

Board Members:

Charley Bible
Shannon Coleman Egle
Paul Fortunato
Tiffany Gardner
Bill Fox
Terry Henley
J. Ford Little
Lou Moran, III
Alvin Nance
Lisa Rottmann
L. Anthony Wise, Jr.



The Health, Educational and Housing Facility Board of the County of Knox

Regular Meeting
Tuesday, May 14, 2024, 4:15 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- ACTION** II. Approval of Minutes from Previous Meeting
 - a) Regular Meeting – April 9, 2024
- ACTION** III. Review and consideration of an application of DGA Bluegrass LP (or affiliate) for a Payment-In-Lieu-of-Tax (PILOT) for the proposed new construction consisting of 47 affordable housing rental units, located at 1645 Ebenezer Road in Knox County Tennessee
- ACTION** IV. A vote of the Board of Directors of the Health, Educational and Housing Facility Board of the County of Knox approving a change from the current fiscal year, which lasts from April 1 through March 31, to a new fiscal year which shall last from July 1 through June 30
- ACTION** V. Old Business
 - a) Report of the Nominating Committee for Board Member Nominations, Election of Officers, Committee Appointments
- VI. New Business
- VII. Adjourn

**MINUTES OF THE REGULAR MEETING OF
HEALTH, EDUCATIONAL & HOUSING FACILITY BOARD OF THE COUNTY OF
KNOX**

April 9, 2024, 4:00 p.m.

The regular meeting of the Board of Directors of Health, Educational & Housing Facility Board of the County of Knox (the “Health, Ed Board” or “Board”) was held on Tuesday, April 9, 2024, at 4:19 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Directors were present at the meeting, Paul Fortunato (Chair), Tiffany Gardner (Vice Chair), Shannon Coleman Egle (Secretary), Dr. Anthony Wise, Alvin Nance, Terry Henley, and William Fox.

Also, in attendance were Mike Odom (Knoxville Chamber), Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), Angela Lunsford (Knoxville Chamber), Samuel C. Louderback (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Herbert H. Slatery (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal – Egerton, McAfee, Armistead & Davis, P.C.), and Soriya Gast (public observer).

I. Paul Fortunato, the Board’s Chair, called the Health, Ed Board meeting to order. The Agenda of the Health, Ed Board meeting is attached hereto as Exhibit A.

The Health, Ed Board then discussed the following matters and took the following actions as noted:

II. Review/Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the Minutes of the regular meeting held on March 19, 2024. There was one requested minor correction.

Upon a motion by Tiffany Gardner and a second by Alvin Nance, the Minutes of the March 19, 2024, meeting, were unanimously approved with the correction. A copy of the Minutes is attached hereto as Exhibit B.

III. Review and Approval of Finance Report as of March 31, 2024. The Vice-Chair recognized Karen Kakanis who addressed the Board and presented the financial report as of March 31, 2024 (“Financial Report”), reviewing with the Board the Balance Sheet with Prior Year Comparison and Income Statement with Prior Year Comparison. Discussion was had.

Upon a motion by Tiffany Gardner and a second by Shannon Coleman Egle, the Financial Report as of March 31, 2024, was unanimously accepted. A copy of the financial statements so presented during the report is attached hereto collectively as Exhibit C.

IV. Consideration of Nominating Committee for Board Member Nominations, Election of Officers, Committee Appointments. The following directors were appointed as the Nominating Committee: Paul Fortunato, Tiffany Gardner, and Lou Moran.

Upon a motion by Terry Henley and a second by Alvin Nance, the Nominating Committee was unanimously approved.

V. Old Business. The Board inquired about the status of the Knoxville High transfer. Mr. McWhorter confirmed the transfer did not take place.

VI. New Business. The Board requested periodic updates on projects, transactions, and other items the Board has previously approved or been involved in. Mr. McWhorter confirmed that the Chamber team will endeavor to pass all information on to the Board as they receive it, and explained that, as to any bonds approved, CT-0253s (Debt Obligation Reports) are submitted when debts are issued.

VII. Next Meeting. The next regular meeting of The Health, Ed Board of the County of Knox is scheduled for May 14, 2024, at 4:15 p.m. at the offices of the Knoxville Chamber located at 17 Market Square, #201, Knoxville, Tennessee.

VIII. Adjournment. No further business having come before the Board and upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 4:30 p.m.

Dated

Shannon Coleman Egle, Secretary

EXHIBITS

Exhibit A Agenda – April 9, 2024

Exhibit B Minutes – March 19, 2024

Exhibit C Finance Report

DRAFT

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX APPROVING THE PILOT APPLICATION OF DGA BLUEGRASS LP

WHEREAS, THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (“HEB”) has been duly created and organized pursuant to and in accordance with the provisions of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act") and as such is a public instrumentality of Knox County performing a public function; and

WHEREAS, the purpose of said Act, as stated therein, is to authorize the incorporation in the several municipalities in the State of Tennessee of public corporations to finance, refinance, acquire, own, lease, and/or dispose of projects to promote and maintain and increase commerce, welfare, health, housing, education and prosperity of the people of the State of Tennessee; and

WHEREAS, Tenn. Code Ann. § 48-101-312 provides that the HEB and all properties at any time owned by it, and the income and revenues therefrom, and all bonds issued by it, and the income therefrom are exempt from all taxation in the State of Tennessee; and

WHEREAS, DGA Bluegrass LP f/k/a DGA Choto LP (“Applicant”) has submitted an application (“Application”) to the HEB for a payment in lieu of tax arrangement under Tenn. Code Ann. §48-101-312 (“PILOT”) for real property taxes in connection with the acquisition, construction and equipping of an approximately 47-unit housing facility for low and moderate-income citizens located on certain property on 1645 Ebenezer Road in Knoxville, Tennessee (Tax Parcel ID 144MA05301) to be known as Bluegrass Landing (the “Project”), subject to such project receiving an allocation of low-income housing tax credits (“LIHTC”) under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42) from the Tennessee Housing Development Agency (“THDA”); and

WHEREAS, pursuant to Tenn. Code Ann. §§48-101-312(b)(4), the HEB has the authority to enter into a payment in lieu of tax transaction for LIHTC projects upon finding that such payments are deemed to be in furtherance of the HEB’s public purposes and upon receipt by the HEB of a letter of support from the Mayor of Knox County for such project;

WHEREAS, the Mayor of Knox County has issued a letter of support for a PILOT for the Project consistent with the terms set forth below (“Mayoral Support Letter”);

WHEREAS, the Application Review Committee (the “Committee”) of the Board of Directors of the HEB (the “Board”) has considered the Application and recommended the Board’s approval of a PILOT for the real property on such terms as are further described in the Application;

WHEREAS, there having been submitted to the Board at its regular scheduled meeting of its Directors on May 14, 2024, a form of Lease Agreement between the Board and the Applicant (“Lease Agreement”), which the Board proposes to execute to carry out the transactions described above, copies of which such instrument shall be filed with the records of the Board; and

WHEREAS, the Board’s Directors desire to approve the Lease Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS AS FOLLOWS:

1. The Board finds that the Project and grant of tax incentives to Applicant by the Board pursuant to the Act, and in particular, Tenn. Code Ann. §§48-101-312, are in furtherance of the public purposes of the HEB provided in the Act, and will have the effect of to promote and maintain

and increase commerce, welfare, health, housing (affordable housing, in particular), education and prosperity of the people of the State of Tennessee and, in particular, Knox County, Tennessee.

2. Subject to the THDA's allocation of LIHTC to the Project and as provided in the Mayoral Support Letter, the Application is hereby approved by the Board.
3. The staff and legal counsel of the Board are hereby authorized to proceed in the preparation and finalization for presentment to the Board of a Lease Agreement and other documents deemed necessary and convenient by such staff and legal counsel to accomplish the proposed payment in lieu of tax transaction ("Transaction Documents"). Such Transaction Documents shall provide for (a) the lease by the HEB to the Applicant of certain real property constituting the Project, on such terms as are further described in the Application; and (b) such other terms and conditions set forth in the Application, or as otherwise required or deemed necessary and convenient by the staff and legal counsel of the Board.
4. Such approvals set forth herein are subject to the Applicant paying or reimbursing the Board for any and all costs and expenses incurred by the Board in connection with the approval and closing of the PILOT, including, without limitation, any and all attorneys' fees incurred by the Board.
5. The PILOT transaction approved hereby must close by August 31, 2024, and upon failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval evidenced hereby shall expire and be of no further force and effect.

[The remainder of this page intentionally left blank.]

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, Shannon Coleman Egle, Secretary of The Health, Educational and Housing Facility Board of the County of Knox, do hereby certify that the foregoing Resolution was duly and lawfully adopted by the Board of Directors of the HEB on May 14, 2024, at a duly called meeting at which a quorum was acting throughout, and I furthermore certify that such Resolution has not been amended or modified in any respect. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE COUNTY OF KNOX

Shannon Coleman Egle, Secretary

Dated: May 14, 2024

**Knox County Community Development
PILOT Application**

Applicant Information

1	Company Name	DGA Choto LP (to be renamed)				
2	Mailing Address	6305 Kingston Pike				
3	City	Knoxville	State	TN	ZIP Code	37919
4	Telephone	865-225-6506		Fax		
5	Federal Employer Identification Number	92-2647295				
6	POC Name	Craig Cobb				
7	POC Title	VP of Affordable Housing, DGA Residential, LLC				
8	Mailing Address	6305 Kingston Pike				
9	City	Knoxville	State	TN	ZIP Code	37919
10	Telephone	865-567-1096		Email	craigc@dominiondg.com	
11	Description of Principle Business	Providing affordable housing in Knox County.				
12	SIC/NASIC (If Known)					
13	Legal Structure	Limited Partnership				
14	If a corporation, state of incorporation					
15	If a foreign corporation, is business registered to do business in Tennessee?	YES		No		
16	Owners and Ownership Structure	Attach information on company owners and ownership structure of the applicant under the header "Applicant Information". Include an organization chart. Attached.				
17	Disclosure of Interests	Consider this a disclosure statement indicating shared ownership interest within the development and management entities.				

Sponsor Information (if applicable)

18	Company Name	DGA Residential, LLC				
19	Mailing Address	6305 Kingston Pike				
20	City	Knoxville	State	TN	ZIP Code	37919
21	Telephone	865-225-6506		Fax		
22	Federal Employer Identification Number	85-084021				
23	POC Name	Craig Cobb				
24	POC Title	VP of Affordable Housing, DGA Residential, LLC				
25	Mailing Address	6305 Kingston Pike				
26	City	Knoxville	State	TN	ZIP Code	37919
27	Telephone	865-225-6506		Email	craigc@dominiondg.com	
28	Description of Principle Business	Platform for Affordable Housing development and management company.				
29	SIC/NASIC (If Known)					
30	Legal Structure	LLC				
31	If a corporation, state of incorporation					
32	If a foreign corporation, is business registered to do business in Tennessee?	YES		No		

Knox County Community Development PILOT Application					
33	Is applicant or sponsor currently involved in litigation, either as plaintiff or defendant, of which the outcome could affect the success of the proposed project?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
34	Has applicant or sponsor ever been charged or convicted of a felony, including any felony relating to financial crime?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
35	Does applicant or sponsor have an application pending, or intend to apply, for industrial revenue bond financing for this or a similar project with any board in Knox County?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
36	Does applicant or sponsor have present plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied hereby?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
37	Does applicant or sponsor know of any proposed or pending tender offers, mergers, or acquisitions by or affecting applicant or sponsor or any other materially significant corporate event in any way affecting applicant, application, or sponsor of the project?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					

Project Team Identification:

Property Manager					
38	Company Name	DGA Residential, LLC			
39	Mailing Address	6305 Kingston Pike			
40	City	Knoxville	State	TN	ZIP Code 37919
41	Telephone	865-225-6506		Email	info@dgaresidential.com
42	Relevant Experience with PILOT+LIHTC Developments	Reference DGA Residential resume attached.			
Applicant Legal Counsel					
43	Company Name	Russell Stair, Bass Berry Sims			
44	Mailing Address	1700 Riverview Tower - 900 S Gay Street			
45	City	Knoxville	State	TN	ZIP Code 37902
46	Telephone	865-521-2021		Email	rstair@bassberry.com
47	Relevant Experience with PILOT+LIHTC Developments	Counsel to KCDC with respect to PILOTS supporting LIHTC projects in the City of Knoxville; Counsel to various Industrial Development Boards with respect to PILOTS supporting LIHTC projects in State of Tennessee; Counsel to KCDC with respect to PILOTS supporting KCDC's LIHTC developments.			

**Knox County Community Development
PILOT Application**

48	Project Engineer					
49	Company Name	NA				
50	Mailing Address					
51	City		State		ZIP Code	
52	Telephone				Email	
53	Relevant Experience with PILOT+LIHTC Developments					
54	Project Architect					
55	Company Name	Smee Busby				
56	Mailing Address	2330 Frankfort Ave				
57	City	Louisville	State	KY	ZIP Code	40206
58	Telephone				Email	
59	Relevant Experience with PILOT+LIHTC Developments	See resume attached.				
60	General Contractor					
61	Company Name	TBD - in process of obtaining bids				
62	Mailing Address					
63	City		State		ZIP Code	
64	Telephone				Email	
	Relevant Experience with PILOT+LIHTC Developments					
65	Project Developer					
66	Company Name	DGA Residential, LLC				
67	Mailing Address	6305 Kingston Pike				
	City	Knoxville	State	TN	ZIP Code	37919
	Telephone	855-567-1096			Email	craigc@dominiondg.com
68	Relevant Experience with PILOT+LIHTC Developments	See resume attached.				
69						
70	Construction Contractor (if different than general contractor)					
71	Company Name	NA				
72	Mailing Address					
	City		State		ZIP Code	
	Telephone				Email	
	Relevant Experience with PILOT+LIHTC Developments	NA				

**Knox County Community Development
PILOT Application**

Project Narrative and Plans

73 Provide a Project Narrative outlining the purpose of the project, the rationale for the project, and describing the consistency of the project with the goals and objectives identified in the Knox County Consolidated Plan (2020). Include details on any amenities and/or features improving quality of life for residents. Attach additional sheets under "Project Narrative and Plans" as necessary.

74 The Bluegrass development is a proposed new construction property consisting of 47 affordable housing rental units. Units types will range from a 3-bedroom, 2-bathroom units with approximately 1,334 SF to a 4-bedroom, 2-bathroom units with approximately 1,543 SF. The property will include several amenities including, on-site management, clubhouse, business center and playground. Unit amenities will include central A/C, dishwasher, microwave, washer/dyer connections, among others. All units will come equipped with owner provided, high speed internet access. We will provide special activities and events, such as after school programs, to serve the residents in order to help enrich their lives. Our project is committed to providing affordable housing in a high opportunity area. KCDC's wait list has approximately 5,000 families which shows a need to develop more affordable housing in KnoxCounty.

76	Project Site Plan	Attach the site plan for the project.
77	Building Floorplans	Attach floorplans for each building to be constructed in the project.
78	Unit Floorplans	Attach floorplans for each kind of unit to be constructed in the project.
79	Architectural Plans	Attach architectural plans for the project.
80	Evidence of Ownership or Contractual Control	Attach evidence of ownership of the property, such as a (deed, title, lease agreement, etc.)
	Evidence of Current Property Taxes	Attach evidence of the current property taxes assessed against the property.
81	Appraisals	Attach appraisals, as applicable, attesting to the (un)developed (or current?) value of the property.

**Knox County Community Development
PILOT Application**

Project Property Location and Ownership Information

83	Project Street Address	1645 Ebenezer Rd, Knoxville, TN 37922; Parcel ID: 144MA05301				
	Project Vicinity Map	Attach to the end of this application under "Project Property Location and Ownership Information" a vicinity map with general location of the site shown. Attached.				
84	Project Deed or Surveyor's Description	Reference property description in Title.				
85	What person(s) or entity owns the property at the time of this application?	Bluegrass Apartment Partners LLC				
86	Is the property located in a Difficult Development Area (DDA) or Qualified Census Tract (QCT)? If so, which one?	<u>YES</u>	DDA	No		
87						
88	Is the property located in a census tract where the poverty level exceeds 20%?	YES		<u>No</u>		
89	Does the applicant have an option to purchase the property if it is not already owned by the applicant?	<u>YES</u>		No		
	Are there presently outstanding any options or liens with regard to the property?	YES		<u>No</u>		
90	Provide a brief description of the activities to be performed at this location, including a description of products to be produced and/or services to be provided.	Multi-family affordable housing.				
91						
92	Is the property zoned appropriately for its intended use in this project?	<u>YES</u>	Attached	No		
	Attach to the end of this application with the header "Project Property Location and Ownership Information" evidence of the current zoning classification of the property.					
93	Attach to the end of this application with the header "Project Property Location and Ownership Information" a copy of Applicant's title insurance policy, commitment, or title report with respect to the real property.					

Project Tax Information

95	Attach to the end of this application with the header "Project Tax Information" the latest property tax statement from the Knox County Assessor's Office for all properties identified in this application.					
96						
97	For Real Property					
98	Tax Parcel ID Number(s):	144MA05301				
	Current Assessment:	\$118,500.				
99	Current Tax:	\$1,841.				
100	Will this project result in the subdivision of any current tax parcel?	YES		<u>No</u>		
101	Is the project located in the City of Knoxville's Central Business Improvement District?	YES		<u>No</u>		
102						
103	If yes to the above, what is the current CBID tax assessment?					

Knox County Community Development PILOT Application						
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104	For Tangible Personal Property					
105	Tax Parcel ID Number(s):					
106	Current Assessment:					
106	Current Tax:					
107	Are there currently any assessments under appeal?	YES		No		
107	If yes to the above, please describe:					

Financial Information						
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109	Has applicant filed for bankruptcy in the past? If yes, list date.	YES		<u>No</u>		Date	
110	Cash value of PILOT Abatement Requested	\$ 1,841.00	Term (Years)	15	Percent value of abatement requested		
111	Cash value of LIHTC allocation received	\$ 1,059,345.00	Term (Years)	15	Percent value of LIHTC allocation received	1%	
113	Capitalization Rate of the Project						
114	Construction Budget	Attach detailed construction budget under "Financial Information".					
115	Project Pro Forma	Attach a project pro forma under "Financial Information" ..					
116	Evidence of Finances	Attach evidence of finances to complete project under "Financial Information"					
117	THDA LIHTC Award Letter	Attached					
117	Sources and Uses Funds	Attach Sources and Uses Document under "Financial Information"					
118	Financial Statements	Attach under "Financial Information" copies of the applicant's last two fiscal years' audited financial statements. – NA					
118	Corporation Net Worth - NA	Not applicable.					
119	Individual Tax Filings - NA	Not applicable.					

Justification of Need	
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121	Attach a narrative explanation with the header "Justification of Need" of why the project could not proceed "but for" the granting of the applied-for PILOT. Include copies of supporting evidence, if needed. Reference attached. The County HEB has approved similar PILOTs for Lakeview at Westland and Farragut Pointe.
122	Attach an opinion letter of an affordable housing consultant acceptable to staff with the header "Justification of Need" indicating the amounts set forth in the construction budget and pro forma as being reasonable, fair, and within industry norms for similarly situated affordable housing projects. Reference above.

Capital Investment	
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123	Land Acreage of the Project	3.95 Acres	Cost of the Acreage	\$ 1,000,000
124	Site Preparation Cost	*\$1.5mm	Personal Property Cost	
125	Real Property (Building) Square Footage		Real Property Cost	\$ 1,000,000
125	Briefly describe these investments, including all types of tangible personal property, site development, and other improvements planned for this location. Attach additional pages as necessary under "Capital Investment".			

**Knox County Community Development
PILOT Application**

Reference building plans. *The \$1.5mm referenced above includes \$960,000 for sitework and grading and an additional \$560,000 for onsite utility infrastructure.

Construction Estimates:

126	Start Date	Summer 2024		Completion Date	Fall 2025
Describe any off-site infrastructure that requires new public investments:					
127	New Water Investments	NA			
128	New Sanitary Sewer Investments	NA			
129	New Streets Investments	NA			
130	New Storm Sewer Investments	NA			
131	Other New Public Investments	NA			
132	Have project utility requirements been reviewed by the appropriate local utility providers?	<u>YES</u>		No	

Project Employment

133 This project will provide an excess of 50 temporary construction jobs. Post construction, this project will provide 2 property management jobs.

Project Environmental Impacts

Attach to the end of this application under "Project Environmental Impacts" a Phase 1 Environmental Audit addressed to Knox County Community Development or to the Industrial Development Board of Knox County. ***					
135	Discuss environmental impacts created by the project	Reference Phase 1.			
136	Will the development or operation of the property require an environmental permit?	Air	Yes		<u>No</u>
		Water	Yes		<u>No</u>

**Knox County Community Development
PILOT Application**

Supplemental Information

137

Provide a written narrative of how PILOT savings will directly benefit residents through one or more of the following : additional property improvements; rental payment reduction or stabilization; and resident amenities and/or services.

138

Reference project narrative.

Certification and Signature

This application is made in order to induce the government of Knox County, Tennessee to grant review to application, applicant, and sponsor. Applicant and sponsor represent and warrant that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to Knox County and its consideration of this application. Applicant and sponsor have read and agree to comply with all requirements of the application procedures and policies of Knox County as pertains to PILOT applications. Applicant specifically agrees to pay all required costs, fees, and expenses in connection with this application, whether or not the financial incentives are granted or this project built.



Applicant Signature

12/7/23

Date

Sponsor Signature

Date

December 5, 2023

Mr. Paul Fortunato, Chairman
The Health, Educational and Housing Facility Board of Knox County
17 Market Square
Knoxville, TN 37902

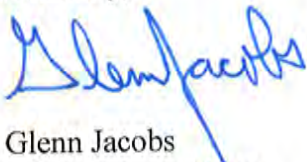
RE: PILOT Letter of Support

Dear Chairman Fortunato:

I understand that DGA Residential (the "Developer") desires to construct 47 units of affordable housing at 1645 Ebenezer Road, Knoxville 37922. I further understand that 100% of the units will be maintained as affordable housing, principally serving low to moderate income households at 60% of area median income (AMI) or below. To provide financing for this project, the Developer has received 4% low-income housing tax credits from Tennessee Housing Development Agency and is requesting payments in lieu of taxes through The Health, Educational and Housing Facility Board of Knox County (the "Board").

Pursuant to Section 48-101-301 of the Tennessee Code Annotated, the Board is permitted to enter into an agreement for payments in lieu of taxes provided that the chief executive of Knox County provides a letter in support of the project. Per the County's previously established practice, I am providing this letter as evidence of support of the Developer's request for payments in lieu of taxes in the amount of \$1,841 for a term of 15 years. The 15-year term shall commence at the point of stabilization (defined as 80% occupied or above) or 3 years from the start of construction, whichever comes first. Thank you.

Sincerely,



Glenn Jacobs
Knox County Mayor

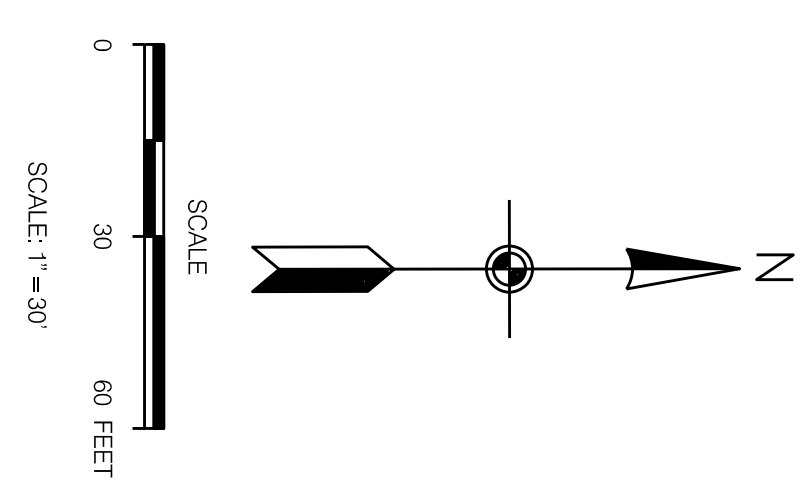
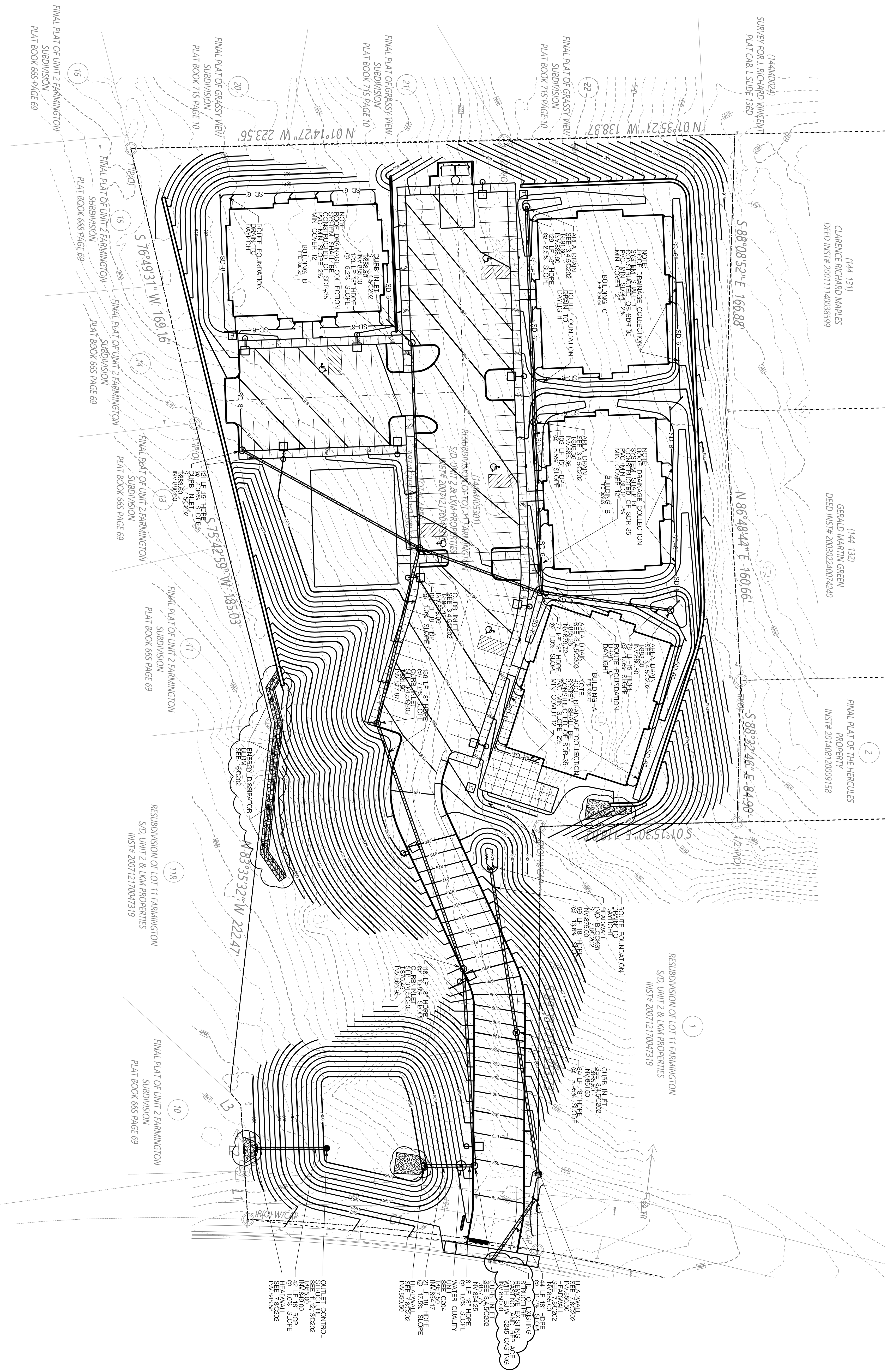
DATE: December 1, 2023
TO: Jenny Holden, Knox County Community Development
FROM: Kate Molinaro, M&L
RE: Subsidy Layering/PILOT Analysis-Choto Landing

I have reviewed the Development Budget, Sources and Uses Statement and Operating Proforma for the Choto Landing submitted by DGA Choto, LP. The purpose of this memo is to outline observations and determine whether the developer's requested PILOT is appropriate or if it would result in excess profit to the developer.

1. There is a demonstrated need for the project. Low vacancy rates and a high number of income-eligible households all indicate a strong market for the type of project to be developed. A shortage of units both affordable and available for renter households at or below 30% area median income (AMI) increases housing insecurity and rent pressure on extremely low-income households. Further, the Knox County HOME ARP Allocation Plan and Homelessness in Knox County Report and Recommendations cite a lack of affordable housing as the number one reason individuals become homeless. As rent prices continue to increase, while incomes remain stagnant (or in many cases have decreased), demand for affordable units far exceeds supply. The gap in units both affordable and available to low-income households in Knox County is 17,825.
2. Review of the financial sources and uses for the project indicates all costs are considered reasonable and necessary to complete the project in comparison to industry standards and projects of similar size and scope conducted within the last year. There are no indications that the project will not be completed once started. The current sources/uses budget demonstrates no gap in financing but requires an annual debt service in the amount of \$816,000 in order to meet cost requirements. A fifteen-year operating proforma indicates a debt coverage ratio sufficient to meet this obligation.
3. The current analysis assumes the requested annual PILOT in the amount of \$1,841. This amount is sustainable for the 40 year affordability period. Should the PILOT not be granted, the operating budget would require property tax payments in an approximate amount of \$100,000 annually, which includes the present value of the credits added to the base tax assessment. Without the PILOT, the project would not realize positive cash flow until year six of the affordability period (assuming 90% occupancy in year one).

In summary, the analysis indicates that the developer has demonstrated experience and capacity to complete the project. The project would fill a clear need for affordable

housing as shown by the number of income-eligible and cost-burdened households. Costs are reasonable and similar to previously funded projects, and the developer is not receiving excessive profits. The debt coverage ratio, assuming the PILOT, is 1.06 in year one of operation. In my opinion, the requested PILOT would not result in excessive profits for the developer and is considered reasonable for the type and size of the project. The requested PILOT is similar to a PILOT requested and approved for similar affordable housing developments.



LEGEND:

EXISTING	PROPOSED	DESCRIPTION
---	---	GROUND CONTOUR ELEVATION
556.25'	556.25'	SPOT ELEVATION
[Symbol]	[Symbol]	STRUCTURE
---	---	PROPERTY LINE
---	---	EASEMENT
---	---	EDGE OF PAVEMENT
---	---	STORM DRAIN
---	---	SEWER/SANITARY SEWER
---	---	POTABLE WATER
---	---	NATURAL GAS
---	---	OVERHEAD ELECTRICAL
---	---	WATER METER
---	---	FIRE HYDRANT
---	---	SURFACE FLOW
---	---	SILT FENCING
---	---	CATCH BASIN
---	---	CONCRETE PAVEMENT
---	---	ASPHALT PAVEMENT
---	---	RIP RAP

- SITE GRADING NOTES**
1. SITE BENCHMARK CONTACT SURVEYOR FOR LOCATION AND ELEVATION OF SITE BENCHMARK MARKS NUMBER.
 2. SITE BOUNDARY AND TOPOGRAPHIC INFORMATION IS BASED ON A SURVEY BY [Name] AND THE ENGINEER ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY AND CONDITION OF ANY DISCREPANCIES. THE ARCHITECT AND ENGINEER SHALL BE RESPONSIBLE FOR THE PROVISION OF ANY NECESSARY EROSION CONTROL MEASURES PROVIDED BY OTHERS.
 3. CONTRACTOR SHALL INSTALL EROSION CONTROL MEASURES INCLUDING SILT FENCE PER PAR AND EROSION CONTROL MAT AS SOON AS PRACTICAL. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING THESE STRUCTURES UNTIL THE SITE HAS BEEN SUBSTANTIALLY STABILIZED.
 4. THE CONTRACTOR SHALL EMPLOY SOILS CONSULTANTS FOR THE TESTING OF SOILS TO DETERMINE THE MOISTURE CONTENT OF SOILS. SOILS SHALL BE COMPACTED TO 98% OF ITS MAXIMUM DRY DENSITY AS DETERMINED BY THE STANDARD PROCTOR METHOD. SOIL MOISTURE CONTENT SHALL BE MAINTAINED AT OR ABOVE 15%.
 5. THIS PROJECT SHALL INCLUDE MOWING ON THE SET OF THE MATERIALS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE MOWING OF THE SITE ITSELF. THE CONTRACTOR SHALL FORMULATE HIS OWN SCHEDULE FOR THE MOWING OF THE SITE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE MOWING OF THIS GRASSING PLAN ARE REQUIRED TO MEET THIS GOAL.
 6. ALL SLOPES GREATER THAN 3:1 SHALL BE SPREAD WITH NORTH AMERICAN GREEN S-71 EROSION CONTROL FABRIC. INSTALL FABRIC PER MANUFACTURER'S RECOMMENDATIONS.
 7. NO SLOPES SHALL BE GREATER THAN 2 HORIZONTAL : 1 VERTICAL.
 8. APPLY TEMPORARY SEEDING WHENEVER GRADING OPERATIONS ARE TEMPORARILY HALTED FOR OVER 14 DAYS AND FINAL GRADING OR EXPOSED SURFACES IS ANTICIPATED TO OCCUR WITHIN 30 DAYS. THE SEEDING SHALL BE APPLIED TO SOIL STOCKPILES.
 9. APPLY PERMANENT SEEDING WHENEVER GRADING OPERATIONS ARE COMPLETED AND ALL CONSTRUCTION OPERATIONS WILL NOT IMPACT THE DISTURBED AREAS. PERMANENT SEEDING TO ALL NON-CONSTRUCTION AREAS WHICH SHOW SIGNS OF EXCESSIVE EROSION.
 10. EROSION AND SEDIMENT CONTROL BEST MANAGEMENT PRACTICES SHALL BE APPLIED TO ALL CONSTRUCTION AREAS. REFER TO THE TENNESSEE EROSION AND SEDIMENT CONTROL HANDBOOK, LATEST EDITION.
 11. SLOPES SHALL HAVE EROSION CONTROL MAT INSTALLED IMMEDIATELY AFTER SLOPE GRADING IS COMPLETED AND TOPSOIL HAS BEEN INSTALLED TO PROTECT AGAINST EROSION.
 12. ADEQUATE DRAINAGE, EROSION AND SEDIMENT CONTROL MEASURES BEST MANAGEMENT PRACTICES SHALL BE APPLIED TO ALL CONSTRUCTION AREAS. DAMAGE TO ADJACENT PROPERTY AND/OR THE CONSTRUCTION SITE CAUSED BY EXCESSIVE EROSION AND SEDIMENTATION SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR. MAINTAIN ADEQUATE DRAINAGE AND EROSION/SEDIMENT CONTROL FOR THE CONSTRUCTION AREA SHALL BE THE RESPONSIBILITY OF THE PROPERTY OWNER AND/OR CONSTRUCTION.
 13. CONTRACTOR SHALL STORE CHEMICALS AND SOLUBLE MATERIALS IN AN AREA SEPARATE FROM THE CONSTRUCTION AREA. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF THE TOTAL AMOUNT OF CHEMICALS STORED SHALL CLEANUP MATERIALS MUST BE LOCATED WITHIN THE IMMEDIATE PERIMETER OF THE DISTURBED AREAS.
 14. PLACEMENT OF STORMWATER DRAINAGE SHALL NOT BE LOCATED IN AREAS WHERE VEHICLES OR OTHER EQUIPMENT WILL NOT BE LOCATED.
 15. NO VEHICLE MAINTENANCE OF CONSTRUCTION VEHICLES WILL OCCUR ON-SITE.
 16. CONSTRUCTION MATERIALS WILL BE STAGED IN THE PARKING AREA SOUTH OF THE BUILDING FOR THE PROJECT. PROVIDE ADEQUATE PROTECTION AND ORDERLY MANNER.
 17. CONTRACTOR SHALL INSTALL 4" THICK LAYER OF QUALITY TOPSOIL ON ALL DISTURBED AREAS AND ESTABLISH A THICK STAND OF GRASS ACCEPTABLE TO THE KNOX COUNTY SITE INSPECTOR.

WILL ROBINSON & ASSOCIATES
 1248 N. Shorewood Ln
 Caryville, TN 37714
 (865) 386-4200
 will@wracivil.com

PROFESSIONAL SEAL:

 WILL ROBINSON
 No. 02290024
 STATE OF TENNESSEE

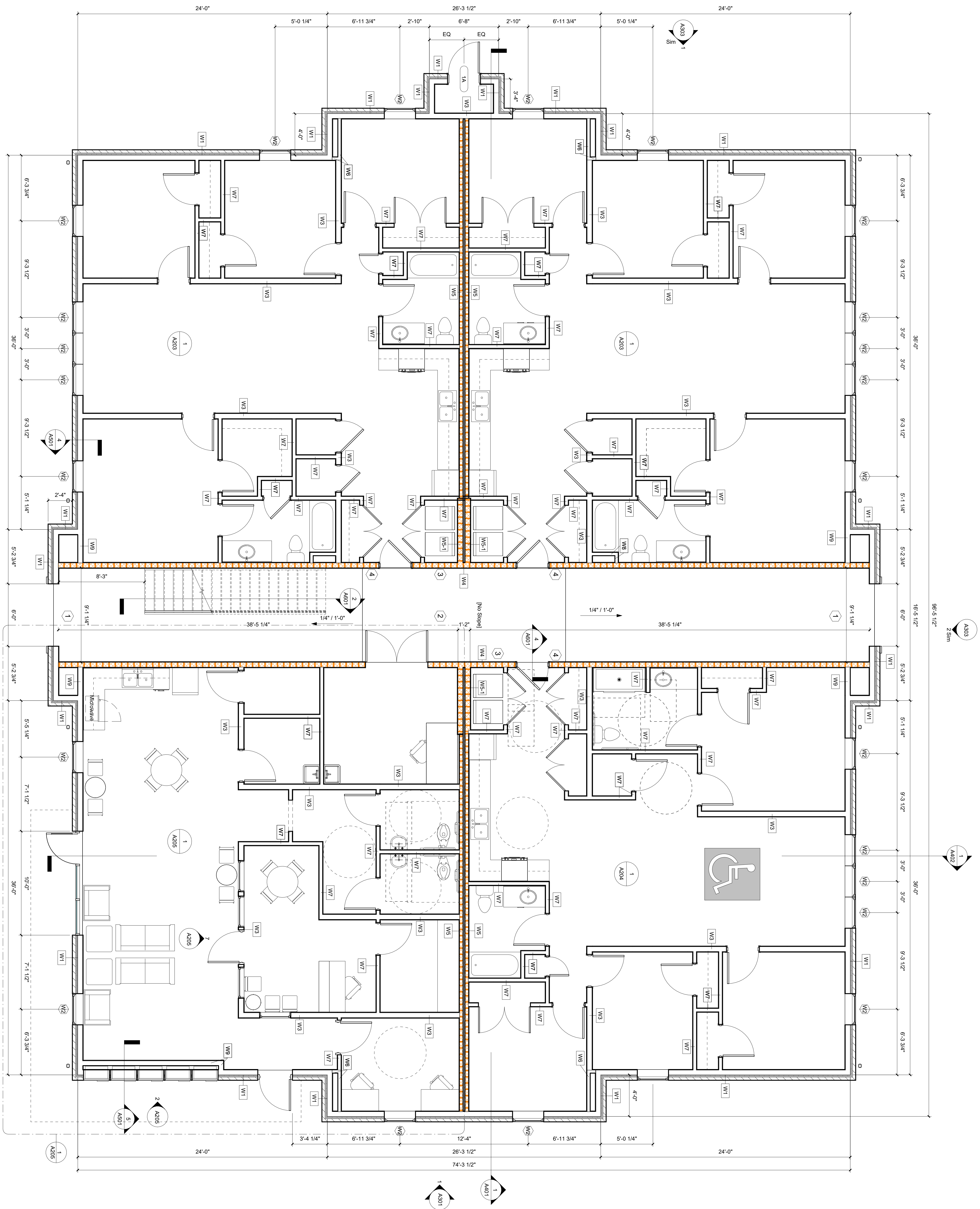
A New Apartment Complex for:
Bluegrass Village
 Ebenezer Road
 Knox County, Tennessee

REVISIONS:
 01-11-2024 STORM FEEL
 02-16-2024 COMMENTARY
 02-28-2024 COUNTY COMMENT

DATE: 12-29-2023
 FILE NAME:
 PROJECT NO:

DRAWN: WNR
 CHECKED: WNR
 DATE: 12-29-2023
 FILE NAME:
 PROJECT NO:

C105
 SITE GRADING PLAN



1 GROUND FLOOR PLAN - BUILDING A

DOOR SCHEDULE - SPRINKLER ROOMS

MARK (DOOR NUMBER)	HEIGHT	THICKNESS	TYPE	DOOR			FRAME			FIRE RATING	HARDWARE SET	COMMENTS
				MATERIAL	FINISH	WIDTH	MATERIAL	FINISH				
1A	6'-8"	0'-1'-3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
2A	6'-8"	0'-1'-3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	45 MIN
3A	6'-8"	0'-1'-3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
4A	6'-8"	0'-1'-3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18

GENERAL NOTES

- COORDINATE WITH APPLICABLE DIMENSIONS AND DETAILS ON OTHER SHEETS.
- COORDINATE WITH REQUIREMENTS OF OWNER SUPPLIED EQUIPMENT AS REQUIRED.
- DIMENSIONS ARE TO FACE OF STUD OR OUTSIDE EDGE STRUCTURE.
- THE CONTRACTOR SHALL LAYOUT ALL OF THE FINISHED FLOOR FINISH LAYOUT WITH ARCHITECT PRIOR TO START OF THIS WORK.
- DO NOT SCALE DRAWINGS. IF DIMENSIONS ARE IN QUESTION, THE CONTRACTOR SHALL OBTAIN WRITTEN CLARIFICATION FROM ARCHITECT BEFORE CONTINUING WITH CONSTRUCTION.

WALL LEGEND

- W1** EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W1-1** EXTERIOR WALL ASSEMBLY (EQUAL TO W1):
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" TYPE X GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR SHEATHING WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W2** EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH VAPOR BARRIER AND HARDIE PANEL FINISH. PROVIDE R-20 THERMAL BATTS.
- W3** TWO SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE. PROVIDE 5-1/2" R-20 THERMAL BATTS.
- W4** TWO SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" OSB WITH HARDIE BOARD FINISH. PROVIDE R-20 THERMAL BATTS.
- W5** TWO SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" OSB WITH HARDIE BOARD FINISH. PROVIDE R-20 THERMAL BATTS.
- W5-1** TWO SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" OSB WITH HARDIE BOARD FINISH. PROVIDE R-20 THERMAL BATTS.
- W6** ONE SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE. PROVIDE SOUND ATTENUATION BATTS.
- W7** TWO SIDED ASSEMBLY:
2x4 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" ATTENUATION BATTS. USE MOISTURE RESISTANT GYPSUM AT ALL WET AREAS.
- W8** ONE SIDED ASSEMBLY:
2x4 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" ATTENUATION BATTS ON EXTERIOR SIDE.
- W9** ONE SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE.

KEY NOTES

- SEALED CONCRETE FINISH W/ SLIP RESISTANT SAND TEXTURE.
- CEILING TO BE 1/2" 4x8 BA WOOD JOINTS.
- BREEZEWAY WALL FINISH TO BE HARDIE PANEL PAINTED W/ 1x2 BATTEN STRIPS AT 16" O.C.
- UNIT SIGNAGE

BLUEGRASS LANDING APARTMENTS

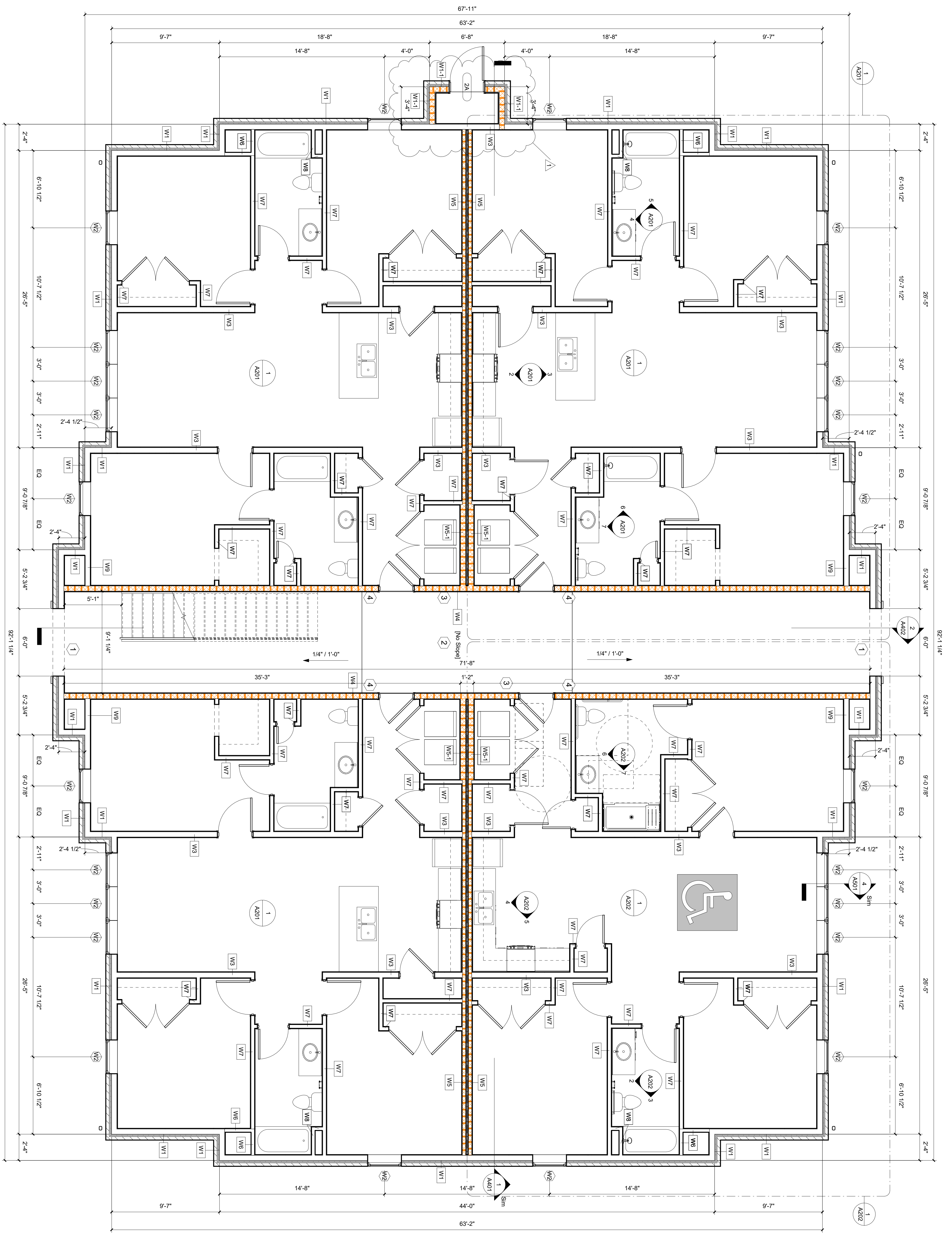
1645 - 1677 Ebenezer Road, Knoxville, TN 37922



SMEE + BUSBY ARCHITECTS
 2554 SUTHERLAND AVE KNOXVILLE, TN 37919
 865.521.7550 voice 865.521.7551 fax

Project Number: 23022
 Date: 12/29/23
 Drawn By: LMM
 Principal: GRS
 02/01/24
 02/29/24

A100



1 GROUND FLOOR PLAN - BUILDING B
A101 1/4" = 1'-0"

DOOR SCHEDULE - SPRINKLER ROOMS

MARK (DOOR NUMBER)	HEIGHT	THICKNESS	TYPE	DOOR			FRAME			FIRE RATING	HARDWARE SET	COMMENTS
				MATERIAL	FINISH	WIDTH	MATERIAL	FINISH				
1A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT		18		
2A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT		18		
3A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT		45 MIN		
4A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT		18		

GENERAL NOTES

- COORDINATE WITH APPLICABLE DIMENSIONS AND DETAILS ON OTHER SHEETS.
- COORDINATE WITH REQUIREMENTS OF OWNER SUPPLIED EQUIPMENT AS REQUIRED.
- DIMENSIONS ARE TO FACE OF STUD OR OUTSIDE EDGE STRUCTURE.
- THE CONTRACTOR SHALL LAYOUT ALL OF THE APPLICABLE DIMENSIONS AND LAYOUT WITH ARCHITECT PRIOR TO START OF THIS WORK.
- DO NOT SCALE DRAWINGS. IF DIMENSIONS ARE IN QUESTION, THE CONTRACTOR SHALL OBTAIN WRITTEN CLARIFICATION FROM ARCHITECT PRIOR TO BEGINNING WORK.

WALL LEGEND

- W1** EXTERIOR WALL ASSEMBLY:
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W1-1** EXTERIOR WALL ASSEMBLY (EQUIL. TO U.I. U202):
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" TYPE X GYPSUM BOARD ON INTERIOR SIDE. 5/8" EXTERIOR GYPSUM SHEATHING WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W2** EXTERIOR WALL ASSEMBLY:
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH VAPOR BARRIER AND HARDIE PANEL FINISH. PROVIDE R-20 THERMAL BATTS.
- W3** TWO SIDED ASSEMBLY:
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE. PROVIDE 5-1/2" R-20 THERMAL BATTS.
- W4** TWO SIDED ASSEMBLY (EQUIL. TO U.I. DESIGN #4195):
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH HARDIE BOARD FINISH. PROVIDE R-20 THERMAL BATTS.
- W5-1** TWO SIDED ASSEMBLY (EQUIL. TO U.I. DESIGN #1341):
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE. STAGGER STUD WITH PARALLEL WALL. PROVIDE 3-1/2" SOUND ATTENUATION BATTS.
- W5** TWO SIDED ASSEMBLY (EQUIL. TO U.I. DESIGN #1341):
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE. STAGGER STUD WITH PARALLEL WALL. PROVIDE 3-1/2" SOUND ATTENUATION BATTS.
- W6** ONE SIDED ASSEMBLY:
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- W7** TWO SIDED ASSEMBLY:
2x4 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE. PROVIDE SOUND ATTENUATION BATTS. USE MOISTURE RESISTANT GYPSUM AT ALL WET AREAS.
- W8** ONE SIDED ASSEMBLY:
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- W9** ONE SIDED ASSEMBLY:
2x6 W/D STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE.

KEY NOTES

- SEALED CONCRETE FINISH W/ SLIP RESISTANT SAND TEXTURE.
- CEILING TO BE 1/2" 4x8 BA WOOD JOINTS.
- BREEZEWAY WALL FINISH TO BE HARDEE PANEL PAINTED W/ 1x2 BATTEN STRIPS AT 16" O.C.
- UNIT SIGNAGE

BLUEGRASS LANDING APARTMENTS

1645 - 1677 Ebenezer Road, Knoxville, TN 37922



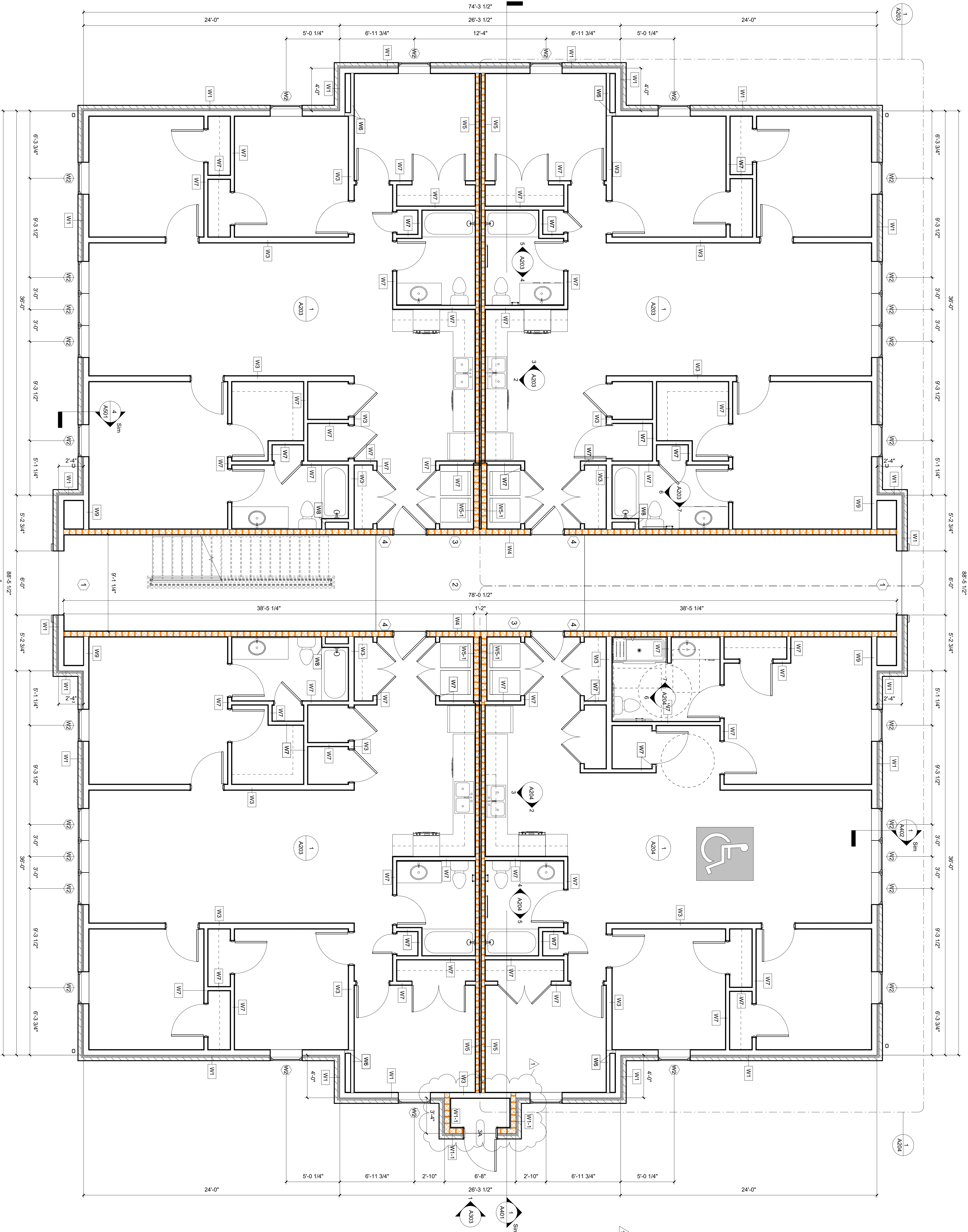
SMEE + BUSBY ARCHITECTS
2554 SUTHERLAND AVE KNOXVILLE, TN 37919
865.521.7550 voice 865.521.7551 fax

Project Number: 23022
Date: 12/29/23
Drawn By: LMM
Principal: GRS
02.01.24
02.29.24

GROUND FLOOR PLAN - BUILDING B

A101

GROUND FLOOR PLAN - BUILDING C



DOOR SCHEDULE - SPRINKLER ROOMS

MARK (DOOR NUMBER)	HEIGHT	THICKNESS	TYPE	DOOR			FRAME			FIRE RATING	HARDWARE SET	COMMENTS
				MATERIAL	FINISH	WIDTH	MATERIAL	FINISH				
1A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
2A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
3A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
4A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18

GENERAL NOTES

- COORDINATE WITH APPLICABLE DIMENSIONS AND DETAILS ON OTHER SHEETS.
- COORDINATE WITH REQUIREMENTS OF OWNER SUPPLIED EQUIPMENT AS REQUIRED.
- DIMENSIONS ARE TO FACE OF STUD OR OUTSIDE EDGE STRUCTURE.
- THE CONTRACTOR SHALL LAYOUT ALL OF THE FINISHED WORK PRIOR TO START OF THIS WORK.
- DO NOT SCALE DRAWINGS. IF DIMENSIONS ARE IN QUESTION, THE CONTRACTOR SHALL OBTAIN WRITTEN CLARIFICATION FROM THE ARCHITECT PRIOR TO BEGINNING WORK.

WALL LEGEND

W1 EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATT.

W1-1 EXTERIOR WALL ASSEMBLY (EQUAL TO W1) U/L U201:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" TYPE X GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR SHEATHING WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATT.

W2 EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH VAPOR BARRIER AND HARDIE PANEL FINISH. PROVIDE R-20 THERMAL BATT.

W3 TWO SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE. PROVIDE 5-1/2" R-20 THERMAL BATT.

W4 TWO SIDED ASSEMBLY (EQUAL TO W1) DESIGN #4195:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH HARDIE BOARD FINISH. PROVIDE R-20 THERMAL BATT.

W5 TWO SIDED ASSEMBLY:
(2) 2x4 HR WALL EQUAL TO U.L. DESIGN #1341 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE STAGGER STUD WITH PARALLEL WALL. PROVIDE 3-1/2" SOUND ATTENUATION BATT.

W5-1 TWO SIDED ASSEMBLY:
(2) 2x4 HR WALL EQUAL TO U.L. DESIGN #1341 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE STAGGER STUD WITH PARALLEL WALL. PROVIDE 3-1/2" SOUND ATTENUATION BATT.

W6 ONE SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE. PROVIDE SOUND ATTENUATION BATT.

W7 TWO SIDED ASSEMBLY:
2x4 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE. PROVIDE SOUND ATTENUATION BATT. USE MOISTURE RESISTANT GYPSUM AT ALL WET AREAS.

W8 ONE SIDED ASSEMBLY:
2x4 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE.

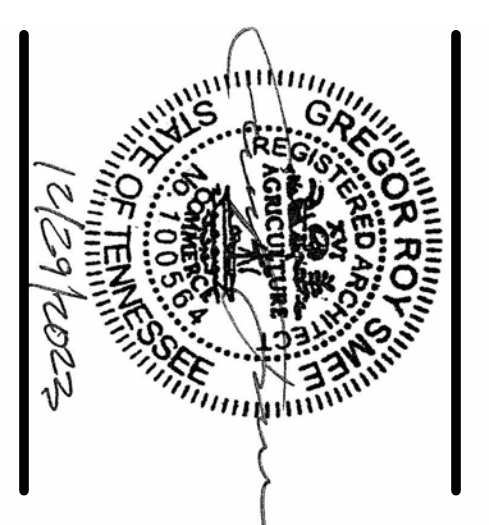
W9 ONE SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE.

KEY NOTES

- SEALED CONCRETE FINISH W/ SLIP RESISTANT SAND TEXTURE.
- CEILING TO BE 1/2" 4x8 BA WOOD JOINTS.
- BREEZEWAY WALL FINISH TO BE HARDEE PANEL PAINTED W/ 1x2 BATTEN STRIPS AT 16" O.C.
- UNIT SIGNAGE

BLUEGRASS LANDING APARTMENTS

1645 - 1677 Ebenezer Road, Knoxville, TN 37922

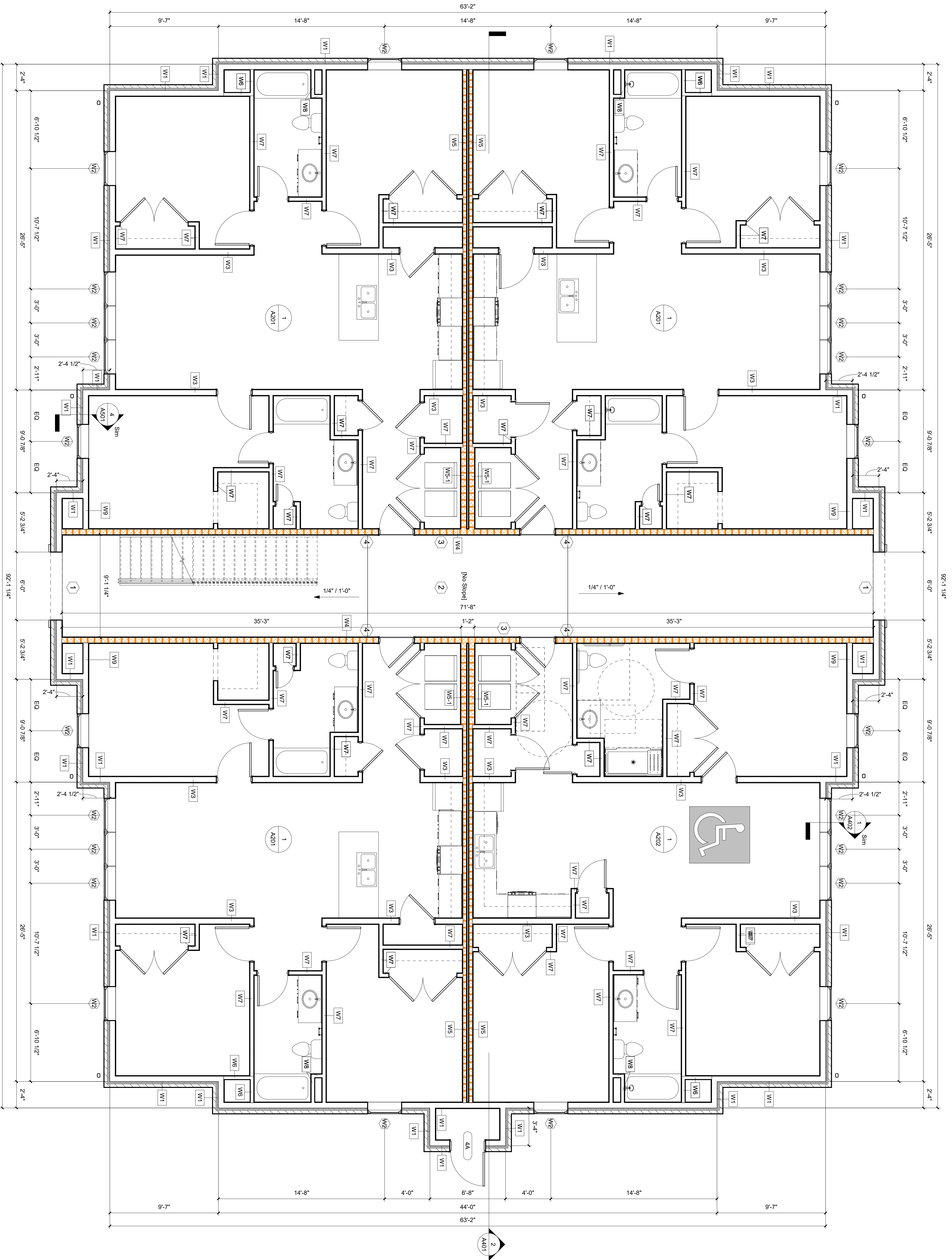


SMEE + BUSBY ARCHITECTS
2554 SUTHERLAND AVE KNOXVILLE, TN 37919
865.521.7550 voice 865.521.7551 fax

A102

GROUND FLOOR PLAN - BUILDING C

Project Number: 23022
Date: 12/29/23
Drawn By: LMM
Principal: GRS
02/01/24
02/28/24



1 GROUND FLOOR PLAN - BUILDING D
1/8\"/>

DOOR SCHEDULE - SPRINKLER ROOMS

MARK (DOOR NUMBER)	HEIGHT	THICKNESS	TYPE	DOOR			FRAME			FIRE RATING	HARDWARE SET	COMMENTS
				MATERIAL	FINISH	WIDTH	MATERIAL	FINISH				
1A	6'-8"	0'-1 3/4"	F	HM	PNT	3'-0"	HM	PNT	1	HM	PNT	18
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GENERAL NOTES

- COORDINATE WITH APPLICABLE DIMENSIONS AND DETAILS ON OTHER SHEETS.
- COORDINATE WITH REQUIREMENTS OF OWNER SUPPLIED EQUIPMENT AS REQUIRED.
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- DO NOT SCALE DRAWINGS. IF DIMENSIONS ARE IN QUESTION, THE CONTRACTOR SHALL OBTAIN WRITTEN CLARIFICATION FROM ARCHITECT PRIOR TO COMMENCEMENT OF CONSTRUCTION.

