2020 9% Housing Tax Credit Application

THE COMMONS AT ST. ANTHONY’S
AMARILLO, TEXAS

TDHCA #20042

Appraisal
A MARKET VALUATION OF:
THE COMMONS AT ST. ANTHONY’S
A MARKET VALUATION OF:

THE COMMONS AT ST. ANTHONY’S

200 NW 7th Avenue
Amarillo, Potter County, Texas 79107

Effective Date: February 21, 2020
Report Date: February 27, 2020

Mr. Craig Alter
Vice President of Development
The Commonwealth Companies
11612 Bee Caves Road
Building 2, Suite 152
Austin, Texas 78738

And

Texas Department of Housing & Community Affairs (THDCA)
221 East 11th Street
Austin, Texas 78701

Prepared by:
Novogradac Consulting LLP
6700 Antioch Road, Suite 450
Merriam, Kansas 66204
913.677.4600
February 27, 2020

Mr. Craig Alter  
Vice President of Development  
The Commonwealth Companies  
11612 Bee Caves Road  
Building 2, Suite 152  
Austin, TX 78738

And

Texas Department of Housing and Community Affairs (TDHCA)  
221 East 11th Street  
Austin, Texas 78701

Re: Appraisal of 200 NW 7th Avenue (The Commons at St. Anthony’s)  
200 NW 7th Avenue  
Amarillo, Potter County, Texas 79107

Dear Mr. Alter:

We are pleased to present our findings with respect to the value of the above-referenced property, The Commons at St. Anthony’s (“Subject”). The Subject is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the early 2000’s, prior to which it operated as an inpatient hospital. The Subject is identified by the Potter-Randall Appraisal District as Parcel Number R-031-0500-7980.0. We have provided value estimates that are in accordance with the Texas Department of Housing and Community Affairs (TDHCA) 2020 Real Estate Analysis Rules and Guidelines described and defined below.

- Indication of land value as if vacant
- Market Value “as is” of the fee simple interest in the property

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

The Commonwealth Companies is the client in this engagement. We understand that they will use this document for submittal to the Texas Department of Housing & Community Affairs (TDHCA) for application to receive low income housing tax credits, for LIHTC eligible basis support. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, LIHTC syndicators, as well as TDHCA. As our client, The Commonwealth Companies owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.
All persons signing this report have read and understand the requirements of the Texas Department of Housing and Community Affairs (TDHCA) 2020 Real Estate Analysis Rules and Guidelines.

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

The report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraiser has read and understands the requirements of TDHCA’s Chapter 11 QAP, Subchapter D, Rule 11.304 Appraisal Rules and Guidelines. Novogradac is a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal. The fee is in no way contingent upon the outcome of the appraisal.

All persons who have a property interest in this report hereby acknowledge that the Department may publish the full report on the Department website, release the report in response to a request for public information and make other use of the report as authorized by law.

Rebecca S. Arthur has not made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report. David Kermode inspected the Subject and comparable market data incorporated in this report and is competent to perform such analyses. David Kermode provided significant assistance in this report, the scope of which included the following: researching comparable and market data, verifying comparable data, and assisting in developing the approaches to value. Rebecca S. Arthur oversaw all data collection and reporting in this appraisal. No one other than those listed on this page provided any significant real property appraisal assistance.

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

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

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

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

¹ 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.
Discussions with area Realtors indicate that a marketing period of nine to 12 months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the PwC Investor Survey. This estimate assumes a strong advertising and marketing program during the marketing period.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion have not been considered. We are not responsible to update or revise this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date. We inspected the Subject property and updated all comparable data on February 21, 2020, which shall be the effective date of this report.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated value of the underlying land “As if Vacant” of the fee simple interest, as of February 21, 2020, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS  
($590,000)

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated market value “As Is” in the fee simple interest, as of February 21, 2020, is:

ONE MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS  
($1,130,000)

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

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

Respectfully submitted,
Novogradac Consulting LLP

Rebecca S. Arthur, MAI  
Partner  
Texas Certified General  
Real Estate Appraiser No. TX1338818G  
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913-312-4615

David Kermode  
Analyst
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I. EXECUTIVE SUMMARY
EXECUTIVE SUMMARY

Property Appraised: The Commons at St. Anthony’s (Subject) is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the early 2000’s, prior to which it operated as an inpatient hospital. The Subject site is located at 200 NW 7th Avenue, Amarillo, Potter County, Texas 79107.

Current Rents and Unit Mix: The Subject is currently a vacant structure that formerly operated as an inpatient hospital through the 2000’s. As a result, there are no current rents and no multifamily unit mix pending rehabilitation of the property.

Aerial Image: The following image depicts the Subject site boundaries.
The Subject is identified by the Potter-Randall Appraisal District as a portion of parcel number R-031-0500-7980.0. The Subject will be subdivided from this parcel at a later date.

Land Area:
The Subject site consists of 3.90 acres, or approximately 169,884 square feet. The Subject site will be subdivided from a larger 13.00 acre parcel at a later date.

Legal Description:
Approximately 3.9 acres of land with improvements out of BLKS 164 and 165 and 178 plus vacated street and alleys, less 0.38 acres, in Glidden and Sanborn Survey.

Legal Interest Appraised:
The property interest appraised is fee simple estate.

Zoning:
According to City of Amarillo Planning and Development Services Department, the Subject site is zoned Office District Two (O-2). According to the City of Amarillo Code of Ordinances, which contains the Zoning Code, properties zoned O-2 are legally permitted to be developed with uses including various types of commercial development including office and retail uses in
The Commons at St. Anthony’s – Amarillo, Texas – Appraisal

Addition to residential development ranging in scale from single-family homes to multifamily uses. Multifamily uses in an O-2 zoning district can be developed to a maximum density of 72 units per acre with required parking of 1.5 spaces per unit. As proposed, the adaptive reuse of the Subject for 124 multifamily units with associated parking will represent a legal, conforming use under current zoning.

Flood Zone: According to the www.floodinsights.com, community map number 48375C0530C, revised June 4, 2010, the Subject is located in Zone X, and is located outside the 100 and 500-year flood plains. Further analysis is beyond the scope of this market study and Novogradac Consulting LLP.

Number of Stories: The site is improved with one, five-story midrise building.

Parking: The Subject site has a former parking lot on the eastern portion and westernmost portion of the site. The parking lots are currently in deteriorated condition; however, they will be improved in conjunction with redevelopment of the Subject building.

Ownership History of the Subject: According to the Potter-Randall Appraisal District, current ownership is vested in Saint Anthony’s Legacy and Redevelopment Corp. The current owner of the Subject took possession of the Subject as a donation on June 12, 2018 from Amarillo Landmark, LLC. According to public record, there have been no additional transfers of the Subject over the past three years. There is a pending purchase agreement for the Subject dated January 1, 2020. According to the purchase and sale agreement provided by the client, KRS Housing, LLC (Buyer) will purchase the Subject property from Saint Anthony’s Legacy and Redevelopment Corp. (Seller) for a purchase price of $300,000. Based upon our as is value of $1,130,000, the purchase price offers a buyer’s advantage.

Highest and Best Use “As If Vacant”: The highest and best use for the property as if vacant would be to construct a 117-unit affordable multifamily development utilizing tax credit equity, favorable financing, or other gap subsidies.

Highest and Best Use “As Improved”: The Subject is comprised of an historic midrise former inpatient hospital building. As an historic property, it is not considered feasible to tear down the structure to allow for an alternative use. As a result, the highest and best use of the site “as improved” is adaptive reuse into multifamily or mixed-use with multifamily development with necessary gap funding.

Effective Date: We inspected the Subject property and updated all comparable data on February 21, 2020, which shall be the effective date of this report.

Novogradac
Indications of Value:

**LAND VALUE - AS IF VACANT**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Units *</th>
<th>Price per Unit</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As if Vacant</td>
<td>117</td>
<td>$5,000</td>
<td>$590,000</td>
</tr>
</tbody>
</table>

* Assumes the Subject unit count determined in the H&BU analysis (as if vacant)

**AS IS VALUE - COST APPROACH**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is</td>
<td>$1,160,000</td>
</tr>
</tbody>
</table>

**AS IS VALUE - SALES COMPARISON APPROACH**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>GBA *</th>
<th>Price per SF</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is</td>
<td>150,213</td>
<td>$7.50</td>
<td>$1,130,000</td>
</tr>
</tbody>
</table>

* Less gross square footage to remain mothballed

Exposure Period: Six to nine months.
II. FACTUAL DESCRIPTION
FACTUAL DESCRIPTION

APPRAISAL ASSIGNMENT AND VALUATION APPROACH

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

- Indication of land value as if vacant
- Market Value “as is” of the fee simple interest in the property

In determining the value estimates, the appraisers employed the sales comparison approach to value. The property is an existing vacant former inpatient hospital building. The as is value was estimated via sales comparison approach of similar properties at similar life-cycle stage. Given the Subject’s nature, age, and investment type, the cost approach is not considered a reliable method of valuation. It is generally not used by participants in the marketplace. However, we have determined a value for the Subject “as is” using the cost approach. Additionally, we have presented a value of the underlying Subject site “as if vacant”.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value. The Subject is not income-producing in nature for the value scenarios contemplated and as a result we have not developed an income approach to value.

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

Property Identification
The Subject is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the early 2000’s, prior to which it operated as an inpatient hospital. The Subject is identified by the Potter-Randall Appraisal District as Parcel Number R-031-0500-7980.0. The Subject will be subdivided from this parcel at a later date.

Intended Use and Intended User
The Commonwealth Companies is the client in this engagement. We understand that they will use this document for submittal to the Texas Department of Housing & Community Affairs (TDHCA) for application to receive low income housing tax credits, for LIHTC eligible basis support. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, LIHTC syndicators, as well as TDHCA. As our client, The Commonwealth Companies owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Property Interest Appraised
The property interest appraised is fee simple estate.

Date of Inspection and Effective Date of Appraisal
We inspected the Subject property and updated all comparable data on February 21, 2020, which shall be the effective date of this report.
Scope of the Appraisal
For the purposes of this appraisal, Novogradac visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject’s development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

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

For the purposes of this appraisal, we have utilized the sales comparison to complete this assignment based on the scope of work required. The Subject is not income-producing in nature for the value scenarios contemplated and as a result we have not developed an income approach to value.

Extraordinary Assumptions (EA) and Hypothetical Conditions (HC)
No hypothetical conditions or extraordinary assumptions were necessary to complete the valuation for the Subject. We have included a more in-depth summary of any limiting conditions in the addenda of this report. The use of extraordinary assumptions may affect the assignment results.

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

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

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

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

2 - 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.
Unavailability of Information
In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

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

Ownership and History of Subject
According to the Potter-Randall Appraisal District, current ownership is vested in Saint Anthony’s Legacy and Redevelopment Corp. The current owner of the Subject took possession of the Subject as a donation on June 12, 2018 from Amarillo Landmark, LLC. According to public record, there have been no additional transfers of the Subject over the past three years. There is a pending purchase agreement for the Subject dated January 1, 2020. According to the purchase and sale agreement provided by the client, KRS Housing, LLC (Buyer) will purchase the Subject property from Saint Anthony’s Legacy and Redevelopment Corp. (Seller) for a purchase price of $300,000. Based upon our as is value of $1,130,000, the purchase price offers a buyer’s advantage.
III. AREA DESCRIPTION AND ANALYSIS
AREA DESCRIPTION AND ANALYSIS

The Subject site is located in the central portion of Amarillo, Potter County, Texas. Potter County is part of the Amarillo, TX Metropolitan Statistical Area (MSA), which consists of Armstrong, Carson, Oldham, Potter and Randall Counties, all of which are in the state of Texas. A map of the region is detailed below.
PRIMARY MARKET AREA

Based on TDHCA guidelines, the boundaries of the PMA were defined by census tracts. Thus, for the purposes of this study, the Subject’s Primary Market Area (PMA) is comprised of the following census tracts:

<table>
<thead>
<tr>
<th>PMA CENSUS TRACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>48375011000</td>
</tr>
<tr>
<td>48375011500</td>
</tr>
<tr>
<td>48375012000</td>
</tr>
<tr>
<td>48375012200</td>
</tr>
<tr>
<td>48375012800</td>
</tr>
<tr>
<td>48375013000</td>
</tr>
</tbody>
</table>

For the purpose of this analysis, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents. The primary market area (PMA) for the Subject generally consists of the central and northern portions of the City of Amarillo, Texas. Per TDHCA guidelines, the base year (2019) population of the PMA is 43,800 and does not exceed 100,000 persons.
PMA Roadways Map

Source: Google Earth, February 2020
THE COMMONS AT ST. ANTHONY’S – AMARILLO, TEXAS – APPRAISAL

SMA Map

Legend

- Subject Amarillo
- SMA.Amarillo
- Census Tracts

Source: Novogradac Consulting LLP, February 2020
The PMA boundaries and overall market health assessment are based upon analyses of demographic and socioeconomic characteristics, target tenant population, political jurisdictional boundaries, natural boundaries, experience of nearby comparable developments, accessibility to mass transit or key transportation corridors and commute patterns, and market perceptions. The market area boundaries identified are a reasonable approximation regarding the potential renter market for the Subject. Similarly, the boundaries of the Subject’s Secondary Market Area (SMA) were defined by census tracts. The following table details the census tracts comprising the SMA.
Per TDHCA guidelines, the base year (2019) population of the SMA is 246,264 and does not exceed 250,000 persons.

All of the census tracts included in the PMA are also included in the SMA.

Novogradac Consulting LLP obtained economic information from the Bureau of Labor Statistics and ESRI Demographics, a national data proprietor. These data sources are considered to be the most reliable and current.
ECONOMIC ANALYSIS

Employment by Industry

The following table illustrates employment by industry for the PMA and the nation in 2019.

