

Florida Housing Finance Corporation

Credit Underwriting Report

Trinity Towers South

Elderly Housing Community Loan Program

RFA 2015-102 (2015-228E)

Section A Report Summary

Section B EHCL Program Loan Conditions

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

June 10, 2016

TRINITY TOWERS SOUTH

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Section A
Report Summary



Recommendation

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) recommends an Elderly Housing Community Loan (“EHCL”) in the amount of \$750,000 be awarded to this development.

DEVELOPMENT & SET-ASIDES			
Location	615 East New Haven Avenue, Melbourne, Brevard County, Florida 32901		
Number of Units/Unit Mix	Bed-rooms	Baths	No. of Units
	Eff	1	26
	Eff	1	104
	1	1	7
	1	1	25
	Totals		162
Demographic Commitment	Elderly		
County Size	Medium		
Occupancy Rate	100.0% as of May 27, 2015 99.0% as of June 3, 2016		
Development Category	Rehabilitation		
Affordability Period	15 years		
Set-Asides	20% of the units (33 units) @ 50% or less of the Area Median Income (“AMI”); 80% of the Development’s total units must be set aside for residents age 62 years or older		
Year Built	1982		
Development Type	The development consists of a 4-story concrete block and stucco mid-rise building with a community room, community kitchen and common laundry areas on each floor.		
Parking	64 spaces, of which 4 are handicapped spaces. The existing number of parking spaces is grandfathered in as a legally non-conforming use.		
Proposed use of EHCL Funds	<p>To provide life-safety and building preservation improvements to the development. Specifically:</p> <ul style="list-style-type: none"> • furnish and install doors at locations designated in Architect’s Drawings dated February 23, 2016; • furnish and install 6-inch backflow preventer; • furnish and install an electric fire pump; • fire protection integration with the fire alarm and the Commercial Kitchen sprinkler modifications; • Rework fire protection for postal center and unisex bathroom; • furnish and install fire proofing at rated wall penetrations affected by construction; 		

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	<ul style="list-style-type: none"> • design, furnish and install a new Fire Alarm System to meet current code; • Design, furnish and install a new Nurse Call System; and • Install new PTAC units in every unit.
Site Acreage	2.37 acres
Density	68.35 units per acre
Zoning	C-3 (Central Business District – Mixed Use) Mixed Use allows 100 units per acre in the Downtown Melbourne Activity Center.
Flood Zone Designation	Flood Zone X – does not require flood insurance
DEVELOPMENT TEAM	
Applicant/Borrower	Trinity Towers South Preservation Associates LLLP
Developer	Preservation of Affordable Housing LLC
General Contractor	NEI General Contracting, Inc.
Management Company	POAH Communities, LLC f/k/a Preservation Housing Management, LLC
First Mortgage Lender	PNC Bank National Association
FINANCING INFORMATION	
1 st Mortgage Original Balance	\$3,051,000
Current 1 st Mortgage Balance	\$2,992,172
“All in” Underwritten Interest Rate	5.375%
Original Term/Amortization	7/30
Remaining Term	6 years
EHCL 2nd Mortgage Loan Amount	\$750,000
Underwritten Interest Rate	1.00%
Term/Amortization	15/N/A
Restricted Rent-Tax Exempt Value	\$6,510,000
Restricted Loan to Value – All Debt	58.25%
Projected Net Operating Income	\$317,366
Debt Service Coverage – First Mortgage Only	1.30
Debt Service Coverage - All debt	1.26
EHCL Loan to Cost	91.78%
FHFC Assistance per Unit	\$4,629.63

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Does the Applicant have any FHFC Financed Developments on the Past Due/Noncompliance Report?

None reported on the April 1, 2016 Asset Management Noncompliance Report.

The May 11, 2016 Past Due Report reflects the following past due item(s)”

Cutler Manor: POAH-Inc. is past due for the May Replacement Reserve escrow payment in the amount of \$2,750 that was due May 10, 2016. Per the Servicer, the May 10, 2016 Replacement Reserve esc row payment for Cutler Manor has been paid.

