



APPRAISAL & CONSULTATION

A Market Study Report Of:

Aspen Club Apartments; Aspen Village
6386 Village Center Drive
Bealeton, VA



Prepared For: Mr. Robert C. Bostic, Principal
Aspen Club, LLC
5271 Challedon Drive
Virginia Beach, VA 23462

Authorized User:
Virginia Housing and Development Authority (VHDA)
601 S. Belvidere Street
Richmond, Virginia 23220

Date of Report: March 11, 2021
EAJoseph File No. C2102003



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601 S. Belvidere St.
Richmond, VA 23220

RE: Aspen Club Apartments; Aspen Village
6386 Village Center Drive
Bealeton, VA

Mr. Bostic:

At your request, we have completed the attached Market Analysis of family occupancy rental housing in the subject's Primary Market Area (PMA), which consists of Fauquier County. EAJoseph Appraisal & Consultation was engaged to conduct an analysis of the apartment rental housing market, particularly as it relates to Low Income Housing Tax Credit (LIHTC) apartments in the subject's Primary Market Area (PMA) as defined herein.

The subject property consists of two adjacent multifamily complexes, known as Aspen Club Apartments and Aspen Village. The sponsor currently owns and operates and is proposing to rehabilitate the existing units with below-market debt and/or tax credit financing. The community will remain a low-income property in in which 4 units will have rent restrictions at 40% of AMI, 26 units will have rent restrictions at 50% of AMI and the remaining 108 units will have rent restrictions at 60% of AMI. All units have income restrictions at 60% of AMI. The subject consists of two and three-bedroom units. This study focuses on apartment housing in the Primary Market Area (PMA) surrounding the subject located in Fauquier County. The purpose of this market study is to;

- Analyze property productivity
- Delineate the market of property users
- Forecast demand
- Measure competitive supply
- Analyze market equilibrium/ disequilibrium
- Forecast subject capture

The entire PMA has been examined about economic factors, population projections, and the existing multi-family housing market. Emphasized examination was given to the subjects' macro Primary Market Area (PMA) and sub-markets relevant to this property have also been examined. This is also the date of observation of the subject site and the surrounding market environs.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the report, or if we can be of further assistance, please let us know how we may further serve you.

Respectfully submitted,

EAJoseph Appraisal & Consultation



Eugene A. Joseph, Jr., MAI, SRA, AI-GRS
Principal Appraiser
Certified General Real Estate Appraiser
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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The subject is well positioned in the market to capture significant tenancy. The housing serves to satisfy the ever-present and growing need for affordable rental housing. The rental rates for the subject are consistent with the rental rates demonstrated in the PMA.

- The residual demand is positive throughout our mid-range forecast period. The residential demand is 1,846 dwelling units.
- The analyst anticipates adequate demand for accessible and supportive housing for persons with disabilities in the subject's primary market area.
- VHDA requires the analyst to consider the impact, if any, on the analysis for proposed communities in which 20% or more of the units contain at least 3 bedrooms. Approximately 30% of the subject units are 3-Bedroom. This is not expected to have a significant impact on demand, as this is a typical 3-bedroom ratio among income and rent restricted projects in the subject's PMA.
- The subject's capture rate is calculated as the percentage of residential demand the subject would have to capture to achieve stabilization. The total number of units for the subject is segmented by the percentage of units captured in the subject's PMA and a typical vacancy allowance. The adjusted total number of units is 118 units. The subject's overall blended capture rate is 6.39%. The capture rates are low, indicating a strong demand for the subject.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. Financing is currently available at attractive terms and the feasibility rent is sufficient to cover costs of construction and return a reasonable yield to the investor. This combined with the low capture rate indicates a strong demand for the subject's product type.
- The site is attractive and well located in regard to its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the MSA.
- The location, rents, and amenity package will appeal to the low to moderate income families and professionals.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels. Market rents are sufficient to support new construction and a positive residual demand indicates new construction in this market is likely.
- Project features are adequate in this portion of the city and county. The inventory is mixed ranging from older 30+ year inventory to newer inventory. The subject's amenity package and features are generally commensurate with other similar class properties in the subject's market.
- The subject property is currently existing. The economic infrastructure for the subject properties PMA is fundamentally sound and should continue to grow at a constant and

moderate pace.

- The overall development scheme is appropriate and well suited for the market. We make no further recommendations and/ or modifications to the development.
- There do not appear to be any detrimental influences that would impede the absorption rate already established at 20 units per month.
- Our analysis contained herein incorporated the opinions of property managers and leasing agents as well as local market participants that are considered experts in their respective fields.

Given the indications described above, it is reasonable to conclude that the subject's current actual capture rate will continue throughout the mid-range forecast. Given the positive residual demand and the availability of land and capital, new competition is anticipated to materialize in the short and midterm. We have made appropriate allowances for additional new competition.

Noteworthy Issues: None.

SWOT ANALYSIS

Strengths and weaknesses are specific to the subject whereas opportunities and threats are external.

Strengths include;

- Competitive – subject will be competitively priced and will offer commensurate product with its competition

Weaknesses include;

- Bealeton is a bedroom community to Northern Virginia; however, it is relatively rural compared to other affordable housing options located in Northern Virginia.

Opportunities

- Some redevelopment is occurring creating signs of stabilization and growth in certain pockets
- Vacancy levels are stable in the market
- Market- the subject is in an area with strong demand and growth prospects.

Threats

- Market area in a redeveloping area which carries more implicit risk

PURPOSE OF THE MARKET STUDY

EAJoseph Appraisal & Consultation was engaged by The Client, to prepare an analysis of the family-oriented rental housing, particularly as it relates to Low Income Housing Tax Credit (LIHTC) apartments like the subject. This study focuses on the Primary Market Area surrounding the subject. The purpose of this market study was to;

- Analyze property productivity
- Delineate the market of property users
- Forecast demand
- Measure competitive supply
- Analyze market equilibrium/ disequilibrium
- Forecast subject capture

A. EXECUTIVE SUMMARY

(Format derived from Version 3.0, Adopted 1/14/2013; Section A; NCHMA)

I. A CONCISE DESCRIPTION OF THE SITE AND THE IMMEDIATE SURROUNDING AREA.

The subject site consists of two parcels constituting 20.13±acres, which is accessible via Willow Drive and Village Center Drive. The site is generally rectangular in shape. The site is generally level and at road grade. The site is in the southern portion of the county, in the town of Bealeton. All relevant utilities are available to the sites. The shape of the sites does not appear to impose any developmental issues. Based on a physical inspection of the sites, there do not appear to be any adverse conditions that would impede the marketability of the sites. Surrounding land uses consist of multifamily, single family and retail along Route 17.

Land uses in the immediate area are consistent with and complementary to the development. A brief description of immediate land uses in each direction is as follows;

- North – Educational
- South – Single Family / Multifamily
- East – Single Family
- West – Retail

Existing land use patterns are residential in nature with some commercial type uses. Land use patterns are expected to remain the same; however, many of the structures will undergo redevelopment/ renovations as the area continues to improve.

2. A BRIEF SUMMARY OF THE PROJECT INCLUDING THE PROPOSED POPULATION TO BE SERVED.

The subject property consists of two adjacent multifamily complexes, known as Aspen Club Apartments and Aspen Village. The sponsor currently owns and operates and is proposing to rehabilitate the existing units with below-market debt and/or tax credit financing. The community will remain a low-income property in which 4 units will have rent restrictions at 40% of AMI, 26 units will have rent restrictions at 50% of AMI and the remaining 108 units will have rent restrictions at 60% of AMI. All units have income restrictions at 60% of AMI. These consist of two and three-bedroom units. This study focuses on apartment housing in the Primary Market Area (PMA) surrounding the subject located in Fauquier County.

The target market will be households earning below 60% of AMI. Household sizes will range from 3 persons up to 4.5 persons per household (based on an average household size of 1.5 persons per bedroom). The minimum household income level will be based upon the assumption that tenants will pay up to 35 percent of income toward rent.

3. SUMMARY OF ECONOMIC CONDITIONS

Northern Virginia is a continually growing market, as the area continues to expand, and a strong local economy and wealthy populace create business opportunities which should continue to attract people to the area. Population is expected to continue to increase in the years to come. The unemployment rate continues to lag the state average. The property is in the immediate vicinity of existing multifamily, SFR, industrial; and retail. The area is urban in nature.

4. BRIEF DESCRIPTION AND SUPPORT OF THE DEFINED PRIMARY MARKET AREA;

The subject's PMA is defined as Fauquier County. To determine the PMA for the subject, we conducted multiple interviews with the subject's competitive properties to establish where their tenants were being drawn from. Based upon our interviews, the clear majority of the tenant base was being drawn from other localities within the described limits. We further considered demographic data, employers, and commuter patterns in framing the subject's PMA.

5. SUMMARY OF KEY DEMOGRAPHIC DATA

- Population is increasing putting upward pressure on the demand for housing
- Incomes are rising
- The number of households are increasing
- Renter ratios are steady; there is a large gap between renter ratio and multifamily ratio which is increasing the demand for additional multifamily housing

6. SUMMARY OF COMPETITIVE MARKET CONDITIONS

A summary of some key multifamily economic indicators in the subjects PMA is as follows;

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	0	-	-	-	0	0	0
3 Star	71	3.7%	\$1,907	\$1,897	0	0	0
1 & 2 Star	118	2.8%	\$1,075	\$1,071	0	0	0
Submarket	189	3.1%	\$1,500	\$1,493	0	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.9%	2.5%	3.5%	3.7%	2008 Q2	1.2%	2020 Q1
Absorption Units	(4)	1	(1)	16	2013 Q1	(4)	2020 Q4
Delivered Units	0	1	0	16	2013 Q1	0	2020 Q4
Demolished Units	0	0	0	0	2020 Q4	0	2020 Q4
Asking Rent Growth (YOY)	1.0%	1.7%	0.5%	6.0%	2001 Q3	-3.3%	2003 Q2
Effective Rent Growth (YOY)	0.9%	1.7%	0.5%	8.1%	2018 Q3	-6.7%	2017 Q3
Sales Volume	\$955 K	\$240.5K	N/A	\$955K	2020 Q4	\$0	2020 Q1

7. SUMMARY OF DEMAND FOR THE PROPOSED DEVELOPMENT

Include a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.

- There is a marginal demand pool of 1,846 units of rental housing (also including assumed utility allowance).
- Based upon our market survey, the subject's proposed rents appear to be achievable in the marketplace.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. The absorption period is estimated at +/-7 months before the subject achieves stabilized occupancy at 98%. This will likely be achieved during pre-leasing.
- The site is attractive and well located regarding its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the PMA.
- The location, rents, and amenity package will appeal to the low to moderate income families.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels.

Economic rent is sufficient to cover debt service and return a reasonable return to the investor with the use of LIHTC equity.

8. A SUMMARY OF POSITIVE AND NEGATIVE ATTRIBUTES

In addition, include issues that will affect the properties marketability, performance and lease-up and points that will mitigate or reduce any negative attributes.

- (+) The subject provides housing to a growing population and is well positioned in the market.
- (+) Fauquier County exhibits a shortage of multifamily housing, and specifically income and rent restricted multifamily housing.
- (-) The subject is in a rural location which tends to be more sensitive to economic variations.
- (+) The subject will generate additional revenue for purchases of goods and services which will help the local economy. The local spending index potential is as follows;

2020 Consumer Spending	
Apparel & Services: Total \$	\$76,727,271
Average Spent	\$2,871.53
Spending Potential Index	134
Education: Total \$	\$71,032,544
Average Spent	\$2,658.40
Spending Potential Index	149
Entertainment/Recreation: Total \$	\$118,568,435
Average Spent	\$4,437.44
Spending Potential Index	137
Food at Home: Total \$	\$187,393,106
Average Spent	\$7,013.22
Spending Potential Index	131
Food Away from Home: Total \$	\$133,646,674
Average Spent	\$5,001.75
Spending Potential Index	133
Health Care: Total \$	\$208,055,266
Average Spent	\$7,786.50
Spending Potential Index	135
HH Furnishings & Equipment: Total \$	\$81,010,024
Average Spent	\$3,031.81
Spending Potential Index	139
Personal Care Products & Services: Total \$	\$33,394,896
Average Spent	\$1,249.81
Spending Potential Index	136
Shelter: Total \$	\$708,848,135
Average Spent	\$26,528.75
Spending Potential Index	137
Support Payments/Cash Contributions/Gifts in Kind: Total \$	\$86,801,230
Average Spent	\$3,248.55
Spending Potential Index	139
Travel: Total \$	\$93,878,680
Average Spent	\$3,513.42
Spending Potential Index	146
Vehicle Maintenance & Repairs: Total \$	\$41,104,807
Average Spent	\$1,538.35
Spending Potential Index	133

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100.

9. PRECISE STATEMENT OF KEY CONCLUSIONS REACHED BY THE ANALYST.

Given the demand for multifamily housing in the subject's PMA, we anticipate the subject to be successful.

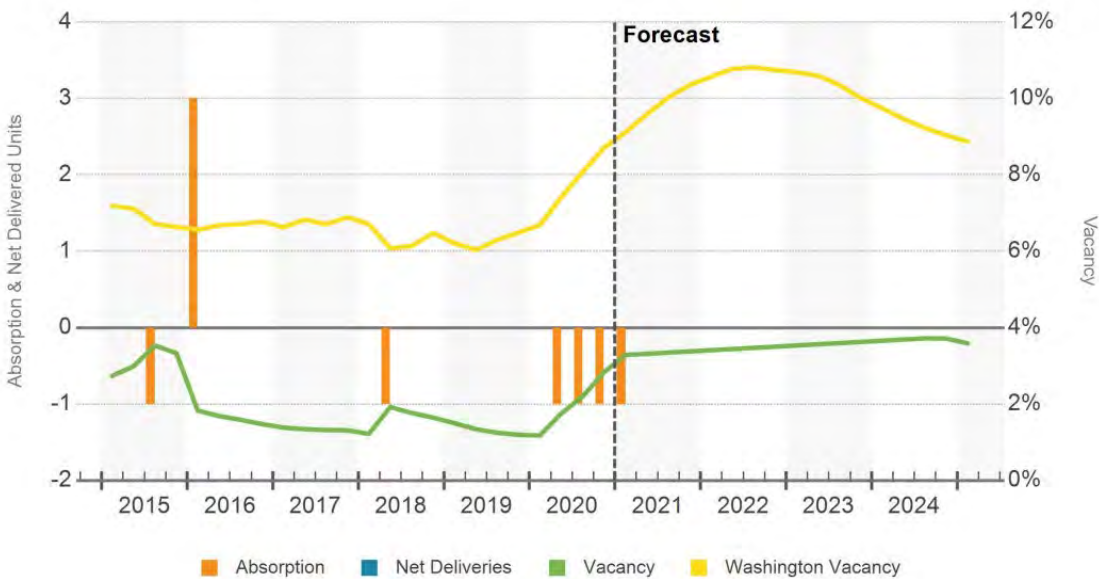
10. RECOMMENDATIONS AND/ OR SUGGEST MODIFICATIONS TO THE PROPOSED PROJECT IS APPROPRIATE.

Based upon our review of plans provided by the developer, no modifications to the current development are suggested. There will be a high degree of conformity with other competitive assets in the subject's PMA.

II. ABSORPTION RATE

To estimate the absorption rate for the subject, we surveyed other similar assets in the subject's PMA to determine how quickly those assets leased up and achieved stabilization. Little Multifamily development has occurred in Fauquier County from which to glean absorption data. Within the Dumfries/Stafford area, newer developments are absorbing at around 20 dwelling units per month, depending on size. Given the subject's size, we anticipate an average monthly absorption rate of 20 units per month. The subject is currently existing and is 100% occupied and is consistently at full occupancy. There is adequate demand for the subject and demand is anticipated to increase in the near future based on demographic data coupled with a lack of supply in Fauquier County.

ABSORPTION, NET DELIVERIES & VACANCY



B. INTRODUCTION AND SCOPE OF WORK

(Format derived from Version 3.0, Adopted 1/14/2013; Section B; NCHMA)

1. Type of Report – Comprehensive Report
2. Client and project developer – See Letter of Transmittal
3. Intended Use and Users of Report - EAJoseph was engaged to conduct an analysis of the apartment rental housing market. The intended user is the Client and V.H.D.A.
4. Identify Steps taken in completion of report – See below.

The scope of this study requires compliance with the Uniform Standard of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Guide Notes to the Standards of Professional Appraisal Practice adopted by the Appraisal Institute. The standards contain requirements and specific guidelines that deal with the procedures to be followed in developing an appraisal, market study, analysis, or opinion. These uniform standards set the requirements to communicate in a manner that will be meaningful and not misleading in the marketplace. The appraiser/ analyst researched many different resources in the scope of this narrative report. Such information and the source of this information are as follows;

- Information pertaining to the property and the construction particulars was provided by the developer. In addition, we had several conversations with persons familiar with the subject.
- Information concerning the site was obtained from the owner and confirmed through city records.
- Information pertaining to employment data was provided on-line by the Virginia Employment Commission. We further obtained economic infrastructure information from the respective counties/ city's official web sites.
- Information pertaining to demographic data was obtained on-line from American Factfinder which is part of the U.S. Census Bureau's official website. In addition, we used Site-To-Do-Business (STDB) which is a reputable on-line database. Some extrapolations/ projections were done in-house while others were provided by the above stated providers.
- Information pertaining to multifamily market data for the subject submarket and the overall market is taken from on line records, telephone surveys and various publications. This data is considered reliable and we assume it is correct.
- Pertaining to the competitive rental housing market in the subject properties primary market area (PMA), the analyst interviewed a person or persons familiar with each respective property in an effort to obtain germane information to facilitate the analyst in providing a credible market study report. In addition, the analyst performed a windshield inspection of each property.
- In summary, the appraiser/ analyst thoroughly evaluated the subject property in this narrative report.

The market study report will be prepared in accordance with the Uniform Standards of Professional Practice and V.H.D.A. guidelines as promulgated by the National Council of Housing Market Analysts. The format herein is modeled after the most recent version of the Model Content Standards for Rental Housing Market Studies in conjunction with VHDA Market Study Guidelines.

5. Date of Field Work and Site Visit; Field work and site visits were conducted on July 26, 2020.
6. Person conducting field work; Eugene A. Joseph, Jr., MAI, SRA, AI-GRS
7. Primary analyst researching conclusions of report; Eugene A. Joseph, Jr., MAI, SRA, AI-GRS

C. PROJECT DESCRIPTION

(Format derived from Version 3.0, Adopted 1/14/2013; Section C; Project Description; NCHMA)

I. UNIT TABULATIONS (PROPOSED)

No.	Unit Type	SF	\$*	UA	Gross \$	Gross \$ Limit	Rent %	Inc. %	Type
96	2.2	979	\$1,425	\$81	\$1,506	\$1,701	60%	60%	LIHTC
12	3.2	1171	\$1,475	\$100	\$1,575	\$1,966	60%	60%	LIHTC
3	3.2 TH	1461	\$1,150	\$125	\$1,275	\$1,311	40%	60%	LIHTC
27	3.2 TH	1461	\$1,400	\$125	\$1,525	\$1,638	50%	60%	LIHTC

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*Note: Actual rent will be reflect market rent - the Gross Rent Limit (including UA) exceeds market rent
The rent shown above is the underwritten rent considering the current rents

2. THE COMMUNITIES TARGET MARKET AND ANY TENANCY RESTRICTIONS

The community will remain a low-income property in in which 4 units will have rent restrictions at 40% of AMI, 26 units will have rent restrictions at 50% of AMI and the remaining 108 units will have rent restrictions at 60% of AMI. All units have income restrictions at 60% of AMI. The subject consists of two and three-bedroom units. The property does not have any age restrictions placed on the property.

