

**Project name:** Downtown Motor Hotel  
 Project address:  
 Developer  
 Model Revised 5/3/2015  
 Total units 19  
 LIHTC units 19  
 Residential SF 18,278  
 Commercial SF 0  
  
 Price per \$1.00 of LIHTC \$0.90

<b>SOURCES</b>	<b>Provider</b>	<b>Amount</b>
Construction Loan	TBD	
LIHTC equity	TBD	\$ 1,983,560
Loan #1 (must-pay)	TBD	
Loan #2 (City of Tucson)	TBD	600,000
Loan #3		-
Historic Tax Credit equity		570,622
GP Equity		
Deferred Developer Fee		-
<b>Total Sources</b>		<b>\$ 3,154,182</b>

<b>USES</b>		
	<b>Construction</b>	<b>Permanent</b>
Total Acquisition Cost		\$ 980,000
Total Construction Cost		2,132,000
Total Professional Fees		301,080
Total construction loan cost		274,000
Total permanent financing cost		-
Total miscellaneous soft costs		1,800
Total miscellaneous soft costs		75,500
Total developer's overhead and fees		370,557
Total project reserves		170,000
<b>Total Development Cost</b>		<b>\$ 4,304,937</b>

<b>Surplus/(gap)</b>		<b>\$ (1,150,755)</b>
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Downtown Motor Hotel		Total cost	9% basis	4% basis
<b>I</b>	<b>ACQUISITION COST</b>			
	Land	\$ 980,000		\$ 300,000
	Buildings			
	Closing costs			
	Legal Fees			
	<b>TOTAL ACQUISITION COST</b>	<b>\$ 980,000</b>	<b>\$ -</b>	<b>\$ 300,000</b>
<b>II.</b>	<b>DIRECT CONSTRUCTION COST</b>			
	Off-site improvements			
	Demolition	\$ 68,000	\$ 68,000	
	Site work	\$ 78,000	\$ 78,000	
	Landscaping			
	Fencing			
	Swimming pool			
	Concrete			
	Masonry			
	Metals			
	Rough Carpentry			
	Finish Carpentry			
	Waterproofing			
	Insulation			
	Roofing			
	Sheet Metal			
	Doors, Windows and Glass			
	Lath & Plaster			
	Drywall			
	Tile Work			
	Acoustical			
	Resilient Flooring			
	Carpeting			
	Window Coverings			
	Painting			
	Cabinets			
	Toilet Accessories, Mirrors, Signs, etc.			
	Plumbing			
	HVAC			
	Electrical			
	Fire sprinklers			
	Appliances			
	Community building			
	Elevator			
	Green building			
	Direct construction	\$ 1,376,000	\$ 1,376,000	
	Sales tax	\$ 90,000	\$ 90,000	
	Other			
	Permits & fees paid by GC	\$ 38,000	\$ 38,000	
	Davis Bacon requirement costs			
	<b>Subtotal direct construction cost</b>	<b>\$ 1,650,000</b>	<b>\$ 1,650,000</b>	<b>\$ -</b>
	General requirements	\$ 82,500	\$ 90,000	\$ 90,000
	Builder's overhead	\$ 33,000	\$ 41,000	\$ 41,000
	Builder's profit	\$ 82,500	\$ 90,000	\$ 90,000
	<b>Total direct construction cost</b>	<b>\$ 1,871,000</b>	<b>\$ 1,871,000</b>	<b>\$ -</b>
	Hard cost contingency	\$ 165,000	\$ 165,000	\$ 48,000
	Hazardous waste contingency	\$ 115,500	\$ 96,000	\$ 96,000
	<b>Total construction cost</b>	<b>\$ 2,132,000</b>	<b>\$ 2,015,000</b>	<b>\$ -</b>

