


# 23080 Melody Grove - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 27, 2023

PROPERTY IDENTIFICATION		RECOMMENDATION					KEY PRINCIPALS / SPONSOR							
Application #	23080	TDHCA Program	Request	Recommended			I. Melli Wickliff / Waco Housing Opportunities Corporation / General Partner  Arthur Schuldt, Jr. / Housing Solutions Alliance, LLC							
Development	Melody Grove	LIHTC (9% Credit)	\$1,830,000	\$1,830,000	\$23,165/Unit	\$0.92								
City / County	Waco / McLennan													
Region/Area	8 / Urban													
Population	Elderly Limitation													
Set-Aside	At-Risk													
Activity	Rehabilitation (Built in 1965)						Related Parties		Contractor - No	Seller - Yes				
TYPICAL BUILDING ELEVATION/PHOTO							UNIT DISTRIBUTION			INCOME DISTRIBUTION				
							# Beds	# Units	% Total	Income	# Units	% Total		
							Eff	-	0%	20%	-	0%		
							1	54	68%	30%	9	11%		
							2	25	32%	40%	-	0%		
							3	-	0%	50%	26	33%		
							4	-	0%	60%	32	41%		
										70%	12	15%		
										80%	-	0%		
										MR	-	0%		
							TOTAL	79	100%	TOTAL	79	100%		
PRO FORMA FEASIBILITY INDICATORS							Pro Forma Underwritten			Applicant's Pro Forma				
Debt Coverage							1.19	Expense Ratio	64.95%					
Breakeven Occ.							89.7%	Breakeven Rent	\$724					
Average Rent							\$767	B/E Rent Margin	\$43					
Property Taxes							Exempt	Exemption/PILOT	100%					
Total Expense							\$5,770/unit	Controllable	\$3,407/unit					
MARKET FEASIBILITY INDICATORS							Gross Capture Rate (10% Maximum)			0.9%				
Highest Unit Capture Rate							4%	1 BR/60%	22					
Dominant Unit Cap. Rate							4%	1 BR/60%	22					
Premiums (↑60% Rents)							N/A		N/A					
Rent Assisted Units							79	100% Total Units						
DEVELOPMENT COST SUMMARY							Costs Underwritten			TDHCA's Costs - Based on SCR				
Avg. Unit Size							779 SF	Density	5.9/acre					
Acquisition								\$63K/unit	\$5,000K					
Building Cost							\$155.46/SF	\$121K/unit	\$9,561K					
Hard Cost								\$153K/unit	\$12,073K					
Total Cost								\$307K/unit	\$24,286K					
Developer Fee							\$2,375K	(9% Deferred)	Paid Year: 6					
Contractor Fee							\$1,650K	30% Boost	Yes					
REHABILITATION COSTS / UNIT							Site Work			\$14K	9%	Finishes/Fixtures	\$34K	22%
							Building Shell			\$77K	51%	Amenities	\$3K	2%
							HVAC			\$6K	4%	Total Exterior	\$95K	69%
							Appliances			\$3K	2%	Total Interior	\$44K	31%

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Home Federal bank	17/30	6.25%	\$2,800,000	1.19	Seller Financing Deferred Soft Loan	40/0	2.00%	\$4,350,000	1.19	Hudson Housing Capital	\$16,925,638
											\$0
										Integrand Development, LLC	\$210,012
TOTAL DEBT (Must Pay)			\$2,800,000		CASH FLOW DEBT / GRANTS			\$4,350,000		TOTAL EQUITY SOURCES	\$17,135,650
										TOTAL DEBT SOURCES	\$7,150,000
										TOTAL CAPITALIZATION	\$24,285,650

#### CONDITIONS

- Receipt and acceptance by Carryover:
  - Documentation of approval of proposed HAP Rent increase.
- Receipt and acceptance by Cost Certification:
  - Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
  - Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
  - Certification that continued testing was performed on the contaminated groundwater, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company, or a certification from a qualified abatement company that no abatement is required at this time.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

#### RISK PROFILE

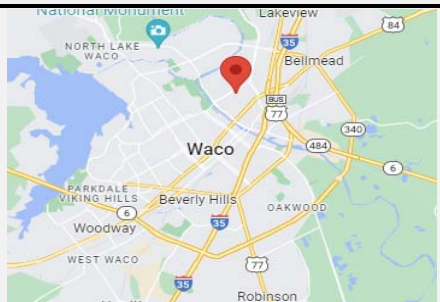
##### STRENGTHS/MITIGATING FACTORS

- Low Gross Capture Rate
- 100% Assisted Units

##### ISSUES/RISKS

- Feasibility dependent on Rental Assistance
- 64.95% expense-to-income ratio
- Only 31% of the rehab budget attributed to the interior/units.

#### AREA MAP



#### AERIAL PHOTOGRAPH(s)





### DEVELOPMENT IDENTIFICATION

TDHCA Application #: **23080** Program(s): **9% HTC**

**Melody Grove**

Address/Location: 1809 J J Flewellen Road

City: Waco County: McLennan Zip: 76704

Population: Elderly Limitation Program Set-Aside: At-Risk Area: Urban

Activity: Rehabilitation Building Type: Fourplex Region: 8

Analysis Purpose: New Application - Initial Underwriting

### ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,830,000				\$1,830,000				

### CONDITIONS

- 1 Receipt and acceptance by Carryover:
    - Documentation of approval of proposed HAP Rent increase.
  - 2 Receipt and acceptance by Cost Certification:
    - a: Certification of comprehensive testing for asbestos **and** lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials **and** lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
    - b: Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
- Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

## SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	26
60% of AMI	60% of AMI	32
70% of AMI	70% of AMI	12

## DEVELOPMENT SUMMARY

The Waco Housing Authority's Estella Maxey public housing property was developed in 2 phases in 1958 and 1965. This application consists of the comprehensive **rehabilitation and reconfiguration** of the 2nd phase constructed in 1965 on the buildings constructed on Adams Street. The proposed plan demolishes 8 of these original 29 buildings while reconfiguring the remaining 1,2,3 and 4 bedroom units into 79 units one and two-bedroom units[downsizing from 114 units to 79 units] for seniors. Waco Housing Authority non-profit affiliate Waco Housing Opportunities Corporation will serve as sole member of the GP. The **rehabilitation will encompass a "strip to studs" approach** with all new finishes, doors, windows, cabinets, appliances, mechanical, electrical and plumbing systems.

