CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

**THE COMMUNITY DEVELOPMENT TRUST, INC.
AND SUBSIDIARIES**

DECEMBER 31, 2013 AND 2012

THE COMMUNITY DEVELOPMENT TRUST, INC. AND SUBSIDIARIES

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Independent Auditor's Report

To the Board of Directors and Stockholders of
The Community Development Trust, Inc.

We have audited the accompanying consolidated financial statements of The Community Development Trust, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Community Development Trust, Inc and Subsidiaries as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Baltimore, Maryland
May 13, 2014

THE COMMUNITY DEVELOPMENT TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CASH AND CASH EQUIVALENTS	$ 6,353,145	$ 14,882,564
RESTRICTED CASH	3,226,396	3,008,977
REAL ESTATE, NET OF ACCUMULATED DEPRECIATION	27,179,353	27,691,037
INVESTMENTS IN REAL ESTATE JOINT VENTURES, NET	30,556,917	27,543,416
SUBORDINATE MORTGAGE LOANS, NET	32,482,213	31,006,179
MORTGAGE LOANS, NET	41,192,009	62,174,313
PREPAID EXPENSES AND OTHER ASSETS	2,084,210	1,697,759
TOTAL ASSETS	$ 143,074,243	$ 168,004,245
LIABILITIES AND EQUITY		
LIABILITIES		
Mortgages payable	$ 21,400,652	$ 22,178,394
Loans payable	34,891,681	58,713,211
Accounts payable and other liabilities	3,624,137	2,944,315
Refundable loan fees	102,434	324,685
Deferred income	1,295,391	1,808,384
Investment in real estate joint venture in excess of basis	1,894,342	2,171,973
Total liabilities	63,208,637	88,140,962
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Company stockholders' equity		
Preferred stock, par value $0.01 per share; 10,000,000 shares authorized; 1,324,500 issued and outstanding; aggregate liquidation preference - Cumulative Convertible Preferred Stock, Series A, $64,000,000; Cumulative Redeemable Preferred Stock, Series B, $2,225,000 at December 31, 2013, 1,280,000 issued and outstanding; aggregate liquidation preference - Cumulative Convertible Preferred Stock, Series A, $64,000,000 at December 31, 2012	13,245	12,800
Common stock, par value $0.01 per share		
Class A: 300,000 shares authorized; no shares outstanding	-	-
Class B: 50,000,000 shares authorized; 5,171,883 and 5,163,733 shares issued and outstanding at December 31, 2013 and 2012, respectively	51,719	51,637
Additional paid-in capital	114,141,229	111,931,682
Accumulated deficit	(34,850,816)	(32,528,553)
Total company stockholders' equity	79,355,377	79,467,566
Noncontrolling interests	510,229	395,717
Total equity	79,865,606	79,863,283
TOTAL LIABILITIES AND EQUITY	$ 143,074,243	$ 168,004,245

See accompanying notes to consolidated financial statements.

THE COMMUNITY DEVELOPMENT TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
REVENUES:		
Rental income	$ 8,275,042	$ 8,044,885
Equity in earnings of real estate joint ventures	3,246,110	2,716,290
Interest income - cash and cash equivalents	21,143	27,853
Interest income - mortgage loans	7,183,294	8,661,306
Fees	528,014	888,026
Gain (loss) on sale of investments, net	14,255	2,309,459
Other income	638,300	445,252
Total revenues	19,906,158	23,093,071
INVESTMENT EXPENSES:		
Property operating expenses	3,113,257	2,992,538
Mortgage interest	1,238,465	1,311,222
Taxes and insurance	1,405,074	1,290,696
Depreciation and amortization	1,389,410	1,296,414
Impairment loss - mortgage loans	-	50,755
Other financing and investment expenses	1,475,443	2,803,178
Total investment expenses	8,621,649	9,744,803
GENERAL AND ADMINISTRATIVE:		
Salary and salary related	5,228,890	4,505,592
Other general and administrative expenses	1,930,926	1,660,450
Total general and administrative expenses	7,159,816	6,166,042
CONSOLIDATED NET INCOME	4,124,693	7,182,226
LESS: NET INCOME APPLICABLE TO NONCONTROLLING INTERESTS	181,205	242,516
NET INCOME APPLICABLE TO THE COMPANY	3,943,488	6,939,710
PREFERRED STOCK DIVIDEND	(2,737,510)	(2,720,000)
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,205,978	$ 4,219,710
NET INCOME PER COMMON SHARE:		
Basic	$ 0.23	$ 0.82
Diluted	$ 0.23	$ 0.77
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
Basic	5,169,489	5,170,728
Diluted	5,169,947	9,013,470

See accompanying notes to consolidated financial statements.

THE COMMUNITY DEVELOPMENT TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Company Equity	Noncontrolling Interests	Total Equity
BALANCE - DECEMBER 31, 2011	$ 12,800	$ 51,768	$ 112,088,553	$ (32,928,946)	$ 79,224,175	$ 267,097	$ 79,491,272
Exercise of stock options	-	194	216,075	-	216,269	-	216,269
Amortization of deferred compensation	-	-	3,417	-	3,417	-	3,417
Repurchase and retirement of stock	-	(325)	(325,304)	(302,028)	(627,657)	-	(627,657)
Purchase of noncontrolling interest	-	-	(51,059)	-	(51,059)	(27,441)	(78,500)
Common dividends and distributions declared ($0.68 per share)	-	-	-	(3,517,289)	(3,517,289)	(311)	(3,517,600)
Distributions allocable to noncontrolling interests						(86,144)	(86,144)
Preferred dividends	-	-	-	(2,720,000)	(2,720,000)	-	(2,720,000)
Net income	-	-	-	6,939,710	6,939,710	242,516	7,182,226
BALANCE - DECEMBER 31, 2012	12,800	51,637	111,931,682	(32,528,553)	79,467,566	395,717	79,863,283
Issuance of preferred stock	445	-	2,224,555	-	2,225,000	-	2,225,000
Grants of restricted stock	-	103	(103)	-	-	-	-
Amortization of deferred compensation	-	-	49,271	-	49,271	-	49,271
Repurchase and retirement of stock	-	(21)	(21,497)	(20,122)	(41,640)	-	(41,640)
Purchase of noncontrolling interest	-	-	(42,679)	-	(42,679)	(19,821)	(62,500)
Common dividends and distributions declared ($0.68 per share)	-	-	-	(3,508,119)	(3,508,119)	(311)	(3,508,430)
Distributions allocable to noncontrolling interests	-	-	-	-	-	(46,561)	(46,561)
Preferred dividends	-	-	-	(2,737,510)	(2,737,510)	-	(2,737,510)
Net income	-	-	-	3,943,488	3,943,488	181,205	4,124,693
BALANCE - DECEMBER 31, 2013	$ 13,245	$ 51,719	$ 114,141,229	$ (34,850,816)	$ 79,355,377	$ 510,229	$ 79,865,606

See accompanying notes to consolidated financial statements.

THE COMMUNITY DEVELOPMENT TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	$ 4,124,693	$ 7,182,226
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	1,389,410	1,296,414
Impairment loss - mortgage loans	-	50,755
Gain on sale of investments, net	(14,255)	(2,309,459)
Amortization of premium on investment securities	-	13,498
Income from investments in real estate joint ventures	(3,246,110)	(2,716,290)
Deferred compensation amortization	49,271	3,417
Premium amortization, net	194,785	175,125
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses and other assets	(160,078)	1,214,109
(Decrease) increase in deferred income	(512,993)	137,538
(Decrease) increase in refundable loan fees	(222,251)	96,235
Increase (decrease) in accounts payable and other liabilities	679,822	(255,705)
Net cash provided by operating activities	2,282,294	4,887,863
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits to restricted cash	(217,419)	(85,576)
Sale of investments	-	2,000,000
Investment in real estate joint ventures	(8,384,206)	(6,883,702)
Purchase of real estate	(877,726)	(1,665,532)
Proceeds from sale of real estate investments	291,194	4,433,679
Distributions from real estate joint ventures	7,835,871	4,078,086
Repayment of loan participations	-	4,000,000
Decrease in mortgage loans	8,830,070	6,731,178
Principal payments received on mortgage loans	10,481,416	8,800,738
Purchase of noncontrolling interests	(62,500)	(78,500)
Net cash provided by investing activities	17,896,700	21,330,371
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgages payable	(777,742)	(731,036)
Distributions to noncontrolling interests	(46,872)	(86,455)
Borrowing on secured revolving credit facility	25,500,000	4,000,000
Repayment on secured revolving credit facility	(25,500,000)	(14,000,000)
Proceeds from loans payable	28,437,875	1,453,806
Repayment of loans payable	(52,259,405)	-
Proceeds from issuance of preferred stock	2,225,000	-
Repurchase of common stock	(41,640)	(627,657)
Proceeds from exercise of stock options	-	216,269
Preferred stock dividend	(2,737,510)	(2,720,000)
Common dividends paid	(3,508,119)	(3,517,300)
Net cash used in financing activities	(28,708,413)	(16,012,373)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,529,419)	10,205,861
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	14,882,564	4,676,703
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,353,145	$ 14,882,564
SUPPLEMENTAL FINANCIAL INFORMATION:		
Interest paid	$ 1,238,465	$ 1,311,222

See accompanying notes to consolidated financial statements.