Closing of the loan is conditional upon verification that any outstanding past due, and/or non-compliance items noted at the time of closing, have been satisfied.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

1. The EHCL Program Scope of Work has been revised by the Borrower and now includes the following:
 - a. Door Replacement: Furnish and install doors at locations designated in the Architect’s Drawings dated February 23, 2016 for Revised Costs of \$247,341.
 - b. Fire Protection: Furnish and install a 6-inch backflow preventer; furnish and install an Electric Fire Pump; Fire Protection Integration with the Fire Alarm and the Commercial Kitchen Sprinkler modifications and rework Fire Protection for the Postal Center and the Unisex Bathroom for Revised Costs of \$118,454.
 - c. Fire Alarm: Design, furnish and install a complete Fire Alarm System to meet the current code for Revised Costs of \$101,888.
 - d. Nurse Call System: Furnish and install a Nurse Call System for Revised Costs of \$52,553
 - e. Fire Proofing: Furnish and install fireproofing at rated wall penetrations for Revised Costs of \$26,813
 - f. HVAC: Install new PTAC units in all units for Revised Costs of \$5,582.58

The revised EHCL Program Scope of Work was submitted to FHFC Staff on April 29, 2016.

2. The Applicant submitted a request dated April 29, 2016 to Florida Housing to change the match funding from a LISC loan in the amount of \$50,000 to a Preservation of Affordable Housing, Inc. (“POAH-INC”) sponsored loan in the amount of \$50,000.
3. On March 4, 2016, the Borrower requested a twelve (12) month extension of the closing deadline to May 23, 2017. On May 6, 2016, Florida Housing’s Board approved the Borrower’s request and extended the closing deadline from May 23, 2016 to May 23, 2017.

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Pursuant to RFA 2015-102, a non-refundable extension fee of one percent (1%) of the loan amount was paid.

4. A reversion is contained in the Quit Claim Deed from the School Board of Brevard County, Florida (the "School Board") to the Board of County Commissioners of Brevard County, Florida that states the land will revert back to the School Board in the event that it is not used for a public purpose. The School Board confirmed that the current use of the property as housing for the elderly is not in violation of the reversionary condition contained in the Quit Claim Deed.

Issues and Concerns:

1. Applicant submitted a modified AIA Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (the "GC Contract"). Seltzer requested that Florida Housing approve the contract as modified but as of the date of this credit underwriting report, approval has not been received. Seltzer's recommendation is subject to receipt, prior to loan closing, of Florida Housing approval of the GC Contract.
2. Seltzer received a Plan and Cost Review ("PCA") from C3 Consulting Group, Inc. ("C3") dated April 19, 2016 and revised April 25, 2016 and May 31, 2016. Outstanding issues include a revised Scope of Work; a fully executed GC Contract and approval of the modified GC Contract. Seltzer's recommendation is conditioned upon receipt and satisfactory review, prior to loan closing, of a final PCA with no outstanding issues.

Recommendation:

SMG recommends an EHCL Program loan, in the amount of \$750,000 be awarded to this development. This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the EHCL conditions (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

Prepared by:



Wanda Greggo
Credit Underwriter

Reviewed by:



Cindy Highsmith
Credit Underwriting Manager

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Overview

Property Description

The subject development is improved with a 162-unit, elevator assisted 4-story mid-rise apartment building plus associated site improvements. The improvements were constructed in 1982 and appear to be in good condition per the appraisal performed March 25, 2016 by Meridian Appraisal Group, Inc. ("Meridian"). The most recent HUD REAC Inspection Summary Report dated June 10, 2014 rated the property 97 out of 100 with no exigent health and safety deficiencies. All items noted are routine maintenance items. The development has reportedly had no recent renovations or repairs. With the EHCL, the Applicant intends to replace doors; install a six-inch backflow preventer; install an electric fire pump; provide fire protection for the fire alarm and the kitchen; rework the fire protection for the postal center and unisex bathroom; install a new fire alarm; install a new nurse call system and install fireproofing of all affected penetrations and install new PTAC units in all residential units..

