

**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> |                     |
|---------------------------------|---------------------|
| NOI                             | <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% |
| Total Units      | 236 |     |

| 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**

| <b>IMMEDIATE PHYSICAL NEEDS</b> | <b>UNITS/<br/>BLDG</b> | <b>UNIT<br/>COSTS</b> | <b>TOTAL<br/>AMOUNT</b> |
|---------------------------------|------------------------|-----------------------|-------------------------|
| 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>          |