

APPRAISAL REPORT OF

**AN EXISTING 120-UNIT
RENT RESTRICTED SENIOR (55+)
MULTIFAMILY APARTMENT COMMUNITY**

KNOWN AS THE

**TOWN PARK TOWNHOMES
9950 TOWN PARK DRIVE
HOUSTON, HARRIS COUNTY, TEXAS 77036**

DATE OF INSPECTION / APPRAISAL: SEPTEMBER 29, 2020

DATE OF REPORT: OCTOBER 19, 2020

PREPARED FOR **	FOR THE BENEFIT OF
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) 2201 EAST 11th STREET AUSTIN, TX 78701-2410	MR. DAVID CHAMBERLIN TOWN PARK, LTD. 1301 WHITE STREET HOUSTON, TEXAS 77007

** The TDHCA is the client and is granted full authority to rely on the findings of the report.

Any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law.

PREPARED BY

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October 19, 2020

DLP Job No. 042-20

Mr. David Chamberlin & Texas Department of Housing &
Town Park, Ltd. Community Affairs (TDHCA)
1301 White Street 221 East 11th Street
Houston, TX 77007 Austin, TX 78701

RE: Appraisal Report as to the estimated Market Value "As Is" of the Leased Fee Estate of an existing 120-unit senior (55+) multifamily community known as the **Town Park Townhomes**, 9950 Town Park Drive, Houston, Texas 77036 and the Hypothetical Market Value of the Fee Simple Estate in the land, assumed vacant.

Dear Mr. Lopez / TDHCA:

We are pleased to submit this appraisal covering the above-described property, further identified by the Harris County Appraisal District as:

HCAD Tax Identification Number: 123-382-000-0001

We are of the understanding that this appraisal will be used by the **intended users** (Town Park, Ltd. and the TDHCA) in conjunction with the Qualifying Contract (QC) process. The investigation has been conducted in accordance with accepted appraisal procedures and conforms with the code of professional ethics and standards of professional conduct of the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation; and the Texas Department of Housing and Community Affairs (TDHCA) Real Estate Appraisal Rules and Guidelines.

- **I, David L. Pallante, have read and understand the requirements of Section §11.304 of the 2020 Appraisal Rules and Guidelines.**
- **I, David L. Pallante, am a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal.**

Page 2 of 2
October 19, 2020

Concluded Values

Based upon the data and conclusions set forth in the accompanying detailed report, our opinion of the following Market Values, assuming a reasonable exposure time of 12 months or less, as of **September 29, 2020**, is as follows:

TOWN PARK TOWNHOMES		
Valuation & Premise	Interest Appraised	Concluded Values *
Market Value, As-Is As-Restricted	Leased Fee	\$11,590,000
Hypothetical Market Value, As Vacant with a LURA	Fee Simple	\$4,440,000
Hypothetical Market Value, As Vacant with no LURA	Fee Simple	\$14,280,000

* The above values are subject to extraordinary assumptions and hypothetical conditions, as outlined in the Assumptions and Limiting Conditions section on page iii.

Marketing Period

The sales indicated that **exposure time** (i.e., the length of time the subject property would have been exposed for sale in the market had it sold at the Market Value concluded in this analysis as of the date of this valuation) would have been about 12 months. The estimated **marketing time** (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be 12 months.

On the following pages you will find information pertinent to the subject property and its valuation. Your attention is also directed to the *Assumptions and Limiting Conditions* which are an integral part of the appraisal report. Please read them to fully understand the basis of the subject's valuation estimate. The opinions of value expressed herein is contingent upon the conditions set forth in the report. Field data from which this report was prepared is retained in our files. If there are any questions regarding the valuation please contact the undersigned for further discussion or clarification.

Respectfully submitted,



David L. Pallante, MAI

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following general limiting conditions:

No investigation of legal title has been made and we render no opinion as to ownership of the property and the condition of the title. We assume that:

- ▶ The title to the property is marketable;
- ▶ The property is unencumbered fee; and
- ▶ The property does not exist in violation of any applicable codes, ordinances, statutes, or other government regulations.

Sketches and Maps

The sketches and maps in this report are for aiding the reader in visualizing the property and are based on field surveys prepared by the appraiser. Dimensions and descriptions are based on public records and information furnished by others and are not meant to be used as references in matters of survey.

Information and Data

The information and data supplied by others, which have been considered in the valuations, are from sources believed to be reliable, but no further responsibility is assumed for their accuracy.

Unexpected Conditions

We assume that there are no hidden or unexpected conditions of the property which would adversely affect value.

Distribution of Value

The distribution of value as between land and improvements applies only under the stated program of utilization. The separate values for land and improvements may not be used in conjunction with any other appraisal and are invalid if so used.

Sale or Purchase

All opinions of Market Value are presented as David L. Pallante & Associates, LLC's considered opinion based on the facts and data provided and appearing in the report. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.

Assumptions and Limiting Conditions/Continued

Advertising

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which the appraiser is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of David L. Pallante & Associates, LLC.

Court Testimony

Testimony or attendance in court by reason of this appraisal with reference to the property in question will not be required unless arrangements have previously been made.

Hidden Condition

All engineering data has been accepted as correct. The appraiser assumes that there are no hidden or unapparent conditions of the property, sub soil or structures which would render it more or less valuable, except as stated in this report. No responsibility is assumed for such conditions, or for engineering which may be required to discover such factors.

Environmental Hazards

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.

No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The American Disabilities Act

The American Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

Extraordinary Assumptions

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, as of the effective date of the assignment results, which could alter the appraiser’s opinions or conclusions.”¹

- ▶ The subject’s current (January 1, 2020) assessed value is extremely low (\$4,602,600 or \$36.40 psf). However, the assessed value is well supported by nearby comparable LIHTC communities. As such, the herein concluded market value is based on the assumption that the assessed value will remain low.

Hypothetical Conditions

A hypothetical condition is defined as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

- ▶ Since the subject property is improved with a rent restricted multifamily community, the land value as though vacant is considered hypothetical.
- ▶ The land value as though vacant assumes that there are no improvements on the property and therefore demolition costs have not been considered. Since this is contrary to what exists, the herein land value is considered hypothetical.
- ▶ The land value assuming no LURA is contrary to what exists and thus the value is considered hypothetical.

¹ **The Appraisal Foundation, USPAP, 2014-2015 ed.**, U-3.

² **Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed.** (Chicago: Appraisal Institute, 2010), 97.

MINIMUM APPRAISAL REPORT REQUIREMENTS

According to **Standard Rule 2-2** of the *Uniform Standards of Professional Appraisal Practice, 2020-2021 edition*, as promulgated by the **Appraisal Standards Board** of **The Appraisal Foundation** each written real property appraisal report must:

- ▶ state the identity of the client, unless the client has specifically requested otherwise; state the identity of any intended users by name or type;
- ▶ state the intended use of the appraisal;
- ▶ summarize information sufficient to identify the real estate involved in the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment;
- ▶ state the real property interest appraised;
- ▶ state the type and definition of value and cite the source of the definition;
- ▶ state the effective date of the appraisal and the date of the report;
- ▶ summarize the scope of work used to develop the appraisal;
- ▶ summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
- ▶ state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal;
- ▶ when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion;
- ▶ clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and
- ▶ include a signed certification in accordance with Standards Rule 2-3.

Standard I: In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analysis necessary to produce a credible appraisal.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

- To the best of my knowledge and belief, the statements of fact contained in this appraisal report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I 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 the agreement to perform this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. In addition, the Appraisal Assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- David L. Pallante, MAI prepared the appraisal and personally inspected the subject property. It should be noted, all pertinent data is contained in the report. In addition to the undersigned, N/A has provided significant assistance in collecting, verifying and analyzing data.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice (USPAP); and the appraisal guidelines established by the Texas Department of Housing and Community Affairs (TDHCA) 2020 Real Estate Analysis Rules and Guidelines.
I have read and understand the requirements of Section §11.304 of the Appraisal Rules and Guidelines.

Certification/Continued

- 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, I, David L. Pallante, have completed the continuing education program for Designated Members of the Appraisal Institute.
- The values expressed in this report are not based in whole or part upon race, color, or national origin of the current/prospective owners or occupants.
- **I am a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal.**

Based upon the information contained in this report and upon our judgement, knowledge, and experience as real estate appraisers, it is our opinion that the following values, assuming a reasonable exposure time of 12 months or less, as of **September 29, 2020**, are as follows:

TOWN PARK TOWNHOMES		
Valuation & Premise	Interest Appraised	Concluded Values *
Market Value, As-Is As-Restricted	Leased Fee	\$11,590,000
Hypothetical Market Value, As Vacant with a LURA	Fee Simple	\$4,440,000
Hypothetical Market Value, As Vacant with no LURA	Fee Simple	\$14,280,000

* The above values are subject to extraordinary assumptions and hypothetical conditions, as outlined in the Assumptions and Limiting Conditions section on page iii.



David L. Pallante, MAI
State Certified General Appraiser
TX-1320347-G
Expires 03/31/2021
Appraisal Institute #8964

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The subject property is comprised of a 120-unit senior (55+) multifamily community known as the **Town Park Townhomes**, located at the northeast corner of the West Sam Houston Tollway South Service Road and Town Park Drive, roughly 0.4 miles south of the Westpark Toll Road. The physical street address is: 9950 Town Park Drive, Houston, Texas 77036.

The property was built in 2003 with LIHTC funds and is thus rent restricted. This property has a garden-style design, with twenty (20) one- and two-story apartment buildings and a 3,200 square foot community facility which includes leasing offices, furnished community room, and a fitness center. The property has 2-bedroom units catering to a low-income senior (55+) clientele at the 50% and 60% limits. The complex is situated on a contiguous 7.72 acre site; thus, the density is 15.5 units per acre. The buildings have pitched roofs with composition shingles and a combination brick and hardieplank exterior. The floor plans are outlined as follows:

Unit Type *	# of	% of Total	SF/Unit	Total NRA	% of AMHI			
					30%	40%	50%	60%
2 BR/5.0 BA	40	33.3%	880	35,200	--	--	20	20
2 BR/2.5 BA, TH with study	40	33.3%	1,125	45,000	--	--	20	20
2 BR/2.0 BA, TH with study	40	33.3%	1,156	46,240	--	--	20	20
Totals / Avgs.	120	100.0%	1,054	126,440	0	0	60	60
* All units offer WDCs					0.0%	0.0%	50.0%	50.0%

Legal Description

As per a metes and bounds legal description the subject is described as being a 7.722 acre tract of land situated in the William Lyon Survey, A-516, Harris County, Texas. The M&B legal description is part of the LURA and is presented in the addenda.

Land Use Restriction Agreement (LURA)

A LURA was negotiated on September 8, 2005 between Town Park, Ltd. and the Texas Department of Community Affairs (TDHCA). The LURA restricts land use to low-income households earning 50% and 60% of the median household income, adjusted for family size. The property is rent restricted for a total of 40 years (15 year compliance and 40 year extended use), with 25 years remaining. Based on the negotiation date the LURA will expire on September 8, 2045.

Identification of the Property / Continued

ROFR / Qualified Contract / Disposition Process

Pursuant to §42(h)(6) of the Internal Revenue Code, after the end of the 14th year of the compliance period, the owner of a development utilizing housing tax credits can request that the allocating agency find a buyer at the qualified contract price. If a buyer can not be located within one year the extended use commitment will expire.

In particular, if the owners wish to sell the property, the following is a summary of what must be done:

- 1). As per the LURA, the owner must wait 15 years before attempting to sell the property.
- 2). For a period of 180 days the owner must offer a right of first refusal (ROFR) to qualified non-profit organizations or qualified entities.
- 3). The owner must offer the property at a “minimum purchase price” which is the remaining loan balance (other than debt secured within the past 5 years) plus any federal, state and/or local tax obligations. Basically, this is an amount which would allow the owner an opportunity to exit the investment without sustaining a loss or realizing a profit.

Pursuant to §42(i)(7)(B) of the Internal Revenue Code, the owner listed the property at the minimum purchase price of \$4,140,141. As per TDHCA rules, the property was marketed under the rights of first refusal (ROFR) process for 180 days. No qualified nonprofit organizations or qualified entities made and offer and thus the ROFR period expired September 15, 2020.

If a ROFR is not accepted after the 180 day period, the owner has the right to sell the property to any entity (non-profit or for-profit) under the Qualified Contract (QC) process. The following is a summary of the QC process:

- 1). The owner requests that the TDHCA finds a buyer for the property.
- 2). The TDHCA has one year to find a potential buyer who will maintain the property as affordable housing.
- 3). The QC price is calculated by a CPA familiar with LIHTC communities. The QC price is formula based and includes outstanding indebtedness and distributions to the owner. The QC price is almost always significantly higher than the estimated market value. As a result of the outlined process, and particularly the formula based pricing, these properties rarely sell at the QC price.
- 4). If the state is unsuccessful in finding a buyer, then the owner is entitled to be relieved of LIHTC affordability restrictions, and those restrictions phase out over 3 years.

Identification of the Property / Continued

History of the Subject

As per Harris County Records, the subject property is owned by the original developer, the Town Park, Ltd. This entity acquired the vacant land on October 8, 2001 for an unknown amount and subsequently improved the site with the existing improvements.

No additional sales activity was noted within the past three (3) years. However, the property is for sale and listed with Chris Bergmann of Newmark Knight Frank.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

NAME OF THE PROPERTY:	<i>Town Park Townhomes</i>
LOCATION:	9950 Town Park Drive, Houston, Texas 77036
DATE OF THE APPRAISAL: & INSPECTION:	September 29, 2020
DATE OF THE REPORT	October 19, 2020
PURPOSE OF THE APPRAISAL:	We are of the understanding that this appraisal will be used by the intended users in conjunction with the Qualifying Contract (QC) process.
INTENDED USERS:	Town Park, Ltd. and the TDHCA
HIGHEST AND BEST USE:	<u>As Vacant</u> - The site should be developed as a rent restricted property up to a maximum of 120 units. <u>As Improved</u> - Continued use and operation as a rent restricted community.
SITE AREA:	7.722 acres
DEVELOPMENT DENSITY:	15.5 units per acre
NEIGHBORHOOD FACILITIES AND COMMUNITY SERVICES:	Average; area is well located relative to community facilities and services.
PUBLIC TRANSPORTATION:	Public bus service is available within the area. The closest bus stop is located at Bellaire and Ranchester. In addition, there is a Metro Park and Ride located roughly 1.0 miles northwest of the subject property along Harwin.
ADVERSE INFLUENCES - SHORT TERM:	The overall economy is slowing due to COVID-19 related issues. Although the long term impact is unknown, the Federal Reserve and congress has taken action to help mitigate the damage.

Summary of Important Facts and Conclusions/Continued

IMPROVEMENTS:

An existing 120-unit multifamily community catering to mostly low- and moderate-income senior (55+) tenants. The property is comprised of twenty (20), one- and two-story apartment buildings and a 3,200 sq. ft., one-story community / leasing building.

NRA / Avg. Unit Size / Units:

126,440 sq. ft. / 1,054 sq. ft. / 120 units

Year Built / Actual Age:

2003 / 17 years

Effective Age:

15 years

Remaining Economic Life:

35 years (50 year total economic life)

Construction Quality:

Average

PROJECT AMENITIES:

Project amenities include a one-story, 3,200 square foot community facility which includes leasing offices, furnished community room, and a fitness center. Additional amenities include a swimming pool, laundry room, 54 one-car parking garages, and perimeter fencing with controlled gated access. The property has 212 surface parking spaces or 1.77 spaces per unit.

UNIT AMENITIES:

Unit amenities consist of a complete appliance package including a refrigerator, microwave, dishwasher, disposal and range/oven. Units offer a covered patio, walk-in closets, ceiling fans in all bedrooms and washer/dryer connections.

INCOME APPROACH

ESTIMATED MARKET RENTS

Units	Unit Type	SF/ Unit	Rent PSF	Rent/Unit per Mo.	Total Mo. Rent	Total Annual Rent
40	2 BR/2.0 BA	880	\$1.33	\$1,170	\$46,800	\$561,600
40	2 BR/2.5 BA, TH with Study	1,125	\$1.11	\$1,250	\$50,000	\$600,000
40	2 BR/2.5 BA, TH with Study	1,156	\$1.09	\$1,260	\$50,400	\$604,800
120 Totals / Averages		1,054	\$1.16	\$1,227	\$147,200	\$1,766,400
Max Allowable Rest. PGRI —>		1,054	\$0.86	\$911	\$109,320	\$1,311,840
Current Collected PGRI —>		1,054	\$0.82	\$861	\$103,360	\$1,240,320
Variance (Mkt vs. Restricted)			\$0.30	\$316	\$37,880	\$454,560
Variance (Mkt vs. Collected)			\$0.35	\$365	\$43,840	\$526,080

Summary of Important Facts and Conclusions/Continued

CURRENT OCCUPANCY:	97.5% (3 vacant units)
STABILIZED	
- Vacancy	3.0% (97% occupancy)
- Collection Loss	0.5%
- Loss to Lease	1.5%
Capitalization Rate	5.25% (Direct Capitalization)
Pro Forma Operating Expenses (PSF)	\$5.36 PSF or \$5,647 per unit - Income Restricted
Net Operating Income	\$608,534 or \$5,071 per unit - Income Restricted
Direct Capitalization Value	\$11,590,000 or \$96,583 per unit or \$91.66 psf

SALES COMPARISON APPROACH

PPU	\$11,640,000 - As Is Value - Restricted Rent
PPSF	\$11,510,000 - As Is Value - Restricted Rent

INDICATIONS OF VALUE

TOWN PARK TOWNHOMES				
		Sales Income Approach	Comparison Approach	Concluded Values
All Values as of ----->		September 29, 2020		
Market Value, As-Is As-Restricted	*	\$11,590,000	\$11,580,000	\$11,590,000
Hypothetical Market Value, As Vacant with a LURA	*	---	---	\$4,440,000
Hypothetical Market Value, As Vacant with no LURA	*	---	---	\$14,280,000

* These values are subject to extraordinary assumptions and hypothetical conditions, as outlined in the Assumptions and Limiting Conditions section on page iii.

PURPOSE, FUNCTION, AND SCOPE OF THE APPRAISAL

DATE OF THE APPRAISAL

All opinions of value expressed in this report reflect conditions prevailing as of September 29, 2020. The data obtained for this report and the analysis was gathered between September 22, 2020 and October 19, 2020.

PROPERTY RIGHTS APPRAISED

The subject property is an existing 120-unit senior (55+) multifamily complex rent restricted at the 50% and 60% limits and leased on 12-month terms. Given the rent restrictions and existing lease agreements and the LURA, we have appraised the Encumbered Leased Fee Estate. However, we appraised the Fee Simple Interest of the hypothetical market value, as vacant.

PURPOSE AND FUNCTION (INTENDED USE) OF THE APPRAISAL

The purpose of this appraisal is to present an analysis of value in order to aid the client in the Qualifying Contract (QC) process.

COMPETENCY

The appraisers have valued over 3,000 multifamily communities (conventional and HTC) over the past 35 years and have also prepared numerous multifamily market studies. We are of the opinion that our past experience as well as our research and investigations into the market, as explained in the "Scope of Assignment", has made us competent to appraise the subject property.

SCOPE OF THE ASSIGNMENT

As part of this appraisal, the appraisers have made several independent investigations, conducted interviews and performed different analyses. Most of the data relied on to reach our value conclusions are included within this report. The appraisal process is a systematic procedure employed to provide the answer to a specific question about real property values. Following is how we approached this appraisal problem.

1. Area and Neighborhood Analysis

We have gathered information about the neighborhood, city of Houston, Harris County, and the Houston-Sugar Land MSA from various maps of the area. Our neighborhood analysis was prepared after driving the area and much of the information contained in this section was based on actual observation.

Purpose, Function, and Scope/Continued

2. Site Description and Analysis

We have also used a borrower-provided site plan, a site survey, F.E.M.A. flood maps, STDB-provided aerial map, and a HCAD plat map. A physical inspection of the property was performed on September 29, 2020. Photographs were taken from several different points showing typical scenes within and around the subject property.

3. Improvement Description and Analysis

Information about the size and net rentable area of the improvements was calculated from the building's unit mix and floor plans provided by the owner. In addition, we also considered HCAD records.

4. Market Data Program

Appraising rental housing units requires the appraisers to gather information on similar type projects. More specifically, we are interested in determining a reasonable replacement cost of the building, a land value, rental information from similar properties, and sales of similar properties in the area. For this particular appraisal, we will be estimating value assuming rent restrictions.

5. Approaches to Market Value

In order to arrive at an opinion of Market Value for the subject property, several components of the Cost, Income, and Sales Comparison Approaches were discussed and demonstrated in this report.

The **Cost Approach** requires the appraiser to estimate the depreciated replacement cost of the improvements and add the estimated land value. Cost new was based on the *Marshall Valuation Service (MVS) Cost Manual* and file data. Land sales information was from the county deed records. In this appraisal, the Cost Approach was not used given the extreme external obsolescence and incurable physical depreciation.

The **Sales Comparison Approach** is used when sufficient sales of comparable apartment complexes can be found and analyzed. We were not able to locate a sufficient number of comparable apartment sales within the immediate area and thus had to expand our search to other areas of the Houston-Sugar Land MSA which had similar demographics.

The **Income Approach** incorporates current rental income based on a comparison of the subject to other similar multifamily communities. In each case, the appraisers inspected the data for comparability and elected to use information that was considered most similar to the subject. The comparable data along with published information provided income, expenses and overall capitalization rates. The net income was capitalized using a direct capitalization rate, and the effective gross income was capitalized using an EGIM.

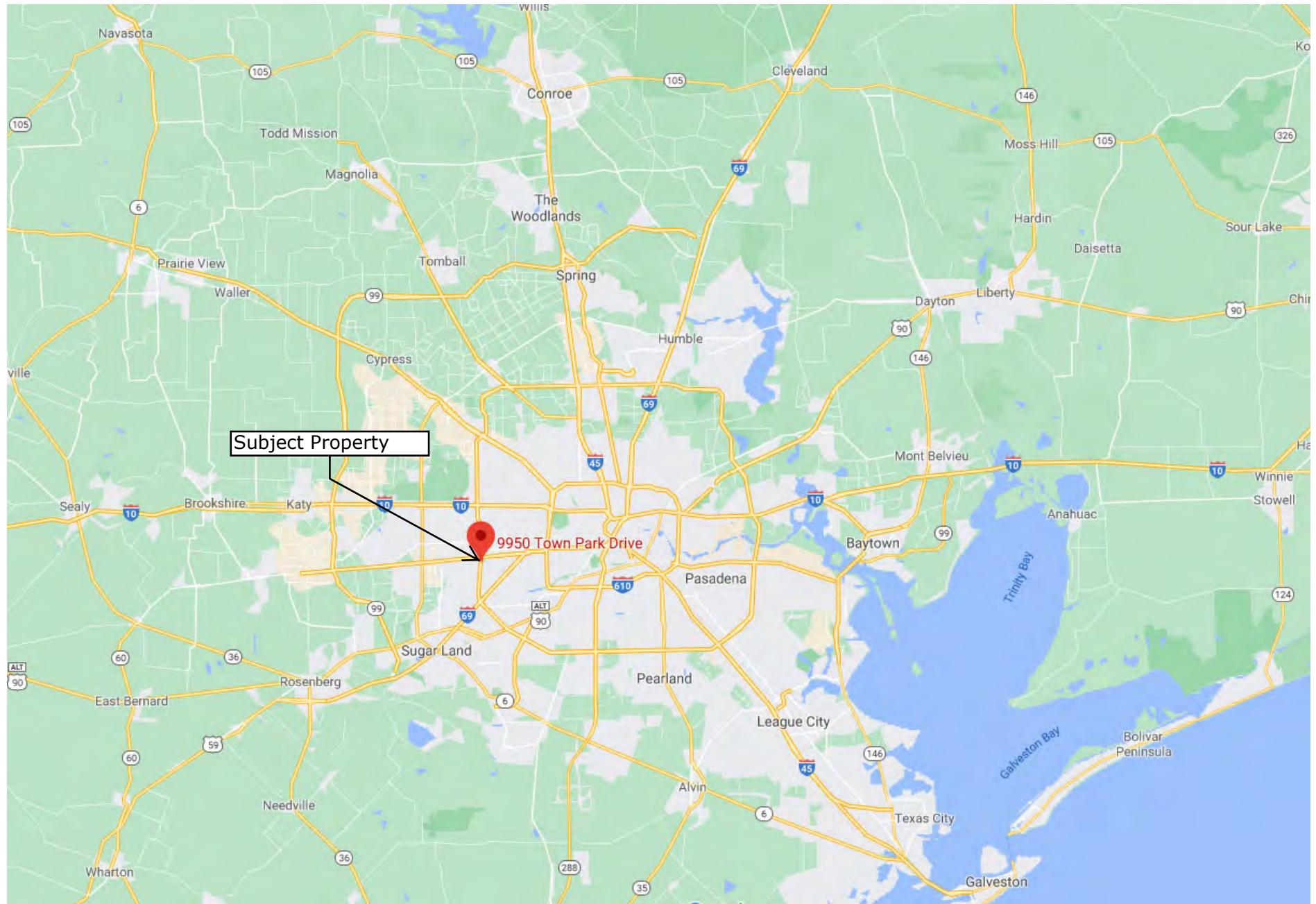
Purpose, Function, and Scope/Continued

In summary, the scope of this assignment (or the appraisal problem) is to provide various opinions of value, as previously outlined. Therefore, this appraisal is prepared according to the previously outlined methodology and *Assumptions and Limiting Conditions*.

DEFINITIONS

Please refer to the Glossary of Terms in the Addenda.

DESCRIPTIVE SECTION



REGIONAL MAP

REGIONAL ANALYSIS

The subject property is located in the Houston-The Woodlands-Sugarland CBSA, which includes nine counties: Austin, Brazoria, Chambers, Harris, Fort Bend, Galveston, Liberty, Montgomery, and Waller. This CBSA includes the city of Houston, which lies in three counties: Harris (567.31 square miles), Fort Bend (12.06 square miles), and Montgomery County (2.07 square miles).

SOCIAL CONSIDERATIONS

Population: Houston is the nation's fourth most populous city and is the largest in the South and Southwest. The Houston-Sugarland-Baytown CBSA ranks fifth nationally in population among the nation's metropolitan areas. The city of Houston is the county seat for Harris County, which ranks among the nation's fastest-growing counties in population, while Fort Bend and Montgomery Counties, which abut Harris County on the southwest and north, rank among the fastest growing counties on a percentage basis.

Population Trends

Region	2000 (000's)	2010 (000's)	2020 (000's)	2025 (000's)	% Change 2000-2010/ 2020-2025	Compounded Annual Growth Rate 2000-2010/ 2020-2025
United States	281,421.9	308,745.5	333,793.1	346,021.3	9.7% 3.7%	0.93% 0.72%
Texas	20,851.8	25,145.6	29,806.3	32,172.7	20.6% 7.9%	1.89% 1.54%
City of Houston	1,991.2	2,134.2	2,419.2	2,592.1	7.2% 7.1%	0.70% 1.39%
Houston-The Woodlands-Sugar Land CBSA	4,693.2	5,920.4	7,234.0	7,931.8	26.2% 9.6%	2.35% 1.86%
Harris County	3,400.6	4,092.5	4,778.4	5,142.7	20.3% 7.6%	1.87% 1.48%
Ft. Bend	354.5	585.4	836.8	979.7	65.1% 17.1%	5.14% 3.20%
Montgomery	293.8	455.7	641.8	741.0	55.1% 15.5%	4.49% 2.92%
Brazoria	241.8	313.2	397.4	438.1	29.5% 10.2%	2.62% 1.97%
Galveston	250.2	291.3	349.9	379.1	16.5% 8.3%	1.53% 1.62%

Source: Site to do Business, Inc.

As outlined, the CBSA has grown considerably over the past 20+ years and is projected to continue growing at a strong rate with 697,879 additional people over the next 5 years.

Education: Public education in Houston is supervised by various Independent School Districts, the largest of which is the Houston Independent School District (HISD). Houston is among the leading academic locations in the southwestern United States. Among adult Houstonians, 34.3% have completed four years of college, compared to 30.9% of the U.S. adult population.

Regional Analysis / Continued

Health Care: There are 85 hospitals with over 19,300 beds throughout Harris County. Virtually every medical specialty is represented. Houston's 1,345 acre Texas Medical Center (www.tmc.edu) is the largest medical center in the world with a workforce in excess of 106,000 and an annual regional economic impact of \$25 billion. It is a leader in space sciences, bioengineering and biotechnology. Funded research activities at member institutions total over \$1 billion annually.

Cultural Attractions: Houston is one of only four U.S. cities with permanent companies in the performing arts of opera, ballet, symphony, and theater. The 17 block Theater District is located downtown and is home to 9 performing arts organizations. There are 12,948 seats for live performances and 1,580 movie seats, and more than 2 million people visit the theatre district annually. Additionally, Houston offers a variety of art galleries and museums. Approximately 4 million people visit institutions in the Museum District every year. Houston is home to the Houston Livestock Show and Rodeo which attracts close to 2.5 million visitors each year.

Recreation: Within the city limits of Houston, there are 366 municipal parks and 200 green spaces totaling 37,832 acres. In addition, Harris County maintains 175 county parks with over 40,000 acres. Cruises are available along the Ship Channel and on Clear Lake. In addition, the Gulf of Mexico and Galveston Island are also tourist attractions situated approximately 50 miles south of the Houston Central Business District. Houston is home to professional baseball's 2017 World Series Champion Houston Astros and Minute Maid Park (2000); Houston Rockets of the NBA and the Toyota Center (2003); the NFL's Houston Texans and NRG Stadium (2002); and Major League Soccer's Dynamo and BBVA Compass Stadium (2012).

Tourism: Houston's downtown has been revitalized with the opening of Bayou Place, as well as numerous restaurants and musical entertainment that has helped bring nightlife back to the downtown area. Houston has over 11,000 restaurants representing more than 35 countries and American regions. A wide variety of shopping opportunities are available including the 2.4 million sq. ft. Galleria Mall, which is legendary for its variety of shops (over 400) and international ambiance. The Galleria is the largest mall in Texas and 7th largest in the United States, attracting over 24 million visitors annually. Moody Gardens in Galveston is less than a one hour drive south of the city and features a huge aquarium pyramid, a rainforest pyramid, and two IMAX theaters. Galveston also has an historic area (The Strand) as well as numerous sites and activities along the Gulf shore.

GOVERNMENTAL CONSIDERATIONS

City and County Government: The City of Houston has a mayor-council form of government in which the mayor and 16 council members (five that are elected at large and eleven from single member districts) serve as the ruling legislative body. These 17 officials and the city controller are elected for two-year terms running concurrently. A county judge and four commissioners perform the principal administrative and legislative functions for Harris County and serve four-year staggered terms.

Regional Analysis / Continued

Zoning: The surrounding counties and Houston are currently not zoned; thus, there are few impediments to development.

Taxation: In Houston, there are no state, local, or personal income taxes. Also, the State of Texas has no state property taxes. There is a limited 8.25% sales tax (6% state, 1.25% city, 1% transit authority) on purchases of nine cents or more with certain food and drug items exempt. The only taxes generally applied to all types of business firms in Texas are ad valorem taxes, corporate fees, and annual corporation franchise taxes. This comparatively less expensive tax structure has been a major contributory factor to the continued relocation of major corporate entities from other parts of the nation to the area.

ENVIRONMENTAL CONSIDERATIONS

Geography/Climate: With temperatures of 90°F or higher for 94 days out of the year, Houston's climate is typical for Gulf Coast cities, characterized by mild winters with long, hot, humid summers. Temperatures throughout the year typically range from 45°F to 92°F with humidity readings ranging from 60% to 90%. Houston is located in the low, flat coastal plains of southeast Texas, approximately 50 miles inland from the Gulf of Mexico and 25 miles from Galveston Bay. The proximity of the Gulf of Mexico results in an average precipitation level of 45 inches annually. The humidity level increases during the summer months making these months quite hot and humid. For the most part, however, the area's climate is relatively mild. Houston has become an air-conditioned city, and its climate has been an advantage in attracting corporate relocations and industrial users. The topography of the area is flat and level, consisting of both wooded and open land. The official altitude of the City of Houston is 49 feet above sea level, while Harris County ranges from sea level to 310 feet.

Vehicular Transportation: As with most large urban areas within the United States, Houston lacks an effective mass transit system and relies almost exclusively on the automobile. Houston has the most extensive freeway and tollway system in the southwest.

Mass (Public) Transportation: Integral to Houston transportation is its Metropolitan Transit System (METRO). Over 1,233 buses serve about 1,285 square miles and there are 28 Park & Ride locations. METRO operates a 22.7 mile light rail line from the University of Houston-Downtown to south of NRG Stadium. The Main Street corridor is the key artery linking downtown Houston to Midtown, the Third Ward, the world-renowned Texas Medical Center, three major universities, the Museum District, Hermann Park, the Zoo and the growing NRG Park, where the football stadium and exhibition center are located.

Air Transportation: The Houston airport system is the fourth largest multi-airport system in the United States and 6th largest in the world. Houston's George Bush Intercontinental Airport (IAH), north of the Houston CBD, garners 70% of the systems total traffic, while William P. Hobby Airport (HOU), south of the CBD, accounts for 30%. Ellington Field (EFD), southeast of Hobby, is both a commercial airport and a center for aerospace development.

Regional Analysis / Continued

Shipping: The Houston Ship Channel and the Port of Houston makes Houston a major transportation center. The channel's turning basin is approximately four miles east of Houston's Central Business District. The impact of the port is magnified by the intra-coastal waterway. Low cost barge transportation is available on this 1,177 mile waterway that links Houston with 9,812 miles of commercially navigable waterways in the mid-continent regions of the Mississippi River and its tributary systems as well as 2,500 miles of waterway along the Gulf of Mexico.

Flood Control: A concern in the Houston area in terms of environmental impact is the matter of flood control. Several bond issues have been passed in recent years in an attempt to help finance different flood control projects throughout the region, into the next century. While the Houston area is subject to flood problems because of its elevation and soil composition, the problem has been limited to a large degree by improvements made by the Harris County Flood Control District and Army Corp of Engineers. In the aftermath of Hurricane Harvey, voters in Harris County approved \$2.5 billion in bonds for flood risk reduction projects throughout the county.

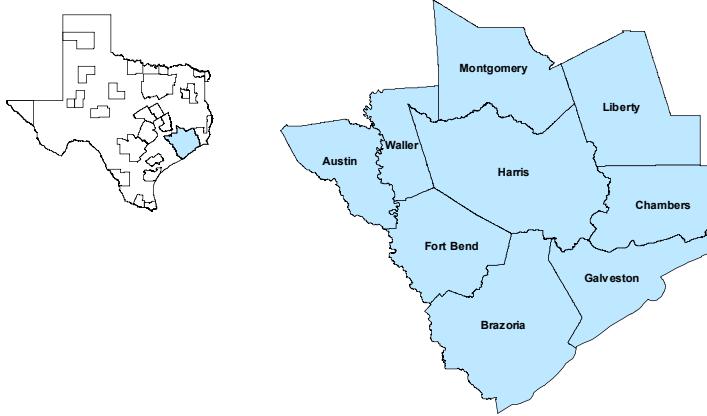
Railroads: There are four major rail systems that serve Houston and its Port. These include the Santa Fe, Union Pacific-Missouri Pacific, Burlington Northern, and Southern Pacific rail systems. AMTRAK also offers passenger service to most major cities from the Washington Street station.

Air Quality: The Houston MSA is home to a large concentration of petrochemical companies. As such, the environmental impact that these industries have had, and will continue to have, on the area is negative. The quality of the air helps to make Houston one of the most polluted (air pollution) cities in the nation. These factors do not preclude future development but are generally seen as factors which would limit most uses other than those that are industrial related.

ECONOMIC CONSIDERATIONS

Employment: Employment in upstream energy sectors (exploration, drilling, etc.) stands at around 35% with only 3 of the top 15 private sector employers focused on energy. Despite the diversification, Houston remains a leader in the energy field and changes in energy markets continue to affect Houston far more than the nation as a whole.

Listed on the following page is a summary of the Houston labor market:

Houston-The Woodlands-Sugar Land MSA
August 2020

MSA Labor Force Statistics

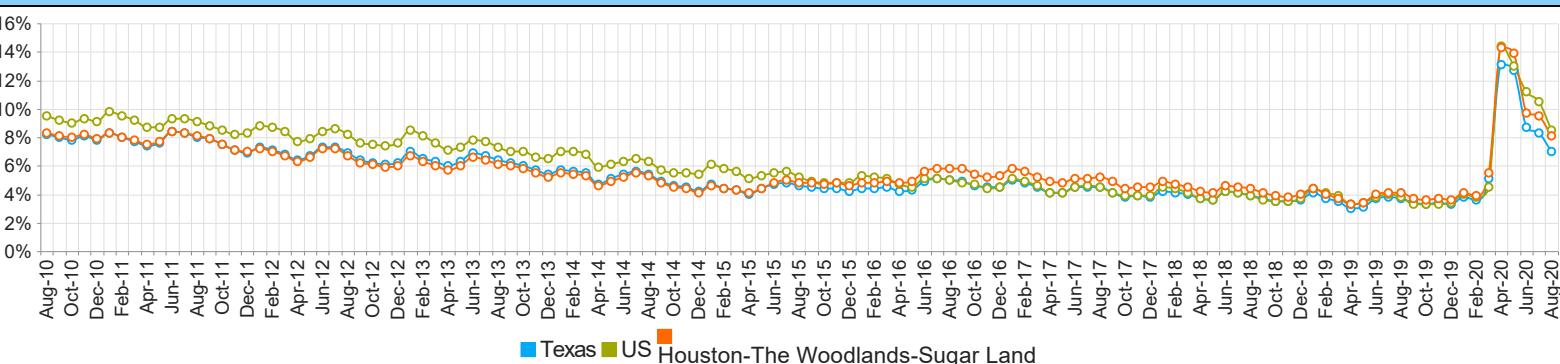
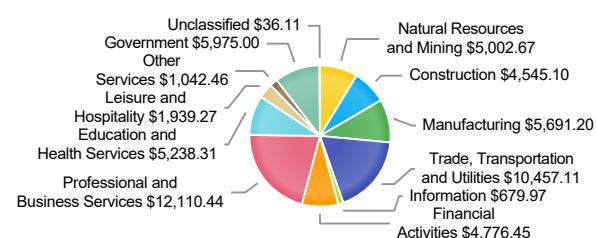
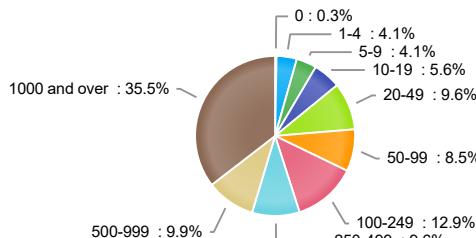
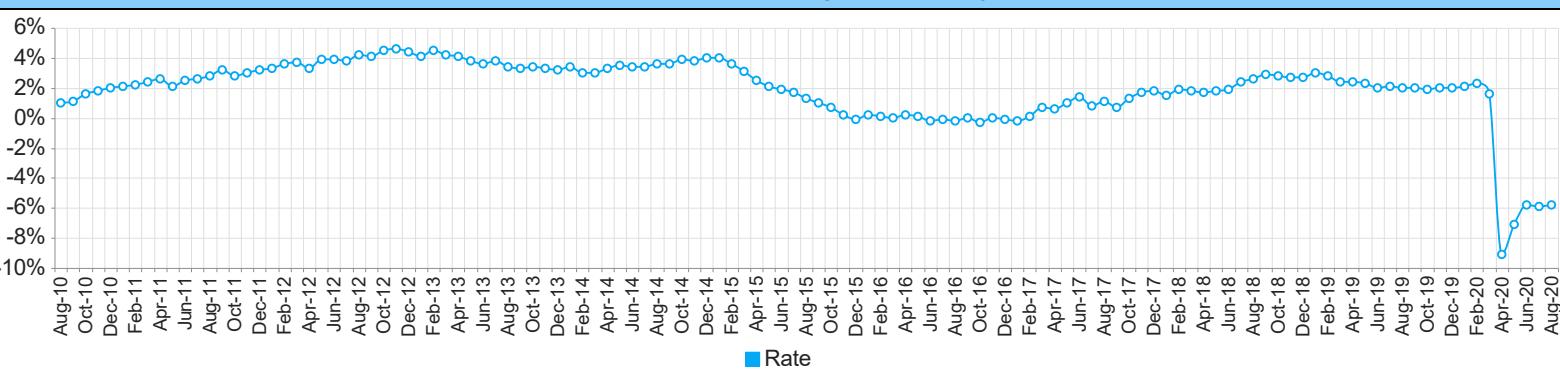
	Aug-20	Jul-20	Aug-19	Yearly Change
Civilian Labor Force	3,485,828	3,394,536	3,417,221	68,607
Employed	3,203,491	3,071,583	3,278,575	-75,084
Unemployed	282,337	322,953	138,646	143,691
Unemployment Rate	8.1%	9.5%	4.1%	4.0%

Texas Labor Force Statistics

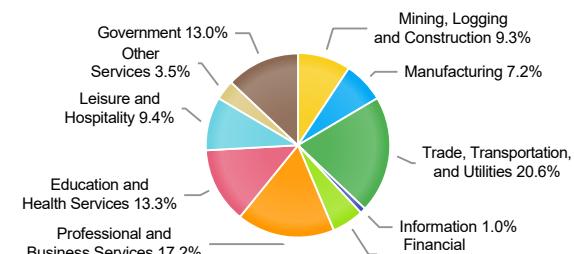
	Aug-20	Jul-20	Aug-19	Yearly Change
Civilian Labor Force	14,325,524	13,858,302	14,030,092	295,432
Employed	13,329,260	12,706,679	13,506,644	-177,384
Unemployed	996,264	1,151,623	523,448	472,816
Unemployment Rate	7.0%	8.3%	3.7%	3.3%

US Labor Force Statistics

	Aug-20	Jul-20	Aug-19	Yearly Change
Civilian Labor Force	160,966,000	161,374,000	164,019,000	-3,053,000
Employed	147,224,000	144,492,000	157,816,000	-10,592,000
Unemployed	13,742,000	16,882,000	6,203,000	7,539,000
Unemployment Rate	8.5%	10.5%	3.8%	4.7%

Historical Unemployment Rates

Employment by Size Class (1st Quarter 2020)
Wages by Industry (in millions) (1st Quarter 2020)

Annual Growth Rate Total Non-agricultural employment

Employment by Industry (August 2020)
Employment by Industry (August 2020)

Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	2,967,500	0.2%	-5.8%
Mining, Logging and Construction	276,200	-0.8%	-13.4%
Manufacturing	214,300	-0.7%	-9.7%
Trade, Transportation, and Utilities	610,100	0.8%	-2.8%
Information	28,800	-2.0%	-12.2%
Financial Activities	164,700	0.1%	-1.8%
Professional and Business Services	509,400	0.8%	-0.2%
Education and Health Services	394,200	-1.1%	-2.9%
Leisure and Hospitality	279,800	0.1%	-17.2%
Other Services	104,700	4.5%	-9.7%
Government	385,300	0.1%	-2.6%



Regional Analysis / Continued

As outlined on the previous page the Houston MSA is faring poorly due to the COVID-19 pandemic. In fact, the unemployment rate increased from 3.4% to 13.9% between May 2019 - 2020. However, employment has gradually improved and the August 2020 unemployment rate is 8.1% (versus 4.1% in August 2019). As businesses continue to reopen, employment is expected to steadily improve, although the long term impact is unknown.

15 LARGEST HOUSTON AREA EMPLOYERS

Rank	Name	Industry	Employees
1	Wal-Mart Stores	Retail	37,000
2	Memorial Hermann Health System	Healthcare	24,108
3	HEB	Food Service	23,732
4	University of Texas MD Anderson	Healthcare	21,086
5	McDonald's	Food Service	20,918
6	Methodist Hospital	Healthcare	20,000
7	Kroger	Food Service	16,000
8	United Airlines	Airline	14,941
9	Schlumberger	Energy	12,069
10	Shell Oil Company	Energy	11,507
11	Exxon/Mobil	Energy	11,000
12	Texas Children's Hospital	Healthcare	10,992
13	HCA	Healthcare	10,830
14	Landry's	Food Service	10,800
15	UTMB Health	Healthcare	9,928

Source: Houston Chronicle 100 - June 17, 2017

As outlined, the Houston area is fairly diversified although heavily influenced by the medical sector. The energy sector is also a major industry which supports the local economy.

A summary of the Houston economy, as published by the Federal Reserve Bank of Dallas is presented on the following pages:

Houston Economic Indicators

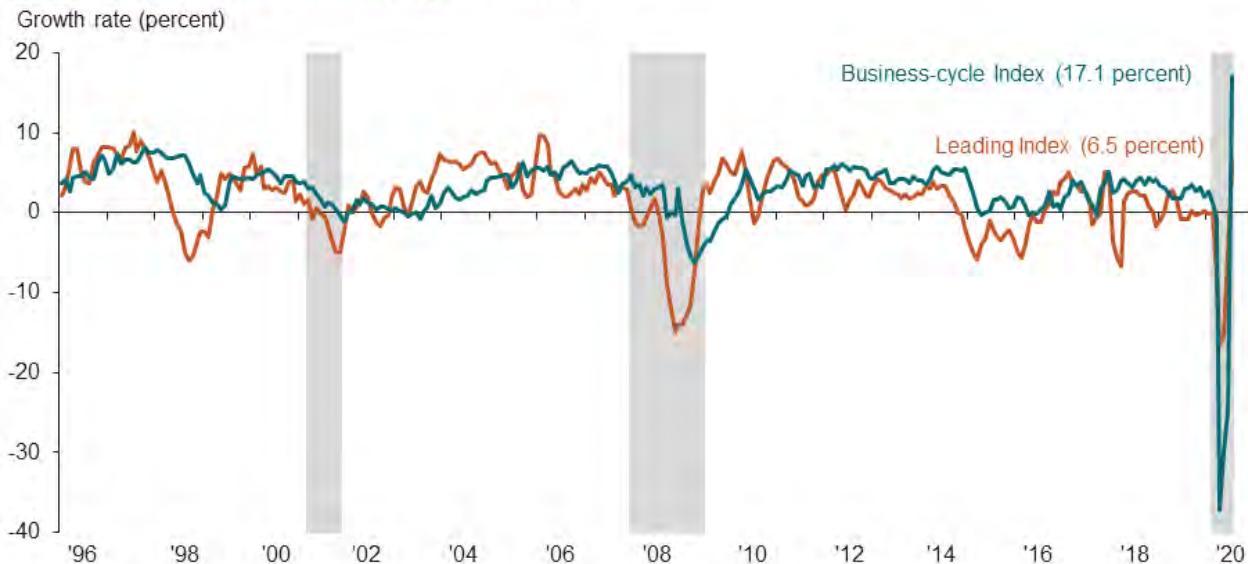
September 4, 2020

Indicators for Houston employment, unemployment and manufacturing improved in July. Leading and coincident indexes also showed gains. Higher-frequency data on mobility and engagement point to a tepid end-of-summer recovery from a COVID-19-driven midsummer lull. Taken together, the data suggest that Houston continues to make strides toward economic recovery, but the pace has likely slowed.

Business-Cycle and Leading Indexes

The Houston Business-Cycle Index surged 17.1 percent over the three months ending in July as pandemic-induced restrictions on the local economy were relaxed (*Chart 1*). The improvement was driven by sharp increases in payroll numbers and positive unemployment data.

Chart 1
Houston Leading and Business-Cycle Indexes



NOTE: Data are annualized, three-month growth rates. Gray bars denote U.S. recessions.
SOURCE: Bureau of Labor Statistics, Dallas Fed.

An index of 10 leading indicators for Houston climbed 6.5 percent over the three months ending in July. The improvement was broad based over that time except for the U.S. rig count and new equipment orders for manufacturing. While indicative of economic and job growth ahead, the index cannot account for how changes in COVID-19 cases, hospitalizations and containment policies will affect economic outcomes. New daily cases and hospitalizations are trending down in Houston, but it would undermine the positive local outlook if the virus were to gain momentum again.

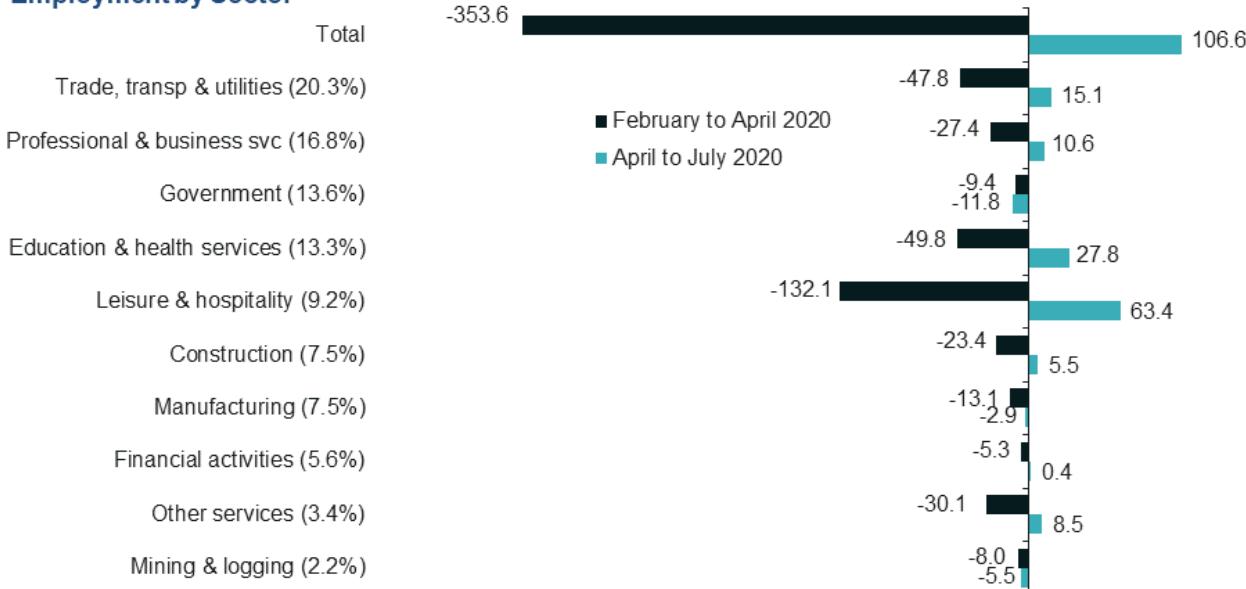
Employment

30 Percent of Pandemic Job Losses Recovered

Houston added over 106,600 jobs from April to July, recovering 30 percent of the jobs lost between February and April (*Chart 2*). The largest gains were in leisure and hospitality, which added back 63,400 jobs—48 percent of jobs lost to the pandemic—even though bars were again shut down in late June to control the increased spread of COVID-19. Education and health services added 27,800 jobs (led by ambulatory health care). Trade, transportation and utilities (led by retail) rounded out the sectors adding back the most jobs. The mining sector saw further payroll declines in the months after April.

Chart 2

Employment by Sector



NOTES: The chart shows the seasonally adjusted change in payroll jobs (in thousands) by sector. Numbers in parentheses represent the share of total employment and may not sum to 100 due to rounding.

SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Payroll surveys are subject to multiple revisions over the year, so the details and magnitude of recent employment numbers may change substantially. However, numerous indicators suggest that the region did see substantial improvement from April to July.

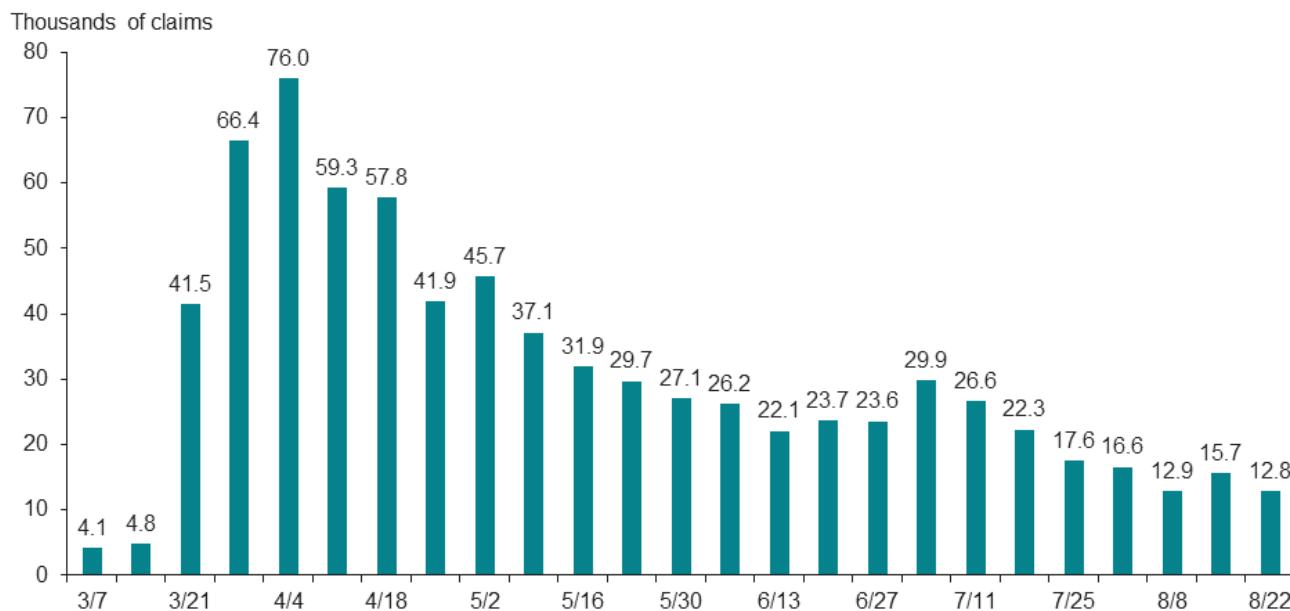
The unemployment rate in Houston fell to 8.4 percent in July, compared with 8.0 percent for Texas and 10.2 percent for the U.S.

