

## Sample Loan Committee Memo: Orchard Gardens

### 82-Unit, 100% LIHTC, with HOME Funds

This SAMPLE is provided for illustration only. This represents one possible way of summarizing the underwriting analysis of a transaction proposed for approval by a Participating Jurisdiction.

## 1. Overview

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Orchard Gardens is an 82-unit<sup>1</sup> affordable, multifamily property in an urban location in Connecticut. There is no plan to rely on vouchers or other project-based subsidy structures; instead, the property will primarily serve 60% LIHTC-qualified units, with fifteen (15) of the units serving under the HOME program.

Construction is new construction, garden-style, in five 14-unit buildings and one 16-unit building, with an ancillary structure containing the office, maintenance facility and clubhouse. Buildings are slab on grade, brick and vinyl siding, pitched, asphalt shingle roof, individual unit mechanicals. The project is located in Cumberland Falls, a city of 125,000, the County (Wimpole) seat.

Plymouth Development, an experienced for-profit, is the developer. Management will be provided by Plymouth Management, a subsidiary of the development entity.

## 2. Executive Summary

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### 2.A Challenges / Opportunities Presented

This project meets all funding criteria in the PJ's NOFA. The developer seeks a commitment of \$2.0M of HOME funds, and has an investor commitment to purchase the Low Income Housing Credits (if awarded) in the amount of (rounded) \$7.5M. The developer has site control (option to purchase) and full plans.

### 2.B Affordability

As an LIHTC property, Orchard Gardens will provide housing for all units at 60% AMI; the three (3) low-HOME units will provide deeper affordability. Rents for the twelve (12) High-HOME units will be less than the LIHTC rents (limited by FMR).

### 2.C Risk

Pertinent risk factors for this property are:

- |                   |   |
|-------------------|---|
| Market.....       | Low (market rents are sufficiently above LIHTC rents); Additionally, the market is strong, the project is well-located). See the Market Study for additional discussion.        |
| Construction..... | Low (similar to existing projects by the same development team). Note that the environmental analysis is not complete, and any award of HOME funds should be made contingently. |

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<sup>1</sup> 81 rental units, one non-rental, non-revenue staff unit, 82 total units.

Developer.....	Low (highly experienced; strong track record of successful developments; highly capitalized)
Community Opposition.....	Moderate (developer is working proactively with the neighborhood and with local officials)
Financing .....	High (9% credits are highly-competitive; developer has commitment letters for 1 <sup>st</sup> mortgage and equity). Award will be contingent on reservation of credits from the State HFA.
Underwriting Assumptions .....	Moderate (market rents underwritten at results from recent RCS. 7% rent loss. Expenses at \$3,798 PUPA which are reasonable compared to similar projects in this market area. Reserve at \$250 PUPA. Permanent loan at 1.20 DSCR, 5.00% / 30 years. Declining DSCR/Cushion. TDC is \$154K per unit which is consistent with recent similar projects in this market area. See remainder of this memo for further discussion.
Other .....	The proposed project presents a favorable risk profile and is recommended for approval.

### **3. Property Description**

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Orchard Gardens is proposed to include 82 one-, two- and three-bedroom units. All units will be for low income households, Nineteen percent (15 units) will be set aside under the HOME program, of which three (20% of the HOME units) will be Low-HOME and the remaining twelve units will be High-HOME. All units are underwritten and will be rented at the lesser of HOME/LIHTC rents. There will be one on-site staff apartment (included in the 82- unit total). Please refer to the accompanying financial model for details on the unit mix.

The owner will pay for cold water and garbage removal; tenants will pay for natural gas and electricity. Pursuant to LIHTC requirements, the utility allowance matches the local housing authority's published utility allowance for the voucher program. The HOME units will use the same U/A.

There will also be an auxiliary building with management office, maintenance shop/storage, and a clubhouse with fitness equipment and 'party' facilities. There will be a full-time, on-site management presence.

### **4. Development Entity and Capacity**

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The development team is led by Plymouth Development, LLC, a for-profit with prior experience in both market rate and affordable housing. Plymouth has already bid the construction and provisionally awarded a contract to an experienced builder with whom Plymouth has prior experience. Plymouth will self-manage this property, through an identity-of-interest firm. Plymouth already has preliminary commitments from the LIHTC investor, permanent lender / bridge lender.

#### 4.A Prior Developments

Plymouth's submission summarizes recent developments (prior five year period). Over this period, they have developed 600 units in five properties. Of these two were market rate adaptive-reuse, and are not considered comparable in terms of HOME rental compliance, or affordable housing generally. However, four properties representing 300 units were LIHTC developments. Of those four, one had HOME funds through another PJ, who reports they are currently in compliance.

#### 4.B Current Operational Capacity

Plymouth has a full development staff (averaging one deal placed into service per year). Additionally, Plymouth has a subsidiary property management company which manages all of their developed properties, and also provides third-party property management. Their property management operation serves 12 properties overall (10 owned, two third-party managed), six of which have LIHTC requirements, and two of which have HOME requirements. The LIHTC agencies and the PJs report there are no material compliance issues on these properties.

#### 4.C Financial Strength

Due in part to operating revenue from the property management division, Plymouth is not solely dependent on developer fees for operating revenue, i.e., the property management fees pay in-part for the operating cost of the company.

Based on Plymouth's submission, they have certified that of their 10 owned properties, eight are cash-flow positive, and two are experiencing operating deficits. In the aggregate, the positive, distributable cash flow is greater than the liabilities on the negatively performing properties, and we determine that the portfolio is 'healthy' and is not a financial liability to the sponsor.


#### 4.D Guarantys

Plymouth will sign a Completion Guaranty, and an Operating Deficit Guaranty, which will provide assurances that any shortfalls encountered in development and operations will be covered by them. The funding award will be contingent on these Guarantys.

### 5. Location and Market Dynamics

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#### 5.A Town/County Characteristics


Orchard Gardens is located in the City of Cumberland Falls, Wimpole County, Connecticut. County population is Census estimated in 2008 at 417,996, a 2.6% increase between 2000 and 2012. The City has a 2012 population of 157,004, with a 5.1% population growth between 2000 and 2012 (the City is growing faster than the County overall). 


#### 5.B Property Location

The property is located on Willow Street, an area of attractive condominiums and small but well-maintained single family homes. This location is with a few blocks of a resurgent and popular downtown area, and would be within walking distance of restaurants, shops and public transportation. The site has road and utility access and is appropriately zoned. Plymouth does not yet have an environmental analysis.

## 6. Physical Character and Issues

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Although some existing buildings would be acquired, the proposal is to raze these, and construct new buildings on the site (to make better use of the zoning density permitted). As a new construction property, the physical condition would be excellent initially. None of the existing buildings are occupied and thus there are no Uniform Relocation Act issues. None of the existing buildings are pre-1978 and thus there are no Lead Based Paint issues. 

The property will include significant Green features (ENERGY Star refrigerator, low-VOC cabinets, linoleum tile, low-VOC carpet, ENERGY Star gas hot water heater, ENERGY Star gas furnace, ENERGY Star electric air conditioning, low-flush toilets, low-flow shower heads, low-flow faucets except in the kitchen, and ENERGY Star light fixtures). 

## 7. Proposed Financial Structure

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Total Development cost is \$154K per unit and is anticipated to be provided from the following sources (rounded): 60% LIHTC equity, 21% permanent loan, 16% HOME soft-second loan, and 3% deferred developer fee.