1. FORMATION AND DESCRIPTION OF THE COMPANY

The Community Development Trust, Inc. (the "Company"), a Maryland corporation, was incorporated on August 17, 1998 and operates as a self-managed real estate company that has elected to be taxed as a real estate investment trust (a "REIT") for U.S. Federal income tax purposes. The Company's principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently simultaneously syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

The Company maintains an operating partnership, The Community Development Trust, LP (the "Operating Partnership"), to serve as the vehicle for the consolidation of ownership and control of the Company's assets and operations. The Company is the sole general partner of the Operating Partnership and, at December 31, 2013, owned over 99% of its partnership units together with The Community Development Trust I, Inc. ("CDT I, Inc."), a wholly-owned subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation **-** Included in the Company's financial statements are the accounts of the Operating Partnership and CDT I, Inc. and also included their wholly-owned and majority-owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation. The Company consolidates those entities in which it has control over significant operating, financial, and investing decisions of the entity.

The Company has concluded that none of its unconsolidated real estate partnerships are variable interest entities and therefore, do not require consolidation.

Noncontrolling Interests **-** In the accounting for noncontrolling interests in its consolidated financial statements, the Company clearly identifies, labels and presents ownership interests in subsidiaries held by parties other than the parent in the consolidated balance sheets within equity, but separate from the parent's equity; the amount of consolidated net income attributable to the parent and to the noncontrolling interests are clearly identified and presented on the face of the consolidated statements of income; changes in the parent's ownership interest while the parent retains its controlling financial interest in its subsidiary are accounted for consistently; and sufficient disclosures is provided that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners.

Use of Estimates **-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those results.

Revenue Recognition **-** The accompanying financial statements are prepared on the accrual basis of accounting. Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. Interest income on investments is reported as earned. Premiums or discounts on acquired mortgage loans are amortized into interest income using the effective interest method.

When the Company receives an award from the U.S. Department of Treasury's CDFI ("Community Development Financial Institutions") Fund, the amount is deferred until earned. Revenue is recognized as the performance goals of the grant are satisfied. The Company has received several awards from the CDFI Fund and has periodic reporting requirements regarding the awards to the CDFI Fund.

Cash and Cash Equivalents **-** The Company considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents. The carrying amount of cash on hand and money market funds is considered to be a reasonable estimate of fair market value.

Restricted Cash **-** Pursuant to the terms of various loan and regulatory agreements, the Company is required to escrow funds for the payment of property taxes and insurance as well as required replacement reserves.

Short-Term Investments **-** The Company periodically invests its excess cash in interest-bearing time deposits with financial institutions with original maturities greater than three months and remaining maturities less than one year. The deposits are carried at cost which is considered to be a reasonable estimate of fair market value. Short-term investments are included in prepaid expenses and other assets on the consolidated balance sheets.

Investments **-** The Company classifies securities with a stated maturity which it intends to hold to maturity as "held-to-maturity," and records such securities at amortized cost. Securities which do not have stated maturities or which the Company does not intend to hold to maturity are classified as "available-for-sale" and recorded at fair value. Unrealized gains and losses on these investments are reported as a separate component of accumulated other comprehensive income. The Company has not invested in trading securities.

Federal Home Loan Bank of New York ("FHLBNY") Stock **-** In January 2013, the Company became a member of the FHLBNY. Members are required to own a certain amount of stock based on specific percentages of its outstanding mortgages, the level of borrowings, and other factors. The investment in FHLBNY stock is carried at cost, classified as a restricted security, and is included in prepaid expenses and other assets on the consolidated balance sheets. Both cash and stock dividends are reported as income.

Mortgage Costs **-** Mortgage costs incurred in connection with the permanent financing of real estate investments are included in prepaid expenses and other assets on the consolidated balance sheets. Mortgage costs totaling $380,152 as of December 31, 2013 and 2012 are being amortized over the terms of the related mortgages using the effective interest method. As of December 31, 2013 and 2012, accumulated amortization totaled $329,748 and $305,431, respectively. Amortization for the next five years subsequent and thereafter is as follows:

	Amount
2014	$ 22,781
2015	12,198
2016	6,868
2017	3,067
2018	2,814
Thereafter	2,676
	$ 50,404

Mortgage Loans **-** Loans held for long-term investment are recorded at cost at the date of purchase or origination. Premiums and discounts related to these loans are amortized into interest income over their estimated lives using the effective interest method. Direct costs associated with acquiring mortgage loans are deferred and amortized into interest income over the life of the loan. Fees received by the Company in connection with its management of loan syndications are recognized when the syndication is complete. Prior to syndication, these fees are recorded as deferred income on the consolidated balance sheets. An amount equal to the pro rata portion of the loan retained by the Company is deferred and amortized into interest income over the life of the loan.

When the Company invests in mortgage loans, the majority of which are temporarily held pending syndication to institutional investors, the amount is recorded in Mortgage Loans on the consolidated balance sheets. Once the loans are syndicated, the subordinated interests in mortgage loans that the Company retains after the syndication of senior interests to the institutional investor are recorded in Subordinate Mortgage Loans on the consolidated balance sheets.

The Company recognizes impairment on loans when it is probable that the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. The Company measures impairment based on the present value of expected future cash flows discounted at the loan’s effective interest rate or the fair value of the collateral.

If a loan is in default, management will assess the ultimate collectibility of principal and interest on the loan. If it is probable that the Company will not be able to collect any amount due according to the contractual terms of the loan, it will stop accruing interest income on the loan. While on nonaccrual status, based on the Company’s judgment as to collectibility of principal, loans are either accounted for on a cash basis, where interest income is recognized only upon actual receipt of cash, or on a cost recovery basis, where all cash receipts reduce a loan’s carrying value. The Company resumes accruing interest when the loan becomes contractually current.

The Company modifies loans to maximize recovery efforts. If the borrower is experiencing financial difficulty and a concession is granted, the Company considers such modifications as a troubled debt restructuring and classifies those loans as either nonaccrual loans or renegotiated loans. The type of concession that the Company may grant include principal deferrals and interest rate concessions, but may also include other type of concessions. The Company accrues interest on a renegotiated loan provided that a credit assessment of the borrower’s financial condition results in an expectation of full repayment under the modified contractual terms.

Mortgage Servicing Rights **-** Mortgage servicing rights (“MSRs”) are recognized as a distinct asset or liability when contractually separated from the underlying assets by sale or securitization of the assets with servicing retained. MSRs are included in prepaid expenses and other assets on the consolidated balance sheets. MSRs are capitalized at their allocated carrying value and are amortized in proportion to, and over the period of, estimated future net servicing revenue. MSRs are measured by allocating the carrying value of loans between the assets sold and interest retained, based upon the relative estimated fair value at date of sale.

The Company assesses impairment of MSRs based on the estimated fair value of servicing rights. Fair value is estimated using discounted cash flows of servicing revenue less servicing costs taking into consideration estimates of prepayment as applied to the underlying loan type, note rate, and term. Impairment is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. If it is later determined that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. Changes in the valuation allowance are reported in Fees on the consolidated statements of operations.

Fees earned for servicing mortgage loans are reported as income when the payments are received.

Real Estate **-** Buildings are stated at cost, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives, which range from twenty to forty years. Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives, which range from three to five years except for leasehold improvements, which are amortized over the shorter of the useful life of the assets or the lease period. Ordinary repairs and maintenance that do not extend the life of the asset are expensed as incurred.

Management evaluates its real estate assets for possible impairment whenever there is an event or change in circumstances that indicates an impairment in value. If the property's estimated cash flows on an undiscounted basis are less than its carrying value, it would be determined to be impaired and written down to its estimated fair value. Fair value is defined as the amount for which the asset could be bought or sold in a current transaction, that is, other than a forced or liquidation sale.

Investments in Real Estate Joint Ventures **-** Investments in real estate joint ventures, over which the Company exercises significant influence but not control, are accounted for under the equity method. The Company records its initial investment at cost, recognizes its share of each joint venture's income or loss, increases its investment for capital contributions, and reduces its investment balance by any distributions received.

