related Party: VOA National Services
Relationship: Affiliate of the Managing Member
Transactions: Reimbursable Expenses and Service Coordinator
Amount paid for services: \$4,566
Amount payable at December 31, 2022: \$167

On June 6, 2006, Lancaster Manor, LLC, an affiliate of the managing member, entered into a loan agreement with the Company in the amount of \$907,251. The note is secured by a second mortgage on the rental property. Interest on the note accrues at a rate of 5.0% per annum on the unpaid principal balance. Annual payments of principal and interest are due on June 5 of each year, provided that net cash flow, as defined, is available after payments of an Investor Member obligations, Investor Service Fee, and the Property Development Fee, as defined in the First Amended and Restated Operating Agreement. The note matures on June 5, 2036.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

3. Related Party-Identity of Interest (continued)

During 2022, the interest incurred on the note was \$40,342 and the Company paid \$11,144 towards the accrued interest. No payments were made towards principal on the note. As of December 31, 2022, accrued interest on the note was \$125,210. At December 31, 2022, the outstanding principal balance on the note was \$806,839.

4. Management Fee

The Company has contracted with VOA National Housing Corporation to provide management services. The charges for these services are based upon a management agreement. The charges are 6.70% of collected rental income not to exceed \$43 per unit, per month. For the period ended December 31, 2022, management fees charged amounted to \$34,056. The Company is also charged Better Buildings Challenge management add-on fees. The charges are \$4 per unit, per month. For the period ended December 31, 2022, Better Buildings Challenge management fees charged amounted to \$3,168. The balance owed VOA National Housing Corporation at December 31, 2022 is \$3,102.

5. Restricted Funds

Under the Operating Agreement, the Company is required to establish and maintain a replacement reserve in the initial amount of \$39,600. The replacement reserve is to be used for the purpose of funding future capital repairs and improvements. The required monthly deposit to the replacement reserve is \$300 per unit per year beginning in 2007 and shall increase by 3% annually thereafter. The Company may not utilize the replacement reserve for any capital expenditure which causes total withdrawals from the replacement reserve during any calendar year to exceed \$5,000 unless the Company has obtained the consent of the Investor Member. As of December 31, 2022, the balance of the replacement reserve is \$355,369. The replacement reserve is included in other reserve on the balance sheet.

Under the Operating Agreement, the Company is required to establish and maintain an operating reserve in the initial amount of \$25,000 from the first capital contribution installment made by the investor member. An additional deposit of \$122,970 is to be funded from the fourth capital contribution installment of the investor member. The operating reserve may be used to fund operating deficits under the operating deficit guaranty after the Stabilization Date, as defined in the Amended and Restated Operating Agreement. The reserve requires approval by an affiliate of the investor member before withdrawals can be made. As of December 31, 2022, the balance of the operating reserve is \$157,300. The operating reserve is included in other reserve on the balance sheet.

There is a Multifamily Service Coordinator grant agreement with HUD. The funds are accounted for in a restricted account.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

6. Cash, Cash Equivalents, and Restricted Cash

In accordance with Accounting Standards Update (ASU) 2016-18, "Restricted Cash", the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet to the amounts presented in the statement of cash flows:

	Beginning of Period	End of Period
Cash-Operations	\$ 24,338	\$ 33,100
Cash-Service Coordinator	4,297	23,595
Tenant Security Deposits Held in Trust	21,490	23,123
Escrow Deposits	87,844	190,381
Other Reserve	479,954	512,669
	<u>\$ 617,923</u>	<u>\$ 782,868</u>

7. Entity Expenses

The Company is required to pay a cumulative annual investor services fee of \$5,000, which amount shall be increased by 3% per year, to an affiliate of the investor member for its services in monitoring the operations of the Company. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. During the year, the company paid \$7,564 towards investor service fees. The accumulated and unpaid balance at December 31, 2022 is \$7,791.

The Company is required to pay a cumulative annual company administration fee of \$15,000, which amount shall be increased by 3% per year, to the managing member for its services with the administration of Company affairs. If cash flows are not sufficient to pay the fee, then any unpaid fees shall accumulate and shall be payable out of the next available cash flow or capital proceeds. There was no company administration fee paid for the year ended December 31, 2022. The accumulated and unpaid balance at December 31, 2022 is \$310,901.

8. Capital Contributions

The managing member is obligated to make capital contributions of \$262. The investor member is obligated to make capital contributions totaling \$2,615,508 (after upward adjuster of \$3,008) in various installments which are based on the occurrence of specific events described in the Operating Agreement. As of December 31, 2022, the investor member has made capital contributions of \$2,615,508 and the managing member has made capital contributions of \$262.

9. Guarantees

The managing member and an affiliate of the managing member are obligated to fully pay any Credit Adjuster Advances, as defined in the Amended and Restated Operating Agreement.

10. Low-Income Housing Tax Credits

The Company's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rents, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor member.

Lancaster Manor II, LLC

(Lancaster Manor)

Notes to the Financial Statements (continued)
December 31, 2022

11. Accounts Receivable from HUD

“Accounts receivable-HUD (Service Coordinator)” includes \$15,531 in service coordinator grant funds due from HUD for the period through December 31, 2022.

12. Allowable Distribution to Members

Under the Operating Agreement, net cash flow shall be distributed in the following order of priority: 1) the investor member, an amount equal to the credit deficiency, 2) the investor member, an amount sufficient to pay federal income taxes on taxable income allocated to the investor member for such fiscal year by the Company, 3) payment of the Investor Service Fee, 4) payment of the Deferred Developer Fee, 5) fund the Operating Reserve after capital contributions of the investor member have been paid up to the Operating Reserve amount, 6) the managing member, an amount to repay any Operating Deficit Reserve Contribution, Credit Adjuster Advance, Additional Advance, and Development Advances, 7) payment of the Company Administration Fee.

The remaining amounts shall be distributed within seventy-five (75) days after the close of the fiscal year to .01% to the managing member and 99.99% to the investor member.

Gross Revenue Collected	
Total Cash Receipts	\$ 712,631
	<hr/>
Total Gross Revenue Collected	712,631
Project Expenses	
Total Expenses	769,422
Plus: Mortgage Principal Payments	27,855
Required Replacement Reserve Deposits	31,773
Less: Depreciation	(116,118)
Long-Term Note Interest	(40,342)
Amortization of Debt Issuance Costs	(1,303)
	<hr/>
Total Project Expenses	671,287
	<hr/>
Cash Flow per Operating Agreement	\$ 41,344
	<hr/>

Note: The Company, with the investor member's approval, will utilize the HUD surplus cash calculation to determine the amount of surplus cash to be distributed in accordance with Note 12 above.

13. Risks and Uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Project's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

SUPPLEMENTAL INFORMATION

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Information Required by HUD
December 31, 2022

Financial Statement Data:

Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash-Operations	33,100
1130	Tenant Accounts Receivable	4,049
1190-020	Cash-Service Coordinator	23,595
1190-020	Accounts Receivable-HUD (Service Coordinator)	15,531
1190	Miscellaneous Current Assets	39,126
1200	Prepaid Expenses	10,766
1100T	Total Current Assets	87,041
1191	Tenant Security Deposits Held in Trust	23,123
1310	Escrow Deposits	190,381
1330	Other Reserve	512,669
1300T	Total Deposits	703,050
1410	Land	145,200
1420	Buildings	4,026,279
1440	Building Equipment-Portable	8,166
1450	Furniture for Project/Tenant Use	15,109
1460	Furnishings	90,088
1465	Office Furniture and Equipment	15,717
1490	Miscellaneous Fixed Assets	171,140
1400T	Total Fixed Assets	4,471,699
1495	Less Accumulated Depreciation	1,900,726
1400N	Net Fixed Assets	2,570,973
1590-020	Utility Deposits	165
1590	Miscellaneous Other Assets	165
1500T	Total Other Assets	165
1000T	Total Assets	3,384,352
Liabilities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts Payable-Operations	23,684
2120	Accrued Wages Payable	5,884
2121	Accrued Payroll Taxes Payable	1,329
2123	Accrued Management Fee Payable	3,102
2131	Accrued Interest Payable-First Mortgage	4,884
2133	Accrued Interest Payable-Other Loans and Notes (Surplus Cash)	125,210
2150	Accrued Property Taxes	53,562
2170	Mortgage Payable-First Mortgage (short-term)	814,035
2173	Other Loans and Notes Payable, Surplus Cash (short-term)	806,839
2190-020	Earnest Funds Due to Purchaser	100,000
2190	Miscellaneous Current Liabilities	100,000
2210	Prepaid Revenue	1,363
2122T	Total Current Liabilities	1,939,892
2191	Tenant Security Deposits Held in Trust (contra)	20,982
2340	Debt Issuance Costs	(19,867)
2300T	Total Long-Term Liabilities	(19,867)

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Data Required by HUD (continued)
December 31, 2022

2000T	Total Liabilities	1,941,007
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Equity Data		
<u>Account</u>	<u>Description</u>	<u>Value</u>
3130	Total Equity	1,443,345
2033T	Total Liabilities and Equity	3,384,352