## 8. Underwriting

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### 8.A Assisted Units / Rents

The requested \$2.0M of HOME financing requires a minimum of fourteen (14) HOME units, Three (3) of which (20%) must be low-HOME units. The HOME use agreement however will stipulate a greater number of HOME units (15):

- Three (3) low-HOME units have been underwritten at lesser of Low-HOME, LIHTC and market rents.
- Twelve (12) High-HOME units have been underwritten at lesser of High-HOME, LIHTC and market rents.
- See the HOME Units calculation on the worksheets '1. S&U' and '2. Unit Mix'.

Plymouth intends for the HOME assisted units to be floating; this is acceptable because the units are comparable.

81 units will carry LIHTC restrictions. These will be comprised of all units at 60% AMI. These units are underwritten at the lesser of LIHTC-applicable rents and estimated market rents.

See the Rents and Mix Worksheet for a more detailed breakdown of units by bedroom size and income restriction.

### 8.B Market Units / Rents

All units are rent- and income-restricted; there are no unrestricted market units at the property. However, to ensure that rents are underwritten to the lesser of market or affordable, we have ascertained the market rents through a Rent Comparability Study. The 1BR restricted rents are 69% of the estimated market rents; 2BR and 3BR units are 72% and 79% of market, respectively. This provides strong assurance that the underwritten rents are achievable, and that the affordability will ensure demand.

## 8.C Trending

HOME rents have been trended at 1.75%, and other AMI-based rents at 2.0% (blended result is 1.97%). Expenses have been trended at 2.50% (achieving a >0.50% difference between income and expense trends). However, in part because the income trend is generally lower than the expense trend, the property's coverage deteriorates over time. See the proforma worksheets in the attached financial model. Increases to Fair Market Rents in Connecticut averaged 2.15% between 1983 and 2012.

## 8.D Vacancy Loss (VL) and Bad Debt (BD)

Information on market vacancy is good and indicates a normal range between 5% and 10%, but a range of between 2% and 5% for the submarket (downtown Cumberland Falls). Affordable units are materially below market rents (which should provide strong demand for these units).

The sponsor/managing agent reports that bad debt expense for well occupied LIHTC properties averages 1.5%.

For underwriting purposes, the property was underwritten at 7.0% total rent loss (VL plus BD).

## 8.E Other Income

The property is underwritten to generate a small amount of Other Income from the following sources: NSF fees and tenant charges (\$50 PUPA). See the 'Expenses' worksheet in the accompanying financial model for specific underwritten determinations.

## 8.F Operating Expenses

See the 'Expenses' worksheet of the accompanying financial model for a breakdown of underwritten operating expense projections.

## 8.G RE Taxes

Taxes are projected at \$500 per unit per year. This represents normal taxes (no PILOTs or abatements are available).

## 8.H Proposed Reserve Deposit


The proposed reserve deposit is \$250/unit/year. The State housing finance agency requires \$250 PUPA; our analysis indicates that a reserve deposit at this level would result in projected capital deficits beginning in year 15 (2028), and would endanger the viability of the property during the term of the 20-year HOME use agreement. Thus, the PJ should require a higher ongoing reserve deposit than the LIHTC program would otherwise allow. See Section 11 of this Memo.

## 8.I Other Proposed Reserves

There would be a \$150K Operating Reserve, capitalized with development funds. It is not yet clear how unused funds would be applied. The Written Agreement should stipulate terms.

There is no initial (from development sources) capitalization of the Reserve for Replacement account. See §11.


## 8.J Resulting NOI for Debt Service

With the proposed unit mix, at proposed rents, estimated rent loss, and underwritten expenses, and with the proposed reserve deposit, this development will produce stabilized NOI of approximately \$214K in 2013. Against proposed mortgage debt service of \$178K, the stabilized cash flow is projected at approximately \$36K with an initial DSCR of 1.20 and an initial expense cushion (cash flow as a percentage of operating expenses) of 11.5%. Income and expenses are expected to trend negatively (cushion and coverage deteriorating to DSCR of 1.16 and OpEx Cushion of 5.4% by Year-20). 

## 9. Additional Considerations

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### 9.A HOME Repayment and Interest Rates

This development assumes an interest rate on the existing HOME loan of 0%. Cash flow over 20 years of would total \$728K. With 50% of cash flow payable to the HOME loan, the PJ would receive \$364K in (nominal, undiscounted) payments over 20 years. At a 3% discount rate, these payments would be worth \$273K, today (i.e., Program Income). See the 'Proforma' worksheet in the attached financial model. 

### 9.B Affordability Value of Investment

The total proposed HOME investment is \$2.0M. Based on the difference between market rents and HOME rents, the 20-Year HOME use restriction will yield approximately \$4.5M in rent benefits. That is, the difference between HOME/LIHCT and market rents over the 20-year affordability period is \$4.5M (based on the 2012 market and affordable rent differential, and the number of LIHTC, low- and high-HOME units by unit type).

## 10. Conclusion

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As noted above, the proposed project meets all NOFA requirements and has a favorable risk profile. The PJ staff recommendation is that the project be approved for a \$2.0M soft-second HOME loan. However, see §11.

## 11. Optional Consideration

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This transaction is underwritten with the required \$250 PUPA replacement reserve deposit, and no initial deposit to the replacement reserve. A 20-Year replacement schedule, based on this project's characteristics, indicates that there will be severe capital replacement shortfalls during the period of the 20-Year HOME Affordability Period. The Sponsor's proposal has not requested adequate reserve funding and the PJ may wish to require a greater reserve deposit of \$400 PUPA, which would be adequate for the Affordability Period.

This additional requirement would decrease the 1<sup>st</sup> mortgage potential by \$200K. The PJ could award \$2.2M with a requirement that reserves be funded at the higher, indicated level. The maximum HOME investment is \$2.286M with the 15 proposed units; any larger investment would require additional HOME units.

## 12. Attachments

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Attached herewith are the following for consideration:

- Transaction Overview (basic underwriting)

- Transaction Summary (one-page summary of all major elements)
- Rents and Unit Mix (full detail on rent underwriting)
- Operating Expenses (full detail on operating expenses)
- Hard Debt Sizing (full detail on proposed 1<sup>st</sup> mortgage)
- Proforma (20-year operating proforma, cash flow detail)
- Housing Tax Credits (limited detail on LIHTC basis / credit calculations)
- Source and Uses (full detail on development sources and uses)
- HOME Allocation (summary calculation on minimum units, maximum dollars)

# Webinar Sample: Orchard Gardens

Proforma Operating Budget



82 Units

# SUMMARY / OVERVIEW

Operating Proforma

Amounts Proposed by Sponsor Estimate of Operating Expenses	Total / Year	Unit/ Year
<b>Other Income</b>		
Interest income available for ops		
Laundry/Facilities Income		
NSF/Late Fee Income		
Tenant Damage Charges		
Other Income	\$4,050	\$49
Stores and Commercial		
<b>Total Other Income</b>	<b>\$4,050</b>	<b>\$49</b>

## Administrative

Advertising-	\$1,000	\$12
Other Admin. Exps.-	\$0	\$0
Office Salaries-	\$12,000	\$146
Office Supplies-	\$0	\$0
Management Fee-	\$37,392	\$456
Management or Super. Sal.-	\$30,000	\$366
Mgmt. or Super. Free Rent Unit-	\$0	\$0
Legal Expenses (Project)-	\$1,000	\$12
Auditing Exps. (Project)-	\$5,000	\$61
Bookkeeping Fees/Acct. Services-	\$4,920	\$60
Monitoring Fees	\$4,000	\$49
Supportive Services		
<b>Total Administrative Exps</b>	<b>\$95,312</b>	<b>\$1,162</b>

## Utilities

Electricity (Light & Misc. Power)-	\$6,888	\$84
Water & Sewer	\$26,650	\$325
Gas-		
<b>Total Utility Exps</b>	<b>\$33,538</b>	<b>\$409</b>