Cash distributions that the Company receives in excess of the carrying amount of its investment are recorded as Other Income (if certain criteria are met), and the equity method of accounting is suspended. The Company would record future equity method earnings only after its share of cumulative earnings during the suspended period exceeds the income recognized for the excess cash distributions.

For changes in ownership interest that result in the loss of control of a subsidiary, the Company deconsolidates the subsidiary and accounts for the investment under the equity method of accounting prospectively. When the basis in the subsidiary as of the date of the deconsolidation is negative, it is presented as a single line item in the liability section of the consolidated balance sheets under the caption, "Investment in real estate joint venture in excess of basis."

The Company's investments in real estate joint ventures are periodically reviewed for impairment. The Company records an impairment charge when events or circumstances change indicating that a decline in fair value below carrying value has occurred and such decline is other than temporary.

Accounts Receivable and Bad Debts **-** Tenant receivables are accounted under the method used by the Company's real estate partnerships and are included in prepaid expenses and other assets on the consolidated balance sheets. Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management or are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. U.S. GAAP requires that the allowance method be used to recognize bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Refundable Loan Fees **-** In connection with the Company's forward fixed-rate commitment program, refundable loan fees are collected in advance. Unearned fees are included in refundable loan fees on the consolidated balance sheets.

Acquisition Costs **-** Preacquisition costs related to specific investments in mortgage loans, which are considered probable for acquisition, are deferred and included in prepaid expenses and other assets. If the investment is acquired, the costs are reclassified to the appropriate mortgage loan category and amortized over the life of the mortgage.

Acquisition-related costs (e.g., advisory, legal, accounting, valuation, and other professional or consulting fees) for equity transactions completed are expensed in the periods in which the costs are incurred and the services received. Costs to issue debt or equity securities and costs incurred in the formation of a joint venture are capitalized and amortized over the estimated useful life of the underlying investment.

Fair Value of Financial Instruments **-** The Company discloses fair value information about financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and the estimated future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. Certain financial instruments and all non-financial instruments are excluded from these disclosure requirements.

For certain of the Company's financial instruments, including accounts receivable, accounts payable, and secured revolving credit facility, the carrying amounts approximate fair value due to their short maturities. For those financial instruments where the carrying amounts differ from fair value, the following table represents the related carrying values and the fair values:

	December 31, 2013		December 31, 2012	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Mortgages Payable (Note 3):				
Cooper Village - First Mortgage	$6,324,302	$5,804,269	$7,241,105	$6,184,766
Cooper Village - Second Mortgage	345,536	285,065	395,627	301,105
Coronado - First Mortgage	6,786,485	6,959,662	7,187,383	7,134,649
Willows - First Mortgage	8,222,970	8,351,656	8,574,276	8,557,874
Mortgage Servicing Rights (Note 6)	279,587	251,961	285,500	284,467
Loans Payable (Note 7):				
Secured Loan Agreement I	-	-	31,761,923	31,588,789
Secured Loan Agreement II	-	-	20,757,109	20,670,616

Stock-Based Compensation **-** The Company accounts for equity-based compensation issued to employees and the Board of Directors pursuant to the Amended and Restated Stock Incentive Plan (the "Stock Incentive Plan") under the fair value method. This method measures compensation cost at the date of grant based on the value of the award and recognizes the cost over the service period, which is usually the vesting period.

The fair value of equity-based compensation awards is based on the estimated fair value of the Company's common stock, as determined by management using a valuation model and approved by the Board of Directors. Fair values of award grants also recognize any ongoing restrictions on the sale of securities. Dividends paid to employees on unvested shares are treated as compensation and expensed.

Income Taxes **-** The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, commencing with the taxable year ended December 31, 1999. As a result, the Company generally is not subject to Federal or State income taxation at the corporate level to the extent it distributes annually at least 90% of its REIT taxable income to its shareholders and satisfies certain other requirements. For the years ended December 31, 2013 and 2012, the Company has met all the REIT requirements, and accordingly, has not made a provision for federal income taxes in the accompanying financial statements.

The Company reviews tax positions taken or expected to be taken in its tax returns for recognition and measurement of assets and liabilities. As of December 31, 2013 and 2012, there were no unrecognized tax benefits. There were no interest and penalties related to unrecognized tax benefits in 2013. The Company does not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase within the next 12 months. The Company files tax returns in U.S. federal and various state and local jurisdictions. The 2010-2012 tax years remain subject to examination by these tax jurisdictions.

Recent Accounting Pronouncements - In April 2011, the FASB issued Accounting Standards Update ("ASU") 2011-02, "Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring" ("ASU 2011-02"). The amendments in ASU 2011-02 clarify the guidance on a creditor's evaluation of whether it has granted a concession. The amendments also clarify the guidance on a creditor's evaluation of whether a debtor is experiencing financial difficulties. For nonpublic companies, the amendments are effective for annual reporting periods ending on or after December 15, 2012. The Company adopted ASU 2011-02, and it does not have a material impact on its financial statements.

In December 2011, the FASB issued ASU 2011-10, "Property, Plant, and Equipment (Topic 360): Derecognition of in Substance Real Estate - a Scope Clarification" ("ASU 2011-10"). ASU 2011-10 clarifies that in order to deconsolidate a subsidiary (that is in substance real estate) as a result of a parent no longer controlling the subsidiary due to a default on the subsidiary's nonrecourse debt, the parent must satisfy the sale criteria in Accounting Standards Codification ("ASC") 360-20, "Property, Plant, and Equipment - Real Estate Sales." For nonpublic companies, ASU 2011-10 is effective for annual reporting periods ending after December 15, 2013. The Company adopted ASU 2011-10, and it does not have a material impact on its financial statements.

In February 2013, the FASB issued ASU 2013-03, "Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities" ("ASU 2013-03"). ASU 2013-03 clarifies that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position, but for which fair value is disclosed. The amendments were effective with the issuance of ASU 2013-03. The Company adopted ASU 2013-03 and updated the disclosure in its financial statements.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). ASU 2014-08 amends the definition of a discontinued operation in ASC 205-20. ASU 2014-08 also expands disclosure requirements for transactions that meet the definition of a discontinued operation and requires entities to disclose information about individually significant components that are disposed of or held for sale and do not qualify as discontinued operations. For nonpublic companies, ASU 2014-08 is effective for annual reporting periods beginning on or after December 15, 2014, and interim periods thereafter. The Company is currently assessing the impact of the adoption of ASU 2014-08.

3. REAL ESTATE AND MORTGAGE LOANS PAYABLE

Real Estate

Real estate investments at December 31, 2013 and 2012, pertaining to the Company's consolidated real estate partnerships are summarized as follows:

	December 31, 2013	December 31, 2012
Land	$ 8,682,000	$ 8,682,000
Buildings and equipment	38,335,006	38,597,885
Total	47,017,006	47,279,885
Accumulated depreciation	(20,306,638)	(20,094,035)
Net real estate investment	$ 26,710,368	$ 27,185,850

Mortgages Payable

Real estate mortgages payable at December 31, 2013 and December 31, 2012, pertaining to the Company's consolidated real estate partnerships is summarized as follows:

Cooper Village **-** The first mortgage loan has an outstanding balance of $5,804,269 and $6,184,766 at December 31, 2013 and 2012, respectively, and bears interest at 7.50%. The second mortgage loan has an outstanding balance of $285,065 and $301,105 at December 31, 2013 and 2012, respectively, and bears interest at 10.00% plus participation in surplus cash as defined in the partnership agreement. Principal and interest on the first and second mortgage loans are payable in monthly installments of $69,288 and $3,786, respectively, through November 1, 2023.

Coronado - The mortgage loan has an outstanding balance of $6,825,282 and $6,942,679 at December 31, 2013 and 2012, respectively, and bears interest at 5.69%. Monthly payments of interest only were required until June 1, 2008, at which time monthly principal and interest payments of $42,903 commenced. The mortgage has an initial maturity date of May 1, 2016. The carrying value of the mortgage loan includes an unamortized premium of $134,380 and $191,970 at December 31, 2013 and 2012, respectively, calculated using an imputed interest rate of 4.63%, which was the Company's estimated long-term borrowing rate upon purchase. Amortization of the premium is reported as a reduction of interest expense on the income statement.

Willows - The mortgage loan has an outstanding balance of $8,320,178 and $8,492,057 at December 31, 2013 and 2012, respectively, and bears interest at 5.24%. Monthly payments of interest only were required beginning January 1, 2005 and extending until January 1, 2007, at which time monthly principal and interest payments of $51,573 commenced. The mortgage has an initial maturity date of December 1, 2014, but the note is extendable for twelve consecutive months after December 1, 2014 under the provisions of the loan documents. The carrying value of the mortgage loan includes an unamortized premium of $31,478 and $65,817 at December 31, 2013 and 2012, respectively, calculated using an imputed interest rate of 4.63%, which was the Company's estimated long-term borrowing rate upon purchase. Amortization of the premium is reported as a reduction of interest expense on the income statement.

