

The Villages at Bilby Phase I

A 64-Unit Workforce Housing Community

Elk Grove, CA

Financial Pro Forma

June 4, 2021

Prepared By:

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DEVELOPMENT BUDGET
The Villages at Bilby Phase I
Elk Grove, CA

	Project Costs	Cost Per Unit	Cost Per Res. Sq. Ft.	Tax Credit Eligible Basis
Total Land Costs	\$ 645,000	\$ 10,078	\$ 12.20	XXXXXXXXXX
Total Acquisition Costs	\$ -	\$ -	\$ -	\$ -
New Construction and/or Rehabilitation				
Off-Site Work	\$ -	\$ -	\$ -	\$ -
Prevailing Wages	\$ -	\$ -	\$ -	\$ -
On Site Work	\$ 1,920,000	\$ 30,000	\$ 36.31	\$ 1,920,000
Structures	\$ 10,878,170	\$ 169,971	\$ 205.69	\$ 10,878,170
General Requirements	\$ 767,890	\$ 11,998	\$ 14.52	\$ 767,890
Contractor Overhead	\$ 255,963	\$ 3,999	\$ 4.84	\$ 255,963
Contractor Profit	\$ 767,890	\$ 11,998	\$ 14.52	\$ 767,890
Construction Contingency	\$ 700,000	\$ 10,938	\$ 13.24	\$ 700,000
Total Construction Costs	\$ 15,289,913	\$ 238,905	\$ 289.12	\$ 15,289,913
Financing Costs				
Construction Loan Interest	\$ 360,000	\$ 5,625	\$ 6.81	\$ 360,000
Construction Loan Fee	\$ 170,000	\$ 2,656	\$ 3.21	\$ 170,000
Construction Lender Costs (Legal, Etc.)	\$ 60,000	\$ 938	\$ 1.13	\$ 60,000
Bond Issuer & Trustee Fees	\$ -	\$ -	\$ -	\$ -
Permanent Loan Fees	\$ 25,000	\$ 391	\$ 0.47	XXXXXXXXXX
Permanent Loan Costs	\$ 25,000	\$ 391	\$ 0.47	XXXXXXXXXX
Tax Credit Fees	\$ 118,095	\$ 1,845	\$ 2.23	XXXXXXXXXX
Bond Counsel	\$ -	\$ -	\$ -	XXXXXXXXXX
Financial Advisor	\$ -	\$ -	\$ -	XXXXXXXXXX
Total Financing Costs	\$ 758,095	\$ 11,845	\$ 14.33	\$ 590,000
Soft Costs				
Architectural	\$ 400,000	\$ 6,250	\$ 7.56	\$ 400,000
Engineering/Surveying/Environmental	\$ 200,000	\$ 3,125	\$ 3.78	\$ 200,000
Taxes During Construction	\$ 10,000	\$ 156	\$ 0.19	\$ 10,000
Insurance	\$ 229,300	\$ 3,583	\$ 4.34	\$ 229,300
Title & Recording	\$ 50,000	\$ 781	\$ 0.95	\$ 50,000
Borrower Attorney	\$ 50,000	\$ 781	\$ 0.95	\$ 50,000
Appraisal	\$ 10,000	\$ 156	\$ 0.19	\$ 10,000
Local Tap, Building Permit, & Impact Fees	\$ 3,348,257	\$ 52,317	\$ 63.31	\$ 3,348,257
Marketing	\$ 82,156	\$ 1,284	\$ 1.55	XXXXXXXXXX
Relocation Costs	\$ -	\$ -	\$ -	XXXXXXXXXX
Furnishings	\$ 50,000	\$ 781	\$ 0.95	\$ 50,000
Cost Certification	\$ 10,000	\$ 156	\$ 0.19	\$ 10,000
Market Study	\$ 10,000	\$ 156	\$ 0.19	\$ 10,000
Soft Cost Contingency	\$ 300,000	\$ 4,688	\$ 5.67	\$ 300,000
Developer Overhead & Profit	\$ 2,190,000	\$ 34,219	\$ 41.41	\$ 2,190,000
Consultant Fee	\$ -	\$ -	\$ -	\$ -
Total Soft Costs	\$ 6,939,713	\$ 108,433	\$ 131.22	\$ 6,857,557
Reserves				
Rent Reserve	\$ 150,000	\$ 2,344	\$ 2.84	XXXXXXXXXX
Operating Reserve (3 Months)	\$ 151,109	\$ 2,361	\$ 2.86	XXXXXXXXXX
Total Reserve Costs	\$ 301,109	\$ 4,705	\$ 5.69	XXXXXXXXXX
Totals	\$ 23,933,830	\$ 373,966	\$ 452.56	\$ 22,737,470