<table>
<thead>
<tr>
<th>Industry</th>
<th>PMA Number Employed</th>
<th>PMA Percent Employed</th>
<th>USA Number Employed</th>
<th>USA Percent Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare/Social Assistance</td>
<td>2,429</td>
<td>13.0%</td>
<td>22,612,482</td>
<td>14.1%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>2,402</td>
<td>12.8%</td>
<td>17,127,172</td>
<td>10.7%</td>
</tr>
<tr>
<td>Accommodation/Food Services</td>
<td>2,301</td>
<td>12.3%</td>
<td>11,738,765</td>
<td>7.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>2,200</td>
<td>11.8%</td>
<td>11,245,975</td>
<td>7.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,071</td>
<td>11.1%</td>
<td>16,057,876</td>
<td>10.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>1,378</td>
<td>7.4%</td>
<td>8,141,078</td>
<td>5.1%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>1,054</td>
<td>5.6%</td>
<td>14,565,802</td>
<td>9.1%</td>
</tr>
<tr>
<td>Transportation/Warehousing</td>
<td>946</td>
<td>5.1%</td>
<td>7,876,848</td>
<td>4.9%</td>
</tr>
<tr>
<td>Admin/Support/Waste Mgmt Srvcs</td>
<td>860</td>
<td>4.6%</td>
<td>6,106,184</td>
<td>3.8%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>593</td>
<td>3.2%</td>
<td>7,828,907</td>
<td>4.9%</td>
</tr>
<tr>
<td>Prof/Scientific/Tech Services</td>
<td>497</td>
<td>2.7%</td>
<td>11,744,228</td>
<td>7.3%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>476</td>
<td>2.5%</td>
<td>4,183,931</td>
<td>2.6%</td>
</tr>
<tr>
<td>Finance/Insurance</td>
<td>464</td>
<td>2.5%</td>
<td>7,377,311</td>
<td>4.6%</td>
</tr>
<tr>
<td>Arts/Entertainment/Recreation</td>
<td>255</td>
<td>1.4%</td>
<td>3,332,132</td>
<td>2.1%</td>
</tr>
<tr>
<td>Agric/Forestry/Fishing/Hunting</td>
<td>216</td>
<td>1.2%</td>
<td>1,915,709</td>
<td>1.2%</td>
</tr>
<tr>
<td>Real Estate/Rental/Leasing</td>
<td>192</td>
<td>1.0%</td>
<td>3,204,043</td>
<td>2.0%</td>
</tr>
<tr>
<td>Information</td>
<td>127</td>
<td>0.7%</td>
<td>3,157,650</td>
<td>2.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>118</td>
<td>0.6%</td>
<td>1,276,400</td>
<td>0.8%</td>
</tr>
<tr>
<td>Mining</td>
<td>91</td>
<td>0.5%</td>
<td>819,151</td>
<td>0.5%</td>
</tr>
<tr>
<td>Mgmt of Companies/Enterprises</td>
<td>23</td>
<td>0.1%</td>
<td>237,307</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total Employment</strong></td>
<td><strong>18,693</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>160,548,951</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

Employment in the PMA is concentrated in the healthcare/social assistance, retail trade, and accommodation/food services industries, which collectively comprise 38.2 percent of local employment. The large share of PMA employment in retail trade and accommodation/food services is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the accommodation/food services, construction, and other services industries. Conversely, the PMA is underrepresented in the prof/scientific/tech services, educational services, and finance/insurance industries.
**Major Employers**
The following list references the largest employers in the Amarillo region, obtained from the Amarillo Chamber of Commerce.

<table>
<thead>
<tr>
<th>Employer Name</th>
<th>Industry</th>
<th># Of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amarillo Independent School District</td>
<td>Education</td>
<td>5,364</td>
</tr>
<tr>
<td>Tyson Foods, Inc.</td>
<td>Food Processing</td>
<td>4,400</td>
</tr>
<tr>
<td>CNS Pantex</td>
<td>Manufacturing</td>
<td>3,203</td>
</tr>
<tr>
<td>BSA Health System / Don &amp; Sybil Harrington Cancer Center</td>
<td>Healthcare</td>
<td>3,200</td>
</tr>
<tr>
<td>Northwest Texas Healthcare System</td>
<td>Healthcare</td>
<td>1,860</td>
</tr>
<tr>
<td>City of Amarillo</td>
<td>Public Administration</td>
<td>1,439</td>
</tr>
<tr>
<td>United Supermarkets (all Amarillo stores)</td>
<td>Retail Trade</td>
<td>1,604</td>
</tr>
<tr>
<td>Walmart Supercenters (4 locations)</td>
<td>Retail Trade</td>
<td>1,359</td>
</tr>
<tr>
<td>Amarillo VA Health Care System</td>
<td>Healthcare</td>
<td>1,215</td>
</tr>
<tr>
<td>Affiliated Foods / TriState Baking / Plains Dairy</td>
<td>Food Processing</td>
<td>1,205</td>
</tr>
<tr>
<td>Toot'n Totum Food Stores, LLC</td>
<td>Retail Trade</td>
<td>1,000</td>
</tr>
<tr>
<td>Xcel Energy/Southwestern Public Service Co.</td>
<td>Utilities</td>
<td>859</td>
</tr>
<tr>
<td>Texas Tech University Health Sciences Center</td>
<td>Education</td>
<td>840</td>
</tr>
<tr>
<td>Texas Department of Criminal Justice-Clements Unit</td>
<td>Corrections</td>
<td>813</td>
</tr>
<tr>
<td>Burlington Northern Santa Fe</td>
<td>Transportation</td>
<td>805</td>
</tr>
<tr>
<td>West Texas A&amp;M University / WTAMU Foundation</td>
<td>Education</td>
<td>801</td>
</tr>
<tr>
<td>Maxor National Pharmacy Services Corp.</td>
<td>Pharmaceuticals</td>
<td>770</td>
</tr>
<tr>
<td>Bell</td>
<td>Manufacturing</td>
<td>700</td>
</tr>
<tr>
<td>Amarillo National Bank</td>
<td>Financial Services</td>
<td>663</td>
</tr>
<tr>
<td>Amarillo College</td>
<td>Education</td>
<td>642</td>
</tr>
<tr>
<td>Potter County Courthouse</td>
<td>Public Administration</td>
<td>608</td>
</tr>
<tr>
<td>Owens Corning</td>
<td>Manufacturing</td>
<td>586</td>
</tr>
<tr>
<td>Baptist Community Services/Park Central Senior Living</td>
<td>Healthcare</td>
<td>401</td>
</tr>
<tr>
<td>Atmos Energy</td>
<td>Utilities</td>
<td>374</td>
</tr>
<tr>
<td>Cal Farley's</td>
<td>Healthcare</td>
<td>350</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>35,061</strong></td>
</tr>
</tbody>
</table>

Source: Amarillo Chamber of Commerce (retrieved 2/2020, data as of 2/2019)

As illustrated in the preceding table, major local employers represent a range of industries including education, food processing, manufacturing, healthcare, public administration, and retail, among others. While the retail and manufacturing sectors can be somewhat volatile, the healthcare and government sectors generally remain stable during times of economic downturn.

**Employment Expansion/Contractions**
We have conducted research to identify recent or planned employment expansions and capital investment within Amarillo. According to Warren Smith, with the Amarillo Chamber of Commerce, there are several new business expansions occurring in the Amarillo area, summarized following.

- In early 2020 Suspendem Inc. announced plans to hire up to 150 full-time employees to work in wind power maintenance, focusing on maintenance of existing towers. As of early 2020, the firm plans to set up an initial office at the West Texas A&M Enterprise Center in Amarillo. A timeline for reaching the hiring goal was not available as of the date of this report.
In late 2019 SSI Foods, LLC announced plans to construct a new food manufacturing facility in Amarillo that will employ 150 persons upon completion. The firm plans to break ground on the new facility in 2020 with completion in 2021.

In late 2018, Amarillo firm Asset Protection Unit (APU) announced plans to hire an additional 125 employees over a five-year period at its existing Amarillo operations. The firm, which provides data mining and over-payment recovery services for insurance and related industries, hired the first 70 new positions through the end of 2019, with plans to hire the remaining 55 employees over the next four years.

WARN Notices

The following table details Worker Adjustment and Retraining Notification (WARN) listings for Potter County as provided by the Texas Workforce Commission (TWC) from 2018 through 2020 year-to-date.

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Employees Affected</th>
<th>Layoff Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sodexo - Northwest Texas Hospital</td>
<td>Food Services</td>
<td>95</td>
<td>6/25/2019</td>
</tr>
<tr>
<td>Sitel - Amarillo</td>
<td>Call Centers</td>
<td>327</td>
<td>4/4/2019</td>
</tr>
<tr>
<td>Zachry Engineering Corp.</td>
<td>Professional Services</td>
<td>100</td>
<td>8/3/2018</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>522</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Texas Workforce Commission (2/2020)

The previous Worker Adjustment and Retraining Notification (WARN) notices in 2018 through year-to-date 2020 total 522 total job losses. The WARN act provides protection to workers, their families and communities by requiring employers to provide notification 60 calendar days in advance of plant closings and mass layoffs.
Employment and Unemployment Trends

The table below illustrates unemployment trends for the SMA and the nation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Employment</th>
<th>% Change</th>
<th>Unemployment Rate</th>
<th>Change</th>
<th>Total Employment</th>
<th>% Change</th>
<th>Unemployment Rate</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>53,188</td>
<td></td>
<td>6.6%</td>
<td>-</td>
<td>137,736,000</td>
<td></td>
<td>6.0%</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>54,067</td>
<td>1.7%</td>
<td>5.5%</td>
<td>-1.2%</td>
<td>139,252,000</td>
<td>1.1%</td>
<td>5.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2005</td>
<td>53,995</td>
<td>-0.2%</td>
<td>4.6%</td>
<td>-0.9%</td>
<td>141,730,000</td>
<td>1.8%</td>
<td>5.1%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2006</td>
<td>55,232</td>
<td>2.4%</td>
<td>4.2%</td>
<td>-0.4%</td>
<td>144,427,000</td>
<td>1.9%</td>
<td>4.6%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2007</td>
<td>54,536</td>
<td>-1.3%</td>
<td>3.8%</td>
<td>-0.4%</td>
<td>146,047,000</td>
<td>1.1%</td>
<td>4.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2008</td>
<td>54,363</td>
<td>-0.3%</td>
<td>4.0%</td>
<td>0.2%</td>
<td>145,363,000</td>
<td>-0.5%</td>
<td>5.8%</td>
<td>1.2%</td>
</tr>
<tr>
<td>2009</td>
<td>54,156</td>
<td>-0.4%</td>
<td>6.0%</td>
<td>2.0%</td>
<td>139,878,000</td>
<td>-3.8%</td>
<td>9.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2010</td>
<td>54,385</td>
<td>0.4%</td>
<td>6.3%</td>
<td>0.3%</td>
<td>139,054,000</td>
<td>-0.6%</td>
<td>9.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2011</td>
<td>55,265</td>
<td>1.6%</td>
<td>6.0%</td>
<td>-0.4%</td>
<td>139,869,000</td>
<td>0.6%</td>
<td>9.0%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>2012</td>
<td>55,218</td>
<td>-0.1%</td>
<td>5.4%</td>
<td>-0.6%</td>
<td>142,649,000</td>
<td>1.9%</td>
<td>8.1%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>2013</td>
<td>54,644</td>
<td>-1.0%</td>
<td>5.0%</td>
<td>-0.3%</td>
<td>143,929,000</td>
<td>1.0%</td>
<td>7.4%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>2014</td>
<td>54,658</td>
<td>0.0%</td>
<td>4.0%</td>
<td>-1.1%</td>
<td>146,305,000</td>
<td>1.7%</td>
<td>6.2%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>2015</td>
<td>54,427</td>
<td>-0.4%</td>
<td>3.3%</td>
<td>-0.6%</td>
<td>148,833,000</td>
<td>1.7%</td>
<td>5.3%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>2016</td>
<td>54,304</td>
<td>-0.2%</td>
<td>3.3%</td>
<td>0.0%</td>
<td>151,436,000</td>
<td>1.7%</td>
<td>4.9%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2017</td>
<td>53,710</td>
<td>-1.1%</td>
<td>3.2%</td>
<td>-0.1%</td>
<td>153,337,000</td>
<td>1.3%</td>
<td>4.4%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2018</td>
<td>54,188</td>
<td>0.9%</td>
<td>2.9%</td>
<td>-0.3%</td>
<td>155,761,000</td>
<td>1.6%</td>
<td>3.9%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2019</td>
<td>54,447</td>
<td>0.5%</td>
<td>2.7%</td>
<td>-0.2%</td>
<td>157,538,083</td>
<td>1.1%</td>
<td>3.7%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

*2019 data is through November


Prior to the national recession, average employment growth in the SMA generally trailed the nation. Annual job growth in the SMA lagged the nation in all but three years between 2003 and 2007. Comparatively speaking, the SMA economy performed well during the recession. Total SMA employment contracted by only 1.9 percent (2006-2009), less than the 4.8 percent decline reported by the overall nation (2007-2010). Employment in the SMA recovered and surpassed pre-recessionary levels in 2011, three years prior to the overall nation. More recently, average employment growth in the SMA lagged the nation in every year since 2012. As of November 2019, total employment in the SMA is approaching a post-recessionary record, and increasing at an annualized rate of 0.7 percent, compared to 1.5 percent across the overall nation.

The SMA experienced a lower average unemployment rate relative to the overall nation during the years preceding the recession. The local labor market demonstrated relative strength during the recession, as the rate of unemployment increased by only 2.3 percentage points, compared to a 3.8 percentage point increase across the overall nation. Since 2012, the SMA generally experienced a lower unemployment rate compared to the overall nation. According to the most recent labor statistics, the unemployment rate in the SMA is 2.7 percent, lower than the current national unemployment rate of 3.3 percent. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.
The following tables provide more illustration of the changes in employment and unemployment rate trends in the SMA.
Economic Impact of Mortgage Crisis

According to realtytrac.com, “There are currently four properties in the Subject’s ZIP code (79107) that are in some stage of foreclosure (default, auction or bank owned) while the number of homes listed for sale on RealtyTrac is 40. In January 2020, the number of properties that received a foreclosure filing in the Subject’s ZIP code was 25 percent lower than the previous month and increased 200 percent compared to the same time last year.”

