

**FIRESIDE PARK APARTMENTS  
SOURCES AND USES**

	<u>Total Amount</u>	<u>Per Unit</u>
<b>SOURCES:</b>		
New Conventional Mortgage	\$32,400,000	\$137,288
<b>GAP</b>	<b>\$5,350,000</b>	<b>\$22,669</b>
<b>TOTAL</b>	<b>\$37,750,000</b>	<b>\$159,958</b>
<b>USES</b>		
<b>Acquisition Cost/Payoff Existing Mortgage</b>		
Acquisition Cost	\$36,000,000	\$152,542
<b>Total Acquisition Cost</b>	<b>\$36,000,000</b>	<b>\$152,542</b>
<b>Rehabilitation Cost</b>		
Rehabilitation Cost	\$764,975	\$3,241
<b>Total Rehabilitation Cost</b>	<b>\$764,975</b>	<b>\$3,241</b>
<b>Consultants-Preacquisition &amp; Syndication</b>		
Appraisal	\$10,000	\$42
Environmental/Engineer Report	\$10,000	\$42
<b>Total Consultants-Preacquisition &amp; Syndication</b>	<b>\$20,000</b>	<b>\$85</b>
<b>Total Financing Expense</b>	<b>\$648,000</b>	<b>\$2,746</b>
<b>Settlement Costs</b>		
Legal	\$20,000	\$85
Survey	\$17,500	\$74
Title Insurance/Abstract/Binder	\$40,000	\$169
Transfer Tax & Recordation Expense	\$25,000	\$106
<b>Total Settlement Costs</b>	<b>\$102,500</b>	<b>\$434</b>
<b>Misc. Development Costs &amp; Soft Cost Contingency</b>		
Replacement Reserve @ \$500/Unit	\$118,000	\$500
Operating Reserves	\$96,525	\$409
<b>Total Misc. Dev. Costs &amp; Soft Cost Contingency</b>	<b>\$214,525</b>	<b>\$909</b>
<b>TOTAL USES</b>	<b>\$37,750,000</b>	<b>\$159,958</b>

<b>Maximum Debt (DSC Limit)</b>	
<b>NOI</b>	<b>\$2,265,990</b>
<b>Supportable Debt</b>	
Amortization (Yrs)	30
Term (Yrs)	7
Interest Rate	3.77%
Debt Constant (k)	5.57%
MIP	0.00%
<b>"All-In" Rate</b>	<b>5.57%</b>
NOI @ 1.20 DSC	\$1,888,325
<b>Maximum Debt</b>	<b>\$33,895,533</b>

<b>GAP FUNDING</b>	
RHE Equity	\$500,000
City of Rockville Equity	\$2,000,000
Montgomery County Equity	\$2,850,000
<b>TOTAL</b>	<b>\$5,350,000</b>