EHCL Financing Sources

Source	Lender	Application	Underwriter	Interest Rate	Term Yrs.	Annual Debt Service
EHCL	FHFC	\$750,000	\$750,000	1.00%	15	\$2,448
Matching	Applicant	\$50,000	\$50,000	2.24%	15	\$3,928
Applicant Overhead	Applicant	\$19,348	\$17,147	N/A	N/A	N/A
Total		\$819,348	\$817,147			\$6,376

Existing Finance Structure

The subject development is currently encumbered by a first mortgage with a balance of \$2,992,172 issued by PNC Bank National Association payable in 84 monthly installments of principal and interest at an interest rate of 5.375%. The loan closed March 1, 2014 with an original loan amount of \$3,051,000 and has a remaining term of 6 years and monthly payments of principal and interest in the amount of \$20,406.66.

EHCL Loan

The Applicant has requested an Elderly Housing Community Loan program loan in the amount of \$750,000 to provide for life-safety, health, sanitation or security-related repairs or improvements as reflected under "Proposed Use of EHCL Funds" in the charts above. The loan will be non-amortizing for a term of 15 years at an interest rate of 1.00% with an additional 0.3264% basis points ("bps") annual servicing fee. The loan will be in a second mortgage position, with principal and accrued interest due at maturity. Loan servicing fees are due annually.

Matching Funds

Additional financing sources to fund the proposed improvements are provided by the Applicant in the form of matching funds totaling \$50,000. The matching funds amount is equal to 6.67% of the requested loan amount and 6.12% of the total costs, which meets the requirements set forth in the RFA.

Deferred Applicant Overhead

In order to balance the sources and uses of funds, Applicant will defer \$17,147 in Applicant Overhead.

Uses of Funds

	Application Costs	Applicant's Revised Costs	Underwriter's Costs	EHCL Eligible Costs
Costs				
Door Replacement (Related Repairs)	0.00	247,341.00	247,341.00	247,341.00
Fire Protection (Life Safety)	0.00	118,454.00	118,454.00	118,454.00
Fire Alarm (Life Safety)	250,000.00	101,888.00	101,888.00	101,888.00
Nurse Call System (Life Safety)	100,000.00	52,553.00	52,553.00	52,553.00
Fire Sprinklets (Life Safety)	280,000.00	0.00	0.00	0.00
Fire Proofing (Life Safety)	0.00	26,813.00	26,813.00	26,813.00
HVAC (Related Repairs)	0.00	5,582.00	5,582.00	5,582.00
GC General Requirements	0.00	33,157.89	33,157.89	33,157.89
GC Overhead	0.00	11,052.63	11,052.63	11,052.63
GC Profit	0.00	33,157.89	33,157.89	33,157.89
Hard Cost Contingency	0.00	63,000.00	63,000.00	63,000.00
Application, Commitment and Underwriting fees	18,900.00	11,892.00	11,892.00	11,892.00
Closing Extension Fee	0.00	7,500.00	7,500.00	7,500.00
Other eligible fees	28,000.00	30,470.00	30,470.00	30,470.00
Applicant Overhead (10% of development cost)	67,690.00	76,486.59	74,286.00	74,286.00
Total Construction Costs	744,590.00	819,348.00	817,147.41	817,147.41

Notes to the Uses of Funds:

1. The underwriter's total cost estimate is based on a proposal from NEI in the amount of \$630,000 to:

- furnish and install doors, door frames, slabs and hardware;
- furnish and install a six-inch backflow preventer;
- furnish and install an electric fire pump;
- fire protection integration the fire alarm and commercial kitchen sprinkler modifications;
- rework the fire protection for the Postal Center and the Unisex Bathroom
- design, furnish and install a complete fire alarm system to meet current code requirements;
- furnish and install a nurse call system;
- furnish and install fireproofing at rated wall penetrations affected by the construction; and
- Install new PTAC units in residential units

A fully executed guaranteed maximum price contract that includes the above scope of work and a minimum of 10% retainage through 50% completion will be a condition of closing.

