

PREFERRED APARTMENT COMMUNITIES, INC.

CHARTER OF THE CONFLICTS COMMITTEE

As adopted by the Board of Directors as of December 4, 2010

This Charter of the Conflicts Committee (the “Committee”) has been adopted by the Board of Directors (the “Board”) of Preferred Apartment Communities, Inc. (the “Company”).

A. Purpose

The purpose of the Committee shall be (i) the evaluation of performance by the manager under the Management Agreement among the Company, Preferred Apartment Communities Operating Partnership, L.P., and Preferred Apartment Advisors, LLC (the “Manager”), dated as of November 19, 2010, as the same may be amended from time to time (the “Management Agreement”); (ii) the evaluation of the compensation paid under the Management Agreement; (iii) to carry out the duties set forth in Section 3.10 of the Second Amended and Restated By-Laws (the “By-Laws”) of the Company with respect to contracts or transactions with John A. Williams, Williams Opportunity Fund, LLC, the Manager, any member of the Board or any of their respective affiliates; and (iv) to investigate, review and act on matters referred or disclosed to it where a conflict of interest exists or arises.

B. Duties and Responsibilities

In furtherance of its purpose, the Committee shall have the following duties and responsibilities:

1. Evaluate periodically the performance of the Manager in light of the goals and objectives of the Company and the terms of the Management Agreement, taking into account such factors as the Committee shall consider relevant, and report to the Board the Committee’s views on whether the fees paid to the Manager are appropriate in light of such performance.
2. Report at least annually to the Board the Committee’s views regarding whether there has been unsatisfactory performance by the Manager under the Management Agreement.
3. On a quarterly basis, review allocation decisions the Manager has made to allocate investment opportunities between the Company and any third parties that the Manager provides management services for, if any, and the portfolio needs of the Company and such third parties for the next quarter to determine whether any asset allocation conflict is likely to occur and the proposed resolutions of any such conflict.
4. The Committee will ensure that the method used by the Manager for the allocation of the acquisition of investments by two or more affiliated programs seeking to acquire similar types of assets is applied fairly to the Company. In accordance with Section 3.10 of the By-laws, as investment opportunities become available that are suitable for both the Company and third parties for which the Manager or its affiliates provide management services, where both the Company and such third party have sufficient uninvested funds, then the entity that has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. As investment

opportunities become available, the Committee and the Manager will determine whether such investment opportunity is suitable for more than one entity by examining such factors, among others, as the anticipated cash flow of each entity and the cash requirements of each entity, the effect of the acquisition both on diversification of each entity's investments by type of property and geographic area and on diversification of the tenants of its properties, the policy of each entity relating to leverage of properties, the income tax effects of the purchase to each entity, the size of the investment and the amount of funds available to each program and the length of time such funds have been available for investment. If a subsequent development, such as a delay in the closing of the acquisition of such investment or a delay in the construction of a property, causes any such investment, in the opinion of the Manager, to be more appropriate for an entity other than the entity that committed to make the investment, the Manager may determine that the other entity affiliated with the Manager or its affiliates will make the investment.

5. In accordance with Section 3.10 of the By-Laws, review and determine whether to approve all transactions between the Company and its subsidiaries, on the one hand, and John A. Williams, Williams Opportunity Fund, LLC, the Manager, any member of the Board or any of their respective affiliates, on the other hand, including, but not limited to, (i) any amendment, supplement, termination or replacement to the Management Agreement and (ii) sales and leases by John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC, any member of the Board or any of their respective affiliates to the Company; (iii) sales and leases to John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC, any member of the Board or any of their respective affiliates; (iv) loans by the Company to John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC, any member of the Board or any of their respective affiliates, except making or investing in mortgage, bridge or mezzanine loans with any such person or loans to wholly-owned subsidiaries of the Company; (v) loans made by or received by John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC, any member of the Board or any of their respective affiliates to the Company, or to joint ventures in which the Company is a co-venturer; (vi) reimbursement of expenses of John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC or any of their respective affiliates for an actual expense incurred on behalf of the Company or on behalf of joint ventures in which the Company is a co-venturer; and (vii) accepting goods or services from or engaging in any other transaction with John A. Williams, Williams Opportunity Fund, LLC, Preferred Apartment Advisors, LLC or any of their respective affiliates.
6. In addition to #5 above, to the extent delegated to the Committee, review and vote and determine whether to approve any potential conflicts of interest between the Company and its affiliates and any other parties.

C. Outside Advisors

The Committee shall have sole authority to retain at the expense of the Company and to terminate independent advisors, including legal counsel, if and when it deems necessary to perform its duties. The Committee shall retain these advisors without seeking Board approval and shall have sole authority to approve related fees and retention terms. The Committee will

appoint or retain these advisors only after taking into consideration factors that may affect such advisor's independence.

D. Annual Performance Evaluation

The Committee shall conduct an annual self-performance evaluation, including an evaluation of its compliance with this Charter and report on its annual self-performance evaluation to the Board. The Committee also shall review and reassess the adequacy of the Committee's Charter at least annually and recommend any proposed changes to the Board for approval.

E. Membership

The Committee shall consist of no fewer than three (3) directors, as determined by the Board. Each Committee member shall be a member of the Board and shall meet the independence requirements required to serve on an audit committee of a board of directors by NYSE Amex, the U.S. Securities Exchange Commission and any other requirements set forth in applicable laws, rules and regulations. The Committee members shall be appointed annually by a majority vote of the Board on the recommendation of the Nominating and Corporate Governance Committee and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed and replaced by the Board.

F. Chairman

The Committee shall include a Committee chairman. The Committee chairman shall be appointed by a vote of the Board. The Committee chairman shall be entitled to chair all regular sessions of the Committee and cast a vote to resolve any ties.

G. Meetings

The Committee shall meet one (1) time per quarter or as circumstances dictate. Special meetings may be convened as the Committee deems necessary or appropriate. All Committee members shall strive to be present at all Committee meetings.

The chairman may call a Committee meeting upon due notice of each other Committee member at least forty-eight (48) hours prior to the meeting. A majority of the Committee members, acting in person or by means of telephone, shall constitute a quorum. The Committee shall act by majority vote. Any action required or permitted to be taken at a meeting of the Committee may be taken by unanimous written consent of the members of the Committee in lieu of a meeting. The Committee meetings shall follow a set agenda established by the Committee chairman. The Committee may request an officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall be responsible for maintaining minutes and other applicable records of each Committee meeting. The Committee shall report its actions and recommendations to the Board after each Committee meeting.