Rent Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	261,865
5121	Tenant Assistance Payments	379,583
5100T	Total Rent Revenue	641,448

Vacancies		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	12,255
5200T	Total Vacancies	12,255
5152N	Net Rental Revenue	629,193

5300 Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5300	Other Elderly Care Revenue-Service Coordinator	66,512

Financial Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5490-020	Revenue from Investments-Other Reserve Interest	942
5490	Revenue from Investments-Miscellaneous	942
5400T	Total Financial Revenue	942

Other Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	2,010
5920	Tenant Charges	2,061
5900T	Total Other Revenue	4,071
5000T	Total Revenue	700,718

Administrative Expenses		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	1,086
6204	Management Consultants	8,992
6210	Advertising and Marketing	200
6311	Office Expense	15,500
6320	Management Fee	37,224
6330	Manager or Superintendent Salaries	51,220
6350	Audit Expense	11,951
6351	Bookkeeping Fees/Accounting Services	6,178
6370	Bad Debts	47
6390	Miscellaneous Administrative Expenses	4,510
6263T	Total Administrative Expenses	136,908

Utilities Expense		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6450	Electricity	49,348
6451	Water	6,043

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Data Required by HUD (continued)
December 31, 2022

6453	Sewer	6,888
6400T	Total Utilities Expense	62,279

Operating & Maintenance Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	40,054
6515	Supplies	14,411
6520	Contracts	66,942
6525	Garbage and Trash Removal	2,605
6530	Security Payroll/Contract	7,776
6546	Heating/Cooling Repairs and Maintenance	10,324
6548	Snow Removal	197
6590	Miscellaneous Operating and Maintenance Expense	1,146
6500T	Total Operating and Maintenance Expenses	143,455

Taxes & Insurance

<u>Account</u>	<u>Description</u>	<u>Value</u>
6710	Real Estate Taxes	53,562
6711	Payroll Taxes	6,529
6720	Property and Liability Insurance	36,304
6722	Workmen's Compensation	2,733
6723	Health Insurance and Other Employee Benefits	25,107
6790	Miscellaneous Taxes, Licenses, Permits, and Insurance	2,078
6700T	Total Taxes and Insurance	126,313

Financial Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6820	Interest on Mortgage (or Bonds) Payable	60,845
6830	Interest on Notes Payable (long term)	40,342
6890	Miscellaneous financial expense	3,250
6800T	Total Financial Expenses	104,437

6900 Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6900	Other Elderly Care Expenses-Service Coordinator	72,348

Operating Results

<u>Account</u>	<u>Description</u>	<u>Value</u>
6000T	Total Cost of Operations Before Depreciation and Amortization	645,740
5060T	Profit (Loss) Before Depreciation and Amortization	54,978
6600	Depreciation Expenses	116,118
5060N	Operating Profit or (Loss)	(61,140)

Corporate or Mortgagor Revenue/Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
7190-020	Investor Service Fee	7,564
7190	Other Expenses	7,564
7100T	Net Entity Revenue/Expenses	7,564

Profit or Loss

<u>Account</u>	<u>Description</u>	<u>Value</u>
3250	Profit or Loss (Net Income or Loss)	(68,704)

Part II

<u>Account</u>	<u>Description</u>	<u>Value</u>
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Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Data Required by HUD (continued)
December 31, 2022

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans and HUD-held and HUD-insured first mortgages.	27,855
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	0
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	0
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy program that are included as expense items on this Profit and Loss statement.	0

Equity Data-Entities Other Than Corporations

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1100-010	Beginning of Year Balance	1,512,049
3250	Net Income or Loss	(68,704)
3130	End of Year-3130	1,443,345

Cash Flow from Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-010	Rental Receipts	626,158
S1200-020	Interest Receipts	942
S1200-030	Other Receipts	66,233
S1200-040	Total Receipts	693,333
S1200-050	Administrative	(45,488)
S1200-070	Management Fees	(37,224)
S1200-090	Utilities	(60,240)
S1200-100	Salaries and Wages	(87,795)
S1200-110	Operating and Maintenance	(113,464)
S1200-120	Real Estate Taxes	(52,853)
S1200-140	Property Insurance	(37,117)
S1200-150	Miscellaneous Taxes and Insurance	(35,118)
S1200-160	Tenant Security Deposits	188
S1200-170	Other Operating Expenses	(70,686)
S1200-180	Interest on Mortgage	(59,709)
S1200-190	Interest on Notes Payable	(11,144)
S1200-220	Miscellaneous Financial Expenses	(3,250)
S1200-227	Payment of Investor Service Fee	(7,564)
S1200-225	Entity/Construction Disbursements	(7,564)
S1200-230	Total Disbursements	(621,464)
S1200-240	Net Cash Provided by (Used in) Operating Activities	71,869

Cash Flow from Investing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-245	Net Deposits to the Mortgage Escrow Account	(102,537)
S1200-255	Net Deposits to the Other Reserve Account	(32,715)
S1200-342	Earnest Funds Received from Purchaser	100,000
S1200-340	Other Investing Activities	100,000
S1200-350	Net Cash Provided by (Used in) Investing Activities	(35,252)

Cash Flow from Financing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-360	Principal Payments-First Mortgage (or Bonds)	(27,855)
S1200-460	Net Cash Provided by (Used in) Financing Activities	(27,855)

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Data Required by HUD (continued)
December 31, 2022

S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	8,762
Cash and Cash Equivalents		
<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	24,338
S1200T	End of Period	33,100
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in)		
Operating Activities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
3250	Net Income or Loss	(68,704)
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by		
(Used in) Operating Activities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6600	Depreciation Expense	116,118
S1200-486	Amortization of Debt Issuance Costs	1,303
S1200-490	Decrease (Increase) in Tenant Accounts Receivable	(3,588)
S1200-500	Decrease (Increase) in Accounts Receivable-Other	14,948
S1200-520	Decrease (Increase) in Prepaid Expenses	(813)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	(1,633)
S1200-540	Increase (Decrease) in Accounts Payable	(5,838)
S1200-560	Increase (Decrease) in Accrued Liabilities	7,922
S1200-570	Increase (Decrease) in Accrued Interest Payable	29,031
S1200-580	Increase (Decrease) in Tenants Security Deposits Held in Trust	1,821
S1200-590	Increase (Decrease) in Prepaid Revenue	600
S1200-602	Service Coordinator Cash	(19,298)
S1200-600	Other Adjustments	(19,298)
Net Cash Provided by (Used in) Operating Activities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-610	Net Cash Provided by (Used in) Operating Activities	71,869

Computation of Surplus Cash, Distributions, and Residual Receipts-Annual

Cash	<u>\$ 56,223</u>
Total Cash	56,223
Accrued Mortgage Interest Payable	4,884
Accounts Payable-30 Days	23,684
Accrued Expenses [not escrowed]	10,315
Prepaid Revenue	1,363
Tenant Security Deposits Liability	<u>20,982</u>
Total Current Obligations	<u>61,228</u>
Surplus Cash (Deficiency)	<u><u>\$ (5,005)</u></u>

Lancaster Manor II, LLC

(Lancaster Manor)

Supplementary Data Required by HUD (continued)
December 31, 2022

Schedule of Fixed Assets Accounts-Detail

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 145,200	\$ 0	\$ 0	\$ 145,200
Buildings	4,026,279	0	0	4,026,279
Building Equipment-Portable	8,166	0	0	8,166
Furniture for Project/Tenant Use	15,109	0	0	15,109
Furnishings	90,088	0	0	90,088
Office Furniture and Equipment	15,717	0	0	15,717
Miscellaneous Fixed Assets	171,140	0	0	171,140
Total	<u>\$ 4,471,699</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>4,471,699</u>
Accumulated Depreciation	<u>\$ 1,784,608</u>	<u>\$ 116,118</u>	<u>\$ 0</u>	<u>1,900,726</u>
Net Book Value				<u>\$ 2,570,973</u>

Lancaster Manor II, LLC

(Lancaster Manor)

Certification of Members

I hereby certify that I have examined the accompanying financial statements and supplemental data of Lancaster Manor II, LLC, (Lancaster Manor), as of December 31, 2022, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: _____

Peter J. Desjardins, Assistant Treasurer/Assistant Secretary
Lancaster Manor II, LLC
January 31, 2023

Lancaster Manor II, LLC

(Lancaster Manor)

Management Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplemental data of Lancaster Manor II, LLC, (Lancaster Manor), as of December 31, 2022, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: _____

Peter J. Desjardins, Assistant Secretary/Assistant Treasurer
VOA National Housing Corporation
Employer ID #: 52-0886223
January 31, 2023

ADDENDUM F

Floor Plans

cover



1

ADDENDUM G
Purchase and Sale Agreement, LURA, Etc.
(As Applicable)

NOTIFICATION OF SECTION 8 CONTRACT RENTS AND FUNDING

FOR (Check one) ☐ Initial Renewal ☐ Subsequent Renewal ☒ Amend Rent/BA Only

Section 8 Contract No.: SC16-0073-048 Expires on: 10/31/2023

Owner Name: Lancaster Manor 2022 LLC

Project Name: Lancaster Manor

Project Location: 201 Chesterfield Ave., Lancaster, SC 29720-3500

FHA Project No.: N/A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

Rent Effective Date: 11/1/2023

No. of Units	No. of Bedrooms	Contract Rents	Utility Allowance	Gross Rents
60	1 BR	\$823	\$0	\$823
6	2 BR	\$1,000	\$0	\$1,000