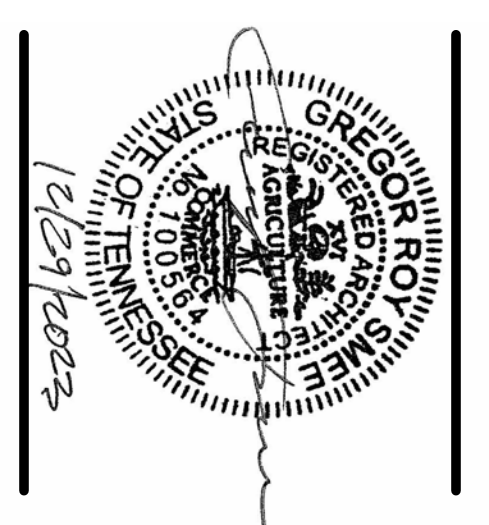
WALL LEGEND

- W1** EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W1-1** EXTERIOR WALL ASSEMBLY (EQUIL. TO U.L. U1302):
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" TYPE X GYPSUM BOARD ON INTERIOR SIDE. 5/8" OSB WITH VAPOR RETARDER + 1" AIR GAP AND 3 5/8" BRICK. PROVIDE R-20 BATTS.
- W2** EXTERIOR WALL ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON INTERIOR SIDE. EXTERIOR SIDE TO HAVE 5/8" OSB WITH VAPOR BARRIER AND HARDIE PANEL FINISH. PROVIDE R-20 THERMAL BATTS.
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- W5** TWO SIDED ASSEMBLY:
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- W5-1** TWO SIDED ASSEMBLY (EQUIL. TO U.L. DESIGN #1341):
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EACH SIDE WITH PARALLEL WALL. PROVIDE 3-1/2" SOUND ATTENUATION BATTS.
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- W7** TWO SIDED ASSEMBLY:
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- W8** ONE SIDED ASSEMBLY:
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- W9** ONE SIDED ASSEMBLY:
2x6 W/ STUDS AT 16" O.C. MAX. W/ (1) LAYER OF 5/8" GYPSUM BOARD ON EXTERIOR SIDE.

KEY NOTES

- SEALED CONCRETE FINISH W/ SLIP RESISTANT SAND TEXTURE.
- CEILING TO BE 1/2" 4x8 PA WOOD JOINTS.
- BREEZEWAY WALL FINISH TO BE HARDEE PANEL PAINTED W/ 1x2 BATTEN STRIPS AT 16" O.C.
- UNIT SIGNAGE

SMEE + BUSBY ARCHITECTS
2554 SUTHERLAND AVE KNOXVILLE, TN 37919
865.521.7550 voice 865.521.7551 fax



BLUEGRASS LANDING APARTMENTS

1645 - 1677 Ebenezer Road, Knoxville, TN 37922

Project Number: 23022
Date: 12/29/23
Drawn By: LMM
Principal: GRS
02.01.24
02.29.24

GROUND FLOOR PLAN - BUILDING D

A103



Account Number : 144MA-05301

Justin Biggs, Trustee
Knox County Trustee

1645 EBENEZER RD

(C) is for separate City Tax. (C/A) for City Tax Addon

(ADD) is for County Tax Addon

(BK) for Bankruptcy

(CM) for Clerk&Master

(AP) for Under Appeal

(PP) for Pre-Payments received for future year bill

DS 00 MapNum 144MA CtrlMap 5 GP 301. Parcel I R S-I 000

32

Owner: BLUEGRASS APARTMENT PARTNERS LLC

Owner Information

Address: 140 MAJOR REYNOLDS PLACE
KNOXVILLE, TN 37919

Land Value: \$474,000.00
Improve Value: \$0.00
Total Value: \$474,000.00
Assessment: 25% * \$474,000.00 = \$118,500.00

Parcel Details

Deed Information	Plat Information	Property Information
------------------	------------------	----------------------

Book: Page: Date: ---

 Property Address: 1645 EBENEZER RD
 Subdivision: LKM PROPERTIES LOT: 2
 Dimensions: 174.74 X 253.90 X IRR
 Calculated Acres: 0.0 Deeded Acres: 3.95

Parcel History

Year	Bill#	Name	Date	Base Tax	Total Paid Balance	Due	Method	Details	Payee
2023	183645	BLUEGRASS APARTMENT PARTNERS L...		1,841.00	0.00	1,868.62	N/A	N/A	N/A
2022	182157	BLUEGRASS APARTMENT PARTNERS L...	12/12/22	1,841.00	1,841.00	0.00	CHECK	1015	BLUEGRASS APARTMENT PARTNERS LLC
2021	5064184	BLUEGRASS APARTMENT PARTNERS L...	12/07/21	1,675.00	1,675.00	0.00	CHECK	1029	BLUEGRASS PARTNERS
2020	4880326	BLUEGRASS PARTNERS	10/16/20	1,675.00	1,675.00	0.00	CHECK	1025	BLUEGRASS PARTNERS
2019	4542253	BLUEGRASS PARTNERS	11/07/19	1,675.00	1,675.00	0.00	CHECK	1020	BLUEGRASS PARTNERS
2018	4344525	BLUEGRASS PARTNERS	10/24/18	1,675.00	1,675.00	0.00	CHECK	1017	BLUEGRASS PARTNERS
2017	4250124	BLUEGRASS PARTNERS	11/09/17	1,675.00	1,675.00	0.00	CHECK	1013	BLUEGRASS PARTNERS
				12,057.00	10,216.00	1,868.62			

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of December 27, 2023, is made by and between **BLUEGRASS APARTMENT PARTNERS, LLC** ("Seller"), and **DGA RESIDENTIAL, LLC** ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of October 27, 2023, as amended by that certain Second Amendment to Purchase and Sale Agreement dated as of November 20, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on December 28, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, in accordance with Section 22 of the Agreement, Seller and Purchaser desire to extend the date for Due Diligence Period and to extend the date by which Closing must take place and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "one hundred five (105) days" from the first sentence and substituting the phrase "one hundred thirty-nine (139) days" in lieu thereof.
3. Closing Date. In accordance with Section 22 of the Agreement, Section 7(a) of the Agreement is hereby amended by deleting "December 31, 2023" and substituting the date "February 1, 2024" in lieu therefor.
4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.
5. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.

6. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
7. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASS APARTMENT PARTNERS, LLC

By: ^{Authentisign} George Wallace 12/21/23
Name: _____
Title: _____

By: ^{Authentisign} Jim Wallace 12/21/23
Name: _____
Title: _____

By: ^{Authentisign} David Varner 12/21/23
Name: _____
Title: _____

By: ^{Authentisign} George Potter 12/21/23
Name: _____
Title: _____

By: ^{Authentisign} Mark Bunch 12/21/23
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: _____
Name: Craig Cobb
Title: Vice President

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASS APARTMENT PARTNERS, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

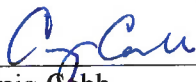
By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: 
Name: Craig Cobb
Title: Vice President

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of November 20, 2023, is made by and between **BLUEGRASS APARTMENT PARTNERS, LLC** ("Seller"), and **DGA RESIDENTIAL, LLC** ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of October 27, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on November 28, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, Seller and Purchaser desire to extend the date for Due Diligence Period and to provide for further extensions of the Closing and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "seventy-five (75) days" from the first sentence and substituting the phrase "one hundred five (105) days" in lieu thereof.
3. Price Adjustment for Easement. The Agreement is hereby amended by adding the following new Section 22:

22. Utility Easement. Purchaser and Seller agree and acknowledge that an easement over the adjacent property owned by LKM Properties, LP ("Adjacent Owner") must be acquired for the benefit of the Property for the purpose of connecting to sewer facilities. The easement (the "Easement") must be of a size and location acceptable to Purchaser and to First Utility District ("FUD") for the purpose of locating utility infrastructure to serve the Property. Further, the documentation of the Easement must be in form and substance acceptable to Purchaser and FUD. Purchaser and Seller shall cooperate and act in good faith in negotiating to acquire the Easement from the Adjacent Owner. Purchaser and Seller agree that, if Adjacent Owner requires compensation for the Easement, either (a) the Seller shall pay Adjacent Owner for the Easement, or (b) Purchaser shall pay Adjacent Owner for the Easement and the Purchase Price shall be reduced by a like amount. If Purchaser and Seller are unable to negotiate the Easement with

Adjacent Owner prior to the expiration of the Due Diligence Period, then Purchaser and Seller shall enter into a further amendment of the Agreement extending the expiration of the Due Diligence Period to January 31, 2024 and extending the Closing Date in Section 7(a) of the Agreement to February 1, 2024.


4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.
5. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.
6. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
7. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.


[Signatures Commence on Following Page]


IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.


SELLERS:


BLUEGRASS APARTMENT PARTNERS, LLC

By:  11/22/23
Name: _____
Title: _____

By:  11/22/23
Name: _____
Title: _____

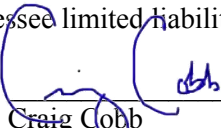
By:  11/22/23
Name: _____
Title: _____

By:  11/22/23
Name: _____
Title: _____

By:  11/22/23
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By:  _____
Name: Craig Cobb
Title: Vice President

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of October 27, 2023, is made by and between **BLUEGRASS APARTMENT PARTNERS, LLC** ("Seller"), and **DGA RESIDENTIAL, LLC** ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on October 31, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, Seller and Purchaser desire to extend the date for Due Diligence Period and to provide for further extensions of the Closing and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "forty-five (45) days" from the first sentence and substituting the phrase "seventy-five (75) days" in lieu thereof.
3. Closing Date. Section 7 of the Agreement is hereby amended by adding the following subsection (c):

(c) After Purchaser has exercised its right to extend the Closing for each of the three additional periods provided for in subsection (b) above, Purchaser shall have the right to extend the Closing for three (3) additional periods of thirty (30) days each by delivering to the Escrow Agent, prior to the Closing Date then in effect, written notice and the sum of Twenty-Five Thousand and No/100^{ths} Dollars (\$25,000.00) (each an "Additional Deposit"). The Additional Deposit(s) shall become a part of the Deposit and be applied as provided in this Agreement.

4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All

references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.

6. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.
7. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
8. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASS APARTMENT PARTNERS, LLC

By: ^{Authentisign} George Wallace 10/26/23
Name: _____
Title: _____

By: ^{Authentisign} Jim Wallace 10/26/23
Name: _____
Title: _____

By: ^{Authentisign} David Varner 10/26/23
Name: _____
Title: _____

By: ^{Authentisign} George Potter 10/26/23
Name: _____
Title: _____

By: ^{Authentisign} Mark Bunch 10/26/23
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: Craig Cobb
Name: Craig Cobb
Title: Vice President

Executed, Binding ✓
 9/14/23 8:30 AM.
 Chris Bruce

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered into by and between BLUEGRASS APARTMENT PARTNERS, LLC, a Tennessee limited liability company (“Seller”), and DGA RESIDENTIAL, LLC, a Tennessee limited liability company (“Purchaser”).

1. Description of Property. Subject to the terms of this Agreement, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller all of the tracts or parcels of real estate more particularly described or depicted on Exhibit A attached hereto (collectively, the “Land”), together with all improvements and fixtures located thereon (collectively, the “Improvements”), all right, title and interest of Seller in and to (i) all plants, shrubs and trees located thereon, (ii) any land lying in or under any body of water or the bed of any street or road, open or proposed, adjacent to such Land, (iii) all easements, hereditaments and privileges appurtenant to the foregoing Land, (iv) all oil, gas, hydrocarbon and other minerals (whether similar or dissimilar) in, on or under, or that may be produced from, such Land, (v) all strips or gores, if any, between such Land and adjoining properties, (vi) all zoning rights, entitlements, air rights, development rights and water rights relating to the Land or Improvements, and (vii) all other rights, privileges and appurtenances in any way related to or for the benefit of the foregoing Land, and all of Seller’s right, title and interest in all intangible personal property related to the Land and Improvements, including, but not limited to the items listed on Exhibit B attached hereto (the “Development Materials”) (the Land, the Improvements, all items listed in (i) through (vii) above and the Development Materials are collectively referred to herein as the “Property”).

2. Purchase Price. The purchase price of the Property is One Million Four Hundred Thousand and No/100^{ths} Dollars (\$1,400,000.00) (the “Purchase Price”). Seller and Purchaser acknowledge and agree that a portion of the Purchase Price equal to \$1,000,000.00 is allocated to the Land and Improvements and a portion of the Purchase Price equal to \$400,000.00 is allocated to the Development Materials. The Purchase Price shall be payable as follows:

(a) An earnest money deposit in the amount of Seventy Five Thousand and No/100^{ths} Dollars (\$75,000.00) (the “Deposit”) shall be paid by Purchaser to Tennessee Valley Title Insurance Co., as escrow agent (“Escrow Agent”), within five (5) business days after the execution of this Agreement by all parties hereto; and

(b) the remaining balance shall be paid in immediately available funds at Closing.

The Deposit shall be applied to the amount of the Purchase Price at the Closing.

3. Purchaser’s Inspection. Upon the execution of this Agreement by both parties, Seller shall deliver to Purchaser the Development Materials, copies of all existing surveys, title reports, title commitments, title policies, recent tax bills, environmental reports, soil reports, zoning documents, other testing reports, civil documents and all other documents and information relating to the Property that are in Seller’s possession or are otherwise available to Seller. Seller grants Purchaser and Purchaser’s agents, representatives and designees, the right to enter the Property to inspect it, make soil test borings, conduct Phase I and Phase II environmental assessments, make drainage tests, make surveys, and make and perform other tests and inspections of the Property, provided that the foregoing shall not materially alter or damage the Property. Purchaser shall be liable to Seller for any damage, loss, and expenses (including reasonable attorney’s fees) Seller incurs by reason of such activities; provided, however, that Purchaser’s liability under this paragraph shall not include any damage, loss or expenses including reasonable attorney’s fees arising from Purchaser’s discovery of existing environmental conditions at the Property.

4. Due Diligence; Termination.

(a) Termination During Due Diligence Period. As used herein “Due Diligence Period” shall mean the period commencing on the effective date and continuing through 5:00 P.M. EST on the day that is forty-five (45) days following the effective date; provided, however, in the event Seller does not provide Purchaser all Due Diligence Materials within three (3) business days after the execution of this Agreement by all parties hereto, the Due Diligence Period will be extended by one (1) day for each day of delay. If Purchaser determines, in its sole discretion, before the expiration of the Due Diligence Period that the Property is unacceptable for Purchaser’s purposes for any reason, or if Purchaser otherwise elects to not proceed with its purchase of the Property for any reason or for no reason, Purchaser shall have the right to terminate this Agreement by giving to Seller written notice of such termination on or before the expiration of the Due Diligence Period. If Purchaser delivers the aforementioned termination notice prior to the end of the Due Diligence Period, this Agreement shall terminate, and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement. Upon timely termination of this Agreement pursuant to this Section 4(a), Purchaser shall be entitled to a refund of the Deposit, and Escrow Agent shall refund the Deposit to Purchaser; provided, however, (i) Seller shall be entitled to retain from the Deposit, and Escrow Agent shall pay to Seller, the sum of \$100.00; and (ii) Purchaser shall provide to Seller any surveys or environmental reports related to the Land and prepared for Purchaser by a third party as independent consideration for the transaction contemplated by this Agreement.

(b) Termination After Expiration of Due Diligence Period. If, following the expiration of the Due Diligence Period, Purchaser elects not to proceed with its purchase of the Property for any reason or for no reason, Purchaser shall have the right to terminate this Agreement by giving to Seller written notice of such termination. If Purchaser delivers the aforementioned notice of termination after the expiration of the Due Diligence Period, this Agreement shall terminate, and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive termination of this Agreement. Notwithstanding the foregoing, if Purchaser terminates this Agreement after expiration of the Due Diligence Period, Seller shall be entitled to retain, and Escrow Agent shall pay to Seller, the Deposit as independent consideration for the transaction contemplated by this Agreement.

5. Title Exceptions. The Property shall be conveyed subject to the following title exceptions and no other:

(a) Current real estate taxes not yet due and payable.

(b) All survey matters and title exceptions approved (or deemed approved) by Purchaser pursuant to Section 6 below.

6. Title Insurance and Survey. Within 45 days following the effective date of this agreement, Purchaser shall obtain, at Purchaser’s expense, a commitment for owner’s title insurance issued by Escrow Agent, in the amount of the purchase price, naming Purchaser as the proposed insured. Purchaser shall cause to be issued at Closing, a policy of title insurance (most recent ALTA form) pursuant to said commitment containing only those exceptions specified in Section 5 above. Without limiting the foregoing, at Closing, Seller shall satisfy all requirements set forth in the title commitment relating to the provision of good standing certificates, organizational documents and resolutions applicable to Seller and shall execute Escrow Agent’s standard form Owner’s Affidavit in order to cause all standard exceptions (except for the standard survey exception, which shall not be removed unless Purchaser obtains a survey in a form sufficient to remove such exception) to be deleted from said policy. In addition, Purchaser may obtain, at its own expense, a current survey of the Property.

If said title commitment or survey contains any exceptions or matters that are unacceptable to Purchaser, Purchaser shall give notice thereof to Seller. Within ten (10) days after the delivery of such

notice to Seller, Seller shall give written notice to Purchaser of any such unacceptable matters that Seller will agree to cure prior to Closing. In the event there are any such unacceptable matters that Seller is unable or unwilling to remove by or on the Closing Date, Purchaser may, at its option, terminate this Agreement, or may waive its objections to any such title matters that Seller did not agree to cure and proceed to close without reduction in the purchase price. All exceptions set forth in such title commitment (except for those that Seller agrees in writing to cure pursuant to the procedure set forth above) shall be deemed to have been approved by Purchaser. Notwithstanding the foregoing, and regardless of whether Purchaser objects thereto, Seller shall cause all existing mortgages, deeds of trust and other monetary liens encumbering the Property to be paid off and released at Closing, and to the extent any such liens have not been paid off and released prior to Closing, the amounts necessary to cause such liens to be released shall be deducted from Seller's sale proceeds at Closing. In the event Seller fails to cure any title matter that it commits in writing to cure pursuant to the procedure set forth above, such failure shall constitute a default by Seller hereunder and Purchaser shall be entitled to exercise its remedies described in Section 15 below. The obligations of Purchaser hereunder are conditioned upon the title company at Closing being unconditionally committed to issue an owner's title insurance policy, subject only to matters approved by Purchaser hereunder.

7. Closing.

(a) The closing (the "Closing") shall take place in a location and at a date and time mutually acceptable to Purchaser and Seller, on or before December 31, 2023, unless extended as provided in subsection (b) below (the "Closing Date"). At Closing, Seller shall execute and deliver to Purchaser a good and valid special warranty deed conveying good and marketable fee simple title to the Property, subject only to the title exceptions described in Section 5 above and an assignment, as described in Section 21 hereof, and Purchaser shall pay the balance of the purchase price (after first deducting the Deposit) to Seller. Purchaser and Seller shall also execute such certificates, non-foreign affidavits and other instruments as are reasonably requested by the other party in connection with the consummation of the transactions contemplated hereby. Seller shall deliver possession of the Property to Purchaser on the Closing Date, subject only to the title exceptions described in Section 5 above.

(b) Purchaser shall have the right to extend the Closing for three (3) additional periods of thirty (30) days each by delivering to the Escrow Agent, prior to the Closing Date then in effect, written notice and the sum of Fifty Thousand and No/100^{ths} Dollars (\$50,000.00) (the "Extension Fee"). The Extension Fee(s) shall be non-refundable and shall not be applied to the Purchase Price at Closing.

8. Adjustments. Real estate taxes and assessments for the Property shall be apportioned and prorated as of the end of the day preceding the Closing Date. If the amount of such taxes for the year in which the Closing takes place is not known at the Closing, such taxes shall be estimated on the basis of the prior year's taxes, and if the actual amount of such taxes for the year of Closing are more than the estimated amount, Seller will pay Purchaser its pro rata share of such additional amount within ten (10) days of receipt by Seller of evidence of such increase; or, if the actual amount of such taxes is less than the estimated amount, Purchaser will refund Seller's pro rata share of such decrease within ten (10) days of the receipt of the assessment. The foregoing agreements shall survive the Closing.

9. Costs and Expenses; Preparation of Documents. Costs and expenses shall be apportioned in the following manner:

- (a) Purchaser shall pay recording costs and recording taxes related to the recording of the Deed for conveying title as described herein. Purchaser shall pay all other recording costs, including but not limited to the costs for recording any mortgage or other security agreements for Purchaser's financing of the Property.
- (b) Purchaser shall pay the premium for the title examination and title insurance.
- (c) Purchaser and Seller shall split equally all escrow fees and closing fees charged by Escrow Agent.
- (d) Each party shall pay its own attorney's fees in connection with this transaction.

10. Condemnation. If any authority having the power of eminent domain shall commence negotiations with Seller, or shall commence legal action against Seller, for the damaging, taking, or acquiring of all or any part of the Property, either temporarily or permanently, in any condemnation proceeding or by exercise of the power of eminent domain, Seller shall immediately give notice of the same to Purchaser. Upon any such occurrence, Purchaser shall have the right, at its option, to terminate this Agreement by giving notice thereof to Seller on or before the Closing Date, in which event Purchaser shall be released of all further obligations hereunder and the Deposit shall be returned to Purchaser. If Purchaser does not so terminate this Agreement, the purchase price shall be reduced by the total of any awards, settlement proceeds or other proceeds received by Seller at or prior to Closing with respect to any such taking. At the time of Closing, Seller shall assign to Purchaser all rights of Seller in and to any unpaid awards, settlement proceeds or other proceeds payable by reason of any such taking. In the event of any negotiations regarding the payment of any such awards or proceeds, Seller will inform Purchaser of all such negotiations of which Seller has notice and will permit Purchaser to take part therein.

11. Seller's Covenants.

- (a) Between the Effective Date and the earlier of the Closing Date or termination of this Agreement, Seller shall, at Seller's sole cost and expense: (i) perform all obligations of Seller under all applicable laws, statutes, codes, acts, ordinances, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governmental authorities having jurisdiction over the Property ("Laws"); (ii) promptly deliver to Purchaser copies of all written notices of violations of Laws and promptly notify Purchaser of all judgments, claims and litigation affecting Seller or any part of the Property; (iii) promptly after the delivery or receipt thereof, deliver to Purchaser copies of all notices concerning Seller or the Property, which relate to releases of hazardous materials affecting the Property or any actual or threatened condemnation of the Property or any portion thereof given by or on behalf of any federal, state or local agency, and copies of all other correspondence sent, filed, served on or received by Seller from any federal, state or local agency affecting the Property from and after the Effective Date; (iv) use commercially reasonable efforts to assist Purchaser, at no cost to Seller, in any re-zoning of the Property Purchaser deems necessary for Purchaser's intended use or development of the Property; (v) promptly notify Purchaser of the institution of any litigation, arbitration, administrative hearing before any court or governmental agency concerning or affecting the Seller, and/or the Property and of any such proceedings which are to Seller's knowledge threatened after the date hereof; (vi) use commercially reasonable efforts to assist Purchaser, at no cost to Seller, in any application for financing for Purchaser's acquisition of the Property, including, but not limited to applications to the Tennessee Housing Development Agency; and (vii) use commercial reasonable efforts to obtain all third party consents and/or reliance letters, as deemed necessary in the reasonable judgment of Purchaser, in connection with the assignment of the Development Materials to Purchaser.

(b) Between the Effective Date and the earlier of the Closing Date or termination of this Agreement, Seller shall not do, suffer or permit, or agree to do, any of the following, except to the extent permitted under this Agreement: (i) sell, assign or otherwise convey, or create any right, title or interest whatsoever in or to the Property or any portion thereof or create or permit to exist any lien, assessment, encumbrance or charge thereon; (ii) enter into any contract or agreement that would be binding on Purchaser or the Property following the Closing; (iii) change or attempt to change the current zoning of the Property without Purchaser's prior written consent; or (iv) enter into any easement, servitude, covenant, restriction, or right of way for or burdening the Property, or any part thereof.

12. Seller's Warranties. Seller represents and warrants to Purchaser as follows:

(a) The Property is not subject to any pending litigation or condemnation proceeding and, to Seller's knowledge, none is threatened.

(b) The Property is not the subject of any outstanding sale contract or option to purchase in favor of a third party. There are no unrecorded contracts or agreements that will be binding upon Purchaser or the Property after the Closing. There are and there will be no parties in possession of any portion of the Property as lessees, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property.

(c) The Property is not the subject of any administrative order or any judgment or decree, including any order concerning wetlands.

(d) Seller is the sole owner of the Property and has full right, power, and authority to execute this Agreement and to consummate the transactions contemplated hereby.

(e) There are no supplier, vendor, service provider, maintenance, management or similar contracts relating to the operation of or affecting the Property, or any other unrecorded agreements or contracts that will be binding upon Purchaser and/or the Property after the Closing.

(f) The Property is free of material violation of Laws, and Seller has received no written notice that the Property is in violation of any Laws. Seller has no notice of and is not aware of any violations of any restrictive covenants or other requirements affecting the Property.

(g) Neither the Seller nor, to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, *et seq.*, as amended) or any other "super fund" or "super lien" law or any other federal, state, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. The Property does not currently contain and, to the Seller's knowledge, has not in the past contained any underground storage tanks.

The foregoing warranties will survive the Closing. At Closing, Seller shall reaffirm the foregoing warranties to Purchaser in writing. Except for the warranties set forth above and in the closing documents required to be executed by Purchaser at Closing, the Property shall be conveyed on an as-is, where-is

basis, it being understood by Purchaser that Seller is making no representations or warranties as to the physical condition of the Property. Seller agrees to defend and indemnify Purchaser against any claim, liability, damage or expense asserted against or suffered by Purchaser arising out of the breach or inaccuracy of Seller's Representations and Warranties set forth in Section 12 herein, which obligation shall survive the Closing.

13. Notices. Any notice required to be given hereunder shall be in writing and sent by hand delivery, nationally recognized courier service (such as FedEx) or United States certified mail, return receipt requested, in each case addressed to the parties at the addresses set forth below, or to such other address as either party may hereafter give the other, or by electronic mail to the email address provided herein, except that to be valid any electronic mail delivered notice must be made by providing a sign notice as an attachment to the electronic mail:

Seller's Notice Address:

Bluegrass Apartment Partners, LLC
c/o George Wallace
140 Major Reynolds Place
Knoxville, Tennessee 37919

Purchaser's Notice Address:

DGA Residential, LLC
6350 Kingston Pike
Knoxville, Tennessee 37919
Email: CraigC@DominionDG.com

With a copy to:

Bass, Berry & Sims PLC
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
Attn: Russell Stair
Email: rstair@bassberry.com

14. Brokers. Purchaser represents and warrants to Seller that, no broker or finder has been engaged by it, in connection with the sale contemplated by this Agreement. Seller represents and warrants to Buyer that, except for Christopher Bruce of Wallace Commercial and Jim Wallace and George Wallace ("**Seller's Broker**"), no broker or finder has been engaged by it, in connection with the sale contemplated by this Agreement and that Seller is responsible solely for the payment of a brokerage commission to Seller's Broker pursuant to a separate agreement. Seller and Purchaser each agrees to defend, indemnify and hold the other harmless from and against any losses, damages, costs, or expenses (including attorney's fees) incurred by such other party due to a breach of the foregoing warranty by the indemnifying party. The indemnity contained in this Paragraph 14 shall survive the Closing.

15. Default. If the sale of the Property to Purchaser does not close as a result of default by Purchaser hereunder, Escrow Agent shall deliver the Deposit to Seller as liquidated damages as Seller's sole remedy to Purchaser's failure to close. If the sale of the Property to Purchaser does not close as a result of default hereunder by Seller, or if prior to Closing Purchaser becomes aware that any representation or warranty of Seller is untrue or inaccurate in any respect, Purchaser may, at its option, terminate this Agreement, in which event Escrow Agent shall refund the Deposit to Purchaser, or Purchaser may seek specific

performance. In either such event, Purchaser shall also be entitled to recover its damages against Seller. Seller waives the right to assert the defense of lack of mutuality in any suit for specific performance instituted by Purchaser.

16. Assignment. At Purchaser's option, Purchaser may assign its rights hereunder without Seller's consent.

17. Headings. The Section headings are inserted for convenience only and are not intended to describe, interpret, define, or limit the scope or content of this Agreement or any provision hereof.

18. Miscellaneous. All prior understandings and agreements between the parties are null and void. This agreement supersedes any oral agreement or otherwise between the parties. This Agreement may be modified only by an agreement in writing signed by the parties. This Agreement shall apply to, bind, and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties. The "effective date" of this Agreement shall be the day it is last executed by Seller or Purchaser. Upon request by either party, Seller and Purchaser shall record a memorandum of this Agreement. This Agreement shall be governed by Tennessee law. Seller hereby agrees not to solicit, directly or indirectly, or entertain any offer or proposal from or to any third party, or furnish any financial or other information regarding the Property or engage in any discussions or negotiations with any third party regarding a sale, lease or other disposition of the Property. Purchaser shall have the exclusive right to market the Property. In addition to any other remedies available to Purchaser upon a breach of this Section 18, Purchaser shall have the right to seek equitable relief.

19. Expiration Dates. Any expiration date or other date on which a party hereunder is required to take any action that falls on a weekend (Saturday or Sunday) or a holiday shall move to the next business day. As used herein, the term "business day" shall mean a day that is not a Saturday, Sunday, or legal holiday for national banks in the location where the Property is located. Time is of the essence in the performance of this Agreement.

20. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange executed counterparts of the signature pages by e-mail.


21. Development Materials. At Closing, Seller shall assign to Purchaser all of Seller's right, title and interest in the Development Materials to Purchaser pursuant to an assignment in a form reasonably acceptable to Purchaser. Seller represents and warrants that Seller has paid all amounts due to all parties that prepared the Development Materials and that Purchaser shall have no liability for payment of any amounts due related to the preparation of the Development Materials, and Seller agrees to indemnify and hold harmless Purchaser from and against any and all claims for such amounts; provided, however, Purchaser shall pay all costs for modifications to the Development Materials requested by Purchaser. Seller further acknowledges and agrees that Purchaser shall have full right to the use of the Development Materials during the term of this Agreement and after Closing, and Seller agrees to indemnify and hold harmless Purchaser from and against any and all claims asserted by parties that prepared the Development Materials based on the invalidity of any assignment of such Development Materials to Purchaser. The indemnification provisions of this Section 21 shall survive Closing.

[Signature page follows.]


IN WITNESS WHEREOF Seller and Purchaser have executed, or caused to be executed, this Agreement on the day and year written beside their signatures below.


SELLER:


BLUEGRASS APARTMENT PARTNERS, LLC

By: 
Name: _____
Title: _____
Date: September __, 2023 09/14/23

By: 
Name: _____
Title: _____
Date: September __, 2023 09/14/23

By: 
Name: _____
Title: _____
Date: September __, 2023 09/14/23

By: 
Name: _____
Title: _____
Date: September __, 2023 09/14/23

By: 
Name: _____
Title: _____
Date: September __, 2023 09/14/23

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

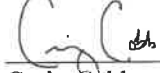
By: 
Name: Craig Cobb
Title: Vice President
Date: September 14, 2023

EXHIBIT A

Property Description



EXHIBIT B

S&ME, Inc.

- Phase 1 Environmental assessment
- Boundary and Topographic surveys
- Report of Geotechnical Exploration
- Completed drainage calculations report
- Completed retaining wall plans and calculations package for Knox County
- Completed SWPPP for TDEC (not submitted)
- Preliminary plans and profile for off site sewer force main for FUD review
- Completed Knox County permit plan set, several versions, clubhouse with pool
- Landscaping plans

Smee + Busby

- Complete set of plans for 47 units and clubhouse
 1. Architectural
 2. Structural
 3. Fire protection
 4. Plumbing
 5. Mechanical
 6. Electrical

BLUEGRASS VILLAGE

1645 Ebenezer Road
Knoxville, Tennessee 37922

APPRAISAL REPORT

Date of Report: January 29, 2024
Colliers File #: TYS240002



PREPARED FOR
Jennifer Larkin
Vice President & Deputy Chief Underwriter
Walker & Dunlop, LLC
1 West Pennsylvania Avenue
Suite 550
Towson, MD 21204

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES



1528 Coleman Road
Knoxville, TN 37909
MAIN 865 673 4840
FAX 865 673 0188
WEB www.colliers.com/valuationadvisory

January 29, 2024

Jennifer Larkin
Vice President & Deputy Chief Underwriter
Walker & Dunlop, LLC
1 West Pennsylvania Avenue
Suite 550
Towson, MD 21204

RE: HUD-MAP 221(d)(4) New Construction
Bluegrass Village
1645 Ebenezer Road
Knoxville, Tennessee 37922

Colliers File #: TYS240002

Ms. Larkin:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by Walker & Dunlop, LLC, and Colliers International Valuation & Advisory Services.

In accordance with your request, we have compiled the necessary data to complete a Firm Appraisal on the above referenced property. In preparing this assignment, we have inspected the subject site, reviewed preliminary plans and specifications for the subject improvements, assembled data relative to local economic trends, analyzed pertinent demographics, and surveyed the competitive multifamily market to gather information on rents, occupancies, and expenses for the local multifamily market.

The data and analyses herein represent an Appraisal Report communicating a 221(d)(4) New Construction Firm Appraisal. This report conforms to the requirements of the U.S. Department of Housing and Urban Development (HUD) Multifamily Accelerated Processing (MAP) program, particularly with regard to Chapter 7, Valuation Analysis. This appraisal report is prepared in conformance with Standards 1 and 2 of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Standards Board of the Appraisal Foundation as well as Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 and the standards and ethics of the Appraisal Institute. This appraisal assignment requires our expertise in analyzing comparable market data to develop income and expense components of the Income Capitalization Approach for both market-rate and restricted operations with the approved PBV contract rents. Additionally, an estimate of land value has been included. We have not estimated a market value for the subject property (upon completion of construction). An estimate of Replacement Cost New has been included within the report.

To be added upon receipt of final costs and 92264-A

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Market Value As-Is	Fee Simple	January 12, 2024	\$940,000

The subject is a proposed Multifamily (Garden/Low Rise) property totaling 47 units located on a 3.93-acre site at 1645 Ebenezer Road in Knoxville, Tennessee. The improvements will be constructed in 2026, will be in excellent condition and have a remaining economic life of 60 years based on our estimate.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and HUD MAP Guidelines and Section 7D of Appendix 7 of the HUD MAP Guide.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

We have made the extraordinary assumption that the project will be completed in conjunction with the plans and information provided.

HYPOTHETICAL CONDITIONS

The valuation scenarios of the project upon completion and stabilization are based upon the hypothetical condition assuming completion of construction in accordance with provided plans and specifications. Variations from the plans and finishes provided could alter the opinion of value herein.

RELIANCE LANGUAGE

The Report may be released to third parties. Collier's execution of this Agreement acknowledges its consent to such release of the Report and that any third party assignee of any loan secured by the Property may rely on the Report to the same extent as W&D.'

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

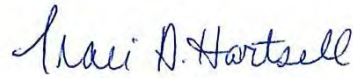
The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



Nelson Pratt, MAI
Managing Director | Knoxville
Certified General Real Estate Appraiser
State of Tennessee License #2754
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nelson.pratt@colliers.com



Traci Hartsell
Valuation Specialist
Certified General Real Estate Appraiser
State of Tennessee License #3293
+1 865 603 9654
traci.hartsell@colliers.com

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Engagement Letter

Purchase & Sale Agreement

Mayor Support Letter

Budget

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	Bluegrass Village
Property Type	Multifamily - Garden/Low Rise
Address	1645 Ebenezer Road
City	Knoxville
State	Tennessee
Zip Code	37922
County	Knox
Core Based Statistical Area (CBSA)	Knoxville, TN
Market	Knoxville
Submarket	Southwest Knoxville
Longitude	-84.066229
Latitude	35.874599
Number Of Parcels	1
Assessor Parcel	144M-A-053.01
Total Taxable Value	\$118,500
Census Tract Number	0057.11

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	3.93	171,398
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	3.93	171,398
Topography	Level at street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Appeal	Good	
Current Zoning	Office, Medical, and Related Service Zone (OB)	
Flood Zone	Zone X (Unshaded)	

IMPROVEMENT INFORMATION

Number Of Units	47
Average Unit Size	1,436 SF
Net Rentable Area SF (NRA)	62,877 SF
Development Density	11.9 Units/Acre (47 Units / 3.93 Acres)
Number Of Apartment Buildings	4
Number Of Non-Residential Buildings	<u>0</u>
Total Number Of Buildings	4
Number Of Stories	3
Year Built	2026
Quality	Good
Condition	Excellent
Marketability	Average
Type Of Construction	Wood frame
Parking Type	Surface
Number Of Parking Spaces	77
Parking Spaces/Unit	1.6
Property Amenities	Management office, community room, business center, playground

HIGHEST & BEST USE

As Vacant	Development of a residential property as market conditions warrant
As Improved	Development of a residential property

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

Unit Mix

Bluegrass Village - Unit Mix & Square Footage -				
Unit Type	No. of Units	Unit SF	Total Unit SF	Unit Ratio
3BR / 2BA	24	1,334	32,016	51%
4BR / 2BA	23	1,543	35,489	49%
Total / Average	47	1,436	67,505	100%

Pertinent Monthly Rents

Bluegrass Village - Estimated Market Rents & Potential Gross Annual Income -						
Unit Mix	No. of Units	Unit Ratio	Unit SF	Market Rent	Rent Per SF	Gross Annual Rental Income
2BR / 2BA	24	51%	1,334	\$2,425	\$1.82	\$ 698,400
3BR / 2BA	23	49%	1,543	\$2,725	\$1.77	\$ 752,100
Total / Average	47	100%	1,436	\$2,572	\$1.79	\$ 1,450,500

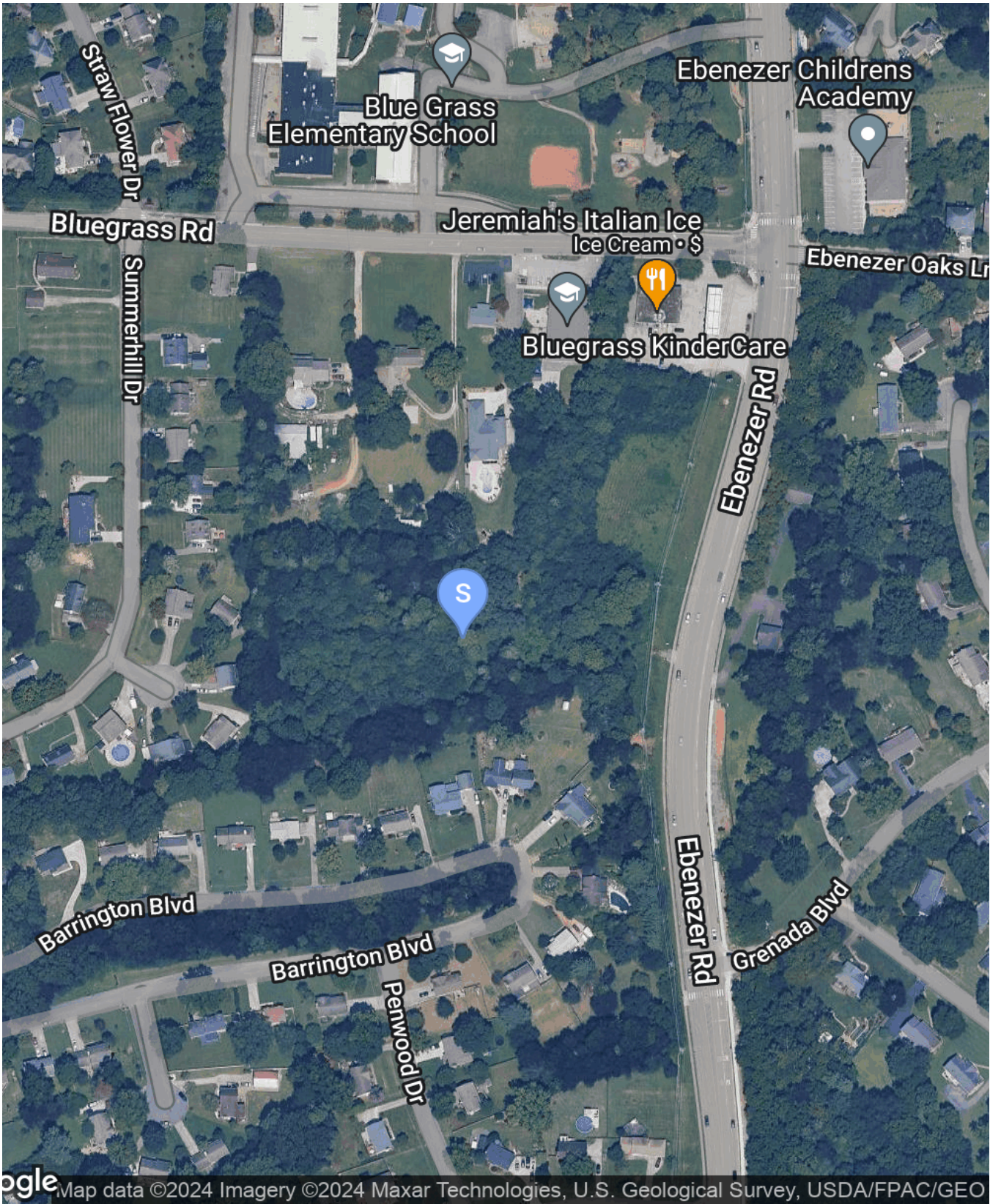
Bluegrass Village - PBV Rents & Potential Gross Income -						
Unit Mix	No. of Units	Unit Ratio	Unit SF	Contract Rents	Rent Per SF	Gross Annual Rental Income
2BR / 2BA	24	51%	1,334	\$2,394	\$1.79	\$ 689,472
3BR / 2BA	23	49%	1,543	\$2,787	\$1.81	\$ 769,212
Total / Average	47	100%	1,436	\$2,586	\$1.80	\$ 1,458,684

Summary of Projected Market Rents – Market & Restricted Operations

Bluegrass Village		
- Summary of Projected Market Income & Expenses -		
Category	Amount	Per Unit
Potential Gross Rental Income	\$ 1,450,500	\$ 30,862
Other Income	\$ 35,250	\$ 750
Total Gross Income	\$ 1,485,750	\$ 31,612
Vacancy & Credit Loss @ 6%	\$ (89,145)	\$ (1,897)
Effective Gross Income	\$ 1,396,605	\$ 29,715
Total Expenses (incl. Reserves)	\$ (351,928)	\$ (7,488)
Operating Expense Ratio	25.2%	25.2%
Net Operating Income	\$ 1,044,677	\$ 22,227

Bluegrass Village		
- Summary of Projected Restricted Income & Expenses -		
Category	Amount	Per Unit
Potential Gross Rental Income	\$ 1,458,684	\$ 31,036
Other Income	\$ 9,400	\$ 200
Total Gross Income	\$ 1,468,084	\$ 31,236
Vacancy & Credit Loss @ 3%	\$ (44,043)	\$ (937)
Effective Gross Income	\$ 1,424,041	\$ 30,299
Total Expenses (incl. Reserves)	\$ (368,746)	\$ (7,846)
Operating Expense Ratio	25.9%	25.9%
Net Operating Income	\$ 1,055,295	\$ 22,453

Land Value Estimate: \$940,000 (\$20,000 per Unit)





OVERALL VIEW OF SUBJECT TRACT



VIEW FROM EBENEZER ROAD



VIEW NORTH ALONG EBENEZER ROAD



VIEW SOUTH ALONG EBENEZER ROAD



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE



VIEW OF SUBJECT SITE

PROPERTY IDENTIFICATION

The subject is a Multifamily (Garden/Low Rise) property totaling 47 units. It is located on a 3.93-acre site at 1645 Ebenezer Road in Knoxville, Knox County, Tennessee. The assessor's parcel number is: 144M-A-053.01. A total of 100% of the units will be restricted to 50% AMI, but will have 100% project-based vouchers (PBVs). The contract rents were approved **pending** and will be utilized in the restricted NOI operating statement.

CLIENT IDENTIFICATION

The client of this specific assignment is Walker & Dunlop, LLC.

PURPOSE

The purpose of this appraisal assignment is to analyze comparable market data to develop income and expense components of the Income Capitalization Approach along with estimation of the land value. We have not estimated a market value for the subject property Upon Completion. It is our understanding that this appraisal will be utilized in conjunction with the firm commitment stage of a MAP application for a HUD-insured mortgage under Section 221(d)(4) of the National Housing Act. Therefore, the conclusions in this report are applicable only to the site identified herein and only for the intended purpose identified herein. We have addressed the land value of the subject site within this Firm Commitment Appraisal process. The land value conclusion herein is reflective of the Fee Simple Interest of the property As-Is. We have also addressed the Replacement Cost New.

INTENDED USE

The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset.

INTENDED USERS

Walker & Dunlop, LLC is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	January 29, 2024
Date of Inspection	January 12, 2024
Valuation Date - As-Is	January 12, 2024

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of Bluegrass Apartment LLC, who acquired title to the property on March 31, 2022 as land for \$700,000, as recorded in document number 202203310075111 of the Knox County Deed Records.

Three-Year Sales History

As noted above, the subject site sold in March 2022 for \$700,000, which equates to \$14,894 per planned unit or \$177,902 per acre.

Subject Sale Status

The subject property is currently under contract between Bluegrass Apartment Partners, LLC (Seller) and DGA Residential, LLC (Purchaser) for \$1,400,000, of which \$1,000,000 is allocated to the land and \$400,000 is

allocated to development materials. The \$1,000,000 allocated land purchase price equates to \$21,277 per planned unit or \$254,145 per acre.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

Market Value

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

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

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.²

VALUE SCENARIOS

As-Is Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.³

¹ Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

² The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

³ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed an apartment market analysis that included national, market and sub-market overviews. The Knoxville market and Southwest Knoxville sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The rental rate projections are based upon comparables from the immediate Knoxville market. This data set reflects the newest and most similar product to the proposed subject development. During our inspection, we went to each of the properties for an exterior inspection. Either a phone or in person interview was conducted with the managers of each location.
- › Analysis of the subject property and comparable market data was completed using appropriate appraisal techniques. Only the income and expense components of the Income Capitalization Approach were developed as outlined by HUD's MAP requirements as they pertain to the firm commitment stage of loan processing for Section 221(d)(4) for both market-rate and restricted operations. An adequate number of conventional rent comparables are available in the immediate market to implement into the HUD-92273 form for estimation of market rent. Four conventional expense comparables were utilized on the market HUD-92274 and four restricted expense comparables were utilized on the restricted HUD-92274. Each of these properties is located in the East Tennessee region. Additional consideration has been given to the developer's proforma and the most recent IREM report for the Knoxville MSA.
- › Research of vacant land sales purchased for the development of multifamily complexes was undertaken. All of the sales activity was taken from the Knoxville MSA.

- › An estimate of Replacement Cost New has been included within the report.
- › This report was developed as an Appraisal Report consistent with the reporting requirements set forth under Standard Rule 2-2(a) of USPAP.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.

SOURCES OF INFORMATION

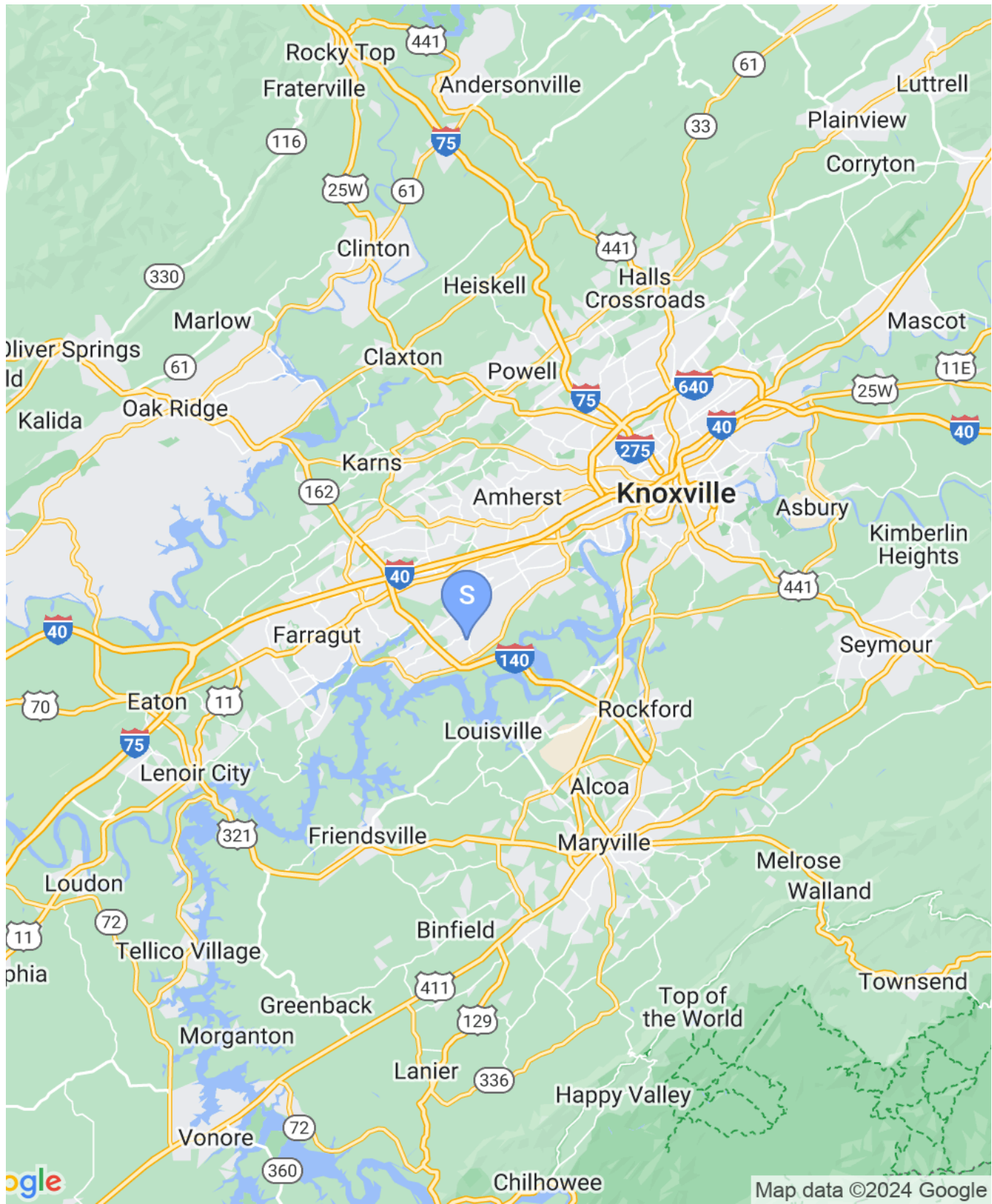
The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Knox County Tax Assessor
Zoning Information	Knox County Zoning Code
Site Size Information	Knox County Tax Assessor
Building Size Information	Knox County Tax Assessor
New Construction	City of Knoxville / Knox County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Warranty Deed from Knox County Register of Deeds
Other Property Data	Knox County Property Records
Income/Expense Statements (Proforma)	Property Contact

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Traci Hartsell	Yes	Site Only	January 12, 2024
Nelson Pratt, MAI	No	-	-



INTRODUCTION

The Knoxville, TN Metropolitan Statistical Area is in eastern Tennessee. It is comprised of eight counties, including Anderson, Blount, Campbell, and Knox. According to the 2020 census, the population of the MSA was 879,773. The MSA is centered on the city of Knoxville, the largest city in the eastern portion of the state. The Knoxville, TN MSA is the main component of the Knoxville-Sevierville-La Follete TN Combined Statistical Area, which had a population of 1,156,861 at the 2020 census.



Due to the MSA's location, thousands of commercial and industrial customers are served within a highly concentrated eight state area. The Knoxville MSA is home to approximately 5,800 service industries, 1,600 retail establishments, and 970 wholesale establishments. Based on its location, it is within 600 miles of approximately 40 percent of the nation's population. The area is both the professional, tourist, and cultural hub for the eastern portion of the state, as well as the trade center for a 42-county region, serving approximately two million people. The MSA economy is led by the manufacturing industry, with approximately 70 manufacturing firms in the five counties that produce a variety of products, including automobile parts, manufactured housing, electronic components, medical devices, and chemicals. With a secure and stable employment base provided by the Oak Ridge National Laboratory and the University of Tennessee, the area is home to numerous customer service centers, as well as precision and high-technology manufacturing firms. The area is also noted as having one of the nation's lowest costs of living. Commerce and industries are varied throughout the MSA, with large employers including Sysco's Corporation, the largest food service distributor and marketer in North America, and Scripps Television Networks. Other renowned global and national businesses within operations in the MSA include Bush Brothers, Clayton Homes, and Brunswick Corporation. Entertainment is provided throughout the region at establishments and prestigious cultural institutions that include the Knoxville Museum of Art, the Clarence Brown Theater, and the Knoxville Opera Company.

DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Knoxville metropolitan area had a 2022 total population of 900,265 and experienced an annual growth rate of 1.1%, which was higher than the Tennessee annual growth rate of 0.8%. The metropolitan area accounted for 12.8% of the total Tennessee population (7,031,862). Within the metropolitan area the population density was 269 people per square mile compared to the lower Tennessee population density of 167 people per square mile and the lower United States population density of 93 people per square mile.

POPULATION			
YEAR	US	TN	CBSA
2020 Total Population	331,501,080	6,920,119	881,628
2022 Total Population	334,017,687	7,031,862	900,265
2027 Total Population	344,637,383	7,315,084	934,534
2020 - 2022 CAGR	0.4%	0.8%	1.1%
2022 - 2027 CAGR	0.6%	0.8%	0.7%

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	TN	CBSA
2022 Per Square Mile	93	167	269
2027 Per Square Mile	96	174	279

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2022 median age for the metropolitan area was 40.73, which was 5.78% older than the United States median age of 38.38 for 2022. The median age in the metropolitan area is anticipated to grow by 0.40% annually, increasing the median age to 41.55 by 2027.

MEDIAN AGE			
YEAR	US	TN	CBSA
2022	38.38	38.88	40.73
2027	39.16	39.62	41.55
CAGR	0.40%	0.37%	0.40%

Source: Pitney Bowes/Gadberry Group - GroundView®

Education

The region is home to the University of Tennessee (UT) in Knoxville, a public sun-land-grant university. With an endowment of approximately \$1.1 billion, UT has an enrollment of approximately 21,800 students annually. The university has several academic programs, in the College of Agricultural Sciences and Natural Resources, the College of Arts & Sciences and the College of Architecture and Design.

Household Trends

The 2022 number of households in the metropolitan area was 371,210. The number of households in the metropolitan area is projected to grow by 0.9% annually, increasing the number of households to 387,548 by 2027. The 2022 average household size for the metropolitan area was 2.37, which was 6.02% smaller than the United States average household size of 2.53 for 2022. The average household size in the metropolitan area is anticipated to decrease by 0.09% annually, reducing the average household size to 2.36 by 2027.

NUMBER OF HOUSEHOLDS			
YEAR	US	TN	CBSA
2022	129,171,249	2,841,809	371,210
2027	134,179,366	2,979,868	387,548
CAGR	0.8%	1.0%	0.9%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	TN	CBSA
2022	2.53	2.42	2.37
2027	2.51	2.40	2.36
CAGR	(0.11%)	(0.14%)	(0.09%)

Source: Pitney Bowes/Gadberry Group - GroundView®

The Knoxville metropolitan area had 30.32% renter occupied units, compared to the higher 33.23% in Tennessee and the higher 35.54% in the United States.

HOUSING UNITS			
	US	TN	CBSA
Owner Occupied	64.46%	66.77%	69.68%
Renter Occupied	35.54%	33.23%	30.32%

Source: Pitney Bowes/Gadberry Group - GroundView®

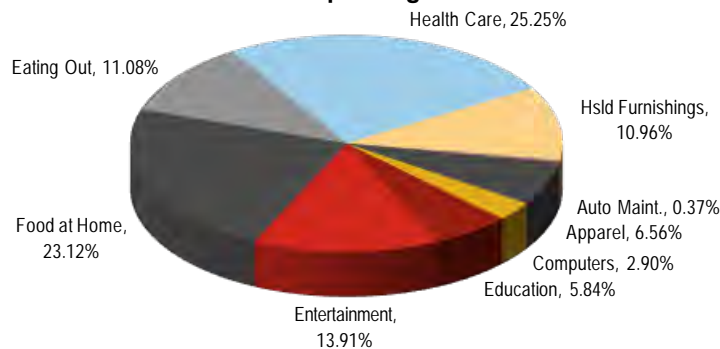
The 2022 median household income for the metropolitan area was \$62,013, which was 13.1% lower than the United States median household income of \$71,362. The median household income for the metropolitan area is projected to grow by 4.5% annually, increasing the median household income to \$77,133 by 2027.