Downtown Motor Hotel		Total cost	9% basis	4% basis
<b>III.</b>	<b>PROFESSIONAL FEES</b>			
	Architect fee - design	\$ 123,500	\$ 123,500	
	Architect fee- supervision	\$ 50,000	\$ 50,000	
	Engineering fee	\$ 22,000	\$ 22,000	
	Soils Report	\$ 4,500	\$ 4,500	
	Land Survey	\$ 4,200	\$ 4,200	
	Market study	\$ 6,020	\$ 6,020	
	Appraisal	\$ 9,000	\$ 9,000	
	Capital needs assessment	\$ 6,000	\$ 6,000	
	Environmental survey	\$ 3,660	\$ 3,660	
	Legal fees	\$ 65,000	\$ 45,000	
	Accounting fees	\$ 7,200	\$ 5,000	
	Permits & fees paid by developer			
	Other			
	<b>Total professional fees</b>	<b>\$ 301,080</b>	<b>\$ 278,880</b>	<b>\$ -</b>
<b>IV.</b>	<b>CONSTRUCTION LOAN COST</b>	<b>\$ 1,400,000</b>		
	Construction loan fee	\$ 28,000	\$ 28,000	
	Construction loan interest	\$ 150,000	\$ 65,000	\$ 10,000
	Bridge loan fees			
	Taxes - construction period only	\$ 17,000	\$ 6,500	
	Title & recording	\$ 30,000	\$ 28,000	
	Inspection fees	\$ 14,000	\$ 14,000	
	Insurance during construction	\$ 35,000	\$ 35,000	
	<b>Total construction loan cost</b>	<b>\$ 274,000</b>	<b>\$ 176,500</b>	<b>\$ 10,000</b>
<b>V.</b>	<b>PERMANENT FINANCING COST</b>	<b>\$ 239,493</b>		
	Loan origination fee	\$ 2,395		
	Loan credit enhancement			
	Cost of issuance/underwriting discount			
	Bond premium			
	Legal fees			
	Title & recording			
	<b>Total permanent financing cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>VI.</b>	<b>SYNDICATION COST</b>			
	Organizational/partnership	\$ 1,800		
	Legal fees			
	Other			
	<b>Total syndication cost</b>	<b>\$ 1,800</b>	<b>\$ -</b>	<b>\$ -</b>
<b>VII.</b>	<b>MISCELLANEOUS SOFT COSTS</b>			
	Soft cost contingency	\$ 9,032	\$ 5,500	\$ 4,500
	Tenant relocation costs		\$ -	
	Personal property (FF&E in basis)		\$ 26,000	\$ 15,000
	Marketing		\$ 8,000	
	Department fees		\$ 36,000	
	Other			
	Other			
	<b>Total miscellaneous soft costs</b>	<b>\$ 75,500</b>	<b>\$ 19,500</b>	<b>\$ -</b>
<b>VIII.</b>	<b>DEVELOPER'S OVERHEAD &amp; FEES</b>			
	Developer's overhead/fee	\$ 387,853	\$ 370,557	\$ 207,512
	Consultant fee			\$ 88,934
	<b>Total developer's overhead and fees</b>	<b>\$ 370,557</b>	<b>\$ 296,446</b>	<b>\$ 74,111</b>
<b>IX.</b>	<b>PROJECT RESERVES</b>			
	Rent up reserve	\$ 71,010	\$ 85,000	
	Operating reserve	\$ 71,010	\$ 85,000	
	Other			
	<b>Other</b>			
	<b>Total project reserves</b>	<b>\$ 170,000</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>TOTAL DEVELOPMENT COST</b>	<b>\$ 4,304,937</b>	<b>\$ 2,786,326</b>	<b>\$ 384,111</b>

## Downtown Motor Hotel

### Tax Credits from Eligible Basis

	Construction	Acquisition	Total
Basis	2,786,326	384,111	3,170,437
Historic credit?	Yes		
Less ineligible items	634,087	-	634,087
Eligible basis before boost	2,152,238	384,111	2,536,350
130% boost (construction only)	2,797,910	384,111	3,182,021
Applicable percentage	100%	100%	
Total adjusted basis	2,797,910	384,111	3,182,021
Credit Percentage	7.44%	3.19%	
Maximum annual credits	208,164	12,253	220,418
10-year credits	2,081,645	122,532	2,204,176

### Equity Gap Analysis

Uses of Funds:	4,304,937
Less Sources of Funds	(1,170,622)
Equals Equity GAP	3,134,315
Syndication rate	0.900
Investor ownership %	99.99%
10 Year Credit Need	3,482,921
Annual tax credit required	348,292