The maximum incomes for the MSA are as follows;

Average Median Income	Maximum Gross Income							
	\$126,000 (Based on 4 person AMI)							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Adj. for Fam. Size	0.7005	0.8003	0.9002	1.0000	1.0802	1.1604	1.2406	1.3208
% of Median Income								
10%	8,826	10,084	11,342	12,600	13,611	14,621	15,632	16,642
20%	17,653	20,169	22,684	25,200	27,221	29,242	31,263	33,285
30%	26,479	30,253	34,026	37,800	40,832	43,863	46,895	49,927
40%	35,306	40,337	45,369	50,400	54,442	58,485	62,527	66,569
50%	44,132	50,422	56,711	63,000	68,053	73,106	78,159	83,212
60%	52,959	60,506	68,053	75,600	81,663	87,727	93,790	99,854
70%	61,785	70,590	79,395	88,200	95,274	102,348	109,422	116,496
80%	70,612	80,674	90,737	100,800	108,885	116,969	125,054	133,139
90%	79,438	90,759	102,079	113,400	122,495	131,590	140,686	149,781
100%	88,265	100,843	113,422	126,000	136,106	146,212	156,317	166,423
110%	97,091	110,927	124,764	138,600	149,716	160,833	171,949	183,066
120%	105,917	121,012	136,106	151,200	163,327	175,454	187,581	199,708
130%	114,744	131,096	147,448	163,800	176,938	190,075	203,213	216,350
140%	123,570	141,180	158,790	176,400	190,548	204,696	218,844	232,992
150%	132,397	151,265	170,132	189,000	204,159	219,317	234,476	249,635

The maximum income at 60% of the AMI adjusted for family size is highlighted above. The maximum rents are as follows;

Average Median Income	Maximum Gross Rents							
	\$126,000 (Based on 4 person AMI)							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Adj. for Fam. Size	0.7005	0.8003	0.9002	1.0000	1.0802	1.1604	1.2406	1.3208
% of Median Income								
10%	\$221	\$252	\$284	\$315	\$340	\$366	\$391	\$416
20%	\$441	\$504	\$567	\$630	\$681	\$731	\$782	\$832
30%	\$662	\$756	\$851	\$945	\$1,021	\$1,097	\$1,172	\$1,248
40%	\$883	\$1,008	\$1,134	\$1,260	\$1,361	\$1,462	\$1,563	\$1,664
50%	\$1,103	\$1,261	\$1,418	\$1,575	\$1,701	\$1,828	\$1,954	\$2,080
60%	\$1,324	\$1,513	\$1,701	\$1,890	\$2,042	\$2,193	\$2,345	\$2,496
70%	\$1,545	\$1,765	\$1,985	\$2,205	\$2,382	\$2,559	\$2,736	\$2,912
80%	\$1,765	\$2,017	\$2,268	\$2,520	\$2,722	\$2,924	\$3,126	\$3,328
90%	\$1,986	\$2,269	\$2,552	\$2,835	\$3,062	\$3,290	\$3,517	\$3,745
100%	\$2,207	\$2,521	\$2,836	\$3,150	\$3,403	\$3,655	\$3,908	\$4,161
110%	\$2,427	\$2,773	\$3,119	\$3,465	\$3,743	\$4,021	\$4,299	\$4,577
120%	\$2,648	\$3,025	\$3,403	\$3,780	\$4,083	\$4,386	\$4,690	\$4,993
130%	\$2,869	\$3,277	\$3,686	\$4,095	\$4,423	\$4,752	\$5,080	\$5,409
140%	\$3,089	\$3,530	\$3,970	\$4,410	\$4,764	\$5,117	\$5,471	\$5,825
150%	\$3,310	\$3,782	\$4,253	\$4,725	\$5,104	\$5,483	\$5,862	\$6,241

3. UTILITY

The landlord will pay for trash. The tenant will be responsible for electric, water and sewer. All the appliances are electric. Nothing is gas. The utility allowance estimate is included in the above table.

4. DESCRIPTION OF DEVELOPMENT

- a. Aspen Club is a three-story garden apartment complex containing 108 units spread across 5 apartment buildings. The exteriors are vinyl. Aspen Village is a 30 unit townhouse complex consisting of 15 duplex buildings.
- b. Common/ site amenities include pool, rental office, clubhouse / community room, fitness center, grilling area, onsite parking.
- c. Unit amenities include range/ oven, refrigerator, microwave, disposal, dishwasher, range hood, central air, carpet/ vinyl flooring, shades/ blinds, cable ready, washer/ dryer, and cabinets.
- d. Parking options – adequate on-site parking is provided.
- e. Two (2) units will meet UFAS requirements for accessibility and all of the units will meet VHDA requirements for Universal Design. All units will be adaptable and provide for reasonable accommodations to accessibility.

The improvements on this property are of good quality and are of typical design and exhibit average functional utility. The subject has a high level of functional utility and the improvements are consistent, albeit somewhat superior, with its market and therefore, there is a moderate degree of conformity with other similar class projects. There is adequate on-site parking. Overall, this is a type of improvement that should be competitive in the local real estate rental and/ or sales market.

5. FOR REHABILITATION PROJECTS

The subject's rehab will consist of the following scope. This is a general rehab mainly lowering the effective age of the property by making capital improvements to nearly all aspects, including: site work (replacing asphalt, concrete, sidewalks, building drainage, and landscaping), new kitchen and baths, all windows replaced, all siding replaced, all appliances and most HVAC units replaced, all doors replaced, new flooring in units, and electrical repairs and lighting to meet VHDA standards.

6. INCLUDE THE STATUS OR DATE OF ARCHITECTURAL PLANS

Scope of Rehabilitation was provided by the owner in a narrative format on the report's effective date.

SITWORK

1. The drainage around the building will be piped from the rain downspouts on building to an existing site drainage lines or pipe under sidewalk through the curb to the parking area. The remaining work will be sheet flowed. Four new swales will be created and five will be reworked to facilitate drainage around buildings. This is an existing site with roof drainage ponding in some areas and working well in others. Where existing grades are sufficiently established and are >1% with no visible signs of drainage problems, no work is

anticipated. Where existing drainage patterns are filled in or not well established, new swales to re-establish the drainage is called for. Where sheet flow will not work, this plan proposes to pipe the roof downspouts to a point away from the building to either pop ups or to pipe under the sidewalks. If piping under the sidewalk, then cut the sidewalk and curb and replace concrete.

2. All bed material will be removed so there exists at least 6" between finished grade and the mulch beds.
3. All sidewalks will be reviewed and replaced where necessary, approximately 250 square feet. See attached drawings. New accessible walks and CG-12 ramps were added to the apartments for access.
4. Areas to grind concrete sidewalk trip hazards. See attached drawings.
5. The paving will be milled and replaced in areas required, approximately 450 tons. The remaining area will be sealed and striped. See attached drawings. All travelways and parking areas to be milled 1 1/2", repaired and overlaid with a tack coat of liquid asphalt and 1 1/2" of SM-9.5 work to be done to VDOT standards.
6. Areas of asphalt repair: See attached drawings. Asphalt that has failed shall be cut out and base removed and replaced with existing base/asphalt profile. Repair existing damaged asphalt and base first. Contractor to match existing section; mill travelways to depth of 1.5", clean, prime with liquid asphalt and overlay 1.5" SM-9.5.
7. Asphalt sealcoat and striping for spaces, aisles, and cross walks. See attached drawings.
8. All dead and overgrown shrubs and trees will be removed and replaced with like planting. Up to 20 diseased or dead trees will be removed and replanted as necessary. All of the existing landscaping in front of Aspen Village will be removed and replaced with shrubs in front of the porches. Overgrown trees will be removed.
9. New landscape and associated details. Overgrown shrubs in front of windows will either be pruned or replaced with shrubs that do not grow as high.
10. Accessible routes between ground floor apartments, accessible parking spaces, mail kiosks, dumpsters, clubhouse and playground. See attached drawings. New accessible walks (1 with min 1/12 slope) were added to apartments and new CG-12 ramps were added to both sites.
11. Provide new playground surfacing, ponding and deficient surface observed. Will remove existing mulch, grade playground to drain and replace with new mulch.

ARCHITECTURAL

1. New roof, as of June 2018, follows VHDA and manufacturer's guidelines using GAF Timberline HD 30-year architectural shingles with 40-year warranty. The existing siding and Tyvek will be removed and the OSB inspected and repaired where necessary. The new Tyvek with taped joints installed, inspected, reviewed with manufacturer's representative prior to installation of siding. The Manufacture representative will provide required written report of the inspection and the installation meeting.
2. The siding on the Aspen Club garden-style apartments will be CertainTeed monogram 0.046 vinyl siding. On Aspen Village, the siding will be the CertainTeed monogram 0.046 siding. The Manufacture Representative will hold a pre-installation meeting and once complete, manufacturer representative will inspect the installation and provide required report.
3. All window trim will be 4" x 5/4" PVC.
4. All fascia will be capped or replaced with 0.027 metal, before the installation of new 6" gutters and downspouts on Aspen Club, and 5" gutters and downspouts on Aspen Villages. New fully vented soffit will be installed on all areas, except the breezeways. The breezeway soffits will be inspected and repaired if necessary.
5. All windows will be replaced. The windows will be Certain Teed or equal. Window glazing will have 10-year Glazing warranty.
6. The side doors of the 30 townhomes will be replaced. Doors will be Plastpro, Half Lite six-panel fiberglass.
7. All existing Cabinets & Countertops to meet VHDA cabinet and countertop specifications.
8. Drywall
 - a. Will be repaired as needed
 - b. Mechanical closets in 48 of the Aspen Club garden apartments require extensive work to meet VHDA guidelines. All mechanical closets will have repairs for penetrations, draft and fire stopping.

9. APPLIANCES. Most of the appliances, approximately 98%, are more than 8 years old will be replaced in the color white of similar GE products, and all Refrigerator will be the 18 cu. Ft. in size.

MECHANICAL

10. 101 HVAC units need replacement. The remaining units meet VHDA R-410A and other HVAC guidelines. All VHDA guidelines will be followed while replacing HVAC units. * Refer to Tab B attached for specifications of HVAC Units.
11. All existing line sets have been verified with manufacturer specifics to be sized appropriately.
12. All supply and return grills will be replaced and sealed. Ducts will be cleaned. Aspen Villages townhomes are split-level and have a return halfway up the stairwell that serves both first and second floors.
13. Bathroom exhaust fans will be cleaned and have upgrade kit installed if necessary.

PLUMBING

1. All washing machines will have new IntelliFlow A2C-WB safety device installed. Cost: \$71,760.
2. All tub surrounds appeared in good condition during the Unit by Unit Survey one tub surround in a vacant unit had a small nick and a work order was produced to fix.

ELECTRICAL

1. All electrical switches, outlets, breakers and ground faults appear in good working condition.
2. All kitchens have existing fluorescent light fixtures meeting VHDA standards. During the unit by unit survey, three work orders were issued for ballast and bulb replacement.
3. All smoke detectors meet or exceed VHDA standards. Three work orders were generated for battery replacement during the Unit by Unit Survey.
4. All exterior fixtures meet VHDA standards and are in good working condition and will be repaired or replaced while under renovation.

7. RELEVANT DATES:

Relevant Dates	
Start Construction	8/1/2021
End	3/1/2022
Months to Build	7
Pre-Lease Begins	3/1/2022
Months prior to completion	0.00
Pace	20
Units Pre-Leased	0
Units Total	138
Stabilized	131
Remaining Units	0
Months	6.90
Anticipated Date of Stabilization	10/1/2022

8. DESCRIPTION OF SUPPORTIVE SERVICES PROVIDED FOR RESIDENCES, IF PROVIDED.

Not Applicable

(Additional VHDA 2016 Market Study Guidelines; Project Description)

1. Construction Type – Existing; Rehabilitation
2. Occupancy Type – Family
3. Special Needs Population – Two ADA Units
4. Structure Type – Garden style; suburban architecture
5. The subject is not a scattered site development
6. Site amenities – site amenities include; community room/clubhouse building, pool, fitness center, rental office, on-site parking, playground/tots lot.

IMPROVEMENT ANALYSIS AND CONCLUSIONS

Effective Age

“Effective age is the age indicated by the condition and utility of a structure and is based on an appraiser’s judgement and interpretation of market perceptions”. This may be different than a subject’s actual, or chronological age. Effective age estimate considers not only physical wear and tear but also functional and external considerations.

The subject, upon rehabilitation, will be new/ like new. Based on an observation of the property, there does not currently appear to be any functional obsolescence. To account for the actual age of the existing structure, the subject’s effective age is 10± years upon completion of rehabilitation.

Remaining Economic Life

Economic life is the period over which improvements to real property contribute to property value”. “¹Remaining economic life is the estimated period over which existing improvements are expected to continue to contribute economically to property value”.

The remaining economic life is calculated as the total economic life less the effective age of the subject. The subject has an economic life of 50 to 60 years. Therefore, considering the effective age is 10 years upon completion, the remaining economic life is 50 to 60 years.

Functional Utility

Architectural style and functional utility are interrelated and their combined effect on property value must be considered. The subject’s architectural style is considered to be a transitional low-rise garden apartment community. The subject’s architectural style is typical of the market for its respective property class status. The multifamily housing market is almost exclusively of this style type and therefore, we can conclude that the subject’s architecture is preferred by the market.

Functional utility is “the ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards. The efficiency of the building’s use in terms of architectural style, design and layout, traffic patterns, and the size and layout of the rooms”. ²Functional utility is the impairment of the functional capacity of a property or building according to market tastes and standard; equivalent to functional obsolescence because ongoing change makes layouts and features obsolete”.

The subject, upon completion of the construction, will be a 138-unit apartment complex with a mixture of two- and three-bedroom garden style units, and three bedroom townhouse units. The design and function are like other competing properties in the market. The quality is commensurate with that of similar type properties of similar age. The subject has a commensurate site amenity package with that of similar properties of similar age.

¹ Source: The Appraisal of Real Estate, 13th edition published by the Appraisal Institute; page 415

² Source: The Appraisal of Real Estate, 13th edition published by the Appraisal Institute; page 262

Property Rating

The Property Rating Sheet contained simply rates the subject relative to comparable properties located in the subject’s competitive market. The elements of comparison considered in the Property Rating Sheet include; design and appearance, quality of construction, condition of improvements, room sizes/ layout, closets/ storage, appliances, unit amenities, site amenities and parking. Future multifamily properties are not expected to differ materially from current projects, hence, the subject is compared with the prevailing competition in the area, which, taken together, epitomizes a comparative standard for the local market. A *typical* rating is assigned a weight of four. Weights range from one through seven with the lower three corresponding to factors rated below typical and weights five through seven are above typical.

The following page displays a chart that itemizes the subject’s attributes and rates the relative influence of each. The standard score for the major competition is 36, calculated by multiplying the 9 factors of comparability by each factor’s average score of four.

Property Rating Sheet

Subject Apartment Building Rating									
Impact of Productivity	Inferior			Typical			Superior		
	High	Mod.	Slight	Average			Slight	Mod.	High
Design and appearance								x	
Quality of Construction								x	
Condition of Improvements								x	
Room Sizes/ Layout						x			
Closets/ Storage						x			
Appliances								x	
Unit Amenities						x			
Site Amenities						x			
Parking						x			
Number of Items	0	0	0	0	5	0	4	0	0
Times Category Score (weighting)	1	2	3		4		5	6	7
Subtotal Score									
Subtotal Score	0	0	0	0	20	0	20	0	0
Total Subject Score									40

The subject’s score is 40, or 111% of the standard score which indicates the subject is superior to its respective market. The subject property ranked typical in five of the 9 categories considered and superior in the remaining categories. The subject did not rank inferior in any respect. The subject’s improvements have an overall rating of superior as compared to other multifamily complexes located in the subjects PMA.

D. LOCATION

(Format derived from Version 3.0, Adopted 1/14/2013; Section D; Location; NCHMA)

1. Subject Site Photographs and Environs

SUBJECT PHOTOGRAPHS



Exterior - Aspen Club



Exterior Corridor - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Exterior - Aspen Club



Exterior



Exterior - Aspen Club



Exterior - Rental Office / Community Room



Interior - Aspen Club



Interior - Aspen Club



Interior - Aspen Club



Exterior - Aspen Village TH



Exterior - Aspen Village TH



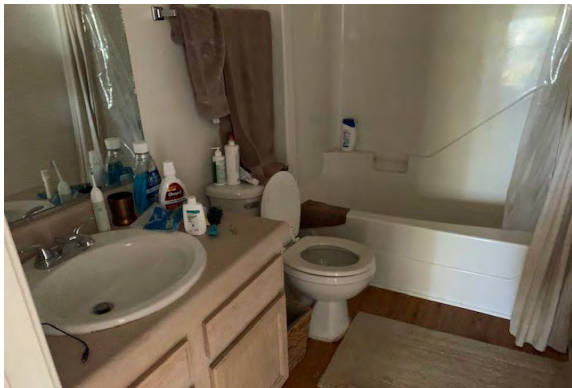
Interior - Aspen Village TH



Interior - Aspen Village TH



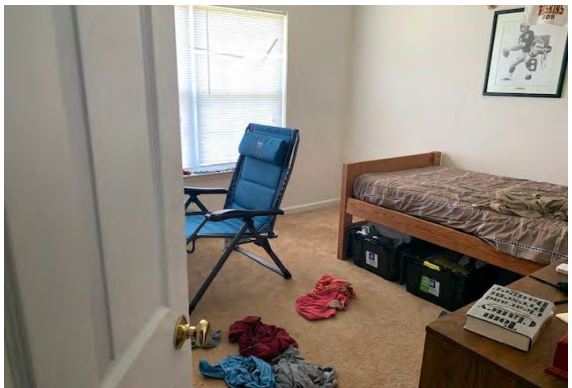
Interior - Aspen Village TH



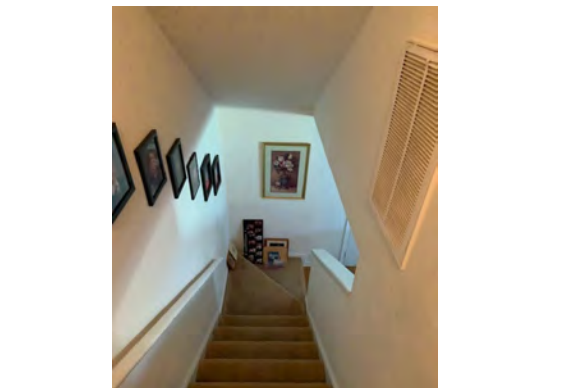
Interior - Aspen Village TH



Interior - Aspen Village TH



Interior - Aspen Village TH



Interior - Aspen Village TH



Pool



Tot Lot



Community Room



Community Room



Site



Site / Surplus Land

IMMEDIATE MARKET ENVIRONS



Proximate Development



Proximate Development



Proximate Development



Proximate Development

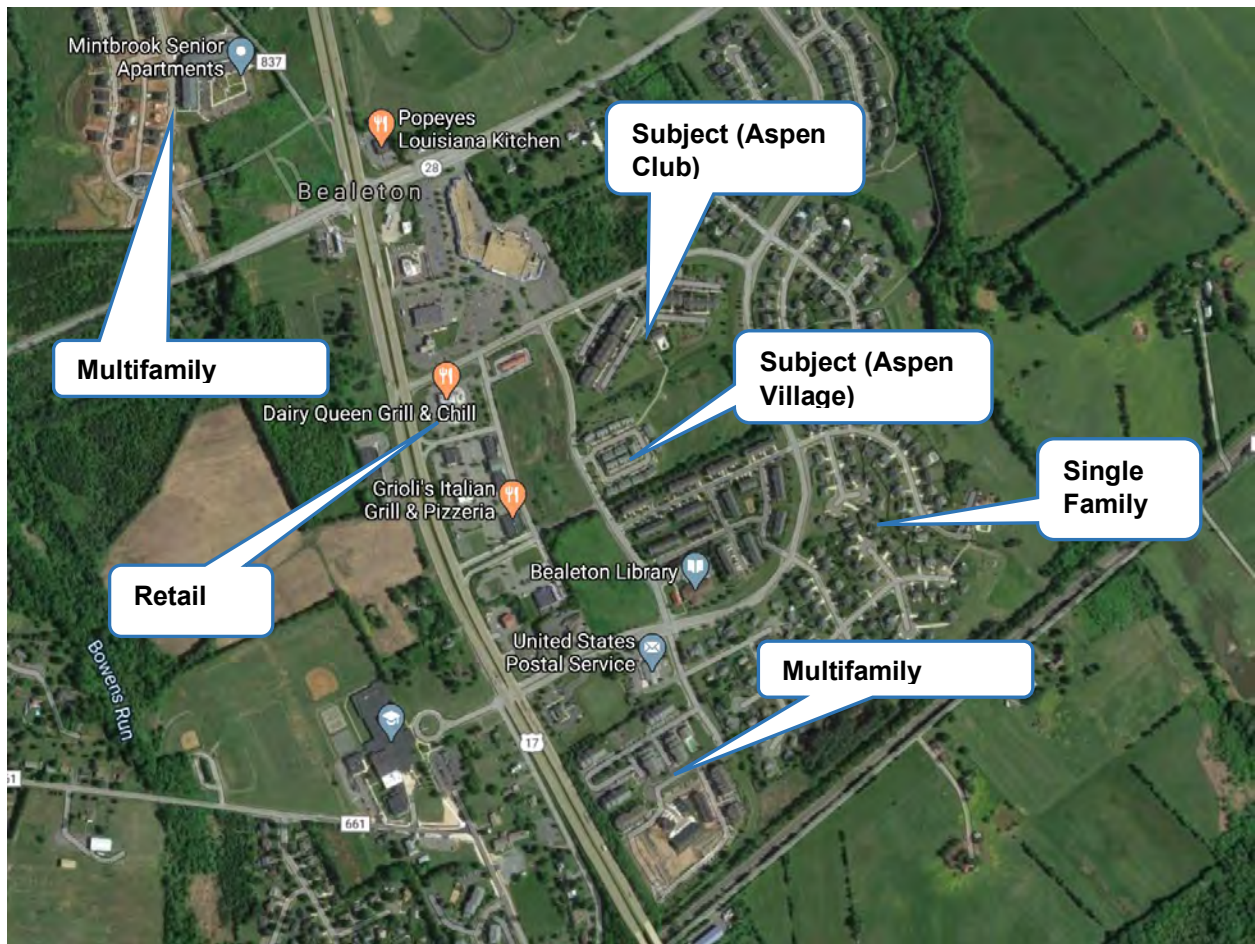
2. IDENTIFY LAND USES DIRECTLY SURROUNDING THE SUBJECT SITE(S)

Land uses in the immediate area are consistent with and complementary to the proposed development. A brief description of immediate land uses in each direction is as follows;

- North – Educational
- South – Single Family / Multifamily
- East – Single Family
- West – Retail

Existing land use patterns are expected to remain the same as the area undergoes modest development.