Melody Grove is part of another existing Development, Estella Maxey, owned by Waco Housing Authority.

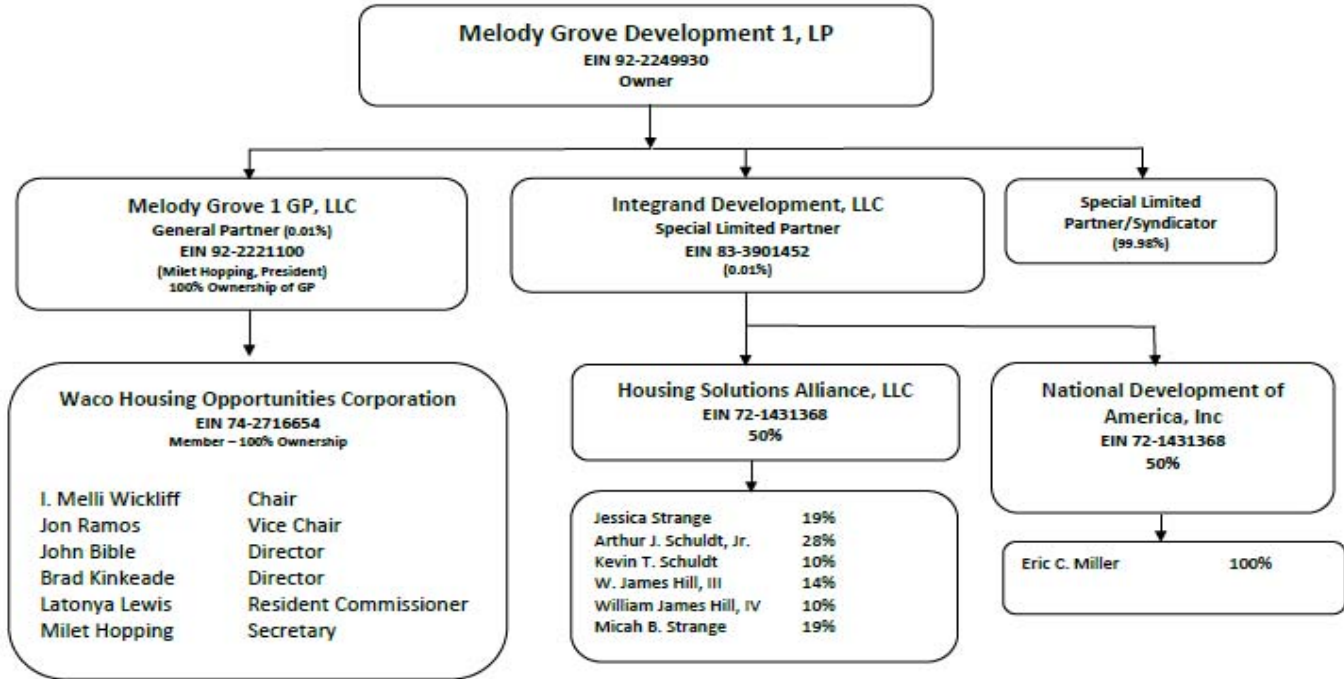
## RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Low Gross Capture Rate
▫	100% Assisted Units
▫	

WEAKNESSES/RISKS	
▫	Feasibility dependent on Rental Assistance
▫	64.95% expense-to-income ratio
▫	Only 31% of the rehab budget attributed to the interior/units.

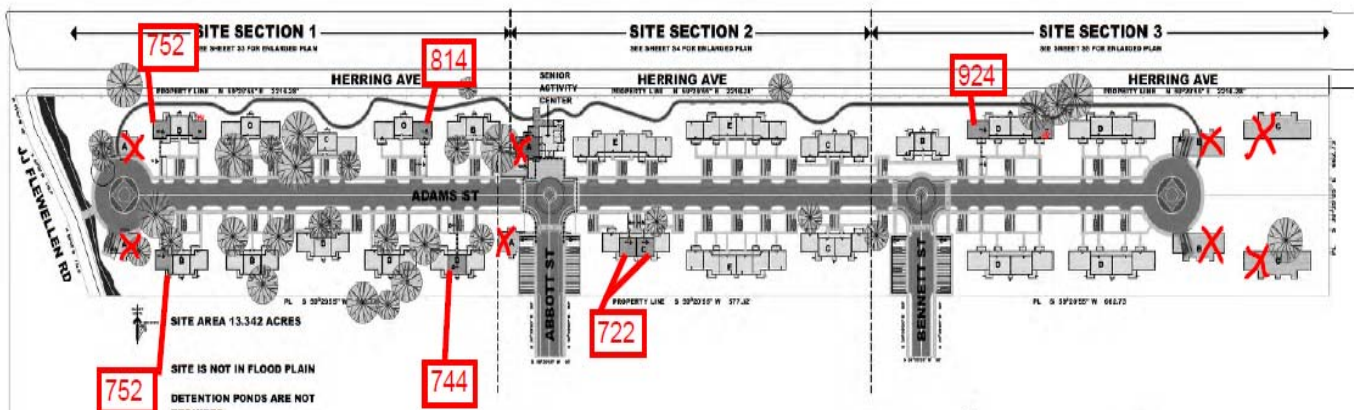
## DEVELOPMENT TEAM

### OWNERSHIP STRUCTURE



## DEVELOPMENT SUMMARY

### SITE PLAN







Comments:  
 The City requirement is 1.5 (one-bedroom) 2 (two-bedroom) for a total of 141 units. The Development will have 141 parking spaces free of charge to the tenant. The Applicant is meeting the parking space requirement.