### Allocable Credits and Equity

Maximum annual LIHTC	220,418
Total credits over 10 years	2,204,176
Investor Ownership	99.99%
Tax credits to investor	2,203,956
Price per \$1 of LIHTC	0.900
Total LIHTC equity Raised	1,983,560
Total historic credits	634,087
Historic credits to investor	634,024
Price per \$1 of historic credit	0.90
Total Historic Credit Equity Raised	570,622
Total Tax Credit Equity Raised:	2,554,182

# Downtown Motor Hotel

## Unit Mix

County: Pima  
 2015 Median Income: 59,000  
 Utility allowance per SF per month @ \$.80/SF/YR 0.07  
 Units at 40% of AMI 7 36.8%  
 Units at 50% of AMI 9 47.4%

Maximum Rents					
Bedrooms	Adj factor	30%	40%	50%	60%
0	0.70	310	413	516	620
1	0.75	332	443	553	664
2	0.90	398	531	664	797
3	1.04	460	614	767	920
4	1.16	513	684	856	1,027

	Target AMI	Units	Unit size	Total square feet	Max gross rent	Utility allowance	Max net rent	Projected rent	Actual AMI affordability	Annual max net rent	Annual max projected rent	Lower of max or projected rent
<b>One Bedroom</b>	40%	7	962	6,734	443	-	443	443	40%	37,170	37,170	37,170
	50%	9	962	8,658	553	-	553	553	50%	59,738	59,738	59,738
	60%	3	962	2,886	664	-	664	664	60%	23,895	23,895	23,895
<b>Total</b>		<b>19</b>								<b>120,803</b>	<b>120,803</b>	<b>120,803</b>

**Total Square Feet 18,278**

## Downtown Motor Hotel

### Debt Assumptions:

#### First loan sizing

Use ADOH minimim OpEx?	Yes
Stabilized NOI	19,581
Debt service coverage ratio	1.20
Interest Rate:	5.50%
Amortization:	<u>30</u>
Maximum potential first loan	239,493
Proposed first loan	239,493
Annual Debt Service:	16,318
Actual lowest DCR during compliance period	0.43

#### Loan #2

Source	City of Tucson HOME
Loan amount:	
Interest Rate:	2.00%
Amortization:	30
Annual Debt Service:	\$ -
Lowest DCR during compliance period	

#### Loan #3

Source	
Loan amount:	
Interest Rate:	
Amortization:	
Annual Debt Service:	
Lowest DCR during compliance period	

#### Loan #4

Source	
Loan amount:	
Interest Rate:	
Amortization:	
Annual Debt Service:	
Lowest DCR during compliance period	

**Downtown Motor Hotel**  
**Base Income and Expense Assumptions**

**Assumptions**

# of units	19
Vacancy Loss:	7%
Commercial Vacancy Loss:	10%
Miscellaneous income/unit/year	\$4,800
Replacement Reserve/Unit/Year	\$350
ADOH Compliance Fee/Unit/Year	\$65

**Income**

	Budgeted	Per unit
Total Gross Potential Rent:	\$ 120,803	6,358
Residential Vacancy Loss:	\$ (8,456)	
Commercial Vacancy Loss:	\$ -	
Uncollected Rent:	\$ -	
<b>Net Rental Revenue:</b>	<b>\$ 112,346</b>	<b>5,913</b>
Other Income:		
Commercial Income:	\$ -	
Cable TV:	\$ -	
Garage:	\$ -	
NSF / Pet Deposits:	\$ -	
Miscellaneous:	\$ 4,800	253
<b>Total Income:</b>	<b>\$ 117,146</b>	<b>6,166</b>

**Operating Expenses:**

	Bethel	Per unit	ADOH minimum
Payroll:	68,000	3,579	
Management Fees:	7,980	420	
Administrative:	3,450	182	
Repairs and Maintenance:	12,350	650	
Grounds Maintenance:			
Utilities:	19,665	1,035	5,415
Property Taxes:	6,650	350	
Insurance:	3,040	160	
ADOH Compliance Fee:	2,235	118	
Other			85,500
<b>Expenses before reserves and supportive services</b>	<b>123,370</b>	<b>6,493</b>	<b>90,915</b>
Replacement reserve	6,650	350	6,650
Supportive services	12,000	632	
<b>Total operating expenses</b>	<b>142,020</b>	<b>7,475</b>	<b>97,565</b>
<b>Net Operating Income:</b>	<b>-24,874</b>	<b>-1,309</b>	<b>19,581</b>