BUDGET AUTHORITY INCREASE: \$0 BA

Contract/Renewal Effective Date: 11/1/2023 Expiration Date: 10/31/2025

For HUD Use Only:

Notice to Owner executed by:

S.C. State Housing Finance and Development Authority/Contract Administrator

By:

Bonnie M. Roberts

Director of Contract Administration

Date: 10/24/2023

OMB Approval No. 2502-0012
(exp. 11/30/2020)

Project Name	FHA Project Number	Date Rents Will Be Effective (mm/dd/yyyy)
Lancaster Manor		11/01/2023

Col. 1 Unit Type (Include Non-revenue Producing Units)	Col. 2 Number of Units	Contract Rents		Col. 5 Utility Allowances (Effective Date (mm/dd/yyyy) ____ / ____ / ____)	Col. 6 Gross Rent (Col. 3 + Col. 5)	Market Rents (Sec. 236 Projects Only)	
		Col. 3 Rent Per Unit	Col. 4 Monthly Contract Rent Potential (Col. 2 x Col. 3)			Col. 7 Rent Per Unit	Col. 8 Monthly Market Rent Potential (Col. 2 x Col. 7)
1 Bedroom	60	869	52,140		869		0
2 Bedroom	6	1,000	6,000		1,000		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
Total Units 66		Monthly Contract Rent Potential (Add Col. 4)* \$58,140				Monthly Market Rent Potential (Add Col. 8)* \$0	
		Yearly Contract Rent Potential (Col. 4 Sum x 12)* \$697,680				Yearly Market Rent Potential (Col. 8 Sum x 12)* \$0	

Part B – Items Included in Rent			Part D – Non-Revenue Producing Space			
Equipment/Furnishings in Unit (Check those included in rent.)			Col. 1 Use		Col. 2 Unit Type	Col. 3 Contract Rent
<input checked="" type="checkbox"/> Range	<input type="checkbox"/> Dishwasher	<input checked="" type="checkbox"/> Ceiling Fans				
<input checked="" type="checkbox"/> Refrigerator	<input type="checkbox"/> Carpet	<input type="checkbox"/>				
<input checked="" type="checkbox"/> Air Conditioner	<input type="checkbox"/> Drapes	<input type="checkbox"/>				
<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Blinds	<input type="checkbox"/>				
Utilities (Check those included in rent. For each item, (even those not included in rent), enter E, F, or G on line beside that item) E=electric; G=gas; F=fuel oil or coal.						
<input checked="" type="checkbox"/> Heating E	<input checked="" type="checkbox"/> Hot Water E	<input checked="" type="checkbox"/> Lights, etc. E	Total Rent Loss Due to Non-Revenue Units		\$ 0	
<input checked="" type="checkbox"/> Cooling E	<input checked="" type="checkbox"/> Cooking E	<input checked="" type="checkbox"/> Water/Sewer	Part E – Commercial Space (retail, offices, garages, etc.)			
Services/Facilities (check those included in rent)			Col. 1 Use	Col. 2 Monthly Rent Potential	Col. 3 Square Footage	Col. 4 Rental Rate Per Sq. Ft. (Col. 2 divided by Col. 3)
<input checked="" type="checkbox"/> Parking	<input checked="" type="checkbox"/> Comm Room	<input type="checkbox"/> Nursing Care				
<input checked="" type="checkbox"/> Laundry	<input checked="" type="checkbox"/> Computer Lab	<input type="checkbox"/> Linen/Maid Service				
<input type="checkbox"/> Swimming Pool	<input checked="" type="checkbox"/> Serv. Coord.	<input checked="" type="checkbox"/> 24 hr. Maintenance				
<input type="checkbox"/> Tennis Courts	<input checked="" type="checkbox"/> Smoking Hut	<input type="checkbox"/>				
Part C – Charges in Addition to Rent (e.g., parking, cable TV, meals)						
Purpose	Monthly Charge					
	\$					
	\$					
	\$					
	\$					
	\$					
	\$ 0.00					
			Part F – Maximum Allowable Rent Potential			
			Enter Maximum Allowable Monthly Rent Potential From Rent Computation			
			\$ 58,140			
			Worksheet (to be completed by HUD or lender)			

Part G – Information on Mortgagor Entity

Name of Entity

Lancaster Manor 2022 L.L.C.

Type of Entity

☐ Individual ☐ General Partnership ☐ Joint Tenancy/Tenants in Common ☒ Other (specify)
☐ Corporation ☐ Limited Partnership ☐ Trust

Limited Liability Company

List all Principals Comprising Mortgagor Entity: provide name and title of each principal. Use extra sheets, if needed. If mortgagor is a:

- corporation, list: (1) all officers; (2) all directors; and (3) each stockholder having a 10% or more interest.
- partnership, list: (1) all general partners; and (2) limited partners having a 25% or more interest in the partnership.
- trust, list: (1) all managers, directors or trustees and (2) each beneficiary having at least a 10% beneficial interest in the trust.

Name and Title

MCFAH South Carolina L.L.C.

Managing Member

Name and Title

ACD Partners XLIV L.L.C.

Member

Name and Title

William C. Rennolds

Member

Name and Title

Name and Title

Name and Title

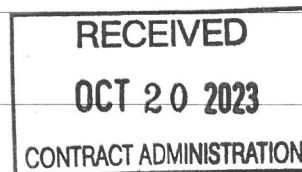
Name and Title

Name and Title

Name and Title

Name and Title

Name and Title

**Part H – Owner Certification**

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

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

Name and Title

Mark Tuckfield, Asset Manager for American Community
Developers, Inc., Manager of MCFAH South Carolina L.L.C.,
Managing Member

Authorized Official's Signature

Date (mm/dd/yyyy)
10/19/2023

Part I – HUD/Lender Approval

Addendum Number

Branch Chief/Lender Official Signature

HAP Contract Number

SC16-0073-048

Date (mm/dd/yyyy)
10-24-2023

Exhibit Number

Director, Housing Management Division Signature

Loan Servicer Signature

Date (mm/dd/yyyy)

10-24-2023

Date (mm/dd/yyyy)

Previous editions are obsolete

REAL ESTATE PURCHASE AGREEMENT
Lancaster Manor, Lancaster, SC

This REAL ESTATE PURCHASE AGREEMENT (“Agreement”) is made by and between Lancaster Manor II, LLC, a South Carolina limited liability company (“**Seller**”), and Lancaster Manor 2022 L.L.C., a Michigan limited liability company (“**Purchaser**”).

1. Purchase and Sale. Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase from Seller, upon the terms and conditions set forth herein, all of Seller’s right, title and interest in and to a parcel of real estate and improvements and fixtures thereon commonly known as Lancaster Manor, located at 201 Chesterfield Avenue in the City of Lancaster, Lancaster County, South Carolina, and as more fully described in the attached **Exhibit A** and all personal property, and assignable contracts approved by Purchaser (collectively “the **Property**”).

2. Closing Date. Purchaser will close on the purchase of the Property under the terms of this Agreement (the “**Closing**”) upon the later of (i) five (5) days after the first day allowed by the HUD Approval, as defined herein, or (ii) on or before the day which is one hundred twenty (120) days after the Effective Date (the “**Closing Date**”; however, in no event shall the Closing Date extend beyond the day which is one hundred fifty (150) days after the Effective Date (the “**Closing Date Extension**”) unless otherwise extended pursuant to this Agreement.

3. Purchase Price

(a) Purchase Price; Earnest Money Deposit. The Purchase Price for the Property is Four Million Five Hundred Fifty Thousand and 00/100 Dollars (\$4,550,000.00) cash. The Purchaser shall put an earnest money deposit of One Hundred Thousand and 00/100 Dollars (\$100,000.00) into escrow with Fidelity National Title Insurance Company (the “**Title Company**”) within three (3) business days after the execution hereof (the “**Deposit**”). The Title Company shall hold such funds in an interest-bearing account for the benefit of Purchaser with such Deposit and accrued interest to be held until released to Seller or Purchaser, as applicable, under the terms of this Agreement. If Purchaser shall fail to deliver the Deposit within the time period required herein, Seller may at any time thereafter prior to delivery of the Deposit, terminate this Agreement, in which case this Agreement shall be null and void ab initio and thereafter neither party shall have any further rights, liabilities or obligations to the other hereunder, except as otherwise expressly set forth in this Agreement. Upon execution of this Agreement and delivery of the Deposit, then Thirty-Three Thousand Three Hundred and 00/100 Dollars (\$33,300.00) of the escrowed Deposit shall be deemed non-refundable to Purchaser, subject to the terms of this Agreement. The other Sixty-Six Thousand Seven Hundred and 00/100 Dollars (\$66,700.00) that comprises the escrowed Deposit shall remain fully refundable to Purchaser except as set forth herein. Prior to Closing, Purchaser may provide notice to Seller and Title Company of Purchaser’s termination of this Agreement upon which notice the non-refundable \$33,300.00 of the escrowed Deposit shall be disbursed to Seller and the remaining \$66,700.00 of the escrowed Deposit and all accrued interest shall be released to Purchaser, and this Agreement shall thereafter have no further force or effect, except for such terms and obligations that survive termination under the terms of

this Agreement. . Notwithstanding the foregoing provisions to the contrary, the entire Deposit and all accrued interest shall be disbursed to Seller following Purchaser's default under this Agreement. Notwithstanding the foregoing provisions to the contrary, the entire Deposit and all accrued interest shall be fully refundable to Purchaser upon the event of the following: (a) Seller's default under this Agreement; or (b) title and/or encumbrances to the Property are found to be unsatisfactory to Purchaser; or (c) environmental conditions of the Property are found to be unsatisfactory to Purchaser. The Deposit and all accrued interest shall be payable to Seller and credited to the Purchase Price at Closing.