### BUILDING ELEVATION



### BUILDING CONFIGURATION

Building Type	B	C	E		D	O							Total Buildings
Floors/Stories	1	1	1		1	1							
Number of Bldgs	8	3	3		4	3							21
Units per Bldg	3	4	6		4	3							
Total Units	24	12	18		16	9							79
Avg. Unit Size (SF)	779 sf			Total NRA (SF)			61,502			Common Area (SF)*			1,309

\*Common Area Square Footage as specified on Architect Certification

## SITE CONTROL INFO

**Site Acreage:** Development Site: 13.34 acres Density: 5.9 units/acre  
**Site Control:** 13.34 **Site Plan:** 13.34 **Appraisal:** 13 **ESA:** 13.34  
**Feasibility Report Survey:** n/a **Feasibility Report Engineer's Plan:** n/a

Control Type: Contract of Lease

Development Site: 13.34 acres Cost: \$5,000,000 \$63,291 per unit

Owner Waco Housing Authority

Related-Party Seller/Identity of Interest: Yes

### Comments:

There is not a sale of the property. The Housing Authority of the City of Waco "HA" owns the land and is going to be entering into a Ground Lease between the HA and Melody Grove Development, LP to form a Partnership. The HA rights will transfer to the Partnership including the property tax exemption. The term of the Ground Lease will be for 75 years and **\$10 of rent per year after initial capitalized payment as determined by third party appraisal.**

The third party appraisal estimated the land value at \$1.6M and total market value at \$5M.

## APPRAISED VALUE

Appraiser: Novogradac Consulting Date: 2/19/2023

Land as Vacant:	<u>13</u> acres	<u>\$1,600,000</u>	Per Unit:	<u>\$20,253</u>
Existing Buildings: (as-is)		<u>\$3,400,000</u>	Per Unit:	<u>\$43,038</u>
<b>Total Development: (as-is)</b>		<u>\$5,000,000</u>	Per Unit:	<u>\$63,291</u>

### Comments:

The Applicant listed the building acquisition at \$5M an \$1.6M overstatement from the appraised value. Underwriter is using a building acquisition of \$3.4M as determined by the 3rd party appraisal.

## SITE INFORMATION

Flood Zone:	<u>X</u>	Scattered Site?	<u>No</u>
Zoning:	<u>R-1B</u>	Within 100-yr floodplain?	<u>No</u>
Re-Zoning Required?	<u>No</u>	Utilities at Site?	<u>Yes</u>
Year Constructed:	<u>1965</u>	Title Issues?	<u>No</u>

### Current Uses of Subject Site:

The Subject is an existing 114-unit Public Housing property.

## TENANT RELOCATION PLAN

The PHA has developed a plan to ensure that relocation payments and services are made available to persons requiring temporary relocation, permanent relocation or who will be permanently displaced. For the purpose of this plan, a displaced person will be considered as any person who moves permanently from the real property to be rehabilitated by PHA, as a direct result of their unit/estate being renovated. This does not include residents who are permanently relocated due to demolition of their units. Nor does it include residents who have been offered a unit on the same estate but who choose to move permanently to another estate, or to general transfers.

### URA Requirements for Displaced Residents:

1. PHA will send two notices; one a General Information Notice and one a Notice of Relocation Eligibility. Each notice will be personally served or sent certified mail return receipt requested, and documented in the PHA's resident files.
2. No person to be displaced may be required to vacate his or her dwelling, or issued the 90 day notice before the person has been given written notice of a comparable replacement dwelling that is available to them.
3. The PHA must provide displacement services and/or assistance in locating comparable replacement housing.
4. The PHA must make available to the displaced person at least one comparable replacement dwelling.
5. The displaced person has a right to appeal if the person believes that the PHA has failed to properly consider the person's application for assistance.
6. A displaced person is entitled to payment for actual reasonable moving and related expenses if the housing authority does not arrange for a moving company and pay for the move itself. If the housing authority contracts with a moving company at no cost to the resident, the resident family is entitled to a moving expense and dislocation allowance of only if they are displaced. However, residents from Palmville Homes will not be displaced. They will be temporarily relocated because the developments are being rehabilitated and not demolished.

### Requirements for Non-displaced Residents:

1. Residents who are not displaced but only relocated will receive a General Information Notice and Notice of eligibility. Each notice will be personally served or sent certified mail, return receipt requested, and documented in PHA's resident files.
2. The residents will be kept informed of the project schedule.
3. PHA will explain the terms and conditions of occupancy upon completion of the project, including, as appropriate, the policies covering temporary relocation and moves within the building/complex or housing authority.
4. PHA will explain assistance available through Housing Choice Vouchers used for relocation.
5. The PHA will minimize hardships by providing counseling, referrals to other sources of assistance, (e.g. drug and alcohol treatment, welfare assistance, child care, voter registration, training) and such other help as may be appropriate.
6. Residents will be required to relocate temporarily for the project. All conditions of temporary relocation must be reasonable. At a minimum, the tenant shall be provided:
  - a. Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs at such housing
  - b. Appropriate advisory services, including advance written notice of
    - (a) the date and approximate duration of the temporary relocation;
    - (b) the address of the suitable, decent, safe and sanitary dwelling to be made available for the temporary period; (c) the terms and conditions under which the resident may lease and occupy a suitable, decent, safe and sanitary dwelling in the building/complex upon completion of the project.



#### URA Requirements for General Transfers:

Residents in under or over-housed situation who have occupied their units for some time and have not been moved under a general transfer basis until the renovation begins, may be moved permanently off site and not be considered displaced because their permanent relocation to a suitable unit resulted from over/under housing and was carried out in accordance with the general transfer provisions in their lease. When a resident is transferred under this regulation, they will be provided relocation assistance if the family had reported the change in their family size to the housing authority management. If they failed to report the change in family size, they can be moved as a normal general transfer and not be provided relocation assistance.

#### Summary of Relocation Assistance

☐ Advisory Services. This includes referrals to comparable and suitable replacement homes, the inspection of replacement housing to ensure that it meets established standards, help in preparing claim forms for relocation payments and other assistance to minimize the impact of the move.