SOURCES & USES

The Villages at Bilby Phase I Elk Grove, CA

CONSTRUCTION PHASE

Sources of Funds	
Tax Credit Financing	\$ 1,895,383
City of Elk Grove	\$ 2,000,000
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Deferred Costs	\$ 301,109
Deferred Contractor Profit	\$ -
Deferred Developer Fee	\$ 2,190,000
Construction Loan	\$ 17,547,338
Total Sources of Funds	\$ 23,933,830

Uses of Funds	
Total Land Costs	\$ 645,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 14,589,913
Construction Contingency	\$ 700,000
Financing Costs	\$ 758,095
Architecture & Engineering	\$ 600,000
Other Soft Costs	\$ 3,849,713
Developer Fees	\$ 2,190,000
Soft Cost Contingency	\$ 300,000
Reserves	\$ 301,109
Total Uses of Funds	\$ 23,933,830

PERMANENT PHASE

Sources of Funds	
Total Tax Credit Financing	\$ 18,953,830
Permanent Loan	\$ 2,980,000
City of Elk Grove	\$ 2,000,000
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Total Sources of Funds	\$ 23,933,830

Uses of Funds	
Total Land Costs	\$ 645,000
Total Acquisition Costs	\$ -
New Construction and/or Rehabilitation	\$ 14,589,913
Construction Contingency	\$ 700,000
Financing Costs	\$ 758,095
Architecture & Engineering	\$ 600,000
Other Soft Costs	\$ 3,849,713
Developer Fees	\$ 2,190,000
Soft Cost Contingency	\$ 300,000
Reserves	\$ 301,109
Total Uses of Funds	\$ 23,933,830

FINANCING & COMPLIANCE DETAILS

6/4/2021

The Villages at Bilby Phase I

Elk Grove, CA

PERMANENT FINANCING																			
Total Project Costs	<i>Tie-Breaker</i>	36.192%	\$ 23,933,830																
Tax Credit Financing																			
Tax Credit Eligible Basis			\$ 22,737,470																
Less: Grant Proceeds & Other Exclusions	\$	-																	
Voluntary Basis Reduction	\$	<u>3,450,000</u>																	
Requested Eligible Basis			\$ 19,287,470																
Difficult to Develop Bonus (Yes - 130%, No - 100%)			<u>130%</u>																
Total Adjusted Eligible Basis			\$ 25,073,711																
Times % of Affordable Units or Sqr. Ft.			<u>100.00%</u>																
Qualified Basis Eligible to Receive Tax Credits			\$ 25,073,711																
Less Voluntary Credit Reduction	0.00%	\$	-																
			<u>\$ 25,073,711</u>																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%; text-align: center;">Federal Credits</th> <th style="width: 20%; text-align: center;">State Credits</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td>Times Credit % Floor</td> <td style="text-align: center;">9.00%</td> <td style="text-align: center;">30.00%</td> <td></td> </tr> <tr> <td>Times Number of Years</td> <td style="text-align: center;">10</td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>Total Tax Credits</td> <td style="text-align: center;">\$ 22,566,340</td> <td style="text-align: center;">\$ -</td> <td style="text-align: center;">= \$ 22,566,340</td> </tr> </tbody> </table>					Federal Credits	State Credits		Times Credit % Floor	9.00%	30.00%		Times Number of Years	10	1		Total Tax Credits	\$ 22,566,340	\$ -	= \$ 22,566,340
	Federal Credits	State Credits																	
Times Credit % Floor	9.00%	30.00%																	
Times Number of Years	10	1																	
Total Tax Credits	\$ 22,566,340	\$ -	= \$ 22,566,340																
Syndicated at an Investment Rate of	99.99%	at a Price of	\$ 0.8400																
	\$ 0.84	\$ 0.82																	
Equals Tax Credit Equity Proceeds			<u>\$ 18,953,830</u>																
Total Tax Credit Financing		79.19%	\$ (18,953,830)																
Permanent Loan		12.45%	\$ (2,980,000)																
City of Elk Grove		8.36%	\$ (2,000,000)																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Other		0.00%	\$ -																
Financing Shortfall / (Overage)		<u>0.00%</u>	<u>\$ -</u>																

Max. HOME - No Davis Bacon		HOME Units	#	Max. Subsidy	Subsidy by Type	Total Limit
Max. HOME Units	0	1-Bedroom	0	\$ -	\$ -	\$ -
Ratio to Tot. Units	0.00%	2-Bedroom	0	\$ -	\$ -	Loan Amount
Tot. Project Costs	\$ 23,933,830	3-Bedroom	0	\$ -	\$ -	\$ -
<i>HOME Loan</i>	\$ -	4-Bedroom	0	\$ -	\$ -	<i>O.K.</i>