The following graph compares the percentage of foreclosed units in the Subject’s ZIP code to that of Amarillo, Potter County, the state, and nation as a whole.

As indicated in the previous chart, the foreclosure rate in the Subject’s ZIP code is lower than that of the state and nation as a whole and similar to the city and county. Given the low foreclosure rate in the Subject’s ZIP code and in the city as a whole, we do not believe a shadow market exists.
Wages by Occupation

The following table details the wages by occupation for the second quarter 2018 for the SMA.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Employees</th>
<th>Mean Hourly Wage</th>
<th>Mean Annual Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Occupations</td>
<td>114,830</td>
<td>$21.17</td>
<td>$44,030</td>
</tr>
<tr>
<td>Management Occupations</td>
<td>3,960</td>
<td>$51.35</td>
<td>$106,810</td>
</tr>
<tr>
<td>Architecture and Engineering Occupations</td>
<td>1,750</td>
<td>$39.11</td>
<td>$81,340</td>
</tr>
<tr>
<td>Legal Occupations</td>
<td>520</td>
<td>$39.01</td>
<td>$81,140</td>
</tr>
<tr>
<td>Computer and Mathematical Occupinations</td>
<td>1,380</td>
<td>$35.24</td>
<td>$73,290</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical Occupations</td>
<td>7,910</td>
<td>$35.06</td>
<td>$72,930</td>
</tr>
<tr>
<td>Business and Financial Operations Occupations</td>
<td>3,790</td>
<td>$33.48</td>
<td>$69,650</td>
</tr>
<tr>
<td>Life, Physical, and Social Science Occupations</td>
<td>610</td>
<td>$33.25</td>
<td>$69,150</td>
</tr>
<tr>
<td>Protective Service Occupations</td>
<td>3,540</td>
<td>$24.95</td>
<td>$51,890</td>
</tr>
<tr>
<td>Arts, Design, Entertainment, Sports, and Media Occupations</td>
<td>1,110</td>
<td>$23.59</td>
<td>$49,070</td>
</tr>
<tr>
<td>Community and Social Service Occupations</td>
<td>1,660</td>
<td>$23.18</td>
<td>$48,210</td>
</tr>
<tr>
<td>Education, Training, and Library Occupations</td>
<td>7,640</td>
<td>$22.55</td>
<td>$46,900</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair Occupations</td>
<td>5,620</td>
<td>$21.82</td>
<td>$45,390</td>
</tr>
<tr>
<td>Construction and Extraction Occupations</td>
<td>5,480</td>
<td>$20.53</td>
<td>$42,710</td>
</tr>
<tr>
<td>Production Occupations</td>
<td>8,650</td>
<td>$20.48</td>
<td>$42,600</td>
</tr>
<tr>
<td>Sales and Related Occupations</td>
<td>13,230</td>
<td>$17.52</td>
<td>$36,440</td>
</tr>
<tr>
<td>Transportation and Material Moving Occupations</td>
<td>7,350</td>
<td>$17.02</td>
<td>$35,390</td>
</tr>
<tr>
<td>Office and Administrative Support Occupations</td>
<td>18,440</td>
<td>$16.53</td>
<td>$34,390</td>
</tr>
<tr>
<td>Healthcare Support Occupations</td>
<td>2,790</td>
<td>$14.89</td>
<td>$30,970</td>
</tr>
<tr>
<td>Farming, Fishing, and Forestry Occupations</td>
<td>390</td>
<td>$14.21</td>
<td>$29,550</td>
</tr>
<tr>
<td>Building and Grounds Cleaning and Maintenance Occupations</td>
<td>3,980</td>
<td>$12.38</td>
<td>$25,750</td>
</tr>
<tr>
<td>Food Preparation and Serving Related Occupations</td>
<td>11,470</td>
<td>$11.48</td>
<td>$23,870</td>
</tr>
<tr>
<td>Personal Care and Service Occupations</td>
<td>3,560</td>
<td>$11.03</td>
<td>$22,930</td>
</tr>
</tbody>
</table>


The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is personal care and service occupations at $11.03 per hour. The highest average hourly wage, of $51.35, is for those in management occupations. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base. Additionally, as the Subject will target seniors, we expect many tenants to be reliant on social security.
Commuting Patterns
The chart below shows the travel time to work for residents within the PMA according to ESRI Demographics data.

<table>
<thead>
<tr>
<th>ACS Commuting Time to Work</th>
<th>Number of Commuters</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Time &lt; 5 min</td>
<td>794</td>
<td>4.7%</td>
</tr>
<tr>
<td>Travel Time 5-9 min</td>
<td>2,241</td>
<td>13.4%</td>
</tr>
<tr>
<td>Travel Time 10-14 min</td>
<td>3,521</td>
<td>21.0%</td>
</tr>
<tr>
<td>Travel Time 15-19 min</td>
<td>4,889</td>
<td>29.1%</td>
</tr>
<tr>
<td>Travel Time 20-24 min</td>
<td>2,658</td>
<td>15.8%</td>
</tr>
<tr>
<td>Travel Time 25-29 min</td>
<td>488</td>
<td>2.9%</td>
</tr>
<tr>
<td>Travel Time 30-34 min</td>
<td>1,151</td>
<td>6.9%</td>
</tr>
<tr>
<td>Travel Time 35-39 min</td>
<td>16</td>
<td>0.1%</td>
</tr>
<tr>
<td>Travel Time 40-44 min</td>
<td>29</td>
<td>0.2%</td>
</tr>
<tr>
<td>Travel Time 45-59 min</td>
<td>174</td>
<td>1.0%</td>
</tr>
<tr>
<td>Travel Time 60-89 min</td>
<td>649</td>
<td>3.9%</td>
</tr>
<tr>
<td>Travel Time 90+ min</td>
<td>170</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**Weighted Average**

<table>
<thead>
<tr>
<th>20 minutes</th>
</tr>
</thead>
</table>

Source: US Census 2019, Novogradac Consulting LLP, February 2020

As shown in the preceding table, the weighted average commute time in the PMA is approximately 20 minutes. More than 84 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

Conclusion
Employment in the PMA is concentrated in the healthcare/social assistance, retail trade, and accommodation/food services industries, which collectively comprise 38.2 percent of local employment. The large share of PMA employment in retail trade and accommodation/food services is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. The SMA economy performed well during the recession, suffering only a 1.9 percent employment contraction, compared to a 4.8 percent decline across the overall nation. Employment in the SMA recovered and surpassed pre-recessionary levels in 2011, three years prior to the overall nation. As of November 2019, SMA employment is below record levels; and is declining at an annualized rate of 0.5 percent, compared to a 1.2 percent increase across the overall nation. We believe that based upon the employment trends that the SMA will continue to underperform the nation.
NEIGHBORHOOD DESCRIPTION AND ANALYSIS

Introduction
The neighborhood surrounding an apartment property often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

Neighborhood Identification and Boundaries
The Subject site is located in the Wild Horse Lake neighborhood in northern Amarillo, Texas. The Subject’s neighborhood is defined by East Amarillo Boulevard to the north, North Taylor Street to the east, SW 6th Avenue to the south and South and North McMasters Street to the west. The neighborhood boundaries are depicted in the following map.
Public Transportation

Bus: The City of Amarillo’s public transportation system currently consists of various municipally-operated bus routes. As of February 2020, the one-way fare is $1.00, with monthly passes available for $30.00. The nearest bus stop to the Subject is located at the intersection of North Taylor Street and NW 7th Avenue, approximately 0.5 miles from the Subject. This stop is currently served by Route 21, which provides access between downtown Amarillo and neighborhoods throughout the northern portion of the city.

Light Rail: Light rail service is not available in Amarillo.

Education
The Subject site is located within the Amarillo, Texas Independent School District. Children residing at the Subject would attend Rogers Elementary School, Mann Middle School, and Palo Duro High School.

Higher Education
There are two institutions of higher education in the Amarillo area: Amarillo College (two-year community college) and West Texas A&M University, which is located south of Amarillo in the city of Canyon, Texas (four-year).

Healthcare
The nearest hospital is BSA Hospital, located 5.6 miles west of the Subject site. BSA Hospital offers a wide range of medical services such as, women’s care, heart care, surgical services, imaging and radiology, emergency services, cancer care, and pediatrics.

Locational Amenities and Distances from the Site
As illustrated, the Subject will be located within a reasonable proximity to many locational amenities and services. The following maps and table illustrate the surrounding locational amenities and their proximity to the Subject.
**Locational Amenities Map**

The map above shows the 1-mile radius around the subject property. The following table lists the services and amenities within this distance, along with their respective distances from the subject property:

<table>
<thead>
<tr>
<th>Map #</th>
<th>Service or Amenity</th>
<th>Distance from Subject (Driving)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>City of Amarillo Bus Stop (Route 21)</td>
<td>0.5 miles</td>
</tr>
<tr>
<td>2</td>
<td>Amarillo National Bank</td>
<td>0.6 miles</td>
</tr>
<tr>
<td>3</td>
<td>Walgreens Pharmacy</td>
<td>0.7 miles</td>
</tr>
<tr>
<td>4</td>
<td>Amarillo Police Department</td>
<td>1.2 miles</td>
</tr>
<tr>
<td>5</td>
<td>Amarillo Central Fire Station</td>
<td>1.4 miles</td>
</tr>
<tr>
<td>6</td>
<td>Amarillo Public Library</td>
<td>1.4 miles</td>
</tr>
<tr>
<td>7</td>
<td>United Supermarkets</td>
<td>1.5 miles</td>
</tr>
<tr>
<td>8</td>
<td>United States Post Office</td>
<td>1.8 miles</td>
</tr>
<tr>
<td>9</td>
<td>Amarillo Senior Citizens Association</td>
<td>2.2 miles</td>
</tr>
<tr>
<td>10</td>
<td>Walmart Supercenter</td>
<td>4.1 miles</td>
</tr>
<tr>
<td>11</td>
<td>BSA Hospital</td>
<td>5.6 miles</td>
</tr>
</tbody>
</table>
Adequacy/Availability of Utilities
All utilities are available to the neighborhood.

Neighborhood Description
The Subject site is located in the Wild Horse Lake neighborhood in northern Amarillo, Texas. The Subject’s neighborhood is defined by East Amarillo Boulevard to the north, North Taylor Street to the east, SW 6th Avenue to the south and South and North McMasters Street to the west. The Subject’s neighborhood consists primarily of commercial/retail uses along with vacant land, limited single-family development and surface parking lots. The Subject is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the 2000’s, prior to which it operated as an inpatient hospital.

Access and Traffic Flow
The Subject site is accessible from the west side of North Polk Street, the north side of NW 7th Avenue and the south side of East Amarillo Boulevard. North Polk Street is a lightly traveled north/south traversing roadway. NW 7th Avenue is a lightly traveled east/west traversing roadway. East Amarillo Boulevard is a moderate to heavily-trafficked major thoroughfare in the northern half of the city of Amarillo. Overall, access is considered good, while traffic flow is considered light to heavy depending on the time of day and the particular roadway fronting the Subject.
Visibility/Views
The Subject site offers excellent visibility from NW 7th Avenue, North Polk Street and East Amarillo Boulevard. Additionally, due to the midrise nature of the Subject, it can be seen from various points throughout northern Amarillo. Views from the Subject consist of a small motel and a gas station and convenience store to the north, a medical office building and a florist to the east, a medical office building and single-family homes in fair condition to the south and the remaining portions of the former St. Anthony’s Hospital that are outside of the project scope to the west. Overall, visibility is considered excellent and views are considered average.

Crime Statistics
The following table illustrates crime risk indices in the PMA and SMA. An index of 100 equates to the national average. A number above 100 indicates a crime rate higher than the nation, while a number below 100 reflects a lower crime rate than the nation.

<table>
<thead>
<tr>
<th>2019 CRIME INDICES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Total Crime*</td>
</tr>
<tr>
<td>Personal Crime*</td>
</tr>
<tr>
<td>Murder</td>
</tr>
<tr>
<td>Rape</td>
</tr>
<tr>
<td>Robbery</td>
</tr>
<tr>
<td>Assault</td>
</tr>
<tr>
<td>Property Crime*</td>
</tr>
<tr>
<td>Burglary</td>
</tr>
<tr>
<td>Larceny</td>
</tr>
<tr>
<td>Motor Vehicle Theft</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020
*Unweighted aggregations

Total crime risk indices in the PMA are modestly elevated relative to the national average and similar to the surrounding SMA. Both geographic areas feature crime risk indices above the overall nation. Observations of the PMA as well as the Subject’s neighborhood, and interviews with market participants do not reflect significant local crime perceptions or problems.
Summary
Upon renovation, the Subject will provide good quality, affordable housing units that are in strong demand in the area. Surrounding land uses consist primarily of commercial/retail uses along with vacant land, limited single-family development and surface parking lots. Uses in the Subject’s neighborhood exhibited fair to good condition at the time of inspection. The Subject will continue to positively impact the neighborhood, which is well suited for this type of housing.
IV. DEMOGRAPHIC TRENDS
DEMOGRAPHIC TRENDS

In this section, we compare population, household, and income trends in the PMA and the SMA. All information is provided to us by ESRI Business Systems and HISTA Ribbon Demographics, national proprietary data providers. The data is presented for both the PMA and the SMA in which the project is located.

Total Population and Households

The tables below illustrate the population and household trends 2000 through 2024.