## Operating and Maintenance

O&M Payroll-	\$55,000	\$671
O&M Supplies-	\$12,000	\$146
O&M Contract-	\$12,000	\$146
Garbage & Trash Removal-	\$7,200	\$88
Security Payroll/Contract-	\$0	\$0
Elevator Maintenance/Contract-	\$0	\$0
Other Expenses-	\$6,500	\$79
Misc. O & M Expenses-	\$0	\$0
<b>Total Operating and Maintenance</b>	<b>\$92,700</b>	<b>\$1,130</b>

## Taxes & Insurance

Real Estate Taxes-	\$41,000	\$500
Payroll Taxes (FICA)-	\$7,760	\$95
Misc. Taxes, Licenses, & Permits-	\$0	\$0
Property & Liability Insurance-	\$24,600	\$300
Workmen's Compensation-	\$4,850	\$59
Health Ins. & Other Emp.Benefits-	\$9,700	\$118
Other Insurance-	\$2,000	\$24
<b>Total Taxes and Insurance</b>	<b>\$89,910</b>	<b>\$1,096</b>
<b>Total Expenses</b>	<b>\$311,460</b>	<b>\$3,798</b>

## Cash Flow Projection

	Home Rents	95,628
	Market Rents	0
	Other AMI-Based Rents	487,344
	Gross Potential Rents	582,972
5.00%	Allowance for Rent Loss	(29,149)
2.00%	Allowance for Bad Debt	(11,659)
	Other Income	4,050
	Effective Gross Income	\$546,214
	Operating Expenses	(311,460)
\$250	Proposed Reserve Deposit	(20,500)
	Net Operating Income	\$214,254
	Total Mortgages P&I	(178,500)
	Operating Cash Flow	\$35,754
	Debt Service Coverage	1.20
	Operating Expense Cushion	11.5%





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Property Name **Webinar Sample: Orchard Gardens**

--- Unit Mix Table ---							
#	Type	0BR	1BR	2BR	3BR	4BR	%
0	Market Rents	0	0	0	0	0	0%
3	Low Home	0	1	1	1	0	3.7%
12	High Home <u>Only</u>	0	4	4	4	0	14.8%
0	Vouchers	0	0	0	0	0	0%
0	30% AMI	0	0	0	0	0	0%
0	40% AMI	0	0	0	0	0	0%
0	50% AMI	0	0	0	0	0	0%
66	60% AMI	0	22	22	22	0	81.5%
0	80% AMI	0	0	0	0	0	0%
0	100% AMI	0	0	0	0	0	0%
0	120% AMI	0	0	0	0	0	0%
0	20%	0	0	0	0	0	0%
0	0%	0	0	0	0	0	0%
81	Number	0	27	27	27	0	
	Percentage	0%	33.3%	33.3%	33.3%	0%	100%

Maximum rents (after U/A) applicable to unit types (max may be limited by market)							
Type	0BR	1BR	2BR	3BR	4BR	Total \$	
Market Rents	\$500	\$750	\$850	\$900	\$1,000	\$	-
Low Home	\$438	\$395	\$468	\$546	\$727	\$	1,409.00
High Home <u>Only</u>	\$499	\$425	\$507	\$708	\$840	\$	6,560.00
Vouchers	\$549	\$475	\$567	\$792	\$924	\$	-
30% AMI	\$276	\$220	\$220	\$305	\$457	\$	-
40% AMI	\$368	\$320	\$378	\$441	\$611	\$	-
50% AMI	\$460	\$418	\$496	\$578	\$763	\$	-
60% AMI	\$552	\$516	\$615	\$715	\$916	\$	40,612.00
80% AMI	\$736	\$713	\$851	\$989	\$1,221	\$	-
100% AMI	\$927	\$993	\$1,192	\$1,258	\$1,538	\$	-
120% AMI	\$1,112	\$1,192	\$1,431	\$1,510	\$1,846	\$	-
20%	\$185	\$123	\$117	\$170	\$307	\$	-
0%	\$0	\$0	\$0	\$0	\$0	\$	-
Amount	\$0	\$13,447	\$16,026	\$19,108	\$0	\$	48,581.00
Percentage	0%	27.7%	33.0%	39.3%	0%	\$	582,972.00
<b>Total Rents Per Annum</b>							<b>\$</b>

Max HOME Funds Calculation	
Proposed HOME Units	15
HOME \$ by 221d3 Limit	\$2,721,776
HOME \$ by Fair Share %	\$2,286,508
Max HOME Investment	\$2,286,508

Tax Credit Calculation		
	Buildings	Other
Eligible Basis	\$50,000	\$12,179,043
Basis Boost	N/A	0%
Boosted Eligible Basis	\$50,000	\$12,179,043
Applicable Fraction	100%	100%
Qualified Basis	\$50,000	\$12,179,043
Credit Rate	4.00%	9.00%
Yield	3.25%	8.25%
LIHTC Basis/Equity	\$1,625	\$1,004,771
X 10 Years	\$16,250	\$10,047,710
Net Price Price Per Credit	\$0.75	\$0.75
Equity	\$12,188	\$7,535,783
Actual Equity / User Override	<b>\$12,188</b>	<b>\$7,535,783</b>
Total	<b>\$7,547,970.23</b>	

Debt Underwriting	
Gross Potential Rents	\$582,972
- Rent Loss + Other Inc, NET	(\$36,758)
Effective Gross Income	\$546,214
Operating Expenses	(\$311,460)
R4R Deposit	(\$20,500)
Net Operating Income	\$214,254
Debt Service	\$178,500
Debt Service Coverage	1.20
Net Cash Flow	\$35,754

SOURCES		USES	
1st Mortgage Hard Debt	\$ 2,771,600.00	Total Acquisition	\$ 350,000.00
2nd Mortgage (SOFT) Debt	-	Total Construction	\$ 9,840,000.00
Tax Credit Equity	7,547,970.23	Total Transaction	\$ 958,560.00
NSP Funds	-	Total Escrows	\$ 150,000.00
HOME Funds	-	Total Developer Fee	\$ 1,403,812.80
Deferred Developer Fee	-	<b>Total Uses</b>	<b>\$ 12,702,372.80</b>
Owner/GP Cash	-		
CDBG	-		
Seller Note	-		
Federal Home Loan Bank	-		
HOME Funds	2,000,000.00		
Other Source 5 (Specify)	-		
Other Source 6 (Specify)	-		
<b>Total Sources</b>	<b>\$ 12,319,570.23</b>		
Surplus or (Shortfall)	\$ (382,802.57) Equals 27% of Developer Fee		

**Webinar Sample Underwriting**  
 Multifamily Property Underwriting Template  
 Rents and Unit Mix

<b>Bold, Green Highlight Cells Denote USER INPUT</b>
<b>Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES</b>
White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Gardens

82 Total units, including 1 non-revenue unit(s)

Breakdown by Rent Type	Amounts	% of Total
Subtotal: HOME Rents	\$7,969	16%
Subtotal: Other AMI-Based Restricted Rents	\$40,612	84%
Percentage of FMR for Vouchers	<b>110.0%</b>	
Percent of Maximum Restricted Rents	<b>100.0%</b>	
HOME and AMI-Based Rents Undewritten	\$48,581	
Subtotal: Market Rents	\$0	
Resulting <u>Monthly</u> Gross Potential Rent	\$48,581	100%
Resulting <u>Annual</u> Gross Potential Rent	\$582,972	100%

**Note:** Developers/Funders may opt to underwrite rents at a 'Percent of Maximum Restricted Rents' (see input at right). Doing so provides some increased affordability and a way of later increasing revenue if needed. Doing so also increases the amount of subsidy needed in the transaction.