Compliance with LIHTC Eligible Basis Limits			
Unit Size	Number of Units	Sacramento County Basis Limits	Totals
S	12	\$ 278,397	\$ 3,340,764
1	15	\$ 320,989	\$ 4,814,835
2	18	\$ 387,200	\$ 6,969,600
3	19	\$ 495,616	\$ 9,416,704
Base Limit			\$ 24,541,903
Base Limit Plus Adjustments			\$ 30,044,350
Requested Eligible Basis			\$ 22,737,470
% Below / (Above) Cost Limit			24.3203%

Construction Financing	
Tax Credit Financing	\$ 1,895,383
City of Elk Grove	\$ 2,000,000
Other	\$ -
Other	\$ -
Other	\$ -
Other	\$ -
Deferred Costs	\$ 301,109
Deferred Contractor Profit	\$ -
Deferred Developer Fee	\$ 2,190,000
Construction Loan	\$ 17,547,338
Total Project Costs	\$ 23,933,830

OPERATING & LOAN DETAILS

Project: The Villages at Bilby Phase I

Location: Elk Grove, CA

6/4/2021

Type	AMI Rent Level	Number of Units	Avg. Unit Sq. Ft.	Gross Rent	Utility Allowance	Net Rent	Monthly Totals	Annual Totals
Studio	30%	1	521	475	65	410	410	4,920
Studio	40%	1	521	634	65	569	569	6,828
Studio	50%	6	521	793	65	728	4,368	52,416
Studio	60%	4	521	951	65	886	3,544	42,528
1BR/1BA	30%	2	664	510	82	428	856	10,272
1BR/1BA	40%	4	664	680	82	598	2,392	28,704
1BR/1BA	50%	4	664	850	82	768	3,072	36,864
1BR/1BA	60%	5	664	1,020	82	938	4,690	56,280
2BR/1BA	30%	2	825	612	103	509	1,018	12,216
2BR/1BA	40%	2	825	816	103	713	1,426	17,112
2BR/1BA	50%	8	825	1,020	103	917	7,336	88,032
2BR/1BA	60%	6	825	1,225	103	1,122	6,732	80,784
3BR/2BA	30%	2	1,017	706	126	580	1,160	13,920
3BR/2BA	40%	3	1,017	942	126	816	2,448	29,376
3BR/2BA	50%	7	1,017	1,179	126	1,053	7,371	88,452
3BR/2BA	60%	6	1,017	1,414	126	1,288	7,728	92,736
3BR/2BA	Manager's	1	1,017	0	0	0	0	0

Total Units & Sq. Ft.	64	50,385	% of Sq. Ft.	% of Units
Community Facilities		2,500	Affordable	Affordable
Total Project Sq. Ft.		52,885	100.00%	100.00%

\$ 55,120 \$ 661,440

Total Annual Rental Income

\$ 661,440

Operating Deficit Guarantee	
10% of Perm.	\$ 298,000
Year 1 Op. Exp.	\$ 435,200
Guarantee	\$ 435,200

Other Income

Laundry	/Unit/Year	\$ 100	\$ 6,400
Tenant Charges & Interest	/Unit/Year	\$ 50	\$ 3,200

Total Annual Other Income

\$ 9,600

Replacement Reserves	
Standard/Unit	\$ 250
UMR Min/Unit	\$ 600
Reserve / Unit	\$ 250

Total Annual Potential Gross Income

\$ 671,040

Vacancy & Collection Loss

5%

\$ (33,552)

Annual Effective Gross Income

\$ 637,488

Project Unit Mix		
Unit Type	Number	% of Total
Studio	12	18.75%
1 Bdrm./1 Bath.	15	23.44%
2 Bdrm./1 Bath.	18	28.13%
3 Bdrm./2 Bath.	19	29.69%
Totals	64	100.01%

Average Affordability			
Unit Type	Number	% of Units	Factor
30%	7	11.11%	0.03
40%	10	15.87%	0.06
50%	25	39.68%	0.20
60%	21	33.33%	0.20
Average Affordability			49.52%

OPERATING & LOAN DETAILS (continued)

Project: The Villages at Bilby Phase I

Location: Elk Grove, CA 6/4/2021

ANNUAL EXPENSES

Real Estate Taxes & Special Assessments
 State Taxes
 Insurance
 Licenses
 Fuel & Gas
 Electricity
 Water & Sewer
 Trash Removal
 Pest Control
 Building & Maintenance Repairs
 Building & Maintenance Supplies
 Supportive Services
 Annual Issuer & Trustee Fees
 Gardening & Landscaping
 Management Fee
 On-Site Manager(s)
 Other Payroll
 Manager's Unit Expense
 Cleaning Supplies
 Benefits
 Payroll Taxes & Work Comp
 Advertising
 Telephone
 Legal & Accounting
 Operating Reserves
 Office Supplies & Expense
 Miscellaneous Administrative
 Replacement Reserves