☐ Payment for Moving Expenses. You may choose either a:

\* Payment for Your Actual Reasonable Moving and Related Expenses, or

\* Fixed Moving Expense and Dislocation Allowance, or

\* A combination of both, based on circumstances.

☐ Replacement Housing Assistance. To enable you to rent, or if you prefer, buy a comparable or suitable replacement home, you may choose either:

\* Rental Assistance, or

\* Purchase Assistance.

The application includes \$60,000 budgeted for tenant relocation.

#### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: GIBCO Environmental, LLC

Date: 2/15/2023

#### Recognized Environmental Conditions (RECs) and Other Concerns:

- GIBCO Environmental, LLC recommends testing for asbestos containing materials is recommended due to the age of structures.
- It was recommended to test for lead based paint is recommended because the buildings were constructed in 1965.

Testing for lead in the drinking water would not be required pursuant to local, state, and federal laws, **but it is recommended** due to the age of pipes and solder in existing improvements.

## MARKET ANALYSIS

Provider: Novogradac Consulting

Date: 3/31/2023

Primary Market Area (PMA): 39 sq. miles 4 mile equivalent radius

### AFFORDABLE HOUSING INVENTORY

#### Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21121	Paige Estates	Yes	New	Elderly	0	64
20171	Avanti Viking Hills	Yes	New	General	0	82

#### Stabilized Affordable Developments in PMA

Total Units	1,043
Total Developments	9
Average Occupancy	98%

### OVERALL DEMAND ANALYSIS

		Market Analyst			
		HTC	Assisted		
Senior Households in the Primary Market Area		13,751			
Potential Demand from the Primary Market Area		7,961			
10% External Demand		796			
Potential Demand from Other Sources		0			
<b>GROSS DEMAND</b>		8,757			
Subject Affordable Units		79			
Unstabilized Competitive Units		0			
<b>RELEVANT SUPPLY</b>		79			
<b>Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE</b>		<b>0.9%</b>			

Population: **Elderly Limitation** Market Area: **Urban** Maximum Gross Capture Rate: **10%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND									
AMGI Band	Market Analyst								
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate				
30% AMGI	3,146	315	9	0	0.3%				
50% AMGI	2,828	283	26	0	0.8%				
60% AMGI	1,060	106	32	0	2.7%				
70% AMGI	926	93	12	0	1.2%				

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE									
Unit Type	Market Analyst								
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate				
1 BR/30%	651	65	6	0	0.8%				
1 BR/50%	953	95	18	0	1.7%				
1 BR/60%	471	47	22	0	4.2%				
1 BR/70%	336	34	8	0	2.2%				
2 BR/30%	515	52	3	0	0.5%				
2 BR/50%	1,052	105	8	0	0.7%				
2 BR/60%	590	59	10	0	1.5%				
2 BR/70%	568	57	4	0	0.6%				

## OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$245,959	Avg. Rent:	\$767	Expense Ratio:	65.0%
Debt Service:	\$206,881	B/E Rent:	\$724	Controllable Expenses:	\$3,407
Net Cash Flow:	\$39,078	UW Occupancy:	95.0%	Property Taxes/Unit:	\$0
Aggregate DCR:	1.19	B/E Occupancy:	89.7%	Program Rent Year:	2022

The Subject site will receive a property-tax exemption due to the HA's rights transferring to the Partnership via Ground Lease.

Melody Grove is part of Estella Moxley Place owned by Waco Housing Authority. Estella Maxey is approved for Rental Assistance Demonstration (RAD) conversion of assistance to Project Based Vouchers. For PBV conversions, the gross rents must fall within PBV Program rent caps regarding Fair Market Rents (FMR) and reasonable rents. The Applicant is using 2023 Operating Cost Adjustment Factor (OCAF) rent increase: \$709 for one-bedroom and \$893 for two-bedroom units.

Unit Type	Current NET HAP Rent	Variance	Proposed Net HAP Rent
1BR	\$630	12.5%	\$709
2BR	\$816	9.4%	\$893

Underwriter used 2022 Income Statement provided by the Applicant. The existing Development is downsizing from 114 to 79 units and will switch from an All Bills Paid (ABP) utility structure, to Tenant-paid utilities.

## DEVELOPMENT COST EVALUATION

### SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)

Acquisition	\$119,940/ac	\$63,291/unit	\$5,000,000	Contractor Fee	\$1,650,000
Off-site + Site Work		\$17,898/unit	\$1,413,930	Soft Cost + Financing	\$2,833,260
Building Cost	\$155.46/sf	\$121,026/unit	\$9,561,070	Developer Fee	\$2,375,000
Contingency	10.00%	\$13,892/unit	\$1,097,500	Reserves	\$354,890
<b>Total Development Cost</b>		<b>\$307,413/unit</b>	<b>\$24,285,650</b>	<b>Rehabilitation Cost</b>	<b>\$138,924/unit</b>
<b>Qualified for 30% Basis Boost?</b>		Located in QCT with < 20% HTC units/HH			

#### Acquisition:

Applicant's cost schedule indicates a total acquisition cost of \$6.6M. Applicant allocated \$1.6M to land with the balance of \$5M allocated to the improvements.

The appraisal submitted with the application reflects a total property value of \$5M, with \$1.6M being allocated to the land. Applicant included no building value in eligible basis for scoring purposes. The underwritten structure reflects the Appraised values.