AERIAL VIEW OF LAND USES



3. Map of Subject Site



(North Orientation)

4. INGRESS/ EGRESS

Primary ingress/ egress is gained from Willow Drive and Village Center Drive. Overall access potential is considered adequate for the sites intended use.

5. DESCRIBE AND EVALUATE THE VISIBILITY OF THE SUBJECT SITE

The subject site has adequate visibility from several secondary surface streets. Visibility and access do not adversely affect the subjects' marketability. The subject site appears suitable for its proposed use.

6. PROVIDE ANALYSIS OF NEIGHBORHOOD AMENITIES;

The subject's neighborhood is in immediate proximity to a multitude of amenities including; shopping, schools, transportation linkages, medical services, places of worship and retail. The area is rural/suburban in nature and as such, destinations are concentrated along Route 15 in the Bealeton area. The following maps will illustrate the subject's proximity to these various amenities:

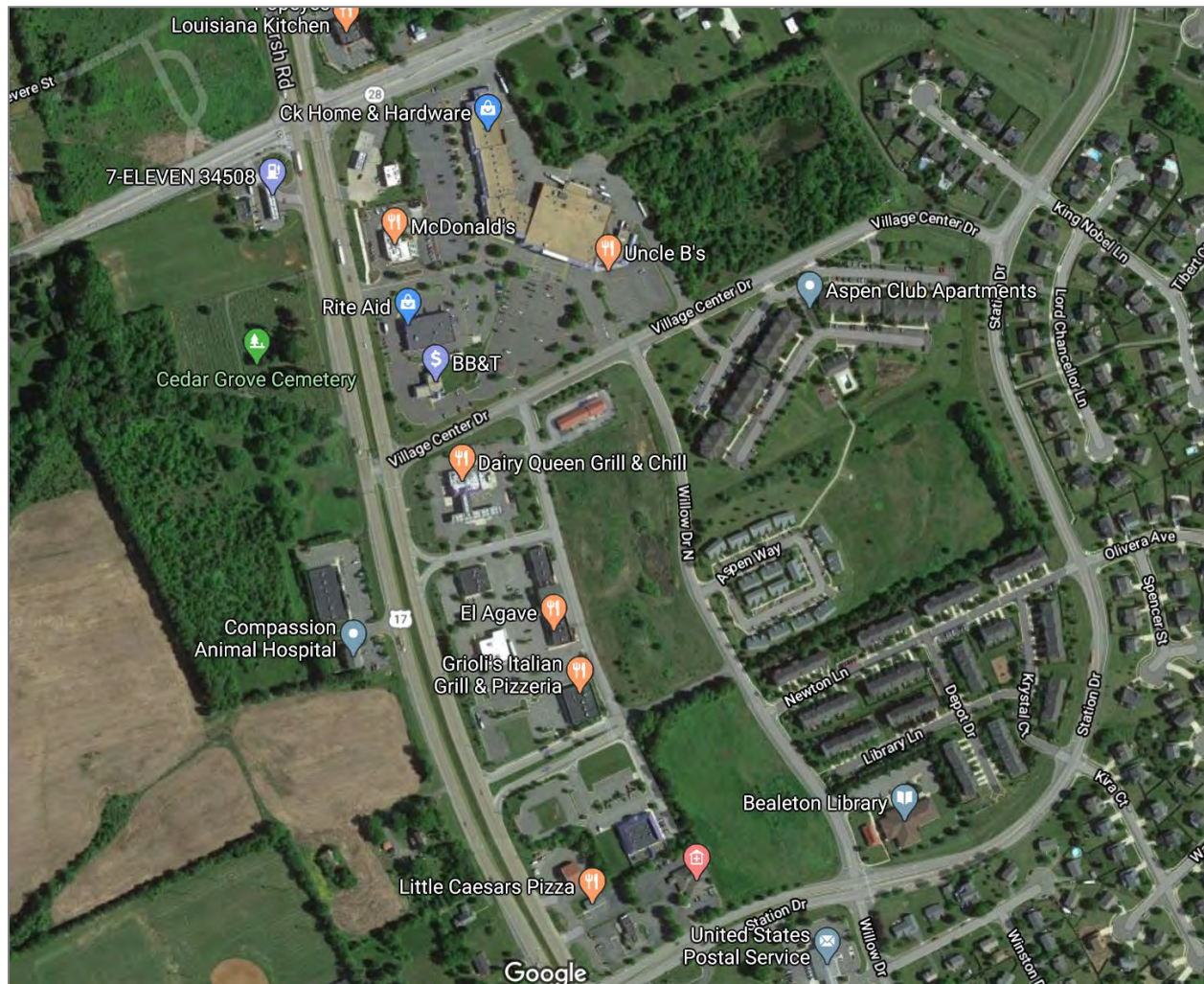


Major Transportation Linkages



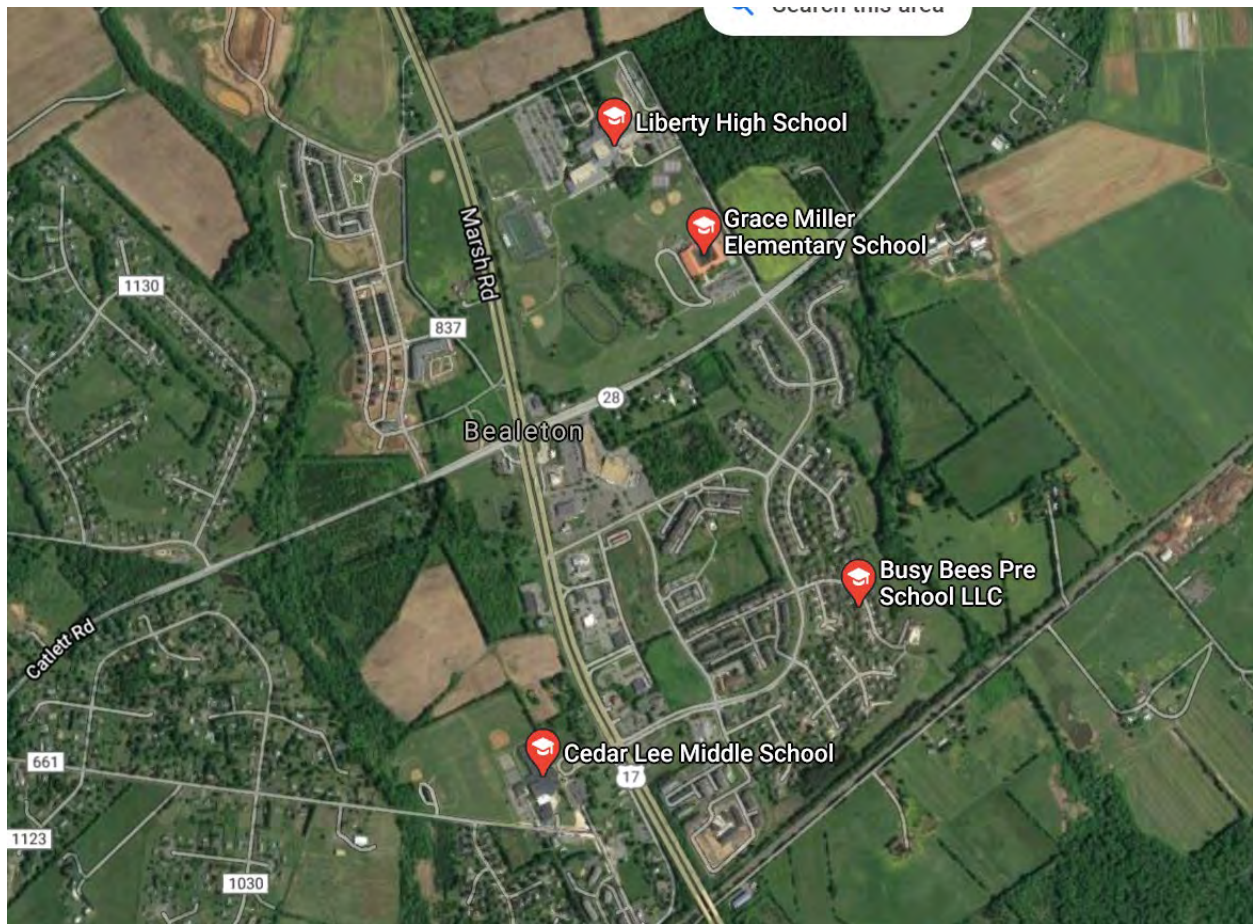
The subject site is located proximate to Route 17, which provides north-south linkage throughout the middle piedmont region of Virginia, from Fredericksburg to Winchester. Route 15 in Warrenton provides access to Northern Virginia from Fauquier County.

Shopping



The subject is located near the bulk of retail in Bealeton along Route 15, including several restaurants, a Sheetz, and a Food Lion anchored neighborhood mall. Most destination retail shopping is located further north in the town of Warrenton.

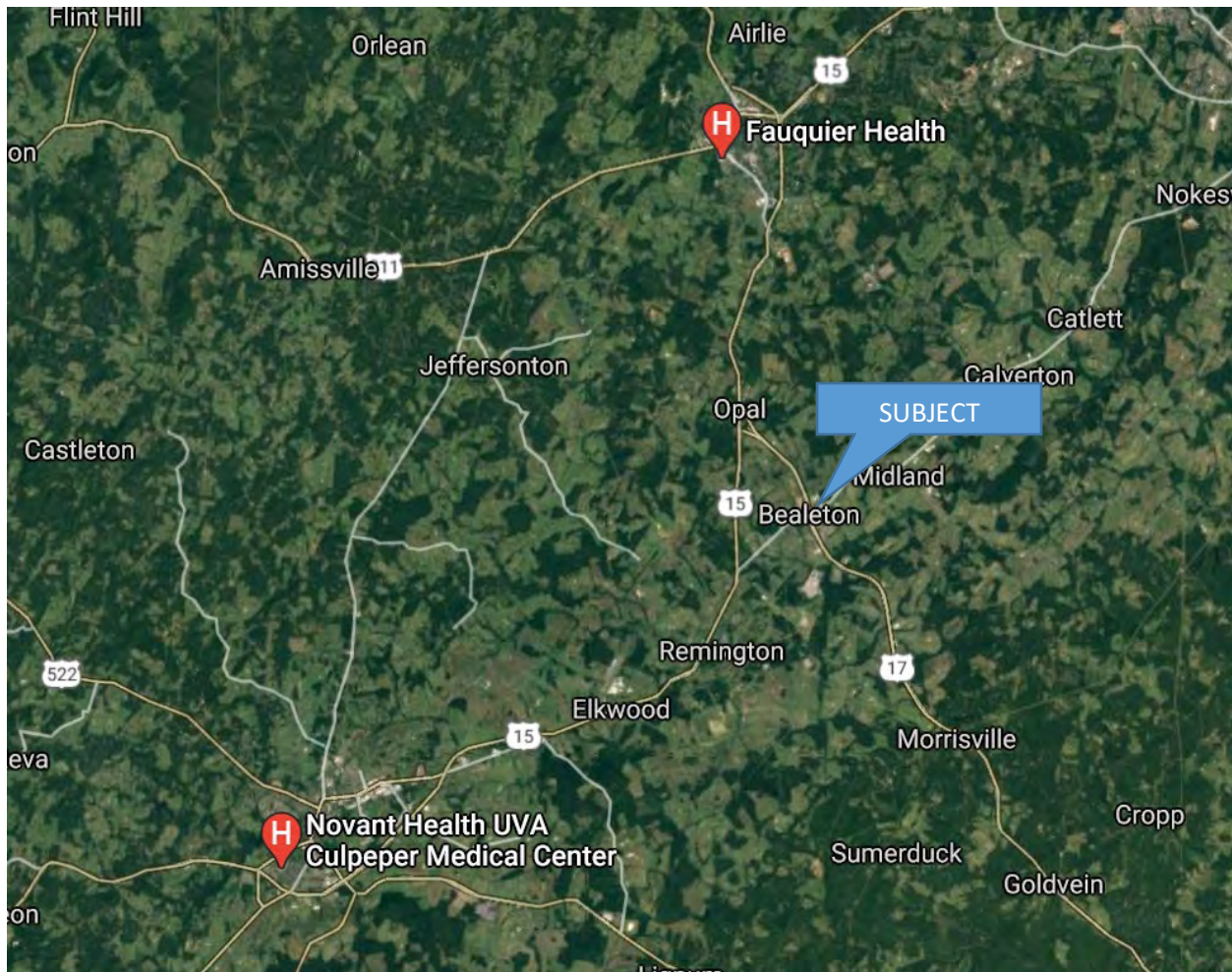
Schools



Within the subject's immediate area there are 3 schools: the elementary, middle, and high school serving the Bealeton area.

Subject and Its Proximity to Hospitals

The most proximate hospitals to the subject are Fauquier Health located in Warrenton (~ 11 miles north along Route 17) and Novant Health UVA Culpeper Medical Center (~ 18 miles south) in Culpeper.



Proximity to Public Transportation

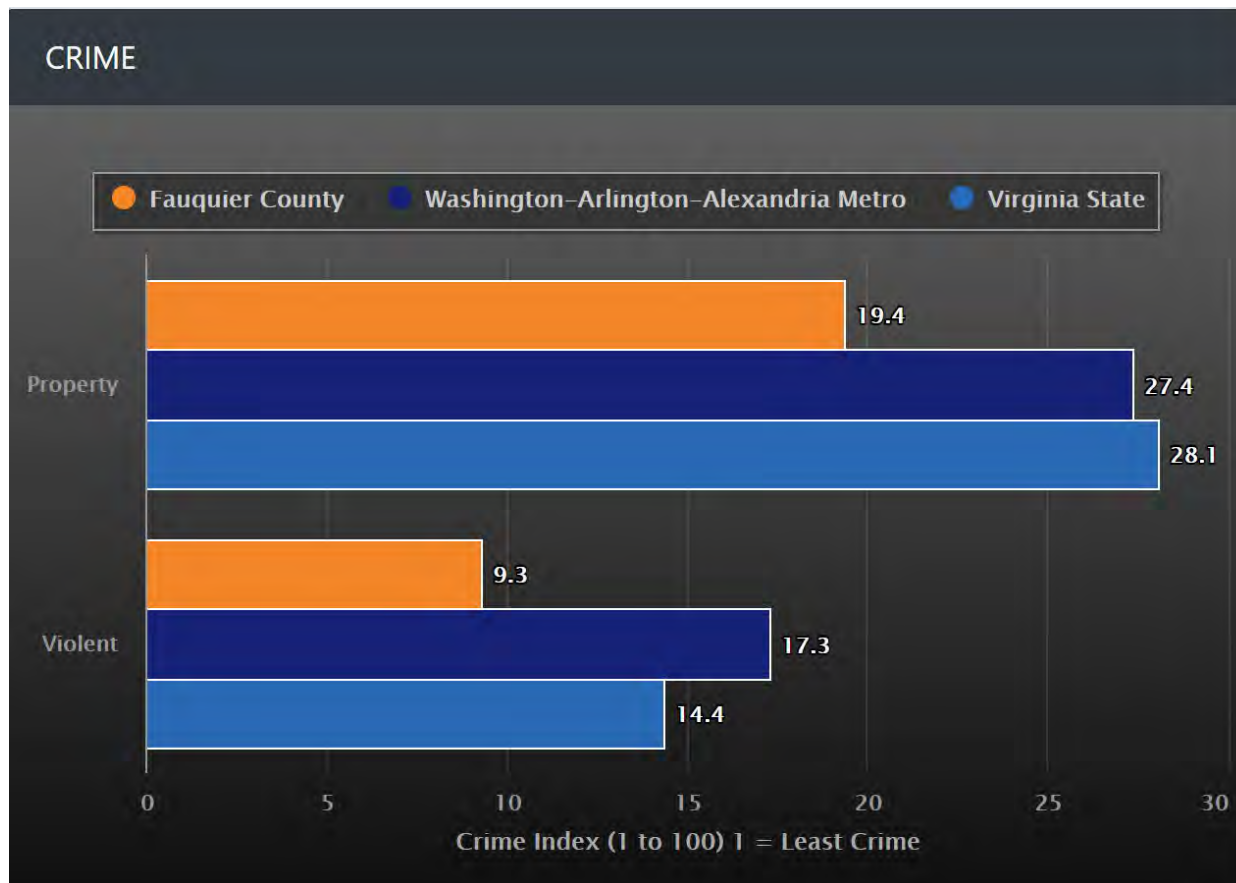
Not Applicable.

7. COMMENT OF AVAILABILITY OF PUBLIC TRANSPORTATION.

No public transportation is available at the subject site.

8. CRIME

Fauquier County has a lower overall crime rate than the state of Virginia, with 1,599 “Group A” offenses per year, and 2,773 incidents per 100,000 residents, which is much lower than the 5,166 incidents per 100,000 residents in the state of Virginia as a whole. The chart below summarizes the most recent crime statistics as compared to the Washington DC MSA and Virginia State.



9. PROVIDE CONCLUSION CONCERNING THE SUITABILITY OF THE PROPOSED SITE FOR THE PROPOSED USE.

Not Applicable. The subject is existing and is proposed to be renovated.

LOCATION ANALYSIS

As part of the location analysis, a competitive location rating of the area is prepared. This rating procedure has two steps. First, each submarket is compared with another area about various factors and each element of comparison is rated in terms of a numerical score. The higher the rating assigned to an area, the higher its score. Second, the submarkets are ranked relative to one another using a calibrating process. The resulting scores are then totaled. A higher score identifies an area considered superior. The rating numbers will range from 1, being the worst, to 3 being the best.