### POPULATION

<table>
<thead>
<tr>
<th>Year</th>
<th>PMA Number</th>
<th>Annual Change</th>
<th>SMA Number</th>
<th>Annual Change</th>
<th>USA Number</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>38,938</td>
<td>-</td>
<td>223,369</td>
<td>-</td>
<td>281,250,431</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>42,477</td>
<td>0.9%</td>
<td>226,016</td>
<td>0.1%</td>
<td>308,745,538</td>
<td>1.0%</td>
</tr>
<tr>
<td>2019</td>
<td>43,800</td>
<td>0.3%</td>
<td>246,264</td>
<td>1.0%</td>
<td>332,417,793</td>
<td>0.8%</td>
</tr>
<tr>
<td>2024</td>
<td>44,298</td>
<td>0.2%</td>
<td>255,644</td>
<td>0.8%</td>
<td>345,487,602</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

### HOUSEHOLDS

<table>
<thead>
<tr>
<th>Year</th>
<th>PMA Number</th>
<th>Annual Change</th>
<th>SMA Number</th>
<th>Annual Change</th>
<th>USA Number</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>14,489</td>
<td>-</td>
<td>82,869</td>
<td>-</td>
<td>105,409,439</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>15,344</td>
<td>0.6%</td>
<td>84,732</td>
<td>0.2%</td>
<td>116,716,296</td>
<td>1.1%</td>
</tr>
<tr>
<td>2019</td>
<td>15,566</td>
<td>0.2%</td>
<td>91,429</td>
<td>0.9%</td>
<td>125,168,557</td>
<td>0.8%</td>
</tr>
<tr>
<td>2024</td>
<td>15,662</td>
<td>0.1%</td>
<td>94,726</td>
<td>0.7%</td>
<td>129,589,563</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

As illustrated above, the population and number of households increased from 2000 to 2019 and are projected to continue to increase through 2024 in both the PMA and the SMA. The increasing number of populations and households in the PMA and SMA is a positive indication of future demand for all types of housing.

Average Household Size

The following table illustrates the average household size for the PMA and SMA from 2000 through 2024.

### AVERAGE HOUSEHOLD SIZE

<table>
<thead>
<tr>
<th>Year</th>
<th>PMA Number</th>
<th>Annual Change</th>
<th>SMA Number</th>
<th>Annual Change</th>
<th>USA Number</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2.62</td>
<td>-</td>
<td>2.59</td>
<td>-</td>
<td>2.59</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>2.71</td>
<td>0.3%</td>
<td>2.57</td>
<td>-0.1%</td>
<td>2.58</td>
<td>-0.1%</td>
</tr>
<tr>
<td>2019</td>
<td>2.77</td>
<td>0.2%</td>
<td>2.61</td>
<td>0.2%</td>
<td>2.59</td>
<td>0.1%</td>
</tr>
<tr>
<td>2024</td>
<td>2.79</td>
<td>0.1%</td>
<td>2.62</td>
<td>0.1%</td>
<td>2.60</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

As shown in the table above, the average household size in the PMA is larger than that of the SMA and smaller than the nation. According to ESRI demographic projections, household size in all areas of analysis will increase slightly.
Household Tenure

The table below shows the breakdown of households by tenure within the Subject’s PMA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Owner-Occupied Units</th>
<th>Percentage Owner-Occupied</th>
<th>Renter-Occupied Units</th>
<th>Percentage Renter-Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>8,382</td>
<td>57.9%</td>
<td>6,107</td>
<td>42.1%</td>
</tr>
<tr>
<td>2019</td>
<td>8,061</td>
<td>51.8%</td>
<td>7,505</td>
<td>48.2%</td>
</tr>
<tr>
<td>2024</td>
<td>8,089</td>
<td>51.6%</td>
<td>7,573</td>
<td>48.4%</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

The preceding table details household tenure patterns in the PMA since 2000. The percentage of renter households in the PMA increased between 2000 and 2019 and is estimated to be 48.2 percent as of 2019. This is more than the estimated 33 percent of renter households across the overall nation. According to ESRI demographic projections, the percentage of renter households in the PMA is expected to remain relatively stable through 2024.

Median Household Income

The table below illustrates Median Household Income in the PMA, SMA, and nation from 2000 through 2024.

<table>
<thead>
<tr>
<th>Year</th>
<th>PMA Amount</th>
<th>Annual Change</th>
<th>SMA Amount</th>
<th>Annual Change</th>
<th>USA Amount</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$17,420</td>
<td>-</td>
<td>$36,535</td>
<td>-</td>
<td>$44,882</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>$37,989</td>
<td>6.1%</td>
<td>$54,849</td>
<td>2.6%</td>
<td>$60,548</td>
<td>1.8%</td>
</tr>
<tr>
<td>2024</td>
<td>$42,405</td>
<td>2.3%</td>
<td>$59,975</td>
<td>1.9%</td>
<td>$69,180</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

As of 2019, the median income in the PMA is below the surrounding SMA. Median household income growth in the PMA and SMA between 2000 and 2019 led the overall nation. According to ESRI demographic projections, annualized PMA growth is expected to decrease to 2.3 percent through 2024, which is above projected growth in the SMA and below projected growth in the nation.
### Household Income Distribution

The following tables illustrate the household income distribution for the PMA and the SMA for 2019 and 2024.

#### HOUSEHOLD INCOME PMA

<table>
<thead>
<tr>
<th>Income Cohort</th>
<th>2019</th>
<th>2024</th>
<th>Annual Change 2019 to 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>$0-9,999</td>
<td>1,700</td>
<td>10.9%</td>
<td>1,583</td>
</tr>
<tr>
<td>$10,000-19,999</td>
<td>2,764</td>
<td>17.8%</td>
<td>2,532</td>
</tr>
<tr>
<td>$20,000-29,999</td>
<td>2,333</td>
<td>15.0%</td>
<td>2,210</td>
</tr>
<tr>
<td>$30,000-39,999</td>
<td>2,182</td>
<td>14.0%</td>
<td>2,095</td>
</tr>
<tr>
<td>$40,000-49,999</td>
<td>1,546</td>
<td>9.9%</td>
<td>1,619</td>
</tr>
<tr>
<td>$50,000-59,999</td>
<td>1,304</td>
<td>8.4%</td>
<td>1,303</td>
</tr>
<tr>
<td>$60,000-74,999</td>
<td>1,289</td>
<td>8.3%</td>
<td>1,409</td>
</tr>
<tr>
<td>$75,000-99,999</td>
<td>1,143</td>
<td>7.3%</td>
<td>1,269</td>
</tr>
<tr>
<td>$100,000-124,999</td>
<td>620</td>
<td>4.0%</td>
<td>717</td>
</tr>
<tr>
<td>$125,000-149,999</td>
<td>300</td>
<td>1.9%</td>
<td>415</td>
</tr>
<tr>
<td>$150,000-199,999</td>
<td>245</td>
<td>1.6%</td>
<td>315</td>
</tr>
<tr>
<td>$200,000+</td>
<td>140</td>
<td>0.9%</td>
<td>195</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,566</td>
<td>100.0%</td>
<td>15,662</td>
</tr>
</tbody>
</table>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

#### HOUSEHOLD INCOME SMA

<table>
<thead>
<tr>
<th>Income Cohort</th>
<th>2019</th>
<th>2024</th>
<th>Annual Change 2019 to 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>$0-9,999</td>
<td>6,066</td>
<td>6.6%</td>
<td>5,766</td>
</tr>
<tr>
<td>$10,000-19,999</td>
<td>9,949</td>
<td>10.9%</td>
<td>9,128</td>
</tr>
<tr>
<td>$20,000-29,999</td>
<td>10,394</td>
<td>11.4%</td>
<td>9,865</td>
</tr>
<tr>
<td>$30,000-39,999</td>
<td>9,733</td>
<td>10.6%</td>
<td>9,481</td>
</tr>
<tr>
<td>$40,000-49,999</td>
<td>8,071</td>
<td>8.8%</td>
<td>7,968</td>
</tr>
<tr>
<td>$50,000-59,999</td>
<td>7,125</td>
<td>7.8%</td>
<td>7,195</td>
</tr>
<tr>
<td>$60,000-74,999</td>
<td>8,716</td>
<td>9.5%</td>
<td>8,925</td>
</tr>
<tr>
<td>$75,000-99,999</td>
<td>10,574</td>
<td>11.6%</td>
<td>11,002</td>
</tr>
<tr>
<td>$100,000-124,999</td>
<td>7,881</td>
<td>8.6%</td>
<td>8,475</td>
</tr>
<tr>
<td>$125,000-149,999</td>
<td>5,208</td>
<td>5.7%</td>
<td>6,091</td>
</tr>
<tr>
<td>$150,000-199,999</td>
<td>4,454</td>
<td>4.9%</td>
<td>5,864</td>
</tr>
<tr>
<td>$200,000+</td>
<td>3,258</td>
<td>3.6%</td>
<td>4,966</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>91,429</td>
<td>100.0%</td>
<td>94,726</td>
</tr>
</tbody>
</table>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

As illustrated, the income cohort with the highest percentage of households in the PMA in 2019 was the $10,000 to $19,999 income cohort, followed by the $20,000 to $29,999 and $30,000 to $39,999 income cohorts. In 2019, 57.7 percent of households in the PMA had an annual income of less than $40,000.
Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and SMA for 2019 and 2024.

### RENTER HOUSEHOLD INCOME

<table>
<thead>
<tr>
<th>Income Cohort</th>
<th>2019</th>
<th>2024</th>
<th>Annual Change 2019 to 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>$0-9,999</td>
<td>1,202</td>
<td>16.0%</td>
<td>1,121</td>
</tr>
<tr>
<td>$10,000-19,999</td>
<td>1,792</td>
<td>23.9%</td>
<td>1,652</td>
</tr>
<tr>
<td>$20,000-29,999</td>
<td>1,345</td>
<td>17.9%</td>
<td>1,285</td>
</tr>
<tr>
<td>$30,000-39,999</td>
<td>956</td>
<td>12.7%</td>
<td>954</td>
</tr>
<tr>
<td>$40,000-49,999</td>
<td>551</td>
<td>7.3%</td>
<td>631</td>
</tr>
<tr>
<td>$50,000-59,999</td>
<td>535</td>
<td>7.1%</td>
<td>525</td>
</tr>
<tr>
<td>$60,000-74,999</td>
<td>463</td>
<td>6.2%</td>
<td>519</td>
</tr>
<tr>
<td>$75,000-99,999</td>
<td>337</td>
<td>4.5%</td>
<td>416</td>
</tr>
<tr>
<td>$100,000-124,999</td>
<td>90</td>
<td>1.2%</td>
<td>129</td>
</tr>
<tr>
<td>$125,000-149,999</td>
<td>123</td>
<td>1.6%</td>
<td>169</td>
</tr>
<tr>
<td>$150,000-199,999</td>
<td>63</td>
<td>0.8%</td>
<td>96</td>
</tr>
<tr>
<td>$200,000+</td>
<td>48</td>
<td>0.6%</td>
<td>76</td>
</tr>
<tr>
<td>Total</td>
<td>7,505</td>
<td>100.0%</td>
<td>7,573</td>
</tr>
</tbody>
</table>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

As illustrated, the income cohorts with the highest percentage of renter households in the PMA are the $10,000 to $19,999 cohort, followed by the $20 to $29,999 and $0 to $9,999 income cohorts. Approximately 70.6 percent of renter households in the PMA had an annual income of less than $40,000, indicating a need for affordable housing in the area.

### RENTER HOUSEHOLD INCOME

<table>
<thead>
<tr>
<th>Income Cohort</th>
<th>2019</th>
<th>2024</th>
<th>Annual Change 2019 to 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>$0-9,999</td>
<td>3,701</td>
<td>11.5%</td>
<td>3,555</td>
</tr>
<tr>
<td>$10,000-19,999</td>
<td>5,503</td>
<td>17.1%</td>
<td>5,028</td>
</tr>
<tr>
<td>$20,000-29,999</td>
<td>5,329</td>
<td>16.6%</td>
<td>5,069</td>
</tr>
<tr>
<td>$30,000-39,999</td>
<td>4,145</td>
<td>12.9%</td>
<td>4,102</td>
</tr>
<tr>
<td>$40,000-49,999</td>
<td>3,167</td>
<td>9.9%</td>
<td>3,344</td>
</tr>
<tr>
<td>$50,000-59,999</td>
<td>2,612</td>
<td>8.1%</td>
<td>2,639</td>
</tr>
<tr>
<td>$60,000-74,999</td>
<td>2,256</td>
<td>7.0%</td>
<td>2,446</td>
</tr>
<tr>
<td>$75,000-99,999</td>
<td>2,251</td>
<td>7.0%</td>
<td>2,537</td>
</tr>
<tr>
<td>$100,000-124,999</td>
<td>1,066</td>
<td>3.3%</td>
<td>1,269</td>
</tr>
<tr>
<td>$125,000-149,999</td>
<td>856</td>
<td>2.7%</td>
<td>1,139</td>
</tr>
<tr>
<td>$150,000-199,999</td>
<td>688</td>
<td>2.1%</td>
<td>1,037</td>
</tr>
<tr>
<td>$200,000+</td>
<td>554</td>
<td>1.7%</td>
<td>886</td>
</tr>
<tr>
<td>Total</td>
<td>32,128</td>
<td>100.0%</td>
<td>33,051</td>
</tr>
</tbody>
</table>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020
The following chart illustrates the AMI level for a four-person household in Potter County, Texas:

![AMI Growth - Potter County](chart.png)

Source: Novogradac Consulting LLP, February 2020

Overall, the AMI increased at an annual rate of 2.9 percent between 2010 and 2019, reaching its peak in 2019.

**Conclusion**

The PMA and SMA have demonstrated that they are both areas of growth in terms of population, number of households, and income levels. The population and the number of households are both expected to increase from 2019 to 2024. The PMA has a larger household size relative to the SMA, and a significant portion of its households are earning below the county’s area median income. Furthermore, 70.6 percent of renter households in the PMA had an annual income of less than $40,000 in 2019. These factors demonstrate a need for maintaining affordable housing developments such as the Subject.
V. PROPERTY DESCRIPTION
PROPERTY DESCRIPTION

DESCRIPTION OF THE SITE

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

General: The Subject site is located at 200 NW 7th Avenue, Amarillo, Potter County, Texas 79107. The site is located within Census Tract 0122.00, which is a Qualified Census Tract.