	% of Annual EGI	% of Total Operating Exp.	Per Unit	Total
	15.04%	22.04%	\$ 1,499.00	\$ 95,900
	0.13%	0.18%	\$ 12.00	\$ 800
	4.02%	5.88%	\$ 400.00	\$ 25,600
	0.05%	0.08%	\$ 5.00	\$ 350
	0.69%	1.00%	\$ 68.00	\$ 4,400
	1.36%	2.00%	\$ 136.00	\$ 8,700
	5.46%	8.00%	\$ 544.00	\$ 34,800
	3.42%	5.00%	\$ 340.00	\$ 21,800
	0.17%	0.25%	\$ 17.00	\$ 1,100
	7.51%	11.00%	\$ 748.00	\$ 47,900
	4.09%	6.00%	\$ 408.00	\$ 26,100
	2.35%	3.45%	\$ 235.00	\$ 15,000
	0.00%	0.00%	\$ -	\$ -
	5.46%	8.00%	\$ 544.00	\$ 34,800
	5.00%	7.33%	\$ 498.00	\$ 31,900
	4.82%	7.06%	\$ 480.00	\$ 30,720
	1.36%	2.00%	\$ 136.00	\$ 8,700
	0.00%	0.00%	\$ -	\$ -
	0.69%	1.00%	\$ 68.00	\$ 4,400
	0.31%	0.46%	\$ 31.00	\$ 2,000
	1.43%	2.09%	\$ 142.00	\$ 9,100
	0.35%	0.50%	\$ 34.00	\$ 2,200
	0.08%	0.11%	\$ 7.00	\$ 500
	0.78%	1.15%	\$ 78.00	\$ 5,000
	0.00%	0.00%	\$ -	\$ -
	0.08%	0.11%	\$ 7.00	\$ 500
	1.09%	1.63%	\$ 113.00	\$ 6,930
	2.51%	3.68%	\$ 250.00	\$ 16,000

Annual Expenses - Per Unit & Total

\$ 6,800 \$ 435,200

Annual Net Operating Income - Per Unit & Total

\$ 3,161 \$ 202,288

PERMANENT DEBT ANALYSIS

Cap Rate
 Loan-To-Value Restriction
 Debt Service Coverage
 Loan Amount
 Constant
 Interest Rate
 Amortization Period in Years
 Annual Debt Service
 Annual Cash Flow
 Loan Selection

<i>LTV Restricted Loan Amounts</i>			<i>DSC Ratio Restricted Loan Amounts</i>		
8.500%	9.000%	9.500%	**	**	<i>Fixed Loan Amount</i>
90%	90%	90%	**	**	
1.66	1.76	1.86	1.15	1.20	1.20
\$ 2,141,873	\$ 2,022,880	\$ 1,916,413	\$ 3,097,378	\$ 2,968,321	\$ 2,980,000
**	**	**	0.056791	0.056791	0.056791
4.500%	4.500%	4.500%	4.500%	4.500%	4.500%
35	35	35	35	35	35
\$ 121,639	\$ 114,881	\$ 108,835	\$ 175,903	\$ 168,573	\$ 169,236
\$ 80,649	\$ 87,407	\$ 93,453	\$ 26,385	\$ 33,715	\$ 33,052
					X

