

## CALCULATION OF NET EQUITY AND REQUIRED PAY-IN

MAP Guide, Chapter 14.15

Project: Sommerville Terrace  
Location: Cincinnati, OH  
FHA #: TBD

**Total Equity** **\$ 17,037,104**

### Net Equity

Total Equity less Initial Capital Contribution (20% of Total Equity) plus lower of Allowed Reductions or 25% of Total Equity

A. Initial Capital Contribution                      20.0%      x      \$ 17,037,104      =      \$ 3,407,421

B. Allowed Reductions:

Delayed Developer Fee			\$	-	
Deferred Developer Fee			\$	1,971,691	
Lease up Fees and Escrows			\$	125,000	
Operating Reserves			\$	1,500,000	
Debt Service Reserves			\$	-	
Section 8 HAP Transition Reserves			\$	700,000	
Replacement Reserves			\$	-	
State Agency Administrative Fees and Escrows			\$	225,000	

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Total \$ 4,521,691

Maximum reductions                      25.0%      x      \$ 17,037,104      =      \$ 4,259,276

Allowed reductions \$ 4,259,276

**Net Equity** **\$ 9,370,407**

### Required Equity Pay-In

Initial Closing \$ 3,407,421

100% completion                      37.5%      x      \$ 9,370,407      =      \$ 3,513,903

Final Endorsement                      62.5%      x      \$ 9,370,407      =      \$ 5,856,504

**Total HUD required Pay-In** **\$ 12,777,828**

**CONSTRUCTION DRAW LOG**

3/28/2016

Sommerville Terrace  
 Section 221(d)4, Substantial Rehabilitation  
 FHA Project No.: TBD

Mortgageable: Sources	Project Budget	Const. Progress	10.05%	11.62%	11.12%	8.06%	7.39%	7.28%	7.73%	8.73%	8.77%	8.35%	6.86%	4.04%	Aug '17 Final	Balance
		Cummulative	10.05%	21.67%	32.79%	40.85%	48.24%	55.52%	63.25%	71.98%	80.75%	89.10%	95.96%	100.00%		
		Jul '16 Draw 1	Aug '16 Draw 2	Sep '16 Draw 3	Oct '16 Draw 4	Nov '16 Draw 5	Dec '16 Draw 6	Jan '17 Draw 7	Feb '17 Draw 8	Mar '17 Draw 9	Apr '17 Draw 10	May '17 Draw 11	Jun '17 Draw 12	Jul '17 Draw 13		
HUD Insured Mortgage	\$ 9,000,000	\$ 3,250,000	\$ 500,000	\$ 750,000	\$ 350,000	\$ 650,000	\$ 500,000	\$ 500,000	\$ 700,000	\$ 250,000	\$ 250,000	\$ 450,000	\$ 450,000	\$ 200,000	\$ 200,000	\$ -
M2M Subordinated Debt	\$ 6,409,213	\$ 6,409,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GP Capital - NP Dev. Fee	\$ 1,274,004	\$ 1,274,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIHTC/Bridge Loan Equity	\$ 12,984,665	\$ 3,459,156	\$ 681,398	\$ 666,866	\$ 964,317	\$ 564,895	\$ 484,038	\$ 378,948	\$ 777,217	\$ 846,519	\$ 849,777	\$ 1,101,998	\$ 633,233	\$ 343,077	\$ 1,233,226	\$ -
Existing Reserves	\$ 243,000	\$ 243,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$29,910,882</b>	<b>\$ 14,635,373</b>	<b>\$ 1,181,398</b>	<b>\$ 1,416,866</b>	<b>\$ 1,314,317</b>	<b>\$ 1,214,895</b>	<b>\$ 984,038</b>	<b>\$ 878,948</b>	<b>\$ 1,477,217</b>	<b>\$ 1,096,519</b>	<b>\$ 1,099,777</b>	<b>\$ 1,551,998</b>	<b>\$ 1,083,233</b>	<b>\$ 543,077</b>	<b>\$ 1,433,226</b>	<b>\$ -</b>