Unit Type	# of Units	U/A	Market Rent	Low HOME	High HOME	Weighted Avg.
0BR	0	<b>\$0</b>	<b>\$500</b>	\$438	\$499	n/a
1BR	27	<b>\$75</b>	<b>\$750</b>	\$470	\$500	\$498
2BR	27	<b>\$95</b>	<b>\$850</b>	\$563	\$602	\$594
3BR	27	<b>\$105</b>	<b>\$900</b>	\$651	\$813	\$708
4BR	0	<b>\$0</b>	<b>\$1,000</b>	\$727	\$840	n/a

**Note:** In the grid below, show the numbers of units in categories according to number of bedrooms and according to whatever governmental rent restriction is the most stringent. For example, you may have units that are covered by both 60% LIHTC and High HOME restrictions; you would show those units in the 60% AMI row (units that were restricted by High HOME only would go in the High HOME Only row). Be careful not to double-count a unit: each unit should appear only under the lowest governmental rent restriction that applies to it, even if there are multiple restrictions. For this grid, you do not need to consider whether market rents are lower than restricted rents; the calculations below make sure that the gross potential rent is the lower of the governmentally restricted rent and the market rent. **However, you must input market rents for the calculations to work.**

		--- Unit Mix Table ---					
Number of Units	Max Rent Basis	0BR	1BR	2BR	3BR	4BR	%
0	Market Rents	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
3	Low Home	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	3.7%
12	High Home Only	<b>0</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	14.8%
0	Vouchers	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	30% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	40% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	50% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
66	60% AMI	<b>0</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>0</b>	81.5%
0	80% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	100% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	120% AMI	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	<b>20%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
0	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0%
81	Number	0	27	27	27	0	
	Percentage	0%	33.3%	33.3%	33.3%	0%	100%

Notes:

<i>Note: On average, the market rents and utilities are affordable to households at 70.8% of AMI.</i>
<i>Note: High-HOME Only may be occupied by households up to 80% AMI, and do not qualify for &lt;60% AMI LIHTC; Low-Home may also qualify as LIHTC.</i>
<i>Note: All restricted rents (HOME and AMI-based) are underwritten at 100% of max.</i>
<i>Note: AMI-based rent determinations based on Iberville for 2012.</i>
<i>Note: 2011 Home rents used.</i>
<i>Enter additional comments here...</i>
<i>Enter additional comments here...</i>
<i>Enter additional comments here...</i>

One-Bedroom Units - Rent Calcs							
# 1BR Units	Rent Basis	Net Rent (incl. Utilities)	Gross Rent (Less Utilities)	Effective Rent Governed By	Applicable Unit Rent	Total Effective Monthly Rent	Notes
0	Market Rents	\$750		Market	\$750	\$0	
1	Low Home	\$470	\$395	HOME	\$395	\$395	<i>Home rents underwritten at HOME limit Home rents underwritten at HOME limit Note: Three of these s/b designated low-HOME</i>
4	High Home	\$500	\$425	HOME	\$425	\$1,700	
0	Vouchers	\$550	\$475	n/a	\$0	\$0	
0	30% AMI	\$295	\$220	n/a	\$0	\$0	
0	40% AMI	\$395	\$320	n/a	\$0	\$0	
0	50% AMI	\$493	\$418	n/a	\$0	\$0	
22	60% AMI	\$591	\$516	Rent Restr.	\$516	\$11,352	
0	80% AMI	\$788	\$713	n/a	\$0	\$0	
0	100% AMI	\$993	\$993	n/a	\$0	\$0	
0	120% AMI	\$1,192	\$1,192	n/a	\$0	\$0	
0	Custom: 20% AMI	\$198	\$123	n/a	\$0	\$0	
0	Custom: 0% AMI	\$0	\$0	n/a	\$0	\$0	
<i>Subtotal HOME Rents</i>						\$2,095	
<i>Subtotal: Other Restricted Rents</i>						\$11,352	
<i>Subtotal: Market or Market-Ceiling Rents</i>						\$0	

Two-Bedroom Units - Rent Calcs							
# 2BR Units	Rent Basis	Net Rent (incl. Utilities)	Gross Rent (Less Utilities)	Effective Rent Governed By	Applicable Unit Rent	Total Effective Monthly Rent	Notes
0	Market Rents	\$850		Market	\$850	\$0	
1	Low Home	\$563	\$468	HOME	\$468	\$468	Home rents underwritten at HOME limit
4	High Home	\$602	\$507	HOME	\$507	\$2,028	Home rents underwritten at HOME limit
0	Vouchers	\$662	\$567	n/a	\$0	\$0	
0	30% AMI	\$315	\$220	n/a	\$0	\$0	
0	40% AMI	\$473	\$378	n/a	\$0	\$0	
0	50% AMI	\$591	\$496	n/a	\$0	\$0	
22	60% AMI	\$710	\$615	Rent Restr.	\$615	\$13,530	
0	80% AMI	\$946	\$851	n/a	\$0	\$0	
0	100% AMI	\$1,192	\$1,192	n/a	\$0	\$0	
0	120% AMI	\$1,431	\$1,431	n/a	\$0	\$0	
0	Custom: 20% AMI	\$212	\$117	n/a	\$0	\$0	
0	Custom: 0% AMI	\$0	\$0	n/a	\$0	\$0	
<i>Subtotal HOME Rents</i>						\$2,496	
<i>Subtotal: Other Restricted Rents</i>						\$13,530	
<i>Subtotal: Market or Market-Ceiling Rents</i>						\$0	

Three-Bedroom Units - Rent Calcs							
# 3BR Units	Rent Basis	Net Rent (incl. Utilities)	Gross Rent (Less Utilities)	Effective Rent Governed By	Applicable Unit Rent	Total Effective Monthly Rent	Notes
0	Market Rents	\$900		Market	\$900	\$0	
1	Low Home	\$651	\$546	HOME	\$546	\$546	Home rents underwritten at HOME limit
4	High Home	\$813	\$708	HOME	\$708	\$2,832	Home rents underwritten at HOME limit
0	Vouchers	\$897	\$792	n/a	\$0	\$0	
0	30% AMI	\$410	\$305	n/a	\$0	\$0	
0	40% AMI	\$546	\$441	n/a	\$0	\$0	
0	50% AMI	\$683	\$578	n/a	\$0	\$0	
22	60% AMI	\$820	\$715	Rent Restr.	\$715	\$15,730	AMI Restricted Rent is underwritten at 100% of max
0	80% AMI	\$1,094	\$989	n/a	\$0	\$0	
0	100% AMI	\$1,258	\$1,258	n/a	\$0	\$0	
0	120% AMI	\$1,510	\$1,510	n/a	\$0	\$0	
0	Custom: 20% AMI	\$275	\$170	n/a	\$0	\$0	
0	Custom: 0% AMI	\$0	\$0	n/a	\$0	\$0	
<i>Subtotal HOME Rents</i>						\$3,378	
<i>Subtotal: Other Restricted Rents</i>						\$15,730	
<i>Subtotal: Market or Market-Ceiling Rents</i>						\$0	

**Webinar Sample Underwriting**

Multifamily Property Underwriting Template

Operating Expense Underwriting

<b>Bold, Green Highlight Cells Denote USER INPUT</b>
<b>Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES</b>
White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Garden

82 Total units, including 1 non-revenue unit(s)

**Note:** Sponsor / Applicant must enter in the 'Developer Total' column. Grantee should make determinations in the 'Funder Total' column. When the Funder's determination differs from the developer's, the cell will be yellow-highlighted.