Location Rating Factor (by Submarket)			
Rating Factor	Fauquier	Culpeper	Prince William
Proximity to Existing Development	2	2	3
Public Planning/ Development Support	2	2	3
Path of Growth	2	2	3
Reputation/ Prestige	2	2	2
Access/ linkages (now and future)	1	1	3
Schools	2	2	2
Restaurants/ Shopping	2	2	3
Employment Center	2	2	3
Higher Income Housing	2	2	2
Recreational Facilities	1	1	2
Aesthetics- natural features	3	2	1
Infrastructure- existing and committed	1	1	3
*Detrimental Influences	3	3	3
Score	25	24	33
% of Total Scores	30%	29%	40%

The subject's PMA (Fauquier) is compared to the two closest PMAs, Culpeper County and Prince William County. Culpeper County is similar to Fauquier, relatively rural, with the town of Culpeper as the center of commerce, tourism, and economic activity, much like Warrenton is with Fauquier County. Prince William County is located along the I 95 corridor and is denser with more economic activity and development. The subject scored 25 out of a possible 39 which equates to 30%. There are no known hazards, nuisances, or detrimental influences in the area. The subject's submarket appears to be suitable for low to moderate income housing.

E. MARKET AREA DEFINITION

(Format derived from Version 3.0, Adopted 1/14/2013; Section E; Market Area Definition; NCHMA)

I. DEFINE THE PRIMARY MARKET AREA

The definition of a market area for any real estate use is generally limited to the geographical area within which consumers will consider the available product alternatives to be relatively equal. Frequently, a primary area is defined where consumers will have the highest propensity to choose a specific product at a specific location, and a secondary area is defined where consumers are less likely to select a product at that location, but where demand from consumers will still be significant.

Time-Distance Concepts

Time distance relationships are often used to determine a subject's Primary Market Area (PMA). A PMA is the geographical area that the subject is expected to draw most of its tenant base from. Time distance concepts are simply the relationship between the time it takes, and distance one has to travel to get to their respective destination. This concept recognizes the relationship between where a tenant chooses to live and the distance to their respective destination. Some of the most important factors in a time-distance relationship include proximity to work, school, entertainment or shopping.

Competitive Area (area over which equally desirable properties tend to compete with the subject)

After analyzing the time-distance relationship between the subject and employment and support facilities as well as the market area for competitive housing, the analyst concludes that the market area for the subject apartment project includes Fauquier County.

Direct Survey Method

In employing the Direct Survey Method, we simply surveyed the existing competitive inventory to determine where they are drawing their residents from in terms of geographical location. Of those properties that participated in our survey, we found that approximately 90% of the residents are being drawn from an approximate 3-mile radius their respective location. Accordingly, based upon our direct survey of the market, we can reasonably account for up to 124 of the 138 dwelling units' demand which equates to 90%. Secondary market would make up the balance of the units, but our analysis only focuses on the PMA.

Commuting Patterns

Commuting patterns measure the daily travel between places of residence and places of work. To be classified as a commuter, a worker must cross at least one political boundary when traveling between work and home. This information facilitates the analyst in establishing the demarcations of the subject's PMA. It estimates where employment hubs are in proximity to employee's places of residence. By measuring the mean travel time to work, we can establish the PMA by simply approximating the distance traveled from home to work. This is a good foundation is facilitating how far residents are willing to travel to work.

Commuting to Work (16+)	%
Less than 5 minutes	2.50%
5 to 9	7.00%
10 to 14	8.10%
15 to 19	8.60%
20 to 24	8.50%
25 to 29	4.90%
30 to 34	11.90%
35 to 39	2.70%
40 to 44	3.90%
45 to 59	14.50%
60 to 89	18.40%
90+	9.00%
Mean travel time to work (min.)	36.7

Approximately 51.5% of commuters have a commute time of less than the 35-minute mean travel time to work.

Conclusion

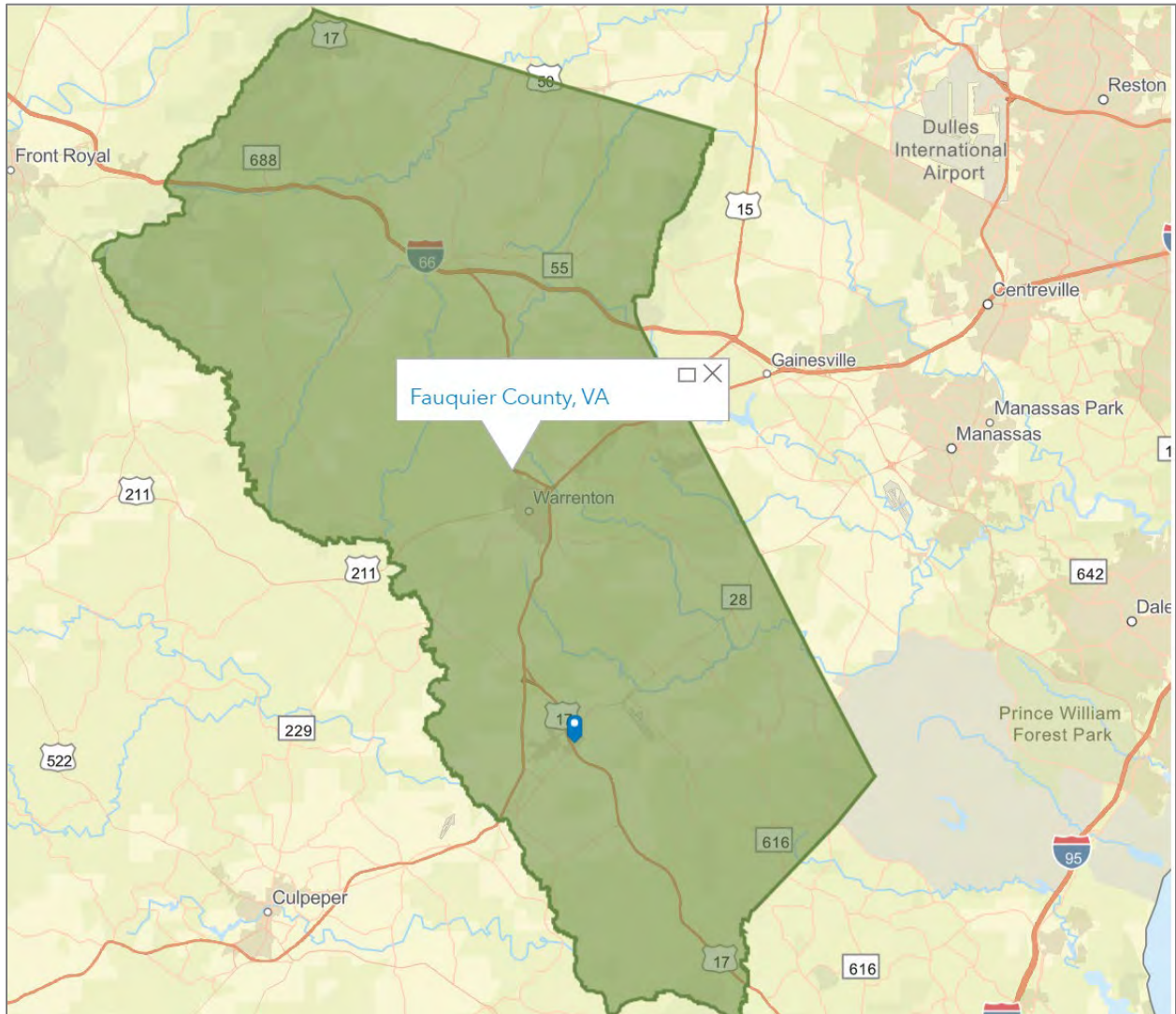
Based on field research and prior analysis of market conditions in the area, along with an assessment of population change and housing development, employment, transportation and geographic patterns, municipality definitions, housing stock conditions, and the location of competitive affordable housing, the effective primary market area for the subject is as follows;

PMA		
<u>Define:</u>	<u>Census Tracts</u>	<u>Jurisdiction</u>
Fauquier County	301	Fauquier County
	302.03	Fauquier County
	302.04	Fauquier County
	302.05	Fauquier County
	302.06	Fauquier County
	302.07	Fauquier County
	303.02	Fauquier County
	303.03	Fauquier County
	303.04	Fauquier County
	304.01	Fauquier County
	304.02	Fauquier County
	304.03	Fauquier County
	307.03	Fauquier County
	307.04	Fauquier County
	307.05	Fauquier County
	307.06	Fauquier County
	307.07	Fauquier County

Secondary markets include concentric areas outward from previous boundaries determine. A Primary Market Area can further be examined on a macro and micro level. A macro PMA is defined where consumers will have the highest propensity to choose a specific product at a

specific location (as per the above stated definition) and demand may account for absorbing the vast majority of the proposed units. As previously stated, the subject properties macro-PMA is defined above. The micro-PMA examines relevant trends in the subject properties immediate market area. Because the area of study is significantly smaller than the macro-PMA, demand accounts for absorbing only a small portion of the units. Our micro-PMA includes the census tract in which the subject property is located. For illustrative purposes, we will often refer to demographic trends within the county only. We anticipate 30% of the units to be absorbed from the subject's micro-PMA; 60% to be absorbed by the subject's macro-PMA and the remaining 10% to be absorbed by secondary markets. Thus, we anticipate that by focusing on the subject's macro-PMA, we can reasonably account for 90% of derived demand.

2. A MAP OUTLINING THE SUBJECTS PRIMARY MARKET AREA (PMA) IS AS FOLLOWS;



The subject's PMA is defined in the above map. Land uses in the immediate area are consistent with and complementary to the subject's proposed development. The subject site is in the immediate vicinity of existing residential, office, multifamily, and retail located in along primary transportation routes. There is a wide array of land uses in the subject's immediate market area. The area is semi-urban in nature.

F. EMPLOYMENT AND ECONOMY

(Format derived from Version 3.0, Adopted 1/14/2013; Section F; Employment and Economy; NCHMA)

I & 2 EMPLOYMENT BY INDUSTRY

The chart below considers the employment by industry for the county, which most closely approximates the subject's PMA, and the entire MSA. As demonstrated, the composition of employment by industry for the city is consistent with the composition of employment by industry for the entire MSA. This is a diverse industry base with no one sector that is dominating the job sector to the detriment of the rest.

Total Employment by Industry		
	Fauquier County	% of Total
Agriculture, Forestry, Fishing and Hunting	446	1.99%
Mining, Quarrying, and Oil and Gas Extraction	57	0.25%
Utilities	118	0.53%
Construction	2,576	11.47%
Manufacturing	930	4.14%
Wholesale Trade	493	2.20%
Retail Trade	2,905	12.94%
Transportation and Warehousing	254	1.13%
Information	181	0.81%
Finance and Insurance	553	2.46%
Real Estate and Rental and Leasing	260	1.16%
Professional, Scientific, and Technical Servi	1,774	7.90%
Management of Companies and Enterprises	175	0.78%
Administrative and Support and Waste Management	648	2.89%
Educational Services	489	2.18%
Health Care and Social Assistance	2,556	11.38%
Arts, Entertainment, and Recreation	280	1.25%
Accommodation and Food Services	2,270	10.11%
Other Services (except Public Administration)	1,038	4.62%
Government Total	4,449	19.82%
Total, All Industries	22,452	100%

3. HISTORICAL UNEMPLOYMENT RATE

Unemployment rates in the country have historically been higher than the state and consistent with US levels.

Year	Fauquier County	VA	US
2009	5.50%	6.70%	9.30%
2010	6.20%	7.10%	9.60%
2011	5.50%	6.60%	8.90%
2012	5.10%	6.10%	8.10%
2013	4.90%	5.70%	7.40%
2014	4.60%	5.20%	6.20%
2015	3.90%	4.50%	5.30%
2016	3.50%	4.10%	4.90%
2017	3.30%	3.70%	4.40%
2018	2.60%	3.00%	3.90%
2019	2.40%	2.80%	3.70%

Unemployment rates at the city, state and national levels have been trending downwards. Unemployment rates in the city have maintained their lower levels than state and national levels.

Month/ Yr.	Fauquier County	VA	US
May-19	2.40%	2.70%	3.40%
Jun-19	2.60%	2.90%	3.80%
Jul-19	2.60%	3.00%	4.00%
Aug-19	2.50%	2.90%	3.80%
Sep-19	2.20%	2.60%	3.30%
Oct-19	2.10%	2.50%	3.30%
Nov-19	2.10%	2.50%	3.30%
Dec-19	1.90%	2.40%	3.40%
Jan-20	2.60%	3.00%	4.00%
Feb-20	2.30%	2.80%	3.80%
Mar-20	2.90%	3.30%	4.50%
Apr-20	8.70%	10.80%	14.40%
May-20	7.20%	9.20%	13.00%

Monthly trends have been consistent with years past.

4. AREA MAJOR EMPLOYERS

PMA MAJOR EMPLOYER LIST (by order of number of employees)		
(Non Retail)		
Employer Name	County	Industry Sector
Fauquier County School Board	Fauquier County	Government
County of Fauquier	Fauquier County	Government
Fauquier Health System	Fauquier County	Healthcare
US Department of Transportation	Fauquier County	Government
Wal Mart	Fauquier County	Retail
Town of Warrenton	Fauquier County	Government
Food Lion	Fauquier County	Retail
Blue Ridge Orthopaedic Associates	Fauquier County	Healthcare
David Pollin	Fauquier County	Real Estate
Country Chevrolet, Peugeot	Fauquier County	Retail
Lord Fairfax Community College	Fauquier County	Educational
Smith Midland Corporation	Fauquier County	Industrial
Warrenton Operations, LLC	Fauquier County	Healthcare
The Home Depot	Fauquier County	Retail
General Excavation	Fauquier County	Industrial

5. COMMENT OF RECENT OR PLANNED MAJOR EMPLOYMENT EXPANSIONS.

There is no anticipated significant change in employment that is expected to alter the economic fundamentals of the subject’s primary market area. The current employment base is expected to sustain the economy. Bealeton is a bedroom community with most people out-commuting to work in northern Virginia. Unemployment rates appear to be stable. As the economy improves, the unemployment rate is expected to improve. The MSA is somewhat economically insulated due to the large government-based presence.

6. IN RELEVANT MARKETS, COMMENT OF AVAILABILITY OF AFFORDABLE HOUSING

Primary for employees of businesses and industries that draw from PMA.

Not Applicable

7. TYPICAL WAGES BY OCCUPATION

Average Weekly Wage by Industry	\$
Agriculture, Forestry, Fishing and Hunting	\$724
Mining, Quarrying, and Oil and Gas Extraction	\$1,547
Utilities	\$1,968
Construction	\$1,177
Manufacturing	\$933
Wholesale Trade	\$1,206
Retail Trade	\$706
Transportation and Warehousing	\$964
Information	\$1,380
Finance and Insurance	\$1,624
Real Estate and Rental and Leasing	\$1,376
Professional, Scientific, and Technical Servi	\$1,936
Management of Companies and Enterprises	\$1,411
Administrative and Support and Waste Manageme	\$1,096
Educational Services	\$619
Health Care and Social Assistance	\$928
Arts, Entertainment, and Recreation	\$583
Accommodation and Food Services	\$375
Other Services (except Public Administration)	\$816
Government Total	\$1,635
Average for County	\$1,150

The total average for the county is \$1,023.

8. COMMUTING PATTERNS

Commuting patterns measure the daily travel between places of residence and places of work. To be classified as a commuter, a worker must cross at least one political boundary when traveling between work and home.

Commuting Patterns	Persons
People who live and work in area	8,452
In-Commuters	12,444
Out-Commuters	27,539
Net In-Commuters	-15,095

There are approximately 8,452 people who reside and work in the PMA. The total number of persons commuting into the PMA is less than those that commute out of the county by approximately 15,095 persons.

9. CONCLUSIONS

The market should continue to grow at a moderate and deliberate pace. The growth will continue to be fueled by the public sector and Washington DC MSA growth. The area will continue to be an attractive business location due to; good location, quality labor supply, and diverse and deep corporate community with global reach.

The velocity of economic activity varies dramatically from an impending upsurge in some submarkets to continued softness in others. The County of Fauquier is an economically viable market.

G. DEMOGRAPHIC CHARACTERISTICS

(Format derived from Version 3.0, Adopted 1/14/2013; Section G; Demographic Characteristics; NCHMA)

POPULATION AND HOUSEHOLD ESTIMATES AND PROJECTIONS

General Population Trends

The population for the subject's PMA increased approximately 33% between 2000 and 2020. The total population for the PMA is estimated at 77,169 in 2025 which represents an annual 1.03% growth rate over the next 5 years. This change in population over this time span is considered moderate and thus we can conclude that the population in the subject's PMA is growing at a constant and deliberate pace.

General Population Trends			
Year	No.	% Change	Annual % Change
2000	55,139	Base Year	Base
2020	73,383	33.09%	1.65%
2025 (est)	77,169	5.16%	1.03%

Population by Age

Population By Age	2020	%	2025 (Est.)	%
0-4	3,889	5.30%	4,090	5.30%
5-9	4,330	5.90%	4,553	5.90%
10-14	4,990	6.80%	4,784	6.20%
15-24	8,292	11.30%	7,871	10.20%
25-34	8,292	11.30%	8,874	11.50%
35-44	8,665	11.80%	10,186	13.20%
45-54	10,280	14.00%	9,337	12.10%
55-64	11,601	15.80%	11,344	14.70%
65-74	7,925	10.80%	9,337	12.10%
75-84	3,743	5.10%	5,093	6.60%
85+	1,321	1.80%	1,621	2.10%
Total	73,383	100%	77,169	100%
Below 35		40.60%		39.10%

As indicated above, approximately 41% of the population is 35 years of age or younger which is the typical age range for an apartment dweller. There does not appear to be any significant shifts in the age composition of the population over our survey period.

General Housing Trends

To take a more detailed look at the average and projected household size, we will take a closer look at the components of this equation; housing trends and population in households.

Housing Trends; PMA					
Year	Population in HH	Households	Housing Units	Persons per HH	Occupancy %
2000	54,566	19,842	21,045	2.75	94%
2020	72,946	26,720	28,731	2.73	93%
2025 (est)	76,798	28,131	30,227	2.73	93%
Household Trend Analysis					
Year	Number Total	Growth Rate (%)			
2000-2020	6,878	Annual 344	Total 34.66%	Annual 1.73%	
2020-2025	1,411	Annual 282	Total 5.28%	Annual 1.06%	
Housing Unit Trend Analysis					
Year	Number Total	Growth Rate (%)			
2000-2020	7,686	Annual 384	Total 36.52%	Annual 1.83%	
2020-2025	1,496	Annual 299	Total 5.21%	Annual 1.04%	

Housing Trends in macro-PMA

- Persons in occupied housing units increased from 2020 to 2025 and is expected to increase at a slightly lower pace.
- Household increase from 2020 to 2025 and is expected to continue increasing at around 1.06%.
- Housing units increased from 2020 to 2025 and is expected to increase at a rate slightly lower than the previous statistical period.
- The persons-per-household has generally remained level and is expected to remain level. Persons per household decreased to 2.75 to 2.73 from 2000 to the current year.
- Occupancy rates have generally remained generally level. It is not uncommon for the ratio of households (occupied houses) to housing units (includes occupied and vacant houses) to be somewhat low because of the ratio of abandoned houses.

In almost every market, rural and urban, there has been a decline in the household size since 1960 because of several sociological factors including smaller families, fewer extended or three generation families, greater number of divorces and single parents, increased personal longevity yielding more elderly, one- and two-person households, etc. (By definition, the minimum household size is 1.0.). The PMA is no exception to this trend.

Households by Tenure

Owner/ Renter Occupancy in PMA						
	2010	%	2020	%	2025 (est.)	%
Owner	18,224	71%	20,757	72%	21,945	73%
Renter	5,434	21%	5,963	21%	6,186	20%
Vacant	1,942	8%	2,011	7%	2,096	7%
TOTAL:	25,600	100%	28,731	100%	30,227	100%
<hr/>						
Households	23,658		26,720		28,131	
*Adj Renter %	23%		22%		22%	

*- nets out vacant households

Based upon information provided by the Site to do Business, the ratio of renters to owners in the subject PMA stayed the same from 2010 to 2020. It is currently 21%. This ratio is expected to fall by one percent over the next five years. The ratio of multifamily households is approximately 22%, after netting out vacant households.

DISTRIBUTION OF INCOME

Income Restrictions

Establishing the factor to identify which target households are eligible by income requires the definition of the limits of the affordable income range. The following table presents the data used in the MSA market in deriving these ranges. The upper limit is constrained using HUD income limits adjusted for household size. This analysis converts household size into bedroom mix using maximum reasonable occupancies, given the household size distribution. Therefore, the expected household size average of an EFF is 1 person; 1 BR is 1.5 persons; 2 BR is 3 persons and a 3 BR is 4.5 persons, etc.