Initial Claims Still Trending Down

Weekly initial unemployment claims ticked down by nearly 3,000 to 12,800 in late August, an extension of the downward trend that began in April (Chart 3). That trend was briefly interrupted in early July when limitations on bars were reinstated amid a sharp rise in COVID-19 cases, hospitalizations and deaths. Since that time, the week-to-week declines appear to be narrowing.

Chart 3

Initial Claims for Unemployment Insurance



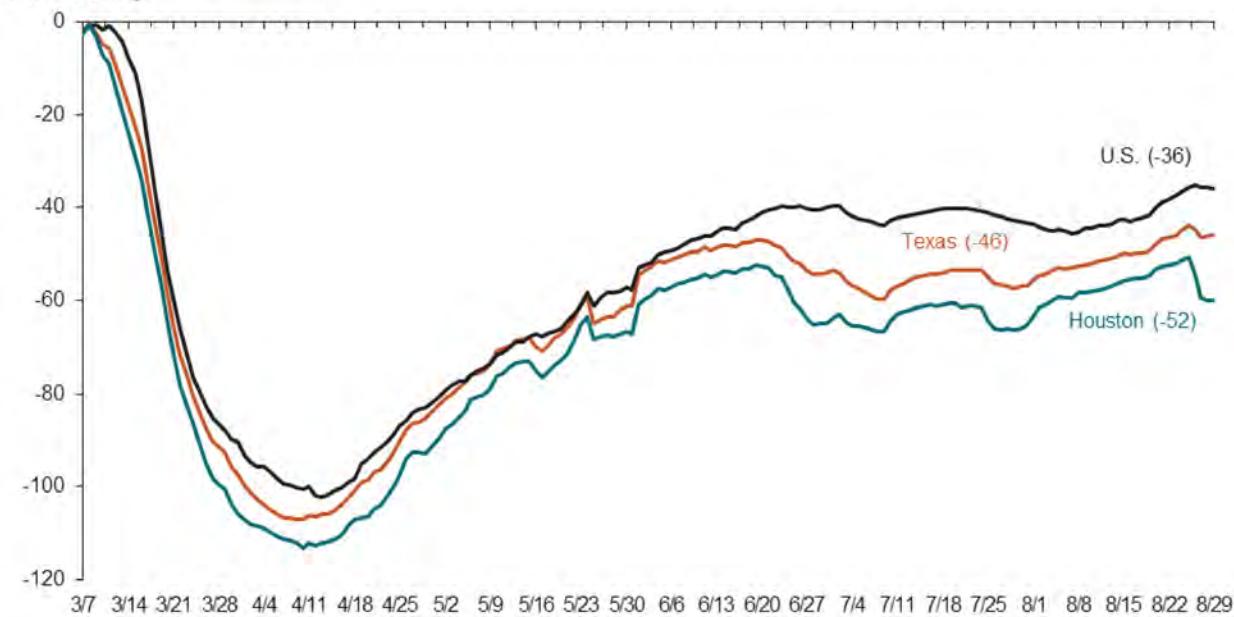
SOURCE: Texas Workforce Commission.

Mobility and Engagement Indexes

Mobility and Engagement Indexes (MEIs), particularly for Houston and Texas, dipped in July before slowly climbing back toward mid-June levels by the end of the summer (*Chart 4*). The weakening was associated with worsening statistics for COVID-19 and the reimposition of some restrictions to combat the virus. MEIs have been highly correlated with a number of economic outcomes during the pandemic. The partial recovery of these indexes over the summer likely means that economic recovery in Houston is regaining momentum. However, it is not clear to what extent increases in the index may be due to end-of-summer seasonal trends.

Chart 4 Mobility and Engagement Index

Percent change



NOTE: Social-distancing index data are seven-day moving averages through Aug. 29.

SOURCES: Dallas Fed; SafeGraph

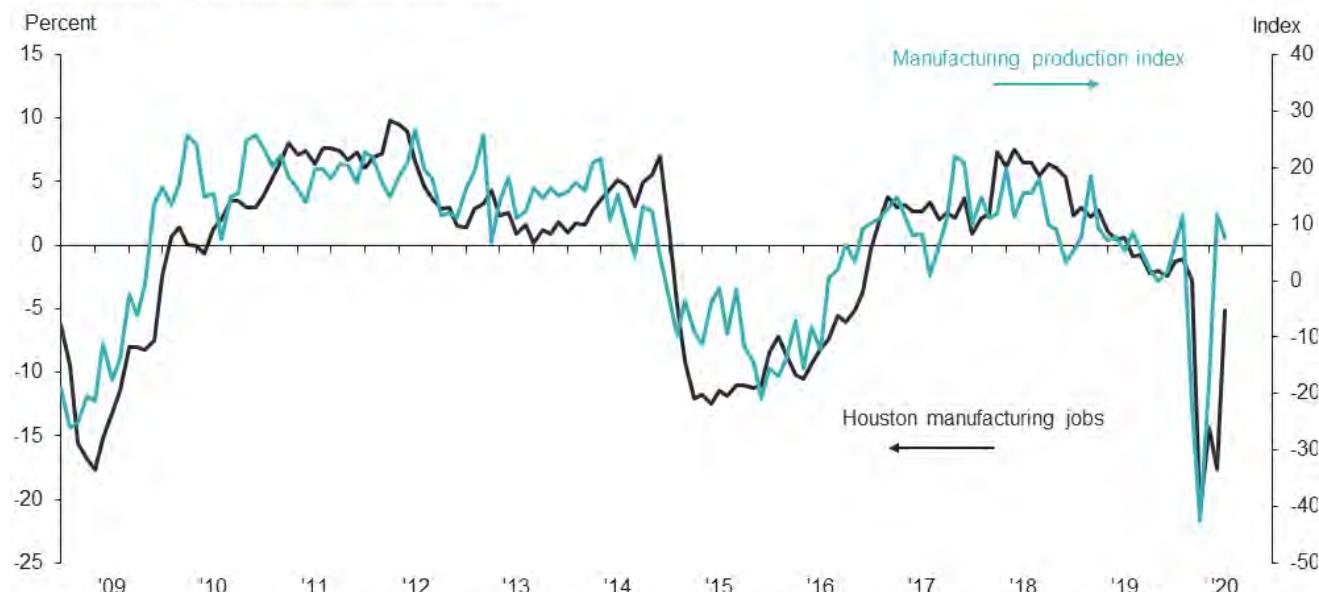
The Houston MEI declined sharply in the final week of August—similar to mobility in Louisiana—in contrast with most of Texas. This is most likely due to Hurricane Laura, which made landfall as a Category 4 hurricane near the Texas and Louisiana border but affected coastal counties from Galveston to New Orleans.

Manufacturing Indexes and Jobs

Manufacturing Output Increasing

Changes in manufacturing production tend to lead manufacturing job growth, particularly at turning points in the economy. Houston production can be gauged by combining production indexes from the Texas Manufacturing Outlook Survey and the Houston Purchasing Managers Index (PMI). The combined index had a positive value of 7.7 for July, indicating that manufacturing output had increased modestly for the second month in a row after sharply declining for three months (*Chart 5*). This implies that manufacturing employment growth is also likely to increase over the next few months after dropping an annualized 2.9 percent over the three months ending in July.

Chart 5 Manufacturing Jobs and Production Index



NOTE: Jobs data are three-month percent changes. The production index is a combination of production indexes from the Texas Manufacturing Outlook Survey and the Houston Purchasing Managers' Index.

SOURCE: Dallas Fed; Houston Institute for Supply Management; Bureau of Labor Statistics; adjustments by the Dallas Fed.

Global Manufacturing Bodes Well for Houston Exports

Houston exports many intermediate goods such as plastics, machine parts, electronic components and energy that feed into manufacturing supply chains around the world. The aggregate PMI for emerging economies from IHS Markit reached 52.5 in August, signifying that manufacturing activity in places like China or Brazil had begun to grow again in aggregate (values above 50 indicate growth) (Chart 6). Developed economies climbed to 51.2, meaning that manufacturing had likely bottomed out by July and had begun to grow again.

Chart 6 Purchasing Managers Manufacturing Indexes



NOTE: Values above 50 indicate expanding economic activity, and vice versa. "Houston export markets" is the export-weighted average of purchasing managers' indexes for 14 of the top countries receiving goods from the Houston-Galveston customs district. Weights are based on data for the 12 months ending February 2020.

SOURCE: IHS Markit; Census Bureau; author's calculations.

That improvement is consistent with the export-weighted global PMI for the Houston-Galveston customs district, which rose from a low of 37 in April to 50.5 in August. This implies that declines in manufacturing activity in Houston export markets have slowed but have not yet returned to aggregate growth.

Regional Analysis / Continued

Coronavirus (COVID-19)

Coronaviruses are a group of related viruses that cause diseases in mammals and birds. In humans, coronaviruses cause respiratory tract infections that are typically mild, such as some cases of the common cold (among other possible causes, predominantly rhinoviruses), though rarer forms can be lethal, such as SARS, MERS, and COVID-19. The ongoing pandemic of coronavirus disease 2019 (COVID-19) originated in Wuhan in Hubei, China in early December 2019 and the global outbreak was characterized as a pandemic by the World Health Organization (WHO) on March 11, 2020. As of September 24, 2020 over 32.26 million cases have been reported within 213 countries and territories; more than 984,000 people have died from the disease; and over 23.8 million have recovered.

Public health responses around the world have included travel restrictions, quarantines, curfews, event cancellations, and facility closures. These include a lockdown of the Chinese province of Hubei, the nationwide quarantine of Italy, the nationwide quarantine of Spain, curfew measures in China and South Korea, various border closures or incoming passenger restrictions, screening methods at airports and train stations and travel advisories regarding regions with community transmission. Schools and universities have closed either on a nationwide or local basis and are impacting over 60% of the world's student population.

Worldwide effects of the pandemic include social and economic instability and the online spread of misinformation and conspiracy theories about the virus. As a consequence the world economy has suffered significantly with the DJIA falling from a high of 29,551 on February 12, 2020 to a low of 21,201 on March 12, 2020. In one month the DJIA declined by 28.25% and essentially wiped out any gains realized since June 2, 2017. In an effort to reverse the decline and settle the markets the Federal Reserve implemented a \$1.5 trillion aid package on March 13, 2020 that involved making short-term loans available on Wall Street and purchasing Treasury securities in a coronavirus-related response aimed at preventing ominous trading conditions from creating a sharper economic contraction. The Fed's substantial intervention in short-term money markets, together with a move that opens the door to a resumption of bond-buying stimulus known as quantitative easing, made a positive impact on the stock market as a gain of 1,985 or 9.36% was realized by the DJIA on March 13, 2020.

In addition, congress passed the \$2 trillion **CARES Act** on March 26, 2020. Unprecedented in size and scope, the legislation was the largest-ever economic stimulus package in U.S. history, amounting to approximately 10% of total U.S. gross domestic product. The bill was much larger than the \$831 billion stimulus act passed in 2009 as part of the response to the Great Recession. The Congressional Budget Office estimated it would add \$1.8 trillion to the Federal deficit over the 2020–2030 period, with nearly all the impact in 2020 and 2021.

Regional Analysis / Continued

The bill is referred to by lawmakers as "Phase 3" of Congress's coronavirus response. The first phase was an \$8.3 billion bill spurring coronavirus vaccine research and development (the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020), which was signed into law on March 6, 2020. The second phase was an approximately \$104 billion package largely focused on paid sick leave and unemployment benefits for workers and families (the Families First Coronavirus Response Act), which was enacted March 18, 2020. As a consequence of the Federal stimulus, the stock market has largely recovered and the Dow Jones Industrial Average is currently at 26,585 as of July 27, 2020 or 6.84% lower than December 31, 2020 but 43.0% above the March 23, 2020 low of 18,592. Whether this increase in stock prices can be sustained remains to be seen, although the Federal stimulus has clearly had a positive impact.

Houston Impact

Prior to the Coronavirus the energy sector had been realizing significant losses as the price of oil (WTI) declined from a high of \$77.41 per barrel on June 27, 2018 to \$45.90 per barrel as of March 6, 2020, a decline of 40.7%. However, the impact of the COVID-19 pandemic was realized on March 9, 2020 as the price of oil plunged to \$31.05 per barrel, a decline of 32.4% in one trading day. The price has since fluctuated but has followed a downward trend, with a negative price per barrel of \$36.98 realized on April 20, 2020. However, the closing price the following day was \$8.91 per barrel. It should be noted, the price of oil has since rebounded but is still considered low. The current oil price (\$39.26 per barrel as of September 21, 2020) is about 23% below the 5-year average price of \$51.11 per barrel.

As a consequence of the low price over the past five years, many energy sector companies have laid off employees, reduced R&D expenditures, and vacated office space. Not surprisingly, the Energy Corridor office submarket has an approximate 18.8% vacancy rate (including 528,139 sq. ft. of sublease space or 1.6% of the vacancy rate) and declining rents.

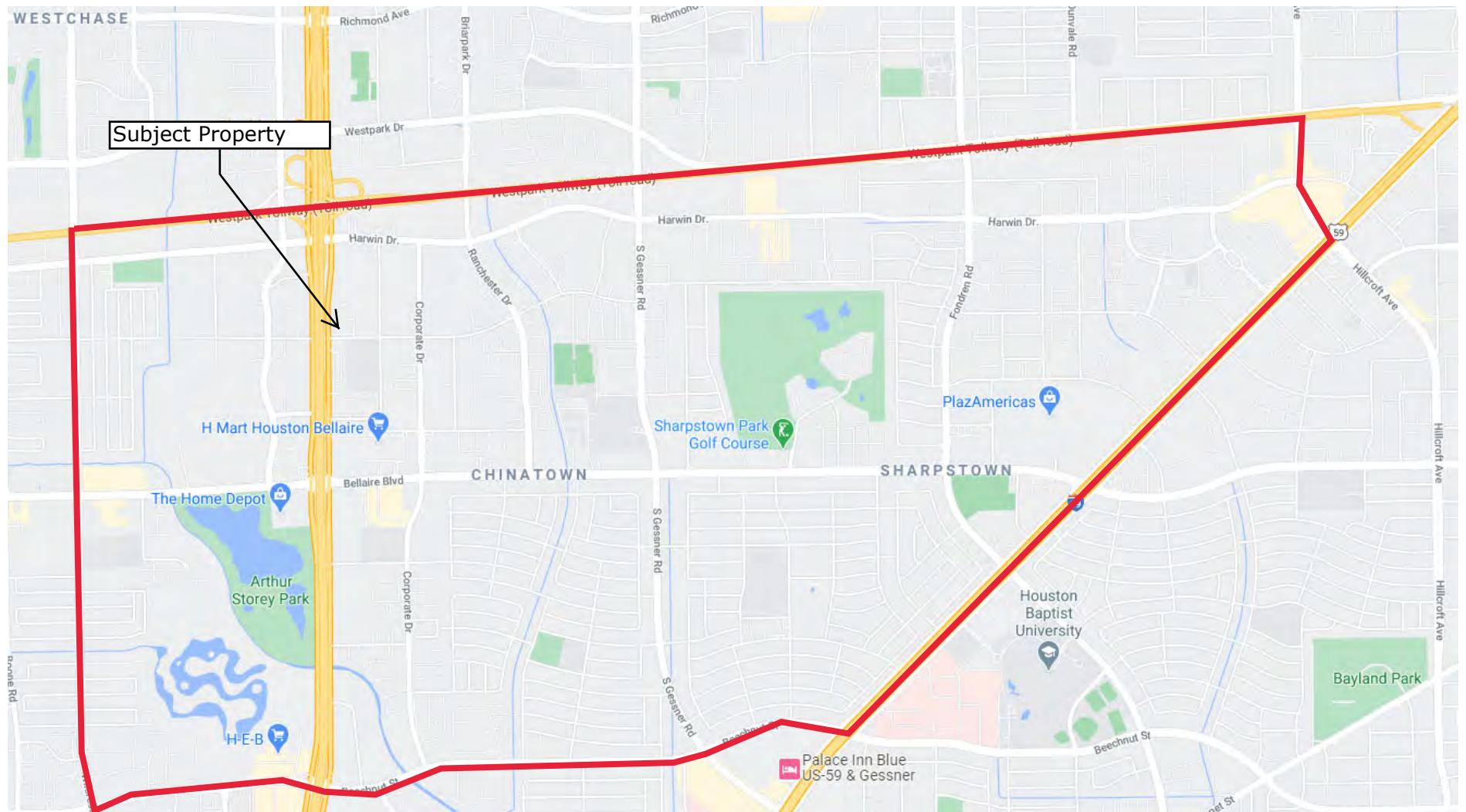
As a result of the Coronavirus there has been a significant reduction in demand for oil and natural gas. Not surprisingly, almost all energy related companies have had their stock values decimated. As an example, ExxonMobil (XOM) had their stock decline by roughly 50% since the beginning of the year with a 56% ytd decline realized on March 23, 2020. Over a 5-year period their stock price has declined by roughly 52%. Other major oil companies have realized similar declines.

Within West Houston a major employment center is the Energy Corridor / Park 10. While many area residents work within the Energy Corridor / Park 10, the past 5 year contraction in oil prices has conditioned the area to low expectations and job losses have already been absorbed.

CONCLUSION

The Houston market is currently considered weak but improving as the August employment is improving as business start to reopen. Despite 75,084 fewer people being employed verus a year ago, the most recent 1-month data shows an employment increase of 131,908 between July - August. As businesses continue to reopen, employment is expected to steadily improve. However, the impact of the Coronavirus and reduced demand for oil will likely have a negative impact on the MSA. Although the long term impact is unknown, the Federal Reserve and Congress has taken action to help mitigate the damage.

The general regional economy was concluded as being fairly weak but with projections for continued growth as businesses reopen. Property values are expected to improve / stabilize as the diversified Houston economy experiences improvement over the intermediate term. The Houston economy is impacted by the energy markets, and thus the long term outlook is difficult to predict with regards to the volatile world energy market. Overall, the Houston economy is well poised to experience improvement and the long term outlook is considered good.



NEIGHBORHOOD MAP

NEIGHBORHOOD ANALYSIS

Within a community, there is a marked tendency toward the grouping of land uses. The area devoted to these various uses are physical neighborhoods. A neighborhood is defined as "a portion of a larger community in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have more than a casual community of interest, and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined natural or man-made barriers, or they may be more or less well defined by a distinct change in land use, or in the character of the inhabitants."

A neighborhood may be characterized by such uses as residential, commercial, industrial, recreational, cultural, and civic activities, or a mixture of these uses. Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, physical, and potential forces which affect that neighborhood also directly influence the individual properties located within it. A discussion of these various factors as they affect the value of the subject property is presented as follows:

Neighborhood Defined

The neighborhood may be best defined as all the land within the following boundaries:

North: Westpark Tollway;
South: Beechnut Street and I-69;
East: Hillcroft Avenue; and
West: Wilcrest Drive.

The delineated neighborhood encompasses *Chinatown* and the *Harwin District* and is entirely within the city limits of Houston. The subject property is located in the north / west part of the defined neighborhood just south of Westchase.

General Data

The subject neighborhood is currently considered stable, after having experienced tremendous growth over the past 10 - 15 years. The recent growth (development) within the area has been in multifamily (LIHTC), office, and commercial/retail development. A vast majority of any future development within this area will likely be similar to those types of structures already existing. Thus, there is no likelihood of any dramatic change in land use.

The following information is presented in summary chart form to give the reader a quick overview of the subject neighborhood.

Neighborhood Analysis/Continued

Summary of Neighborhood Characteristics

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Small Town
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%
Growth Rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input checked="" type="checkbox"/> Slow
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply
Rent Controls	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Likely

Neighborhood life Cycle

The complementary land uses that comprise neighborhoods typically evolve through four stages. These four stages comprise the life cycle of a neighborhood and are described as follows:

- 1) Growth: a period in which the neighborhood gains public favor and acceptance.
- 2) Stability: a period of equilibrium without marked gains or losses.
- 3) Decline: a period of diminishing demand.
- 4) Revitalization: a period of renewal, modernization and increasing demand.

This neighborhood may be considered suburban with supporting commercial and retail development located along the major arterials / thoroughfares. From the standpoint of the visual and built-up characteristics of this neighborhood, it appears that the area is approximately 90% built-up. Overall, the area is considered stable and there is no likelihood of any dramatic change in land use.

Accessibility

The subject property is located approximately 12 miles southwest of the Houston CBD. The delineated neighborhood is directly accessible via the Westpark Tollway, IH-69, and the Sam Houston Tollway, all major arterials. Public bus service is available within the area and there are bus stops along Harwin, Bellaire, Ranchester and other various roads. The closest bus stop is located at Bellaire and Ranchester. In addition, there is a Metro Park and Ride located roughly 1.0 miles northwest of the subject property along Harwin.

Overall, access to all parts of the Houston Metropolitan area is considered very good.

Neighborhood Analysis/Continued

Topography

The land is approximately level and based on surrounding land uses, the bearing qualities of the soil are good and there are no known flood or other hazards because of topographical or soil conditions. However, it should be noted that a large swath of land west of the Sam Houston Tollway between Bellaire and Beechnut is bisected by Brays Bayou and thus is prone to flooding. However, approximately 175 acres located along the bayou have been developed with *Arthur Storey Park*. A majority of the park is comprised of a massive water detention pond to control flooding, while additional acreage has been developed with a walking trail, Tai Chi Court, playground, picnic areas and restrooms.

Public Utilities/Infrastructure

All public utilities are available. Electricity is supplied by TXU, Reliant Energy and other providers; natural gas is provided by Centerpoint Energy; water and sewer by the City of Houston; and telephone / internet and cable service is provided by AT&T and other providers. Street maintenance is provided by the City of Houston, State of Texas, Harris County and the Tollroad Authority. Fire and police protection is provided by the City of Houston. The main streets are generally paved with curbs and underground storm sewer drainage.

Zoning

The City of Houston and Harris County do not subscribe to zoning; however, most of the area is generally well planned with compatible land uses. Consequently, the overall appearance and compatibility of adjacent land uses is fairly desirable.

Quality and Convenience of Stores

The quality and convenience of stores which serve the subject's neighborhood is considered to be good, with various shopping centers located along the major thoroughfares within the area. There is over 1.8 million square feet of retail space in Westchase and in close proximity to the subject. In addition, numerous restaurants and several regional malls are within a 5- to 15-minute commute. Overall, it is our opinion that the quality and convenience of neighborhood shopping is considered desirable for the subject's Senior population.

Recreational and Cultural Opportunities

Recreational facilities are numerous and centered primarily around shopping and dining out. Recreational activities are centered around a walking / riding path along Brays Bayou (*Arthur Storey Park*). In addition, the Galleria, Houston CBD, Houston Zoo, and Museum District are located within an approximate 15 to 30-minute commute. Overall, residents of this area have convenient access to all Houston has to offer. In addition, recreational and cultural opportunities within the defined neighborhood are very conducive to continued residential growth.

Neighborhood Analysis/Continued

Medical Services

The subject neighborhood is served by the Memorial-Hermann Southwest Hospital and West Houston Medical Center which are located roughly 2.5 miles southeast and northwest of the subject property, respectively. In addition, ALTUS Houston Hospital is located directly across from the subject along Town Park Drive. This is a small hospital offering emergency care, surgery center, women's care and cancer treatment.

Schools and Religious Facilities

The subject neighborhood is situated within the Houston and Alief ISDs. These are not particularly desirable school districts, although certain schools within the area have good reputations. Various elementary, middle, and a high school are located within the neighborhood. Schools of higher learning are located outside of the defined neighborhood and include the University of Houston, Rice, St. Thomas, TSU and HBU, all located within a 15- to 30-minute commute. In addition, the Houston Community College system has several campuses nearby. Religious facilities of many denominations are located within or in close proximity to the neighborhood.

There are several places of worship within the area representing several faiths and denominations.

Prestige and Homogeneity of Surrounding Area

The general prestige and social standpoint of the neighborhood varies. Most of the area is low to moderate income, although there is a fairly large percentage of upper-income households. Within the subject's neighborhood a search at www.realtor.com revealed the following:

Zip Code	# of Homes	Low	High	Median
77036	36	\$149,000 (2br/2.5ba)	\$349,500 * (3br/2.5ba)	\$264,900

* The 2nd and 3rd highest priced homes are listed at \$325,000 and \$319,900, respectively.

As outlined, home values vary by a significant amount. However, homes within the immediate vicinity of the subject property generally sell for \$250 to \$300K.

Hazards and Nuisances

There are no known hazards or nuisances that would adversely affect the marketability of property located in the subject neighborhood.

Neighborhood Analysis/Continued

Economic Influences/Employment Centers

Given the subject's location in proximity to the Westchase District, many residents work nearby. In addition, employment centers such as the Galleria and Energy Corridor are only a 15 - 30 minute commute. Many area residents work within the various office buildings located along the Sam Houston Tollway, I-69 and/or the major employment centers: Westchase, Energy Corridor, Greenway Plaza, CBD, Galleria/Post Oak and Texas Medical Center. The closest major employment center is **Westchase**. This master planned development has the following characteristics:

Size: 4.2 square miles (2,700 acres)

Boundaries: Commercial areas along the West Sam Houston Tollway from Bellaire Boulevard north to Buffalo Bayou and east from Westerland (east of Gessner) to Woodland Park Drive and Royal Oaks Country Club on the west. The district includes the commercial subdivisions of Westchase, City West, Wilcrest Green, Oak Park at Westchase, and the commercial areas of Woodlake.

Inventory: **Office Buildings:** 118 buildings with 18.11 million sq. ft. (83% occupied as of the 2nd quarter 2020)

Office Service Centers / Warehouse Buildings: 23 centers with 1.286 million sq. ft. (87% occupied as of the 2nd quarter 2020)

Retail Space: 44 centers with 1.587 million sq. ft. (76% occupied as of the 2nd quarter 2020)

Hotels: 25 hotels - 3,322 rooms (46.5% as of the 2nd Qtr 2020)

Multifamily: 53 residential communities totaling 16,492 units (92.4% occupancy as of the 2nd quarter 2020)

Population: 28,000 residents; 53,000 employees; 1,500 businesses

History: **Woodlake** (now part of Westchase) was started in 1969 by Friendswood at Westheimer and Gessner (294 acres). Phase I of **Westchase** (760 acres) was started in 1973 by the Westchase Corporation, with the first sale to Western Geophysical. Phase II of Westchase (587 acres) began in 1977. Additional areas totaling 1,059 acres were annexed over the years and the total land area is now 2,700 acres.

Neighborhood Analysis/Continued

Major Employers: Many leading-edge companies are based in Westchase District, including several from the Fortune 200: Kroger; Bank of America; Phillips 66; Target; Cisco; MetLife; Honeywell, National Oilwell Varco; and Office Depot. Other businesses claim Westchase District as their corporate headquarters, including CGG, BMC Software, Cardtronics, Tailored Brands and Phillips 66. Although many of our area's businesses are energy-related (Chevron and Schlumberger, among others), the area is heavy in engineering and construction companies, including ABB, Aker Solutions, CB&I, Costello, Inc; D.E. Harvey Builders, EHRA Engineering, Hoar Construction, Jacobs Engineering, Lockwood Andrews & Newnam and LJA Engineering. The area's diverse job basis keeps Westchase District stable during industry-specific economic downturns.

Conclusion

In conclusion, the subject neighborhood is an established and growing suburban area well situated relative to employment centers and transportation arterials and is considered conducive to Senior tenants. The development is predominantly average quality single and multifamily residential, with supporting commercial/retail along the major thoroughfares. Social, environmental and governmental factors impacting future development and growth are considered average and conducive to future expansion. Finally, economic factors (area employers, proximity to employment centers, etc.) are desirable and will positively impact future development. Overall, the area should maintain its current profile with few, if any, drastic changes expected over the next 5 years.

MULTIFAMILY MARKET ANALYSIS

RealPage, Inc. defines the subject's submarket as "Sharpstown / Fondren SW (Area 17)". This submarket is expansive and extends beyond the subject's defined neighborhood. In fact, the defined subject neighborhood encompasses only about 40% of the total submarket. However, the neighborhood multifamily development is consistent in monthly rent and occupancy with the submarket; as such, this submarket is considered representative.

According to the RealPage, Inc. survey, as of the 2nd Quarter 2020, there were a total of 37,226 units in this submarket, representing approximately 5.3% of the Houston metropolitan market. A percentage breakdown of the total units by year completed is as follows:

Percentage Unit Breakdown By Year

Submarket	Year Completed - Units*						
	2010 +	2000 - 2009	1990 - 1999	1980 - 1989	1970 - 1979	Pre-1970	Total **
Sharpstown / Fondren SW (Area 17)	242	541	0	5,002	12,219	336	18,340
Units Built Per Year	23	54	0	500	1,222	N/A	367
Percent of Total	1.3%	3.0%	0.0%	27.3%	66.6%	1.8%	
Houston MSA	102,783	96,415	54,217	101,602	105,390	21,913	482,320
Units Built Per Year	11,420	9,642	5,422	10,160	10,539	N/A	9,396
Percent of Total	21.3%	20.0%	11.2%	21.1%	21.9%	4.5%	

* The submarket units were based on a sampling of 49.3% of the 37,226 existing units.

* The Houston MSA units were based on a sampling of 69.0% of the 698,737 existing units.

** The total units built per year do not include pre-1970s era development

As depicted in the previous table, most of the submarket multifamily development is fairly dated, with only 4.3% of the supply built between 1990 - present. Development in the 1970s - 1980s was very substantial and thus 93.9% of the supply is from this 20 year period.

No properties are currently under construction, although a 120 unit supportive housing community (New Hope Housing Savoy) is planned for late 2021. It's important to note that this submarket does not generally support market rate multifamily development. In fact, the two most recently built apartment communities were LIHTC properties:

New Hope Housing Dale Carnegie:

170 supportive housing units built in 2019

Lafayette Plaza:

122 Senior housing units built in 2014

Multifamily Market Analysis / Continued

The following table presents a snapshot of the subject's submarket and the overall Houston MSA market.

2nd Quarter 2020	Sharpstown / Fondren SW (Area 17)	% of the MSA	Houston MSA	Variance
Existing Apartment Units	37,226	5.3%	698,737	
Quarterly Unit Demand (Absorption)	-158	-8.7%	1,819	1,977
Annual Unit Demand (Absorption)	-143	-1.9%	7,521	7,664
Quarterly Unit Completions	0	0.0%	4,343	4,343
Annual Unit Completions (a)	0	0.0%	13,699	13,699
Annual Unit Removals (b)	0	---	575	575
Annual Net Inventory Change (a-b)	0	0.0%	13,124	13,124
Net Inventory Change Rate	0.0%		1.9%	1.9%
Overall Occupancy	93.3%		92.9%	0.4%
Quarterly Change (points)	-0.4		-0.3	0.1
Annual Change (points)	-0.4		-0.7	0.3
Average Effective Monthly Rent	\$787		\$1,113	\$326
Quarterly Rent Change	0.6%		-1.3%	1.9%
Annual Rent Change	0.6%		-1.5%	2.1%

Bolded indicators reflect below-market performance

As outlined, the subject's submarket is comprised of dated multifamily product which generates significantly lower rents. The occupancy is slightly better and rental rate increases have been small but positive. There is currently negative demand for apartments and nothing has been built over the past 12 months.

The following table presents the RealPage, Inc. 2nd Quarter 2020 forecast for the Sharpstown / Fondren SW (Area 17) submarket and the overall Houston MSA market for the next 12 months ending 2nd Quarter 2021.

12 Month RealPage, Inc. Forecast	Sharpstown / Fondren Southwest (Area 17)	Houston MSA
Annual Unit Completions (a)	0	18,580
Annual Unit Demand (b)	-837	7,218
Net Absorption (b-a)	(837)	(11,362)
Overall Occupancy	91.0%	91.5%
Annual Change (points)	-2.5	-1.5

Multifamily Market Analysis / Continued

The preceding chart shows a projected decrease in occupancy over the next year in the overall Houston MSA area and subject's submarket. The decrease in the stabilized occupancy being projected within Houston MSA is due to a forecasted supply of 18,580 units, whereby there is projected demand for 7,218 units. Conversely, the occupancy being projected within the submarket is due to a forecasted supply of 0 units, whereby there is projected demand for (837) units. Thus, an increase in occupancy is being projected.

Subject's Immediate Competition

The subject property has limited rent restricted competition. The only existing competition involves the following:

- ▶ 122 unit **Lafayette Plaza Senior** housing community, of which only 98 units are rent restricted.
- ▶ 250 unit **Pinnacle on Wilcrest Senior** housing community, of which all units are rent restricted as part of a Section 8 Contract. This property is owned by the HHA and is tax exempt.

There is no additional senior housing planned and thus the subject should maintain high stabilized occupancies.

On the following page is a summary of the LIHTC communities within the defined neighborhood.

Year Built	Development Name	Project Address	Project City	Project County	Zip Code	LIHTC Amt Awarded	Total Units	LIHTC Units	Population Served	New or Rehab	HCAD	2020 AV	
1998	Sovereign Apartments	9888 United Drive	Houston	Harris	77036	\$1,128,000	209	209	General	New	119-220-001-0001	\$9,003,369	
2001	Collingham Park	10800 Kipp Way	Houston	Harris	77099	\$663,387	250	250	General	New	121-545-000-0001	\$9,984,103	
2004	Little Nell Apartments	8565 W Sam Houston Pkwy.	Houston	Harris	77036	\$920,281	278	278	General	New	125-205-001-0001	\$12,333,963	
							737	737					
2003	Town Park Townhomes	9950 Town Park Drive	Houston	Harris	77036	\$931,890	120	120	Elderly	New	123-382-000-0001	\$4,602,600	
2006	The Pinnacle on Wilcrest	9520 Wilcrest Drive	Houston	Harris	77099	\$637,260	250	250	Elderly	New	126-462-001-0001	Tax Exempt	
2014	Lafayette Plaza	7320 Clarewood Drive	Houston	Harris	77036	\$1,428,022	122	98	Elderly	New	134-955-001-0001	\$4,406,130	
							492	468					
2019	New Hope Housing Dale Carnegie	6001 Dale Carnegie Lane	Houston	Harris	77036	\$1,500,000	170	170	Housing	New	140-539-001-0001	\$4,025,157	
Proposed	New Hope Housing Savoy	6301 Savoy Drive	Houston	Harris	77036	\$1,471,869	120	120	Housing	New	130-606-001-0001	\$1,331,378	Vacant Land
							290	290					
1977	Vista on Gessner	6005-6525 S. Gessner Road	Houston	Harris	77036	\$3,499,967	805	805	General	Rehab	130-073/74/75-000-0001	\$26,955,612	
1979	Premier on Woodfair	9502 Woodfair Dr.	Houston	Harris	77036	\$1,200,000	408	390	General	Rehab	108-056-000-0002	\$12,177,201	
1994	Bristol Court Apartments	8404 S. Course Drive	Houston	Harris	77072	\$168,032	164	164	General	Rehab	114-684-000-0002	\$4,852,778	
							1,377	1,359					
							TOTALS	2,896	2,854				

DEMOGRAPHIC DATA

This section of the appraisal considers demographic information within the subject's market area. The market area is defined as the area in which similar properties compete with the subject property for tenants. Demographic information from within the defined neighborhood was based on the 2000 and 2010 U.S. Census. In addition, projections for 2020 and 2025 were provided by Site to do Business (STDB), a company which specializes in providing demographic data. Primary demographic information is presented as follows:

	Defined Neighborhood	Change (2020 - 2025)
Population		1,980
- 2000	59,296	3.3%
- 2010	57,378	
- 2020	60,398	
- 2025	62,378	
Households		509
- 2000	21,285	2.5%
- 2010	19,703	
- 2020	20,279	
- 2025	20,788	
2020 Estimates		
Average HH Size	2.98	
Renter Occupied Units	63.1%	
Median HH Income	\$32,441	
Per Capita Income	\$16,175	
Average HH Income	\$48,143	
HH Income (\$24,999 and	38.0%	
HH Income (\$100,000 and	9.8%	
Less Than High School	33.4%	
College Degree (Associate +)	22.5%	
Population (17 and under)	27.8%	
Population (55 and above)	19.0%	
Median Age (Years)	31.5	

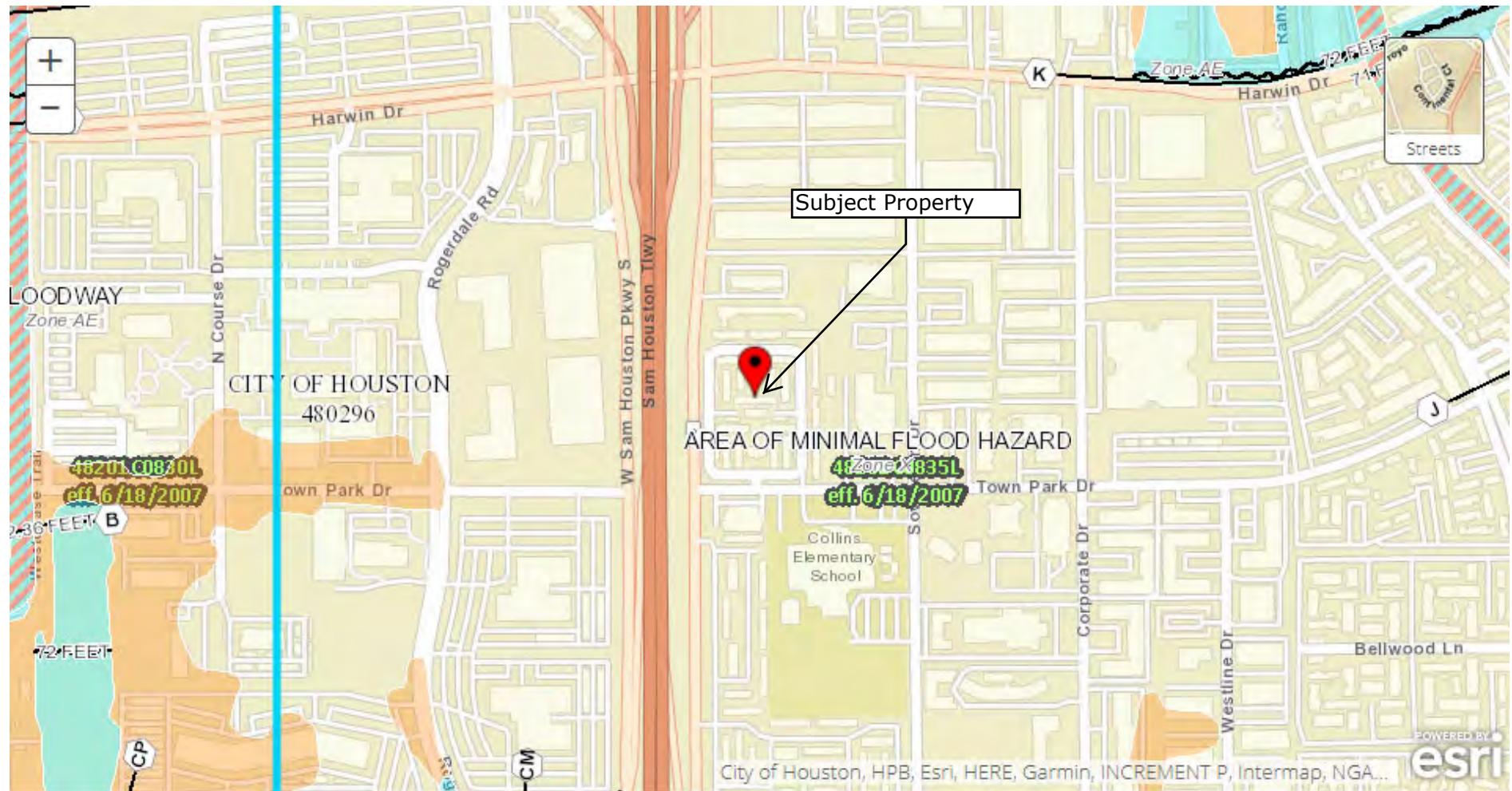
The subject's demographic statistics are compared to the Houston CBSA, as per the following page:

Demographic Data /Continued

	Defined Neighborhood	Houston CBSA	Variance
Population change (2020-2025)	3.3%	9.8%	-6.5%
Household change (2020-2025)	2.5%	9.6%	-7.1%
Average HH Size	2.98	2.86	0.12
Renter Occupied Units	63.1%	39.1%	24.0%
Median HH Income	\$32,441	\$65,606	-50.6%
Per Capita Income	\$16,175	\$33,020	-51.0%
Average HH Income	\$48,143	\$95,264	-49.5%
HH Income (\$24,999 and below)	38.0%	17.6%	20.4%
HH Income (\$100,000 and above)	9.8%	32.7%	-22.9%
Less Than High School	33.40%	15.70%	17.70%
College Degree (Associate +)	22.50%	40.60%	-18.10%
Population (17 and under)	27.8%	25.8%	2.0%
Population (55 and above)	19.0%	23.1%	-4.1%
Median Age (Years)	31.5	34.6	-3.1

As outlined, the subject area is expected to realize below average population and household growth, as compared to the CBSA. As an established community with limited acreage, this lower growth trend can be expected. The subject area has significantly lower median, per capita, and average household incomes. Consequently, the education levels are also inferior to the CBSA with a smaller percentage of high school and college graduates. There is a slightly higher concentration of children and lower elderly component; thus, the median age is below average. In addition, there are a much higher percentage of households renting and the area is transient. Overall, the demographics are indicative of an established, low income area with a high concentration of renters.





FLOOD MAP



AERIAL MAP

SITE DATA

Location

The subject site is located at the northeast corner of the West Sam Houston Tollway South Service Road and Town Park Drive, roughly 0.4 miles south of the Westpark Toll Road. The physical street address is: 9950 Town Park Drive, Houston, Texas 77036. The Houston CBD is located approximately 12 miles to the east.

Legal Description

As per a metes and bounds legal description the subject is described as being a 7.722 acre tract of land situated in the William Lyon Survey, A-516, Harris County, Texas. The M&B legal description is part of the LURA and is presented in the addenda.

Site Exposures/Surrounding Uses

The subject property is located along the West Sam Houston Tollway South (aka Beltway 8), a major arterial within the area. Land uses adjacent to the subject include a Chinese Community Center to the east; 1.9 acres of vacant land and a small motel to the north; the ALTUS Houston Hospital and an Elementary School to the south; and the Beltway 8 through to Arthur Storey Park to the west.

The surrounding land uses and relative traffic flow essentially dictates a moderate income multifamily residential use would be homogeneous with the surrounding land uses.

Shape and Size

The subject site totals 7.72 acres and is a rectangular and functionally shaped parcel with approximately ±657' of frontage along the W. Sam Houston Tollway S. Service Road and ±495' of frontage along Town Park Drive.

Utilities

All public utilities are available to the subject site. Electricity is supplied by TXU, Reliant Energy and other providers; natural gas is provided by Centerpoint Energy; water and sewer by the City of Houston; and telephone / internet / cable service is provided by AT&T and other providers.

Topography and Soil

The land is approximately level and at street grade. The bearing qualities of the soil are average, and there are no known hazards because of topographical or soil conditions.

Site Data/Continued

Environmental

A physical inspection revealed no known items of environmental concern. However, we are not environmental specialists and thus make no warranty as to whether the site is free from environmental contamination. **For purposes of our analysis, we have assumed the subject site is unaffected by negative environmental conditions. In the event an environmental assessment concludes otherwise, we reserve the right to alter our opinion of value.**

Off-Site Improvements & Accessibility

The ***W. Sam Houston Tollway South*** is a major arterial. The subject property fronts along the one-way service drive but is not accessible. In addition, the subject property is accessible via two main entries along ***Town Park Drive***, a secondary road which extends eastward to Gessner Road, a major thoroughfare 1 mile to the east.

Site Restrictions, Easements and Encroachments

There no known restrictions or easements which would adversely affect the subject property's full utilization, as determined by the Highest and Best Use analysis that follows. Typical utility easements exist, which are necessary to provide services to the site.

Zoning

The subject site is located within Houston city limits and thus is not zoned. The existing multifamily development is an allowed use. However, there is a Land Use Restriction Agreement (LURA) which limits development of the site to a 120 unit rent restricted community, as previously outlined.

Flood Hazard

As previously shown, the subject site is located within flood hazard Zone X as per F.E.M.A. Community Panel No. FM48201C0835L, effective June 18, 2007. This is the most desirable flood zone designation and thus there are no problems associated with flooding.

TAX AND ASSESSMENT ANALYSIS

The subject is identified by tax identification numbers 123-382-000-0001. The following is the subject's assessed market value and associated tax liability:

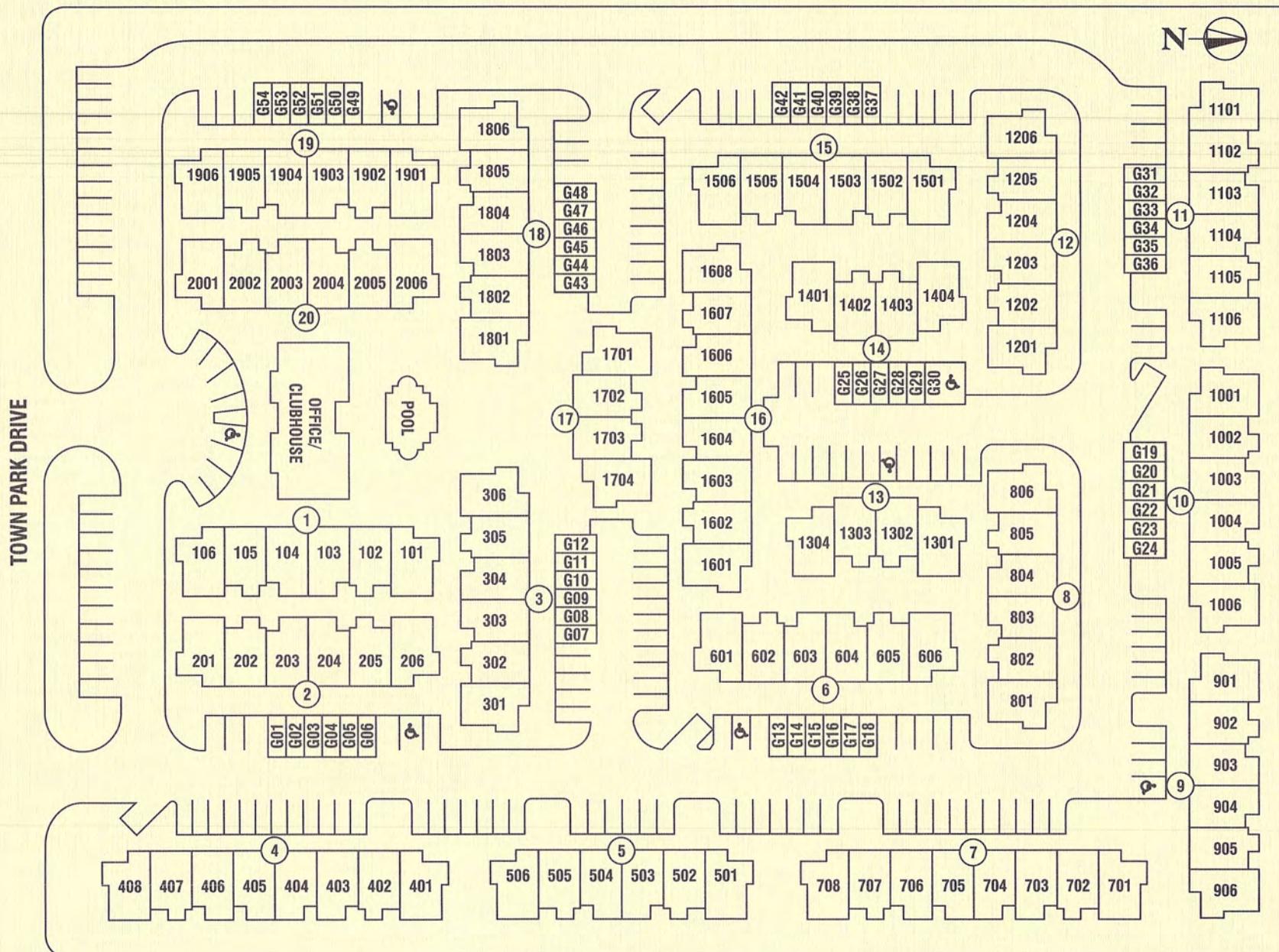
Taxing Jurisdiction	2019 Tax Rates	January 2020 Assessed Value		Taxes Due
Alief ISD	\$1.244100	\$3,202,567	- Land (\$9.45 psf)	\$57,260.95
City of Houston	\$0.567920	\$1,400,033	- Improvements	\$26,139.09
Houston Community College	\$0.100263			
Harris County	\$0.616700			\$28,384.23
SW Mgmt. District	\$0.080000			\$3,682.08
Totals	\$2.608983	\$4,602,600	or \$36.40 psf (NRA)	\$115,466.35

The following is a summary of nearby LIHTC multifamily communities within the defined neighborhood:

Property	Assessed Value	Units	YOC	Avg. Unit Size (SF)	AV PSF	PGRI	PGRI/Unit	PGRI Multiplier
Sovereign Apts.	\$9,003,369	209	1998	991	\$43.47	\$2,342,412	\$11,208	3.84
Little Nell	\$12,333,963	278	2004	884	\$50.19	\$3,127,536	\$11,250	3.94
Collingham Park	\$9,984,103	250	2001	1,008	\$39.62	\$2,981,112	\$11,924	3.35
Lafayette Plaza	\$4,406,130	122	2014	887	\$40.72	\$1,247,856	\$10,228	3.53
Mean	\$8,931,891	215	2004	943	\$43.50	\$1,385,565	\$11,153	3.67
Subject's Current Assessed Value	\$4,602,600	120	2003	1,054	\$36.40	\$1,311,840	\$10,932	3.51
Subject's Projected Assessed Value	\$4,602,600	120	2003	1,054	\$36.40	\$1,311,840	\$10,932	3.51

As outlined, the subject's assessed value is below the low end of the range, on a per square foot basis. However, the subject's average unit size is much higher than the comparables and the PGRI is 12.4% below average (\$10.38 psf vs. \$11.85) and thus a lower psf value can be expected. Finally, the assessed value results in a PGRI multiplier of 3.51(x) which is "bracketed" by the range. All factors considered, we have concluded an assessment consistent with the current value.

BELTWAY 8



Town Park
Townhomes

9950 Town Park Drive

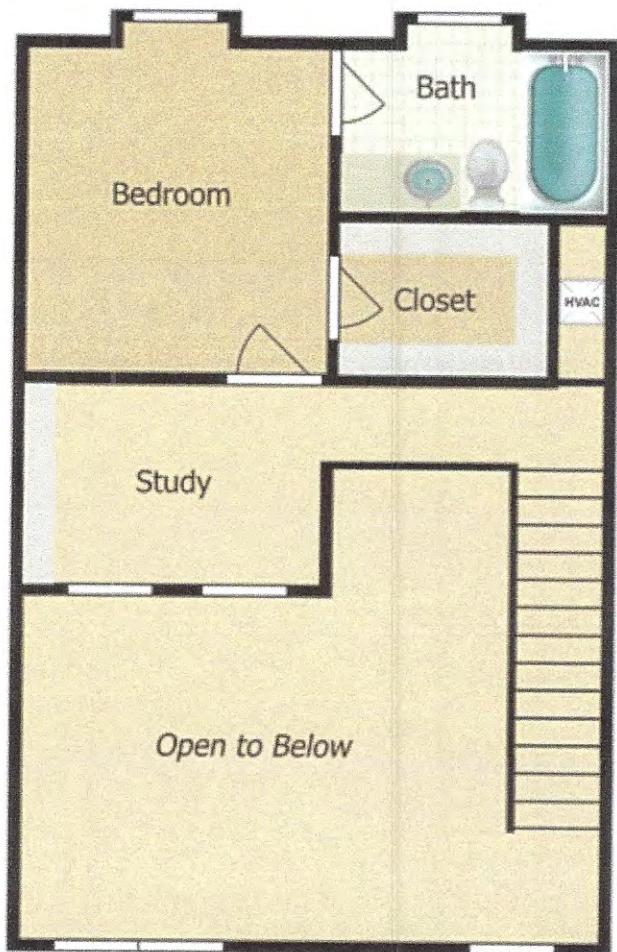
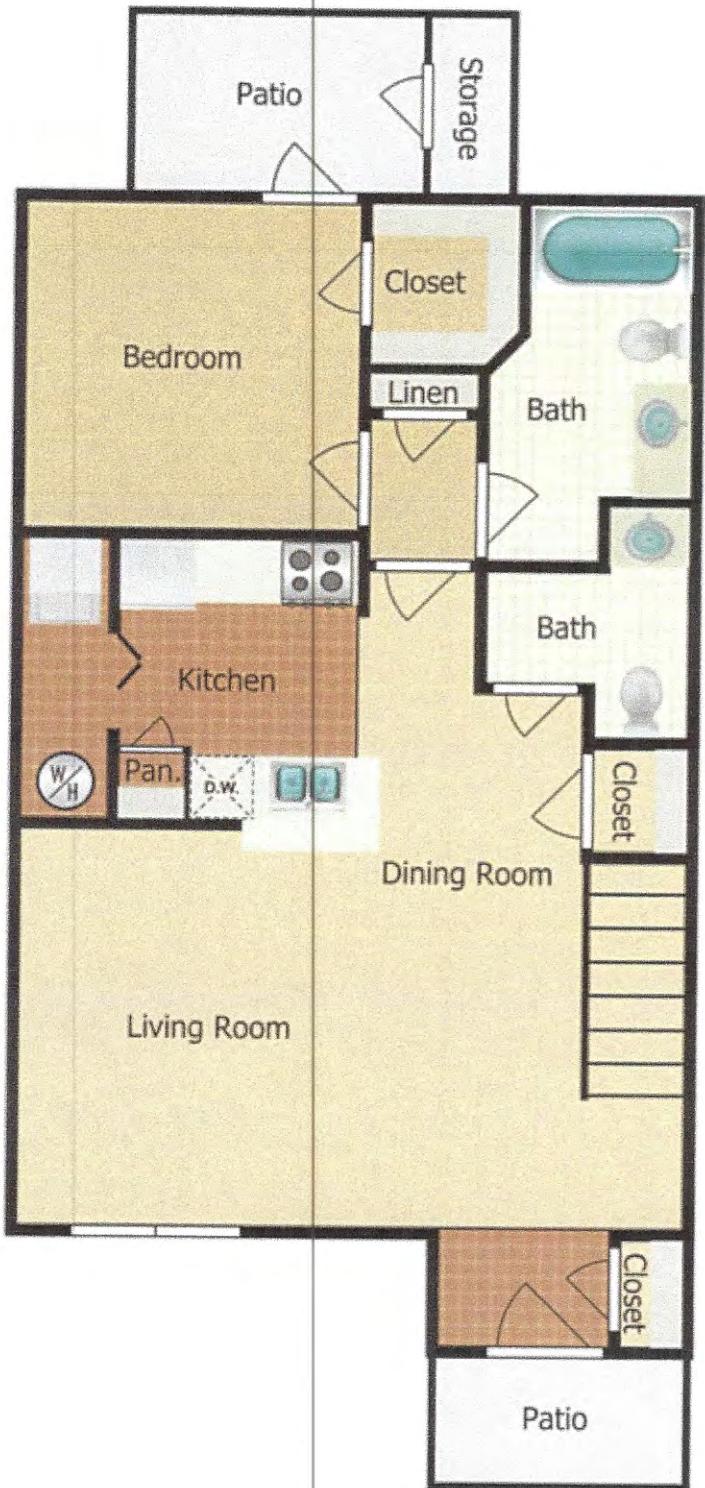
Houston, Texas 77036

Tel. 713-271-9300

Fax 713-271-9304



2BR / 2.0BA - 880 SF



2BR / 2.5BA - 1,156 SF



2BR / 2.5BA - 1,125 SF

DESCRIPTION OF THE IMPROVEMENTS

The subject property is comprised of a 120-unit senior (55+) multifamily community known as the **Town Park Townhomes**, located at the northeast corner of the West Sam Houston Tollway South Service Road and Town Park Drive, roughly 0.4 miles south of the Westpark Toll Road. The physical street address is: 9950 Town Park Drive, Houston, Texas 77036.