The mortgages are secured by the underlying value of the real estate collateral plus amounts on deposit with the respective lenders.

The aggregate annual maturities for the above investments for each of the next five years and thereafter are as follows:

	First Mortgages	Second Mortgage	Total
2014	$ 8,854,565	$ 17,718	$ 8,872,283
2015	573,587	19,574	593,161
2016	7,045,382	21,624	7,067,006
2017	513,138	23,888	537,026
2018	552,974	26,389	579,363
Thereafter	3,410,083	175,872	3,585,955
	$ 20,949,729	$ 285,065	$ 21,234,794

Noncontrolling Interests

During 2012, the Company purchased an additional 3% interest in one of its subsidiaries due to the redemption of a noncontrolling interest for $78,500. During 2013, the Company purchased an additional 2% interest for $62,500.

4. INVESTMENTS IN REAL ESTATE JOINT VENTURES

The following table summarizes the Company's investment in real estate joint ventures at December 31, 2013 and 2012:

Name of Investment/(# of Units)	Year Acquired	% Interest/ Type	Equity in Net Assets at December 31, 2013	Equity in Net Income/(Loss) Year Ended December 31, 2013	Equity in Net Assets at December 31, 2012	Equity in Net Income/(Loss) Year Ended December 31, 2012
Summerfield Townhouses (396)	2000	80.0%/LP	$ -	$ -	$ -	$ -
NY Emerging Neighborhood[1]	2000	3.42%/LP	-	-	276,939	-
Opa Locka Apartments (506)	2004	0.009%/GP	2,983,267	127,519	2,855,748	65,349
Amy Lowell House (151)	2004	95.0%/LP	4,106,538	314,449	4,131,592	307,277
Cambridge Landing Apartments (400)[2]	2005	85.0%/LP	-	-	-	298,650
Bella Vista Apartments (420)[3]	2005	90.0%/LP	-	-	-	-
Copper Mill Apartments (234)	2006	85.0%/LP	731,697	218,096	654,290	(65,824)
Hathaway Farms (207)	2006	90.0%/LP	2,494,577	361,408	2,593,352	291,692
CDT SP Alabama (156)	2006	90.0%/LP	20,214	(179,126)	199,633	(151,309)
Travis Park Apartments (199)	2007	0.0%/[4]	2,114,429	-	2,114,429	168,460
North Hill Place (80)	2008	90.0%/LP	156,541 [5]	106,209	1,080,153	129,653
Garden Gate Portfolio (480)	2008	90.0%/LP	3,367,367	69,938	3,663,429	(105,710)
Cornerstone Apartments (121)	2008	80.0%/LP	594,719	69,331	616,797	27,354
Arbor Grove (214)	2010	90.0%/LP	168,293 [6]	221,686	3,429,708	362,549
Cushing Residence (150)	2012	89.99%/LP	1,613,444	120,609	1,604,133	(424,261)
Pleasant View Apartments (60)	2012	80%/LP	605,644	(34,671)	348,944	(141,364)
Steinbeck Commons (100)	2012	80%/LP	1,763,292	(135,977)	1,899,269	(140,731)
Santa Ana Towers (200)	2012	35%/LP	2,198,818	249,000	2,075,000	-
Ocean Towers (360)	2013	90.0%/LP	7,638,077	(454,758)	-	-
Investment in real estate joint ventures, net			$ 30,556,917	$ 1,053,713	$ 27,543,416	$ 621,785
Investment in real estate joint venture in excess of basis						
Neptune Lynn Apartments (334)	2002	95.0%/LP	(1,894,342)	2,192,397	(2,171,973)	2,094,505
Total			$ 28,662,575	$ 3,246,110	$ 25,371,443	$ 2,716,290

(1)***New York Emerging Neighborhood*** - In December 2013, the Company received proceeds related to the redemption of its limited partnership interest in The New York Emerging Neighborhood Fund, LP.

(2)***Cambridge Landing Apartments*** - The disposition of the Company's LP interest in this property occurred in October 2012.

(3)***Bella Vista Apartments*** - At December 31, 2010, the Company determined that its investment in this real estate partnership was permanently impaired. An impairment loss of $558,402 was recorded as of December 31, 2010. As a result, equity in losses are no longer being recorded for this investment.

(4)***Travis Park Apartments*** - In June 2007, AH Equity LP, a subsidiary of the Company, made a mezzanine loan to Travis Park Holdings LP in the amount of $2,100,000. AH Equity LP has also entered into an Agreement to Admit Partner ("Admission Agreement") with Travis Park Holdings LP that allows AH Equity LP to convert its mezzanine loan into an equity investment and to be admitted as a limited partner with an approximate 77.5% ownership interest in Travis Park Holdings LP upon the partnership meeting certain conditions.

(5)***North Hill Place*** - In September 2013, the mortgage loan for North Hill Place was refinanced. In October 2013, the Company received a distribution of $923,349 from this transaction and reduced its investment balance by this amount.

(6)***Arbor Grove*** - In September 2013, two mortgage loans were refinanced. The Company received distributions totaling $2,942,608 from these transactions and reduced its investment balance by this amount.

The Company's share of net earnings from its investments in real estate joint ventures at the Company level include $690,967 and $541,086 from fees and interest income for the years ended December 31, 2013 and 2012, respectively. Earnings were reduced by $17,098 and $16,379 for the amortization of acquisition costs for the years ended December 31, 2013 and 2012, respectively. The accounting policies of the limited partnerships are the same as those followed by the Company.

The Company made the following investments in real estate joint ventures during 2012 and 2013:

Cushing Residence - In March 2012, the Company invested in a joint venture, in which it became an approximately 90% limited partner. The joint venture acquired the property, Cushing Residence, a 150-unit, Section 8 property. The Company's investment in this joint venture was $2,028,394.

NY Emerging Neighborhood - In March 2012, the Company invested $147,132 of a total commitment of $250,000 in NY Emerging Neighborhood Fund, LP, a partnership that purchases affordable housing projects in New York City. In December 2012, the Company invested the remaining $102,868 of its $250,000 commitment. In connection with the second amendment to the Partnership Agreement approved and dated December 17, 2012, the General Partner agreed to redeem all of the interests of the Limited Partners effective December 31, 2012. In December 2013, the Company received $291,194, consisting of a preferred return of $41,194 and actual cash invested of $250,000. The remainder of each limited partner's redemption price is payable prior to December 31, 2014.

Pleasant View Apartments - In June 2012, the Company invested in a joint venture, in which it became an 80% limited partner. The joint venture acquired the property, Pleasant View Apartments, a 60-unit, Section 8 property. The Company's investment in this joint venture was $490,308. This property was purchased with an acquisition loan with an 18-month term that is expected to be refinanced with permanent debt. It is expected that the Company's investment will increase to approximately $930,000 upon the completion of the planned refinance and rehabilitation of this property. During 2013, the Company made additional investments totaling $291,371 for capital expenditures.

Steinbeck Commons **-** In October 2012, the Company invested in a joint venture, in which it became an 80% limited partner. The joint venture acquired the property, Steinbeck Commons, a 100-unit age-restricted Section 8 property. The Company's investment in this partnership was $2,040,000. Additionally, the Company made a loan of $8,200,000 to CDT CMI Steinbeck, LP, which owns Steinbeck Commons. The loan had a term of 18 months and an interest rate of 6.5%. The loan required monthly, interest-only payments during its term. In July 2013, CDT CMI Steinbeck, LP refinanced the loan with an outside third party and paid off its loan to the Company.

Santa Ana Towers **-** In December 2012, the Company invested in a joint venture, in which it became a 35% limited partner. The joint venture acquired the property, Santa Ana Towers, a 200-unit age-restricted Section 8 property. The Company's investment in this partnership was $2,075,000.

Ocean Towers **-** In May 2013, the Company invested in a joint venture, in which it became a 90% limited partner. The joint venture acquired the property, Ocean Towers, a 360-unit property in the Coney Island section of Brooklyn, New York. The Company's investment in this partnership was $7,235,542. During the third and fourth quarters of 2013, the Company made additional investments totaling $857,293. It is expected that the Company's investment will increase to approximately $9.2 million upon the completion of the planned refinance and rehabilitation of this property.

In October 2012, the Company sold its 85% limited partnership interest in Cambridge Landing Apartments to the general partner for $4,400,000. The Company recorded a gain on sale of investment of $2,642,287 in the fourth quarter of 2012.