Estimate of Operating Expenses	Amounts Proposed by Developer / Sponsor			Funder / Grantee Determination	Comment
	Developer Total / Year	Per Unit	Per Unit Per Month	Funder Total / Year	
<b>Other Income</b>					
Interest income available for ops		\$0	0	\$0	
Laundry/Facilities Income		\$0	\$0	\$0	
NSF/Late Fee Income		\$0	\$0	\$0	
Tenant Damage Charges		\$0	\$0	\$0	
Grants for Service Costs		\$0	\$0	\$0	
Non-residential Rental Income (net of vacancy and collections loss)		\$0	\$0	\$0	
Other Income	<b>\$4,050</b>	\$49	\$4	<b>\$4,050</b>	
Stores and Commercial		\$0	\$0	\$0	
<b>Total Other Income</b>	<b>\$4,050</b>	<b>\$49</b>	<b>\$4</b>	<b>\$4,050</b>	
<b>Administrative</b>					
Advertising-	<b>\$1,000</b>	\$12	\$1	<b>\$1,000</b>	
Other Admin. Exps.-		\$0	\$0	\$0	
Office Salaries-	<b>\$12,000</b>	\$146	\$12	<b>\$12,000</b>	One part-time assistant
Office Supplies-		\$0	\$0	\$0	
Management Fee-	<b>\$37,392</b>	\$456	\$38	<b>\$37,392</b>	
Management or Super. Sal.-	<b>\$30,000</b>	\$366	\$30	<b>\$30,000</b>	
Mgmt. or Super. Free Rent Unit-		\$0	\$0	\$0	
Legal Expenses (Project)-	<b>\$1,000</b>	\$12	\$1	<b>\$1,000</b>	
Auditing Exps. (Project)-	<b>\$5,000</b>	\$61	\$5	<b>\$5,000</b>	
Bookkeeping Fees/Acct. Services-	<b>\$4,920</b>	\$60	\$5	<b>\$4,920</b>	
Monitoring Fees	<b>\$4,000</b>	\$49	\$4	<b>\$4,000</b>	



**Webinar Sample Underwriting**

Multifamily Property Underwriting Template

Operating Expense Underwriting

Bold, Green Highlight Cells Denote USER INPUT
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White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Garden

82 Total units, including 1 non-revenue unit(s)

**Note:** Sponsor / Applicant must enter in the 'Developer Total' column. Grantee should make determinations in the 'Funder Total' column. When the Funder's determination differs from the developer's, the cell will be yellow-highlighted.

Estimate of Operating Expenses	Amounts Proposed by Developer / Sponsor			Funder / Grantee Determination	Comment
	Developer Total / Year	Per Unit	Per Unit Per Month	Funder Total / Year	
<b>Total Administrative Exps</b>	<b>\$95,312</b>	<b>\$1,162</b>	<b>\$97</b>	<b>\$95,312</b>	
<b>Utilities</b>					
Fuel for Domestic Hot Water-		\$0	\$0	\$0	
Electricity (Light & Misc. Power)-	\$6,888	\$84	\$7	\$6,888	
Water-	\$6,150	\$75	\$6	\$6,150	
Gas-		\$0	\$0	\$0	
Sewer-	\$20,500	\$250	\$21	\$20,500	
<b>Total Utility Exps</b>	<b>\$33,538</b>	<b>\$409</b>	<b>\$34</b>	<b>\$33,538</b>	
<b>Operating and Maintenance</b>					
O&M Payroll-	\$55,000	\$671	\$56	\$55,000	Two FT
O&M Supplies-	\$12,000	\$146	\$12	\$12,000	
O&M Contract-	\$12,000	\$146	\$12	\$12,000	
Garbage & Trash Removal-	\$7,200	\$88	\$7	\$7,200	
Security Payroll/Contract-		\$0	\$0	\$0	
Elevator Maintenance/Contract-		\$0	\$0	\$0	
HVAC R & M-	\$1,500	\$18	\$2	\$1,500	
Other Expenses-		\$0	\$0	\$0	
Misc. O & M Expenses-	\$5,000	\$61	\$5	\$5,000	
Neighborhood Network-	\$0	\$0	\$0	\$0	
<b>Total Operating and</b>	<b>\$92,700</b>	<b>\$1,130</b>	<b>\$94</b>	<b>\$92,700</b>	
<b>Taxes &amp; Insurance</b>					
Real Estate Taxes-	\$41,000	\$500	\$42	\$41,000	
Payroll Taxes (FICA)-	\$7,760	\$95	\$8	\$7,760	
Misc. Taxes, Licenses, & Permits-		\$0	\$0	\$0	
Property & Liability Insurance-	\$24,600	\$300	\$25	\$24,600	
Fidelity Bond Insurance-	\$2,000	\$24	\$2	\$2,000	
Workmen's Compensation-	\$4,850	\$59	\$5	\$4,850	
Health Ins. & Other Emp. Benefits-	\$9,700	\$118	\$10	\$9,700	
Other Insurance-	\$0	\$0	\$0	\$0	
<b>Total Taxes and Insurance</b>	<b>\$89,910</b>	<b>\$1,096</b>	<b>\$91</b>	<b>\$89,910</b>	
<b>Total Expenses</b>	<b>\$311,460</b>	<b>\$3,798</b>	<b>\$317</b>	<b>\$311,460</b>	

**Webinar Sample Underwriting**

Multifamily Property Underwriting Template  
1st and 2nd Mortgage (Hard Debt) Underwriting

Bold, Green Highlight Cells Denote USER INPUT
Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES
White Cells Denote CALCULATED RESULTS



Property: Webinar Sample: Orchard Gardens

82 Total units, including 1 non-revenue unit(s)

**NOTE: At the proposed loan amount and terms, the initial DSCR is projected at 1.2; and cash flow is initially projected at 11.5% of operating expenses.**

<b>Loan Information (HARD DEBT ONLY)</b>		
Proposed 1st Mortgage Lender Name	0	See 'Assumptions' Worksheet
Proposed 1st Mortgage Loan Type	0	See 'Assumptions' Worksheet
Proposed 1st Mortgage Loan Amount	\$2,771,600.00	Enter amount of <u>permanent</u> 1st mortgage loan only
Term (Years)	30	Years
Loan Amortization (Years)	30	Years
Interest Rate	5.000%	APR
Annual Credit Enhancement Cost (if applicable)	0.000%	APR
Resulting Annual Debt Service	\$178,500.00	
Concluded / User Override of Annual Debt Service (Comment Req'd)	\$178,500.00	User may overwrite the concluded DS, but should provide an explanation here.
Proposed Must-Pay 2nd Mortgage Lender Name	0	See 'Assumptions' Worksheet
Proposed Must-Pay 2nd Mortgage Loan Type	0	See 'Assumptions' Worksheet
Proposed Must-Pay 2nd Mortgage Loan Amount	\$0.00	Enter amount of <u>permanent</u> 2nd mortgage loan only
Term (Years)	18	Years
Loan Amortization (Years)	30	Years
Fixed Interest Rate	0.000%	APR
Annual Credit Enhancement Cost (if applicable)	0.000%	APR
Resulting Annual Debt Service	\$0.00	
Concluded / User Override of Annual Debt Service (Comment Req'd)	\$0.00	HOME funds, soft
<b>Income</b>		
	Gross Potential Rents (GPR)	\$582,972
5%	Minus Vacancy Loss	(\$29,149)
2%	Minus Bad Debt	(\$11,659)
	Plus Other Income	\$4,050
	<i>Equals</i> Total Effective Gross Income	\$546,214
<b>Expenses</b>		
	Operating Expenses	(\$311,460)
\$250	Reserve for Replacement Deposits (see Assumptions)	(\$20,500)
	Total Expenses	(\$331,960)
<b>NOI, DS and NCF</b>		
	Income Minus Expenses Equals Net Operating Income	214,254
	Underwritten Annual Debt Service: 1st Mortgage	178,500
	Underwritten Annual Debt Service: 2nd Mortgage	0
	Underwritten Total Annual Debt Service	178,500
	Underwritten Net Cash Flow	35,754
<b>Debt Sizing Analytics</b>		
	Initial Debt Service Coverage Ratio (DSCR)	1.20
	Initial Operating Expense Cushion (OEC)	11.48%
	Minimum DSCR Years 1-20	1.16
	Maximum DSCR Years 1-20	1.22
	Minimum OEC Years 1-20	5.35%
	Maximum OEC Years 1-20	11.48%
1.20	Supportable Must-Pay Debt at this initial DSCR	\$2,771,600
9%	Supportable Must-Pay Debt at this initial OEC	\$2,890,800