The property was built in 2003 with LIHTC funds and is thus rent restricted. This property has a garden-style design, with twenty (20) one- and two-story apartment buildings and a 3,200 square foot community facility which includes leasing offices, furnished community room, and a fitness center. The property has 2-bedroom units catering to a low-income senior (55+) clientele at the 50% and 60% limits. The complex is situated on a contiguous 7.72 acre site; thus, the density is 15.5 units per acre. The buildings have pitched roofs with composition shingles and a combination brick and hardieplank exterior. The floor plans are outlined as follows:

Unit Type *	# of	% of Total	SF/Unit	Total NRA	% of AMHI			
					30%	40%	50%	60%
2 BR/5.0 BA	40	33.3%	880	35,200	--	--	20	20
2 BR/2.5 BA, TH with study	40	33.3%	1,125	45,000	--	--	20	20
2 BR/2.0 BA, TH with study	40	33.3%	1,156	46,240	--	--	20	20
Totals / Avgs.	120	100.0%	1,054	126,440	0	0	60	60
* All units offer WDCs					0.0%	0.0%	50.0%	50.0%

The floor plans appear to be functional in terms of design and layout and have generally met with positive market acceptance. Listed below is a breakdown / summary of pertinent construction and condition details based on a physical inspection of the premises on September 29, 2020.

Construction Details

- OCCUPANCY: Multifamily residential restricted to income-qualified senior (55+) households.
- TYPE OF BUILDING: One- and two-story, wood-framed garden style apartments. The subject is comprised of 20 apartment buildings and a one-story, 3,200 sq. ft. community facility which includes leasing offices, furnished community room, and a fitness center.

Description of the Improvements/Continued

YEAR BUILT: 2003 (actual age of 17 years and an effective age of 15 years).

REMAINING
ECONOMIC LIFE: 35 years (50 year total economic life)

QUALITY OF
CONSTRUCTION
& CONDITION: Average / Average

FOUNDATION: Steel-reinforced, on-grade, concrete slabs and monolithically poured perimeter concrete grade beams.

EXTERIOR WALLS: Brick and hardieplank exterior

ROOF COVERING: Pitched roofs with composition shingles.

UPPER FLOORS: Wood joists with plywood deck poured over a lightweight concrete subfloor.

FLOOR COVERING: Carpet in the living areas and bedroom(s) with vinyl tile flooring in the kitchen and bathroom(s). A total of 26 units have been upgraded with wood plank flooring in the living rooms and bathrooms.

CEILING: Half inch (½") gypsum sheetrock to joists; spray coat finish

FRAMING/INTERIOR
CONSTRUCTION: 2" x 4" wood studs with batt-type insulation in ceilings and walls. ½" gypsum board is taped, textured and painted; walls have 2" x 4" studs at 16" on center. The ceilings are 9' high.

BALCONIES/PATIOS: All of the units offer a private patio.

HEATING AND COOLING: Individual systems which provides heating and air conditioning; assumed to comply with nationally recognized standards. All units have individually controlled thermostats.

PLUMBING: Hot water is supplied by individual gas water heaters and all of the units offer washer and dryer connections. The property is master metered for water and sewer and the owner paid for water / sewer.

ELECTRICAL/LIGHTING: The complex is individually metered with each unit having a smoke detector. All units are cable ready. The lighting and receptacle circuits have copper wiring.

Description of the Improvements/Continued

WINDOWS AND DOORS: Aluminum, dual pane, insulated windows; exterior doors are paneled steel entry doors with deadbolts and an interior locking device; interior doors are 1-3/8" hollow wood. Window coverings are mini blinds.

APPLIANCES: A complete appliance package including a refrigerator, microwave, dishwasher, disposal and range/oven.

COMPLEX AMENITIES: Project amenities include a one-story, 3,200 square foot community facility which includes leasing offices, furnished community room, and a fitness center. Additional amenities include a swimming pool, laundry room, 54 one-car parking garages, and perimeter fencing with controlled gated access. The property has 212 surface parking spaces or 1.77 spaces per unit.

DEFERRED MAINTENANCE: As per a Property Condition Report (PCR) prepared in December 2019 by AEI Consultants, there was no deferred maintenance noted.

COMMENTS: The subject property is located in an established area approximately 12 miles from the Houston CBD. The subject's specific location is along a major arterial and the unit mix is comprised of 2-bedroom units which have generally fared well and maintain high occupancies.

HIGHEST AND BEST USE

The use of a property to meet its Highest and Best Use must meet four criteria as a vacant site or as an improved site. The criteria are that the Highest and Best Use must be (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive. These uses all follow in sequence. The Highest and Best Use could not be met even if it is physically possible to construct a larger improvement if this is not financially feasible or if zoning would not permit this expansion. There are two distinct types of Highest and Best Use. The first type is the Highest and Best Use of the land as if vacant. The second type is the Highest and Best Use of a parcel as improved. This pertains to the use that should be made of the property as it exists. The following is our analysis of the Highest and Best Use as it pertains to the subject property and according to the four essential tests.

Subject Property, as if Vacant

Physical Possibility

Location: The subject property is well located along a major arterial and approximately 12 miles from the Houston CBD. In addition, the Westchase District is located just north of the subject site. Overall, the site is easily accessible and in close proximity to major employment centers.

Size and Shape: As previously mentioned, the subject property is a contiguous, 7.722 acre, rectangular shaped parcel with adequate frontage. The size and shape is sufficient to allow for a variety of uses.

Topography and Drainage: The land is level and at street grade and drainage appears to be adequate. The bearing qualities of the soil are average for the area. The subject site is located within Flood Zone X and thus development of the site is not hindered.

Infrastructure and Public Services: The subject has adequate potential utility as all utilities are servicing the site. The subject site has medium- to high-density water/sewer capacity as provided by the City of Houston which is adequate for the existing multifamily use. Police and fire services are also adequate.

After considering all of the physical characteristics of the site noted above plus other data in the “Site Data” of this appraisal report, physically possible land uses would appear to support development requiring a moderate amount of acreage and not adversely impacted by high traffic counts or lack of major corner influence; i.e., multifamily.

Legally Permissible - Within the scope of a legal analysis, the subject site is not zoned. However, the site is subject to a LURA and any land use must be multifamily and rent restricted. Thus, within the scope of a legal analysis, the subject site would be adaptable to rent restricted multifamily housing at a maximum density of 120 units.

Highest and Best Use/Continued

Financial Feasibility - Financially feasible uses must be analyzed to determine those uses that are likely to produce some income, or return, greater than the combined income needed to satisfy operating expenses, financial expenses, and capital amortization. It is important to realize that, for an owner-user, the normal rules of financial feasibility do not apply. The specialized requirements of any specific business could predicate the construction and full utilization of a facility that would be unlikely (or even impossible) to rent in the open market at a rate that would support development. In such a case, a property could be constructed for its value in use to a specific owner. Naturally, the feasibility of the project would be inextricably tied to the fortunes of the occupying business. **The financial feasibility of the subject site will focus only on speculative uses which are physically and legally possible.**

In view of the present market conditions, financial feasibility is directly proportional to the amount of net income that could be derived from the subject. After having eliminated all other development from our analysis, the financial feasibility of **rent restricted** multifamily development must be tested.

Multifamily Development (Rent Restricted) As previously outlined in the multifamily market analysis, the subject's submarket has a limited amount of newly built conventional and/or rent restricted multifamily development. The two LIHTC communities within the neighborhood geared towards the senior population are:

- ▶ *Pinnacle on Wilcrest.* Built in 2016, this senior LIHTC community is 98% leased at the 50% (131 units) and 60% (119 units) limits. This property is owned by the HHA and is 100% tax exempt.
- ▶ *Lafayette Plaza.* Built in 2014, this senior LIHTC community is 95% leased at the 30% (10 units); 50% (40 units); 60% (48 units); and market (24 units). The rent restricted units are generating maximum allowable rents.

Likewise, the subject property is 97.5% occupied and capable of generating overall rental income consistent with maximum allowable levels. There are currently no new senior (or family) LIHTC communities proposed or under construction, suggesting there is limited competition. Given the subject's location and surrounding land uses, it would be considered financially feasible to develop the subject site with a rent restricted multifamily development similar to what exists.

Maximum Productivity - After considering the current economic climate and the subject's location and financial feasibility of rent restricted housing, the subject site (if vacant) would support a 120 unit rent restricted LIHTC community. This would appear to be the maximally productive use.

Subject Property as Existing

The property, as improved, is tested for two reasons. First to identify the use of the property that is expected to produce the highest overall return per invested dollar, and the second reason is to help in identifying comparable properties. The four tests or elements are also applied in this analysis.

Highest and Best Use/Continued

Physical Possibility - The subject's 120 units indicate a density of 15.54 units per acre and is more desirable than nearby multifamily communities, which generally have densities of 20 - 25 units per acre. Based on the subject's land size, configuration, flood zoning, and the improvements relative to the subject site, it is felt that the number and size of the subject units could not be practically increased. Thus, for all intents and purposes, the existing improvements represent the maximum density.

Legally Permissible - Within the scope of a legal analysis, the existing multifamily community is an allowable, legally conforming use. In addition, the improvements are leased in conformance with the LURA.

Financially Feasible - Based on our analysis of the property as improved, the improvements as built give the greatest return to the land (see direct capitalization in the Income Approach.)

Maximum Productivity - The test for this element is also from the market. The comparables analyzed suggest that under competent and prudent management, the subject could produce an adequate return to substantiate its existence.

Based on the subject's existing use, we have determined that as a multifamily rental property it contributes to the value of the site and, as a result, is developed according to its Highest and Best Use.

VALUATION SECTION

APPRAISAL PROCEDURE

In order to express a reasonable opinion of the Market Value of the subject property, we have considered the following measures of value based on the nature of the appraisal problem.

The Cost Approach

This approach considers the current cost of replacing the improvements less depreciation from three sources: Physical deterioration, functional obsolescence, and external obsolescence. This measure of value is essentially the summation of the Market Value of the land, assumed vacant, and the depreciated replacement cost of the improvements.

In newly constructed or proposed multifamily communities, this is a very relevant approach to value which can provide a meaningful indication of value. However, for rent-restricted properties built in 2003, the amount of external obsolescence is excessive. Thus, the concluded value is greatly discounted and generally unreliable. Thus, for purposes of our analysis we have opted not to utilize the Cost Approach. Additional reasons are as follows:

1. Based on our concluded estimate of stabilized value, presented later within this report, the total overall “as is” value equates to slightly over \$34.46 psf of land area. Conversations with area brokers and appraisers, plus a review of land sales activity, suggests the land is currently worth around \$10.00 psf (assuming no LURA). Consequently, the relative land value does not allow for the demolition of the existing improvements; thus, it was not considered necessary to provide a detailed and thoroughly documented valuation of the land; a major component of the Cost Approach.
2. This approach to value does not directly consider the subject’s net operating income. Inasmuch as multifamily communities are income producing properties and thus purchased for their ability to generate net operating income, the Cost Approach is ill equipped to address this issue.
3. Finally, and most importantly, conversations with buyers of low income multifamily properties indicated none relied upon the Cost Approach in making their investment decisions. Inasmuch as we are attempting to value the subject property based on commonly accepted investment criteria and methodology, the Cost Approach was not deemed relevant.

The Income Approach

The measure of value in this method is capitalization of the net income which the subject property will produce during the remaining economic life of the improvements. This process consists of estimating the gross income, vacancy, expenses, and other charges. The net income is capitalized to arrive at an indication of value from the standpoint of an investment. The principle underlying this method is the present worth of anticipated future benefits (net income) derived from the property. The methodology employed to measure these anticipated future benefits is direct capitalization.

Appraisal Procedure/Continued

The Sales Comparison Approach

This measure produces an estimate of value by comparing the subject property to sales or listings of similar properties in the same or competing areas. The principle underlying this technique is that it is expressive of the value established by informed buyers and sellers in this market. **This approach is used in estimating the Market Value of the land assumed vacant and as improved.**

Conclusion

The appraisers, in applying the tools of analysis at their disposal to the problem in question, seek to simulate the thought process of the most probable decision-maker rather than a particular one with specified individual interests. The various approaches to valuation are merely a simulation of these alternative courses of action potentially open to the decision-maker. The appraisers' judgement concerns the applicability of alternative tools of analysis to the facts of the problem, the data, and information needed to apply these tools, and the selection of the analytical approaches and data most responsive to the problem in question.

Both the Income and Sales Comparison Approaches to value were utilized in our analysis.

LAND VALUATION ASSUMED VACANT

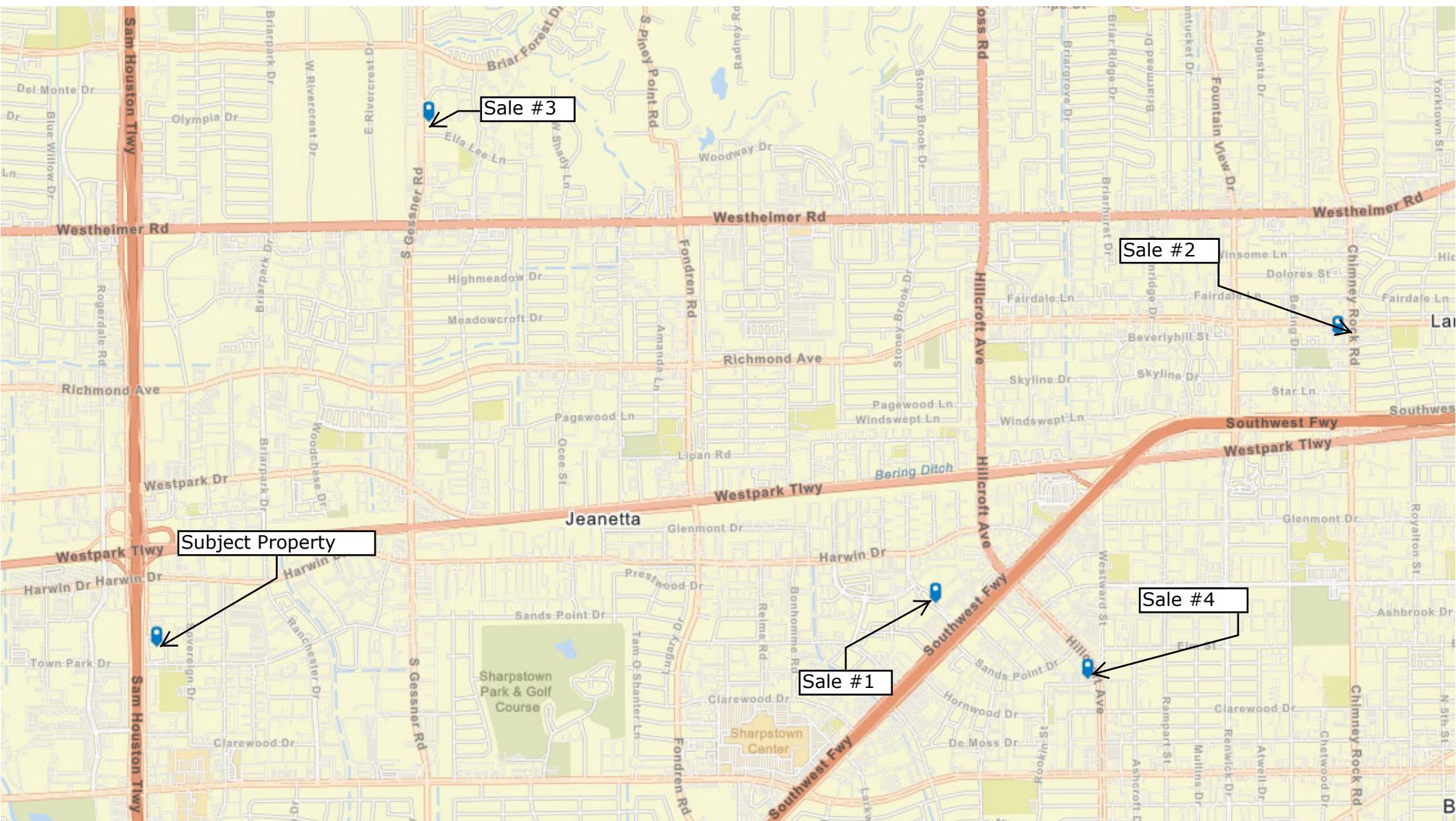
Later in this section of the report, we have included four (4) transactions which were chosen from the aggregate of available market activity that, in our opinion, is most indicative of the subject tract's value. Additional sales data from previous years, or of less comparable properties, is retained in our files.

Usually, the best method of site valuation is the market data or comparative method. This technique calls for comparing, weighing, and relating sales data to the land being appraised. Greatest weight is placed on actual sales of similar land made at a time relatively concurrent with the date of the appraisal and under comparable conditions. Whenever pertinent, full consideration is given to prices asked by owners and bona-fide offers made.

Pertinent information such as the sales date, land area, grantor/grantee, physical characteristics, and legal descriptions were obtained from transactions. Each site was compared with the subject and individual sales were adjusted for financing, differences in location, time, conditions of sale and physical characteristics.

The Sales Comparison Approach is based on the principle of substitution; that is, the upper limit of value of a property tends to be set by the cost of acquiring an equally desirable substitute, providing there are no costly delays in making the substitution. The value of the land has been estimated after considering sales prices of competitive sites in the subject area and after consideration of the most probable use of the site.

Our search for sales has covered the Houston MSA with primary emphasis placed on land purchased for, or suitable to, LIHTC multifamily housing. The time period searched was from January 2020 to the present.



LAND SALES MAP

ANALYSIS OF COMPARABLE LAND SALES

To arrive at an estimate of land value, the preceding land sales have been compared to the subject tract in terms of date of sale, location, physical characteristics, etc. The time of sale is important because property values may fluctuate over time. Locational comparisons may involve such things as frontage, corner influence, access, visibility, etc. Physical characteristics may include such items as size, dimensions, topography, soil traits, elevation, drainage, development potential, etc. All adjustments have been made to the respective per unit sales price of the comparable properties. The following chart summarizes the sales which were seen to be applicable to our land value estimate.

Sale	Date of Sale	Size (Acre)	Effective Ce \$/Unit	Comments
Contract	1 October 16, 2020	3.89	\$32,500	As proposed, the site will be improved with an 146-unit LIHTC community known as The Village at Overlook Parkway. The property will cater to the elderly population and have 62 market rate units. The use of multi-family with a maximum density of 25 units per acre is a permitted use; thus, this property is legally conforming.
	2 October 16, 2020	1.84	\$45,920	The site is to be improved with a 125-unit LIHTC senior (55+) community known as the Richmond Senior Village. The property was improved with a 40,457 sf office building which will be demolished at a cost of \$240,000. As such, we adjusted the base sales price by this amount. This contract was negotiated 01/03/2020 and expires 03/01/2021.
Failed Contract	3 October 16, 2020	3.56	\$48,276	Located 2.4 miles northeast of the subject in the Woodlake development, the site was slated to be improved with a 145-unit Sr. LIHTC community to be known as Ella Grand. The property will cater to the senior population. This is a contract negotiated on 11/30/2019 with an expiration date of 05/28/2020. The sale was never consummated although the development was approved by the TDHCA.
	4 August 14, 2020	1.76	\$42,078	As proposed, the site will be improved with a 77-unit LIHTC community known as the Connect South Apartments. The property was improved with a 40,072 sf office building which will be demolished at a cost of \$240,000. As such, we adjusted the base sales price by this amount.
Sale				

The previously listed data sample was utilized to derive a land value estimate for the subject tract as vacant. These sales were of tracts located within the Houston MSA. Primary emphasis was placed on land purchased for, or suitable to, multifamily housing. The time period searched was from January 2020 to the present. Refer to the grid chart following this analysis for a summation of all adjustments which were applied.

Analysis of Comparable Land Sales/Continued

FINANCING

This adjustment seeks to ascertain the cash equivalent sale price relative to the definition of market value as set forth previously. Favorable financing is an important consideration because it recognizes the impact, if any, on unit price paid. All sales were cash to seller or equivalent; thus, no adjustments were deemed necessary for financing.

CONDITIONS OF SALE

All of the sales appeared to have been arms length transactions involving end-users. Thus, no adjustments were deemed necessary.

MARKET CONDITIONS (DATE OF SALE)

This is an important consideration since property values tend to fluctuate over time. This fluctuation is dictated by market activity. In times of economic expansion property values will show an increase in value over time, whereas, in times of economic contraction, property values will stabilize or decline. If an extended period of economic contraction exists, the marketplace will exert a downward pressure on once stable property values. This downward pressure will exist until there is a general increase in optimism about the future among buyers. Ideally, an adjustment for time is extracted by comparison of the sale and subsequent resale of the same tract of land, with the only difference being the time frame involved. The sales utilized in this analysis represent four (4) transactions, 2 contracts, a failed contract and one closed transaction. These sales were negotiated within a relatively recent time frame and thus no adjustments were deemed necessary.

SIZE

While some market participants discuss land values in terms of price per square foot, developers are primarily concerned with how much building they can fit on a site. For apartment developers, in particular, the price per unit is of paramount importance. This is clearly illustrated by the comparable sales. On a per square foot basis, the price per square foot covers a fairly wide range, from \$23.03/SF to \$71.48/SF, reflecting a variance of roughly 210% from the lowest to the highest. This is due to wide variations in the achievable density on each site. However, when examined on a per developable unit basis, the prices fall into a range, from \$32,500/unit to \$48,276/unit, and the difference from lowest to highest is 48.5%. For this analysis, the subject's land value will be examined on a per developable unit basis.

The subject site is improved with 120 multifamily units, while the comparable sales were purchased for apartment projects ranging from 77 to 146 units. Given unit prices in the respective submarkets, all of these projects are large enough to attract interest from many investors. The comparables do not exhibit any clear variations related to size, and the appraisers do not believe any size adjustments are warranted.

Analysis of Comparable Land Sales/Continued

PHYSICAL CHARACTERISTICS

These attributes include site configuration, easements, topography, ingress/egress, utilities, and flood plain criteria. All of the comparables were generally consistent with the subject in terms of these physical characteristics and thus no adjustments were applied.

LOCATION

An adjustment for location may be required if the characteristics of a comparable property are significantly different from the subject. Locational adjustments are analyzed in terms of relative time distance relationships between all likely destinations and origins. This adjustment is the most subjective of all adjustment categories as linkages between the property and important places outside the property must be assessed. To adjust for differences in location, each comparable was analyzed and adjusted in comparison with the subject property being appraised.

The subject property is located in Southwest Houston along a major arterial in close proximity to Westchase (a major employment center). This is an acceptable area in a below average school district in close proximity to several major employers. A summary of the sales and locational attributes is as follows:

Sale	Distance From CBD	HH Income 1- and 3-mile radius	% of HH Rented 1-mile radius	Comments
1	8.5 miles SW	\$27,949 / \$44,625	72.9%	Located along a secondary road within 620' of I-69 in an established, commercial area. The Galleria/Post Oak Business District is within 3.5 miles. Walk Score: 62; Transit Score: 44; Bike Score: 51
2	7 miles W	\$57,561 / \$63,981	72.7%	Located within 0.3 mile of I-69 along a major thoroughfare in an established, mostly commercial area. The Galleria/Post Oak Business District is within 1 mile. Walk Score: 80; Transit Score: 53; Bike Score: 61
3	11 miles W	\$53,790 / \$49,811	58.7%	Located along a major thoroughfare within 1.5 mile of the W. Sam Houston Tollway in an established area with a considerable amount of 1980s and recently built multifamily development. The Westchase Business District is within half a mile and the Galleria/Post Oak Business District is within 4.75 miles. Walk Score: 58; Transit Score: 47; Bike Score: 56

Analysis of Comparable Land Sales/Continued

Sale	Distance From CBD	HH Income 1- and 3-mile radius	% of HH Rented 1-mile radius	Comments
4	8.5 miles SW	\$27,143 / \$49,628	77.3%	Located within half a mile of I-69 along a major thoroughfare in an established area. The Galleria/Post Oak Business District is within 3.5 miles. Walk Score: 80; Transit Score: 52; Bike Score: 64
Sub	12 miles SW	\$28,872 / \$38,909	74.7%	This is the subject property. Walk Score: 42; Transit Score: 37; Bike Score: 56

Based on the previously outlined locational characteristics, adjustments ranging from 10% to -20% were applied within the upcoming adjustment grid charts.

Please refer to the grid charts on the following pages for a summation of all adjustments applied.

LAND SALES ADJUSTMENT CHART

SALE NO.	DATE	LOCATION	SIZE (AC/SF)	CASH EQUIV. PRICE PER UNIT	CONDITION OF SALE	TIME	ADJUSTED PRICE PER UNIT	SIZE	LOC.	UTILITY	TOTAL	INDICATED VALUE PU									
1	10/20 Contract	6301 Savoy; E/S of Savoy, roughly 530' northwest of I-69	3.89	\$32,500	0%	0.0%	\$32,500	0.00%	10.0%	0.0%	10.0%	\$35,750									
			169,345																		
2	10/20 Contract	5615 Richmond Avenue; S/S of Richmond Avenue and the N/S of Beverly Hill Street, 130' west of Chimney Rock Road	1.84	\$45,920	0%	0.0%	\$45,920	0.00%	-20.0%	0.0%	-20.0%	\$36,736									
			80,306																		
3	10/20 Failed Contract	2077 S. Gessner Road; NE/C of Gessner and Ella Lee Lane	3.56	\$48,276	0%	0.0%	\$48,276	0.00%	-20.0%	0.0%	-20.0%	\$38,621									
			155,004																		
4	08/20 Sale	NW/C of Hillcroft and High Star Drive	1.76	\$42,078	0%	0.0%	\$42,078	0.00%	-10.0%	0.0%	-10.0%	\$37,870									
			76,714																		
											MEAN	\$37,244									
											MEDIAN	\$37,303									

Analysis of Comparable Land Sales/Continued

RECONCILIATION (WITH LURA)

In conclusion, the factors which seem to exert the greatest influence regarding land values was location. The range of final adjusted prices was from \$35,750 to \$38,621 per unit with a mean of \$37,244 and a median of \$37,303 per unit. The sales required fairly modest total adjustments and the mean and median were fairly close. Thus, the reliability was considered average - good.

With primary emphasis placed on the mean and median, it is our opinion that the final estimated "as is" market value of the subject property as vacant, subject to a LURA, unaffected by environmental issues, and assuming a reasonable exposure time of 12 months, as of ***September 29, 2020***, was concluded to be as shown below:

120	Units	x	\$37,000	PPU =	\$4,440,000
INDICATED "AS IS" VALUE (ROUNDED)					\$4,440,000

LAND VALUE (NO LURA)

As outlined, the subject's land value is based on a LURA which limits development to 120 rent restricted units (15.5 units per acre). If the subject's LURA did not exist the site could be developed to a much higher density. A survey of 14 nearby multifamily properties indicate densities from 24.6 to 146.6 UPA with a mean of 71.85 UPA and median of 63.6 UPA. The average land area was 5.42 acres with a median of 4.61 acres. Based on the subject's land area, we have assumed a below average density of 50 UPA or 386 units.

All factors considered, the Unencumbered Fee Simple land value assuming no LURA, unaffected by environmental issues, and assuming a reasonable exposure time of 12 months, as of ***September 29, 2020***, was concluded to be as shown below:

386	Units	x	\$37,000	PPU =	\$14,282,000
INDICATED UNRESTRICTED LAND VALUE (ROUNDED)					\$14,280,000

LAND SALES COMPARABLES

VACANT LAND COMPARABLE # 1			Contract
KEY MAP:	530-D	TAX ID#:	130-606-001-0001
STATE:	Texas	COUNTY:	Harris
CITY:	Houston		

SELLER: Paresh and Pratima Kothari
 PURCHASER: New Hope Housing, Inc.
 DATE OF SALE: October 16, 2020

 LOCATION: 6301 Savoy; E/S of Savoy, roughly 530' northwest of I-69
 LEGAL: Reserve A, Block 1, Office Condo Residence at Savoy
 PRICE: \$3,900,000 or \$23.03 Per Sq. Foot
 TERMS: Cash to Seller
 CASH EQUIVALENT PRICE: \$3,900,000 or \$23.03 Per Sq. Foot
 \$32,500 Per Unit
 DOCUMENTATION: N/A

PHYSICAL INFORMATION

LAND SIZE: 3.8876 Acres or 169,345 SF
 UTILITIES: All Available
 FLOOD CONTROL: Zone X
 PROPOSED USE: 120-unit supportive LIHTC housing (New Hope Housing - Savoy)
 CONST. SINCE PURCHASE: No
 ZONING/DEED REST: None
 EASEMENTS: Typical utility easements
 EXISTING ROW: Paved
 SITE DESCRIPTION: Rectangular and functional

VERIFIED WITH: TDHCA (File #20075)
 COMMENTS: The buyer will build a 120-unit LIHTC supportive housing facility known as New Hope Housing - Savoy. This is a contract negotiated on 01/08/2020 with an expiration date of 03/20/2021. A 0.5563 acre portion of this site will be used for off-site storm water detention.

VACANT LAND COMPARABLE # 2			Contract
KEY MAP:	491-X	TAX ID#:	073-187-000-0102
STATE:	Texas	COUNTY:	Harris
			CITY: Houston

SELLER: Elite vs. Capital Investment, Inc.
 PURCHASER: Brownstone Ventures, LLC (assignee Richmond Senior Village, Ltd.)
 DATE OF SALE: October 16, 2020
 LOCATION: 5615 Richmond Avenue; S/S of Richmond Avenue and the N/S of Beverly Hill Street, 130' west of Chimney Rock Road
 LEGAL:
 PRICE: \$5,500,000 or \$68.49 Per Sq. Foot
 TERMS: Cash to Seller
 CASH EQUIVALENT PRICE: \$5,740,000 or \$71.48 Per Sq. Foot
 DOCUMENTATION: RP-2018-158338 \$45,920 Per Unit

PHYSICAL INFORMATION

LAND SIZE: 1.844 Acres or 80,306 SF
 UTILITIES: All available
 FLOOD CONTROL: Zone X
 PROPOSED USE: 125-unit 55+ LIHTC community (Richmond Senior Village)
 CONST. SINCE PURCHASE: No
 ZONING/DEED REST.: None known
 EASEMENTS: Typical Utility Easements
 EXISTING ROW: Paved
 SITE DESCRIPTION: Rectangular and functional
 VERIFIED WITH: TDHCA (File #20141)

COMMENTS: The site is to be improved with a 125-unit LIHTC senior (55+) community known as the Richmond Senior Village. The property was improved with a 40,457 sf office building which will be demolished at a cost of \$240,000. As such, we adjusted the base sales price by this amount. This contract was negotiated 01/03/2020 and expires 03/01/2021.

VACANT LAND COMPARABLE # 3		Failed Contract			
KEY MAP:	490-S	TAX ID#:	103-481-000-0001		
STATE:	Texas	COUNTY:	Harris	CITY:	Houston

SELLER: Atriumview Corporation
 PURCHASER: DMA Development Company, LLC
 DATE OF SALE: October 16, 2020

LOCATION: 2077 S. Gessner Road; NE/C of Gessner and Ella Lee Lane
 LEGAL: Reserve A1, Woodlake Section 4
 PRICE: \$7,000,000 or \$45.16 Per Sq. Foot
 TERMS: Cash to Seller
 CASH EQUIVALENT PRICE: \$7,000,000 or \$45.16 Per Sq. Foot
 \$48,276 Per Unit

PHYSICAL INFORMATION

LAND SIZE: 3.558 Acres or 155,004 SF
 UTILITIES: All available
 FLOOD CONTROL: Zone X
 PROPOSED USE: 145-unit senior LIHTC (Ella Grand)
 CONST. SINCE PURCHASE: No
 ZONING/DEED REST.: None
 EASEMENTS: No adverse easements noted
 EXISTING ROW: Paved
 SITE DESCRIPTION: Rectangular and functional
 VERIFIED WITH: TDHCA (File #20205)

COMMENTS: Located 2.4 miles northeast of the subject in the Woodlake development, the site was slated to be improved with a 145-unit Sr. LIHTC community to be known as Ella Grand. The property will cater to the senior population. This is a contract negotiated on 11/30/2019 with an expiration date of 05/28/2020. The sale was never consummated although the development was approved by the TDHCA.

VACANT LAND COMPARABLE # 4

MAP:	531-E	TAX ID#:	126-090-000-0004 + 20 others	
STATE:	Texas	COUNTY:	Harris	CITY: Houston

SELLER: Alliance for Multicultural Community Services

PURCHASER: Southwest Houston Redevelopment Authority

DATE OF SALE: August 14, 2020

LOCATION: NW/C of Hillcroft and High Star Drive

LEGAL: MCDC Business Center Condo

PRICE: \$3,000,000 or \$39.11 Per Sq. Foot

TERMS: Cash to seller

CASH EQUIVALENT PRICE: \$3,240,000 or \$42.23 Per Sq. Foot

DOCUMENTATION: RP-2020-376108 \$42,078 Per Unit

PHYSICAL INFORMATION

LAND SIZE: 1.761 Acres or 76,714 SF

UTILITIES: All Available

FLOOD CONTROL: Zone X

PROPOSED USE: 77-unit LIHTC community (Connect South Apartments)

CONST. SINCE PURCHASE: No

ZONING/DEED RESTRICTIONS: None

EASEMENTS: No adverse easements noted

EXISTING ROW: Yes

SITE DESCRIPTION: Rectangular and functional

VERIFIED WITH: Buyer and TDHCA (File #20082)

THREE-YEAR SALES HISTORY: No previous sales noted

COMMENTS: As proposed, the site will be improved with a 77-unit LIHTC community known as the Connect South Apartments. The property was improved with a 40,072 sf office building which will be demolished at a cost of \$240,000. As such, we adjusted the base sales price by this amount.

INCOME APPROACH

INCOME APPROACH DISCUSSION

General Income Valuation Premise

The Income Approach to value is predicated on the assumption that there is a definite relationship between the amount of net income a property will earn and its value. Ultimately, the Income Approach seeks to estimate the present worth of an anticipated net income stream based on an analysis of its quality, quantity, and duration. In accordance with the principle of substitution, a prudent investor would pay no more to receive an income stream from a specified property than any other property producing an equally desirable income stream.

Typically, the first step in the Income Approach is to estimate the potential gross income according to economic rent. Economic rent is the market rent or "going rent" in the neighborhood based on past history and present conditions. The next step would be to estimate the expenses to be deducted from potential gross income, resulting in net operating income. Historical and present expenses of the subject are used only as a tool to arrive at probable future expenses. Typical expenses of similar properties as well as trends must be considered. The final step in this approach is selection of an appropriate capitalization rate and a corresponding technique for processing income into value. This factor includes a component for return on investment as well as providing for recapture of the investment.

Analysis of Restricted Rent

The subject property targets the general population and was partially built through the use of LIHTCs. Thus, all of the units are rent restricted at the 50% and 60% level. A calculation of maximum allowable rents is as follows:

LIHTC 2020 MAXIMUM ALLOWABLE RENTS					
Percent of AMI	50%			60%	
No. of Bedrooms	2			2	
Maximum Monthly Rent	\$887			\$1,065	
<u>Less:</u> Utility Allowance *	(\$65)			(\$65)	
Maximum Monthly Rent	\$822			\$1,000	

* The **owner pays** trash and water/sewer and the **tenant pays** for electricity. The utility allowances were based on information provided by the owner.

Income Approach / Continued

Based on the previous computations, the subject's allowable or restricted rents based on different income levels are as follows:

Maximum Allowable or Restricted LIHTC Rental Rates							
Units	Unit Type (% of Median)	Avg. SF/Unit	\$ PSF	Net \$/Unit	Total Rent Per Month	Total Annual Rent	
20	2 BR/2.0 BA	50%	880	\$0.93	\$822	\$16,440	\$197,280
20	2 BR/2.0 BA	60%	880	\$1.14	\$1,000	\$20,000	\$240,000
20	2 BR/2.5 BA, TH *	50%	1,125	\$0.73	\$822	\$16,440	\$197,280
20	2 BR/2.5 BA, TH *	60%	1,125	\$0.89	\$1,000	\$20,000	\$240,000
20	2 BR/2.5 BA, TH *	50%	1,156	\$0.71	\$822	\$16,440	\$197,280
20	2 BR/2.5 BA, TH *	60%	1,156	\$0.87	\$1,000	\$20,000	\$240,000
120	Totals / Avgs.		1,054	\$0.86	\$911	\$109,320	\$1,311,840

* The TH units also have a study

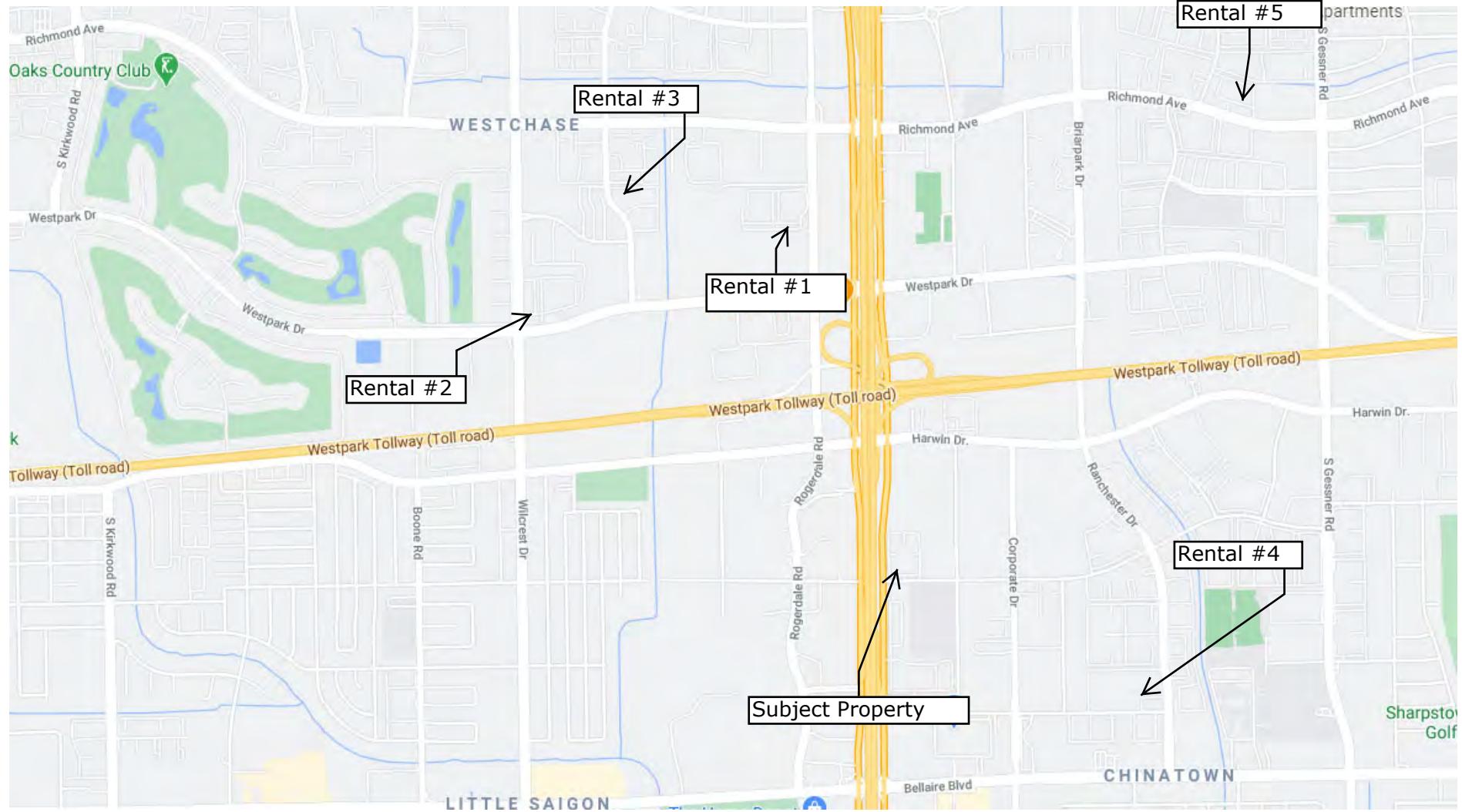
Analysis/Estimate of Market Rent

An estimate of economic or market rents is presented in order to show what the subject units would command if not under the low income housing tax credit program. As defined in the *Appraisal of Real Estate*:

Market rent is the rental income that a property would most probably command in the open market as indicated by current rents being paid and asked for comparable space as of the date of the appraisal.

An estimate of economic or market rents is presented in order to show what the subject units would command if not under the low income housing tax credit program. The subject is a Class "B" property in a secondary location. Thus, to determine the subject's market rent we have surveyed five (5) complexes within the general area. **Finally, there were five (5) LIHTC communities within the defined neighborhood, with two (2) catering to an elderly population.** We surveyed these properties in an effort to test the reasonableness of our market and restricted rents.

A location map and summary of the comparables are presented on the following pages.



SCALE: 1 INCH = 1,920 FEET OR 0.36 MILES

DISTANCES FROM SUBJECT:

Rent #1 : 0.86 Mile

Rent #2: 1.00 Mile

Rent #3: 1.15 Mile

Rent #4: 0.60 Mile

Rent #5: 1.35 Mile

RENTALS MAP

RENTAL SUMMARY CHART - MARKET RENT COMPARABLES

	Town Park Townhomes Subject Property			Columns at Westchase Comparable 1			Apex at Royal Oaks Comparable 2			Residence at Westchase Comparable 3			Summer Creek Comparable 4			Camden Stonebridge Comparable 5			
	Unit Type	Sq. Feet	Mo. Rent	Rent PSF	Sq. Feet	Mo. Rent	Rent PSF	Sq. Feet	Mo. Rent	Rent PSF	Sq. Feet	Mo. Rent	Rent PSF	Sq. Feet	Mo. Rent	Rent PSF	Sq. Feet	Mo. Rent	Rent PSF
2 BR/2.0 BA	880	\$1,170	\$1.33	956	\$1,230	\$1.29	---	---	---	972	\$1,192	\$1.23	---	---	---	---	---	---	---
2 BR/2.0 BA	---	---	---	1,084	\$1,450	\$1.34	1,132	\$1,137	\$1.00	1,074	\$1,198	\$1.12	1,070	\$928	\$0.87	1,074	\$1,419	\$1.32	
2 BR/2.5 BA	1,125	\$1,250	\$1.11	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total Units		120			318			282			128			264			204		
Avg. Unit Size		1,054			930			1,056			938			1,081			845		
Year Built		2003			1999			2003			1999			1979			1992		
Occupancy		97.5%			93.1%			80.1%			91.4%			97.3%			92.6%		
Electricity Paid By:	Resident				Resident			Resident			Resident			Resident			Resident		
Water/Sewer Paid By:	Owner				Resident			Resident			Resident			Resident			Resident		
Avg. Rent/Mo.	\$1,150				\$1,250			\$1,107			\$1,142			\$985			\$1,118		
Avg. Rent/PSF	\$1.09				\$1.34			\$1.05			\$1.22			\$0.91			\$1.32		
Concessions?	No				No			No			No			No			No		
Private Patios / Balconies?	Yes				Yes			Yes			Yes			Yes			Yes		
Washer / Dryer Connections?	WDCs				WDCs			WDs			WDCs			WDCs			WDs		
Swimming Pool?	Yes				Yes			Yes			Yes			Yes			Yes		
Gated Access?	Yes				Yes			Yes			Yes			Yes			Yes		
Recreation / Exercise Room?	Yes				Yes			Yes			Yes			Yes			Yes		
Community Rm / Clubhouse?	Yes				Yes			Yes			Yes			Yes			Yes		

Income Approach / Continued

Basis for Adjustments Adjustments applied to the comparable rents, relative to the subject, were based on the following comparison analysis and the appraiser's subjective reasoning. The concluded market rents are based on the assumption of competent and prudent management.

Utilities

For purposes of establishing a market rental rate we have assumed tenants will pay for their individual electric with water usage paid by the owner (similar to how the property is currently managed). **All of the rents** are leased on the basis of tenants paying for their electric and water. As such, the comparables were adjusted upward \$70 for the water/sewer expense. The water/sewer adjustment was based on the utility allowances calculated for 2BR units by the HHA (\$73 - 12/01/2019) and Harris County Housing Authority (\$67 - 04/01/2020)

Concessions

None of the comparables are currently offering concessions. Thus, further adjustments are not required.

Conditions of Rent

All of the listed rental information involves properties operating at market rent.

Unit Size

The area data was somewhat limiting and did not allow for a clear indication of an appropriate size adjustment. However, based on our experience and knowledge of the multifamily market, an adjustment for size equal to (25%) of the percentage difference in size was appropriate. Thus, a unit which varied by 20% would be adjusted 5% (20% x .25).

Unit Age and Condition

The subject was built in 2003 and is in average condition, typical of other comparable properties within this submarket. The comparables were built from 1979 to 2003, and have been maintained at various levels. Based on a physical inspection it is our opinion that subjective adjustments ranging from 0% to 10% were reasonable and have been applied in the following charts.

Location

Four of the comparables are located within the Westchase area while one is located south of the Westpark Tollway. Consequently, **Rentals 1, 2, 3 and 5** were better located given the surrounding land uses and demographics and adjusted -5%. Conversely, **Rental 4** is slightly inferior given the surrounding land uses and was adjusted upward 5%.

Income Approach / Continued

Complex and Unit Amenities

The subject property has an average amenity package that is well suited to a senior clientele. The comparables were fairly similar and adjusted as follows:

	Private Patios/ Balconies	WDs	Pool	Business Center	Playground / Sports Courts	Recreation Room/ Exercise Rm	Community Room/ Clubhouse
Subject	Yes	WDCs	Yes	No	No	Yes	Yes
Rent 1	Yes ---	WDCs ---	Yes ---	Yes (\$5)	No ---	Yes ---	Yes ---
Rent 2	Yes ---	WDs (\$35)	Yes ---	Yes (\$5)	Yes (\$5)	Yes ---	Yes ---
Rent 3	Yes ---	WDCs ---	Yes ---	Yes (\$5)	No ---	Yes ---	Yes ---
Rent 4	Yes ---	WDCs ---	Yes ---	No ---	No ---	Yes ---	Yes ---
Rent 5	Yes ---	WDs (\$35)	Yes ---	No ---	No ---	Yes ---	Yes ---
Total Adjustments		Rent 4	\$0				
Rent 1	(\$5)	Rent 5	(\$35)				
Rent 2	(\$45)						
Rent 3	(\$5)						

Bedrooms and Bathrooms

The subject's floor plans were generally compared to similarly configured units. However, an extra half-bathroom had a contributory value of \$10. It should be noted, we considered a townhouse vs. flat layout to be similar; as such, no further adjustments were made.

An adjustment grid chart and reconciliation of the most competitive rent comparables is presented as follows:

Income Approach / Continued

2 BR / 2BA Unit Type (880 sq. ft.): Adjustments have been applied as follows:

			Adjustments							
Comp. No.	Rent/Unit/MO	Unit Size (SF)	Unit Size	Location	1. Utilities 2. Amenities 3. Age/Condition 4. Bed & Bathrooms				Total Adj.	Adjusted Rent/Unit/MO
1 - 2/2	\$1,230	956	-2%	-5%	6%	0%	0%	0%	-2%	\$1,209
2 - 2/2	\$1,137	1,132	-6%	-5%	6%	-4%	0%	0%	-8%	\$1,042
3 - 2/2	\$1,192	972	-2%	-5%	6%	0%	0%	0%	-2%	\$1,169
4 - 2/2	\$928	1,070	-4%	5%	8%	0%	10%	0%	18%	\$1,096
5 - 2/2	\$1,419	1,074	-5%	-5%	5%	-2%	0%	0%	-7%	\$1,319
Mean	\$1,181	1,041								\$1,167
Median	\$1,192	1,070								\$1,169

Considering the comparable data range we have placed most emphasis on the mean and median and adopted **\$1,170/unit/month** as the current market rate for the **880 sq. ft.** two-bedroom, two-bath units.

2 BR / 2.5 BA Unit Type (1,125 sq. ft.): Adjustments have been applied as follows:

			Adjustments							
Comp. No.	Rent/Unit/MO	Unit Size (SF)	Unit Size	Location	1. Utilities 2. Amenities 3. Age/Condition 4. Bed & Bathrooms				Total Adj.	Adjusted Rent/Unit/MO
1 - 2/2	\$1,230	956	4%	-5%	6%	0%	0%	1%	6%	\$1,298
2 - 2/2	\$1,137	1,132	0%	-5%	6%	-4%	0%	1%	-2%	\$1,113
3 - 2/2	\$1,192	972	4%	-5%	6%	0%	0%	1%	5%	\$1,254
4 - 2/2	\$928	1,070	1%	5%	8%	0%	10%	1%	25%	\$1,159
5 - 2/2	\$1,419	1,074	1%	-5%	5%	-2%	0%	1%	-1%	\$1,410
Mean	\$1,181	1,041								\$1,247
Median	\$1,192	1,070								\$1,254

Considering the comparable data range we have placed most emphasis on the median and adopted **\$1,250/unit/month** as the current market rate for the **1,125 sq. ft.** two-bedroom, two-bathroom TH units.

In addition to the 1,125 sq. ft. floor plan, the subject also offers a 1,156 sq. ft. two-bedroom, two-bath townhome floor plan. Based on a base rent of **\$1,250** for the **1,125 sq. ft.** floor plan, and applying a modest size adjustment, the following market rent is estimated:

1,156 Sq. Ft. 2/2 TH Units: \$1,250 + 0.69% size = **\$1,260/Unit/Month (Rounded)**

Income Approach / Continued

Based on the previous computations, the subject's estimated market rents are as follows:

ESTIMATED MARKET RENT						
Units	Unit Type	SF/ Unit	Rent PSF	Rent/ Unit	Total Monthly Rent	Total Annual Rent
40	2 BR/2.0 BA	880	\$1.33	\$1,170	\$46,800	\$561,600
40	2 BR/2.5 BA, TH with Study	1,125	\$1.11	\$1,250	\$50,000	\$600,000
40	2 BR/2.5 BA, TH with Study	1,156	\$1.09	\$1,260	\$50,400	\$604,800
120	Totals / Averages	1,054	\$1.09	\$1,150	\$147,200	\$1,766,400

Comparison to Actual and Maximum Allowable Rents

As outlined, the subject's estimated market rent equates to \$1,150 per month or \$1.09 per square foot. These market rents assume the subject is being rented on a tenant pays electric basis, and are based on a comparison of nearby multifamily communities. As evidenced by the outlined adjustments, the comparability was adequate and allowed for a fairly well supported estimate of market rent. Relative to the maximum allowable "restricted" rent levels at 50% and 60% of AMI, market rents are as follows:

Unit Type	Market Rent	Max. Allowable Restricted Rents at 50% and 60%	Actual Collected Restricted Rents at 50% and 60%	Max. Allowable vs. Market Rent	Actual vs. Max. Allowable
2 Bedroom	\$1,150	\$911	\$859	(\$239) -20.8%	(\$52) -5.7%

As outlined, the subject's market rents average \$1,150/unit and are \$239 or 26.2% higher than the maximum allowable rents at the 50% and 60% limits. Most importantly, the current collected 50% and 60% rents average \$859/unit which is \$291 or 25.3% lower than the market rents and \$52 or 5.7% lower than maximum allowable 50% and 60% rents. The large variance between collected and maximum allowable rents is mostly attributable to units signed at lower maximum allowable limits.