**Uses**

Acquisition	\$ 12,744,068	\$ 12,744,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ 11,126,595	\$ -	\$ 1,006,401	\$ 1,163,619	\$ 1,113,550	\$ 807,123	\$ 740,030	\$ 729,015	\$ 817,082	\$ 922,784	\$ 927,012	\$ 882,617	\$ 744,202	\$ 438,277	\$ 834,883	\$ -
General Requirements	\$ 747,043	\$ -	\$ 67,570	\$ 78,126	\$ 74,764	\$ 54,190	\$ 49,686	\$ 48,946	\$ 54,859	\$ 61,956	\$ 62,240	\$ 59,259	\$ 49,966	\$ 29,426	\$ 56,055	\$ -
General Contractor Overhead	\$ 237,473	\$ -	\$ 21,479	\$ 24,835	\$ 23,766	\$ 17,226	\$ 15,794	\$ 15,559	\$ 17,439	\$ 19,695	\$ 19,785	\$ 18,838	\$ 15,883	\$ 9,354	\$ 17,820	\$ -
General Contractor Profit	\$ 712,418	\$ -	\$ 64,438	\$ 74,505	\$ 71,299	\$ 51,679	\$ 47,383	\$ 46,678	\$ 52,316	\$ 59,084	\$ 59,355	\$ 56,513	\$ 47,650	\$ 28,062	\$ 53,456	\$ -
Bond Premium	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GC Other Fees - Permits	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Contingency	\$ 1,422,353	\$ -	\$ -	\$ 50,000	\$ -	\$ 250,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ 122,353	\$ -
Architects Fee - Design	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Architects Fee - Supervisory	\$ 60,000	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -
Construction Loan Interest	\$ 538,124	\$ -	\$ 11,510	\$ 13,281	\$ 15,938	\$ 17,177	\$ 19,479	\$ 21,250	\$ 23,021	\$ 25,500	\$ 26,385	\$ 27,271	\$ 28,865	\$ 30,458	\$ 277,989	\$ -
Real Estate Taxes	\$ 188,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,167	\$ -	\$ -	\$ -
Insurance	\$ 175,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -
FHA/HUD MIP	\$ 45,000	\$ 22,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ -	\$ -	\$ -
FHA/HUD Application Fee	\$ 27,000	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FHA/HUD Inspection Fee	\$ 66,168	\$ 66,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Financing Fee	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Placement Fee	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title & Recording	\$ 75,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
Legal	\$ 202,500	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,500	\$ -
Organizational	\$ 413,170	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,170	\$ -
Relocation	\$ 75,000	\$ -	\$ 5,000	\$ 7,500	\$ 10,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 7,500	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ -
FF&E	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Initial Operating Deficit Escrow	\$ 345,637	\$ 345,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Working Capital Escrow	\$ 180,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>	<b>\$29,910,882</b>	<b>\$ 14,635,373</b>	<b>\$ 1,181,398</b>	<b>\$ 1,416,866</b>	<b>\$ 1,314,317</b>	<b>\$ 1,214,895</b>	<b>\$ 984,038</b>	<b>\$ 878,948</b>	<b>\$ 1,477,217</b>	<b>\$ 1,096,519</b>	<b>\$ 1,099,777</b>	<b>\$ 1,551,998</b>	<b>\$ 1,083,233</b>	<b>\$ 543,077</b>	<b>\$ 1,433,226</b>	<b>\$ -</b>
Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative HUD Insrd Loan		\$ 3,250,000	\$ 3,750,000	\$ 4,500,000	\$ 4,850,000	\$ 5,500,000	\$ 6,000,000	\$ 6,500,000	\$ 7,200,000	\$ 7,450,000	\$ 7,700,000	\$ 8,150,000	\$ 8,600,000	\$ 8,800,000	\$ 9,000,000	



