

**SOURCES & USES OF FUNDING BUDGET**

**ASH TOD**

**TOD Request: 10-Year Abatement**

<b>Number Units/Total Sq. Foot Area</b>	<b>47</b>	<b>30,000</b>	
<b>ACQUISITION COSTS</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per Sq. Ft</b>
Land	420,000	8,936	14
<b>ACQUISITION TOTAL</b>	<b>420,000</b>	<b>8,936</b>	<b>\$ 14</b>
<b>DIRECT CONSTRUCTION COSTS</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per Sq. Ft</b>
Hard Costs	1,886,404	40,136	63
On-site work	0	0	0
<b>DIRECT CONSTRUCTION TOTAL</b>	<b>1,886,404</b>	<b>40,136</b>	<b>\$ 63</b>
<b>INDIRECT DEVELOPMENT COSTS</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per Sq. Ft</b>
Predevelopment/Soft costs	637,860	13,571	21
Contingency	50,000	1,064	2
<b>INDIRECT DEVELOPMENT COSTS</b>	<b>687,860</b>	<b>14,635</b>	<b>\$ 23</b>
<b>DEVELOPER FEE</b>			
Dev fee	50,000	1,064	2
Deferred Devel Fee	250,000		8
<b>TOTAL DEVELOPER FEE</b>	<b>300,000</b>	<b>1063.8298</b>	<b>\$ 10</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 3,294,264</b>	<b>\$ 64,772</b>	<b>\$ 110</b>
<b>USES</b>	<b>Amount</b>		
Acquisition Costs	\$ 420,000		
Direct Construction Costs	\$ 1,886,404		
Indirect Development Costs	\$ 687,860		
Developer Fee	\$ 300,000		
<b>TOTAL USES</b>	<b>\$ 3,294,264</b>		
<b>SOURCES</b>	<b>Amount</b>		
Senior Financing	\$ 2,600,000		
Private Equity (dev fee earned not pd)	\$ 694,264		

**PROJECT OPERATING BUDGET**  
**ASH TOD**  
**TOD Request: 10-Year Abatement**  
**3/10/2011**

Unit Type	No. of Units	Unit Sq. Ft.	Total Sq. Ft.	Gross Mo. Rent	Utility Allowance	Net Mo. Rent	Monthly Revenue	Annual Revenue	2010 MFI Served	
1 br	16	518	8,288	645	0	645	10,320	123,840	48%	
1 br	4	540	2,160	655	0	655	2,620	31,440	49%	
1 br	3	608	1,824	665	0	665	1,995	23,940	50%	
2 br	16	665	10,640	745	0	745	11,920	143,040	47%	
2 br	4	687	2,748	755	0	755	3,020	36,240	47%	
2 br	4	793	3,172	765	0	765	3,060	36,720	48%	
<b>Potential Rental Income</b>	<b>47</b>		<b>28,832</b>				<b>\$ 32,935</b>	<b>\$ 395,220</b>		
<b>Vacancy/concessions</b>						5.0%	(1,647)	(19,761)	Adjustment	
<b>Effective Rental Income</b>							<b>\$ 31,288</b>	<b>\$ 375,459</b>	-6.00% \$ (23,713)	
									\$ 371,507	
Parking Income	0						0	0		
Miscellaneous	0						0	0		
<b>Potential Other Income</b>							<b>0</b>	<b>0</b>		
<b>Vacancy/Credit Loss</b>						5.0%	0	0		
<b>Effective Other Income</b>							<b>\$ -</b>	<b>\$ -</b>		
<b>NET REVENUE</b>							<b>\$ 7,988</b>	<b>\$ 375,459</b>	<b>\$ 7,904 \$ 371,507</b>	
<b>EXPENSES</b>						<b>% EGI</b>	<b>\$/Unit</b>	<b>\$/Year</b>	<b>Adjustment unit</b>	<b>\$/yr</b>
Advertising						0.6%	51	2,397	\$ 75	\$ 3,525
Office/Admin						0.0%	170	7,990	\$ 170	\$ 7,990
Property Management Fee						0.00%	489	23,000	\$ 489	\$ 22,983
Legal/Acct						1.9%	153	7,200	\$ 178	\$ 8,366
Unit Turnover						0.8%	64	3,000	\$ 83	\$ 3,901
Payroll taxes						0.4%	32	1,504	\$ 84	\$ 3,948
Property Insurance						1.5%	117	5,500	\$ 117	\$ 5,500
Electric						1.3%	106	4,982	\$ 175	\$ 8,225
Water/sewer						4.5%	362	17,014	\$ 500	\$ 23,500
Trash						2.3%	181	8,507	\$ 181	\$ 8,507
Repairs						0.3%	26	1,222	\$ 50	\$ 2,350
General maintenance						1.6%	128	6,016	\$ 200	\$ 9,400
Landscaping						1.6%	128	6,016	\$ 128	\$ 6,016
Replacement Reserves						2.9%	234	10,998	\$ 250	\$ 11,750
Limited Partnership fees						5.0%	397	18,659	\$ 397	\$ 18,659
<b>Property Taxes</b>						0.0%	0	0	\$ 577	\$ 27,127
<b>Bad Debt</b>						0.0%	0	0	\$ 32	\$ 1,504
<b>TOTAL OPERATING EXPENSES</b>						<b>33%</b>	<b>\$ 2,638</b>	<b>\$ 124,005</b>	<b>\$ 3,686</b>	<b>\$ 173,251</b>
<b>NOI HOUSING</b>						<b>67%</b>	<b>\$ 5,350</b>	<b>\$ 251,454</b>	<b>\$ 4,302</b>	<b>\$ 202,208</b>
<b>DEBT SERVICE ANALYSIS - Stabilized Year</b>										
<b>Perm Lender</b>								\$ 2,519,696	Loan	\$ 2,026,224
Interest Rate								7.000%		7.00%
Amortization Schedule (years)								30		30
Annual Debt Service								201,163		161,766
Debt Coverage Ratio								1.25		1.25