Test of Reasonableness / Concluded Restricted Rents

Under the LIHTC program, maximum rents are based on the number of bedrooms, without regard to size, bathrooms, washer/dryer connection and other factors. Thus, a 1,200 sq. ft. 2br/2.5ba unit with washers and dryers and an attached garage, would qualify for the same maximum rent as a 2br/1ba unit, without any special unit amenities. Consequently, the maximum allowable rents, as they pertain to the subject property and how it would compete with other LIHTC communities, are not particularly meaningful. In an effort to better estimate what renters would be willing to pay for the subject's units, we have made a comparison to 5 other LIHTC communities in the defined neighborhood, as follows:

Income Approach / Continued

LIHTC Comparable	YOC	2BR - 50%	2BR - 60%
Sovereign THs	1998	\$766	\$935
Collingham Park	2001	---	\$926
Little Nell	2005	---	\$988
Pinnacle on Wilcrest Seniors	2006	\$817	\$995
Lafayette Plaza Seniors	2015	\$822	\$1,000
Averages	2005	\$802	\$969

Maximum Allowable - Subject Rents	\$822	\$1,000
Highest Variance	\$56	\$65
Lowest Variance	\$0	\$0
Average Variance	\$20	\$31

Concluded Restricted Rents

As outlined, the **Sovereign THs** are collecting much lower than allowed maximum allowable rents. However, this is a function of management as they are still quoting maximum allowable rent levels from 2019, a variance of \$29 (50%) and \$35 (60%) relative to 2020 rent limits. The **Collingham Park** apartments only offer 60% units which are \$74 less than the subject's maximum allowable rents. The variance is attributable to differing utility allowances and the use of 2019 maximum allowable rents. The **Little Nell** apartments only offer 60% units which are \$12 less than the subject's maximum allowable rents. The variance is modest and attributable to differing utility allowances. The **Pinnacle on Wilcrest Seniors** community has similar maximum allowable rents as the subject. Likewise, the **Lafayette Plaza Seniors** community has similar maximum allowable rents as the subject.

All factors considered, we have placed primary emphasis on the maximum allowable rents in concluding the following potential gross rental income (PGRI):

Concluded Restricted Rental Rates						
Units	Unit Type (% of Median)	Avg. SF/Unit	\$ PSF	Net \$/Unit	Total Rent Per Month	Total Annual Rent
20	2 BR/2.0 BA - 50%	880	\$0.93	\$822	\$16,440	\$197,280
20	2 BR/2.0 BA - 60%	880	\$1.14	\$1,000	\$20,000	\$240,000
20	2 BR/2.5 BA TH - 50%	1,125	\$0.73	\$822	\$16,440	\$197,280
20	2 BR/2.5 BA TH - 60%	1,125	\$0.89	\$1,000	\$20,000	\$240,000
20	2 BR/2.5 BA TH - 50%	1,156	\$0.71	\$822	\$16,440	\$197,280
20	2 BR/2.5 BA TH - 60%	1,156	\$0.87	\$1,000	\$20,000	\$240,000
120	Totals / Avgs.	1,054	\$0.86	\$911	\$109,320	\$1,311,840

ESTIMATE OF EFFECTIVE GROSS INCOME

Other Income

In addition to apartment rentals, the subject property will generate income from other sources; i.e., late fees, application fees, etc. The subject's historic and projected other income has been estimated as follows:

	2018		2019		2-Year Avg.		Concluded	
	\$	Per Unit						
NSF / Late Charges / Return Check Fees	\$987	\$8	\$3,846	\$32	\$2,417	\$20	\$2,400	\$20
Application Fees	\$396	\$3	\$286	\$2	\$341	\$3	\$350	\$3
Garage / Parking Revenue	\$34,197	\$285	\$33,711	\$281	\$33,954	\$283	\$34,000	\$283
Forfeited Deposits	\$763	\$6	\$0	\$0	\$382	\$3	\$375	\$3
Cleaning / Damage Fees	\$1,374	\$11	\$1,543	\$13	\$1,459	\$12	\$1,450	\$12
Pet Fees	\$100	\$1	\$150	\$1	\$125	\$1	\$125	\$1
Termination Fees	\$699	\$6	\$0	\$0	\$349	\$3	\$350	\$3
Other / Miscellaneous	\$50	\$0	\$1,618	\$13	\$834	\$7	\$835	\$7
Total Other Income	\$38,566	\$321	\$41,154	\$343	\$39,860	\$332	\$39,885	\$332

As outlined, the subject property is generating a fairly typical and consistent amount of other income. Our estimate of other income was based primarily on the subject's 2018 and 2019 performance, as outlined above.

Vacancy

The subject's 120 units are currently 97.5% occupied, while the average occupancy within the subject's submarket is 93.3%. The subject's historic vacancy has been as follows:

2018 = 1.24% vacancy

2019 = 2.01% vacancy

2020 = 0.66% vacancy (January thru August)

As outlined, the subject's occupancy has been very low and consistent. However, rents have been below the maximum allowable also which likely helped in the occupancy. All factors considered and given the higher projected maximum allowable rents, the subject units should maintain a stabilized long term occupancy of **97% or a 3% vacancy** as a restricted rent community.

Estimate of Effective Gross Income / Continued

Collection Loss

In addition to physical vacancy, we must also consider collection loss. This loss in income can be abstracted from the market, or is more reliably estimated from a particular property's performance. Typically, collection loss of the comparables in the area is 1% to 3%. The subject property has realized the following collection losses:

2018 - 0.62%
2019 - 0.38%.
2020 - 0.15% (January thru August)

All factors considered, a **0.50%** collection loss is deemed reasonable and well supported.

Loss to Lease

On a *stabilized* basis, a loss to lease factor of **1.5%** is considered reasonable for the subject property.

Effective Gross Income

Based on the previous estimates of income and vacancy/collection loss, the following estimates of stabilized effective gross income is provided:

	Restricted Rent Pro-forma EGI as of September 29, 2020
Potential Gross Rental Income - Market Units	\$0
Potential Gross Rental Income - LIHTC Units	<u>\$1,311,840</u>
Total Estimated PGRI	\$1,311,840
<u>Less:</u> Vacancy, Collection Loss & Loss to Lease	5.0% <u>(\$65,592)</u>
Effective Gross Rental Income	\$1,246,248
<u>Plus:</u> Other Income	<u>\$39,885</u>
Effective Gross Income	\$1,286,133

Estimate of Effective Gross Income / Continued

Comparison to Actual Collected Income

Year	2018	2019	2020 (Annualized)
Actual EGI	\$1,180,326	\$1,215,915	\$1,260,821
Annual Change	---	\$35,590	\$44,905
Annual % Change	---	2.9%	3.6%
Projected EGI	<u>\$1,286,133</u>	<u>\$1,286,133</u>	<u>\$1,286,133</u>
Difference	\$105,807	\$70,218	\$25,312
% Difference	9.0%	5.8%	2.0%

As outlined, the subject's EGI increased between 2018 - 2020 by 6.82%. In addition, the annualized 2020 EGI is \$25,312 or 2% less than our projected estimate of EGI. All factors considered, our estimate of projected EGI is considered reasonable and well supported. A variance (increase) of this magnitude is fairly modest and easily attained. Thus, it is our opinion the subject will achieve the projected rents over the next 12 months.

RENT COMPARABLES

APARTMENT RENT COMPARABLE # 1		HCAD Tax # 119-960-000-0001 AV: \$34,286,955
KEY MAP #: 489-Z	STATE: Texas	COUNTY: Harris CITY: Houston



Complex Name/Address: Columns at Westchase		/ 3354 Rogerdale Road	
Type:	Garden Style	Water Paid by:	Resident
Apt. Class / Year Built	A- / 1999	Electric Paid by:	Resident
Roof:	Pitched		
# of Floors:	3		
# of Parking Spaces:	1.5/Unit		
Unit Amenities:	<input checked="" type="checkbox"/> Private Patios <input checked="" type="checkbox"/> Walk-in Closets <input checked="" type="checkbox"/> Vaulted Ceilings <input checked="" type="checkbox"/> Private Balconies <input checked="" type="checkbox"/> Fireplace <input checked="" type="checkbox"/> Unit Alarms <input checked="" type="checkbox"/> W/D Connections <input type="checkbox"/> Washer/Dryers <input checked="" type="checkbox"/> Other: Ceiling Fans & Outside Storage <input checked="" type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Typical Appliance Package		

APARTMENT RENT COMPARABLE # 1/Continued

Complex Amenities:	<input checked="" type="checkbox"/> Swimming Pool	<input checked="" type="checkbox"/> Clubhouse / Game Rm	<input type="checkbox"/> Sports Court
	<input checked="" type="checkbox"/> Jacuzzi	<input checked="" type="checkbox"/> Laundry Rooms	<input type="checkbox"/> Playground
	<input type="checkbox"/> Free Basic Cable	<input checked="" type="checkbox"/> Business Center	<input type="checkbox"/> Picnic/BBQ
	<input type="checkbox"/> Theatre Room	<input checked="" type="checkbox"/> Rec / Exercise Room	<input checked="" type="checkbox"/> Security Gates
	<input checked="" type="checkbox"/> Covered Parking; \$30/month	<input checked="" type="checkbox"/> Garage Parking; \$125- \$200/month	<input type="checkbox"/> Other:

Unit Mix and Rental Rates as of: September 29, 2020									
No. of Units	Unit Description *	Unit Size	Total NRA	Rent	PGRI	Rent PSF	No. Vacant	% Vacant	% Occup.
72	1 BR / 1.0 BA	692	49,824	\$1,008	\$72,576	\$1.46	5	6.9%	93.1%
72	1 BR / 1.0 BA	798	57,456	\$1,093	\$78,696	\$1.37	5	6.9%	93.1%
24	1 BR / 1.0 BA	813	19,512	\$1,075	\$25,800	\$1.32	2	8.3%	91.7%
12	2 BR / 2.0 BA w/AG	955	11,460	\$1,570	\$18,840	\$1.64	1	8.3%	91.7%
6	1 BR / 1.0 BA w/AG	956	5,736	\$1,230	\$7,380	\$1.29	0	0.0%	100.0%
6	1 BR / 1.0 BA	1,000	6,000	\$1,105	\$6,630	\$1.11	0	0.0%	100.0%
6	1 BR / 1.0 BA	1,016	6,096	\$1,320	\$7,920	\$1.30	1	16.7%	83.3%
40	2 BR / 2.0 BA w/AG	1,084	43,360	\$1,450	\$58,000	\$1.34	3	7.5%	92.5%
40	2 BR / 2.0 BA w/AG	1,124	44,960	\$1,470	\$58,800	\$1.31	3	7.5%	92.5%
4	2 BR / 2.0 BA w/AG	1,146	4,584	\$1,500	\$6,000	\$1.31	0	0.0%	100.0%
14	2 BR / 2.0 BA w/AG	1,155	16,170	\$1,525	\$21,350	\$1.32	1	7.1%	92.9%
2	3 BR / 2.0 BA	1,348	2,696	\$1,220	\$2,440	\$0.91	0	0.0%	100.0%
4	3 BR / 2.0 BA w/AG	1,355	5,420	\$1,600	\$6,400	\$1.18	0	0.0%	100.0%
8	3 BR / 2.0 BA w/AG	1,368	10,944	\$1,710	\$13,680	\$1.25	1	12.5%	87.5%
4	3 BR / 2.0 BA	1,415	5,660	\$1,565	\$6,260	\$1.11	0	0.0%	100.0%
4	3 BR / 2.0 BA w/AG	1,436	5,744	\$1,695	\$6,780	\$1.18	0	0.0%	100.0%
318	Totals / Averages	930	295,622	\$1,250	\$397,552	\$1.34	22	6.9%	93.1%

* All units have WDCs

Concessions: None. However, prices change daily

Verified With: On-site management: (713) 278-9000

Comments: This property is located roughly 1.0 mile northwest of the subject property within the Westchase development.

APARTMENT RENT COMPARABLE # 2		HCAD Tax # 123-170-000-0001
AV: \$36,000,000		
KEY MAP #: 529-C	STATE: Texas	COUNTY: Harris
		CITY: Houston



Complex Name/Address: Apex at Royal Oaks / 11212 Westpark			
Type:	Garden Style	Water Paid by:	Resident
Apt. Class / Year Built	A- / 2003	Electric Paid by:	Resident
Roof:	Pitched		
# of Floors:	3		
# of Parking Spaces:	1.5/Unit		
Unit Amenities:	<input checked="" type="checkbox"/> Private Patios <input checked="" type="checkbox"/> Walk-in Closets <input type="checkbox"/> Vaulted Ceilings	<input checked="" type="checkbox"/> Private Balconies <input type="checkbox"/> Fireplace <input type="checkbox"/> Unit Alarms	<input checked="" type="checkbox"/> W/D Connections <input checked="" type="checkbox"/> Washer/Dryers <input checked="" type="checkbox"/> Other: Ceiling Fans
	<input checked="" type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Typical Appliance Package		

APARTMENT RENT COMPARABLE # 2/Continued

Complex Amenities:	<input checked="" type="checkbox"/> Swimming Pool	<input checked="" type="checkbox"/> Clubhouse / Game Rm	<input type="checkbox"/> Sports Court
	<input type="checkbox"/> Jacuzzi	<input checked="" type="checkbox"/> Laundry Rooms	<input checked="" type="checkbox"/> Playground
	<input type="checkbox"/> Free Basic Cable	<input checked="" type="checkbox"/> Business Center	<input checked="" type="checkbox"/> Picnic/BBQ
	<input checked="" type="checkbox"/> Theatre Room	<input checked="" type="checkbox"/> Rec / Exercise Room	<input checked="" type="checkbox"/> Security Gates
	<input checked="" type="checkbox"/> Covered Parking; \$40	<input checked="" type="checkbox"/> Garage Parking; \$100	<input type="checkbox"/> Other:

Unit Mix and Rental Rates as of: September 29, 2020									
No. of Units	Unit Description *	Unit Size	Total NRA	Rent	PGRI	Rent PSF	No. Vacant	% Vacant	% Occup.
21	1 BR / 1.0 BA	707	14,847	\$937	\$19,677	\$1.33	4	19.0%	81.0%
21	1 BR / 1.0 BA	755	15,855	\$965	\$20,265	\$1.28	4	19.0%	81.0%
42	1 BR / 1.0 BA	791	33,222	\$958	\$40,236	\$1.21	8	19.0%	81.0%
42	1 BR / 1.0 BA	881	37,002	\$1,031	\$43,302	\$1.17	8	19.0%	81.0%
60	2 BR / 2.0 BA	1,132	67,920	\$1,137	\$68,220	\$1.00	12	20.0%	80.0%
60	2 BR / 2.0 BA	1,254	75,240	\$1,180	\$70,800	\$0.94	12	20.0%	80.0%
18	3 BR / 2.0 BA	1,440	25,920	\$1,364	\$24,552	\$0.95	4	22.2%	77.8%
18	3 BR / 2.0 BA	1,551	27,918	\$1,401	\$25,218	\$0.90	4	22.2%	77.8%
282	Totals / Averages	1,056	297,924	\$1,107	\$312,270	\$1.05	56	19.9%	80.1%

* These units include WDs

Concessions:

Concessions involve 3 weeks free on a 1BR and 3 weeks free on a 2 and 3BR (12 plus month lease). The above writeup was adjusted accordingly.

Verified With:

NAME: On-site management
PHONE: (832) 252-6868

Comments:

This property is located roughly 1 mile northwest of the subject property within the Westchase development, across from the Royal Oaks Golf Course.

APARTMENT RENT COMPARABLE # 3		HCAD Tax # 120-245-000-0002
AV: \$13,898,858		
KEY MAP #: 489-Y	STATE: Texas	COUNTY: Harris
		CITY: Houston



Complex Name/Address: Residence at Westchase		/ 3411 Walnut Bend Lane	
Type:	Garden Style	Water Paid by:	Resident
Apt. Class / Year Built	A- / 1999	Electric Paid by:	Resident
Roof:	Pitched		
# of Floors:	3		
# of Parking Spaces:	1.5/Unit		
Unit Amenities:	<input checked="" type="checkbox"/> Private Patios <input checked="" type="checkbox"/> Walk-in Closets <input type="checkbox"/> Vaulted Ceilings <input checked="" type="checkbox"/> Private Balconies <input checked="" type="checkbox"/> Fireplace <input type="checkbox"/> Unit Alarms <input checked="" type="checkbox"/> W/D Connections <input type="checkbox"/> Washer/Dryers <input type="checkbox"/> Other: Ceiling Fans & Outside Storage <input checked="" type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Typical Appliance Package		

APARTMENT RENT COMPARABLE # 3/Continued

Complex Amenities:	<input checked="" type="checkbox"/> Swimming Pool	<input checked="" type="checkbox"/> Clubhouse / Game Rm	<input type="checkbox"/> Sports Court
	<input checked="" type="checkbox"/> Jacuzzi	<input type="checkbox"/> Laundry Rooms	<input type="checkbox"/> Playground
	<input type="checkbox"/> Free Basic Cable	<input checked="" type="checkbox"/> Business Center	<input type="checkbox"/> Picnic/BBQ
	<input type="checkbox"/> Theatre Room	<input checked="" type="checkbox"/> Rec / Exercise Room	<input checked="" type="checkbox"/> Security Gates
	<input checked="" type="checkbox"/> Covered Parking; \$25/month	<input checked="" type="checkbox"/> Garage Parking; \$65/month	<input type="checkbox"/> Other:

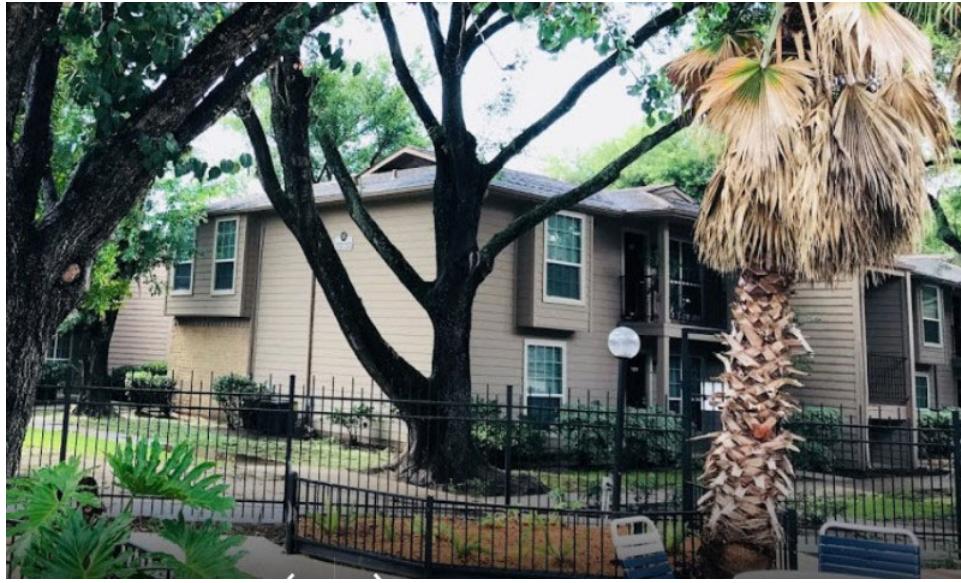
Unit Mix and Rental Rates as of: September 29, 2020									
No. of Units	Unit Description	Unit Size	Total NRA	Rent	PGRI	Rent PSF	No. Vac.	% Vac.	% Occup.
24	1 BR/1.0 BA w/WDCs	675	16,200	\$980	\$23,520	\$1.45	2	8.3%	91.7%
24	1 BR/1.0 BA, Den w/WDCs	760	18,240	\$999	\$23,976	\$1.31	2	8.3%	91.7%
8	1 BR/1.0 BA w/WDCs	764	6,112	\$999	\$7,992	\$1.31	1	12.5%	87.5%
24	2 BR/2.0 BA w/WDCs	972	23,328	\$1,192	\$28,608	\$1.23	2	8.3%	91.7%
12	2 BR/2.0 BA w/WDCs	1,074	12,888	\$1,198	\$14,376	\$1.12	1	8.3%	91.7%
24	2 BR/2.0 BA w/WDCs	1,177	28,248	\$1,290	\$30,960	\$1.10	2	8.3%	91.7%
12	3 BR/2.0 BA w/WDCs	1,249	14,988	\$1,400	\$16,800	\$1.12	1	8.3%	91.7%
128	Totals / Averages	938	120,004	\$1,142	\$146,232	\$1.22	11	8.6%	91.4%

Concessions: None. However, prices change daily

Verified With: NAME: On-site management
PHONE: (713) 789-3411

Comments: This property is located roughly 1.0 miles northwest of the subject property within the Westchase development.

APARTMENT RENT COMPARABLE # 4		HCAD Tax # 110-579-000-0002
AV: \$16,659,100		
KEY MAP #: 530-E	STATE: Texas	COUNTY: Harris
		CITY: Houston



Complex Name/Address: Summer Creek / 9220 Clarewood Drive	
Type:	Garden Style
Apt. Class / Year Built	B- / 1979
Roof:	Pitched
# of Floors:	2
# of Parking Spaces:	1.5/Unit
Unit Amenities:	<input checked="" type="checkbox"/> Private Patios <input checked="" type="checkbox"/> Walk-in Closets <input type="checkbox"/> Vaulted Ceilings <input checked="" type="checkbox"/> Private Balconies <input checked="" type="checkbox"/> Fireplace <input type="checkbox"/> Unit Alarms <input checked="" type="checkbox"/> W/D Connections <input type="checkbox"/> Washer/Dryers <input checked="" type="checkbox"/> Other: Ceiling Fans & Outside Storage <input checked="" type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Typical Appliance Package

APARTMENT RENT COMPARABLE # 4/Continued

Complex Amenities:	<input checked="" type="checkbox"/> Swimming Pool	<input type="checkbox"/> Clubhouse / Game Rm	<input type="checkbox"/> Sports Court
	<input type="checkbox"/> Jacuzzi	<input checked="" type="checkbox"/> Laundry Rooms	<input type="checkbox"/> Playground
	<input type="checkbox"/> Free Basic Cable	<input type="checkbox"/> Business Center	<input type="checkbox"/> Picnic/BBQ
	<input type="checkbox"/> Theatre Room	<input type="checkbox"/> Rec / Exercise Room	<input checked="" type="checkbox"/> Security Gates
	<input checked="" type="checkbox"/> Covered Parking	<input type="checkbox"/> Garage Parking	<input type="checkbox"/> Other:

Unit Mix and Rental Rates as of: September 29, 2020

No. of Units	Unit Description	Unit Size	Total NRA	Rent	PGRI	Rent PSF	No. Vac.	% Vac.	% Occ.
48	1 BR/1.0 BA w/WDCs	756	36,288	\$774	\$37,152	\$1.02	1	2.1%	97.9%
32	2 BR/1.0 BA w/WDCs	895	28,640	\$917	\$29,344	\$1.02	1	3.1%	96.9%
80	2 BR/2.0 BA w/WDCs	1,070	85,600	\$928	\$74,240	\$0.87	2	2.5%	97.5%
36	2 BR/2.0 BA w/WDCs	1,242	44,712	\$1,101	\$39,636	\$0.89	1	2.8%	97.2%
36	2 BR/2.0 BA, Den *	1,257	45,252	\$1,142	\$41,112	\$0.91	1	2.8%	97.2%
32	3 BR/2.0 BA w/WDCs	1,400	44,800	\$1,208	\$38,656	\$0.86	1	3.1%	96.9%
264	Totals / Averages	1,081	285,292	\$985	\$260,140	\$0.91	7	2.7%	97.3%

* This units includes WDCs

Concessions: None

Verified With: NAME: On-site management
PHONE: (713) 776-9973

Comments: This property is located 0.7 miles southeast southwest of the subject property.

APARTMENT RENT COMPARABLE # 5		HCAD Tax # 109-387-000-0012
AV: \$20,855,057		
KEY MAP #: 490-W	STATE: Texas	COUNTY: Harris
		CITY: Houston



Complex Name/Address: Camden Stonebridge / 9850 Richmond Avenue	
Type:	Garden Style
Apt. Class / Year Built	A- / 1992
Roof:	Pitched
# of Floors:	3
# of Parking Spaces:	1.5/Unit
Unit Amenities:	<p><input type="checkbox"/> Private Patios <input type="checkbox"/> Walk-in Closets <input type="checkbox"/> Vaulted Ceilings</p> <p><input type="checkbox"/> Private Balconies <input type="checkbox"/> Fireplace <input type="checkbox"/> Unit Alarms</p> <p><input type="checkbox"/> W/D Connections <input type="checkbox"/> Washer/Dryers <input type="checkbox"/> Other: Ceiling Fans</p> <p><input type="checkbox"/> Air Conditioning <input type="checkbox"/> Typical Appliance Package</p>

APARTMENT RENT COMPARABLE # 5/Continued

Complex Amenities:	<input checked="" type="checkbox"/> Swimming Pool	<input type="checkbox"/> Clubhouse / Game Rm	<input type="checkbox"/> Sports Court
	<input checked="" type="checkbox"/> Jacuzzi	<input type="checkbox"/> Laundry Rooms	<input type="checkbox"/> Playground
	<input type="checkbox"/> Free Basic Cable	<input type="checkbox"/> Business Center	<input checked="" type="checkbox"/> Picnic/BBQ
	<input type="checkbox"/> Theatre Room	<input checked="" type="checkbox"/> Rec / Exercise Room	<input checked="" type="checkbox"/> Security Gates
	<input checked="" type="checkbox"/> Covered Parking; \$35/month	<input checked="" type="checkbox"/> Garage Parking; \$75/month	<input type="checkbox"/> Other:

Unit Mix and Rental Rates as of: September 29, 2020

No. of Units	Unit Description	Unit Size	Total NRA	Rent	PGRI	Rent PSF	No. Vac.	% Vac.	% Occup.
52	1 BR/1.0 BA w/WDs	722	37,544	\$989	\$51,428	\$1.37	4	7.7%	92.3%
84	1 BR/1.0 BA w/WDs	799	67,116	\$1,019	\$85,596	\$1.28	6	7.1%	92.9%
36	2 BR/1.0 BA w/WDs	929	33,444	\$1,269	\$45,684	\$1.37	3	8.3%	91.7%
32	2 BR/2.0 BA w/WDs	1,074	34,368	\$1,419	\$45,408	\$1.32	2	6.3%	93.8%
204	Totals / Averages	845	172,472	\$1,118	\$228,116	\$1.32	15	7.4%	92.6%

Concessions: None. However, prices change daily

Verified With: NAME: On-site management
PHONE: (713) 789-9850

Comments: This property is located roughly 1.4 miles northeast of the subject property within the Westchase development.

EXPENSE ANALYSIS

Various expenses are necessary in the operation of the subject property. These expenses are classified as either "fixed" or "variable". Proper appraisal procedure demands that an appraiser use typical operating expenses and compare those to the actual expenses being incurred at the time of the appraisal. The reason for doing this is obvious. Some expenses may not be necessary for the operation of the property; thus, the cash flow should not be penalized. Conversely, some owner/managers that operate multifamily communities will sometimes fail to pay themselves for their time (management). This is a bona fide expense which needs to be considered.

We were provided with the subject's operating statements for 2018, 2019 and January thru August 2020. However, since the 2020 data included some days within September (and not the entire month) we did not have a very high degree of confidence and chose not to use this information. The subject property has the following characteristics which impact the expenses:

- ▶ The subject's complex size is of moderate size; thus, economies of scale are somewhat limited.
- ▶ The subject's average unit size is large; thus, certain expense items (flooring, make-ready/cleaning and interior paint) are generally higher than typical.
- ▶ The subject property is a LIHTC community; thus, supportive services and compliance fees add to the overall expense total.

In addition to relying on the subject's actual operating history, we have made comparisons to the operating history of twenty (20) 1990s - 2000s era LIHTC properties and three (3) LIHTC communities considered similar to the subject. The expense data was from 2017 - 2019.

For purposes of our analysis, expenses will be estimated based on a stabilized occupancy. Following is an explanation of the expenses and are grouped according to the Institute of Real Estate Management (I.R.E.M.) categories:

INCOME & EXPENSE SUMMARY TOWN PARK		Twelve (12) Months Ending December 2019			Twelve (12) Months Ending December 2018		
		(Per Year)	PSF	Per Unit	(Per Year)	PSF	Per Unit
Potential Gross Rental Income		\$1,250,760	\$9.89	\$10,423	\$1,218,490	\$9.64	\$10,154
Less: Vacancy / Collection Loss / Loss to Lease		<u>(\$75,535)</u>		<u>-6.0%</u>	<u>(\$76,730)</u>		<u>-6.3%</u>
Effective Rental Income		\$1,175,225	\$9.29	\$9,794	\$1,141,760	\$9.03	\$9,515
Plus: Misc. / Other Income		<u>\$40,691</u>	<u>\$0.32</u>	<u>\$339</u>	<u>\$38,566</u>	<u>\$0.31</u>	<u>\$321</u>
Effective Gross Income		\$1,215,916	\$9.62	\$10,133	\$1,180,326	\$9.34	\$9,836
FIXED EXPENSES							
1. Real Estate Expenses		\$112,457	\$0.89	\$937	\$109,350	\$0.86	\$911
2. Insurance		<u>\$59,475</u>	<u>\$0.47</u>	<u>\$496</u>	<u>\$57,442</u>	<u>\$0.45</u>	<u>\$479</u>
Subtotal - Fixed		\$171,932	\$1.36	\$1,433	\$166,792	\$1.32	\$1,390
VARIABLE EXPENSES							
3. Management Fees		\$38,400	\$0.30	\$320	\$38,400	\$0.30	\$320
% of EGI		3.16%			3.25%		
4a. General & Administrative		\$77,772	\$0.62	\$648	\$29,919	\$0.24	\$249
4b. Payroll & Benefits		\$116,498	\$0.92	\$971	\$136,154	\$1.08	\$1,135
4c. Marketing		<u>\$1,770</u>	<u>\$0.01</u>	<u>\$15</u>	<u>\$6,327</u>	<u>\$0.05</u>	<u>\$53</u>
Subtotal - Adm./Payroll/Mktg.		\$196,040	\$1.55	\$1,634	\$172,400	\$1.36	\$1,437
Utilities							
5. Electricity		\$12,568	\$0.10	\$105	\$15,680	\$0.12	\$131
6. Water/Sewer		\$97,040	\$0.77	\$809	\$120,306	\$0.95	\$1,003
7. Gas		<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>
Subtotal - Utilities		\$109,608	\$0.87	\$913	\$135,986	\$1.08	\$1,133
8. Other Operating / Miscellaneous		\$8,208	\$0.06	\$68	\$4,349	\$0.03	\$36
Maintenance							
9. Building Services		\$14,515	\$0.11	\$121	\$14,027	\$0.11	\$117
10. Grounds Maintenance		\$16,330	\$0.13	\$136	\$18,900	\$0.15	\$158
11. Maint./Repairs/Supplies		\$40,064	\$0.32	\$334	\$28,168	\$0.22	\$235
12. Painting/Decorating (Make Ready)		<u>\$6,702</u>	<u>\$0.05</u>	<u>\$56</u>	<u>\$3,512</u>	<u>\$0.03</u>	<u>\$29</u>
Subtotal - Maintenance		\$77,611	\$0.61	\$647	\$64,607	\$0.51	\$538
Subtotal - Variable		\$429,867	\$3.40	\$3,582	\$415,742	\$3.29	\$3,465
TOTAL FIXED & VARIABLE EXPENSES		\$601,799	\$4.76	\$5,015	\$582,534	\$4.61	\$4,854
13. Reserves/Capital Expenses		\$131,887	\$1.04	\$1,099	\$9,511	\$0.08	\$79
TOTAL EXPENSES		\$733,686	\$5.80	\$6,114	\$592,045	\$4.68	\$4,934
PERCENT OF EGI				60.3%			50.2%
NET OPERATING INCOME		\$482,230	\$3.81	\$4,019	\$588,281	\$4.65	\$4,902

EXPENSE DATA			3 LIHTC EXPENSE COMPARABLES				TWENTY (20) 1990's - 2000's ERA LIHTC EXPENSE COMPARABLES			
			1	2	3	Avg.	1998	2015	2003	2002
YOC-->	2003		2002	2003	2002	2002	1998	2015	2003	2002
Complex Size-->	120		168	192	183	181	72	250	169	178
Unit Size-->	1,054		1,056	1,116	1,078	1,083	911	1,208	1,032	1,043
Subject 12 Months Ending 12/2019			(Per Unit)		(Per Unit)		Average		Low	High
\$ Amt / Per Unit			(Per Unit)		(Per Unit)		(Per Unit)		(Per Unit)	(Per Unit)
Effective Rental Income	\$1,175,225	\$9,794	\$9,987	\$11,114	\$10,384	\$10,495	\$7,072	\$11,713	\$9,306	\$9,266
Miscellaneous/Other Income	\$40,691	\$339	\$258	\$358	\$313	\$310	\$70	\$948	\$413	\$357
Effective Gross Income	\$1,215,916	\$10,133	\$10,245	\$11,438	\$10,697	\$10,793	\$7,143	\$12,257	\$9,719	\$9,723
FIXED EXPENSES										
1. Real Estate Expenses	\$112,457	\$937	\$886	\$1,067	\$948	\$967	\$387	\$1,116	\$838	\$856
2. Insurance	\$59,475	\$496	\$319	\$626	\$428	\$458	\$198	\$631	\$333	\$316
Subtotal - Fixed	\$171,932	\$1,433	\$1,205	\$1,693	\$1,376	\$1,425	\$597	\$1,693	\$1,170	\$1,144
VARIABLE EXPENSES										
3. Management Fees	\$38,400	\$320	\$409	\$465	\$445	\$440	\$281	\$550	\$412	\$410
% of EGI		3.2%	4.0%	4.5%	4.2%	4.2%	3.1%	5.6%	4.3%	4.2%
4a. General & Administrative	\$77,772	\$648	\$159	\$353	\$267	\$260	\$159	\$488	\$303	\$274
4b. Payroll & Benefits	\$116,498	\$971	\$1,283	\$2,156	\$1,627	\$1,689	\$1,283	\$2,156	\$1,552	\$1,483
4c. Marketing	\$1,770	\$15	\$23	\$84	\$53	\$53	\$10	\$189	\$74	\$66
Subtotal - Adm./Payroll/Mktg.	\$196,040	\$1,634	\$1,624	\$2,399	\$1,947	\$1,990	\$1,580	\$2,399	\$1,929	\$1,900
Utilities										
5. Electricity	\$12,568	\$105	\$118	\$166	\$148	\$144	\$75	\$238	\$155	\$158
6. Water/Sewer	\$97,040	\$809	\$543	\$1,048	\$746	\$779	\$46	\$1,468	\$770	\$683
7. Gas/Heating Fuel	\$0	\$0	\$0	\$4	\$2	\$2	\$0	\$67	\$6	\$0
Subtotal - Utilities	\$109,608	\$913	\$704	\$1,218	\$896	\$939	\$161	\$1,628	\$930	\$855
8. Other Operating/Miscellaneous	\$8,208	\$68	\$45	\$265	\$127	\$146	\$0	\$346	\$127	\$104
Maintenance										
9. Building Services	\$14,515	\$121	\$110	\$211	\$171	\$164	\$94	\$245	\$159	\$150
10. Grounds Maintenance	\$16,330	\$136	\$164	\$388	\$267	\$273	\$105	\$388	\$201	\$187
11. Maintenance/Repairs/Supplies	\$40,064	\$334	\$394	\$1,155	\$683	\$744	\$152	\$1,155	\$412	\$358
12. Painting/Decorating (Make Ready)	\$6,702	\$56	\$142	\$340	\$249	\$244	\$0	\$340	\$138	\$131
Subtotal - Maintenance	\$77,611	\$647	\$935	\$2,074	\$1,371	\$1,460	\$479	\$2,074	\$911	\$923
Subtotal - Variable	\$429,867	\$3,582	\$4,224	\$5,588	\$4,785	\$4,866	\$3,067	\$5,588	\$4,308	\$4,229
TOTAL FIXED & VARIABLE EXPENSES										
13. Reserves/Capital Expenses	\$601,799	\$5,015	\$5,455	\$6,793	\$6,161	\$6,136	\$3,664	\$6,793	\$5,479	\$5,576
TOTAL EXPENSES										
PERCENT OF EGI		60.3%	56.8%	59.4%	58.7%	58.3%	50.8%	72.6%	61.7%	61.4%

(1) LIHTC community in the Houston MSA. The expense data is T-12 ending September 2019.

(2) LIHTC community in the Houston MSA. The expense data is T-12 ending December 2017.

(3) LIHTC community in the Houston MSA. The expense data is T-12 ending March 2018.

Expense Analysis / Continued

OPERATING EXPENSES

Fixed Expenses

Real Estate Taxes: As previously outlined, the following stabilized tax obligations have been estimated:

LIHTC Community	\$120,081	or	\$1,001	per unit
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Insurance: Insurance costs are for fire, liability, and extended coverage. The insurance rate depends on several factors such as location, condition, and the adequacy of fire protection in the area. The comparable and subject data was analyzed as follows:

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$319	\$626	\$458	\$428
Aggregated Data	\$198	\$631	\$333	\$316
			Subject - 2018 Subject - 2019 Subject - Avg.	\$479 \$496 \$487
Concluded				\$500

The subject's 2018-2019 insurance expense was considered reasonable, although above the mean and median of the comparable data. The annualized 2020 insurance expense was \$60,575 or \$505/unit. Our concluded estimate of insurance is consistent with the historic operating history and "bracketed" by the comparable data.

Expense Analysis / Continued

Variable Expenses

Non-Resident Management

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$409	\$465	\$440	\$445
% of EGI	4.0%	4.5%	4.2%	4.2%
Aggregated Data	\$281	\$550	\$412	\$410
% of EGI	3.1%	5.6%	4.3%	4.2%
			<u>Per Unit</u>	<u>% of EGI</u>
Subject - 2018			\$320	3.3%
Subject - 2019			\$320	3.2%
Subject - Average			\$320	3.2%
Concluded - Restricted			\$456	4.25%

The subject's management fee of \$320/unit or 3.2% - 3.3% is considered too low. With primary emphasis placed on the comparable data, we concluded a 4.25% management fee.

Utilities: The subject property is individually metered for electricity which is paid by the tenants. Water/sewer is master metered with those expenses paid by the owner.

3 Comparables	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Low	\$118	\$543	\$0	\$704
High	\$166	\$1,048	\$4	\$1,218
Mean	\$144	\$779	\$2	\$939
Median	\$148	\$746	\$2	\$896
Aggregated Data				
Low	\$75	\$46	\$0	\$161
High	\$238	\$1,468	\$67	\$1,628
Mean	\$155	\$770	\$6	\$930
Median	\$158	\$683	\$0	\$855
Subject - 2018	\$131	\$1,003	\$0	\$1,133
Subject - 2019	\$105	\$809	\$0	\$913
Subject - Average	\$118	\$906	\$0	\$1,023
Concluded	\$110	\$810	\$0	\$920

As the utilities expense is property-specific, our concluded estimate of utilities is based mostly on the most recent operating history.

Expense Analysis / Continued

Administration/Payroll/Marketing: This expense category includes the salaries of any administrative or maintenance personnel paid directly by the owner; any leasing, rental or renewal fees paid in addition to the management fee; any alteration supervisory charges paid by the owner; the cost of all advertising, legal, and auditing fees; dues in professional organizations; architectural or professional engineer's fees; and all telephone and building office expenses and supplies paid by the owner.

Payroll

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$1,283	\$2,156	\$1,689	\$1,627
Aggregated Data	\$1,283	\$2,156	\$1,552	\$1,483
			Subject - 2018 Subject - 2019 Subject - Avg.	\$1,135 \$971 \$1,053
			Concluded	\$1,350

The subject's 2018 - 2019 payroll expenses varied by a lot and were well below the comparable data. The lower 2019 payroll expense may have been due to significant property upgrades classified as capital items. The payroll associated with this work was likely considered under that category. Based on the subject's historic operating data, but given the variance relative to the comparable data, we have opted to conclude between the actual performance and the comparables.

General & Administrative

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$159	\$353	\$260	\$267
Aggregated Data	\$159	\$488	\$303	\$274
			Subject - 2018 Subject - 2019 Subject - Avg.	\$249 \$648 \$449
			Concluded - Restricted	\$275

The subject's 2018 general and administrative expense was reasonable while the 2019 expense was extreme. Our concluded estimate of general and administrative expenses is based slightly above the 2018 actuals and is "bracketed" by the comparable data.

Expense Analysis / Continued

Marketing Expenses

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$23	\$84	\$53	\$53
Aggregated Data	\$10	\$189	\$74	\$66
			Subject - 2018 Subject - 2019 Subject - Avg.	\$53 \$15 \$34
Concluded - Restricted				\$35

The subject's marketing expense was considered low but reasonable. The subject property only has one other senior LIHTC community within the defined neighborhood. In addition, visibility is excellent given the frontage along the S. Sam Houston Tollway W. As such, marketing expenses should be kept at a minimum. Our concluded estimate of marketing expenses as a LIHTC community is based primarily on the 2018 - 2019 performance.

Maintenance: This category of expenses covers four (4) different items.

Grounds Maintenance & Building Services: This category represents gardening, landscaping, sidewalks and street sweeping, snow removal, water feature maintenance, outside light maintenance and grounds maintenance supplies (including wages of ground maintenance personnel). Building Services covers such contracted outside services as window washing, lobby directory, exterminating, trash and rubbish removal, security system, but not services chargeable against the painting, decorating, janitorial, or maintenance and repair category.

3 Comparables	Bldg. Services	Landscaping	Total
Low	\$110	\$164	\$274
High	\$211	\$388	\$599
Mean	\$164	\$273	\$437
Median	\$171	\$267	\$438
Aggregated Data			
Low	\$94	\$105	\$199
High	\$245	\$388	\$633
Mean	\$159	\$201	\$360
Median	\$150	\$187	\$337
Subject - 2018	\$117	\$158	\$274
Subject - 2019	\$121	\$136	\$257
Subject - Average	\$119	\$147	\$266
Concluded	\$125	\$150	\$275

Expense Analysis / Continued

These expenses are often property-specific. Our concluded estimate of building services and landscaping is consistent with the subject's 2018 - 2019 expenses and bracketed by the expense comparables.

Maintenance and Repairs & Painting and Decorating: Maintenance and repairs accounts for all items of general maintenance and repairs, both interior and exterior. This includes exterior painting or cleaning. Elevator maintenance contracts; boiler inspection and repair contracts; air conditioning service contracts; parts and small hand tools; fire protection services and equipment; plumbing, electrical, plastering, masonry, carpentry, heating, roofing and tuck pointing contractor's service unless such bills properly constitute a capital expenditure. Painting and decorating includes the cost of all contracted labor, decorators on building payroll and all materials and supplies used in the decorating of the interior of the building. Other included expense items are: paint, wallpaper, brushes and wall washing. Replacement of floor coverings, draperies, furnishings or light fixtures (if not a capital expenditure) also belong in this category. Exterior painting would not be included under this category; rather, they should be listed under maintenance and repairs.

3 Comparables	M&R	Make Ready	Total
Low	\$394	\$142	\$536
High	\$1,155	\$340	\$1,495
Mean	\$744	\$244	\$988
Median	\$683	\$249	\$932
Aggregated Data			
Low	\$152	\$0	\$152
High	\$1,155	\$340	\$1,495
Mean	\$412	\$138	\$550
Median	\$358	\$131	\$489
Subject - 2018	\$235	\$29	\$264
Subject - 2019	\$334	\$56	\$390
Subject - Average	\$284	\$43	\$327
Concluded	\$400	\$50	\$450

The subject's 2018 - 2019 M&R and make ready expenses were very low. The make ready expense is likely low given the senior tenancy which rarely moves. In addition, \$1,099/unit was spent on capital / reserve expenses in 2019 which likely impacted the M&R expenses. Our concluded estimate of make ready is consistent with the subject's historic expenses, say \$50/unit. However, the M&R expense was concluded to be \$400/unit, consistent with the mean and median of the aggregated data.

Other Operating (Miscellaneous) Expenses: This category includes operating costs which do not fit under any other category; such as damage to property of others not covered by insurance, intercom service, directional signs, door lettering. In addition, this category includes compliance fees, supportive services and franchise or margin taxes.

Expense Analysis / Continued

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$45	\$265	\$146	\$127
Aggregated Data	\$0	\$346	\$127	\$104
		Subject - 2018 Subject - 2019 Subject - Avg.	\$36 \$68 \$52	
Concluded - Restricted			\$85	

The subject's P&L statements did not show a franchise (margin) tax expense. Thus, our concluded estimate of miscellaneous expenses is \$50/unit (LIHTC) plus margin taxes, estimated as follows:

	Estimated Gross Receipts	Taxable Percentage *	Tax Rate	Margin Tax Burden	Per Unit
Restricted	\$1,286,133	100%	0.331%	\$4,257	\$35

* No margin taxes are due if income is less than \$1,130,000

Reserves for Replacement: A sinking fund should be established for replacement of components which have an estimated life shorter than the building. The annual amount is based on the cost of replacement times the time/life recovery factor [time factor at chosen rate (%)], or sinking fund factor. While these are truly capital expenditure items, most owners will expense these replacement items on an as-needed basis due to the current tax laws. As a result, upon analyzing operating statements, capital expenditures will often not be identified as such.

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
3 Comparables	\$0	\$367	\$163	\$122
Aggregated Data	\$0	\$1,504	\$499	\$377
		Subject - 2018 Subject - 2019 Subject - Avg.	\$79 \$1,099 \$393	
Concluded			\$300	

Our concluded estimate of reserves is based on what is typically escrowed and expected to be set aside by lenders. Given the subject's age, design/layout and average unit sizes, an estimate of this magnitude is deemed reasonable and well supported.

Expense Analysis / Continued

Total Expenses and Summary

Adjusting the data \$300/unit for reserves, the following is offered:

Per Unit Expenses	Low	High	Mean	Median
3 Comparables (Adjusted for Reserves)	\$5,755	\$7,093	\$6,436	\$6,461
Comparables Per Sq. Ft.	\$5.45	\$6.36	\$5.93	\$5.99
Comparables OER	56.2%	62.0%	59.5%	60.4%
Aggregated Data (Adjusted for Reserves)	\$3,964	\$7,093	\$5,779	\$5,876
Comparables Per Sq. Ft.	\$4.35	\$5.87	\$5.60	\$5.63
Comparables OER			59.5%	60.4%
	Per Unit	PSF	OER	
Subject - 2018 (Adjusted for Reserves)	\$5,154	\$4.89	52.4%	
Subject - 2019 (Adjusted for Reserves)	\$5,315	\$5.04	52.5%	
Concluded - Income Restricted	\$5,647	\$5.36	52.7%	

Our concluded estimate of expenses is well supported by the expense comparables and the subject's actual expenses. Variances exist, although the disparities are explained and adjustments have been applied. All factors considered, the projected expenses are deemed reasonable and well supported.

Net Operating Income

Net operating income (NOI) is the income remaining after all operating and capital reserve expenses have been satisfied. This income provides a return to the owner or a means of servicing debt on the subject property. Based on the preceding estimates of income and expenses, the resulting stabilized NOI is presented on the following page:

INCOME & EXPENSE SUMMARY TOWN PARK		Stabilized Pro-Forma as of 9/29/20 (Income Restricted)		
		(Per Year)	PSF	Per Unit
Potential Gross Rental Income		\$1,311,840	\$10.38	\$10,932
<u>Less:</u> Vac. / Coll Loss / Loss to Lease		<u>(\$65,592)</u>		<u>-5.0%</u>
Effective Rental Income		\$1,246,248	\$9.86	\$10,385
Miscellaneous/Other Income		<u>\$39,885</u>	<u>\$0.32</u>	<u>\$332</u>
Effective Gross Income		\$1,286,133	\$10.17	\$10,718
FIXED EXPENSES				
1. Real Estate Expenses		\$120,081	\$0.95	\$1,001
2. Insurance		<u>\$60,000</u>	<u>\$0.47</u>	<u>\$500</u>
Subtotal - Fixed		\$180,081	\$1.42	\$1,501
VARIABLE EXPENSES				
3. Management Fees		\$54,661	\$0.43	\$456
% of EGI		4.25%		
4a. General & Administrative		\$33,000	\$0.26	\$275
4b. Payroll & Benefits		\$162,000	\$1.28	\$1,350
4c. Marketing		<u>\$4,200</u>	<u>\$0.03</u>	<u>\$35</u>
Subtotal - Adm./Payroll/Mktg.		\$199,200	\$1.58	\$1,660
Utilities				
5. Electricity		\$13,200	\$0.10	\$110
6. Water/Sewer		\$97,200	\$0.77	\$810
7. Natural Gas		<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>
Subtotal - Utilities		\$110,400	\$0.87	\$920
8. Other Operating/Miscellaneous		\$10,257	\$0.08	\$85
Maintenance				
9. Building Services		\$15,000	\$0.12	\$125
10. Grounds Maintenance		\$18,000	\$0.14	\$150
11. Maintenance/Repairs/Supplies		\$48,000	\$0.38	\$400
12. Painting/Decorating (Make Ready)		<u>\$6,000</u>	<u>\$0.05</u>	<u>\$50</u>
Subtotal - Maintenance		\$87,000	\$0.69	\$725
Subtotal - Variable		\$461,518	\$3.65	\$3,846
TOTAL FIXED & VAR. EXPENSES				
13. Reserves/Capital Expenses		\$641,599	\$5.07	\$5,347
TOTAL EXPENSES				
PERCENT OF EGI				
NET OPERATING INCOME				
		\$608,534	\$4.81	\$5,071

DIRECT CAPITALIZATION

Income-producing property is typically purchased for investment purposes. Estimating and valuing the projected income stream is the critical factor affecting a property's market value. An investor purchasing income-producing real estate is, in effect, spending a sum of present dollars for the right to a stream of future dollars. There is a relationship between the two, and the connecting link is a rate (overall) which reflects the necessary return to attract investment capital. This process is called direct capitalization. Direct capitalization is the valuation of the present worth of an anticipated future income stream. The potential income of a property is converted into a market value estimate by means of an overall capitalization rate (R_o). This rate is defined as follows:

"...the income rate for a total property that reflects the relationship between a single year's net operating income expectancy and the total property price or value; it is used to convert net operating income into an indication of overall property value."³

The type and quality of the subject's income stream is important for the selection of an appropriate capitalization rate, as various investments are in competition for the invested equity. The rate chosen depends on the risk of return on any or all capital invested. Typically, the investor must be aware of the safety and reliability of the intended investment. After the appraiser has analyzed all of the factors affecting the property and the income stream, an appropriate method of estimating a capitalization rate can be chosen. For the purposes of this report, we have derived capitalization rates from actual market sales, investor surveys, and a band of investment analysis.

Market Derived Capitalization Rates (See Market Sales) The following rates were abstracted from market sales using a pro forma calculation of income and expenses assuming a stabilized occupancy. These sales can be found in the Sales Comparison Approach section of this report.

Sale No.	D.O.S.	Cap. Rates	YOC
1	06/18/20	5.80%	2007
2	03/02/20	5.25%	2002
3	01/02/20	6.61%	2001
4	01/25/20	5.50%	2000
5	08/22/19	5.80%	2004
6	08/20/19	6.70%	2003
Mean		5.94%	2003
Median		5.80%	

Based upon the outlined sales and considering the subject's relative desirability, complex size, location, recently completed upgrades, stable operating history, low tax assessment, low interest rates, and potential conversion to a market rate community, an appropriate capitalization rate at the low end of the range or **5.25%** is believed reasonable and well supported.

³Appraisal Institute, *The Appraisal of Real Estate*, 10th ed. (Chicago: Appraisal Institute, 1992), 415.

Band of Investment

As a test of reasonableness for the indicated range of overall capitalization rates (R_o), the band of investment-mortgage and equity components will be used. Typically, investment properties are purchased with debt and equity capital, and the overall rate must satisfy the market return requirements to both investment positions. Lenders are in the most secured position and must receive a competitive interest rate commensurate with the perceived risk of the investment. They expect both a return "on" capital (interest) and a return "of" capital (amortization of principal). Similarly, investors must anticipate receiving a competitive equity cash return (cash on cash) commensurate with the perceived risk, or they will invest their funds elsewhere.

The overall capitalization rate (R_o) is a weighted average of the mortgage constant (R_m) and the equity dividend, or capitalization rate (R_e). The mortgage ratio (M) represents the loan or debt portion of the property investment, and the equity ratio is expressed as (1-M). The overall rate must satisfy the requirements of both the mortgage constant and the pre-tax cash flow. The mortgage constant (R_m) represents the ratio of annual debt service to the mortgage principal and is a function of the (1) interest rate, (2) the frequency of amortization (monthly or annual), and (3) the loan term. The equity dividend (capitalization) rate is the ratio of annual pre-tax cash flow to the equity investment. It typically reflects the investor's anticipated first year return. According to the 2nd Quarter 2020 RERC Real Estate Report, and assuming similar financing (outlined below), equity capitalization rates range from 4.8% to 19.8% with a mean of 12.3% for investment grade, 2nd Tier apartment properties located in the south. The following assumptions were used to estimate an appropriate overall rate via the band of investment.

Band of Investment Assumptions

Amortization Period	30	Years
Fixed Term	7	Years
Mortgage Interest Rate	3.00%	(All-in FNMA / Freddie Rate)
Loan To Value Ratio	80%	
Equity Dividend Rate	6.00%	
Mortgage Constant	5.06%	

Band of Investment Calculations

Component	Percentage		Rate		Contribution
Debt	80%	x	5.06%	=	4.05%
Equity	20%	x	6.00%	=	1.20%
Indicated OAR					5.25%

Direct Capitalization / Continued

Based upon the band of investment analysis, an 5.25% capitalization rate is derived. This rate is consistent with the low end of the improved sales range and considered to be reasonably well supported given current financing and other factors. Financing assumptions are based on current market data while the equity dividend rate is near the low end of the RERC data range given the previously outlined subject attributes.

Investment Surveys

In addition to estimating a capitalization rate from the market sales and through the band of investment analysis, we have also provided information as it relates to investment grade apartments in the south, as follows:

<u>Investment Survey</u>	<u>2nd Tier Apartments (South Region) **</u>
2 nd Quarter 2020 RERC	5.0% to 8.0%; 6.5% Average

** Data on 2nd Tier properties within Houston was not available. However, Tier 1 Houston multifamily properties generally have capitalization rates 10 basis points lower than the South Region.