Summarized combined financial information related to the Company's unconsolidated equity investments in the above joint ventures December 31, 2013 and 2012 and for the periods then ended is as follows:

	December 31, 2013	December 31, 2012
Assets	$ 192,350,356	$ 164,188,134
Liabilities	172,262,622	139,775,831
Net assets	$ 20,087,734	$ 24,412,303

	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues	$ 24,948,993	$ 26,635,290
Expenses	21,060,136	23,352,424
Net income	$ 3,888,857	$ 3,282,866

5. SUBORDINATE MORTGAGE LOANS AND MORTGAGE LOANS

The Company's mortgage portfolio consists of two categories of mortgages: 1) subordinated interests in mortgage loans, primarily first mortgage loans, that the Company retains after the syndication of senior interests to long-term investors ("Subordinate Mortgage Loans") and 2) mortgage loans that the Company purchases, the majority of which are temporarily held pending syndication to institutional investors pursuant to purchase commitments ("Mortgage Loans").

The Subordinate Mortgage Loans held by the Company provide credit support to the more senior portion of the underlying mortgages syndicated to investors. Cash flow from the underlying mortgages generally is allocated first to the senior portion held by the long-term investor, with any remaining cash flow allocated to the Company. To the extent there are defaults and unrecoverable losses on the underlying mortgages, resulting in reduced cash flows, the Company's first loss exposure falls under one of two categories. For mortgages that are syndicated on a cross-collateralized basis in pools, the Company bears a first loss position up to its total interest in each pool. For mortgages syndicated on an individual basis, the Company's first loss position is limited to its subordinate interest in that individual mortgage. At December 31, 2013 and 2012, the percentage of mortgages syndicated in pools was 74.7% and 79.7%, respectively. The syndication agreements with the Company's senior investors are terminable by either party upon notice. However, any commitments made prior to any termination remain in effect, unless due to a default by the Company.

Principal and interest are payable monthly for all loans. All of the mortgage loans in the portfolio are fixed rate. The fair value of the loans in the portfolio approximates its carrying cost. There was one loan in default at December 31, 2013 with an aggregate principal balance of $1,524,466. There were two loans in default at December 31, 2012 with an aggregate principal balance of $1,739,347.

For one of the loans in default at December 31, 2012, the Company believes that it will not be able to collect all amounts according to the contractual terms of the loan and thus recorded a loss on impairment of $50,755 in the fourth quarter of 2012. During the fourth quarter of 2013, the Company negotiated a modification of the terms of the loan with the borrower. Since the borrower was experiencing financial difficulty and a concession was granted, the Company considers such modification as a troubled debt restructuring.

In January 2011, a borrower defaulted on a first mortgage loan with an unpaid principal balance of $3,915,798. The Company believed that it would not be able to collect all amounts according to the contractual terms of the first mortgage. Thus, the Company recorded a loss on impairment of $1,916,631 in the fourth quarter of 2010. In July 2011, the Company increased the first mortgage loan by an additional $229,997 to fund the cost of replacing the property's chiller and boiler system. In February 2012, the borrower marketed the property for sale. In April 2012, the Company decided to pursue the sale of the note and accepted an offer on May 3, 2012 for $1,887,225 with no contingencies. The transaction closed on May 10, 2012, and the Company recognized a loss on the sale of the note of $403,897 in the second quarter of 2012.

The breakdown of the two categories is shown below:

	December 31, 2013	December 31, 2012
Subordinate Mortgage Loans:		
Subordinate Mortgage Loans	$ 32,482,213	$ 31,006,179
Number of Subordinate Mortgage Loans	189	182
Subordinate Mortgage Loans - Weighted Average Yield	13.29 %	13.58 %
Subordinate Mortgage Loans - Weighted Average Life (in years)	9.75	10.33
Senior Portion of Subordinate Mortgage Loans	$ 275,302,030	$ 258,855,315
Mortgage Loans:		
Mortgage Loans	$ 41,192,009	$ 62,174,313
Number of Mortgage Loans	31	33
Mortgage Loans - Weighted Average Contractual Interest Rate	6.58 %	6.50 %
Mortgage Loans - Weighted Average Yield	6.33 %	7.52 %
Mortgage Loans - Weighted Average Life (in years)	10.96	10.68

The components of the carrying value of the Company's mortgage portfolio at December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Principal Balance	$71,784,469	$91,133,684
Unamortized Premium	1,740,851	1,915,734
Unamortized Discount	(322,012)	(345,405)
Capitalized Closing Costs	470,914	476,479
Carrying Value	$73,674,222	$93,180,492

Credit Characteristics **-** As part of the Company's process for monitoring the credit quality of its loans, it performs a quarterly loan portfolio assessment and classifies the loans into four different categories based primarily on the loan's Debt Coverage Ratio (DCR) and vacancy. The Company may also consider other

factors (e.g., balance sheet issues for the borrower; maintenance issues at the underlying property, and defaults on other loans by the borrower) that indicate an increased or decreased potential for default.
At December 31, 2013 and 2012, the Company's recorded investment in loans, presented by class and by credit quality was as follows:

	2013	2012	2013	2012
Grade:				
Pass	$28,272,573	$27,117,889	$36,759,075	$61,477,991
Underperforming/Pass	3,602,704	3,028,550	1,695,720	696,322
Critical	606,936	736,560	1,212,748	-
Default	-	123,180	1,524,466	-
Total	$32,482,213	$31,006,179	$41,192,009	$62,174,313

Pass: DCR at or above 1.05.
Underperforming/Pass: DCR below 1.05, but other factors limit potential for default.
Critical: DCR below 0.50 and/or other factors indicate increased potential for default and loss.
Default: Loan has defaulted or other factors make default probable.

The Company considers a loan to be delinquent when the debt service payment is 11 to 30 days late. If the debt service payment is more than 30 days late, the loan is considered to be in default. At December 31, 2013 and 2012, the Company's recorded investment in loans, aged by payment status and presented by class, is as follows:

	Current	Less Than and Equal to 30 Days	Greater Than 30 Days	Total Past Due	Total
December 31, 2013					
Subordinate Mortgage Loans	$32,482,213	$ -	$ -	$ -	$32,482,213
Mortgage Loans	39,667,543	-	1,524,466	1,524,466	41,192,009
Total	$72,149,756	$ -	$1,524,466	$1,524,466	$73,674,222
December 31, 2012					
Subordinate Mortgage Loans	$30,882,999	$ -	$123,180	$123,180	$31,006,179
Mortgage Loans	62,174,313	-	-	-	62,174,313
Total	$93,057,312	$ -	$123,180	$123,180	$93,180,492

At December 31, 2013 and 2012, there were no loans in the mortgage portfolio past due ninety days or more and still accruing interest.

Impaired Loans **-** The Company's recorded investment in impaired loans, presented by class, are as follows:

	December 31, 2013		December 31, 2012	
	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance
With no related allowance recorded:				
Subordinate Mortgage Loans	$ -	$ -	$ 76,924	$ 127,679
Mortgage Loans	649,153	699,908	-	-
Total	$ 649,153	$ 699,908	$ 76,924	$ 127,679

The Company's average recorded investment in impaired loans and interest income recognized, presented by class, are as follows:

	For the Years Ended December 31,			
	2013		2012	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:				
Subordinate Mortgage Loans	$ 38,462	$ -	$ 38,462	$ -
Mortgage Loans	324,577	-	1,114,582	-
Total	$ 363,039	$ -	$ 1,153,044	$ -

Troubled Debt Restructurings **-** The table below summarizes the Company's loan modification activities that were considered troubled debt restructuring, presented by class, for the year ended December 31, 2013 (there was no activity for the year ended December 31, 2012):

		Recorded Investment		Financial Effects of Modification	
	Number	Pre-Modification	Post-Modification	Recorded Investment[1]	Interest[2]
Mortgage Loans					
Interest rate reduction	1	$ 1,226,030	$ 649,153	$ (576,877)	$ (50,755)

[1]Represents principal payment reduction.

[2]Represents the present value of interest rate concessions discounted at the effective rate of the original loan.

6. MORTGAGE SERVICING RIGHTS

Under Fannie Mae's Direct Lending Program, the Company originates loans whereby a mortgage-backed securities (MBS) investor funds 100% of the loan, with servicing rights retained by the Company. The principal balance of loans serviced at December 31, 2013 and 2012 was $10,638,270 and $10,820,022, respectively. The following table presents activity in MSRs for the years ended December 31, 2013 and 2012:

	For the Years Ended December 31,	
	2013	**2012**
Balance at beginning of period	$ 284,467	$ -
Mortgage Servicing Rights, originated loans	-	295,067
Amortization	(32,506)	(10,600)
Balance at end of period	$ 251,961	$ 284,467

The estimated fair value of MSRs, net at December 31, 2013 and 2012 is $279,587 and $285,500, respectively, determined using a discounted future cash flow technique. The fair value estimate at December 31, 2013 and 2012 used an average discount rate of 14.1%.