Adjusted the borrower's operating expenses to reflect actual expenses in existing PHB portfolio. Vacancy rate was adjusted to 6% to match current lender underwriting. Major expense adjustment was to water/sewer due to property will pay this utility while providing all units washer/dryers. Unit turnover was based on 55% annual rate, \$150 per unit cost. Increased replacement reserve to current standards; Loan is based on adjusted NOI. Adjusted operating expenses is 39% of EGI. Absent a property tax abatement the asking rents would have to be raised by approximately 8.00% which would place the property at a competitive disadvantage.

<b>Full property tax abatement</b>
<b>-2.97%</b>
<b>10%</b>

	<b>Net Cash Flow</b>	<b>Annual IRR with LTA</b>
\$	(694,264)	
\$	45,867	-93.39%
\$	47,372	-70.37%
\$	49,175	-50.58%
\$	52,407	-36.21%
\$	55,760	-25.95%
\$	58,983	-18.52%
\$	62,325	-12.99%
\$	65,527	-8.80%
\$	68,845	-5.54%
\$	72,013	-2.97%

<b>OPERATING CASH FLOWS</b>													
<b>ASH TOD</b>													
<b>Cash Flow: WITH LTA</b>													
			Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
			1	2	3	4	5	6	7	8	9	10	11
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	%Change	Stabilized Yr											
Effective Rental Income	2.00%	\$ 375,459	\$ 375,459	\$ 382,968	\$ 390,628	\$ 398,440	\$ 406,409	\$ 414,537	\$ 422,828	\$ 431,284	\$ 439,910	\$ 448,708	\$ 457,682
Effective Other Income	2.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Residential Net EGI</b>		<b>\$ 375,459</b>	<b>\$ 375,459</b>	<b>\$ 382,968</b>	<b>\$ 390,628</b>	<b>\$ 398,440</b>	<b>\$ 406,409</b>	<b>\$ 414,537</b>	<b>\$ 422,828</b>	<b>\$ 431,284</b>	<b>\$ 439,910</b>	<b>\$ 448,708</b>	<b>\$ 457,682</b>
<b>Total Revenue</b>		<b>371,507</b>	<b>375,459</b>	<b>382,968</b>	<b>390,628</b>	<b>398,440</b>	<b>406,409</b>	<b>414,537</b>	<b>422,828</b>	<b>431,284</b>	<b>439,910</b>	<b>448,708</b>	<b>457,682</b>
<b>Expenses</b>													
Advertising	3.00%	3,525	3,525	3,631	3,740	3,852	3,967	4,086	4,209	4,335	4,465	4,599	4,737
Office/Admin	3.00%	7,990	7,990	11,489	11,719	11,953	12,192	12,436	12,685	12,939	13,197	13,461	13,730
Property Management Fee	3.00%	22,983	22,983	23,672	24,383	25,114	25,868	26,644	27,443	28,266	29,114	29,988	30,887
Legal/Acct	3.00%	8,366	8,366	8,617	8,875	9,142	9,416	9,698	9,989	10,289	10,598	10,916	11,243
Unit Turnover	3.00%	3,901	3,901	4,018	4,139	4,263	4,391	4,522	4,658	4,798	4,942	5,090	5,243
Payroll taxes	3.00%	3,948	3,948	4,066	4,188	4,314	4,444	4,577	4,714	4,851	4,991	5,134	5,281