Direct Capitalization Conclusions

The following chart summarizes the various rates derived in this analysis:

Summary of Overall Rates

<u>Source</u>	<u>Indicated Rate</u>
Market Sales (5.25% to 6.7%)	5.25%
Published Surveys (5.0% to 8.0%)	6.50%
Band of Investment	<u>5.25%</u>
Mean Rate Derived	5.67%

In the direct capitalization method, the appraiser utilized the improved sales data, the band of investment analysis and a market survey to determine an appropriate capitalization rate. All factors considered an overall rate of **5.25%** appears reasonable by placing most emphasis on the concluded improved sales rate, the band of investment indication, and lower part of the RERC survey range. Thus, the subsequent value conclusions via the Direct Capitalization Technique is as follows:

Direct Capitalization / Continued

Restricted Rent Scenario

Net Operating Income as of September 29, 2020	\$608,534	÷ 5.25%	=	\$11,591,128
“As Stabilized” Value (Rounded)				\$11,590,000
<u>Less:</u> Loss to Lease Adjustment				<u>\$0</u>
“As Is” Value (Rounded)				\$11,590,000

**SALES COMPARISON APPROACH -
WHOLE PROPERTY**

SALES COMPARISON APPROACH

The Sales Comparison Approach, is considered an excellent, and even the best, valuation method in the event that sufficiently similar and recent transactions may be found and verified accurately. In such an event, Market Value may be derived directly since all complexities involved are properly weighted according to their significance to actual buyers and sellers.

The Sales Comparison Approach applies the principle of substitution since typical buyers will not usually purchase a property at a price higher than the prices of similar properties with comparable locations, characteristics, and future earning capabilities.

The steps utilized in applying the direct sales comparison approach include the following:

1. Research the market to obtain information on sales and listings of similar properties in the marketplace.
2. Verify the information with one of the participants or one of the participant's representatives, in order to determine the factual accuracy of the data, and whether or not the transaction was arm's length.
3. Analyze the subject and comparables according to the elements of comparison and adjust the sales price of each comparable as appropriate or eliminate the property as a comparable.
4. Reconcile the multiple value indications that result from the comparables into a single value conclusion.

Typically, comparison may be made on one of several various units; for example, Sales Price per Square Foot/Unit of Improvement, Gross Rental Income Multiplier, Effective Gross Rental Income Multiplier, Overall Capitalization Rate, etc. We have considered all units of comparison but only considered the Sales Price Per Unit and Sales Price Per Sq. Ft. Within this section of the report.

Sales Comparison Approach/Continued

All of the referenced comparison measures are derived as follows:

$\frac{\text{Sales Price}}{\text{Gross Income}}$	=	Gross Income Multiplier (G.I.M.)
$\frac{\text{Sales Price}}{\text{Effective Gross Income}}$	=	Effective Gross Income Multiplier (E.G.I.M.)
$\frac{\text{Sales Price}}{\text{No. of Units}}$	=	Sales Price Per Unit (S.P.P.U.)
$\frac{\text{Net Operating Income}}{\text{Sales Price}}$	=	Overall Rate (O.A.R.)

As previously stated, only two of the four comparison measures were employed in this section of the report. However, their result is a reflection of current market conditions over and above the mathematical process of the measurement itself. For instance:

1. The Gross Income Multiple measure which employs a "Stabilized" Gross Annual Income is ill-equipped to address itself to occupancy conditions of this market in general.

The importance of realizing the above stems from the fact that market investors are extremely conscious of a property's ability to pay its bills and the above methods of valuation do not address this issue. Nevertheless, these methods of valuation do provide meaningful insight into the market value, even though issues of debt service and operating expenses are not addressed.

We have chosen to utilize the income indices from our comparables based on pro forma estimates as stabilized rather than their actual occupancy at the time of sale. All income and expense information on the comparable sales has been estimated based on the appraisers' knowledge and experience of the market.

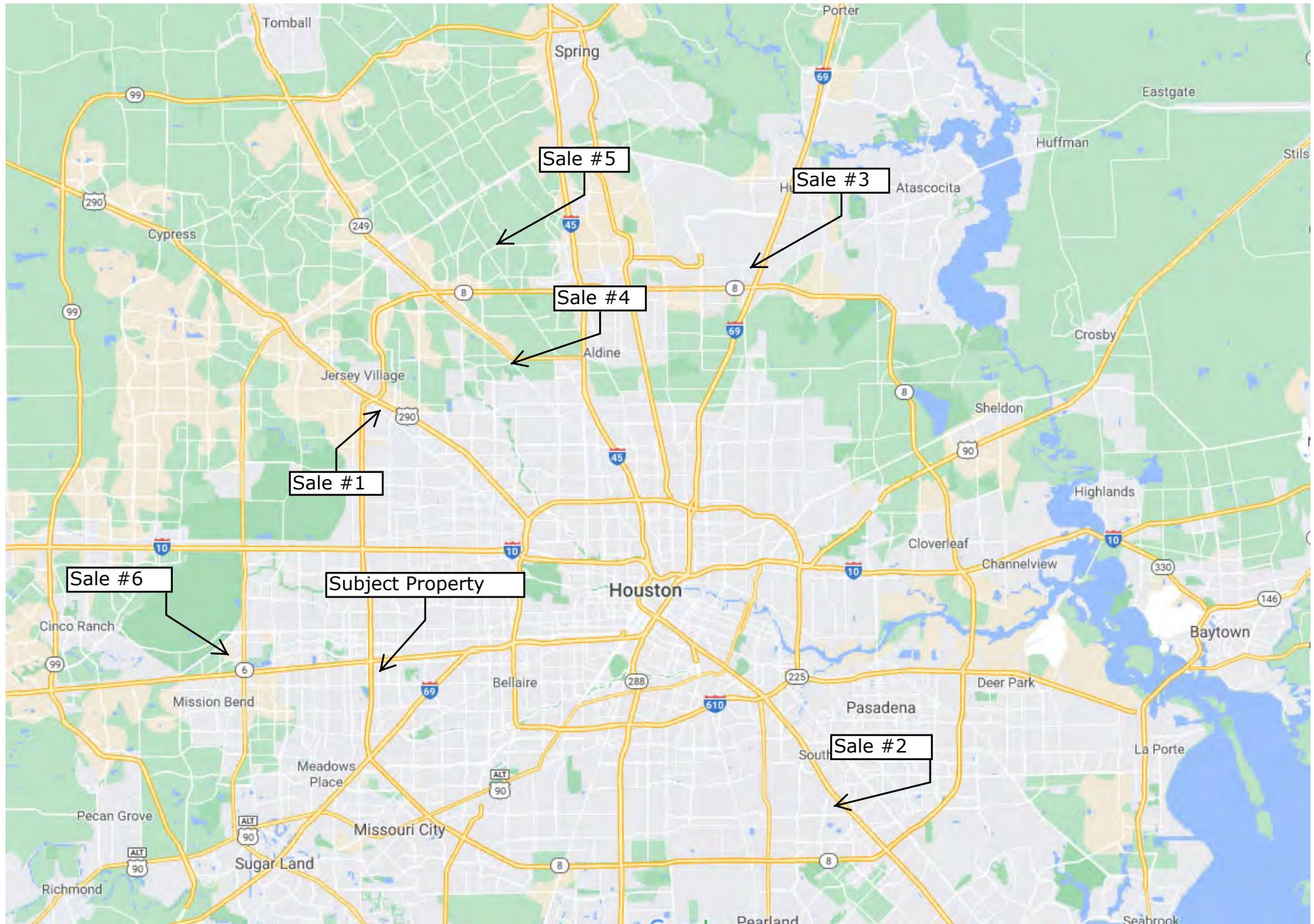
Sales Data

As outlined, 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 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.

Sales Comparison Approach/Continued

We searched for LIHTC multifamily sales in the area and were able to locate several. We believe the improved sales we have chosen for our analysis represent the typical multifamily market in the Subject's area. This data has been confirmed by at least one of the parties involved in the transaction, or their appointed representatives, in addition to a physical inspection of the comparables.

Our search revealed six (6) comparable sales which are presented on the pages following the analysis.



SCALE: 1 INCH = 4.5 MILES

Distance from Subject

Sale 1 = 11 Miles N; Sale 2 = 19 Miles E/NE
Sale 3 = 22 Miles NE; Sale 4 = 14 Miles N/NE
Sale 5 = 18 Miles N; Sale 6 = 6 Miles W

IMPROVED SALES MAP

IMPROVED SALES SUMMARY CHART - MARKET SALES											
Sale No.	Project	Date of Sale	Units Avg. Unit Size (sf)		Year Built	Price/Unit Price Psf		G.I.M.	O.A.R.	Operating Expense Ratio (OER) / NOI per Unit	
1	Stonehaven	06/18/20	192	934	2007	\$110,677	\$118.51	8.63	5.80%	46.5%	\$6,415
2	Clearwood Villas	03/02/20	276	1,215	2002	\$97,500	\$80.24	7.13	5.25%	56.7%	\$5,115
3	Pinewood	01/02/20	240	927	2001	\$95,833	\$103.40	7.31	6.61%	45.8%	\$6,338
4	Woodglen Village	01/25/20	250	976	2000	\$96,800	\$99.17	7.29	5.50%	55.8%	\$5,326
5	Shadow Ridge	08/22/19	260	1,056	2004	\$78,519	\$74.32	7.39	5.80%	53.8%	\$4,551
6	City Parc II at West Oaks	08/20/19	192	1,116	2003	\$93,750	\$84.01	7.34	6.70%	46.9%	\$6,279
MEAN			235	1,037	2003	\$95,513	\$93.27	7.52	5.94%	50.9%	\$5,670

SUBJECT PROPERTY - Rent Restricted	120	1,054	2003	\$97,000	\$91.00	??	5.25%	52.7%	\$5,071
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Basis For Adjustments

As outlined, we provided information on average quality Class "B" multifamily communities with fairly similar income characteristics. Major considerations in the adjustment of these sales relative to the subject property include the following:

Property Rights The sales were all similarly encumbered with short-term leases; thus, no adjustments were applied for property rights.

Conditions of Sale All of the sales appear to have been arm's length, with 5 of the 6 properties being LIHTC communities. The one property that's market rate (No. 4) was formerly a LIHTC community. All factors considered, no adjustments were required.

Cash Equivalency Where favorable financing is prevalent, it is typical for the buyer to pay a higher price to obtain below market financing. As a result of our investigation, it is apparent that none of the improved sales have been transacted utilizing below market financing. Consequently, no adjustments were necessary.

Time Market conditions or time adjustments relate to increases or decreases in property value, usually based on the supply/demand ratio of the market. The sales transpired between August 2019 and June 2018. Despite the relative time frame, there was no discernable difference in price attributable to the date of sale; thus, no adjustments were applied.

Complex Size The subject property has 120 rental units while the comparables ranged from 192 to 276 units. Typically, larger developments sell for less per unit than comparatively smaller developments. However, the sales are all relatively large multifamily communities requiring professional or outside management and thus reflect no difference in price as a result of size; therefore, no adjustment was made.

Average Unit Size The average unit size for the sale properties ranges from 927 to 1,215 square feet of rentable living area. Generally, properties that have a larger average unit size typically have a higher per unit value and a lower per square foot value. For purposes of our analysis, and based on paired sales analysis, adjustments of 0% to 52.8% of the difference in size was applied to the comparables. It should be noted that on a per unit basis, a comparable with a larger unit size is adjusted downward. However, on a per square foot basis, the larger comparable is adjusted upward, reflecting the inverse relationship between average unit size and price per square foot.

Age and Condition As previously discussed in the "Description of the Improvements" section of this report, the subject improvements were built in 2003 but have been periodically updated. As such, the effective age is 15 years. The comparables ranged in year of construction from 2000 to 2007 and have all been fairly well maintained. Based on a physical inspection, adjustments from 0% to -5% were applied.

Sales Comparison Approach/Continued

Project Amenities While an adjustment is difficult to discern among the sales comparables, amenity packages typically strengthen a project's market performance. However, in our analysis we believe that most of the included sales offer similar amenity packages as compared to the subject, although there were differences among all the properties.

Occupancy The subject property is being valued as though 97% occupied and thus stabilized. The comparables were also at stabilized occupancies or adjusted upward; thus, no further adjustments were deemed necessary.

Location The subject property is located in Southwest Houston along a major arterial in close proximity to Westchase (a major employment center). This is an acceptable area in a below average school district in close proximity to several major employers. A summary of the sales and locational attributes is as follows:

Sale	Distance From CBD	HH Income 1-mile radius	% of HH Rented	Comments
1	14 miles NW	\$56,281	50.9%	Located along US-290 in a commercial / light industrial area. Walk Score: 17; Transit Score: 27; Bike Score: 34
2	11 miles SE	\$38,852	62.8%	Located within half a mile of IH-45 in a mostly residential area (SFR and MFR). Walk Score: 32; Transit Score: 25; Bike Score: 47
3	14 miles N	\$39,422	65.5%	Located within half a mile of IH-69 in a mostly commercial area with MFR and light industrial. The George Bush Airport is 2 miles north Walk Score: 19; Transit Score: 0; Bike Score: 42
4	11 miles NW	\$45,250	30.8%	Located within half a mile of SH-249 and 3 miles from IH-45 in a mostly residential (SFR) area. The site borders a cemetery to the south. Walk Score: 43; Transit Score: 36; Bike Score: 40
5	16 miles NW	\$52,450	34.6%	Located within 3 and 2 miles of IH-45 and the Sam Houston Tollway in a mostly residential (SFR and MFR) area. The site is across from an elementary and middle school. Walk Score: 49; Transit Score: 0; Bike Score: 43
6	18 miles W	\$53,055	51.4%	Located within 0.75 mile of SH-6 and the Westpark Tollway. Walk Score: 47; Transit Score: 21; Bike Score: 44
Sub	12 miles SW	\$28,872	74.7%	This is the subject property. Walk Score: 42; Transit Score: 37; Bike Score: 56

Analysis of Comparable Land Sales/Continued

Based on the previously outlined locational characteristics, adjustments ranging from 10% to -10% were applied within the upcoming adjustment grid charts.

With regards to **operating expense ratios (OERs)**, the sales varied and required adjustments. A lower OER will result in higher NOI, thus investors are attuned to this particular ratio. Based on differences in the NOI ratio, the following adjustments were calculated:

Sale No.	Subject's NOI Ratio Restricted Rent	Comparable's NOI Ratio	Adjustment Factor	x	Adj. Ratio of 75%	Final Adjustment
1	47.3%	53.5%	=	-11.61%	x	75% = -8.7%
2	47.3%	43.3%	=	9.21%	x	75% = 6.9%
3	47.3%	54.2%	=	-12.66%	x	75% = -9.5%
4	47.3%	44.2%	=	7.16%	x	75% = 5.4%
5	47.3%	46.2%	=	2.40%	x	75% = 1.8%
6	47.3%	53.1%	=	-10.86%	x	75% = -8.1%

Please refer to the following adjustment grids for a synopsis of the adjustments implemented in our analysis.

Price Per Square Foot Analysis - (Restricted Rent)

Sale No.	Sale Price Per SF	OER/ NOI Ratio	Complex Size / Amenities	Unit Size	Age/ Condition	Location	Total Adjustment	Adjusted Sales Price Per SF
1	\$118.51	-8.7%	0.0%	-6.0%	-5.0%	-5.0%	-24.7%	\$89.20
2	\$80.24	6.9%	0.0%	7.0%	0.0%	0.0%	13.9%	\$91.41
3	\$103.40	-9.5%	0.0%	-6.4%	0.0%	0.0%	-15.9%	\$86.94
4	\$99.17	5.4%	0.0%	-3.8%	0.0%	-10.0%	-8.4%	\$90.80
5	\$74.32	1.8%	0.0%	0.0%	0.0%	10.0%	11.8%	\$83.09
6	\$84.01	-8.1%	0.0%	2.9%	0.0%	5.0%	-0.3%	\$83.78
							MEAN	\$87.54
							MEDIAN	\$88.07

As outlined, most of the adjusted prices of the improved sales fell within a fairly close range with the mean and median being similar. Most of the sales required fairly large total and absolute adjustments given the relative differences. After adjusting the sales for various differences and considering the subject's construction, age/condition, location, submarket rents, current low interest rates, and low tax assessment, it is our opinion that a value near the upper end of the range was reasonable and well supported; i.e., \$91.00 per square foot. This equates to the following value:

Sales Comparison Approach /Continued

Rent Restricted Analysis						
126,440	sq. ft.	x	\$91.00	psf =		\$11,506,040
"As Stabilized" Market Value						\$11,510,000
Less: Lease-up Costs						\$0
"As Is" Market Value						\$11,510,000

Price Per Unit Analysis

Sale No.	Sale Price Per Unit	OER/ NOI Ratio	Complex Size / Amenities	Unit Size	Age/ Condition	Location	Total Adjustment	Adjusted Sales Price Per Unit
1	\$110,677	-8.7%	0.0%	6.0%	-5.0%	-5.0%	-12.7%	\$96,647
2	\$97,500	6.9%	0.0%	-7.0%	0.0%	0.0%	-0.1%	\$97,395
3	\$95,833	-9.5%	0.0%	6.4%	0.0%	0.0%	-3.1%	\$92,884
4	\$96,800	5.4%	0.0%	3.8%	0.0%	-10.0%	-0.8%	\$96,013
5	\$78,519	1.8%	0.0%	0.0%	0.0%	10.0%	11.8%	\$87,784
6	\$93,750	-8.1%	0.0%	-2.9%	0.0%	5.0%	-6.0%	\$88,112
							MEAN	\$93,139
							MEDIAN	\$94,448

As outlined, most of the adjusted prices of the improved sales fell within a fairly close range with the mean and median being fairly similar. Most of the sales required fairly large total and absolute adjustments given the relative differences.

After adjusting the sales for various differences and considering the subject's construction, age/condition, location, submarket rents, current low interest rates, and low tax assessment, it is our opinion that a value near the upper end of the range was reasonable and well supported; i.e., \$97,000 per unit. This equates to the following value:

Rent Restricted Analysis			
120	Units x	\$97,000	Per Unit =
Prospective "As Stabilized" Market Value			\$11,640,000
Less: Lease-up Costs			\$0
Prospective "As Is" Market Value			\$11,640,000

Sales Comparison Approach /Continued

RECONCILIATION OF VALUE

In our reconciliation of value via the Sales Comparison Approach, we have placed near equal emphasis on both approaches to value. A summary of the previously derived values and value conclusion is as follows:

	<u>“As Is”</u>
PPSF - Rent Restricted	\$11,510,000
PPU - Rent Restricted	\$11,640,000
Concluded Values	\$11,580,000

**IMPROVED SALES
COMPARABLES**

APARTMENT SALE COMPARABLE #1

PROPERTY DATA	
Name:	Stonehaven
Address:	15301 Northwest Freeway
State:	Texas
County:	Harris
City:	Houston
Map:	409-V
CAD #:	128-809-001-0001
Assessed Value:	\$8,948,175 (42% of Sales Price)



SALES INFORMATION			
Seller:	15301 Stonehaven Apt., LP		
Buyer:	LCA Stonehaven, LP		
Date of Sale:	06/18/20	Recording Data:	2020-264273
Sales Price:	\$21,250,000	Financial Terms:	Cash to seller
<u>Plus:</u> Deferred Maint.:	\$0		
<u>Plus:</u> Lease-Up Costs	\$0		
Adjusted Sales Price:	\$21,250,000		

PROPERTY DATA			
Year Built:	2007	Parking:	Open / Covered / Det. Garage
Class:	HTC	Security:	Gates
Number of Units:	192	Laundry Facilities:	Yes
Net Rentable Area (SF):	179,304	Clubhouse:	Yes + Business Ctr.
Average Unit Size (SF):	934	Fitness Center:	Yes + Dog Park
Land Area (Acres):	7.61	Swimming Pools:	Yes + BBQ + Playground
Density(Units Per Acre):	25.2	Comments:	This is a 3-story LIHTC property in good overall condition ATOS.
No. of Floors:	3		
Roof Type:	Pitched		
Exterior Walls:	Hardieplank		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	100.0%
- Water / Sewer:	Tenant	Typ. Lease Term:	12 Months
- Trash:	Tenant	Concessions:	No
- Cable:	Tenant		
- Gas:	Owner		

UNIT MIX AND PROPOSED RENTS

# of Units	Unit Description *	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
22	1BR / 1BA - 60%	680	\$833	14,960	\$1.23	\$18,326
22	1BR / 1BA - 60%	684	\$833	15,048	\$1.22	\$18,326
12	1BR / 1BA - 60%	704	\$833	8,448	\$1.18	\$9,996
60	2BR / 2BA - 60%	950	\$999	57,000	\$1.05	\$59,940
12	2BR / 2BA - 60%	950	\$999	11,400	\$1.05	\$11,988
4	3BR / 2BA - 60%	1,132	\$1,154	4,528	\$1.02	\$4,616
60	3BR / 2BA - 60%	1,132	\$1,154	67,920	\$1.02	\$69,240
192	Totals / Wtd. Averages	934	\$1,002	179,304	\$1.07	\$192,432

* All units offer WDCs.

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$2,309,184
Less:	Vacancy	5.0%		(\$115,459)
	Collection Loss	1.00%		(\$23,092)
	Loss to Lease	1.0%		(\$23,092)
Effective Gross Rental Income				\$2,147,541
Plus:	Other Income	\$300	/Unit	\$57,600
	RUBS Income	80%	of the total water expense	\$96,000
Effective Gross Income				\$2,301,141
Less:	Real Estate Taxes	(42% of adj. SP x tax rate of	2.404300%)	\$215,141
	Insurance	\$350 /Unit	or \$0.37 psf	\$67,200
	Management	\$419 /Unit	or 3.50% of EGI	\$80,540
	Maint. & Repairs	\$850 /Unit	or \$0.91 psf	\$163,200
	Water	\$625 /Unit	or \$0.67 psf	\$120,000
	Electricity & Gas	\$150 /Unit	or \$0.16 psf	\$28,800
	Payroll & Benefits	\$1,400 /Unit	or \$1.50 psf	\$268,800
	Mktg. & Admin	\$350 /Unit	or \$0.37 psf	\$67,200
	Misc. + Margin Tax	\$55 /Unit	or \$0.06 psf	\$10,497
	Reserves	\$250 /Unit	or \$0.27 psf	\$48,000
Total Expenses		\$5,570 /Unit	or \$5.96 psf	46% OER
Net Operating Income		\$6,415 /Unit	or \$6.87 psf	\$1,069,378
				\$1,231,763

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	9.20
Gross Income Multiplier (GIM)	8.63
Effective Gross Income Multiplier (EGIM)	9.23
Overall Rate of Return (OAR)	5.80%
Sale Price Per Unit (SPPU)	\$110,677
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$118.51

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party

Comments: Pro-forma income and expense data was based on market rents ATOS. The other income and vacancy and collection loss were based on actuals and market norms.

APARTMENT SALE COMPARABLE #2

PROPERTY DATA

Name: Clearwood Villas
 Address: 9465 Clearwood Street
 State: Texas
 County: Harris
 City: Houston
 Map: 576-J
 CAD #: 122-981-000-0001
 Assessed Value: \$12,970,339 (48% of Sales Price)



SALES INFORMATION

Seller: Clearwood Villas, LLC
 Buyer: 9465 Clearwood Drive Houston, LLC
 Date of Sale: 03/02/20 Recording Data: RP-2020-100924
 Sales Price: \$26,910,000 Financial Terms: Cash to seller
Plus: Deferred Maint.: \$0
Plus: Lease-Up Costs \$0
 Adjusted Sales Price: \$26,910,000

PROPERTY DATA

Year Built:	2002	Parking:	Open
Class:	HTC	Security:	Access Gates
Number of Units:	276	Laundry Facilities:	Yes
Net Rentable Area (SF):	335,387	Clubhouse:	Yes (3,626 sf)
Average Unit Size (SF):	1,215	Fitness Center:	Yes
Land Area (Acres):	12.02	Swimming Pools:	Yes
Density(Units Per Acre):	23.0	Comments: This LIHTC property was in average overall condition at the time of sale. There were 14 years remaining on the LURA. Additional amenities include a playground and business center.	
No. of Floors:	3		
Roof Type:	Pitched		
Exterior Walls:	Brick / EFIS		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	88.0%
- Water / Sewer:	Owner	Typ. Lease Term:	12 Months
- Trash:	Owner	Concessions:	No
- Cable:	Tenant		
- Gas:	N/A		

UNIT MIX AND MARKET RENTS

# of Units	Unit Description *	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
59	2BR / 2BA - 60%	1,029	\$964	60,711	\$0.94	\$56,876
139	3BR / 2BA - 60%	1,232	\$1,107	171,248	\$0.90	\$153,873
78	4BR / 2BA - 60%	1,326	\$1,243	103,428	\$0.94	\$96,954
276	Totals / Wtd. Averages	1,215	\$1,115	335,387	\$0.92	\$307,703

* All units include WDCs

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$3,692,436
Less:	Vacancy	10.0%		(\$369,244)
	Collection Loss	1.00%		(\$36,924)
	Loss to Lease	3.0%		<u>(\$110,773)</u>
Effective Gross Rental Income				\$3,175,495
Plus:	Other Income	\$300	/Unit	\$82,800
	RUBS Income	0%	of the total water expense	\$0
Effective Gross Income				\$3,258,295
Less:	Real Estate Taxes	(60% of adj. SP x tax rate of	2.741189%)	\$442,592
	Insurance	\$300 /Unit	or \$0.25 psf	\$82,800
	Management	\$413 /Unit	or 3.50% of EGI	\$114,040
	Maint. & Repairs	\$925 /Unit	or \$0.76 psf	\$255,300
	Water	\$1,123 /Unit	or \$0.92 psf	\$310,000
	Electricity & Gas	\$127 /Unit	or \$0.10 psf	\$35,000
	Payroll & Benefits	\$1,450 /Unit	or \$1.19 psf	\$400,200
	Mktg. & Admin	\$325 /Unit	or \$0.27 psf	\$89,700
	Misc. + Margin Tax	\$54 /Unit	or \$0.04 psf	\$14,925
	Reserves	\$370 /Unit	or \$0.30 psf	<u>\$102,120</u>
Total Expenses		\$6,691 /Unit	or \$5.51 psf	57% OER
Net Operating Income		\$5,115 /Unit	or \$4.21 psf	\$1,411,617

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	7.29
Gross Income Multiplier (GIM)	7.13
Effective Gross Income Multiplier (EGIM)	8.26
Overall Rate of Return (OAR)	5.25%
Sale Price Per Unit (SPPU)	\$97,500
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$80.24

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party (Selling Broker)

Comments: This is a garden style HTC complex located in the Southeast submarket, roughly 1.25 miles from Hobby Airport. Pro-forma income and expense data was based on concession-adjusted actual collected rents as of the date of sale. The other income and vacancy and collection loss were based on actuals and market norms. The confirming source indicated the property sold on a T-12 month 5.06% cap rate. The slightly higher cap rate shown above is based on a projected 12 month estimate of NOI.

APARTMENT SALE COMPARABLE #3

<u>PROPERTY DATA</u>		
Name:	Pinewood	
Address:	5900 Greens Road	
State:	Texas	
County:	Harris	
City:	Humble	
Map:	375-N	
CAD #:	121-620-001-0001	
Assessed Value:	\$8,392,026 (36% of Sales Price)	

<u>SALES INFORMATION</u>			
Seller:	Timber Point Apartments, LP		
Buyer:	Houston Leased Housing Associates IX, LP		
Date of Sale:	01/02/20	Recording Data:	2020-2033
Sales Price:	\$23,000,000	Financial Terms:	Cash to seller
<u>Plus:</u> Deferred Maint.:	\$0		
<u>Plus:</u> Lease-Up Costs	\$0		
Adjusted Sales Price:	\$23,000,000		

<u>PROPERTY DATA</u>			
Year Built:	2001	Parking:	Open
Class:	HTC	Security:	Gates
Number of Units:	240	Laundry Facilities:	Yes
Net Rentable Area (SF):	222,440	Clubhouse:	Yes (3,005 sf) + Business Ctr.
Average Unit Size (SF):	927	Fitness Center:	Yes
Land Area (Acres):	12.36	Swimming Pools:	Yes + BBQ + Playground
Density(Units Per Acre):	19.4	Comments:	FKA Timber Point, this is a 2-story LIHTC property in average overall condition ATOS.
No. of Floors:	2		
Roof Type:	Pitched		
Exterior Walls:	Brick / Wood		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	93.0%
- Water / Sewer:	Tenant	Typ. Lease Term:	12 Months
- Trash:	Tenant	Concessions:	No
- Cable:	Tenant		
- Gas:	Owner		

UNIT MIX AND PROPOSED RENTS

# of Units	Unit Description *	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
40	1BR / 1BA - 60%	688	\$835	27,520	\$1.21	\$33,400
104	2BR / 2BA - 60%	893	\$993	92,872	\$1.11	\$103,272
96	3BR / 2BA - 60%	1,063	\$1,142	102,048	\$1.07	\$109,632
240	Totals / Wtd. Averages	927	\$1,026	222,440	\$1.11	\$246,304

* All units offer WDCs.

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$2,955,648
Less:	Vacancy	7.0%		(\$206,895)
	Collection Loss	1.50%		(\$44,335)
	Loss to Lease	3.0%		(\$88,669)
Effective Gross Rental Income				\$2,615,748
Plus:	Other Income	\$300	/Unit	\$72,000
	RUBS Income	80%	of the total water expense	\$120,000
Effective Gross Income				\$2,807,748
Less:	Real Estate Taxes	(36% of adj. SP x tax rate of	2.639535%)	\$221,510
	Insurance	\$350 /Unit	or \$0.38 psf	\$84,000
	Management	\$409 /Unit	or 3.50% of EGI	\$98,271
	Maint. & Repairs	\$850 /Unit	or \$0.92 psf	\$204,000
	Water	\$625 /Unit	or \$0.67 psf	\$150,000
	Electricity & Gas	\$150 /Unit	or \$0.16 psf	\$36,000
	Payroll & Benefits	\$1,400 /Unit	or \$1.51 psf	\$336,000
	Mktg. & Admin	\$350 /Unit	or \$0.38 psf	\$84,000
	Misc. + Margin Tax	\$54 /Unit	or \$0.06 psf	\$12,894
	Reserves	\$250 /Unit	or \$0.27 psf	\$60,000
Total Expenses		\$5,361 /Unit	or \$5.78 psf	46% OER
Net Operating Income		\$6,338 /Unit	or \$6.84 psf	\$1,286,675
				\$1,521,073

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	7.78
Gross Income Multiplier (GIM)	7.31
Effective Gross Income Multiplier (EGIM)	8.19
Overall Rate of Return (OAR)	6.61%
Sale Price Per Unit (SPPU)	\$95,833
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$103.40

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party

Comments: Pro-forma income and expense data was based on market rents ATOS. The other income and vacancy and collection loss were based on actuals and market norms.

APARTMENT SALE COMPARABLE #4

PROPERTY DATA	
Name:	Woodglen Village
Address:	11111 West Montgomery Road
State:	Texas
County:	Harris
City:	Houston
Map:	411-M
CAD #:	121-843-001-0001 & 121-843-002-0001
Assessed Value:	\$17,124,935 (71% of Sales Price)



SALES INFORMATION			
Seller:	Woodglen Village, LP		
Buyer:	Woodglen Village GP, LLC & Woodglen Village Investors, LLC		
Date of Sale:	01/25/20	Recording Data:	2020-47679 - 80
Sales Price:	\$24,200,000	Financial Terms:	Cash to seller
<u>Plus:</u> Deferred Maint.:	\$0		
<u>Plus:</u> Lease-Up Costs	\$0		
Adjusted Sales Price:	\$24,200,000		

PROPERTY DATA			
Year Built:	2000	Parking:	Open (356) and covered (103)
Class:	B-	Security:	Gates
Number of Units:	250	Laundry Facilities:	Yes
Net Rentable Area (SF):	244,024	Clubhouse:	Yes (2,379 sf) + Business Ctr.
Average Unit Size (SF):	976	Fitness Center:	Yes + Soccer Field + Dog Park
Land Area (Acres):	22.02	Swimming Pools:	Yes + BBQ + Playground + Community Garden
Density(Units Per Acre):	11.4	Comments: This was a former LIHTC property that was converted to market and was in average overall condition ATOS.	
No. of Floors:	2 & 3		
Roof Type:	Pitched		
Exterior Walls:	Brick / Hardieplank		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	95.0%
- Water / Sewer:	Tenant	Typ. Lease Term:	12 Months
- Trash:	Tenant	Concessions:	No
- Cable:	Tenant		
- Gas:	Owner		

UNIT MIX AND PROPOSED RENTS

# of Units	Unit Description *	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
24	2BR / 2BA	914	\$915	21,936	\$1.00	\$21,960
194	2BR / 2BA	964	\$965	187,016	\$1.00	\$187,210
32	3BR / 2BA	1,096	\$1,350	35,072	\$1.23	\$43,200
250	Totals / Wtd. Averages	976	\$1,009	244,024	\$1.03	\$252,370

* All units offer WDCs.

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$3,028,440
Less:	Vacancy	7.0%		(\$211,991)
	Collection Loss	2.00%		(\$60,569)
	Loss to Lease	1.0%		(\$30,284)
Effective Gross Rental Income				\$2,725,596
Plus:	Other Income	\$600	/Unit	\$150,000
	RUBS Income	80%	of the total water expense	\$140,000
Effective Gross Income				\$3,015,596
Less:	Real Estate Taxes	(71% of adj. SP x tax rate of	2.933500%)	\$502,360
	Insurance	\$350 /Unit	or \$0.36 psf	\$87,500
	Management	\$422 /Unit	or 3.50% of EGI	\$105,546
	Maint. & Repairs	\$850 /Unit	or \$0.87 psf	\$212,500
	Water	\$700 /Unit	or \$0.72 psf	\$175,000
	Electricity & Gas	\$200 /Unit	or \$0.20 psf	\$50,000
	Payroll & Benefits	\$1,400 /Unit	or \$1.43 psf	\$350,000
	Mktg. & Admin	\$500 /Unit	or \$0.51 psf	\$125,000
	Misc. + Margin Tax	\$55 /Unit	or \$0.06 psf	\$13,732
	Reserves	\$250 /Unit	or \$0.26 psf	\$62,500
Total Expenses		\$6,737 /Unit	or \$6.90 psf	56% OER
Net Operating Income		\$5,326 /Unit	or \$5.46 psf	\$1,331,459

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	7.99
Gross Income Multiplier (GIM)	7.29
Effective Gross Income Multiplier (EGIM)	8.02
Overall Rate of Return (OAR)	5.50%
Sale Price Per Unit (SPPU)	\$96,800
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$99.17

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party

Comments: This property is located in a demographically-challenged area incapable of supporting conventional multifamily development. As a market-rate community, the property has no immediate age-appropriate competition within the immediate area. The location across from an elementary and middle school is considered desirable, and the 2BR and 3BR floor plans are well suited to families. The site is bisected by a gas easement and the improvements are located along both sides of the easement. In addition, the property is served by a non-contiguous 3.076 acre drainage easement. Pro-forma income and expense data was based on market rents ATOS. The other income and vacancy and collection loss were based on actuals and market norms.

APARTMENT SALE COMPARABLE #5

<u>PROPERTY DATA</u>	
Name:	Shadow Ridge
Address:	12203 Old Walters Road
State:	Texas
County:	Harris
City:	Unincorporated
Map:	371-G
CAD #:	125-112-001-0001
Assessed Value:	\$7,325,872 (36% of Sales Price)



<u>SALES INFORMATION</u>			
Seller:	Shadow Point, LP		
Buyer:	At Owner 2, LP		
Date of Sale:	08/22/19	Recording Data:	RP-2019-373-407
Sales Price:	\$20,415,000	Financial Terms:	Cash to seller
<u>Plus:</u> Deferred Maint.:	\$0		
<u>Plus:</u> Lease-Up Costs	\$0		
Adjusted Sales Price:	\$20,415,000		

<u>PROPERTY DATA</u>			
Year Built:	2004	Parking:	Open
Class:	HTC	Security:	Access Gates
Number of Units:	260	Laundry Facilities:	Yes
Net Rentable Area (SF):	274,677	Clubhouse:	Yes
Average Unit Size (SF):	1,056	Fitness Center:	Yes
Land Area (Acres):	17.52	Swimming Pools:	Yes (1)
Density(Units Per Acre):	14.8	Comments:	This HTC property was in average overall condition at the time of sale. Additional amenities include a business center.
No. of Floors:	2 - 3		
Roof Type:	Pitched		
Exterior Walls:	Brick / Hardieplank		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	98.0%
- Water / Sewer:	Owner	Typ. Lease Term:	12 Months
- Trash:	Owner	Concessions:	No
- Cable:	Tenant		
- Gas:	N/A		

UNIT MIX AND MARKET RENTS

# of Units	Unit Description *	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
112	2 Bedrooms - 60% (from 945 - 968 sq. ft.)	960	\$791	107,496	\$0.82	\$88,592
148	3 Bedrooms - 60% (from 1,113 - 1,154 sq. ft.)	1,130	\$915	167,181	\$0.81	\$135,420
260	Totals / Wtd. Averages	1,056	\$862	274,677	\$0.82	\$224,012

* All units include WDCs

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$2,688,144
Less:	Vacancy	5.0%		(\$134,407)
	Collection Loss	1.00%		(\$26,881)
	Loss to Lease	1.5%		(\$40,322)
Effective Gross Rental Income				\$2,486,533
Plus:	Other Income	\$285	/Unit	\$74,100
	RUBS Income	0%	of the total water expense	\$0
Effective Gross Income				\$2,560,633
Less:	Real Estate Taxes	(36% of adj. SP x tax rate of	3.769207%)	\$276,127
	Insurance	\$350 /Unit	or \$0.33 psf	\$91,000
	Management	\$438 /Unit	or 4.45% of EGI	\$113,948
	Maint. & Repairs	\$850 /Unit	or \$0.80 psf	\$221,000
	Water	\$540 /Unit	or \$0.51 psf	\$140,400
	Electricity & Gas	\$160 /Unit	or \$0.15 psf	\$41,600
	Payroll & Benefits	\$1,250 /Unit	or \$1.18 psf	\$325,000
	Mktg. & Admin	\$350 /Unit	or \$0.33 psf	\$91,000
	Misc. + Margin Tax	\$48 /Unit	or \$0.05 psf	\$12,376
	Reserves	\$250 /Unit	or \$0.24 psf	\$65,000
Total Expenses		\$5,298 /Unit	or \$5.01 psf	54% OER
Net Operating Income		\$4,551 /Unit	or \$4.31 psf	\$1,183,182

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	7.59
Gross Income Multiplier (GIM)	7.39
Effective Gross Income Multiplier (EGIM)	7.97
Overall Rate of Return (OAR)	5.80%
Sale Price Per Unit (SPPU)	\$78,519
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$74.32

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party

Comments: This is a Class "C" garden style complex located in the Willowbrook / Champions submarket. Pro-forma income and expense data was based on concession-adjusted actual collected rents as of the date of sale. The other income and vacancy and collection loss were based on actuals and market norms.

APARTMENT SALE COMPARABLE #6

<u>PROPERTY DATA</u>	
Name:	City Parc II at West Oaks
Address:	3530 Green Crest Drive
State:	Texas
County:	Harris
City:	Unincorporated
Map:	527-D
CAD #:	123-953-000-0001
Assessed Value:	\$7,842,355 (44% of Sales Price)



<u>SALES INFORMATION</u>			
Seller:	Finlay Interest 34, Ltd.		
Buyer:	At Owner 3, LP		
Date of Sale:	08/20/19	Recording Data:	RP-2019-373-710
Sales Price:	\$18,000,000	Financial Terms:	Cash to seller
<u>Plus:</u> Deferred Maint.:	\$0		
<u>Plus:</u> Lease-Up Costs	\$0		
Adjusted Sales Price:	\$18,000,000		

<u>PROPERTY DATA</u>			
Year Built:	2003	Parking:	Open
Class:	HTC	Security:	Access Gates
Number of Units:	192	Laundry Facilities:	Yes
Net Rentable Area (SF):	214,272	Clubhouse:	Yes
Average Unit Size (SF):	1,116	Fitness Center:	Yes
Land Area (Acres):	10.12	Swimming Pools:	Yes (1)
Density(Units Per Acre):	19.0	Comments:	This is a HTC property in average overall condition. Additional amenities include a business center, playground, and bbq/picnic area.
No. of Floors:	3		
Roof Type:	Pitched		
Exterior Walls:	Brick / Hardieplank		

LEASE DATAExpenses paid by

- Electricity:	Tenant	Occupancy at Sale:	96.0%
- Water / Sewer:	Owner	Typ. Lease Term:	12 Months
- Trash:	Owner	Concessions:	No
- Cable:	Tenant		
- Gas:	N/A		

UNIT MIX AND MARKET RENTS

# of Units	Unit Description	Size (SF)	Rent Unit/Mo.	NRA (SF)	Rent PSF/Mo.	Monthly Income
96	2 BR / 2 BA - 60%	1,017	\$963	97,632	\$0.95	\$92,448
96	3 BR / 2 BA - 60%	1,215	\$1,117	116,640	\$0.92	\$107,232
192	Totals / Wtd. Averages	1,116	\$1,040	214,272	\$0.93	\$199,680

STABILIZED PRO-FORMA

Potential Gross Rental Income				\$2,396,160
Less:	Vacancy	5.0%		(\$119,808)
	Collection Loss	1.00%		(\$23,962)
	Loss to Lease	1.5%		(\$35,942)
Effective Gross Rental Income				\$2,216,448
Plus:	Other Income	\$285	/Unit	\$54,720
	RUBS Income	0%	of the total water expense	\$0
Effective Gross Income				\$2,271,168
Less:	Real Estate Taxes	(44% of adj. SP x tax rate of	2.516063%)	\$197,319
	Insurance	\$500 /Unit	or \$0.45 psf	\$96,000
	Management	\$444 /Unit	or 3.75% of EGI	\$85,169
	Maint. & Repairs	\$850 /Unit	or \$0.76 psf	\$163,200
	Water	\$540 /Unit	or \$0.48 psf	\$103,680
	Electricity & Gas	\$160 /Unit	or \$0.14 psf	\$30,720
	Payroll & Benefits	\$1,350 /Unit	or \$1.21 psf	\$259,200
	Mktg. & Admin	\$375 /Unit	or \$0.34 psf	\$72,000
	Misc. + Margin Tax	\$54 /Unit	or \$0.05 psf	\$10,398
	Reserves	\$250 /Unit	or \$0.22 psf	\$48,000
Total Expenses		\$5,550 /Unit	or \$4.97 psf	47% OER
Net Operating Income		\$6,279 /Unit	or \$5.63 psf	\$1,205,483

INDICATIONS OF VALUE

Gross Rent Multiplier (GRM)	7.51
Gross Income Multiplier (GIM)	7.34
Effective Gross Income Multiplier (EGIM)	7.93
Overall Rate of Return (OAR)	6.70%
Sale Price Per Unit (SPPU)	\$93,750
Sale Price Per Sq. Ft. of NRA (SPPSF)	\$84.01

Three Year Sales History: No previous sales history

Confirmed By: Reliable 3rd party

Comments: This is a garden style HTC complex located in the Alief submarket. Pro-forma income and expense data was based on concession-adjusted actual collected rents as of the date of sale. The other income and vacancy and collection loss were based on actuals and market norms.

RECONCILIATION AND CORRELATION

Preliminary values developed within this report are as follows:

TOWN PARK TOWNHOMES				
	Cost Approach	Income Approach	Sales Comparison Approach	
Values as of ----->			September 29, 2020	
Market Value, As-Is As-Restricted	**	---	\$11,590,000	\$11,580,000
Hypothetical Market Value, As Vacant With a LURA	---	---	\$4,440,000	
Hypothetical Market Value, As Vacant Without a LURA	---	---	\$14,280,000	

** This value is subject to extraordinary assumptions and hypothetical conditions, as outlined in the Assumptions and Limiting Conditions section on page iii.

Two commonly accepted approaches to value have been utilized to arrive at a market value estimate of the subject property. The applied approaches to value provide reliable indications of the subject property's value; however, each approach to value has definite strengths and weaknesses. These strengths and weaknesses were considered in each approach to value together with the quantity and quality of market data available.

The Cost Approach

The strength of the Cost Approach is when a building has recently been constructed and does not suffer from physical depreciation, functional or external obsolescence, and the value of the land is supportable. The subject property is a rent restricted 2000s era property with an effective age of 15 years. As such, the physical insurable and external obsolescence is exceedingly high. Consequently, this approach to value is not considered relevant in valuing the subject's market value.

The Income Approach

The Income Approach is felt to be a more reliable estimate of value for income-producing properties since a potential buyer is primarily interested in income or investment. Data obtained is both current and comparable with expense and occupancy data supported by industry sources as well as direct research. Typical investors purchase properties such as the subject's anticipating appreciation of the project to offset any negative economic forces such as rapidly rising interest or inflation rates. The value indication by the Income Approach represents the amount an investor will probably pay for the expectation of receiving a net income. The Income Approach, like other approaches, is market-oriented and calculations tend to reflect the Market Value.

Reconciliation and Correlation/Continued

The Income Approach was carefully documented via the use of direct capitalization. Income-producing potential over the remaining economic life of an income property of this type is the prime concern of an investor. For this reason, the Income Approach was accorded considerable weight in the final opinion of value. Also, the Income Approach, in this case, is the most direct measure of value since it more adequately supports current market conditions.

The data used to determine the gross income, expenses, and resulting net income for the subject is recent and well supported by the market data. The weakness of the Income Approach is projecting future occupancy and other conditions; however, historical information and projected demographics generally support our conclusions.

Sales Comparison Approach

In this case, the Sales Comparison Approach is believed to be a moderately reliable indication of value given the quality of the sales and relative comparability. The sales varied in terms of age and other factors, although adjustments for differences were considered reasonable. Characteristics making the appraised property superior or inferior to respective comparables were carefully considered and the adopted indices of measurement are believed to be most representative of the subject property.

A majority of the sales are fairly consistent in their value indications and, after adjustments, are deemed reasonable and allowed for a somewhat meaningful comparison.

Conclusion

All factors considered, it is our opinion that the value by the Income Approach most accurately reflects the present worth of future ownership; i.e., the Market Value of the subject property. After careful consideration of pertinent factors affecting the value of the real estate described herein, it is our judgement that the Market Value assuming a reasonable exposure time of 12 months, was as follows:

TOWN PARK TOWNHOMES		
Values as of ----->	September 29, 2020	
Market Value, As-Is As-Restricted	**	\$11,590,000
Hypothetical Market Value, As Vacant With a LURA		\$4,440,000
Hypothetical Market Value, As Vacant Without a LURA		\$14,280,000

** This value is subject to extraordinary assumptions and hypothetical conditions, as outlined in the Assumptions and Limiting Conditions section on page iii.

ADDENDA

QUALIFICATIONS OF DAVID L. PALLANTE, MAI

Professional Memberships

Texas State Certified General Real Estate Appraiser (TX-1320347-G)

Designated Member, Appraisal Institute, (MAI #8964); Currently certified under the AI Continuing Education Program

Education

B.B.A. with concentration in Finance and Real Estate
Western Michigan University, Kalamazoo, Michigan

Business curriculum which included Real Estate Principles, Real Estate Finance, Real Estate Appraisal, Investments, and Feasibility Analysis, with various related finance courses.

Appraisal Institute Course Work:

Course 1A-1, Real Estate Valuation Principles

Course 1A-2, Real Estate Valuation Procedures

Course 1B-A, Capitalization Theory & Techniques, Part A

Course 1B-B, Capitalization Theory & Techniques, Part B

Course 2-1, Case Studies in Real Estate Valuation

Course 2-2, Valuation Analysis and Report Writing

Seminars / Continuing Education:

Real Estate and the Americans with Disabilities Act - March 1994

Real Estate Environmental Screening - March 1994

Appraisal Practices For Litigation - May 1995

Understanding Limited Appraisals - February 1996

11th and 15th Annual Legal Seminar on Ad Valorem Taxation - August 1997 and August 2001

Appraising and the Internet - December 1997

Keeping Current with Texas Real Estate (MCE) - June 1999

Uniform Standards of Professional Appraisal Practice (USPAP) - 2000/03/05/06/08/10/12/14/16/18

Appraisal Review: Commercial - February 2001

On-line Search Strategies for Real Estate Appraisers - March 2001

On-line Appraising from Blueprints and Specifications - August 2001

On-line Analyzing Operating Expenses - January 2002

On-line Feasibility, Market Value, Investment Timing: Option Value - January 2002

Appraisal of Nursing Facilities - February 2002

Appraisal Review: General - March 2003 & January 2005

Appraisal Consulting - March 2003

Land Valuation Adjustment Procedures - Module I and II - March 2003

The Houston Housing Story - Mike Inselmann (American Metro) - April 21, 2004

The Quiet Revolution in Housing & How it Affects the Appraisal Process - August 25, 2004

Houston Apartment Market Update - Mr. Cliff McDaniel, ARA Southwest - August 25, 2004

MCE Ethics and MCE Legal - January 2005

Seminars / Continuing Education (Continued):

The Road Less Traveled: Special Purpose Properties - January 2005
Houston Market Trends - Mr. Clark Davis, the Gerald Hines Company - March 2005
The Current State of the Houston Market - Mr. Jim McAlister, the McAlister Company, - May 2005
Local Economic Overview - Mr. Dan Seal, Greater Houston Partnership - August 2005
Impact of Hurricane Katrina on Houston - Mr. Fred Baca, Colliers - November 2005
CCIM 2006 Annual Commercial Real Estate Forecast Competition - February 2006
Property Taxes and Texas State Spending - Mr. Dan Patrick - February 2006
Market Analysis and the Site to do Business - March 2006
Mid-Year 2006 Office and Industrial Update: Good as it Gets - August 2006
Retail Markets in the Houston Area - February 2007
U.S. Army Corps of Engineers R.E. Division - October 2006
On-line Analyzing Distressed Real Estate - December 2006
On-line Valuation of Detrimental Conditions in Real Estate - March 2007
Real Estate Development Conference - Denver, CO. - May 2007
Update on The Uptown District - May 2007
Current Outlook on Houston Area Homebuilding - October 2007
Real Estate & the Economic Outlook from 2008-2009 - September 2008
Attacking & Defending an Appraisal Litigation - October 2008
Analyzing Operating Expenses - October 2008
LIHTC Basics - Novogradac - May 2009
Common Errors and Issues; Staying out of trouble in your Appraisal Practice; Spotlight on Challenges; and A Lenders Perspective - November 2010
Business Practices and Ethics - March 2006, December 2011, September 2016
On-line Appraisal Curriculum Overview - Residential and General - December 2011
Internet Search Strategies - March 2013
Current Issues Regarding Appraisals of Senior Housing and Long-Term Care Properties - March 2014
Houston's New Formula for Economic Growth - May 2014
2014 Real Estate Trends in Commercial Properties - August 2014
State of the Economy and the Houston Real Estate Market - November 2014
Houston's Economy Past and Future - February 2015
Valuing Net Zero Energy Buildings - February 2015
Appraising FHA Today - March 2015
The Nuts and Bolts of Green Building for Appraisers - March 2015
Appraisal of Land Subject to Ground Leases - March 2015
Supervisor - Trainee Course for Texas - March 2015
2015 Real Estate Trends in Commercial and Residential Properties - September 2015
Houston Real Estate Market (Dr. James Gaines) - November 2015
Downtown Houston (Bob Eury of Central Houston) - October 2016
Appraisal Institute - 2017 and Beyond - December 2016
Houston Multifamily - Have We Seen the Bottom - February 2017
A Review of Disciplinary Cases - February 2017
Advanced Hotel Appraising - Full Service Hotels - February 2017
Real Estate and the Houston Grocery War - April 2017

Qualifications of David L. Pallante, MAI / Continued

2017 - 2018 State of the Economy - March 2018
The Bayou Greenway Project - May 2018
2018 Real Estate Symposium - September 2018
Novogradac LIHTC Year 15 Webinar - June 2019

Professional Experience

Appraisal experience includes both the appraisal and review of commercial properties, industrial, special purpose, vacant land and subdivisions (both commercial and residential). This work is performed for various types of clients which include lending institutions, governmental agencies, and various corporations, attorneys and individuals. Some of the more prominent / interesting appraisal assignments include the following:

Land

- ▶ 10,000 acres of timberland in East Texas
- ▶ The 400 acre Via Ranch - Katy, TX
- ▶ Norwood Park Mixed-use subdivision - Austin, TX
- ▶ Point Northwest Mixed-use subdivision - Houston, TX

Miscellaneous

- ▶ 2,000,000 gallons of wastewater capacity - Houston, TX
- ▶ Lakeside (West Houston) Airport
- ▶ The historic Balinese Ballroom - Galveston, TX
- ▶ Proposed Ritz Carlton - New Orleans, LA
- ▶ The Hardin House Dormitory - Austin, TX

Office

- ▶ Energy Tower I, II and III Office Buildings (over 1 million sf) - Houston, TX
- ▶ Energy Center III, IV and V Office Buildings (over 1.6 million sf) - Houston, TX
- ▶ Three Eldridge Office Building - Houston, TX
- ▶ 1,248,000 sq. ft. Exxon Mobil office building - Houston, TX
- ▶ 1,098,399 sq. ft. 1600 Smith Office Tower - Houston, TX
- ▶ 1,003,980 sq. ft. One Allen Center office building - Houston, TX
- ▶ 1725 and 1735 Hughes Landing Office Buildings (651,847 sf) - The Woodlands, TX
- ▶ The historic Davis Buildings - Austin, TX

Retail

- ▶ Pavilion on Post Oak Shopping Center - Houston, TX
- ▶ Whole Foods (Hughes Landing) - The Woodlands, TX

Multifamily

- ▶ Mosaic Lofts - Houston, TX
- ▶ St. Germain Lofts - Houston, TX
- ▶ Over 250 LIHTC apartment appraisals throughout Texas and Louisiana
- ▶ Over 2,500 conventional apartment appraisals throughout Texas and Louisiana

Qualifications of David L. Pallante, MAI / Continued

Portfolios

- ▶ 15 property conventional apartment portfolio with properties in Houston and Austin, TX
- ▶ 12 property Section 8 apartment portfolio with properties in Texas, Mississippi, Kentucky, North and South Carolina, and Georgia
- ▶ 15 property office portfolio - Austin, TX
- ▶ 10 property LIHTC portfolio with properties in Texas and Louisiana

Mr. Pallante has testified in Federal Bankruptcy, District, and Commissioners Court as an expert witness in the valuation of real estate. Mr. Pallante has also testified before the Bond Review Board in Austin, Texas with regards to a proposed bond-financed, LIHTC community. In addition, Mr. Pallante has served as a special commissioner with regards to several condemnation proceedings.