As is often the case when the median household income levels are lower than the national average, the cost of living index is also lower. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Knoxville, TN MSA's cost of living is 86.5 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

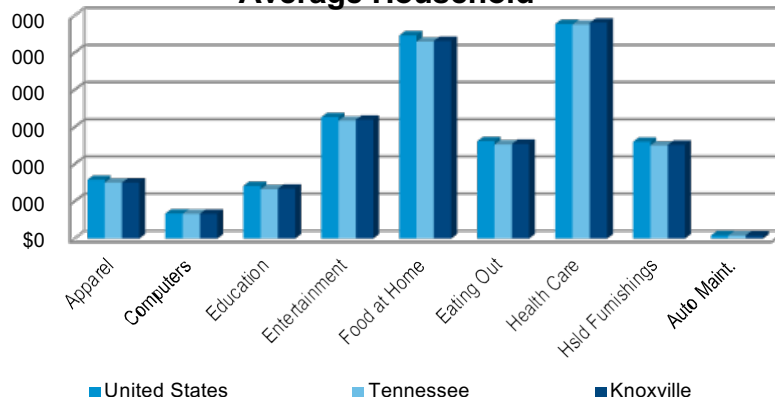
MEDIAN HOUSEHOLD INCOME			
YEAR	US	TN	CBSA
2022	\$71,362	\$60,240	\$62,013
2027	\$89,318	\$75,061	\$77,133
CAGR	4.6%	4.5%	4.5%

Source: Pitney Bowes/Gadberry Group - GroundView®

Consumer Spending Knoxville



Consumer Spending Comparison Average Household

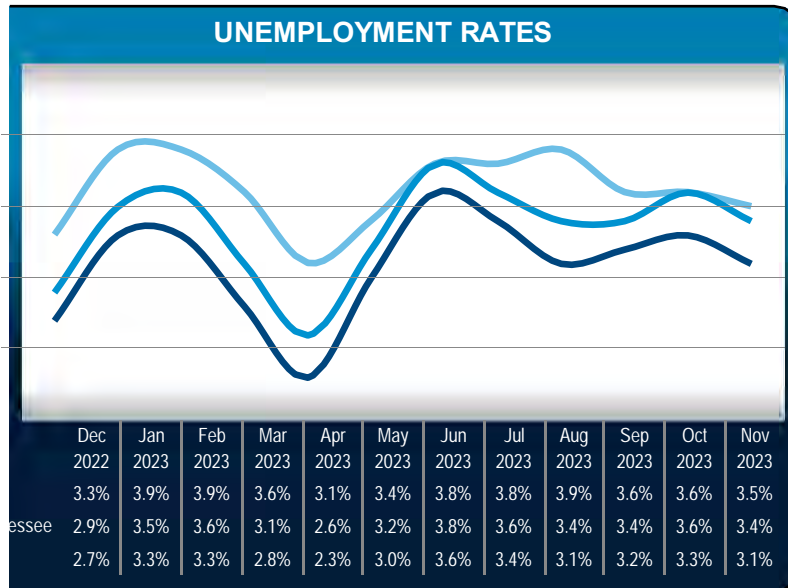


EMPLOYMENT

Total employment has increased annually over the past decade in the state of Tennessee by 1.5% and increased annually by 1.4% in the area. From 2021 to 2022 unemployment decreased in Tennessee by 1.1% and decreased by 0.6% in the area. In the state of Tennessee and in the area unemployment has decreased over the previous month by 0.2%.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2013 - 2022							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
	Tennessee		Knoxville, TN Metropolitan Statistical Area		United States*	Tennessee	Knoxville, TN Metropolitan Statistical Area
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2013	2,840,127	(0.3%)	377,791	(1.4%)	7.4%	7.8%	7.2%
2014	2,842,540	0.1%	377,152	(0.2%)	6.2%	6.6%	6.2%
2015	2,902,684	2.1%	384,211	1.9%	5.3%	5.6%	5.2%
2016	2,987,679	2.9%	394,227	2.6%	4.9%	4.7%	4.5%
2017	3,077,515	3.0%	403,258	2.3%	4.4%	3.7%	3.5%
2018	3,143,792	2.2%	409,538	1.6%	3.9%	3.5%	3.3%
2019	3,223,664	2.5%	418,471	2.2%	3.7%	3.3%	3.2%
2020	3,056,709	(5.2%)	401,176	(4.1%)	8.1%	7.5%	6.2%
2021	3,174,135	3.8%	417,330	4.0%	5.3%	4.5%	3.7%
2022	3,238,559	2.0%	426,661	2.2%	3.6%	3.4%	3.1%
CAGR	1.5%	-	1.4%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the region, Tennessee, and the U.S. Overall levels of unemployment in the region experienced minor fluctuations throughout the past three months. By the end of November 2023, unemployment in the region was 0.3% lower than Tennessee's and 0.4% lower than the national average.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
U.S. Department of Energy-Oak Ridge Operations	15,388	Public Administration
Covenant Health	11,357	Healthcare/Social Assistance
Knox County Public School District	9,558	Education
The University of Tennessee	8,959	Education
Walmart Stores	6,863	Wholesale/Retail Trade
Clayton Homes	5,436	Construction
University of Tennessee Health System	5,290	Healthcare/Social Assistance
DENSO Manufacturing	4,500	Manufacturing
K-VA-T Food Stores	4,227	Wholesale/Retail Trade
The Dollywood Company	4,000	Arts/Entertainment/Recreation

Source: <https://www.knoxcounty.org>

The preceding chart depicts the top employers in Knox County. Principal employers are spread throughout diverse sectors, including public administration, healthcare/social assistance, and education. The largest employer is the U.S. Department of Energy - Oak Ridge Operations, a multi-program science and technology laboratory in Oak Ridge. The second largest employer is Covenant Health, an integrated health system based in Knoxville. The healthcare network operates nine acute care hospitals and the Covenant Medical Group, the area's largest physician practice. Knox County Public School District is the third largest employer. The school district serves approximately 61,500 students and supervises 91 schools.

AIRPORT STATISTICS

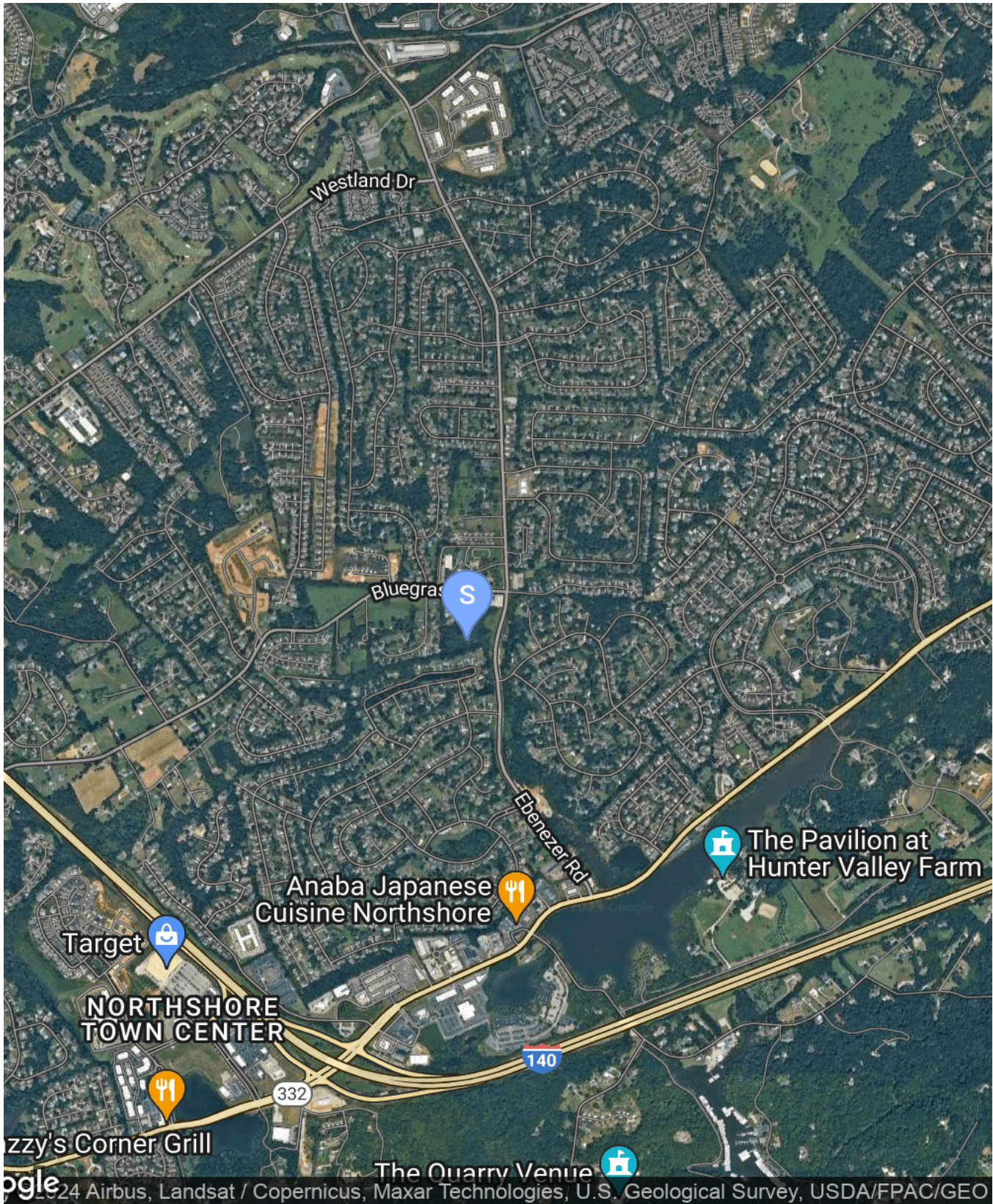
The following chart summarizes the local airport statistics.

MCGHEE TYSON AIRPORT (TYS)		
YEAR	ENPLANED PASSENGERS	% CHG
2012	846,278	-
2013	832,588	(1.6%)
2014	845,913	1.6%
2015	848,390	0.3%
2016	887,103	4.6%
2017	963,752	8.6%
2018	1,069,565	11.0%
2019	1,240,311	16.0%
2020	554,685	(55.3%)
2021	976,601	76.1%
2022	1,216,383	24.6%

Source: U.S. Department of Transportation

SUMMARY

The Knoxville, TN Metropolitan Statistical Area is home to a diverse economy that has strong influences in the technology, education, and retail industries. The MSA's location, and the availability of efficient transportation infrastructure, make it a desirable manufacturing and logistics hub. These factors should have a positive impact and benefit the regional economy for the foreseeable future.



INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCAL AREA PROFILE

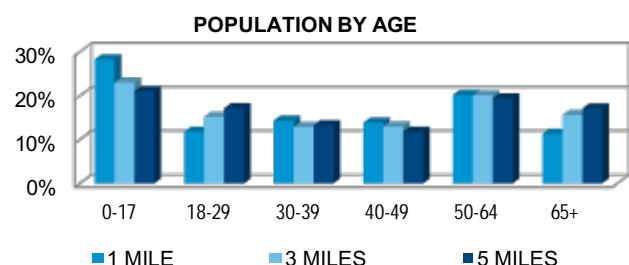
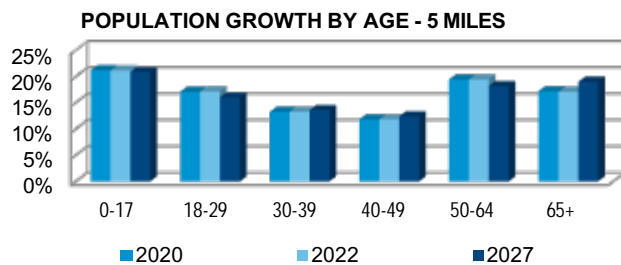
The subject property is in Knoxville, Tennessee, the seat of Knox County. According to the 2020 census, the population was 190,740, making it the third largest city in the state. Knoxville is within the Great Appalachian Valley, halfway between the Cumberland Plateau to the west and the Great Smoky Mountains to the east. The Tennessee River passes through the center of the city, dividing south Knoxville from north Knoxville and Old City. Interstates 40, 75, and 81 intersect the city. Air transportation is provided by Knoxville Downtown Island Airport, approximately two miles east of downtown Knoxville.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2010 Population	6,687	35,857	82,159	2022	\$152,763	\$139,458	\$122,706
2020 Population	7,130	40,618	90,969	2027	\$191,600	\$171,881	\$152,402
2022 Population	7,652	42,057	92,624	Change 2022-2027	25.42%	23.25%	24.20%
2027 Population	7,951	44,540	96,449	MEDIAN HOUSEHOLD INCOME			
Change 2010-2020	6.62%	13.28%	10.72%	2022	\$113,051	\$104,086	\$86,335
Change 2020-2022	7.32%	3.54%	1.82%	2027	\$140,464	\$129,801	\$111,983
Change 2022-2027	3.91%	5.90%	4.13%	Change 2022-2027	24.25%	24.70%	29.71%
POPULATION 65+				PER CAPITA INCOME			
2020 Population	805	6,411	15,625	2022	\$52,645	\$55,168	\$52,010
2022 Population	870	6,577	15,845	2027	\$66,243	\$68,148	\$64,753
2027 Population	1,049	7,851	18,318	Change 2022-2027	25.83%	23.53%	24.50%
Change 2020-2022	8.07%	2.59%	1.41%	2022 HOUSEHOLDS BY INCOME			
Change 2022-2027	20.57%	19.37%	15.61%	<\$15,000	1.2%	3.7%	4.4%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	1.9%	3.3%	5.5%
2010 Households	2,328	14,015	34,881	\$25,000-\$34,999	4.5%	4.4%	7.0%
2020 Households	2,542	15,968	38,284	\$35,000-\$49,999	4.8%	7.9%	10.6%
2022 Households	2,647	16,496	38,941	\$50,000-\$74,999	16.6%	14.7%	16.8%
2027 Households	2,760	17,513	40,666	\$75,000-\$99,999	12.1%	13.9%	12.7%
Change 2010-2020	9.19%	13.94%	9.76%	\$100,000-\$149,999	28.3%	23.2%	18.4%
Change 2020-2022	4.13%	3.31%	1.72%	\$150,000-\$199,999	8.1%	10.1%	9.2%
Change 2022-2027	4.27%	6.17%	4.43%	\$200,000 or greater	22.5%	18.9%	15.5%
HOUSING UNITS (2022)				MEDIAN HOME VALUE			
Owner Occupied	2,436	12,709	26,049	AVERAGE HOME VALUE	\$285,938	\$294,578	\$273,448
Renter Occupied	217	3,745	12,888	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	2,563	12,446	25,193
Built 2010 or later	106	1,463	2,800	1, attached	85	1,279	2,781
Built 2000 to 2009	400	2,943	5,230	2	0	255	485
Built 1990 to 1999	818	4,597	8,678	3 or 4	0	418	1,604
Built 1980 to 1989	668	3,765	9,119	5 to 9	0	569	2,330
Built 1970 to 1979	589	2,136	6,861	10 to 19	0	616	3,014
Built 1960 to 1969	20	1,102	4,132	20 to 49	0	412	1,472
Built 1950 to 1959	11	331	1,343	50 or more	0	336	1,356
Built 1940 to 1949	0	51	268	Mobile home	4	102	681
Built 1939 or earlier	35	108	511	Boat, RV, van, etc.	0	19	19

Source: Pitney Bowes/Gadberry Group - GroundView®



Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Interstate 140	east-west	Interstate Highway	This is within two miles of the subject property.
Interstate 40	east-west	Interstate Highway	This is within four miles of the subject property.
U.S. Route 11	north-south	Local Highway	This is within six miles of the subject property.
U.S. Route 129	north-south	Local Highway	This is within eight miles of the subject property.
Interstate 640	east-west	Local Highway	This is within 10 miles of the subject property.
SURFACE STREETS	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Ebenezer Road	north-south	Secondary Arterial	The subject property fronts this street.

Public transportation is not available near the subject property.

Economic Factors

With one of the strongest trade sectors in the state, Knoxville serves as the economic center of the eastern portion of Tennessee, also encompassing portions of North Carolina, Virginia, and Kentucky. The city's strong public sector is led by the Tennessee Valley Authority and the University of Tennessee. Knoxville has a highly diversified economy, with the tourism industry among its main economic generators. Facilities in the city that support the tourism industry include the 500,545 square-foot convention center of the World's Fair Park site, an urban wilderness area in the city's southern portion, and a 25,000-seat arena. Knoxville serves as the government, education, and healthcare hub for eastern Tennessee. The city is home to the University of Tennessee's main campus, as well as six other colleges, five hospitals, and the Tennessee Valley Authority, which serves as a magnet for technology-based corporations in the region as the nation's largest public power provider. The manufacturing industry is well represented by the presence of approximately 700 manufacturing establishments scattered throughout the region. The city's largest manufacturers include a Coca-Cola bottling plant, Gerdau, a steel-rebar plant, and Sea Ray Boats, which is Knoxville's largest manufacturer.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages).

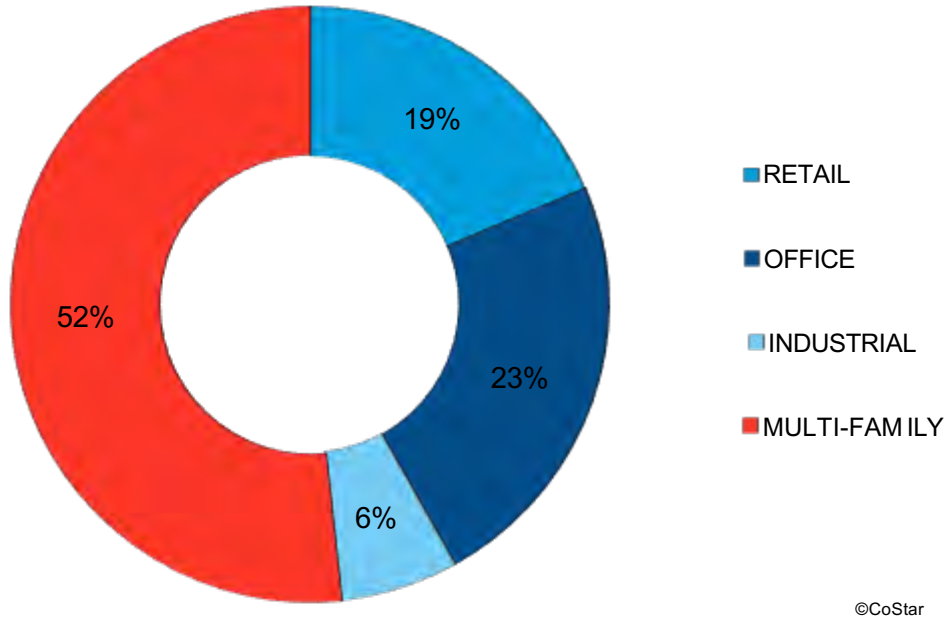
IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

Predominant Land Uses

Significant development in the immediate area consists of office and retail uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials. The local area has a mix of commercial uses nearby and the composition is shown in the following graph.

COMMERCIAL AREA COMPOSITION



Residential Development

Residential users in the immediate area are primarily single-family residential.

Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

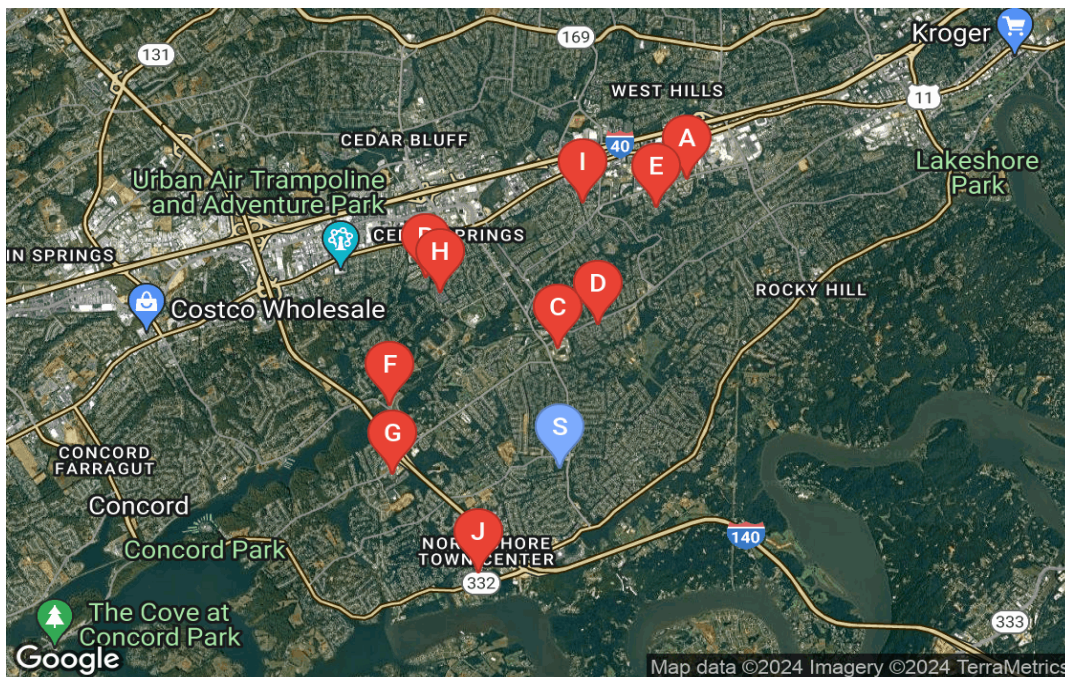
MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	6	1,680,671	2018
B	10	2,450,168	1999
C	30	891,097	1976
TOTAL	46	5,021,936	1986

Source: CoStar

The largest three multi-family properties are at 7914 Gleason Drive, 350 Amberleigh Bluff Way and 8860 Crescent Lake Way with an NRA of 516,686 SF, 423,480 SF and 403,170 SF that were built in 1980, 2011 and 2020, respectively. The closest large multi-family property in proximity to the subject is the third property which is detailed above. The majority of properties were constructed after 2000. The following chart and map show the subject property and its location relative to the 10 largest multi-family properties in the immediate area from CoStar.

LARGEST MULTI-FAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
The Meadows	3.4 Miles	A	B	516,686	2	1980
Amberleigh Bluff	2.5 Miles	B	A	423,480	3	2011
Crescent Ebenezer	1.3 Miles	C	A	403,170	3	2020
Bridlewood on Westland	1.6 Miles	D	B	340,624	3	1997
The District	3.0 Miles	E	B	321,474	3	1973
Village at Westland Cove	1.8 Miles	F	A	318,021	3	2019
Heritage Lake	1.7 Miles	G	B	299,635	3	2001
Emerald Woods	2.3 Miles	H	B	284,342	3	2006
Copper Pointe Apartment Homes	2.9 Miles	I	B	268,243	2	1979
Aventine Northshore	1.4 Miles	J	A	246,000	3	2017

Source: CoStar



Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

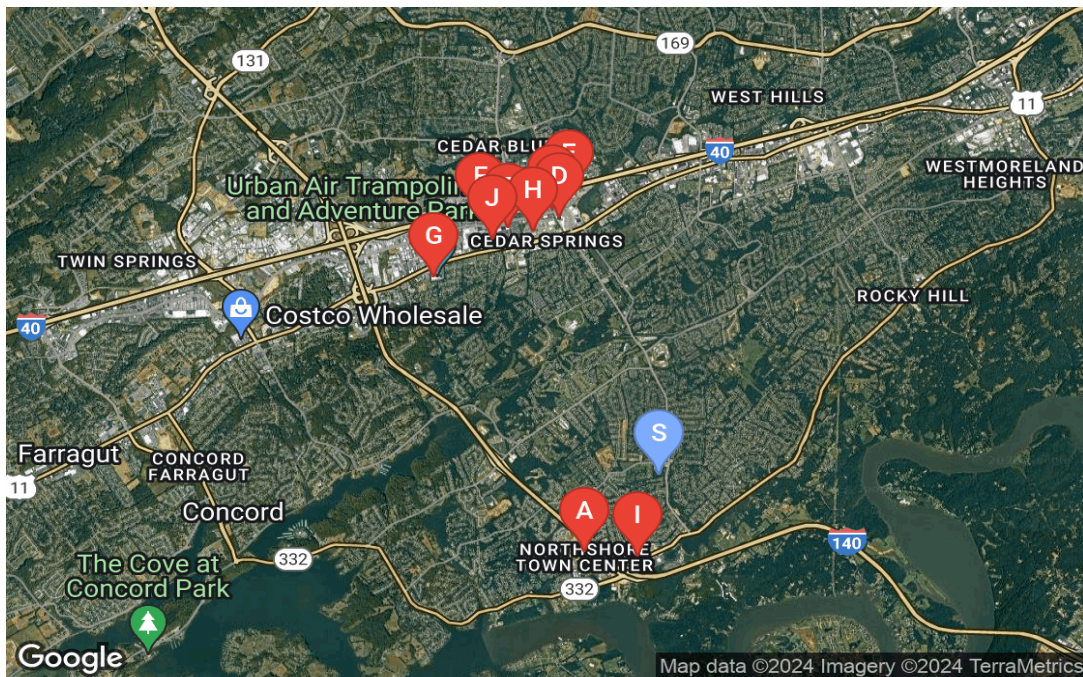
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	158	1,809,870	1992	98.7	\$17.98
TOTAL	158	1,809,870	1992	98.7	\$17.98

Source: CoStar

The largest three retail properties are at 1900 Town Center Boulevard, 106-228 North Peters Road and 9301-9329 Kingston Pike with an NRA of 153,409 SF, 146,661 SF and 146,503 SF that were built in 2012, 1984 and 1988, respectively. The closest large retail property in proximity to the subject is at 9501 South Northshore Drive with an NRA of 115,693 SF that was built in 1995. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
North Shore Town Center	1.1 Miles	A	Community Center	153,409	100.0	2012	N/Av
Town & Country Commons	3.1 Miles	B	Power Center	146,661	82.7	1984	\$15.00
Market Place Shopping Center	3.1 Miles	C	Power Center	146,503	100.0	1988	\$15.66
Retail Building	3.0 Miles	D	Power Center	142,665	96.1	2000	\$23.75
Retail Building	3.2 Miles	E	Power Center	131,644	100.0	1997	N/Av
Retail Building	3.3 Miles	F	General Retail	121,000	100.0	1989	N/Av
Kingston Overlook	3.1 Miles	G	Neighborhood Center	119,360	100.0	1996	N/Av
Cedar Bluff Kroger Marketplace	2.9 Miles	H	Neighborhood Center	119,231	100.0	2012	N/Av
Retail Building	0.9 Miles	I	General Retail	115,693	100.0	1995	N/Av
Retail Building	3.1 Miles	J	Power Center	114,636	100.0	1987	N/Av

Source: CoStar



Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

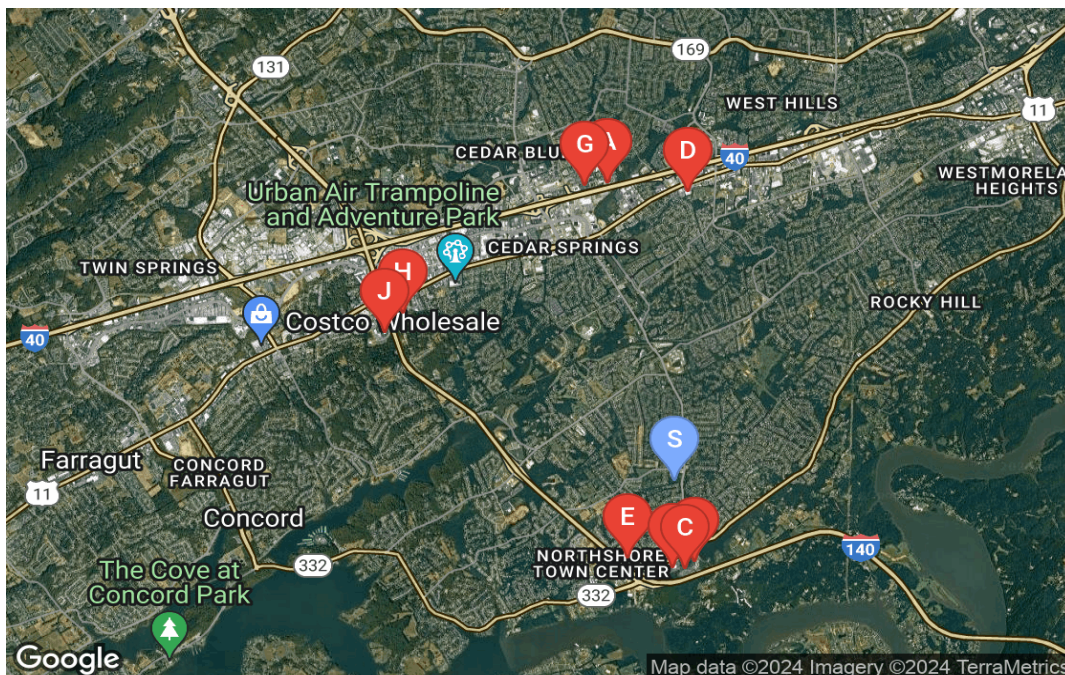
OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	6	348,480	2007	93.9	\$24.24
B	72	1,170,175	1992	97.4	\$19.66
C	95	739,952	1980	99.6	\$17.41
TOTAL	173	2,258,607	1986	98.5	\$18.58

Source: CoStar

The largest three office properties are at 9000 Executive Park Drive, 2160 Lakeside Centre Way and 2095 Lakeside Centre Way with an NRA of 141,108 SF, 99,676 SF and 96,205 SF that were built in 1984, 2004 and 2008, respectively. The closest large office property in proximity to the subject is at 2035 Lakeside Centre Way with an NRA of 62,895 SF that was built in 2003. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Corporate Square	3.3 Miles	A	B	141,108	71.2	1984	\$19.50
Lakeside Centre	0.9 Miles	B	A	99,676	89.9	2004	\$25.21
Office Building	1.0 Miles	C	A	96,205	100.0	2008	\$25.50
Office Building	3.2 Miles	D	B	87,357	100.0	1989	N/Av
Falling Waters at the Pellissippi	1.0 Miles	E	A	83,613	73.4	1999	\$22.00
Office Building	0.9 Miles	F	B	62,895	100.0	2003	N/Av
Office Building	3.3 Miles	G	B	61,716	100.0	1971	N/Av
Keystone Center Executive Suites	3.3 Miles	H	B	47,363	100.0	1999	N/Av
Office Building	3.3 Miles	I	C	46,133	100.0	1982	N/Av
Knoxville Orthopedic Clinic	3.3 Miles	J	C	43,138	100.0	2000	N/Av

Source: CoStar



Industrial Development

The following chart shows a summary of industrial data by type in the immediate area from CoStar.

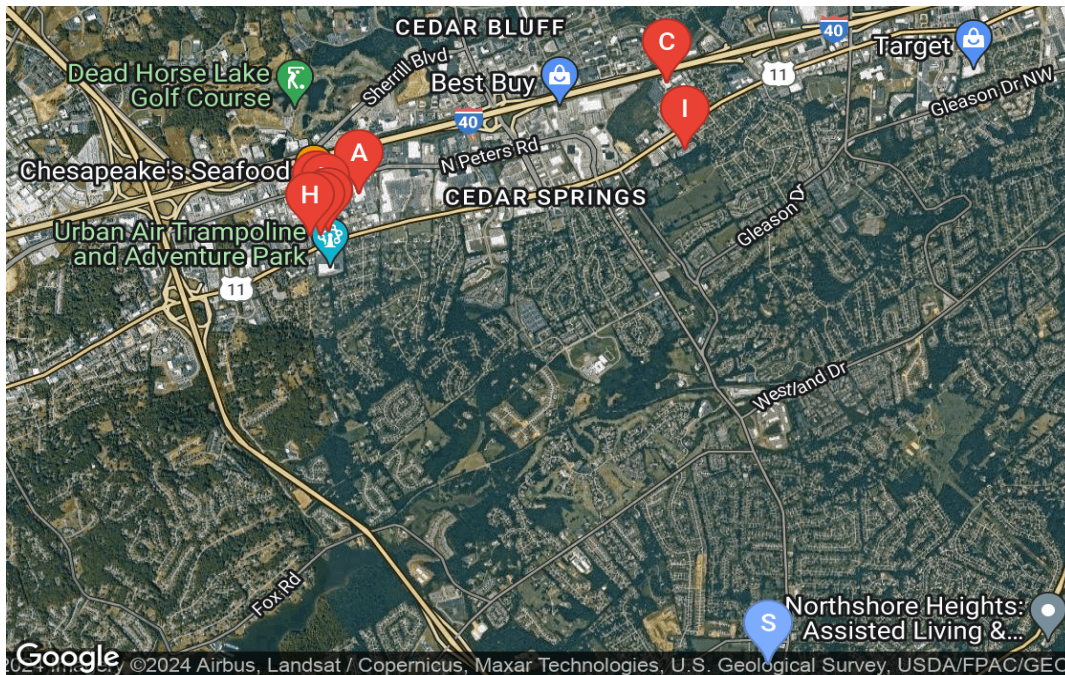
INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	30	551,338	1990	100.0	-
Flex	7	72,150	1992	100.0	-
TOTAL	37	623,488	1990	100.0	\$0.00

Source: CoStar

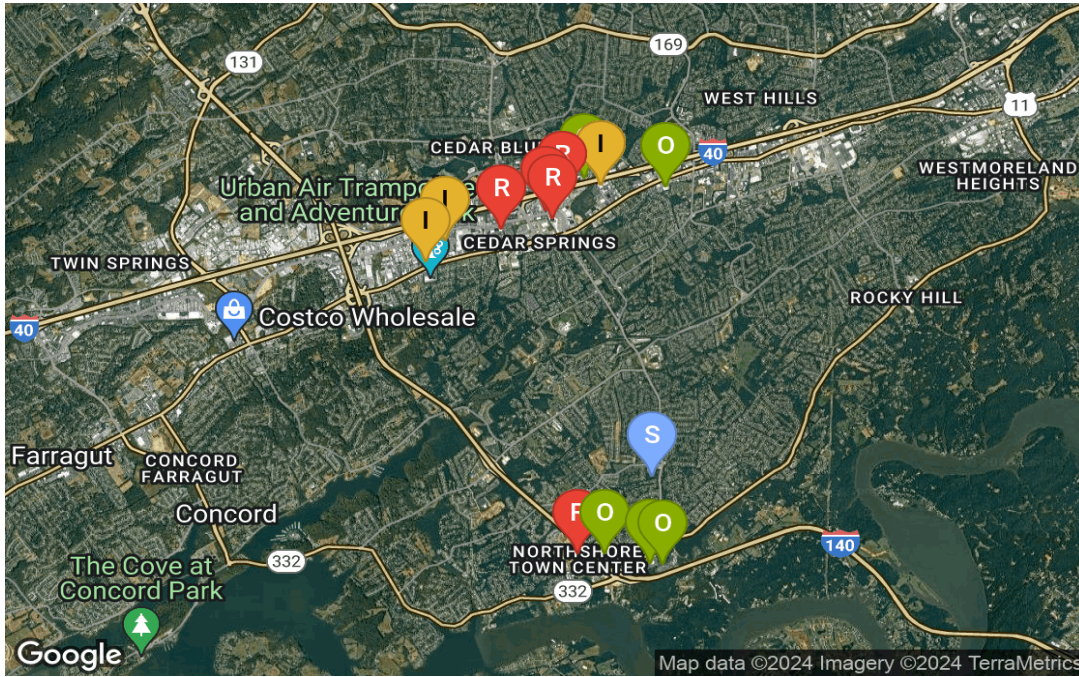
The largest three industrial properties are at 9600 Parkside Drive, 9641 Kingston Pike and 8705 Unicorn Drive with an NRA of 120,000 SF, 48,586 SF and 36,679 SF that were built in 1978, 1990 and 1977, respectively. The closest large industrial property in proximity to the subject is at 8812 Kingston Pike with an NRA of 24,443 SF that was built in 0. All of the properties were constructed before 2000. The following chart and map show the subject property and its location relative to the nine largest industrial properties in the immediate area from CoStar.

LARGEST INDUSTRIAL PROPERTIES							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Industrial Building	3.3 Miles	A	Industrial	120,000	100.0	1978	N/Av
Industrial Building	3.2 Miles	B	Industrial	48,586	100.0	1990	N/Av
Industrial Building	3.2 Miles	C	Industrial	36,679	100.0	1977	N/Av
Industrial Building	3.2 Miles	D	Industrial	34,523	100.0	1974	N/Av
Industrial Building	3.3 Miles	E	Industrial	33,388	100.0	1987	N/Av
Sherlake Industrial Park	3.3 Miles	F	Industrial	30,522	100.0	1996	N/Av
Industrial Building	3.2 Miles	G	Industrial	29,697	100.0	-	N/Av
Industrial Building	3.3 Miles	H	Industrial	24,954	100.0	1987	N/Av
Industrial Building	2.8 Miles	I	Industrial	24,443	100.0	-	N/Av

Source: CoStar



The following map shows the subject property and the five largest retail, office, and industrial properties in the immediate area from CoStar.



SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Single-family residential neighborhood, Vacant land
- › **South** - Single-family residential neighborhood
- › **East** - Ebenezer Road, Single-family residential neighborhood
- › **West** - Single-family residential neighborhood

Access

The subject site has frontage on an arterial. Based on our field work, the subject's access is rated average compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has good visibility.

Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence for the subject, which is concluded to have a good position in context of competing properties.

SUMMARY

The economy of Knoxville is supported by the tourism sector, supplemented by the public power and manufacturing industries, as the city's largest employment providers. The area's commercial assets include the appeal of the Tennessee Valley Authority and its proximity to other tourism centers within the county. The economic outlook for Knoxville is favorable.

The immediate area includes a tight multifamily market and single family uses in high demand. The site is in close proximity to Bluegrass Elementary School, which is considered to be a positive feature.

General Description The subject site consists of 1 parcel. As noted below, the subject site has 171,398 SF (3.93 AC) of land area. The area is estimated based on the survey provided. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 144M-A-053.01

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	3.93	171,398
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	3.93	171,398

Shape Irregular - See Plat Map For Exact Shape

Topography Level at street grade

Adjacent Use North Single-family residential neighborhood, Vacant land

Adjacent Use South Single-family residential neighborhood

Adjacent Use East Ebenezer Road, Single-family residential neighborhood

Adjacent Use West Single-family residential neighborhood

Zoning Office, Medical, and Related Service Zone (OB)

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Ebenezer Road	Primary Street	two-way	four-lane	minor arterial	✓	✓	✓	✓	✓

Frontage The subject has approximately 175 feet of frontage on Ebenezer Road.

Accessibility **Average** - The accessibility of the subject is rated as average. The subject is accessed from one street, with the main entrance and primary point of ingress/egress being Ebenezer Road. Interstate 140 is a major transportation arterial within proximity to the subject, providing linkage to the surrounding area.

Exposure **Average** - The subject has average exposure, as it is located along a minor arterial. The project's exposure rating takes into account its average visibility and its average traffic count.

Flood Zone The subject site falls within the Zone X (Unshaded) flood zone. This is referenced by Community Number 475433, Panel Number 47093C0380F,

dated May 02, 2007. The flood zone is defined as follows:

Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

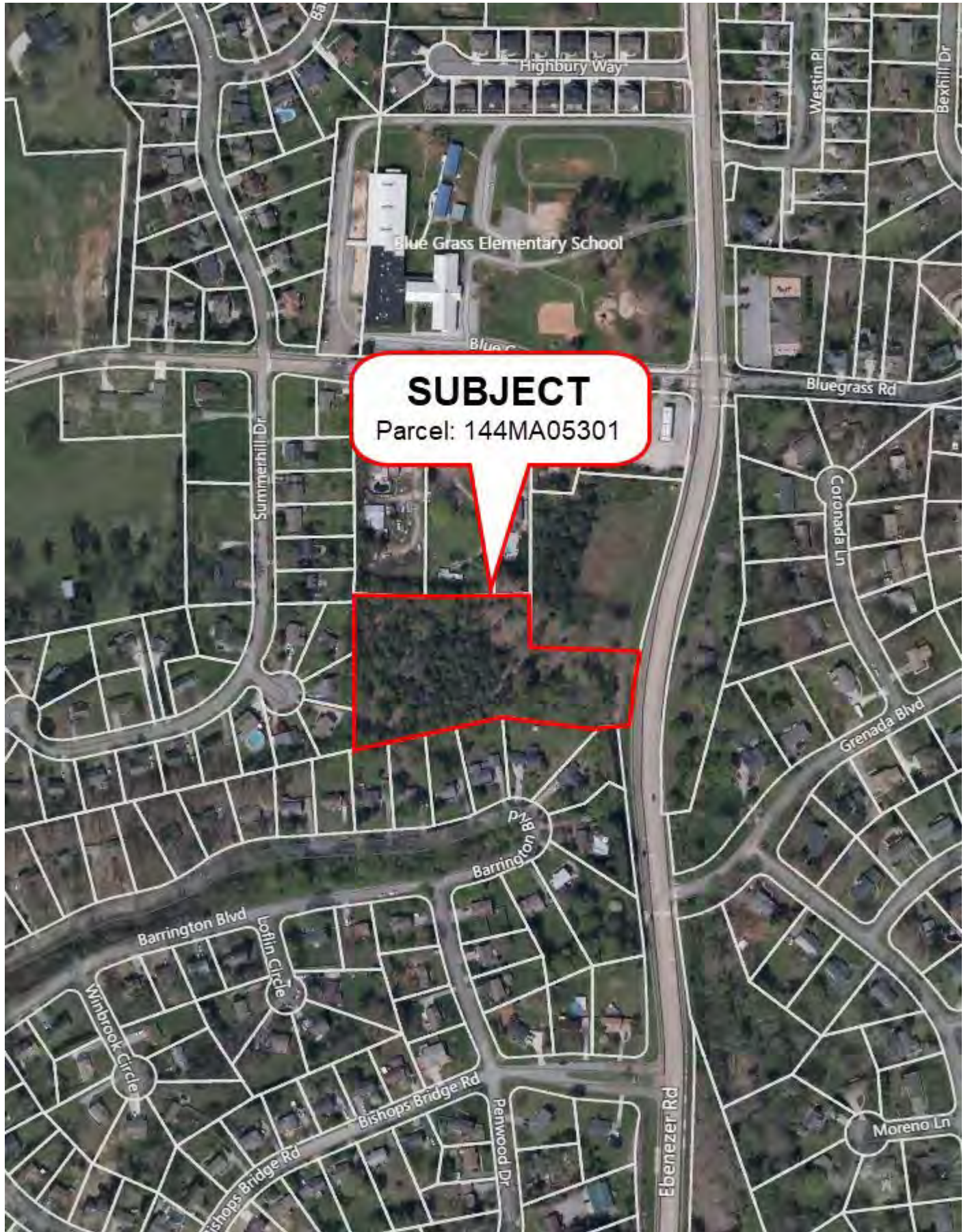
Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

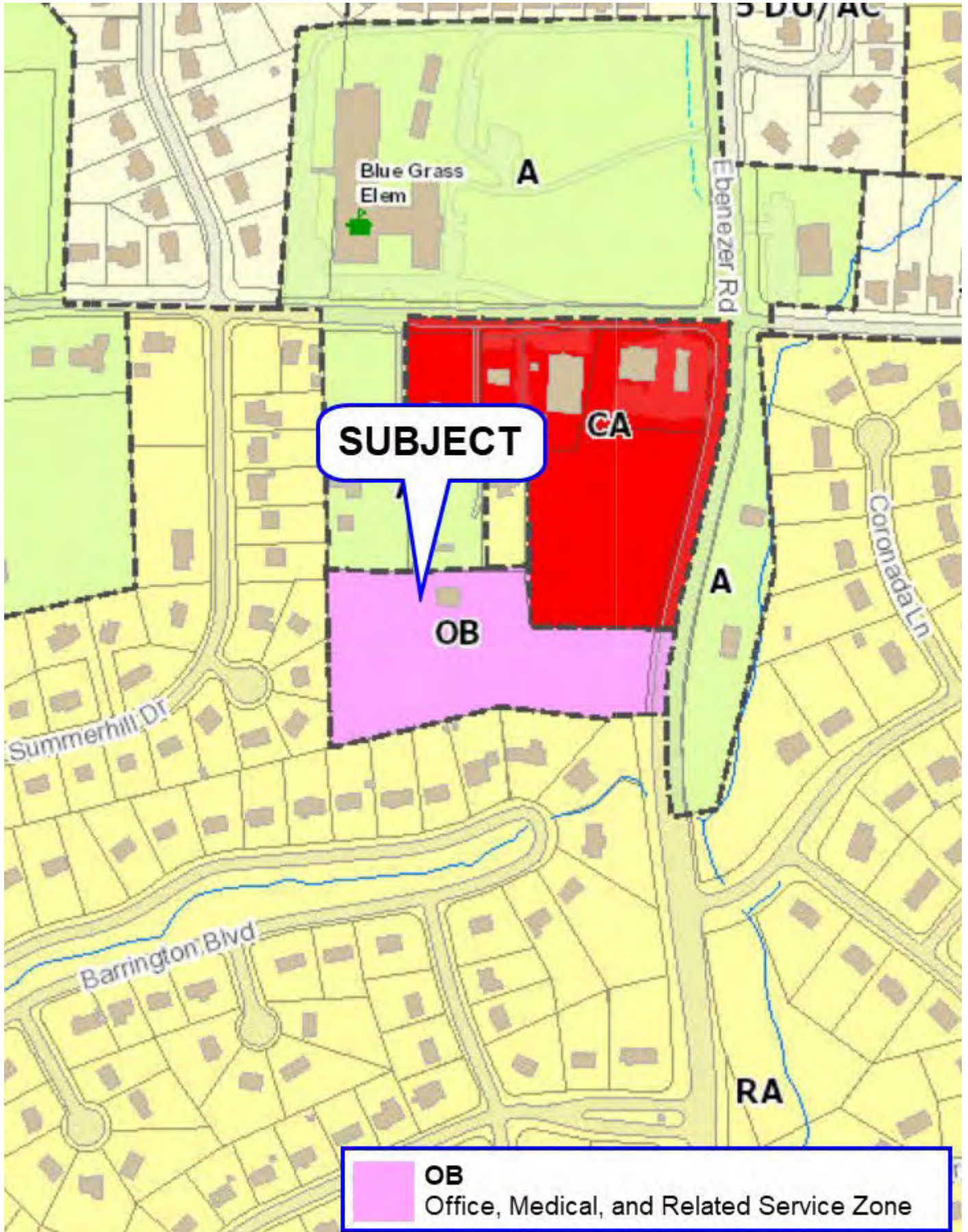
Conclusion

Overall, the subject's location is rated as good. This location rating considers the subject's general market area (Knoxville), its submarket (Southwest Knoxville) and the surrounding uses and immediate neighborhood. It also takes into account the subject's exposure and access to employment centers, educational facilities, and shopping centers. All of these characteristics provide supporting uses for the subject site making it desirable for multifamily development. Overall, there are no known factors that would limit the site's development according to its highest and best use.

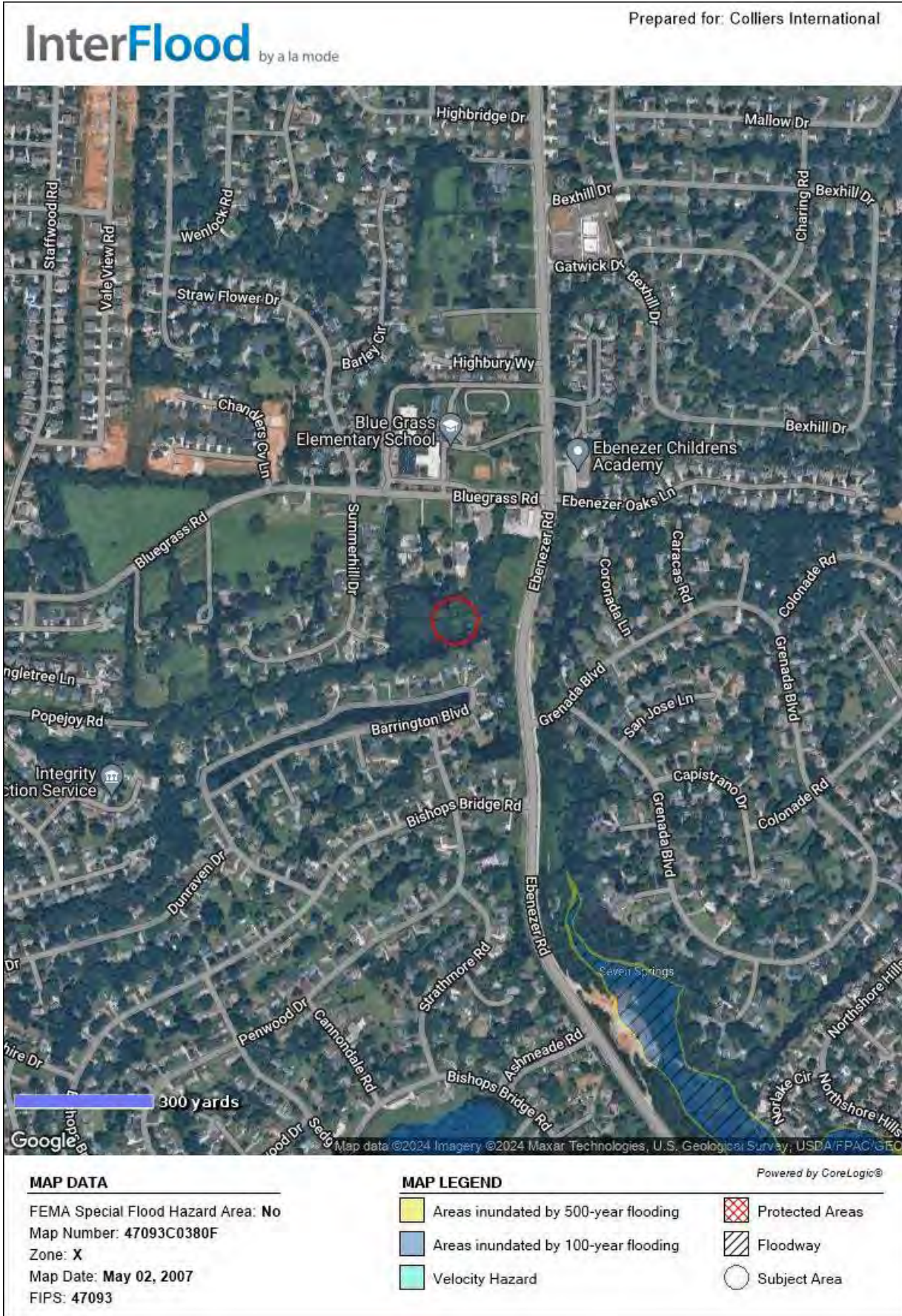
PARCEL MAP



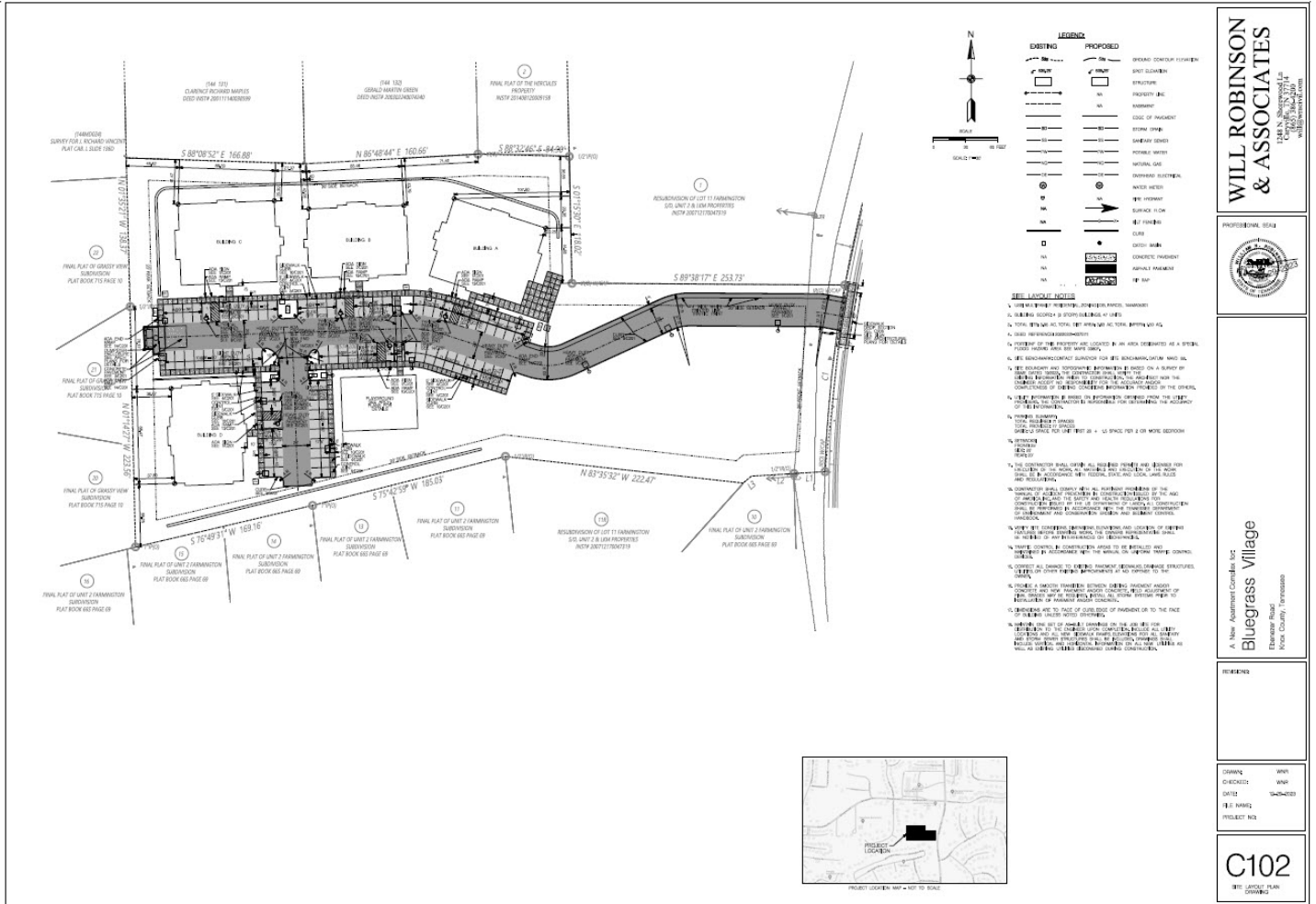
ZONING MAP



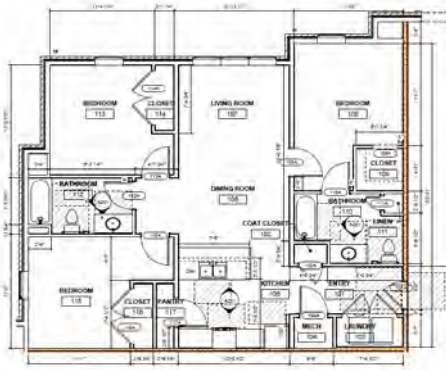
FLOOD MAP



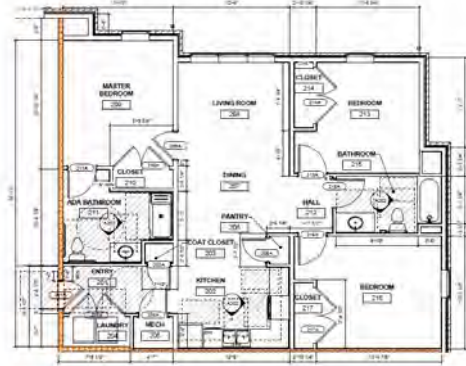
SITE PLAN



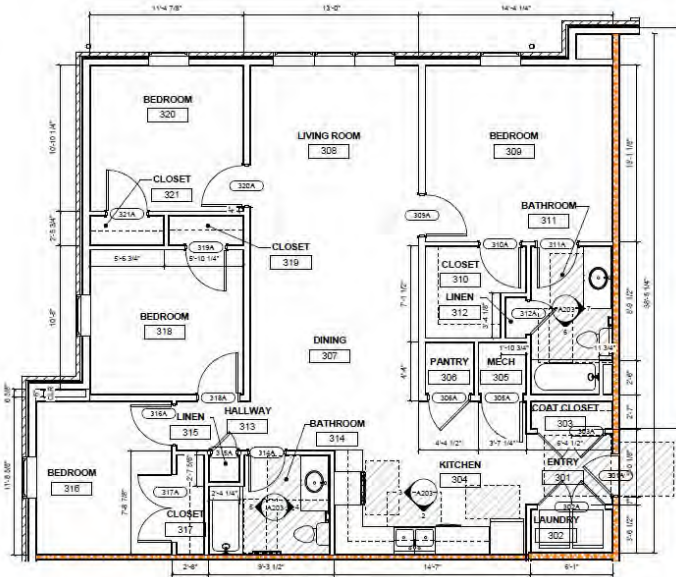
FLOOR PLANS



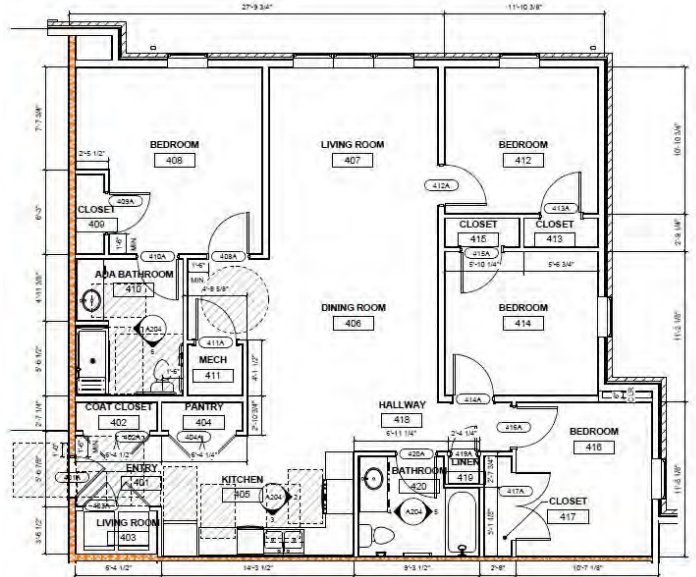
3 BED / 2 BATH



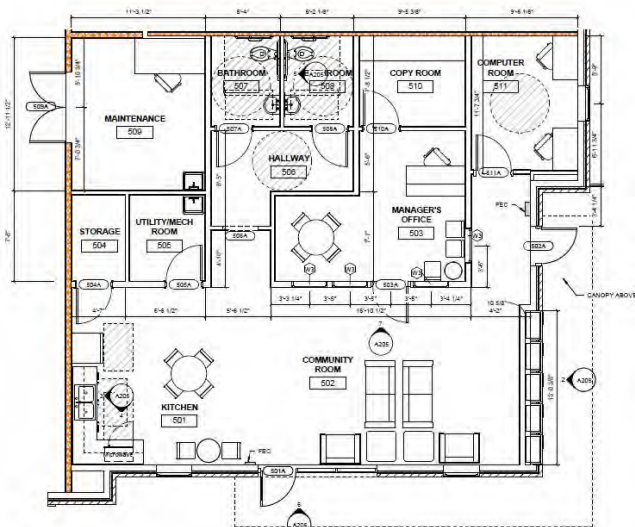
3 BED / 2 BATH



4 BED / 2 BATH

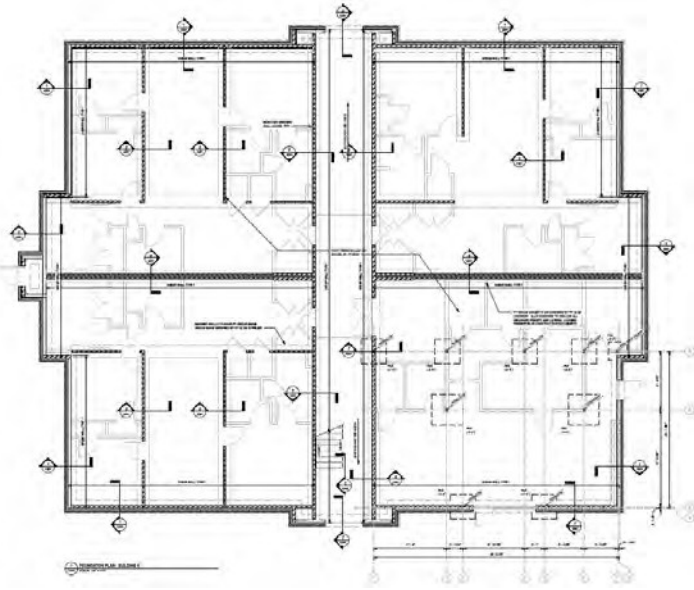


4 BED / 2 BATH

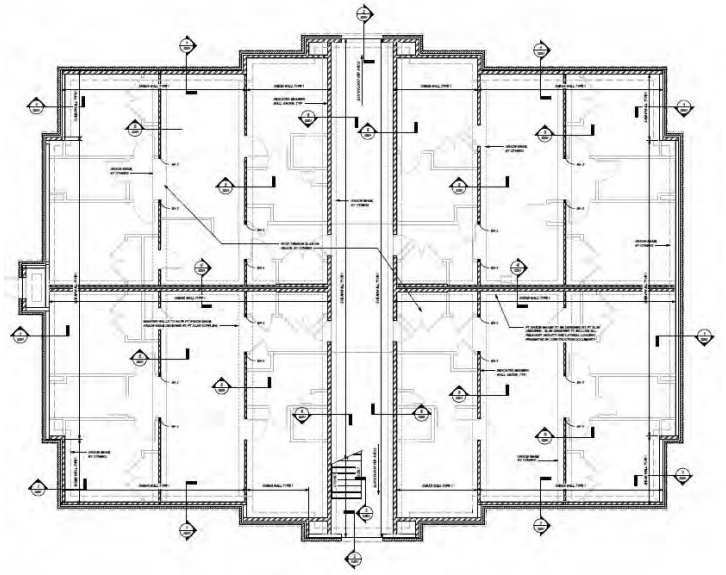


COMMUNITY CENTER BUILDING

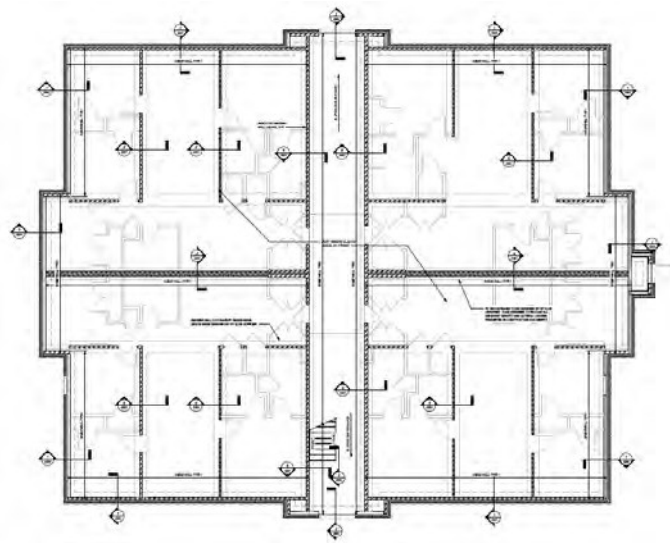
BUILDING PLANS



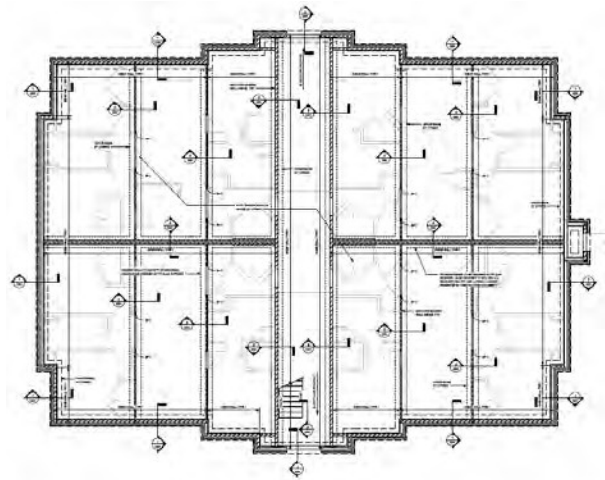
BUILDING 1



BUILDING 2



BUILDING 3



BUILDING 4

ELEVATIONS



ELEVATION



ELEVATION



ELEVATION



ELEVATION



ELEVATION

Introduction

The information presented below is a basic description of the proposed improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there will be no hidden defects, and that all structural components will be functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Property Type	Multifamily - Garden/Low Rise
Number of Units	47
Average Unit Size	1,436 SF
Total Number of Buildings	4
Number of Stories	3
Development Density	11.9 Units/Acre (47 Units / 3.93 Acres)
Net Rentable Area (NRA)	62,877 SF
Gross Building Area (GBA)	69,048 SF
Parking Total	77 (Surface)
Open Parking Spaces	77
Covered Parking Spaces	-
Detached Garage Spaces	-
Parking Garage Spaces	-
Parking Comment	Parking is adequate and is consistent with the other projects in the market
Parking Spaces/Unit	1.6
Year Built	2026
Age/Life Analysis	
Actual Age	0 Years
Effective Age	0 Years
Economic Life	60 Years
Remaining Life	60 Years
Quality	Good
Condition	Excellent
Marketability	Average

UNIT MIX				
UNIT TYPES	NO. UNITS	% OF TOTAL	UNIT SIZE (SF)	NRA (SF)
3 BD / 2 BA	24	51.1%	1,334	32,016
4 BD / 2 BA	23	48.9%	1,543	35,489
TOTAL/AVERAGE	47	100%	1,436	67,505
TOTAL NET RENTABLE AREA (NRA)				67,505

Basic Construction	Wood frame
Foundation	Reinforced concrete slab
Framing	Wood post and beam
Exterior Walls	Brick and fiber cement siding
Roof Type	Gabled
Roof Cover	Shingle
Insulation	Assumed adequate
Plumbing	Each bathroom will include a toilet, sink, and a shower/tub kit with wall-mounted showerhead. Kitchens will include a sink, dishwasher, and garbage disposal. There will be a laundry closet with washer/dryer hookups.
Air Conditioning	Central HVAC
Heating	Central HVAC
Hot Water	Each unit will include a hot water heater with a capacity of 30 gallons.
Lighting	Fluorescent and Incandescent
Electrical	Each unit will be separately metered
Interior Walls	Drywall
Ceilings	Drywall
Windows	Double-hung, vinyl windows
Doors	Exterior doors will be metal with peepholes. Interior doors will be hollow, painted wood.
Flooring	Luxury vinyl tile throughout
Elevators	None
Project Amenities	Management office, community room, business center, playground
Appliances	Each unit will be equipped with an electric oven/range combination, garbage disposal, dishwasher, microwave, and refrigerator/freezer.
Laundry	No common laundry; each unit will have washer/dryer connections
Countertops	The subject units will include granite countertops.
Cabinets	Typical wood cabinetry
Security	None
Fire Protection	The subject will have a fire sprinkler system and smoke alarms.
Landscaping	Typical
Property Signage	Typical

Hazardous Materials

This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

ADA Compliance

This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

Conclusion

The subject improvements will be in excellent condition upon completion of construction. The interiors have Class A standard finish, similar or superior to most other properties in the immediate area. The property has an attractive design and good curb appeal.

INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

The subject property is located within the Knox County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2023			Tax Rate	1.554%	
Tax Rate Area	Knox County			Taxes Current	Yes	
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
144MA05301	\$474,000	\$0	\$474,000	\$0	\$118,500	\$1,841
Totals	\$474,000	\$0	\$474,000	\$0	\$118,500	\$1,841
Total/Unit	\$10,085	\$0	\$10,085	\$0	\$2,521	\$39
Total/SF (NRA)	\$7.54	\$0.00	\$7.54	\$0.00	\$1.88	\$0.03
Total Base Tax						\$1,841

Source: Knox County Assessment & Taxation

SUBJECT PROPERTY ANALYSIS

The total taxable value for the subject property is \$118,500 or \$2,521/Unit. There are no exemptions in place. Total taxes for the property are \$1,841 or \$39/Unit.

As part of the scope of work, we researched assessment and tax information related to the subject property. The following are key factors related to local assessment and taxation policy. Residential property in Knox County is assessed at 25% of market value and commercial and multifamily property is assessed at 40% of market value. Real property is reassessed every five years. The next scheduled reassessment date is January 1, 2027.

TAX COMPARABLES – CONVENTIONAL

In order to estimate the assessment and taxes on the proposed subject property, we reviewed assessment data on similar properties in the market. They are illustrated in the table below.

Summary of Tax Comparables - Conventional									
Complex Name	City / County	Year Built	No. of Units	Land Value	Appraised Value / Unit	Building Value	Appraised Value / Unit	Total Appraisal	Appraised Value / Unit
Greystone Pointe	Knoxville / Knox	2018	328	\$8,246,000	\$25,140	\$49,559,200	\$151,095	\$57,805,200	\$176,235
Tapestry at Turkey Creek	Knoxville / Knox	2018	220	\$2,509,000	\$11,405	\$44,418,300	\$201,901	\$46,927,300	\$213,306
Overlook @ Farragut	Knoxville / Knox	2019	267	\$1,595,500	\$5,976	\$58,104,500	\$217,620	\$59,700,000	\$223,596
Village at Westland Cove	Knoxville / Knox	2019	240	\$3,721,100	\$15,505	\$45,139,100	\$188,080	\$48,860,200	\$203,584
Aventine Northshore	Knoxville / Knox	2017	246	\$2,239,400	\$9,103	\$35,063,800	\$142,536	\$37,303,200	\$151,639
Crescent Ebenezer	Knoxville / Knox	2020	324	\$5,088,000	\$15,704	\$55,128,800	\$170,151	\$60,216,800	\$185,854
Icon Apartment Homes	Knoxville / Knox	2021	297	\$1,915,800	\$6,451	\$77,286,700	\$260,225	\$79,202,500	\$266,675
Low		2017	220	\$1,595,500	\$5,976	\$35,063,800	\$142,536	\$37,303,200	\$151,639
High		2021	328	\$8,246,000	\$25,140	\$77,286,700	\$260,225	\$79,202,500	\$266,675
Mean		2019	275	\$3,616,400	\$12,755	\$52,100,057	\$190,230	\$55,716,457	\$202,984
Median		2019	267	\$2,509,000	\$11,405	\$49,559,200	\$188,080	\$57,805,200	\$203,584

CONCLUSION – CONVENTIONAL

The comparable properties reflect tax appraised values ranging from \$151,639 to \$266,675 per unit with a mean of \$202,984 per unit and a median of \$203,584 per unit. Based on the subject's location and quality/condition upon completion, the tax appraised value is projected at \$200,000 per unit upon completion, consistent with the most recent assets in the local market. Refer to the projected tax burden below.

Projected Real Estate Tax Burden - Assuming Conventional Operations -	
Parcel ID	144M-A-053.01
Tax Appraisal Per Unit	\$ 200,000
Number of Units	47
Total Appraised Value	\$ 9,400,000
Assessment Rate	40%
Assessed Value	\$ 3,760,000
Tax Rate per \$100	1.55400
Total Annual Tax Burden	\$ 58,430
Annual Tax Burden Per Unit	\$ 1,243.20

TAX COMPARABLES – RESTRICTED

In order to estimate the assessment and taxes on the proposed subject property, we reviewed assessment data on similar restricted properties in the market. They are illustrated in the table below.

Summary of Tax Comparables - Restricted									
Complex Name	City / County	Year Built	No. of Units	Land Value	Appraised Value / Unit	Building Value	Appraised Value / Unit	Total Appraisal	Appraised Value / Unit
Young High Flats	Knoxville / Knox	2021	156	\$1,039,300	\$6,662	\$19,462,800	\$124,762	\$20,502,100	\$131,424
Burlington Commons	Knoxville / Knox	2021	50	\$102,500	\$2,050	\$7,369,800	\$147,396	\$7,472,300	\$149,446
Southside Flats	Knoxville / Knox	2020	172	\$1,763,800	\$10,255	\$22,045,700	\$128,173	\$23,809,500	\$138,427
Holston Ridge	Knoxville / Knox	2011	72	\$668,900	\$9,290	\$9,071,500	\$125,993	\$9,740,400	\$135,283
Moss Grove	Knoxville / Knox	2021	192	\$2,814,200	\$14,657	\$18,349,800	\$95,572	\$21,164,000	\$110,229
Low		2011	50	\$102,500	\$2,050	\$7,369,800	\$95,572	\$7,472,300	\$110,229
High		2021	192	\$2,814,200	\$14,657	\$22,045,700	\$147,396	\$23,809,500	\$149,446
Mean		2019	128	\$1,277,740	\$8,583	\$15,259,920	\$124,379	\$16,537,660	\$132,962
Median		2021	156	\$1,039,300	\$9,290	\$18,349,800	\$125,993	\$20,502,100	\$135,283

CONCLUSION – RESTRICTED OPERATIONS

There is a pending PILOT (payment in lieu of taxes) to be put into place for the subject property. We do not have a copy of the agreement, but the proforma indicates an annual tax burden of \$1,841. It is our understanding that this will be a 15-year agreement.

However, according to the MAP guide, we have included an estimate of full taxation; the savings will be accounted for in the mortgage proceeds. The comparable restricted properties reflect tax appraised values ranging from \$110,229 to \$149,446 per unit with a mean of \$132,962 per unit and a median of \$135,283 per unit. A tax appraised value is projected at \$140,000 per unit upon completion for the restricted scenario. Refer to the projected tax burden below.

Projected Real Estate Tax Burden - Assuming Restricted Operations -	
Parcel ID	144M-A-053.01
Tax Appraisal Per Unit	\$ 140,000
Number of Units	47
Total Appraised Value	\$ 6,580,000
Assessment Rate	40%
Assessed Value	\$ 2,632,000
Tax Rate per \$100	1.55400
Total Annual Tax Burden	\$ 40,901
Annual Tax Burden Per Unit	\$ 870.24

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	Knox County Planning & Zoning Department
Current Zoning	Office, Medical, and Related Service Zone (OB)
Permitted Uses	Uses including but not limited to: multi-dwellings structures or developments up to twelve dwelling units per acre, mobile homes, residential care facilities, offices, hospitality uses, and civic uses.
Prohibited Uses	Any other use not listed as permitted nor compatible with the district purpose and intent.
Current Use	Vacant Land
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
Proposed Use	Multi-Family Apartments
Is Proposed Use Legally Permitted?	Yes

ZONING REQUIREMENTS

Conforming Use	The proposed improvements represent a conforming use within this zone
Minimum Lot Area	
For Multi-Dwelling Structures And Developments Of One And Two Stories Served By A Sanitary Sewer System (Feet)	9,000 plus additional 1,500 SF for each dwelling unit.
For Multi-Dwelling Structures And Developments Of Three To Five Stories Served By A Sanitary Sewer System (Feet)	12,000 plus additional 1,200 SF for each dwelling unit.
Minimum Lot Width (Feet)	100
Minimum Open Space For Developments With A Density 12 Units/Acre Or More	15%
Minimum Yard Setbacks	
Front (Feet)	35
Rear For Buildings Less Than Three Stories (Feet)	25
Rear For Buildings More Than Three Stories (Feet)	30
Side For Single-Story Dwellings (Feet)	8
Side For Two- And Three-Story Dwellings (Feet)	12
Side For Buildings More Than Three Stories (Feet)	1 foot additional side yard on each side of the main building shall be added for each additional 2 feet in excess of 36 feet in height.
Subject Density (Units/Acre)	11.9
Maximum Density (Units/Acre)	12
Maximum Lot Coverage	30%
Maximum Building Height (Feet)	45
Maximum Building Height (Stories)	4

SUBJECT PARKING REQUIREMENT

	UNITS	REQUIRED SPACES/UNIT	REQUIRED SPACES
Spaces Per Dwelling Unit For The First 20 Units		1.50	0
Spaces Per Dwelling Unit For Each One- Bedroom Bedroom Dwellings In Excess Of 20		1.00	0
Spaces Per Dwelling Unit For Each Two Or More Bedroom Dwellings In Excess Of 20		1.50	0
Required Parking Spaces			71
Parking Spaces Provided			77

Source: Knox County Planning & Zoning Department

ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

INTRODUCTION

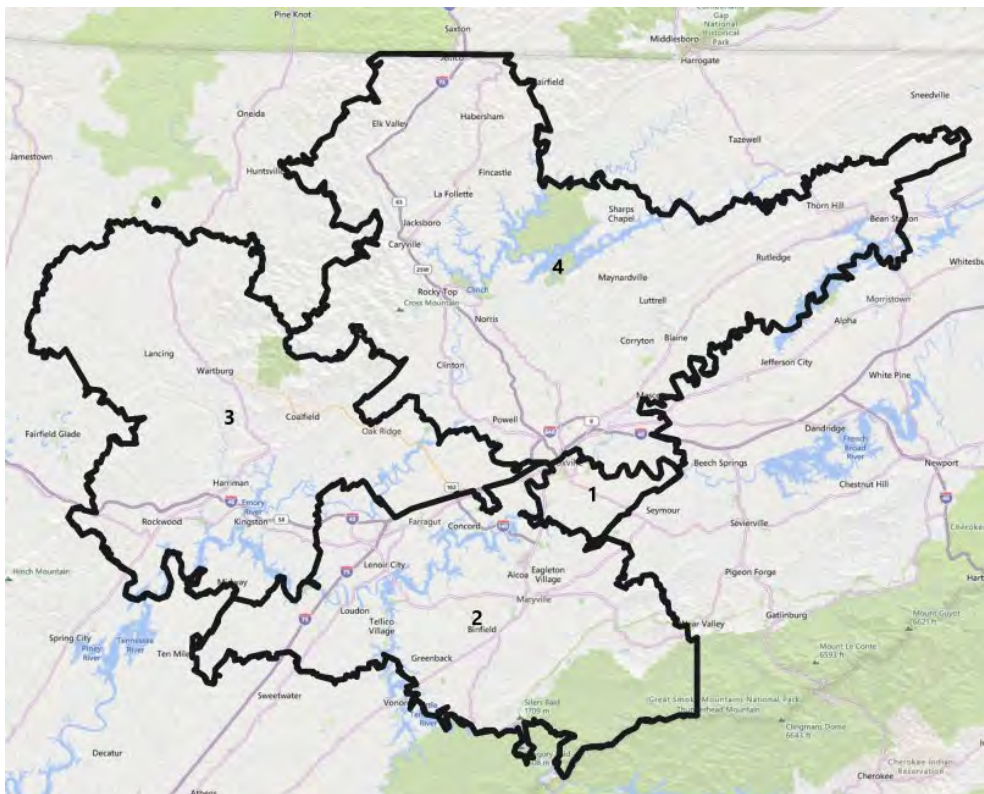
The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject's competitive position within the marketplace. Below is a list of the various sections covered in the following apartment market analysis:

- › Knoxville Apartment Market
- › Southwest Knoxville Apartment Submarket
- › Competitive Dataset Analysis
- › Broker / Market Participant Interviews
- › Transaction Trends
- › Subject Property Analysis

KNOXVILLE METRO APARTMENT MARKET ANALYSIS

The following is an analysis of supply/demand trends in the Knoxville apartment market using information provided by MPF Research, widely recognized as a market leader in Apartment data and statistics. Through their coverage of the MPF-100, a collection of the 100 largest primary and secondary markets in the US, data is primarily sourced at the floor-plan, transaction level. This is made possible through MPF's sister company relationship with RealPage, the developers of YieldStar and OneSite revenue and property management software suites, resulting in access to access individual lease transactions for roughly 3.7 million units.

We will first analyze the metro market, followed by the submarket. The following map highlights MPF's coverage of the Knoxville Metro Market and the individual submarkets tracked. The subject is located within the Southwest Knoxville submarket denoted as (2) below.



Current Market Snapshot

The table below presents a current quarter snapshot of key indicators for the Knoxville Metro Market.

KNOXVILLE MARKET AT A GLANCE									2023 Q3
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	53,810	96.6%	819	678	0	678	1.3%	2,794	1,968
CATEGORY	BY VINTAGE					BY STYLE			
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
Occupancy	97.6%	96.1%	95.4%	96.3%	96.6%	96.6%	97.1%	94.7%	96.6%
Quarterly Occ. Δ	0.1%	0.2%	0.3%	0.8%	-0.2%	0.3%	0.4%	-0.2%	0.3%
Annual Occ. Δ	-0.8%	-2.0%	-3.0%	-1.2%	-0.4%	-1.4%	-1.2%	-3.0%	-1.4%
Rent (\$/mo.)	\$1,737	\$1,554	\$1,366	\$1,307	\$1,020	\$1,404	\$1,804	\$1,454	\$1,472
Rent (\$/sf)	\$1.65	\$1.45	\$1.58	\$1.43	\$1.37	\$1.48	\$1.84	\$1.42	\$1.54
Annual Revenue Δ ²	4.5%	2.5%	-1.0%	2.0%	10.8%	2.9%	4.7%	-1.7%	3.2%
% Offering Concessions	0.0%	0.0%	5.1%	3.2%	0.0%	2.1%	0.0%	0.0%	1.7%
Avg. Concession	n.a.	n.a.	0.6%	0.6%	n.a.	0.6%	n.a.	n.a.	0.6%
Qtr. Same-Property Rent Δ	3.0%	-0.3%	1.9%	2.9%	2.5%	2.4%	2.7%	0.1%	2.4%
Ann. Same-Property Rent Δ	5.3%	4.5%	1.9%	3.2%	11.2%	4.3%	5.9%	1.3%	4.5%

Source: MPF Research® ¹ Delivering w ithin next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

Occupancy

As presented, the Knoxville market maintains a current inventory of 53,810 units, up approximately 1.30% (678 units) from the previous quarter. The current market-wide occupancy rate of 96.6% is indicated through a range extending from 94.7% to 97.6% across all property styles and vintages. When compared to the previous quarter, the market-wide average occupancy rate has increased 0.3%. On a current-quarter annualized basis, occupancy rates have decreased 1.4%.

Rental Rates / Revenue

On a per unit basis, rental rates by vintage range from a low of \$1,020 per month to a high of \$1,737 per month. When analyzed on the basis of style, rental rates range from \$1,404 (low-rise) to \$1,804 (high-rise). In total, the market-wide inventory-weighted average rental rate is \$1,472 per unit per month. On a per square foot basis, rental rates range from a low of \$1.37 to a high of \$1.65 when analyzing property vintage and \$1.42 to \$1.84 when analyzed by property style. In aggregate, the market-wide average rental rate is \$1.54 per square foot. Annual revenue change, defined as annual occupancy change plus annual rent change represents an increase of 3.2% versus the previous same-quarter annual period.

Concessions

Analyzed by vintage, the percentage of properties currently offering concessions range from 0.0% (2000+) to 5.1% (1980s). When singularly analyzing property style, this range shifts to a low of 0.0% (mid-rise) to a high of 2.1% (low-rise). An aggregate, market-wide average of 1.7% is indicated.

The average concession given ranges from 0.6% to 0.6% (vintage) and 0.6% to 0.6% (style) of potential gross income. An inventory-weighted average across all vintages and styles of 0.6% of potential gross income is indicated.

Trailing Metro Performance

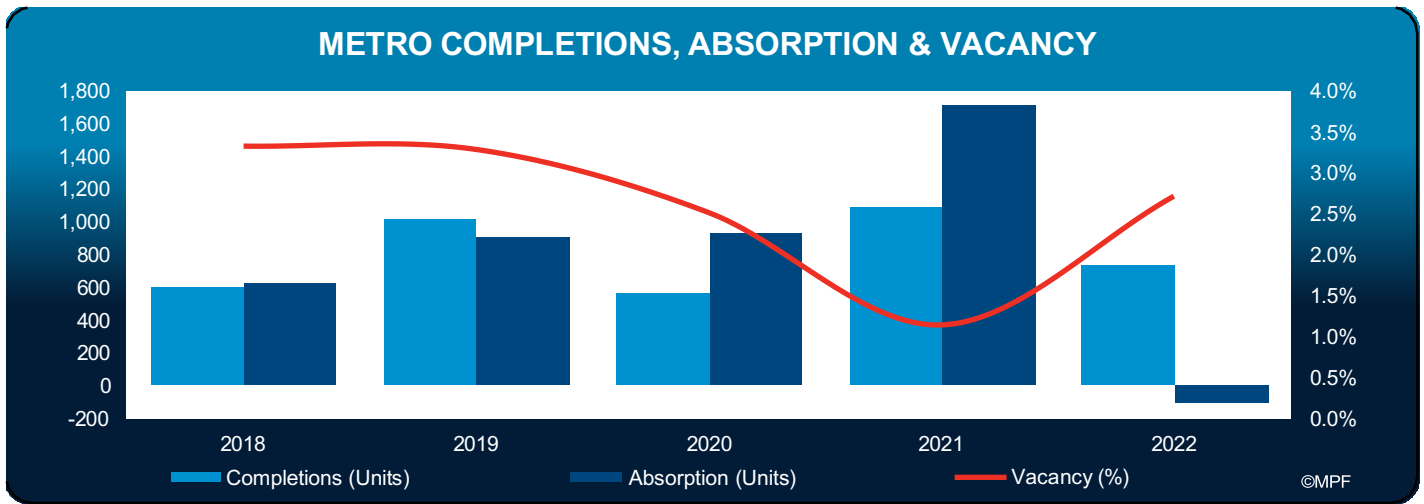
Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

The following table highlights the trailing annual and quarterly supply, construction, and absorption metrics.

HISTORICAL SUPPLY/DEMAND ANALYSIS							KNOXVILLE MARKET		
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
2018	49,795	96.7%	629	600	324	276	0.6%	1,223	1,013
2019	50,708	96.7%	905	1,013	100	913	1.8%	1,361	561
2020	51,269	97.5%	935	561	0	561	1.1%	2,236	1,049
2021	52,289	98.9%	1,709	1,092	72	1,020	2.0%	1,428	733
2022	53,022	97.3%	-104	733	0	733	1.4%	2,609	1,391
2022 Q4	53,022	97.3%	-379	0	0	0	0.0%	2,609	1,391
2023 Q1	53,040	96.6%	-334	18	0	18	0.0%	2,983	1,702
2023 Q2	53,132	96.3%	-70	92	0	92	0.2%	3,472	2,288
2023 Q3	53,810	96.6%	819	678	0	678	1.3%	2,794	1,968

Source: MPF Research® ¹ Delivering within next four quarters.

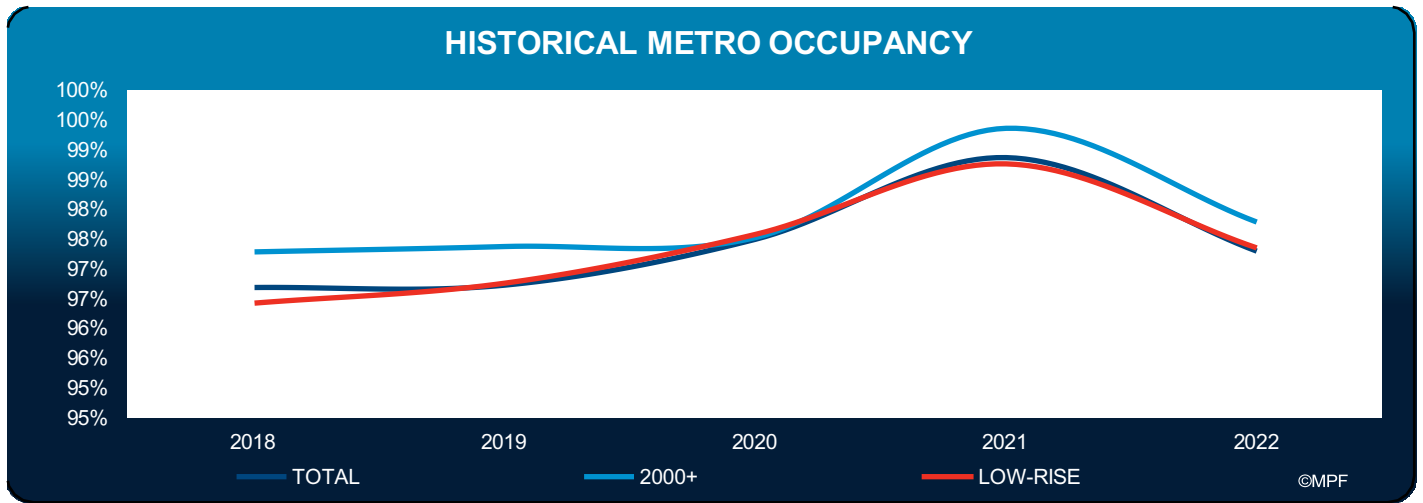


As depicted through the data above, inventory growth slowed from 2021 ($\pm 2.0\%$) to 2022 ($\pm 1.4\%$ annually). However, the rate has increased over the past four quarters to 1.3% as of 3rd Quarter 2023. Inventory growth has been between 0.6% to 2.0% over the past five years.

Metro Occupancy Trends

OCCUPANCY						KNOXVILLE METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	97.3%	95.6%	96.3%	96.9%	96.5%	96.4%	97.9%	97.3%	96.7%
2019	97.4%	96.9%	96.5%	96.1%	96.7%	96.8%	97.2%	94.0%	96.7%
2020	97.5%	98.1%	98.0%	97.3%	96.3%	97.6%	97.3%	96.1%	97.5%
2021	99.4%	98.4%	98.9%	98.8%	97.9%	98.8%	99.3%	98.4%	98.9%
2022	97.8%	97.2%	97.0%	97.1%	96.6%	97.4%	97.2%	96.1%	97.3%
2022 Q4	97.8%	97.2%	97.0%	97.1%	96.6%	97.4%	97.2%	96.1%	97.3%
2023 Q1	97.2%	96.3%	95.9%	96.4%	96.7%	96.7%	96.6%	95.6%	96.6%
2023 Q2	97.5%	95.9%	95.0%	95.5%	96.8%	96.3%	96.7%	94.8%	96.3%
2023 Q3	97.6%	96.1%	95.4%	96.3%	96.6%	96.6%	97.1%	94.7%	96.6%

Source: MPF Research®



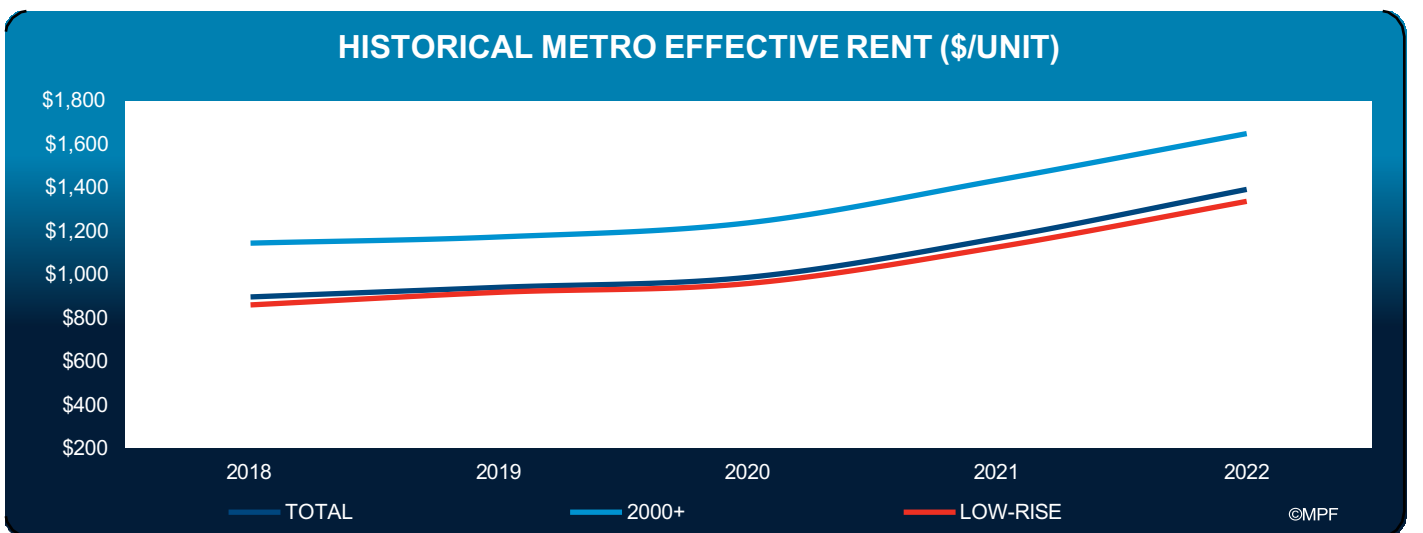
The current average market physical occupancy rate of 96.6% is slightly below that of the rate exhibited in each of the five trailing annual periods. Current occupancies are trending relatively stable, and this is expected to continue through 2024.

Metro Rental Rate Trends

The following tables and supporting graphs represent the current and historical rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

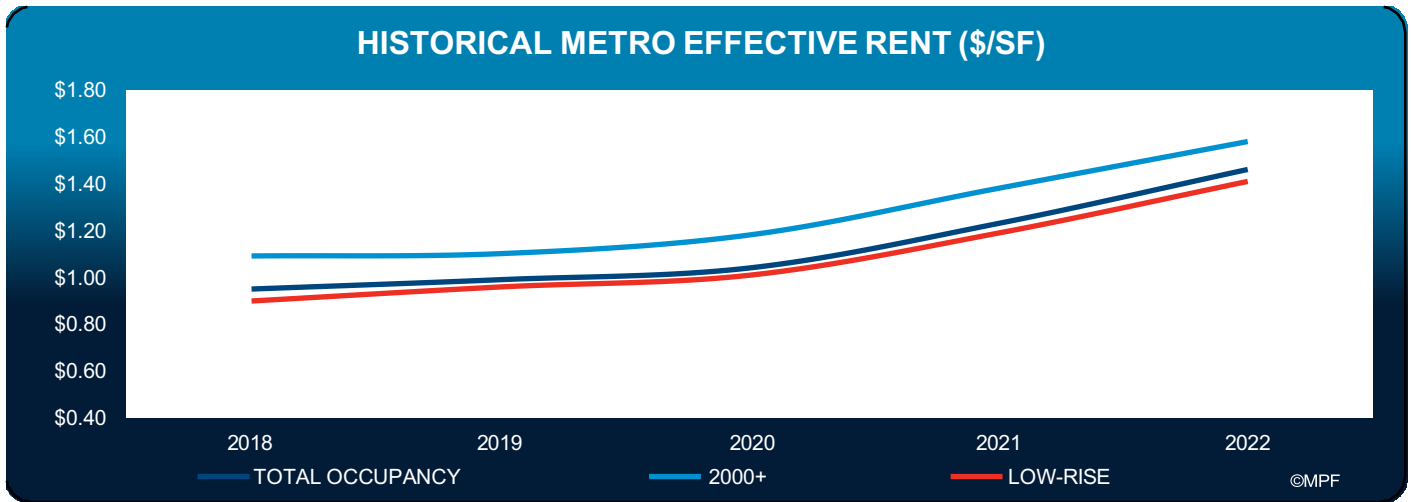
PERIOD	KNOXVILLE METRO								
	BY VINTAGE					BY STYLE			
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
2018	\$1,138	\$911	\$788	\$795	\$681	\$854	\$1,047	\$982	\$890
2019	\$1,167	\$1,001	\$817	\$841	\$711	\$913	\$1,043	\$954	\$935
2020	\$1,233	\$1,064	\$854	\$871	\$721	\$954	\$1,136	\$953	\$982
2021	\$1,432	\$1,288	\$1,040	\$1,023	\$788	\$1,124	\$1,345	\$1,208	\$1,164
2022	\$1,649	\$1,413	\$1,276	\$1,265	\$909	\$1,337	\$1,609	\$1,470	\$1,393
2022 Q4	\$1,649	\$1,413	\$1,276	\$1,265	\$909	\$1,337	\$1,609	\$1,470	\$1,393
2023 Q1	\$1,652	\$1,465	\$1,279	\$1,255	\$923	\$1,341	\$1,619	\$1,469	\$1,397
2023 Q2	\$1,695	\$1,558	\$1,345	\$1,270	\$994	\$1,372	\$1,757	\$1,452	\$1,439
2023 Q3	\$1,737	\$1,554	\$1,366	\$1,307	\$1,020	\$1,404	\$1,804	\$1,454	\$1,472

Source: MPF Research®



EFFECTIVE RENT (\$/SF)						KNOXVILLE METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	\$1.09	\$0.88	\$0.92	\$0.86	\$0.91	\$0.90	\$1.13	\$1.34	\$0.95
2019	\$1.10	\$0.95	\$0.94	\$0.91	\$0.94	\$0.96	\$1.14	\$1.06	\$0.99
2020	\$1.18	\$1.01	\$0.98	\$0.95	\$0.98	\$1.01	\$1.24	\$1.05	\$1.04
2021	\$1.38	\$1.23	\$1.21	\$1.12	\$1.04	\$1.19	\$1.43	\$1.20	\$1.23
2022	\$1.58	\$1.34	\$1.50	\$1.37	\$1.29	\$1.41	\$1.69	\$1.44	\$1.46
2022 Q4	\$1.58	\$1.34	\$1.50	\$1.37	\$1.29	\$1.41	\$1.69	\$1.44	\$1.46
2023 Q1	\$1.58	\$1.39	\$1.50	\$1.36	\$1.25	\$1.41	\$1.70	\$1.44	\$1.47
2023 Q2	\$1.61	\$1.46	\$1.55	\$1.39	\$1.34	\$1.45	\$1.80	\$1.42	\$1.51
2023 Q3	\$1.65	\$1.45	\$1.58	\$1.43	\$1.37	\$1.48	\$1.84	\$1.42	\$1.54

Source: MPF Research®



Rents have been trending upward in the metro market since 2018 in both rent bases. The overall average effective rent in the market is \$1.54 per square foot or \$1,472 per month.

Metro Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

PERCENT OF PROPERTIES OFFERING CONCESSIONS						KNOXVILLE METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	14.1%	34.7%	26.0%	16.7%	17.9%	22.3%	9.5%	24.1%	20.2%
2019	13.6%	11.8%	21.1%	31.9%	7.5%	18.3%	24.5%	13.5%	19.0%
2020	9.6%	5.5%	0.0%	20.4%	3.5%	10.1%	8.0%	0.0%	9.5%
2021	2.4%	0.0%	0.0%	0.2%	0.6%	0.9%	0.8%	0.0%	0.9%
2022	1.9%	0.0%	6.1%	7.5%	0.0%	4.6%	0.0%	0.0%	3.6%
2022 Q4	1.9%	0.0%	6.1%	7.5%	0.0%	4.6%	0.0%	0.0%	3.6%
2023 Q1	3.9%	0.0%	6.4%	9.9%	0.0%	6.2%	0.0%	0.0%	4.9%
2023 Q2	2.7%	1.0%	10.5%	18.0%	0.0%	8.8%	2.2%	0.0%	7.5%
2023 Q3	0.0%	0.0%	5.1%	3.2%	0.0%	2.1%	0.0%	0.0%	1.7%

Source: MPF Research®

CONCESSIONS AS PERCENT OF PGI						KNOXVILLE METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	1.6%	5.1%	1.3%	3.0%	1.3%	2.8%	2.0%	0.3%	2.7%
2019	2.8%	3.2%	3.1%	2.4%	3.1%	2.6%	3.3%	3.2%	2.8%
2020	5.6%	4.3%	n.a.	2.5%	4.2%	2.4%	9.4%	n.a.	3.9%
2021	0.9%	n.a.	n.a.	2.3%	1.3%	1.0%	0.8%	n.a.	1.0%
2022	3.2%	n.a.	4.4%	1.9%	n.a.	3.0%	n.a.	n.a.	3.0%
2022 Q4	3.2%	n.a.	4.4%	1.9%	n.a.	3.0%	n.a.	n.a.	3.0%
2023 Q1	1.8%	n.a.	0.5%	3.8%	n.a.	2.3%	n.a.	n.a.	2.3%
2023 Q2	2.2%	0.8%	3.6%	2.4%	n.a.	2.7%	1.6%	n.a.	2.6%
2023 Q3	n.a.	n.a.	0.6%	0.6%	n.a.	0.6%	n.a.	n.a.	0.6%

Source: MPF Research®

As of the current quarter, approximately 1.7% of all properties across all vintages and styles are offering concessions. The current market-wide average is lower than each of the preceding three quarters.

Metro Construction Activity

CONSTRUCTION ACTIVITY SUMMARY		KNOXVILLE METRO	
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED ¹	
Conventional (Market)	3,486	78	
TOTAL	3,486	78	

Source: MPF Research® ¹Properties completed in the last 4 quarters

Within the Knoxville Metro area, there are a total of 3,486 conventional units currently under construction highlighted by activity in the Southwest Knoxville, Downtown/University/South Knoxville and West Knoxville submarkets. There are currently 1,608 units under construction within the subject’s submarket and 0 units have delivered within the past four quarters.

The following table sets forth the detailed construction activity, by submarket, for conventional properties in the market.

CONVENTIONAL CONSTRUCTION DETAIL		KNOXVILLE METRO	
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED ¹	
West Knoxville	460	78	
Downtown/University/South Knoxville	1,185	0	
Southwest Knoxville	1,608	0	
North Knoxville	233	0	
TOTAL	3,486	78	

Source: MPF Research® ¹Properties completed in the last 4 quarters

SOUTHWEST KNOXVILLE APARTMENT SUBMARKET OVERVIEW

The table below presents a current quarter snapshot of the key indicators within the submarket.

SOUTHWEST KNOXVILLE SUBMARKET AT A GLANCE									2023 Q3
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY Δ (UNITS)	INVENTORY Δ (%)	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	14,196	97.4%	310	274	0	274	2.0%	1,274	1,274
CATEGORY	BY VINTAGE					BY STYLE			
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
Occupancy	97.8%	98.1%	98.5%	96.5%	96.6%	97.6%	96.8%	94.5%	97.4%
Quarterly Occ. Δ	0.3%	0.2%	-0.7%	0.5%	-0.4%	0.5%	-0.2%	-1.1%	0.3%
Annual Occ. Δ	-0.1%	-0.4%	-0.8%	-0.6%	-2.8%	-0.3%	-0.8%	-5.5%	-0.5%
Rent (\$/mo.)	\$1,731	\$1,381	\$1,314	\$1,379	\$1,295	\$1,460	\$1,888	\$1,620	\$1,544
Rent (\$/sf)	\$1.63	\$1.50	\$1.82	\$1.53	\$1.77	\$1.54	\$1.80	\$1.93	\$1.60
Annual Revenue Δ ²	4.5%	22.4%	11.8%	1.7%	2.1%	7.0%	1.1%	11.0%	5.5%
% Offering Concessions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Avg. Concession	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Qtr. Same-Property Rent Δ	4.1%	2.2%	0.1%	2.6%	4.9%	3.2%	3.7%	3.5%	3.4%
Ann. Same-Property Rent Δ	4.6%	22.7%	12.6%	2.2%	5.0%	7.3%	1.9%	16.5%	6.0%

Source: MPF Research® ¹ Delivering w within next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

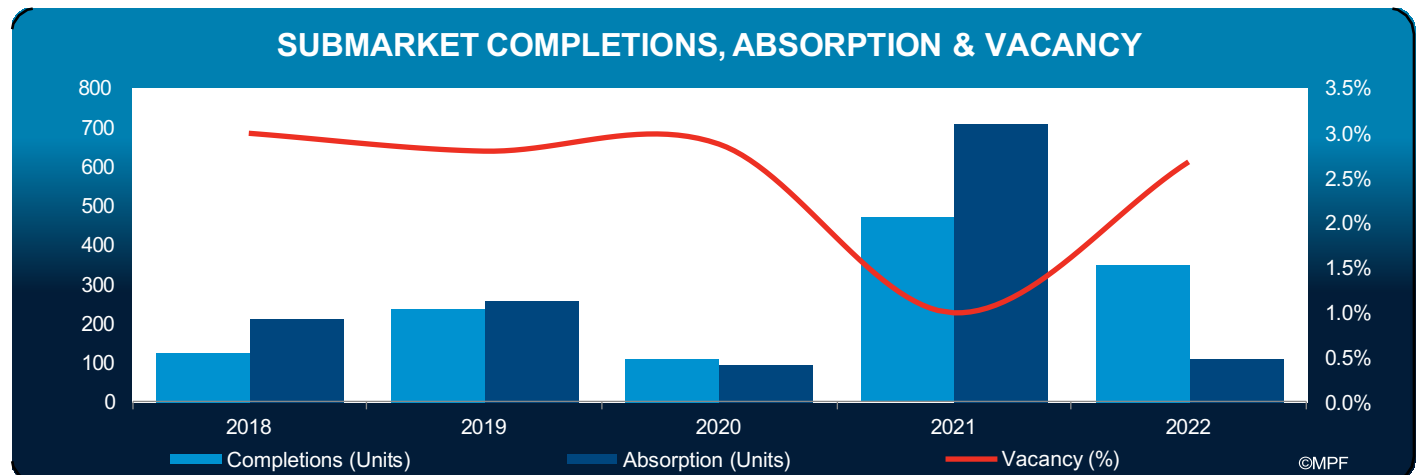
Trailing Submarket Performance

Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

HISTORICAL SUPPLY/DEMAND ANALYSIS						SOUTHWEST KNOXVILLE SUBMARKET			
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
2018	12,678	97.0%	214	128	0	128	1.0%	240	240
2019	12,918	97.2%	258	240	0	240	1.9%	277	109
2020	13,027	97.1%	96	109	0	109	0.8%	1,045	469
2021	13,496	99.0%	710	469	0	469	3.6%	576	348
2022	13,844	97.3%	111	348	0	348	2.6%	1,608	630
2022 Q4	13,844	97.3%	-78	0	0	0	0.0%	1,608	630
2023 Q1	13,862	97.3%	11	18	0	18	0.1%	1,608	893
2023 Q2	13,922	97.1%	28	60	0	60	0.4%	1,548	1,367
2023 Q3	14,196	97.4%	310	274	0	274	2.0%	1,274	1,274

Source: MPF Research® ¹ Delivering within next four quarters



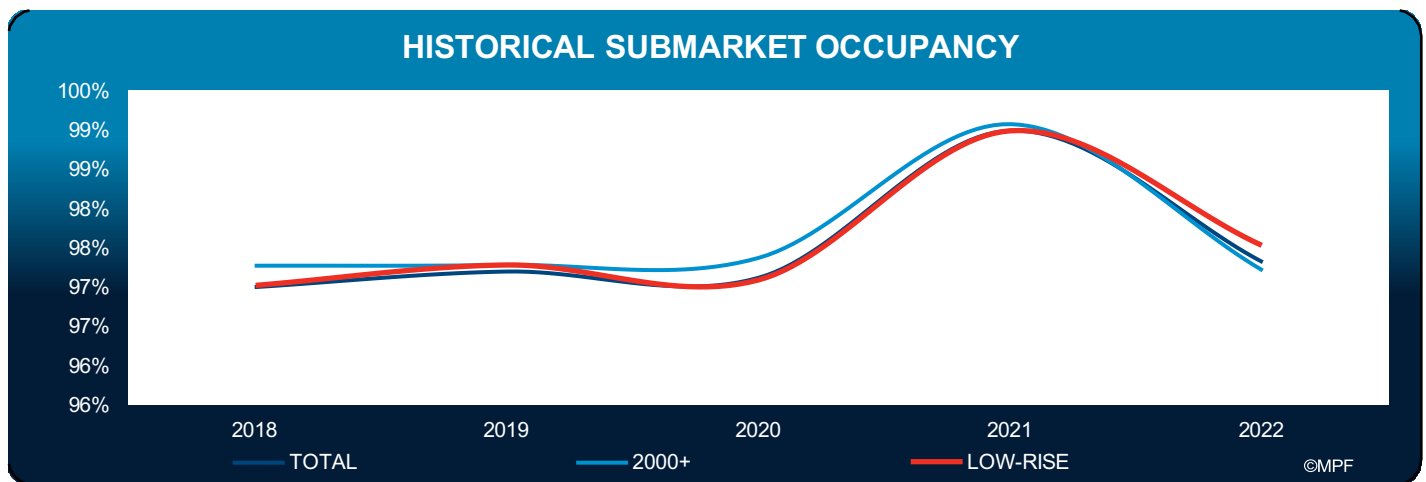
As shown in the preceding table, there are some 14,196 units in the submarket as of 3rd Quarter 2023. The average occupancy is currently 97.4%, which is generally similar to the recent historical trend. There are currently 1,274 units under construction.

Submarket Occupancy Trends

OCCUPANCY ANALYSIS						SOUTHWEST KNOXVILLE SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	97.3%	96.0%	97.6%	97.4%	95.0%	97.0%	97.7%	89.8%	97.0%	96.7%	●
2019	97.3%	98.4%	98.0%	96.0%	98.5%	97.3%	96.9%	96.1%	97.2%	96.7%	●
2020	97.4%	97.8%	98.9%	95.9%	98.5%	97.1%	97.2%	n.a.	97.1%	97.5%	●
2021	99.1%	99.5%	99.1%	98.6%	99.6%	99.0%	99.0%	99.2%	99.0%	98.9%	●
2022	97.2%	98.5%	99.8%	96.4%	97.2%	97.5%	96.6%	96.9%	97.3%	97.3%	●
2022 Q4	97.2%	98.5%	99.8%	96.4%	97.2%	97.5%	96.6%	96.9%	97.3%	97.3%	●
2023 Q1	96.9%	98.0%	99.3%	97.1%	97.2%	97.5%	96.8%	96.1%	97.3%	96.6%	●
2023 Q2	97.4%	98.0%	99.0%	96.0%	96.9%	97.1%	97.0%	95.3%	97.1%	96.3%	●
2023 Q3	97.8%	98.1%	98.5%	96.5%	96.6%	97.6%	96.8%	94.5%	97.4%	96.6%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

The average submarket physical occupancy rate of 97.4% represents a slight increase over the previous quarter (97.1%). The current average rate is outperforming the broader market (97.4% vs. 96.6%). We anticipate that occupancy levels in the submarket will continue to be similar to the metro area and remain stable.

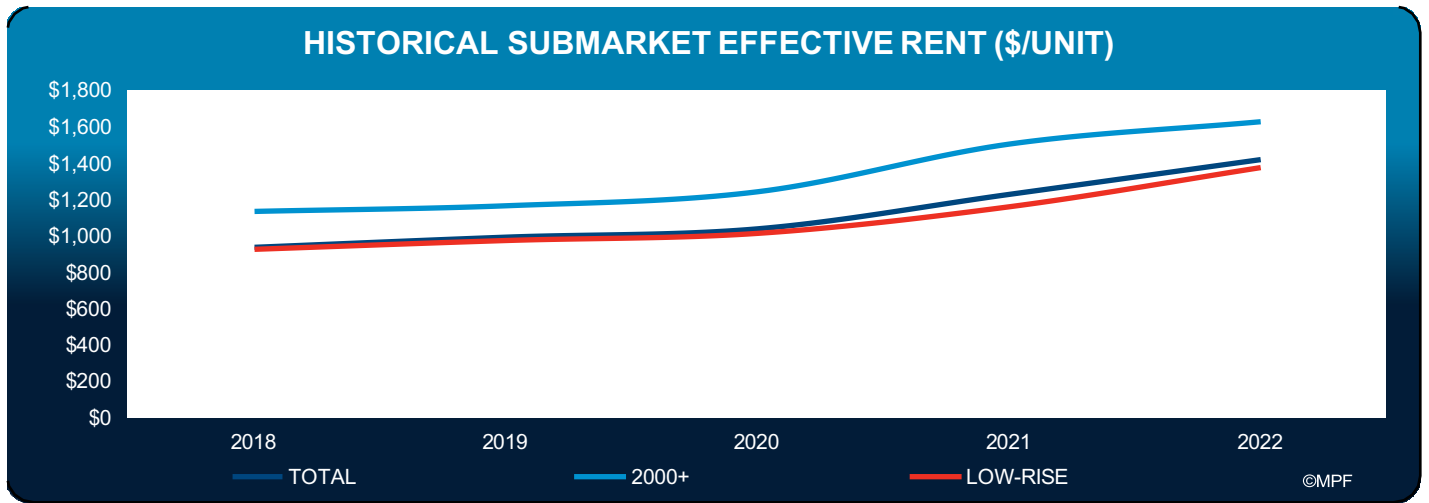


Submarket Rental Rate Trends

The following tables represent the current and historical submarket rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

EFFECTIVE RENT (\$/UNIT)						SOUTHWEST KNOXVILLE SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	\$1,135	\$893	\$660	\$845	\$713	\$930	\$960	\$961	\$936	\$890	●
2019	\$1,166	\$969	\$655	\$894	\$770	\$978	\$1,040	\$1,004	\$992	\$935	●
2020	\$1,243	\$997	\$701	\$924	\$702	\$1,017	\$1,119	n.a.	\$1,038	\$982	●
2021	\$1,505	\$1,052	\$727	\$1,122	\$882	\$1,162	\$1,450	\$1,117	\$1,228	\$1,164	●
2022	\$1,628	\$1,159	\$808	\$1,365	\$1,219	\$1,376	\$1,556	\$1,449	\$1,420	\$1,393	●
2022 Q4	\$1,628	\$1,159	\$808	\$1,365	\$1,219	\$1,376	\$1,556	\$1,449	\$1,420	\$1,393	●
2023 Q1	\$1,603	\$1,229	\$852	\$1,359	\$1,165	\$1,382	\$1,519	\$1,466	\$1,416	\$1,397	●
2023 Q2	\$1,675	\$1,351	\$1,313	\$1,345	\$1,234	\$1,410	\$1,820	\$1,565	\$1,494	\$1,439	●
2023 Q3	\$1,731	\$1,381	\$1,314	\$1,379	\$1,295	\$1,460	\$1,888	\$1,620	\$1,544	\$1,472	●

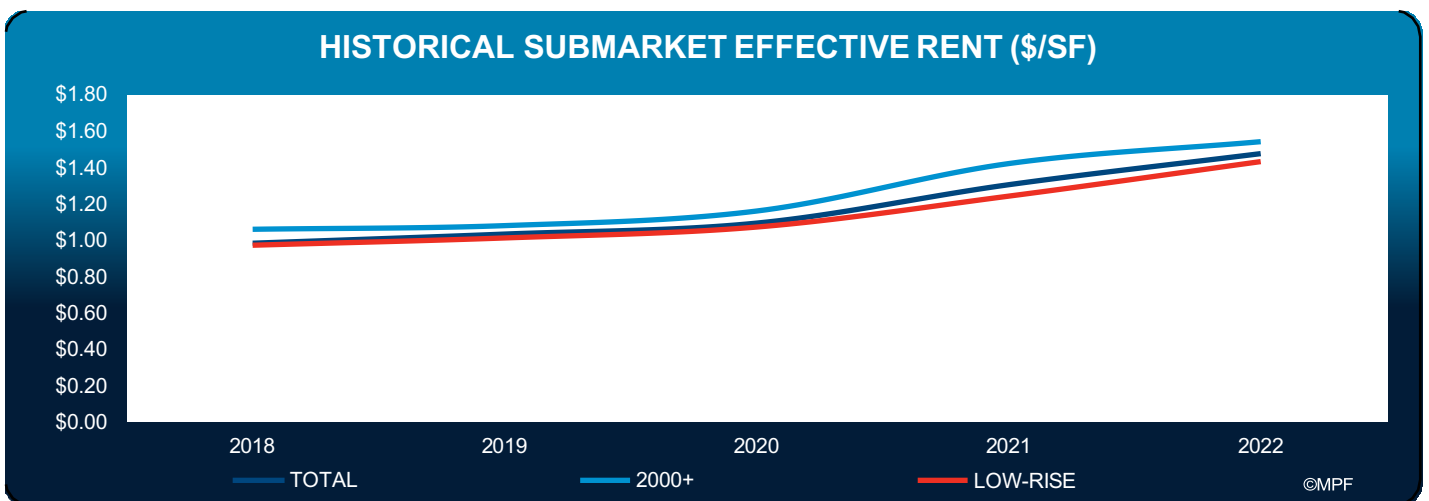
Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar



Rents have been trending upward in the submarket market since 2018. As compared to the metro, the subject generally achieves higher rents on a monthly basis and a PSF basis. The current average rent in the submarket is \$1,544 per month versus the overall market average rent at \$1,472 per month.

EFFECTIVE RENT (\$/SF)		SOUTHWEST KNOXVILLE SUBMARKET									
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	\$1.06	\$0.99	\$0.97	\$0.91	\$0.89	\$0.97	\$1.03	\$1.14	\$0.98	\$0.95	●
2019	\$1.08	\$1.05	\$0.96	\$0.96	\$0.96	\$1.01	\$1.09	\$1.19	\$1.03	\$0.99	●
2020	\$1.16	\$1.08	\$1.03	\$1.03	\$0.90	\$1.07	\$1.17	n.a.	\$1.09	\$1.04	●
2021	\$1.42	\$1.15	\$1.07	\$1.25	\$1.10	\$1.24	\$1.47	\$1.33	\$1.30	\$1.23	●
2022	\$1.54	\$1.26	\$1.18	\$1.46	\$1.66	\$1.43	\$1.58	\$1.72	\$1.47	\$1.46	●
2022 Q4	\$1.54	\$1.26	\$1.18	\$1.46	\$1.66	\$1.43	\$1.58	\$1.72	\$1.47	\$1.46	●
2023 Q1	\$1.52	\$1.34	\$1.25	\$1.46	\$1.59	\$1.44	\$1.54	\$1.74	\$1.47	\$1.47	●
2023 Q2	\$1.57	\$1.47	\$1.82	\$1.49	\$1.69	\$1.49	\$1.73	\$1.86	\$1.55	\$1.51	●
2023 Q3	\$1.63	\$1.50	\$1.82	\$1.53	\$1.77	\$1.54	\$1.80	\$1.93	\$1.60	\$1.54	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar



Submarket Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

PERCENT OF PROPERTIES OFFERING CONCESSIONS						SOUTHWEST KNOXVILLE SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	25.1%	41.8%	16.3%	33.4%	27.7%	31.4%	12.1%	99.2%	29.3%	20.2%	●
2019	19.5%	51.9%	0.0%	44.8%	27.7%	28.7%	29.4%	99.2%	30.3%	19.0%	●
2020	5.6%	17.3%	0.0%	41.4%	0.0%	23.2%	0.0%	n.a.	18.5%	9.5%	●
2021	6.3%	0.0%	0.0%	0.7%	0.0%	3.8%	0.0%	0.0%	2.9%	0.9%	●
2022	5.8%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%	2.8%	3.6%	●
2022 Q4	5.8%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%	2.8%	3.6%	●
2023 Q1	7.9%	0.0%	0.0%	0.0%	0.0%	5.2%	0.0%	0.0%	3.8%	4.9%	●
2023 Q2	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	0.0%	1.4%	7.5%	●
2023 Q3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

CONCESSIONS AS PERCENT OF PGI						SOUTHWEST KNOXVILLE SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	1.6%	6.0%	0.5%	4.7%	0.3%	3.7%	1.4%	0.3%	3.2%	2.7%	●
2019	2.2%	3.2%	n.a.	4.7%	3.2%	3.3%	4.3%	3.2%	3.5%	2.8%	●
2020	0.5%	5.5%	n.a.	3.4%	n.a.	3.3%	n.a.	n.a.	3.3%	3.9%	●
2021	0.9%	n.a.	n.a.	2.3%	n.a.	1.0%	n.a.	n.a.	1.0%	1.0%	●
2022	3.2%	n.a.	n.a.	n.a.	n.a.	3.2%	n.a.	n.a.	3.2%	3.0%	●
2022 Q4	3.2%	n.a.	n.a.	n.a.	n.a.	3.2%	n.a.	n.a.	3.2%	3.0%	●
2023 Q1	1.5%	n.a.	n.a.	n.a.	n.a.	1.5%	n.a.	n.a.	1.5%	2.3%	●
2023 Q2	1.6%	n.a.	n.a.	n.a.	n.a.	n.a.	1.6%	n.a.	1.6%	2.6%	●
2023 Q3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

As of the current quarter, there are no properties offering concessions within the submarket. Over the previous three quarters, this number has ranged from 1.4% to 3.8%.

Submarket Construction Activity

The following projects are listed as being currently under construction within the submarket.

CONSTRUCTION ACTIVITY				SOUTHWEST KNOXVILLE SUBMARKET			
PROPERTY NAME	PROPERTY TYPE	NO. OF UNITS	NO. OF STORIES	PROJECT STATUS	START DATE	FINISH DATE	
Anchor 934	Conventional	286	4	Under Construction	7/1/22	8/1/24	
Ardmore at Topside	Conventional	282	3	Under Construction	1/1/22	2/1/24	
City West	Conventional	190	4	Under Construction	2/1/22	11/1/23	
Kingston Pike Village I	Conventional	228	4	Under Construction	12/1/20	6/1/24	
Lakeview at Westland	Conventional	96	3	Under Construction	6/1/22	7/1/24	
Topside 333	Conventional	226	4	Under Construction	4/1/22	7/1/24	
Vital at Springbrook Farm	Conventional	300	4	Under Construction	1/1/22	10/1/23	
TOTAL UNITS:		1,608					

Source: MPF Research®

Within the submarket, there were 1,608 units under construction as of 2022. As of 3rd Quarter 2023, there are now 1,274 units under construction, with a total of 334 conventional projects recently completed.

Southwest Knoxville Submarket Conclusion

Rents in the Knoxville market and Southwest Knoxville submarket have been increasing steadily over the past several years and vacancies have been low. Even with an increase in supply, the aggregate vacancy rate in the submarket is less than 3%. Current rent and inventory show a balanced unit mix as well as competitive rents for surrounding areas.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's OB (Office, Medical, and Related Service Zone) zoning were listed in the Zoning Analysis section and include a variety of residential uses. The potential use that meets the requirements of the legal permissibility test is multi-family development.

Physical & Locational Factors

Regarding physical characteristics, the subject site is irregular in shape and has level topography with average access and average exposure. The subject is surrounded by residential development. Of the outright permitted uses, physical and locational features best support development of a residential property as market conditions warrant for the site's highest and best use as-vacant.

Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. In recent quarters there has been new multifamily development throughout the subject's market area. This is evidence that new multifamily construction is feasible at this time. Financial feasibility factors generally support immediate development of subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be development of a residential property as market conditions warrant.

AS-PROPOSED ANALYSIS

The proposed subject Multifamily complex is permitted within the OB zoning district. The legal factors influencing the highest and best use of the subject property support the proposed use. The project will be of average to good quality construction and will be in excellent condition, with adequate service amenities. Legal, physical, locational and marketability factors support the proposed use as the highest and best use of the subject site.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME APPROACH

This approach is used to estimate the net operating income (NOI) for the debt service analysis of this loan.