(b) Reserves. Unless otherwise required by HUD, the Seller shall retain all reserves.

4. Documentation from Seller and Due Diligence by Purchaser.

(a) Documentation Required from Seller. Within five (5) days after the Effective Date of this Agreement, Seller shall provide Purchaser with the following documents that are in its possession or control (collectively the "**Documentation**"):

(i) Financial Information. Financial documents and information related to the operation of the Property including, but not limited to the following: most recent three (3) years of audited financial statements, monthly and year-to-date financial statements, a report of historical insurance losses for the five (5) years prior to the Effective Date, most current rent roll certified by the property manager, and most current real estate tax assessments.

(ii) Physical Condition. If available, all documents and reports regarding the physical condition of the Property, including by way of illustration but not limited to the following: surveys, site plans, building plans, grading plans, geological and soil studies, environmental studies, contracts and reports by persons performing any physical work, sampling or testing on the Property. Seller will complete any environmental questionnaire that may reasonably be required to the best of its knowledge without independent investigation.

(iii) Instruments affecting the Property. All current tenant leases, agreements, contracts, warranties, and reports regarding the Property and Seller's ownership of the Property including, but not limited to, the current Housing Assistance Payments Contract (the "**HAP Contract**") with the U.S. Department of Housing and Urban Development ("**HUD**") and any correspondence related to the administration and/or renewal of the HAP Contract on the Property which may have occurred in the six (6) months prior to the Effective Date, and information regarding tax abatement(s) affecting the property, if any.

(b) Title. Within ten (10) days after the Effective Date, Seller shall cause a title insurance commitment for an owner's policy of title insurance by the Title Company to be delivered to Purchaser in the amount of the Purchase Price by the Title Company along with

complete and legible copies of recorded encumbrances identified on the title insurance commitment (the “**Commitment**”). If Purchaser provides written notice to Seller prior to expiration of the Contingency Period that title to the Property is not in the condition required by Purchaser due to any title defect (each a “**Title Defect**” and collectively the “**Title Defects**”), then Seller shall have ten (10) days from the date of Seller’s receipt of Purchaser’s notice to cure such defects to Purchaser’s satisfaction, and if Seller is unable or unwilling to cure such Title Defects within such ten (10) day period, Purchaser shall have the option to either (a) waive the Title Defects and proceed with the transaction, in which event any such Title Defects shall be deemed Permitted Encumbrances (as hereinafter defined), without any reduction in the Purchase Price; or (b) terminate this Agreement by written notice thereof to Seller, in which event no party hereto shall have any further liability or obligation hereunder except that the entire Deposit and accrued interest shall be immediately returned to Purchaser. Notwithstanding the foregoing, any liens or encumbrances of an ascertainable amount shall be discharged by Seller on or before the Closing Date and if Seller fails to do so, and Purchaser elects to proceed with the Closing, Purchaser may deduct the ascertainable amount of any such monetary liens or encumbrances from that portion of the Purchase Price due at the Closing. Any matters shown on the Commitment which are not objected to by Purchaser prior to expiration of the Contingency Period or which are waived or are deemed waived by Purchaser shall be deemed “**Permitted Encumbrances**” for the purposes of this Agreement.

(c) Contingency Period. Purchaser and its agents shall have sixty (60) days from and after the delivery by Seller to Purchaser of the Documentation and Commitment (the “**Contingency Period**”) in which to enter the Property to undertake, at Purchaser’s sole cost and expense, site, engineering, appraisal, surveys, soil tests, environmental and such other inspection analyses and studies of the Property as Purchaser may desire (including soil borings and core sampling). Purchaser shall undertake to order a Phase I environmental study of the Property upon execution of this Agreement. If during the Contingency Period the Purchaser determines that, in its sole discretion, the Property or its condition does not meet its expectations (including but not limited to conditions of title and/or environmental contamination concerns), then upon written notice from Purchaser to Seller prior to expiration of the Contingency Period, Seller shall have ten (10) days from the date of Seller’s receipt of Purchaser’s notice to cure such identified defects to Purchaser’s satisfaction, and if Seller is unable or unwilling to cure such defects within such ten (10) day period, Purchaser shall have the option to either (a) waive the defects and proceed with the transaction, without any reduction in the Purchase Price; or (b) terminate this Agreement by written notice thereof to Seller. During the Contingency Period and until Closing, Purchaser shall have the exclusive license and right to inspect the Property. During such time, Seller shall not discuss the sale of the Property with any other potential purchaser.

(d) HUD Approval. Purchaser shall undertake to obtain at its expense a transfer and assignment of the HAP Contract to Purchaser (the “**HUD Approval**”) as soon as possible following execution of this Agreement.

5. Conditions Precedent. The following are conditions precedent to Purchaser’s obligation to perform its obligation to purchase the Property hereunder, and the failure of any one in Purchaser’s sole discretion shall release Purchaser from any obligation hereunder, and Purchaser

shall so notify Seller, but failure to notify shall not constitute a waiver of Purchaser's rights under this section:

(a) The title, environmental and all other attributes of the Property shall be acceptable to Purchaser as necessary and sufficient to undertake all future use and development of the Property contemplated by Purchaser. If no objections are raised by the end of the Contingency Period, this condition precedent is deemed to be satisfied and the parties shall proceed to Closing.

(b) The HUD Approval shall be obtained on or before the Closing Date, or if applicable, the Closing Date Extension.

(c) There shall have been no material change in the condition of the Property between the close of the Contingency Period (or notice of satisfaction has been given by Purchaser to Seller) and the date of Closing, or the Purchaser waives this condition.

(d) Seller will not have submitted a request to HUD for a renewal of the current HAP Contract without the consent of Purchaser.

(e) Seller has received internal board approval to consummate the transaction contemplated herein.

6. Real Estate Brokerage. The Seller shall pay all fees to the broker of this transaction, Lippincott Real Estate Advisors. Each party shall indemnify and hold the other harmless from and against any amount that the other party may be required to pay on account of the engagement of a broker by the indemnifying party.

7. Seller's Representations. Seller represents and warrants to Purchaser the following facts, to the best of Seller's knowledge without independent investigation (collectively "**Seller's Representations**"). If Seller becomes aware of any fact that would be inconsistent with the foregoing Seller's Representations on or before the Closing Date, Seller shall immediately inform Purchaser or Purchaser's attorney.

(a) Title. Seller holds marketable and insurable fee simple title to the Property.

(b) Proceedings. There are no actions or proceedings pending against Seller in any court or before any administrative body or in arbitration concerning the Property.

(c) Judgments. There are no judgments or liens outstanding against Seller or against the Property, and there will be no judgments or liens outstanding at the time of closing, and all contractors or subcontractors who have done work on or materialmen who have supplied material for the Property have been paid.

(d) Leases. There are no leases outstanding with respect to the Property other than those with tenants presently in possession and disclosed in the Documentation, and such updates to the Documentation to be provided by Seller prior to Closing.

(e) Subsequent Encumbrances. Seller will not sell, convey, mortgage or otherwise encumber the Property or any portion of the Property prior to the date this Agreement is consummated or terminated as provided herein.

(f) No Other Purchase Agreements. As of the Effective Date, Seller has not entered into any other purchase agreements for the conveyance of the Property which are still in effect, nor will it enter into any other purchase agreements for the conveyance of the Property while this Agreement remains in effect.

(g) Pending Actions. There are no material causes of action or governmental complaints or charges pending or to Seller's knowledge, threatened against Seller arising out of or relating to the Property.

(h) Compliance with Law. To the best of Seller's knowledge, the Property is in compliance with building, zoning and other ordinances of the governing municipality and South Carolina statutes.

(i) Authority to Perform. The undersigned representative of Seller is duly authorized under the Seller's governing documents for Seller to bind Seller to the terms and conditions of this Agreement and to the performance obligations of Seller under this Agreement. Seller is duly organized and validly existing in good standing under the laws of the State of South Carolina, the only state in which Seller does business. Therefore, this Agreement is a valid and binding obligation of Seller enforceable against Seller in accordance with its terms. No further consent of any partner, officer, director, creditor, investor, judicial or administrative body, or governmental body or agency, or other party to such execution, delivery and performance by Seller is required except as otherwise set forth herein. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in a breach of, default under, or acceleration of, any agreement to which Seller is a party or by which Seller or the Property are bound; or (ii) violate any restriction, court order, agreement or other legal obligation to which Seller and/or the Property is subject.