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

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

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

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

DAVID LAWRENCE PALLANTE
7062-B LAKEVIEW HAVEN #116
HOUSTON, TX 77095

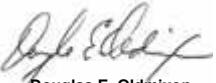
Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number#: **TX 1320347 G**

Issued: **03/07/2019** Expires: **03/31/2021**

Appraiser: **DAVID LAWRENCE PALLANTE**

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



Douglas E. Oldmixon
Commissioner

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

Number: **TX 1320347 G**

Issued: **03/07/2019** Expires: **03/31/2021**

Appraiser: **DAVID LAWRENCE PALLANTE**

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



Douglas E. Oldmixon
Commissioner

GLOSSARY OF TERMS

INTRODUCTION

This section provides definitions for real estate terms that are used throughout this appraisal. Unless otherwise stated, the source for all definitions is *The Dictionary of Real Estate Appraisal, 6th ed.* (Chicago: Appraisal Institute, 2015).

Actual Age - The number of years that have elapsed since construction of an improvement was completed; also called *historical* or *chronological age*.

Appraisal - (Noun) the act or process of developing an opinion of value; an opinion of value. (Adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services. *Comment:* An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value). *Source:* USPAP, 2018- 2019

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

Assignment Conditions - Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work. *Comment:* Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or orders, having legal force, issued by an administrative agency. *Source:* USPAP, 2018-2019

Client - The party or parties who engage an appraiser (by employment or contract) in a specific assignment. *Comment:* The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent. *Source:* USPAP, 2018-2019

Confidential Information - Information that is either a) Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or b) Classified as confidential or private by applicable law or regulation. *Source:* USPAP 2018-2019

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

Depreciation - In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Depreciated Cost - Cost less depreciation as of the date of the appraisal.

Direct Capitalization - A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.

Appraiser clarification: For Direct Capitalization to be appropriate and reliable, 1) the property must be put to its highest and best use, 2) only stabilized income should be capitalized, 3) the estimated NOI should be forward looking (proforma), and 4) cap rates should be extracted from the sale comparables in the same manner they are applied to the subject property.

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

Effective Age - The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age.

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

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

Extraordinary Assumption - An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. *Comment:* Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. *Source: USPAP 2018-2019*

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

Highest and Best Use - The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Hypothetical Condition - A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. *Comment:* Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *Source: USPAP 2018-2019*

Income Approach - A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Intended Use - The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment. *Source: USPAP 2018-2019*

Intended User - The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. *Source: USPAP 2018-2019*

Leased Fee - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

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

Market Value - As quoted in the Federal Register, Volume 55, 12 C.F.R. Part 34.42(g), Page 34696, August 24, 1990, as amended at Federal Register, Volume 57, Page 12202, April 9, 2002; Federal Register, Volume 59, Page 29499, June 7, 1994, Market Value is defined as follows:

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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale of a specified date and 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 each acting in what they consider their own best interest;
- (3) A reasonable time is allowed for exposure in the open market;

Glossary of Terms / Continued

- (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 the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Potential Gross Income - The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.

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

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

Remaining Economic Life - The estimated period during which improvements will continue to represent the highest and best use of the property; an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal; used in the economic age-life method of estimating depreciation.

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

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

Glossary of Terms / Continued

Sales Comparison Approach - The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Scope of Work - The type and extent of research and analyses in an appraisal or appraisal review assignment. *Source USPAP 2018-2019*

**LURA WITH ATTACHED
METES & BOUNDS
LEGAL DESCRIPTION**

**SECOND AMENDMENT TO
DECLARATION OF LAND USE RESTRICTIVE COVENANTS
LAND USE RESTRICTION AGREEMENT
FOR LOW-INCOME HOUSING TAX CREDITS**

**THE STATE OF TEXAS §
§
COUNTY OF HARRIS §**

This Second Amendment to Declaration of Land Use Restrictive Covenants Land Use Restriction Agreement for Low-Income Housing Tax Credits ("Second Amendment") is executed to be effective as of February 21, 2019, by and between **TP LTD 1**, a Colorado limited partnership, doing business in Texas as **TOWN PARK, LTD.** (together with its successors and assigns, the "Project Owner") and the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (together with any successor to its rights, duties and obligations, the "Department").

WITNESSETH:

WHEREAS, Town Park, Ltd., a Colorado limited partnership, and Department executed that certain Declaration of Land Use Restrictive Covenants Land Use Restriction Agreement For Low-Income Housing Credits (the "Declaration") dated as of September 8, 2005, which was filed and recorded on December 21, 2005 under Document #Y978032 in the Official Public Records of Harris County, Texas (the "Records"), upon and against the real property more particularly described in Exhibit "A" attached hereto and made a part hereof;

WHEREAS, the Declaration was amended by that certain First Amendment to Declaration of Land Use Restrictive Covenants Land Use Restriction Agreement For Low-Income Housing Credits (the "First Amendment") dated effective as of September 8, 2005, which was filed and recorded on September 22, 2006 under Document #20060067125 in the Records. The Declaration and the First Amendment shall, collectively hereinafter, be known as the "Declaration";

WHEREAS, Department may periodically revise language in the Declaration to account for changes in statutes and rules;

WHEREAS, Project Owner and Department hereby agree to amend Addendum E to Declaration – Additional Use Restrictions – Agreement to Offer a Right of First Refusal ("Addendum E") of the Declaration to revise language set forth therein;

WHEREAS, the amendment herein is material and therefore requires approval by the board of directors of the Department, pursuant to Section 2306.185(d-5) of the Texas Government Code and 10 TAC § 10.405(b)(2);

WHEREAS, on February 21, 2019, the board of directors of the Department approved the material amendment and therefore Department has the authority to amend the Declaration in the manner provided herein below; and

WHEREAS, pursuant to Section 8(c) of the Declaration and 10 TAC §10.405(b), the Department has the authority to amend the Declaration accordingly.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged by Department, Project Owner and Department agree as follows:

1. Addendum E of the Declaration is hereby amended to read as set forth in Exhibit "B" attached hereto and made a part hereof for all purposes.
2. Each capitalized term not expressly defined herein shall have the meaning given to such term in the Declaration.
3. All of the remaining terms and provisions of the Declaration, including the addendums and appendices, shall be and remain in full force and effect and the parties hereto agree that all rights, duties and obligations contained in the Declaration are hereby ratified, confirmed, renewed and brought forward.
4. This Second Amendment shall be binding upon the parties hereto and their respective successors and assigns.

[Remainder of page intentionally left blank. Signatures begin on following page.]

IN WITNESS WHEREOF, Project Owner and Department have executed this First Amendment to be effective as of the day and year first above written.

PROJECT OWNER:

TP LTD 1, a Colorado limited partnership, doing business in Texas as **TOWN PARK, LTD.**

By: Alix Capital Investments, Inc., a Texas corporation, its general partner

By:
Name: Joseph Lopez
Title: Director

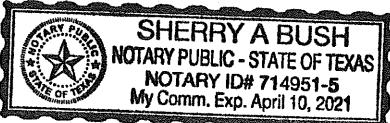
THE STATE OF TEXAS §
COUNTY OF Fort Bend §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Joseph Lopez, known to me to be the Director of Alix Capital Investments, Inc., a Texas corporation, general partner of **TP LTD 1**, a Colorado limited partnership, doing business in Texas as **TOWN PARK, LTD.**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said limited partnership, and that he executed the same as its general partner and as the act of such limited partnership and for the purposes and consideration expressed in the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day of March, 2019.

(Seal)

Sherry Bush
Notary Public, State of Texas



DEPARTMENT:

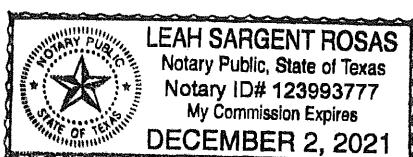
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: Rosalio B.
Name: Rosalio Banuelos
Title: Duly authorized officer or representative

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 5th day of March, 2019, by Rosario Banuelos, Director of Multifamily Asset Management, duly authorized officer or representative of the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas, on behalf of said entity.

(Seal)



Leah Sargent Rosas

Notary Public, State of Texas

PREPARED BY:

Texas Department of Housing
and Community Affairs
Legal Services
221 East 11th Street
Austin, Texas 78701

AFTER RECORDING RETURN TO:

Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941
Attn: Lucy Trevino, Asset Management

EXHIBIT "A"

DESCRIPTION OF A 7.722 ACRE (336,362 SQ. FT.) TRACT
SITUATED IN THE WILLIAM LYON SURVEY, A-516,
HARRIS COUNTY, TEXAS

Being a 7.722 acre (336,362 square foot) tract of land situated in the William Lyon Survey, and being the residue of that certain called 7.782 acre tract conveyed to Town Park, Ltd., under County Clerk's File No. V414467, Film Code No. 545-77-1254 of the Official Public Records, also being all of Town Park Apartments, according to the map or plat thereof recorded in County Map Records, said 7.722 acre tract being more particularly described by metes and bounds, bearings being the deed calls for said 7.782 acre tract and the plat calls for said Town Park

BEGINNING at a 5/8-inch iron rod with cap (stamped "Weisser Eng., Houston, TX") set marking said Town Park Apartments, also being the southerly cutback corner of the intersection of Town Park Drive (a variable width right-of-way being 65 feet wide at this point) and the east right-of-way;

THENCE North 47 deg. 11 min. 06 sec. West, with the southwest line of said Town Park Apartments, the intersection of the north right-of-way line of Town Park Drive and the east right-of-way line to a 5/8-inch iron rod with cap (stamped "Weisser Eng., Houston, TX") set marking the northerly cutback corner of the intersection of the said north right-of-way line and the east right-of-way line of Beltway 8, and being on the west line of said 7.782 acre tract;

THENCE North 02 deg. 01 min. 41 sec. West, with the west lines of said Town Park Apartments, the said east right-of-way line of Beltway 8, a distance of 647.16 feet to a point in a portion of said Town Park Apartments and the 7.782 acre tract, same being the southwest corner of said tract, conveyed to Roy J. Bennion, described in Receiver's Special Warranty Deed filed under County Clerk's File No. 523-77-0407 of said Official Public Records, and from which a 5/8-inch iron rod found bears;

THENCE North 87 deg. 39 min. 28 sec. East, with the north lines of said Town Park Apartments, the south line of said 3.4814 acre tract, a distance of 506.34 feet to a 5/8-inch iron rod in a portion of said Town Park Apartments and the 7.782 acre tract, same being the southeast corner of said tract, the south line of that certain called 5.7209 acre tract conveyed to ESM International, Inc., described in County Clerk's File No. P324642, Film Code No. 164-51-6980 of said Official Public Records;

THENCE South 02 deg. 20 min. 32 sec. East, with the east lines of said Town Park Apartments, the said west line of the 5.7209 acre tract, a distance of 662.15 feet to the southeast corner on the said north right-of-way line of Town Park Drive, and from which a 5/8-inch iron rod found bears South 02 deg. 21 min. East, 0.18 feet;

THENCE South 87 deg. 39 min. 28 sec. West, with the south line of said Town Park Apartments, the south line of Town Park Drive, a distance of 494.97 feet to the POINT OF BEGINNING and containing 7.722 acres.

EXHIBIT "B"

ADDENDUM E TO DECLARATION – ADDITIONAL USE RESTRICTIONS – AGREEMENT TO OFFER A RIGHT OF FIRST REFUSAL

AGREEMENT TO THE PROVISION OF RIGHT OF FIRST REFUSAL TO QUALIFIED ENTITIES

The Project Owner has entered into an Agreement for the Provision of the Right of First Refusal (“ROFR”) with the Department, the terms of which are further outlined below, and in Chapter 2306 of the Texas Government Code, and in Title 10, Part 1, Chapter 10 of the Texas Administrative Code.

Project Owner agrees to the following terms to complete the ROFR process:

1. If at any time after the fifteenth year of the Compliance Period, the Project Owner determines to sell the Project, a notice of intent to sell the Project (“Notice of Intent”) shall be given to the Department and the tenants of the Project and this Right of First Refusal Agreement shall serve as evidence that the Project Owner agrees to provide to a “Qualified Entity” (as defined in Section 2306.6726(d)(2) of the Texas Government Code), a ROFR to purchase the Project in accordance with the “Minimum Purchase Price” (as defined in Section 42(i)(7)(B) of the Code).
2. (Only applicable if the box is checked.) The Project Owner has entered into an agreement with a specific Qualified Entity (or tenant organization) providing for a right of first refusal. The Qualified Entity or tenant organization will be _____. In the event that this organization is not operating when the Project Owner determines to sell the Project, the right of first refusal must be provided in accordance with this Addendum E.
3. The Project Owner shall provide a Notice of Intent to the Department and to such other parties as the Department may direct at that time. The Notice of Intent shall be accompanied by such information as the Department shall reasonably request. The Right of First Refusal Period (“ROFR Period”) shall commence upon the Department's official posting of the Project for sale at the Minimum Purchase Price.
4. During the 180 days after the Project has commenced the ROFR Period, the Project Owner may negotiate or enter into an agreement to sell the Project only with parties in the following order of priority:
 - a. during the first 60 days of the ROFR Period, only with a Qualified Entity that is also a community housing Project organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. §92.2 (a "CHDO") approved by the Department as a CHDO, or a Qualified Entity controlled by a CHDO approved by the Department;
 - b. during the second 60 days of the ROFR Period, only with a Qualified Entity that:
 - (i) is described in Section 2306.6706 of the Texas Government Code;
 - (ii) is controlled by an entity described in Section 2306.6706 of the Texas Government Code; or
 - (iii) is a tenant organization; and

- c. during the last 60 days of the ROFR Period, with any other Qualified Entity and approved by the Department.
- 5. After (i) the Project Owner's submission of Notice of Intent, (ii) the Department's posting of the Project for sale pursuant to the Right of First Refusal, and (iii) expiration of the ROFR Period, the Project Owner may sell the Project without regard to any Right of First Refusal established by this Declaration if:
 - a. the Project Owner does not receive any bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR Period;
 - b. a bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price during the ROFR Period, the Project Owner accepts the offer, the Qualified Nonprofit Organization or Qualified Entity fails to close the purchase, the failure is determined to not be the fault of the Project Owner, and the Project Owner received no other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR Period;
 - c. a bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price during the ROFR Period, the Qualified Nonprofit Organization or Qualified Entity is not approved by the Department during the ownership transfer review due to issues identified during the Previous Participation Review process, and the Project Owner received no other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR Period; or
 - d. an offer from a Qualified Nonprofit Organization or Qualified Entity is received at a price below the posted ROFR offer price during the ROFR Period, and the Project Owner received no other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR Period at or above the posted ROFR offer price.

REORDERER'S MEMORANDUM:

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

FILED FOR RECORD

12:49:27 PM

Monday, March 11, 2019



COUNTY CLERK, HARRIS COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED; in the Official Public Records of Real Property of Harris County Texas

Monday, March 11, 2019



COUNTY CLERK
HARRIS COUNTY, TEXAS



Amend

**FIRST AMENDMENT TO
DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE
RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING CREDITS**

STATE OF TEXAS \$
 \$
COUNTY OF HARRIS \$ 20060067125
 09/22/2006 RP3 \$28.00

This First Amendment to Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits ("Amendment") is executed to be effective as of the 8th day of September, 2005, by and between **TOWN PARK, LTD.**, a Colorado limited partnership (together with its successors and assigns, the "Project Owner") and the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (together with any successor to its rights, duties and obligations, the "Department").

WITNESSETH:

WHEREAS, effective September 8, 2005, the Project Owner and the Department executed that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits (the "Declaration"), which was filed of record on December 21, 2005 and recorded in/under File No. Y978032, Film Code RP 015-62-0769 in the Official Public Records of Real Property of Harris County, Texas; and

WHEREAS, by error or mistake, Section 4(g) was not included in the Declaration;

WHEREAS, the Project Owner and the Department desire to amend Section 4 – Income Restrictions/Rental Restrictions of the Declaration by adding language pertaining to the good cause evictions;

WHEREAS, by error or mistake, the Declaration failed to include the requirement for installation of chair lifts in "Appendix A – Additional Use Restrictions – Handicapped Accessibility;"

WHEREAS, the Project Owner and the Department desire to amend "Appendix A – Additional Use Restrictions – Handicapped Accessibility" to include the requirement for installation of chair lifts; and

WHEREAS, the Project Owner and the Department desire to amend the Declaration in the manner provided hereinbelow.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged by the Project Owner and the Department, the Project Owner and the Department agree as follows:

1. Section 4 of the Declaration is hereby amended to add the following language:

"(g) During the Compliance Period and the Extended Use Period, the Project Owner, notwithstanding anything herein to the contrary, shall not (1) evict or terminate the tenancy of a Tenant of any Low-Income Unit other than for good cause nor (2) increase the gross rent with respect to a Low-Income Unit not otherwise permitted by Section 42 of the Code."

2. Appendix A of the Declaration entitled "Appendix A – Additional Use Restrictions – Handicapped Accessibility" is hereby amended to read:

" Handicapped Accessibility for 2001 Allocations, Option §50.7(d)(1)(C)

For up to 5% of all LIHTC restricted units, the Project Owner shall provide reasonable accommodations(s) or modification(s) on a one-time basis in conformance with ANSI A1117.1-1986 construction standards as requested by the tenant with a disability. The Project Owner shall incur the related expenses(s) for the reasonable accommodation(s) and/or modification(s). For properties that are designed as townhouse units, the Project Owner must include one bathroom and one bedroom on the ground level of 5% of the LIHTC Units and meet Fair Housing standards. In addition, Project Owner hereby agrees to install chair lifts at the Project Owner's expense in the stairway of any two story townhouse units for any residents who make such a request. The project owner further agrees to provide notice in every lease of the availability of such chair lifts."

3. Each capitalized term not expressly defined herein shall have the meaning given to such term in the Declaration.

4. All of the remaining terms and provisions of the Declaration shall be and remain in full force and effect and the parties hereto agree that all rights, duties and obligations contained in the Declaration are hereby ratified, confirmed, renewed, extended and brought forward.

5. This Amendment shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Project Owner has executed this Amendment as of the day and year first above written.

(3)
JW

PROJECT OWNER:

TOWN PARK, LTD., a Colorado limited partnership

By: Alix Capital Investments, Inc., a Texas corporation, its general partner

By: _____

Name: Joseph Lopez

Title: Director

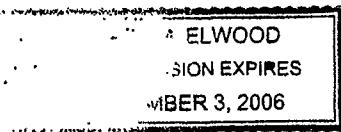
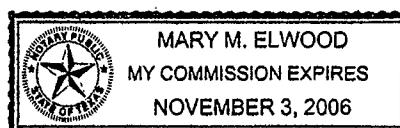
STATE OF TEXAS §
COUNTY OF Harris §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Joseph Lopez, known to me to be the Director of Alix Capital Investments, Inc., a Texas corporation, general partner of **TOWN PARK, LTD.**, a Colorado limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said limited partnership, and that he executed the same as its general partner and as the act of such limited partnership and for the purposes and consideration expressed in the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day of
Sept., 2006.

(Seal)

Mary M. Elwood
Notary Public, State of Texas



DEPARTMENT:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blackouts, additions and changes were present at the time, the instrument was filed and recorded.

By: 
Name: Michael Gerber
Title: Executive Director

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §
 §

This instrument was acknowledged before me on this 14 day of September, 2006, by Michael Gerber, Executive Director of the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas, on behalf of said agency.

(Seal).....

NIDIA HIROMS
Notary Public, State of Texas
My Commission Expires
NOVEMBER 13, 2007
Notary without Bond


Nidia Hiroms
Notary Public, State of Texas

PREPARED BY:

Texas Department of Housing
and Community Affairs
Legal Services Division
P.O. Box 13941
Austin, Texas 78711-3941
(512) 475-3902

AFTER RECORDING RETURN TO:

Texas Department of Housing
and Community Affairs
Legal Services Division
P.O. Box 13941
Austin, Texas 78711-3941
Attn: Leah Rosas

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped herein by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on

SEP 22 2006



Lorely L. Kaufman

COUNTY CLERK
HARRIS COUNTY, TEXAS

TDHCA #: 01162

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DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING CREDITS

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING TAX CREDITS (this "Declaration"), dated as of 9/8/2005, is made by and between Town Park, Ltd. (together with its successors and assigns, the "Project Owner") and The Texas Department of Housing & Community Affairs, an instrumentality of the State of Texas and a public corporation (together with any successor to its rights, duties and obligations, the "Department"), and is given by Project Owner as a condition precedent to [the determination that the Project, as defined herein, satisfies the requirements of the State of Texas's Qualified Allocation Plan] the allocation of low-income housing tax credits (the "Tax Credits"), pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (the "Code"), by the Department. This Declaration incorporates the extended low-income housing commitment required by Section 42(h)(6) of the Code and is promulgated in accordance with the provisions of Chapter 2306, Tex. Gov. Code, (the "Act"), as may be amended from time to time.

WITNESSETH:

WHEREAS, the Project Owner is or shall be the Project Owner of a low income rental housing development, known as or to be known as Town Park Townhomes (the "Project Improvements"), on real property located in the City of Houston, County of Harris, State of Texas, more particularly described in Exhibit A hereto (the "Project Land") (the Project Improvements and the Project Land being collectively referred to herein as the "Project");

WHEREAS, the Department has been designated by the Governor of the State of Texas as the housing credit agency for the State of Texas for the allocation of Tax Credits;

WHEREAS, the Project Owner has applied to the Department for (check which applies):

- an allocation of Tax Credits to the Project in an amount not to exceed \$ 931,890 Tax Credit dollars annually;
- a determination that the Project satisfies the requirements of the State of Texas's Qualified Allocation Plan for Tax Credits in an amount not to exceed \$ _____ Tax Credit dollars annually;

WHEREAS, the Project Owner has represented to the Department in the Project Owner's Low-Income Housing Tax Credit Application (the "Application"), authorized by the Department's Low-Income Rental Housing Tax Credit Rules (the "Department Rules"), that the Project Owner shall lease 100 % of the units in the Project to individuals or families whose income is 60 % or less of the area median gross income (including adjustments for family size), as more specifically provided herein;

WHEREAS, the Department has determined that the Project would support an annual allocation of Tax Credits in the amount of \$ 931,890;

WHEREAS, the Project Owner has represented to the Department in the Application that it will impose additional rent and occupancy restrictions as shown in Appendix A of this document (Check box if applicable) ;

WHEREAS, the Project Owner is subject to the regulatory powers of the Department and other terms and conditions of chapter 2306, Tex. Gov. Code;

WHEREAS, the Code requires as a condition precedent to the allocation of Tax Credits that the Project Owner execute, deliver and record in the real property records of the county in which the Project is located this Declaration in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Project Owner, under this Declaration, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project Land for the Term stated herein, are binding upon all subsequent owners and operators of the Project during such Term, and are not merely personal covenants of the Project Owner.

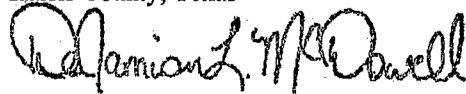
DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
2001 Town Park LURA.doc

PAGE 3

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL
OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER
THE FEDERAL LAW

A CERTIFIED COPY

ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

NOW, THEREFORE, in consideration of the premises set forth above, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Project Owner and the Department agree as follows:

SECTION 1 - DEFINITIONS

(a) Unless the context otherwise requires, and in addition to those terms defined in the recitals set forth above, capitalized terms used in this Declaration shall have the following meanings:

"Act" means the Texas Government Code, Chap. 2306, as amended or any corresponding provision or provisions of succeeding law as it or they may be amended from time to time.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary of Housing and Urban Development for purposes of Section 42 of the Code, including adjustments for family size.

"Assumption Agreement" shall have the meaning assigned in Section 3(i) hereof.

"Board" means the governing Board of the Department.

"Compliance Period" means the period of 15 consecutive taxable years beginning with the first taxable year of the Credit Period, unless a longer period shall be elected at Appendix A hereto.

"Credit Period" means, with respect to any building in the Project, the period of ten taxable years beginning with the taxable year in which such building is placed in service or (at the election of the Owner) the following taxable year.

"Department Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by the Department, and modified by the Department from time to time, for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Project Owner and the Project with the provisions of Section 42 of the Code and to notify the Service of instances of noncompliance.

"Extended Use Period" means the period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Compliance Period, unless a later date shall be set forth at Appendix A hereto or unless terminated earlier in accordance with Section 5 hereof.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 42(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, adjusted for family size, as provided in Section 4 hereof, unless an alternative income level shall be set forth at Appendix A hereto.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low-Income. For so long as the Tenant occupies the particular Unit, the Tenant will remain a Low-Income Tenant if the Tenant's Income, upon the most recent income certification, does not exceed 140% of the applicable Low-Income level.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Applicable Fraction" means the percentage with respect to a building in the Project, calculated as the lesser of the percentage of Units in such building which are Low-Income Units or the percentage of floor space of all Units in such building which is in Low-Income Units, all calculated as required pursuant to Section 42(c)(1) of the Code, which serves as the basis for the Department's allocation of Tax Credits to the building as provided in Section 4(c) hereof.

"Principal" means any person or entity that holds an ownership interest in the Project Owner and (i) has the power to direct any aspect of the operations of the Project Owner or (ii) is entitled to at least a [25%] share in any of the profits, losses, cash flow or residual value of the Project.

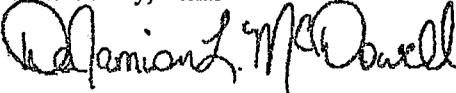
DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
2001 Town Park LURA.doc

PAGE 4

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL
OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER
THE FEDERAL LAW

A CERTIFIED COPY

ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell
Deputy

DEJAMION L. McDOWELL

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section 42(g)(2)(C) of the Code.

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"State" means the State of Texas.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Project Owner.

"Term" shall have the meaning set out in Section 5 hereof.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy housing used on a nontransient basis may be treated as one or more Units.

(b) Any term or phrase which is used in this Declaration and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code, and if no meaning is assigned thereto in Section 42 of the Code, the meaning, if any, assigned in the Department Rules. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND

(a) The Project Owner shall cause this Declaration and all amendments hereto to be recorded and filed in the official public land deed records of the county in which the Project is located, and shall pay all fees and charges incurred in connection therewith. Upon recording, the Project Owner shall immediately transmit to the Department an executed original of the recorded Declaration showing the date, deed book and page numbers of record. The Project Owner agrees that the Department will not issue the Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits, unless and until the Department has received the recorded executed original of the Declaration.

(b) The Project Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Declaration, that this Declaration and the covenants and restrictions set forth in this Declaration regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project Land, encumbering the Project Land for the Term of this Declaration and binding upon the Project Owner's successors in title and all subsequent owners and operators of the Project Land, and (ii) shall bind the Project Owner (and the benefits shall inure to the Department and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Declaration. The Project Owner hereby agrees that any and all requirements of the laws of the State of Texas to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project Land. For the Term of this Declaration, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Declaration; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Declaration.

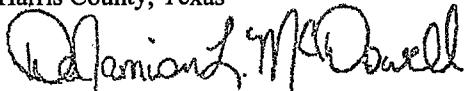
(c) The Project Owner shall obtain the written consent of any existing lienholder of record (each an "Existing Lienholder") on the Project to this Declaration and the requirements hereof, including specifically the requirements of Section 5(b)(1) and Section 5(c) with respect to provisions which survive or may be revived after foreclosure, and such consent shall be in a form promulgated by the Department from time to time and shall be a condition precedent to the issuance by the Department of Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits. The Project Owner represents and warrants to the Department that attached hereto as Addendum A and made a part hereof is an executed and acknowledged Lienholder's Consent from each Existing Lienholder, if any, as of the effective date hereof.

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Harris County, Texas



Deputy

DEJAMION L. McDOWELL

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE PROJECT OWNER

The Project Owner hereby represents, covenants and warrants as follows:

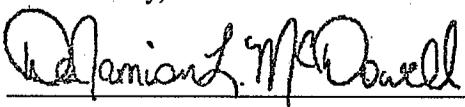
- (a) The Project Owner (i) is a Limited Partnership, duly organized and validly existing under the laws of the State of Colorado, and is duly authorized and qualified to transact in the State any and all business contemplated by this Declaration and the Department Rules; (ii) possesses all requisite power, authority, licenses and permits to own its properties and assets and to conduct its business; and (iii) has all legal right, power and authority to execute and deliver this Declaration.
- (b) The execution and performance of this Declaration by the Project Owner (i) will not violate or, as applicable, have not violated, any provision of law, rule or regulation, or any order of any court or other department of the State or governmental body, (ii) will not violate or, as applicable, have not violated, any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Project Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.
- (c) The Project Owner has, at the time of execution and delivery of this Declaration, good and indefeasible fee simple title to [~~or a leasehold interest extending at least ten years beyond the end of the Extended Use Period in]~~ the premises constituting the Project, free and clear of any lien or encumbrance, except those created by any loan documents relating to the Project, those which are created pursuant to this Declaration and those which are otherwise permitted encumbrances, as specifically set forth at Exhibit B hereto.
- (d) 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 Project 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 this Declaration) or would materially adversely affect its financial condition.
- (e) The Project constitutes or will constitute, and the Project Owner covenants, that commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Declaration, it shall maintain the Project as, a "qualified low-income housing project", as defined in Section 42(g) of the Code.
- (f) Each Unit in the Project contains separate and complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project) which is to be used on other than a transient basis as provided in Section 42(i)(3) of the Code.
- (g) The Project Owner will comply fully and at all times with the Department Rules.
- (h) During the Term of this Declaration, the Project Owner covenants, agrees and warrants that each Low-Income Unit is and will remain suitable for occupancy in accordance with regulations prescribed by the Secretary, taking into account local health, safety, and building codes.
- (i) The Project Owner covenants that it will not sell, transfer or exchange any portion of any building in the Project unless it sells, transfers or exchanges the entire building to the same person. Subject to the requirements of Section 42 of the Code and this Declaration, the Project Owner may sell, transfer or exchange the entire Project or any building in the Project at any time, provided that the Project Owner shall require, as a condition precedent to any such sale, transfer or exchange, that the successor owner and operator assume, in writing, in an Assumption Agreement acceptable to the Department, the Project Owner's obligations hereunder and under Section 42 of the Code, which Assumption Agreement shall be delivered to the Department in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Project Owner agrees that the Department may void any sale, transfer or exchange of the Project if the successor owner and operator fails to execute and deliver an Assumption Agreement or if the Project Owner or the successor owner and operator otherwise acts in contravention of this Section 3(i). This Declaration and the covenants contained herein shall survive and be effective regardless of whether any such successor owner and operator or intended successor owner and operator shall have assumed them pursuant to an executed Assumption Agreement.

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DEJAMION L. McDOWELL

(j) The Project Owner agrees to notify the Department in writing prior to any sale, transfer or exchange of the entire Project or any building therein, and to provide to the Department the name(s) and address(es) and financial reports, as applicable, of the prospective successor owner and operator of the Project or building, so the Department can determine the economic viability of such prospective successor and such Project or building and whether such prospective successor is acceptable as Project Owner under the Department Rules. The Project Owner further agrees to notify the Department in writing prior to any change in the identity of a General Partner or other Principal of the Project Owner, and to provide to the Department the name(s) and address(es) and financial reports, as applicable, of any successor or additional General Partner or Principal, so the Department can determine whether such party is acceptable in such role with the Project Owner under the Department Rules.

(k) The Project Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any Unit for any purpose other than rental housing during the Term of this Declaration, unless required by law.

(l) The Project Owner represents, warrants and agrees that if the Project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Project Owner will use its best efforts to repair and restore the Project 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 Project in accordance with the terms of this Declaration.

(m) The Project 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 requirements of this Declaration are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(n) The Project Owner agrees, warrants, and covenants to comply with all law, ordinances, statutes, codes, orders, rules, regulations and decrees of the United States, the State and any other Governmental Authority applicable to the Owner of the Project, including, without limitation, the following: the Civil Rights Act of 1964 (42 U.S.C. 2000(d); Executive Order 11-63, as amended by Executive Order 12259; Executive Order 11246; Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*); Equal Credit Opportunity Act (15 U.S.C. 1691 *et seq.*); Fair Credit Reporting Act (15 U.S.C. 1681 *et seq.*); Fair Housing Act (42 U.S.C. 3601 *et seq.*); the Americans with Disabilities Act of 1990 (P.L. 101-336; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); Architectural Barriers Act of 1968 (42 U.S.C. 4151 *et seq.*); Section 3 of the Housing and Urban Development Act of 1968; Executive Orders 11625, 12432 and 12138, as amended; the Copeland "Anti-Kickback" Act (18 U.S.C. § 874 *et seq.*); the Davis-Bacon Act (40 U.S.C. § 276a *et seq.*); Sections 103 and 107 of the Work Hours and Safety Standards Act. (40 U.S.C. § 327 *et seq.*); the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. § 4201 *et seq.*); the Housing and Community Development Act of 1974; the National Environmental Policy Act (42 U.S.C. § 4321 *et seq.*; ("NEPA"); the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4321 *et seq.*); the State of Texas Senate Bill 1356; Title 8, and Chapter 92 of the Texas Property Code; Solid Waste Disposal Act TEX. HEALTH & SAFETY CODE Ann. Ch. 361 (Vernon's 1992); Comprehensive Municipal Solid Waste Management, Resource Recovery, and Conservation Act. TEX. HEALTH & SAFETY CODE Ann. Ch 363 (Vernon's 1992); County Solid Waste Control Act. TEX. HEALTH & SAFETY CODE Ann. Ch 364 (Vernon's 1992); Texas Clean Air Act, TEX. HEALTH AND SAFETY CODE Ann. Ch. 382 (Vernon's 1992); and Hazardous Communication Act, TEXAS HEALTH AND SAFETY CODE Ann. Ch. 502 (Vernon's 1992); and such Governmental Requirements as may be from time to time amended or superseded and all of their implementing regulations, as may be amended.

(o) The Project Owner agrees to apply for and accept renewal of any rent subsidy contracts from which the Project benefits, if such subsidies are sufficient to maintain the economic viability of the Project.

SECTION 4 - INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Project Owner represents, warrants and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that:

(a) (1) At least 20% or more of the Units in the Project [are and] will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 50% or less of Area Median Gross Income.

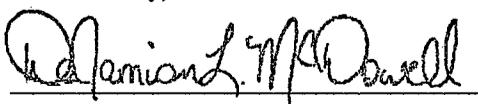
(2) At least 40% or more of the Units in the Project [are and] will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of Area Median Gross Income.

(Check applicable percentage election)

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(b) The determination of whether a Tenant is a Low-Income Tenant shall be made by the Project Owner at least annually on the basis of the current income of such Low-Income Tenant. The Project Owner shall utilize forms as permitted from time to time by the Department for providing this certification. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last annual income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building in which such Unit is located is rented to a person who is not a Low-Income Tenant. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit, provided that (i) reasonable attempts are made to rent the Unit and (ii) no other Units of comparable or smaller size in the Project are rented to persons who are not Low-Income Tenants. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code); provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code.

(c) The Project will contain a total of 120 Units (including Units occupied by a resident manager or other employee, such that they are not treated as "residential rental units" for purposes of Section 42 of the Code), of which at least 100 percent of the Units treated as residential rental units will be Low-Income Units. The amount of Tax Credits allocated to the Project is based on the requirement that the Minimum Applicable Fraction for each building in the Project will be as specified, building-by-building, at Appendix A hereto. During the Term of this Declaration, Units at the Project shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants, such that each building in the Project shall at all times satisfy the Minimum Applicable Fraction for such building. The Project Owner's failure to ensure that each building in the Project complies with such requirement will cause the Department to report such fact to the Service and may result in the reduction and recapture by the Service of Tax Credits, as well as other enforcement action.

(d) The Project and the Project Owner are subject to additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

(e) The Project Owner shall not discriminate on the basis of race, creed, sex, age or national origin in the lease, use or occupancy of the Project Improvements or in connection with the employment or application for employment of persons for the operation and management of the Project and shall not deny admission to any person exclusively on the basis of such person receiving rent assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the United States Housing Act of 1937 as amended.

(f) The Project Owner acknowledges that whether a Tenant is a Low-Income Tenant is a matter of fact, to be determined in accordance with applicable law, and the Project's Owner's determination as to such matter is not binding upon the Department or the Service.

SECTION 5 - TERM OF DECLARATION

(a) This Declaration shall become effective with respect to a building in the Project on the first day of the Compliance Period for such building and shall terminate on the last day of the Extended Use Period, unless this Agreement is earlier terminated pursuant to Section 5(b) hereof (the "Term").

(b) Notwithstanding subsection (a) above, but subject to any modified or additional requirements set forth in Appendix A, in which event the terms of this Agreement shall be modified as applicable, this Declaration shall terminate:

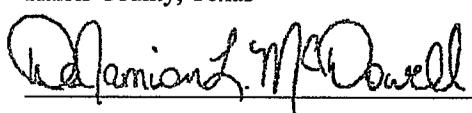
(1) with respect to any building in the Project, on the date such building is acquired by foreclosure (or instrument in lieu of foreclosure), upon the recorded declaration of termination of the party so acquiring the building, unless the Secretary or his delegate determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period. If any party acquiring a building by foreclosure (or instrument in lieu of foreclosure) fails to record a declaration terminating this Declaration, the building shall remain subject to this Declaration, and the eligibility of such party to receive Tax Credits shall not be adversely affected, if such party continues to comply with Section 42 of the Code and the terms of this Declaration; or

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(2) following the end of the Compliance Period, but not earlier than 30 years following the date upon which the Project was first placed in service pursuant to the requirements of this Declaration, if the Project Owner has properly requested that the Department assist in procuring a "Qualified Contract", as defined in the Code, for the acquisition of a building and the Department is unable to present a Qualified Contract. To properly request the Department's assistance in procuring a Qualified Contract for the acquisition of a building, the Project Owner must submit a written request to the Department no earlier than one (1) year prior to the expiration of the Compliance Period, or on the last day of any subsequent year of the Extended Use Period. The Department will have one (1) year from the date of the Project Owner's written request to find a buyer to acquire the Project Owner's interest in the building. The Department will attempt to procure a Qualified Contract for the acquisition of any building only once during the Extended Use Period.

(3) following the end of the Compliance Period, subject to the consent of the Department, upon the acquisition of the Project by the Tenants of the Project, a qualified nonprofit organization or a government agency pursuant to a right of first refusal under Section 42(i)(7) of the Code.

(c) If this Declaration is terminated pursuant to subsection (b) above and notwithstanding anything herein to the contrary, the Tenant of any Low-Income Unit on the date of such termination shall be entitled to occupy such Unit in accordance with the provisions of this Declaration for a period of three years following such termination date, provided, however, that upon a showing of good cause, such Tenant's tenancy may be terminated or such Tenant evicted.

SECTION 6 - ENFORCEMENT, ADMINISTRATION AND COMPLIANCE

(a) The Project 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 this Declaration. Moreover, the Project Owner covenants to take any lawful action (including amendment of this Declaration as may be necessary in the opinion of the Department) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Service, or the United States Department of Housing and Urban Development, from time to time, pertaining to the Project Owner's obligations under Section 42 of the Code and affecting the Project.

(b) The Project Owner acknowledges that the primary purpose for requiring compliance by the Project Owner with the restrictions provided in this Declaration is to assure compliance of the Project and the Project Owner with Section 42 of the Code and the Department Rules, AND BY REASON THEREOF, THE PROJECT OWNER, IN CONSIDERATION FOR RECEIVING THE TAX CREDITS FOR THIS PROJECT, HEREBY AGREES THAT THE DEPARTMENT AND ANY INDIVIDUAL WHO MEETS THE APPLICABLE INCOME LIMITATION UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER TENANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREIN, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE PROJECT OWNER OF ITS OBLIGATIONS UNDER THIS DECLARATION IN A STATE COURT OF COMPETENT JURISDICTION. The Project Owner hereby further specifically acknowledges that the beneficiaries of the Project Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder. The Project Owner, still further, acknowledges and agrees that any party which brings an action to enforce any requirement of this Declaration, whether by specific performance or otherwise, shall be entitled, if successful, to recover such party's reasonable attorney's fees.

(c) The Project Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Department and all persons interested in Project compliance under Section 42 of the Code.

(d) The Project Owner acknowledges that the Department is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Project Owner's and the Project's compliance with the requirements of Section 42 of the Code, and (ii) to notify the Service of any noncompliance which is found. The Project Owner agrees (I) to maintain records that substantiate and document such compliance, (II) to take all actions required by the Department pursuant to the Department Compliance Monitoring Procedures to assist or cooperate with the Department in monitoring such compliance, and (III) to pay the fee prescribed by the Department with respect to such monitoring.

(e) The Project Owner agrees that the Department may enforce all state and federal law, the Department Rules and the terms of any allocation of Tax Credits through this Declaration, and utilize for such purposes any and all remedies available to the Department including but not limited to administrative or judicial action, appointment of trustee or receiver, or assume the management and operations of the Development.

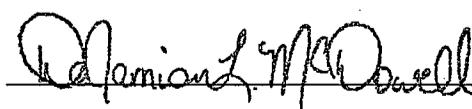
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(f) The Project Owner agrees the Department may, at reasonable times and upon adequate notice at any time during the construction, rehabilitation, or operation of the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

(g) The Project Owner agrees the Department may, at reasonable times and upon adequate notice, examine all books and records, and request and receive from the Project Owner one or more reports, relating to the ownership, operations, capitalization, reserve funds, income, expenses and other financial and regulatory matters of the Project or the Project Owner.

(h) The Project Owner agrees that the Department may at any time order it and/or its managing agent or Project manager to do whatever is necessary to comply with or refrain from violating an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, and that the Department may file and prosecute a complaint against a managing agent, Project manager, or the Project Owner for a violation of any applicable law or ordinance. The Project Owner acknowledges and agrees that, in the event that the Project Owner is found to have violated an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, the Department shall have the right, among other remedies and without limitation, to limit or deny participation by the Project Owner in any of the programs operated or administered by the Department.

(i) Upon a determination by the Department that the Project Owner has failed to maintain the Project in good and habitable condition and suitable for occupancy as hereinabove required, the Project Owner agrees, upon the Department's direction, to establish a reserve for replacement and repairs to the Project in such initial amount and with such monthly deposits as the Department may direct. Such reserve shall be held for the benefit of the Project Owner and the Project by such party as the Department shall direct, and disbursements shall be made therefrom only upon direction of or approval by the Department.

(j) The Project Owner agrees to indemnify and hold harmless the Board members, Department officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Department as a result of any material inaccuracy in any of the representations and warranties contained in this Declaration, or as a result of any action by the Project Owner, including claims by third parties.

(k) The Project Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against the Department which arise out of any of the matters relating to this Declaration, Project Owner will cooperate fully with the Department in the defense or other disposition thereof.

(l) The Project Owner agrees to furnish the Department with copies of all correspondence between the Project Owner and the Service with respect to the Project, other than tax returns and routine, periodic reports filed with the Service.

(m) The Project Owner agrees to notify the Department if any federal grant or loan of below market rate federal funds is received with respect to the Project at any time during the Compliance period.

SECTION 7 - FEES

(a) To compensate the Department for its responsibilities pursuant to the Act and the Code, the Project Owner shall pay to the Department an annual compliance monitoring fee for the first twelve month period of this Declaration in the amount of \$25 per Low-Income Unit in the Project. In no event shall the fee be less than \$100.

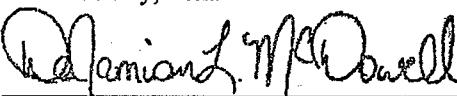
(b) In addition to the compliance monitoring fee required by Section 7(a), the Project Owner shall pay to the Department a building inspection fee for any inspections that the Department requires or performs. The amount of such fee(s) will be determined by the Department in accordance with Department Rules.

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(c) If the Department shall find the Project not to be in compliance with the terms hereof, the Project Owner shall pay to the Department (i) an additional administrative fee in an amount prescribed from time to time by the Department, which amount for the first twelve month period of this Declaration, shall not exceed \$25 per Unit (without regard to the number of Low-Income Units), for additional monitoring and enforcement activities undertaken with respect to the Project and (ii) all amounts required to reimburse the Department for its expenses in performing such additional monitoring and enforcement activities. The administrative fee payable in the event of noncompliance shall be in addition to, and distinct from, the amount due pursuant to Section 7(a), as well as any reimbursements of costs and legal fees to which the Department may be entitled as a result of judicial enforcement action, and such fee shall be payable without respect to whether the Department undertakes or succeeds in judicial enforcement activities, and any right to be compensated therefore, for a period of up to three years following its most recent finding of noncompliance with respect to the Project.

(d) For each successive twelve month period following the initial twelve month period of this Declaration, the administrative fees payable to the Department hereunder shall be the amounts established for the most recent administrative fee, multiplied by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor (or generally recognized successor to such Index) for the same twelve month period of time.

(e) The Project Owner agrees that it will pay the annual compliance monitoring fee and the building inspection fee(s) at the times required by the Department therefore and that it will pay all additional charges, fees, and expenses assessed hereunder by the Department within ten (10) days of receipt of written notice of any such assessment.

SECTION 8 - MISCELLANEOUS

(a) Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

(b) Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, delivered by hand, or delivered by any other method permitted by law, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Department: Texas Department of Housing & Community Affairs

507 Sabine, Suite 400

Austin, Texas 78701

Attn: Low Income Housing Tax Credit Program

To the Project Owner: Town Park, Ltd. & Coat, Rose

2001 Hermann Drive 3 Greenway Plaza, Suite 2000

Houston, TX 77004 Houston, TX 77046

Attn: Joseph J. Lopez Attn: Barry Palmer

The Department, and the Project Owner, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. This Agreement may not be amended or modified except by written instrument signed by Project Owner and approved by Department, or their respective heirs, successors or assigns, which instrument shall not be effective until it is recorded in the real property records in the county where the Property is located. Upon request by the Department, the Project Owner agrees that it will take all actions necessary to effect any amendment of this Declaration which may be necessary in the Department's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

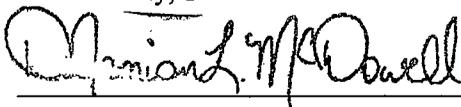
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(d) Governing Law. This Declaration shall be governed by the laws of the State of Texas, and, where applicable, the laws of the United States of America.

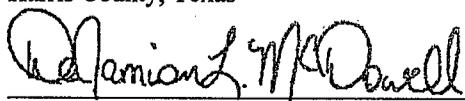
(e) Survival of Obligations. The obligations of the Project Owner as set forth herein and in the Application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

(f) Interpretation. The Department's interpretation of this Declaration shall be controlling for purposes of determining whether (i) the Compliance Period and/or Credit Period shall have commenced, (ii) this Declaration shall have been terminated in accordance with Section 5 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL
OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER
THE FEDERAL LAW

A CERTIFIED COPY

ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

IN WITNESS WHEREOF, the Project Owner has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

PROJECT OWNER:
Town Park Ltd.

By: _____
President of Alix Capital Investments, General Partner
of Town Park Ltd.
STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me on the

8 day of September, 2005
by Joseph Lopez

Title: President of Alix Capital Investments Inc., General
Partner

of Town Park, Ltd.,

Project Owner Name

a Colorado Limited Partnership,

on behalf of said Limited Partnership.

Notary Public

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: Edwina P. Carrington

STATE OF TEXAS

COUNTY OF TRAVIS

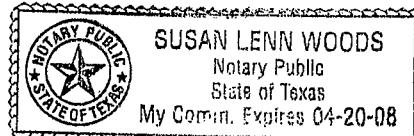
This instrument was acknowledged before me on the

day of December 6, 2005
by Edwina P. Carrington

Executive Director.

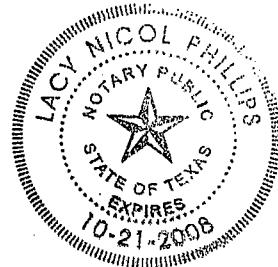
Title

of the Texas Department of Housing and Community
Affairs, a public and official department of the State of
Texas, on behalf of said department.



Susan Len Woods.

Notary Public, State of Texas



DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
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PAGE 12

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Harris County, Texas

Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

ADDENDUM A TO DECLARATION - CONSENT AND SUBORDINATION OF LIENHOLDER

[To be executed by each lienholder on the project as of the effective date of the declaration.]

The undersigned lienholder ("Lienholder") hereby consents to the execution by Project Owner of the foregoing Declaration for Town Park c/o (the "Project Improvements").

Lienholder hereby subordinates its lien(s) to the rights and interests created pursuant to Section 5(c) of the Declaration such that a foreclosure of its lien(s) shall not extinguish such rights and interests.

Lienholder acknowledges and agrees that, pursuant to Section 5(b)(1) of the Declaration, the Declaration will terminate on the date the Project is acquired by foreclosure or deed in lieu of foreclosure, upon the recorded declaration of the party so acquiring the building (unless it is determined that such acquisition is part of an arrangement with Borrower a purpose of which is to terminate such period); provided, however, Lienholder hereby acknowledges and agrees that the acquisition of the Project by any party by foreclosure or instrument in lieu of foreclosure shall be subject to the provisions of Section 5(c) of the Declaration, which provisions shall continue in full force and effect for a period of three (3) years from the date of such acquisition; provided, further, that such provisions shall not apply during such period if and to the extent that compliance therewith is not possible as a consequence of damage, destruction, condemnation or similar event with respect to the project.

Executed to be effective the 24 day of August, 2005.

LIENHOLDER: Fannie Mae

By: Sarah Garland

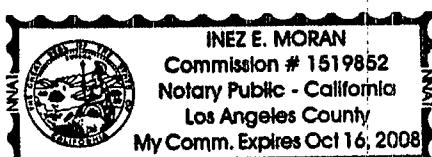
Name: Sarah Garland

Title: Assistant Vice President

STATE OF California

COUNTY OF Los Angeles

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Sarah Garland, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, being informed of the contents of such document, executed the same voluntarily. Given under my hand, official seal this 24 day of August, 2005.



Inez E. Moran
Notary Public
My Commission expires: October 16, 2008

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
ADDENDUM A TO DECLARATION - CONSENT AND SUBORDINATION OF LIENHOLDER
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JAN 03 2006

ATTEST: BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

Dejamion L. McDowell Deputy

DEJAMION L. McDOWELL

EXHIBIT A TO DECLARATION - LEGAL DESCRIPTION

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
EXHIBIT A TO DECLARATION - LEGAL DESCRIPTION
2001 Town Park LURA.doc

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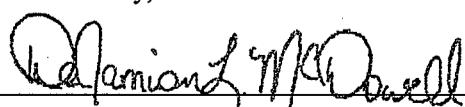

Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

EXHIBIT A TO DECLARATION - LEGAL DESCRIPTION

DESCRIPTION OF A 7.722 ACRE (336,362 SQ. FT.) TRACT
SITUATED IN THE WILLIAM LYON SURVEY, A-516,
HARRIS COUNTY, TEXAS

Being a 7.722 acre (336,362 square foot) tract of land situated in the William Lyon Survey, and being the residue of that certain called 7.782 acre tract conveyed to Town Park, Ltd., under County Clerk's File No. V414467, Film Code No. 545-77-1254 of the Official Public Records, Texas, also being all of Town Park Apartments, according to the map or plat thereof recorded in the County Map Records, said 7.722 acre tract being more particularly described by metes and bounds bearings being the deed calls for said 7.782 acre tract and the plat calls for said Town Park

BEGINNING at a 5/8-inch iron rod with cap (stamped "Weisser Eng., Houston, TX") set marking the southwesterly cutback corner of the intersection of Town Park Drive (a variable width right-of-way being 65 feet wide at this point) and the east right-of-way;

THENCE North 47 deg. 11 min. 06 sec. West, with the southwest line of said Town Park Apartments, also being the southerly cutback corner of the intersection of Town Park Drive and the east right-of-way line to a 5/8-inch iron rod with cap (stamped "Weisser Eng., Houston, TX") set marking the northerly cutback corner of the intersection of the said northwesterly cutback corner and the east right-of-way line of Beltway 8, and being on the west line of said 7.782 acre tract;

THENCE North 02 deg. 01 min. 41 sec. West, with the west lines of said Town Park Apartments, also being the northerly cutback corner of the intersection of the said northwesterly cutback corner and the east right-of-way line of Beltway 8, a distance of 647.16 feet to a point in the possession of Roy J. Bennion, described in Receiver's Special Warranty Deed filed under County Clerk's File No. 523-77-0407 of said Official Public Records, and from which a 5/8-inch iron rod found bears;

THENCE North 87 deg. 39 min. 28 sec. East, with the north lines of said Town Park Apartments, also being the south line of said 3.4814 acre tract, a distance of 506.34 feet to a 5/8-inch iron rod found marking the northerly cutback corner of the intersection of the said northwesterly cutback corner and the east right-of-way line of Beltway 8, and from which a 5/8-inch iron rod found bears;

THENCE South 02 deg. 20 min. 32 sec. East, with the east lines of said Town Park Apartments, also being the west line of the 5.7209 acre tract, a distance of 662.15 feet to the southeasterly corner of said tract on the said north right-of-way line of Town Park Drive, and from which a 5/8-inch iron rod found bears South 02 deg. 21 min. 0.18 feet;

THENCE South 87 deg. 39 min. 28 sec. West, with the south line of said Town Park Apartments, also being the east line of the 5.7209 acre tract, a distance of 494.97 feet to the POINT OF BEGINNING and containing 7.722 acres.