### REHABILITATION COSTS / UNIT / % HARD COST

Site Work	\$1,145,287	\$14,497/unit	9%	Finishes/Fixtures	\$2,685,097	\$33,989/unit	22%
Building Shell	\$6,105,647	\$77,287/unit	51%	HVAC	\$503,326	\$6,371/unit	4%
Amenities	\$268,643	\$3,401/unit	2%	Appliances	\$267,000	\$3,380/unit	2%
<b>Total Exterior</b>	<b>\$7,519,577</b>	<b>\$95,185/unit</b>	<b>69%</b>	<b>Total Interior</b>	<b>\$3,455,423</b>	<b>\$43,740/unit</b>	<b>31%</b>

#### SCOPE & COST REVIEW

Provider: GIBCO Environmental, LLC

Date: 2/4/2023

#### Scope of Work:

The scope of work will include:

##### Mandatory Development Amenities:

- Screens on all operable windows (included with new Energy Star Window Installation)
- Energy-Star rated refrigerator (will be supplied in all units - ice maker will be supplied)
- Oven/Range (will be supplied in all units)
- Blinds (will be supplied for all windows)
- Energy-Star Ceiling Fan (at least 1 per unit)
- Energy-Star rated lighting (all lighting fixtures will be changed complex wide)
- HVAC (all areas of units will have heating and air conditioning – Exterior Storage excluded)
- Adequate parking (parking will meet requirements per local code)
- Energy Star rated windows (All existing windows will be replaced)
- Adequate accessible parking (Accessible parking will comply with 2010 ADA requirements)

##### Common Amenities:

- Furnished Community Room

Unit Development Construction Features:

- Covered Entries
- Microwave Oven
- Self-Cleaning/continuous cleaning oven
- Energy-Star rated refrigerator with icemaker
- Energy-Star rated ceiling fans in all Bedrooms
- EPA WaterSense qualified toilets in all bathrooms
- EPA WaterSense qualified showerheads and faucets in all bathrooms)

Development Construction Features:

- 15 SEER HVAC
- Thirty (30) year roof

Systems & Components

- HVAC (existing air handlers and condensing units are replaced in all units)
- Water Heaters (existing water heaters are replaced in all units)
- Tubs and surrounds (existing tubs and surrounds are replaced in all units)

Contingency:

Application included \$80k Soft Cost Contingency that was adjusted to the total contingency. As a result, Contingency was overstated by \$57.5k.

Financing Cost:

Applicant has included in the financing a Deferred Seller's Note. Underwriter reduced the Note by the same amount of the overstatement in Building Acquisition to balance the sources and uses.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$24,285,650	\$15,665,138	\$1,832,821



## UNDERWRITTEN CAPITALIZATION

### INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Home Federal bank	Conventional Loan	\$13,000,000	5.50%	47%
Hudson Housing Capital	HTC	\$10,155,383	\$0.93	37%
City of Waco	\$11.9(d)(2)LPS Contribution	\$500	0.00%	0%
Seller Financing Deferred Soft Loan	Deferred Soft Loan	\$4,350,000	0.00%	16%
Integrand Development, LLC	Deferred Developer Fee	\$267,512	0.00%	1%
		<b>\$27,773,395</b>	<b>Total Sources</b>	

### PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Home Federal bank	\$2,800,000	6.25%	30	17.0	\$2,800,000	6.25%	30	17.0	12%
Seller Financing Deferred Soft Loan	\$4,350,000	2.00%	0	40.0	\$4,350,000	2.00%	0	40.0	18%
<b>Total</b>	<b>\$7,150,000</b>				<b>\$7,150,000</b>				

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Hudson Housing Capital	\$16,925,638	\$0.92		\$16,925,638	\$0.92	70%	
Integrand Development, LLC	\$267,512		11%	\$210,012		1%	9%
<b>Total</b>	<b>\$17,193,150</b>			<b>\$17,135,650</b>			
				<b>\$24,285,650</b>	<b>Total Sources</b>		

#### Credit Price Sensitivity based on current capital structure

<b>\$0.936</b>	Maximum Credit Price before the Development is oversourced and allocation is limited
<b>\$0.903</b>	Minimum Credit Price below which the Development would be characterized as infeasible

## CONCLUSIONS

### Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$24,285,650
Permanent Sources (debt + non-HTC equity)	\$7,150,000
<b>Gap in Permanent Financing</b>	<b>\$17,135,650</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$16,951,731	\$1,832,821
Needed to Balance Sources & Uses	\$17,135,650	\$1,852,706
Requested by Applicant	\$16,925,638	\$1,830,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$16,925,638</b>	<b>\$1,830,000</b>

Deferred Developer Fee	\$210,012	( 9% deferred)
Repayable in	6 years	

### Recommendation:

The Underwriter recommends an annual tax credit allocation of \$1,830,000 as requested by the Applicant .

Underwriter:	<u>Robert Castillo</u>
Manager of Real Estate Analysis:	<u>Diamond Unique Thompson</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

<b>UNIT MIX/RENT SCHEDULE</b>
<i>Melody Grove, Waco, 9% HTC #23080</i>

LOCATION DATA	
CITY:	Waco
COUNTY:	McLennan
Area Median Income	\$74,200
PROGRAM REGION:	8
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	54	68.4%	54	0	0
2	25	31.6%	25	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
<b>TOTAL</b>	<b>79</b>	<b>100.0%</b>	<b>79</b>	<b>-</b>	<b>-</b>

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	779 sf

<b>55%</b>	<b>Income</b>	20%	30%	40%	50%	60%	70%	80%	EO / MR	<b>TOTAL</b>
<b>Average</b>	<b># Units</b>	-	9	-	26	32	12	-	-	<b>79</b>
<b>Income</b>	<b>% Total</b>	0.0%	11.4%	0.0%	32.9%	40.5%	15.2%	0.0%	0.0%	<b>100.0%</b>

