12/12/2012 Date

20 YEAR OPERATING PRO FORMA

MUTUAL MANOR APARTMENTS

Using 50% Rents with 5 Year Phase-in

18 Units

PRE-TAX CASH FLOW ANALYSIS : Application #		*Year No. & Date=*									
Income Escalator	*3.00%*	1	2	3	4	5	6	7	8	9	10
Expense Escalator	*4.00%*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
Gross Rent Potential		$ 102,240	$ 105,307	$ 108,466	$ 111,720	$ 115,072	$ 118,524	$ 122,080	$ 125,742	$ 129,515	$ 133,400
+ Interest Income		$ 406	$ 418	$ 431	$ 444	$ 457	$ 471	$ 485	$ 499	$ 514	$ 530
+ Other Income		$ 593	$ 611	$ 629	$ 648	$ 667	$ 687	$ 708	$ 729	$ 751	$ 774
= Gross Income or Rent		$ 103,239	$ 106,336	$ 109,526	$ 112,812	$ 116,196	$ 119,682	$ 123,273	$ 126,971	$ 130,780	$ 134,703
-- Loss to Lease (Current Residents)		$ (25,620)	$ (20,496)	$ (15,372)	$ (10,248)	$ (5,124)					
-- Vacancy Allowance @	7.00%	$ (7,157)	$ (7,372)	$ (7,593)	$ (7,820)	$ (8,055)	$ (8,297)	$ (8,546)	$ (8,802)	$ (9,066)	$ (9,338)
= EFFECTIVE NET RENT		$ 70,462	$ 78,469	$ 86,562	$ 94,744	$ 103,017	$ 111,386	$ 114,727	$ 118,169	$ 121,714	$ 125,365
-- Operating Expenses		$ (84,708)	$ (88,096)	$ (91,620)	$ (95,285)	$ (99,096)	$ (103,060)	$ (107,183)	$ (111,470)	$ (115,929)	$ (120,566)
-- Net Non-rental income (expenses)		$ (5,640)	$ (5,809)	$ (5,983)	$ (6,163)	$ (6,348)	$ (6,538)	$ (6,734)	$ (6,936)	$ (7,145)	$ (7,359)
-- Replacement Reserve Contribution		$ (3,600)	$ (3,744)	$ (3,894)	$ (4,050)	$ (4,211)	$ (4,380)	$ (4,555)	$ (4,737)	$ (4,927)	$ (5,124)
-- Capital Improvements (Shortfall)		$ (40,000)	$ (40,000)								
= NET OPERATING INCOME		$ (63,486)	$ (59,181)	$ (14,936)	$ (10,754)	$ (6,638)	$ (2,593)	$ (3,745)	$ (4,975)	$ (6,286)	$ (7,683)
-- Debt Service (4. Local Government Loans)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-- Debt Service (5. Other Loan)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Debt Service		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
= NET RENTAL CASH FLOW AVAILABLE		$ (63,486)	$ (59,181)	$ (14,936)	$ (10,754)	$ (6,638)	$ (2,593)	$ (3,745)	$ (4,975)	$ (6,286)	$ (7,683)
-- Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
= FINAL CASH FLOW AVAILABLE		$ (63,486)	$ (59,181)	$ (14,936)	$ (10,754)	$ (6,638)	$ (2,593)	$ (3,745)	$ (4,975)	$ (6,286)	$ (7,683)

FOR YEARS 1-6 Effective immediately assume a new 50% City Income Limit AND apply a higher 50% City Rent Limit for all new Applicants.
50% Rents for this pro forma are $450 for twelve (12) 1-BR (50% units) and $520 for six (6) 2-BR (50% units).
Current residents "grandfathered" at $321 (1BR) or $351 (2BR) with future increases limited to $15 per year. (The rental loss is shown above as "Loss to Lease".)
Pro forma assumes three existing residents per year move out. After 6 years all project residents will be paying the higher rent specified.

FOR YEAR 1 This pro forma uses the Project's GRP at 50% Rents with a "Loss to Lease" adjustment for current residents at lower rent levels until they phase out.

FOR YEAR 1 This pro forma uses the Project's "Prior Three Year Average" figures for all expense categories in Year 1.

FOR YEARS 1 -2 This pro forma assumes Capital Expenses needed in years 1 and 2 from non-reserve sources.

FOR YEARS 1-20 Vacancy Allowance is assumed to be SEVEN PERCENT (7.0%) of the Yearly Gross Rent.

FOR YEARS 2-20 An Annual Income Escalator of THREE PERCENT (3%) and an annual Expense Escalator of FOUR PERCENT (4.0%) are applied annually.

12/12/2012 Date

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PRE-TAX CASH FLOW ANALYSIS : Application #		*Year No. & Date=*									
Income Escalator	*3.00%*	11	12	13	14	15	16	17	18	19	20
Expense Escalator	*4.00%*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*
Gross Rent Potential		$ 137,402	$ 141,524	$ 145,770	$ 150,143	$ 154,647	$ 159,287	$ 164,065	$ 168,987	$ 174,057	$ 179,278
+ Interest Income		$ 546	$ 562	$ 579	$ 596	$ 614	$ 633	$ 652	$ 671	$ 691	$ 712
+ Other Income		$ 797	$ 821	$ 845	$ 871	$ 897	$ 924	$ 952	$ 980	$ 1,010	$ 1,040
= Gross Income or Rent		$ 138,745	$ 142,907	$ 147,194	$ 151,610	$ 156,158	$ 160,843	$ 165,668	$ 170,638	$ 175,757	$ 181,030
-- Loss to Lease (Current Residents)											
-- Vacancy Allowance @	7.00%	$ (9,618)	$ (9,907)	$ (10,204)	$ (10,510)	$ (10,825)	$ (11,150)	$ (11,485)	$ (11,829)	$ (12,184)	$ (12,549)
= EFFECTIVE NET RENT		$ 129,126	$ 133,000	$ 136,990	$ 141,100	$ 145,333	$ 149,693	$ 154,184	$ 158,809	$ 163,574	$ 168,481
-- Operating Expenses		$ (125,389)	$ (130,404)	$ (135,620)	$ (141,045)	$ (146,687)	$ (152,554)	$ (158,656)	$ (165,003)	$ (171,603)	$ (178,467)
-- Net Non-rental income (expenses)		$ (7,653)	$ (7,959)	$ (8,278)	$ (8,609)	$ (8,953)	$ (9,311)	$ (9,684)	$ (10,071)	$ (10,474)	$ (10,893)
-- Replacement Reserve		$ (5,329)	$ (5,542)	$ (5,764)	$ (5,994)	$ (6,234)	$ (6,483)	$ (6,743)	$ (7,012)	$ (7,293)	$ (7,585)
-- Capital Improvements (Shortfall)											
= NET OPERATING INCOME		$ (9,244)	$ (10,905)	$ (12,671)	$ (14,548)	$ (16,541)	$ (18,656)	$ (20,899)	$ (23,277)	$ (25,796)	$ (28,464)
-- Debt Service (4. Local Government Loans)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-- Debt Service (5. Other Loan)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Debt Service		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
= NET RENTAL CASH FLOW AVAILABLE		$ (9,244)	$ (10,905)	$ (12,671)	$ (14,548)	$ (16,541)	$ (18,656)	$ (20,899)	$ (23,277)	$ (25,796)	$ (28,464)
-- Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
= FINAL CASH FLOW AVAILABLE		$ (9,244)	$ (10,905)	$ (12,671)	$ (14,548)	$ (16,541)	$ (18,656)	$ (20,899)	$ (23,277)	$ (25,796)	$ (28,464)

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