**FIRESIDE PARK APARTMENTS  
UNIT MIX (PROFORMA)**

Market Units	142	60%
Tax Credit Units	94	40%
<b>Total Units</b>	<b>236</b>	

Unit Type	Unit Size	Residential Units	Proforma Rents Per Unit	Monthly Rent	Annual Rent	
1 BR/1BA		11	\$1,099	\$12,084	\$145,007	
<i>1 BR/1BA (Section 8 Tenants)</i>	600	4	<i>\$1,158</i>	<i>\$4,631</i>	<i>\$55,570</i>	<i>Avg. tenant rent = \$34</i>
<i>1 BR/1BA (60% AMI Units)</i>		13	<i>\$1,040</i>	<i>\$13,525</i>	<i>\$162,302</i>	
1 BR/1BA		1	\$1,130	\$1,130	\$13,562	
<i>1 BR/1BA (Section 8 Tenants)</i>	603	1	<i>\$1,015</i>	<i>\$1,015</i>	<i>\$12,179</i>	<i>Avg. tenant rent = \$125</i>
<i>1 BR/1BA (50% AMI Units)</i>		10	<i>\$864</i>	<i>\$8,640</i>	<i>\$103,680</i>	
<i>1 BR/1BA (60% AMI Units)</i>		16	<i>\$1,036</i>	<i>\$16,581</i>	<i>\$198,973</i>	
1 BR/1BA		11	\$1,125	\$12,376	\$148,508	
1 BR/1BA	669	1	\$0	\$0	\$0	Model Unit
<i>1 BR/1BA (60% AMI Units)</i>		24	<i>\$1,040</i>	<i>\$24,970</i>	<i>\$299,635</i>	
1 BR/1BA	818	1	\$1,200	\$1,200	\$14,394	
<i>1 BR/1BA (60% AMI Units)</i>		3	<i>\$1,040</i>	<i>\$3,121</i>	<i>\$37,454</i>	
2 BR/1BA		8	\$1,374	\$10,992	\$131,898	
<i>1 BR/1BA (Section 8 Tenants)</i>	776	1	<i>\$1,395</i>	<i>\$1,395</i>	<i>\$16,740</i>	<i>Avg. tenant rent = \$290</i>
<i>1 BR/1BA (60% AMI Units)</i>		3	<i>\$1,196</i>	<i>\$3,589</i>	<i>\$43,073</i>	
2 BR/1BA		34	\$1,368	\$46,506	\$558,071	
<i>1 BR/1BA (Section 8 Tenants)</i>	803	8	<i>\$1,372</i>	<i>\$10,975</i>	<i>\$131,702</i>	<i>Avg. tenant rent = \$131</i>
<i>1 BR/1BA (60% AMI Units)</i>		6	<i>\$1,223</i>	<i>\$7,338</i>	<i>\$88,055</i>	
2 BR/1BA		31	\$1,352	\$41,897	\$502,758	
<i>1 BR/1BA (Section 8 Tenants)</i>	813	3	<i>\$1,359</i>	<i>\$4,076</i>	<i>\$48,911</i>	<i>Avg. tenant rent = \$202</i>
<i>1 BR/1BA (60% AMI Units)</i>		2	<i>\$1,269</i>	<i>\$2,538</i>	<i>\$30,453</i>	
2 BR/1BA		27	\$1,356	\$36,601	\$439,208	
<i>1 BR/1BA (Section 8 Tenants)</i>	821	1	<i>\$1,346</i>	<i>\$1,346</i>	<i>\$16,157</i>	<i>Avg. tenant rent = \$361</i>
<i>1 BR/1BA (60% AMI Units)</i>		4	<i>\$1,219</i>	<i>\$4,876</i>	<i>\$58,507</i>	
3 BR/1H BA		9	\$1,718	\$15,459	\$185,509	
<i>1 BR/1BA (Section 8 Tenants)</i>	984	2	<i>\$1,683</i>	<i>\$3,366</i>	<i>\$40,392</i>	<i>Avg. tenant rent = \$361</i>
<i>1 BR/1BA (60% AMI Units)</i>		1	<i>\$1,324</i>	<i>\$1,324</i>	<i>\$15,888</i>	
	<b>747</b>	<b>236</b>	<b>\$1,231</b>	<b>\$291,549</b>	<b>\$3,498,587</b>	