Pertaining to the affordable units; the affordability range, including the lower limits, for the analysis, is estimated using expenditure patterns reflecting what consumers typically pay for housing. The lower limits are typically established by assuming a household can reasonable afford to pay no more than **35%** of its income for gross housing expenses, including utilities and maintenance. (The most recent Consumer Expenditure Survey (CEX) by the Census Bureau indicates that the average cost paid by U.S. households is around 38%). The upper limits are established using the HUD limits referred to above.

The analysis is contained on the following page.

The income bands are as follows;

INCOME LIMIT DERIVATION PMA				
Unit Type (No. of BR's)	2	3	LIHTC	
			3 (TH) 40% Rnt	3 (TH) 50% Rnt
No. of Units	96	12	3	27
Proposed Rents	\$1,425	\$1,475	\$1,150	\$1,400
UTILITY ALLOWANCE	\$81	\$100	\$125	\$125
GROSS RENTS	\$1,506	\$1,575	\$1,275	\$1,525
Annual Rent	\$18,072	\$18,900	\$15,300	\$18,300
Incomes needed to Support Gross Rents (with no subsidy component considered)	\$51,634	\$54,000	\$43,714	\$52,286
Proportion of Units Eligible for Restrictions Eligible Households:	100%	100%	100%	100%
Eligible Income, Upper Limit @ 40% of AMI				
Eligible Income, Upper Limit at 50% of AMI				
Eligible Income, Upper Limit at 60% of AMI	\$68,053	\$78,632	\$78,632	\$78,632
Maximum Tax Credit Eligible Gross Rents (40%)			\$1,311	
Maximum Tax Credit Eligible Gross Rents (50%)				\$1,638
Maximum Tax Credit Eligible Gross Rents (60%)	\$1,701	\$1,966		
Target Income Ranges:	\$51,634	\$54,000	\$43,714	\$52,286
to	\$68,053	\$78,632	\$78,632	\$78,632

All units have income restrictions at 60% of AMI. The income bands for the 2-BR units is \$51,634 to \$68,053; the income range for the 3-BR apartment units is \$54,000 to \$78,632; the income range for the 3-BR townhouse units at 40% rent limits is \$43,714 to \$78,632; the income range for the 3-BR townhouse units at 50% rent limits is \$52,286 to \$78,632. The rent level, the resulting affordability limits, and the income distribution among the lower income households in the market, creates a segment for family households. The income range for a rental project is illustrated in the above tables.

It is possible that some households, with higher incomes and larger family sizes, could qualify for units, and that some smaller households will also qualify for the bedroom units or choose to pay more than 35% of their income for housing. However, this range is estimated to include the bulk of the potential tenants. This analysis uses the income distributions for family households in the subject's PMA as the income standard, not the MSA. The inclusion of other county/ city households within the PD may skew the market area medians and result in an inaccurate estimation of demand.

AFFORDABILITY

The affordability index quantifies the number of households that fall within the income range established in the previous table. Those households that fall within the income range can afford the proposed product. Within this analysis, we have assumed an even spread of households throughout the income range. Note that the subject contains four different types of income/rent restrictions: 2BR units with 60% of rent and AMI; 3BR units with 40% of rent and 60% of AMI; 3BR units with 50% of rent and 60% of AMI; and 3BR units with 60% of rent and 60% of AMI.

The affordability indexes are as follows;

Household Income Distribution; PMA				2 BR	3BR (40% rnt)	3BR (50% rnt)	3 BR (60% rnt)
Household Income Range	% of HH	# of HH	60%	60%	60%	60%	60%
\$0 to \$5,000	1%	75					
\$5,000 to \$9,999	2%	142					
\$10,000 to \$14,999	1%	58					
\$15,000 to \$19,999	3%	154					
\$20,000 to \$24,999	2%	128					
\$25,000 to \$34,999	6%	347					
\$35,000 to \$49,999	6%	364	153		153		
\$50,000 to \$74,999	18%	1,070	1,070	703	1,070	972	899
\$75,000 to \$99,999	14%	835	364		121	121	121
\$100,000 to \$149,000	20%	1,189					
\$150,000 to >	27%	1,600					
Renter HH	100%	5,963	1,586	703	1,344	1,093	1,020
Min Income			\$43,714	\$51,634	\$43,714	\$52,286	\$54,000
Max Income			\$78,632	\$68,053	\$78,632	\$78,632	\$78,632
Affordability Index			27%	12%	23%	18%	17%

The overall affordability index is 27% for all units. The affordability index is simply the ratio of renter qualified households by the total number of renter households. The affordability index is further segmented by bedroom as demonstrated in the above table.

Adjust for Normal Vacancy

At any given time, some units will be vacant because of seasonal occupancy or the need to refurbish units. A vacancy rate of about 5% is often applied to the demand forecast to reflect a market in equilibrium. In non-valuation studies, such as a feasibility analysis for proposed construction, this adjustment is used to estimate the supportable project size. We have made a 5% allowance in our analysis.

Demand Generators

Marginal demand for real estate is typically of function of two basic indices; Changes in Population and Trends within the Existing Housing Inventory. Within each category, various demand generators are present. A brief description of each form of marginal demand is described below.

Change in population

Initially, the change in population is the primary component which drives household demand. As population increases/ decreases, the demand for housing increases/ decreases relative to household size. If average household size remains constant, as population increases, the demand for households also increases. Conversely, if population decreases, the demand for household's decreases. The change in population has the potential of increasing/ decreasing overall household demand. This form of demand is new demand.

Existing Inventory

Movership demand and latent demand (often referred to as "pent-up" demand)

Movership demand is simply a form of trending within the existing household inventory. Movership demand is created as the existing inventory of housing shifts into/ out of the subject's target qualification criteria. Movership demand is demand generated by the upward/ downward mobility of lower/ upper-income households. If move-up demand exceeds move-down demand, then a positive "net" demand is created. This marginal demand estimate can be added to or subtracted from the existing demand, thus increasing/ decreasing overall demand. If move-down demand exceeds move-up demand, then a negative "net" demand is created. This marginal demand estimate is subtracted from the existing demand, thus decreasing overall demand.

Latent demand, which is also referred to as pent-up demand, typically results from under building in an area. If, over the last several years, rental building has not kept pace with the population increase and, more importantly, the percentage of the population desiring (or needing) rental units that had been forecast to increase, latent demand might be present.

During our analysis, we have estimated that "latent" demand will be generated from five sources; existing unmet demand (existing demand exceeds existing supply), cost burden renters, substandard households, waiting lists and conversions.

- Existing Demand may be present if current demand for a product exceeds the current supply for a product type.
- Family/ Elderly Cost Burden Renters are those renters that are spending more than 35%/ 40% of their income for housing costs.
- Substandard Households are those households that have incomplete kitchen facilities, incomplete plumbing facilities or more than one person per room.
- Waiting lists is a form of pent up demand in which a tenant (demand) must wait for a residential unit (supply).
- Conversions are simply those that reside in one form of housing may convert to another form of housing. Most commonly this occurs between home owners and renters.

If latent demand exists, then it always represents a positive adjustment to existing demand.

Adjust for Movership Demand

As previously discussed, movership demand is created from trending within the existing inventory.

Trends

Based upon our analysis, we anticipate that "move-up" gains are expected to mostly be cancelled out from "lateral- losses" and thus a 0% additional demand is generated from trending.

Adjust for Latent Demand

Our analysis indicates that the current demand for the subject exceeds the current supply and therefore, a positive residual demand exists.

Cost Burden Renters are those renters that spending more than 35% of income for housing costs. Based upon information provided by the US Census Bureau, approximately **45%** of renter households are considered cost burden households.

Substandard Households are those households that have incomplete kitchen facilities, incomplete plumbing facilities or more than one person per room. Based upon information provided by the US Census Bureau, less than 6% of renter households are considered substandard households.

It is reasonable to assume that cost burden renters and substandard household renters overlap. In other words, those living in substandard households are also likely to also be cost burden renters and vice-versa, so it would not be appropriate to simply add the 45% cost burden households to 3% of substandard households to derive at a collective 48% ratio. Therefore, we have made appropriate adjustments to account for this overlapping.

We have estimated that **40%** of *current* renter households are a combination of cost burden and substandard households. Not all the cost burden households and substandard households will qualify for the subject; however, more than the average affordability index will qualify given that the subject is designed to cater to this household segment. Therefore, we have estimated the affordability index at **50%** for this household segment. The balance of those households that would not qualify would likely remaining in their current house or find housing with a deeper form of subsidy.

H. COMPETITIVE ENVIRONMENT

COMPARABLE PROPERTY PROFILES

The first part of the analysis calls for an inventory of available and anticipated competitive supply. Quantitative supply data can be obtained from many sources. The most common sources include; apartment associations, private market research firms and local municipal governments.

In the second part of the supply analysis, a quantitative ranking of competitive apartments is developed. We relied on judgment to complete the quantitative survey and rate the subject against the competition.

EXISTING STOCK OF COMPETITIVE PROPERTIES

Predominate type of development and conformity.

The predominately type of development in the subject's PMA is residential in nature. The multifamily inventory is typically garden style walk up communities. The subject will be a Class B community and is anticipated to have a moderate degree of conformity with other Class B projects in the PMA.

Existing Properties

Using quantitative data obtained from municipal lists of existing apartments and unit totals, we estimated the multifamily inventory within the subject's PMA at approximately 2,000 multifamily units. Not all these units are competitive with the subject. Some units are occupied by tenants with household incomes above or below the range specified for the subject. The subject will be a family oriented LIHTC property and only other family oriented LIHTC properties are expected to compete with the subject. Therefore, we have conducted a survey on the existing inventory of family oriented LIHTC properties contained in the subject's PMA.

Planned Projects

We are not aware of any new LIHTC projects coming online in the subject's PMA, which are currently under construction or in the planning phase. Based upon conversations with city/ county officials and housing trends, an annual allowance of 50 competitive new dwelling units is estimated within the subject's PMA over the mid-range forecast (5 years; 10 per year). Because the lending market has become more restrictive, fewer development loans are being made in the area. However, more recently, signs of the lending market relaxing, increased occupancy rates and increasing rents again is expected stir new development in the years to come.

ANALYSIS OF COMPETITIVE SUPPLY AND RATING OF THE SUBJECT AGAINST THE COMPETITION

To obtain an inventory of apartment projects that are competitive with the subject, the noncompetitive properties must be segmented out from the existing and anticipated supply. In this step, noncompetitive supply is identified in the rating process. We have rated apartment complexes in the subject’s PMA in terms of three major criteria: location, age/ condition and amenities.

- **Location**
Each of the areas where apartment communities are clustered was assigned a rating on a scale of 1 to 3; the better the location within the PMA, the higher the rating.
- **Age/ Condition**
The age/ condition of the apartment complexes was rated 1 to 3. The older complexes received a lower rating whereas; newer complexes received a higher rating.
- **Amenities**
Property amenities include amenities offered within the apartments and common site amenities. Properties with a superior amenity package received the higher rankings.
- **Other factors considered include whether the project is affordable or market oriented and the overall size of the complex. Properties of similar age and physical characteristics may not be considered competitive with the subject because it is not an affordable community. Also, smaller projects may not be considered competitive either. These factors were considered in our ranking analysis.**

Because the subject will be a family-oriented LIHTC property, all other family oriented LIHTC properties are expected to compete with the subject. Subsidized properties and elderly properties were excluded from our analysis. Our ranking analysis is as follows;

Property	Submarket	Age Group	Units	Property Class	Overall Rating	Type	Build
Highland Commons	Fauquier County	15 to 30	96	C	5	LIHTC	Traditional
Hunt Country Manor	Fauquier County	15 to 30	56	C	5	LIHTC	Traditional
Millview	Fauquier County	1 to 5	28	B	8	LIHTC	Traditional
Piedmont Lane at the Plains	Fauquier County	6 to 15	16	C	5	LIHTC	Traditional
Washburn Place	Fauquier County	1 to 5	30	B	8	LIHTC	Traditional

Total Units Surveyed in PMA 226

All the properties above are expected to directly compete with the subject. The communities were sorted by their overall rating. The location ratings, the age ratings and the amenities rating were added to produce the overall rating illustrated above. Using their competitive supply ratings, the 5 communities were grouped into three classes; A, B and C. The following table shows the breakout of the apartment complexes by class.

Class	No. of Communities	% of Total Units	No. of Units per Class	Rating Scores
A	0	0%	0	9+
B	2	40%	58	7, 8
C	3	60%	168	<5
Total	5	100%	226	

Conclusion of Competitive analysis

Class A

- There are no Class A projects located within the subject's PMA.

Class B

- There is a total of 2 Class B projects containing 58 dwelling units. The rating scores are 7 and 8.

Class C

- There is a total of 3 Class C projects containing 168 dwelling units. The rating scores have a range from 5 and below.

The subject is considered to be a Class B asset community. The subject competes with all other LIHTC properties within the subject's PMA. The subject also competes with market rate properties within the PSA. Market rental rates are generally below the maximum allowable gross rent (considering utility allowance); therefore, market properties are de facto competitive with LIHTC properties within the Subject's MSA. There is a total of 226 income and rent restricted dwelling units between 5 properties surveyed. Of those units surveyed, 100% of the units are expected to compete with the subject.

Comparable Property Photos and Property Profiles

Per VHDA Guidelines, a general write-up, including photos of all LIHTC properties contained in the subject's PMA is contained on the following pages. Only those LIHTC units that are family oriented and unsubsidized were included in our survey. No market rate properties were included in our survey; however, LIHTC properties with a market rate component were included in our survey as we feel the subject will effectively compete with those units as well.

In some cases, despite our best efforts, properties may not have been surveyed (not returning phone calls, refusal to cooperate). In instances in which we were unable to reach any party to the property, we may have updated older data based on trends, or relied upon online sources. In some cases, in which alternative sources were not available, a property may not have been updated, but still included in our analysis. There is a total of 5 LIHTC properties located in the subject's PMA. Those properties and their status, include;

Property	Status
Highland Commons	Updated; Survey
Hunt Country Manor	Updated; Survey
Millview	Updated; Survey
Piedmont Lane at the Plains	Updated; Survey
Washburn Place	Updated; Survey

Several properties may not have been able to be reached for a phone survey. No data was available on these properties publicly. Therefore, they are not included in the following comparable write-ups.

A general write-up of the subject and those properties considered comparable are contained on the following pages. The property profile sheets outline each properties unit matrix, unit amenities, site amenities and utilities/ services included in rent. It's used as a basis for determining the subject's true competition and this analysis further establishes the subject's conformity with its competition and highlights unique aspects of the subject that may service as a competitive advantage or deficiency.

EXHIBIT 1
INFORMATION ON COMPARABLE/ SUBJECT

Property Type: Market () Tax Credit (x) at 50%, 60% of AMI _____

Property Name: Highland Commons

Property Address: 12 Walker Drive, Warrenton, VA

Physical Occupancy: _____ 100 % Estimated () Actual (x) Date 3/11/2021

Specify the property's exterior: Brick () Vinyl (x) Hardiplank () Wood () Other (x); _____

Your impression of the Property: Good (x) Average () Poor () Actual/ Effective Age: 1994

What condition was the property in considering its age?: Good (x) Average () Poor ()

How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good; Attractive Architecture

Has the property been renovated or just maintained? If so, what was the scope of the work?: Adequately Maintained

Is the property located on or near public transportation; if so, what? Yes; Bus Line

Is the property accessed off a primary road or secondary / residential street? Describe: Residential

Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ()

Unit Mix: _____ 95 _____ Total Units

# Units	Type	SF	Rent	UA	Inc/Rent Rest.	Conc.	Other
24	2.1	877	1,324	81	50%		
48	2-1.5	1,010	1,608	81	60%		
23	3.2	1,178	1,851	100	60%		

Unit Amenities: Check where appropriate

Kitchen

(x) Range and Oven
(x) Frost Free Ref./ Icemaker
(x) Microwave
(x) Dishwasher
(x) Garbage Disposal
(x) Range Hood

Heat and Cool

(x) Central System
() Wall thru
() Window A/C Units
() Baseboard Heat
() Other: Describe _____

Flooring

(X) Carpet
(X) Vinyl
() Hardwood
() Ceramic
() Other _____

Other

(x) Shades/Blinds
(x) Cable/ Satellite Ready
(x) Balcony/Patio
(x) Washer/ Dryer
() W/D Hook-ups
() Ceiling Fans

() Fireplace
() Vaulted/ High Ceiling
() Upgraded Countertops
() Garden Tubs
() Moulding
() Exposed Beam/ Brick

() Views- 3rd floor up
() Upgraded Lighting
() Upgraded Cabinets
(x) Stainless Steel Appl.
() Other; Describe: _____

Exhibit 1 Continued

Site Amenities: Check where appropriate

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Pool | <input checked="" type="checkbox"/> Playground/Tot Lots | <input type="checkbox"/> Elevator |
| <input checked="" type="checkbox"/> Tennis | <input checked="" type="checkbox"/> Deck Parking/Garages | <input type="checkbox"/> Storage |
| <input checked="" type="checkbox"/> Rental Office | <input type="checkbox"/> Limited Access; | <input type="checkbox"/> Other; please specify: |
| <input type="checkbox"/> Car Wash Area | <input checked="" type="checkbox"/> Fitness Center | |
| <input type="checkbox"/> Business Office for Residents | <input type="checkbox"/> Laundry Facility | |
| <input checked="" type="checkbox"/> Clubhouse/ community room | <input checked="" type="checkbox"/> On-Site Parking | |

Utilities and Services Included in Rent: Check where appropriate

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Water & Sewer | <input type="checkbox"/> Heat (Gas/ Elec) | <input type="checkbox"/> All Utilities; includes electricity |
| <input checked="" type="checkbox"/> Trash Pickup | <input type="checkbox"/> Hot Water (Gas/ Elec) | <input type="checkbox"/> No Utilities |
| <input type="checkbox"/> Security | <input type="checkbox"/> Cooking (Gas/ Elec) | <input type="checkbox"/> Other; please specify: |

Tenant Retention (Annual) _____
 Renewal Rate as \$/% of Market Growth: _____
 Typical Annual Market Growth Rate: _____
 Marketing Period _____

Newer Property Only

Pre-Leasing Began: _____
 Construction Complete: _____
 Stabilization: _____
 Months: 4.00
 Stabilized Units: _____
 Monthly Absorption Rate: 20.00



Build	Property Class:
<input checked="" type="checkbox"/> Garden	<input type="checkbox"/> A
<input type="checkbox"/> TH	<input checked="" type="checkbox"/> B
<input type="checkbox"/> Mid Rise	<input type="checkbox"/> C
<input type="checkbox"/> High Rise	<input type="checkbox"/> Other

Key
 x= indicates feature is present
 s= present in select units
 \$= present for a fee
 * See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation	POSITION:
--	-----------

**EXHIBIT 1
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market () Tax Credit (x) at 40% of AMI _____
 Property Name: Hunt Country Manor
 Property Address: 361 Roebling Street; Warrenton, VA
 Physical Occupancy: _____ 95 % Estimated () Actual (x) Date 3/11/2021
 Specify the property's exterior: Brick () Vinyl (x) Hardiplank () Wood () Other (x); _____
 Your impression of the Property: Good (x) Average () Poor () Actual/ Effective Age: 1973/2000
 What condition was the property in considering its age?: Good (x) Average () Poor ()
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good; Attractive Architecture

Has the property been renovated or just maintained? If so, what was the scope of the work?: Renov. In 2019

Is the property located on or near public transportation; if so, what? Yes;

Is the property accessed off a primary road or secondary / residential street? Describe: Residential

Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ()

Unit Mix: _____ 56 _____ Total Units

# Units	Type	SF	Rent	UA	Inc/Rent Rest.	Conc.	Other
45	2.1	960	950	81	40%		
11	2.2	1,050	1,010	81	40%		

Unit Amenities: Check where appropriate

Kitchen

- (x) Range and Oven
- (x) Frost Free Ref./ Icemaker
- (x) Microwave
- (x) Dishwasher
- (x) Garbage Disposal
- (x) Range Hood

Heat and Cool

- (x) Central System
- () Wall thru
- () Window A/C Units
- () Baseboard Heat
- () Other: Describe _____