UNIT MIX / MONTHLY RENT SCHEDULE																					
HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 30%	\$393	RAD	\$866	1	1	1	702	\$866	\$157	\$709	\$0	\$1.01	\$709	\$709	\$709	\$709	\$1	\$0	\$1,090	\$1.55	\$1,090
TC 50%	\$656	RAD	\$866	2	1	1	702	\$866	\$157	\$709	\$0	\$1.01	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,090	\$1.55	\$1,090
TC 60%	\$787	RAD	\$866	2	1	1	702	\$866	\$157	\$709	\$0	\$1.01	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,090	\$1.55	\$1,090
TC 70%	\$918	RAD	\$866	1	1	1	702	\$866	\$157	\$709	\$0	\$1.01	\$709	\$709	\$709	\$709	\$1	\$0	\$1,090	\$1.55	\$1,090
TC 30%	\$393	RAD	\$866	1	1	1	711	\$866	\$157	\$709	\$0	\$1.00	\$709	\$709	\$709	\$709	\$1	\$0	\$1,095	\$1.54	\$1,095
TC 50%	\$656	RAD	\$866	3	1	1	711	\$866	\$157	\$709	\$0	\$1.00	\$709	\$2,127	\$2,127	\$709	\$1	\$0	\$1,095	\$1.54	\$1,095
TC 60%	\$787	RAD	\$866	6	1	1	711	\$866	\$157	\$709	\$0	\$1.00	\$709	\$4,254	\$4,254	\$709	\$1	\$0	\$1,095	\$1.54	\$1,095
TC 70%	\$918	RAD	\$866	2	1	1	711	\$866	\$157	\$709	\$0	\$1.00	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,095	\$1.54	\$1,095
TC 30%	\$393	RAD	\$866	1	1	1	722	\$866	\$157	\$709	\$0	\$0.98	\$709	\$709	\$709	\$709	\$1	\$0	\$1,100	\$1.52	\$1,100
TC 50%	\$656	RAD	\$866	3	1	1	722	\$866	\$157	\$709	\$0	\$0.98	\$709	\$2,127	\$2,127	\$709	\$1	\$0	\$1,100	\$1.52	\$1,100
TC 60%	\$787	RAD	\$866	6	1	1	722	\$866	\$157	\$709	\$0	\$0.98	\$709	\$4,254	\$4,254	\$709	\$1	\$0	\$1,100	\$1.52	\$1,100
TC 70%	\$918	RAD	\$866	2	1	1	722	\$866	\$157	\$709	\$0	\$0.98	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,100	\$1.52	\$1,100
TC 30%	\$393	RAD	\$866	1	1	1	744	\$866	\$157	\$709	\$0	\$0.95	\$709	\$709	\$709	\$709	\$1	\$0	\$1,100	\$1.48	\$1,100
TC 50%	\$656	RAD	\$866	3	1	1	744	\$866	\$157	\$709	\$0	\$0.95	\$709	\$2,127	\$2,127	\$709	\$1	\$0	\$1,100	\$1.48	\$1,100
TC 60%	\$787	RAD	\$866	3	1	1	744	\$866	\$157	\$709	\$0	\$0.95	\$709	\$2,127	\$2,127	\$709	\$1	\$0	\$1,100	\$1.48	\$1,100
TC 70%	\$918	RAD	\$866	1	1	1	744	\$866	\$157	\$709	\$0	\$0.95	\$709	\$709	\$709	\$709	\$1	\$0	\$1,100	\$1.48	\$1,100
TC 30%	\$393	RAD	\$866	2	1	1	752	\$866	\$157	\$709	\$0	\$0.94	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,110	\$1.48	\$1,110
TC 50%	\$656	RAD	\$866	7	1	1	752	\$866	\$157	\$709	\$0	\$0.94	\$709	\$4,963	\$4,963	\$709	\$1	\$0	\$1,110	\$1.48	\$1,110
TC 60%	\$787	RAD	\$866	5	1	1	752	\$866	\$157	\$709	\$0	\$0.94	\$709	\$3,545	\$3,545	\$709	\$1	\$0	\$1,100	\$1.46	\$1,100
TC 70%	\$918	RAD	\$866	2	1	1	752	\$866	\$157	\$709	\$0	\$0.94	\$709	\$1,418	\$1,418	\$709	\$1	\$0	\$1,110	\$1.48	\$1,110
TC 30%	\$472	RAD	\$1,096	1	2	1	814	\$1,096	\$203	\$893	\$0	\$1.10	\$893	\$893	\$893	\$893	\$1	\$0	\$1,175	\$1.44	\$1,175
TC 50%	\$787	RAD	\$1,096	2	2	1	814	\$1,096	\$203	\$893	\$0	\$1.10	\$893	\$1,786	\$1,786	\$893	\$1	\$0	\$1,175	\$1.44	\$1,175
TC 60%	\$945	RAD	\$1,096	4	2	1	814	\$1,096	\$203	\$893	\$0	\$1.10	\$893	\$3,572	\$3,572	\$893	\$1	\$0	\$1,175	\$1.44	\$1,175
TC 70%	\$1,102	RAD	\$1,096	2	2	1	814	\$1,096	\$203	\$893	\$0	\$1.10	\$893	\$1,786	\$1,786	\$893	\$1	\$0	\$1,175	\$1.44	\$1,175
TC 30%	\$472	RAD	\$1,096	2	2	1	924	\$1,096	\$203	\$893	\$0	\$0.97	\$893	\$1,786	\$1,786	\$893	\$1	\$0	\$1,200	\$1.30	\$1,200
TC 50%	\$787	RAD	\$1,096	6	2	1	924	\$1,096	\$203	\$893	\$0	\$0.97	\$893	\$5,358	\$5,358	\$893	\$1	\$0	\$1,200	\$1.30	\$1,200
TC 60%	\$945	RAD	\$1,096	6	2	1	924	\$1,096	\$203	\$893	\$0	\$0.97	\$893	\$5,358	\$5,358	\$893	\$1	\$0	\$1,200	\$1.30	\$1,200
TC 70%	\$1,102	RAD	\$1,096	2	2	1	924	\$1,096	\$203	\$893	\$0	\$0.97	\$893	\$1,786	\$1,786	\$893	\$1	\$0	\$1,200	\$1.30	\$1,200
TOTALS/AVERAGES:				79			61,502				\$0	\$0.99	\$767	\$60,611	\$60,611	\$767	\$0.99	\$0	\$1,129	\$1.45	\$1,129

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$727,332</b>	<b>\$727,332</b>
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<b>STABILIZED PRO FORMA</b>
<i>Melody Grove, Waco, 9% HTC #23080</i>