(j) Environmental Matters. Other than as may be provided within the Documentation, Seller has not been informed of any environmental contamination existing on any part of the Property. To the best of Seller's knowledge, Seller has not caused any environmental contamination to the Property during its period of ownership and control. Seller shall not cause any environmental contamination at the Property from the Effective Date until Closing. This representation and warranty shall survive the Closing.

8. Disclaimer of Warranties.

(a) Purchaser warrants and acknowledges it is purchasing the property in an “as is” condition “with all faults” and without any warranties or representations as to its physical conditions, either expressed or implied, of any kind or nature whatsoever from or on behalf of Seller, or arising by operation of law, including without limitation any warranty of condition, merchantability, habitability or fitness for a particular use, or with respect to the value or profitability of the Property.

(b) Other than the Seller’s Representations, Purchaser acknowledges that it shall not be entitled to rely solely on Seller or its agents as to (i) the quality, nature, adequacy or physical condition of the Property, (ii) the quality, nature, adequacy or physical condition of soils or the existence of ground water at the Property; (iii) the quality, nature, adequacy or physical condition of any utilities serving the Property; (iv) the zoning or other legal status of the Property; or (v) the quality of any labor or material relating to the Property.

(c) Other than the Seller’s Representations, Purchaser acknowledges that Seller does not make any representation or warranty with regard to compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements, including without limitation those pertaining to the handling, generating, treating, storing or disposing of any hazardous waste or substance.

(d) Seller has no obligation to repair or correct any such facts, circumstances, conditions or defects or compensate Purchaser for same.

9. Non-Foreign Ownership. The parties acknowledge that Section 1445 of the Internal Revenue Code provides that a purchaser of a United States real property interest must withhold tax if the seller is a foreign person or entity. Seller certifies and agrees to sign at Closing a sworn affidavit (“**FIRPTA Affidavit**”) in a form acceptable to Purchaser stating that Seller is not a foreign individual, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Internal Revenue Code and income tax regulations.

10. Notices. Any notice, demand or request which may be permitted, required or desired to be given in connection herewith shall be given in writing and directed to Seller and Purchaser as follows:

Seller:	Lancaster Manor II, LLC
	Attn: Peter Desjardins
	Address: 1660 Duke Street
	Alexandria, VA 22314
	Phone: 703-341-5075
	e-mail: pdesjardins@voa.org

Copy to: Lancaster Manor II, LLC
Attn: Office of Legal Affairs
Address: 1660 Duke Street
Alexandria, VA 22314

Purchaser: Lancaster Manor 2022 L.L.C.
Attn: Gerald A. Krueger
Address: 20250 Harper Avenue
Detroit, Michigan 48225
Phone: (313) 881-8150
e-mail: jerry@acdmail.com

Notices shall be deemed properly delivered and received: (i) the same day when personally delivered; or (ii) one day after deposit with Federal Express or other commercial overnight courier; or (iii) the same day when sent by confirmed e-mail with a copy sent by Federal Express or other commercial overnight courier.

11. Closing. The purchase and sale of the Property shall be made upon the following terms and conditions, provided the Contingency Period has expired, the HUD Approval has been received, and all conditions precedent have been met:

(a) Place of Closing. The Closing shall take place at the offices of the Title Company or such other place as may be agreed by Seller and Purchaser. It shall constitute a closing in escrow with each of Seller and Purchaser providing all documents and payments to the Title Company as required hereby and the Title Company disbursing such documents and payments only at such time as all conditions precedent to Closing have been satisfied.

(b) Prorations. Rents and expenses shall be prorated for the month of Closing. Real estate taxes and other Closing adjustments shall be made in accordance with local custom. The amount of such prorations shall be initially performed at Closing but shall be subject to adjustment in cash after the Closing as and when complete and accurate information becomes available, if such information is not available at the Closing. Seller and Purchaser agree to cooperate to make such adjustments within sixty (60) days after the Closing, or as soon thereafter as may be practicable.

(c) Closing Costs. Unless otherwise identified to be an obligation of either party under the terms of this Agreement, Seller shall pay the following (i) the owner's policy premium calculated based on the Purchase Price; (ii) all real estate transfer taxes and/or document stamps, to be owing in connection with this transaction and delivery of the Deed and calculated based on the Purchase Price; (iii) the recording fees for documents needed to clear title encumbrances that Seller elects to clear under the terms of this Agreement; and (iv) any title insurance endorsement fee for such endorsements required to cure a Title Defect. Purchaser shall

pay the cost of recording the Deed and the cost of any title insurance endorsements requested by Purchaser and not otherwise required to clear any Title Defect. Purchaser shall pay the costs of recording and survey. Seller and Purchaser shall split 50/50 the closing costs charged by the Title Company in connection with the Closing. Each party shall bear the costs of its legal counsel and consultants.

(d) Possession. Possession of the Property shall be delivered by Seller to Purchaser on the Closing Date subject to the rights of existing tenants identified on the then current Rent Roll executed by Seller.

(e) Seller's Closing Obligations. On the Closing Date, Seller shall execute, deliver and/or assign the following to Purchaser:

(i) A warranty deed conveying to Purchaser marketable and insurable fee simple title to the Property (the “Deed”) in form and substance reasonably required by Purchaser, and subject only to the Permitted Encumbrances.

(ii) Such documents as may reasonably be required to permit issuance of the title insurance policy consistent with the mark-up of the Commitment for title insurance as required under Section 4(b) above.

(iii) A closing statement evidencing the purchase and sale of the Property, including a credit against the Purchase Price in the amount equal to the security deposits held by Seller arising from the leases (the “Closing Statement”).

(iv) A FIRPTA Affidavit.

(v) A bill of sale conveying any and all personal property owned by Seller and either located on the Property or used in the operation of the Property.

(vi) The HAP Contract currently in effect at the Property.

(vii) All current leases relating to the apartment development on the Property and an assignment to Purchaser.

(viii) All warranties, guarantees or indemnities to which Seller is entitled concerning the Property and an assignment to Purchaser.

(ix) A current rent roll that includes a statement of all tenant security deposits and an assignment to Purchaser of such security deposits.

(x) All maintenance and service contracts related to the Property and an assignment to Purchaser.

(xi) Any other instruments reasonably required to document the Closing of the purchase and sale of the Property as contemplated by this Agreement.

(f) Purchaser's Closing Obligations. On the Closing Date, Purchaser shall:

(i) Pay the cash portion of the purchase price to Purchaser in the amount of the Purchase Price less the Deposit (and any accrued interest).

(ii) Execute and deliver a Closing Statement.

(iii) Accept delivery of the Deed to the Property and accept delivery of and assume obligations under the other documents referred to above, it being the intention of the parties that if the purchase and sale contemplated hereby is consummated Seller shall thereafter be free of any liability or obligation with respect to the Property, except such liabilities, if any, that survive the Closing under this Agreement.

(iv) Execute any other instruments reasonably required to document the Closing of the purchase and sale of the Property as contemplated by this Agreement.

12. Default and Remedies.

(a) Default by Seller. It shall be a default by Seller under this Agreement if Seller shall have failed (prior to a default by Purchaser hereunder) to perform any of the covenants and agreements contained herein to be performed by Seller within the time for performance as specified herein (including Seller's obligation to close) prior to the Closing Date, and provided that Seller has not cured such default within ten (10) days following Purchaser's written notice of the default. Upon such default by Seller, the Purchaser may either (i) terminate Purchaser's obligations under this Agreement by written notice to Seller with a copy to Title Company, in which event the Deposit (and all accrued interest) shall be returned to Purchaser; or (ii) Purchaser may file an action for specific performance of this Agreement. Purchaser shall have no other remedy for any default by Seller, including any right to damages.

(b) Default by Purchaser. It shall be a default by Purchaser under this Agreement if Purchaser shall have failed (prior to a default by Seller hereunder) to perform any of the covenants and agreements contained herein to be performed by Purchaser within the time for performance as specified herein (including Purchaser's obligation to close) prior to the Closing Date, and provided that Purchaser has not cured such default within ten (10) days following Seller's written notice of the default. Upon such default by Purchaser the Seller's sole and exclusive remedy shall be to cause the Title Company to deliver the Deposit held in escrow to Seller as liquidated damages, it being understood that Seller's actual damages in the event of such default are difficult to ascertain and that such proceeds represent the parties' best current estimate of such damages. Seller shall have no other remedy for any default by Purchaser.

13. Benefit and Burden. The provisions of this Agreement shall be binding upon and inure to the benefit of Seller and Purchaser and their respective successors and assigns.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated herein, and it supersedes all prior oral or written agreements, commitments or understandings with respect to the matters provided herein.

15. Counterparts; facsimiles. This Agreement may be executed in any number of counterparts, each of which is an original but all of which together shall constitute one and the same instrument. Facsimile and electronically scanned signatures shall be deemed as valid original signatures.