Property Insurance	3.00%	5,500	5,500	5,665	5,835	6,010	6,190	6,376	6,567	6,764	6,967	7,176	7,392
Electric	3.00%	8,225	8,225	8,472	8,726	8,988	9,257	9,535	9,821	10,116	10,419	10,732	11,054
Water/sewer	5.00%	23,500	23,500	24,675	25,909	27,204	28,564	29,993	31,492	33,067	34,720	36,456	38,279
Trash	3.00%	8,507	8,507	8,762	9,025	9,296	9,575	9,862	10,158	10,463	10,776	11,100	11,433
Repairs	3.00%	2,350	2,350	2,421	2,493	2,568	2,645	2,724	2,806	2,890	2,977	3,066	3,158
General maintenance	3.00%	9,400	9,400	9,682	9,972	10,272	10,580	10,897	11,224	11,561	11,908	12,265	12,633
Landscaping	3.00%	6,016	6,016	6,196	6,382	6,574	6,771	6,974	7,183	7,399	7,621	7,850	8,085
Limited Partnership fees	3.00%	18,659	18,659	18,659	18,659	18,659	18,659	18,659	18,659	18,659	18,659	18,659	18,659
Property Taxes	1.50%	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	3.00%	11,750	11,750	12,103	12,466	12,840	13,225	13,621	14,030	14,451	14,885	15,331	15,791
Bad Debt	3.00%	1,504	1,504	1,549	1,596	1,643	1,693	1,744	1,796	1,850	1,905	1,962	2,021
<b>Total Expenses</b>		<b>\$ 144,620</b>	<b>\$ 146,124</b>	<b>\$ 152,128</b>	<b>\$ 157,984</b>	<b>\$ 162,565</b>	<b>\$ 167,181</b>	<b>\$ 172,086</b>	<b>\$ 177,035</b>	<b>\$ 182,290</b>	<b>\$ 187,597</b>	<b>\$ 193,228</b>	<b>\$ 198,922</b>
<b>Total Expenses Per Unit</b>		<b>\$ 2,030</b>	<b>\$ 3,109</b>	<b>\$ 3,237</b>	<b>\$ 3,361</b>	<b>\$ 3,459</b>	<b>\$ 3,557</b>	<b>\$ 3,661</b>	<b>\$ 3,767</b>	<b>\$ 3,879</b>	<b>\$ 3,991</b>	<b>\$ 4,111</b>	<b>\$ 4,232</b>
		39%	39%	40%	40%	41%	41%	42%	42%	42%	43%	43%	43%
<b>Net Operating Income</b>		<b>226,887</b>	<b>229,335</b>	<b>230,840</b>	<b>232,643</b>	<b>235,875</b>	<b>239,228</b>	<b>242,451</b>	<b>245,793</b>	<b>248,995</b>	<b>252,313</b>	<b>255,481</b>	<b>258,761</b>
<b>Senior Financing</b>													
Beginning Balance			2,298,052	2,274,709	2,249,677	2,222,836	2,194,055	2,163,193	2,130,100	2,094,615	2,056,565	2,015,764	1,972,014
Interest	7.00%		160,124	158,437	156,627	154,687	152,606	150,375	147,983	145,418	142,667	139,718	136,555
Repayments	12	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)	(183,468)
Ending Balance			2,274,709	2,249,677	2,222,836	2,194,055	2,163,193	2,130,100	2,094,615	2,056,565	2,015,764	1,972,014	1,925,100
DCR			1.25	1.26	1.27	1.29	1.30	1.32	1.34	1.36	1.38	1.39	1.41
<b>Cash Flow - Residential</b>		<b>43,419</b>	<b>45,867</b>	<b>47,372</b>	<b>49,175</b>	<b>52,407</b>	<b>55,760</b>	<b>58,983</b>	<b>62,325</b>	<b>65,527</b>	<b>68,845</b>	<b>72,013</b>	<b>75,293</b>