**Webinar Sample Underwriting**  
 Multifamily Property Underwriting Template  
 20-Year Proforma

<b>Bold, Green Highlight Cells Denote USER INPUT</b>
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White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Garde 82 Total units, including 1 non-revenue unit(s)

Operating Cash Flow Projection	Assumptions / Trends	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	Year 6 2018	Year 7 2019	Year 8 2020	Year 9 2021	Year 10 2022	Year 11 2023	Year 12 2024	Year 13 2025
<b>Cash Flow Projection</b>														
Home Rents	1.75%	95,628	97,301	99,004	100,737	102,500	104,293	106,119	107,976	109,865	111,788	113,744	115,735	117,760
Market Rents	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0
Other AMI-Based Rents	2.00%	487,344	497,091	507,033	517,173	527,517	538,067	548,828	559,805	571,001	582,421	594,070	605,951	618,070
Total Gross Potential Rent (Proposed Unit Mix/Rents)		582,972	594,392	606,037	617,910	630,017	642,361	654,947	667,781	680,866	694,209	707,814	721,686	735,830
Allowance for Multifamily Rent Loss	5.00%	(29,149)	(29,720)	(30,302)	(30,896)	(31,501)	(32,118)	(32,747)	(33,389)	(34,043)	(34,710)	(35,391)	(36,084)	(36,792)
Allowance for Multifamily Bad Debt	2.00%	(11,659)	(11,888)	(12,121)	(12,358)	(12,600)	(12,847)	(13,099)	(13,356)	(13,617)	(13,884)	(14,156)	(14,434)	(14,717)
Other Income	2.00%	4,050	4,131	4,214	4,298	4,384	4,472	4,561	4,652	4,745	4,840	4,937	5,036	5,136
Effective Gross Income		\$546,214	\$556,915	\$567,828	\$578,954	\$590,300	\$601,868	\$613,662	\$625,688	\$637,951	\$650,455	\$663,204	\$676,204	\$689,457
Operating Expenses	3.00%	(311,460)	(320,804)	(330,428)	(340,341)	(350,551)	(361,068)	(371,900)	(383,057)	(394,548)	(406,385)	(418,576)	(431,133)	(444,067)
Proposed Reserve Deposit	\$20,500	(20,500)	(21,115)	(21,748)	(22,401)	(23,073)	(23,765)	(24,478)	(25,212)	(25,969)	(26,748)	(27,550)	(28,377)	(29,228)
Net Operating Income		\$214,254	\$214,996	\$215,651	\$216,212	\$216,676	\$217,035	\$217,284	\$217,419	\$217,434	\$217,323	\$217,077	\$216,693	\$216,162
Total Mortgages P&I	(178,500)	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500	178,500
Operating Cash Flow		\$35,754	\$36,496	\$37,151	\$37,712	\$38,176	\$38,535	\$38,784	\$38,919	\$38,934	\$38,823	\$38,577	\$38,193	\$37,662
Debt Service Coverage		1.20	1.20	1.21	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.22	1.21	1.21
1.16 minimum DSCR yrs 1-20														
Operating Expense Cushion		11.5%	11.4%	11.2%	11.1%	10.9%	10.7%	10.4%	10.2%	9.9%	9.6%	9.2%	8.9%	8.5%
5.4% minimum Cushion yrs 1-20														

<b>Cash Distribution Projection</b>														
Operating Cash Flow		\$35,754	\$36,496	\$37,151	\$37,712	\$38,176	\$38,535	\$38,784	\$38,919	\$38,934	\$38,823	\$38,577	\$38,193	\$37,662
\$0 Priority Cash Flow Dollars		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.0% Priority Cash Flow (Percentage)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total														
Projected Distributable		\$728,687	\$35,754	\$36,496	\$37,151	\$37,712	\$38,176	\$38,535	\$38,784	\$38,919	\$38,934	\$38,823	\$38,577	\$38,193
50.0% Soft Lender		\$364,343	\$17,877	\$18,248	\$18,576	\$18,856	\$19,088	\$19,267	\$19,392	\$19,460	\$19,467	\$19,411	\$19,289	\$18,831
50.0% Owner		\$364,343	\$17,877	\$18,248	\$18,576	\$18,856	\$19,088	\$19,267	\$19,392	\$19,460	\$19,467	\$19,411	\$19,289	\$18,831
Disc Rate	3.0%													
NPV PJ Share		\$273,080.00												



**Webinar Sample Underwriting**  
**Multifamily Property Underwriting Template**  
**20-Year Proforma**

Property: Webinar Sample: Orchard Garde 82

Operating Cash Flow Projection		Assumptions / Trends	Year 14 2026	Year 15 2027	Year 16 2028	Year 17 2029	Year 18 2030	Year 19 2031	Year 20 2032
<b>Cash Flow Projection</b>									
Home Rents	1.75%	119,821	121,918	124,051	126,222	128,431	130,679	132,966	
Market Rents	2.50%	0	0	0	0	0	0	0	
Other AMI-Based Rents	2.00%	630,431	643,040	655,901	669,019	682,399	696,047	709,968	
Total Gross Potential Rent (Proposed Unit Mix/Rents)		750,252	764,958	779,952	795,241	810,830	826,726	842,934	
Allowance for Multifamily Rent Loss	5.00%	(37,513)	(38,248)	(38,998)	(39,762)	(40,542)	(41,336)	(42,147)	
Allowance for Multifamily Bad Debt	2.00%	(15,005)	(15,299)	(15,599)	(15,905)	(16,217)	(16,535)	(16,859)	
Other Income	2.00%	5,239	5,344	5,451	5,560	5,671	5,784	5,900	
Effective Gross Income		\$702,973	\$716,755	\$730,806	\$745,134	\$759,742	\$774,639	\$789,828	
Operating Expenses	3.00%	(457,390)	(471,111)	(485,245)	(499,802)	(514,796)	(530,240)	(546,147)	
Proposed Reserve Deposit	\$20,500	(30,105)	(31,008)	(31,938)	(32,896)	(33,883)	(34,900)	(35,947)	
Net Operating Income		\$215,479	\$214,636	\$213,623	\$212,435	\$211,063	\$209,500	\$207,734	
Total Mortgages P&I	(178,500)	178,500	178,500	178,500	178,500	178,500	178,500	178,500	
Operating Cash Flow		\$36,979	\$36,136	\$35,123	\$33,935	\$32,563	\$31,000	\$29,234	
Debt Service Coverage		1.21	1.20	1.20	1.19	1.18	1.17	1.16	
1.16 minimum DSCR yrs 1-20									
Operating Expense Cushion		8.1%	7.7%	7.2%	6.8%	6.3%	5.8%	5.4%	
5.4% minimum Cushion yrs 1-20									
<b>Cash Distribution Projection</b>									
Operating Cash Flow		\$36,979	\$36,136	\$35,123	\$33,935	\$32,563	\$31,000	\$29,234	
\$0 Priority Cash Flow Dollars		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
0.0% Priority Cash Flow (Percentage)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total									
Projected Distributable	\$728,687	\$36,979	\$36,136	\$35,123	\$33,935	\$32,563	\$31,000	\$29,234	
50.0% Soft Lender	\$364,343	\$18,489	\$18,068	\$17,561	\$16,968	\$16,281	\$15,500	\$14,617	
50.0% Owner	\$364,343	\$18,489	\$18,068	\$17,561	\$16,968	\$16,281	\$15,500	\$14,617	
Disc Rate	3.0%								
NPV PJ Share		\$273,080.00							