Amortization expense for the years ended December 31, 2013 and 2012 was $32,506 and $10,600, respectively, and was netted against servicing fee income. Amortization expense for the next five years subsequent and thereafter is as follows:

	Amount
2014	$ 31,943
2015	31,355
2016	30,828
2017	30,103
2018	29,433
Thereafter	98,299
	$ 251,961

The Company earns a servicing fee ranging from 70 to 79 basis points on the outstanding principal balances of the loans. The Company remits 12.5 to 37.5 basis points to the subservicer. Servicing fee income, net for the years ended December 31, 2013 and 2012 was $29,321 and $10,893, respectively, and was included in Fees on the consolidated statements of operations.

7. LOANS PAYABLE

Unsecured Loans - On November 1, 2010, the Operating Partnership signed a ten-year unsecured loan agreement in the amount of $5,000,000 with a fixed interest rate of 4.0% (the "Unsecured Loan Agreement "). Under the terms of the Unsecured Loan Agreement, the Operating Partnership has the right to draw down the loan in two installments for up to one year. On September 30, 2011, the Operating Partnership drew down the full amount under the Unsecured Loan Agreement. The Operating Partnership used the loan proceeds to finance the purchase of multifamily affordable housing loans. The Unsecured Loan Agreement contains financial covenants which require the maintenance of certain financial ratios. The Operating Partnership has been in compliance with the financial covenants since the inception of the Unsecured Loan Agreement. The Company provides a guarantee to the lender on behalf of the Operating Partnership (its subsidiary) related to the loan amount. The first payment of principal in the amount of $2,500,000 will be made on November 1, 2019, and the balance will be paid on November 1, 2020. At December 31, 2013 and 2012, the outstanding balance was $5,000,000. A fair value cannot be determined for the loan since it was made for Community Reinvestment Act ("CRA") purposes. For the years ended December 31, 2013 and 2012, interest expense was $200,000 and $200,548, respectively.

In August 2012, the Company was notified that it was awarded $1,453,806 from the CDFI Fund. This was a matching fund award and was structured as a promissory note. On November 29, 2012, the Operating Partnership signed a ten-year unsecured note with a fixed interest rate of 4.0%. The Operating Partnership will use the loan proceeds to finance the purchase of multifamily affordable loans. The agreement contains covenants that require periodically reporting regarding the award to the CDFI Fund. The Company has been in compliance with these financial covenants since the inception of the agreement. The first payment of principal in the amount of $726,903 will be made on November 1, 2021, and the balance will be paid on November 1, 2022. At December 31, 2013 and 2012, the outstanding balance was $1,453,806. A fair value cannot be determined for the note since it was made for CRA purposes. For the years ended December 31, 2013 and 2012, interest expense was $58,152 and $1,777, respectively.

***Secured Loans* -** On September 30, 2011, the Operating Partnership signed a three-year secured loan agreement in an amount up to $52,000,000 with a fixed interest rate of 4.5% to finance the purchase of multifamily affordable housing loans (the "Secured Loan Agreement I"). Under the terms of the Secured Loan Agreement I, the Operating Partnership had the right to draw down the loan in two or more installments during the term of the loan. The amount borrowed was secured by the mortgage loans purchased by the Operating Partnership. The Company also provided a guarantee to the lender on behalf of the Operating Partnership (its subsidiary) of up to $5,370,094. On September 30, 2011, the Operating Partnership initially drew down $21,452,489. On December 1, 2011, the Operating Partnership drew down an additional $10,136,300. In January 2013, the Company made a repayment of the loan in the amount of $21,933,746. In June 2013, the Company repaid the balance of the loan. At December 31, 2013 and 2012, the outstanding balance was $0 and $31,588,789, respectively. The Secured Loan Agreement I required the Operating Partnership and the Company to comply with various financial covenants (as defined in the Secured Loan Agreement I). The Operating Partnership and Company were in compliance with these financial covenants throughout the term of the Secured Loan Agreement I. For the years ended December 31, 2013 and 2012, interest expense was $243,296 and $1,449,136, respectively.

On November 17, 2011, the Operating Partnership borrowed $20,670,616, under a three-year secured loan agreement with a fixed interest rate of 4.5%, to finance the purchase of multifamily affordable housing loans (the "Secured Loan Agreement II"). The Operating Partnership paid a commitment fee of $75,000 to the lender at the time of closing. The amount borrowed was secured by the mortgage loans purchased by the Operating Partnership. The Company also provided a guarantee to the lender on behalf of the Operating Partnership (its subsidiary) in an amount that is the lesser of $3,000,000 or the amount outstanding under the loan. In July 2013, the Company repaid the loan. At December 31, 2013 and 2012, the outstanding balance was $0 and $20,670,616, respectively. The Secured Loan Agreement II required the Company to comply with various financial covenants (as defined in the Secured Loan Agreement II). The Company was in compliance with these financial covenants throughout the term of the Secured Loan Agreement II. For the years ended December 31, 2013 and 2012, interest expense was $528,270 and $935,275, respectively.

On June 26, 2013, the Operating Partnership signed a secured loan agreement in an amount up to $30,000,000 to refinance loan facilities which were used to purchase multifamily affordable housing loans (the "Secured Loan Agreement III"). The loan commitment amount was subsequently reduced to $28,437,875. The loan is at a variable rate of interest at One Month LIBOR plus 2.00% (2.17% at December 31, 2013). The loan has a maturity date of June 30, 2014, but payment of all principal is not due until the Expiration Date (as defined in the Secured Loan Agreement III) of June 30, 2016. Under the terms of the Secured Loan Agreement III, the Operating Partnership has the right to draw down the loan in up to three installments during the term of the loan. On June 26, 2013, the Operating Partnership initially drew down $8,826,568. On July 18, 2013, the Operating Partnership drew down an additional $9,658,726 , and on August 1, 2013, the Operating Partnership drew down an additional $9,952,581. The amount borrowed is secured by the mortgage loans refinanced by the Operating Partnership (the carrying amount of the Mortgage Loans is $27,519,084 at December 31, 2013). The Company also provides a guarantee to the lender on behalf of the Operating Partnership (its subsidiary) of $4,265,681. The Secured Loan Agreement III requires the Company to comply with various financial covenants (as defined in the Secured Loan Agreement III). The Company has been in compliance with these financial covenants since the inception of the Secured Loan Agreement III. Beginning January 1, 2014, principal reductions in the amount of $250,000 will be made on a semi-annual basis. Additionally, if the Operating Partnership receives a full or partial prepayment of principal with respect to the underlying mortgage loans, the Operating Partnership shall make a principal reduction in the amount of such mortgage loan principal prepayment. At December 31, 2013, the outstanding balance was $28,437,875. The carrying value of the loan is a reasonable estimate of fair value because it is a variable rate loan that reprices frequently and does not have significant credit risk since it is secured. For the year ended December 31, 2013, interest expense was $292,292.

8. SECURED REVOLVING CREDIT FACILITY

On April 8, 2011, the Operating Partnership signed a credit facility in the amount of $15,000,000 (the "Facility"). The Facility had a maturity date of April 7, 2012 and was extended to April 7, 2013. With the approval of the lender in April 2013, the Operating Partnership extended the Facility to April 7, 2014. Under the latest extension, borrowings bear interest at the overnight LIBOR rate plus 2.00% (2.08% at December 31, 2013). Previously, the borrowings bore interest at the overnight LIBOR rate plus 2.25%. The Facility is secured by the Operating Partnership's interest in CDT Mortgage, LLC, a wholly-owned subsidiary, which holds the Operating Partnership's subordinate interests in mortgage loans that have been syndicated with an institutional investor (the carrying value of the Subordinated Mortgage Loans is $21,038,473 at December 31, 2013). The Company also provides a guarantee to the lender on behalf of the Operating Partnership (its subsidiary) related to the loan amount. Under the terms of the Facility, the Operating Partnership is required to comply with certain financial covenants (as defined in the Facility). The Operating Partnership has been in compliance with the financial covenants since the inception of the Facility. At December 31, 2013 and 2012, the outstanding balance under the Facility was $0. The carrying value is a reasonable estimate of fair value due to the short-term maturity of the Facility. For the years ended December 31, 2013 and 2012, interest expense was $38,167 and $43,261, respectively.