<b>Property Taxes</b>	<b>Full Payment</b>
<b>10 Year Internal Rate of Return</b>	<b>-4.23%</b>
<b>10 Year Threshold Internal Rate of Return</b>	<b>10%</b>

<b>Year</b>	<b>Net Cash Flow</b>	<b>Annual IRR without LTA</b>
Initial Equity	\$ (694,264)	
2012	\$ 40,442	-94.17%
2013	\$ 43,389	-71.92%
2014	\$ 46,320	-52.08%
2015	\$ 49,099	-37.70%
2016	\$ 51,881	-27.43%
2017	\$ 54,694	-19.96%
2018	\$ 57,508	-14.40%
2019	\$ 60,351	-10.15%
2020	\$ 63,193	-6.85%
2021	\$ 66,063	-4.23%

The cash flows with taxes estimated to be \$33,800 per year with a 1.50% annual increase. Income, operating expenses, and loan are based on PHB adjustments. Taxes are estimated on 7.50% cap rate and 54.20% change rate as per County assessor calculations. Please note the terms and

<b>Net Present Value</b>	<b>10-Yr Abatement</b>									
Market Cap Rate	7.50%									
Millage Rate	20.9511									
10 Year Total	\$ 285,419									
10-Year NPV	\$194,468									
<b>Years</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
NOI w/o Taxes	\$ 229,335	\$ 230,840	\$ 232,643	\$ 235,875	\$ 239,228	\$ 242,451	\$ 245,793	\$ 248,995	\$ 252,313	\$ 255,481
Market Cap Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Tax Load	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Loaded Cap Rate	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Market Value	\$ 2,388,906	\$ 2,404,583	\$ 2,423,365	\$2,457,030	\$ 2,491,954	\$2,525,529	\$2,560,340	\$ 2,593,697	\$2,628,260	\$ 2,661,256
Change Rate	54.20%	54.20%	54.20%	54.20%	54.20%	54.20%	54.20%	54.20%	54.20%	54.20%
Assessed Value	\$ 1,294,787	\$ 1,303,284	\$ 1,313,464	\$1,331,710	\$ 1,350,639	\$1,368,836	\$1,387,704	\$ 1,405,784	\$1,424,517	\$ 1,442,401
Millage Rate	20.9511	20.9511	20.9511	20.9511	20.9511	20.9511	20.9511	20.9511	20.9511	20.9511
<b>Real Estate Taxes</b>	<b>\$ 27,127</b>	<b>\$ 27,305</b>	<b>\$ 27,519</b>	<b>\$ 27,901</b>	<b>\$ 28,297</b>	<b>\$ 28,679</b>	<b>\$ 29,074</b>	<b>\$ 29,453</b>	<b>\$ 29,845</b>	<b>\$ 30,220</b>
Cash on Cash Return										
<b>Equity/Deferred Fee</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$1,000,000</b>	<b>\$ 1,000,000</b>
<b>Cash on Cash Return: LTA</b>	<b>4.59%</b>	<b>4.74%</b>	<b>4.92%</b>	<b>5.24%</b>	<b>5.58%</b>	<b>5.90%</b>	<b>6.23%</b>	<b>6.55%</b>	<b>6.88%</b>	<b>7.20%</b>
Required Equity w/out LTA	\$ 1,975,133	\$ 1,975,133	\$ 1,975,133	\$1,975,133	\$ 1,975,133	\$1,975,133	\$1,975,133	\$ 1,975,133	\$1,975,133	\$ 1,975,133
<b>Cash on Cash Return: Taxes</b>	<b>2.05%</b>	<b>2.20%</b>	<b>2.35%</b>	<b>2.49%</b>	<b>2.63%</b>	<b>2.77%</b>	<b>2.91%</b>	<b>3.06%</b>	<b>3.20%</b>	<b>3.34%</b>

Please note that without the abatement the average asking rental rate would have to be increase by approximately 8%. This increase would effectivly put the property at a competitive