SALES COMPARISON APPROACH

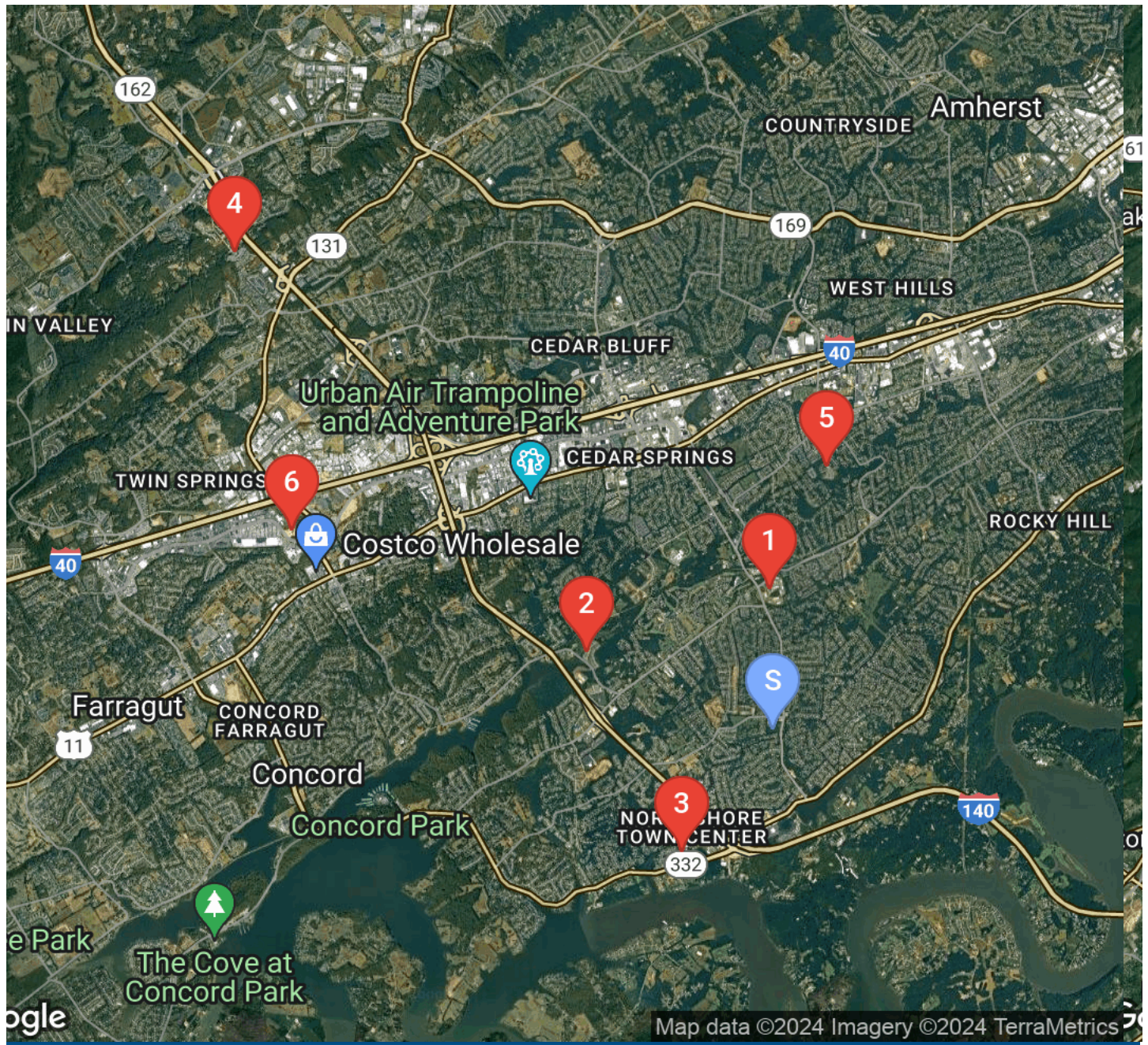
This approach is used for the land value estimate required for this loan.

INTRODUCTION

The following complexes were considered most competitive to the proposed subject development and were surveyed for pertinent information relative to rents, occupancies, and absorption (where applicable). These comparables represent recently developed complexes in the subject's market area and are considered to provide strong support for estimating achievable market rents for the proposed subject development. These comparables were selected because of the year built, finishes/quality, amenities, and location. The first six comparables have been utilized as primary comparables on the HUD-92273 grids. The additional comparables (7 through 9) were used for either supplemental support or for adjustments/other income. The developer's proforma rents are shown at the end of this section along with the appraiser's rent projections.

List of Rent Comparables						
No.	Complex Name	City	State	Date Surveyed	Units	Original Year Built
1	Crescent Ebenezer	Knoxville	TN	January 22, 2024	234	2020
2	Village at Westland Cove	Knoxville	TN	January 18, 2024	240	2019
3	Aventine Northshore	Knoxville	TN	January 18, 2024	246	2017
4	Icon Apartment Homes	Knoxville	TN	January 18, 2024	297	2021
5	The Reserve at Raintree	Knoxville	TN	January 26, 2024	120	2020
6	City West at Turkey Creek	Knoxville	TN	January 26, 2024	190	2023
7	Tapestry at Turkey Creek	Knoxville	TN	January 17, 2024	220	2018
8	Wellsley Park at Deane Hill	Knoxville	TN	January 22, 2024	358	2014
9	Overlook @ Farragut	Knoxville	TN	January 22, 2024	267	2019
Subject	Appraiser's Projection	Knoxville	TN	January 12, 2024	47	2026

RENT COMPARABLE LOCATION MAP



Map data ©2024 Imagery ©2024 TerraMetrics

COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC %	AVG SF/UNIT	UNITS	BUILT
SUBJECT	-	Bluegrass Village	1645 Ebenezer Road, Knoxville, TN	-	1,436	47	2026
No. 1	1.3 Miles	Crescent Ebenezer	8860 Crescent Lake Way, Knoxville, TN	91.0%	1,164	234	2020
No. 2	1.8 Miles	Village at Westland Cove	9635 Westland Cove Way, Knoxville, TN	95.0%	1,147	240	2019
No. 3	1.4 Miles	Aventine Northshore	1971 Willow Loop Way, Knoxville, TN	94.7%	1,031	246	2017
No. 4	6.6 Miles	Icon Apartments Homes	1980 Icon Way, Knoxville, TN	90.6%	1,168	297	2021
No. 5	2.5 Miles	The Reserve at Raintree	651 Rainforest Road, Knoxville, TN	90.0%	1,050	120	2020
No. 6	4.8 Miles	City West at Turkey Creek	10865 Parkside Drive, Knoxville, TN	90.5%	850	190	2023

COMPARABLE 1

LOCATION INFORMATION

Name Crescent Ebenezzer
 Address 8860 Crescent Lake Way
 City, State, Zip Code Knoxville, TN, 37923
 MSA Knoxville, TN

PHYSICAL INFORMATION

Project Design Garden
 Number of Units 234
 Year Built 2020
 Net Rentable Area (NRA) 272,448
 Average Unit Size (SF) 1,164
 Rent Type Market Rent
 Location Good/Excellent
 Quality Good/Excellent
 Condition Good/Excellent
 Project Amenities BBQ/Picnic Area, Business Center, Car Wash, Clubhouse, Dog Park, Fitness Center, Game Room, Pet Policy, Playground, Sport Court, Swimming Pool



Unit Amenities Air Conditioning, Balcony/Patio, Ceiling Fans, Complete Appliance Package, Parking Open, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer Hookups

CRESCENT EBENEZER

OCCUPANCY / ABSORPTION

Occupancy Rate 91%

CONFIRMATION

Name Kelly - Leasing Agent
 Source Crescent Ebenezzer
 Date 01/22/2024
 Phone Number +1 865 456 5112

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage		✓
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

REMARKS

This complex is currently 91% occupied and 94% preleased. The property is offering one month of free rent on 12- or 15- month leases on 3BR units. Detached garages are available for \$200/month (handicap units are \$275/month); storage units are available for \$50/month. Washer/dryer appliances are an additional \$40 per month. There are no utilities included in the rents. The leasing agent said the rents on their website were current and accurate and that they are not on a daily pricing system.

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	12	767	\$1,690	\$1,690	\$1,690
1 BD / 1 BA	12	769	\$1,694	\$1,694	\$1,694
1 BD / 1 BA	18	921	\$1,825	\$1,825	\$1,825
2 BD / 2 BA	72	1,175	\$1,912	\$1,962	\$1,937
2 BD / 2 BA	36	1,204	\$2,056	\$2,106	\$2,081
2 BD / 2 BA	36	1,204	\$2,016	\$2,016	\$2,016
2 BD / 2 BA	6	1,225	\$2,047	\$2,047	\$2,047
2 BD / 2 BA	6	1,412	\$2,328	\$2,328	\$2,328
3 BD / 2 BA	36	1,398	\$2,390	\$2,540	\$2,465

COMPARABLE 2

LOCATION INFORMATION

Name Village at Westland Cove
 Address 9635 Westland Cove Way
 City, State, Zip Code Knoxville, TN, 37922
 MSA Knoxville, TN

PHYSICAL INFORMATION

Project Design Garden
 Number of Units 240
 Year Built 2019
 Net Rentable Area (NRA) 275,222
 Average Unit Size (SF) 1,147
 Rent Type Market Rent
 Location Average/Good
 Quality Good/Excellent
 Condition Good/Excellent
 Project Amenities BBQ/Picnic Area, Business Center, Car Wash, Clubhouse, Common Area Wi-Fi, Dog Park, Electronic Gate, Fitness Center, On-site Manager, Perimeter Fence, Pet Policy, Spa/Sauna, Swimming Pool
 Unit Amenities Air Conditioning, Balcony/Patio, Ceiling Fans, Complete Appliance Package, Parking Open, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer In-Unit



VILLAGE AT WESTLAND COVE

OCCUPANCY / ABSORPTION

Occupancy Rate 95%

CONFIRMATION

Name Candace - Leasing Agent
 Source Greystar
 Date 01/18/2024
 Phone Number +1 833 533 0445

UTILITIES INCL. IN RENT NOT INCL. IN RENT

Electricity ✓
 Water ✓
 Hot Water ✓
 Sewer ✓
 Garbage ✓
 Telephone ✓
 Gas ✓
 Cable/Satellite ✓
 High-Speed Internet ✓

REMARKS

This property uses Yieldstar for daily pricing. This complex is currently 95% occupied and 97.5% preleased. There are no concessions being offered. There are no utilities included in the rents. Water/sewer is billed by a third party and valet trash is \$30/month. Detached garages are available for \$225/month and storage units for \$50 per month. The property was leased up at a rate of approximately 14.4 units/month.

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	12	717	\$1,574	\$1,574	\$1,574
1 BD / 1 BA	38	725	\$1,757	\$1,757	\$1,757
1 BD / 1 BA	12	869	\$1,897	\$1,897	\$1,897
2 BD / 2 BA	57	1,232	\$1,898	\$1,898	\$1,898
2 BD / 2 BA	9	1,248	\$2,124	\$2,124	\$2,124
2 BD / 2 BA	48	1,248	\$2,124	\$2,124	\$2,124
2 BD / 2 BA	40	1,270	\$2,184	\$2,184	\$2,184
3 BD / 2 BA	24	1,520	\$2,400	\$2,500	\$2,450

COMPARABLE 3

LOCATION INFORMATION

Name	Aventine Northshore
Address	1971 Willow Loop Way
City, State, Zip Code	Knoxville, TN, 37922
MSA	Knoxville, TN

PHYSICAL INFORMATION

Project Design	Garden
Number of Units	246
Year Built	2017
Net Rentable Area (NRA)	253,552
Average Unit Size (SF)	1,031
Rent Type	Market Rent
Location	Good
Quality	Excellent
Condition	Excellent
Project Amenities	BBQ/Picnic Area, Business Center, Car Wash, Clubhouse, Courtyard, Dog Park, Elevators, Fitness Center, Game Room, On-site Manager, Pet Policy, Storage Units, Swimming Pool
Unit Amenities	Air Conditioning, Balcony/Patio, Ceiling Fans, Complete Appliance Package, Parking Open, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer In-Unit



AVENTINE NORTHSHORE

OCCUPANCY / ABSORPTION

Occupancy Rate	95%
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CONFIRMATION

Name	Hannah - Leasing Agent
Source	Flourmoy
Date	01/18/2024
Phone Number	+1 865 205 8090

REMARKS

The complex uses YieldStar. This complex is currently 94.72% occupied and 91.87% preleased. The property is waiving application and administration fees (total concession of \$350 or \$29 per month). There are no utilities included in the rents. Additional fees include pest control at \$10/month, package fee at \$10/month, valet trash at \$35/month, and water/sewer at \$70 for 1BR, \$80 for 2BR, and \$90 for 3BR. Attached garages are \$250/month and storage units are \$50/month. The complex reported an approximately absorption of 33.4 units/month.

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage		✓
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	20	690	\$1,514	\$1,559	\$1,537
1 BD / 1 BA	39	812	\$1,666	\$1,710	\$1,688
1 BD / 1 BA	33	867	\$1,681	\$1,708	\$1,695
1 BD / 1 BA	4	985	\$2,310	\$2,310	\$2,310
1 BD / 1 BA	4	996	\$1,721	\$1,721	\$1,721
1 BD / 1 BA	4	1,005	\$2,220	\$2,220	\$2,220
2 BD / 1 BA	4	1,062	\$1,958	\$1,958	\$1,958
2 BD / 2 BA	15	998	\$2,028	\$2,058	\$2,043
2 BD / 2 BA	21	1,061	\$2,106	\$2,189	\$2,148
2 BD / 2 BA	56	1,145	\$1,972	\$2,028	\$2,000
2 BD / 2 BA	10	1,241	\$2,071	\$2,071	\$2,071
3 BD / 2 BA	36	1,375	\$2,700	\$2,700	\$2,700

COMPARABLE 4

LOCATION INFORMATION

Name	Icon Apartments Homes
Address	1980 Icon Way
City, State, Zip Code	Knoxville, TN, 37932
MSA	Knoxville, TN

PHYSICAL INFORMATION

Project Design	Low -Rise
Number of Units	297
Year Built	2021
Net Rentable Area (NRA)	346,977
Average Unit Size (SF)	1,168
Rent Type	Market Rent
Location	Average
Quality	Good/Excellent
Condition	Good/Excellent
Project Amenities	Business Center, Clubhouse, Common Area Wi-Fi, Courtyard, Dog Park, Fitness Center, Game Room, On-site Manager, Perimeter Fence, Pet Policy, Playground, Spa/Sauna, Swimming Pool
Unit Amenities	Air Conditioning, Balcony/Patio, Ceiling Fans, Complete Appliance Package, Parking Open, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer Hookups



ICON APARTMENTS HOMES

OCCUPANCY / ABSORPTION

Occupancy Rate	91%
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CONFIRMATION

Name	Regina - Leasing Agent
Source	RAM Properties
Date	01/18/2024
Phone Number	+1 865 253 7784

REMARKS

This property is 90.57% occupied and 93.6% preleased. The property is offering \$2,000 off if leased within 48 hours of touring as well as waived administration and application fees of \$325 for a total concession of \$2,325 or \$194 per month. In addition to the base rents, additional monthly fees include an internet fee of \$75, trash of \$10, utility billing fee of \$7, pest control of \$5 and amenity fee of \$25. Garages are available to lease for \$150 per month. According to the leasing agent, the property opened in phases with the official opening in May 2021 and the final units completed in February 2022. The property was stabilized at 95% within 18 months, which equates to an absorption of approximately 16 units per month.

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage		✓
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	14	857	\$1,995	\$1,995	\$1,995
1 BD / 1 BA	29	860	\$1,895	\$1,895	\$1,895
1 BD / 1 BA	31	922	\$1,750	\$1,750	\$1,750
2 BD / 2 BA	29	1,150	\$2,050	\$2,050	\$2,050
2 BD / 2 BA	7	1,169	\$2,295	\$2,295	\$2,295
2 BD / 2 BA	109	1,208	\$1,950	\$1,950	\$1,950
2 BD / 2 BA	30	1,282	\$2,095	\$2,095	\$2,095
3 BD / 2 BA	48	1,454	\$2,575	\$2,575	\$2,575

COMPARABLE 5

LOCATION INFORMATION

Name The Reserve at Raintree
 Address 651 Rainforest Road
 City, State, Zip Code Knoxville, TN, 37923
 MSA Knoxville, TN

PHYSICAL INFORMATION

Project Design Garden
 Number of Units 120
 Year Built 2020
 Net Rentable Area (NRA) 126,000
 Average Unit Size (SF) 1,050
 Rent Type Market Rent
 Location Average
 Quality Excellent
 Condition Excellent
 Project Amenities Clubhouse, Fitness Center, Game Room, Pet Policy, Playground, Swimming Pool



Unit Amenities Air Conditioning, Balcony/Patio, Ceiling Fans, Complete Appliance Package, Parking Open, Premium Appliances, Premium Flooring, Walk-in Closets, Washer/Dryer Hookups

THE RESERVE AT RAINTREE

OCCUPANCY / ABSORPTION

Occupancy Rate 90%

CONFIRMATION

Name Developer
 Source Dominion
 Date 01/26/2024

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage		✓
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

REMARKS

This comparable represents a class A multi-family property offering 120 units. This property was delivered in 2020 and offers multiple amenities. The property is currently 90% per CoStar. There are no utilities included in the rents. Additional monthly fees include a building fee (\$10) and valet trash fee (\$28).

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	48	900	\$1,650	\$1,650	\$1,650
2 BD / 2 BA	60	1,100	\$1,850	\$1,850	\$1,850
3 BD / 2 BA	12	1,400	\$2,100	\$2,100	\$2,100

COMPARABLE 6

LOCATION INFORMATION

Name City West at Turkey Creek
 Address 10865 Parkside Drive
 City, State, Zip Code Knoxville, TN, 37934

PHYSICAL INFORMATION

Project Design Garden
 Number of Units 190
 Year Built 2023
 Net Rentable Area (NRA) 161,546
 Average Unit Size (SF) 850
 Rent Type Market Rent
 Location Good
 Quality Good
 Condition Excellent
 Appeal Good
 Project Amenities Clubhouse, Courtyard, Fitness Center, Swimming Pool



CITY WEST AT TURKEY CREEK

OCCUPANCY / ABSORPTION

Occupancy Rate 91%

Unit Amenities Balcony/Patio, Complete Appliance Package, Parking Open, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer In-Unit

CONFIRMATION

Name Developer
 Source Dominion
 Date 01/26/2024

UTILITIES

	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage		✓
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

REMARKS

According to CoStar, the property is 90.5% leased. There are no utilities included in the rents.

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
STUDIO / 1 BA	10	545	\$1,400	\$1,400	\$1,400
STUDIO / 1 BA	10	594	\$1,498	\$1,498	\$1,498
STUDIO / 1 BA	11	610	\$1,475	\$1,475	\$1,475
STUDIO / 1 BA	11	725	\$1,425	\$1,425	\$1,425
1 BD / 1 BA	24	749	\$1,694	\$1,694	\$1,694
1 BD / 1 BA	24	760	\$1,713	\$1,713	\$1,713
1 BD / 1 BA	24	780	\$1,650	\$1,650	\$1,650
2 BD / 2 BA	12	890	\$1,950	\$1,950	\$1,950
2 BD / 2 BA	13	961	\$2,000	\$2,000	\$2,000
2 BD / 2 BA	13	989	\$2,031	\$2,031	\$2,031
2 BD / 2 BA	13	1,061	\$2,075	\$2,075	\$2,075
2 BD / 2 BA	13	1,072	\$2,144	\$2,144	\$2,144
3 BD / 2 BA	12	1,398	\$2,335	\$2,335	\$2,335

HUD 92273 FORMS

Estimates of Market Rent by Comparison

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

Public reporting burden for this collection of information is estimated to average 24 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is being collected under Public Law 101-625 which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgagors insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rent, property security, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is assured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)	F. Comparable Property No. 6 (address)						
3BR / 2BA	Bluegrass Village 1645 Ebenezer Road Knoxville, TN 37922	Crescent Ebenezer 8860 Crescent Way Knoxville, TN 37923	Village at Westland Cove 9635 Westland Cove Way Knoxville, TN 37922	Aventine Northshore 1971 Willow Loop Way Knoxville, TN 37922	Icon Apartment Homes 1980 Icon Way Knoxville, TN 37932	The Reserve at Raintree 651 Rainforest Road Knoxville, TN 37923	City West at Turkey Creek 10865 Parkside Drive Knoxville, TN 37934						
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	Jan-24	Jan-24		Jan-24		Jan-24		Jan-24		Jan-24		Jan-24	
4. Type of Project/Stories	WU-3	WU-3		WU-3/4		WU&E-3/4/5		WU-3		WU-3		WU-3	
5. Floor of Unit in Building	All	All		All		All		All		All		All	
6. Project Occupancy %	93%	91%		95%		95%		91%		90%		91%	
7. Concessions	No	Yes	-\$203	No		Yes	-\$29	Yes	-\$194	No		No	
8. Year Built	2026	2020	\$25	2019	\$50	2017	\$50	2021	\$25	2020	\$25	2023	
9. SF Area	1,334	1,398	-\$28	1,520	-\$75	1,375	-\$20	1,454	-\$53	1,400	-\$25	1,398	-\$27
10. Number of Bedrooms	3	3		3		3		3		3		3	
11. Number of Bath	2	2		2		2		2		2		2	
12. Number of Rooms	7	7		7		7		7		7		7	
13. Balc/Terrace/Patio	No	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10
14. Garage or Carport	Surface	Available +\$200		Available +\$225		Available +\$250		Available +\$150		Surface		Surface	
15. Equipment a) A/C	Yes-Central	Yes-Central		Yes-Central		Yes-Central		Yes-Central		Yes-Central		Yes-Central	
b) Range/Oven	R/O	R/O		R/O		R/O		R/O		R/O		R/O	
c) Refrigerator	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
d) Disposal	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
e) Microwave	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
f) Dishwasher	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
g) Washer/Dryer	HU	HU		WD	-\$40	WD	-\$40	HU		HU		WD	-\$40
h) Flooring	VP	VP/C		VP/C		VP/C		VP		VP/C		Concrete/VP	
i) Pool/Rec Area	No/Yes	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$10	Yes/Yes	-\$25
j) Countertops	Granite	Quartz		Granite		Granite		Quartz	\$25	Laminate		Quartz	
16. Services a) Heat/Type	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
b) Cook/Type	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
c) Electricity	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
d) Water Cold/Hot	Yes	No	\$207	No	\$207	No	\$207	No	\$207	No	\$207	No	\$207
e) Internet/Cable	Internet	No	\$50	No	\$50	No	\$50	No	\$50	No	\$50	No	\$50
f) Valet Trash	No	No		No		No		No		No		No	
e) Service Coordinator	Yes	No	\$20	No	\$20	No	\$20	No	\$20	No	\$20	No	\$20
17. Storage	No	No		No		No		No		No		No	
18. Project Location	Good	Good		Good		Superior	-\$135	Good		Average		Superior	-\$117
19. Other: a) Appeal	Good	Good		Superior	-\$123	Superior	-\$270	Superior	-\$258	Good		Good	
b) Den	No	No		No		No		No		No		No	
20. Unit Rent per Month		\$2,435		\$2,450		\$2,700		\$2,575		\$2,100		\$2,335	
21. Total Adjustment			\$36		\$55		-\$202		-\$238		\$282		\$58
22. Indicated Rent		\$2,471		\$2,505		\$2,498		\$2,338		\$2,382		\$2,393	
23. Correlated Subject Rent	\$2,425	<input checked="" type="checkbox"/>	If there are any Remarks, check here and add the remarks to the back of page.										

Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature: *M. C. Pate* Date: January 29, 2024
Reviewer's Signature: _____

Previous versions are obsolete

mean	\$2,431	median	\$2,432					
min	\$2,338	max	\$2,505					
Unadjusted Rent Per SF of the Comparables	\$1.74		\$1.61	\$1.96	\$1.77	\$1.50	\$1.67	\$1.71
Adjusted Rent Per SF of the Comparables	\$1.77		\$1.65	\$1.82	\$1.61	\$1.70	\$1.71	\$1.71
Correlated Rent Per SF	\$1.82							
Contract Rent	\$2,394	\$1.79						

Estimates of Market Rent by Comparison

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)		F. Comparable Property No. 6 (address)	
4BR / 2BA	Bluegrass Village 1645 Ebenezer Road Knoxville, TN 37922	Crescent Ebenezer 8860 Crescent Way Knoxville, TN 37923		Village at Westland Cove 9635 Westland Cove Way Knoxville, TN 37922		Aventine Northshore 1971 Willow Loop Way Knoxville, TN 37922		Icon Apartment Homes 1980 Icon Way Knoxville, TN 37932		The Reserve at Raintree 651 Rainforest Road Knoxville, TN 37923		City West at Turkey Creek 10865 Parkside Drive Knoxville, TN 37934	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	Jan-24	Jan-24		Jan-24		Jan-24		Jan-24		Jan-24		Jan-24	
4. Type of Project/Stories	WU-3	WU-3		WU-3/4		WU&E-3/4/5		WU-3		WU-3		WU-3	
5. Floor of Unit in Building	All	All		All		All		All		All		All	
6. Project Occupancy %	93%	91%		95%		95%		91%		90%		91%	
7. Concessions	No	Yes	-\$203	No		Yes	-\$29	Yes	-\$194	No		No	
8. Year Built	2026	2020	\$25	2019	\$50	2017	\$50	2021	\$25	2020	\$25	2023	
9. SF Area	1,543	1,398	\$63	1,520	\$9	1,375	\$82	1,454	\$39	1,400	\$54	1,398	\$61
10. Number of Bedrooms	3	3	\$100	3	\$100	3	\$100	3	\$100	3	\$100	3	\$100
11. Number of Bath	2	2		2		2		2		2		2	
12. Number of Rooms	7	7		7		7		7		7		7	
13. Balc/Terrace/Patio	No	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10	Yes	-\$10
14. Garage or Carport	Surface	Available +\$200		Available +\$225		Available +\$250		Available +\$150		Surface		Surface	
15. Equipment a) A/C	Yes-Central	Yes-Central		Yes-Central		Yes-Central		Yes-Central		Yes-Central		Yes-Central	
b) Range/Oven	R/O	R/O		R/O		R/O		R/O		R/O		R/O	
c) Refrigerator	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
d) Disposal	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
e) Microwave	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
f) Dishwasher	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
g) Washer/Dryer	HU	HU		WD	-\$40	WD	-\$40	HU		HU		WD	-\$40
h) Flooring	VP	VP/C		VP/C		VP/C		VP		VP/C		Concrete/VP	
i) Pool/Rec Area	No/Yes	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$25	Yes/Yes	-\$10	Yes/Yes	-\$25
j) Countertops	Granite	Quartz		Granite		Granite		Quartz		Laminate	\$25	Quartz	
16. Services a) Heat/Type	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
b) Cook/Type	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
c) Electricity	No / E	No / E		No / E		No / E		No / E		No / E		No / E	
d) Water Cold/Hot	Yes	No	\$273	No	\$273	No	\$273	No	\$273	No	\$273	No	\$273
e) Internet/Cable	Internet	No	\$50	No	\$50	No	\$50	No	\$50	No	\$50	No	\$50
f) Valet Trash	No	No		No		No		No		No		No	
e) Service Coordinator	Yes	No	\$20	No	\$20	No	\$20	No	\$20	No	\$20	No	\$20
17. Storage	No	No		No		No		No		No		No	
18. Project Location	Good	Good		Good		Superior	-\$135	Good		Good		Superior	-\$117
19. Other: a) Appeal	Good	Good		Superior	-\$123	Superior	-\$270	Superior	-\$258	Good		Good	
b) Den	No	No		No		No		No		No		No	
20. Unit Rent per Month		\$2,435		\$2,450		\$2,700		\$2,575		\$2,100		\$2,335	
21. Total Adjustment			\$293		\$305		\$66		\$21		\$527		\$312
22. Indicated Rent		\$2,728		\$2,755		\$2,766		\$2,596		\$2,627		\$2,647	
23. Correlated Subject Rent	\$2,725	<input checked="" type="checkbox"/>	If there are any Remarks, check here and add the remarks to the back of page.										

Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature: *Al C. Fink* Date: January 29, 2024 Reviewer's Signature: _____

Previous versions are obsolete

mean	\$2,686	median	\$2,688										
min	\$2,596	max	\$2,766										
Unadjusted Rent Per SF of the Comparables			\$1.74		\$1.61		\$1.96		\$1.77		\$1.50		\$1.67
Adjusted Rent Per SF of the Comparables			\$1.95		\$1.81		\$2.01		\$1.79		\$1.88		\$1.89
Correlated Rent Per SF	\$1.77												\$1.71
Contract Rent	\$2,787	\$1.81											avg.

MARKET RENT ANALYSIS

The previous HUD-92273 forms show the subject in comparison to competitive market rentals with appropriate adjustments for varying feature characteristics. Specific comparable units were selected based on comparability within unit type, particularly relative to square footage. In analyzing the comparable rentals, it is noted that these comparables represent the most competitive projects to the proposed subject property relative to location, design, and targeted market.

EXPLANATION OF ADJUSTMENTS AND MARKET RENT CONCLUSIONS

Line 3. Effective Date of Rental. The grids show current rents (January 2024) with no adjustments necessary.

Line 4. Type of Project/Stories. The subject will reflect a garden design, similar to the comparables. No adjustments are needed.

Line 6. Project Occupancy %. The comparables on the grids reported a range from 90% to 95%. No adjustments are needed.

Line 7. Concessions. *Crescent Ebenezer* is offering one month of free rent on 12- or 15-month leased on 3BR units. *Aventine Northshore* is waiving application and administrative fees for a total concession of \$350 (or \$29 per month). *Icon Apartment Homes* is offering \$2,000 off if leased within 48 hours of touring as well as waived application and administrative fees of \$325 for a total concession of \$2,325 or \$194 per month. Adjustments have been applied accordingly.

Line 8. Year Built. The comparables range in year built from 2017 to 2023. Positive adjustments ranging from \$25 to \$50 were applied to all of the comparables (except *City West at Turkey Creek*) to account for their inferior age. Consideration is given to the effective age as compared to the subject along with paired rental analysis.

Line 9. Square Footage. To value the size differences between the subject and the comparables, we reviewed the rents quoted at several complexes within the surrounding market having several floor plans within the same unit type (e.g., having two or three 2BR/2BA floor plans where the primary difference was size). The following chart was put together from the dataset from the report. Overall variances ranged from \$0.12 to \$1.96 per square foot; largely due to daily pricing models which can skew the averages. In addition to these properties, consideration has been given to the overall rental rates per square foot and the adjustment being a reasonable ratio.

Complex	Unit Type	SF	Difference	Rent	Difference	Rent Per SF	% of Rent Per SF
Crescent Ebenezer	1BR/1BA	921	154	\$1,825	\$135	\$0.88	44%
	1BR/1BA	767		\$1,690			
Village at Westland Cove	1BR/1BA	869	144	\$1,897	\$140	\$0.97	45%
	1BR/1BA	725		\$1,757			
Aventine Northshore	1BR/1BA	867	177	\$1,695	\$158	\$0.89	46%
	1BR/1BA	690		\$1,537			
Tapestry at Turkey Creek	1BR/1BA	862	16	\$1,500	\$11	\$0.69	40%
	1BR/1BA	846		\$1,489			
Wellsley Park at Deane Hill	1BR/1BA	865	60	\$1,998	\$29	\$0.48	21%
	1BR/1BA	805		\$1,969			
	Mean					\$0.78	39%
	Median					\$0.88	44%

Complex	Unit Type	SF	Difference	Rent	Difference	Rent Per SF	% of Rent Per SF
Crescent Ebenezer	2BR/2BA	1,225	21	\$2,047	\$31	\$1.48	88%
	2BR/2BA	1,204		\$2,016			
Aventine Northshore	2BR/2BA	1,241	243	\$2,071	\$28	\$0.12	7%
	2BR/2BA	998		\$2,043			
Icon Apartment Homes	2BR/2BA	1,282	74	\$2,095	\$145	\$1.96	120%
	2BR/2BA	1,208		\$1,950			
City West at Turkey Creek	2BR/2BA	1,061	72	\$2,075	\$44	\$0.61	31%
	2BR/2BA	989		\$2,031			
Tapestry at Turkey Creek	2BR/2BA	1,216	33	\$1,880	\$46	\$1.39	90%
	2BR/2BA	1,183		\$1,834			
Wellsley Park at Deane Hill	2BR/2BA	1,235	37	\$1,944	\$70	\$1.89	120%
	2BR/2BA	1,198		\$1,874			
	Mean					\$1.24	76%
	Median					\$1.44	89%

Complex	Unit Type	SF	Difference	Rent	Difference	Rent Per SF	% of Rent Per SF
Hunters Point	3BR/2BA	1,430	96	\$2,055	\$135	\$1.41	98%
	3BR/2BA	1,334		\$1,920			
	Mean					\$1.41	98%
	Median					\$1.41	98%

Based on our analysis, we concluded that a value of roughly 25% of the rent per square foot is appropriate given the other line item adjustments and daily pricing. Given the average rents per square foot in this survey, this equates to an approximate range of \$0.38 to \$0.49 per square foot, which is considered to be reasonable particularly when considering the other line item adjustments applied on the grids. An adjustment is calculated based upon the square footage difference between the subject and the comparable that is then multiplied by the price per square foot cost variance. The following formula is used in the grids for SF adjustments, with the result rounded:

$$(\text{Comp SF} - \text{Subject SF}) \times (25\% \times \text{Rent/SF of the Comparable})$$

Line 10. # Bedrooms. The only variance is on the four-bedroom grid. None of the comparables offering four-bedroom units; therefore, three-bedroom units have been utilized on the four-bedroom grid. A positive \$100 adjustment was applied to the comparables based on the following market data. An adjustment on the low end the range is considered appropriate since the four-bedroom units are not present in the market.

Bedroom Adjustment								
Complex	Unit Type	SF	Difference	Rent	Rent Difference	SF adj. @ 25% of \$/SF	Remaining BR Adj.	Rent/SF
Village at Westland Cove	3BR/2BA	1,520	250	\$2,450	\$266	\$101	\$165	\$1.61
	2BR/2BA	1,270		\$2,184				
Aventine Northshore	2BR/1BA	1,062	66	\$1,958	\$237	\$30	\$207	\$1.84
	1BR/1BA	996		\$1,721				
Tapestry at Turkey Creek	3BR/2BA	1,371	182	\$2,065	\$259	\$69	\$190	\$1.51
	2BR/2BA	1,189		\$1,806				
Wellsley Park at Deane Hill	3BR/2BA	1,426	223	\$2,324	\$359	\$91	\$268	\$1.63
	2BR/2BA	1,203		\$1,965				
Reserve at Raintree	3BR/2BA	1,400	300	\$2,176	\$348	\$117	\$231	\$1.55
	2BR/2BA	1,100		\$1,828				
City West at Turkey Creek	3BR/2BA	1,398	337	\$2,335	\$260	\$141	\$119	\$1.67
	2BR/2BA	1,061		\$2,075				
	Mean						\$197	\$1.64
	Median						\$199	\$1.62

Line 11. # Baths. No variances.

Line 12. # Rooms. Accounted for in Line 10 above.

Line 13. Balcony/Terrace/Patio. The subject units will not feature a patio or balcony. A downward \$10 adjustment was applied to the comparables that include this amenity.

Line 14. Garage or Carport. The subject will feature surface parking at no additional fee, same as all of the comparables. Some comparables offer garages for an additional fee. No adjustments are needed.

Line 15a. AC: Central/Wall. The subject will have individual central heat and air conditioning systems, as do all of the comparables. No adjustments were necessary.

Line 15b-f. Range/Oven, Refrigerator, Disposal, Microwave, Dishwasher. The subject and all of the comparable units have a range/oven, a frost-free refrigerator with icemaker, dishwasher, microwave, and disposal. No adjustments are needed.

Line 15g. Washer/Dryer. The subject will include washer and dryer connections within the units. A downward \$40 adjustment was applied to comparables that include washer/dryer appliances in their rents. Said adjustment is based on the following market data.

Washer/Dryer Appliance Premiums			
Complex	City	State	W/D
Crescent Ebenezer	Knoxville	TN	\$40
Legends at Oak Grove Ph. I	Knoxville	TN	\$45
The Enclave at Hardin Valley	Knoxville	TN	\$40
Windover	Knoxville	TN	\$84
The Gables	Cookeville	TN	\$40
Canyon Ridge	Hermitage	TN	\$30
Cherry Creek Ph. III	Hermitage	TN	\$40
Bradford Chase	Jackson	TN	\$40
Post House North	Jackson	TN	\$40
Summer Chase	Johnson City	TN	\$25
Allandale Falls	Kingsport	TN	\$30
Graceland Square	Memphis	TN	\$20
Mill Creek	Memphis	TN	\$30
Everwood at the Avenue	Murfreesboro	TN	\$45
The Fountains	Nashville	TN	\$30
	Mean		\$39
	Median		\$40

Line 15h. Flooring. The subject will feature vinyl plank flooring throughout, similar to the comparables. No adjustments are needed.

Line 15i. Pool/Recreation Areas. The subject will have some recreational amenities but will not feature a swimming pool. A downward \$10 adjustment was applied to comparables that include this amenity.

Line 15j. Countertops. The subject will feature granite countertops. A positive \$25 adjustment was applied to comparables with laminate countertops. Said adjustment is based on the following regional market data.

Granite Countertop Premiums			
Complex	City	State	Premium
The Reserve at Johnson City	Johnson City	TN	\$10
The Retreat at West Creek	Richmond	VA	\$45
Addison Park	Huntsville	AL	\$20
Springs at Chattanooga	Chattanooga	TN	\$50
Amberleigh Bluff	Knoxville	TN	\$20
Mean			\$29
Median			\$20

Line 16a-f. Services. The subject and each of the comparables are fully electric with electricity being the responsibility of the tenant. Water/sewer will be included in the subject rents. None of the comparables include this expense in their rents. Positive adjustments were made based on local utility allowances or the flat fee at the comparable property. The subject will include internet in the rent whereas none of the comparables do. A positive \$50 adjustment was applied based on the following market data.

Basic Cable & Internet					
Complex	City	State	Cable	Internet	Combo
Blackthorn	Greensboro	NC	\$35	-	-
The Park at Avention	Greensboro	NC	\$50	-	-
Cityview at Southside	Greensboro	NC	\$45	-	-
Camden Sedgebrook	Huntersville	NC	-	-	\$116
Camden Reunion Park	Apex	NC	-	-	\$86
Grand View Luxury Apartments	Wilmington	NC	-	-	\$75
The Legends at Morganton Park	Southern Pines	NC	-	-	\$50
Crescent Alexander Village	Charlotte	NC	-	-	\$76
Avalon Apartments	Wilmington	NC	\$48	\$45	-
The Reserve at Forest Hills	Wilmington	NC	\$48	\$45	-
180 West	Carrboro	NC	-	-	\$100
Midtown 501	Chapel Hill	NC	-	-	\$92
Nova Chapel Hill	Durham	NC	\$42	\$27	-
Grand View Luxury	Wilmington	NC	-	-	\$75
Greystone at Wide Waters	Knightdale	NC	\$50	-	-
Northstone	Raleigh	NC	\$25	-	-
The Village at Marquee Square	Fuquay Varnia	NC	-	-	\$75
The Montgomery Building	Spartanburg	SC	-	-	\$75
Arcadia Station Lofts	Spartanburg	SC	-	-	\$45
Camden St. Clair	Atlanta	GA	-	-	\$100
Colonial Village at Trussville	Trussville	AL	\$40	-	-
The Oaks of St. Clair	Moody	AL	-	-	\$75
Southbrook	Birmingham	AL	-	-	\$55
The Outlook at Greystone	Birmingham	AL	-	-	\$85
Avenues of Lakeshore	Birmingham	AL	-	-	\$115
The Oaks at Lakeshore	Birmingham	AL	-	-	\$80
Lakeshore Ridge	Birmingham	AL	-	-	\$80
Post House Jackson	Jackson	TN	\$40	-	-
Bradford Chase	Jackson	TN	\$40	-	-
The Oaks	Jackson	TN	\$40	-	-
Mean			\$42	\$39	\$81
Median			\$41	\$45	\$78

Local Internet Fees	
Provider	Monthly Fee
AT&T	\$55
Xfinity	\$55
Wow!	\$34
Frontier	\$65
HughesNet	\$50
Viasat	\$50
Mean	\$51
Median	\$53

Line 16e. Service Coordinator. The subject will offer services to include mental health services, substance abuse counseling and treatment, household management, job training/employment services, education and vocational services. None of the comparables include these services. A positive \$20 adjustment has been applied to each comparable to account for this variance.

Line 17. Storage. The subject units will not include additional storage, neither do the comparables. No adjustments are needed.

Line 18. Project Location. The subject and most of the comparables are all located in locations that are considered good. A downward 5% adjustment was applied to *Aventine Northshore* and *City West at Turkey Creek* to account for their superior locations. No adjustment is necessary.

Line 19a. Overall Appeal. The subject will have good overall appeal. A downward 5% adjustment was applied to *Village at Westland Cove* and downward 10% adjustments were applied to *Aventine Northshore* and *Icon Apartment Homes* to account for their superior overall appeal.

Line 23. Correlated Subject Rent. The adjusted range in rents for the two grids is outlined below.

Grid No.	Unit Type	Adjusted Comparable Rents				Subject Contract Rent	Subject Estimated Market Rent
		Min	Mean	Median	Max		
1	3BR / 2BA	\$2,338	\$2,431	\$2,432	\$2,505	\$2,394	\$2,425
2	4BR / 2BA	\$2,596	\$2,686	\$2,688	\$2,766	\$2,787	\$2,725

As previously stated, the comparable rentals herein represent the most similar projects in the market in location, design, and targeted market to the proposed subject units. Based on our analysis of the comparable rental data, market rents for the subject units are estimated to be generally near the mid-range of the adjusted comparables.

The chart below outlines the data of the six primary comparables on the grids as well as three supplemental comparables. The comparables range from \$1.64 to \$2.11 per square foot with an average of \$1.78 per square foot and a median of \$1.75 per square foot. These comparables provide a good basis of the rental activity in the subject market. **The subject is above the range of monthly rents due to its new age, quality, and inclusion of water/sewer, internet, and service coordinator. Given the services being included in the subject rents, along with the positive age/condition adjustments, the approximate average premium for the subject units is \$349 per month. Deducting this amount from the projected market rent of \$2,572 yields a rent of \$2,223 or \$1.55 per square foot, which is more aligned with the comparables without factoring in adjustments for age/condition. Consideration is also given to the subject containing only three- and four-bedroom floor plans.**

Summary of Rent Comp Averages (not adjusted)						
Comp. No.	Identification	No. of Units	Year Built	Avg. Unit NRA	Avg. Rent Per Mo.	Avg. Rent Per NRA
1	Crescent Ebenezer	234	2020	1,164	\$2,032	\$1.75
2	Village at Westland Cove	240	2019	1,147	\$2,016	\$1.76
3	Aventine Northshore	246	2017	1,031	\$1,996	\$1.94
4	Icon Apartment Homes	297	2021	1,168	\$2,059	\$1.76
5	The Reserve at Raintree	120	2020	1,050	\$1,795	\$1.71
6	City West at Turkey Creek	190	2023	850	\$1,794	\$2.11
7	Tapestry at Turkey Creek	220	2018	1,060	\$1,735	\$1.64
8	Wellsley Park at Deane Hill	358	2014	1,113	\$1,893	\$1.70
9	Overlook @ Farragut	267	2019	1,095	\$1,850	\$1.69
Subject	Appraiser's Projections	47	2026	1,436	\$2,572	\$1.79
	Mean	241	2019	1,075	\$1,908	\$1.78
	Median	240	2019	1,095	\$1,893	\$1.75
Subject	Contract Rents	47	2026	1,436	\$2,586	\$1.80





Additional support to the 4BR correlated rent is outlined in the table below. The table summarized five properties located in Knoxville that contain 4BR units. The units average \$2,381 per month or \$1.50 per square foot, before adjustments. Based on the subject's new condition, location, and inclusion of water/sewer, internet, and a service coordinator (average premium of \$349/month), the subject estimated rent at \$2,725 per month is considered reasonable.

	Year Built	Year Renovated	No. of Units	Unit Type	Unit Size (SF)	Rent Per Mo.	Rent Per SF
The District							
505 Buckeye Drive Knoxville, TN 37919	1973	2000	377	4BR / 2BA	1,900	\$2,310	\$1.22
Addison at Sutherland							
1000 Country Oak Circle Knoxville, TN 37909	1980	2012	350	4BR / 2.5BA	1,525	\$2,239	\$1.47
Emory Cove							
7540 Emory Cove Way Knoxville, TN 37938	1975	N/A	32	4BR / 2BA	1,400	\$2,299	\$1.64
The Views of Elm Grove							
3801 Oak Valley Drive Knoxville, TN 37918	1979	2017	128	4BR / 2BA	1,400	\$2,340	\$1.67
Highline Knoxville							
5121 Yonah Way Knoxville, TN 37918	2023	N/A	110	4BR / 3.5BA	1,784	\$2,718	\$1.52
Minimum	1973	2000	32		1,400	\$2,239	\$1.22
Maximum	2023	2017	377		1,900	\$2,718	\$1.67
Mean	1986	2010	199		1,602	\$2,381	\$1.50
Median	1979	2012	128		1,525	\$2,310	\$1.52

The following chart outlines our estimate of market rents and the corresponding Potential Gross Annual Income. The weighted average rent of the subject development is \$1.79 per square foot. The subject is near the upper end of the range of the comparables due to its new age, quality, and inclusion of water/sewer, internet, and service coordinator.

Bluegrass Village - Estimated Market Rents & Potential Gross Annual Income -						
Unit Mix	No. of Units	Unit Ratio	Unit SF	Market Rent	Rent Per SF	Gross Annual Rental Income
2BR / 2BA	24	51%	1,334	\$2,425	\$1.82	\$ 698,400
3BR / 2BA	23	49%	1,543	\$2,725	\$1.77	\$ 752,100
Total / Average	47	100%	1,436	\$2,572	\$1.79	\$ 1,450,500

Overall, approved contract rents average \$2,586 per month or \$1.80 per square foot, which is slightly above the appraiser’s market rent average of \$2,572 per month or \$1.79 per square foot.

Bluegrass Village - PBV Rents & Potential Gross Income -						
Unit Mix	No. of Units	Unit Ratio	Unit SF	Contract Rents	Rent Per SF	Gross Annual Rental Income
2BR / 2BA	24	51%	1,334	\$2,394	\$1.79	\$ 689,472
3BR / 2BA	23	49%	1,543	\$2,787	\$1.81	\$ 769,212
Total / Average	47	100%	1,436	\$2,586	\$1.80	\$ 1,458,684

OTHER INCOME

Additional non-rental revenue may include application fees, late fees, cleaning fees, transfer, and lease termination fees, etc. Revenue from these sources is estimated at **\$750 per unit** (2.52 % of EGI), which is consistent with comparable data from the market area. The proforma indicates a projection of \$100 per unit under restricted operations.

Other Income Support - Conventional							
No.	Location	Year Built	No. of Units	Reporting Year	Other Income Per Unit	Other Income as % of EGI	
1	Eastern TN Region	2021	250-300	2023	\$884	6.18%	
2	Eastern TN Region	2020	250-300	2023	\$826	5.48%	
3	Eastern TN Region	2022	200-250	2023	\$1,032	12.81%	
4	Middle TN Region	2022	400-450	2022	\$627	9.57%	
5	Middle TN Region	2022	250-300	2022	\$573	3.21%	
6	Middle TN Region	2022	250-300	2022	\$932	5.53%	
7	Middle TN Region	2022	500-550	2022	\$386	2.85%	
8	Eastern TN Region	2022	25-75	2022	\$934	7.11%	
9	IREM - Knoxville MSA			2020	\$1,142	10.41%	
					Mean	\$815	7.02%
					Median	\$884	6.18%
Subject Projection		2026	47		\$750	2.52%	

OCCUPANCY

The following chart outlines projects that were surveyed in the local market with similar characteristics. The comparable Class B+/A rentals within the market reflect reasonable occupancy/demand characteristics, reporting current occupancy rates ranging from 90.0% to 98.6% with an aggregate occupancy of 92.7%. The preleased aggregate is 93.7%.

Conventional Occupancy							
Complex Name	Units	City	State	Date Surveyed	Original Year Built	Preleased Rate	Occupancy Rate
Crescent Ebenezer	234	Knoxville	TN	January 22, 2024	2020	94.0%	91.0%
Village at Westland Cove	240	Knoxville	TN	January 18, 2024	2019	97.5%	95.0%
Aventine Northshore	246	Knoxville	TN	January 18, 2024	2017	91.9%	94.7%
Icon Apartment Homes	297	Knoxville	TN	January 18, 2024	2021	93.6%	90.6%
The Reserve at Raintree	120	Knoxville	TN	January 26, 2024	2020	90.0%	90.0%
City West at Turkey Creek	190	Knoxville	TN	January 26, 2024	2023	90.5%	90.5%
Tapestry at Turkey Creek	220	Knoxville	TN	January 17, 2024	2018	99.1%	98.6%
Wellsley Park at Deane Hill	358	Knoxville	TN	January 22, 2024	2014	92.5%	91.1%
Overlook @ Farragut	267	Knoxville	TN	January 22, 2024	2019	92.9%	92.9%
Total / Averages	2,172				2019	93.7%	92.7%

Based on these comparisons, together with analysis of the demographics within the market area, it is projected that the subject complex would maintain an economic vacancy of **6%**, which includes **both** physical vacancies as well as credit losses under conventional operations.

PROJECTED OPERATING EXPENSES

In deriving our estimate of operating expense components, we have analyzed four expense comparables as delineated on the following HUD Form 92274, the Operating Expense Analysis Worksheet. All of the comparables are located in East Tennessee markets. Additional reference is made to the 2020 IREM Income/Expense Report: Conventional Properties (most recent year for Knoxville MSA data) outlined in this section. As dictated by the MAP Guide, at least one of the comparables has been identified. The HUD reviewer may reach out and we will provide the name/address of the additional expense comparables. The subject proforma is summarized below.

Bluegrass Village		
- Developer's Proforma -		
Proforma		
Category	\$ Amount	\$/Unit
Income		
Rental Revenue	\$ 1,458,684	\$31,036
Vacancy	\$ (102,108)	-\$2,173
Total Rent Revenue	\$ 1,356,576	\$28,863
Carports	\$ -	\$0
Garages	\$ -	\$0
Laundry/Late Fees/NSF	\$ -	\$0
Other	\$ 4,700	\$100
Total Other Income	\$ 4,700	\$100
Effective Gross Income	\$ 1,361,276	\$28,963
Expenses		
Advertising	\$ -	\$0
Management	\$ 54,451	\$1,159
Office & Administrative	\$ 43,106	\$917
Utilities		
Electricity	\$ 35,250	\$750
Water/Sewer	\$ -	\$0
Trash	\$ -	\$0
Gas	\$ -	\$0
Other-Cable	\$ -	\$0
Subtotal Utilities	\$ 35,250	\$750
Payroll		
Payroll & Related Compensation	\$ 105,750	\$2,250
Payroll Taxes	\$ -	\$0
Subtotal Payroll	\$ 105,750	\$2,250
Repairs & Maintenance		
Decorating	\$ -	\$0
Repairs	\$ 35,250	\$750
Exterminating	\$ -	\$0
Snow Removal	\$ -	\$0
Security payroll/contract	\$ -	\$0
Elevator	\$ -	\$0
Grounds Expense (Site Services)	\$ -	\$0
Subtotal Repairs/Maintenance	\$ 35,250	\$750
Insurance	\$ 23,500	\$500
Other Taxes/Licenses	\$ -	\$0
Real Estate Taxes	\$ 1,841	\$39
Total Expenses	\$ 299,148	\$6,365
Net Operating Income	\$ 1,062,128	\$22,598
Management as % of EGI	4.0%	
Operating Expense Ratio	22.0%	

HUD 92274 – OPERATING EXPENSE WORKSHEET

Operating Expense Analysis Worksheet

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

See Instructions on back and Refer to Handbook 4480.1 for details on completing this form.

Public reporting burden for this collection of information is estimated to average 18 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Project Name	Bluegrass Village - Market	Project Number	N/A
City	Knoxville, TN	Date of Appraisal (mm/dd/yyyy)	1/12/2024
Signature of Processor	<i>A. C. [Signature]</i>	Date (mm/dd/yyyy)	1/12/2024

Project Name	Comparable A	Comparable B	Comparable C	Loan at Hardin Valley	Bluegrass Village - Market
Project Number	N/A	N/A	N/A	N/A	N/A
Location	Knoxville, TN	Morristown, TN	Knoxville, TN	Knoxville, TN	Knoxville, TN
Type of Project & No. of Stories	Garden	Garden	Garden	Garden	Garden
Type of Construction	Frame	Frame	Frame	Frame	Frame
No. of Living Units	134	300	240	297	47
Age of Project	1981 (reno. 2021)	2019	2019	2021	2026
Project Unit Composition	BRM (0) BRM (1) BRM (2) BRM (3)	BRM (0) BRM (1) BRM (2) BRM (3)	BRM (0) BRM (1) BRM (2) BRM (3)	BRM (0) BRM (1) BRM (2) BRM (3)	BRM (1) BRM (2) BRM (3) BRM (4)
No. of Each Type Unit	46 118 30	166 103 41	62 164 24	74 175 48	24 23
Sq. Ft. Each Type Unit	778 1078 1287	702 1069 1440	751 1248 1519	885 1210 1454	1304 1543
Average Unit Area	1,039	929	1,147	1,168	1,438
Same Tax Rate as Subject*	Yes	No	Yes	Yes	
Same Utility Rate*	Yes	No	Yes	Yes	
Effective Date/Updating Operating Yr./Percentage	2023	2023 n/a	2022 n/a	2022 n/a	
Equip. & Services Incl. Rent**	1,2,3,5,6,8,9,21	1,2,3,4,6,7,8,9	1,2,3,4,6,7,8,9	1,2,3,4,6,7,8,9	1,2,3,4,6,7,9,21

Equipment Included in Rent				Services Included in Rent														
1 Ranges & Refrig.	2 Carpet & Drapes	3 Disposal	4 Dishwasher	5 Laundry Fac.	6 Air Cond.	7 Other	8 Pool/Tennis	9 Other	10 Heat Gas	11 Heat Elec.	12 Heat Other Fuel	13 Cooking	14 Hot Water	15 Hot Water	16 Hot Water	17 A/C	18 A/C	19 Lights

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Correlated Expense
1. Advertising	242		242	49			49	530	543		543	215	220		220	250
2. Management	428		428	512			512	764			764	565			565	891
3. Other	359		359	575			575	627	643		643	443	454		454	300
4. Total Admin.			1,029				1,136				1,950				1,239	1,441
5. Elevator																
6. Fuel																
7. Lighting & Misc. Power	169		169	96			96	173	177		177	272	279		279	125
8. Water	1,144		1,144	458			458	546	560		560	22	23		23	750
9. Gas				5			5					47	48		48	0
10. Trash Removal	83		83	55			55	189	194		194	48	49		49	175
11. Payroll	1,158		1,158	987			987	1,581	1,621		1,621	1,372	1,406		1,406	1,750
12. Other - Alarm/Cable												328	336		336	300
13. Total Operating			2,554				1,600				2,551				2,141	3,100

Previous editions are obsolete.

Form HUD-92274 (05/2003)

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Correlated Expense
14. Decorating	64		64	84			84	461	473		473	188	193		193	225
15. Repairs	181		181	111			111	216	221		221	230	236		236	250
15. Elevators																0
17. Exterminating																50
18. Insurance	623		623	212			212	378	387		387	455	466		466	500
19. Ground Expenses	424		424	246			246	305	313		313	264	271		271	200
20. Other - Security																0
20. Other																0
21. Total Maint.			1,232				653				1,394				1,165	1,225
22a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 21)																5,766
22b. Trend Adjustment (2.58% x 22a)									To (date) (mm/dd/yyyy)	1/12/2024		Annual Rate	2.50%			126
23. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																250
24. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 22a, 22b and 23)																6,142
25. Taxes/Real Estate	2,123		2,123	1,375			1,375	1,604			1,604	1,658		1,658	1,243	
26. Personal Prop. Tax																0
27. Emp. Payroll Tax																100
28. Other - taxes				3			3									0
29. Other				34			34									0
30a. Total Taxes w/o Trend																1,343
30b. Trend Adjustment (2.58% x 30a)									To (date) (mm/dd/yyyy)	1/12/2024		Annual Rate	2.50%			3
31. Total Taxes (Including Time and Trend) (Sum of Lines 30a and 30b)																1,346
32. Total Expense (Sum of Lines 24 and 31)																7,488

*If "NO," reflect in adjustments.
 **Enter appropriate numbers from table for subject and comparables and reflect in adjustments.
 ***Enter expense items in suitable unit of comparison.
 (Attach additional pages to Explain Adjustments as Needed)

Operating Expense Analysis

The following discussion outlines the subject's expense projections as delineated on the previous worksheet. The projections reflect *trended* figures based on a 2.5% annual inflation rate dating from January 2023, the beginning date of the operating year of most recent expense comparable. However, the management and the real estate tax categories are not trended upward. Management is estimated as a percentage of Effective Gross Income (EGI) and the property tax rate in Knox County has historically been stable with any increases being offset by reappraisal adjustments.

Advertising & Promotions – The expense comparables reported an advertising expense ranging from \$49 to \$543 per unit with an average of \$264 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$226 per unit. Based on the information herein, marketing costs of **\$250** per unit are projected. This amount is consistent with the majority of the comparables and is considered reasonable given our experience in this market.

Management Fee – Our management fee projection is estimated at **\$891** per unit, which is equivalent to 3.0% of effective gross income, consistent with local standards ranging from 3% to 5% for properties of the subject's size and character. The comparables exhibit management fees ranging from \$428 to \$764 per unit with an average of \$567 per unit. The subject proforma indicates an expense of 4.0% of EGI under restricted operations. This category is typically charged as a percentage of Effective Gross Income (EGI). The median management fee noted in the IREM report for Knoxville was 3.7% of EGI.

Office & Administrative - The expense comparables' administrative costs range from \$359 to \$643 per unit with an average of \$508 per unit. The subject proforma indicates an expense of \$758 per unit and includes additional categories that we have separated below. The median expense in the Knoxville IREM report was \$271 per unit. Total Office/Administrative costs of **\$300** per unit are projected, which is believed to be consistent with all sources.

Utilities – A total allocation of **\$1,350** per unit has been utilized herein for utilities based on all sources. The expense comparables' utilities costs range from \$613 to \$1,396 per unit, averaging \$919 per unit. The subject proforma indicates a total utilities expense of \$750 per unit. The subject's total Utilities expense is comprised as follows:

Electricity:	\$ 125/Unit
Water:	\$ 750/Unit
Internet:	\$ 300/Unit
Trash:	<u>\$ 175/Unit</u>
Total:	\$1,350/Unit

Electricity: The comparables range from \$96 to \$279 per unit in electricity with an average of \$180 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$216 per unit. A projection near the low range is considered to be appropriate at **\$125** per unit.

Water/sewer: Water/sewer will be included in the subject rents. The comparables range from \$23 to \$1,144 with an average of \$546 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$546 per unit. A projection of **\$750** per unit is considered to be appropriate given that water/sewer is included in the rents and the size of the units.

Internet: None of the comparables itemize this expense. Per the borrower, the bulk internet contract will be \$300 per unit per year. With consideration to supplemental data retained in the work file, an amount of **\$300** per unit is projected.

Trash: The comparables range from \$49 to \$194 with an average of \$95 per unit. The subject proforma does not itemize this expense. An amount of **\$175** per unit is projected.

Salaries and Related Compensation – A cost of **\$1,750** per unit is projected for the subject. This amount incorporates management and maintenance personnel and *excludes* Payroll Taxes. The expense comparables report payroll and related compensation/costs ranging from \$987 to \$1,621 per unit with an average of \$1,293 per unit, *including* payroll taxes.

Payroll Taxes – None of the comparables itemize payroll taxes. Based information retained in the work-file, an allocation of **\$100** per unit has been utilized herein. The total payroll expense for the subject is projected at **\$1,850** per unit (prior to trending), which is in line with the comparables as well as the IREM report for Knoxville at \$1,381 per unit. The proforma indicates a total payroll expense of \$2,250 per unit, which is considered above market under conventional operations.

Repairs & Maintenance - Total repairs and maintenance expenses of the comparables range from \$441 to \$1,007 per unit with an average of \$704 per unit. The subject proforma indicates a total repairs and maintenance expense of \$750 per unit. With consideration to all sources, stabilized repairs, and maintenance expenses (to include decorating, repairs, extermination, and grounds) of **\$725** per unit (prior to trending) have been utilized herein. This projection is comprised as follows:

Decorating:	\$225/Unit
Repairs:	\$250/Unit
Exterminating:	\$ 50/Unit
Grounds:	<u>\$200/Unit</u>
Total:	\$725/Unit

Decorating – Although the subject will reflect new condition and is expected to be fully decorated when it receives its certificate of occupancy at completion of construction, on-going decorating expenses are anticipated to be incurred coinciding with turnover. The comparables range from \$64 to \$473 per unit with an average of \$203 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$220 per unit. Given the age and condition of the project and the consistency of the data, an allocation of **\$225** per unit has been utilized herein, which is considered reasonable based on the subject's proposed condition.

Repairs & Maintenance – Stabilized repair and maintenance expenses of **\$250** per unit have been utilized herein. The comparables range from \$111 to \$236 per unit with an average of \$187 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$590 per unit but could include other line items.

Exterminating – None of the comparables itemize this expense. The subject proforma does not itemize this expense. Based upon the comparables and information in the work file, an allocation of **\$50** per unit has been utilized herein.

Ground Maintenance – The comparables range from \$246 to \$424 per unit with an average of \$313 per unit. The subject proforma does not itemize this expense. The median expense in the Knoxville IREM report was \$264 per unit. Based on the information herein, a projection of **\$200** per unit is considered reasonable.

Insurance - Insurance costs at the expense comparables range from \$212 to \$623 per unit with an average of \$422 per unit. The proforma includes an expense of \$500 per unit. The median insurance expense in the Knoxville IREM report was \$344 per unit. The insurance expense has been allocated at **\$500** per unit based on all sources.

Real Estate Taxes - The projected real estate tax burden is **\$1,243** per unit based on the tax appraisals previously exhibited herein. The proforma amount is stated at \$39 per unit due to a PILOT that will be put into place.

Operating Expense Summary – The expense comparables’ total operating expenses range from \$4,802 to \$7,499 per unit with an average of \$6,376 per unit. However, it is noted that the real estate taxes and utilities expense projections result in some disparities relative to the proposed subject complex. In addition, the comparables lack reserves for replacement. After adjusting for Real Estate taxes and Utilities, the subject is believed to be supported by the market data.