**FIRESIDE PARK APARTMENTS  
YEAR ONE STABILIZED**

	Stabilized Proforma	
	YR 1	Per Unit
<b>RENTAL INCOME</b>		
Market Rent	\$3,612,960	\$15,309
Less: Gain/Loss to Lease	(\$114,373)	(\$485)
Less: Vacancy Allowance	(\$174,929)	(\$741)
Less: Concessions	(\$15,381)	(\$65)
Less: Bad Debt	(\$41,819)	(\$177)
<b>NET RENTAL INCOME</b>	<b>\$3,266,457</b>	<b>\$13,841</b>
<b>OTHER INCOME</b>		
Other	\$284,106	\$1,204
<b>TOTAL OTHER INCOME</b>	<b>\$284,106</b>	<b>\$1,204</b>
<b>EFFECTIVE GROSS INCOME</b>	<b>\$3,550,564</b>	<b>\$15,045</b>
<b>TOTAL OPERATING EXPENSES</b>		
Management Fee	\$109,463	\$464
Utilities	\$190,220	\$806
Payroll	\$332,377	\$1,408
Administrative	\$38,011	\$161
Marketing	\$26,947	\$114
Contract Services	\$164,897	\$699
Turnover	\$108,058	\$458
Maintenance	\$94,109	\$399
Taxes/Insurance	\$89,532	\$379
Replacement Reserve	\$118,000	\$500
<b>TOTAL EXPENSES</b>	<b>\$1,271,614</b>	<b>\$5,388</b>
<b>NET OPERATING INCOME</b>	<b>\$2,278,950</b>	<b>\$9,657</b>

**FIRESIDE PARK APARTMENTS  
CASH FLOW PROJECTIONS**

Trend Assumptions	
Market Rent	2.00%
Other Income	2.00%
Operating Expenses	3.00%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>RENTAL INCOME</b>								
Market Rent	\$3,612,960	\$3,685,219	\$3,758,924	\$3,834,102	\$3,910,784	\$3,989,000	\$4,068,780	\$4,150,155
Less: Gain/Loss to Lease	(\$114,373)	(\$116,661)	(\$118,994)	(\$121,374)	(\$123,801)	(\$126,278)	(\$128,803)	(\$131,379)
Less: Vacancy Allowance	(\$174,929)	(\$178,428)	(\$181,996)	(\$185,636)	(\$189,349)	(\$193,136)	(\$196,999)	(\$200,939)
Less: Concessions	(\$15,381)	(\$15,688)	(\$16,002)	(\$16,322)	(\$16,648)	(\$16,981)	(\$17,321)	(\$17,667)
Less: Bad Debt	(\$41,819)	(\$42,656)	(\$43,509)	(\$44,379)	(\$45,267)	(\$46,172)	(\$47,095)	(\$48,037)
<b>NET RENTAL INCOME</b>	<b>\$3,266,457</b>	<b>\$3,331,787</b>	<b>\$3,398,422</b>	<b>\$3,466,391</b>	<b>\$3,535,719</b>	<b>\$3,606,433</b>	<b>\$3,678,562</b>	<b>\$3,752,133</b>
<b>OTHER INCOME</b>								
Other	\$284,106	\$289,788	\$295,584	\$301,496	\$307,526	\$313,676	\$319,950	\$326,349
<b>TOTAL OTHER INCOME</b>	<b>\$284,106</b>	<b>\$289,788</b>	<b>\$295,584</b>	<b>\$301,496</b>	<b>\$307,526</b>	<b>\$313,676</b>	<b>\$319,950</b>	<b>\$326,349</b>
<b>EFFECTIVE GROSS INCOME</b>	<b>\$3,550,564</b>	<b>\$3,621,575</b>	<b>\$3,694,006</b>	<b>\$3,767,886</b>	<b>\$3,843,244</b>	<b>\$3,920,109</b>	<b>\$3,998,511</b>	<b>\$4,078,481</b>
<b>TOTAL OPERATING EXPENSES</b>								
Management Fee	\$109,463	\$112,747	\$116,129	\$119,613	\$123,202	\$126,898	\$130,704	\$134,626
Utilities	\$190,220	\$195,926	\$201,804	\$207,858	\$214,094	\$220,517	\$227,132	\$233,946
Payroll	\$332,377	\$342,348	\$352,619	\$363,197	\$374,093	\$385,316	\$396,875	\$408,782
Administrative	\$38,011	\$39,151	\$40,325	\$41,535	\$42,781	\$44,065	\$45,387	\$46,748
Marketing	\$26,947	\$27,755	\$28,588	\$29,445	\$30,329	\$31,239	\$32,176	\$33,141
Contract Services	\$164,897	\$169,844	\$174,939	\$180,187	\$185,593	\$191,160	\$196,895	\$202,802
Turnover	\$108,058	\$111,300	\$114,639	\$118,078	\$121,621	\$125,269	\$129,027	\$132,898
Maintenance	\$94,109	\$96,933	\$99,841	\$102,836	\$105,921	\$109,099	\$112,372	\$115,743
Taxes/Insurance	\$89,532	\$92,218	\$94,985	\$97,834	\$100,769	\$103,792	\$106,906	\$110,113
Replacement Reserve	\$118,000	\$121,540	\$125,186	\$128,942	\$132,810	\$136,794	\$140,898	\$145,125
<b>TOTAL EXPENSES</b>	<b>\$1,271,614</b>	<b>\$1,309,762</b>	<b>\$1,349,055</b>	<b>\$1,389,526</b>	<b>\$1,431,212</b>	<b>\$1,474,149</b>	<b>\$1,518,373</b>	<b>\$1,563,924</b>
<b>NET OPERATING INCOME</b>	<b>\$2,278,950</b>	<b>\$2,311,813</b>	<b>\$2,344,952</b>	<b>\$2,378,360</b>	<b>\$2,412,032</b>	<b>\$2,445,960</b>	<b>\$2,480,138</b>	<b>\$2,514,557</b>
<b>Debt Service-New Mortgage</b>	<b>\$1,805,009</b>							
<b>Cash Flow Before Distributions</b>	<b>\$473,941</b>	<b>\$506,804</b>	<b>\$539,943</b>	<b>\$573,351</b>	<b>\$607,023</b>	<b>\$640,952</b>	<b>\$675,130</b>	
<b>DSC</b>	<b>1.26</b>	<b>1.28</b>	<b>1.30</b>	<b>1.32</b>	<b>1.34</b>	<b>1.36</b>	<b>1.37</b>	