**Debt Service:**

1st loan	\$ 16,318
2nd loan	\$ -
3rd loan	\$ -

Per unit

285

4,500

**4,785**

350

0

**5,135**

**1,031**

**Downtown Motor Hotel**  
**Pro forma income & expenses**

Use ADOH minimum adjusted OpEx?	Yes
Revenue Escalation:	2%
Expense Escalation:	3%
Reserve Escalation:	3%
Taxes Escalation:	3%
Vacancy Loss:	7%
Commercial Vacancy Loss:	10%
Other income per unit:	\$253
Replacement reserve per unit:	\$350
Investor services fee 1st year:	
1st year in service as % of potential	100%
2nd year in service as % of potential	100%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Income</b>																		
Total Gross Potential Rent:	120,803	123,219	125,683	128,197	130,761	133,376	136,043	138,764	141,539	144,370	147,258	150,203	153,207	156,271	159,396	162,584	165,836	169,153
Residential Vacancy Loss:	(8,456)	(8,625)	(8,798)	(8,974)	(9,153)	(9,336)	(9,523)	(9,713)	(9,908)	(10,106)	(10,308)	(10,514)	(10,724)	(10,939)	(11,158)	(11,381)	(11,609)	(11,841)
Commercial Vacancy Loss:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Rental Revenue:</b>	<b>112,346</b>	<b>114,593</b>	<b>116,885</b>	<b>119,223</b>	<b>121,607</b>	<b>124,039</b>	<b>126,520</b>	<b>129,051</b>	<b>131,632</b>	<b>134,264</b>	<b>136,950</b>	<b>139,689</b>	<b>142,482</b>	<b>145,332</b>	<b>148,239</b>	<b>151,203</b>	<b>154,227</b>	<b>157,312</b>
Other Income:																		
Commercial Income:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cable TV:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Garage:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NSF / Pet Deposits:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:	4,800	4,896	4,994	5,094	5,196	5,300	5,406	5,514	5,624	5,736	5,851	5,968	6,088	6,209	6,333	6,460	6,589	6,721
<b>Total Income:</b>	<b>117,146</b>	<b>119,489</b>	<b>121,879</b>	<b>124,317</b>	<b>126,803</b>	<b>129,339</b>	<b>131,926</b>	<b>134,564</b>	<b>137,256</b>	<b>140,001</b>	<b>142,801</b>	<b>145,657</b>	<b>148,570</b>	<b>151,541</b>	<b>154,572</b>	<b>157,664</b>	<b>160,817</b>	<b>164,033</b>
<b>Operating Expense</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>	<b>Year 16</b>	<b>Year 17</b>	<b>Year 18</b>
Payroll:																		
Management Fees:																		
Administrative:																		
Repairs and Maintenance:																		
Grounds Maintenance:																		
Utilities:	5,415	5,577	5,745	5,917	6,095	6,277	6,466	6,660	6,860	7,065	7,277	7,496	7,720	7,952	8,191	8,436	8,689	8,950
Property Taxes:																		
Insurance:																		
ADOH Compliance Fee:																		
Other	85,500	88,065	90,707	93,428	96,231	99,118	102,091	105,154	108,309	111,558	114,905	118,352	121,903	125,560	129,326	133,206	137,202	141,318
<b>Expenses before reserves and supportive services</b>	<b>90,915</b>	<b>93,642</b>	<b>96,452</b>	<b>99,345</b>	<b>102,326</b>	<b>105,395</b>	<b>108,557</b>	<b>111,814</b>	<b>115,168</b>	<b>118,623</b>	<b>122,182</b>	<b>125,848</b>	<b>129,623</b>	<b>133,512</b>	<b>137,517</b>	<b>141,643</b>	<b>145,892</b>	<b>150,269</b>
Replacement reserve	6,650	6,850	7,055	7,267	7,485	7,709	7,940	8,179	8,424	8,677	8,937	9,205	9,481	9,766	10,059	10,360	10,671	10,991
Supportive services																		
<b>Total operating expenses</b>	<b>97,565</b>	<b>100,492</b>	<b>103,507</b>	<b>106,612</b>	<b>109,810</b>	<b>113,105</b>	<b>116,498</b>	<b>119,993</b>	<b>123,592</b>	<b>127,300</b>	<b>131,119</b>	<b>135,053</b>	<b>139,104</b>	<b>143,277</b>	<b>147,576</b>	<b>152,003</b>	<b>156,563</b>	<b>161,260</b>
<b>Net Operating Income:</b>	<b>19,581</b>	<b>18,997</b>	<b>18,372</b>	<b>17,705</b>	<b>16,993</b>	<b>16,234</b>	<b>15,428</b>	<b>14,572</b>	<b>13,663</b>	<b>12,701</b>	<b>11,682</b>	<b>10,604</b>	<b>9,466</b>	<b>8,264</b>	<b>6,996</b>	<b>5,660</b>	<b>4,254</b>	<b>2,773</b>
<b>Debt Service:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>	<b>Year 16</b>	<b>Year 17</b>	<b>Year 18</b>
Loan #1	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318	16,318
Loan #2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor services fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash flow after debt service &amp; investor svcs fee</b>	<b>3,264</b>	<b>2,680</b>	<b>2,055</b>	<b>1,387</b>	<b>675</b>	<b>(83)</b>	<b>(890)</b>	<b>(1,746)</b>	<b>(2,655)</b>	<b>(3,617)</b>	<b>(4,636)</b>	<b>(5,714)</b>	<b>(6,852)</b>	<b>(8,054)</b>	<b>(9,321)</b>	<b>(10,657)</b>	<b>(12,064)</b>	<b>(13,545)</b>
Withdrawn from operating reserve	-	-	-	-	-	83	890	1,746	2,655	3,617	4,636	5,714	6,852	8,054	9,321	10,657	12,064	13,545
<b>Net Cash Flow after operating deficit reserve withdrawal:</b>	<b>3,264</b>	<b>2,680</b>	<b>2,055</b>	<b>1,387</b>	<b>675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DCR - 1st mortgage	1.20	1.16	1.13	1.08	1.04	0.99	0.95	0.89	0.84	0.78	0.72	0.65	0.58	0.51	0.43	0.35	0.26	0.17
DCR - All loans and investor services fee	1.20	1.16	1.13	1.08	1.04	0.99	0.95	0.89	0.84	0.78	0.72	0.65	0.58	0.51	0.43	0.35	0.26	0.17