APN: The Subject is identified by the Potter-Randall Appraisal District as a portion of parcel number R-031-0500-7980.0. The Subject will be subdivided from this parcel at a later date.

Land Area: The Subject site consists of 3.90 acres, or approximately 169,884 square feet. The Subject site will be subdivided from a larger 13.00 acre parcel at a later date.
Legal Description: Approximately 3.9 acres of land with improvements out of BLKS 164 and 165 and 178 plus vacated street and alleys, less 0.38 acres, in Glidden and Sanborn Survey.

Shape: The site is irregular in shape.

Zoning: According to City of Amarillo Planning and Development Services Department, the Subject site is zoned Office District Two (O-2). According to the City of Amarillo Code of Ordinances, which contains the Zoning Code, properties zoned O-2 are legally permitted to be developed with uses including various types of commercial development including office and retail uses in addition to residential development ranging in scale from single-family homes to multifamily uses. Multifamily uses in an O-2 zoning district can be developed to a maximum density of 72 units per acre with required parking of 1.5 spaces per unit. As proposed, the adaptive reuse of the Subject for 124 multifamily units with associated parking will represent a legal, conforming use under current zoning.

Frontage: The Subject site has frontage along the west side of North Polk Street, the north side of NW 7th Avenue and the south side of East Amarillo Boulevard.

Topography: The site is generally level.

Utilities: All utilities are available to the site, including water, sewer, gas, electricity, telephone, and cable.

Contiguous Land Use: Land use to the north of the Subject consists of a small motel and a gas station and convenience store. Land uses to the east of the Subject consist of a medical office building and a florist. Land uses to the south of the Subject consist of a medical office building and single-family homes in fair condition. Land uses to the west of the Subject consist of remaining portions of the former St. Anthony’s Hospital that are outside of the project scope.

Existing Improvements: The Subject is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the 2000’s, prior to which it operated as an inpatient hospital.

Visibility/Views: The Subject site offers excellent visibility from NW 7th Avenue, North Polk Street and East Amarillo Boulevard. Additionally, due to the midrise nature of the Subject, it can be seen from various points throughout northern Amarillo. Views from the Subject consist of a small motel and a gas station and convenience store to the north, a medical office building and a florist to the east, a medical office building and single-family homes in fair condition to
the south and the remaining portions of the former St. Anthony’s Hospital that are outside of the project scope to the west. Overall, visibility is considered excellent and views are considered average.

**Environmental, Soil and Subsoil Conditions and Drainage:**

We were provided with the Phase I ESA prepared by Terracon Consultants, Inc., dated February 15, 2019. According to the report, there were two American Society for Testing Materials (ASTM) Scope Recognized Environmental Conditions (RECs) present in proximity to the Subject. These RECs consist of two gas stations located north across Amarillo Boulevard from the Subject. The report recommends further investigation to evaluate subsurface conditions associated with the identified RECs. According to the report, there were no additional ASTM Scope RECs, Historical Recognized Environmental Conditions (HRECs), Controlled Recognized Environmental Conditions (CRECs) or environmental Activity Use Limitations (AULs) were discovered or associated with the property. However, the report notes that lead-based paint (LBP) is present throughout the subject building and will require mitigation.

**Flood Zone:**

According to the www.floodinsights.com, community map number 48375C0530C, revised June 4, 2010, the Subject is located in Zone X, and is located outside the 100 and 500-year flood plains. Further analysis is beyond the scope of this market study and Novogradac Consulting LLP.

**LURA:**

The site is not currently restricted by a land use restriction agreement (LURA).

**Detrimental Influences:**

We are unaware of any detrimental conditions that may adversely impact the marketability of the Subject.
Conclusion: The Subject site is considered to be in a good location for a multifamily use and is physically capable of supporting a variety of legally permissible uses.
DESCRIPTION OF THE IMPROVEMENTS

Details of the Subject’s improvements are summarized below. This information, which was provided by the property manager and based upon our site inspection, is presumed to be accurate.

Property Improvements: The Subject is an existing historic building consisting of 225,634 gross square feet of space in a vacant five-story reinforced concrete structure dating to 1928 with subsequent additions constructed between 1948 and 1980. The Subject structure has been vacant since the 2000’s, prior to which it operated as an inpatient hospital.

Year Built or Date of Construction: The Subject was originally constructed in 1928 with subsequent additions constructed between 1948 and 1980.

Current Rents and Unit Mix: The Subject is currently a vacant structure that formerly operated as an inpatient hospital through the 2000’s. As a result, there are no current rents and no multifamily unit mix pending rehabilitation of the property.

Number of Stories: The site is improved with one, five-story midrise building.

Parking: The Subject site has a former parking lot on the eastern portion and westernmost portion of the site. The parking lots are currently in deteriorated condition; however, they will be improved in conjunction with redevelopment of the Subject building.

Quality of Construction The quality of construction is average.

Americans With Disabilities Act of 1990: Post renovation, we anticipate there will be no violations of the Americans with Disabilities Act of 1990 based on the scope of work provided by the borrower.

PCA: We were provided with a Property Condition Assessment (PCA) for the Subject property, prepared by Terracon Consultants, Inc., dated
February 28, 2019. The PCA outlines total immediate repair needs of $179,952 and non-critical repairs of $13,329,120. We assume that these repairs will occur as part of the planned rehabilitation of the Subject structure.

**Conclusion:**

The existing improvements provide limited functional utility and are in poor condition given the prolonged period of vacancy following closure of the inpatient hospital that operated in the Subject structure in the 2000’s. We assume that corrective work relating to poor condition and limited functional utility will occur as part of the planned rehabilitation of the Subject building.
ASSESSMENT VALUE AND TAXES

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

It should be noted that we are valuing the Subject “As Is” and as a result any analysis of future operations following rehabilitation is beyond the scope of this report. The following table details the Subject’s current assessed value for the overall site.

<table>
<thead>
<tr>
<th>Parcel *</th>
<th>Land Assessed Value</th>
<th>Improvement Assessed Value</th>
<th>Total Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-031-0500-7980.0</td>
<td>$113,260</td>
<td>$100,000</td>
<td>$213,260</td>
</tr>
</tbody>
</table>

* Includes portions of the overall former St. Anthony's Hospital site that will not comprise the Subject

ZONING

Current Zoning

According to City of Amarillo Planning and Development Services Department, the Subject site is zoned Office District Two (O-2). According to the City of Amarillo Code of Ordinances, which contains the Zoning Code, properties zoned O-2 are legally permitted to be developed with uses including various types of commercial development including office and retail uses in addition to residential development ranging in scale from single-family homes to multifamily uses. Multifamily uses in an O-2 zoning district can be developed to a maximum density of 72 units per acre with required parking of 1.5 spaces per unit. As proposed, the adaptive reuse of the Subject for 124 multifamily units with associated parking will represent a legal, conforming use under current zoning.

Potential Zoning Changes

We are not aware of any proposed zoning changes at this time.
VI. HIGHEST AND BEST USE
HIGHEST AND BEST USE

Highest and Best Use is defined as: "The reasonably probable and legal use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

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

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

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

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

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HIGHEST AND BEST USE AS IF VACANT

Physically Possible
The Subject site contains approximately 3.90 acres, or approximately 169,884 square feet. The parcel is irregular in shape and exhibits level topography. The Subject site is accessible from the west side of North Polk Street, the north side of NW 7th Avenue and the south side of East Amarillo Boulevard. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible
According to City of Amarillo Planning and Development Services Department, the Subject site is zoned Office District Two (O-2). According to the City of Amarillo Code of Ordinances, which contains the Zoning Code, properties zoned O-2 are legally permitted to be developed with uses including various types of commercial development including office and retail uses in addition to residential development ranging in scale from single-family homes to multifamily uses. Multifamily uses in an O-2 zoning district can be developed to a maximum density of 72 units per acre with required parking of 1.5 spaces per unit.

While the legally permissible density for multifamily uses under the Subject’s current zoning is 72 units per acre, recent developments in the Amarillo area have generally been built to a lower overall density. The following table details recently built, or under construction properties in the Amarillo area.

<table>
<thead>
<tr>
<th>Property</th>
<th>Address</th>
<th>City</th>
<th>Type</th>
<th>Year Built</th>
<th>Total Units</th>
<th>Site Acres</th>
<th>Units / Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvest Park Apt.</td>
<td>1100 Block of East</td>
<td>Pampa, TX</td>
<td>LIHTC</td>
<td>2021</td>
<td>60</td>
<td>4.02</td>
<td>14.9</td>
</tr>
<tr>
<td>Harvest Park</td>
<td>Harvester Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marabella</td>
<td>5781 West Amarillo</td>
<td>Amarillo, TX</td>
<td>LIHTC</td>
<td>2019</td>
<td>101</td>
<td>2.96</td>
<td>34.1</td>
</tr>
<tr>
<td>Senior Living</td>
<td>Boulevard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.5</td>
</tr>
</tbody>
</table>

Of the previous data points, we believe that the Subject site is most similar to the development in Amarillo. We have tempered this built density with the overall average, and we believe that the Subject could feasibly be developed to a density of approximately 30 units per acre, or 117 total units.

Financially Feasible
The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject’s feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the Subject site could support multifamily development. Based on the Subject’s surrounding land uses, the site’s physical attributes, and the recent development patterns in the area, multifamily residential development is most likely.

Maximally Productive
Current construction costs generally exceed financial returns required for new large-scale market rate rental development in this area. Based upon our analysis, new construction of multifamily housing is financially feasible with the tax credits or other subsidy. Therefore, the maximally productive use of this site as would be to subdivide the site into lots and construct a multifamily rental property using tax credit equity, favorable financing, or other gap subsidies.
Conclusion

Highest and Best Use “As If Vacant”
The highest and best use for the property as if vacant would be to construct a 117-unit affordable multifamily development utilizing tax credit equity, favorable financing, or other gap subsidies.

Highest and Best Use “As Improved”
The Subject is comprised of an historic midrise former inpatient hospital building. As an historic property, it is not considered feasible to tear down the structure to allow for an alternative use. As a result, the highest and best use of the site “as improved” is adaptive reuse into multifamily or mixed-use with multifamily development with necessary gap funding.
VII. APPRAISAL METHODOLOGY
APPRAISAL METHODOLOGY

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

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

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

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

Applicability to the Subject Property

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. We have determined a value for the Subject “as is” using the cost approach. Additionally, we have presented a value of the underlying Subject site “as if vacant”.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. As we have not been asked to evaluate the Subject upon completion or stabilization when the Subject would be revenue-generating, we have not developed an income approach to value.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. We have gathered information related to sales of other vacant structures which were acquired for the purpose of rehabilitation and future multifamily or mixed-use development including multifamily units in the region.
VIII. COST APPROACH
COST APPROACH

The employment of the Cost Approach in the valuation process is based on the principle of substitution. As discussed, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. This is primarily attributed to the age and condition of the improvements, and the attendant difficulty in accurately estimating accrued physical depreciation. However, we have determined a value for the Subject “as is” using the cost approach. Additionally, we have presented a value of the underlying Subject site “as if vacant”.

LAND VALUATION

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

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

The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the subject property. We have made an extensive search for multifamily comparable land sales that have sold recently. There have been limited land sales intended for multifamily development within the PMA. However, we were able to identify three land sales intended for multifamily development within the Amarillo metropolitan area and surrounding areas. Due to limited recent development activity in Amarillo, we have extended our search to surrounding communities within the Texas Panhandle. From our research, we selected the best transactions available that represent the most recent competitive alternative sales or contracts in the marketplace.

<table>
<thead>
<tr>
<th>#</th>
<th>Location</th>
<th>City</th>
<th>Buyer</th>
<th>Seller</th>
<th>Sale Date</th>
<th>Price</th>
<th>Acres</th>
<th>Units</th>
<th>Price/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1100 Block of</td>
<td>Pampa, TX 79065</td>
<td>Harvest Park Apartments, LP</td>
<td>Bagwell, Jason</td>
<td>May-19</td>
<td>$375,000</td>
<td>4.02</td>
<td>60</td>
<td>$6,250</td>
</tr>
<tr>
<td>2</td>
<td>5781 West</td>
<td>Amarillo, TX 79106</td>
<td>SH Amarillo Boulevard LP</td>
<td>West Amarillo, Ltd.</td>
<td>Jan-18</td>
<td>$942,000</td>
<td>2.96</td>
<td>101</td>
<td>$9,327</td>
</tr>
<tr>
<td>3</td>
<td>601 Pecan Avenue</td>
<td>Panhandle, TX 79068</td>
<td>Silverleaf at Panhandle Seniors, Garretson Retirement Center</td>
<td>Jul-17</td>
<td>$65,000</td>
<td>8.30</td>
<td>54</td>
<td>$1,204</td>
<td></td>
</tr>
</tbody>
</table>

A location map is presented on the following page.
Comparable Land Sales Map

25-mile radius
**Land Sale 1**

| Location:          | 1100 Block of East Harvester Avenue  
|                   | Pampa, TX 79065               |
| Buyer:            | Harvest Park Apartments, LP    |
| Seller:           | Bagwell, Jason                |
| Sale Date:        | May-19                        |
| Sale Price:       | $375,000                      |
| Financing:        | Cash                          |
| Number of Units:  | 60                            |
| Site:             | Acre(s) 4.02                  |
|                  | Square Footage 175,111        |
| Zoning:           | Multifamily                   |
| Corner:           | No                            |
| Topography:       | Level                         |
| Shape:            | Irregular                     |
| Sale Price:       | Per Unit $6,250               |
|                  | Per Acre $93,284              |
|                  | Per SF $2.14                  |

**Comments:**
The sale price and proposed use at sale were confirmed with the buyer and TDHCA documents. The property will be developed with 60 general tenancy multifamily units. The property broke ground in 2019 with anticipated completion in early 2021. Upon completion the project will be known as Harvest Park Apartments.