**FIRESIDE PARK APARTMENTS  
EQUITY DISTRIBUTION ANALYSIS**

<b>EQUITY DISTRIBUTION</b>								
RHE Equity	\$500,000							
City of Rockville Equity	\$2,000,000							
Montgomery County Equity	\$2,850,000							
<b>TOTAL</b>	<b>\$5,350,000</b>							
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	
Cash Flow Before Distributions	\$473,941	\$506,804	\$539,943	\$573,351	\$607,023	\$640,952	\$675,130	
Less RfR Expenses	\$0	(\$5,635)	(\$95,595)	(\$100,249)	(\$96,493)	(\$96,590)	\$0	
<b>Cash Flow (less RfR Expenses)</b>	<b>\$473,941</b>	<b>\$501,169</b>	<b>\$444,348</b>	<b>\$473,102</b>	<b>\$510,530</b>	<b>\$544,362</b>	<b>\$675,130</b>	
RHE Equity Interest Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
City of Rockville Interest Payment	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	
Montgomery County Interest Payment	(\$85,500)	(\$85,500)	(\$85,500)	(\$85,500)	(\$85,500)	(\$85,500)	(\$85,500)	
<b>Total Distribution Payment</b>	<b>(\$145,500)</b>							
<b>Excess Cash Flow</b>	<b>\$328,441</b>	<b>\$355,669</b>	<b>\$298,848</b>	<b>\$327,602</b>	<b>\$365,030</b>	<b>\$398,862</b>	<b>\$529,630</b>	
RHE Equity Principal Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
City of Rockville Principal Payment	(\$49,266)	(\$53,350)	(\$44,827)	(\$49,140)	(\$54,755)	(\$59,829)	(\$79,444)	
Montgomery County Principal Payment	(\$49,266)	(\$53,350)	(\$44,827)	(\$49,140)	(\$54,755)	(\$59,829)	(\$79,444)	
<b>NET Cash Flow</b>	<b>\$229,909</b>	<b>\$248,968</b>	<b>\$209,194</b>	<b>\$229,322</b>	<b>\$255,521</b>	<b>\$279,203</b>	<b>\$370,741</b>	