Multi-Year Stabilized Operating Pro-Forma

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 1	Year 2	Year 3	Year 4	Year 5
Studio	30%	410	1	2.5%	4,920	5,043	5,169	5,298	5,431
Studio	40%	569	1	2.5%	6,828	6,999	7,174	7,353	7,537
Studio	50%	728	6	2.5%	52,416	53,726	55,070	56,446	57,857
Studio	60%	886	4	2.5%	42,528	43,591	44,681	45,798	46,943
1BR/1BA	30%	428	2	2.5%	10,272	10,529	10,792	11,062	11,338
1BR/1BA	40%	598	4	2.5%	28,704	29,422	30,157	30,911	31,684
1BR/1BA	50%	768	4	2.5%	36,864	37,786	38,730	39,698	40,691
1BR/1BA	60%	938	5	2.5%	56,280	57,687	59,129	60,607	62,123
2BR/1BA	30%	509	2	2.5%	12,216	12,521	12,834	13,155	13,484
2BR/1BA	40%	713	2	2.5%	17,112	17,540	17,978	18,428	18,888
2BR/1BA	50%	917	8	2.5%	88,032	90,233	92,489	94,801	97,171
2BR/1BA	60%	1,122	6	2.5%	80,784	82,804	84,874	86,996	89,170
3BR/2BA	30%	580	2	2.5%	13,920	14,268	14,625	14,990	15,365
3BR/2BA	40%	816	3	2.5%	29,376	30,110	30,863	31,635	32,426
3BR/2BA	50%	1,053	7	2.5%	88,452	90,663	92,930	95,253	97,634
3BR/2BA	60%	1,288	6	2.5%	92,736	95,054	97,431	99,867	102,363
3BR/2BA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			64		661,440	677,976	694,925	712,299	730,106
OTHER INCOME			Units	Incr./Yr.	Year-1	Year-2	Year-3	Year-4	Year-5
Laundry			64	2.5%	6,400	6,560	6,724	6,892	7,064
Tenant Charges & Interest			64	2.5%	3,200	3,280	3,362	3,446	3,532
TOTAL OTHER INCOME					9,600	9,840	10,086	10,338	10,597
TOTAL INCOME					671,040	687,816	705,011	722,637	740,703
Less Vacancy Allowance				5%	(33,552)	(34,391)	(35,251)	(36,132)	(37,035)
GROSS INCOME					637,488	653,425	669,760	686,505	703,668
OPERATING EXPENSES		Per Unit - Yr. 1	% EGI	Incr./Yr.	Year-1	Year-2	Year-3	Year-4	Year-5
Real Estate Taxes & Special Assessments		\$ 1,499	15.0%	2.0%	95,900	97,818	99,774	101,770	103,805
State Taxes		\$ 12	0.1%	3.5%	800	828	857	887	918
Insurance		\$ 400	4.0%	3.5%	25,600	26,496	27,423	28,383	29,377
Licenses		\$ 5	0.1%	3.5%	350	362	375	388	402
Fuel & Gas		\$ 68	0.7%	3.5%	4,400	4,554	4,713	4,878	5,049
Electricity		\$ 136	1.4%	3.5%	8,700	9,005	9,320	9,646	9,983
Water & Sewer		\$ 544	5.5%	3.5%	34,800	36,018	37,279	38,583	39,934
Trash Removal		\$ 340	3.4%	3.5%	21,800	22,563	23,353	24,170	25,016
Pest Control		\$ 17	0.2%	3.5%	1,100	1,139	1,178	1,220	1,262
Building & Maintenance Repairs		\$ 748	7.5%	3.5%	47,900	49,577	51,312	53,108	54,966
Building & Maintenance Supplies		\$ 408	4.1%	3.5%	26,100	27,014	27,959	28,938	29,950
Supportive Services		\$ 235	2.4%	3.5%	15,000	15,525	16,068	16,631	17,213
Annual Issuer & Trustee Fees		\$ -	0.0%	3.5%	-	-	-	-	-
Gardening & Landscaping		\$ 544	5.5%	3.5%	34,800	36,018	37,279	38,583	39,934
Management Fee		\$ 498	5.0%	3.5%	31,900	33,017	34,172	35,368	36,606
On-Site Manager(s)		\$ 480	4.8%	3.5%	30,720	31,795	32,908	34,060	35,252
Other Payroll		\$ 136	1.4%	3.5%	8,700	9,005	9,320	9,646	9,983
Manager's Unit Expense		\$ -	0.0%	3.5%	-	-	-	-	-
Cleaning Supplies		\$ 68	0.7%	3.5%	4,400	4,554	4,713	4,878	5,049
Benefits		\$ 31	0.3%	3.5%	2,000	2,070	2,142	2,217	2,295
Payroll Taxes & Work Comp		\$ 142	1.4%	3.5%	9,100	9,419	9,748	10,089	10,442
Advertising		\$ 34	0.3%	3.5%	2,200	2,277	2,357	2,439	2,525
Telephone		\$ 7	0.1%	3.5%	500	518	536	554	574
Legal & Accounting		\$ 78	0.8%	3.5%	5,000	5,175	5,356	5,544	5,738
Office Supplies & Expense		\$ 7	0.1%	3.5%	500	518	536	554	574
Miscellaneous Administrative		\$ 113	1.1%	3.5%	6,930	7,173	7,424	7,683	7,952
TOTAL OPERATING EXPENSES		\$ 6,550			419,200	432,434	446,101	460,218	474,799
Replacement Reserves		\$ 250		0.0%	16,000	16,000	16,000	16,000	16,000
Operating Reserves		\$ -		0.0%	-	-	-	-	-
TOTAL EXPENSES & RESERVES		\$ 6,800			435,200	448,434	462,101	476,218	490,799
CASH FLOW AVAILABLE FOR DEBT SERVICE					202,288	204,992	207,659	210,286	212,868
DEBT SERVICE & OTHER DISTRIBUTIONS		Loan Amount			Year-1	Year-2	Year-3	Year-4	Year-5
Permanent Loan	Hard	\$ 2,980,000			169,236	169,236	169,236	169,236	169,236
Other	NA	\$ -			-	-	-	-	-
Asset Management Fees	Soft	\$ 11,400			11,400	11,400	11,400	11,400	11,400
Other	Soft	\$ -			-	-	-	-	-
City of Elk Grove	Soft	\$ 2,000,000			10,826	12,178	13,511	14,825	16,116
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
Other	Soft	\$ -			-	-	-	-	-
ANNUAL NET CASH FLOW					10,826	12,178	13,511	14,825	16,116
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Debt					1.20	1.21	1.23	1.24	1.26