Flooring

- (X) Carpet
- (X) Vinyl
- () Hardwood
- () Ceramic
- () Other _____

Other

- (x) Shades/Blinds
- (x) Cable/ Satellite Ready
- (x) Balcony/Patio
- (x) Washer/ Dryer
- () W/D Hook-ups
- () Ceiling Fans
- () Fireplace
- () Vaulted/ High Ceiling
- () Upgraded Countertops
- () Garden Tubs
- () Moulding
- () Exposed Beam/ Brick _____
- () Views- 3rd floor up
- () Upgraded Lighting
- () Upgraded Cabinets
- (x) Stainless Steel Appl.
- () Other; Describe: _____

Exhibit 1 Continued

Site Amenities: Check where appropriate

- | | | |
|---|---|---|
| <input type="checkbox"/> Pool | <input type="checkbox"/> Playground/Tot Lots | <input type="checkbox"/> Elevator |
| <input type="checkbox"/> Tennis | <input type="checkbox"/> Deck Parking/Garages | <input type="checkbox"/> Storage |
| <input checked="" type="checkbox"/> Rental Office | <input type="checkbox"/> Limited Access; | <input type="checkbox"/> Other; please specify: |
| <input type="checkbox"/> Car Wash Area | <input type="checkbox"/> Fitness Center | |
| <input type="checkbox"/> Business Office for Residents | <input type="checkbox"/> Laundry Facility | |
| <input checked="" type="checkbox"/> Clubhouse/ community room | <input checked="" type="checkbox"/> On-Site Parking | |

Utilities and Services Included in Rent: Check where appropriate

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Water & Sewer | <input type="checkbox"/> Heat (Gas/ Elec) | <input type="checkbox"/> All Utilities; includes electricity |
| <input checked="" type="checkbox"/> Trash Pickup | <input type="checkbox"/> Hot Water (Gas/ Elec) | <input type="checkbox"/> No Utilities |
| <input type="checkbox"/> Security | <input type="checkbox"/> Cooking (Gas/ Elec) | <input type="checkbox"/> Other; please specify: |

Tenant Retention (Annual) _____
 Renewal Rate as \$/% of Market Growth: _____
 Typical Annual Market Growth Rate: _____
 Marketing Period _____

Newer Property Only

Pre-Leasing Began: _____
 Construction Complete: _____
 Stabilization: _____
 Months: 4.00
 Stabilized Units: _____
 Monthly Absorption Rate: 20.00



Build	Property Class:
<input checked="" type="checkbox"/> Garden	<input type="checkbox"/> A
<input type="checkbox"/> TH	<input checked="" type="checkbox"/> B
<input type="checkbox"/> Mid Rise	<input type="checkbox"/> C
<input type="checkbox"/> High Rise	<input type="checkbox"/> Other
	3-story

Key
 x= indicates feature is present
 s= present in select units
 \$= present for a fee
 * See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation	POSITION:
--	-----------

**EXHIBIT 1
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market () Tax Credit (x) at 40, 50, 60% of AMI _____

Property Name: Millview Apartments

Property Address: 401 North Church Street; Remington, Virginia

Physical Occupancy: _____ 100 % Estimated () Actual (x) Date 3/11/2021

Specify the property's exterior: Brick (x) Vinyl () Hardiplank () Wood () Other (x); _____

Your impression of the Property: Good (x) Average () Poor () Actual/ Effective Age: _____

What condition was the property in considering its age?: Good (x) Average () Poor ()

How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good

Has the property been renovated or just maintained? If so, what was the scope of the work?: Newly Rehabilitated

Is the property located on or near public transportation; if so, what? Yes;

Is the property accessed off a primary road or secondary / residential street? Describe: Residential

Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ()

Unit Mix: 28 Total Units

<u># Units</u>	<u>Type</u>	<u>SF</u>	<u>Rent*</u>	<u>UA</u>	<u>Inc/Rent Rest.</u>	<u>Conc.</u>	<u>Other</u>
3	2.1	683	820	145	40%		
11	2.1	683	983	145	50%		
14	2.1	683	1,093	145	60%		

*Rent assumed to have increased at 3% per year

Unit Amenities: Check where appropriate

Kitchen

- (x) Range and Oven
- (x) Frost Free Ref./ Icemaker
- (x) Microwave
- (x) Dishwasher
- (x) Garbage Disposal
- (x) Range Hood

Heat and Cool

- (x) Central System
- () Wall thru
- () Window A/C Units
- () Baseboard Heat
- () Other: Describe

Flooring

- (X) Carpet
- (X) Vinyl
- () Hardwood
- () Ceramic
- () Other

Other

- (x) Shades/Blinds
- (x) Cable/ Satellite Ready
- (x) Balcony/Patio
- () Washer/ Dryer
- () W/D Hook-ups
- () Ceiling Fans
- () Fireplace
- () Vaulted/ High Ceiling
- () Upgraded Countertops
- () Garden Tubs
- () Moulding
- () Exposed Beam/ Brick
- () Views- 3rd floor up
- () Upgraded Lighting
- () Upgraded Cabinets
- (x) Stainless Steel Appl.
- () Other; Describe:

Exhibit 1 Continued

Site Amenities: Check where appropriate

- Pool
- Tennis
- Rental Office
- Car Wash Area
- Business Office for Residents
- Clubhouse/ community room
- Playground/Tot Lots
- Deck Parking/Garages
- Limited Access;
- Fitness Center
- Laundry Facility
- On-Site Parking
- Elevator
- Storage
- Other; please specify:

Utilities and Services Included in Rent: Check where appropriate

- Water & Sewer
- Trash Pickup
- Security
- Heat (Gas/ **Elec**)
- Hot Water (Gas/ **Elec**)
- Cooking (Gas/ **Elec**)
- All Utilities; includes electricity
- No Utilities
- Other; please specify:

Tenant Retention (Annual) _____
 Renewal Rate as \$/% of Market Growth: _____
 Typical Annual Market Growth Rate: _____
 Marketing Period _____

Newer Property Only
 Pre-Leasing Began: _____
 Construction Complete: _____
 Stabilization: _____
 Months: 4.00
 Stabilized Units: _____
 Monthly Absorption Rate: 20.00



Build Property Class:
 Garden A
 TH B
 Mid Rise C 2-Story
 High Rise Other

Key
 x= indicates feature is present
 s= present in select units
 \$= present for a fee
 * See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation **POSITION:**

**EXHIBIT 1
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market () Tax Credit (x) at 60% of A Other () Describe _____
 Property Name: Piedmont Lane at The Plains
 Property Address: 6393 Fauquier Avenue; The Plains, VA
 Physical Occupancy: _____ 93 % Estimated () Actual (x) Date 3/11/2021
 Specify the property's exterior: Brick (x) Vinyl () Hardiplank () Wood () Other (x); _____
 Your impression of the Property: Good (x) Average () Poor () Actual/ Effective Age: 2012
 What condition was the property in considering its age?: Good (x) Average () Poor ()
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good; Attractive Architecture

Has the property been renovated or just maintained? If so, what was the scope of the work?: Maintained; New in 2012

Is the property located on or near public transportation; if so, what? Yes;

Is the property accessed off a primary road or secondary / residential street? Describe: Residential

Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ()

Unit Mix: 16 Total Units

<u># Units</u>	<u>Type</u>	<u>SF</u>	<u>Rent</u>	<u>UA</u>	<u>Inc/Rent Rest.</u>	<u>Conc.</u>	<u>Other</u>
2	2/1.5	1,128	1,035	99	40%		
5	2/1.5	1,128	1,091	99	50%		
9	3/2.5	1,347	1,258	118	50%		

Unit Amenities: Check where appropriate

Kitchen

- (x) Range and Oven
- (x) Frost Free Ref./ Icemaker
- (x) Microwave
- (x) Dishwasher
- (x) Garbage Disposal
- (x) Range Hood

Heat and Cool

- (x) Central System
- () Wall thru
- () Window A/C Units
- () Baseboard Heat
- () Other: Describe _____

Flooring

- (X) Carpet
- (X) Vinyl
- () Hardwood
- () Ceramic
- () Other

Other

- (x) Shades/Blinds
- (x) Cable/ Satellite Ready
- (x) Balcony/Patio
- (x) Washer/ Dryer
- () W/D Hook-ups
- () Ceiling Fans

- () Fireplace
- () Vaulted/ High Ceiling
- () Upgraded Countertops
- () Garden Tubs
- () Moulding
- () Exposed Beam/ Brick

- () Views- 3rd floor up
- () Upgraded Lighting
- () Upgraded Cabinets
- (x) Stainless Steel Appl.
- () Other; Describe: _____

Exhibit 1 Continued

Site Amenities: Check where appropriate

- | | | |
|--|---|---|
| <input type="checkbox"/> Pool | <input checked="" type="checkbox"/> Playground/Tot Lots | <input type="checkbox"/> Elevator |
| <input type="checkbox"/> Tennis | <input type="checkbox"/> Deck Parking/Garages | <input type="checkbox"/> Storage |
| <input checked="" type="checkbox"/> Rental Office | <input type="checkbox"/> Limited Access; | <input type="checkbox"/> Other; please specify: |
| <input type="checkbox"/> Car Wash Area | <input type="checkbox"/> Fitness Center | |
| <input type="checkbox"/> Business Office for Residents | <input type="checkbox"/> Laundry Facility | |
| <input type="checkbox"/> Clubhouse/ community room | <input checked="" type="checkbox"/> On-Site Parking | |

Utilities and Services Included in Rent: Check where appropriate

- | | | |
|--|--|--|
| <input type="checkbox"/> Water & Sewer | <input type="checkbox"/> Heat (Gas/ Elec) | <input type="checkbox"/> All Utilities; includes electricity |
| <input checked="" type="checkbox"/> Trash Pickup | <input type="checkbox"/> Hot Water (Gas/ Elec) | <input type="checkbox"/> No Utilities |
| <input type="checkbox"/> Security | <input type="checkbox"/> Cooking (Gas/ Elec) | <input type="checkbox"/> Other; please specify: |

Tenant Retention (Annual) _____
 Renewal Rate as \$/% of Market Growth: _____
 Typical Annual Market Growth Rate: _____
 Marketing Period _____

Newer Property Only

Pre-Leasing Began: _____
 Construction Complete: _____
 Stabilization: _____
 Months: 4.00
 Stabilized Units: _____
 Monthly Absorption Rate: 20.00



Build Property Class:

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Garden | <input type="checkbox"/> A |
| <input checked="" type="checkbox"/> TH | <input checked="" type="checkbox"/> B |
| <input type="checkbox"/> Mid Rise | <input type="checkbox"/> C |
| <input type="checkbox"/> High Rise | <input type="checkbox"/> Other |

Key

- x= indicates feature is present
 s= present in select units
 \$= present for a fee
 * See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation	POSITION:
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**EXHIBIT 1
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market () Tax Credit (x) at 60% of A Other () Describe _____
 Property Name: Washburn Place in Marshall _____
 Property Address: 8417 Salem Avenue, Marshall, VA _____
 Physical Occupancy: _____ 100 % Estimated () Actual (x) Date 3/11/2021
 Specify the property's exterior: Brick () Vinyl () Hardiplank (x) Wood () Other (x); _____
 Your impression of the Property: Good (x) Average () Poor () Actual/ Effective Age: _____
 What condition was the property in considering its age?: Good (x) Average () Poor ()
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good; Attractive Architecture _____

Has the property been renovated or just maintained? If so, what was the scope of the work?: New Construction _____

Is the property located on or near public transportation; if so, what? Yes; _____

Is the property accessed off a primary road or secondary / residential street? Describe: Residential _____

Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ()

Unit Mix: 30 Total Units

<u># Units</u>	<u>Type</u>	<u>SF</u>	<u>Rent</u>	<u>UA</u>	<u>Inc/Rent Rest.</u>	<u>Conc.</u>	<u>Other</u>
3	3.2	1,004	1,101	158	40%		
3	3.2	1,004	1,275	158	50%		
9	3/2.5	1,167	1,275	158	50%		
15	3/2.5	1167	1,275	158	60%		

Unit Amenities: Check where appropriate

Kitchen

- (x) Range and Oven
- (x) Frost Free Ref./ Icemaker
- (x) Microwave
- (x) Dishwasher
- (x) Garbage Disposal
- (x) Range Hood

Heat and Cool

- (x) Central System
- () Wall thru
- () Window A/C Units
- () Baseboard Heat
- () Other: Describe _____

Flooring

- (X) Carpet
- (X) Vinyl
- () Hardwood
- () Ceramic
- () Other

Other

- | | | |
|----------------------------|---------------------------|----------------------------|
| (x) Shades/Blinds | () Fireplace | () Views- 3rd floor up |
| (x) Cable/ Satellite Ready | () Vaulted/ High Ceiling | () Upgraded Lighting |
| (x) Balcony/Patio | () Upgraded Countertops | () Upgraded Cabinets |
| (x) Washer/ Dryer | () Garden Tubs | (x) Stainless Steel Appl. |
| () W/D Hook-ups | () Moulding | () Other; Describe: _____ |
| () Ceiling Fans | () Exposed Beam/ Brick | |

Exhibit 1 Continued

Site Amenities: Check where appropriate

- | | | |
|---|---|---|
| <input type="checkbox"/> Pool | <input type="checkbox"/> Playground/Tot Lots | <input type="checkbox"/> Elevator |
| <input type="checkbox"/> Tennis | <input type="checkbox"/> Deck Parking/Garages | <input type="checkbox"/> Storage |
| <input checked="" type="checkbox"/> Rental Office | <input type="checkbox"/> Limited Access; | <input type="checkbox"/> Other; please specify: |
| <input type="checkbox"/> Car Wash Area | <input type="checkbox"/> Fitness Center | |
| <input type="checkbox"/> Business Office for Residents | <input type="checkbox"/> Laundry Facility | |
| <input checked="" type="checkbox"/> Clubhouse/ community room | <input checked="" type="checkbox"/> On-Site Parking | |

Utilities and Services Included in Rent: Check where appropriate

- | | | |
|--|--|--|
| <input type="checkbox"/> Water & Sewer | <input type="checkbox"/> Heat (Gas/ Elec) | <input type="checkbox"/> All Utilities; includes electricity |
| <input checked="" type="checkbox"/> Trash Pickup | <input type="checkbox"/> Hot Water (Gas/ Elec) | <input type="checkbox"/> No Utilities |
| <input type="checkbox"/> Security | <input type="checkbox"/> Cooking (Gas/ Elec) | <input type="checkbox"/> Other; please specify: |

Tenant Retention (Annual) _____
 Renewal Rate as \$/% of Market Growth: _____
 Typical Annual Market Growth Rate: _____
 Marketing Period _____



Newer Property Only

Pre-Leasing Began: _____
 Construction Complete: _____
 Stabilization: _____
 Months: 4.00
 Stabilized Units: _____
 Monthly Absorption Rate: 20.00

Build	Property Class:
<input type="checkbox"/> Garden	<input type="checkbox"/> A
<input checked="" type="checkbox"/> TH	<input checked="" type="checkbox"/> B
<input type="checkbox"/> Mid Rise	<input type="checkbox"/> C
<input type="checkbox"/> High Rise	<input type="checkbox"/> Other

2-Story

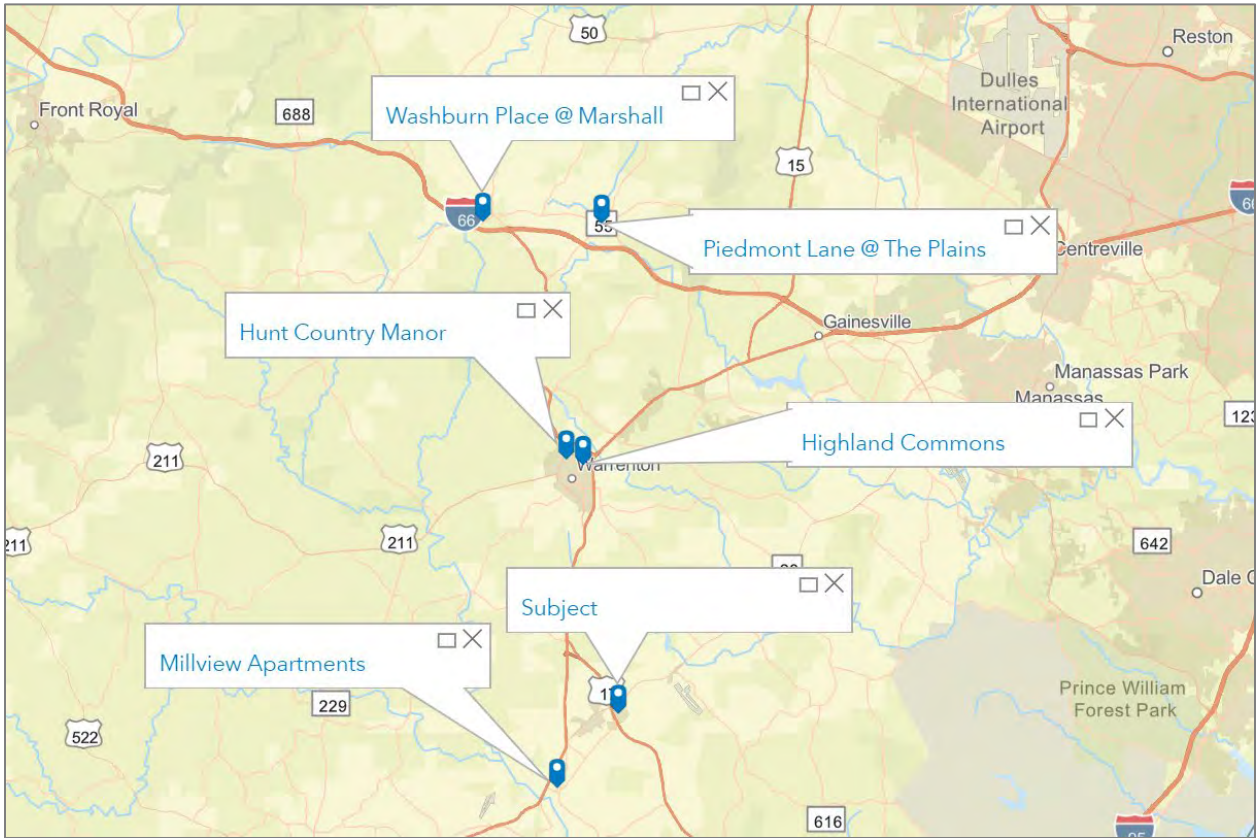
Key
 x= indicates feature is present
 s= present in select units
 \$= present for a fee
 * See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation	POSITION:
---	------------------

LOCATION MAP



The above map provides an illustration of the concentration of communities in various portions of the subject's PMA.

CONFORMITY

A part of determining the subjects competitive set was surveying properties in the subject's PMA to determine the subject conformity with the competitive set. This also gives insight into the subject's competitive advantages and disadvantages. Because the subject is considered to be a LIHTC property, we limited our phone survey to other similar class assets. There was no need to survey market rate, elderly or subsidized properties as the subject is not expected to directly compete with these asset classes. The analysis is as follows;

Unit Profile	Kitchen					Central HVAC	Flooring		
	Range	Ref.	Micro.	Dish.	Disp.		Carpet	Vinyl	Other
Subject	x	x	x	x	x	x	x	x	
	LIHTC								
Highland Commons	x	x	x	x	x	x	x	x	
Hunt Country Manor	x	x	x	x	x	x	x	x	
Millview	x	x	x	x	x	x	x	x	
Piedmont Lane at the Plains	x	x	x	x	x	x	x	x	
Washburn Place	x	x	x	x	x	x	x	x	

Compliance Ratio	5	5	5	5	5	5	5	5	5
	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overall Compliance Ratio	100%								

The subject's overall compliance ratio with the competitive set is 100%.

Unit Profile	Shades	Bal/ Pat.	W/D	Hook ups	Upgrades	High Ceilings
	LIHTC					
Highland Commons	x	x	x	x		
Hunt Country Manor	x	x	x	x		
Millview	x	x				
Piedmont Lane at the Plains	x	x	x	x		
Washburn Place	x	x	x	x		

Compliance Ratio	5	5	4	4	5	5
	100%	0%	80%	80%	100%	100%
Overall Compliance Ratio	83%					

The subject's overall compliance ratio with the competitive set is 83%.