2. C 3 Consulting Group, Inc. ("C3") has provided an analysis of the costs associated with the scope of work for a total fee of \$1,800 of which \$900 is applicable to the EHCL Scope of Work and has found that provisions found in the proposals allow for the scope of work as outlined and can be accomplished for the amounts specified.
3. The Application fee is \$1,000. The commitment fee is equal to 1% of the EHCL program loan amount or \$7,500 and the credit underwriting fee is \$3,392 for a total of \$11,892.

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4. A 1% closing extension fee was charged to extend the EHCL program loan closing deadline.
5. Other eligible fees consist of the Appraisal, Building Permits, Insurance, Legal Fees, a Survey and Draw Processing/Inspection fees which are allowable fees per the Rule.

Operating Pro forma

DESCRIPTION	Applicant/HUD	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$1,633,848	\$10,085
Other Income:		
Commercial	\$0	\$0
Laundry Income	\$9,234	\$57
Services	\$0	\$0
Miscellaneous Income	\$0	\$0
Gross Potential Income	\$1,643,082	\$10,142
Less:		
Vacancy Loss - 5.0%	(\$82,154)	(\$507)
Collection Loss - 1.0%	(\$16,431)	(\$101)
Total Effective Gross Revenue	\$1,544,497	\$9,534
Expenses		
Fixed:		
Taxes	\$6,568	\$41
Insurance	\$178,943	\$1,105
Variable:	\$0	
Management Fees 6.1%	\$94,214	\$582
General and Administrative	\$351,183	\$2,168
Payroll Expenses	\$162,000	\$1,000
Utilities	\$241,443	\$1,490
Marketing and Advertising	\$8,100	\$50
Maintenance and Repairs	\$64,800	\$400
Security	\$56,700	\$350
Grounds Maintenance and Landscaping	\$11,340	\$70
Replacement Reserve	\$48,600	\$300
Other: Contract Services	\$3,240	\$20
Other:	\$0	\$0
Total Expenses	\$1,227,131	\$7,575
Net Operating Income	\$317,366	\$1,959
Debt Service Payments		
First Mortgage	\$244,880	\$1,512
Second Mortgage - EHCL annual fees	\$2,448	\$15
Matching Funds	\$3,928	\$24
Total Debt Service Payments	\$251,256	\$1,551
Operating Income After Debt Service - Before Tax Cash Flow	\$66,110	\$408.09

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Debt Service Coverage Ratios	
Debt Service Coverage - First Only	1.30
Debt Service Coverage - First and Second	1.28
Debt Service Coverage - All Mortgages	1.26
Debt Service Coverage - All Mortgages and Fees	1.26
Financial Ratios	
Operating Expense Ratio	79.5%
Break-Even Ratio	90.0%

Notes to the Operating Pro forma and Ratios:

- Rents are based upon the 2015 restricted rents set by HUD in the June 1, 2015 approved Rent Schedule for 162 units. No manager/employee units are anticipated. The HUD Agreement expires May 10, 2032. The rent roll is shown below:

MSA/County: Palm Bay-Melbourne-Titusville MSA / Brevard County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	HUD Rents	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
Eff	1	26	405	50%	\$829	\$542	\$829	\$829	\$258,648
Eff	1	104	405		\$829		\$829	\$829	\$1,034,592
1	1	7	501	50%	\$887	\$542	\$887	\$887	\$74,508
1	1	25	501		\$887		\$887	\$887	\$266,100
Totals		162	68,682						\$1,633,848

- Laundry income is derived from common area laundry facilities.
- Vacancy Loss and Collection Loss are based on the appraiser's estimate.
- Taxes are comprised of Personal Property Taxes. Due to the Applicant's tax exempt status no ad valorem real estate taxes are assessed.
- Insurance costs are supported by the Applicant's actual expense and the appraisal.
- Management fees are based on the management agreement, which stipulates compensation of 6.1% of total effective gross income..
- General and Administrative costs are based on historical data for the property and are supported by the appraisal.
- Maintenance payroll is included in the Maintenance and Repair line.
- Other operating expense estimates are based upon historical data and are supported by the appraisal.
- Replacement Reserves of \$300 per unit per year are supported by Meridian Appraisal; and the Physical Needs Assessment dated April 16, 2016 by Capital Planning and Project Implementation for Real Estate.
- SMG has reviewed the current pro forma. Rents for all units are set by HUD annually.