9. STOCKHOLDERS' EQUITY

Preferred Stock **-** The Company's 4.25% Cumulative Perpetual Convertible Preferred, Series A, par value $0.01 per share ("Series A Preferred Stock") is convertible into Class B Common Stock ("Common Stock") at the option of the holder on and after November 16, 2011 (the "Conversion Date"), initially at a conversion rate of 3.0 shares of Common Stock per one share of Preferred Stock. Cash dividends on the Series A Preferred Stock are cumulative at the annual rate of 4.25% of the liquidation preference (or $2.125 per share per year), payable quarterly upon declaration by the Company's Board of Directors. On or after the Conversion Date, the Company may redeem the Series A Preferred Stock for cash in the amount of $50.00 per share plus any accumulated and unpaid dividends to the redemption date.

On September 11, 2013, the Company had its initial closing on its 5.00% Cumulative Redeemable Preferred Shares, Series B, par value $0.01 ("Series B Redeemable Preferred Shares") at an offering price (and initial liquidation preference) of $50.00 per share. At the initial closing, there were commitments from investors for $23,000,000. At the closing, the Company drew down 5% of the commitments ($1,150,000 representing 23,000 shares issued). In the fourth quarter of 2013, the Company had additional closings. At these closings, there were additional commitments from investors for $21,500,000, and the Company drew down 5% of the commitments ($1,075,000 representing 21,500 shares issued). If, as of August 15, 2014, all of the Series B Redeemable Shares subscribed for in connection with the offering have not been issued by the Company, the closing for the issuance of the remaining shares will occur on September 30, 2014.

Cash dividends on the Series B Redeemable Preferred Shares are cumulative at the annual rate of 5.00% of the liquidation preference (or $2.50 per share per year), payable quarterly upon declaration by the Company's Board of Directors. On or after the August 1, 2023 ("Tenth Anniversary"), the Company may redeem all or some of the Series B Redeemable Preferred Shares for cash in the amount of $50.00 per share plus any accumulated and unpaid dividends to the redemption date. On or after the Tenth Anniversary, any holder of the Series B Redeemable Preferred Shares may require the Company to redeem up to 10% of the number of such holder's Series B Redeemable Preferred Shares originally acquired by it, subject to certain limitations.

Dividends **-** Stockholders are taxed on dividends and must report such dividends as either ordinary income, capital gains, or as return of capital. The Company has not yet filed its federal income tax return for the year ended December 31, 2013. As a result, the taxable composition for 2013 is based on the best available information.

The Company designated the taxable composition of the following cash distributions made to common stockholders in 2012 and 2013:

Common			**Distribution Type**		
Record Date	**Payment Date**	**Distributions Per Share**	**Ordinary Taxable Dividend**	**Return of Capital**	**Long-Term Capital Gain**
3/2/2012	3/7/2012	$0.17	51.81%	48.19%	0.00%
5/15/2012	5/18/2012	0.17	51.81%	48.19%	0.00%
8/21/2012	8/24/2012	0.17	51.81%	48.19%	0.00%
11/13/2012	11/16/2012	0.17	51.81%	48.19%	0.00%
	Total - 2012	$0.68	51.81% (1)	48.19% (1)	0.00% (1)
3/8/2013	3/13/2013	$0.17	9.83%	90.17%	0.00%
5/21/2013	5/24/2013	0.17	9.83%	90.17%	0.00%
8/20/2013	8/23/2013	0.17	9.83%	90.17%	0.00%
11/19/2013	11/22/2013	0.17	9.83%	90.17%	0.00%
	Total - 2013	$0.68	9.83%	90.17%	0.00%

(1) The taxable composition for 2012 was revised to reflect the Company's 2012 federal income tax return.

The Company has made the following distributions to preferred stockholders in 2012 and 2013:

Series A Preferred Stock

Record Date	Payment Date	Distributions Per Share	Distribution Type: Ordinary Taxable Dividend	Return of Capital	Long-Term Capital Gain
2/22/2012	2/29/2012	$0.53125	100.00%	0.00%	0.00%
5/15/2012	5/31/2012	0.53125	100.00%	0.00%	0.00%
8/23/2012	8/31/2012	0.53125	100.00%	0.00%	0.00%
11/13/2012	11/30/2012	0.53125	100.00%	0.00%	0.00%
	Total - 2012	$2.12500	100.00% (1)	0.00% (1)	0.00% (1)
2/15/2013	2/28/2013	$0.53125	100.00%	0.00%	0.00%
5/21/2013	5/31/2013	0.53125	100.00%	0.00%	0.00%
8/20/2013	9/3/2013	0.53125	100.00%	0.00%	0.00%
11/19/2013	12/2/2013	0.53125	100.00%	0.00%	0.00%
	Total - 2013	$2.12500	100.00%	0.00%	0.00%

(1)The taxable composition for 2012 was revised to reflect the Company's 2012 federal income tax return.

Series B Preferred Stock

Record Date	Payment Date	Distributions Per Share	Distribution Type: Ordinary Taxable Dividend	Return of Capital	Long-Term Capital Gain
11/19/2013	12/2/2013	$0.39349 (1)	100.00%	0.00%	0.00%
	Total - 2013	$0.39349	100.00%	0.00%	0.00%

(1)This is an average since the initial dividend was prorated from the date of issuance for each holder.

Dividends on the Series A Preferred Stock and Series B Redeemable Preferred Shares are cumulative and payable quarterly in arrears. As of December 31, 2013 and 2012, accumulated but undeclared dividends on the Series A Preferred Stock were $234,222 (or $0.18 per share), respectively. As of December 31, 2013, accumulated but undeclared dividends on the Series B Redeemable Preferred Shares were $9,580 (or $0.22 per share).

10. RETIREMENT BENEFIT PLANS

The Company has a defined contribution plan (401(k)) for all eligible employees. It is a qualified retirement plan under the Internal Revenue Code. Eligible employees are permitted to make voluntary contributions to the 401(k) plan from the date of employment, and these contributions vest immediately. After one year of service, the Company matches contributions of eligible employees up to 3% of base salary. Additionally, after one year of service, the Company may make a discretionary profit sharing contribution on behalf of eligible employees. These employer contributions vest 20% after two years of service and 100% after three years of service. For the years ended December 31, 2013 and 2012, the Company's contribution to these plans totaled $302,066 and $244,623, respectively.

11. COMPENSATION PLANS

Long-Term Compensation Plan - In accordance with the Company's Long-Term Compensation Plan (the "LTC Plan"), the Company's Board of Directors may award an annual deferred compensation amount to employees. The annual award vests 50% after two years and 100% after three years if the participant remains employed by the Company. Amounts are distributed within 30 days after vesting unless the employee elects otherwise. The employee may elect to have the vested amounts distributed either (1) on separation from service or (2) on the earlier of a specified date or separation from service. Participants receive quarterly cash payments based on the amount in the employee's account multiplied by the Earnings Formula (as defined in the LTC Plan). The Earnings Formula is (1) the amount of the dividend for the calendar quarter divided by (2) the average quarterly stock price for the base year under the LTC Plan. During the first quarter of 2013 and 2012, awards were made under the LTC Plan in the amount of $655,000 and $635,000, respectively. The Company amortizes the awards over the respective vesting periods.

Stock Incentive Plan - In accordance with the Company's Stock Incentive Plan, the Company's Executive and Finance Committee may grant unrestricted stock, restricted stock, and stock options to officers, directors, and other key employees. The Stock Incentive Plan provides for the issuance of up to 1,117,500 shares of Common Stock of the Company. In May 2007, the Company's Board of Directors approved an amendment to the Stock Incentive Plan to provide that all grantees that have been awarded Restricted Stock or a Stock Award (as defined in the Stock Incentive Plan) have a right, on a quarterly basis, to sell to the Company up to 100% of their vested shares so acquired at fair market value. Optionees (as defined in the Stock Incentive Plan) have a right, on a quarterly basis, to sell to the Company up to 100% of their vested shares (that have been issued under the Stock Incentive Plan pursuant to the exercise of an option and have been held for at least six months) at fair market value. Transferees (as defined in the Stock Incentive Plan) have a right, on a quarterly basis, to sell to the Company up to 100% of their vested shares at fair market value. As of December 31, 2013, the total number of shares of stock available for future grants is 451,935.

Unrestricted and Restricted Stock - *Directors may receive annual grants of restricted stock as compensation* for their services. The Directors' restricted stock generally vests equally over a two-year period. The employees' restricted stock generally vests over a three- or four-year period. The Company is amortizing the fair value of these grants over their respective vesting periods.

A summary of the unrestricted and restricted stock activity under the Stock Incentive Plan as of December 31, 2013, and changes during the year ended December 31, 2013 are presented below:

	2013	
	Number of Shares	**Weighted Average Grant Price**
Outstanding at 1/1/2013	71,334	$9.77
Granted	10,321	$15.34
Repurchased by Company	(1,871)	$9.73
Forfeited/Transferred	-	-
Outstanding at 12/31/2013	79,784	$10.49

Restricted shares were granted during 2013 at a weighted average price of $15.34. There were no restricted shares granted during 2012. The total fair value of restricted stock vested during the years ended December 31, 2013 and 2012 was $0 and $432,106, respectively. Total compensation cost recorded for the years ended December 31, 2013 and 2012 for the restricted shares grants was $49,271 and $3,417, respectively.