**The Villages at Bilby Phase I
Multi-Year Stabilized Operating Pro-Forma**

Elk Grove, CA

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 6	Year 7	Year 8	Year 9	Year 10
Studio	30%	410	1	2.5%	5,567	5,706	5,848	5,995	6,144
Studio	40%	569	1	2.5%	7,725	7,918	8,116	8,319	8,527
Studio	50%	728	6	2.5%	59,304	60,786	62,306	63,864	65,460
Studio	60%	886	4	2.5%	48,117	49,319	50,552	51,816	53,112
1BR/1BA	30%	428	2	2.5%	11,622	11,912	12,210	12,515	12,828
1BR/1BA	40%	598	4	2.5%	32,476	33,288	34,120	34,973	35,847
1BR/1BA	50%	768	4	2.5%	41,708	42,751	43,820	44,915	46,038
1BR/1BA	60%	938	5	2.5%	63,676	65,268	66,899	68,572	70,286
2BR/1BA	30%	509	2	2.5%	13,821	14,167	14,521	14,884	15,256
2BR/1BA	40%	713	2	2.5%	19,361	19,845	20,341	20,849	21,371
2BR/1BA	50%	917	8	2.5%	99,600	102,090	104,642	107,258	109,940
2BR/1BA	60%	1,122	6	2.5%	91,400	93,685	96,027	98,427	100,888
3BR/2BA	30%	580	2	2.5%	15,749	16,143	16,547	16,960	17,384
3BR/2BA	40%	816	3	2.5%	33,236	34,067	34,919	35,792	36,687
3BR/2BA	50%	1,053	7	2.5%	100,075	102,577	105,142	107,770	110,464
3BR/2BA	60%	1,288	6	2.5%	104,922	107,545	110,234	112,990	115,815
3BR/2BA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			64		748,359	767,068	786,244	805,900	826,048
OTHER INCOME			Units	Incr./Yr.	Year-6	Year-7	Year-8	Year-9	Year-10
Laundry			64	2.5%	7,241	7,422	7,608	7,798	7,993
Tenant Charges & Interest			64	2.5%	3,621	3,711	3,804	3,899	3,996
TOTAL OTHER INCOME					10,862	11,133	11,411	11,697	11,989
TOTAL INCOME					759,220	778,201	797,656	817,597	838,037
Less Vacancy Allowance				5%	(37,961)	(38,910)	(39,883)	(40,880)	(41,902)
GROSS INCOME					721,259	739,291	757,773	776,717	796,135
OPERATING EXPENSES		Per Unit - Yr. 1	%EGI	Incr./Yr.	Year-6	Year-7	Year-8	Year-9	Year-10
Real Estate Taxes & Special Assessments	\$	1,499	15.0%	2.0%	105,881	107,999	110,159	112,362	114,609
State Taxes	\$	12	0.1%	3.5%	950	983	1,018	1,053	1,090
Insurance	\$	400	4.0%	3.5%	30,405	31,469	32,570	33,710	34,890
Licenses	\$	5	0.1%	3.5%	416	430	445	461	477
Fuel & Gas	\$	68	0.7%	3.5%	5,226	5,409	5,598	5,794	5,997
Electricity	\$	136	1.4%	3.5%	10,333	10,695	11,069	11,456	11,857
Water & Sewer	\$	544	5.5%	3.5%	41,331	42,778	44,275	45,825	47,429
Trash Removal	\$	340	3.4%	3.5%	25,892	26,798	27,736	28,706	29,711
Pest Control	\$	17	0.2%	3.5%	1,306	1,352	1,400	1,448	1,499
Building & Maintenance Repairs	\$	748	7.5%	3.5%	56,890	58,881	60,942	63,075	65,283
Building & Maintenance Supplies	\$	408	4.1%	3.5%	30,999	32,084	33,206	34,369	35,572
Supportive Services	\$	235	2.4%	3.5%	17,815	18,439	19,084	19,752	20,443
Annual Issuer & Trustee Fees	\$	-	0.0%	3.5%	-	-	-	-	-
Gardening & Landscaping	\$	544	5.5%	3.5%	41,331	42,778	44,275	45,825	47,429
Management Fee	\$	498	5.0%	3.5%	37,887	39,213	40,586	42,006	43,476
On-Site Manager(s)	\$	480	4.8%	3.5%	36,486	37,763	39,084	40,452	41,868
Other Payroll	\$	136	1.4%	3.5%	10,333	10,695	11,069	11,456	11,857
Manager's Unit Expense	\$	-	0.0%	3.5%	-	-	-	-	-
Cleaning Supplies	\$	68	0.7%	3.5%	5,226	5,409	5,598	5,794	5,997
Benefits	\$	31	0.3%	3.5%	2,375	2,459	2,545	2,634	2,726
Payroll Taxes & Work Comp	\$	142	1.4%	3.5%	10,808	11,186	11,578	11,983	12,402
Advertising	\$	34	0.3%	3.5%	2,613	2,704	2,799	2,897	2,998
Telephone	\$	7	0.1%	3.5%	594	615	636	658	681
Legal & Accounting	\$	78	0.8%	3.5%	5,938	6,146	6,361	6,584	6,814
Office Supplies & Expense	\$	7	0.1%	3.5%	594	615	636	658	681
Miscellaneous Administrative	\$	113	1.1%	3.5%	8,231	8,519	8,817	9,125	9,445
TOTAL OPERATING EXPENSES	\$	6,550			489,860	505,417	521,487	538,086	555,234
Replacement Reserves	\$	250		0.0%	16,000	16,000	16,000	16,000	16,000
Operating Reserves	\$	-		0.0%	-	-	-	-	-
TOTAL EXPENSES & RESERVES	\$	6,800			505,860	521,417	537,487	554,086	571,234
CASH FLOW AVAILABLE FOR DEBT SERVICE					215,399	217,873	220,286	222,631	224,901
DEBT SERVICE & OTHER DISTRIBUTIONS		Loan Amount			Year-6	Year-7	Year-8	Year-9	Year-10
Permanent Loan	<i>Hard</i>	\$ 2,980,000			169,236	169,236	169,236	169,236	169,236
Other	<i>NA</i>	\$ -			-	-	-	-	-
Asset Management Fees	<i>Soft</i>	\$ 11,400			11,400	11,400	11,400	11,400	11,400
Other	<i>Soft</i>	\$ -			-	-	-	-	-
City of Elk Grove	<i>Soft</i>	\$ 2,000,000			17,381	18,619	19,825	20,997	22,132
Other	<i>Soft</i>	\$ -			-	-	-	-	-
Other	<i>Soft</i>	\$ -			-	-	-	-	-
Other	<i>Soft</i>	\$ -			-	-	-	-	-
ANNUAL NET CASH FLOW					17,381	18,619	19,825	20,997	22,132
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Debt					1.27	1.29	1.30	1.32	1.33