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ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

APPENDIX A - ADDITIONAL USE RESTRICTIONS
(Check all restrictions which were elected at the time of Application.)

Additional Rent and Occupancy Restrictions

At least 60 Units in the Project must be occupied by Tenants at or below 50% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. **[IF COMMITMENT IS TO PROVIDE UNITS AT DIFFERENT INCOME LEVELS, SET FORTH EACH.]** If at re-certification the Tenant's household income exceeds the applicable limit, then the Unit remains as a Unit restricted at the specified level of AMGI until the next available Unit of comparable or smaller size is designated to replace this Unit. Once the Unit exceeding the specified AMGI level is replaced, then the rent for the previously qualified Unit may be increased, subject to applicable Tax Credit requirements, lease provisions and local tenant-landlord laws.

Additional Rent and Occupancy Restrictions for Developments with below market rate HOME funding included in the total eligible basis and utilizing the "9%" Applicable Percentage

At least 40% Units in the Project must be occupied by Tenants at or below 50% of Area Median Gross Income.

Longer Compliance Period and Extended Use Period

The Compliance Period shall be a period of 15 consecutive taxable years and the Extended Use Period shall be a period of 40 consecutive taxable years, each commencing with the first year of the Credit Period.

Material Participation by Qualified Nonprofit Organization

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall hold a controlling interest the Project as required by the Department Rules, shall materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project and shall otherwise meet the requirements of Section 42(h)(5) of the Code. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is _____ and is the [managing General Partner] [Managing Member] of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

Joint Venture with Qualified Nonprofit Organization

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall materially participate as one of the General Partners or Managing Members in the development and operation of the Project. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is _____ and is a [General Partner] [Managing Member] of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

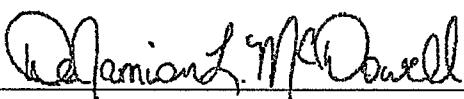
DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
APPENDIX A - HANDICAPPED ACCESSIBILITY

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JAN 03 2006

ATTEST: _____
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

 Dejamion L. McDowell Deputy

DEJAMION L. McDOWELL

Historically Underutilized Businesses (HUB)

Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the Project. The HUB must also maintain regular, continuous, and substantial participation in the development and operation of the Project. At the time this Declaration is filed, the HUB which holds an ownership interest in the Project is Alix Capital Investments, Inc.. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified HUB.

Supportive Services

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner has contracted for the provision of the following special supportive services that would not otherwise be available to Tenants: _____

_____ Social, health and educational services aimed at improving the Tenants' standard of living. _____

At the time this Declaration is filed, the organization(s) providing these services is Distinguished Care.

The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified provider.

Transitional Housing for the Homeless

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project shall provide transitional housing for homeless persons, on a non-transient basis, with supportive services designed to assist Tenants in locating and retaining permanent housing.

Public Housing Waiting Lists

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall consider prospective Tenants referred to from the waiting list of the Housing Authority of Houston and Harris County.

QUALIFIED ELDERLY DEVELOPMENTS¹

Qualified Elderly Projects (2000 and later)

Throughout the Compliance Period, unless otherwise permitted by the Department, this project must conform to the Federal Fair Housing Act and must be a project which:

- (i) is intended for, and solely occupied by Persons 62 years of age or older; or
- (ii) is intended and operated for occupancy by at least one person 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one person who is 55 years of age or older; and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for persons 55 years of age or older.

¹ Note: The Federal Fair Housing Act requires, generally, that projects which are limited to occupancy by older persons either (i) be restricted to households in which all members are 62 years or older or (ii) to households in which at least one member is 55 years or older; See 24 C.F.R. §§100.300-100.304 for exact requirements. All tax credit projects must comply with these requirements, as applicable under Federal law, in addition to the Declaration.

**DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
APPENDIX A - HANDICAPPED ACCESSIBILITY**

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BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

Special Housing Development

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall operate the Project exclusively as one or more of the following:

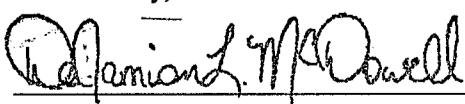
- housing for persons with mental health/mental retardation issues;
- group home;
- transitional housing;
- congregate care facility;
- housing for persons with HIV/AIDS;
- [OTHER - SPECIFY] _____.

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS
APPENDIX A - HANDICAPPED ACCESSIBILITY

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BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell Deputy

DEJAMION L. McDOWELL

APPENDIX A - ADDITIONAL USE RESTRICTIONS - HANDICAPPED ACCESSIBILITY

(Only Projects which made the applicable Handicapped Accessibility election should include this page as part of this Declaration.)

Handicapped Accessibility for 1999 Allocations, Option §50.6(c)(6)(B)(i) and 2000 Allocations, Option §49.6(c)(6)(B)(i)

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner agrees to set aside Units for Persons with Disabilities. The Department will require a minimum of nine months during which the set aside Units must either be occupied by Tenants who are physically or mentally disabled or held vacant while being marketed to such tenants. The nine month period will begin on the date that each building receives its certificate of occupancy. For buildings which do not receive a certificate of occupancy, the nine month period will begin on the placed in service date as provided in the Cost Certification Manual. When a qualified Tenant is located, the Project Owner will be responsible for adapting the Unit per the tenant's requirements. The cost of adapting the Unit will be borne by the Project Owner. If the Project Owner is unable to locate qualified Persons with Disabilities following a good-faith effort throughout the nine month set aside period, then the Units may be rented to tenants without disabilities, provided that the next available Unit (from among those set aside for Persons with Disabilities) shall first be made available to Persons with Disabilities. To comply with this provision, the Project Owner must maintain a waiting list of qualified Tenants with disabilities throughout the Compliance Period. Each time a Unit set aside for Persons with Disabilities becomes available, the Project Owner must contact persons on the waiting list and/or provide notice to local service providers that such Units are available. If the waiting list or the local service provider cannot locate a qualified Tenant for the next available Unit, then the Unit may be rented to a Tenant without disabilities.

- (a) For physical disabilities, such Units must be designed to meet American National Standards for buildings and facilities providing accessibility and usability for Persons with Disabilities (ANSI A117.1 - 1986) and will conform to the Fair Housing Act.
- (b) For persons with mental disabilities, there must be a contract to provide appropriate supportive services for persons with mental disabilities between the Project Owner and an experienced service provider.
- At least 7% of the Units are set-aside for persons with physical or mental disabilities; or
- at least 10% of the Units are set-aside for persons with physical or mental disabilities.

Handicapped Accessibility for 1999 Allocations, Option §50.6(c)(6)(B)(ii) and 2000 Allocations, Option §49.6(c)(6)(B)(ii)

The Project provides Units specifically accessible to persons with physical, visual or hearing disabilities as required by §504 of the Rehabilitation Act of 1973. As required by §504, a one time inspection and corresponding Accessibility Transition Plan will be required upon completion of construction. Project Owners making this election must also comply with the Fair Housing Act.

- At a minimum, 5% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments; or
- at a minimum 10% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments.

Handicapped Accessibility for 2001 Allocations, Option §50.7(d)(1)(C)

For up to 5% of all LIHTC restricted units, the Project Owner shall provide reasonable accommodation(s) or modification(s) on a one-time basis in conformance with ANSI A117.1-1986 construction standards as requested by the tenant with a disability. The Project Owner shall incur the related expense(s) for the reasonable accommodation(s) and/or modification(s). For properties that are designed as townhouse units, the Project Owner must include one bathroom and one bedroom on the ground level of 5% of the LIHTC Units and meet Fair Housing standards.

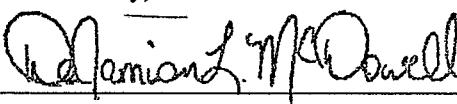
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APPENDIX A - HANDICAPPED ACCESSIBILITY**

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BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell Deputy

DEJAMION L. McDOWELL

APPENDIX A - ADDITIONAL USE RESTRICTIONS - RIGHT OF FIRST REFUSAL

(Only Projects which made a Right of First Refusal election beginning in 2001 should include this page as part of the LURA.)

Right of First Refusal to a Tenant or Qualified Nonprofit Organizations for 2001 and later allocations

The Project Owner has entered into an Agreement for Provision of the Right of First Refusal with the Department. If at any time after the fifteenth year of the Compliance Period, the Project Owner shall determine to sell the Project, this agreement shall serve as evidence that the Project Owner agrees to provide, and provides, to a qualified nonprofit organization (as defined in §42 (h) (5) (C) of the code) or a tenant organization determined to be such by the Department (a "Tenant Organization"), a right of first refusal to purchase the Project for the Minimum Purchase Price provided in, and in accordance with the requirements of §42 (i) (7) (B) of the Code as shown below.

"(B) Minimum purchase price. The minimum purchase price under this subparagraph is an amount equal to the sum of

- (i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants), and
- (ii) all Federal, State, and local taxes attributable to such sale.

Except in the case of Federal income taxes, there shall not be taken into account under clause (ii) any additional tax attributable to the application of clause (ii)."

The following terms are hereby incorporated into this Declaration:

(i) Upon the earlier to occur of:

(I) the Project Owner's determination to sell the Project, or (II) the Project Owner's request to the Department, pursuant to §42 (h)(6)(I) of the Code, to find a buyer who will purchase the Project pursuant to a "qualified contract" within the meaning of §42 (h)(6)(F) of the Code, the Project Owner shall provide a notice of intent to sell the Project ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Project Owner determines that it will sell the Project at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period.

(ii) During the two years following the giving of Notice of Intent, the Project Owner may enter into an agreement to sell the Project only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(I) during the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. § 92.1 (a "CHDO") and is approved by the Department;

(II) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(III) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iii) At any time after the fifteenth year of the Compliance Period, but no earlier than two years after delivery of a Notice of Intent, the Project Owner may sell the Project without regard to any right of first refusal established by this Declaration if: (x) no offer to purchase the Project at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or (y) a period of 120 days has expired from the date of acceptance of such offer without the sale having occurred, provided that the failure to close within such 120-day period shall not have been caused by the Project Owner or matters related to the title for the Project.

(iv) At any time prior to the giving of the Notice of Intent, the Project Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Project for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Project by such organization in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

(v) The Department shall, at the request of the Project Owner, identify in this Declaration a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Project at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS

APPENDIX A - RIGHT OF FIRST REFUSAL

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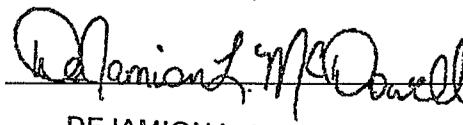
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JAN 03 2006

ATTEST:

BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

 Deputy

DEJAMION L. McDOWELL

APPENDIX A - MINIMUM APPLICABLE FRACTION BY BUILDING

Building Number	Building Identification Number (BIN)	Minimum Applicable Fraction
1.	TX-01-16201	100%
2.	TX-01-16202	100%
3.	TX-01-16203	100%
4.	TX-01-16204	100%
5.	TX-01-16205	100%
6.	TX-01-16206	100%
7.	TX-01-16207	100%
8.	TX-01-16208	100%
9.	TX-01-16209	100%
10.	TX-01-16210	100%
11.	TX-01-16211	100%
12.	TX-01-16212	100%
13.	TX-01-16213	100%
14.	TX-01-16214	100%
15.	TX-01-16215	100%
16.	TX-01-16216	100%
17.	TX-01-16217	100%
18.	TX-01-16218	100%
19.	TX-01-16219	100%
20.	TX-01-16220	100%
21.	TX-	
22.	TX-	
23.	TX-	
24.	TX-	
25.	TX-	
26.	TX-	
27.	TX-	
28.	TX-	
29.	TX-	
30.	TX-	
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38.	TX-	

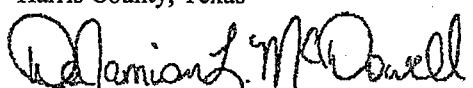
RECORDER'S MEMORANDUM:

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo-copy, discolored paper, etc. All blockouts, additions, and changes were present at the time the instrument was filed and recorded.

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER THE FEDERAL LAW

A CERTIFIED COPY

ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas


Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

EX-045-62-0705

FILED

2005 DEC 21 AM 10:49

Beverly B. Kaufman
COUNTY CLERK
HARRIS COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in the number Sequence on the date and at the stated hours by me, and was duly RECORDED in the Official Public Records of Real Property of Harris County Texas on

DEC 21 2005



Beverly B. Kaufman

COUNTY CLERK
HARRIS COUNTY, TEXAS

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL,
OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER
THE FEDERAL LAW

A CERTIFIED COPY

ATTEST: JAN 03 2006
BEVERLY B. KAUFMAN, County Clerk
Harris County, Texas

Dejamion L. McDowell Deputy
DEJAMION L. McDOWELL

**2018, 2019 AND YTD 2020
OPERATING STATEMENTS
&
SEPTEMBER 2020 RENT ROLL**

Rent Roll

Properties: Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036

Units: Active

As of: 09/22/2020

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036															
TP-0101		2/2.00		Current	880	815.00	703.00	0.00	12/01/2018	11/30/2019	11/21/2014		-48.00	0	0
TP-0102		2/2.50		Current	1,156	993.00	827.00	250.00	08/01/2018	07/31/2019	11/29/2006		0.00	0	0
TP-0103		2/2.50		Current	1,125	993.00	899.00	350.00	10/01/2019	09/30/2020	02/16/2017		-271.00	0	7
TP-0104		2/2.50		Current	1,125	993.00	958.00	170.00	06/01/2019	05/31/2021	03/31/2004		0.00	0	0
TP-0105		2/2.50		Current	1,156	815.00	783.00	500.00	08/01/2018	05/31/2021	04/15/2009		0.00	0	0
TP-0106		2/2.00		Current	880	815.00	779.00	544.75	09/07/2018	09/30/2019	09/07/2018		0.00	0	0
TP-0201		2/2.00		Current	880	815.00	786.00	350.00	06/01/2019	07/31/2021	06/06/2014		0.00	0	0
TP-0202		2/2.50		Current	1,156	815.00	773.00	425.00	05/01/2019	05/31/2021	04/17/2017		0.00	0	0
TP-0203		2/2.50		Current	1,125	993.00	958.00	350.00	01/02/2018	01/31/2021	01/02/2018		0.00	0	0
TP-0204		2/2.50		Current	1,125	815.00	773.00	350.00	07/01/2019	06/30/2020	09/01/2015		-214.00	0	2
TP-0205		2/2.50		Current	1,156	993.00	955.00	350.00	11/01/2019	10/31/2020	07/06/2007		-24.00	0	0
TP-0206		2/2.00		Current	880	993.00	958.00	0.00	11/01/2019	10/31/2020	04/01/2008		0.00	0	0
TP-0301		2/2.00		Current	880	815.00	783.00	350.00	11/01/2019	10/31/2020	10/13/2017		0.00	0	0
TP-0302		2/2.50		Current	1,156	993.00	956.00	150.00	12/01/2019	11/30/2020	06/15/2005		0.00	1	0
TP-0303		2/2.50		Current	1,125	815.00	786.00	350.00	02/28/2020	01/31/2021	02/28/2020		0.00	0	0
TP-0304		2/2.50		Current	1,125	993.00	827.00	0.00	11/01/2018	10/31/2019	10/01/2011		0.00	0	0
TP-0305		2/2.50		Current	1,156	993.00	955.00	500.00	04/01/2019	03/31/2021	03/15/2004		0.00	0	0
TP-0306		2/2.00		Current	880	993.00	958.00	350.00	09/07/2020	08/31/2021	09/07/2020		340.28	0	1

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
TP-0401		2/2.00		Current	880	815.00	786.00	100.00	11/01/2019	10/31/2020	04/18/2007		0.00	0	0
TP-0402		2/2.50		Current	1,156	815.00	783.00	350.00	10/01/2019	09/30/2020	09/23/2016		0.00	0	0
TP-0403		2/2.50		Current	1,125	993.00	942.00	350.00	02/01/2018	01/31/2021	11/30/2015		0.00	0	0
TP-0404		2/2.50		Current	1,125	993.00	942.00	350.00	02/01/2018	11/30/2020	11/30/2015		-1.00	0	0
TP-0405		2/2.50		Current	1,125	993.00	955.00	350.00	05/01/2019	04/30/2021	05/01/2017		0.00	0	0
TP-0406		2/2.50		Current	1,125	993.00	958.00	550.00	10/01/2019	09/30/2021	08/20/2013		0.00	0	2
TP-0407		2/2.50		Current	1,156	993.00	955.00	350.00	06/01/2019	05/31/2021	12/19/2009		0.00	0	5
TP-0408		2/2.00		Current	880	993.00	990.00	350.00	03/01/2019	02/29/2020	02/09/2018		0.00	0	0
TP-0501		2/2.00		Current	880	993.00	990.00	350.00	10/01/2018	06/30/2020	10/13/2010		0.00	0	0
TP-0502		2/2.50		Vacant-Unrented	1,156	993.00		0.00							
TP-0503		2/2.50		Current	1,125	993.00	958.00	200.00	11/01/2019	10/31/2020	04/15/2009		-487.50	0	1
TP-0504		2/2.50		Current	1,125	993.00	958.00	350.00	06/01/2019	05/31/2021	05/20/2015		0.00	0	0
TP-0505		2/2.50		Current	1,156	993.00	958.00	350.00	04/01/2019	03/31/2021	04/15/2016		0.00	0	0
TP-0506		2/2.00		Current	880	815.00	783.00	350.00	10/01/2019	09/30/2020	09/30/2016		0.00	0	0
TP-0601		2/2.00		Current	880	815.00	786.00	350.00	06/01/2019	05/31/2021	05/08/2015		0.00	0	0
TP-0602		2/2.50		Current	1,156	993.00	955.00	950.00	04/01/2019	03/31/2021	12/16/2009		0.00	0	0
TP-0603		2/2.50		Current	1,125	815.00	783.00	350.00	10/01/2019	09/30/2021	09/29/2017		-783.00	1	1
TP-0604		2/2.50		Current	1,125	815.00	773.00	150.00	12/31/2003	01/31/2021	12/31/2003		0.00	0	0
TP-0605		2/2.50		Current	1,156	815.00	773.00	350.00	02/01/2018	01/31/2021	04/15/2009		0.00	0	0
TP-0606		2/2.00		Current	880	993.00	942.00	350.00	06/01/2019	05/31/2020	11/29/2006		1.00	0	1
TP-0701		2/2.00		Current	880	993.00	955.00	0.00	02/01/2019	01/31/2021	01/13/2010		-18.00	0	3

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
TP-0702		2/2.50	[REDACTED]	Current	1,156	815.00	786.00	350.00	03/01/2019	02/28/2021	02/28/2018		0.00	0	0
TP-0703		2/2.50	[REDACTED]	Vacant-Unrented	1,125	993.00		0.00							
TP-0704		2/2.50	[REDACTED]	Current	1,125	815.00	786.00	400.00	02/01/2019	01/31/2021	05/20/2009		0.00	2	2
TP-0705		2/2.50	[REDACTED]	Current	1,125	815.00	743.00	150.00	08/01/2019	07/31/2020	07/09/2005		0.00	0	0
TP-0706		2/2.50	[REDACTED]	Current	1,125	993.00	958.00	568.50	06/01/2019	05/31/2021	05/15/2017		0.00	0	0
TP-0707		2/2.50	[REDACTED]	Current	1,156	993.00	958.00	360.00	06/01/2019	05/31/2021	10/05/2012		0.00	0	0
TP-0708		2/2.00	[REDACTED]	Current	880	815.00	786.00	350.00	03/15/2019	02/28/2021	03/15/2019		0.00	0	0
TP-0801		2/2.00	[REDACTED]	Current	880	815.00	783.00	350.00	07/01/2019	06/30/2020	06/30/2015		-50.00	0	1
TP-0802		2/2.50	[REDACTED]	Current	1,156	993.00	975.00	350.00	08/20/2019	07/31/2021	08/21/2019		0.00	4	3
TP-0803		2/2.50	[REDACTED]	Current	1,125	815.00	783.00	328.00	08/01/2019	07/31/2021	07/31/2013		0.00	0	0
TP-0804		2/2.50	[REDACTED]	Current	1,125	815.00	786.00	350.00	02/03/2020	01/31/2021	02/03/2020		907.99	0	0
TP-0805		2/2.50	[REDACTED]	Current	1,156	993.00	955.00	773.00	03/01/2019	02/28/2021	03/01/2019		1.00	3	4
TP-0806		2/2.00	[REDACTED]	Current	880	993.00	955.00	350.00	04/26/2019	03/31/2021	04/26/2019		0.00	0	0
TP-0901		2/2.00	[REDACTED]	Current	880	993.00	990.00	0.00	09/01/2018	12/31/2020	04/15/2009		0.00	0	7
TP-0902		2/2.50	[REDACTED]	Current	1,156	815.00	783.00	350.00	03/01/2019	09/30/2020	10/09/2015		0.00	0	1
TP-0903		2/2.50	[REDACTED]	Current	1,125	815.00	773.00	350.00	06/01/2019	05/31/2020	03/28/2011		-26.00	0	0
TP-0904		2/2.50	[REDACTED]	Current	1,125	815.00	803.00	350.00	09/01/2019	08/31/2021	08/02/2017		0.00	0	0
TP-0905		2/2.50	[REDACTED]	Current	1,156	815.00	784.00	350.00	08/01/2018	07/31/2021	04/15/2009		-294.00	0	0
TP-0906		2/2.00	[REDACTED]	Current	880	993.00	958.00	0.00	09/01/2018	05/31/2021	04/01/2009		-38.00	0	0
TP-1001		2/2.00	[REDACTED]	Current	880	815.00	783.00	150.00	04/01/2019	03/31/2021	02/29/2004		0.00	0	0
TP-1002		2/2.50	[REDACTED]	Current	1,156	993.00	955.00	261.93	03/01/2019	02/29/2020	02/26/2014		0.00	0	2

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
TP-1003		2/2.50		Current	1,125	815.00	783.00	350.00	10/16/2019	10/31/2020	10/16/2019		0.00	0	0
TP-1004		2/2.50		Current	1,125	993.00	958.00	300.00	02/01/2018	01/31/2021	11/07/2014		0.00	0	1
TP-1005		2/2.50		Current	1,156	815.00	779.00	388.00	12/31/2018	12/31/2020	12/31/2018		-24.00	0	0
TP-1006		2/2.00		Current	880	993.00	899.00	350.00	08/01/2018	07/31/2019	04/15/2009		0.00	2	0
TP-1101		2/2.00		Current	880	815.00	786.00	350.00	05/15/2020	05/31/2021	05/15/2020		0.00	0	0
TP-1102		2/2.50		Current	1,156	993.00	955.00	350.00	12/01/2019	11/30/2020	11/20/2017		-47.00	0	0
TP-1103		2/2.50		Current	1,125	993.00	958.00	574.75	02/01/2019	01/31/2021	01/09/2018		0.00	0	1
TP-1104		2/2.50		Current	1,125	815.00	783.00	350.00	05/01/2019	05/31/2021	03/29/2016		0.00	0	0
TP-1105		2/2.50		Current	1,156	815.00	703.00	350.00	11/01/2018	10/31/2019	10/17/2014		0.00	0	0
TP-1106		2/2.00		Current	880	815.00	783.00	150.00	11/01/2019	10/31/2020	05/13/2004		0.00	0	0
TP-1201		2/2.00		Current	880	993.00	850.00	350.00	12/02/2019	10/31/2020	11/27/2019		0.00	0	0
TP-1202		2/2.50		Current	1,156	993.00	955.00	350.00	01/11/2019	12/31/2020	01/11/2019		0.00	2	0
TP-1203		2/2.50		Current	1,125	815.00	815.00	350.00	09/01/2019	08/31/2020	04/15/2009		0.00	0	0
TP-1204		2/2.50		Current	1,125	993.00	942.00	150.00	06/01/2019	05/31/2020	12/31/2003		0.00	0	0
TP-1205		2/2.50		Current	1,156	993.00	958.00	350.00	11/01/2018	01/31/2021	09/30/2014		0.00	0	0
TP-1206		2/2.00		Current	880	993.00	942.00	350.00	07/01/2019	06/30/2020	12/01/2007		18.00	0	0
TP-1301		2/2.00		Current	880	815.00	783.00	350.00	07/01/2019	06/30/2020	11/01/2015		0.00	0	0
TP-1302		2/2.50		Current	1,156	815.00	783.00	150.00	11/01/2019	10/31/2020	10/26/2003		0.00	0	0
TP-1303		2/2.50		Current	1,156	815.00	783.00	350.00	04/01/2019	03/31/2021	03/24/2016		0.00	0	0
TP-1304		2/2.00		Current	880	993.00	942.00	350.00	05/24/2019	05/31/2020	05/24/2019		0.00	0	0

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
TP-1401		2/2.00		Current	880	815.00	779.00	544.75	09/04/2018	08/31/2019	09/04/2018		0.00	0	0
TP-1402		2/2.50		Current	1,156	993.00	904.00	350.00	08/01/2019	07/31/2020	09/10/2007		0.00	0	0
TP-1403		2/2.50		Current	1,156	993.00	899.00	250.00	06/01/2019	05/31/2020	09/25/2009		-6.00	1	1
TP-1404		2/2.00		Current	880	993.00	955.00	350.00	07/01/2019	06/30/2020	07/05/2016		-212.00	0	0
TP-1501		2/2.00		Current	880	815.00	703.00	0.00	11/01/2018	10/31/2019	10/07/2015		0.00	0	0
TP-1502		2/2.50		Current	1,156	815.00	783.00	350.00	04/01/2019	03/31/2020	04/15/2009		0.00	0	0
TP-1503		2/2.50		Current	1,125	815.00	786.00	350.00	02/28/2019	01/31/2021	02/28/2019		-1.00	0	0
TP-1504		2/2.50		Vacant-Unrented	1,125	815.00		0.00							
TP-1505		2/2.50		Current	1,156	815.00	703.00	350.00	01/01/2019	02/28/2021	04/15/2009		-560.00	0	0
TP-1506		2/2.00		Current	880	993.00	958.00	350.00	06/01/2019	12/31/2020	05/14/2015		-1.00	1	2
TP-1601		2/2.00		Current	880	815.00	783.00	350.00	04/01/2019	03/31/2021	02/13/2015		0.00	4	0
TP-1602		2/2.50		Current	1,156	815.00	786.00	150.00	02/01/2019	01/31/2021	06/30/2004		0.00	1	10
TP-1603		2/2.50		Current	1,125	993.00	955.00	46.00	02/01/2019	01/31/2021	12/23/2016		0.00	0	1
TP-1604		2/2.50		Current	1,125	993.00	955.00	250.00	02/01/2019	01/31/2021	04/15/2009		0.00	0	0
TP-1605		2/2.50		Current	1,125	993.00	955.00	300.00	11/01/2019	10/31/2020	01/01/2011		0.00	0	0
TP-1606		2/2.50		Current	1,125	815.00	783.00	776.00	11/01/2019	10/31/2020	10/16/2018		0.00	0	1
TP-1607		2/2.50		Current	1,156	993.00	942.00	350.00	05/01/2019	04/30/2020	01/12/2007		28.05	0	2
TP-1608		2/2.00		Current	880	993.00	975.00	350.00	09/01/2019	08/31/2021	04/06/2016		0.00	0	0
TP-1701		2/2.00		Current	880	993.00	942.00	350.00	07/01/2019	06/30/2020	05/27/2011		0.00	0	0
TP-1702		2/2.50		Current	1,156	815.00	786.00	450.00	02/01/2018	01/31/2021	12/05/2014		0.00	0	1

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
TP-1703		2/2.50		Current	1,156	815.00	783.00	350.00	04/01/2019	03/31/2021	03/07/2007		0.00	0	1
TP-1801		2/2.00		Current	880	815.00	783.00	350.00	03/26/2019	03/31/2021	03/26/2019		0.00	0	2
TP-1802		2/2.50		Current	1,156	993.00	955.00	574.75	03/01/2019	02/28/2021	02/27/2018		-9.00	0	1
TP-1803		2/2.50		Current	1,125	993.00	945.00	150.00	11/01/2019	10/31/2020	04/15/2009		-16.00	0	0
TP-1804		2/2.50		Current	1,125	815.00	783.00	350.00	04/01/2019	03/31/2021	04/01/2011		0.00	0	0
TP-1805		2/2.50		Current	1,156	815.00	783.00	350.00	07/01/2019	06/30/2020	06/30/2017		-50.00	0	0
TP-1806		2/2.00		Current	880	815.00	783.00	350.00	04/01/2019	03/31/2021	03/30/2018		0.00	0	0
TP-1901		2/2.00		Current	880	993.00	958.00	350.00	01/30/2020	01/31/2021	01/30/2020		0.00	0	1
TP-1902		2/2.50		Current	1,156	815.00	738.00	820.00	11/01/2018	10/31/2019	03/01/2011		-1.50	0	0
TP-1903		2/2.50		Current	1,125	815.00	788.00	284.00	08/01/2019	07/31/2021	07/29/2013		0.00	0	0
TP-1904		2/2.50		Current	1,125	815.00	783.00	450.00	04/01/2019	03/31/2021	03/13/2014		170.00	0	1
TP-1905		2/2.50		Current	1,156	993.00	904.00	350.00	07/02/2018	07/31/2019	04/15/2009		-11.00	0	0
TP-1906		2/2.00		Current	880	815.00	803.00	350.00	08/01/2019	07/31/2021	08/04/2006		0.00	0	0
TP-2001		2/2.00		Current	880	993.00	942.00	750.00	07/01/2019	06/30/2020	04/15/2009		0.00	0	0
TP-2002		2/2.50		Current	1,156	815.00	786.00	350.00	10/01/2018	12/31/2020	07/15/2009		0.00	0	0
TP-2003		2/2.50		Current	1,125	993.00	904.00	350.00	09/01/2019	08/31/2020	04/15/2009		0.00	0	0
TP-2004		2/2.50		Current	1,125	993.00	899.00	350.00	09/01/2018	02/28/2021	07/08/2011		0.00	2	0
TP-2005		2/2.50		Current	1,156	815.00	773.00	500.00	06/01/2019	05/31/2020	01/17/2017		0.00	3	0
TP-2006		2/2.00		Current	880	815.00	786.00	350.00	03/01/2018	02/28/2021	02/15/2014		0.00	1	1

Rent Roll

Unit	Tags	BD/BA	Tenant	Status	Sq. Ft.	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
1704		2/2.00	[REDACTED]	Current	880	815.00	783.00	350.00	02/28/2014	01/31/2021		02/28/2014	0.00	1	0
120 Units				97.5% Occupied	126,440	108,480.00	100,559.00	39,639.43					-1,726.68	29	70
Total 120 Units				97.5% Occupied	126,440	108,480.00	100,559.00	39,639.43					-1,726.68	29	70

Occupancy Summary

Properties: Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036

Units: Active

As of: 09/22/2020

Unit Type	# of Units	Occupied	% Occupied	Average Sq Ft	Average Market Rent	Vacant Rented	Vacant Unrented	Notice Rented	Notice Unrented
A1-60%	19	19	100.0%	880	993.00	0	0	0	0
A2-50%	21	21	100.0%	880	815.00	0	0	0	0
B1-60%	21	20	95.2%	1,125	993.00	0	1	0	0
B2-50%	19	18	94.7%	1,125	815.00	0	1	0	0
C1-60%	20	19	95.0%	1,156	993.00	0	1	0	0
C2-50%	20	20	100.0%	1,156	815.00	0	0	0	0
No Unit Type	0	0				0	0	0	0
Total	120	117	97.5%	1,054	904.00	0	3	0	0

Townpark Townhomes Apartments

Rent Schedule Effective 12/01/2020

Development Name: **Townpark Townhomes**

TDHCA #: **1162**

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

HTC Unit Designation	HOME Unit Designation (Rent/Inc)	HTF Unit Designation	MRB Unit Designation	Other Designation/Subsidy	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Gross Rent (C)	Tenant Paid Utility Allow. (D)	Tenant Paid Rent (E)	Total Monthly Rent (A) x (E)
TC50%					20	2	2.0	880	17,600	887	65	822	16,440
TC60%					20	2	2.0	880	17,600	1,065	65	1,000	20,000
TC50%					20	2	2.0	1,125	22,500	887	65	822	16,440
TC60%					20	2	2.0	1,125	22,500	1,065	65	1,000	20,000
TC50%					20	2	2.0	1,156	23,120	887	65	822	16,440
TC60%					20	2	2.0	1,156	23,120	1,065	65	1,000	20,000
Maximum Household Income Guidelines:													
		1 Person	2 Person	3 Person	4 Person				0				-
	50%	27,600	31,550	35,500	39,400				0				-
	60%	33,120	37,860	42,600	47,280				0				-
		TOTAL		97,140					126,440				109,320

Deposits/Application Fees:

- Application Fee-Single: \$20 Non-Refundable
 Application Fee-Married Couple: \$35 Non-Refundable \$18.00 per person over 18 years of age
 All Floorplans: \$350.00- Refundable Security Deposits (Restrictions Apply)
 Pet Deposit: \$300 Pet Deposit \$150 Non-Refundable
 Garages: \$75.00 Per Month

Other Fees:

Transfer on site fees \$250.00 (requires new deposit for new units)

Lease Terms: Specials: Renewals:

12 month None None

NSF fee \$35.00

Late fee \$50.00 on the 6th, \$10. per day thereafter

Applicant Signature : _____ Date: _____

Applicant Signature: _____ Date: _____

Budget - Comparative

Properties: Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036

Period Range: Jan 2018 to Dec 2018

Comparison Period Range: Jan 2018 to Dec 2018

Accounting Basis: Accrual

Level of Detail: Detail View

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Income								
RENT REVENUE								
GROSS POTENTIAL								
Market Rent	1,218,489.59	1,185,804.00	32,685.59	2.76%	1,218,489.59	1,185,804.00	32,685.59	2.76%
Loss / Gain To Lease	-53,542.57	-37,917.24	-15,625.33	-41.21%	-53,542.57	-37,917.24	-15,625.33	-41.21%
Total GROSS POTENTIAL	1,164,947.02	1,147,886.76	17,060.26	1.49%	1,164,947.02	1,147,886.76	17,060.26	1.49%
Less: Vacancy Loss	-15,170.47	-9,800.00	-5,370.47	-54.80%	-15,170.47	-9,800.00	-5,370.47	-54.80%
Less: Concessions	-474.00	-800.00	326.00	40.75%	-474.00	-800.00	326.00	40.75%
Less: Bad Debt	-7,542.52	-12,500.00	4,957.48	39.66%	-7,542.52	-12,500.00	4,957.48	39.66%
Total RENT REVENUE	1,141,760.03	1,124,786.76	16,973.27	1.51%	1,141,760.03	1,124,786.76	16,973.27	1.51%
OTHER INCOME								
Application Fees	396.00	528.00	-132.00	-25.00%	396.00	528.00	-132.00	-25.00%
Returned Check Fees	90.00	90.00	0.00	0.00%	90.00	90.00	0.00	0.00%
Lease Break Fee	698.70	2,500.00	-1,801.30	-72.05%	698.70	2,500.00	-1,801.30	-72.05%
Late Fees	897.00	2,700.00	-1,803.00	-66.78%	897.00	2,700.00	-1,803.00	-66.78%
Garage/Parking Rent	34,196.58	37,200.00	-3,003.42	-8.07%	34,196.58	37,200.00	-3,003.42	-8.07%
Non-Refundable Pet Fee	100.18	0.00	100.18	0.00%	100.18	0.00	100.18	0.00%
Deposit Forfeit	763.00	0.00	763.00	0.00%	763.00	0.00	763.00	0.00%
Key Charge	50.00	120.00	-70.00	-58.33%	50.00	120.00	-70.00	-58.33%
Legal Fees Collected	0.00	600.00	-600.00	-100.00%	0.00	600.00	-600.00	-100.00%
Soda & Vending Income	0.00	130.15	-130.15	-100.00%	0.00	130.15	130.15	-100.00%
Cleaning Income	0.00	1,800.00	-1,800.00	-100.00%	0.00	1,800.00	-1,800.00	-100.00%
Carpet Charge	0.00	600.00	-600.00	-100.00%	0.00	600.00	-600.00	-100.00%
Damage Charge	1,374.28	300.00	1,074.28	358.09%	1,374.28	300.00	1,074.28	358.09%
Interest Income	-189.91	0.00	-189.91	0.00%	-189.91	0.00	-189.91	0.00%
Misc/Other Income	0.00	1,800.00	-1,800.00	-100.00%	0.00	1,800.00	-1,800.00	-100.00%
Total OTHER INCOME	38,375.83	48,368.15	-9,992.32	-20.66%	38,375.83	48,368.15	-9,992.32	-20.66%
Total Budgeted Operating Income	1,180,135.86	1,173,154.91	6,980.95	0.60%	1,180,135.86	1,173,154.91	6,980.95	0.60%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Expense								
OPERATING EXPENSES								
MAINTENANCE EXPENSES								
Pool Maintenance	260.41	600.00	339.59	56.60%	260.41	600.00	339.59	56.60%
Pool Pump/Equip Repairs	335.00	0.00	-335.00	0.00%	335.00	0.00	-335.00	0.00%
On-Site Materials	-504.15	5,200.00	5,704.15	109.70%	-504.15	5,200.00	5,704.15	109.70%
Appliance Maintenance	1,630.19	1,500.00	-130.19	-8.68%	1,630.19	1,500.00	-130.19	-8.68%
Plumbing Repair	847.74	0.00	-847.74	0.00%	847.74	0.00	-847.74	0.00%
Plumbing Supplies	2,468.24	1,200.00	-1,268.24	-105.69%	2,468.24	1,200.00	-1,268.24	-105.69%
A/C & Heat Maintenance	6,079.07	4,300.00	-1,779.07	-41.37%	6,079.07	4,300.00	-1,779.07	-41.37%
Common Area Repairs	1,180.00	0.00	-1,180.00	0.00%	1,180.00	0.00	-1,180.00	0.00%
Cleaning Supplies	578.54	0.00	-578.54	0.00%	578.54	0.00	-578.54	0.00%
Hardware Supplies	920.05	0.00	-920.05	0.00%	920.05	0.00	-920.05	0.00%
Door Repair/ Replacement	897.32	900.00	2.68	0.30%	897.32	900.00	2.68	0.30%
Locks/Keys Expense	212.39	300.00	87.61	29.20%	212.39	300.00	87.61	29.20%
Tools Equipment & Supplies	119.90	0.00	-119.90	0.00%	119.90	0.00	-119.90	0.00%
Electrical Maintenance	2,107.44	1,020.00	-1,087.44	-106.61%	2,107.44	1,020.00	-1,087.44	-106.61%
Gate Remotes/Cards	0.00	3,250.00	3,250.00	100.00%	0.00	3,250.00	3,250.00	100.00%
Gate Repairs	1,663.71	900.00	-763.71	-84.86%	1,663.71	900.00	-763.71	-84.86%
Exterior Light Repair	278.18	0.00	-278.18	0.00%	278.18	0.00	-278.18	0.00%
Alarm System	614.38	536.07	-78.31	-14.61%	614.38	536.07	-78.31	-14.61%
Total MAINTENANCE EXPENSES	19,688.41	19,706.07	17.66	0.09%	19,688.41	19,706.07	17.66	0.09%
REDECORATING EXPENSE								
Apartment Cleaning	140.73	0.00	-140.73	0.00%	140.73	0.00	-140.73	0.00%
Clean Carpet	3,237.41	3,300.00	62.59	1.90%	3,237.41	3,300.00	62.59	1.90%
Counter Top / Tub Repair	125.54	0.00	-125.54	0.00%	125.54	0.00	-125.54	0.00%
Paint Contractor	612.00	0.00	-612.00	0.00%	612.00	0.00	-612.00	0.00%
Painting Supplies	2,324.34	3,800.00	1,475.66	38.83%	2,324.34	3,800.00	1,475.66	38.83%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
General Maintenance	2,676.26	540.00	-2,136.26	-395.60%	2,676.26	540.00	-2,136.26	-395.60%
Window Blinds	450.15	300.00	-150.15	-50.05%	450.15	300.00	-150.15	-50.05%
Total REDECORATING EXPENSE	9,566.43	7,940.00	-1,626.43	-20.48%	9,566.43	7,940.00	-1,626.43	-20.48%
CONTRACTING EXPENSE								
Pest Control	2,067.65	2,976.00	908.35	30.52%	2,067.65	2,976.00	908.35	30.52%
Landscaping Service	18,900.00	18,900.00	0.00	0.00%	18,900.00	18,900.00	0.00	0.00%
Fire Extinguisher Inspection	0.00	958.01	958.01	100.00%	0.00	958.01	958.01	100.00%
Security Officer	3,180.33	0.00	-3,180.33	0.00%	3,180.33	0.00	-3,180.33	0.00%
Cleaning Contractor/ Common Area	2,386.96	3,000.00	613.04	20.43%	2,386.96	3,000.00	613.04	20.43%
Unit Cleaning	633.26	0.00	-633.26	0.00%	633.26	0.00	-633.26	0.00%
Total CONTRACTING EXPENSE	27,168.20	25,834.01	-1,334.19	-5.16%	27,168.20	25,834.01	-1,334.19	-5.16%
MANAGEMENT EXPENSE								
Management Fee	38,400.00	38,400.00	0.00	0.00%	38,400.00	38,400.00	0.00	0.00%
Travel	666.37	0.00	-666.37	0.00%	666.37	0.00	-666.37	0.00%
Project Manager	0.00	23,715.88	23,715.88	100.00%	0.00	23,715.88	23,715.88	100.00%
Total MANAGEMENT EXPENSE	39,066.37	62,115.88	23,049.51	37.11%	39,066.37	62,115.88	23,049.51	37.11%
ON-SITE PAYROLL								
On-Site Manager	59,270.90	45,000.00	-14,270.90	-31.71%	59,270.90	45,000.00	-14,270.90	-31.71%
On-Site Assistant Manager	0.00	21,675.96	21,675.96	100.00%	0.00	21,675.96	21,675.96	100.00%
On-site Leasing Agent	1,101.76	0.00	-1,101.76	0.00%	1,101.76	0.00	-1,101.76	0.00%
On-site Marketing	237.32	0.00	-237.32	0.00%	237.32	0.00	-237.32	0.00%
On-Site Maintenance	45,175.08	43,409.64	-1,765.44	-4.07%	45,175.08	43,409.64	-1,765.44	-4.07%
Uniforms	173.16	600.00	426.84	71.14%	173.16	600.00	426.84	71.14%
On-Site Cleaning	205.68	0.00	-205.68	0.00%	205.68	0.00	-205.68	0.00%
On-Site Incentive	7,872.00	10,300.00	2,428.00	23.57%	7,872.00	10,300.00	2,428.00	23.57%
Employer Tax	18,997.32	21,669.36	2,672.04	12.33%	18,997.32	21,669.36	2,672.04	12.33%
Health Insurance	114.03	0.00	-114.03	0.00%	114.03	0.00	-114.03	0.00%
Total ON-SITE PAYROLL	133,147.25	142,654.96	9,507.71	6.66%	133,147.25	142,654.96	9,507.71	6.66%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
UTILITIES EXPENSE								
Electricity Expense	15,401.80	16,200.00	798.20	4.93%	15,401.80	16,200.00	798.20	4.93%
Vacant Unit Electricity	277.84	0.00	-277.84	0.00%	277.84	0.00	-277.84	0.00%
Water & Sewer Expense	120,305.68	60,000.00	-60,305.68	-100.51%	120,305.68	60,000.00	-60,305.68	-100.51%
Trash Removal	11,364.16	9,350.88	-2,013.28	-21.53%	11,364.16	9,350.88	-2,013.28	-21.53%
Total UTILITIES EXPENSE	147,349.48	85,550.88	-61,798.60	-72.24%	147,349.48	85,550.88	-61,798.60	-72.24%
ADVERTISING & PROMOTION								
Advertising	83.32	0.00	-83.32	0.00%	83.32	0.00	-83.32	0.00%
Locators Commissions	449.50	0.00	-449.50	0.00%	449.50	0.00	-449.50	0.00%
Promotional Items	5,794.15	6,000.00	205.85	3.43%	5,794.15	6,000.00	205.85	3.43%
Total ADVERTISING & PROMOTION	6,326.97	6,000.00	-326.97	-5.45%	6,326.97	6,000.00	-326.97	-5.45%
GENERAL & ADMINISTRATIVE								
Telephone	1,260.00	1,320.00	60.00	4.55%	1,260.00	1,320.00	60.00	4.55%
Internet	1,135.93	480.00	-655.93	-136.65%	1,135.93	480.00	-655.93	-136.65%
Answering Service	1,365.56	1,222.68	-142.88	-11.69%	1,365.56	1,222.68	-142.88	-11.69%
Cable	590.00	1,200.00	610.00	50.83%	590.00	1,200.00	610.00	50.83%
Postage/Shipping	1,123.17	780.00	-343.17	-44.00%	1,123.17	780.00	-343.17	-44.00%
Accounting	6,204.32	6,600.00	395.68	6.00%	6,204.32	6,600.00	395.68	6.00%
Credit Report	1,698.79	1,320.00	-378.79	-28.70%	1,698.79	1,320.00	-378.79	-28.70%
Training & Operations	67.50	0.00	-67.50	0.00%	67.50	0.00	-67.50	0.00%
Office Supplies	4,731.38	3,240.00	-1,491.38	-46.03%	4,731.38	3,240.00	-1,491.38	-46.03%
IT Service	552.36	0.00	-552.36	0.00%	552.36	0.00	-552.36	0.00%
Legal	6,775.77	3,600.00	-3,175.77	-88.22%	6,775.77	3,600.00	-3,175.77	-88.22%
Permits & License	3,759.16	427.80	-3,331.36	-778.72%	3,759.16	427.80	-3,331.36	-778.72%
Property Tax	112,420.15	109,564.08	-2,856.07	-2.61%	112,420.15	109,564.08	-2,856.07	-2.61%
Property Insurance	57,441.60	57,441.60	0.00	0.00%	57,441.60	57,441.60	0.00	0.00%
Property Software	3,477.22	4,080.00	602.78	14.77%	3,477.22	4,080.00	602.78	14.77%
Bank Fees	687.54	300.00	-387.54	-129.18%	687.54	300.00	-387.54	-129.18%
Total GENERAL & ADMINISTRATIVE	203,290.45	191,576.16	-11,714.29	-6.11%	203,290.45	191,576.16	-11,714.29	-6.11%
Total OPERATING EXPENSES	585,603.56	541,377.96	-44,225.60	-8.17%	585,603.56	541,377.96	-44,225.60	-8.17%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Total Budgeted Operating Expense	585,603.56	541,377.96	-44,225.60	-8.17%	585,603.56	541,377.96	-44,225.60	-8.17%
Total Budgeted Operating Income	1,180,135.86	1,173,154.91	6,980.95	0.60%	1,180,135.86	1,173,154.91	6,980.95	0.60%
Total Budgeted Operating Expense	585,603.56	541,377.96	-44,225.60	-8.17%	585,603.56	541,377.96	-44,225.60	-8.17%
NOI - Net Operating Income	594,532.30	631,776.95	-37,244.65	-5.90%	594,532.30	631,776.95	-37,244.65	-5.90%
Other Expense								
PARTNERSHIP EXPENSES								
TDHCA Fees	0.00	3,000.00	3,000.00	100.00%	0.00	3,000.00	3,000.00	100.00%
Asset Mgt Fee	39,178.60	15,000.00	-24,178.60	-161.19%	39,178.60	15,000.00	-24,178.60	-161.19%
Partnership Legal	4,548.34	8,024.88	3,476.54	43.32%	4,548.34	8,024.88	3,476.54	43.32%
Professional Fees	0.00	1,200.00	1,200.00	100.00%	0.00	1,200.00	1,200.00	100.00%
Expense Reimbursements	115.98	0.00	-115.98	0.00%	115.98	0.00	-115.98	0.00%
Depreciation Expense	366,833.00	0.00	-366,833.00	0.00%	366,833.00	0.00	-366,833.00	0.00%
Amortization Expense	24,758.00	0.00	-24,758.00	0.00%	24,758.00	0.00	-24,758.00	0.00%
Project Level Expenses	2,500.00	0.00	-2,500.00	0.00%	2,500.00	0.00	-2,500.00	0.00%
Audit & Tax Prep	11,486.40	13,486.40	2,000.00	14.83%	11,486.40	13,486.40	2,000.00	14.83%
Utility Allowance Consulting Fees	3,500.04	3,500.04	0.00	0.00%	3,500.04	3,500.04	0.00	0.00%
Total PARTNERSHIP EXPENSES	452,920.36	44,211.32	-408,709.04	-924.44%	452,920.36	44,211.32	-408,709.04	-924.44%
DEBT SERVICE								
Principal	0.47	125,558.03	125,557.56	100.00%	0.47	125,558.03	125,557.56	100.00%
Mortgage Interest	285,785.13	294,214.57	8,429.44	2.87%	285,785.13	294,214.57	8,429.44	2.87%
Total DEBT SERVICE	285,785.60	419,772.60	133,987.00	31.92%	285,785.60	419,772.60	133,987.00	31.92%
CAPITAL IMPROVEMENTS								
Prior Period Expense	373,374.18	0.00	-373,374.18	0.00%	373,374.18	0.00	-373,374.18	0.00%
Carpet Replacement	433.23	9,600.00	9,166.77	95.49%	433.23	9,600.00	9,166.77	95.49%
Vinyl Replacement	110.00	12,000.00	11,890.00	99.08%	110.00	12,000.00	11,890.00	99.08%
Tile, Flooring Replacement	128.83	0.00	-128.83	0.00%	128.83	0.00	-128.83	0.00%
Window Replacement	416.48	0.00	-416.48	0.00%	416.48	0.00	-416.48	0.00%
Appliance Replacement	754.26	6,000.00	5,245.74	87.43%	754.26	6,000.00	5,245.74	87.43%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Air Conditioners & HVAC	0.11	4,500.00	4,499.89	100.00%	0.11	4,500.00	4,499.89	100.00%
Interior Improvements	757.66	1,400.00	642.34	45.88%	757.66	1,400.00	642.34	45.88%
Interior Paint	925.68	0.00	-925.68	0.00%	925.68	0.00	-925.68	0.00%
Counter Tops	221.40	0.00	-221.40	0.00%	221.40	0.00	-221.40	0.00%
Plumbing Improvement/ Repair	1,555.36	0.00	-1,555.36	0.00%	1,555.36	0.00	-1,555.36	0.00%
Roof Improvements	1,200.00	10,000.00	8,800.00	88.00%	1,200.00	10,000.00	8,800.00	88.00%
Tub Resurface	2,545.48	0.00	-2,545.48	0.00%	2,545.48	0.00	-2,545.48	0.00%
Pool/Spa Improvements	0.00	2,000.00	2,000.00	100.00%	0.00	2,000.00	2,000.00	100.00%
Office Equipment	150.00	0.00	-150.00	0.00%	150.00	0.00	-150.00	0.00%
Landscaping Improvements	0.00	1,500.00	1,500.00	100.00%	0.00	1,500.00	1,500.00	100.00%
Sale Of Assets	313.00	0.00	-313.00	0.00%	313.00	0.00	-313.00	0.00%
Total CAPITAL IMPROVEMENTS	382,885.67	47,000.00	-335,885.67	-714.65%	382,885.67	47,000.00	-335,885.67	-714.65%
Total Budgeted Other Expense	1,121,591.63	510,983.92	-610,607.71	-119.50%	1,121,591.63	510,983.92	-610,607.71	-119.50%
Net Other Income	-1,121,591.63	-510,983.92	-610,607.71	-119.50%	-1,121,591.63	-510,983.92	-610,607.71	-119.50%
Total Budgeted Income	1,180,135.86	1,173,154.91	6,980.95	0.60%	1,180,135.86	1,173,154.91	6,980.95	0.60%
Total Budgeted Expense	1,707,195.19	1,052,361.88	-654,833.31	-62.23%	1,707,195.19	1,052,361.88	-654,833.31	-62.23%
Net Income	-527,059.33	120,793.03	-647,852.36	-536.33%	-527,059.33	120,793.03	-647,852.36	-536.33%
Asset								
OTHER CURRENT ASSETS								
Time Deposits	140,809.00	0.00	140,809.00	0.00%	-140,809.00	0.00	140,809.00	0.00%
Petty Cash	300.00	0.00	-300.00	0.00%	300.00	0.00	-300.00	0.00%
Accounts Receivable - Residents	-1,933.47	0.00	1,933.47	0.00%	-1,933.47	0.00	1,933.47	0.00%
Prepaid Insurance	-1,563.81	0.00	1,563.81	0.00%	-1,563.81	0.00	1,563.81	0.00%
Replacement Reserve	-8,474.60	0.00	8,474.60	0.00%	-8,474.60	0.00	8,474.60	0.00%
Property Tax Reserve	1,665.16	0.00	-1,665.16	0.00%	1,665.16	0.00	-1,665.16	0.00%
Insurance Escrow	243.30	0.00	-243.30	0.00%	243.30	0.00	-243.30	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Total OTHER CURRENT ASSETS	-150,572.42	0.00	150,572.42	0.00%	-150,572.42	0.00	150,572.42	0.00%
FIXED ASSETS								
Land Improvements	55,258.00	0.00	-55,258.00	0.00%	55,258.00	0.00	-55,258.00	0.00%
Building	-18,268.00	0.00	18,268.00	0.00%	-18,268.00	0.00	18,268.00	0.00%
Accumulated Depreciation	-706,130.00	0.00	706,130.00	0.00%	-706,130.00	0.00	706,130.00	0.00%
Total FIXED ASSETS	-669,140.00	0.00	669,140.00	0.00%	-669,140.00	0.00	669,140.00	0.00%
OTHER ASSETS								
Accumulated Amortization	-50,715.00	0.00	50,715.00	0.00%	-50,715.00	0.00	50,715.00	0.00%
Total OTHER ASSETS	-50,715.00	0.00	50,715.00	0.00%	-50,715.00	0.00	50,715.00	0.00%
Total Budgeted Asset	-870,427.42	0.00	870,427.42	0.00%	-870,427.42	0.00	870,427.42	0.00%
Cash								
CASH AND EQUIVALENTS								
Cash-Operating	-31,957.86	0.00	31,957.86	0.00%	-31,957.86	0.00	31,957.86	0.00%
Cash-Security Deposits	47,161.74	0.00	-47,161.74	0.00%	47,161.74	0.00	-47,161.74	0.00%
Total CASH AND EQUIVALENTS	15,203.88	0.00	-15,203.88	0.00%	15,203.88	0.00	-15,203.88	0.00%
Total Budgeted Cash	15,203.88	0.00	-15,203.88	0.00%	15,203.88	0.00	-15,203.88	0.00%
Liability								
CURRENT LIABILITIES								
Accounts Payable	4,826.85	0.00	4,826.85	0.00%	4,826.85	0.00	4,826.85	0.00%
Subsidized Rent Payments -Past tenants	684.00	0.00	684.00	0.00%	684.00	0.00	684.00	0.00%
Accrued Expenses	-51,100.62	0.00	-51,100.62	0.00%	-51,100.62	0.00	-51,100.62	0.00%
Accrued Property Taxes	432.52	0.00	432.52	0.00%	432.52	0.00	432.52	0.00%
Total CURRENT LIABILITIES	-45,157.25	0.00	-45,157.25	0.00%	-45,157.25	0.00	-45,157.25	0.00%
OTHER LIABILITIES								
Mortgage Notes Payable	-277,033.00	0.00	-277,033.00	0.00%	-277,033.00	0.00	-277,033.00	0.00%
Suspense Account/ Deferred Rent Income	7,513.99	0.00	7,513.99	0.00%	7,513.99	0.00	7,513.99	0.00%
Current Portion- Mortgage Payable	17,544.00	0.00	17,544.00	0.00%	17,544.00	0.00	17,544.00	0.00%
Resident Security Deposits	2,552.57	0.00	2,552.57	0.00%	2,552.57	0.00	2,552.57	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Load in Offset account	-23,468.56	0.00	-23,468.56	0.00%	-23,468.56	0.00	-23,468.56	0.00%
Total OTHER LIABILITIES	-272,891.00	0.00	-272,891.00	0.00%	-272,891.00	0.00	-272,891.00	0.00%
Total Budgeted Liability	-318,048.25	0.00	-318,048.25	0.00%	-318,048.25	0.00	-318,048.25	0.00%
Capital								
OWNERS EQUITY								
Owner Draw	-6,358.94	0.00	-6,358.94	0.00%	-6,358.94	0.00	-6,358.94	0.00%
Retained Earnings	-3,757.02	0.00	-3,757.02	0.00%	-3,757.02	0.00	-3,757.02	0.00%
Total OWNERS EQUITY	-10,115.96	0.00	-10,115.96	0.00%	-10,115.96	0.00	-10,115.96	0.00%
Total Budgeted Capital	-10,115.96	0.00	-10,115.96	0.00%	-10,115.96	0.00	-10,115.96	0.00%