## FIRESIDE PARK APARTMENTS REHAB SCHEDULE

IMMEDIATE PHYSICAL NEEDS	UNITS/ BLDG	UNIT COSTS	TOTAL AMOUNT
Replace Roofs	23	\$7,425	\$170,775
Plumbing (Re-line copper pipes)	236	\$2,300	\$542,800
Pruning			\$12,000
Asphalt Repair (Immediate)			\$39,400
<b>RENOVATION TOTAL</b>			<b>\$764,975</b>

**FIRESIDE PARK APARTMENTS  
TAKE-OUT ANALYSIS (REFINANCE)**

	<u>Total Amount</u>	<u>Per Unit</u>
<b>SOURCES:</b>		
New Mortgage	\$32,346,842	\$137,063
Deferred Development Fee	\$532,806	\$2,258
<b>LIHTC Equity</b>	<b>\$4,263,621</b>	<b>\$18,066</b>
<b>TOTAL</b>	<b>\$37,143,269</b>	<b>\$157,387</b>
<b>USES</b>		
<b>Acquisition Cost/Payoff Existing Mortgage</b>		
Payoff Existing Mortgage	\$27,733,945	\$117,517
City of Rockville	\$1,423,840	\$6,033
County Loan	\$2,473,840	\$10,482
<b>Total Acquisition Cost</b>	<b>\$31,631,625</b>	<b>\$134,032</b>
<b>Construction Costs</b>		
Construction Hard - Costs	\$2,360,000	\$10,000
Contractor Overhead @4%	\$94,400	\$400
Contractor Profit @5%	\$118,000	\$500
P&P Bonds @1%	\$23,600	\$100
General Conditions @5%	\$118,000	\$500
Contingency @5%	\$118,000	\$500
<b>Total Construction Costs</b>	<b>\$2,832,000</b>	<b>\$12,000</b>
<b>Consultants-Preacquisition &amp; Syndication</b>		
Appraisal & Market Study	\$20,000	\$85
Architect/Engineering Services	\$150,000	\$636
Environmental/Engineer Report	\$10,000	\$42
Accountanting	\$100,000	\$424
<b>Total Consultants-Preacquisition &amp; Syndication</b>	<b>\$280,000</b>	<b>\$1,186</b>
<b>Development Fee/Costs</b>		
Development Fee	\$665,270	\$2,819
<b>Total Development Fee/Costs</b>	<b>\$665,270</b>	<b>\$2,819</b>
<b>Financing Expense</b>		
Cost of Issuance @ 2%	\$646,937	\$2,741
Finance Fee @ 2%	\$646,937	\$2,741
<b>Total Financing Expense</b>	<b>\$1,293,874</b>	<b>\$5,483</b>
<b>Settlement Costs</b>		
Legal	\$120,000	\$508
Survey	\$17,500	\$74
Title Insurance/Abstract/Binder	\$40,000	\$169
Transfer Tax & Recordation Expense	\$25,000	\$106
<b>Total Settlement Costs</b>	<b>\$202,500</b>	<b>\$858</b>
<b>Misc. Development Costs &amp; Soft Cost Contingency</b>		
Initial Deposit to Replacement Reserve @ \$500/Unit	\$118,000	\$500
Soft Cost Contingencies	\$120,000	\$508
<b>Total Misc. Dev. Costs &amp; Soft Cost Contingency</b>	<b>\$238,000</b>	<b>\$1,008</b>
<b>TOTAL USES</b>	<b>\$37,143,269</b>	<b>\$157,387</b>

<b>NOI (YR 8)</b>	<b>\$2,514,557</b>
<b>Supportable Debt</b>	
Term	30
Interest Rate	4.75%
Debt Constant (k)	6.26%
MIP	0.50%
<b>"All-In" Rate</b>	<b>6.76%</b>
NOI @ 1.15 DSC	\$2,186,572
<b>Maximum Mortgage</b>	<b>\$32,346,842</b>
<b>Market Value</b>	<b>\$45,719,223</b>
<b>Loan to Value</b>	<b>71%</b>