Summary of Expenses - Conventional						
Expenses Included	Expense Comp 1	Expense Comp 2	Expense Comp 3	Expense Comp 4	Expense Averages	Subject Projection
Total Expenses (net of Reserves)	\$6,998	\$4,802	\$7,499	\$6,204	\$6,376	\$7,110
Excluding R.E. Taxes & Reserves	\$4,875	\$3,427	\$5,895	\$4,546	\$4,686	\$5,866
Excluding Utilities/R.E. Taxes/Reserves	\$3,479	\$2,814	\$4,964	\$3,811	\$3,767	\$4,516

*Not trended

Our analysis reflects total *non-trended* expenses of **\$7,110** per unit for the stabilized projection. Excluding Real Estate Taxes, Utilities and Reserves, the projection herein is **\$4,516** per unit, which is generally consistent with the expense comparables at \$3,767 per unit.

The proforma indicates total expenses of \$6,365 per unit, *excluding* reserves.

The total expenses projected by the appraiser to *include* trending and Reserves are **\$7,488** per unit. The indicated operating expense ratio is 25.2% to *include* reserves and 24.4% to *exclude* reserves but include the trending adjustment required by HUD. These amounts are considered to be supported by the market. Given the rent levels, a higher expense per unit, but lower expense ratio is to be expected.

EXPENSE SUMMARY FOR THE HUD 92264

The expenses have been presented following the format from the HUD-92274, whereby the total trending adjustment is applied as two lump sum adjustments on Lines 20b. and 27b. As previously noted, two of the expenses were not trended: Management Fee and Real Estate Taxes. As shown on the 92274, the total trend adjustment is 2.5763%. This is based on a 2.5% annual increase in the expenses from the beginning of the base year of the most recent expense comparable. In this case, the base comparable reflects 2023 year-end data. In accordance with the MAP Guide, the trending adjustment would then begin on January 1, 2023 (base year), resulting in the adjustment of 2.5763%. Each of the individual line-item expenses have been trended below so that they can be transferred to the HUD-92264; which does not have a line for total trending. Please note that the total expenses and net operating income are consistent throughout the report. A summary of the individual trended expenses is shown below.

Operating Expenses	Expense Projection	Trended Expenses for 92264
Advertising	\$11,750	\$12,053
Management	\$41,898	\$41,898 Not Trended
Office & Administrative	\$14,100	\$14,463
Electricity	\$5,875	\$6,026
Water	\$35,250	\$36,158
Garbage/Trash Removal	\$8,225	\$8,437
Cable	\$14,100	\$14,463
Salaries and Related Compensation	\$82,250	\$84,369
Payroll Taxes	\$4,700	\$4,821
Decorating	\$10,575	\$10,847
Repairs & Maintenance	\$11,750	\$12,053
Exterminating	\$2,350	\$2,411
Grounds Expense	\$9,400	\$9,642
Insurance	\$23,500	\$24,105
Real Estate Taxes	\$58,430	\$58,430 Not Trended
Total Expenses (excluding Reserves)	\$334,154	\$340,178
Per Unit	\$7,110	\$7,238

INCOME AND EXPENSE STATEMENT

Bluegrass Village						
- Proforma Operating Statement -						
Assuming Market Rents						
Potential Gross Rental Income						
<u>Unit Type</u>	<u>No.</u>	<u>Rent</u>				
3BR / 2BA	24	@ \$2,425	per month, annualized		\$ 698,400	
4BR / 2BA	23	@ \$2,725	per month, annualized		<u>\$ 752,100</u>	
Total Potential Gross Rental Income	47					\$ 1,450,500
Add Other Income:	(47	x \$750	Per Unit Per Year) =		\$ 35,250
Total Potential Gross Income						\$ 1,485,750
Less Vacancy & Credit Loss	@ 6%					\$ (89,145)
Effective Gross Income (EGI)						<u>\$ 1,396,605</u>
Less Operating Expenses			Per Unit	\$ Amount	Trended	
Advertising			\$250	\$11,750	\$12,053	
Management	3.00%		\$891	\$41,898	\$41,898	
Office & Administrative			\$300	\$14,100	\$14,463	
Electricity			\$125	\$5,875	\$6,026	
Water			\$750	\$35,250	\$36,158	
Gas			\$0	\$0	\$0	
Garbage/Trash Removal			\$175	\$8,225	\$8,437	
Cable			\$300	\$14,100	\$14,463	
Salaries and Related Compensation			\$1,750	\$82,250	\$84,369	
Payroll Taxes			\$100	\$4,700	\$4,821	
Decorating			\$225	\$10,575	\$10,847	
Repairs & Maintenance			\$250	\$11,750	\$12,053	
Exterminating			\$50	\$2,350	\$2,411	
Grounds Expense			\$200	\$9,400	\$9,642	
Service Coordinator			\$0	\$0	\$0	
Insurance			\$500	\$23,500	\$24,105	
Real Estate Taxes			<u>\$1,243</u>	<u>\$58,430</u>	<u>\$58,430</u>	
Subtotal of Operating Expenses			\$7,110	\$334,154		
Trending Adjustment (Lines 22b/30b on 92274)			\$128	\$6,024		
Total of Operating Expenses			\$7,238			
Less Operating Expenses					\$ 340,178	
Reserves for Replacement	@	\$250	Per Unit		\$ 11,750	
Less Total Expenses	(-25.2%	of EGI or	\$7,488	Per Unit)		\$ (351,928)
Net Operating Income (NOI)						\$ 1,044,677

HUD-92264 FORM (UNRESTRICTED)

Multifamily Summary
Appraisal Report

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval 2502-0029
(exp. 04/30/2020)

This form is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice for written reports, except where the Jurisdictional Exception is invoked to allow for minor deviations, as noted throughout. Additional technical direction is contained in the HUD Handbooks referenced in the lower right corner

Application Processing Stage SAMA Feasibility (Rehab) Firm
 Property Rights Appraised Fee Simple Leasehold

Project Name: **Bluegrass Village** Project Number: **N/A**

Purpose. This appraisal evaluates the subject property as security for a long-term insured mortgage. Included in the appraisal (consultation for Section 221) are the analyses of market need location, earning capacity, expenses, taxes, and warranted cost of the property.

Scope. The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility; suitability of improvements; extent, quality, and duration of earning capacity; the value of real estate proposed or existing as security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the subject property.

A. Location and Description of the Property

1. Street Nos. 1645		2. Street Ebenezer Road		3. Municipality Knoxville	
4a. Census Tract No. 0057.11		4b. Placement Code	4c. Legal Description (optional)	5. County Knox	6. State and Zip Code TN 37922
7. Type of Project <input type="checkbox"/> Highrise <input type="checkbox"/> 2-5 sty. Elev. <input type="checkbox"/> Elevator (s) <input checked="" type="checkbox"/> Walkup <input type="checkbox"/> Row House <input type="checkbox"/> Detached <input type="checkbox"/> Semi-Detached <input type="checkbox"/> Town House		8. No. Stories 3	9a. Foundation <input checked="" type="checkbox"/> Slab on Grade <input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement <input type="checkbox"/> Crawl Space		9b. Basement Floor <input type="checkbox"/> Structural Slab <input checked="" type="checkbox"/> Slab on Grade
10. <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing	11. Number of Units Revenue Non-Rev. 47		12. No. of Bldgs. 4	13a. List Accessory Bldgs. And Area	

13b. List Recreational Facilities and Area

Management office, community room, business center, playground

13c. Neighborhood Description				Present Land Use	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural				30 % 1 Family 5 % 2 to 4 Family	
Build Up <input type="checkbox"/> Fully Developed <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25% to 75% <input type="checkbox"/> Under 25%				25 % Multifamily 5 % Condo/Coop	
Growth Rate <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Steady <input type="checkbox"/> Slow				15 % Commer. 5 % Industrial	
Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining				15 % Vacant	
Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Oversupply				Change in Use	
Rent Controls <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Likely				<input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely <input type="checkbox"/> Taking Place	
				From _____ to _____	
				Predominant Occupancy <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> % Vacant	

Description of Neighborhood. (Note: Race and racial composition of the neighborhood are not appraisal factors.) Describe the boundaries of the neighborhood and those factors, favorable or unfavorable, that affect marketability, including neighborhood stability, appeal, property conditions, vacancies, rent control, etc.

See attached appraisal narrative.

Site Information

14. Dimensions		3.935 Acres		15a. Zoning (If recently changed, submit evidence)	
ft. by		ft. or 171,398 Sq. ft.		OB - Office, Medical, and Related Service Zone	
15b. Zoning Compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Illegal		<input type="checkbox"/> Legal nonconforming (Grandfathered use)		<input type="checkbox"/> No zoning	
15c. Highest and Best Use as Improved <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other use (explain)					

15d. Intended M/F Use (summarize: e.g. Market Rent: Hi-Med. - Lo-End; Rent Subsidized; Rent Restricted with or without Subsidy; Applicable Percentages)

Multifamily affordable rental housing

Building Information

16a. Yr Built 2026 (proposed)	16.b <input type="checkbox"/> Manufactured Housing <input checked="" type="checkbox"/> Conventionally Built <input type="checkbox"/> Modules <input type="checkbox"/> Components		17a. Structural Systems Wood frame	17b. Floor System Wood frame	17c. Exterior Finish Brick veneer & fiber cement siding	17 d. Heating-A/C System Central HVAC
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form HUD-92264 (8/95)
ref. Handbook 4465.1

B. Additional Information Concerning Land or Property

19. Date Acquired	20. Purchase Price	21. Additional Costs Paid or Accrued	22. If Leasehold, Annual Ground Rent	23a. Total Cost	23b. Outstanding Balance
Contract	\$1,000,000				

24a. Relationship between (Business, Personal, or Other) Between Seller and Buyer

Business

24b. Has the Subject Property been sold in the past 3 years? Yes No If "Yes" Explain

The subject property is currently under contract between for \$1,000,000, which equates to \$21,277 per planned unit or \$254,145 per acre. A copy of the contract has not been provided. The subject site sold in March 2022 for \$700,000, which equates to \$14,894 per planned unit or \$177,902 per acre.

25. Utilities	Public	Community	Distance from Site	26. Unusual Site Features
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	at site	<input type="checkbox"/> Cuts <input type="checkbox"/> Fill <input type="checkbox"/> Rock Formations <input type="checkbox"/> Erosion <input type="checkbox"/> Poor Drainage <input checked="" type="checkbox"/> None
Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	at site	<input type="checkbox"/> High Water Table <input type="checkbox"/> Retaining Walls <input type="checkbox"/> Off Site Improvements
				<input type="checkbox"/> Other (Specify)

C. Estimate of Income (Attach forms HUD-92273, 92264-T, as applicable)

27. No. of Each Family Type Unit	Rentable Living Area (Sq. Ft.)	Composition of Units	Unit Rent per Mo. (\$)	Total Monthly Rent For Unit Type (\$)
(A) 24	1,334	3BR / 2BA	\$2,425	\$58,200
(B) 23	1,543	4BR / 2BA	\$2,725	\$62,675

28. Total Estimated Rentals for All Family Units **\$120,875**

29. Number of Parking Spaces	Off Street Parking and Other Non-Commercial Ancillary Income (Not Included in Unit Rent)		
<input type="checkbox"/> Attended	0	Other Income:	47 Units @ 62.50 Per Month = \$2,938
<input checked="" type="checkbox"/> Self Park	77		Per Month = \$0
Total Spaces	77		Per Month = \$0
			Per Month = \$0
			Per Month = \$0
			Per Month = \$0
			Per Month = \$0
Total Monthly Ancillary Income			\$2,938

30. Commercial Income (Attach Documentation)

Area-Ground Level 0 Sq. ft. @ 0.00 per sq. ft./month = 0 = Total Monthly

Other Levels 0 Sq. ft. @ 0.00 per sq. ft./month = \$ - Commercial Income **\$0**

31. Total Estimated Monthly Gross Income at 100 Percent Occupancy **\$123,813**

32. Total Annual Rent (Item 31 X 12 Months) **\$1,485,750**

33. Gross Floor Area	34. Net Rentable Residential Area	35. Net Rentable Commercial Area
69,048 Sq. Ft.	67,505 Sq. Ft.	NA Sq. Ft.

36. Non-Revenue Producing Space			
Type of Employee	No. Rms.	Composition of Unit	Location of Unit in Project

36a. Personal Benefit Expense (PBE) (May produce additional revenue and expenses to be considered above and below.)

Tenant Employee-Paid Utilities	Type(s)	None	Monthly Cost	\$0
Landlord Employer-Paid Utilities	Type(s)	None	Monthly Cost	\$0

D. Amenities and Services Included in Rent (Check and circle appropriate items; fill-in number where indicated)

37a. Unit Amenities

Ranges (Gas or Electric) Disposal/Compactor
 Refrig. (Gas or Electric) Air Conditioning (central or window)
 Microwave Dishwasher
 Carpet Window treatment (blinds, drapes, shades)
 Balcony/Patio Fireplace(s) No. _____
 Laundry Hookups (in units)
 Upper level vaulted ceiling/Skylight(s) No. _____
 Wash/Dryer (in units) Security System(s) (Describe) _____
 Other (Specify) _____

37b. Project Amenities

Guest room(s) No. 0 Community Rooms No. 1
 Sauna/Strm rms No. 0 Swimming Pool(s) No. 0
 Exercise rm(s) No. 0 Racquetball Court(s) No. 0
 Tennis Court(s) No. 0 Picnic/Play area(s) No. 1
 Laundry Fac. (coin) 0
 Project Security System(s) (Describe) _____
 Jacuzzis/Community Whirlpool(s) No. _____
 Other (specify) Business Center

37c. Unit Rating

	Good	Average	Fair	Poor
Condition of Improvement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Room Sizes and Layout	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Closets and Storage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen Equip., Cabinets, Workspace	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproof. - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Livability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal and Marketability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

37d. Project Rating

	Good	Average	Fair	Poor
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amenities & Rec. Facil.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Density (units/acre)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unit Mix	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of Const. (matl. & finish)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Exterior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Vertical	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Horiz.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

38. Services

Gas: Heat Hot Water Cooking Air Conditioning
Elec: Heat Hot Water Cooking Air Conditioning Lights/etc.
Other: Heat Hot Water Water Other (specify) trash, pest

39. Special Assessments

a. Prepayable Non-Prepayable
b. Principal Balance _____
c. Annual Payment _____
d. Remaining Term _____ Years

E. Estimates of Annual Expense

Administrative	
1. Advertising	\$12,053
2. Management	\$41,898
3. Other	\$14,463
4. Total Administrative	\$68,414
Operating	
5. Elevator Main. Exp.	\$0
6. Fuel (Heat and Domestic Hot Water)	\$0
7. Lighting & Misc. Power	\$6,026
8. Water	\$36,158
9. Gas	\$0
10. Garbage & Trash Removal	\$8,437
11. Payroll	\$84,369
12. Other - Cable	\$14,463
13. Total Operating	\$149,454

Maintenance	
14. Decorating	\$10,847
15. Repairs	\$12,053
16. Exterminating	\$2,411
17. Insurance	\$24,105
18. Ground Expense	\$9,642
19a. Other-Security	\$0
19b. Other-Service Coordinator	\$0
20. Total Maintenance	\$59,058
21. Replacement Reserve (0.006 x total structures Line G41) or (0.004 x MTG. For Rehab)	\$11,750
22. Total Operating Expense	\$288,676
Taxes	
23. Real Estate: Est. Assessed Value at _____ per \$100	\$58,430
24. Personal Prop. Est. Assessed Value at \$0 per \$1000	\$0
25. Empl. Payroll Tax	\$4,821
26. Other	\$0
27. Other	\$0
28. Total Taxes	\$63,251
29. Total Exp. (Attach form HUD-92274, as nec.)	\$351,928

Previous editions are obsolete.

F. Income Computations

30a. Est. Residential Project Inc. (Line C28x12)	\$1,450,500	c. Effective Gross Commercial Income (Line 32a x Line 32b)	\$0
b. Est. Ancillary Project Income (Line C29 x 12)	\$35,250	d. Total Commercial Project Expenses (From Attached Analysis)	\$0
c. Residential and Ancillary Occupancy Percentage*	94%	33. Net Commercial Income to Project (Line 32c. Minus Line 32d.)	\$0
d. Effective Gross Residential and Ancillary Income (Line 30c x (Line 30a plus Line 30b))	\$1,396,605	34. Total Projected Net Income (Line 31 plus Line 33)	\$1,044,677
e. Total Residential and Ancillary Project Expenses (Line E29)	\$351,928	35a. Residential and Ancillary Project Expense Ratio (Line E29 divided by Line 30d)	25.2%
31. Net Residential and Ancillary Income to Project (Line 30 minus Line 30e)	\$1,044,677	35b. Commercial Expense Ratio (Line 32d divided by 32c)	
32a Est. Commercial Income (Line 30 x 12)	\$0		
b. Commercial Occupancy* (80% Maximum)	0%	* Vacancy and collection loss rates and corresponding residential and commercial occupancy percentages are analyzed through market data, but subject by Jurisdictional Exception to overall HUD underwriting mandates.	

G. Estimated Replacement Cost from cost analyst

36a. Unusual Land Improvements	\$0	Carrying Charges & Financing	
b. Other Land Improvements		53. Interest: _____ Mos. At _____	
c. Total Land Improvements		on _____ *	
Structures		54. Taxes	
37. Main Buildings		55. Insurance	
38. Accessory Buildings		56. FHA Mtg. Ins. Premium	
39. Garages		57. FHA Exam Fee	
40. All Other Buildings		58. FHA Inspection Fee	
41. Total Structures		59. Financing Fee	
42. General Requirements		60. AMPO (N.P. only)	
Fees		61. FNMA/GNMA Fee	
43. Builder's Gen. Overhead at _____		61.a FNMA/GNMA Fee	
44. Builder's Profit at _____		62. Title and Recording	
45. Arch. Fee-Design at _____		63. Total Carrying Charges & Financing	
46. Arch. Fee-Supvr. at _____		Legal, Organizational & Audit Fee	
47. Bond Premium _____		64. Legal	
48. Other Fees _____		65. Organizational	
49. Total Fees		66. Cost Certification Audit Fee	
50. Total All Improvements		67. Total Legal, Organizational & Audit Fee (64+65+66)	
(Lines 36c. Plus 41 plus 42 plus 49)		68. Builder and Sponsor Profit & Risk (221(d) (4) only)	
51. Cost Per Gross Square Foot		69. Consultant Fee (N.P. only)	
52. Estimated Construction Time (Months)		70. Supplemental Management Fund	
		71. Contingency Reserve (Sec. 202 or Rehab only) - FF&E	
		72. Total Est. Development Cost (Excl. of Land or Off-Site Cost)(50 plus 63 plus 67 through 71)	
		73a. Warranted Price of Land J-143(3)(New Constr.)	
		47 Units @ \$20,000 Per Unit \$940,000	
		73b. As Is Property Value (Rehab only)	
		73c. Off-Site (if needed, Rehab only)	
		74. Total Estimated Replacement Cost of Project (72 plus 73a or 73b and 73c)	

H. Remarks
 (Note 2: For Rehab only: Estimated Value of land without Improvements
 Estimated Value of land and improvements "As Is" by Residual Method, i.e., After Rehabilitation Correlated Value minus Line G 72 Cost of Rehabilitation Improvements equals _____ ; line G 73b is the lesser of this amount, and the amount estimated by Supplemental form HUD-92264 "As Is".)

I. Estimate of Operating Deficit

Periods	Gross Income	Occup %	Effective Gross	Expenses	Net Income	Debt Serv. Reqmt.	Deficit
1. 1st Mos.							
2. 2nd Mos.							

3. Total Operating Deficit

J. Project Site Analysis and Appraisal (See Chapter 2, Handbook 4465.1)

- 1. Is Location and Neighborhood Acceptable? Yes No
- 2. Is Site adequate in Size for proposed Project? Yes No
- 3. Is Site Zoning permissive for intended use? Yes No
- 4. Are Utilities available now to serve the Site? Yes No
- 5. Is there a market at this location for the Facility at the proposed Rents? Yes No
- 6. Site Acceptable for type of Project proposed under Section 221(d)(4) (If checked, acceptance subject to qualifications listed at bottom of Page 6.)
- 7. Site not acceptable (see reasons listed at bottom of page 6)

Date of Inspection **01/12/24** Note: The effective date of all land valuations is the date of inspection.

8. Value Fully Improved	Location of Project 1645 Ebenezer Road Knoxville, TN 37922	Size of Subject Site (net area) 3.935
--------------------------------	--	---

	Comparable Sales Address No. 1	Comparable Sales Address No. 2	Comparable Sales Address No. 3	Comparable Sales Address No. 4	Comparable Sales Address No. 5
	Centurg Park 10209 Sherrill Boulevard Knoxville, TN 37932	The Chelsea on Cornerstone 1003 Chelsea Place Wg Knoxville, TN 37932	Ardmore at Prosperity 13206 Buttermilk Road Knoxville, TN 37932	The Retreat at Knoxville 875 Cornerstone Drive Knoxville, TN 37932	The Mark at Knoxville 124 South Concord Street Knoxville, TN 37919
Date of Sale	August 10, 2023	June 14, 2023	December 22, 2022	October 18, 2021	May 24, 2023
Sales Price	\$4,000,000	\$4,396,000	\$4,500,000	\$2,600,000	\$6,650,000
No. of SF	1,030,325	831,996	1,065,913	537,966	272,250
Price per Square Foot	\$3.88	\$5.28	\$4.22	\$4.83	\$24.43
No. of Acres	23.653	19.100	24.470	12.350	6.250
Price per acre	\$169,112	\$230,157	\$183,899	\$210,526	\$1,064,000
No. of Planned Units	286	318	288	216	308
Price per Planned Unit	\$13,986	\$13,824	\$15,625	\$12,037	\$21,591
Adjustments (%)					
Time	1.50%	2.00%	3.00%	6.00%	2.00%
Location	0.00%	0.00%	0.00%	0.00%	0.00%
Zoning	0.00%	0.00%	0.00%	0.00%	0.00%
Plottage	0.00%	0.00%	0.00%	0.00%	0.00%
Demolition	0.00%	0.00%	0.00%	0.00%	0.00%
Topo., Phys. Char.	0.00%	0.00%	0.00%	0.00%	0.00%
Density	0.00%	5.00%	0.00%	5.00%	10.00%
Total Adjustment Factor	1.50%	7.00%	3.00%	11.00%	12.00%
Adjusted Unit Price	\$14,196	\$14,792	\$16,094	\$13,361	\$24,182
Indicated Value by Comparison	\$667,203	\$695,204	\$756,406	\$627,972	\$1,136,545

9. Value of Site Fully Improved **\$940,000**

10.					
Date of Sale					
Sales Price					
Ft. / Acres					
Price per Sq. Ft.					
No. Acres					
Price per acre					
No. Units					
Price per unit					
Adjustments (%)					
Time					
Location					
Zoning					
Plottage					
Demolition					
Topo., Phys. Char.					
Density					
Total Adjustmt Factor					
Adjusted Sq. Ft. Price					
Indicated Value by C					

11. Value of Site "As Is" by Comparison

12. Acquisition Cost (Last Arms-Length Transaction)

Buyer DGA Residential, LLC	Address
Seller Bluegrass Apartment Partners, LLC	Address
Date	Price \$1,000,000
Contract Source Purchase & Sale Agreement	

13. Other Costs

(1) Legal Fees and Zoning Costs	
(2) Recording and Title Fees	
(3) Interest on Investment	
(4) Other	
(5) Acquisition Cost (From 12 above)	
(6) Total Cost to Sponsor	

14. Value of Land and Cost Certification

(1) Fair Market Value of land fully improved (from 9 above)	\$940,000
(2) Deduct unusual items from Section G, item 36a	
(3) Warranted price of land fully improved (Replacement Cost items excluded) (enter G-73)	
For Cost Certification Purposes	
(3a) Deduct cost of demol. _____ and required off-sites _____ to be paid by Mortgagor or by special assessments	
(4) Estimate of "As Is" by subtraction from improved value	
(5) Estimate of "As Is" by direct comparison with similar unimproved sites (from 11 above)	
(6) "As Is" based on acquisition cost to sponsor (from 13 above)	
(7) Commissioner's estimated value of land "As Is" (the lesser of [4] or [5] above)*	

* Where land is purchased from LPA or other Government authority for specific reuse, use the lesser of 4, 5, or 6

K. Income Approach to Value

(1) Estimated Remaining Economic Life	60 Years
(2) Capitalization Rate Determined By (See Chapter 7, Handbook 4465.1)	
<input type="checkbox"/> Overall Rate From Comparable Projects	
<input type="checkbox"/> Rate From Band of Investment	
<input type="checkbox"/> Cash Flow to Equity	
(3) Rate Selected	
(4) Net Income (Line F34)	\$1,044,677
(5) Capitalized Value (Line 4 divided by Line 3)	(rounded)
(6) Value of Leased Fee (See Chapter 3, Handbook 4465.1) Ground Rent _____ divided by Cap. Rate _____ equals Value of Leased Fee _____	(see comments below)

Remarks: (See item 6 and 7 on page 5)

L. Comparison Approach to Value

7. The undersigned has recited three sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject property. If a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject property.*[(1) equals the Sales Price divided by Gross Annual Rent]

Item	Subject Property	Comparable Sale No. 1				Comparable Sale No. 2				Comparable Sale No. 3					
Address	Bluegrass Village 1645 Ebenezer Road Knoxville, TN 37922														
Proximity to Subject															
Sales Price	N/A	<input type="checkbox"/> Unf. <input type="checkbox"/> furn				<input type="checkbox"/> Unf. <input type="checkbox"/> furn				<input type="checkbox"/> Unf. <input type="checkbox"/> furn					
Sales Price per NRA	N/A														
Effective Gross Income	N/A														
EGI Multiplier (1)*	N/A														
Sales Price / Unit	N/A														
Sales Price / Room	N/A														
Data Source	N/A														
Adjustments	Description	Description	+ (-) Adjust.		Description	+ (-) Adjust.		Description	+ (-) Adjust.		Description	+ (-) Adjust.			
Sales or Financing Concessions															
Date of Sale	N/A														
Location	Good														
Site / View	Average														
Design / Appeal	Good														
Construction Quality	Good														
Year Built	2026														
Condition	Excellent														
Net Building Area	67,505 Sq. Ft.	Sq. Ft.				Sq. Ft.				Sq. Ft.					
Unit Breakdown	No. of Units	Room Count			No. Vac	No. of Units	Room Count			No. Vac	No. of Units	Room Count			No. Vac
		Tot.	Br	Ba			Tot.	Br	Ba			Tot.	Br	Ba	
	24	8	3	2											
	23	9	4	2											
	47		164												
Basement Description	N/A														
Functional Utility	Average														
Heating / Cooling	Central														
Parking on/off site	On-site														
Project Amenities and Fee (if applicable)	Management office, community room, business center, playground														
Other															
Net Adjustment (Total)		<input type="checkbox"/> + <input type="checkbox"/> -				<input type="checkbox"/> + <input type="checkbox"/> -				<input type="checkbox"/> + <input type="checkbox"/> -					
Adjusted Sales Price of Comparables															
8. Indicated Value by Sales Comparison Approach		Per Unit x				Units =									

Reconciliation

Capitalization _____ Summation _____ Comparison _____ (based on \$/unit & EGIM)

9. The market value (or replacement cost) of the property, as of the effective date of the appraisal, is _____ ** see note below

** Note: For Section 221 mortgage insurance application processing, acceptable risk analysis produces a supportable replacement cost estimate, and the estimate reflected here is the replacement cost new/summation approach result. In effect, such "appraisals" are in fact USPAP "consultations" concerning economically supportable cost limits. For Section 207 and 223 processing, all three approaches to value are included in the appraisal, but the subject property is appraised for its intended multifamily use, not necessarily its "highest and best use." The definition provided in USPAP for "market value" is generally observed, but see Handbook 4465.1, paragraph 8.4, for qualifications.

Effective Dates: For new construction or substantial rehabilitation proposals, the effective date of the improvements component cost estimation is the Line G53 month estimate added to the report and certification date below. The land component is valued as of the inspection date. For Section 223, the effective date of the appraisal is the same as the reporting date, but assumes (hypothetically) the completion of all required repairs/work write-up items.

Comments on: (continue on separate page if necessary)

1. Sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investors'/purchasers' motivation in that market).
2. Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within three years of the date of appraisal.

See additional discussion in attached narrative appraisal report.

M. To be Completed by Construction Cost Analyst			
Cost not Attributable to Dwelling Use		Total Est. Cost of Off-Site Requirements	
10. Parking	_____	16. Off-Site	_____
11. Garage	_____		_____
12. Commercial	_____		_____
13. Special Ext. Land Improvements	_____		_____
14. Other	_____		_____
15. Total	_____	17. Total Off-Site Costs	_____

N. Signatures and Appraiser Certification			
Architectural Processor	Date	Architectural Reviewer	Date
Cost Processor	Date	Cost Reviewer	Date

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- my analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice; HUD Handbook 4465.1, *The Valuation Analysis Handbook for Project Mortgage Insurance*, HUD Handbook 4480.1, *Multifamily Underwriting Forms Catalog*; and other applicable HUD Handbooks and Notices.
- I have made a personal inspection of the property that is the subject of the report.
- no one provided significant professional assistance to the appraisers signing the report, except for the Architectural and Engineering, and Cost Estimation professionals signing above. These professionals' estimations of the subject property's dimensions and "hard" replacement costs have been relied upon by the Appraiser and Review Appraiser.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; U.S.C. 3729, 3802)

Appraiser <i>A. C. Post</i>	Date 1/29/2024	Review Appraiser	Date
State Certification Number #2754	State TN	State Certification Number	Date

The Review Appraiser certifies that he/she		<input type="checkbox"/> Did <input type="checkbox"/> Did not inspect the subject property	
Chief, Housing Programs Branch	Date	Director, Housing Development	Date
Field Office Manager/Deputy		Date	

O. Remarks and Conclusions (continue on separate page if necessary. Appraisal reports must be kept for a minimum of five years.)

Public Reporting Burden for this collection of information is estimated to average 114 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of HUD to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The Information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Previous editions are obsolete.

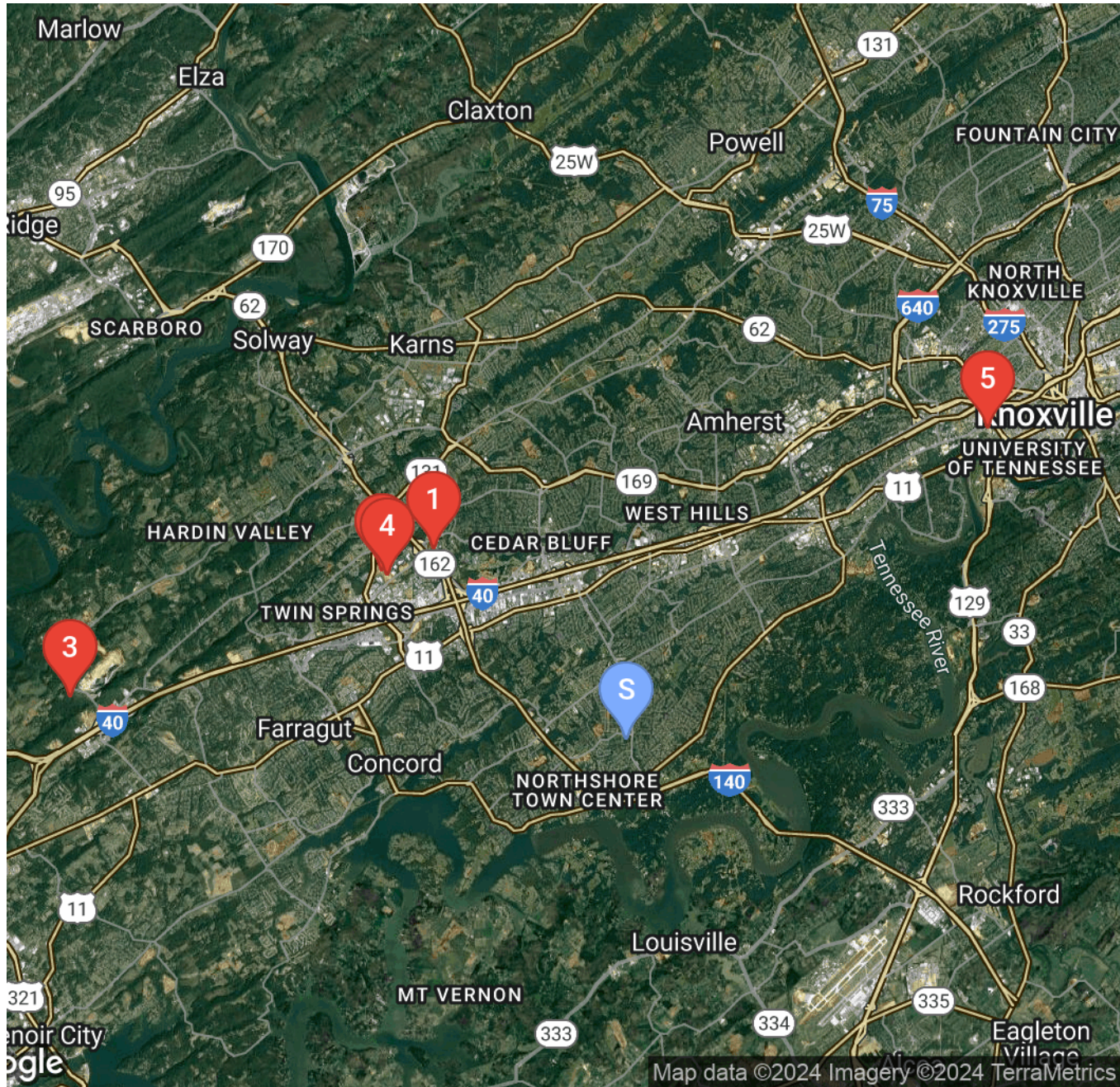
LAND VALUATION

In order to estimate the subject’s land value as if vacant, the appraiser has searched the local market for recent comparable sales. The following sales represent location and physical features similar to the subject property and are “arms-length” market transactions between disinterested parties. Five sales have been summarized in the following table and included in the Item J of the 92264.

SUMMARY OF COMPARABLE LAND SALES

Sale No.	Identification/Location	Sale Date	Sale Price	Size (Ac.)	No. of Units	Density	Price Per Acre	Price Per Unit
1	Century Park 10209 Sherrill Boulevard Knoxville, TN 37932	Aug-23	\$4,000,000	23.653	286	12.09	\$169,112	\$13,986
2	The Chelsea on Cornerstone 1003 Chelsea Place Way Knoxville, TN 37932	Jun-23	\$4,396,000	19.10	318	16.65	\$230,157	\$13,824
3	Ardmore at Prosperity 13206 Buttermilk Road Knoxville, TN 37932	Dec-22	\$4,500,000	24.470	288	11.77	\$183,899	\$15,625
4	The Retreat at Knoxville 875 Cornerstone Drive Knoxville, TN 37932	Oct-21	\$2,600,000	12.35	216	17.49	\$210,526	\$12,037
5	The Mark at Knoxville 124 South Concord Street Knoxville, TN 37919	May-23	\$6,650,000	6.250	308	49.28	\$1,064,000	\$21,591
	Minimum		\$2,600,000	6.250	216	11.77	\$169,112	\$12,037
	Maximum		\$6,650,000	24.470	318	49.28	\$1,064,000	\$21,591
	Mean		\$4,429,200	17.165	283	21.46	\$371,539	\$15,413
	Median		\$4,396,000	19.100	288	16.65	\$210,526	\$13,986
Subject	Bluegrass Village 1645 Ebenezer Road Knoxville, TN 37922	Contract	\$1,000,000	3.935	47	11.94	\$254,145	\$21,277

LAND SALES LOCATION MAP



Map data ©2024 Imagery ©2024 TerraMetrics

COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/UNIT
SUBJECT	-	1645 Ebenezer Road, Knoxville, TN	-	3.93	171,398	-
No. 1	4.9 Miles	10209 Sherrill Boulevard, Knoxville, TN	8/3/2023	23.65	1,030,324	\$13,986
No. 2	5.4 Miles	1003 Chelsea Place Way, Knoxville, TN	6/14/2023	19.10	831,996	\$13,824
No. 3	10.2 Miles	13206 Buttermilk Road, Knoxville, TN	12/22/2022	24.47	1,065,913	\$15,625
No. 4	5.3 Miles	875 Cornerstone Drive, Knoxville, TN	10/18/2021	12.35	537,966	\$12,037
No. 5	8.7 Miles	124 South Concord Street, Knoxville, TN	5/24/2023	6.25	272,250	\$21,591
No. 6	1.3 Miles	8860 Crescent Lake Way, Knoxville, TN	1/11/2019	20.74	903,434	\$13,618

/

COMPARABLE 1
LOCATION INFORMATION

Name	Century Park
Address	10209 Sherrill Boulevard
City, State, Zip Code	Knoxville, TN, 37932
County	Knox
APN	118-177.16

SALE INFORMATION

Buyer	Century Park MF Brand Partners, LLC
Seller	Century Park MF EXL, LLC
Transaction Date	08/3/2023
Transaction Status	Recorded
Transaction Price	\$4,000,000
Analysis Price	\$4,000,000
Recording Number	2.02308E+14
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Intended Use	Multi-Residential
Location	Average
Site Size (Net)	23.65 Acres (1,030,324 SF)
Site Size (Gross)	23.65 Acres (1,030,324 SF)
Zoning	C-G-3
Development Potential	286
Density	12.09
Shape	Irregular
Topography	Generally Level
Access	Average
Exposure	Average
Corner	No
Utilities	No



CENTURY PARK

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF	\$/Unit
Gross	\$169,112	\$3.88	\$13,986
Net	\$169,112	\$3.88	\$13,986

CONFIRMATION

Name	Warranty Deed
Company	County Records / Seller's Affidavit

REMARKS

This is the sale of a 23.653-acre tract located on the east side of Sherrill Boulevard and at the terminus of Century Park Boulevard in West Knoxville. Said tract was purchased for the development of a 286-unit apartment complex. The property sold in August 2023 for \$4,000,000, which equates to \$13,986 per planned unit.

COMPARABLE 2

LOCATION INFORMATION

Name	The Chelsea on Cornerstone
Address	1003 Chelsea Place Way
City, State, Zip Code	Knoxville, TN, 37932
County	Knox
MSA	Knoxville, TN
APN	131-069.00

SALE INFORMATION

Buyer	The Chelsea Cornerstone, LLC
Seller	USCC Services, LLC
Transaction Date	06/14/2023
Transaction Status	Recorded
Transaction Price	\$4,396,000
Analysis Price	\$4,396,000
Recording Number	2.02306E+14
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Intended Use	Multi-Residential
Location	Average
Site Size (Net)	19.10 Acres (831,996 SF)
Site Size (Gross)	19.10 Acres (831,996 SF)
Zoning	OB/TO
Development Potential	318
Density	16.65
Access	Good
Exposure	Good
Corner	No
Utilities	No



THE CHELSEA ON CORNERSTONE

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>	<u>\$/Unit</u>
Gross	\$230,157	\$5.28	\$13,824
Net	\$230,157	\$5.28	\$13,824

CONFIRMATION

Name	Warranty Deed
Company	County Records / Seller's Affidavit

REMARKS

This is the sale of a 19.10-acre tract located at the corner of Cornerstone Drive and Lovell Road in the west sector of Knoxville, Tennessee. Said tract was previously used as a soccer complex and was purchased for the development of a 318-unit apartment complex to be identified as The Chelsea on Cornerstone. The property sold in June 2023 for \$4,396,000, which equates to \$13,824 per unit.

COMPARABLE 3

LOCATION INFORMATION

Name	Ardmore at Prosperity
Address	13206 Buttermilk Road
City, State, Zip Code	Knoxville, TN, 37932
County	Knox
APN	141-028.06

SALE INFORMATION

Buyer	Ardmore Knoxville 2, LLC
Seller	I-40/75 Business Park, LLC
Transaction Date	12/22/2022
Transaction Status	Recorded
Transaction Price	\$4,500,000
Analysis Price	\$4,500,000
Recording Number	2.02212E+14
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Intended Use	Multi-Residential
Location	Average
Site Size (Net)	24.47 Acres (1,065,913 SF)
Site Size (Gross)	24.47 Acres (1,065,913 SF)
Zoning	RB
Development Potential	288
Density	11.77
Shape	Irregular
Topography	Rolling
Access	Average
Exposure	Average
Corner	No
Utilities	No



ARDMORE AT PROSPERITY

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>	<u>\$/Unit</u>
Gross	\$183,899	\$4.22	\$15,625
Net	\$183,899	\$4.22	\$15,625

CONFIRMATION

Name	Warranty Deed
Company	County Records / Seller's Affidavit

REMARKS

This is the sale of a 24.47-acre tract of land located on the south side of Buttermilk Road, just west of Everett Road in West Knoxville. The property was purchased for the development of a 288-unit apartment complex to be identified as Ardmore at Prosperity. The property sold in December 2022 for \$4,500,000, which equates to \$15,625 per planned unit.

COMPARABLE 4

LOCATION INFORMATION

Name	The Retreat at Knoxville
Address	875 Cornerstone Drive
City, State, Zip Code	Knoxville, TN, 37932
County	Knox
MSA	Knoxville, TN
APN	131-069.08

SALE INFORMATION

Buyer	Retreat at Knoxville, LLC
Seller	USCC Services, LLC
Transaction Date	10/18/2021
Transaction Status	Recorded
Transaction Price	\$2,600,000
Analysis Price	\$2,600,000
Recording Number	2.02111E+14
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Intended Use	Multi-Residential
Location	Average
Site Size (Net)	12.35 Acres (537,966 SF)
Site Size (Gross)	12.35 Acres (537,966 SF)
Zoning	OB/TO
Development Potential	216
Density	17.49
Access	Good
Exposure	Good
Corner	No
Utilities	No



THE RETREAT AT KNOXVILLE

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>	<u>\$/Unit</u>
Gross	\$210,526	\$4.83	\$12,037
Net	\$210,526	\$4.83	\$12,037

CONFIRMATION

Name	Warranty Deed
------	---------------

REMARKS

This is the sale of a 12.35-acre tract located at the corner of Cornerstone Drive and Murdock in the west sector of Knoxville, Tennessee. Said tract was previously used as a soccer complex and was purchased for the development of a 216-unit apartment complex to be identified as The Retreat at Knoxville. The property sold in October 2021 for \$2,600,000, which equates to \$12,037 per unit.

COMPARABLE 5

LOCATION INFORMATION

Name	The Mark at Knoxville
Address	124 South Concord Street
City, State, Zip Code	Knoxville, TN, 37919
County	Knox
MSA	Knoxville, TN
APN	108BB010

SALE INFORMATION

Buyer	LMP Knoxville Property Owner, LLC
Seller	Crown Enterprises, LLC
Transaction Date	05/24/2023
Transaction Status	Recorded
Transaction Price	\$6,650,000
Analysis Price	\$6,650,000
Recording Number	2.02305E+14
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length



THE MARK AT KNOXVILLE

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>	<u>\$/Unit</u>
Gross	\$1,064,000	\$24.43	\$21,591
Net	\$1,064,000	\$24.43	\$21,591

PHYSICAL INFORMATION

Intended Use	Multi-Residential
Location	Average
Site Size (Net)	6.25 Acres (272,250 SF)
Site Size (Gross)	6.25 Acres (272,250 SF)
Zoning	I-MU
Development Potential	308
Shape	Irregular
Topography	Level
Access	Average
Exposure	Average
Corner	Yes
Utilities	No

CONFIRMATION

Name	Warranty Deed
------	---------------

REMARKS

Sale of a 6.25 acres site in West Knoxville. The buyer will develop the site with a 308-unit multifamily development and 4-story parking deck with 486 parking spaces.

LAND SALES ANALYSIS

The comparables herein represent five sales of unimproved land located within the Knoxville market that were purchased for multifamily development. The comparables range in size from 6.25 to 24.47 acres. The units of comparison range from \$12,037 to \$21,591 per unit with a mean of \$15,413 per unit and a median of \$13,986 per unit. The per acre indicators range from \$169,112 to \$1,064,000 per acre with a mean of \$371,539 per acre and a median of \$210,526 per acre. The price per unit is the most heavily weighted unit of comparison in the analysis of the subject land value. In analyzing the comparable sales, the appraiser gives consideration to the difference in location, topography at the time of sale, utility due to shape, size, zoning, exposure, and access. Value fluctuation between the date of sale and the date of appraisal is also taken into consideration. The density of each development is considered in terms of both the price per acre and price per unit. Typically, high density transactions will result in lower unit prices, but higher price per acre.

	Comparable Sales Address No. 1	Comparable Sales Address No. 2	Comparable Sales Address No. 3	Comparable Sales Address No. 4	Comparable Sales Address No. 5
	Century Park 10209 Sherrill Boulevard Knoxville, TN 37932	The Chelsea on Cornerstone 1003 Chelsea Place Way Knoxville, TN 37932	Ardmore at Prosperity 13206 Buttermilk Road Knoxville, TN 37932	The Retreat at Knoxville 875 Cornerstone Drive Knoxville, TN 37932	The Mark at Knoxville 124 South Concord Street Knoxville, TN 37919
Date of Sale	August 10, 2023	June 14, 2023	December 22, 2022	October 18, 2021	May 24, 2023
Sales Price	\$4,000,000	\$4,396,000	\$4,500,000	\$2,600,000	\$6,650,000
No. of SF	1,030,325	831,996	1,065,913	537,966	272,250
Price per Square Foot	\$3.88	\$5.28	\$4.22	\$4.83	\$24.43
No. of Acres	23.653	19.100	24.470	12.350	6.250
Price per acre	\$169,112	\$230,157	\$183,899	\$210,526	\$1,064,000
No. of Planned Units	286	318	288	216	308
Price per Planned Unit	\$13,986	\$13,824	\$15,625	\$12,037	\$21,591
Adjustments (%)					
Time	1.50%	2.00%	3.00%	6.00%	2.00%
Location	0.00%	0.00%	0.00%	0.00%	0.00%
Zoning	0.00%	0.00%	0.00%	0.00%	0.00%
Plottage	0.00%	0.00%	0.00%	0.00%	0.00%
Demolition	0.00%	0.00%	0.00%	0.00%	0.00%
Topo., Phys. Char.	0.00%	0.00%	0.00%	0.00%	0.00%
Density	0.00%	5.00%	0.00%	5.00%	10.00%
Total Adjustment Factor	1.50%	7.00%	3.00%	11.00%	12.00%
Adjusted Unit Price	\$14,196	\$14,792	\$16,094	\$13,361	\$24,182

After adjustments, the land sales indicate a range from \$13,361 to \$24,182 per unit with a mean of \$16,525 per unit and a median of \$14,792 per unit; and from \$171,648 to \$1,191,680 per acre with a mean of \$406,539 per acre and a median of \$233,684 per acre. Based on the information herein, a unit value of \$20,000 per unit is considered to be reasonable for the subject property.

Land Value Calculation - Per Unit		
Units	Indicated \$/Unit	Indicated Market Value
47	x \$20,000	= \$940,000
Market Value Conclusion, rounded		\$940,000

The land value is estimated at \$940,000. Said value equates to \$238,897 per acre, which is supported by the comparable data and is considered reasonable based on the subject density. It is noted that the purchase contract is \$1,000,000 (\$21,277 per unit) and was executed in September 2023.

ESTIMATED LAND VALUE

\$940,000

RESTRICTED NET OPERATING INCOME (NOI)

As previously noted, 100% of the subject units will receive project-based vouchers (PBVs). The LIHTC restrictions are 100% at 60% AMI (PBV units are 50% AMI). Below is a table outlining the maximum allowable LIHTC rents at 50% and 60% AMI.

Bluegrass Village									
- Applicable Income Limits & Rents -									
50% AMI									
UnitType	Area Median Income	Housing Ratio	Maximum Annual Rent	Maximum Monthly LIHTC Rent	Less Tenant-Paid Util. Allow.	Maximum LIHTC Rent After Util.	HUD-Approved PBV Rents		
3BR / 2BA	\$44,950	x 30%	= \$13,485	\$1,124	\$92	= \$1,033	\$2,394		
4BR / 2BA	\$50,150	x 30%	= \$15,045	\$1,254	\$106	= \$1,148	\$2,787		
60% AMI									
UnitType	Area Median Income	Housing Ratio	Maximum Annual Rent	Maximum Monthly LIHTC Rent	Less Tenant-Paid Util. Allow.	Maximum LIHTC Rent After Util.	HUD-Approved PBV Rents		
3BR / 2BA	\$53,940	x 30%	= \$16,182	\$1,349	\$92	= \$1,258	\$2,394		
4BR / 2BA	\$60,180	x 30%	= \$18,054	\$1,505	\$106	= \$1,399	\$2,787		

In accordance with HUD's MAP Guide, I have included an estimate of the subject property's net operating income (NOI) as a restricted property based on its approved PBV contract rents. A summary of these rents is shown below.

Bluegrass Village						
- PBV Rents & Potential Gross Income -						
Unit Mix	No. of Units	Unit Ratio	Unit SF	Contract Rents	Rent Per SF	Gross Annual Rental Income
2BR / 2BA	24	51%	1,334	\$2,394	\$1.79	\$ 689,472
3BR / 2BA	23	49%	1,543	\$2,787	\$1.81	\$ 769,212
Total / Average	47	100%	1,436	\$2,586	\$1.80	\$ 1,458,684

OTHER INCOME

Additional recurring non-rental revenue has been estimated at **\$200** per unit per year. This equates to approximately 0.66% of the Effective Gross Income. Below is a chart of comparables plus data from IREM which indicated a mean and median of \$169 and \$170 per unit, respectively for Other Income. The proforma indicates a projection of \$100 per unit under restricted operations.

Other Income Support - Restricted							
No.	Location	Year Built	No. of Units	Reporting Year	Other Income Per Unit	Other Income as % of EGI	
1	Eastern TN Region	2000	50-100	2023	\$172	1.99%	
2	Eastern TN Region	2007	50-100	2022	\$211	2.55%	
3	Eastern TN Region	2006	50-100	2022	\$174	2.72%	
4	Eastern TN Region	2006	50-100	2022	\$101	1.51%	
5	Eastern TN Region	2010	50-100	2022	\$204	2.58%	
6	Eastern TN Region	1986	0-50	2022	\$111	1.57%	
7	Eastern TN Region	1983	50-100	2022	\$396	5.54%	
8	Eastern TN Region	1998	50-100	2022	\$33	0.45%	
9	Eastern TN Region	2005	100-150	2021	\$168	1.81%	
10	Eastern TN Region	2020	50-100	2021	\$224	2.39%	
11	Eastern TN Region	1981	50-100	2021	\$75	1.20%	
12	Eastern TN Region	2006	50-100	2021	\$154	2.48%	
					Mean	\$169	2.23%
					Median	\$170	2.19%
Subject Projection		2026	47		\$200	0.66%	

OCCUPANCY

The following chart outlines projects that were surveyed in the local market with similar characteristics. The restricted comparables indicate a range in occupancy rates from 93% to 100% with an aggregate occupancy of 97.8%. Almost all of the properties are 100% leased with waiting lists.

Restricted Occupancy									
Complex Name	Units	City	State	Type	Date Surveyed	Original Year Built	Waiting List	Preleased Rate	Occupancy Rate
Lakeview at Westland	72	Knoxville	TN	LIHTC/Section 8	January 25, 2024	2023	16 people	100.0%	97.0%
Meadowbrook Apartments	74	Knoxville	TN	Section 8	January 29, 2024	2002	unknown, short	95.9%	93.0%
Southside Flats	172	Knoxville	TN	LIHTC/Section 8	January 29, 2024	2020	±12 months	100.0%	100.0%
Flats at Pond Gap	102	Knoxville	TN	LIHTC/Section 8	January 23, 2024	2021	6-12 months	100.0%	97.0%
Young High Flats	156	Knoxville	TN	LIHTC/Section 8	January 23, 2024	2021	4-6 months	100.0%	98.7%
Total / Averages	576					2017		99.5%	97.8%

Based on the information herein, on all the factors herein, I have deducted a total of **3%** vacancy/collection loss – which includes **both** physical and economic loss for the project as an affordable complex.

EXPENSE ESTIMATE

In deriving our estimate of operating expense components, we have analyzed four expense comparables as delineated on the following HUD Form 92274, the Operating Expense Analysis Worksheet. All of the comparables are located in East Tennessee markets. As dictated by the MAP Guide, at least one of the comparables has been identified. The HUD reviewer may reach out and we will provide the name/address of the additional expense comparables. The subject proforma is summarized below.

Bluegrass Village - Developer's Proforma -		
Proforma		
Category	\$ Amount	\$/Unit
Income		
Rental Revenue	\$ 1,458,684	\$31,036
Vacancy	\$ (102,108)	-\$2,173
Total Rent Revenue	\$ 1,356,576	\$28,863
Carports	\$ -	\$0
Garages	\$ -	\$0
Laundry/Late Fees/NSF	\$ -	\$0
Other	\$ 4,700	\$100
Total Other Income	\$ 4,700	\$100
Effective Gross Income	\$ 1,361,276	\$28,963
Expenses		
Advertising	\$ -	\$0
Management	\$ 54,451	\$1,159
Office & Administrative	\$ 43,106	\$917
Utilities		
Electricity	\$ 35,250	\$750
Water/Sewer	\$ -	\$0
Trash	\$ -	\$0
Gas	\$ -	\$0
Other-Cable	\$ -	\$0
Subtotal Utilities	\$ 35,250	\$750
Payroll		
Payroll & Related Compensation	\$ 105,750	\$2,250
Payroll Taxes	\$ -	\$0
Subtotal Payroll	\$ 105,750	\$2,250
Repairs & Maintenance		
Decorating	\$ -	\$0
Repairs	\$ 35,250	\$750
Exterminating	\$ -	\$0
Snow Removal	\$ -	\$0
Security payroll/contract	\$ -	\$0
Elevator	\$ -	\$0
Grounds Expense (Site Services)	\$ -	\$0
Subtotal Repairs/Maintenance	\$ 35,250	\$750
Insurance	\$ 23,500	\$500
Other Taxes/Licenses	\$ -	\$0
Real Estate Taxes	\$ 1,841	\$39
Total Expenses	\$ 299,148	\$6,365
Net Operating Income	\$ 1,062,128	\$22,598
Management as % of EGI	4.0%	
Operating Expense Ratio	22.0%	

HUD 92274 – OPERATING EXPENSE WORKSHEET

Operating Expense Analysis Worksheet

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

See Instructions on back and Refer to Handbook: 4480.1 for details on completing this form.

Public reporting burden for this collection of information is estimated to average 18 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Project Name	Bluegrass Village - Restricted	Project Number	N/A
City	Knowville, TN	Date of Appraisal (mm/dd/yyyy)	1/12/2024
Signature of Processor	<i>A. C. Felt</i>	Date (mm/dd/yyyy)	1/12/2024

Project Name	Comparable A	Comparable B	Comparable C	087-11076	Bluegrass Village - Restricted
Project Number	N/A	N/A	N/A	N/A	N/A
Location	Maynardville, TN	Lenoir City, TN	Cleveland, TN	Knowville, TN	Knowville, TN
Type of Project & No. of Stories	Garden	Garden	Garden	Garden	Garden
Type of Construction	Frame	Frame	Frame	Frame	Frame
No. of Living Units	50-100	50-100	50-100	50-100	47
Age of Project	2000	2010	2016	1997	2028
Project Unit Composition	BRM (0) (1) (2) (3)	BRM (0) (1) (2) (3)	BRM (0) (1) (2) (3)	BRM (0) (1) (2) (3)	BRM (1) (2) (3) (4)
No. of Each Type Unit					24 23
Sq. Ft. Each Type Unit					1,334 1,543
Average Unit Area	N/A	N/A	N/A	N/A	1,436
Same Tax Rate as Subject *	No	No	No	Similar	
Same Utility Rate *	No	No	No	Similar	
Effective Date/Updating Operating Yr./Percentage	2023	2022	2.50% n/a	2022	2.50% n/a
Equip. & Services Incl. Rent **	1,2,3,4,5,6,9,21	1,2,3,4,5,6,9,21	1,2,3,4,5,6,9,21	1,2,3,4,6,9	1,2,3,4,6,7,9,21

Equipment Included in Rent			Services Included in Rent											
1 Ranges & Refrig.	2 Carpet & Drapes	3 Disposal	Gas	10 Heat	11 Cooking	12 Hot Water	13 A/C	14 Dishwasher	5 Laundry Fac.	6 Air Cond.	15 Cooking	16 Hot Water	17 A/C	18 Lights
7 Microwave	8 Pool/Tennis	9 Other	Elec.	14 Heat	15 Cooking	18 Hot Water	17 A/C				20 Hot Water	21 Water	22 Other	

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Exp.	Updated Exp.	Adj. + -	Ind. Exp.	Correlated Expense
1. Advertising	50		50	146	150		150	47	48		48					50
2. Management	429		429	508			508	394			394	524			524	1,212
3. Other	368		368	320	328		328	573	588		588	391	401		401	500
4. Total Admin.			847				986				1,030				925	1,762
5. Elevator																0
6. Fuel																0
7. Lighting & Misc. Power	139		139	103	105		105	261	267		267	130	133		133	125
8. Water	1,038		1,038	771	790		790	282	289		289	1,485	1,502		1,502	750
9. Gas												31	32		32	0
10. Garbage Removal	178		178	170	174		174	32	33		33	195	200		200	175
11. Payroll	878		878	831	852		852	1,680	1,722		1,722	1,016	1,041		1,041	2,000
12. Other - Internet/Cable																300
13. Total Operating			2,234				1,922				2,312				2,908	5,350

Previous editions are obsolete

form HUD-92274 (05/2003)

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Correlated Expense
14. Decorating	315		315	206	211		211									225
15. Repairs	479		479	702	720		720	530	543		543	668	685		685	400
15. Elevators																0
17. Exterminating												81	83		83	50
18. Insurance	764		764	244	251		251	398	408		408	667	684		684	500
19. Ground Expenses	183		183	238	244		244	196	200		200					200
20a. Other - Security																0
20b. Other - Service Coord.																0
21. Total Maint.			1,741				1,426				1,151				1,452	1,375
22a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 21)																6,487
22b. Trend Adjustment (2.58% x 22a)	To (date) (mm/dd/yyyy) 1/12/2024 Annual Rate 2.50%															136
23. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																250
24. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 22a, 22b and 23)																6,873
25. Taxes/Real Estate	182		182	379			379	870			870	551			551	870
26. Personal Prop. Tax																
27. Emp. Payroll Tax																100
28. Other - Misc. Taxes												11	11		11	
29. Other																
30a. Total Taxes w/o Trend																970
30b. Trend Adjustment (2.58% x 30a)	To (date) (mm/dd/yyyy) 1/12/2024 Annual Rate 2.50%															3
31. Total Taxes (Including Time and Trend) (Sum of Lines 30a and 30b)																973
32. Total Expense (Sum of Lines 24 and 31)																7,846

*If "NO," reflect in adjustments.
 **Enter appropriate numbers from table for subject and comparables and reflect in adjustments.
 ***Enter expense items in suitable unit of comparison.
 (Attach additional pages to Explain Adjustments as Needed)

Operating Expense Analysis

The following discussion outlines the subject's expense projections as delineated on the previous worksheet. The projections reflect *trended* figures based on a 2.5% annual inflation rate dating from January 2023, the beginning date of the most recent expense comparable. However, the management and the real estate tax categories are not trended upward. Management is estimated as a percentage of Effective Gross Income (EGI) and the property tax rate in Knox County has historically been stable with any increases being offset by reappraisal adjustments.

Advertising & Promotions – The affordable expense comparables reported an advertising expense ranging from \$48 to \$150 per unit with an average of \$83 per unit. The subject proforma does not itemize this expense. Marketing costs of **\$50** per unit are projected under affordable operations based on supplemental restricted comparables retained in the work file as summarized below.

Management Fee – Our management fee projection is estimated at **\$1,212** per unit, which is equivalent to 4.0% of effective gross income, generally consistent with local standards ranging from 3% to 5% for properties of the subject's size and character. The affordable comparables exhibit management fees ranging from \$394 to \$524 per unit with an average of \$464 per unit. The subject proforma indicates an expense of 4.0% of EGI. This category is typically charged as a percentage of Effective Gross Income (EGI).

Office & Administrative – The affordable expense comparables' administrative costs range from \$328 to \$588 per unit with an average of \$421 per unit. The subject proforma indicates an expense of \$917 per unit. Total Office/Administrative costs of **\$500** per unit are projected, which is believed to be consistent with all sources.

Utilities – A total allocation of **\$1,350** per unit has been utilized herein for utilities based on all sources. The affordable expense comparables' utilities costs range from \$589 to \$1,867 per unit, averaging \$1,220 per unit. The subject proforma indicates a total utilities expense of \$750 per unit. The subject's total Utilities expense is comprised as follows:

Electricity:	\$ 125/Unit
Water:	\$ 750/Unit
Internet:	\$ 300/Unit
Trash:	<u>\$ 175/Unit</u>
Total:	\$1,350/Unit

Electricity: The affordable comparables range from \$105 to \$267 per unit in electricity with an average of \$161 per unit. The subject proforma does not itemize this expense. A projection near the low range is considered to be appropriate at **\$125** per unit.

Water/sewer: Water/sewer will be included in the subject rents. The affordable comparables range from \$289 to \$1,502 with an average of \$905 per unit. The subject proforma does not itemize this expense. A projection of **\$750** per unit is considered to be appropriate.