**The Villages at Bilby Phase I
Multi-Year Stabilized Operating Pro-Forma**

Elk Grove, CA

RENTAL INCOME	% AMI	Net Rent / Unit - Year 1	No. of Units	Annual Increase	Year 11	Year 12	Year 13	Year 14	Year 15
Studio	30%	410	1	2.5%	6,298	6,455	6,617	6,782	6,952
Studio	40%	569	1	2.5%	8,740	8,959	9,183	9,412	9,648
Studio	50%	728	6	2.5%	67,097	68,774	70,494	72,256	74,062
Studio	60%	886	4	2.5%	54,439	55,800	57,195	58,625	60,091
1BR/1BA	30%	428	2	2.5%	13,149	13,478	13,815	14,160	14,514
1BR/1BA	40%	598	4	2.5%	36,744	37,662	38,604	39,569	40,558
1BR/1BA	50%	768	4	2.5%	47,189	48,369	49,578	50,817	52,088
1BR/1BA	60%	938	5	2.5%	72,043	73,844	75,690	77,583	79,522
2BR/1BA	30%	509	2	2.5%	15,638	16,028	16,429	16,840	17,261
2BR/1BA	40%	713	2	2.5%	21,905	22,452	23,014	23,589	24,179
2BR/1BA	50%	917	8	2.5%	112,688	115,506	118,393	121,353	124,387
2BR/1BA	60%	1,122	6	2.5%	103,410	105,996	108,645	111,362	114,146
3BR/2BA	30%	580	2	2.5%	17,819	18,264	18,721	19,189	19,669
3BR/2BA	40%	816	3	2.5%	37,604	38,544	39,507	40,495	41,508
3BR/2BA	50%	1,053	7	2.5%	113,226	116,057	118,958	121,932	124,980
3BR/2BA	60%	1,288	6	2.5%	118,710	121,678	124,720	127,838	131,034
3BR/2BA	Manager's	0	1	2.5%	-	-	-	-	-
TOTAL RENTAL INCOME			64		846,699	867,867	889,563	911,802	934,597
OTHER INCOME			Units	Incr./Yr.	Year-11	Year-12	Year-13	Year-14	Year-15
Laundry			64	2.5%	8,193	8,397	8,607	8,822	9,043
Tenant Charges & Interest			64	2.5%	4,096	4,199	4,304	4,411	4,522
TOTAL OTHER INCOME					12,289	12,596	12,911	13,234	13,565
TOTAL INCOME					858,988	880,463	902,474	925,036	948,162
Less Vacancy Allowance				5%	(42,949)	(44,023)	(45,124)	(46,252)	(47,408)
GROSS INCOME					816,039	836,440	857,350	878,784	900,754
OPERATING EXPENSES		Per Unit - Yr. 1	%EGI	Incr./Yr.	Year-11	Year-12	Year-13	Year-14	Year-15
Real Estate Taxes & Special Assessments	\$	1,499	15.0%	2.0%	116,902	119,240	121,624	124,057	126,538
State Taxes	\$	12	0.1%	3.5%	1,128	1,168	1,209	1,251	1,295
Insurance	\$	400	4.0%	3.5%	36,111	37,375	38,683	40,037	41,439
Licenses	\$	5	0.1%	3.5%	494	511	529	547	567
Fuel & Gas	\$	68	0.7%	3.5%	6,207	6,424	6,649	6,881	7,122
Electricity	\$	136	1.4%	3.5%	12,272	12,702	13,146	13,606	14,083
Water & Sewer	\$	544	5.5%	3.5%	49,089	50,807	52,585	54,426	56,331
