

Effect of Local Government Mezzanine Loan

Development Cost:	\$620,000	Base Case Cash Flows from Operations (No Mezzanine Loan)								
			Year 1	Year 2	Year 3	Year 4	Year 5	...	Year 10	Total (Yr 1-10)
Sources (No Mezzanine Loan)		NOI	6,870	15,978	21,187	21,962	37,761	...	30,350	246,461
Cash	\$145,000	Primary Loan	(19,403)	(19,403)	(19,403)	(19,403)	(19,403)	...	(19,403)	(194,027)
Historic TC Equity	\$160,000	Mezz Loan	-	-	-	-	-	-	-	-
Def. Develpr Fee	\$70,000	Cash Flows	(12,532)	(3,425)	1,784	2,559	18,359	...	10,948	\$52,434
Primary Loan	\$245,000									

		\$30,000 Mezzanine Loan (Reduces Cash Required)			
	Base Case	Amortized (20 Yrs) \$3239 per year	Interest Only \$3000 per year	Defer All P&I Payments	
Net Operating Income (Total Years 1-10)	246,461	246,461	246,461	246,461	
<Less> Primary Loan Debt Service	(194,027)	(194,027)	(194,027)	(194,027)	
<Less> Mezz Loan Debt Service	No Mezz Loan	(32,390)	(27,000)	(0)	
Cash Flow from Operations (Before Taxes)	\$52,434	20,044	25,434	52,434	
Gross Sale Proceeds (Year 10)	467,400	467,400	467,400	467,400	
<Less> Selling Fees	(14,022)	(14,022)	(14,022)	(14,022)	
<Less> 50% Deferred Developer Fee	35,000	35,000	35,000	35,000	
<Less> Primary Loan Repayment	(152,443)	(152,443)	(152,443)	(152,443)	
<Less> Mezz Loan Repayment		(21,308)	(30,000)	(71,021)	
Cash Flow from Sale (Before Taxes)	\$269,435	\$248,128	\$239,435	\$198,414	
Total Cash Flows (Before Taxes)	\$321,869	\$268,172	\$264,869	\$250,849	
/Investor Equity In	\$145,000	\$115,000	\$115,000	\$115,000	
Equity Multiple	2.22x	2.33x	2.3x	2.18x	

Municipal Property Taxes: \$0.42 per \$100 valuation. \$500,000 valuation = \$2100 property tax annually