Internet: None of the comparables itemize this expense. Per the borrower, the bulk internet contract will be \$300 per unit per year. With consideration to supplemental data retained in the work file, an amount of **\$300** per unit is projected.

Trash: The comparables range from \$33 to \$200 with an average of \$146 per unit. The subject proforma does not itemize this expense. An amount of **\$175** per unit is projected.

Salaries and Related Compensation – A cost of **\$2,000** per unit is projected for the subject. This amount incorporates management and maintenance personnel and *excludes* Payroll Taxes. The affordable expense comparables report payroll and related compensation/costs ranging from \$852 to \$1,722 per unit with an average of \$1,123 per unit, *including* payroll taxes.

Payroll Taxes – None of the comparables itemize payroll taxes. Based information retained in the work-file, an allocation of **\$100** per unit has been utilized herein. The total payroll expense for the subject is projected at **\$2,100** per unit (prior to trending), which is between with the comparables and the subject proforma at \$2,250 per unit.

Repairs & Maintenance - Total repairs and maintenance expenses of the affordable comparables range from \$744 to \$1,176 per unit with an average of \$916 per unit. The subject proforma indicates a total repairs and maintenance expense of \$750 per unit. With consideration to all sources, stabilized repairs, and maintenance expenses (to include decorating, repairs, extermination, and grounds) of **\$875** per unit (prior to trending) have been utilized herein. This projection is comprised as follows:

Decorating:	\$225/Unit
Repairs:	\$400/Unit
Exterminating:	\$ 50/Unit
Grounds:	<u>\$200/Unit</u>
Total:	\$875/Unit

Decorating – Although the subject will reflect new condition and is expected to be fully decorated when it receives its certificate of occupancy at completion of construction, on-going decorating expenses are anticipated to be incurred coinciding with turnover. The two affordable comparables that itemize this expense range from \$211 to \$315 per unit with an average of \$263 per unit. The subject proforma does not itemize this expense. Given the age and condition of the project and the consistency of the data, an allocation of **\$225** per unit has been utilized herein, which is considered reasonable based on the subject's proposed condition.

Repairs & Maintenance – Stabilized repair and maintenance expenses of **\$400** per unit have been utilized herein. The affordable comparables range from \$479 to \$720 per unit with an average of \$607 per unit, which are assumed to include other expenses. The subject proforma does not itemize this expense.

Exterminating – Only one of the affordable comparables itemized this expense at \$83 per unit. The subject proforma does not itemize this expense. Based upon the comparables and information in the work file, an allocation of **\$50** per unit has been utilized herein.

Ground Maintenance – The affordable comparables range from \$183 to \$244 per unit with an average of \$209 per unit. The subject proforma does not itemize this expense. Based on the information herein, a projection of **\$200** per unit is considered reasonable.

Insurance - Insurance costs at the affordable expense comparables range from \$251 to \$764 per unit with an average of \$527 per unit. The proforma includes an expense of \$500 per unit. The insurance expense has been allocated at **\$500** per unit based on all sources.

Real Estate Taxes - The projected real estate tax burden is **\$870** per unit based on the restricted tax appraisals previously exhibited herein. The proforma amount is stated at \$39 per unit due to a PILOT that will be put into place.

Operating Expense Summary – The affordable expense comparables' total operating expenses range from \$4,713 to \$5,847 per unit with an average of \$5,232 per unit. However, it is noted that the real estate taxes and utilities expense projections result in some disparities relative to the proposed subject complex. In addition, the comparables lack reserves for replacement. After adjusting for Real Estate taxes and Utilities, the subject is believed to be supported by the market data.

Summary of Expenses - Restricted						
Expenses Included	Expense Comp 1	Expense Comp 2	Expense Comp 3	Expense Comp 4	Expense Averages	Subject Projection
Total Expenses (net of Reserves)	\$5,005	\$4,713	\$5,363	\$5,847	\$5,232	\$7,457
Excluding R.E. Taxes & Reserves	\$4,822	\$4,334	\$4,493	\$5,296	\$4,736	\$6,587
Excluding Utilities/R.E. Taxes/Reserves	\$3,467	\$3,264	\$3,904	\$3,430	\$3,516	\$5,237

*Not trended

Our analysis reflects total *non-trended* expenses of **\$7,457** per unit for the stabilized projection. Excluding Real Estate Taxes, Utilities and Reserves, the projection herein is **\$5,237** per unit, which is generally consistent with the expense comparables at \$3,516 per unit.

The proforma indicates total expenses of \$6,365 per unit, *excluding* reserves.

The total expenses projected by the appraiser to *include* trending and Reserves are **\$7,846** per unit. The indicated operating expense ratio is 25.9% to *include* reserves and 25.1% to *exclude* reserves but include the trending adjustment required by HUD. The total expense per unit is well supported by the comparable expense data as well as supplemental expense data retained in the work file. The subject expense ratio is on the low end, primarily due to the high contract rents.

EXPENSE SUMMARY FOR THE HUD 92264

The expenses have been presented following the format from the HUD-92274, whereby the total trending adjustment is applied as two lump sum adjustments on Lines 20b. and 27b. As previously noted, two of the expenses were not trended: Management Fee and Real Estate Taxes. As shown on the 92274, the total trend adjustment is 2.5763%. This is based on a 2.5% annual increase in the expenses from the beginning of the base year of the most recent expense comparable. In this case, the base comparable reflects 2023 year-end data. In accordance with the MAP Guide, the trending adjustment would then begin on January 1, 2023 (base year), resulting in the adjustment of 2.5763%. Each of the individual line-item expenses have been trended below so that they can be transferred to the HUD-92264; which does not have a line for total trending. Please note that the total expenses and net operating income are consistent throughout the report. A summary of the individual trended expenses is shown below.

Operating Expenses	Expense Projection	Trended Expenses for 92264
Advertising	\$2,350	\$2,411
Management	\$56,962	\$56,962
Office & Administrative	\$23,500	\$24,105
Electricity	\$5,875	\$6,026
Water	\$35,250	\$36,158
Cable	\$14,100	\$14,463
Garbage/Trash Removal	\$8,225	\$8,437
Salaries and Related Compensation	\$94,000	\$96,422
Payroll Taxes	\$4,700	\$4,821
Decorating	\$10,575	\$10,847
Repairs & Maintenance	\$18,800	\$19,284
Exterminating	\$2,350	\$2,411
Grounds Expense	\$9,400	\$9,642
Insurance	\$23,500	\$24,105
Real Estate Taxes	\$40,901	\$40,901
Total Expenses (excluding Reserves)	\$350,488	\$356,996
Per Unit	\$7,457	\$7,596

INCOME AND EXPENSE STATEMENT

Bluegrass Village						
- Proforma Operating Statement -						
Under Restricted Operations						
Potential Gross Rental Income						
<u>Unit Type</u>	<u>No.</u>	<u>Rent</u>				
2BR / 2BA	24	@ \$2,394	per month, annualized		\$ 689,472	
3BR / 2BA	23	@ \$2,787	per month, annualized		\$ 769,212	
Total Potential Gross Rental Income	47					\$ 1,458,684
Add Other Income:	(47	x \$200	Per Unit Per Year) =		\$ 9,400
Total Potential Gross Income						\$ 1,468,084
Less Vacancy & Credit Loss	@ 3%					\$ (44,043)
Effective Gross Income (EGI)						\$ 1,424,041
Less Operating Expenses			Per Unit	\$ Amount	Trended	
Advertising			\$50	\$2,350	\$2,411	
Management	4.00%		\$1,212	\$56,962	\$56,962	
Office & Administrative			\$500	\$23,500	\$24,105	
Electricity			\$125	\$5,875	\$6,026	
Water			\$750	\$35,250	\$36,158	
Gas			\$0	\$0	\$0	
Cable			\$300	\$14,100	\$14,463	
Garbage/Trash Removal			\$175	\$8,225	\$8,437	
Salaries and Related Compensation			\$2,000	\$94,000	\$96,422	
Payroll Taxes			\$100	\$4,700	\$4,821	
Decorating			\$225	\$10,575	\$10,847	
Repairs & Maintenance			\$400	\$18,800	\$19,284	
Exterminating			\$50	\$2,350	\$2,411	
Grounds Expense			\$200	\$9,400	\$9,642	
Service Coordinator			\$0	\$0	\$0	
Insurance			\$500	\$23,500	\$24,105	
Real Estate Taxes (assuming full taxation)			\$870	\$40,901	\$40,901	
Subtotal of Operating Expenses			\$7,457	\$350,488		
Trending Adjustment (Lines 22b/30b on 92274)			\$138	\$6,508		
Total of Operating Expenses			\$7,596			
Less Operating Expenses					\$ 356,996	
Reserves for Replacement	@ \$250	Per Unit			\$ 11,750	
Less Total Expenses	(-25.9%	of EGI or	\$7,846	Per Unit)		\$ (368,746)
Net Operating Income (NOI)						\$ 1,055,295

HUD-92264 FORM (RESTRICTED – PAGES 1-4)

Multifamily Summary Appraisal Report

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval 2502-0029
(exp. 09/30/2016)

This form is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice for written reports, except where the Jurisdictional Exception is invoked to allow for minor deviations, as noted throughout. Additional technical direction is contained in the HUD Handbooks referenced in the lower right corner

Application Processing Stage SAMA Feasibility (Rehab) Firm
Property Rights Appraised Fee Simple Leasehold

Project Name: **Bluegrass Village** Project Number: **N/A**

Purpose. This appraisal evaluates the subject property as security for a long-term insured mortgage. Included in the appraisal (consultation for Section 221) are the analyses of market need location, earning capacity, expenses, taxes, and warranted cost of the property.

Scope. The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility; suitability of improvements; extent, quality, and duration of earning capacity; the value of real estate proposed or existing as security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the subject property.

A. Location and Description of the Property

1. Street Nos. 1645		2. Street Ebenezer Road		3. Municipality Knoxville	
4a. Census Tract No. 0057.11		4b. Placement Code	4c. Legal Description (optional)	5. County Knox	6. State and Zip Code TN 37922
7. Type of Project <input type="checkbox"/> Highrise <input type="checkbox"/> 2-5 sty. Elev. <input type="checkbox"/> Elevator (s) <input checked="" type="checkbox"/> Walkup <input type="checkbox"/> Row House <input type="checkbox"/> Detached <input type="checkbox"/> Semi-Detached <input type="checkbox"/> Town House		8. No. Stories 3	9a. Foundation <input checked="" type="checkbox"/> Slab on Grade <input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement <input type="checkbox"/> Crawl Space		9b. Basement Floor <input type="checkbox"/> Structural Slab <input checked="" type="checkbox"/> Slab on Grade
10. <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing	11. Number of Units Revenue 47 Non-Rev.		12. No. of Bldgs. 4	13a. List Accessory Bldgs. And Area	

13b. List Recreational Facilities and Area

Management office, community room, business center, playground

13c. Neighborhood Description				Present Land Use	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural		Build Up <input type="checkbox"/> Fully Developed <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25% to 75% <input type="checkbox"/> Under 25%		30 % 1 Family 5 % 2 to 4 Family	
Growth Rate <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Steady <input type="checkbox"/> Slow		Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining		25 % Multifamily 5 % Condo/Coop	
Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Oversupply		Rent Controls <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Likely		15 % Commer. 5 % Industrial	
				Change in Use <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely <input type="checkbox"/> Taking Place From _____ to _____	
				Predominant Occupancy <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> % Vacant	

Description of Neighborhood. (Note: Race and racial composition of the neighborhood are not appraisal factors.) Describe the boundaries of the neighborhood and those factors, favorable or unfavorable, that affect marketability, including neighborhood stability, appeal, property conditions, vacancies, rent control, etc.

See attached appraisal narrative.

Site Information

14. Dimensions ft. by _____ ft. or _____		3.935 Acres 171,398 Sq. ft.	15a. Zoning (If recently changed, submit evidence) OB - Office, Medical, and Related Service Zone		
15b. Zoning Compliance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Illegal		<input type="checkbox"/> Legal nonconforming (Grandfathered use)	<input type="checkbox"/> No zoning		
15c. Highest and Best Use as Improved <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other use (explain)		15d. Intended M/F Use (summarize: e.g. Market Rent; Hi-Med. - Lo-End; Rent Subsidized; Rent Restricted with or without Subsidy; Applicable Percentages)			

Multifamily affordable rental housing

Building Information

16a. Yr Built 2026 (proposed)	16.b <input type="checkbox"/> Manufactured Housing <input checked="" type="checkbox"/> Conventionally Built <input type="checkbox"/> Modules <input type="checkbox"/> Components		17a. Structural Systems Wood frame	17b. Floor System Wood frame	17c. Exterior Finish Brick veneer & fiber cement siding	17 d. Heating-A/C System Central HVAC
---	---	--	--	--	---	---

D. Amenities and Services Included in Rent (Check and circle appropriate items; fill-in number where indicated)

37a. Unit Amenities

Ranges (Gas or Electric) Disposal/Compactor
 Refrig. (Gas or Electric) Air Conditioning (central or window)
 Microwave Dishwasher
 Carpet Window treatment (blinds, drapes, shades)
 Balcony/Patio Fireplace(s) No. _____
 Laundry Hookups (in units)
 Upper level vaulted ceiling/Skylight(s) No. _____
 Wash/Dryer (in units) Security System(s) (Describe) _____
 Other (Specify) _____

37b. Project Amenities

Guest room(s) No. 0 Community Rooms No. 1
 Sauna/Strm rms No. 0 Swimming Pool(s) No. 0
 Exercise rm(s) No. 0 Racquetball Court(s) No. 0
 Tennis Court(s) No. 0 Picnic/Play area(s) No. 1
 Laundry Fac. (coin) 0
 Project Security System(s) (Describe) _____
 Jacuzzis/Community Whirlpool(s) No. _____
 Other (specify) Business Center

37c. Unit Rating

	Good	Average	Fair	Poor
Condition of Improvement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Room Sizes and Layout	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Closets and Storage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen Equip., Cabinets, Workspace	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproof. - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Livability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal and Marketability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

37d. Project Rating

	Good	Average	Fair	Poor
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amenities & Rec. Facil.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Density (units/acre)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unit Mix	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of Const. (matl. & finish)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Exterior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Vertical	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Horiz.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

38. Services

Gas: Heat Hot Water Cooking Air Conditioning
 Elec: Heat Hot Water Cooking Air Conditioning Lights/etc.
 Other: Heat Hot Water Water Other (specify) trash, pest

39. Special Assessments

a. Prepayable Non-Prepayable
 b. Principal Balance _____
 c. Annual Payment _____
 d. Remaining Term _____ Years

E. Estimates of Annual Expense

Administrative	
1. Advertising	\$2,411
2. Management	\$56,962
3. Other	\$24,105
4. Total Administrative	\$83,478
Operating	
5. Elevator Main. Exp.	\$0
6. Fuel (Heat and Domestic Hot Water)	\$0
7. Lighting & Misc. Power	\$6,026
8. Water	\$36,158
9. Gas	\$0
10. Garbage & Trash Removal	\$8,437
11. Payroll	\$96,422
12. Other - Cable	\$14,463
13. Total Operating	\$161,506

Maintenance	
14. Decorating	\$10,847
15. Repairs	\$19,284
16. Exterminating	\$2,411
17. Insurance	\$24,105
18. Ground Expense	\$9,642
19a. Other-Security	\$0
19b. Other-Service Coordinator	\$0
20. Total Maintenance	\$66,290
21. Replacement Reserve (0.006 x total structures Line G41) or (0.004 x MTG. For Rehab)	\$11,750
22. Total Operating Expense	\$323,024
Taxes	
23. Real Estate: Est. Assessed Value at _____ per \$100	\$40,901
24. Personal Prop. Est. Assessed Value at \$0 per \$1000	\$0
25. Empl. Payroll Tax	\$4,821
26. Other	\$0
27. Other	\$0
28. Total Taxes	\$45,722
29. Total Exp. (Attach form HUD-92274, as nec.)	\$368,746

F. Income Computations

30a. Est. Residential Project Inc. (Line C28x12)	\$1,458,684	c. Effective Gross Commercial Income (Line 32a x Line 32b)	\$0
b. Est. Ancillary Project Income (Line C29 x 12)	\$9,400	d. Total Commercial Project Expenses (From Attached Analysis)	\$0
c. Residential and Ancillary Occupancy Percentage*	97%	33. Net Commercial Income to Project (Line 32c. Minus Line 32d.)	\$0
d. Effective Gross Residential and Ancillary Income (Line 30c x (Line 30a plus Line 30b))	\$1,424,041	34. Total Projected Net Income (Line 31 plus Line 33)	\$1,055,295
e. Total Residential and Ancillary Project Expenses (Line E29)	\$368,746	35a. Residential and Ancillary Project Expense Ratio (Line E29 divided by Line 30d)	25.9%
31. Net Residential and Ancillary Income to Project (Line 30 minus Line 30e)	\$1,055,295	35b. Commercial Expense Ratio (Line 32d divided by 32c)	
32a Est. Commercial Income (Line 30 x 12)	\$0		
b. Commercial Occupancy* (80% Maximum) (See Instructions)	0%	* Vacancy and collection loss rates and corresponding residential and commercial occupancy percentages are analyzed through market data, but subject by Jurisdictional Exception to overall HUD underwriting mandates.	

G. Estimated Replacement Cost from cost analyst

36a. Unusual Land Improvements		Carrying Charges & Financing	
b. Other Land Improvements		53. Interest: _____ Mos. At _____ on _____ *	
c. Total Land Improvements		54. Taxes	
Structures		55. Insurance	
37. Main Buildings		56. FHA Mtg. Ins. Premium	
38. Accessory Buildings		57. FHA Exam Fee	
39. Garages		58. FHA Inspection Fee	
40. All Other Buildings		59. Financing Fee	
41. Total Structures		60. AMPO (N.P. only)	
42. General Requirements		61. FNMA/GNMA Fee	
Fees		61.a FNMA/GNMA Fee	
43. Builder's Gen. Overhead at _____		62. Title and Recording	
44. Builder's Profit at _____		63. Total Carrying Charges & Financing	
45. Arch. Fee-Design at _____		Legal, Organizational & Audit Fee	
46. Arch. Fee-Supvr. at _____		64. Legal	
47. Bond Premium _____		65. Organizational	
48. Other Fees _____		66. Cost Certification Audit Fee	
49. Total Fees		67. Total Legal, Organizational & Audit Fee (64+65+66)	
50. Total All Improvements		68. Builder and Sponsor Profit & Risk (221(d) (4) only)	
(Lines 36c. Plus 41 plus 42 plus 49)		69. Consultant Fee (N.P. only)	
51. Cost Per Gross Square Foot		70. Supplemental Management Fund	
52. Estimated Construction Time (Months)		71. Contingency Reserve (Sec. 202 or Rehab only) - FF&E	
		72. Total Est. Development Cost (Excl. of Land or Off-Site Cost)(50 plus 63 plus 67 through 71)	
		73a. Warranted Price of Land J-143(3)(New Constr.)	
		47 Units @ \$20,000 Per Unit \$940,000	
		73b. As Is Property Value (Rehab only)	
		73c. Off-Site (if needed, Rehab only)	
		74. Total Estimated Replacement Cost of Project (72 plus 73a or 73b and 73c)	

H. Remarks
 (Note 2: For Rehab only: Estimated Value of land without Improvements
 Estimated Value of land and improvements "As Is" by Residual Method, i.e., After Rehabilitation Correlated Value minus Line G 72 Cost of Rehabilitation Improvements equals _____ ; line G 73b is the lesser of this amount, and the amount estimated by Supplemental form HUD-92264 "As Is".)

I. Estimate of Operating Deficit

Periods	Gross Income	Occup %	Effective Gross	Expenses	Net Income	Debt Serv. Reqmt.	Deficit
1. 1st Mos.							
2. 2nd Mos.							
3. Total Operating Deficit							

REPLACEMENT COST ESTIMATE

The replacement cost of a building is defined as:

The total cost to construct, at current prices, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

In calculating building cost estimates, it is important to consider both direct costs (hard costs) and indirect costs (soft costs) as well as entrepreneurial profit since this is the primary incentive necessary to induce an entrepreneur to undertake the risks associated with building the project.

Within the scope of this appraisal, the appraiser has reviewed the Replacement Cost estimate shown on the enclosed HUD-2328 provided by the lender. In addition, we have developed our own estimate of replacement cost utilizing Marshall Valuation Service, a national cost service. Our replacement cost estimate is exhibited on the next page, followed by the HUD Form 92264, Section G cost estimate prepared by the project's cost analyst.

In estimating the Replacement Cost, primary emphasis should be given to the cost analysis as the Marshall Valuation Services are not deemed to be as reliable or as detailed as those provided by the cost analyst.

Appraiser's Cost Estimate

To be added

Section G-92264 – Estimate of Replacement Cost (Per A/E Specialist)

To be added

HUD-2328 – Contractor's Cost Breakdown

To be added

We certify that, to the best of our knowledge and belief:

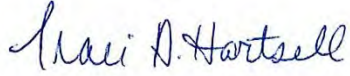
- › The statements of fact contained in this report are true and correct.
- › The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- › Nelson Pratt, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Traci Hartsell has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › Traci Hartsell inspected the property that is the subject of this report. Nelson Pratt, MAI did not inspect the property that is the subject of this report.
- › No one provided significant real property appraisal assistance to appraisers signing this certification.
- › The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- › As of the date of this report Nelson Pratt, MAI completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report Traci Hartsell has completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.



Nelson Pratt, MAI
Managing Director | Knoxville
Certified General Real Estate Appraiser
State of Tennessee License #2754
+1 865 673 4840 x 1
nelson.pratt@colliers.com

January 29, 2024

Date



Traci Hartsell
Valuation Specialist
Certified General Real Estate Appraiser
State of Tennessee License #3293
+1 865 603 9654
traci.hartsell@colliers.com

January 29, 2024

Date

**Bluegrass Village
A Proposed 47-Unit Apartment Complex
1645 Ebenezer Road
Knoxville, TN 37922**

I understand that my appraisal will be used by **Walker & Dunlop** to document to the U.S. Department of Housing and Urban Development that the MAP Lender's application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements. This report has been made, presented, and delivered for the purpose of influencing an official action of the FHA, and of the Commissioner, and may be relied upon by the Commissioner as a true statement of the facts contained therein. I certify that my review was in compliance with HUD program and processing requirements applicable on the date of my review and that I have no financial interest or family relationship with the officers, directors, shareholders, members or partners of the Lender or affiliated entities, Borrower or affiliated entities, the General Contractor, any subcontractors, the buyer or seller of the subject property and that I have not engaged in any business that might present a conflict of interest.

I hereby certify under penalty of perjury that all of the information I have provided on this form and in any accompanying documentation is true and accurate. I acknowledge that if I knowingly have made any false, fictitious, or fraudulent statement, representation, or certification on this form or on any accompanying documents, I may be subject to criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law, including but not limited to 12 U.S.C. §§ 1708 and 1735f-14, and 1833a; 18 U.S.C. §§1001, 1006, 1010, 1012, and 1014; and 31 U.S.C. §§3729 and 3802.



Nelson Pratt, MAI
Managing Director | Knoxville
Certified General Real Estate Appraiser
State of Tennessee License #2754
+1 865 673 4840 x 1
nelson.pratt@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in

value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Engagement Letter
Purchase & Sale Agreement
Mayor Support Letter
Budget
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

WALKER & DUNLOP

7272 Wisconsin Avenue
Suite 1300
Bethesda, MD 20814-6531

January 3, 2024

Nelson Pratt
Colliers Valuation and Advisory Services
1528 Coleman Road
Knoxville, TN 37909

SUBJECT: **Firm Appraisal Report**: Scope of Work: HUD – MAP 221(d)4 New Construction between Walker & Dunlop, LLC (“W&D”), Lender, and Colliers Valuation and Advisory Services, Contractor.

RE: Bluegrass
1645 Ebenezer RD
Knoxville, TN 37922
47 Units

Mr. Pratt:

Walker & Dunlop, LLC (**W&D**) has accepted an application for a mortgage loan to be secured by the above-referenced proposed apartment project. The proposed mortgage is to be underwritten to comply with the guidelines of the HUD MAP program under Section **221(d)4 program for New Construction**. As we proceed with this assignment, it should be understood that W&D shall be the client and should be considered the primary source of all data required to complete the **Appraisal Report. Contractor agrees that it will not contact HUD directly regarding this project without a W&D representative present.** The purpose of this letter is to define the proposed scope of work and to specifically describe items required to be included in the final report. Upon your review of this letter, you are requested to acknowledge your understanding of the scope of work by signing and returning a copy of this letter to my attention.

Professional Qualifications and Certification

If you have not submitted a copy of your professional qualifications and a certification of your experience, you must do so and be approved by W&D for assignments before we authorize you to proceed. Please also provide proof, as applicable, that you are certified by your state of residency to perform a report of this scope, and of your Certificate of Completion of MAP Training for Third Parties.

Contractor, its affiliates, employees, agents, successors and assigns shall keep confidential and shall not divulge to any party, without Walker & Dunlop’s prior written consent, any information pertaining to the referenced Property, owners or borrowers except as required by any law, regulation, ordinance, court order or subpoena. Contractor shall not use any information regarding the referenced Property, the proposed borrower or any of its principals or affiliates to identify loan opportunities or solicit borrowers (including the owner of the Property of any affiliates or principals of owner) for loan transactions for itself or any of its affiliates.

Appraisal

This report will be prepared in accordance with all applicable HUD Guidelines, including but not limited to the MAP Guide, and any updates to that Guide, Frequently Asked Questions and Notices posted on the HUD web-site as well as all W&D provisions as set forth in this document.

Effective Date

The effective date of your report should be your date of inspection of the property.

Additional Requirements

Attachments: All outlined documents are to be provided by W&D and bound or attached to the final reports. Please provide a listing of any additional data you may require.

Copies: A total of two (2) paper copies of the final reports, each with original photographs, are to be provided to W&D. **Both paper copies should be printed double-sided and bound in a three-ring binder with no greater than a three (3) inch spine.** In addition, one copy in pdf format shall be provided on a CD.

Reports are to be addressed to:

Jennifer Larkin
VP & Deputy Chief Underwriter
Walker & Dunlop, LLC
1 W Pennsylvania Ave Suite 550
Towson, MD 21204
Tel: 443-873-5522
jlarkin@walkerdunlop.com

Reports are to be delivered to W&D's underwriter:

Jennifer Larkin
VP & Deputy Chief Underwriter
Walker & Dunlop, LLC
1 W Pennsylvanai Ave Suite 550
Towson, MD 21204
Tel: 443-873-5522
jlarkin@walkerdunlop.com

Fee & Timing

Appraisal: We are seeking completion of the report as described herein by **January 30, 2024**.

The total fee for this assignment shall be **\$10,000.00**.

In addition to this executed engagement letter, Walker & Dunlop utilizes an automated system, Coupa, to initiate a purchase order, receive third-party invoices, and complete payments. Please use your Coupa account to provide the invoice and receive payment. If you do not have a Coupa account, Walker & Dunlop will initiate the process of your Coupa account set-up. Please do not provide invoices via e-mail or hard copies. You must either register for Coupa via their Supplier Portal or email invoices to invoices@walkerdunlop.couphost.com.

The report shall be deemed complete upon confirmation by the underwriter that the appraisal complies with the terms and conditions set forth in this letter, FIRREA requirements and HUD Guidelines, W&D has received two (2) copies of the completed appraisal reports, and an electronic copy on CD, and confirmation. W&D reserves the right to suspend payment of the fee if the appraiser's performance under this agreement is deemed unsatisfactory and the appraiser fails to cure such unsatisfactory performance within 10 days of such notice.

Notwithstanding the right to cancel, W&D may in its sole discretion elect to accept your report subject to the late penalty stated below:

The appraiser is responsible for notifying W&D immediately of delays encountered that would affect the required delivery date, and the reasons for the delays. All verbal notification must be confirmed in writing within seven (7) working days.

Upon execution, this Services Order between Contractor and W&D shall be a binding contract, provided, that one counterpart original of this Services Order, with Contractor's original signature, must be returned to W&D within five (5) business days. The parties hereto have executed this Services Order to be effective as of the Commencement Date. If the Services Order is not executed and faxed to W&D's Representative by 5:00 p.m. of the business day following the date set out below W&D's signature, the Services Order will be null and void.

Walker & Dunlop, LLC

By:

Name: Jennifer Larkin

Title: VP & Deputy Chief

Underwriter

Date: January 3, 2024



CONTRACTOR

Colliers Valuation and Advisory Services

By:

Name: Nelson Pratt, MAI

Title: Managing Director - Knoxville

State License/Certification # CG-2754

Date: 1/3/24

Company Address:

1528 Coleman Road

Knoxville, TN 37909



(*Valbridge Property Advisors, Integra Realty Resources Inc., and Cushman & Wakefield must state their independently owned and operated billing address.)

Attachments: Exhibit A – W&D Scope of Work for Appraisal Report

EXHIBIT A

Scope. This report will be prepared in accordance with all applicable HUD Guidelines, including but not limited to the MAP Guide, and any updates to that Guide, Frequently Asked Questions and Notices posted on the HUD web-site as well as all W&D provisions as set forth in this document.

This report must contain the following language:

'The Report may be released to third parties. CONTRACTOR'S execution of this Agreement acknowledges its consent to such release of the Report and that any third party assignee of any loan secured by the Property may rely on the Report to the same extent as W&D.'

The appraisals shall conform to HUD MAP Appraisal Reporting Guidelines as required under a HUD 221(d)4, and further specified in Section 7 of the MAP Guide, including all report preparation, completion of all HUD forms. Further, the appraisals shall meet and conform to the current Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation. The appraisals shall consist of a complete self-contained Title XI narrative appraisal report. A statement must be included in the Letter of Transmittal that the appraisals are prepared in compliance with the requirements of Title XI of the Federal Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice and HUD MAP guidelines. Please also provide proof within the final reports, as applicable, that you are certified by your state of residency to form appraisals of this scope.

We require that **the primary appraiser** sign the final appraisal reports as the primary appraiser and that **Vendor or his designated representative personally inspect** the subject and each of the comparable properties. In addition, all persons assisting in the preparation and analysis of the appraisals should be identified.

The instructions and requirements set forth in this contract letter are to be copied and included in the Addendum of the Appraisal Report.

W&D reserves the right to convey copies of the appraisals to third parties. Also, please note that you may be requested to meet with us, and possible third parties, to discuss the analysis and valuation conclusions in the appraisal reports without any additional charges. The terms and conditions of this engagement letter supersede the assumptions and limiting conditions of the appraisals. Assumptions, opinions and conclusions in the appraisal reports are not being communicated to anyone except the undersigned.

W&D reserves the right to suspend payment of the appraisal fee if the appraiser's performance under this agreement is deemed unsatisfactory and the appraiser fails to cure such unsatisfactory performance within 10 days of such notice.

If the draft and/or final appraisal reports are not completed and delivered to W&D's underwriter by the date stated above, W&D reserves the right to (1) cancel the assignment for cause and no fee will be paid, (2) reduce the appraisal fee by five (5) percent per business day commencing on the completion date and thereafter, until the appraisal reports are received. The penalty will be deducted from the agreed upon appraisal fee stated in this letter. If a delay is anticipated, contact the undersigned immediately to discuss an extension of the completion date.

Your capacity in this assignment is an independent contractor and not as an employee or agent of W&D. Nor are you authorized to represent yourself as a W&D employee or agent, by implication or otherwise.

You agree to indemnify, defend and hold W&D and its directors, officers, employees, harmless from any and

all claims losses, costs (including attorney's fees), and liabilities caused by negligence, fraud or wrongful acts in preparing these appraisals for W&D.

You warrant that you are in compliance with all applicable state and federal licensing and certification regulations in the state where the subject property is located.

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of December 27, 2023, is made by and between **BLUEGRASS APARTMENT PARTNERS, LLC** ("Seller"), and **DGA RESIDENTIAL, LLC** ("Purchaser").

WIT NE S S ETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of October 27, 2023, as amended by that certain Second Amendment to Purchase and Sale Agreement dated as of November 20, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on December 28, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, in accordance with Section 22 of the Agreement, Seller and Purchaser desire to extend the date for Due Diligence Period and to extend the date by which Closing must take place and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "one hundred five (105) days" from the first sentence and substituting the phrase "one hundred thirty-nine (139) days" in lieu thereof.
3. Closing Date. In accordance with Section 22 of the Agreement, Section 7(a) of the Agreement is hereby amended by deleting "December 31, 2023" and substituting the date "February 1, 2024" in lieu therefor.
4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.
5. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.

6. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
7. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASSAPARTMENTPARTNERS , LLC

By: W /Ace 12/21/23
Name: _____
Title: _____

By: S•w(O)//(O)..ce 12/21/23
Name: _____
Title: _____

By: c&i'lvAn.er 12/21/23
Name: _____
Title: _____

By: George Potter 12/21/23
Name: _____
Title: _____

By: Ol...l Bunch 12/21/23
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL , LLC ,
a Tennessee limited liability company

By: _____
Name: Craig Cobb
Title: Vice President

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASSAPARTMENTPARTNERS, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC
a Tennessee limited liability company

By: **cfr**
Name: _____
Title: Vice President

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of November 20, 2023, is made by and between BLUEGRASS APARTMENT PARTNERS, LLC ("Seller"), and DGA RESIDENTIAL, LLC ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of October 27, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on November 28, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, Seller and Purchaser desire to extend the date for Due Diligence Period and to provide for further extensions of the Closing and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "seventy-five (75) days" from the first sentence and substituting the phrase "one hundred five (105) days" in lieu thereof.
3. Price Adjustment for Easement. The Agreement is hereby amended by adding the following new Section 22:

22. Utility Easement. Purchaser and Seller agree and acknowledge that an easement over the adjacent property owned by LKM Properties, LP ("Adjacent Owner") must be acquired for the benefit of the Property for the purpose of connecting to sewer facilities. The easement (the "Easement") must be of a size and location acceptable to Purchaser and to First Utility District ("FUD") for the purpose of locating utility infrastructure to serve the Property. Further, the documentation of the Easement must be in form and substance acceptable to Purchaser and FUD. Purchaser and Seller shall cooperate and act in good faith in negotiating to acquire the Easement from the Adjacent Owner. Purchaser and Seller agree that, if Adjacent Owner requires compensation for the Easement, either (a) the Seller shall pay Adjacent Owner for the Easement, or (b) Purchaser shall pay Adjacent Owner for the Easement and the Purchase Price shall be reduced by a like amount. If Purchaser and Seller are unable to negotiate the Easement with

Adjacent Owner prior to the expiration of the Due Diligence Period, then Purchaser and Seller shall enter into a further amendment of the Agreement extending the expiration of the Due Diligence Period to January 31, 2024 and extending the Closing Date in Section 7(a) of the Agreement to February 1, 2024.

4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.
5. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.
6. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
7. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SELLERS:

BLUEGRASS APARTMENT PARTNERS, LLC

By: George Wallace 11/22/23
Name: _____
Title: _____

By: Jim Wallace 11/22/23
Name: _____
Title: _____

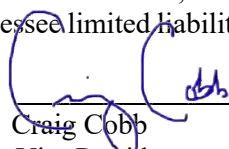
By: David Varner 11/22/23
Name: _____
Title: _____

By: George Potter 11/22/23
Name: _____
Title: _____

By: Mark Bunch 11/22/23
Name: _____
Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: 
Name: Craig Cobb
Title: Vice President

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

(Bluegrass)

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of October 27, 2023, is made by and between **BLUEGRASS APARTMENT PARTNERS, LLC** ("Seller"), and **DGA RESIDENTIAL, LLC** ("Purchaser").

WITNESS ETH:

WHEREAS, Purchaser and Seller are parties to that certain Purchase and Sale Agreement effective as of September 14, 2023 (as amended, the "Agreement"), with respect to certain real property located on Ebenezer Road in Knox County, Tennessee, as more particularly described in the Agreement (the "Property");

WHEREAS, the Agreement provided that the Due Diligence Period would expire on October 31, 2023, unless the Agreement was earlier terminated in accordance with its terms, and that Closing would take place on December 31, 2023, unless extended in accordance with the terms of the Agreement; and

WHEREAS, Seller and Purchaser desire to extend the date for Due Diligence Period and to provide for further extensions of the Closing and modify certain other terms of the Agreement, all as described herein; and

WHEREAS, Seller and Purchaser have determined to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.
2. Due Diligence Period. Section 4(a) of the Agreement is hereby amended by deleting the phrase "forty-five (45) days" from the first sentence and substituting the phrase "seventy-five (75) days" in lieu thereof.
3. Closing Date. Section 7 of the Agreement is hereby amended by adding the following subsection (c):

(c) After Purchaser has exercised its right to extend the Closing for each of the three additional periods provided for in subsection (b) above, Purchaser shall have the right to extend the Closing for three (3) additional periods of thirty (30) days each by delivering to the Escrow Agent, prior to the Closing Date then in effect, written notice and the sum of Twenty-Five Thousand and No/100th Dollars (\$25,000.00) (each an "Additional Deposit"). The Additional Deposit(s) shall become a part of the Deposit and be applied as provided in this Agreement.

4. No Other Amendments. Except as expressly set forth herein, the Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Agreement (or a consent to any such waiver, amendment, modification or other change). All

references in the Agreement to the Agreement shall be deemed to be references to the Agreement after giving effect to this Amendment.

6. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Seller and Purchaser.
7. Severability. In case any provision contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
8. Counterparts. This Amendment may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same Amendment. Executed signature pages to this Amendment may be delivered by facsimile or other electronic means and will be deemed as sufficient as if original signature pages had been delivered.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

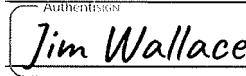
SELLERS:

BLUEGRASS APARTMENT PARTNERS, LLC

By: ----- WQ ll().ce 10126123

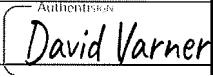
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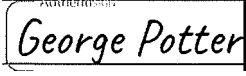
Name:

Title: _____

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Name:

Title: _____

By:  10/26/23

Name:

Title: _____

By:  10/26/23

Name:

Title: _____

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

,. cf: G,
Title: Vice President

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into by and between BLUEGRASS APARTMENT PARTNERS, LLC, a Tennessee limited liability company ("Seller"), and DGA RESIDENTIAL, LLC, a Tennessee limited liability company ("Purchaser").

I. Description of Property . Subject to the terms of this Agreement, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller all of the tracts or parcels of real estate more particularly described or depicted on Exhibit A attached hereto (collectively, the "Land"), together with all improvements and fixtures located thereon (collectively, the "Improvements"), all right, title and interest of Seller in and to (i) all plants, shrubs and trees located thereon, (ii) any land lying in or under any body of water or the bed of any street or road, open or proposed, adjacent to such Land, (iii) all easements, hereditaments and privileges appurtenant to the foregoing Land, (iv) all oil, gas, hydrocarbon and other minerals (whether similar or dissimilar) in, on or under, or that may be produced from, such Land, (v) all strips or gores, if any, between such Land and adjoining properties, (vi) all zoning rights, entitlements, air rights, development rights and water rights relating to the Land or Improvements, and (vii) all other rights, privileges and appurtenances in any way related to or for the benefit of the foregoing Land, and all of Seller's right, title and interest in all intangible personal property related to the Land and Improvements, including, but not limited to the items listed on Exhibit B attached hereto (the "Development Materials") (the Land, the Improvements, all items listed in (i) through (vii) above and the Development Materials are collectively referred to herein as the "Property").

2. Purchase Price. The purchase price of the Property is One Million Four Hundred Thousand and No/100ths Dollars (\$1,400,000.00) (the "Purchase Price"). Seller and Purchaser acknowledge and agree that a portion of the Purchase Price equal to \$1,000,000.00 is allocated to the Land and Improvements and a portion of the Purchase Price equal to \$400,000.00 is allocated to the Development Materials. The Purchase Price shall be payable as follows:

(a) An earnest money deposit in the amount of Seventy Five Thousand and No/100ths Dollars (\$75,000.00) (the "Deposit") shall be paid by Purchaser to Tennessee Valley Title Insurance Co., as escrow agent ("Escrow Agent"), within five (5) business days after the execution of this Agreement by all parties hereto; and

(b) the remaining balance shall be paid in immediately available funds at Closing.

The Deposit shall be applied to the amount of the Purchase Price at the Closing.

3. Purchaser's Inspection. Upon the execution of this Agreement by both parties, Seller shall deliver to Purchaser the Development Materials, copies of all existing surveys, title reports, title commitments, title policies, recent tax bills, environmental reports, soil reports, zoning documents, other testing reports, civil documents and all other documents and information relating to the Property that are in Seller's possession or are otherwise available to Seller. Seller grants Purchaser and Purchaser's agents, representatives and designees, the right to enter the Property to inspect it, make soil test borings, conduct Phase I and Phase II environmental assessments, make drainage tests, make surveys, and make and perform other tests and inspections of the Property, provided that the foregoing shall not materially alter or damage the Property. Purchaser shall be liable to Seller for any damage, loss, and expenses (including reasonable attorney's fees) Seller incurs by reason of such activities; provided, however, that Purchaser's liability under this paragraph shall not include any damage, loss or expenses including reasonable attorney's fees arising from Purchaser's discovery of existing environmental conditions at the Property.

4. Due Diligence; Termination.

(a) Termination During Due Diligence Period. As used herein "Due Diligence Period" shall mean the period commencing on the effective date and continuing through 5:00 P.M. EST on the day that is forty-five (45) days following the effective date; provided, however, in the event Seller does not provide Purchaser all Due Diligence Materials within three (3) business days after the execution of this Agreement by all parties hereto, the Due Diligence Period will be extended by one (1) day for each day of delay. If Purchaser determines, in its sole discretion, before the expiration of the Due Diligence Period that the Property is unacceptable for Purchaser's purposes for any reason, or if Purchaser otherwise elects to not proceed with its purchase of the Property for any reason or for no reason, Purchaser shall have the right to terminate this Agreement by giving to Seller written notice of such termination on or before the expiration of the Due Diligence Period. If Purchaser delivers the aforementioned termination notice prior to the end of the Due Diligence Period, this Agreement shall terminate, and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement. Upon timely termination of this Agreement pursuant to this Section 4(a), Purchaser shall be entitled to a refund of the Deposit, and Escrow Agent shall refund the Deposit to Purchaser; provided, however, (i) Seller shall be entitled to retain from the Deposit, and Escrow Agent shall pay to Seller, the sum of \$100.00; and (ii) Purchaser shall provide to Seller any surveys or environmental reports related to the Land and prepared for Purchaser by a third party as independent consideration for the transaction contemplated by this Agreement.

(b) Termination After Expiration of Due Diligence Period. If, following the expiration of the Due Diligence Period, Purchaser elects not to proceed with its purchase of the Property for any reason or for no reason, Purchaser shall have the right to terminate this Agreement by giving to Seller written notice of such termination. If Purchaser delivers the aforementioned notice of termination after the expiration of the Due Diligence Period, this Agreement shall terminate, and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive termination of this Agreement. Notwithstanding the foregoing, if Purchaser terminates this Agreement after expiration of the Due Diligence Period, Seller shall be entitled to retain, and Escrow Agent shall pay to Seller, the Deposit as independent consideration for the transaction contemplated by this Agreement.

5. Title Exceptions. The Property shall be conveyed subject to the following title exceptions and no other:

(a) Current real estate taxes not yet due and payable.

(b) All survey matters and title exceptions approved (or deemed approved) by Purchaser pursuant to Section 6 below.

6. Title Insurance and Survey. Within 45 days following the effective date of this agreement, Purchaser shall obtain, at Purchaser's expense, a commitment for owner's title insurance issued by Escrow Agent, in the amount of the purchase price, naming Purchaser as the proposed insured. Purchaser shall cause to be issued at Closing, a policy of title insurance (most recent ALTA form) pursuant to said commitment containing only those exceptions specified in Section 5 above. Without limiting the foregoing, at Closing, Seller shall satisfy all requirements set forth in the title commitment relating to the provision of good standing certificates, organizational documents and resolutions applicable to Seller and shall execute Escrow Agent's standard form Owner's Affidavit in order to cause all standard exceptions (except for the standard survey exception, which shall not be removed unless Purchaser obtains a survey in a form sufficient to remove such exception) to be deleted from said policy. In addition, Purchaser may obtain, at its own expense, a current survey of the Property.

If said title commitment or survey contains any exceptions or matters that are unacceptable to Purchaser, Purchaser shall give notice thereof to Seller. Within ten (10) days after the delivery of such

notice to Seller, Seller shall give written notice to Purchaser of any such unacceptable matters that Seller will agree to cure prior to Closing. In the event there are any such unacceptable matters that Seller is unable or unwilling to remove by or on the Closing Date, Purchaser may, at its option, terminate this Agreement, or may waive its objections to any such title matters that Seller did not agree to cure and proceed to close without reduction in the purchase price. All exceptions set forth in such title commitment (except for those that Seller agrees in writing to cure pursuant to the procedure set forth above) shall be deemed to have been approved by Purchaser. Notwithstanding the foregoing, and regardless of whether Purchaser objects thereto, Seller shall cause all existing mortgages, deeds of trust and other monetary liens encumbering the Property to be paid off and released at Closing, and to the extent any such liens have not been paid off and released prior to Closing, the amounts necessary to cause such liens to be released shall be deducted from Seller's sale proceeds at Closing. In the event Seller fails to cure any title matter that it commits in writing to cure pursuant to the procedure set forth above, such failure shall constitute a default by Seller hereunder and Purchaser shall be entitled to exercise its remedies described in Section 15 below. The obligations of Purchaser hereunder are conditioned upon the title company at Closing being unconditionally committed to issue an owner's title insurance policy, subject only to matters approved by Purchaser hereunder.

7. Closing.

(a) The closing (the "Closing") shall take place in a location and at a date and time mutually acceptable to Purchaser and Seller, on or before December 31, 2023, unless extended as provided in subsection (b) below (the "Closing Date"). At Closing, Seller shall execute and deliver to Purchaser a good and valid special warranty deed conveying good and marketable fee simple title to the Property, subject only to the title exceptions described in Section 5 above and an assignment, as described in Section 21 hereof, and Purchaser shall pay the balance of the purchase price (after first deducting the Deposit) to Seller. Purchaser and Seller shall also execute such certificates, non-foreign affidavits and other instruments as are reasonably requested by the other party in connection with the consummation of the transactions contemplated hereby. Seller shall deliver possession of the Property to Purchaser on the Closing Date, subject only to the title exceptions described in Section 5 above.

(b) Purchaser shall have the right to extend the Closing for three (3) additional periods of thirty (30) days each by delivering to the Escrow Agent, prior to the Closing Date then in effect, written notice and the sum of Fifty Thousand and Noll 00th Dollars (\$50,000.00) (the "Extension Fee"). The Extension Fee(s) shall be non-refundable and shall not be applied to the Purchase Price at Closing.

8. Adjustments. Real estate taxes and assessments for the Property shall be apportioned and prorated as of the end of the day preceding the Closing Date. If the amount of such taxes for the year in which the Closing takes place is not known at the Closing, such taxes shall be estimated on the basis of the prior year's taxes, and if the actual amount of such taxes for the year of Closing are more than the estimated amount, Seller will pay Purchaser its pro rata share of such additional amount within ten (10) days of receipt by Seller of evidence of such increase; or, if the actual amount of such taxes is less than the estimated amount, Purchaser will refund Seller's pro rata share of such decrease within ten (10) days of the receipt of the assessment. The foregoing agreements shall survive the Closing.

9. Costs and Expenses: Preparation of Documents. Costs and expenses shall be apportioned in the following manner:

- (a) Purchaser shall pay recording costs and recording taxes related to the recording of the Deed for conveying title as described herein. Purchaser shall pay all other recording costs, including but not limited to the costs for recording any mortgage or other security agreements for Purchaser's financing of the Property.
- (b) Purchaser shall pay the premium for the title examination and title insurance.
- (c) Purchaser and Seller shall split equally all escrow fees and closing fees charged by Escrow Agent.
- (d) Each party shall pay its own attorney's fees in connection with this transaction.

10. Condemnation. If any authority having the power of eminent domain shall commence negotiations with Seller, or shall commence legal action against Seller, for the damaging, taking, or acquiring of all or any part of the Property, either temporarily or permanently, in any condemnation proceeding or by exercise of the power of eminent domain, Seller shall immediately give notice of the same to Purchaser. Upon any such occurrence, Purchaser shall have the right, at its option, to terminate this Agreement by giving notice thereof to Seller on or before the Closing Date, in which event Purchaser shall be released of all further obligations hereunder and the Deposit shall be returned to Purchaser. If Purchaser does not so terminate this Agreement, the purchase price shall be reduced by the total of any awards, settlement proceeds or other proceeds received by Seller at or prior to Closing with respect to any such taking. At the time of Closing, Seller shall assign to Purchaser all rights of Seller in and to any unpaid awards, settlement proceeds or other proceeds payable by reason of any such taking. In the event of any negotiations regarding the payment of any such awards or proceeds, Seller will inform Purchaser of all such negotiations of which Seller has notice and will permit Purchaser to take part therein.

11. Seller's Covenants.

(a) Between the Effective Date and the earlier of the Closing Date or termination of this Agreement, Seller shall, at Seller's sole cost and expense: (i) perform all obligations of Seller under all applicable laws, statutes, codes, acts, ordinances, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governmental authorities having jurisdiction over the Property ("Laws"); (ii) promptly deliver to Purchaser copies of all written notices of violations of Laws and promptly notify Purchaser of all judgments, claims and litigation affecting Seller or any part of the Property; (iii) promptly after the delivery or receipt thereof, deliver to Purchaser copies of all notices concerning Seller or the Property, which relate to releases of hazardous materials affecting the Property or any actual or threatened condemnation of the Property or any portion thereof given by or on behalf of any federal, state or local agency, and copies of all other correspondence sent, filed, served on or received by Seller from any federal, state or local agency affecting the Property from and after the Effective Date; (iv) use commercially reasonable efforts to assist Purchaser, at no cost to Seller, in any re-zoning of the Property Purchaser deems necessary for Purchaser's intended use or development of the Property; (v) promptly notify Purchaser of the institution of any litigation, arbitration, administrative hearing before any court or governmental agency concerning or affecting the Seller, and/or the Property and of any such proceedings which are to Seller's knowledge threatened after the date hereof; (vi) use commercially reasonable efforts to assist Purchaser, at no cost to Seller, in any application for financing for Purchaser's acquisition of the Property, including, but not limited to applications to the Tennessee Housing Development Agency; and (vii) use commercial reasonable efforts to obtain all third party consents and/or reliance letters, as deemed necessary in the reasonable judgment of Purchaser, in connection with the assignment of the Development Materials to Purchaser.

(b) Between the Effective Date and the earlier of the Closing Date or termination of this Agreement, Seller shall not do, suffer or permit, or agree to do, any of the following, except to the extent permitted under this Agreement: (i) sell, assign or otherwise convey, or create any right, title or interest whatsoever in or to the Property or any portion thereof or create or permit to exist any lien, assessment, encumbrance or charge thereon; (ii) enter into any contract or agreement that would be binding on Purchaser or the Property following the Closing; (iii) change or attempt to change the current zoning of the Property without Purchaser's prior written consent; or (iv) enter into any easement, servitude, covenant, restriction, or right of way for or burdening the Property, or any part thereof.

12. Seller's Warranties. Seller represents and warrants to Purchaser as follows:

(a) The Property is not subject to any pending litigation or condemnation proceeding and, to Seller's knowledge, none is threatened.

(b) The Property is not the subject of any outstanding sale contract or option to purchase in favor of a third party. There are no unrecorded contracts or agreements that will be binding upon Purchaser or the Property after the Closing. There are and there will be no parties in possession of any portion of the Property as lessees, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property.

(c) The Property is not the subject of any administrative order or any judgment or decree, including any order concerning wetlands.

(d) Seller is the sole owner of the Property and has full right, power, and authority to execute this Agreement and to consummate the transactions contemplated hereby.

(e) There are no supplier, vendor, service provider, maintenance, management or similar contracts relating to the operation of or affecting the Property, or any other unrecorded agreements or contracts that will be binding upon Purchaser and/or the Property after the Closing.

(f) The Property is free of material violation of Laws, and Seller has received no written notice that the Property is in violation of any Laws. Seller has no notice of and is not aware of any violations of any restrictive covenants or other requirements affecting the Property.

(g) Neither the Seller nor, to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, *et seq.*, as amended) or any other "super fund" or "super lien" law or any other federal, state, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. The Property does not currently contain and, to the Seller's knowledge, has not in the past contained any underground storage tanks.

The foregoing warranties will survive the Closing. At Closing, Seller shall reaffirm the foregoing warranties to Purchaser in writing. Except for the warranties set forth above and in the closing documents required to be executed by Purchaser at Closing, the Property shall be conveyed on an as-is, where-is

basis, it being understood by Purchaser that Seller is making no representations or warranties as to the physical condition of the Property. Seller agrees to defend and indemnify Purchaser against any claim, liability, damage or expense asserted against or suffered by Purchaser arising out of the breach or inaccuracy of Seller's Representations and Warranties set forth in Section 12 herein, which obligation shall survive the Closing.

13. Notices. Any notice required to be given hereunder shall be in writing and sent by hand delivery, nationally recognized courier service (such as FedEx) or United States certified mail, return receipt requested, in each case addressed to the parties at the addresses set forth below, or to such other address as either party may hereafter give the other, or by electronic mail to the email address provided herein, except that to be valid any electronic mail delivered notice must be made by providing a sign notice as an attachment to the electronic mail:

Seller's Notice Address:

Bluegrass Apartment Partners, LLC
c/o George Wallace
140 Major Reynolds Place
Knoxville, Tennessee 37919

Purchaser's Notice Address:

DGA Residential, LLC
6350 Kingston Pike
Knoxville, Tennessee 37919
Email: CraigC@DominionDG.com

With a copy to:

Bass, Berry & Sims PLC
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
Attn: Russell Stair
Email: rstair@bassberry.com

14. Brokers. Purchaser represents and warrants to Seller that, no broker or finder has been engaged by it, in connection with the sale contemplated by this Agreement. Seller represents and warrants to Buyer that, except for Christopher Bruce of Wallace Commercial and Jim Wallace and George Wallace ("**Seller's Broker**"), no broker or finder has been engaged by it, in connection with the sale contemplated by this Agreement and that Seller is responsible solely for the payment of a brokerage commission to Seller's Broker pursuant to a separate agreement. Seller and Purchaser each agrees to defend, indemnify and hold the other harmless from and against any losses, damages, costs, or expenses (including attorney's fees) incurred by such other party due to a breach of the foregoing warranty by the indemnifying party. The indemnity contained in this Paragraph 14 shall survive the Closing.

15. Default. If the sale of the Property to Purchaser does not close as a result of default by Purchaser hereunder, Escrow Agent shall deliver the Deposit to Seller as liquidated damages as Seller's sole remedy to Purchaser's failure to close. If the sale of the Property to Purchaser does not close as a result of default hereunder by Seller, or if prior to Closing Purchaser becomes aware that any representation or warranty of Seller is untrue or inaccurate in any respect, Purchaser may, at its option, terminate this Agreement, in which event Escrow Agent shall refund the Deposit to Purchaser, or Purchaser may seek specific

performance. In either such event, Purchaser shall also be entitled to recover its damages against Seller. Seller waives the right to assert the defense of lack of mutuality in any suit for specific performance instituted by Purchaser.

16. Assignment. At Purchaser's option, Purchaser may assign its rights hereunder without Seller's consent.

17. Headings. The Section headings are inserted for convenience only and are not intended to describe, interpret, define, or limit the scope or content of this Agreement or any provision hereof.

18. Miscellaneous. All prior understandings and agreements between the parties are null and void. This agreement supersedes any oral agreement or otherwise between the parties. This Agreement may be modified only by an agreement in writing signed by the parties. This Agreement shall apply to, bind, and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties. The "effective date" of this Agreement shall be the day it is last executed by Seller or Purchaser. Upon request by either party, Seller and Purchaser shall record a memorandum of this Agreement. This Agreement shall be governed by Tennessee law. Seller hereby agrees not to solicit, directly or indirectly, or entertain any offer or proposal from or to any third party, or furnish any financial or other information regarding the Property or engage in any discussions or negotiations with any third party regarding a sale, lease or other disposition of the Property. Purchaser shall have the exclusive right to market the Property. In addition to any other remedies available to Purchaser upon a breach of this Section 18, Purchaser shall have the right to seek equitable relief.

19. Expiration Dates. Any expiration date or other date on which a party hereunder is required to take any action that falls on a weekend (Saturday or Sunday) or a holiday shall move to the next business day. As used herein, the term "business day" shall mean a day that is not a Saturday, Sunday, or legal holiday for national banks in the location where the Property is located. Time is of the essence in the performance of this Agreement.

20. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange executed counterparts of the signature pages by e-mail.

21. Development Materials. At Closing, Seller shall assign to Purchaser all of Seller's right, title and interest in the Development Materials to Purchaser pursuant to an assignment in a form reasonably acceptable to Purchaser. Seller represents and warrants that Seller has paid all amounts due to all parties that prepared the Development Materials and that Purchaser shall have no liability for payment of any amounts due related to the preparation of the Development Materials, and Seller agrees to indemnify and hold harmless Purchaser from and against any and all claims for such amounts; provided, however, Purchaser shall pay all costs for modifications to the Development Materials requested by Purchaser. Seller further acknowledges and agrees that Purchaser shall have full right to the use of the Development Materials during the term of this Agreement and after Closing, and Seller agrees to indemnify and hold harmless Purchaser from and against any and all claims asserted by parties that prepared the Development Materials based on the invalidity of any assignment of such Development Materials to Purchaser. The indemnification provisions of this Section 21 shall survive Closing.

[Signature page follows.]

IN WITNESS WHEREOF Seller and Purchaser have executed, or caused to be executed, this Agreement on the day and year written beside their signatures below.

SELLER:

BLUEGRASS APARTMENT PARTNERS, LLC

By: George Wallace
Name: _____
Title: _____
Date: September, 2023 09/14/23

By: (J:ti) DJ/tAce
Name: _____
Title: _____
Date: September, 2023 09/14/23

By: DAvid v n,et
Name: _____
Title: _____
Date: September, 2023 09/14/23

By: [M:" k Buhch
Name: _____
Title: _____
Date: September, 2023 09/14/23

By: e Potter
Name: _____
Title: _____
Date: September, 2023 09/14/23

PURCHASER:

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: [Signature]
Name: Craig Cobb
Title: Vice President
Date: September 14, 2023

EXHIBIT A

Property Description



EXHIBIT B

S&ME, Inc.

- Phase 1 Environmental assessment
- Boundary and Topographic surveys
- Report of Geotechnical Exploration
- Completed drainage calculations report
- Completed retaining wall plans and calculations package for Knox County
- Completed SWPPP for TDEC (not submitted)
- Preliminary plans and profile for off site sewer force main for FUD review
- Completed Knox County permit plan set, several versions, clubhouse with pool
- Landscaping plans

Smee+ Busby

- Complete set of plans for 47 units and clubhouse
 1. Architectural
 2. Structural
 3. Fire protection
 4. Plumbing
 5. Mechanical
 6. Electrical

 **KNOX COUNTY**
TENNESSEE

COMMUNITY DEVELOPMENT

December 5, 2023

Mr. Paul Fortunato, Chairman
The Health, Educational and Housing Facility Board of Knox County
17 Market Square
Knoxville, TN 37902

RE: PILOT Letter of Support

Dear Chairman Fortunato:

I understand that DGA Residential (the "Developer") desires to construct 47 units of affordable housing at 1645 Ebenezer Road, Knoxville 37922. I further understand that 100% of the units will

Knox County Community Development
Application Draft Version

**Knox County Community Development
PILOT Application1**

Applicant Information

1	Company Name	OGA Choto LP (to be renamed)				
2	Mailing Address	6305 Kingston Pike				
3	City	Knoxville	State	TN	ZIP Code	37919
4	Telephone	865-225-6506		Fax		
5	Federal Employer Identification Number	92-2647295				
6	POC Name	Craig Cobb				
7	PO Title	VP of Affordable Housing, DGA Residential, LLC				
8	Mailing Address	6305 Kingston Pike				
9	City	Knoxville	State	TN	ZIP Code	37919
10	Telephone	865-567-1096		Email	craigc@dominiondg.com	
11	Description of Principle Business	Providing affordable housing in Knox County.				
12	SiC/NASIC (If Known)					
13	Legal Structure	Limited Partnership				
14	If a corporation, state of incorporation					
15	If a foreign corporation, is business registered to do business in Tennessee?	YES		No		211

* Attach information on company owners and Ownership structure of the applicant under the

Knox County Community Development
Application Draft Version

Knox County Community Development PILOT Application					
33	Is applicant or sponsor currently involved in litigation, either as plaintiff or defendant, of which the outcome could affect the success of the proposed project?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
34	Has applicant or sponsor ever been charged or convicted of a felony, including any felony relating to financial crime?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
35	Does applicant or sponsor have an application pending, or intend to apply, for Industrial revenue bond financing for this or a similar project with any board in Knox County?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
36	Does applicant or sponsor have present plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied hereby?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					
37	Does applicant or sponsor know of any proposed or pending tender offers, mergers, or acquisitions by or affecting applicant or sponsor or any other materially significant corporate event in any way affecting applicant, sponsor or any other party?	YES		<u>No</u>	
If yes, attach detailed explanation under "Sponsor Information".					

