

**Miller Hill - Phase II
Financing Analysis**

| | <u>Preliminary UW</u> |
|---------------------------------|-----------------------|
| Total Units | 72 |
| Net Operating Income | 684,032 |
| Tax Abatement Stream | 77,790 |
| Interest Rate | 4.50% |
| MIP | 0.65% |
| Mortgage Constant | 6.04% |
| DCR Mortgage (Tax Abatement) | 500,000 |
| DCR Mortgage (Real Estate) | 9,430,000 |
| Cost Constraint Mortgage | 10,419,036 |
| Anticipated Mortgage Amount | \$ 9,930,000 |
| Debt Service Payment | \$ 600,244 |
| Cash Flow | \$ 161,577 |
| Debt Service Coverage at UW NOI | 1.27 |

Source and Use

| | Oak Grove | \$/Unit |
|------------------------------------------------------|---------------------|-------------------|
| Sources | | |
| First Mortgage Proceeds | \$ 9,930,000 | |
| Mortgage Supported by Operating Income | \$9,430,000 | |
| Mortgage Supported by Tax Abatement | \$ 500,000 | |
| State of Minnesota DEED Funds | \$ 1,000,000 | |
| Letters of Credit (Initial Operating Reserve) | \$ 300,122 | |
| Land Contribution | \$ 720,000 | |
| Borrower Equity | \$ 1,169,013 | |
| Total Sources of Funds | \$13,119,135 | |
| Uses | | |
| Land / Structure / Arch | | |
| Total Land Improvements | | |
| Main Buildings (1) | \$ 9,560,177 | \$ 132,780 |
| Parking (1) | | \$ - |
| General Requirements (1) | \$ 430,208 | \$ 5,975 |
| Builders Overhead (1) | \$ 199,808 | \$ 2,775 |
| Builders Profit (1) | \$ 199,808 | \$ 2,775 |
| Architect's Fee Design/Engineering | \$ 157,722 | \$ 2,191 |
| Architect's Fee Supervision | \$ 52,574 | \$ 730 |
| Bond Premium (Payment and Performance) | | \$ - |
| Other Fees | | |
| SAC & WAC Fees | \$ 71,000 | \$ 986 |
| Local Fees | \$ 35,000 | \$ 486 |
| Survey | \$ 15,000 | \$ 208 |
| FF&E | \$ 106,500 | \$ 1,479 |
| Marketing | \$ 25,000 | \$ 347 |
| Loan Fees | | |
| Interim Interest | \$ 260,663 | \$ 3,620 |
| Taxes | \$ 10,000 | \$ 139 |
| Builder's Risk / General Liability Insurance | \$ 10,000 | \$ 139 |
| FHA Mortgage Insurance | \$ 99,300 | \$ 1,379 |
| FHA Exam/Application Fee | \$ 29,790 | \$ 414 |
| FHA Inspection Fee | \$ 49,650 | \$ 690 |
| Mortgagee Financing Fee | \$ 173,775 | \$ 2,414 |
| Mortgagee Legal Fee | \$ 35,000 | \$ 486 |
| Lender Application Fee | \$ 5,500 | \$ 76 |
| Bond Cost of Issuance | | \$ - |
| Title and Recording (includes MRT) | \$ 32,839 | \$ 456 |
| Legal/Organizational/Audit | | |
| Legal - Borrower | \$ 80,000 | \$ 1,111 |
| Start-up and Organization | | \$ - |
| Cost Certification/Audit | \$ 15,000 | \$ 208 |
| Professional Reports | | |
| Environmental Reports: | | |
| Arch Review | \$ 7,500 | \$ 104 |
| Cost Review | \$ 7,500 | \$ 104 |
| Appraisal | \$ 8,500 | \$ 118 |
| Market Study (MAP-approved for submission) | \$ 6,000 | \$ 83 |
| Soil Borings | \$ 12,000 | \$ 167 |
| Land Cost | | |
| Land Purchase Price OR the "as is" value | \$ 720,000 | \$ 10,000 |
| HUD ELIGIBLE COSTS | \$12,421,813 | \$ 172,525 |
| Replacement Reserve | | |
| Working Capital (half can be used for change orders) | \$ 397,200 | \$ 5,517 |
| Initial Operating Deficit | \$ 300,122 | \$ 4,168 |
| Construction Contingency (1) | | \$ - |
| Developer Fee | | \$ - |
| Total Uses of Funds | \$13,119,135 | \$ 182,210 |

(1) Line items total to

\$10,390,000 \$ 144,306