Trash Removal	\$	340	3.4%	3.5%	30,751	31,827	32,941	34,094	35,288
Pest Control	\$	17	0.2%	3.5%	1,552	1,606	1,662	1,720	1,781
Building & Maintenance Repairs	\$	748	7.5%	3.5%	67,568	69,933	72,380	74,913	77,535
Building & Maintenance Supplies	\$	408	4.1%	3.5%	36,817	38,105	39,439	40,819	42,248
Supportive Services	\$	235	2.4%	3.5%	21,159	21,900	22,666	23,459	24,280
Annual Issuer & Trustee Fees	\$	-	0.0%	3.5%	-	-	-	-	-
Gardening & Landscaping	\$	544	5.5%	3.5%	49,089	50,807	52,585	54,426	56,331
Management Fee	\$	498	5.0%	3.5%	44,998	46,573	48,203	49,890	51,636
On-Site Manager(s)	\$	480	4.8%	3.5%	43,334	44,850	46,420	48,045	49,726
Other Payroll	\$	136	1.4%	3.5%	12,272	12,702	13,146	13,606	14,083
Manager's Unit Expense	\$	-	0.0%	3.5%	-	-	-	-	-
Cleaning Supplies	\$	68	0.7%	3.5%	6,207	6,424	6,649	6,881	7,122
Benefits	\$	31	0.3%	3.5%	2,821	2,920	3,022	3,128	3,237
Payroll Taxes & Work Comp	\$	142	1.4%	3.5%	12,836	13,286	13,751	14,232	14,730
Advertising	\$	34	0.3%	3.5%	3,103	3,212	3,324	3,441	3,561
Telephone	\$	7	0.1%	3.5%	705	730	756	782	809
Legal & Accounting	\$	78	0.8%	3.5%	7,053	7,300	7,555	7,820	8,093
Office Supplies & Expense	\$	7	0.1%	3.5%	705	730	756	782	809
Miscellaneous Administrative	\$	113	1.1%	3.5%	9,775	10,118	10,472	10,838	11,218
TOTAL OPERATING EXPENSES	\$	6,550			572,948	591,248	610,153	629,684	649,862
Replacement Reserves	\$	250		0.0%	16,000	16,000	16,000	16,000	16,000
Operating Reserves	\$	-		0.0%	-	-	-	-	-
TOTAL EXPENSES & RESERVES	\$	6,800			588,948	607,248	626,153	645,684	665,862
CASH FLOW AVAILABLE FOR DEBT SERVICE					227,091	229,192	231,197	233,100	234,892
DEBT SERVICE & OTHER DISTRIBUTIONS		Loan Amount			Year-11	Year-12	Year-13	Year-14	Year-15
Permanent Loan	<i>Hard</i>	\$ 2,980,000			169,236	169,236	169,236	169,236	169,236
Other	<i>NA</i>	\$ -			-	-	-	-	-
Asset Management Fees	<i>Soft</i>	\$ 11,400			11,400	11,400	11,400	11,400	11,400
Other	<i>Soft</i>	\$ -			-	-	-	-	-
City of Elk Grove	<i>Soft</i>	\$ 2,000,000			23,227	24,278	25,281	26,232	27,128
Other	<i>Soft</i>	\$ -			-	-	-	-	-
Other	<i>Soft</i>	\$ -			-	-	-	-	-
Other	<i>Soft</i>	\$ -			-	-	-	-	-
ANNUAL NET CASH FLOW					23,227	24,278	25,281	26,232	27,128
Deferred Dev. Fee Balance	Interest Rate:	0.00%			-	-	-	-	-
Debt Service Coverage Ratio on Hard Debt					1.34	1.35	1.37	1.38	1.39