**SUBORDINATED DEBT ANALYSIS**

Rent Escalator 1.50%  
Expense Escalator 2.25%

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Gross Potential Rent		520,080	527,881	535,799	543,836	551,994	560,274	568,678	577,208	585,866	594,654	603,574	612,628	621,817	631,144	640,611	650,220	659,973	669,873	679,921	690,120
Ancillary Income		5,200	5,278	5,357	5,437	5,519	5,602	5,686	5,771	5,858	5,946	6,035	6,126	6,218	6,311	6,406	6,502	6,600	6,699	6,799	6,901
Subtotal		525,280	533,159	541,156	549,273	557,513	565,876	574,364	582,979	591,724	600,600	609,609	618,754	628,035	637,455	647,017	656,722	666,573	676,572	686,720	697,021
Less Vacancy @ 5.0%	(26,264)	(26,658)	(27,058)	(27,464)	(27,876)	(28,294)	(28,718)	(29,149)	(29,586)	(30,030)	(30,480)	(30,938)	(31,402)	(31,873)	(32,351)	(32,836)	(33,329)	(33,829)	(34,336)	(34,851)	
Effective Gross Income		499,016	506,501	514,098	521,809	529,637	537,582	545,646	553,830	562,138	570,570	579,129	587,816	596,633	605,582	614,666	623,886	633,244	642,743	652,384	662,170
Admin		65,441	66,913	68,419	69,958	71,532	73,141	74,787	76,470	78,191	79,950	81,749	83,588	85,469	87,392	89,358	91,369	93,425	95,527	97,676	99,874
Operating		142,000	145,195	148,462	151,802	155,218	158,710	162,281	165,932	169,665	173,482	177,385	181,376	185,457	189,630	193,897	198,260	202,721	207,282	211,946	216,715
Maintenance		86,000	87,935	89,914	91,937	94,006	96,121	98,284	100,495	102,756	105,068	107,432	109,849	112,321	114,848	117,432	120,074	122,776	125,538	128,363	131,251
Taxes		53,250	54,448	55,673	56,926	58,207	59,517	60,856	62,225	63,625	65,057	66,521	68,018	69,548	71,113	72,713	74,349	76,022	77,732	79,481	81,269
R4R 1.50%	22,500	22,838	23,181	23,529	23,882	24,240	24,604	24,973	25,348	25,728	26,114	26,506	26,904	27,308	27,718	28,134	28,556	28,984	29,419	29,860	
Total Expenses		369,191	377,329	385,649	394,152	402,845	411,729	420,812	430,095	439,585	449,285	459,201	469,337	479,699	490,291	501,118	512,186	523,500	535,063	546,885	558,969
Net Operating Income		129,825	129,172	128,449	127,657	126,792	125,853	124,834	123,735	122,553	121,285	119,928	118,479	116,934	115,291	113,548	111,700	109,744	107,680	105,499	103,201
1st Mortgage - P&I		90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388	90,388
1st Mortgage - MIP		4,724	4,669	4,613	4,554	4,493	4,430	4,365	4,297	4,227	4,154	4,078	4,000	3,918	3,834	3,747	3,656	3,562	3,464	3,363	3,258
DSCR		1.36	1.36	1.35	1.34	1.34	1.33	1.32	1.31	1.30	1.28	1.27	1.26	1.24	1.22	1.21	1.19	1.17	1.15	1.13	1.10
Surplus Cash		34,713	34,115	33,449	32,715	31,911	31,035	30,081	29,050	27,938	26,743	25,461	24,091	22,628	21,069	19,413	17,656	15,794	13,828	11,748	9,555
Available for Sub Debt 75%	26,035	25,586	25,086	24,537	23,933	23,276	22,561	21,787	20,954	20,057	19,096	18,069	16,971	15,802	14,560	13,242	11,846	10,371	8,811	7,166	
Deferred Developer's Fee:																					
Payment		26,035	25,586	25,086	24,537	23,933	23,276	22,561	21,787	20,954	20,057	-	-	-	-	-	-	-	-	-	-
Balance		207,208	187,320	167,385	147,451	127,573	107,805	88,209	68,848	49,787	31,099	-	-	-	-	-	-	-	-	-	-
Subordinated Debt:																					
Payment		-	-	-	-	-	-	-	-	-	-	19,096	18,069	16,971	15,802	14,560	13,242	11,846	10,371	8,811	7,166
Balance		513,750	527,878	542,395	557,311	572,637	588,384	604,565	621,190	638,273	655,826	657,966	654,702	655,735	657,966	661,500	666,449	672,930	681,065	690,983	702,819
Cash flow after Subordinated Debt		8,678	8,529	8,363	8,178	7,978	7,759	7,520	7,263	6,984	6,686	6,365	6,022	5,657	5,267	4,853	4,414	3,948	3,457	2,937	2,389