16. Time. Time is of the essence of this Agreement.

17. Law. This Agreement shall be governed by and construed under the laws of the State of South Carolina other than laws directing execution and delivery of the Deed, which shall be governed and construed under the laws of the State of South Carolina.

18. Amendment. This Agreement may be amended only by a writing signed by the parties hereto.

19. Confidentiality. The parties agree that neither of them shall reveal to anyone, other than as mutually agreed to in writing or as otherwise provided herein, any of the term of this Agreement, nor of its existence or any potential transaction as contemplated hereby, nor of any negotiations, due diligence or other actions pursuant to this Agreement, except as are required to obtain financing or approvals necessary to fulfilling its terms, and except that Seller hereby authorizes and grants Purchaser permission to contact HUD prior to Closing to request financial and other information about the Property and to discuss such information with HUD. In so doing, the Purchaser may discuss the purchase and sale transaction contemplated in the Agreement and disclose its terms as necessary for Purchaser to obtain HUD Approval and to evaluate the Property and the contemplated purchase.

20. Assignment Rights. Prior to Closing, upon prior notice to Seller, the Purchaser has the right to assign its right, title, and interest in and to this Agreement to an entity in which Purchaser or its affiliates, members or principals possess an ownership interest.

[Signature page follows]

The parties have executed this Real Estate Purchase Agreement on the date below their respective signatures, to be made effective as of the later of said dates (the “**Effective Date**”)

SELLER:

LANCASTER MANOR II, LLC,
a South Carolina limited liability company

By: VOA Lancaster Manor, Inc., a South Carolina non-profit corporation

Its: Managing Member Peter J. Desjardins
By: _____
Peter Desjardins
Its: Assistant Secretary/Assistant Treasurer

Dated: December 19, 2022

PURCHASER:

Lancaster Manor 2022 L.L.C.,
a Michigan limited liability company

By: MCFAH South Carolina L.L.C., a Delaware
limited liability company
Its: Managing Member

By: American Community Developers,
Inc., Michigan corporation
Its: Manager

By: Gerald A. Krueger
Gerald A. Krueger
Its: President

Dated: December 20, 2022

EXHIBIT A

Description of Real Property

2006007187

RESTRICTION
RECORDING FEES

\$15.00

PRESENTED & RECORDED:

06-07-2006 02:52 PM

JOHN LANE

REGISTER OF DEEDS

LANCASTER COUNTY, SC

By: CANDICE KIRKLEY DEPUTY

BK: DEED 338

PG: 177-185

AGREEMENT AS TO RESTRICTIVE COVENANTS

APR 10 2006

This Agreement As To Restrictive Covenants, dated as of April 7, 2006, by and between Lancaster Manor, LLC, its heirs, successors, and assigns, forever, (the "Owner") and the South Carolina State Housing Finance and Development Authority, together with its successors (the "Authority").

WITNESSETH:

WHEREAS, the OWNER IS THE OWNER of certain real property located in Lancaster, South Carolina, more particularly described in Exhibit A attached hereto, and, by reference incorporated herein (the "Property"); and

WHEREAS, the Authority has been designated by the Governor of the State of South Carolina as the housing credit agency for the State of South Carolina for the allocation of Low-Income Housing Tax Credit Dollars (the "Credit"); and

WHEREAS, the Owner has applied to the Authority for an allocation of Credit for a rental housing development which has been constructed or which will be constructed on the Property (the "Development") in an amount not to exceed \$272,131.31 Dollars; and

WHEREAS, the Owner has represented to the Authority, in the Owner's Low-Income Housing Tax Credit Application (the "Application"), that the Owner will lease at least Forty percent (40%) of the units in the Development to individuals or families whose income is Sixty percent (60%) of the median gross income (including adjustments for family size) for the area in which the property is located, as required by section 42 of the Internal Revenue Code of 1986, as amended, together with applicable final, or temporary or regulations and revenue rulings issued or amended with respect thereto ("Low-Income Tenants"); and

WHEREAS, the Authority has determined that an allocation of Credit to the Development in an amount not to exceed \$272,131.31 is appropriate under the provisions of section 42 of the Internal Revenue Code of 1986, as amended, together with applicable final or temporary regulations and revenue rulings issued or amended with respect thereto (the "Code"); and

WHEREAS, the Owner has represented to the Authority in the Owner's Application that it will impose additional rent restrictions or will covenant to maintain the rent and income restrictions required by section 42 of the Code for an additional period of time; and

WHEREAS, the Code has required as a condition precedent to an allocation of the Credit that the Owner and the Authority execute, deliver, and record in the office of the Clerk of Court or Register of Deeds, as appropriate, this Agreement As To Restrictive Covenants, (the "Covenants") in order to create certain covenants appurtenant to and running with the Property for the purpose of enforcing the requirements of section 42 of the Code and for the further purpose of monitoring the Owner's compliance with such provisions; and

WHEREAS, the Owner, in order to induce the Authority to make an allocation of the Credit to the Development, and in order to satisfy the requirements of section 42 of the Code, and in order to implement the Covenants made by the Owner in the application, that were relied upon by the Authority, intends, declares and covenants that the Restrictive Covenants set forth herein governing the use, occupancy and transfer of the Development shall be covenants appurtenant to and running with the Property for the term dated herein and are to be binding upon all subsequent owners of the Property for such term, and are not merely personal covenants of the Owner.

Restrictive Covenant 6/2005

NOW, THEREFORE, for and in consideration of the promises and covenants hereinafter set forth, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner and the Authority hereby agree and covenant as follows:

1. All words and phrases defined in section 42 of the Code shall have the same meaning in these Covenants.
2. The Owner hereby declares that the Property and every part thereof is and shall be owned (legally and beneficially), leased, or otherwise conveyed, transferred, developed, rehabilitated, improved, built upon, occupied, or otherwise used, subject to these Covenants.
3. The Owner acknowledges that these Covenants are for the benefit of the Development and are in the nature of a covenant appurtenant to and running with the Property and every part thereof, and are not merely personal covenants of the Owner, and that these Covenants are to be binding upon the Owner and all property owners, tenants, licensees, occupants and their successors in interest with respect to the Property throughout the term specified herein. For the longer of the period the Credit is claimed or the term of these Covenants, each and every contract, deed, or other instrument hereafter executed conveying the Development or any portion thereof shall expressly provide that such conveyance is subject to these Covenants; provided, however, the covenants contained herein shall survive and be effective regardless of whether or not such contract, deed, or other instrument hereafter executed conveying the Development or any portion thereof provides that such conveyance is subject to these Covenants;

The Owner agrees to obtain the consent to these Covenants of any holder of a prior lien upon the Property. The Owner agrees that the obtaining of such consent shall be a condition precedent to the issuance of Internal Revenue Service Form 8609, which form evidences final allocation of the Credit.

4. The Owner hereby represents and warrants to the Authority:

The Owner is qualified to transact business under the laws of the State of South Carolina, has the power and authority to own its properties and transact its business as now being conducted, and has the full legal right, power, and authority to execute and deliver these Covenants;

The execution and performance of these Covenants by the Owner (a) will not violate or, as applicable, have not violated any provision of law, rule or regulation or any order of any court or other agency or governmental body, (b) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Owner is a party or by which the Development is bound and (c) will not result in the creation or imposition of any prohibited encumbrance of any nature;

The Owner will, at the time of execution and delivery of these Covenants, have good and marketable title to the premises constituting the Development free and clear of any lien or encumbrance (subject to encumbrances created pursuant to this Covenant, any loan documents relating to the Development or other permitted encumbrances);

There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by these Covenants) or would materially adversely affect its financial condition;

The Development constitutes or will constitute a qualified Low-Income Building or qualified Low-Income Development, as applicable, as defined in section 42 of the Code and applicable regulations;

Each unit in the Development contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Development qualifies as a single-room occupancy development or transitional housing for the homeless) which are to be used on other than a transient basis;

During the term of these Covenants, all units subject to the Credit shall be leased and rented to members of the general public who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in section 42(g) of the Code. As provided by Section 42(h)(6)(B)(iv) of the code, owner shall be prohibited from refusing to lease any units to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder;

The Owner agrees to comply fully with the requirements of all federal and state statutes relating to Fair Housing as they may from time to time be amended;

During the term of these Covenants, the Owner covenants, agrees and warrants that each Low-Income Unit will remain suitable for occupancy and will be used other than on a transient basis;

Subject to the requirements of section 42 of the Code and these Covenants, the Owner may sell, transfer or exchange the entire Development at any time, but the Owner shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Development or any interest therein that such acquisition is subject to the requirements of these Covenants and to the requirements of section 42 of the Code and applicable regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the development or any low-income portion of the Development. The Authority may void any sale, transfer or exchange of the Development if the buyer or successor or other person fails to assume in writing the requirements of these Covenants and the requirements of section 42 of the Code;

The Owner agrees to notify the Authority in writing of any sale, transfer or exchange of the entire Development or any low-income portion of the Development;

The Owner shall not demolish any part of the Development or substantially subtract from any real or personal property of the Development or permit the use of any residential rental unit for any purpose other than rental housing during the term of these Covenants unless required by law;

The Owner represents, warrants and agrees that if the Development, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Owner will use its best efforts to repair and restore the Development to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Development in accordance with the terms of these Covenants;

The Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirement of these Covenants are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict herewith.