**Verification:**
TDHCA Allocation List, Public Records, Buyer
**Location:** 5781 West Amarillo Boulevard
Amarillo, TX 79106

**Buyer:** SH Amarillo Boulevard LP
**Seller:** West Amarillo, Ltd.
**Sale Date:** January-18
**Sale Price:** $942,000
**Financing:** Cash

**Number of Units:** 101
**Site:**
- Acre(s): 2.96
- Square Footage: 128,938

**Zoning:** Multifamily
**Corner:** No
**Topography:** Level
**Shape:** Generally Rectangular

**Sale Price:**
- Per Unit: $9,327
- Per Acre: $318,243
- Per SF: $7.31

**Comments:**
The sale price and proposed use at sale were confirmed with the buyer and TDHCA documents, along with on-site management. The property was developed with 101 age-restricted multifamily units. The property was completed in 2019 and is known as Marabella Senior Living.

**Verification:** TDHCA Allocation List, Public Records, Buyer, On-site management
THE COMMONS AT ST. ANTHONY’S – AMARILLO, TEXAS – APPRAISAL

<table>
<thead>
<tr>
<th>Land Sale 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="59x34_to_170x57.png" alt="Image" /></td>
</tr>
</tbody>
</table>

| Location:          | 601 Pecan Avenue  |
|                   | Panhandle, TX 79068 |
| Buyer:             | Silverleaf at Panhandle Seniors, LLC |
| Seller:            | Garretson Retirement Center |
| Sale Date:         | July 17 |
| Sale Price:        | $65,000 |
| Financing:         | Cash |

| Number of Units:  | 54 |
| Site:             | Acre(s) 8.30 |
|                   | Square Footage 361,548 |
| Zoning            | Multifamily |
| Corner            | No |
| Topography        | Level |
| Shape             | Irregular |

| Sale Price:        | Per Unit $1,204 |
|                   | Per Acre $7,831 |
|                   | Per SF $0.18 |

| Comments:          | The sale price and proposed use at sale were confirmed with the buyer and TDHCA documents, along with on-site management. The property was developed with 54 age-restricted duplex units. The property was completed in 2018 and is known as Silverleaf at Panhandle. In addition to the sale price, the buyer was responsible for approximately $200,000 in additional site costs above and beyond what is typically necessary for multifamily development. |

| Verification:      | TDHCA Allocation List, Public Records, Buyer, On-site management |
Explanation of Adjustments

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

- Property Rights
- Financing
- Conditions of Sale
- Market Conditions
- Location
- Zoning
- Topography
- Shape
- Density

Property Rights
We are valuing the fee simple interest in the land. No adjustments are warranted.

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

Conditions of Sale
According to the buyer, Sale 3 required an additional $200,000 in atypical site work related to extending water and sewer lines and more extensive roadwork than in necessary for a site in a more developed area. We adjusted Sale 3 upward by these costs that were borne by the buyer of the site. No unusual conditions existed or are known for the remaining sales; therefore, no adjustments are necessary.

Market Conditions
Real estate values change over time. The rate of this change fluctuates due to investors’ perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. We have analyzed sale/resale data of tracts, and considered the changes in market conditions of multifamily properties.

All of the comparable sales occurred between July 2017 and May 2019 during generally similar market conditions. As a result, we have not adjusted the comparable land sales for differing market conditions.

Location
Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following table illustrates the median home value, median household income, and walk score in the ZIP code of each land sale, as compared to the Subject. This data will be used to determine an appropriate adjustment for the Subject’s location as compared to the comparables.
The Subject is located in a generally inferior location relative to the comparable properties with the exception of walkability. An element not captured by the previous location data is the distance from Amarillo. We believe that greater proximity to Amarillo, with superior employment opportunities and regional amenities, adds appeal to a multifamily development site. As such, while Sale 3 exhibits superior demographic characteristics, we have not applied a downward adjustment to this sale as it is located out of easy commuting distance to Amarillo. As such, we applied downward adjustments of 15.0 and 30.0 to Sales 1 and 2, respectively.

### Zoning/Use
All of the sales are zoned to allow for multifamily development, similar to the Subject. Therefore, no adjustments were applied.

### Topography
The land sales offer generally level topography and appear to be functional, similar to the Subject. Thus, no adjustments were warranted.

### Shape
All of the sales offer generally functional shapes and no adjustments are necessary.

### Size
With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Typically, smaller sites exhibit higher price per unit. As previously indicated in the *Highest and Best Use* section of this report, our analysis is based on the feasible use of the site if hypothetically vacant, which is a 117-unit multifamily development. The sales range in size from 54 to 101 units. We applied a 5.0 percent downward adjustment to Sales 1 and 3 and no adjustment to the remaining comparable for differences in size.

### LOCATION ADJUSTMENTS

<table>
<thead>
<tr>
<th>Property (Zip)</th>
<th>Median Home Value</th>
<th>Subject Site Differential</th>
<th>Median HH Income</th>
<th>Subject Site Differential</th>
<th>Walk Score</th>
<th>Subject Site Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject (79107)</td>
<td>$64,000</td>
<td>-</td>
<td>$35,023</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td>Comp 1 (79065)</td>
<td>$74,700</td>
<td>17%</td>
<td>$49,005</td>
<td>40%</td>
<td>10</td>
<td>-80%</td>
</tr>
<tr>
<td>Comp 2 (79106)</td>
<td>$111,300</td>
<td>74%</td>
<td>$41,480</td>
<td>18%</td>
<td>28</td>
<td>-44%</td>
</tr>
<tr>
<td>Comp 3 (79068)</td>
<td>$123,700</td>
<td>93%</td>
<td>$68,977</td>
<td>97%</td>
<td>22</td>
<td>-56%</td>
</tr>
</tbody>
</table>

Source(s): U.S. Census, WalkScore.com (2/2020)
Land Value Estimate
The land sales grid is presented following:

<table>
<thead>
<tr>
<th>Subject</th>
<th>1100 Block of East</th>
<th>5781 West Amarillo</th>
<th>601 Pecan Avenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>200 NW 7th Avenue</td>
<td>1100 Block of East Harvester Avenue</td>
<td>5781 West Amarillo Boulevard</td>
</tr>
<tr>
<td>City, State</td>
<td>Amarillo, TX 79107</td>
<td>Pampa, TX 79065</td>
<td>Amarillo, TX 79106</td>
</tr>
<tr>
<td>Zoning</td>
<td>Multifamily</td>
<td>Multifamily</td>
<td>Multifamily</td>
</tr>
<tr>
<td>Topography</td>
<td>Level</td>
<td>Similar</td>
<td>Generally</td>
</tr>
<tr>
<td>Shape</td>
<td>Irregular</td>
<td>Irregular</td>
<td>Rectangular</td>
</tr>
<tr>
<td>Corner</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Size (SF)</td>
<td>169,884</td>
<td>175,111</td>
<td>128,938</td>
</tr>
<tr>
<td>Size (Acres)</td>
<td>3.90</td>
<td>4.02</td>
<td>2.96</td>
</tr>
<tr>
<td>Units *</td>
<td>117</td>
<td>60</td>
<td>101</td>
</tr>
<tr>
<td>Units Per Acre</td>
<td>30.0</td>
<td>14.9</td>
<td>34.1</td>
</tr>
</tbody>
</table>

Sales Data

<table>
<thead>
<tr>
<th>Date</th>
<th>Interest</th>
<th>Price</th>
<th>Price per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>May-19</td>
<td>Fee Simple</td>
<td>$375,000</td>
<td>$6,250</td>
</tr>
<tr>
<td>Jan-18</td>
<td>Fee Simple</td>
<td>$942,000</td>
<td>$9,327</td>
</tr>
<tr>
<td>Jul-17</td>
<td>Fee Simple</td>
<td>$65,000</td>
<td>$1,204</td>
</tr>
</tbody>
</table>

Adjustments

<table>
<thead>
<tr>
<th>Property Rights</th>
<th>Financing</th>
<th>Conditions of Sale</th>
<th>Market Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>375,000</td>
<td>942,000</td>
<td>65,000</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>375,000</td>
<td>942,000</td>
<td>65,000</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>200,000</td>
<td>0</td>
</tr>
<tr>
<td>375,000</td>
<td>942,000</td>
<td>265,000</td>
<td>0</td>
</tr>
<tr>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Adjusted Sale Price

$375,000 $942,000 $265,000
Adjusted Price Per Unit

$6,250 $9,327 $4,907

Adjustments

<table>
<thead>
<tr>
<th>Location</th>
<th>Zoning / Use</th>
<th>Topography</th>
<th>Shape</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>-15.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>-30.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>-5.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>

Overall Adjustment

-20.0% -30.0% -5.0%

Adjusted Price Per Unit

$5,000 $6,529 $4,662

Low $4,662
High $6,529
Mean $5,397
Median $5,000

Conclusion

$5,000 x 117 $585,000
Rounded $590,000

* Assumes the Subject unit count determined in the H&BU analysis (as if vacant)
The sales indicate a range of adjusted price from $4,662 to $6,529 per unit. We have placed the greatest reliance on Sale 1, which is the most recent sale. This correlates with an indication of land value as if vacant as follows: 117 units at $5,000 per unit, equates to $590,000 (rounded).

**Conclusion**
As a result of our investigation and analysis, it our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated value of the underlying land, as if vacant, of the fee simple interest, as of February 21, 2020, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
($590,000)

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

**As Is Value (Cost Approach)**
The Subject is currently improved with one existing five-story structure that exhibited poor condition upon inspection. The structure has been vacant since the 2000's when it ceased operation as an inpatient hospital. The existing structure totals approximately 150,213 gross square feet. We calculated the Subject’s gross square footage based upon client-provided architectural plans for the future development. According to these plans, the overall gross square footage of the existing structures that will comprise the Subject is 225,634 square feet. However, according to the plans, 75,421 square feet of this space will remain mothballed, without any future use as common or mechanical areas for the future reuse of the Subject. As a result, we adjusted the gross square footage downward by the square footage to remain mothballed as it will not offer contributory value to the future redevelopment of the Subject structure. The resulting adjusted gross square footage for the Subject is 150,213 square feet.

In order to determine a value for the Subject “as is” we utilized cost indices for structures currently in shell condition. The Subject structure is currently unoccupied, and the building interiors need full rehabilitation for future use as a multifamily development. However, the building shell of the Subject does provide some contributory value. Cost estimates were established according to M&S valuations and we estimated approximately five percent of the shell building would be used. We believe that a low percentage is appropriate given the condition of the Subject’s shell buildings. The client-provided scope of work indicated that the majority of interior walls will require demolitions to achieve compliant asbestos remediation, which we believe further reduces the contributory value of the current shell structure. The plan for the Subject is comprehensive rehabilitation for multifamily use; however, based upon provided information relatively minimal aspects of current interior elements will contribute to the future uses occupying the Subject. As part of the planned rehabilitation the property will undergo a significant modification, with only the outer walls and overall structural elements, including historic building elements, contributing to the future uses, The Subject’s exterior will receive additional repairs and renovations such as restoration of windows, doors and roofing. Based on our knowledge and experience, we believe that approximately five percent of the shell will be utilized in as is condition, while the remaining portions will be fully rehabilitated. The following table details calculations for the Subject.
The following table outlines the aggregated value of the shell buildings and the value of the underlying land as if vacant.

<table>
<thead>
<tr>
<th>Construction Cost Estimate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;S Midrise Multifamily Class C (Cost / SF)</td>
<td>$80.95</td>
</tr>
<tr>
<td>Current Cost Multiplier</td>
<td>1.00</td>
</tr>
<tr>
<td>Local Multipliers</td>
<td>0.93</td>
</tr>
<tr>
<td>GBA *</td>
<td>150,213</td>
</tr>
<tr>
<td>Combined Construction Costs</td>
<td>$11,308,560</td>
</tr>
<tr>
<td>Percentage Used of Complete Shell</td>
<td>5%</td>
</tr>
<tr>
<td>Adjusted Shell Construction Costs (Rounded)</td>
<td>$570,000</td>
</tr>
</tbody>
</table>

* Less gross square footage to remain mothballed

As a result of our analysis, the indicated unencumbered fee simple interest of the value “As Is”, via the cost approach, as of February 21, 2020, is:

**ONE MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS**

($1,160,000)

*Please refer to the complete Assumptions and Limiting Conditions in the Addenda of this report.*
IX. SALES COMPARISON APPROACH
SALES COMPARISON APPROACH

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

To support the As Is value, we have researched sales for other shell structures purchased for multifamily or mixed-use (including multifamily units) redevelopment in the region. Due to some recent sales not occurring on an arms-length basis, we have excluded these transfers from our analysis. These include the Barfield Building, which is currently undergoing conversion to a Marriott Hotel, along with The Rule Building, which will also be converted to a boutique hotel with a brand flag yet to be named. As a result of the limited number of remaining sales purchased for multifamily or mixed-use (including multifamily units) redevelopment in Amarillo, we extended our search to the regional cities surrounding Amarillo. We relied upon one sale located in Plainview, Texas, south of Amarillo, and two remaining sales within Amarillo.

The following table outlines the sale information.