STABILIZED FIRST YEAR PRO FORMA												
COMPARABLES			APPLICANT				TDHCA				VARIANCE	
Database	2022 Income Statement		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.99	\$767	\$727,332	\$727,332	\$767	\$0.99		0.0%	\$0
nsf fees, late fees, forfeit deposits					\$12.03	\$11,400						
Total Secondary Income					\$12.03		\$11,400	\$12.03			0.0%	\$0
POTENTIAL GROSS INCOME						\$738,732	\$738,732				0.0%	\$0
Vacancy & Collection Loss					5.0% PGI	(36,937)	(36,937)	5.0% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$701,795	\$701,795				0.0%	\$0

General & Administrative	\$30,787	\$390/Unit	\$22,117	\$280	3.96%	\$0.45	\$352	\$27,788	\$22,117	\$280	\$0.36	3.15%	25.6%	5,671
Management	\$29,514	4.4% EGI	\$45,766	\$579	5.91%	\$0.67	\$525	\$41,458	\$41,476	\$525	\$0.67	5.91%	0.0%	(18)
Payroll & Payroll Tax	\$96,500	\$1,222/Unit	\$107,185	\$1,357	16.96%	\$1.93	\$1,506	\$118,997	\$107,185	\$1,357	\$1.74	15.27%	11.0%	11,812
Repairs & Maintenance	\$61,590	\$780/Unit	\$23,162	\$293	11.63%	\$1.33	\$1,033	\$81,634	\$55,300	\$700	\$0.90	7.88%	47.6%	26,334
Electric/Gas	\$17,855	\$226/Unit	\$4,800	\$61	1.71%	\$0.20	\$152	\$12,000	\$17,855	\$226	\$0.29	2.54%	-32.8%	(5,855)
Water, Sewer, & Trash <span style="float: right;">Tenant Pays: WS</span>	\$55,706	\$705/Unit	\$19,765	\$250	4.10%	\$0.47	\$364	\$28,750	\$55,706	\$705	\$0.91	7.94%	-48.4%	(26,956)
Property Insurance	\$42,291	\$0.69 /sf	\$60,000	\$759	8.55%	\$0.98	\$759	\$60,000	\$60,000	\$759	\$0.98	8.55%	0.0%	-
Property Tax (@ 0%)	\$53,875	\$682/Unit			0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements					3.38%	\$0.39	\$300	\$23,700	\$23,700	\$300	\$0.39	3.38%	0.0%	-
Supportive Services					4.27%	\$0.49	\$380	\$30,000	\$30,000	\$380	\$0.49	4.27%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.45%	\$0.05	\$40	\$3,160	\$3,160	\$40	\$0.05	0.45%	0.0%	-
Security					2.78%	\$0.32	\$247	\$19,500	\$19,500	\$247	\$0.32	2.78%	0.0%	-
WiFi					1.26%	\$0.14	\$112	\$8,850	\$8,850	\$112	\$0.14	1.26%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>64.95%</b>	<b>\$7.41</b>	<b>\$5,770</b>	<b>\$455,837</b>	<b>\$444,850</b>	<b>\$5,631</b>	<b>\$7.23</b>	<b>63.39%</b>	<b>2.5%</b>	<b>\$ 10,986</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>35.05%</b>	<b>\$4.00</b>	<b>\$3,113</b>	<b>\$245,959</b>	<b>\$256,945</b>	<b>\$3,252</b>	<b>\$4.18</b>	<b>36.61%</b>	<b>-4.3%</b>	<b>\$ (10,986)</b>

CONTROLLABLE EXPENSES		\$3,407/Unit		\$3,268/Unit
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Melody Grove, Waco, 9% HTC #23080</i>

		DEBT / GRANT SOURCES																	
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE										
		Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative					
DEBT (Must Pay)	Fee	UW	App											DCR	LTC				
Home Federal bank			1.24	1.19	206,881	6.25%	30	17.0	\$2,800,000	\$2,800,000	17.0	30	6.25%	\$206,881	1.19	11.5%			
CASH FLOW DEBT / GRANTS																			
City of Waco			1.24	1.19		0.00%	0	0.0	\$0	\$0	0.0	0	0.00%		1.19	0.0%			
Seller Financing Deferred Soft Loan			1.24	1.19		2.00%	0	40.0	\$4,350,000	\$4,350,000	40.0	0	2.00%		1.19	17.9%			
					\$206,881	TOTAL DEBT / GRANT SOURCES			\$7,150,000	\$7,150,000	TOTAL DEBT SERVICE			\$206,881	1.19	29.4%			
NET CASH FLOW			\$50,064	\$39,078	APPLICANT NET OPERATING INCOME												\$245,959	\$39,078	NET CASH FLOW

	EQUITY SOURCES										
	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
EQUITY / DEFERRED FEES											
Hudson Housing Capital	LIHTC Equity	69.7%	\$1,830,000	\$0.92	\$16,925,638	\$16,925,638	\$0.9249	\$1,830,000	69.7%	\$23,165	Applicant Request
Integrant Development, LLC	Deferred Developer Fees	1.1%	(11% Deferred)		\$267,512	\$210,012	(9% Deferred)		0.9%	Total Developer Fee: \$2,375,000	
Additional (Excess) Funds Req'd		0.0%				\$0			0.0%		
TOTAL EQUITY SOURCES		70.8%			\$17,193,150	\$17,135,650			70.6%		
TOTAL CAPITALIZATION					\$24,343,150	\$24,285,650	15-Yr Cash Flow after Deferred Fee:			\$399,270	