Section B

EHCL Program Loan Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and FHFC **at least (2) weeks before closing**. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. A fully executed contract between the Applicant and NEI containing a clause for retainage of a minimum of 10% to be withheld through 50% completion.
2. A final PCA from C3 with no outstanding issues.
3. C3 to act as inspector during rehabilitation.

General Conditions

1. Building permits and any other necessary approvals and permits required to implement the improvements or a letter from the local permitting and/or approval authority stating that all necessary permits and approvals will be issued upon receipt of applicable fees. If a letter is provided, copies of all permits will be required as a condition to the first post-closing draw.
2. Final sources and uses of funds, itemized by source and line item, in a format and in amounts approved by the Servicer, will be attached to the loan agreements as the approved development budget.
3. Final draw schedule to be approved prior to closing, itemized by line item and showing the sources of funds for monthly draws. Loan funds must be disbursed pro rata with the Borrower's contribution and all other loan funds.
4. Evidence of general liability, flood, and replacement cost hazard insurance reflecting FHFC as Loss/Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Seltzer, FHFC, and its legal counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel **at least two (2) weeks** before closing. Failure to receive approval of these items, along with all other items listed on legal counsel's due diligence list, within this time frame may result in postponement of the closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners of the Borrower.
2. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements required by FHFC shall be provided.
3. Florida Housing and its legal counsel shall review and approve all other lender's closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan have been satisfied.
4. Evidence of general liability, flood (if applicable), and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida

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Housing.

5. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any corporation, partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
6. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Loan.
7. If applicable, construction contract or contracts pertaining to the improvements to be made with the loan.
8. UCC Searches for the Borrower, its partnerships, as requested by counsel.
9. Any other reasonable conditions established by Florida Housing and its legal counsel.

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. The loan shall be in compliance with all provisions of Section 420.5087, Florida Statutes and Chapter 67-48, Florida Administrative Code (the statute and rule governing the EHCL Program) and RFA 2015-102.
2. The Applicant shall certify annually to the Corporation that the Development is providing Housing for the Elderly as defined in 67-48.041(1)(d) F.A.C., Section 420.503, Florida Statute and RFA 2015-102.
3. Satisfactory achievement or completion of all conditions and requirements of the credit underwriting report.
4. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan in form and substance satisfactory to FHFC, including, but not limited to, the Promissory Note, the Loan Agreement, and the Mortgage and Security Agreement, setting forth the terms of this commitment letter.

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5. At all times there will be undisbursed loan funds (collectively held by FHFC and any other sources) sufficient to complete the improvements. If at any time there are not sufficient funds to complete the improvements, the Borrower will be required to expend additional equity on the improvement costs or to deposit additional equity with FHFC which is sufficient (in FHFC's judgment) to complete the improvements before additional Loan funds are disbursed.
6. Guarantors are to provide the standard FHFC Construction Completion Guarantee to be released upon lien free completion by the Servicer.
7. Guarantors are to provide the standard FHFC Environmental Indemnity.
8. A mortgagee title insurance policy naming FHFC as the insured in the amount of the Loan to be issued at closing. Any exceptions to the title insurance policy must be acceptable to FHFC and its legal counsel.
9. Hazard Insurance escrow to be established and maintained by the First Lender or the Servicer.
10. Draw requests subsequent to the first draw request require lien releases from all parties filing notices to owner, acknowledging receipt of all payments due as of the date of the prior draw.
11. Evidence of work in place and amounts due contractors for work completed (or amounts due to Borrower as reimbursement for prior payments to contractors for completed work) is required prior to disbursement of any EHCL funds.
12. Receipt of a draw request and any reasonably required supporting documentation in the format prescribed by the Servicer and FHFC. Supporting Documentation may include lien releases, title insurance endorsements or other documentation.
13. EHCL Funds to be disbursed pro rata with Borrower's matching contribution funds.
14. A Replacement Reserve Fund shall be maintained by the first mortgagee or Servicer, for the term of the Loan at a minimum amount of \$300 per unit per year (total monthly deposit of \$4,050 monthly), as approved by the Servicer.
15. Annual audited financial statements and operating statements for the development will be submitted to FHFC within 151 Calendar Days following the Applicant's fiscal year end. The financial statement will be in compliance with Rule 67-48.041(2).
16. FHFC or an authorized representative of FHFC shall monitor compliance of all terms and conditions of the loan as provided in the loan documents.
17. Loan Servicing fees are to be paid by the Applicant to the Servicer pursuant to the contract in effect between Florida Housing and the Servicer.
18. Any other reasonable requirements of the Servicer, FHFC or its legal counsel.
19. Satisfactory resolution of any outstanding past due and/or non-compliance issues.
20. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of an Applicant or Developer).