Site Profile	Pool	C.H.	Play Gds.	Fitness	Laundry	Site Parking	Office
Subject	x	x	x	x		x	x
			LIHTC				
Highland Commons	x	x	x	x		x	x
Hunt Country Manor		x	x			x	x
Millview					x	x	x
Piedmont Lane at the Plains			x			x	x
Washburn Place		x	x			x	x

Compliance Ratio	1 20%	3 60%	4 80%	1 20%	1 80%	5 100%	5 100%
Overall Compliance Ratio	57%						

The subject's overall compliance ratio with the competitive set is 57%.

Utility Structure	Water	Sewer	Trash	Heat	Hot Water	Cook	Elec.	Other
Subject			x					
Highland Commons	x	x	x					
Hunt Country Manor	x	x	x					
Millview			x					
Piedmont Lane at the Plains			x					
Washburn Place			x					

Compliance Ratio	2 60%	2 60%	5 100%	5 100%	5 100%	5 100%	5 100%	5 100%
Overall Compliance Ratio	85%							

The subject's overall compliance ratio of 85%.

Competitive Environment

Unit Mix	Units	Studio	1 BR	2 BR	3 BR	Other
Subject	138	0%	0%	70%	30%	0%
		LIHTC				
Highland Commons	96	0%	0%	75%	24%	0%
Hunt Country Manor	56	0%	0%	100%	0%	0%
Millview	28	0%	0%	107%	0%	0%
Piedmont Lane at the Plains	16	0%	0%	44%	56%	0%
Washburn Place	30	0%	0%	0%	100%	0%

Overall Ratio		0%	0%	73%	27%	0%
---------------	--	----	----	-----	-----	----

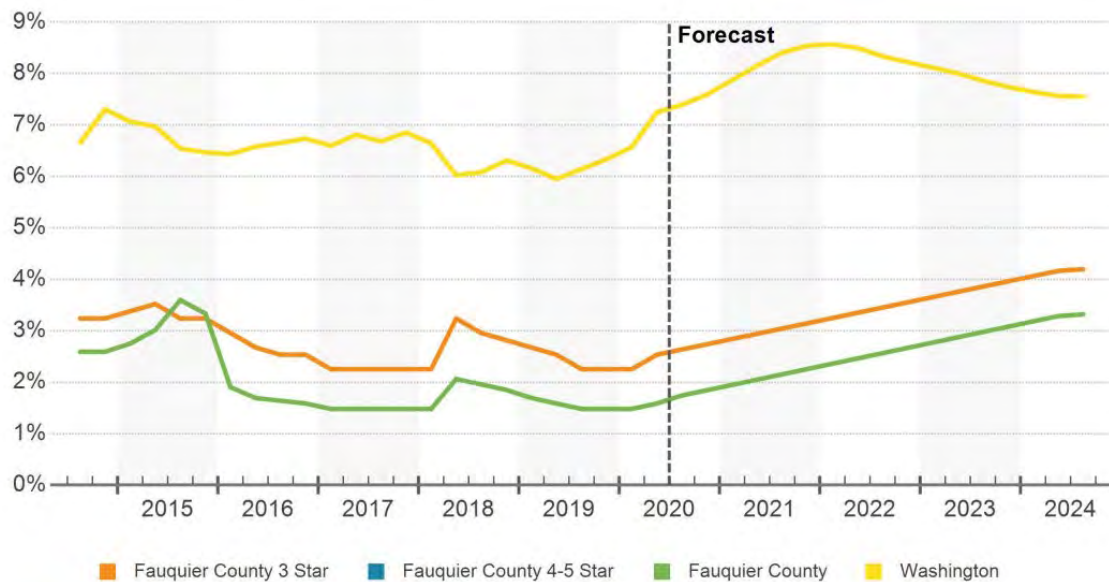
The subject's unit mix is similar to the encumbered properties in the PMA, which average around 73% 2BR units and 27% 3BR units. The subject's unit mix is 70% 2BR units and 30% 3BR units. The subject's overall compliance ratio is adequate and therefore, we can conclude that the subject follows other similar class assets within the subjects PMA.

- Area Vacancy Rates

The subject's PMA was previously defined. Based upon our survey of competitive properties, vacancy levels ranged from 0% to 5% which is considered low indicating a strong demand for affordable housing. No one property appears to be under or over representative in our survey.

The overall vacancy rate in the subject's PMA has remained relatively stable ranging from 1% to nearly 2% and trending slightly upwards. There is a shortage of multifamily housing, especially encumbered multifamily housing, in Fauquier County.

VACANCY RATE



The vacancy rate by unit type has demonstrated a similar pattern of stability over the same time span.

- Discussion of any significant impact of the subject development on the existing rental housing stock.

The subject is proposed and upon completion of the construction, the subject is anticipated to be consistent with the existing inventory as previously defined. Therefore, the subject is not expected to have a significant impact on the existing rental housing stock.

- Identification of waiting lists – we are not aware of any waiting lists for any of the subject's anticipated competitive inventory. Waiting lists are commonly found among subsidized properties, in which case, subsidized properties are not considered competitive with our subject and therefore, any waiting lists derived at from a subsidized property would be excluded from our analysis.
- Availability of Affordable Housing Options

While there is inventory of LIHTC, public and subsidized housing in the subject's PMA, there is an ever-growing demand for affordable housing.

- Discussion of future changes in housing stock

Based upon conversations with city/ county officials and investor surveys, an annual allowance of **10** competitive new dwelling units is estimated within the subject's PMA over the mid-range forecast. However, more recently, signs of the lending market relaxing, increased occupancy rates and increasing rents again is expected stir new development in the years to come.

Tax Credit and other planned or under construction rental communities in market area.

Only those communities that are considered competitive with the subject are considered germane to our analysis. As previously stated, we have made an annual 10unit annual allowance over the mid-range forecast. This is the annualized estimate of new LIHTC units in the subject's PMA which are estimated to occur within the next five years, which may compete with the subject.

I. FUNDAMENTAL MARKET ANALYSIS (FMA) & CONCLUSIONS

MARKET EQUILIBRIUM

In order to determine the equilibrium status of a particular market, total competitive supply is subtracted from total demand. A negative balance in which supply exceeds demand indicates that there is excess supply. Conversely, a positive balance in which demand exceeds supply indicates excess demand. In this case, qualified demand exceeds competitive supply indicating excess demand.

RESIDUAL DEMAND CONCEPTS

The findings of the demand analysis and competitive supply analysis are considered and analyzed; if demand exceeds supply, then a positive residual demand exists whereas if supply exceeds demand, then the residual demand is negative. In instances where demand exceeds supply, then upward rental trends occur until new inventory is realized. Once the residual demand is offset by additional inventory, rental rates may decline, or rental concessions may become more prevalent. The increased supply brings the market back towards equilibrium. The residual demand in the subject's PMA is positive for each year in mid-range forecast.

OBSERVATIONS ON EQUILIBRIUM ANALYSIS

In order to determine the equilibrium status of a particular market, total competitive supply is subtracted from total demand. A negative balance in which supply exceeds demand indicates that there is excess supply. Conversely, a positive balance in which demand exceeds supply indicates excess demand. In this case, qualified demand exceeds competitive supply indicating excess demand. Our base year analysis indicates an excess demand at the 40% and 50% level.

CAPTURE/ PENETRATION RATES

Fundamental methods were used to estimate the subjects capture and penetration rates, which was then applied to the forecast of the real estate demand for space in the market. The subjects capture rate can be analyzed in a number of ways. We have determined that the most accurate way is to simply divide the marginal demand estimate by the total number of units that would need to be absorbed into the subject properties PMA.

A summary of the table calculating the overall capture rate is contained on the following pages.

Calculation of Housing Demand Schedule @ 60% of AMI

Total Current Population (2020)	72,946
Average Family Household Size	2.73
Current Household Demand Estimate (2020)	26,720
Renter Ratio	22%
Total Demand	5,963
Affordability Index	27%
Total Potential Demand in Subject's Economic Segment	1,586
Existing Competitive Supply	226
Current Residual Demand	1,360

Residual Demand from Existing Inventory 1,360

Projected Households (2025)	28,131
Projected Change in Households	1,411
Renter Ratio	22%
Projected Change in Renter Households	315
Affordability Index	27%
Demand from Income Qualified Multifamily Growth	84
Vacancy Allowance 5%	
Adjusted Demand	88

Less: New Competitive Rental Housing (U/C or Planned) 50
 Residual Multifamily Demand 38

Adjusted Residual Demand from Growth 38

Demand from Existing Households
 Current Number of Renter Households 5,963

Turnover Demand from Cost Burden & Substandard HH	15%	894
Movership Demand	0.0%	0
Marginal Demand from all Turnover		894

Affordability Index 50%
Adjusted Demand 447
 Tenant Retention 0

Net Demand-New & Existing Income Qualified Renter Households 1,846

of Units (Subject) 138
 Times: % drawn from PMA 90%

Adjusted Number of Units to be captured in PMA 124
 Times: Ratio of stabilized occupancy 95%
 Adjusted Number of Units to be captured in PMA 118

Rate Analysis			
Penetration Rate	Units	Competitive Units	
	5,963	394	6.61%
Capture Rate	Subject Units	Units in Demand	
	118	1,846	6.39%

Total Renter HH Demand @ 60% of Income AMI	5,963			
Note that the 3-BR units include rent limits at 40%, 50% and 60%				
	2 BR (60%)	3BR (40%)	3BR (50%)	3 BR (60%)
Tenure by BR	20%	43%	43%	43%
Adjusted Demand by BR	1,193	2,564	2,564	2,564
Affordability Index	12%	23%	18%	17%
Total Potential Demand in Subject's Economic Segment	1,047	2,002	1,629	1,520
Existing Competitive Supply	45	97	97	97
Current Residual Demand	1,002	1,905	1,532	1,423
Projected Change in Renter Households	63	135	135	135
Affordability Index	12%	23%	18%	17%
Demand from Income Qualified Multifamily Growth	7.42	30.51	24.83	23.16
Vacancy Allowance	5%			
Adjusted Demand	7.81	32.12	26.14	24.38
Less: New Competitive Rental Housing (U/C or Planned)	10	22	22	22
Residual Demand from Growth	(2)	11	5	3
Turnover Demand from Cost Burden & Substandard HH	15% 179	385	385	385
Affordability Index	50%			
Adjusted Demand	89	192	192	192
Net Demand-New & Existing Income Qualified Renter Households	1,089	2,108	1,729	1,618
Subject Units	96	3	27	12
Times: % drawn from PMA	90%			
Times: Ratio of stabilized occupancy	95%			
Adjusted Subject Units	82	3	23	10
Capture Rate	7.54%	0.12%	1.34%	0.63%

EVALUATION OF PROPOSED RENTS

The subject two- and three-bedroom dwelling units with rent restrictions at 40%, 50%, and 60%. In order to decide of whether the subject's rent levels are reasonable, we surveyed other similar class LIHTC oriented properties contained in the subject's PMA. The results of our analysis are as follows;

Rents for Similar Class Assets					
Restrictions		2BR	\$/ PSF	3BR	\$/ PSF
Property					
<i>Subject</i>	60%	\$1,425	1.46	\$1,475	1.26
	50%			\$1,400	0.96
	40%			\$1,150	0.79
Washburn Place	60%			\$1,275	1.09
	50%			\$1,275	1.09
	40%			\$1,101	1.10
Piedmont Lane	40%	\$1,035	0.92		
	50%	\$1,091	0.97	\$1,258	0.93
Millview	40%	\$820	1.20		
	50%	\$983	1.44		
	60%	\$1,093	1.60		
Hunt Country Manor	40%	\$980	0.98		
Highland Commons	50%	\$1,324	1.51		
	60%	\$1,608	1.59	\$1,851	1.57
	Min	820	0.92	1101	0.93
	Max	1608	1.60	1851	1.57
	Average	1117	1.28	1352	1.16

The subject's proposed rents appear to be reasonable based on comparable properties surveyed. Therefore, the subject's proposed rents appear reasonable and obtainable.

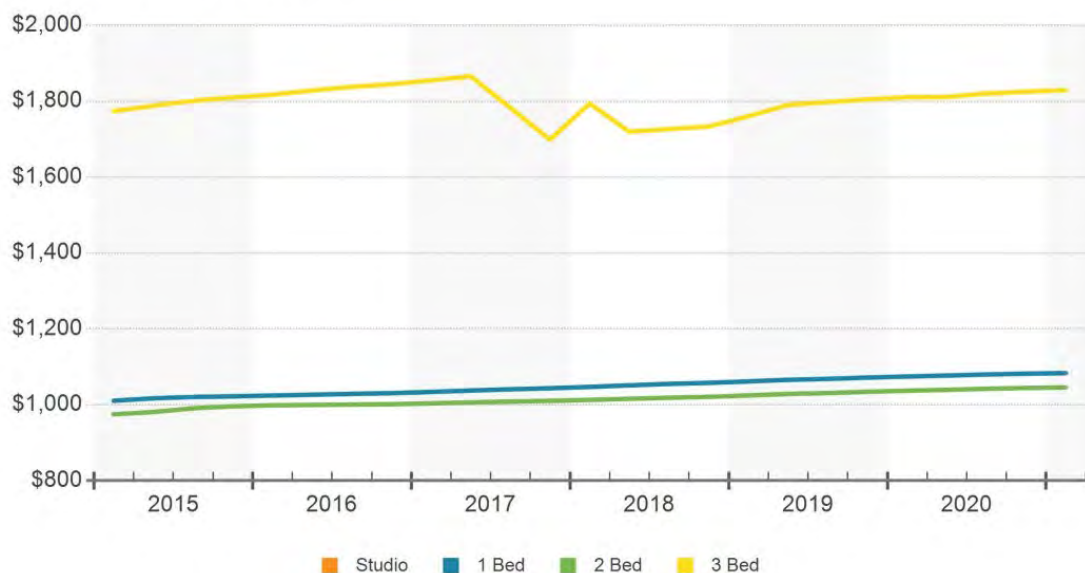
In order to make a determination of rent advantage, we surveyed other similar class market-oriented properties contained in the subject's PMA. The results of our analysis are as follows;

Rents for Similar Class Assets					
Property		2 BR \$	\$/ PSF	3 BR \$	\$/ PSF
<i>Subject</i>	<i>LIHTC @ 40% Rent</i>			\$1,150	0.79
	<i>LIHTC @ 50% Rent</i>			\$1,400	0.96
	<i>LIHTC @ 60% Rent</i>	\$1,425	1.46	\$1,475	1.26
<u>Market Rate Apartments</u>					
Aspen South		\$1,425	\$1.47		
Southridge Apartments		\$1,449	\$1.58	\$1,549	\$1.35
	Min		\$1.47		\$1.35
	Max		\$1.58		\$1.35
	Average		\$1.52		\$1.35
Subjects Rent Advantage (40% LIHTC)					\$0.56
%					41.56%
Subjects Rent Advantage (50% LIHTC)					\$0.39
%					28.86%
Subjects Rent Advantage (60% LIHTC)			\$0.06		\$0.09
%			4.27%		6.48%

As the above table illustrates, the subject does not possess a discernable rent advantage for the 60% units. The 40% and 50% units show a rent advantage; however, market rent is significantly lower than the maximum allowable 60% rent; therefore, market rent and the 60% rents for the subject should approximate one another. The comparables indicate the subject's proposed rent level appears reasonable and achievable. The above analysis indicates the subject's PMA compares favorably to the overall market.

Within the subject's, PMA, asking rates on a per BR basis have been modestly trending upwards. Asking rents for the two, and three bedrooms are approximately \$1,125 and \$1,800, respectively.

MARKET RENT PER UNIT BY BEDROOM

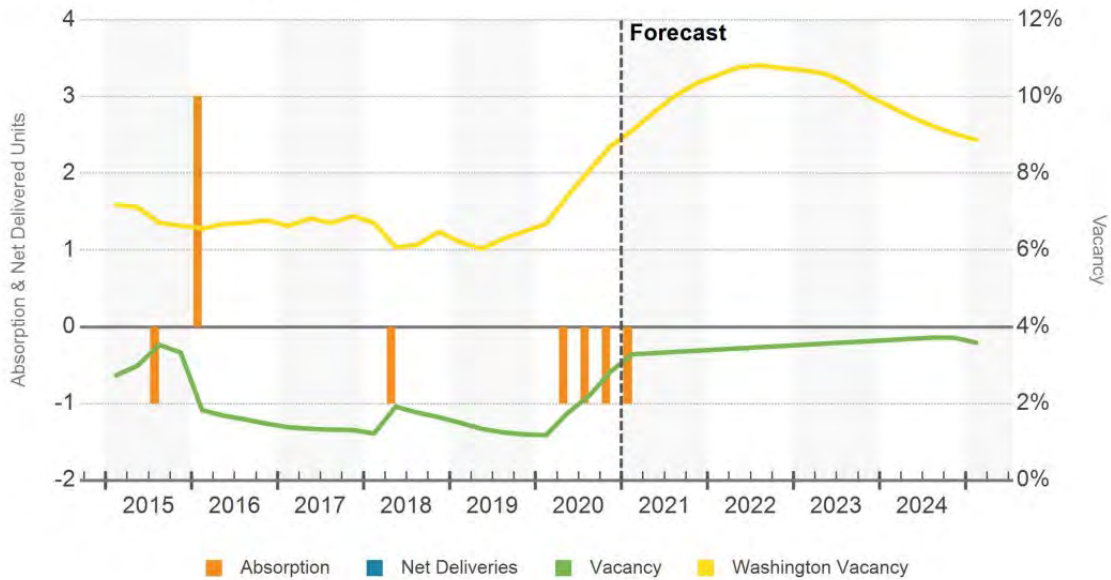


ABSORPTION

In order to estimate the absorption rate for the subject, we surveyed other similar assets in the subject's immediate and extended market area to determine how quickly those assets leased up and achieved stabilization. The analysis is as follows;

To estimate the absorption rate for the subject, we surveyed other similar assets in the subject's PMA to determine how quickly those assets leased up and achieved stabilization. The newer developments being developed in the area are absorbing at around 20 dwelling units per month, depending on size. Given the subject's size, we anticipate an average monthly absorption rate of 20 units per month. This will give the subject adequate time to pre-lease all units. The data below indicate that when new units are constructed, they tend to be absorbed relatively quickly. There appears to be a shortage of multifamily, and specifically income and rent restricted multifamily, in Fauquier County. Absorption for the subject units should occur quickly, as further evidenced by the high levels of occupancy for the subject and comparable properties. It is anticipated that the subject will be stabilized approximately 7 months after completion of construction in Spring of 2021.

ABSORPTION, NET DELIVERIES & VACANCY



Given the subject’s size and more intensive marketing efforts associated with larger projects, we have estimated a monthly absorption rate of 20 dwelling units per month. With adequate pre-leasing efforts, the subject could achieve stabilization approximately two months after completion of the asset.

CONCLUSIONS

The subject is well positioned in the market to capture significant tenancy. The housing serves to satisfy the ever-present and growing need for affordable rental housing. The rental rates for the subject are consistent with the rental rates demonstrated in the PMA.

- The residual demand is positive throughout our mid-range forecast period. The residential demand is 1,846 dwelling units.
- The analyst anticipates adequate demand for accessible and supportive housing for persons with disabilities in the subject's primary market area.
- VHDA requires the analyst to consider the impact, if any, on the analysis for proposed communities in which 20% or more of the units contain at least 3 bedrooms. Approximately 30% of the subject units are 3-Bedroom. This is not expected to have a significant impact on demand, as this is a typical 3-bedroom ratio among income and rent restricted projects in the subject's PMA.
- The subject's capture rate is calculated as the percentage of residential demand the subject would have to capture to achieve stabilization. The total number of units for the subject is segmented by the percentage of units captured in the subject's PMA and a typical vacancy allowance. The adjusted total number of units is 118 units. The subject's overall blended capture rate is 6.39%. The capture rates are low, indicating a strong demand for the subject.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. Financing is currently available at attractive terms and the feasibility rent is sufficient to cover costs of construction and return a reasonable yield to the investor. This combined with the low capture rate indicates a strong demand for the subject's product type.
- The site is attractive and well located in regard to its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the MSA.
- The location, rents, and amenity package will appeal to the low to moderate income families and professionals.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels. Market rents are sufficient to support new construction and a positive residual demand indicates new construction in this market is likely.
- Project features are adequate in this portion of the city and county. The inventory is mixed ranging from older 30+ year inventory to newer inventory. The subject's amenity package and features are generally commensurate with other similar class properties in the subject's market.
- The subject property is currently existing. The economic infrastructure for the subject properties PMA is fundamentally sound and should continue to grow at a constant and

moderate pace.