5. The Owner represents, warrants and covenants that throughout the term of these Covenants, the **applicable fraction** for the Development as defined in Section 42(c)(1)(B) of the Code for each taxable year of the Extended Use Period will be no less than one hundred percent (100%).

The Owner represents, warrants and covenants that throughout the term of these Covenants, and in order to satisfy the requirements of section 42 of the Code, at least Forty percent (40%) or more of

the residential units in the Development are both rent-restricted and occupied by Low-Income Tenants;

Except as may be otherwise provided under Section 42 of the Code or by the Internal Revenue Service, the determination of whether a tenant meets the low-income requirement shall be made by the Owner at least annually on the basis of the current income of such Low-Income Tenant.

6. In its Application, the owner elected the following special needs targeting for the development:

Older Persons (55 years and older)	66 Units
Special Needs (Handicapped/Disabled)	0 Units
Family units (with at least 25% having 3 or more bedrooms)	0 Units
At least 25% of Low Income Units at or below 50% AMI Income and Rent Levels	Yes
Low Income Units at or below 50% AMI Rent Levels	17 Units
Conversion to tenant ownership after 15 year compliance period	No
Extension of compliance period for additional 20 years or more	Yes
Serving individuals on public housing waiting lists	Yes

For and during the term of this Agreement, occupancy of the development shall be restricted to reflect the special needs targeting elected by the owner. This restriction is in addition to any other restrictions contained in this Agreement as to Restrictive Covenants. If for purposes of 42(g)(1) of the Code, a project has made the 40/60 election, but has voluntarily elected to further restrict the targeting of certain units within the development, the Owner may, if after five years (a) the development has had at least a two year history of vacancies averaging at least 20% which can be evidenced to the Authority through project audits, and/or (b) the Applicant can demonstrate to the Authority that other conditions exist which threaten the economic viability of the development, petition the Authority for permission to terminate such additional restriction and revert to the irrevocable 40/60 election. **The Authority may grant or refuse any waiver requested in its sole discretion.**

7. The order to make enforceable those extended use or deeper targeting covenants that the Owner represented to the Authority in its Application, and in reliance upon which covenants the Authority has made its determination as to the propriety of an allocation of Credit to the Development, the Owner represents, warrants, and covenants that throughout the term of these Covenants and for an additional term of five (5) years the Development shall be occupied by tenants whose income are recited herein; provided, however, the Owner did not represent within the Application that the development would convert to tenant ownership after the initial 15 year compliance period. For and during such additional term these Covenants shall remain in full force and effect. Forty percent (40%) of the units within the Development shall be occupied by tenants whose income does not exceed Sixty percent (60%) of median gross income (including adjustment for family size) for the area in which the Development is located.
8. These Covenants shall commence on the first day in the Compliance Period (as defined by section 42 of the Code) on which any building in the Development is placed in service and shall end on the date which is 15 years after the close of the Compliance Period. Notwithstanding the foregoing provision, the Owner shall comply with the provisions of section 42 of the Code relating to extended use for an additional 15 years provided, however, that the extended use period for any building in the development shall terminate on the date any such building is acquired by foreclosure (or by any instrument in lieu of foreclosure), or on the last day of the one year period beginning on the date (after the 14th year of the compliance period) the Owner submits a written request that the Authority find a person to acquire the Owner's interest in any such building who will agree to continue to operate such building as a qualified Low-Income building, and the Authority has been unable to locate such a purchaser. Provided, further, that the development convert to tenant ownership after the

initial 15 year compliance period if represented as such within its Application. Provided, further, that the rent restrictions contained in section 42 of the Code shall continue for a period of three years following the termination of the extended use period pursuant to the preceding sentence. During such three year period (and during the term of this Agreement), no Low-Income tenant residing in such building shall be evicted other than for good cause and the gross rent charged for any Low-Income unit shall not be increased above the maximum allowed under the Code for such Low-Income unit.

9. The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of section 42 of the Code and applicable provisions of these Covenants. Moreover, Owner covenants to take any lawful action (including amendment of these Covenants as may be necessary, in the opinion of the Authority) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated by the United States Treasury Department or the Internal Revenue Service, from time to time pertaining to Owner's obligations under section 42 of the Code and affecting the Development;

The Owner and the Authority each acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in these Covenants is to assure compliance of the Development and the Owner with the Code and with the Covenants made by the Owner that were relied upon by the Authority in determining the propriety of awarding Credits to the development. BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING LOW-INCOME HOUSING CREDITS FOR THIS DEVELOPMENT HEREBY AGREES AND CONSENTS THAT THE AUTHORITY AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A COURT OF COMPETENT JURISDICTION. The Owner hereby further specifically acknowledges that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder;

The Owner hereby agrees that the representations and covenants contained herein may be relied upon by the Authority and all persons interested in Development compliance under section 42 of the Code.

10. The Owner covenants that it will maintain records for the Development and file reports with the Authority with respect to occupancy and rent requirements and will permit the Authority to inspect such records at all reasonable times. Such records shall be maintained in the format prescribed by the Authority and shall contain information as to the occupants of units designated for Low-Income Tenants;

The Authority shall be permitted to inspect such records and the units designated to be occupied by Federal Low-Income Tenants at all reasonable times. Such inspection shall be for the purpose of verifying the accuracy of such records and the reports made to the Authority;

The Owner shall report requested information to the Authority periodically about the Development and its occupants necessary to enable the Authority to monitor compliance with these Covenants. The Owner agrees that the Authority may contact any tenant in the Development for the purpose of verifying the accuracy of such records.

11. The Owner shall provide the Authority an annual financial operating statement as to the Development containing a balance sheet and a statement of income and expenses.

12. In the event the Authority detects noncompliance with the rent and occupancy requirements contained in section 42 of the Code, the Authority shall notify the Internal Revenue Service, and shall be entitled to take such other action as it shall deem necessary or advisable to enforce the provisions of the Code or these Covenants.
13. In the event the Owner enters into any agreement for the management of the Development, such agreement shall contain provisions authorizing the termination thereof at the direction of the Authority upon failure of such Manager to comply with the provisions of these Covenants.
14. For and during the term of these Covenants, the Owner agrees to pay to the Authority an annual administrative fee to compensate the Authority for its monitoring of the Owner's compliance with section 42 of the Code and the covenants contained in the Owner's application.
15. In the event the Owner fails to promptly cure any violation hereof after notice by or on behalf of the Authority or (any Low-Income Tenant), such violation may be enjoined, abated, restrained, or otherwise remedied by appropriate legal or equitable proceedings. In the event of proceedings are brought to enforce or restrain violation of any of these Covenants, or to determine the rights of any person hereunder, the prevailing party in such proceeding may recover reasonable attorney's fees to be fixed by the court in addition to court costs and any other relief awarded by the court in such proceedings.
16. The invalidity of any clause or provision of these Covenants shall not affect the validity of the remaining portions thereof.
17. These Covenants are subordinate to the loan and loan documents, if any, on the Development, except insofar and to the extent that section 42 of the Code requires otherwise.
18. This instrument shall be construed in accordance with and governed by the laws of the State of South Carolina.
19. The obligations of the Owner set forth herein and in the Application shall survive the allocation of the Credit and shall not be deemed to terminate or merge with the awarding of the allocation of the Credit.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the 17th
day of April, 2006

WITNESS:

[Signature]
Chel Miller

WITNESS:

[Signature]
Mary Duncan

SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY

BY: [Signature]
Valarie M. Williams

ITS: Director of Housing Development

LANCASTER MANOR LLC

By: Vod Lancaster Manor, Inc., Managing Member

BY: [Signature] - El Kuni

ITS: Vice President

STATE OF SOUTH CAROLINA)
)
)
COUNTY OF LEXINGTON)

PROBATE

PERSONALLY APPEARED before me Hanna Dehn, who being duly sworn, deposes and says that he saw the South Carolina State Housing Finance and Development Authority by Valarie M. Williams, its Director of Housing Development, sign, and as its act and deed deliver the foregoing Agreement As To Restrictive Covenants for the uses and purposes mentioned therein, and who together with Charles McEllis, Jr. witnessed the execution thereof.

Hanna Dehn
WITNESS

sworn to before me this 4th
day of April 2006

Linda Heidrich (L.S.)
Notary Public for South Carolina
My Commission Expires 7/24/11

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF RICHLAND

PERSONALLY APPEARED before me W.D. Morris, who being duly sworn, deposes and says that he saw Pepper Schales-Elkins, Vice President of VOA Lancaster Manor, Inc., Managing Member of its Lancaster Manor, LLC sign, and as its act and deed deliver the foregoing Agreement As To Restrictive Covenants for the uses and purposes mentioned therein, and who together with Mary Duncan witnessed the execution thereof.