Project Team Identification:

Property Manager

Company Name DGA Residential, LLC

Knox County Community Development
Application Draft Version

**Knox County Community Development
PILOT Application**

48	Project Engineer			
49	Company Name	NA		
50	Mailing Address			
51	City		State	ZIP Code
52	Telephone		Email	
53	Relevant Experience with PILOT+LIHTC Developments			
54	Project Architect			
55	Company Name	Smee Busby		
56	Mailing Address	2330 Frankfort Ave		
57	City	Louisville	State	KY ZIP Code 140206
58	Telephone		Email	
59	Relevant Experience with PILOT+LIHTC Developments	See resume attached.		
60	General Contractor			
61	Company Name	TBD - in process of obtaining bids		

**Knox County Community Development
PILOT Application**

Project Narrative and Plans

73 Provide a Project Narrative outlining the purpose of the project, the rationale for the project, and describing the consistency of the project with the goals and objectives identified in the Knox County Consolidated Plan (2020). Include details on any amenities and/or features improving quality of life for residents. Attach additional sheets under "Project Narrative and Plans" as necessary.

74 The Bluegrass development is a proposed new construction property consisting of 47 affordable housing rental units. Units types will range from a 3-bedroom, 2-bathroom units with approximately 1,334 SF to a 4-bedroom, 2-bathroom units with approximately 1,543 SF. The property will include several amenities including, on-site management, clubhouse, business center and playground. Unit amenities will include central A/C, dishwasher, microwave, washer/dryer connections, among others. All units will come equipped with owner provided, high speed internet access. We will provide special activities and events, such as after school programs, to serve the residents in order to help enrich their lives. Our project is committed to providing affordable housing in a high opportunity area. KCDC's wait list has approximately 5,000 families which shows a need to develop more affordable housing in Knox County.

Knox County Community Development
Application Draft version

**Knox County Community Development
PILOT AID Application**

Project Property Location and Ownership Information

83	Project Street Address	1645 Ebenezer Rd, Knoxville, TN 37922; Parcel ID: 144MAOS301			
	Project Vicinity Map	Attach to the end of this application under "Project Property Location and Ownership Information" a vicinity map with general location of the site shown. Attached.			
84	Project Deed or Surveyor's Description	Reference property description in Title.			
85	What person(s) or entity owns the property at the time of this application?	Bluegrass Apartment Partners LLC			
86	Is the property located in a Difficult Development Area (ODA) or Qualified Census Tract (QCT)? If so, which one?	<u>YES</u>	ODA	No	
87					
88	Is the property located in a census tract where the poverty level exceeds 20%?	YES		<u>No</u>	
89	Does the applicant have an option to purchase the property if it is not already owned by the applicant?	<u>YES</u>		No	
	Are there presently outstanding any options or liens with regard to the property?	YES		<u>No</u>	215

Kno>< County Community Development
Application Draft Version

Knox County Community Development PILOT Application	
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	For Tangible Personal Property					
104						
105	TaxParcel ID Number(s):					
	Current Assessment:					
106	Current Tax:					
	Are there currently any assessments under appeal?	YES		No		
107	If yes to the above, please describe:					

Financial Information						
------------------------------	--	--	--	--	--	--

	Has applicant filed for bankruptcy in the past? If yes, list date.	YES		<u>No</u>		Date	
109							
110	Cash value of PILOT Abatement Requested	\$ 1,841.00	Term (Years)	15	Percent value of abatement requested		
111	Cash value of LIHTC allocation received	\$ 1,059,345.00	Term (Years)	15	Percent value of LIHTC allocation received	1%	
112							
113	Capitalization Rate of the Project						
114	Construction Budget	Attach detailed construction budget under "Financial Information".					
115	Project Pro Forma	Attach a project pro forma under "Financial Information" ..					
116	Evidence of Finances	Attach evidence of finances to complete project under "Financial Information"					

Knox County Community Development
Application Draft Version

**Knox County Community Development
PILOT Application**

Reference building plans. *The \$1.5mm referenced above includes \$960,000 for sitework and grading and an additional \$560,000 for onsite utility infrastructure.

Construction Estimates:

	Start Date	Summer 2024	I	I	Completion Date	Fall 2025
126	Describe any off-site infrastructure that requires new public investments:					
127	New Water Investments	NA				
128	New Sanitary Sewer Investments	NA				
129		NA				217

Knox County Community Development
Application Draft Version

**Knox County Community Development
PILOT Application**

Supplemental Information

137

Provide a written narrative of how PILOT savings will directly benefit residents through one or more of the following: additional property improvements; rental payment reduction or stabilization; and resident amenities and/or services.

138

Reference project narrative.

Certification and Signature

This application is made in order to induce the government of Knox County, Tennessee to grant review to application, applicant, and sponsor. Applicant and sponsor represent and warrant that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to Knox County and its consideration of this application. Applicant and sponsor have read and agree to comply with all requirements of the application procedures and policies of Knox County as pertains to PILOT applications. Applicant specifically agrees to pay all required costs, fees, and expenses in connection with this application, whether or not the financial incentives are granted or this project built.

DATE: December 1, 2023

TO: Jenny Holden, Knox County Community Development

FROM: Kate Molinaro, M&L

RE: Subsidy Layering/PILOT Analysis-Choto Landing

I have reviewed the Development Budget, Sources and Uses Statement and Operating Proforma for the Choto Landing submitted by DGA Choto, LP. The purpose of this memo is to outline observations and determine whether the developer's requested PILOT is appropriate or if it would result in excess profit to the developer.

1. There is a demonstrated need for the project. Low vacancy rates and a high number of income-eligible households all indicate a strong market for the type of project to be developed. A shortage of units both affordable and available for renter households at or below 30% area median income (AMI) increases housing insecurity and rent pressure on extremely low-income households. Further, the Knox County HOME ARP Allocation Plan and Homelessness in Knox County Report and Recommendations cite a lack of affordable housing as the number one reason individuals become homeless. As rent prices continue to increase,

housing as shown by the number of income-eligible and cost-burdened households. Costs are reasonable and similar to previously funded projects, and the developer is not receiving excessive profits. The debt coverage ratio, assuming the PILOT, is 1.06 in year one of operation. In my opinion, the requested PILOT would not result in excessive profits for the developer and is considered reasonable for the type and size of the project. The requested PILOT is similar to a PILOT requested and approved for similar affordable housing developments.

Bluegrass – 221d4 Budget – Received 1/11/2024

UNIT MIX	# of Bedrooms	# of Baths	AMI Restrictions	# of Units	Average Size	Total S.F.	Gross Max Rents	Estar UA	Net Rents	Monthly Rental Income	Annual 4% Proforma
PBV	3	2	60%	24	1,211	29,064	2,486	\$92	\$ 2,394	\$ -	\$ -
PBV	4	2	60%	23	1,574	36,202	2,893	\$106	\$ 2,787	\$ 57,456	\$ 689,472
										\$ 64,101	\$ 769,212
										\$ -	\$ -
Total/Weighted Average	3.49	2.00	60.00%	47	1,389	65,266	1,944		\$2,591	\$ 121,557	\$ 1,458,684

INCOME	Monthly Total	Per Unit	Annual Total	Per Unit
Gross Potential Income	\$121,557	2,586	\$1,458,684	31,036
Vacancy	(8,509)	7.00%	(102,108)	7.00%
Bad Debt	0	0.00%	0	0.00%
Concessions				
Loss to Lease				
Other Income	392	100	4,700	100
EFFECTIVE GROSS INCOME	\$113,440	\$2,414	\$1,361,276	\$28,963
EXPENSES	Monthly Total	Per Unit	Annual Total	Per Unit
Controllable:				
Admin	\$ 2,988	\$ 64	\$ 35,850	\$ 763
Payroll	\$ 8,813	\$ 1,200	\$ 105,750	\$ 2,250
R&M and Contracts	\$ 2,938	\$ 600	\$ 35,250	\$ 750
Utilities	\$ 2,938	\$ 750	\$ 35,250	\$ 750
Security:				
Security	\$ -	\$ -	\$ -	\$ -
Uncontrollable:				
Management Fee	\$ 4,862	4.0%	\$ 54,451	4.0%
Bookkeeping & Tax Prep Fee	\$ 605	\$ 13	\$ 7,256	\$ 154
Real Estate Taxes	\$ 153	\$ 3	\$ 1,841	\$ 39
Insurance	\$ 1,958	\$ 400	\$ 23,500	\$ 500
Replacement Reserves	\$ 979	\$ 250	\$ 11,750	\$ 250
TOTAL EXPENSES	\$ 26,233	\$ 558	\$ 310,898	\$ 6,615
NET OPERATING INCOME	\$ 87,207	\$ 1,855	\$ 1,050,378	\$ 22,348

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HUD.2ibl'.4)	13,241,793	211,740
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Seli:i'Nalc	0	0
E'Ollth		0-
	111-.252.132	111.130
Dc:&.aed	1,917,567	4(>:.199
Total Sources	25,411,492	540,670
Land - Acquisition	1,000,000	21,277
Building - Acquisition	0	0
Site		0
.SiteWooc.{OaSe)	3,709,592	78,927
AccessOJySlnltbft		0
Hard Costs	8,312,056	176,852
Gmenil	721,299	15,347
Builder Overhead	240,433	5,116
Builder Profit	721,299	15,347
ion Contingency	769,385	16,370
ll're Jc>bS* Lan4lnkrtlst& Broker Costs	0	0
9&P Bonds		0
Odl,:iGC Fees	277,450	5,903
Blildefs isk & GL	49,514	1,053
fm'ni!liog& Tap Fees	100,000	2,128
WalalSewerl	100,000	2,128
Architect Design	545,461	11,606
Architect Supervision	41,560	884
Engineering	60,000	1,277
Lender/Investor Due Diligence	75,000	1,596
0.piraxlclit' Costs	75,000	1,596
a survey	35,000	745
		0
	15,000	319
	8,000	170
Appr.all	8,000	170
Pemiu,ao.Fecs	367,454	7,818
fAmnaace		0
LO!!!!!!°ep		0
HllQily,..	50,000	1,064
(4581 Action Loan Origination Fee	111,009	2,366
Loan Interest	1,150,000	37,234
regation Study	8,000	170
Tax Credit Fees	103,453	2,201
ffl)U!liog & Auditing Fee	15,000	319
sek Note Interest	0	0
Bor.fCosts of Issuance	395,320	8,411
		0
:FF&E	150,000	3,191
en.o'tFees	25,000	532
.AddiliOMt		0
erating Reserve	0	0
Deficit Reserve	612,135	13,024
Developer Fee	4,959,871	105,529
Total Uses	25,411,492	540,670

Valuation Glossary 2024

Unless specified otherwise, these definitions were extracted or paraphrased from the following sources or publications:

- The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).
- Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition (USPAP).
- The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

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

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. (*Dictionary*)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

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

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. (*15th Edition*)

Economic Life

The period over which improvements to real estate contribute to property value. (*Dictionary*)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (*Dictionary*)

Effective Date

The date on which the appraisal or review opinion applies (SVP) (*Dictionary*)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (*Dictionary*)

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. (*Dictionary*)

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. (*15th Edition*)

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. (*Dictionary*)

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. (*Dictionary*)

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. (*Dictionary*)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (*Dictionary*)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. (*15th Edition*)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (*Dictionary*)

Exposure Time

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (*USPAP*)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (*USPAP*)

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. (*Dictionary*)

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that

the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

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 a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market

participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

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

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

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

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 CFR, Part 34, Subpart C - Appraisals, 34.42(h)).

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (Dictionary)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (Dictionary)

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease.* (Dictionary)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (15th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary)

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs.* (Dictionary)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (Dictionary)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (15th Edition)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (Dictionary)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (Dictionary)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (Dictionary)

Prospective Opinion of Value

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

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (Dictionary)

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

Reproduction Cost

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

Retrospective Value Opinion

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

Sales Comparison Approach

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

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

- The extent to which the property is identified;
- The extent to which tangible property is inspected;
- The type and extent of data researched; and
- The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (*15th Edition*)

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. (*Dictionary*)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (*Dictionary*)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



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Area of Expertise

Nelson Pratt, MAI, serves as the Managing Director of the Knoxville office for Colliers Valuation & Advisory Services. Mr. Pratt has experience with a multitude of asset types, including Multifamily appraisals with emphasis on HUD-insured assets, Eminent Domain, and Market Studies. He has performed multifamily appraisals and market studies in Tennessee, North Carolina, South Carolina, Georgia, Virginia, Mississippi, Kentucky, Arkansas, and Alabama. In addition to conducting market studies for new construction multifamily projects, he has completed various housing needs assessments for municipalities.

Professional Background

Oct. '22 to Present: *Managing Director*
Colliers Knoxville

2009 to Oct. '22: *President*
Hodges & Pratt Company, PC

2005 to 2009: *Partner*
Hodges & Pratt Company, PC (formerly
Bob F. Hodges Company, PC)

2000 to 2004: *Associate Appraiser*
Bob F. Hodges Company, PC

Former Positions and Memberships

2010: Selected by the Greater Knoxville Business Journal as one of the 2010 '40 under 40' for east Tennessee business leaders

2007: Recipient of the Roscoe Jackson Award from the Greater Tennessee Chapter of the Appraisal Institute for leadership and involvement in the Chapter and industry

2007/08: Education Chair / Regional Representative, Greater Tennessee Chapter of the Appraisal Institute

2005/06: Bylaws Committee Chair for the Greater Tennessee Chapter of the Appraisal Institute

Served for three years on the Board of the Greater Tennessee Chapter of the Appraisal Institute

Two-time participant in the Appraisal Institute's Leadership Development and Advisory Council (LDAC)

Former Ambassador Volunteer for the Knoxville Area Chamber Partnership

Education or Qualifications

The University of Tennessee
Bachelor of Science in Business
Administration (2000)
Major in Finance with an
emphasis in Real Estate

State Certifications

- Alabama
- Arkansas
- Georgia
- Kentucky
- Mississippi
- North Carolina
- South Carolina
- Tennessee
- Virginia

Affiliations or Memberships

MAI Designated member of the Appraisal Institute

Professional Member of the National Council of Housing Market Analysts (NCHMA); currently serve on the Executive Committee

Associate member of the Southeast Mortgage Advisory Council (SMAC)

Appointed to the Tennessee Real Estate Appraiser Commission, 2022

University of Tennessee Finance Department Advisory Council



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Representative Clients and Projects

Dwight Capital, Multifamily Projects

Berkadia, Multifamily Projects

Walker & Dunlop, Multifamily Projects

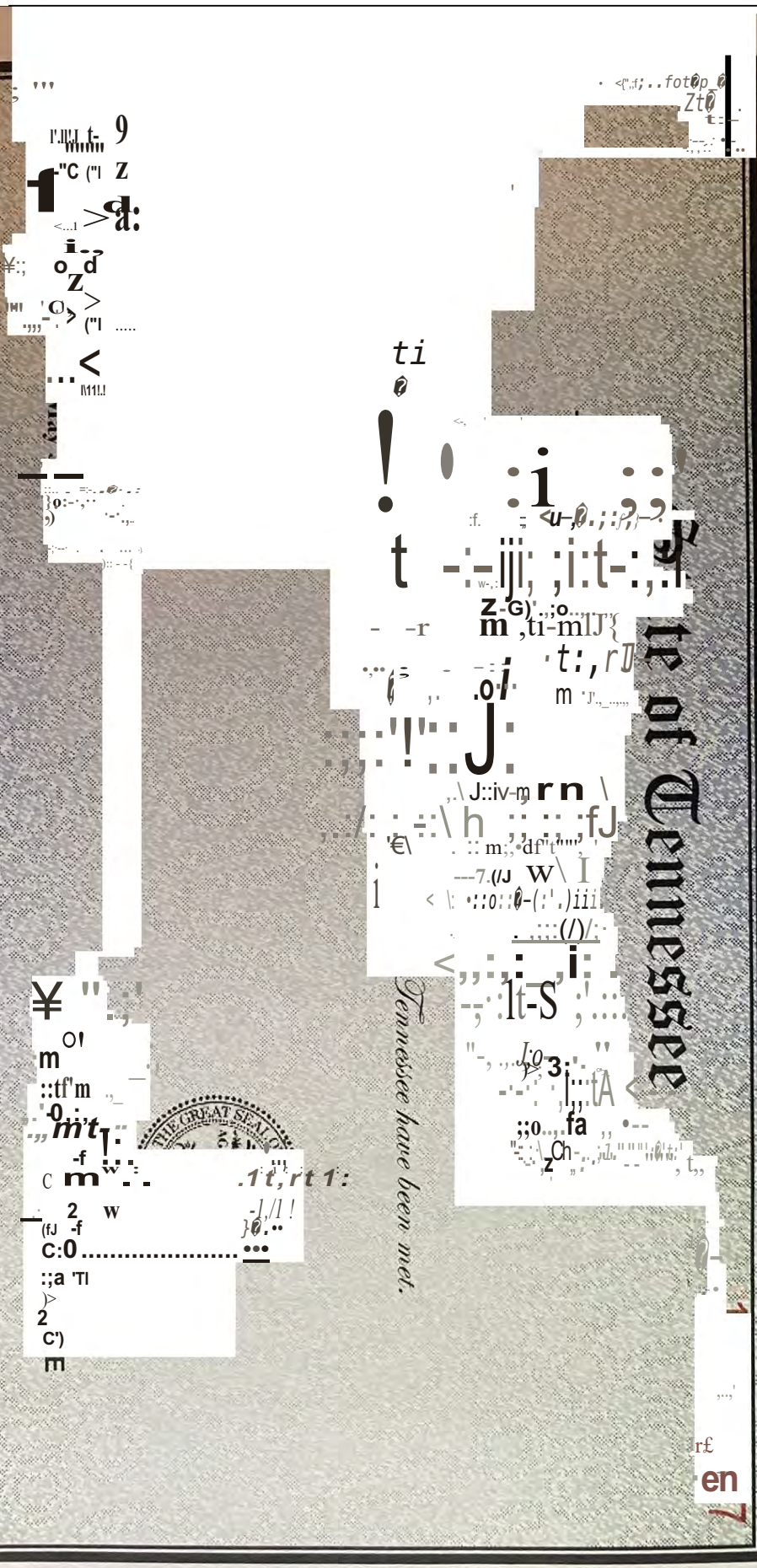
Wells Fargo, Multifamily Projects

Highland Commercial Mortgage, Multifamily Projects

Greystone Funding, Multifamily Projects

Tennessee Department of Transportation, Eminent Domain

Local Municipalities, Housing Studies



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Education or Qualifications

May 2003: The University of Tennessee - Bachelor of Science in Business Administration with a major in Finance and an emphasis in Real Estate

October 2006: Received Certified General license from the Tennessee Real Estate Appraiser Commission

State Certifications

Tennessee
Kentucky

Area of Expertise

Traci Hartsell is a Valuation Specialist in the Knoxville office of Colliers Valuation & Advisory Services. Traci's concentration has been in the multifamily sector to include appraisals on both conventional and affordable projects for various lenders and housing agencies. She has also performed right-of-way appraisals for the Tennessee Department of Transportation (TDOT) and am currently on the TDOT Approved Appraiser Panel.

Professional Background

May 2003 to October 2006: Registered Appraiser Trainee at Hodges & Pratt Co. (formerly Bob F. Hodges Co.)

October 2006 to October 2022: Certified General Appraiser at Hodges & Pratt Co.

October 2022 to Present: Certified General Appraiser at Colliers

Appraisal Institute Courses

- Foundations of Real Estate Appraisal
- Standards of Professional Practice
- 7-Hour USPAP Update (2-year cycle)
- Basic Income Capitalization
- Advanced Income Capitalization
- Highest & Best Use & Market Analysis
- Comparative Analysis
- Report Writing & Valuation Analysis
- Appraising Convenience Stores
- Appraisal Curriculum Overview
- Analyzing Distressed Real Estate
- Advanced Condemnation Appraising
- TDOT Plans Reading Course
- Advanced Concepts & Case Studies
- Appraiser Disaster Readiness
- Transferred Value
- Appraiser Complaints
- Appraisal Review
- Fannie Mae Appraisal Guidelines: Debunking the Myths
- Market Disturbances – Appraisals in Atypical Markets & Cycles
- The Basics of Expert Witness for Commercial Appraisers
- Complex Properties: The Odd Side of Appraisal

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State of Tennessee

TENNESSEE REAL ESTATE APPRAISER COMMISSION

CERTIFIED GENERAL APPRAISER

TRACI ALISO RTSEU

This is to certify that all requirements of the State of Tennessee have been met.

ID NUMBER: 3293
LJC STATUS: ACTIVE
EXPIRATION DATE: October 31, 2024



IN-1313
DEPARTMENT OF
COMMERCE AND INSURANCE



Colliers

Valuation & Advisory Services

Valuation & Advisory Services

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

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Commitment to high-end client service, coupled with Colliers' unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

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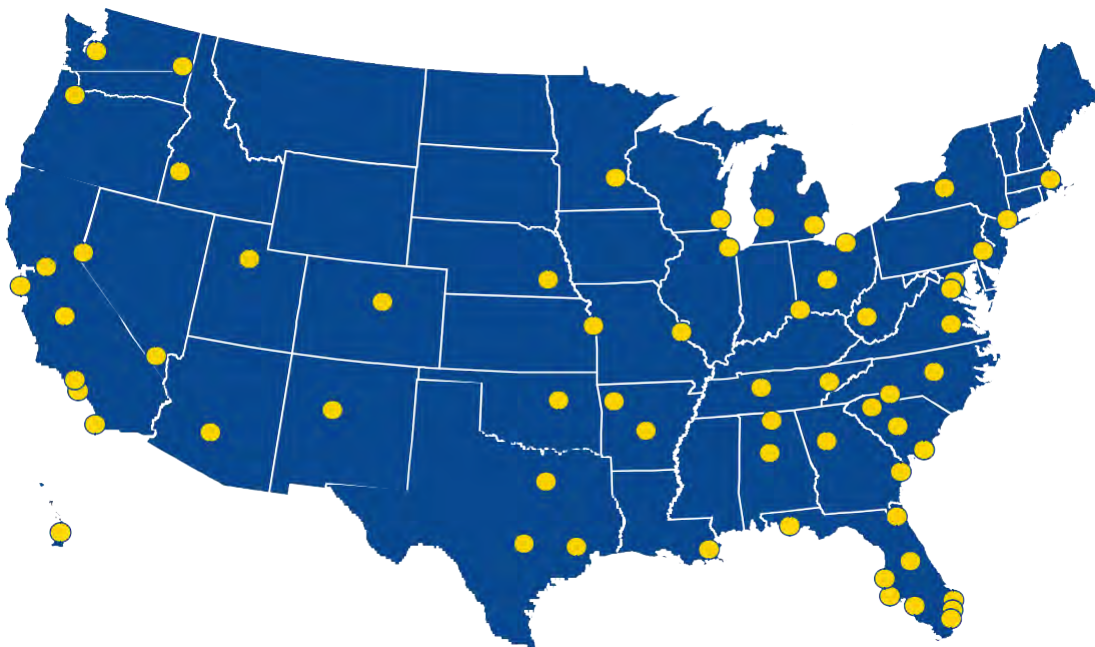
Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

Technology

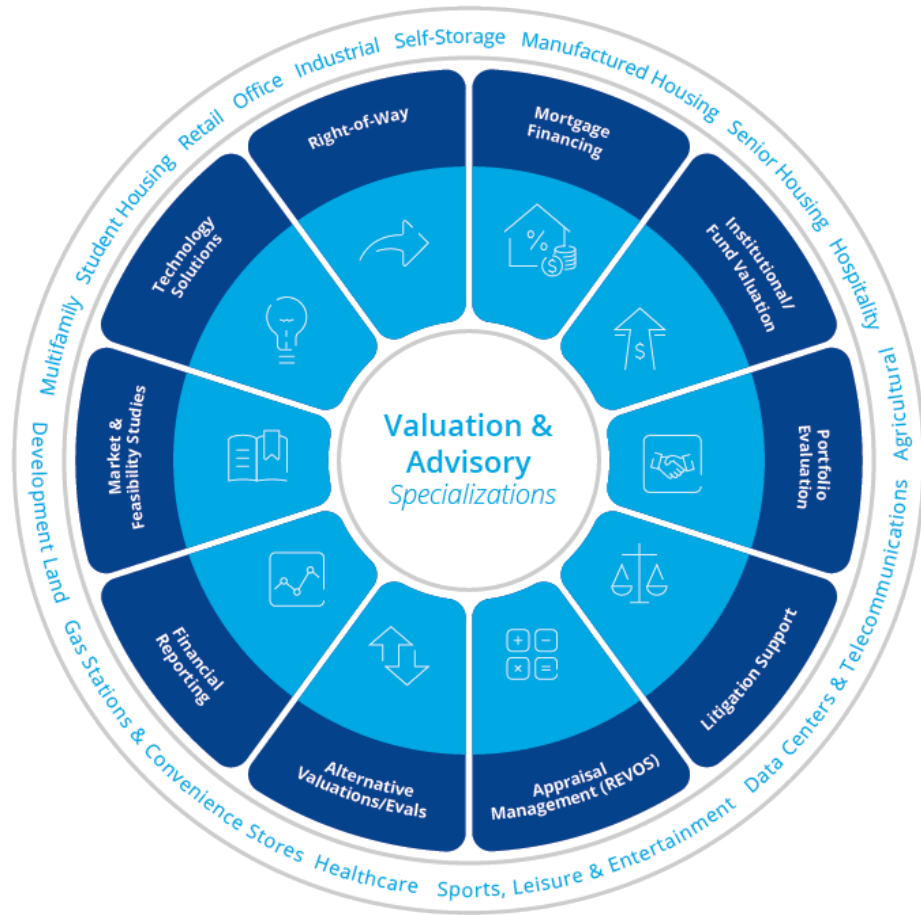
Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

Information

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers' valuation and advisory reports give our clients the information they need to make better business decisions.



What We Do



400+ licensed appraisers and staff



30,000+ assignments completed annually



63 Valuation & Advisory Services market locations across the country

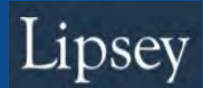
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Ranked in the top 3 most recognized global commercial real estate brands by The Lipsey Company



Ranked in the world's top female-friendly companies.



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400 Main Street, Suite 403
Knoxville, Tennessee 37902
865-215-2500
www.knoxplanning.org

Certification of Zoning

Request

Issued To: Robert Talbott

Date of Request: 1/31/2024

Fee Paid

Certification Requested By:

Name: Robert Talbott

Address: _____ **City:** _____ **St.:** _____ **Zip:** _____

Phone: 865-567-6478 **Email:** robT@dgaresidential.com

Location of Subject Property:

Address: 1645 EBENEZER RD

Parcel ID: 144MA05301

General Location: Ebenezer Rd north of Grenada Blvd

Name of Business (if applicable): _____

Certification

The current zoning of the property, as identified above, is:

OB (Office, Medical, and Related Services)

Comments:

This property is zoned OB (Office, Medical, and Related Services) and is subject to all requirements and restrictions of the OB zone as stated within the Knox County Zoning Ordinance. Multi family developments up to 47 units are allowed at this location. Any change in use, ownership, or zoning of the property may require additional review to verify compliance. For information regarding existing permits or outstanding codes violations, contact the Knox County Department of Codes and Permitting at Kim.Jarnagin@knoxcounty.org.

To the best of my knowledge and belief, our zoning map is accurate with respect to the subject property. If further certification of zoning is a significant issue, however, it is suggested that you or your attorney search the public record located in the office of the Knoxville City Recorder, City County Building, 400 Main Street, Knoxville, TN (if the parcel is in the City) or in the office of the Knox County Clerk, 300 Main Street, Knoxville, TN (if the parcel is in the County).

Certified by Knoxville-Knox County Planning Staff: Whitney Warner

Signature: Whitney Warner

Date: 1/31/2024

**Contractor's and/or Mortgagor's
Cost Breakdown**

**U.S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

OMB No. 2502-0044 (exp. 12/31/2018)

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Date: 3/7/24	Sponsor DGA Bluegrass LP
Project No:	Building Identification: (4) Buildings consisting of 47 dwelling units and 1 leasing office/community space
Name of Project: Bluegrass Village Apts	Location: 1645 Ebenezer Rd; Knoxville, TN 37922

This form represents the Contractor's and/or Mortgagor's firm costs and services as a basis for dispensing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 669,510.00	Post tension slabs, gypcrete, light weight concrete, Labor and Material
2	4	Masonry	\$ 236,850.00	Exterior Brick Labor and material
3	5	Metals	\$ 168,493.00	Breezeway stairs/railings, balcony railing Labor and Material
4	6	Rough Carpentry	\$ 2,152,118.00	Framing material and labor, roof truss package, window and housewrap install, Exterior trim & cladding, fire caulking
5	6	Finish Carpentry	\$ 112,570.00	Unit trim material and labor, door install labor
6	7	Waterproofing	\$ -	
7	7	Insulation	\$ 173,710.00	Material and Labor
8	7	Roofing	\$ 101,669.00	Shingle roofing material and labor
9	7	Sheet Metal	\$ 15,638.00	Gutters & downspouts
10	8	Doors	\$ 245,294.00	Unit entry doors, unit interior doors, Storefront glass, Access Doors & Panels, Door Hardware materials
11	8	Windows	\$ 108,149.00	Material
12	8	Glass	\$ -	
13	9	Lath and Plaster	\$ -	
14	9	Drywall	\$ 649,884.00	Material and Labor
15	9	Tile Work	\$ -	
16	9	Acoustical	\$ -	
17	9	Wood Flooring	\$ -	
18	9	Resilient Flooring	\$ 312,900.00	LVP throughout all units - Material and labor
19	9	Painting and Decorating	\$ 332,192.00	Interior and Exterior Paint Labor and Material
20	10	Specialties	\$ 80,837.00	Site & Building Signage, Bath Accessories, Fire Extinguishers/Cabinets, Mailboxes, Shelving
21	11	Special Equipment	\$ 171,579.00	Fire alarm, CCTV
22	11	Cabinets	\$ 288,830.00	Material and Labor for cabinets and countertops
23	11	Appliances	\$ 117,541.00	Material and install
24	12	Blinds and Shades, Artwork	\$ 30,214.00	Material and labor
25	12	Carpets	\$ -	
26	13	Special Construction	\$ 260,537.00	Fire Sprinkler System material and labor, Range queens, office community, handicap and sight & hearing impaired upgrades
27	14	Elevators	\$ -	
28	15	Plumbing and Hot Water	\$ 965,052.00	Labor and Material for rough-in and trim out
29	15	Heat and Ventilation	\$ -	
30	15	Air Conditioning	\$ 536,842.00	This is for full HVAC (includes Air Conditioning) labor and material
31	16	Electrical	\$ 1,090,299.00	Labor and Material for rough-in and trim out, Structured Cabling, Access Control, CCTV, Fire Alarm System
32		Subtotal (Structures)	\$ 8,820,708.00	
33		Accessory Structures	\$ -	
34		Total (Lines 32 and 33)	\$ 8,820,708.00	

Previous edition is obsolete

form HUD-2328 (5/95)
ref. Handbook 4450.1 & 4460.1

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Date: 3/7/24	Sponsor DGA Bluegrass LP
Project No:	Building Identification: Building A
Name of Project: Bluegrass Village Apts - Building A	Location: 1645 Ebenezer Rd; Knoxville, TN 37922

This form represents the Contractor's and/or Mortgagors firm costs and services as a basis for dispensing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 169,387.00	Post tension slabs, gypcrete, light weight concrete, Labor and Material
2	4	Masonry	\$ 59,922.00	Exterior Brick Labor and material
3	5	Metals	\$ 42,629.00	Breezeway stairs/railings, balcony railing Labor and Material
4	6	Rough Carpentry	\$ 544,486.00	Framing material and labor, roof truss package, window and housewrap install, Exterior trim & cladding, fire caulking
5	6	Finish Carpentry	\$ 28,479.00	Unit trim material and labor, door install labor
6	7	Waterproofing	\$ -	
7	7	Insulation	\$ 43,948.00	Material and Labor
8	7	Roofing	\$ 25,722.00	Shingle roofing material and labor
9	7	Sheet Metal	\$ 3,956.00	Gutters & downspouts
10	8	Doors	\$ 62,060.00	Unit entry doors, unit interior doors, Storefront glass, Access Doors & Panels, Door Hardware materials
11	8	Windows	\$ 27,362.00	Material
12	8	Glass	\$ -	
13	9	Lath and Plaster	\$ -	
14	9	Drywall	\$ 164,420.00	Material and Labor
15	9	Tile Work	\$ -	
16	9	Acoustical	\$ -	
17	9	Wood Flooring	\$ -	
18	9	Resilient Flooring	\$ 79,164.00	LVP throughout all units - Material and labor
19	9	Painting and Decorating	\$ 84,045.00	Interior and Exterior Paint Labor and Material
20	10	Specialties	\$ 20,451.00	Site & Building Signage, Bath Accessories, Fire Extinguishers/Cabinets, Mailboxes, Shelving
21	11	Special Equipment	\$ 43,409.00	Fire alarm, CCTV
22	11	Cabinets	\$ 73,074.00	Material and Labor for cabinets and countertops
23	11	Appliances	\$ 29,737.00	Material and install
24	12	Blinds and Shades, Artwork	\$ 7,643.00	Material and labor
25	12	Carpets	\$ -	
26	13	Special Construction	\$ 65,915.00	Fire Sprinkler System material and labor, Range queens, office community, handicap and sight & hearing impaired upgrades
27	14	Elevators	\$ -	
28	15	Plumbing and Hot Water	\$ 244,159.00	Labor and Material for rough-in and trim out
29	15	Heat and Ventilation	\$ -	
30	15	Air Conditioning	\$ 135,820.00	This is for full HVAC (includes Air Conditioning) labor and material
31	16	Electrical	\$ 275,845.00	Labor and Material for rough-in and trim out, Structured Cabling, Access Control, CCTV, Fire Alarm System
32		Subtotal (Structures)	\$ 2,231,633.00	
33		Accessory Structures	\$ -	
34		Total (Lines 32 and 33)	\$ 2,231,633.00	

Previous edition is obsolete

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ref. Handbook 4450.1 & 4460.1

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Date: 3/7/24	Sponsor DGA Bluegrass LP
Project No:	Building Identification: Building B (Same as Building D)
Name of Project: Bluegrass Village Apts - Building B (Same as Building D)	Location: 1645 Ebenezer Rd; Knoxville, TN 37922

This form represents the Contractor's and/or Mortgagor's firm costs and services as a basis for dispersing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 158,004.00	Post tension slabs, gypcrete, light weight concrete, Labor and Material
2	4	Masonry	\$ 55,897.00	Exterior Brick Labor and material
3	5	Metals	\$ 39,764.00	Breezeway stairs/railings, balcony railing Labor and Material
4	6	Rough Carpentry	\$ 507,900.00	Framing material and labor, roof truss package, window and housewrap install, Exterior trim & cladding, fire caulking
5	6	Finish Carpentry	\$ 26,567.00	Unit trim material and labor, door install labor
6	7	Waterproofing	\$ -	
7	7	Insulation	\$ 40,996.00	Material and Labor
8	7	Roofing	\$ 23,994.00	Shingle roofing material and labor
9	7	Sheet Metal	\$ 3,691.00	Gutters & downspouts
10	8	Doors	\$ 57,889.00	Unit entry doors, unit interior doors, Storefront glass, Access Doors & Panels, Door Hardware materials
11	8	Windows	\$ 25,523.00	Material
12	8	Glass	\$ -	
13	9	Lath and Plaster	\$ -	
14	9	Drywall	\$ 153,373.00	Material and Labor
15	9	Tile Work	\$ -	
16	9	Acoustical	\$ -	
17	9	Wood Flooring	\$ -	
18	9	Resilient Flooring	\$ 73,844.00	LVP throughout all units - Material and labor
19	9	Painting and Decorating	\$ 78,397.00	Interior and Exterior Paint Labor and Material
20	10	Specialties	\$ 19,078.00	Site & Building Signage, Bath Accessories, Fire Extinguishers/Cabinets, Mailboxes, Shelving
21	11	Special Equipment	\$ 40,493.00	Fire alarm, CCTV
22	11	Cabinets	\$ 68,164.00	Material and Labor for cabinets and countertops
23	11	Appliances	\$ 27,740.00	Material and install
24	12	Blinds and Shades, Artwork	\$ 7,131.00	Material and labor
25	12	Carpets	\$ -	
26	13	Special Construction	\$ 61,487.00	Fire Sprinkler System material and labor, Range queens, office community, handicap and sight & hearing impaired upgrades
27	14	Elevators	\$ -	
28	15	Plumbing and Hot Water	\$ 227,752.00	Labor and Material for rough-in and trim out
29	15	Heat and Ventilation	\$ -	
30	15	Air Conditioning	\$ 126,695.00	This is for full HVAC (includes Air Conditioning) labor and material
31	16	Electrical	\$ 257,311.00	Labor and Material for rough-in and trim out, Structured Cabling, Access Control, CCTV, Fire Alarm System
32		Subtotal (Structures)	\$ 2,081,690.00	
33		Accessory Structures	\$ -	
34		Total (Lines 32 and 33)	\$ 2,081,690.00	

Previous edition is obsolete

form HUD-2328 (5/95)
ref. Handbook 4450.1 & 4460.1

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Date: 3/7/24	Sponsor DGA Bluegrass LP
Project No:	Building Identification: Building C
Name of Project: Bluegrass Village Apts - Building C	Location: 1645 Ebenezer Rd; Knoxville, TN 37922

This form represents the Contractor's and/or Mortgagors firm costs and services as a basis for dispursing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 184,115.00	Post tension slabs, gypcrete, light weight concrete, Labor and Material
2	4	Masonry	\$ 65,134.00	Exterior Brick Labor and material
3	5	Metals	\$ 46,336.00	Breezeway stairs/railings, balcony railing Labor and Material
4	6	Rough Carpentry	\$ 591,832.00	Framing material and labor, roof truss package, window and housewrap install, Exterior trim & cladding, fire caulking
5	6	Finish Carpentry	\$ 30,957.00	Unit trim material and labor, door install labor
6	7	Waterproofing	\$ -	
7	7	Insulation	\$ 47,770.00	Material and Labor
8	7	Roofing	\$ 27,959.00	Shingle roofing material and labor
9	7	Sheet Metal	\$ 4,300.00	Gutters & downspouts
10	8	Doors	\$ 67,456.00	Unit entry doors, unit interior doors, Storefront glass, Access Doors & Panels, Door Hardware materials
11	8	Windows	\$ 29,741.00	Material
12	8	Glass	\$ -	
13	9	Lath and Plaster	\$ -	
14	9	Drywall	\$ 178,718.00	Material and Labor
15	9	Tile Work	\$ -	
16	9	Acoustical	\$ -	
17	9	Wood Flooring	\$ -	
18	9	Resilient Flooring	\$ 86,048.00	LVP throughout all units - Material and labor
19	9	Painting and Decorating	\$ 91,353.00	Interior and Exterior Paint Labor and Material
20	10	Specialties	\$ 22,230.00	Site & Building Signage, Bath Accessories, Fire Extinguishers/Cabinets, Mailboxes, Shelving
21	11	Special Equipment	\$ 47,184.00	Fire alarm, CCTV
22	11	Cabinets	\$ 79,428.00	Material and Labor for cabinets and countertops
23	11	Appliances	\$ 32,324.00	Material and install
24	12	Blinds and Shades, Artwork	\$ 8,309.00	Material and labor
25	12	Carpets	\$ -	
26	13	Special Construction	\$ 71,648.00	Fire Sprinkler System material and labor, Range queens, office community, handcap and sight & hearing impaired upgrades
27	14	Elevators	\$ -	
28	15	Plumbing and Hot Water	\$ 265,389.00	Labor and Material for rough-in and trim out
29	15	Heat and Ventilation	\$ -	
30	15	Air Conditioning	\$ 147,632.00	This is for full HVAC (includes Air Conditioning) labor and material
31	16	Electrical	\$ 299,832.00	Labor and Material for rough-in and trim out, Structured Cabling, Access Control, CCTV, Fire Alarm System
32		Subtotal (Structures)	\$ 2,425,695.00	
33		Accessory Structures	\$ -	
34		Total (Lines 32 and 33)	\$ 2,425,695.00	

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Date: 3/7/24	Sponsor DGA Bluegrass LP
Project No:	Building Identification: Building D (Same as Building B)
Name of Project: Bluegrass Village Apts - Building D (Same as Building B)	Location: 1645 Ebenezer Rd; Knoxville, TN 37922

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Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 158,004.00	Post tension slabs, gypcrete, light weight concrete, Labor and Material
2	4	Masonry	\$ 55,897.00	Exterior Brick Labor and material
3	5	Metals	\$ 39,764.00	Breezeway stairs/railings, balcony railing Labor and Material
4	6	Rough Carpentry	\$ 507,900.00	Framing material and labor, roof truss package, window and housewrap install, Exterior trim & cladding, fire caulking
5	6	Finish Carpentry	\$ 26,567.00	Unit trim material and labor, door install labor
6	7	Waterproofing	\$ -	
7	7	Insulation	\$ 40,996.00	Material and Labor
8	7	Roofing	\$ 23,994.00	Shingle roofing material and labor
9	7	Sheet Metal	\$ 3,691.00	Gutters & downspouts
10	8	Doors	\$ 57,889.00	Unit entry doors, unit interior doors, Storefront glass, Access Doors & Panels, Door Hardware materials
11	8	Windows	\$ 25,523.00	Material
12	8	Glass	\$ -	
13	9	Lath and Plaster	\$ -	
14	9	Drywall	\$ 153,373.00	Material and Labor
15	9	Tile Work	\$ -	
16	9	Acoustical	\$ -	
17	9	Wood Flooring	\$ -	
18	9	Resilient Flooring	\$ 73,844.00	LVP throughout all units - Material and labor
19	9	Painting and Decorating	\$ 78,397.00	Interior and Exterior Paint Labor and Material
20	10	Specialties	\$ 19,078.00	Site & Building Signage, Bath Accessories, Fire Extinguishers/Cabinets, Mailboxes, Shelving
21	11	Special Equipment	\$ 40,493.00	Fire alarm, CCTV
22	11	Cabinets	\$ 68,164.00	Material and Labor for cabinets and countertops
23	11	Appliances	\$ 27,740.00	Material and install
24	12	Blinds and Shades, Artwork	\$ 7,131.00	Material and labor
25	12	Carpets	\$ -	
26	13	Special Construction	\$ 61,487.00	Fire Sprinkler System material and labor, Range queens, office community, handicap and sight & hearing impaired upgrades
27	14	Elevators	\$ -	
28	15	Plumbing and Hot Water	\$ 227,752.00	Labor and Material for rough-in and trim out
29	15	Heat and Ventilation	\$ -	
30	15	Air Conditioning	\$ 126,695.00	This is for full HVAC (includes Air Conditioning) labor and material
31	16	Electrical	\$ 257,311.00	Labor and Material for rough-in and trim out, Structured Cabling, Access Control, CCTV, Fire Alarm System
32		Subtotal (Structures)	\$ 2,081,690.00	
33		Accessory Structures	\$ -	
34		Total (Lines 32 and 33)	\$ 2,081,690.00	

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ref. Handbook 4450.1 & 4460.1

Line	Div.	Trade Item	Cost	Trade Description			
35	2	Earthwork	\$ 590,263	Grading/Earthwork, erosion control, clearing			
36	2	Site Utilities	\$ 894,380	Storm Drainage, Domestic Water & Meters, Sewer, fire line			
37	2	Roads and Walks	\$ 436,752	Asphalt Paving, curb and gutter, sidewalks			
38	2	Site Improvements	\$ 1,086,668	Dumpster Enclosure, Playground, Fencing, Site Retaining Walls, Monument Signs, Mail Kiosk			
39	2	Lawns and Planting	\$ 210,527	Irrigation and Landscape labor and material			
40	2	Unusual Site Conditions	\$ -	Nonresidential and Special Exterior Land Improvement (costs included in trade item breakdown)		Offsite Costs (costs not included in trade item breakdown)	
41		Total Land Improvements	\$ 3,218,590				
42		Total Struct. & Land Imprvts.	\$ 12,039,298	Description	Est. Cost *	Description	Est. Cost *
43	1	General Requirements	\$ 655,299		\$ -	None	\$ -
44		Subtotal (Lines 42 and 43)	\$ 12,694,597		\$ -		\$ -
45		Builder's Overhead	\$ 240,786		\$ -		\$ -
46		Builder's Profit	\$ 722,358	Total	\$ -		\$ -
47		Subtotal (Lines 44 thru 46)	\$ 13,657,741	Other Fees		Total:	\$ -
48				Description	Cost *	Demolition (costs not included in trade item breakdown)	
49		Other Fees	\$ 277,450	Engineering & Quality testing	\$ 82,500.00		
50		Bond Premium	\$ 67,059	Permits & Inspections	\$ 39,950.00	Description	Est. Cost *
51		Total for All Improvements	\$ 14,002,250	TAP Fees (Sewer & Water)	\$ 25,000.00	Existing Structures	\$ 17,100.00
52		Builder's Profit Paid by Means Other Than Cash	\$ -	Cost Certification	\$ 10,000.00	Offsite sanitary sewer	\$ 12,540.00
				Builders Risk Insurance	\$ 120,000.00		\$ -
53		Total for All Improvements Less Line 52	\$ 14,002,250		\$ -		\$ -
				Total	\$ 277,450.00	Total:	\$ 29,640.00

I hereby certify that all the information state herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Mortgagor:	By:	Date:
Contractor:	By:	Date:
EMPIRE CORPORATION OF TN, INC; BEN TULLIS - PRESIDENT		3/7/24
FHA: (Processing Analyst)	Date	FHA (Chief, Cost Branch or Cost Analyst)
FHA: (Chief Underwriter)		Date:

Instructions for Completing Form HUD-2328

This form is prepared by the contractor and/or mortgagor as a requirement for the issuance of a firm commitment. The firm replacement cost of the project also serves as a basis for the disbursement of dollar amounts when insured advances are requested. A detailed breakdown of trade items is provided along with spaces to enter dollar amounts and trade descriptions.

A separate form is prepared through line 32 for each **structure type**. A summation of these structure costs are entered on line 32 of a master form. Land improvements, General Requirements and Fees are completed through line 53 on the master 2328 **only**.

Date -- Date form was prepared.

Sponsor -- Name of sponsor or sponsoring organization.

Project No. -- Eight-digit assigned project number.

Building Identification -- Number(s) or Letter(s) of each building as designated on plans.

Name of Project -- Sponsors designated name of project.

Location -- Street address, city and state.

Division -- Division numbers and trade items have been developed from the cost accounting section of the uniform system.

Accessory Structures -- This item reflects structures, such as: community, storage, maintenance, mechanical, laundry and project office buildings. Also included are garages and carports or other buildings. When the amount shown on line 33 is \$20,000.00 or 2% of line 32 whichever is less, a separate form HUD-2328 will be prepared through line 32 for Accessory Structures.

Unusual Site Conditions -- This trade item reflects rock excavation, high water table, excessive cut and fill, retaining walls, erosion, poor drainage and other on-site conditions considered unusual.

Cost -- Enter the cost being submitted by the Contractor or bids submitted by a qualified subcontractor for each trade item. These costs will include, as a minimum, prevailing wage rates as determined by the Secretary of Labor.

Trade Description -- Enter a brief description of the work included in each trade item.

Other Fees -- Includable are fees to be paid by the Contractor, such as sewer tap fees not included in the plumbing contract. Fees paid or to be paid by the Mortgagor are not to be included on this form.

Total For All Improvements -- This is the sum of lines 1 through 50 and is to include the total builder's profit (line 46).

INCOME		Annual Total
Gross Potential Income		\$1,458,684
Vacancy		(72,934)
Bad Debt		0
Concessions		
Loss to Lease		
Other Income		4,700
EFFECTIVE GROSS INCOME		\$1,390,450
EXPENSES		Annual Total
<u>Controllable:</u>		
Admin	\$	35,850
Payroll	\$	110,000
R&M and Contracts	\$	35,250
Utilities	\$	35,250
<u>Security:</u>		
Security	\$	-
<u>Uncontrollable:</u>		
Management Fee	\$	41,713
Bookkeeping & Tax Prep Fee	\$	7,256
Real Estate Taxes	\$	1,841
Insurance	\$	23,500
Replacement Reserves	\$	11,750
TOTAL EXPENSES	\$	302,410
NET OPERATING INCOME \$ 1,088,039		

Sources

First Mortgage	\$	11,223,463
Tax Credit Equity	\$	10,266,870
Deferred Developer Fee	\$	3,865,313
Total Sources	\$	25,355,646

Uses

Land Acquisition	\$	1,000,000
Construction Costs	\$	15,174,833
Design Costs	\$	658,466
Third Party Reports	\$	216,000
Financing Fees	\$	2,779,472
Reserves	\$	569,682
Developer Fee	\$	4,957,193
Total Uses	\$	25,355,646



Tennessee Housing Development Agency

502 Deaderick St, Third Floor
Andrew Jackson Building
Nashville, Tennessee 37243
615-815-2200

Ralph M. Perrey
Executive Director

Writer's Fax Number:
615-564-2790

AMENDED 2023 MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER

Attention: Ben Bentley
Knoxville's Community Development Corporation
901 N Broadway Street, Knoxville, TN 37917

Issuer: Knoxville's Community Development Corporation ("Issuer")

Principal Amount of Multifamily Tax-Exempt Bond Authority ("MTBA"):
\$16,150,000.00

Borrower: DGA Bluegrass LP ("Owner")

Development: TN23-215: Bluegrass Landing ("Development")
1645 Ebenezer Road, Knoxville, TN 37922

Knox County

1. The Development is more specifically described in that certain MTBA Application dated March 10, 2023 ("MTBA Application")
2. THDA hereby commits 2023 MTBA to Issuer above solely for the purpose of issuance and sale of tax-exempt mortgage revenue bonds ("Bonds") to finance the Development as described in the MTBA Application. This 2023 MTBA Commitment Letter ("Commitment Letter") is conditioned upon each of the following:
 - a. Satisfaction of and compliance with all applicable requirements of the Internal Revenue Code, Treasury Regulations, and the THDA 2023 MTBA Program Description;

- b. The truth and accuracy of the information provided and representations made in the MTBA Application;
- c. Owner has remitted the \$221,500 Commitment Letter Fee by wire in accordance with the MTBA PD by June 30, 2023;
- d. Owner has remitted the \$44,300 Incentive Fee by wire in accordance with the MTBA PD by June 30, 2023;
- e. Receipt by THDA, **no later than March 11, 2024**, of this Commitment Letter with original signatures of persons authorized to execute documents on behalf of the Issuer and the Owner in the THOMAS system;
- f. Receipt by THDA, **no later than March 31, 2024** of Bond Counsel verification in a form and with substance satisfactory to THDA, in its sole discretion, that the Bonds using the MTBA have been issued and sold, and that the sale has closed in the THOMAS system. Closing in escrow or any other form of contingent closing is not permitted;
- g. Receipt by THDA, **no later than March 31, 2024**, of the Elected Local Approval of the Bond Issuance must be submitted in the THOMAS system.
- h. Receipt by THDA, **no later than March 31, 2024** of the Owner's Affirmatively Furthering Fair Housing Marketing Plan.

3. Failure to fully satisfy any of these conditions, as determined by THDA, in its sole discretion, will cause this Commitment Letter to be void and the MTBA committed hereunder shall be deemed to be recaptured by THDA.

4. This Commitment Letter is not approval of the Development for allocations from any other programs, such as, without limitation, the Low Income Housing Credit Program. The Low Income Housing Credit Program requires a separate application to be submitted to THDA in accordance with, without limitation, Section 20 of the Low Income Housing Credit 2023 Qualified Allocation Plan (the "2023 QAP"). THDA will conduct an eligibility and scoring review in conjunction with any such application. THDA retains the authority to determine eligibility for, and the amount of, any Low Income Housing Credits to be allocated to any development pursuant to the 2023 QAP.

5. This Commitment Letter is not a representation, warranty, guaranty, advice, or suggestion as to the feasibility or viability of the Development, and may not be relied on as such by the Issuer, Owner, developer, investor, tenant, lender, syndicator, or any other persons.

6. This Commitment Letter is only for the Development as described in the MTBA Application. Any changes or modifications made prior to closing the sale of the Bonds using the MTBA are subject to approval by THDA, in its sole discretion.

7. MTBA allocated pursuant to this Commitment Letter must be used to provide financing for the Development such that, as of the rehabilitation or new construction placed in service date, a minimum of fifty percent (50.0%) of the amount of MTBA closed and sold remains outstanding and such amount of bonds outstanding otherwise meets the requirements of Section 42(h)(4).

8. The issue price of the bonds may not exceed the allocation. The bonds must be sold at an issue price (including any premiums) that does not exceed the allocation.

TENNESSEE HOUSING DEVELOPMENT AGENCY SIGNATURE PAGE

BY: Felita A. Hamilton

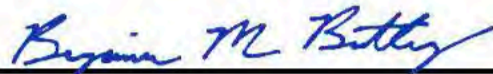
Felita Hamilton
Program Allocation Manager

Executed this 4th day of March, 2024.

ISSUER AND BORROWER SIGNATURE PAGE

Accepted by Issuer:

Knoxville's Community Development Corporation

BY: 
Ben M Bentley

Executed this 6th day of March, 2024.

Accepted by Borrower(s):

BY: 
DGA Bluegrass LP
Bluegrass GP Corporation
Craig Cobb, Officer

Executed this 5th day of March, 2024.



Tennessee Housing Development Agency

502 Deaderick St, Third Floor
Andrew Jackson Building
Nashville, Tennessee 37243
615-815-2200

Ralph M. Perrey
Executive Director

Writer's Fax Number:
615-564-2790

AMENDED 2023 NONCOMPETITIVE LOW-INCOME HOUSING CREDIT 42(m) FIRM LETTER FOR DEVELOPMENTS FINANCED WITH MULTIFAMILY TAX-EXEMPT BONDS

THDA BIN Number: TN23-215 Bluegrass Landing

The Tennessee Housing Development Agency ("THDA") hereby reserves Low-Income Housing Credit ("LIHC") in the amount of **\$1,244,078.00** to DGA Bluegrass LP ("Owner") for Bluegrass Landing ("Development"). This 42(m) Letter is subject to Owner's full and timely compliance with the terms and conditions contained herein and the terms and conditions contained in the 2023 Multifamily Tax-Exempt Bond Authority Commitment Letter for Development dated February 23, 2024 (the "Commitment Letter"). This 42(m) Letter confirms that THDA has determined that Internal Revenue Code Section 42(h)(4) applies to Development pursuant to Internal Revenue Code Section 42(m)(1)(D). This 42(m) Letter confirms that THDA has determined, on behalf of Issuer, as defined in the Commitment Letter, that Internal Revenue Code Section 42(h)(4) applies to Development pursuant to Internal Revenue Code Section 42(m)(2)(D).

Owner shall furnish all information required specified in this 42(m) Letter by the dates specified herein. THDA will not send reminders.

1. Owner must submit the items below no later than June 30, 2023 in the THOMAS System:
 - a. This 42(m) Letter, fully executed by Owner
2. Owner has remitted the \$77,754.81 42(m) Letter Fee by wire in accordance with the QAP by June 30, 2023.
3. Upon the issuance and sale of tax-exempt bonds based on the Multifamily Tax-Exempt Bond Authority ("MTBA") allocated by THDA pursuant to the MTBA Commitment Letter, THDA will issue a Land Use Restrictive Covenant ("LURC") to the Owner, committing the Development to serve low

income tenants in accordance with the requirements of Internal Revenue Code Section 42, the Owner's applications to receive MTBA and LIHC, and all relevant regulations and Internal Revenue Service guidance for the term specified in the LURC. The LURC must be executed and recorded, and the original returned to THDA.

4. Development must be placed in service by December 31, 2026. The following items must be received by THDA no later than December 1, 2026 in order to receive IRS Form(s) 8609:

- a. A complete, updated, THDA LIHC Final Application based on actual final costs and conditions.
- b. Verification of completion of THDA LIHC Owner Compliance Training.

5. THDA must receive a copy of the promissory note(s) and recorded deed(s) of trust for permanent financing for the Development within fifteen (15) business days of the date the deed(s) of trust are recorded. Failure to provide such documentation shall be deemed an event of noncompliance hereunder. THDA reserves the right to issue revised IRS Form(s) 8609 following receipt of the copy of the promissory note(s) and recorded deed(s) of trust if the terms of the promissory note(s) and/or deed (s) of trust vary from the financing terms disclosed in the THDA LIHC Final Application.

6. By accepting this 42(m) Letter, Owner understands and accepts the risk that the U.S. Department of Treasury or the Internal Revenue Service may change LIHC requirements at any time and any such changes may negatively affect the Development and/or the LIHC reserved hereunder. Owner further acknowledges that a tax advisor of Owner's choosing has been consulted as to any consequences related to the LIHC, any changes thereto, or cost breakdowns per building.

7. Owner acknowledges and agrees that THDA shall have no liability for any adverse consequences to Owner if Owner chooses to proceed with Development based on this 42(m) Letter. THDA shall evaluate Development prior to issuing IRS Form(s) 8609 and such evaluation may result in the denial of LIHC or a reduction in the amount of LIHC allocated to Development. Developments utilizing Rural Development, HUD, or other financing or credit enhancements are subject to review and recommendations by such provider and the LIHC reservation hereunder is subject to satisfying all recommendations or issues identified by such provider.

8. Once Development is placed in service, THDA will monitor the Development for compliance with Section 42(m)(1)(B)(iii) of the Internal Revenue Code, Treasury Regulation §1.42-5, all attendant regulations, and any Internal Revenue Service guidance in connection therewith. THDA will also monitor the Development for compliance with all applications for LIHC and MTBA submitted to THDA and the LURC. THDA will notify the Internal Revenue Service of any non-compliance as specified in Section 42(m)(1)(B)(iii).

9. Prior to issuance of IRS Form(s) 8609, Owner shall pay THDA a Compliance Monitoring Fee pursuant to the requirements of the THDA LIHC 2023 Qualified Allocation Plan.

10. Owner shall annually submit an Owner's Certification regarding the Development, in a form, with substance and with timing, all as specified by THDA. THDA also reserves the right to inspect the Development and all books, leases, management records, and other similar materials as may be determined necessary by THDA at any time during normal business hours.

11. This 42(m) Letter is contingent upon the correction, to THDA's satisfaction, of any outstanding compliance issues involving the development team and/or Owner.

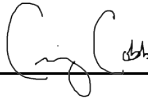
12. Failure to satisfy all requirements of this 42(m) Letter by the dates specified shall result in the cancellation of this 42(m) Letter as determined by THDA in its sole discretion.

TENNESSEE HOUSING DEVELOPMENT AGENCY SIGNATURE PAGE

Executed this 4th day of March, 2024.

BY: *Felita A. Hamilton*
Felita Hamilton
Program Allocation Manager

APPLICANT SIGNATURE PAGE

BY:  _____

DGA Bluegrass LP
Bluegrass GP Corporation
Craig Cobb, Officer

Executed this 5th day of March, 2024.

REPORT OF THE NOMINATING COMMITTEE OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITIES BOARD OF THE
COUNTY OF KNOX

The following members of the Nominating Committee (“Committee”) of The Health, Educational and Housing Facilities Board of the County of Knox (“Board”) were present at the meeting, which was held on April 30, 2024, and which constituted a quorum: Paul M. Fortunato (Chair of the Committee), Tiffany E. Gardner, and Lou Moran III. The Committee makes the following nominations to the Board:

Upon motion by Lou Moran III and seconded by Paul Fortunato, the Committee unanimously voted to recommend to the full Board the following names as nominees to be submitted to the Knox County Commission respecting the three (3) Board that are set to become vacant as of July 15, 2024:

Janet Testerman – recommended by Knox County Mayor Glenn Jacobs

Cayce Petko – recommended by The Knoxville Chamber

Tiffany E. Gardner – recommended by the Board

Dr. William Fox – recommended by the Board

The Committee further recommends that Tiffany E. Gardner and Dr. William Fox, current members of the Board, each be re-appointed to serve a second term on the Board.

Upon motion by Paul Fortunato and a second by Tiffany Gardner, the officer nominations are listed below, and were unanimously approved by the Committee to be presented to the full Board at its regular meeting on May 14, 2024:

Officer Nominations:

- | | |
|------------------------------|----------------------------------|
| 1. <u>Tiffany E. Gardner</u> | as Chair |
| 2. <u>Lou Moran III</u> | as Vice Chair |
| 3. <u>Anthony Wise</u> | as Secretary/Treasurer |
| 4. <u>Lisa Rottmann</u> | as Assistant Secretary/Treasurer |

Upon motion by Paul Fortunato and a second by Tiffany Gardner, the Application Review Committee and the Performance Evaluation Committee nominations are listed below, and were unanimously approved by the Committee to be presented to the full Board at its regular meeting on May 14, 2024:

Application Review Committee Nominations:

1. Anthony Wise as Chair
2. Dr. William Fox as Vice Chair
3. Tiffany Gardner
4. Lisa Rottmann
5. Alvin Nance
6. New Board Member

Performance Evaluation Committee Nominations.

1. Terry Henley as Chair
2. Shannon Coleman Egle as Vice Chair
3. Lou Moran III
4. Ford Little
5. Charley Bible

Date

5/8/24



Paul M. Fortunato, Chair