<table>
<thead>
<tr>
<th>#</th>
<th>Location</th>
<th>City</th>
<th>Buyer</th>
<th>Seller</th>
<th>Sale Date</th>
<th>Price</th>
<th>Acres</th>
<th>GBA</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>116 West 6th Street</td>
<td>Plainview, TX 79072</td>
<td>Conrad Housing Partners LP</td>
<td>Guadalupe Economic Service Corp.</td>
<td>Jun-17</td>
<td>$350,000</td>
<td>0.28</td>
<td>46,821</td>
<td>$7.48</td>
</tr>
<tr>
<td>2</td>
<td>800 South Polk Street</td>
<td>Amarillo, TX 79105</td>
<td>800 S Polk LP</td>
<td>New Commerce Partners LP</td>
<td>Aug-15</td>
<td>$225,000</td>
<td>0.38</td>
<td>33,101</td>
<td>$6.80</td>
</tr>
<tr>
<td>3</td>
<td>1004 South Tyler Street</td>
<td>Amarillo, TX 79101</td>
<td>Triple Play Partners, LLC</td>
<td>Glen Parkey Family Limited</td>
<td>Nov-14</td>
<td>$360,000</td>
<td>0.76</td>
<td>14,480</td>
<td>$24.86</td>
</tr>
</tbody>
</table>

The following map details the location of the respective shell sales in relation to the Subject site.
The following profiles detail attributes of the shell sales we have utilized in our analysis.
### Comparable Shell Sale 1

<table>
<thead>
<tr>
<th>Name</th>
<th>Former Hilton Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>116 West 6th Street</td>
</tr>
<tr>
<td></td>
<td>Plainview, TX 79072</td>
</tr>
</tbody>
</table>

**Seller:** Guadalupe Economic Service Corp.  
**Buyer:** Conrad Housing Partners LP  
**Sale Date:** Jun-17  
**Sale Price:** $350,000  
**Financing:** Cash  
**Parcel(s):** 25402  
**Zoning:** C-2  
**Site Acres:** 0.28  
**Building SF:** 46,821

**Sale Price per Building SF:** $7.48

**Comments:** The sale involved the arm's length transfer of a former hotel building that closed in 1993. The property was purchased for redevelopment into an age-restricted multifamily property with 29 units and limited ground floor commercial space. The project was completed in Summer 2019 and it currently operates under the name Conrad Lofts.

**Verification:** TDHCA Allocation List, City of Plainview, Public Records
### Comparable Shell Sale 2

<table>
<thead>
<tr>
<th>Name:</th>
<th>Former Levine's Department Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>800 South Polk Street</td>
</tr>
<tr>
<td></td>
<td>Amarillo, TX 79105</td>
</tr>
</tbody>
</table>

| Seller:            | New Commerce Partners LP         |
| Buyer:             | 800 S Polk LP                    |
| Sale Date:         | Aug 15                           |
| Sale Price:        | $225,000                         |
| Financing:         | Cash                             |
| Parcel(s):         | R-065-1000-1252.0                 |
| Zoning:            | CB                               |
| Site Acres:        | 0.38                             |
| Building SF:       | 33,101                           |

| Sale Price per Building SF: | $6.80 |

**Comments:**

The sale involved the arm's length transfer of a former department store building that closed in 1977. The property was purchased for redevelopment and at the time of sale the proposed uses or uses had yet to be finalized. Some multifamily units were contemplated before the project switched to fully office space. The project was completed in Summer 2019.

**Verification:**

City of Amarillo, Public Records, Local News Sources
**Comparable Shell Sale 3**

<table>
<thead>
<tr>
<th>Name:</th>
<th>Historic Firestone Building</th>
</tr>
</thead>
</table>
| Location:      | 1004 South Tyler Street  
Amarillo, TX 79101 |

<table>
<thead>
<tr>
<th>Seller:</th>
<th>Glen Parkey Family Limited Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer:</td>
<td>Triple Play Partners, LLC</td>
</tr>
<tr>
<td>Sale Date:</td>
<td>Nov-14</td>
</tr>
<tr>
<td>Sale Price:</td>
<td>$360,000</td>
</tr>
<tr>
<td>Financing:</td>
<td>Cash</td>
</tr>
<tr>
<td>Parcel(s):</td>
<td>R-065-1000-2594.0</td>
</tr>
<tr>
<td>Zoning:</td>
<td>CB</td>
</tr>
<tr>
<td>Site (Acres):</td>
<td>0.76</td>
</tr>
<tr>
<td>Building SF:</td>
<td>14,480</td>
</tr>
</tbody>
</table>

**Sale Price per Building SF:** $24.86

**Comments:**
The sale involved the arm's length transfer of a former automotive service building that closed in the 1990s. The property was purchased for redevelopment into a market rate multifamily property with 13 units and limited ground floor commercial space. The project was completed in 2017 and it currently operates under the name The Firestone.

**Verification:**
City of Amarillo, Public Records, Local Appraiser
Explanation of Adjustments
The adjustment grid follows at the end of this section. As illustrated, adjustments have been made based on price differences created by the following factors:

- Property Rights
- Financing
- Conditions of Sale
- Market Conditions
- Location
- Physical Condition
- Size

Property Rights
We are valuing the fee simple interest. No adjustments are warranted.

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

Conditions of Sale
No unusual conditions existed or are known for the sales; therefore, no adjustment is necessary.

Market Conditions
Real estate values change over time. The rate of this change fluctuates due to investors’ perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. We have analyzed sale/resale data of tracts and considered the changes in market conditions of multifamily properties. All of the comparable sales occurred between November 2014 and June 2017. We spoke with local market participants, including a local appraiser, who reported that the market for structures for redevelopment has not varied significantly over the past several years. As such, we applied no adjustments for differences in market condition to the sales.

Location
Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. We spoke with local market participants, including a local appraiser, who reported that the market for structures for redevelopment is more driven by location within a given market, include the fronting street. The two comparable sales in Amarillo are both located in the downtown core, with primary frontage on Polk Street or Tyler Street, which house a number of other buildings that were redeveloped with uses including entertainment, dining and hospitality uses. We believe that this results in a superior appeal from a multifamily redevelopment standpoint. We applied a 20.0 percent downward adjustment to Sales 2 and 3. We applied a lesser 10.0 percent downward adjustment to Sale 1, which is located in downtown Plainview, Texas. As Plainview is a smaller city relative to Amarillo, we believe a lesser adjustment is appropriate for a downtown location.

Physical Condition
The Subject’s currently exhibits poor condition. The sales were all vacant for an extended period of time prior to purchase for redevelopment. As a result, we do not believe that adjustments are warranted for differences in physical condition.
Size
With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Typically, smaller sites exhibit higher price per unit. The Subject is 150,213 gross square feet, while the comparables range from 14,480 to 46,821 gross square feet. We applied a 20.0 percent downward adjustment to Sales 1 and 2 and a 40.0 percent downward adjustment to Sale 3 for differences in size.

<table>
<thead>
<tr>
<th>Subject 1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Amarillo, TX</td>
<td>Plainview, TX</td>
</tr>
<tr>
<td>City, State</td>
<td>200 NW 7th Avenue</td>
<td>116 West 6th Street</td>
</tr>
<tr>
<td>City, State</td>
<td>Amarillo, TX</td>
<td>Plainview, TX</td>
</tr>
<tr>
<td>79107</td>
<td>79072</td>
<td>79105</td>
</tr>
<tr>
<td>Zoning</td>
<td>O-2</td>
<td>C-2</td>
</tr>
<tr>
<td>Condition</td>
<td>Poor</td>
<td>Similar</td>
</tr>
<tr>
<td>Site Size (SF)</td>
<td>169,884</td>
<td>12,371</td>
</tr>
<tr>
<td>Site Size (Acres)</td>
<td>3.90</td>
<td>0.28</td>
</tr>
<tr>
<td>Gross Building SF</td>
<td>150,213</td>
<td>46,821</td>
</tr>
</tbody>
</table>

Sales Data

<table>
<thead>
<tr>
<th>Date</th>
<th>Jun-17</th>
<th>Aug-15</th>
<th>Nov-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Fee Simple</td>
<td>Fee Simple</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Price</td>
<td>$350,000</td>
<td>$225,000</td>
<td>$360,000</td>
</tr>
<tr>
<td>Price per Gross Building SF</td>
<td>$7.48</td>
<td>$6.80</td>
<td>$24.86</td>
</tr>
</tbody>
</table>

Adjustments

| Property Rights | 0 | 0 | 0 |
| Financing | 0 | 0 | 0 |
| Conditions of Sale | 150,000 | 0 | 0 |
| Market Conditions | 1,000 | 1,000 | 1,000 |

Adjusted Sale Price

<table>
<thead>
<tr>
<th>Subject 1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Price Per Gross Building SF</td>
<td>$10.68</td>
<td>$6.80</td>
</tr>
</tbody>
</table>

Overall Adjustment

| Location | -10.0% | -20.0% | -20.0% |
| Physical Condition | 0.0% | 0.0% | 0.0% |
| Size | -20.0% | -20.0% | -40.0% |

Conclusion

| Adjusted Price Per Gross Building SF | $7.48 | $4.08 | $9.94 |

Low $4.08
High $9.94
Mean $7.17
Median $7.48

Conclusion $7.50
Rounded $1,130,000
Conclusion

We have placed greatest reliance on the most recent sale following adjustment and have also considered the remaining data points. Based upon these indices, we reconcile to a value of $7.50 per square foot for the Subject building. Applying this amount of $7.50 to the Subject’s adjusted gross building area of 150,213 square feet (calculated as the total gross square footage less the area to remain mothballed) yields a value of $1,130,000 (rounded).

The Subject’s estimated market value “As Is” in the fee simple via the sales comparison approach, as of February 21, 2020, is:

ONE MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS
($1,130,000)

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

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

<table>
<thead>
<tr>
<th>LAND VALUE - AS IF VACANT</th>
<th>Scenario</th>
<th>Units *</th>
<th>Price per Unit</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As if Vacant</td>
<td>117</td>
<td>$5,000</td>
<td>$590,000</td>
<td></td>
</tr>
</tbody>
</table>

* Assumes the Subject unit count determined in the H&BU analysis (as if vacant)

<table>
<thead>
<tr>
<th>AS IS VALUE - COST APPROACH</th>
<th>Scenario</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is</td>
<td>$1,160,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AS IS VALUE - SALES COMPARISON APPROACH</th>
<th>Scenario</th>
<th>GBA *</th>
<th>Price per SF</th>
<th>Indicated Value (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is</td>
<td>150,213</td>
<td>$7.50</td>
<td>$1,130,000</td>
<td></td>
</tr>
</tbody>
</table>

* Less gross square footage to remain mothballed

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. We have determined a value for the Subject “as is” using the cost approach. Additionally, we have presented a value of the underlying Subject site “as if vacant”.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. As we have not been asked to evaluate the Subject upon completion or stabilization when the Subject would be revenue-generating, we have not developed an income approach to value.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. We have gathered information related to sales of other vacant structures which were acquired for the purpose of rehabilitation and future multifamily or mixed-use development including multifamily units in the region.

In the final analysis, the appraisers have considered the influence of the relevant approaches in relation to one another and in relation to the Subject. The Subject is not an income producing property. As a result, we have relied upon the cost and sales approaches in our final determination of value.
As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated value of the underlying land “As if Vacant” of the fee simple interest, as of February 21, 2020, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
($590,000)

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated market value “As Is” in the fee simple interest, as of February 21, 2020, is:

ONE MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS
($1,130,000)

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

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

It is defined as the “estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.” Based on our read of the market, historical information provided by the PwC Investor Survey and recent sales of apartment product, an exposure time of nine-to-twelve months appears adequate.
ADDENDUM A
Assumptions and Limiting Conditions, Certification
ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.

2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.

3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.

4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.

5. The report was made assuming responsible ownership and capable management of the property.

6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.

7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.

8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.

9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.

12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general
public by the use of advertising, public relations, news, sales, or other media for public communication
without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or
professional organizations of which the appraiser is a member be identified without written consent of
the appraiser.

13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional
appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.

14. The author of this report is not required to give testimony or attendance in legal or other proceedings
relative to this report or to the Subject property unless satisfactory additional arrangements are made
prior to the need for such services.

15. The opinions contained in this report are those of the author and no responsibility is accepted by the
author for the results of actions taken by others based on information contained herein.

16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the
Subject property will sell or lease for the indicated amounts.

17. All applicable zoning and use regulations and restrictions are assumed to have been complied with,
unless nonconformity has been stated, defined, and considered in the appraisal report.

18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority
from any local, state, or national governmental or private entity or organization have been or can be
obtained or renewed for any use on which the value estimate contained in this report is based.

19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and
value conclusions are contingent upon completion of the improvements in a workmanlike manner and
in a reasonable period of time. A final inspection and value estimate upon the completion of said
improvements should be required.

20. All general codes, ordinances, regulations or statutes affecting the property have been and will be
enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as
reported to the appraiser and contained in this report.

21. The party for whom this report is prepared has reported to the appraiser there are no original existing
condition or development plans that would subject this property to the regulations of the Securities and
Exchange Commission or similar agencies on the state or local level.

22. Unless stated otherwise, no percolation tests have been performed on this property. In making the
appraisal, it has been assumed the property is capable of passing such tests so as to be developable to
its highest and best use, as detailed in this report.

23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating
systems. The appraiser does not warrant the condition or adequacy of such systems.

24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde
Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety
Commission has been introduced into the appraised property. The appraiser reserves the right to review
and/or modify this appraisal if said insulation exists on the Subject property.

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above
conditions. Estimates presented in this report are not valid for syndication purposes.
CERTIFICATION

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have performed no other prior appraisal services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- Rebecca S. Arthur has not made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report. David Kermode inspected the Subject and comparable market data incorporated in this report and is competent to perform such analyses. David Kermode provided significant assistance in this report, the scope of which included the following: researching comparable and market data, verifying comparable data, and assisting in developing the approaches to value. Rebecca S. Arthur oversaw all data collection and reporting in this appraisal. No one other than those listed on this page provided any significant real property appraisal assistance.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Rebecca S. Arthur has completed the requirements of the continuing education program of the Appraisal Institute.