- The overall development scheme is appropriate and well suited for the market. We make no further recommendations and/ or modifications to the development.
- There do not appear to be any detrimental influences that would impede the absorption rate already established at 20 units per month.
- Our analysis contained herein incorporated the opinions of property managers and leasing agents as well as local market participants that are considered experts in their respective fields.

Given the indications described above, it is reasonable to conclude that the subject's current actual capture rate will continue throughout the mid-range forecast. Given the positive residual demand and the availability of land and capital, new competition is anticipated to materialize in the short and midterm. We have made appropriate allowances for additional new competition.

VHDA NET DEMAND TABLE

Using VHDA’s required format, Net Demand is summarized on the following table. It should be noted that this format does not break out the net demand on a per bedroom type bases, but instead it represents the total net demand.

Income Restrictions	Up to 60%
Min.	\$51,634
Max	\$78,632
Demand from Existing HH	1,360
New Rental HH's	38
PLUS	
*Existing HH's (Rent Overburdened+ Substandard HH+ Turnover)	447
PLUS	
Existing HH's (Substandard HH's)	see above
PLUS	
Homeowners converting to Rental HH's	0
PLUS	
Existing Qualifying Tenants (retain post rehab)	0
EQUALS	
Demand	1,846
MINUS	
**Supply	0
EQUALS	
NET DEMAND	1,846
TOTAL ABSORPTION PERIOD (months)	6.90

*Existing HH's combines substandard and cost burden HH's due to overlapping
 **Demand estimates reflect 'net' demand in which supply has already been deducted from

The demand from existing HH’s as indicated in the first line is simply latent/ pent up demand in which the existing inventory does not satisfy the existing demand.

MARKET ANALYSIS STATEMENT OF EXPERIENCE

A representative sample of Due Diligence, Consulting or Valuation Engagements for Eugene A. Joseph, Jr, the primary analyst, includes: (see addenda for primary market analysts and review analysts resume).

- Have managed and conducted numerous market and feasibility studies for affordable and conventional housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived.
- In accordance with HUD Notice H 00-12, Mr. Joseph has completed numerous rent comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Selected vendors for demographic information and forecasts include:

- www.stdbonline.com
- <http://www.vec.virginia.gov/>
- <http://factfinder.census.gov/home/>

J. OTHER REQUIREMENTS

ANALYST STATEMENT:

I affirm the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low-Income Housing Tax Credit Program in Virginia as administered by VHDA.
4. Neither I nor anyone at my firm has any interest in the proposed development or a relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



Market Analyst

March 11, 2021

Date

CERTIFICATION

The appraisers signing this report make the following certifications to the best of their knowledge and belief.

- The statements of fact contained in this report are true and correct.
- Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraisers' personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraisers have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- The appraisers have performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report during the three-year period immediately preceding acceptance of this assignment.
- The appraisers have no bias with respect to the subject property or to the parties involved with this assignment.
- This engagement is not contingent upon developing or reporting predetermined results.
- Compensation paid to the appraisers 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 the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- A statement regarding observation of the subject property by the appraisers is listed below. This viewing, if any, did not attempt to probe, study, investigate, detect, or discover unfavorable physical features.

Appraiser	Observation
Eugene A. Joseph, Jr., MAI, SRA, AI-GRS	Adequate Observation

- No one provided significant real property appraisal assistance to the appraiser(s) signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics &

Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.

- 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, Eugene A., Joseph, Jr., MAI, SRA has completed the continuing education program for Designated Members of the Appraisal Institute.

EAJoseph Appraisal & Consultation



Eugene A. Joseph, Jr., MAI, SRA, AI-GRS
Principal Appraiser
Certified General Real Estate Appraiser
License No. 4001 009492

SEQUENCE OF ADDENDA MATERIALS

- Contingent and Limiting Conditions
- Appraiser Qualifications
- License
- Insurance Information
- Service Agreement

Eugene A. Joseph, Jr., MAI, SRA, AI-GRS
Proprietor
Office: +1 804 353 1757
Fax: +1 888 977 3716
Mobile: +1 804 467 2517
gene@ejoseph.com

EJoseph Appraisal & Consultation
PO Box 8225
Richmond, Virginia 23226

CONTINGENT AND LIMITING CONDITIONS

1. By this notice, all persons, companies, or corporations using or relying on this report in any manner bind themselves to accept these Contingent and Limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. Do not use any portion of this report unless you fully accept all Contingent and Limiting conditions contained throughout this document.
2. The "Subject" or "Subject Property" refers to the real property that is the subject of this report. An Appraiser is defined as an individual person who is licensed to prepare real estate appraisal-related services in the State of Virginia and affixes his / her signature to this document.
3. Throughout this report, the singular term "Appraiser" also refers to the plural term "Appraisers". The terms "Appraiser" and "Appraisers" also refer collectively to "EAJoseph Appraisal & Consultation ", its officers, employees, subcontractors, and affiliates. The masculine terms "he" or "his" also refer to the feminine term "she" or "her".
4. In these Contingent and Limiting Conditions, the "Parties" refers to all of the following collectively: (a) the Appraiser(s), (b) EAJoseph Appraisal & Consultation, (c) the client, and (d) all intended users.
5. These Contingent and Limiting Conditions are an integral part of this report along with all certifications, definitions, descriptions, facts, statements, assumptions, disclosures, hypotheses, analyses, and opinions.
6. All contents of this report are prepared solely for the explicitly identified client and other explicitly identified intended users. The liability of the Appraiser is limited solely to the client. There is no accountability, obligation, or liability to any other third party. Other intended users may read but not rely on this report.
7. This document communicates the results of an appraisal assignment. This communication is not an inspection, engineering, construction, legal, or architectural report. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraiser is not responsible for any costs incurred to discover, or correct any deficiency in the property.
8. As part of this appraisal, information was gathered and analyzed to form opinion(s) that pertain solely to one or more explicitly identified effective value dates. The effective value date is the only point in time that the value applies. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
9. Real estate values are affected by many changing factors. Therefore, any value opinion expressed herein is considered credible only on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or value opinion(s) contained within this appraisal report if erroneous, or more factual-information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others, and relied upon in this report.
10. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold EAJoseph Appraisal & Consultation , its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands and agrees to all these conditions.
11. For appraisals of multiunit residential, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 10% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed the functionality, physical condition, construction quality, and interior finish of unseen units are similar to the functionality, physical condition, construction quality, and interior finish of observed units. If unobserved dwellings significantly differ from those that were viewed in functionality, physical condition, quality, or finish, the Appraiser reserves the right to amend theses analysis and/or value opinion(s).

12. If the appraised property consists of a physical portion of a larger parcel is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject property. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel. The value opinion for the physical portion appraised + the value of all other complementary physical portions may or may not equal the value of the whole parcel.
13. Unless specifically stated otherwise herein, the Appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features that cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous substance determination, or analysis of these unfavorable attributes was made, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
14. If this report involves an appraisal that values an interest, which is less than the whole fee simple estate, then the following disclosure applies. The value for any fractional interest appraised + the value of all other complementary fractional interests may or may not equal the value of the entire fee simple estate.
15. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, then it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All previously completed work is assumed completed in substantial conformance with plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. A prospective value opinion has an effective value date that is beyond or in the future relative to this report's preparation date. If this appraisal includes a prospective valuation, it is understood and agreed the Appraiser is not responsible for an unfavorable value effect caused by unforeseeable events that occur before completion of the project.
16. This valuation may or may not include an observation of the appraised property by an Appraiser. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by an Appraiser is not a professional property inspection. Viewing of the subject was limited to components that were not concealed, clearly observable, and readily accessible without a ladder on the property observation date. As used herein, readily accessible means within the Appraiser's normal reach without the movement of any man made or natural object. Comments or descriptions about physical condition of the improvements are based solely on a superficial visual observation. These comments are intended to familiarize the reader with the property in a very general fashion.
17. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other property systems were not tested. No determination was made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof cover for all structures is assumed water tight unless otherwise noted. This document is not an inspection, engineering or architectural report. If the client has any concern regarding structural, mechanical, or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, the client should hire an expert in the appropriate discipline before relying upon this report. No warranties or guarantees of any kind are expressed or implied regarding the current or future physical condition or operability of any property component.
18. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
19. The Client and all intended users agree to all the following. (A) This appraisal does not serve as a warranty on the physical condition or operability of the property appraised. (B) All users of this report should take all

necessary precautions before making any significant financial commitments to or for the subject. (C) Any estimate for repair or alternations is a non-warranted opinion of the Appraiser.

20. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) formed herein are predicated upon the following assumptions. (A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) It is assumed ownership of the property appraised is lawful. (D) It is also assumed the subject property is operated under competent and prudent management. (E) The subject property was appraised as though, and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily be obtained or renewed for a nominal fee.
21. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
22. Value opinions involve only real estate, and inconsequential personal property. Unless explicitly stated otherwise, value conclusions do not include personal property, unaffixed equipment, trade fixtures, business-good will, chattel, or franchise items of material worth.
23. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
24. All information and comments concerning the location, market area, trends, construction quality, construction costs, value loss, physical condition, rents, or any other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are only estimates. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable ownership period.
25. This appraisal was prepared by EAJoseph Appraisal & Consultation and consists of trade secrets and commercial or financial information, which is privileged, confidential, and exempt from disclosure under 5 U.S.C. 522 (b) (4).
26. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice, and reasonable additional time for court preparation.
27. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.
28. EAJoseph Appraisal & Consultation and the Appraiser have no expertise in the field of insect, termite, or pest infestation. We are not qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. All value

opinions in this communication assume there is no infestation of any type affecting the subject real estate or the Appraiser is not responsible for any infestation or for any expertise required to discover any infestation. Our client is urged to retain an expert in this field, if desired.

29. All opinions are those of the signatory Appraiser based on the information in this report. No responsibility is assumed by the Appraiser for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may differ from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence
30. No warranties are made by the Appraiser concerning the property's conformance with any applicable government code or property covenant including but not limited to all laws, ordinances, regulations, agreements, declarations, easements, condominium regulations, restrictions, either recorded or unrecorded. The client is urged to engage the services of a licensed attorney to confirm any legal issue affecting the property appraised. No liability or responsibility is assumed by the Appraiser to determine the cost of replacing or curing any supposedly defective physical component.
31. In the event of an alleged claim due to some defective physical component, the client must notify EAJoseph Appraisal & Consultation and allow its representatives and experts to examine and test the alleged defective component before any repairs or modifications are made. If any type of repair or modification is made without the knowledge of the Appraisers, the Appraiser is released from all liability, real or alleged.
32. The client and all explicitly identified intended users agree to notify in writing EAJoseph Appraisal & Consultation , within one year of this report's preparation date, of any claim relating to or arising from this report regardless of any statute of limitations. If EAJoseph Appraisal & Consultation does not receive this written notification within the year period defined in the paragraph, then the claimant releases the Appraiser from all claims arising from or related to this report.
33. The client and all explicitly identified intended users acknowledge that any claim relating to this report shall be settled in accordance with the commercial arbitration rules of the American Arbitration Association with the Parties each paying an equal share of all associated costs.
34. Any alleged claim must be filed in the Circuit Court for the County that encompasses most of or all of Richmond, Virginia 23226 where the Appraiser's business office is located. If a court of law voids any portion of these Contingent and Limiting Conditions, then the remainder remains in full force and effect. The claimant(s) agree not to contest the venue set forth herein and to submit to, and not contest, the exercise of personal jurisdiction over them by the foregoing court. The claimant(s) waive all rights concerning the exercise of personal jurisdiction of them by the foregoing courts and all claims of or concerning forum non-conveniences in the foregoing forum.
35. Superseding all comments to the contrary regardless of date, this report may not be transferred or assigned without the prior written consent of EAJoseph Appraisal & Consultation.
36. No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of EAJoseph Appraisal & Consultation. This restriction applies particularly as to analyses, opinions, and conclusions; the identity of the Appraiser; and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without written permission from EAJoseph Appraisal & Consultation, the copyright holder.



Eugene A. Joseph, Jr. MAI, SRA, AI-GRS

PROPRIETOR & CEO
Appraisal & Consultation Services



Gene@eajoseph.com

EDUCATION AND QUALIFICATIONS

Virginia Commonwealth University, Richmond, VA

Bachelor of Science degree in Business, Real Estate and Urban Land Development

Graduate Certificate of Real Estate and Urban Land Development

STATE CERTIFICATION

Virginia

CONTACT DETAILS

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EAJoseph Appraisal & Consultation
Richmond Office
PO Box 8225
Richmond, VA 23226

Eugene A. Joseph, Jr. MAI, SRA opened Joseph Appraisal & Consultation in January of 2015 in which Eugene is the owner and operator and is responsible for all phases of real property appraisal and consulting services. In October of 2014, MGMiller Valuations was acquired by Colliers International Valuation & Advisory Services in Richmond, VA. Eugene worked for MGMiller Valuations/ Colliers International since April of 1998 in which he was responsible for all phases of commercial and residential valuation in accordance with USPAP and FIRREA regulations. In 2012, Eugene was promoted to upper management of the commercial division in which his additional responsibilities included performing reviews, scoping and bidding assignments and mentoring members of his commercial team.

EXPERIENCE

Owner and CEO of EAJoseph Appraisal & Consultation, Richmond, VA, January 2015- present

Senior Valuation Services Director, Colliers International Valuation & Advisory Services, Richmond, VA, October 2014-January 2015

Senior Valuation Appraiser and Director, MGMiller Valuations, Richmond, VA., 1998-2014

PROFESSIONAL AFFILIATIONS AND ACCREDITATIONS

MAI, SRA, AI-GRS; Appraisal Institute

Member of National Council of Housing Marketing Analyst (NCHMA)

HUD Certified

APPRAISAL INSTITUTE COURSES

IA1, Real Estate Principals

IA2, Basic Valuation Procedures

Course 510, Advanced Income Analysis

Course 520, Highest and Best Use and Market Analysis

Course 530, Advanced Sales Comparison and Cost Approaches

Course 540, Advanced Report Writing

Course 550, Advanced Applications

CE as needed

OTHER RELATED COURSES

Real Estate Principals

Real Estate Law

Real Estate Finance

Real Property Management

Real Estate Appraisal

Real Estate Negotiation

Advanced Real Estate Appraisal

Advanced Valuation Analysis (Graduate Level)

Real Estate Investment Analysis (Graduate Level)

Commercial Mortgage Lending (Graduate Level)

Real Property Investment Law (Graduate Level)

Real Estate Development (Graduate Level)

Matthew W. Davis

ANALYST

EJoseph Appraisal & Consultation Services



Gene@ejoseph.com

EDUCATION AND QUALIFICATIONS

Hampden Sydney College

Bachelor of Arts in Economics and Commerce

Virginia Commonwealth University

Master of Science in Business: Real Estate Valuation (Candidate)

CONTACT DETAILS

MOB +1 540 580 4049
DIR +1 804 353 1757
FAX +1 888 977 3716

EJoseph Appraisal & Consultation
Richmond Office
PO Box 8225
Richmond, VA 23226

Matt Davis has been with EJoseph since its founding in January of 2015. As an analyst, Matt is responsible for providing written value opinions of real property interests on a variety of property types.

Prior to EJoseph, Matt was an appraisal analyst with MGMiller Valuations in Richmond, VA. While with MGMiller, Matt performed valuations on nearly all generally accepted classifications of commercial property types.

Matt is currently a graduate candidate for a Master of Science in Business with Virginia Commonwealth University, having completed all relevant coursework. This program satisfies the educational requirements for the MAI & CCIM designations, and most of the educational requirements for licensure in the state of Virginia.

EXPERIENCE

Valuation Analyst, EJoseph Appraisal & Consultation, Richmond, VA, January 2015- present

Valuation Trainee, Colliers International Valuation & Advisory Services, Richmond, VA, October 2014-January 2015

Valuation Analyst, MGMiller Valuations, Richmond, VA., 2011-2014

Residential Analyst, Southern Bankers Services, Roanoke, VA., 2009-2010

APPRAISAL INSTITUTE COURSES

1A1, Real Estate Principals

1A2, Basic Valuation Procedures

Course 520, Highest and Best Use and Market Analysis

GRADUATE COURSEWORK

Real Estate Appraisal

Real Estate Development

Real Property Investment Law

Cases in Financial Management

Financial Markets (Asset Pricing and Valuation)

Real Estate Finance and Investments

Statistical Analysis

Using GIS in Real Estate Decisions

Real Estate Investment Analysis

EXPIRES ON
04-30-2021

COMMONWEALTH of VIRGINIA
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400, Richmond, VA 23233
Telephone: (804) 367-8500

REAL ESTATE APPRAISER BOARD
CERTIFIED GENERAL REAL ESTATE APPRAISER

EUGENE ALBER JOSEPH JR
4612 W FRANKLIN STREET
RICHMOND, VA 23226

NUMBER
4001009492



Mary Brock Vaughan
Mary Brock Vaughan, Acting Director

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)



December 11, 2020

Walker Llewellyn
RT Specialty, LLC (Richmond)
9020 Stony Point Pkwy Ste 450
Richmond, VA 23235-1953
Policy No.: MPL1671975.21

Re: EA Joseph Appraisal & Consulting Services LLC
Coverage Parts: Claims-Made and Reported Miscellaneous Professional Liability

Dear Walker,

In accordance with your request, we are pleased to bind coverage as follows:

Bind Premium Summary:

Miscellaneous Professional Liability Coverage	\$ 3,506
Total Premium	\$ 3,506

Bind Details:

General Terms & Conditions PLP P0001 CW (07-19)

1. Policy Period: 01/12/2021 to 01/12/2022
2. Hiscox Insurance Company, Inc., an Admitted Company, A.M. Best Financial Strength Rating: A (Excellent), Group Financial Size Category XV.
3. Hiscox makes available a free risk management and loss prevention service to its policyholders, consisting of an initial consultation and up to 1-hour of legal services to assist our policyholders in better understanding and minimizing risks that commonly lead to the types of claims covered under our policy.
4. Optional Extended Reporting Period of 12/24/36 months at 75/150/225 percent of the annual premium.
5. Attached endorsements apply: E6020.3 - War and Civil War Exclusion Endorsement, E6017.3 - Nuclear Incident Exclusion Clause-Liability-Direct (Broad) Endorsement, E9044.3 - Virginia Amendatory Endorsement, E6294.2 - HiscoxPro Plus Endorsement, and E6366.1 - Cyber Incident Clarification (PL)

Miscellaneous Professional Liability Terms & Conditions PLPMPL P0001 CW (06-14)

1. Claims-made and reported coverage
2. Covered Professional Services: services as a real estate appraiser, of non-owned properties, for others for a fee
3. Retroactive date: 01/12/2015
4. Attached endorsements apply: E9159.1 - Virginia Amendatory Endorsement, E6175.1 - Real Estate Appraisers Endorsement (PL Form), E6121.2 - Absolute Intentional Acts Exclusion Endorsement, and E6107.2 - California Exclusion Endorsement

Miscellaneous Professional Liability Coverage Part: Claims-Made and Reported

Professional Liability (PL) Aggregate Limit	\$ 1,000,000
Each Claim Limit	\$ 1,000,000
Defense of Licensing Proceedings Aggregate Limit (Separate Limit)	\$ 25,000
Subpoena Assistance Aggregate Limit (Separate Limit)	\$ 10,000
Retention	\$ 2,500
Coverage Premium	\$ 3,506
Total Premium	\$ 3,506

Thank you for the bind order. Please give me a call if you have any questions or require anything further.

Sincerely,



Authorized Representative
Kevin Kerridge

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Richmond, Virginia 23226
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All opinions, analyses, and conclusions stated herein are intended for the exclusive use of our client, and other specifically identified intended users. Only the client and other specifically identified intended users may use this report for the sole purpose and intended use stated herein.

END OF REPORT