A summary of nonvested stock under the Stock Incentive Plan as of as of December 31, 2013, and changes during the year ended December 31, 2013 are presented below:

	2013	
Nonvested Shares	**Number of Shares**	**Weighted Average Grant Price**
Nonvested at 1/1/2013	-	-
Granted	10,321	$15.34
Vested	-	-
Forfeited	-	-
Nonvested at 12/31/2013	10,321	$15.34

As of December 31, 2013, there was $109,053 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Stock Incentive Plan; that cost is expected to be recognized over a period of 2.9 years.

Stock Options **-** In accordance with the Stock Incentive Plan, the Company's Executive and Finance Committee may grant incentive stock options to eligible individuals. The stock options vest annually in three equal installments with a maximum term of 10 years from date of grant. The exercise price of each stock option is 100% of the fair market value of a share of Common Stock on the date of grant.

There were no outstanding stock options under the Stock Incentive Plan as of December 31, 2013. The amount of cash received from the exercise of stock options was $0 and $216,269 during the years ended December 31, 2013 and 2012, respectively. The total intrinsic value of options exercised was $0 and $153,506 during the years ended December 31, 2013 and 2012, respectively.

12. RELATED PARTY TRANSACTIONS

In August 2007, the Company entered into a consulting agreement (the "Consulting Agreement") with its former President and Chief Executive Officer ("President & CEO"), who retired from the Company, to provide consulting services to the Company as directed by the current President & CEO. The Consulting Agreement initially had a five-year term and provided for an annual retainer of $100,000, paid monthly in advance during the term of the Consulting Agreement. In June 2011, the Consulting Agreement was modified by reducing the remaining monthly payments by 50% and extending the term of the agreement to compensate for this reduction. The total amount due under the Consulting Agreement did not change. The Consulting Agreement ended in September 2013.

13. EARNINGS PER SHARE

Basic Earnings per Share ("EPS") is calculated by dividing net income applicable to Common Stock by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by dividing net income applicable to Common Stock adjusted for items, such as preferred stock dividends by the weighted average number of common shares outstanding during the period plus the potential dilutive securities outstanding during the period.

The components of basic and diluted net income/loss per share for the years ended December 31, 2013 and 2012 are as follows:

	2013(1)	2012
Numerator:		
Net income applicable to the Company	$ 3,943,488	$ 6,939,710
Less: Preferred stock dividends	2,747,090	2,720,000
Net income applicable to Common Stock - Basic	$ 1,196,398	$ 4,219,710
Convertible Preferred Stock	-	2,720,000
Income attributed to noncontrolling interest in Operating Partnership	12	277
Net income applicable to Common Stock - Diluted	$ 1,196,410	$ 6,939,987
Denominator:		
Basic weighted average number of common shares outstanding	5,169,489	5,170,728
Convertible Preferred Stock	-	3,840,000
Effect of dilutive stock options	-	2,284
Operating Partnership units	458	458
Diluted weighted average number of common shares outstanding	5,169,947	9,013,470
Earnings Per Share:		
Basic	$0.23	$0.82
Diluted	$0.23	$0.77

(1)For the year ended December 31, 2013, the effect of convertible preferred stock is antidilutive and is not included in the computation of diluted EPS.

Securities outstanding at December 31, 2013 and 2012 that could potentially dilute basic EPS that are not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented are as follows:

	December 31, 2013(1)	December 31, 2012(1)
Convertible Preferred Stock(2)	3,840,000	-

(1)The figures shown are the potential common shares from assumed conversions.

(2)There are 1,280,000 shares of Convertible Preferred Stock outstanding. The conversion rate is 3.0 shares of Common Stock per one share of Preferred Stock. Thus, the potential common shares equal 3,840,000.

14. COMMITMENTS AND CONTINGENCIES

***Lease Commitments* -** On November 5, 2010, the Company signed a new seven-year operating lease for its principal offices. The lease commenced on February 1, 2011 and expires on January 31, 2018.

Future minimum rental commitments at December 31, 2013 are as follows:

	Amount[1]
2014	$ 280,537
2015	282,555
2016	282,555
2017	282,555
2018	23,546
	$ 1,151,748

[1]Includes minimum annual rentals under non-cancelable operating leases; excludes operating expenses escalations, utilities, and taxes.

Rent expense for the years ended December 31, 2013 and 2012 was $286,606 and $296,815, respectively.

***Mortgage Loan Commitments* -** The Company had commitments outstanding to purchase mortgage loans amounting to $9,296,690 at December 31, 2013. The Company has agreements to syndicate senior positions, representing approximately 90% of each mortgage loan to institutional investors at the Company's purchase price.

***Loan Securitization Guarantee* -** In connection with the July 2004 mortgage securitization transaction, whereby the Company swapped approximately $45.0 million of mortgage loans on LIHTC properties for an equivalent amount of Fannie Mae Guaranteed Mortgage Pass-Through Certificates, the Company provided a guarantee on this transaction of 7.3% of the securitized loans that amounted to approximately $3.3 million. In April 2010, the Company's guarantee was reduced to approximately $1.8 million as a result of a claim submitted for a loan (that was part of this securitization transaction) that was restructured.

As collateral for this guarantee, the Company had provided a Letter of Credit issued by Deutsche Bank to US Bank for approximately $1.8 million. In January 2014, the Company replaced the Letter of Credit with a restricted cash deposit. The Company had paid an annual fee of 70 basis points or approximately $12,000 for the Letter of Credit.

Over the life of the mortgage loans, the Company receives guarantee and administrative fees based on the outstanding principal of the securitized loans. Upon the securitization of the loans, the Company assigned primary servicing responsibilities for these loans to Midland Loan Services, Inc. However, the Company is also Master Servicer for the securitized loans.

***Employment Agreements* -** In August 2007, the Company entered into an employment agreement with its current President & CEO. The employment agreement had an initial three-year term that, after two years, is automatically renewed on an annual basis so that a three-year term is always in effect, unless either the executive or the Company provides notice of non-renewal at least 60 days prior to any automatic renewal date. The employment agreement also provides for annual compensation which is comprised of a base salary, annual incentive compensation, and annual long-term awards, as determined by the Board of Directors, subject to certain minimums.

15. CONCENTRATION OF RISKS

***Credit Risk* -** The Company maintains its cash accounts with major financial institutions. The cash balances consist of checking accounts. The checking accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation. As of December 31, 2013, the Company’s checking account balances exceed the federally insured limits. The Company has not experienced any losses with respect to bank balances in excess of government provided insurance or uninsured overnight investment accounts. Management believes no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2013.

The Company invests its excess cash in a variety of marketable securities and money market accounts. These funds are held with a number of major financial institutions. The Company monitors the financial strength of these financial institutions on a regular basis.

***Geographic Concentration* -** At December 31, 2013, 25.6%, 13.1%, and 6.9% of the Company's investments and commitments (dollars) were in Texas, California, and New York, respectively. At December 31, 2012, the associated figures were 27.0%, 13.0%, and 3.0%.

***Business Concentration* -** At December 31, 2013, the Company has commitments to purchase mortgage loans with one senior investor. At December 31, 2012, the Company had commitments to purchase mortgage loans with two senior investors. These two institutional investors individually accounted for 75.5% and 24.5% of the total mortgage commitments outstanding.

16. SUBSEQUENT EVENTS

On March 10, 2014, there was a subsequent closing of the Company’s Series B Redeemable Preferred Shares at which the Company issued and sold an aggregate of 178,000 shares for $8,900,000. The Company used these proceeds to repurchase 567,095 shares of its Common Stock.

On April 1, 2014, the Company and its partner closed on the sale of Bella Vista Apartments, a 420-unit property in Arlington, Texas, at a sales price of $17,750,000. The Company will record a capital gain of approximately $1.5 million in the second quarter of 2014.

On April 8, 2014, the Company signed a new credit facility with its existing lender (see Note 8, Secured Revolving Credit Facility) in the amount of $20,000,000. The structure and terms of the new facility are basically the same as the expired Facility. The new facility has a maturity date of April 7, 2015. With the approval of the lender, the Company has an option to extend the facility to April 7, 2016 and thereafter to April 7, 2017.

On April 29, the Company and its partner closed on the sale of Copper Mill Apartments, a 234-unit property in Houston, Texas, at a sales price of $14,550,000. The Company will record a capital gain of approximately $3.4 million in the second quarter of 2014.

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 13, 2014, the date the financial statements were available to be issued.