W.D. Morris
WITNESS

sworn to before me this 4th
day of April 2006

Mary Duncan (L.S.)
Notary Public for South Carolina
My Commission Expires 3/29/2012

MARY DUNCAN
My Commission Expires 3/29/2012

EXHIBIT "A"

ALL that certain piece, parcel or tract of land, with all improvements thereon, situate, lying and being in the City of Lancaster, County of Lancaster, State of South Carolina, containing 2.424 Acres and being more particularly shown and delineated on a plat prepared for Lancaster Manor, LLC by Enfinger & Associates, Professional Land Surveyors, dated February 28, 2006 and recorded in the Office of the Register of Deeds for Lancaster County in Plat Book 2006 at Page 2222, and shown thereon as having the following boundaries and measurements, to-wit:

BEGINNING at a reference p.k. nail set in the intersection of Chesterfield Avenue and White Street; said reference mark having South Carolina State Plane NAD83 (CORS96-EPOCH 2002.0000) Grid Coordinates of 1,049,149.512 ifeet NORTH and 2,069,885.374 ifeet EAST; thence S77°41'10"E 49.99' to an existing number five rebar on the south margin right-of-way limits of Chesterfield Avenue and being designated as the **POINT OF BEGINNING**; said point being located 343.70' east of the centerline of South Main Street and being the northwest corner of Tract "A"; thence along and with the south margin right-of-way limits of Chesterfield Avenue N62°28'38"E 103.22' to an existing ½" iron pipe located on the south margin right-of-way limits of Chesterfield Avenue and being the northeast corner of Tract "A"; said point being the common corner of the Lancaster Manor LLC property and the Walter Derrick Jr. property; thence along and with the east boundary of Tract "A" and the common boundary of the Lancaster Manor LLC property and the Walter Derrick Jr. property S27°17'34"E 160.10' to an existing number six rebar in concrete and the corner of Tract "A", said point being the common corner of the Lancaster Manor LLC property and the Walter Derrick Jr. property; thence along and with the boundary of Tract "A" and the common boundary of the Lancaster Manor LLC property and the Walter Derrick Jr. property N84°50'51"E 65.98' to an existing ½" iron pipe; said point being the common corner of the Lancaster Manor LLC property and the Walter Derrick Jr. property; thence continuing along the boundary of Tract "A" N62°27'29"E 47.84' (passing an existing ½" iron pipe at 3.20' and being 0.24' south of the boundary of Tract "A"; said ½" iron pipe being the common boundary of the Walter Derrick Jr. property and the Thomas Faile property) to an existing number six rebar being the common corner of Tract "A" and Tract "C" and the common corner of the Lancaster Manor LLC property and the Thomas Faile property; said point being the northeast corner of Tract "A" and the northwest corner of Tract "C"; thence along the northern boundary of Tract "C" N63°45'20"E 26.92' to an existing ½" iron pipe being the northeast corner of Tract "C" and the common corner of the Lancaster Manor LLC property and the Thomas Faile property; said point also being the common corner of Tract "C" and Tract "D"; thence along and with the common boundary of the Lancaster Manor LLC property and the Thomas Faile property and the west boundary of Tract "D" N21°48'31"W 51.45' to an existing 1" iron pipe being the northwest corner of Tract "D"; said point being the common corner of the Lancaster Manor LLC property, the Thomas Faile property and the J.C. Crumpler and Archie Sweet Jr. property; thence along and with the north boundary of Tract "D" and the common boundary of the Lancaster Manor LLC property and the J.C. Crumpler and Archie Sweet Jr. property N66°37'21"E 50.06' to an existing ½" iron pipe being the common corner of the Lancaster Manor LLC property, the J.C. Crumpler and Archie Sweet Jr. property and the J.M. League property; thence continuing along the northern boundary of Tract "D" and the common boundary of the Lancaster Manor LLC property and the J.M. League property N66°15'10"E 62.60' to a number six rebar set on the current west margin right-of-way limits of South Market Street and being the northeast corner of Tract "D"; said point being S10°39'04"E 179.14' from an existing nail in the intersection of Chesterfield Avenue and South Market Street and also being S66°15'10"W 0.61' from an existing number four rebar being the property corner of the J.M. League property; thence along and with the current west margin right-of-way of South Market Street S23°41'46"E 71.76' to a number six rebar set on the current west margin right-of-way of South Market Street and being the common corner of the Lancaster Manor LLC property and the Charles A. Whaley property; thence along and with the southern boundary of Tract "D" and with the common boundary of the Lancaster Manor LLC property and the Charles A. Whaley property S65°08'52"W 115.22' to an existing ½" iron pipe being the southwest corner of Tract "D" and the southeast corner of Tract "C"; said point being the common corner of the Lancaster Manor LLC property and the Charles A. Whaley property; thence along and with the southern boundary of Tract "C" and with the common boundary of the Lancaster Manor LLC property and the Charles A. Whaley property S65°08'57"W 25.67' to a number six rebar set being in the east most boundary of Tract "A" and also being the southwest corner of Tract "C"; said point being the common corner of the Lancaster Manor LLC property and the Charles A. Whaley property; thence along the east most boundary of Tract "A" and with the common boundary of the Lancaster Manor LLC property and the Charles A. Whaley property S24°04'25"E 64.95' to an existing ½" iron pipe being the southeast corner of Tract "A" and the northeast corner of Tract "B"; said point also being the common corner of the Lancaster Manor LLC property, the Charles A. Whaley property and the Marie Sligh property;

thence along the east most boundary of Tract "B" and with the common boundary of the Lancaster Manor LLC property; the Marie Sligh property and the Charles L. Funderburk property S23°57'51"E 160.69' to an existing ½" iron pipe in the east most boundary of Tract "B" and being the common corner of the Lancaster Manor LLC property and the Charles L. Funderburk property; thence continuing along the east most boundary of Tract "B" and with the common boundary of the Lancaster Manor LLC property and the William L. Bowers property S23°57'51"E 54.66' to a number six rebar set on the northern margin right-of-way limits of Lancaster and Chester Railway (formerly the Southern Railway right-of-way); said point being the southeast most corner of Tract "B" and also being the common corner of the Lancaster Manor LLC property and the William L. Bowers property; thence along the southern boundary of Tract "B" and along and with the northern margin right-of-way limits of Lancaster and Chester Railway (formerly the Southern Railway right-of-way) S69°24'44"W 221.10' to an existing number six rebar located on the northern margin right-of-way limits of Lancaster and Chester Railway (formerly the Southern Railway right-of-way); said point being the southwest corner of Tract "B" and the southeast corner of Tract "G" ; thence along the southern boundary of Tract "G" and along and with the northern margin right-of-way limits of Lancaster and Chester Railway (formerly the Southern Railway right-of-way) S68°58'28"W 33.45' to an existing number six rebar located on the northern margin right-of-way limits of Lancaster and Chester Railway (formerly the Southern Railway right-of-way); said point being the southwest most corner of Tract "G" and being the common corner of the Lancaster Manor LLC property and the James E. Cauthen and Dennis Cauthen property; thence along the west most boundary of Tract "G" and along the common boundary of the Lancaster Manor LLC property and the James E. Cauthen and Dennis Cauthen property N34°38'48"W 133.91' to a number six rebar set; said point being the common corner of the Lancaster Manor LLC property, the James E. Cauthen and Dennis Cauthen property and the Cauthen Enterprises property; thence continuing along the west most boundary of Tract "G" and along the common boundary of the Lancaster Manor LLC property and the Cauthen Enterprises property N33°46'29"W 105.20' to an existing number five rebar being the northwest corner of Tract "G" and being the common corner of the Lancaster Manor LLC property, the Cauthen Enterprises property and the Jesse Rathel property; thence along the northern boundary of Tract "G" and along the common boundary of the Lancaster Manor LLC property and the Jesse Rathel property N57°09'11"E 15.00' to a point being the northeast corner of Tract "G" and the northwest most corner of Tract "B"; said point being the common corner of the Lancaster Manor LLC property and the Jesse Rathel property; thence along the northern boundary of Tract "B" and along the common boundary of the Lancaster Manor LLC property and the Jesse Rathel property N57°09'11"E 74.31' to a point being 0.45' southwest of the southeast corner of a concrete block wall at the south face of said wall; said point being in the north most boundary of Tract "B" and being the common corner of Tract "B" and Tract "A"; said point also being the common corner of the Lancaster Manor LLC property and the Jesse Rathel property; thence along the west most boundary of Tract "A" and along the common boundary of the Lancaster Manor LLC property and the Jesse Rathel property N27°50'52"W 210.93' to the **POINT OF BEGINNING** and containing 2.424 ACRES and being the property shown on map of "PLAT OF ALTA/ACSM SURVEY FOR LANCASTER MANOR, LLC", file LSAQAACA dated February 28, 2006 as surveyed by Enfinger & Associates Professional Land Surveyors.

This being the same property conveyed to Lancaster Manor II, LLC, a South Carolina limited liability company by Lancaster Manor, LLC, a South Carolina limited liability company by deed dated June 6, 2006 and recorded in the Office of the Register of Deeds for Lancaster County in Book _____, page _____.

TMS No. 0081A-0G-005.00