Budget - Comparative

Properties: Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036

Period Range: Jan 2019 to Dec 2019

Comparison Period Range: Jan 2019 to Dec 2019

Accounting Basis: Accrual

Level of Detail: Detail View

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Income								
RENT REVENUE								
GROSS POTENTIAL								
Market Rent	1,250,760.01	1,243,440.00	7,320.01	0.59%	1,250,760.01	1,243,440.00	7,320.01	0.59%
Loss / Gain To Lease	-45,547.83	-19,822.00	-25,725.83	-129.78%	-45,547.83	-19,822.00	-25,725.83	-129.78%
Total GROSS POTENTIAL	1,205,212.18	1,223,618.00	-18,405.82	-1.50%	1,205,212.18	1,223,618.00	-18,405.82	-1.50%
Less: Vacancy Loss	-25,181.32	-14,400.00	-10,781.32	-74.87%	-25,181.32	-14,400.00	-10,781.32	-74.87%
Less: Bad Debt	-4,806.21	-7,200.00	2,393.79	33.25%	-4,806.21	-7,200.00	2,393.79	33.25%
Total RENT REVENUE	1,175,224.65	1,202,018.00	-26,793.35	-2.23%	1,175,224.65	1,202,018.00	-26,793.35	-2.23%
OTHER INCOME								
Pet Fees	150.00	0.00	150.00	0.00%	150.00	0.00	150.00	0.00%
Application Fees	286.00	600.00	-314.00	-52.33%	286.00	600.00	-314.00	-52.33%
Returned Check Fees	275.00	180.00	95.00	52.78%	275.00	180.00	95.00	52.78%
Lease Break Fee	0.00	700.00	-700.00	-100.00%	0.00	700.00	-700.00	-100.00%
Late Fees	3,571.00	1,200.00	2,371.00	197.58%	3,571.00	1,200.00	2,371.00	197.58%
Garage/Parking Rent	33,185.50	34,320.00	-1,134.50	-3.31%	33,185.50	34,320.00	-1,134.50	-3.31%
Non-Refundable Pet Fee	-300.00	0.00	-300.00	0.00%	-300.00	0.00	-300.00	0.00%
Deposit Forfeit	0.00	900.00	-900.00	-100.00%	0.00	900.00	-900.00	-100.00%
Key Charge	10.00	100.00	-90.00	-90.00%	10.00	100.00	-90.00	-90.00%
Parking Charge	525.00	0.00	525.00	0.00%	525.00	0.00	525.00	0.00%
Recovery of Bad Debt	874.11	0.00	874.11	0.00%	874.11	0.00	874.11	0.00%
Utility Recapture	10.89	0.00	10.89	0.00%	10.89	0.00	10.89	0.00%
Damage Charge	1,543.00	2,400.00	-857.00	-35.71%	1,543.00	2,400.00	-857.00	-35.71%
Interest Income	163.73	0.00	163.73	0.00%	163.73	0.00	163.73	0.00%
Misc/Other Income	560.23	0.00	560.23	0.00%	560.23	0.00	560.23	0.00%
Total OTHER INCOME	40,854.46	40,400.00	454.46	1.12%	40,854.46	40,400.00	454.46	1.12%
Total Budgeted Operating Income	1,216,079.11	1,242,418.00	-26,338.89	-2.12%	1,216,079.11	1,242,418.00	-26,338.89	-2.12%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Expense								
OPERATING EXPENSES								
MAINTENANCE EXPENSES								
Pool Maintenance	859.39	600.00	-259.39	-43.23%	859.39	600.00	-259.39	-43.23%
Pool Pump/Equip Repairs	158.54	660.00	501.46	75.98%	158.54	660.00	501.46	75.98%
On-Site Materials	-848.01	0.00	848.01	0.00%	-848.01	0.00	848.01	0.00%
Appliance Maintenance	3,436.04	1,920.00	-1,516.04	-78.96%	3,436.04	1,920.00	-1,516.04	-78.96%
Plumbing Repair	2,087.88	847.80	-1,240.08	-146.27%	2,087.88	847.80	-1,240.08	-146.27%
Plumbing Supplies	4,668.42	2,671.32	-1,997.10	-74.76%	4,668.42	2,671.32	-1,997.10	-74.76%
A/C & Heat Maintenance	9,312.49	6,715.32	-2,597.17	-38.68%	9,312.49	6,715.32	-2,597.17	-38.68%
Tree Trimming/Removal	250.00	0.00	-250.00	0.00%	250.00	0.00	-250.00	0.00%
Landscape Supplies/Fertilizer/Overseed	11.54	0.00	-11.54	0.00%	11.54	0.00	-11.54	0.00%
Landscape Plants & Flowers	685.00	0.00	-685.00	0.00%	685.00	0.00	-685.00	0.00%
Irrigation Repair	182.66	0.00	-182.66	0.00%	182.66	0.00	-182.66	0.00%
Common Area Repairs	0.00	1,179.96	1,179.96	100.00%	0.00	1,179.96	1,179.96	100.00%
Cleaning Supplies	1,645.81	578.52	-1,067.29	-184.49%	1,645.81	578.52	-1,067.29	-184.49%
Hardware Supplies	1,989.50	998.76	-990.74	-99.20%	1,989.50	998.76	-990.74	-99.20%
Door Repair/Replacement	500.84	897.36	396.52	44.19%	500.84	897.36	396.52	44.19%
Locks/Keys Expense	332.71	212.40	-120.31	-56.64%	332.71	212.40	-120.31	-56.64%
Tools Equipment & Supplies	1,761.73	185.28	-1,576.45	-850.85%	1,761.73	185.28	-1,576.45	-850.85%
Electrical Maintenance	1,595.21	1,890.48	295.27	15.62%	1,595.21	1,890.48	295.27	15.62%
Glass/Screen Replacement	383.91	0.00	-383.91	0.00%	383.91	0.00	-383.91	0.00%
Window Repair	156.36	0.00	-156.36	0.00%	156.36	0.00	-156.36	0.00%
Gate Repairs	339.60	1,663.68	1,324.08	79.59%	339.60	1,663.68	1,324.08	79.59%
Exterior Light Repair	1,167.82	278.16	-889.66	-319.84%	1,167.82	278.16	-889.66	-319.84%
Interior Light Fixtures	2,403.44	0.00	-2,403.44	0.00%	2,403.44	0.00	-2,403.44	0.00%
Security Cameras	125.98	0.00	-125.98	0.00%	125.98	0.00	-125.98	0.00%
Alarm System	607.57	614.40	6.83	1.11%	607.57	614.40	6.83	1.11%
Miscellaneous Expense	11.94	0.00	-11.94	0.00%	11.94	0.00	-11.94	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Total MAINTENANCE EXPENSES	33,826.37	21,913.44	-11,912.93	-54.36%	33,826.37	21,913.44	-11,912.93	-54.36%
REDECORATING EXPENSE								
Apartment Cleaning	0.00	600.00	600.00	100.00%	0.00	600.00	600.00	100.00%
Clean Carpet	1,733.54	3,600.00	1,866.46	51.85%	1,733.54	3,600.00	1,866.46	51.85%
Carpet Repairs	440.00	0.00	-440.00	0.00%	440.00	0.00	-440.00	0.00%
Counter Top / Tub Repair	95.00	600.00	505.00	84.17%	95.00	600.00	505.00	84.17%
Paint Contractor	3,446.32	0.00	-3,446.32	0.00%	3,446.32	0.00	-3,446.32	0.00%
Painting Supplies	2,494.83	2,220.00	-274.83	-12.38%	2,494.83	2,220.00	-274.83	-12.38%
General Maintenance	1,750.00	2,400.00	650.00	27.08%	1,750.00	2,400.00	650.00	27.08%
Window Blinds	320.43	420.00	99.57	23.71%	320.43	420.00	99.57	23.71%
Total REDECORATING EXPENSE	10,280.12	9,840.00	-440.12	-4.47%	10,280.12	9,840.00	-440.12	-4.47%
CONTRACTING EXPENSE								
Pest Control	2,574.93	2,400.00	-174.93	-7.29%	2,574.93	2,400.00	-174.93	-7.29%
Pool Service	693.15	0.00	-693.15	0.00%	693.15	0.00	-693.15	0.00%
Landscaping Service	15,383.12	18,900.00	3,516.88	18.61%	15,383.12	18,900.00	3,516.88	18.61%
Fire Extinguisher Inspection	2,031.21	0.00	-2,031.21	0.00%	2,031.21	0.00	-2,031.21	0.00%
Security Officer	50.86	0.00	-50.86	0.00%	50.86	0.00	-50.86	0.00%
Elevator Service	24.38	0.00	-24.38	0.00%	24.38	0.00	-24.38	0.00%
Cleaning Contractor/ Common Area	1,394.85	1,980.00	585.15	29.55%	1,394.85	1,980.00	585.15	29.55%
Unit Cleaning	1,197.79	900.00	-297.79	-33.09%	1,197.79	900.00	-297.79	-33.09%
Total CONTRACTING EXPENSE	23,350.29	24,180.00	829.71	3.43%	23,350.29	24,180.00	829.71	3.43%
MANAGEMENT EXPENSE								
Management Fee	38,400.00	38,400.00	0.00	0.00%	38,400.00	38,400.00	0.00	0.00%
Travel	153.84	666.36	512.52	76.91%	153.84	666.36	512.52	76.91%
Project Manager	0.00	23,565.60	23,565.60	100.00%	0.00	23,565.60	23,565.60	100.00%
Total MANAGEMENT EXPENSE	38,553.84	62,631.96	24,078.12	38.44%	38,553.84	62,631.96	24,078.12	38.44%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
ON-SITE PAYROLL								
On-Site Manager	48,241.27	46,996.44	-1,244.83	-2.65%	48,241.27	46,996.44	-1,244.83	-2.65%
On-site Leasing Agent	3,122.58	0.00	-3,122.58	0.00%	3,122.58	0.00	-3,122.58	0.00%
On-Site Maintenance	42,171.21	49,920.00	7,748.79	15.52%	42,171.21	49,920.00	7,748.79	15.52%
Uniforms	803.82	400.00	-403.82	-100.96%	803.82	400.00	-403.82	-100.96%
On-Site Incentive	5,990.00	7,200.00	1,210.00	16.81%	5,990.00	7,200.00	1,210.00	16.81%
Employer Tax	16,921.88	20,564.04	3,642.16	17.71%	16,921.88	20,564.04	3,642.16	17.71%
Total ON-SITE PAYROLL	117,250.76	125,080.48	7,829.72	6.26%	117,250.76	125,080.48	7,829.72	6.26%
UTILITIES EXPENSE								
Electricity Expense	10,862.22	15,600.00	4,737.78	30.37%	10,862.22	15,600.00	4,737.78	30.37%
Vacant Unit Electricity	1,705.66	300.00	-1,405.66	-468.55%	1,705.66	300.00	-1,405.66	-468.55%
Water & Sewer Expense	97,040.38	120,000.00	22,959.62	19.13%	97,040.38	120,000.00	22,959.62	19.13%
Trash Removal	10,229.33	11,182.32	952.99	8.52%	10,229.33	11,182.32	952.99	8.52%
Total UTILITIES EXPENSE	119,837.59	147,082.32	27,244.73	18.52%	119,837.59	147,082.32	27,244.73	18.52%
ADVERTISING & PROMOTION								
Advertising	133.16	0.00	-133.16	0.00%	133.16	0.00	-133.16	0.00%
Advertising - Online	376.93	0.00	-376.93	0.00%	376.93	0.00	-376.93	0.00%
Promotional Items	1,259.63	7,200.00	5,940.37	82.51%	1,259.63	7,200.00	5,940.37	82.51%
Total ADVERTISING & PROMOTION	1,769.72	7,200.00	5,430.28	75.42%	1,769.72	7,200.00	5,430.28	75.42%
GENERAL & ADMINISTRATIVE								
Telephone	1,388.61	1,320.00	-68.61	-5.20%	1,388.61	1,320.00	-68.61	-5.20%
Internet	620.65	1,135.92	515.27	45.36%	620.65	1,135.92	515.27	45.36%
Answering Service	1,681.95	1,345.56	-336.39	-25.00%	1,681.95	1,345.56	-336.39	-25.00%
Cable	1,157.25	1,200.00	42.75	3.56%	1,157.25	1,200.00	42.75	3.56%
Postage/Shipping	995.80	1,109.88	114.08	10.28%	995.80	1,109.88	114.08	10.28%
Accounting	218.04	6,204.36	5,986.32	96.49%	218.04	6,204.36	5,986.32	96.49%
Credit Report	693.57	1,627.32	933.75	57.38%	693.57	1,627.32	933.75	57.38%
Training & Operations	794.05	135.00	-659.05	-488.19%	794.05	135.00	-659.05	-488.19%
Office Supplies	5,257.05	5,228.16	-28.89	-0.55%	5,257.05	5,228.16	-28.89	-0.55%
IT Service	306.96	552.36	245.40	44.43%	306.96	552.36	245.40	44.43%
Employee Events	140.80	0.00	-140.80	0.00%	140.80	0.00	-140.80	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Legal	2,287.01	6,725.76	4,438.75	66.00%	2,287.01	6,725.76	4,438.75	66.00%
Permits & License	5,368.79	759.12	-4,609.67	-607.24%	5,368.79	759.12	-4,609.67	-607.24%
Property Tax	129,680.03	130,106.52	426.49	0.33%	129,680.03	130,106.52	426.49	0.33%
Property Insurance	59,475.54	57,441.60	-2,033.94	-3.54%	59,475.54	57,441.60	-2,033.94	-3.54%
Property Software	2,081.10	3,464.80	1,383.70	39.94%	2,081.10	3,464.80	1,383.70	39.94%
Bank Fees	873.22	512.16	-361.06	-70.50%	873.22	512.16	-361.06	-70.50%
Association/HOA Dues	233.50	0.00	-233.50	0.00%	233.50	0.00	-233.50	0.00%
Total GENERAL & ADMINISTRATIVE	213,253.92	218,868.52	5,614.60	2.57%	213,253.92	218,868.52	5,614.60	2.57%
Total OPERATING EXPENSES	558,122.61	616,796.72	58,674.11	9.51%	558,122.61	616,796.72	58,674.11	9.51%
Total Budgeted Operating Expense	558,122.61	616,796.72	58,674.11	9.51%	558,122.61	616,796.72	58,674.11	9.51%
Total Budgeted Operating Income	1,216,079.11	1,242,418.00	-26,338.89	-2.12%	1,216,079.11	1,242,418.00	-26,338.89	-2.12%
Total Budgeted Operating Expense	558,122.61	616,796.72	58,674.11	9.51%	558,122.61	616,796.72	58,674.11	9.51%
NOI - Net Operating Income	657,956.50	625,621.28	32,335.22	5.17%	657,956.50	625,621.28	32,335.22	5.17%
Other Expense								
PARTNERSHIP EXPENSES								
Compliance Monitoring Fees	38.00	0.00	-38.00	0.00%	38.00	0.00	-38.00	0.00%
Annual Tax Credit Fees	1,410.11	0.00	-1,410.11	0.00%	1,410.11	0.00	-1,410.11	0.00%
TDHCA Fees	0.00	3,000.00	3,000.00	100.00%	0.00	3,000.00	3,000.00	100.00%
Asset Mgt Fee	26,015.60	0.00	-26,015.60	0.00%	26,015.60	0.00	-26,015.60	0.00%
Partnership Legal	3,521.00	0.00	-3,521.00	0.00%	3,521.00	0.00	-3,521.00	0.00%
Professional Fees	10,228.00	0.00	-10,228.00	0.00%	10,228.00	0.00	-10,228.00	0.00%
Audit & Tax Prep	12,486.40	11,496.00	-990.40	-8.62%	12,486.40	11,496.00	-990.40	-8.62%
Utility Allowance Consulting Fees	3,500.04	3,504.00	3.96	0.11%	3,500.04	3,504.00	3.96	0.11%
Total PARTNERSHIP EXPENSES	57,199.15	18,000.00	-39,199.15	-217.77%	57,199.15	18,000.00	-39,199.15	-217.77%
DEBT SERVICE								
Principal	143,111.02	140,200.00	-2,911.02	-2.08%	143,111.02	140,200.00	-2,911.02	-2.08%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Mortgage Interest	276,661.58	289,200.00	12,538.42	4.34%	276,661.58	289,200.00	12,538.42	4.34%
Total DEBT SERVICE	419,772.60	429,400.00	9,627.40	2.24%	419,772.60	429,400.00	9,627.40	2.24%
CAPITAL IMPROVEMENTS								
Prior Period Expense	495.82	0.00	-495.82	0.00%	495.82	0.00	-495.82	0.00%
Exterior Gates	1,340.13	0.00	-1,340.13	0.00%	1,340.13	0.00	-1,340.13	0.00%
Walls & Fences	2,800.00	0.00	-2,800.00	0.00%	2,800.00	0.00	-2,800.00	0.00%
Carpet Replacement	5,098.30	6,360.00	1,261.70	19.84%	5,098.30	6,360.00	1,261.70	19.84%
Vinyl Replacement	19,308.12	10,500.00	-8,808.12	-83.89%	19,308.12	10,500.00	-8,808.12	-83.89%
Tile, Flooring Replacement	4,578.24	0.00	-4,578.24	0.00%	4,578.24	0.00	-4,578.24	0.00%
Window Replacement	441.20	0.00	-441.20	0.00%	441.20	0.00	-441.20	0.00%
Appliance Replacement	23,745.98	5,040.00	-18,705.98	-371.15%	23,745.98	5,040.00	-18,705.98	-371.15%
Maintenance Equipment	891.47	0.00	-891.47	0.00%	891.47	0.00	-891.47	0.00%
Light Fixtures	925.00	0.00	-925.00	0.00%	925.00	0.00	-925.00	0.00%
Air Conditioners & HVAC	5,827.56	0.00	-5,827.56	0.00%	5,827.56	0.00	-5,827.56	0.00%
Parking & Paving	2,050.00	0.00	-2,050.00	0.00%	2,050.00	0.00	-2,050.00	0.00%
Capital Bank Inspection	3,000.00	0.00	-3,000.00	0.00%	3,000.00	0.00	-3,000.00	0.00%
Interior Improvements	4,990.01	0.00	-4,990.01	0.00%	4,990.01	0.00	-4,990.01	0.00%
Interior Paint	4,991.35	0.00	-4,991.35	0.00%	4,991.35	0.00	-4,991.35	0.00%
Counter Tops	1,100.00	0.00	-1,100.00	0.00%	1,100.00	0.00	-1,100.00	0.00%
Plumbing Improvement/ Repair	4,658.43	0.00	-4,658.43	0.00%	4,658.43	0.00	-4,658.43	0.00%
Roof Improvements	26,200.00	0.00	-26,200.00	0.00%	26,200.00	0.00	-26,200.00	0.00%
Tub Resurface	3,709.81	3,000.00	-709.81	-23.66%	3,709.81	3,000.00	-709.81	-23.66%
Pool Furniture	1,355.28	0.00	-1,355.28	0.00%	1,355.28	0.00	-1,355.28	0.00%
Office Equipment	830.32	0.00	-830.32	0.00%	830.32	0.00	-830.32	0.00%
Landscaping Improvements	1,950.00	0.00	-1,950.00	0.00%	1,950.00	0.00	-1,950.00	0.00%
Total CAPITAL IMPROVEMENTS	120,287.02	24,900.00	-95,387.02	-383.08%	120,287.02	24,900.00	-95,387.02	-383.08%
CAPITAL IMPROVEMENTS/ NON-RECURRING	11,600.00	0.00	-11,600.00	0.00%	11,600.00	0.00	-11,600.00	0.00%
Total Budgeted Other Expense	608,858.77	472,300.00	-136,558.77	-28.91%	608,858.77	472,300.00	-136,558.77	-28.91%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Net Other Income	-608,858.77	-472,300.00	-136,558.77	-28.91%	-608,858.77	-472,300.00	-136,558.77	-28.91%
Total Budgeted Income	1,216,079.11	1,242,418.00	-26,338.89	-2.12%	1,216,079.11	1,242,418.00	-26,338.89	-2.12%
Total Budgeted Expense	1,166,981.38	1,089,096.72	-77,884.66	-7.15%	1,166,981.38	1,089,096.72	-77,884.66	-7.15%
Net Income	49,097.73	153,321.28	-104,223.55	-67.98%	49,097.73	153,321.28	-104,223.55	-67.98%
Asset								
OTHER CURRENT ASSETS								
Petty Cash	400.00	0.00	-400.00	0.00%	400.00	0.00	-400.00	0.00%
Accounts Receivable - Residents	-784.90	0.00	784.90	0.00%	-784.90	0.00	784.90	0.00%
Prepaid Expenses	414.76	0.00	-414.76	0.00%	414.76	0.00	-414.76	0.00%
Prepaid Insurance	990.46	0.00	-990.46	0.00%	990.46	0.00	-990.46	0.00%
Replacement Reserve	309.57	0.00	-309.57	0.00%	309.57	0.00	-309.57	0.00%
Property Tax Reserve	-2,785.05	0.00	2,785.05	0.00%	-2,785.05	0.00	2,785.05	0.00%
Utility Deposit Paid	-1,335.09	0.00	1,335.09	0.00%	-1,335.09	0.00	1,335.09	0.00%
Insurance Escrow	3,909.44	0.00	-3,909.44	0.00%	3,909.44	0.00	-3,909.44	0.00%
Total OTHER CURRENT ASSETS	1,119.19	0.00	-1,119.19	0.00%	1,119.19	0.00	-1,119.19	0.00%
Total Budgeted Asset	1,119.19	0.00	-1,119.19	0.00%	1,119.19	0.00	-1,119.19	0.00%
Cash								
CASH AND EQUIVALENTS								
Cash-Operating	-40,088.04	0.00	40,088.04	0.00%	40,088.04	0.00	40,088.04	0.00%
Cash-Security Deposits	-2,942.30	0.00	2,942.30	0.00%	-2,942.30	0.00	2,942.30	0.00%
Total CASH AND EQUIVALENTS	-43,030.34	0.00	43,030.34	0.00%	-43,030.34	0.00	43,030.34	0.00%
Total Budgeted Cash	-43,030.34	0.00	43,030.34	0.00%	-43,030.34	0.00	43,030.34	0.00%
Liability								
CURRENT LIABILITIES								
Accounts Payable	39,706.97	0.00	39,706.97	0.00%	39,706.97	0.00	39,706.97	0.00%
Subsidized Rent Payments -Past tenants	1,710.00	0.00	1,710.00	0.00%	1,710.00	0.00	1,710.00	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Accrued Expenses	10,686.21	0.00	10,686.21	0.00%	10,686.21	0.00	10,686.21	0.00%
Accrued Property Taxes	9,696.04	0.00	9,696.04	0.00%	9,696.04	0.00	9,696.04	0.00%
HAP Overpayment	-1,805.00	0.00	-1,805.00	0.00%	-1,805.00	0.00	-1,805.00	0.00%
Total CURRENT LIABILITIES	59,994.22	0.00	59,994.22	0.00%	59,994.22	0.00	59,994.22	0.00%
OTHER LIABILITIES								
Suspense Account/ Deferred Rent Income	-1,626.53	0.00	-1,626.53	0.00%	-1,626.53	0.00	-1,626.53	0.00%
Resident Security Deposits	773.43	0.00	773.43	0.00%	773.43	0.00	773.43	0.00%
Pet Deposit	-150.00	0.00	-150.00	0.00%	-150.00	0.00	-150.00	0.00%
Total OTHER LIABILITIES	-1,003.10	0.00	-1,003.10	0.00%	-1,003.10	0.00	-1,003.10	0.00%
Total Budgeted Liability	58,991.12	0.00	58,991.12	0.00%	58,991.12	0.00	58,991.12	0.00%
Capital								
OWNERS EQUITY								
Owner Draw	-150,000.00	0.00	-150,000.00	0.00%	-150,000.00	0.00	-150,000.00	0.00%
Total OWNERS EQUITY	-150,000.00	0.00	-150,000.00	0.00%	-150,000.00	0.00	-150,000.00	0.00%
Total Budgeted Capital	-150,000.00	0.00	-150,000.00	0.00%	-150,000.00	0.00	-150,000.00	0.00%

Budget - Comparative

Properties: Town Park Townhomes - 9950 Town Park Townhomes Houston, TX 77036

Period Range: Jan 2020 to Sep 2020

Comparison Period Range: Jan 2020 to Sep 2020

Accounting Basis: Accrual

Level of Detail: Detail View

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Income								
RENT REVENUE								
GROSS POTENTIAL								
Market Rent	844,440.00	941,760.00	-97,320.00	-10.33%	844,440.00	941,760.00	-97,320.00	-10.33%
Base Rent	73,897.40	0.00	73,897.40	0.00%	73,897.40	0.00	73,897.40	0.00%
Subsidized Rent - Housing Authority	27,422.00	0.00	27,422.00	0.00%	27,422.00	0.00	27,422.00	0.00%
Loss / Gain To Lease	-24,308.26	-25,638.00	1,329.74	5.19%	-24,308.26	-25,638.00	1,329.74	5.19%
Total GROSS POTENTIAL	921,451.14	916,122.00	5,329.14	0.58%	921,451.14	916,122.00	5,329.14	0.58%
Less: Vacancy Loss	-5,582.25	-25,846.72	20,264.47	78.40%	-5,582.25	-25,846.72	20,264.47	78.40%
Less: Concessions	-753.86	0.00	-753.86	0.00%	-753.86	0.00	-753.86	0.00%
Less: Bad Debt	-1,274.10	0.00	-1,274.10	0.00%	-1,274.10	0.00	-1,274.10	0.00%
Total RENT REVENUE	913,840.93	890,275.28	23,565.65	2.65%	913,840.93	890,275.28	23,565.65	2.65%
OTHER INCOME								
Admin Fee	25.00	0.00	25.00	0.00%	25.00	0.00	25.00	0.00%
Washer, Dryer, Appliance Charge	150.00	0.00	150.00	0.00%	150.00	0.00	150.00	0.00%
Pet Fees	99.00	0.00	99.00	0.00%	99.00	0.00	99.00	0.00%
Application Fees	92.00	350.00	-258.00	-73.71%	92.00	350.00	-258.00	-73.71%
Returned Check Fees	220.00	175.00	45.00	25.71%	220.00	175.00	45.00	25.71%
Late Fees	2,780.50	2,999.97	-219.47	-7.32%	2,780.50	2,999.97	-219.47	-7.32%
CARES ACT - Fees Waived	-1,045.50	0.00	-1,045.50	0.00%	-1,045.50	0.00	-1,045.50	0.00%
Garage/Parking Rent	25,598.00	26,664.00	-1,066.00	-4.00%	25,598.00	26,664.00	-1,066.00	-4.00%
Laundry Room Income	0.00	36.00	-36.00	-100.00%	0.00	36.00	-36.00	-100.00%
Key Charge	10.00	0.00	10.00	0.00%	10.00	0.00	10.00	0.00%
Parking Charge	350.00	0.00	350.00	0.00%	350.00	0.00	350.00	0.00%
Recovery of Bad Debt	0.00	364.15	-364.15	-100.00%	0.00	364.15	-364.15	-100.00%
Cleaning Income	185.00	0.00	185.00	0.00%	185.00	0.00	185.00	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Carpet Charge	198.71	0.00	198.71	0.00%	198.71	0.00	198.71	0.00%
Damage Charge	275.00	2,398.50	-2,123.50	-88.53%	275.00	2,398.50	-2,123.50	-88.53%
Window Charge	55.00	0.00	55.00	0.00%	55.00	0.00	55.00	0.00%
Interest Income	-146.32	0.00	-146.32	0.00%	-146.32	0.00	-146.32	0.00%
Misc/Other Income	2,782.00	0.00	2,782.00	0.00%	2,782.00	0.00	2,782.00	0.00%
Total OTHER INCOME	31,628.39	32,987.62	-1,359.23	-4.12%	31,628.39	32,987.62	-1,359.23	-4.12%
Total Budgeted Operating Income	945,469.32	923,262.90	22,206.42	2.41%	945,469.32	923,262.90	22,206.42	2.41%

Expense

OPERATING EXPENSES

MAINTENANCE EXPENSES								
Pool Maintenance	629.43	1,350.00	720.57	53.38%	629.43	1,350.00	720.57	53.38%
On-Site Materials	114.36	2,025.00	1,910.64	94.35%	114.36	2,025.00	1,910.64	94.35%
Appliance Maintenance	1,271.90	2,700.00	1,428.10	52.89%	1,271.90	2,700.00	1,428.10	52.89%
Plumbing Repair	879.29	4,950.00	4,070.71	82.24%	879.29	4,950.00	4,070.71	82.24%
Plumbing Supplies	1,922.85	0.00	-1,922.85	0.00%	1,922.85	0.00	-1,922.85	0.00%
A/C & Heat Maintenance	5,306.61	5,000.00	-306.61	-6.13%	5,306.61	5,000.00	-306.61	-6.13%
Tree Trimming/Removal	650.00	0.00	-650.00	0.00%	650.00	0.00	-650.00	0.00%
Irrigation Repair	158.97	315.00	156.03	49.53%	158.97	315.00	156.03	49.53%
Cleaning Supplies	882.08	1,800.00	917.92	51.00%	882.08	1,800.00	917.92	51.00%
Hardware Supplies	90.71	1,800.00	1,709.29	94.96%	90.71	1,800.00	1,709.29	94.96%
Door Repair/Replacement	860.66	900.00	39.34	4.37%	860.66	900.00	39.34	4.37%
Locks/Keys Expense	824.57	405.00	-419.57	-103.60%	824.57	405.00	-419.57	-103.60%
Tools Equipment & Supplies	1,414.60	900.00	-514.60	-57.18%	1,414.60	900.00	-514.60	-57.18%
Electrical Maintenance	1,635.16	1,845.00	209.84	11.37%	1,635.16	1,845.00	209.84	11.37%
Window Repair	0.00	450.00	450.00	100.00%	0.00	450.00	450.00	100.00%
Gate Remotes/Cards	313.20	0.00	-313.20	0.00%	313.20	0.00	-313.20	0.00%
Gate Repairs	778.00	0.00	-778.00	0.00%	778.00	0.00	-778.00	0.00%
Exterior Light Repair	464.46	990.00	525.54	53.08%	464.46	990.00	525.54	53.08%
Interior Light Fixtures	718.03	1,125.00	406.97	36.18%	718.03	1,125.00	406.97	36.18%
Alarm System	440.00	495.00	55.00	11.11%	440.00	495.00	55.00	11.11%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Miscellaneous Expense	144.88	0.00	-144.88	0.00%	144.88	0.00	-144.88	0.00%
Landscaping Additions	580.00	0.00	-580.00	0.00%	580.00	0.00	-580.00	0.00%
Total MAINTENANCE EXPENSES	20,079.76	27,050.00	6,970.24	25.77%	20,079.76	27,050.00	6,970.24	25.77%
REDECORATING EXPENSE								
Apartment Cleaning	647.74	1,350.00	702.26	52.02%	647.74	1,350.00	702.26	52.02%
Clean Carpet	754.87	1,350.00	595.13	44.08%	754.87	1,350.00	595.13	44.08%
Carpet Repairs	0.00	250.12	250.12	100.00%	0.00	250.12	250.12	100.00%
Vinyl Repairs	62.10	0.00	-62.10	0.00%	62.10	0.00	-62.10	0.00%
Counter Top / Tub Repair	297.69	0.12	-297.57	-247,975.00%	297.69	0.12	-297.57	-247,975.00%
Paint Contractor	2,547.94	1,350.00	-1,197.94	-88.74%	2,547.94	1,350.00	-1,197.94	-88.74%
Painting Supplies	3,092.37	2,250.00	-842.37	-37.44%	3,092.37	2,250.00	-842.37	-37.44%
General Maintenance	0.00	2,700.00	2,700.00	100.00%	0.00	2,700.00	2,700.00	100.00%
Window Blinds	630.67	500.12	-130.55	-26.10%	630.67	500.12	-130.55	-26.10%
Total REDECORATING EXPENSE	8,033.38	9,750.36	1,716.98	17.61%	8,033.38	9,750.36	1,716.98	17.61%
CONTRACTING EXPENSE								
Pest Control	1,338.52	1,035.00	-303.52	-29.33%	1,338.52	1,035.00	-303.52	-29.33%
Landscaping Service	13,968.13	14,175.00	206.87	1.46%	13,968.13	14,175.00	206.87	1.46%
Fire Extinguisher Inspection	414.72	0.00	-414.72	0.00%	414.72	0.00	-414.72	0.00%
Cleaning Contractor/ Common Area	1,002.08	900.00	-102.08	-11.34%	1,002.08	900.00	-102.08	-11.34%
Unit Cleaning	402.22	0.00	-402.22	0.00%	402.22	0.00	-402.22	0.00%
Total CONTRACTING EXPENSE	17,125.67	16,110.00	-1,015.67	-6.30%	17,125.67	16,110.00	-1,015.67	-6.30%
MANAGEMENT EXPENSE								
Management Fee	28,800.00	28,800.00	0.00	0.00%	28,800.00	28,800.00	0.00	0.00%
Project Manager	3,625.00	20,824.20	17,199.20	82.59%	3,625.00	20,824.20	17,199.20	82.59%
Total MANAGEMENT EXPENSE	32,425.00	49,624.20	17,199.20	34.66%	32,425.00	49,624.20	17,199.20	34.66%
ON-SITE PAYROLL								
On-Site Manager	39,172.09	37,600.00	-1,572.09	-4.18%	39,172.09	37,600.00	-1,572.09	-4.18%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
On-Site Compliance	0.00	3,016.60	3,016.60	100.00%	0.00	3,016.60	3,016.60	100.00%
On-site Marketing	49.00	0.00	-49.00	0.00%	49.00	0.00	-49.00	0.00%
On-Site Maintenance	32,298.52	38,400.00	6,101.48	15.89%	32,298.52	38,400.00	6,101.48	15.89%
Independent Contractor	1,883.00	0.00	-1,883.00	0.00%	1,883.00	0.00	-1,883.00	0.00%
Uniforms	0.00	300.00	300.00	100.00%	0.00	300.00	300.00	100.00%
On-Site Incentive	4,920.00	5,400.00	480.00	8.89%	4,920.00	5,400.00	480.00	8.89%
Employer Tax	13,858.84	16,671.31	2,812.47	16.87%	13,858.84	16,671.31	2,812.47	16.87%
Health Insurance	238.37	0.00	-238.37	0.00%	238.37	0.00	-238.37	0.00%
Total ON-SITE PAYROLL	92,419.82	101,387.91	8,968.09	8.85%	92,419.82	101,387.91	8,968.09	8.85%
UTILITIES EXPENSE								
Electricity Expense	6,356.10	9,315.00	2,958.90	31.76%	6,356.10	9,315.00	2,958.90	31.76%
Vacant Unit Electricity	356.93	450.00	93.07	20.68%	356.93	450.00	93.07	20.68%
Water & Sewer Expense	69,536.63	72,000.00	2,463.37	3.42%	69,536.63	72,000.00	2,463.37	3.42%
Trash Removal	7,089.14	7,425.00	335.86	4.52%	7,089.14	7,425.00	335.86	4.52%
Total UTILITIES EXPENSE	83,338.80	89,190.00	5,851.20	6.56%	83,338.80	89,190.00	5,851.20	6.56%
ADVERTISING & PROMOTION								
Advertising	68.19	0.00	-68.19	0.00%	68.19	0.00	-68.19	0.00%
Advertising - Online	887.63	0.00	-887.63	0.00%	887.63	0.00	-887.63	0.00%
Resident Retention Event	865.87	1,800.00	934.13	51.90%	865.87	1,800.00	934.13	51.90%
Promotional Items	973.19	675.00	-298.19	-44.18%	973.19	675.00	-298.19	-44.18%
Total ADVERTISING & PROMOTION	2,794.88	2,475.00	-319.88	-12.92%	2,794.88	2,475.00	-319.88	-12.92%
GENERAL & ADMINISTRATIVE								
Telephone	872.72	1,080.00	207.28	19.19%	872.72	1,080.00	207.28	19.19%
Internet	435.71	450.00	14.29	3.18%	435.71	450.00	14.29	3.18%
Answering Service	1,153.53	990.00	-163.53	-16.52%	1,153.53	990.00	-163.53	-16.52%
Cable	897.87	945.00	47.13	4.99%	897.87	945.00	47.13	4.99%
Postage/Shipping	736.70	1,035.00	298.30	28.82%	736.70	1,035.00	298.30	28.82%
Accounting	64.00	4,500.00	4,436.00	98.58%	64.00	4,500.00	4,436.00	98.58%
Credit Report	318.77	450.00	131.23	29.16%	318.77	450.00	131.23	29.16%
Training & Operations	691.75	585.00	-106.75	-18.25%	691.75	585.00	-106.75	-18.25%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Office Supplies	1,788.82	3,915.00	2,126.18	54.31%	1,788.82	3,915.00	2,126.18	54.31%
IT Service	315.30	450.00	134.70	29.93%	315.30	450.00	134.70	29.93%
Legal	0.00	1,305.00	1,305.00	100.00%	0.00	1,305.00	1,305.00	100.00%
Dues & Subscriptions	783.26	0.00	-783.26	0.00%	783.26	0.00	-783.26	0.00%
Permits & License	13,380.23	2,790.00	-10,590.23	-379.58%	13,380.23	2,790.00	-10,590.23	-379.58%
Property Tax	97,579.89	97,587.00	7.11	0.01%	97,579.89	97,587.00	7.11	0.01%
Property Insurance	45,431.46	43,081.20	-2,350.26	-5.46%	45,431.46	43,081.20	-2,350.26	-5.46%
Property Software	1,989.70	1,800.00	-189.70	-10.54%	1,989.70	1,800.00	-189.70	-10.54%
Bank Fees	441.63	315.00	-126.63	-40.20%	441.63	315.00	-126.63	-40.20%
Renewals	0.00	685.00	685.00	100.00%	0.00	685.00	685.00	100.00%
Total GENERAL & ADMINISTRATIVE	166,881.34	161,963.20	-4,918.14	-3.04%	166,881.34	161,963.20	-4,918.14	-3.04%
Total OPERATING EXPENSES	423,098.65	457,550.67	34,452.02	7.53%	423,098.65	457,550.67	34,452.02	7.53%
Total Budgeted Operating Expense	423,098.65	457,550.67	34,452.02	7.53%	423,098.65	457,550.67	34,452.02	7.53%
Total Budgeted Operating Income	945,469.32	923,262.90	22,206.42	2.41%	945,469.32	923,262.90	22,206.42	2.41%
Total Budgeted Operating Expense	423,098.65	457,550.67	34,452.02	7.53%	423,098.65	457,550.67	34,452.02	7.53%
NOI - Net Operating Income	522,370.67	465,712.23	56,658.44	12.17%	522,370.67	465,712.23	56,658.44	12.17%
Other Expense								
PARTNERSHIP EXPENSES								
Compliance Monitoring Fees	1,570.35	0.00	-1,570.35	0.00%	1,570.35	0.00	-1,570.35	0.00%
TDHCA Fees	2,000.00	2,250.00	250.00	11.11%	2,000.00	2,250.00	250.00	11.11%
Asset Mgt Fee	14,630.20	0.00	-14,630.20	0.00%	14,630.20	0.00	-14,630.20	0.00%
CARES ACT-Expenses	7,955.11	0.00	-7,955.11	0.00%	7,955.11	0.00	-7,955.11	0.00%
Partnership Accounting	393.51	0.00	-393.51	0.00%	393.51	0.00	-393.51	0.00%
Professional Fees	4,795.25	0.00	-4,795.25	0.00%	4,795.25	0.00	-4,795.25	0.00%
Audit & Tax Prep	8,614.80	8,622.00	7.20	0.08%	8,614.80	8,622.00	7.20	0.08%
Utility Allowance Consulting Fees	2,625.03	2,628.00	2.97	0.11%	2,625.03	2,628.00	2.97	0.11%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Total PARTNERSHIP EXPENSES	42,584.25	13,500.00	-29,084.25	-215.44%	42,584.25	13,500.00	-29,084.25	-215.44%
DEBT SERVICE								
Principal	112,990.61	108,737.28	-4,253.33	-3.91%	112,990.61	108,737.28	-4,253.33	-3.91%
Mortgage Interest	201,838.84	206,092.17	-4,253.33	2.06%	201,838.84	206,092.17	-4,253.33	2.06%
Total DEBT SERVICE	314,829.45	314,829.45	0.00	0.00%	314,829.45	314,829.45	0.00	0.00%
CAPITAL IMPROVEMENTS								
Prior Period Expense	5,629.00	0.00	-5,629.00	0.00%	5,629.00	0.00	-5,629.00	0.00%
Exterior Gates	685.00	0.00	-685.00	0.00%	685.00	0.00	-685.00	0.00%
Carpet Replacement	3,419.50	4,500.00	1,080.50	24.01%	3,419.50	4,500.00	1,080.50	24.01%
Vinyl Replacement	4,882.82	15,300.00	10,417.18	68.09%	4,882.82	15,300.00	10,417.18	68.09%
Appliance Replacement	6,942.81	13,500.00	6,557.19	48.57%	6,942.81	13,500.00	6,557.19	48.57%
Maintenance Equipment	0.00	350.00	350.00	100.00%	0.00	350.00	350.00	100.00%
Concrete & Sidewalks	350.00	0.00	-350.00	0.00%	350.00	0.00	-350.00	0.00%
Electrical Improvements	5,650.00	0.00	-5,650.00	0.00%	5,650.00	0.00	-5,650.00	0.00%
Air Conditioners & HVAC	20,499.28	11,480.00	-9,019.28	-78.57%	20,499.28	11,480.00	-9,019.28	-78.57%
Special Pest Control	2,559.56	0.00	-2,559.56	0.00%	2,559.56	0.00	-2,559.56	0.00%
Interior Paint	2,812.06	0.00	-2,812.06	0.00%	2,812.06	0.00	-2,812.06	0.00%
Counter Tops	1,651.96	900.00	-751.96	-83.55%	1,651.96	900.00	-751.96	-83.55%
Tub Resurface	3,826.88	1,000.00	-2,826.88	-282.69%	3,826.88	1,000.00	-2,826.88	-282.69%
Pool/Spa Improvements	3,399.30	0.00	-3,399.30	0.00%	3,399.30	0.00	-3,399.30	0.00%
Total CAPITAL IMPROVEMENTS	62,308.17	47,030.00	-15,278.17	-32.49%	62,308.17	47,030.00	-15,278.17	-32.49%
Total Budgeted Other Expense	419,721.87	375,359.45	-44,362.42	-11.82%	419,721.87	375,359.45	-44,362.42	-11.82%
Net Other Income	-419,721.87	-375,359.45	-44,362.42	-11.82%	-419,721.87	-375,359.45	-44,362.42	-11.82%
Total Budgeted Income	945,469.32	923,262.90	22,206.42	2.41%	945,469.32	923,262.90	22,206.42	2.41%
Total Budgeted Expense	842,820.52	832,910.12	-9,910.40	-1.19%	842,820.52	832,910.12	-9,910.40	-1.19%
Net Income	102,648.80	90,352.78	12,296.02	13.61%	102,648.80	90,352.78	12,296.02	13.61%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Asset								
OTHER CURRENT ASSETS								
Accounts Receivable - Residents	2,511.23	0.00	-2,511.23	0.00%	2,511.23	0.00	-2,511.23	0.00%
Prepaid Expenses	2,085.28	0.00	-2,085.28	0.00%	2,085.28	0.00	-2,085.28	0.00%
Prepaid Insurance	26,388.98	0.00	-26,388.98	0.00%	26,388.98	0.00	-26,388.98	0.00%
Replacement Reserve	-8,355.60	0.00	8,355.60	0.00%	-8,355.60	0.00	8,355.60	0.00%
Property Tax Reserve	-29,213.38	0.00	29,213.38	0.00%	-29,213.38	0.00	29,213.38	0.00%
Insurance Escrow	-27,054.58	0.00	27,054.58	0.00%	-27,054.58	0.00	27,054.58	0.00%
Total OTHER CURRENT ASSETS	-33,638.07	0.00	33,638.07	0.00%	-33,638.07	0.00	33,638.07	0.00%
Total Budgeted Asset	-33,638.07	0.00	33,638.07	0.00%	-33,638.07	0.00	33,638.07	0.00%
Cash								
CASH AND EQUIVALENTS								
Cash-Operating	3,412.68	0.00	-3,412.68	0.00%	3,412.68	0.00	-3,412.68	0.00%
Cash-Security Deposits	-4,580.01	0.00	4,580.01	0.00%	-4,580.01	0.00	4,580.01	0.00%
Total CASH AND EQUIVALENTS	-1,167.33	0.00	1,167.33	0.00%	-1,167.33	0.00	1,167.33	0.00%
Total Budgeted Cash	-1,167.33	0.00	1,167.33	0.00%	-1,167.33	0.00	1,167.33	0.00%
Liability								
CURRENT LIABILITIES								
Accounts Payable	-9,331.58	0.00	-9,331.58	0.00%	-9,331.58	0.00	-9,331.58	0.00%
Subsidized Rent Payments -Past tenants	-2,394.00	0.00	-2,394.00	0.00%	-2,394.00	0.00	-2,394.00	0.00%
Accrued Expenses	5,643.39	0.00	5,643.39	0.00%	5,643.39	0.00	5,643.39	0.00%
Accrued Property Taxes	-14,877.11	0.00	-14,877.11	0.00%	-14,877.11	0.00	-14,877.11	0.00%
HAP Overpayment	1,805.00	0.00	1,805.00	0.00%	1,805.00	0.00	1,805.00	0.00%
Total CURRENT LIABILITIES	-19,154.30	0.00	-19,154.30	0.00%	-19,154.30	0.00	-19,154.30	0.00%
OTHER LIABILITIES								
Suspense Account/ Deferred Rent Income	-4,301.47	0.00	-4,301.47	0.00%	-4,301.47	0.00	-4,301.47	0.00%
Resident Security Deposits	300.00	0.00	300.00	0.00%	300.00	0.00	300.00	0.00%
Total OTHER LIABILITIES	-4,001.47	0.00	-4,001.47	0.00%	-4,001.47	0.00	-4,001.47	0.00%

Budget - Comparative

Account Name	Period Actual	Period Budget	Period \$ Variance	Period % Variance	Comparison Actual	Comparison Budget	Comparison \$ Variance	Comparison % Variance
Total Budgeted Liability	-23,155.77	0.00	-23,155.77	0.00%	-23,155.77	0.00	-23,155.77	0.00%
Capital								
OWNERS EQUITY								
Owner Contribution	10,000.00	0.00	10,000.00	0.00%	10,000.00	0.00	10,000.00	0.00%
Owner Draw	-124,298.43	0.00	-124,298.43	0.00%	-124,298.43	0.00	-124,298.43	0.00%
Total OWNERS EQUITY	-114,298.43	0.00	-114,298.43	0.00%	-114,298.43	0.00	-114,298.43	0.00%
Total Budgeted Capital	-114,298.43	0.00	-114,298.43	0.00%	-114,298.43	0.00	-114,298.43	0.00%

SUBJECT PHOTOGRAPHS



Exterior view of subject



Exterior view of subject



Exterior view of subject



Exterior view of subject and signage



View of subject's clubhouse



Rear view of subject's clubhouse

SUBJECT PHOTOGRAPHS



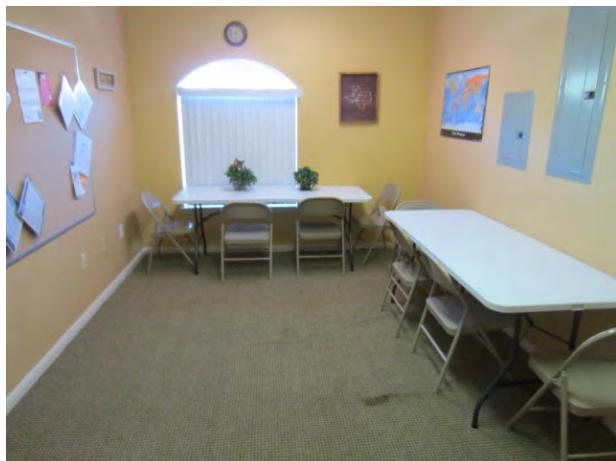
View of Pool



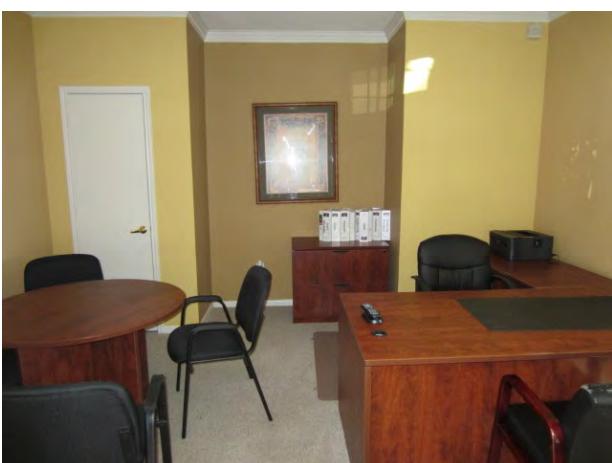
View of garage parking



View of Fitness Room



View of meeting room



View of leasing office



View of Kitchen

SUBJECT PHOTOGRAPHS



View of Kitchen



View of Living Room



View of Bedroom



View of Bedroom



View of Bathroom



View of Half-Bathroom

SUBJECT PHOTOGRAPHS



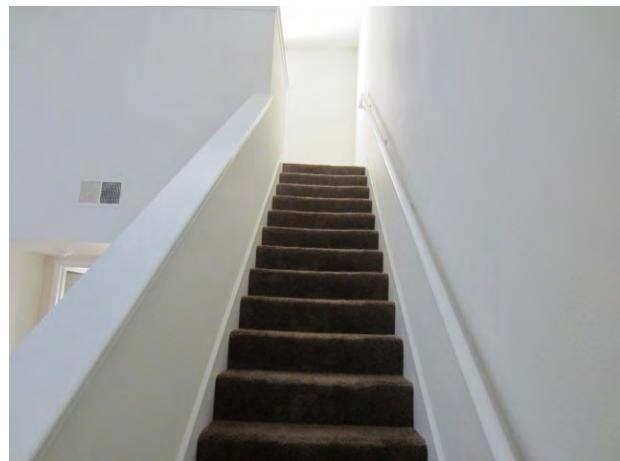
View of Clubhouse interior



View of hot water heater



View of laundry room



View of stairs in TH unit



View of 2nd floor "study" area



View of adjacent Hospital

SUBJECT PHOTOGRAPHS



View of adjacent elementary school



View looking east along Town Park



View looking north along the
W. Sam Houston Parkway S. Service Drive



View looking south along the
W. Sam Houston Parkway S. Service Drive