**Downtown Motor Hotel**

Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016
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Depreciable basis	#VALUE!
Depreciation period	27.5
Amortized amount	45,800
Amortization period	20
Expensed amount	85,000

<b>NET OPERATING INCOME</b>	19,581	18,997	18,372	17,705
Other Taxable Income				
Interest on Operating Reserve	#REF!	#REF!	#REF!	#REF!
Interest on Replacement Reserve	#REF!	#REF!	#REF!	#REF!
Interest on Other Reserve				
Total income	#REF!	#REF!	#REF!	#REF!
<b>DEDUCTIONS</b>				
Loan interest #1	#REF!	#REF!	#REF!	#REF!
Loan interest #2		#REF!	#REF!	#REF!
Loan interest #3				
Construction loan interest expensed		85,000		
Depreciation	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Amortization/expense	2,290	2,290	2,290	2,290
Investor services fee	#REF!	#REF!	#REF!	#REF!
Other fee				
Other expenses				
<b>Total expenses</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>
<b>TAXABLE INCOME</b>				
Tax benefit @ 35%	#REF!	#REF!	#REF!	#REF!
Tax credit	220,418	220,418	220,418	220,418
Total tax benefits	#REF!	#REF!	#REF!	#REF!
<b>TOTAL TAX BENEFITS</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>
<b>PROJECT INVESTMENT</b>				
NET BENEFIT	#REF!	#REF!	#REF!	#REF!
<b>IRR FROM TAX CREDITS AND LOSSES</b>	<b>#VALUE!</b>			



Year 13 2025	Year 14 2026	Year 15 2027	Year 16 2028	Year 17 2029
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9,466	8,264	6,996	5,660	4,254
#REF!	#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!	#REF!
#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
2,290	2,290	2,290	2,290	2,290
#REF!	#REF!	#REF!	#REF!	#REF!
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