**Webinar Sample Underwriting**  
 Multifamily Property Underwriting Template  
 Housing Tax Credit (LIHTC) Equity Calculations



<b>Bold, Green Highlight Cells Denote USER INPUT</b>
<b>Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES</b>
White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Gar

82 Total units, including 1 non-revenue unit(s)

**LIHTC Equity Calculation Worksheet**

Select Set Aside **40% of units at or below 60% of AMI**

	<b>Buildings</b>	<b>Other</b>	<b>Notes</b>
Eligible Basis	\$50,000	\$12,179,043	
Basis Boost	<b>N/A</b>	<b>0%</b>	
Boosted Eligible Basis	\$50,000	\$12,179,043	
Applicable Fraction	100%	100%	
Qualified Basis	\$50,000	\$12,179,043	
Credit Rate	4.00%	<b>9.00%</b>	
Yield	<b>3.25%</b>	<b>8.25%</b>	
LIHTC Basis/Equity	\$1,625	\$1,004,771	
X 10 Years	\$16,250	\$10,047,710	
<u>Net</u> Price Per Credit	<b>\$0.75</b>	\$0.75	
Equity	\$12,188	\$7,535,783	
Actual Equity / User Override	<b>\$12,188</b>	<b>\$7,535,783</b>	<i>User has adopted the calculated equity amount</i>

Total **\$7,547,970**

**Webinar Sample Underwriting**  
 Multifamily Property Underwriting Template  
 Detailed Sources and Uses Worksheet

Bold, Green Highlight Cells Denote USER INPUT
Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES
White Cells Denote CALCULATED RESULTS



Property: Webinar Sample: Orchard Gardens

82 Total units, including 1 non-revenue unit(s)

Line	PERMANENT Sources (do not list construction / bridge loan(s))	\$ Amount	% of TOTAL	% of CATEGORY	\$ Per Unit	ADDITIONAL COMMENTS
1	1st Mortgage Hard Debt	\$ 2,771,600.00	21.8%	22.5%	\$ 33,800	
2	2nd Mortgage (SOFT) Debt	\$ -	0.0%	0.0%	\$ -	
3	Tax Credit Equity	\$ 7,547,970.23	59.4%	61.3%	\$ 92,048	
4	NSP Funds	\$ -	0.0%	0.0%	\$ -	See note below regarding NSP funding limits
5	HOME Funds	\$0	0.0%	0.0%	\$ -	
6	Deferred Developer Fee	\$ -	0.0%	0.0%	\$ -	Deferral equals 0.00% of Total Developer Fee
7	Owner/GP Cash	\$ -	0.0%	0.0%	\$ -	
8	CDBG	\$ -	0.0%	0.0%	\$ -	
9	Seller Note	\$ -	0.0%	0.0%	\$ -	
10	Federal Home Loan Bank	\$ -	0.0%	0.0%	\$ -	
11	HOME Funds	\$ 2,000,000.00	15.7%	16.2%	\$ 24,390	
12	Other Source 5 (Specify)	\$ -	0.0%	0.0%	\$ -	
13	Other Source 6 (Specify)	\$ -	0.0%	0.0%	\$ -	
14		\$ 12,319,570.23	97%	100%	\$ 150,239	

Funding Gap: Increase Sources and/or  
 Decrease Uses by this Amount \$ 382,802.57 3%

The ratio of NSP Funds to total Sources may not exceed the ratio of NSP eligible units (i.e., <120% AMI) to total units.

EB = Eligible Basis

USES	\$ Amount	% of TOTAL	% of CATEGORY	\$ Per Unit	EB?	ADDITIONAL COMMENTS
<b>ACQUISITION COSTS</b>						
Acquisition Land	\$ 300,000.00	2.4%	85.7%	\$ 3,659	N	
Acquisition Buildings	\$ 50,000.00	0.4%	14.3%	\$ 610	Y	
Acquisition Other	\$ -	0.0%	0.0%	\$ -	Y	
<b>TOTAL ACQUISITION COSTS</b>	<b>\$ 350,000.00</b>	<b>3%</b>	<b>100%</b>	<b>\$ 4,268</b>		
<b>CONSTRUCTION COSTS</b>						
Hard Costs: Site Improvements	\$ 8,200,000.00	64.6%	83.3%	\$ 100,000	Y	
Hard Costs: Construction		0.0%	0.0%	\$ -	Y	
Hard Costs: Contingency	\$ 410,000.00	3.2%	4.2%	\$ 5,000	Y	Contingency equals 5.00% of Hard Costs
Other Construction/Rehab Cost (Specify)		0.0%	0.0%	\$ -	Y	
Other Construction/Rehab Cost (Specify)		0.0%	0.0%	\$ -	Y	
Other Construction/Rehab Cost (Specify)		0.0%	0.0%	\$ -	Y	
Builders Profit (BP)	\$ 328,000.00	2.6%	3.3%	\$ 4,000	Y	BP Equals 3.81% of Hard Costs (incl. contingency)
General Requirements (GR)	\$ 492,000.00	3.9%	5.0%	\$ 6,000	Y	GR Equals 5.71% of Hard Costs (incl. contingency)
General Overhead (GO)	\$ 410,000.00	3.2%	4.2%	\$ 5,000	Y	GO Equals 4.76% of Hard Costs (incl. contingency)
Subtotal BP+GR+GO	\$ 1,230,000.00	9.7%	12.5%	\$ 15,000		Contractor Loading Equals 14.29% of Hard Costs (incl. contingency.)
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 9,840,000.00</b>	<b>77%</b>	<b>100%</b>	<b>\$ 120,000</b>		
Of the total of \$9,840,000, \$8,610,000 or 88% is directly attributable to Hard Costs, while \$1,230,000 is attributable to other costs and contractor loading.						
<b>TRANSACTION COSTS</b>						
Accounting Fees: Cost Certification Audit Fee	\$ 6,000.00	0.0%	0.6%	\$ 73	Y	
Accounting Fees: General		0.0%	0.0%	\$ -	Y	
Application and Tax Credit Fees		0.0%	0.0%	\$ -	Y	
Architect	\$ 150,000.00	1.2%	15.6%	\$ 1,829	Y	
Bond Issuance	\$ 200,000.00	1.6%	20.9%	\$ 2,439	Y	
Builders' Risk	\$ 25,000.00	0.2%	2.6%	\$ 305	Y	
Building Permit Fees & Local Fees	\$ 23,000.00	0.2%	2.4%	\$ 280	Y	
Construction Loan: 3rd Party Reports/Inspect		0.0%	0.0%	\$ -	Y	
Construction Loan: Financing Fee	\$ 29,043.00	0.2%	3.0%	\$ 354	Y	
Construction Loan: Interest During Construction	\$ 250,000.00	2.0%	26.1%	\$ 3,049	Y	
Construction Loan: Lender's Attorney Fee		0.0%	0.0%	\$ -	Y	