DEVELOPMENT COST / ITEMIZED BASIS											
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS				COST VARIANCE	
Eligible Basis		Total Costs				Eligible Basis		Total Costs		%	\$
Acquisition	New Const. Rehab					New Const. Rehab	Acquisition				
Land Acquisition		\$20,253 / Unit	\$1,600,000	\$1,600,000	\$20,253 / Unit					0.0%	\$0
Building Acquisition	\$0	\$63,291 / Unit	\$5,000,000	\$3,400,000	\$43,038 / Unit	\$0				47.1%	\$1,600,000
		\$0	\$0	\$0	\$0					0.0%	\$0
Off-Sites	\$0	\$ / Unit	\$0	\$0	\$ / Unit	\$0				0.0%	\$0
Site Work	\$0	\$14,497 / Unit	\$1,145,287	\$1,145,287	\$14,497 / Unit	\$0				0.0%	(\$1)
Site Amenities	\$0	\$3,401 / Unit	\$268,643	\$268,643	\$3,401 / Unit	\$0				0.0%	(\$0)
Building Cost	\$9,459,138	\$155.46 /sf	\$121,026/Unit	\$9,561,071	\$9,561,070	\$121,026/Unit	\$155.46 /sf	\$9,459,138		0.0%	\$1
Contingency	\$329,000	3.48%	10.52%	\$1,155,000	\$1,097,500	10.00%	3.48%	\$329,000		5.2%	\$57,500
Contractor Fees	\$1,245,000	12.72%	13.60%	\$1,650,000	\$1,650,000	13.67%	12.72%	\$1,245,000		0.0%	\$0
Soft Costs	\$0	\$1,624,000	\$21,633 / Unit	\$1,709,000	\$1,709,000	\$21,633 / Unit	\$1,624,000	\$0		0.0%	\$0
Financing	\$0	\$983,000	\$14,231 / Unit	\$1,124,260	\$1,124,260	\$14,231 / Unit	\$983,000	\$0		0.0%	\$0
Developer Fee	\$0	\$2,025,000	14.85%	14.86%	\$2,375,000	\$2,375,000	14.91%	14.85%	\$2,025,000	\$0	\$0
Reserves			6 Months	\$354,890	\$354,890	7 Months				0.0%	\$0
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$0</b>	<b>\$15,665,138</b>	\$328,394 / Unit	<b>\$25,943,150</b>	<b>\$24,285,650</b>	\$307,413 / Unit	<b>\$15,665,138</b>	<b>\$0</b>	<b>6.8%</b>	<b>\$1,657,500</b>
Acquisition Cost	\$0				(\$1,600,000)						
Contingency		\$0			(\$57,500)						
Contractor's Fee		\$0			\$0						
Financing Cost		\$0									
Developer Fee	0.00%	\$0	\$0		\$0						
Reserves					\$0						
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$15,665,138</b>	\$307,413/unit	<b>\$24,285,650</b>	<b>\$24,285,650</b>	\$307,413/unit	<b>\$15,665,138</b>	<b>\$0</b>	<b>0.0%</b>	<b>(\$0)</b>
<b>TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA</b>						<b>\$24,285,650</b>					



CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS
<i>Melody Grove, Waco, 9% HTC #23080</i>

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$15,665,138	\$0	\$15,665,138
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$15,665,138	\$0	\$15,665,138
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$20,364,680	\$0	\$20,364,680
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$20,364,680	\$0	\$20,364,680
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,832,821	\$0	\$1,832,821
CREDITS ON QUALIFIED BASIS	\$1,832,821		\$1,832,821	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9249	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,832,821	\$16,951,731	----	----	----
Needed to Fill Gap	\$1,852,706	\$17,135,650	----	----	----
Applicant Request	\$1,830,000	\$16,925,638	\$1,830,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	61,502 SF	\$76.57	4,709,471
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
Elderly	3.00%		2.30	141,284
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			3.74	229,710
Subfloor			(3.27)	(201,112)
Floor Cover			2.82	173,436
Breezeways	\$0.00	0	0.00	0
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$1,090	-395	-7.00	(430,550)
Rough-ins	\$535	79	0.69	42,265
Built-In Appliances	\$1,880	79	2.41	148,520
Exterior Stairs	\$3,275	0	0.00	0
Heating/Cooling			2.37	145,760
Storage Space	\$0.00	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$0.00	0	0.00	0
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	61,502	3.65	224,482
<b>SUBTOTAL</b>			<b>84.28</b>	<b>5,183,266</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>84.28</b>	<b>\$5,183,266</b>
Plans, specs, survey, bldg permits	3.30%		(2.78)	(\$171,048)
Contractor's OH & Profit	11.50%		(9.69)	(596,076)
<b>NET BUILDING COSTS</b>		\$55,901/unit	\$71.80/sf	\$4,416,142

## Long-Term Pro Forma

*Melody Grove, Waco, 9% HTC #23080*

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	\$701,795	\$715,831	\$730,148	\$744,751	\$759,646	\$838,710	\$926,004	\$1,022,383	\$1,128,794	\$1,246,280
TOTAL EXPENSES	3.00%	\$455,837	\$469,097	\$482,747	\$496,798	\$511,262	\$590,216	\$681,488	\$787,012	\$909,029	\$1,050,134
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$245,959</b>	<b>\$246,734</b>	<b>\$247,401</b>	<b>\$247,953</b>	<b>\$248,384</b>	<b>\$248,494</b>	<b>\$244,516</b>	<b>\$235,371</b>	<b>\$219,765</b>	<b>\$196,146</b>
EXPENSE/INCOME RATIO		65.0%	65.5%	66.1%	66.7%	67.3%	70.4%	73.6%	77.0%	80.5%	84.3%
<b>MUST -PAY DEBT SERVICE</b>											
Home Federal bank		\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881
Adjustment to Debt Per §11.302(c)(2)											
TOTAL DEBT SERVICE		\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881	\$206,881
DEBT COVERAGE RATIO		1.19	1.19	1.20	1.20	1.20	1.20	1.18	1.14	1.06	0.95
<b>ANNUAL CASH FLOW</b>		<b>\$39,078</b>	<b>\$39,853</b>	<b>\$40,520</b>	<b>\$41,072</b>	<b>\$41,503</b>	<b>\$41,613</b>	<b>\$37,635</b>	<b>\$28,490</b>	<b>\$12,884</b>	<b>(\$10,735)</b>
Deferred Developer Fee Balance		\$170,934	\$131,081	\$90,561	\$49,490	\$7,987	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,302</b>	<b>\$399,270</b>	<b>\$562,320</b>	<b>\$660,826</b>	<b>\$657,940</b>