



Exhibit C
 FHA Section 223(a)(7)
EXECUTIVE SUMMARY

31-Oct-12

Revision 1

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This analysis is very preliminary in nature and is based on information supplied by the Applicant. The rates and costs are estimates based on current market conditions and are subject to change without notice. While we believe the analysis to be reasonable and accurate, no assurances can be given that the FHA insurance commitment will be issued based on the following information or that actual costs will not differ from below.

PROJECT NAME
PROJECT LOCATION

Durham Hoisery Mill
Durham , NC 27701

NUMBER OF UNITS 151
 YEAR BUILT 1898
 TRANSACTION TYPE FHA 223(a)(7)/ 221(d)(4)
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ORIGINAL MORTGAGE		
Outstanding Balance:	28-Oct-12	1,869,655
Mortgage Rate:		7.650%
Monthly P&I:		16,720.00
Monthly MIP:		779
Monthly Payment:		17,499
Annual Payment:		209,988
Original Amount:		5,370,800
Original Section:		221(d)(4)
Original Term (mths):		480
First Payment Date:		1/1/2029
Remaining Months:		194
Call Provisions:		-

NEW MORTGAGE		
New Amount		2,274,700
New Rate		2.800%
Monthly P&I		10,097
Monthly MIP		853
Monthly Payment		10,950
Annual Payment		131,405
Annual Savings		78,583
Insured under Section	223(a)(7)/	221(d)(4)
Closing Date for calculation puposes		1/15/2013
First Payment Date		3/1/2013
New Term (mths)		320
Call Provisions		TBD

Proforma NOI		
# of Units/Beds		151
Proforma Basis		0
Physical Vacancy		2.00%
	<u>Per Unit</u>	<u>Annual</u>
Rental Income	761	1,379,760
Ancillary Income	9	<u>16,769</u>
Gross Income	771	1,396,529
Vacancy %	5.00%	<u>(69,826)</u>
Effective Income	732	1,326,703
Operating Expenses*	6,418	969,135
Replacement Reserve	675	<u>101,880</u>
Total Expenses	7,093	1,071,015
Net Operating Income		255,688

Maximum New Mortgage	
The mortgage loan will be the least of:	0
(1) Borrower's Request:	NA
(2) Original Mortgage Balance:	5,370,800
(3) Amount which entails a Debt Service not in excess of 90% of the NOI as estimated by the Secretary:	3,983,400
(4) 100% of Existing Debt, Repairs, & Other Certifiable Costs:	2,274,700
Maximum Mortgage Amount:	2,274,700

New Mortgage Rate	
Mortgage Rate	2.8000%
Amortization	320 2.5268%
MIP	<u>0.4500%</u>
Debt Service Factor	<u>5.7768%</u>

*Includes replacement reserve



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Estimated Sources and Uses for Closing

FHA Cost Certifiable Costs

Existing Debt Amount	1,869,655	Balance as of 10/28/12 plus the \$6550	
Prepayment Penalty	0		0
Initial Deposit to Replacement Reserve	140,800		0
Estimate of Repair Cost	310,120	Non-Critical	297,190
		Critical	12,930
Financing Fee	22,747	1.00%	
Permanent Placement Fee	15,850	Est. lender legal	
Borrower's Counsel	10,000	Est. borrower legal	
Title & Recording Fees	10,000	Est. title expense	
FHA Application/Exam Fee	3,412	0.15%	See Note (6)
First Year MIP	10,236	0.45%	
Other			
PCNA	<u>3,500</u>	Est. survey expense	
Total Certifiable Costs	2,396,320		

Note*: FHA Application/Exam Fee - 0.3% of mortgage amount required with the firm application.
After endorsement, half may be refunded.

Other Closing Requirements

Repair Escrow - Portion Over-Collateralized	29,719	10% of Non-Critical Repair Amount
Discount	0	
Accrued Interest on Existing Loan	<u>0</u>	
Total Other Closing Requirements	29,719	

Total Uses **2,426,039**

Sources of Funds

FHA Insured Mortgage	2,274,700	
Transfer of R4R	121,582	0
Owner Contribution	<u>29,757</u>	
Total Sources	2,396,282	

Reconciliation of Owner Contribution

Owner Contribution	29,757
Return of Repair Escrow after completion of repairs	(29,719)

Net Cash Investment (Cash Out) **38**

- Notes**
- (1) Based on information supplied by the owner. HUD will determine NOI for processing purposes.
 - (2) HUD will perform an inspection of the property and may require repairs to the buildings to be made in addition to any repairs requested by the owner. All repairs necessary to make the property safe, sanitary and decent and for general marketability must be completed prior to endorsement. HUD will require an escrow of 110% of the estimated repair cost of which 10% can be in the form of cash or a letter of credit. The repair amount can be included in the loan, provided the the new loan amount does not exceed the original loan amount.
 - (3) At the time of closing, the existing reserve for replacement fund and tax & insurance escrows will be transferred from the existing loan to the new loan. The escrow held for the payment of the annual mortgage insurance premium ("MIP") will be returned to the owner.
 - (4) Tax & insurance escrows, tenant security deposits, and reserve for replacement fund must be fully funded at closing.
 - (5) Title and recording charges vary widely from locality to locality. Please check with your Title Company for specific charges.
 - (6) Under the FHA Expedited 223(a)(7) Processing Instructions, **the application fee paid to HUD at time of submission is 0.3%** of the requested mortgage amount. After endorsement, the HUD Field Office will approve a request for a refund of up to one-half (0.15%) of the application fee.

Additional Notes