**Webinar Sample Underwriting**  
 Multifamily Property Underwriting Template  
 Detailed Sources and Uses Worksheet

Bold, Green Highlight Cells Denote USER INPUT
Bold, Yellow Highlight Cells Denote USER INPUT OVERRIDES
White Cells Denote CALCULATED RESULTS

Property: Webinar Sample: Orchard Gardens

82 Total units, including 1 non-revenue unit(s)

55	Construction Loan: Origination Fee		0.0%	0.0%	\$ -	Y	
56	Construction Period: Insurance	\$ 24,087.00	0.2%	2.5%	\$ 294	Y	
57	Construction Period: Taxes		0.0%	0.0%	\$ -	Y	
58	Consulting Fees (not payable through dev fee)		0.0%	0.0%	\$ -	Y	
59	Engineer		0.0%	0.0%	\$ -	Y	
60	Environmental Study	\$ 4,000.00	0.0%	0.4%	\$ 49	Y	
61	Furniture, Fixtures and Equipment	\$ 35,000.00	0.3%	3.7%	\$ 427	Y	
62	Legal: Owner Attorney/Borrower (EB)	\$ 50,000.00	0.4%	5.2%	\$ 610	Y	
63	Legal: Owner Attorney/Borrower Legal (Not EB)		0.0%	0.0%	\$ -	N	These are legal fees which are not basis-eligible
64	Market Study / Appraisal	\$ 4,000.00	0.0%	0.4%	\$ 49	Y	
65	Marketing and Leasing		0.0%	0.0%	\$ -	Y	
66	Miscellaneous / Other (Basis Eligible)		0.0%	0.0%	\$ -	Y	
67	Miscellaneous / Other (NOT Basis Eligible)		0.0%	0.0%	\$ -	N	These are miscellaneous fees which are not basis-eligible
68	Partnership Legal and Organizational	\$ 3,500.00	0.0%	0.4%	\$ 43	Y	
69	Permanent Loan: 3rd Party Reports		0.0%	0.0%	\$ -	Y	
70	Permanent Loan: Financing Fee	\$ 10,660.00	0.1%	1.1%	\$ 130	N	Equals 0.38% of permanent loan amount
71	Permanent Loan: Lender's Attorney Fee	\$ 30,000.00	0.2%	3.1%	\$ 366	Y	
72	Permanent Loan: Origination Fee		0.0%	0.0%	\$ -	N	Equals 0.38% of permanent loan amount
73	Survey	\$ 5,500.00	0.0%	0.6%	\$ 67	Y	
74	Title and Recording	\$ 11,100.00	0.1%	1.2%	\$ 135	Y	
75	Closing Costs'	\$ 12,670.00	0.1%	1.3%	\$ 155	N	
76	Inspection Fees	\$ 5,000.00	0.0%	0.5%	\$ 61	Y	
77	Contingency	\$ 15,000.00	0.1%	1.6%	\$ 183	Y	
78	Lender Atty Fee	\$ 65,000.00	0.5%	6.8%	\$ 793	Y	
79	Other Transaction Cost 5 (Specify)		0.0%	0.0%	\$ -	Y	
80	Other Transaction Cost 6 (Specify)		0.0%	0.0%	\$ -	Y	
81	Other Transaction Cost 7 (Specify)		0.0%	0.0%	\$ -	Y	
82	Other Transaction Cost 8 (Specify)		0.0%	0.0%	\$ -	Y	
83	Other Transaction Cost 9 (Specify)		0.0%	0.0%	\$ -	Y	
84	Other Transaction Cost 10 (Specify)		0.0%	0.0%	\$ -	Y	
85	Other Transaction Cost 11 (Specify)		0.0%	0.0%	\$ -	Y	
86	Other Transaction Cost 12 (Specify)		0.0%	0.0%	\$ -	Y	
87	Other Transaction Cost 13 (Specify)		0.0%	0.0%	\$ -	Y	
88	<b>TOTAL TRANSACTION COSTS</b>	<b>\$ 958,560.00</b>	<b>8%</b>	<b>100%</b>	<b>\$ 11,690</b>		
89							
90	<b>ESCROW ACCOUNTS</b>						
91	Initial Deposit to Reserve for Replacements	\$ -	0.0%	0.0%	\$ -	N	
92	Property Tax Escrow		0.0%	0.0%	\$ -	N	
93	Hazard Insurance Escrow		0.0%	0.0%	\$ -	N	
94	Debt Service Reserve		0.0%	0.0%	\$ -	N	
95	Operating Reserve/Working Capital	\$ 150,000.00	1.2%	100.0%	\$ 1,829	N	
96	Lease-Up Reserve		0.0%	0.0%	\$ -	N	
97	Other Escrow 1 (Specify)		0.0%	0.0%	\$ -	N	
98	Other Escrow 2 (Specify)		0.0%	0.0%	\$ -	N	
99	Other Escrow 3 (Specify)		0.0%	0.0%	\$ -	N	
100	<b>TOTAL ESCROW ACCOUNTS</b>	<b>\$ 150,000.00</b>	<b>1%</b>	<b>100%</b>	<b>\$ 1,829</b>		
101							
102	<b>GROSS DEVELOPER FEE</b>						
103	Total Gross Developer Fee	\$ 1,403,812.80	11.1%	100.0%	\$ 17,120	Y	Equals 11.05% of total uses excluding developer fee
104	<b>TOTAL GROSS DEVELOPER FEE</b>	<b>\$ 1,403,812.80</b>	<b>11%</b>	<b>100%</b>	<b>\$ 17,120</b>		
105							
106	<b>TOTAL USES</b>	<b>\$ 12,702,372.80</b>	<b>100%</b>	<b>100%</b>	<b>\$ 154,907</b>		

**Webinar Sample Underwriting**

Multifamily Property Underwriting Template

HOME Cost Allocation Calculation



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White Cells Denote CALCULATED RESULTS

Total Development Cost	Eligible Cost	Ineligible Cost	Total Cost
Land / Buildings	\$ 350,000	\$610,000	\$960,000
Construction	\$ 9,590,000	\$250,000	\$9,840,000
Developer Fee	\$ 1,403,813	\$0	\$1,403,813
Escrows	\$ 119,770	\$ 30,230	\$150,000
Other Soft Costs	\$ 883,560	\$75,000	\$958,560
<b>Total Project Cost</b>	<b>\$12,347,143</b>	<b>\$965,230</b>	<b>\$13,312,373</b>

Unit Mix in Total Project	# Units	221d3 Limit	Distribution of HOME Units				221d3 Limit
			HOME Units (1st Try)	HOME Units (2nd Try)	HOME Units (3rd Try)	HOME Units (Conclusion)	
0BR Units	0		0.00	0.00	0.00	0	\$0
1BR Units	27	\$144,355	5.00	5.00	5.00	5	\$721,776
2BR Units	27	\$180,000	5.00	5.00	5.00	5	\$900,000
3BR Units	27	\$220,000	5.00	5.00	5.00	5	\$1,100,000
4BR Units	0		0.00	0.00	0.00	0	\$0
Other Units	0		0.00	0.00	0.00	0	\$0
<b>Total Project</b>	<b>81</b>	<b>\$14,697,590</b>	<b>15.00</b>	<b>15.00</b>	<b>15.00</b>	<b>15</b>	<b>\$2,721,776</b>
				<b>0.00</b>	<b>0.00</b>	<b>OK</b>	\$181,451.73

Solve for Max HOME Investment	Proposed HOME Units	HOME \$ by 221d3 Limit	HOME \$ by Fair Share %	Maximum HOME Investment
	15	\$2,721,776	\$2,286,508	\$2,286,508

**Comments**