Rebecca S. Arthur, MAI
Texas Certified General
Real Estate Appraiser No. TX1338818G
STATEMENT OF PROFESSIONAL QUALIFICATIONS
REBECCA S. ARTHUR, MAI

I. Education

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

Appraisal Institute
Designated Member (MAI)

II. Licensing and Professional Affiliation

Member of Kansas Housing Association
Vice President - Board of Directors; 2017 - Present
Designated Member of the Appraisal Institute (MAI)
Kansas City Chapter of the Appraisal Institute Board of Directors: 2013 & 2014
Member of National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network

State of Arkansas Certified General Real Estate Appraiser No. CG2682
State of Arizona Certified General Real Estate Appraiser No. 31992
State of California Certified General Real Estate Appraiser No. AG041010
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047
State of Iowa Certified General Real Estate Appraiser No. CG03200
State of Indiana Certified General Real Estate Appraiser No. CG41300037
State of Kansas Certified General Real Estate Appraiser No. G-2153
State of Minnesota Certified General Real Estate Appraiser No. 40219655
State of Missouri Certified General Real Estate Appraiser No. 2004035401
State of Louisiana Certified General Real Estate Appraiser No. 4018
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G

III. Professional Experience

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

IV. Professional Training

Various Continuing Education Classes as required by licensing, ongoing
USPAP Update, January 2018
Forecasting Revenue, May 2019
Discounted Cash Flow Model, May 2019
Business Practices and Ethics, May 2019
HUD MAP Training – Ongoing
The Appraiser as an Expert Witness: Preparation & Testimony, April 2013
How to Analyze and Value Income Properties, May 2011
Appraising Apartments – The Basics, May 2011
HUD MAP Third Party Tune-Up Workshop, September 2010
Rebecca S. Arthur, MAI - Qualifications

Page 2

HUD MAP Third Party Valuation Training, June 2010
HUD LEAN Third Party Training, January 2010
National Uniform Standards of Professional Appraisal Practice, April 2010
MAI Comprehensive Four Part Exam, July 2008
Report Writing & Valuation Analysis, December 2006
Advanced Applications, October 2006
Highest and Best Use and Market Analysis, July 2005
HUD MAP – Valuation Advance MAP Training, April 2005
Advanced Sales Comparison and Cost Approaches, April 2005
Advanced Income Capitalization, October 2004
Basic Income Capitalization, September 2003
Appraisal Procedures, October 2002
Appraisal Principals, September 2001

V. Real Estate Assignments

A representative sample of Valuation or Consulting Engagements includes:

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.

- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Public Housing for RAD conversion, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.

- Have managed and conducted numerous appraisals of multifamily housing. Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered LIHTC and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and PILOT agreements.

- Performed market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.

- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA, and the developer in the underwriting process. Market studies are compliant to State, FannieMae, and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.

- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.

- Managed and completed numerous Section 8 Rent Comparability Studies in accordance with
HUD’s Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.

- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.

- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.

VI. Speaking Engagements

A representative sample of industry speaking engagements follows:

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

Vacant retail building located north of the Subject

Remaining portions of the former St. Anthony’s Hospital west of the Subject (outside of the project scope)

Remaining portions of the former St. Anthony’s Hospital west of the Subject (outside of the project scope)

Walgreen’s pharmacy located east of the Subject

CVS/Pharmacy located east of the Subject
ADDENDUM D
Site and Floor Plans
AMARILLO BLVD
(BUSINESS IH40)

PROPOSED CONDO LINE

DRAWING NOT A SURVEY PROPERTY LINES OBSERVED FROM CITY PLAT MAP ACTUAL PROPERTY BEARINGS UNKNOWN

PRELIMINARY SITE PLAN SCALE: 1" = 30'-0" NORTH

5 STALLS

32 STALLS

7 STALLS

30 STALLS

11 STALLS

14 STALLS

21 STALLS

SETBACK

O-2: OFFICE (CUMULATIVE ZONING ALLOWS MF USE)

AREA = 174,902 S.F. (4.02 +/- ACRES)

PROPERTY AREA:

EXISTING ZONING:

SETBACKS: BUILDING: NORTH = 10'

EAST = 10'

SOUTH = 10'

PARKING REQUIRED:

PARKING PROVIDED:

PROPOSED ZONING:

MULTI-FAMILY RESIDENTIAL

PROPOSED USE:

SITE INFORMATION:

O-2: OFFICE

NUMBER OF UNITS:

DENSITY: 30.85 UNITS PER ACRE

BUILDING AREA: 52,250 S.F. FIRST FLOOR

.75 STALLS PER DWELLING UNIT (124 UNITS = 93 SPACES REQ.)

113 STANDARD SPACES

5 STANDARD ACCESSIBLE SPACES

2 VAN ACCESSIBLE SPACES

120 TOTAL PARKING SPACES PROVIDED

TOTAL: 124 UNITS

UNIT ACCESSIBILITY AND HEARING IMPAIRED:

117 UNITS (UNIT #5, #6, #7)

2012 TEXAS ACCESSIBILITY STANDARDS & HUD SECTION 504

NUMBER OF TYPE 'A' UNITS

NUMBER OF TYPE 'B' UNITS

UNIT TYPE (124 UNITS)

** PER SECTION 504 OF REHABILITATION ACT OF 1973, 5%

OF DWELLING UNITS MUST MEET UFAS OR A STANDARD THAT IS EQUIVALENT OR STRICTER. AN ADDITIONAL 2%

OF DWELLING UNITS, OR AT LEAST ONE UNIT, WHICHEVER IS GREATER, MUST BE ACCESSIBLE FOR PERSONS WITH HEARING OR VISUAL DISABILITIES.

THE SITE IS NOT WITHIN A FLOOD PLAIN

THE SITE DOES NOT REQUIRE DETENTION PONDS

UNIT BREAKDOWN

1 - BEDROOM UNITS

2 - BEDROOM UNITS

TOTAL UNITS

45

124

36

43

TOTAL GROSS SF

GROUND FLOOR GROSS SF

FIRST FLOOR GROSS SF

SECOND FLOOR GROSS SF

FIRSTFLOOR

SECOND FLOOR

THIRD FLOOR

FOURTH FLOOR

FIFTH FLOOR

PENTHOUSE GROSS SF

TOTAL BUILDING GROSS SF

52,250

225,634

57,277

35,176

35,094

20,627

20,078

5,132

TOTAL UNIT TYPE BREAKDOWN

BUILDING TOTALS 124

TOTAL UNITS 124

UNIT #7

2 BED TYPE A

UNIT #5

EFFICIENCY TYPE A

UNIT #6

1 BED TYPE A

UNIT #4

2 BED TYPE B

UNIT #3

2 BED TYPE B

UNIT #2

1 BED TYPE B

UNIT #1

EFFICIENCY TYPE B

EFFICIENCY UNITS

FOURTH FLOOR GROSS SF

2019

3,451

2,353

TOTAL GROSS SF

COMMON AREA

CORRIDORS

MECHANICAL

SECOND FLOOR TOTAL GROSS SF

FIRST FLOOR TOTAL GROSS SF

GROUND FLOOR TOTAL GROSS SF

SECOND

FLOOR

TOTAL

GROSS SF

FIRST

FLOOR

TOTAL

GROSS SF

GROUND

FLOOR

TOTAL

GROSS SF

- 57,277

- 10,402

10,402

- 483

57,277

12,756

1,871

998

15,418

25,854

3,451

75,241

MOTHBALLED 57,277

5,987

1,871

- 998

127,780

5,132

- 268

1,576

- 270

1,566

- -

46,735

75,241

5,987

1,871

- 998

15,418

12,756

1,871

998

57,277

75,241

5,132

2,353

46,735
DEVELOPMENTS WITH 100 TO 149 UNITS MUST QUALIFY FOR FOURTEEN (14) POINTS

MANDATORY DEVELOPMENT AMENITIES

(A) ALL BEDROOMS, THE DINING ROOM AND LIVING ROOM IN UNITS MUST BE WIRED WITH CURRENT CABLING TECHNOLOGY FOR DATA AND PHONE.

(D) SCREENS ON ALL OPERABLE WINDOWS

(F) ENERGY-STAR RATED REFRIGERATOR

(G) OVEN / RANGE

(K) ALL AREAS OF THE UNIT (EXCLUDING EXTERIOR STORAGE SPACE ON AN OUTDOOR PATIO / BALCONY) MUST HAVE HEATING AND AIR-CONDITIONING

(iv) COMMUNITY RESOURCES

(i) COVERED ENTRIES (0.5 POINTS)

(iii) MICROWAVE OVENS (0.5 POINTS)

(IV) SELF-CLEANING OR CONTINUOUS CLEANING OVENS (0.5 POINTS)

(VI) STORAGE ROOM OR CLOSET, OF APPROXIMATELY 9 SQUARE FEET OR GREATER, SEPARATE FROM AND IN ADDITION TO BEDROOM, ENTRYWAY OR LINEN

(XIV) ENERGY-STAR RATED CEILING FANS IN ALL BEDROOMS (0.5 POINT)

(XVII) KITCHEN PANTRY WITH SHELVING (MAY INCLUDE THE WASHER/DRYER UNIT FOR REHABILITATION DEVELOPMENTS ONLY) (0.5 POINT)

(XVIII) EPA WATERSENSE OR EQUIVALENT QUALIFIED TOILETS IN ALL BATHROOMS (0.5 POINT)

(XIX) EPA WATERSENSE OR EQUIVALENT QUALIFIED SHOWERHEADS AND FAUCETS IN ALL BATHROOMS (0.5 POINT)

UNIT REQUIREMENTS

(I) COVERED ENTRIES (0.5 POINTS)

(III) MICROWAVE OVENS (0.5 POINTS)

(IV) SELF-CLEANING OR CONTINUOUS CLEANING OVENS (0.5 POINTS)

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UNIT FEATURES

1-BEDROOM UNITS

UNIT #7

2-BEDROOM UNITS

UNIT #3

EFFICIENCY

UNIT #1

COMPANIES

2019        M+A DESIGN, INC

P.O. BOX 1056
AMARILLO, TX  79107

200 NW 7TH STREET
FOND DU LAC, WISCONSIN 54935
b.redig@madesigninc.net (920) 922-8170

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
DEVELOPMENTS WITH 100 TO 149 UNITS MUST QUALIFY FOR FOURTEEN (14) POINTS

SAFETY

CONDITIONED

COMMON SF BREAKDOWN

PROJECT REQUIREMENTS

- MANDATORY DEVELOPMENT AMENITIES

EFFICIENCY UNITS

CONDITIONED

SECOND FLOOR

FIFTH FLOOR

PENTHOUSE

03-02-2020

FLOOR TOTAL

FLOOR TOTAL

TOTAL

GROSS SF

GROSS SF

GROSS SF

GROSS SF

- 1 - BEDROOM UNITS

- 2 BEDROOM UNITS

- TYPE A

- TYPE B

- UNIT #1

- UNIT #2

- UNIT #3

- UNIT #4

- UNIT #5

- UNIT #6

- TOTAL UNIT TYPE BREAKDOWN

- BUILDING

- THIRD FLOOR

- FOURTH FLOOR

- FIFTH FLOOR

- NET SF: INSIDE FACE OF WALL TO INSIDE FACE OF WALL

- TOTAL NON-RESIDENTIAL SF

- 1,576

- 2,353

- 7,552

- 127,780

- HIGH-SPEED Wi-Fi OF 10Mbps DOWNLOAD SPEED OR MORE WITH COVERAGE THROUGHOUT THE CLUBHOUSE AND/OR COMMUNITY BUILDING (1 POINT)

- (X) BUILT-IN (RECESSED INTO THE WALL) SHELVING UNIT (0.5 POINT)

- (XIII) WALK-IN CLOSET IN AT LEAST ONE BEDROOM (0.5 POINT)

- EPA WATERSENSE OR EQUIVALENT QUALIFIED TOILETS IN ALL BATHROOMS (0.5 POINT)

- (XXII) HARD FLOOR SURFACES IN OVER 50% OF UNIT NRA (0.5 POINT)

- (I) COVERED ENTRIES (0.5 POINT)

- (III) MICROWAVE OVENS (0.5 POINT)

- (VI) STORAGE ROOM OR CLOSET, OF APPROXIMATELY 9 SQUARE FEET OR GREATER, SEPARATE FROM AND IN ADDITION TO BEDROOM, ENTRYWAY OR LINEN

- (XVIII) EPA WATERSENSE OR EQUIVALENT QUALIFIED TOILETS IN ALL BATHROOMS (0.5 POINT)

- (XXII) HARD FLOOR SURFACES IN OVER 50% OF UNIT NRA (0.5 POINT)

- (ii) GAZEBO OR COVERED PAVILION w/ SITTING AREA (SEATING MUST BE PROVIDED) (1 POINT)

- (II) FURNISHED FITNESS CENTER. EQUIPPED WITH A VARIETY OF FITNESS EQUIPMENT (AT LEAST ONE ITEM FOR EVERY 40 UNITS). CHOOSE FROM THE STAIR-CLIMBER, DUMBBELL SET, OR OTHER SIMILAR EQUIPMENT. EQUIPMENT SHALL BE COMMERCIAL USE GRADE OR QUALITY. FITNESS CENTER MUST

- (IV) HORSESHOE PIT; PUTTING GREEN; SHUFFLEBOARD COURT; POOL TABLE; OR PING PONG TABLE IN A DEDICATED LOCATION ACCESSIBLE TO ALL RESIDENTS TO PLAY SUCH GAMES (1 POINT)

- (I) PORTE-COCHERE (1 POINT)

- (V) PORTE-COCHERE (1 POINT)

- (VII) A RESIDENT-RUN COMMUNITY GARDEN WITH ANNUAL SOIL PREPARATION AND MULCH PROVIDED BY THE OWNER AND ACCESS TO WATER (WHICH MAY

- (VIII) COMMUNITY RESOURCES

- (I) COVERED ENTRIES (0.5 POINT)

- (III) MICROWAVE OVENS (0.5 POINT)

- (VI) STORAGE ROOM OR CLOSET, OF APPROXIMATELY 9 SQUARE FEET OR GREATER, SEPARATE FROM AND IN ADDITION TO BEDROOM, ENTRYWAY OR LINEN

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