DESCRIPTION	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15
Revenue															
Gross Potential Rental Revenue	\$1,633,848	\$1,666,525	\$1,699,855	\$1,733,853	\$1,768,530	\$1,803,900	\$1,839,978	\$1,876,778	\$1,914,313	\$1,952,600	\$1,991,652	\$2,031,485	\$2,072,114	\$2,113,557	\$2,155,828
Other Income:															
Commercial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laundry Income	\$9,234	\$9,419	\$9,607	\$9,799	\$9,995	\$10,195	\$10,399	\$10,607	\$10,819	\$11,035	\$11,256	\$11,481	\$11,711	\$11,945	\$12,184
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$1,643,082	\$1,675,944	\$1,709,463	\$1,743,652	\$1,778,525	\$1,814,095	\$1,850,377	\$1,887,385	\$1,925,132	\$1,963,635	\$2,002,908	\$2,042,966	\$2,083,825	\$2,125,502	\$2,168,012
Less:															
Vacancy Loss - 5.0%	(\$82,154)	(\$83,797)	(\$85,473)	(\$87,183)	(\$88,926)	(\$90,705)	(\$92,519)	(\$94,369)	(\$96,257)	(\$98,182)	(\$100,145)	(\$102,148)	(\$104,191)	(\$106,275)	(\$108,401)
Collection Loss - 1.0%	(\$16,431)	(\$16,759)	(\$17,095)	(\$17,437)	(\$17,785)	(\$18,141)	(\$18,504)	(\$18,874)	(\$19,251)	(\$19,636)	(\$20,029)	(\$20,430)	(\$20,838)	(\$21,255)	(\$21,680)
Total Effective Gross Revenue	\$1,544,497	\$1,575,387	\$1,606,895	\$1,639,033	\$1,671,813	\$1,705,250	\$1,739,355	\$1,774,142	\$1,809,624	\$1,845,817	\$1,882,733	\$1,920,388	\$1,958,796	\$1,997,972	\$2,037,931
Expenses															
Fixed:															
Taxes	\$6,568	\$6,765	\$6,968	\$7,177	\$7,392	\$7,614	\$7,843	\$8,078	\$8,320	\$8,570	\$8,827	\$9,092	\$9,364	\$9,645	\$9,935
Insurance	\$178,943	\$184,311	\$189,841	\$195,536	\$201,402	\$207,444	\$213,667	\$220,077	\$226,680	\$233,480	\$240,484	\$247,699	\$255,130	\$262,784	\$270,667
Variable:															
Management Fees 6.1%	\$94,214	\$99,961	\$106,059	\$112,528	\$119,392	\$126,675	\$134,403	\$142,601	\$151,300	\$160,529	\$170,321	\$180,711	\$191,734	\$203,430	\$215,839
General and Administrative	\$351,183	\$361,718	\$372,570	\$383,747	\$395,260	\$407,117	\$419,331	\$431,911	\$444,868	\$459,214	\$471,961	\$486,119	\$500,703	\$515,724	\$531,196
Payroll Expenses	\$162,000	\$166,860	\$172,022	\$177,022	\$182,332	\$187,802	\$193,436	\$199,240	\$205,217	\$211,373	\$217,714	\$224,246	\$230,973	\$237,902	\$245,040
Utilities	\$241,443	\$248,686	\$256,147	\$263,831	\$271,746	\$279,899	\$288,296	\$296,944	\$305,853	\$315,028	\$324,479	\$334,214	\$344,240	\$354,567	\$365,204
Marketing and Advertising	\$8,100	\$8,343	\$8,593	\$8,851	\$9,117	\$9,390	\$9,672	\$9,962	\$10,261	\$10,569	\$10,886	\$11,212	\$11,549	\$11,895	\$12,252
Maintenance and Repairs	\$64,800	\$66,744	\$68,746	\$70,809	\$72,933	\$75,121	\$77,375	\$79,696	\$82,087	\$84,549	\$87,086	\$89,698	\$92,389	\$95,161	\$98,016
Security	\$56,700	\$58,401	\$60,153	\$61,958	\$63,816	\$65,731	\$67,703	\$69,734	\$71,826	\$73,981	\$76,200	\$78,486	\$80,841	\$83,266	\$85,764
Grounds Maintenance and Landscaping	\$11,340	\$11,680	\$12,031	\$12,392	\$12,763	\$13,146	\$13,541	\$13,947	\$14,365	\$14,796	\$15,240	\$15,697	\$16,168	\$16,653	\$17,153
Replacement Reserve	\$48,600	\$48,600	\$48,600	\$48,600	\$48,600	\$48,600	\$48,600	\$48,600	\$48,600	\$50,058	\$51,560	\$53,107	\$54,700	\$56,341	\$58,031
Other: Elderly Program Services	\$3,240	\$3,337	\$3,437	\$3,540	\$3,647	\$3,756	\$3,869	\$3,985	\$4,104	\$4,227	\$4,354	\$4,485	\$4,619	\$4,758	\$4,901
Other:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,227,131	\$1,265,408	\$1,305,011	\$1,345,991	\$1,388,401	\$1,432,296	\$1,477,734	\$1,524,774	\$1,573,480	\$1,625,375	\$1,679,113	\$1,734,766	\$1,792,411	\$1,852,127	\$1,913,997
Net Operating Income	\$317,366	\$309,979	\$301,884	\$293,042	\$283,412	\$272,954	\$261,621	\$249,367	\$236,144	\$220,442	\$203,621	\$185,622	\$166,385	\$145,845	\$123,934
Debt Service Payments															
First Mortgage	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880	\$244,880
Second Mortgage - EHCL annual fees	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448
Matching Funds	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928	\$3,928
Total Debt Service Payments	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256	\$251,256
Operating Income After Debt Service - Before Tax Cash Flow	\$66,110	\$58,723	\$50,628	\$41,786	\$32,156	\$21,697	\$10,365	(\$1,889)	(\$15,112)	(\$30,814)	(\$47,635)	(\$65,634)	(\$84,871)	(\$105,411)	(\$127,322)
Debt Service Coverage Ratios															
Debt Service Coverage - First Only	1.30	1.27	1.23	1.20	1.16	1.11	1.07	1.02	0.96	0.90	0.83	0.76	0.68	0.60	0.51
Debt Service Coverage - First and Second	1.28	1.25	1.22	1.18	1.15	1.10	1.06	1.01	0.95	0.89	0.82	0.75	0.67	0.59	0.50
Debt Service Coverage - All Mortgages	1.26	1.23	1.20	1.17	1.13	1.09	1.04	0.99	0.94	0.88	0.81	0.74	0.66	0.58	0.49
Debt Service Coverage - All Mortgages and Fees	1.26	1.23	1.20	1.17	1.13	1.09	1.04	0.99	0.94	0.88	0.81	0.74	0.66	0.58	0.49
Financial Ratios															
Operating Expense Ratio	79.5%	80.3%	81.2%	82.1%	83.0%	84.0%	85.0%	85.9%	87.0%	88.1%	89.2%	90.3%	91.5%	92.7%	93.9%
Break-Even Ratio	90.0%	90.5%	91.0%	91.6%	92.2%	92.8%	93.4%	94.1%	94.8%	95.6%	96.4%	97.2%	98.1%	99.0%	99.8%