

## SOURCES AND USES OF FUNDS

### COURT AVENUE APARTMENTS

Des Moines, Iowa

#### Sources of Funds:

First Mortgage (1)		\$7,175,000
Equity:		1,787,710
Limited Partners	1,769,833	
General Partners	17,877	
Total Required Subsidy (\$34,000 per unit)		6,800,000
<b>Total Sources</b>		<b>\$15,762,710</b>

#### Uses of Funds:

Site Improvements		
Building Costs (2)		\$11,860,000
Land Cost (3)		1,135,350
Fitness Center Allocation (4)		400,000
Architectural/Engineering Fees (5)		593,000
Contingency (6)		296,500
Developer Costs (7)		622,650
Financing Costs/Construction Loan (8)		
Transaction Costs		35,000
Loan Fees (1.0%)		106,740
Construction Interest (6 months)		453,645
Financing Costs/Takeout/First Mortgage Loan (See Note 1)		2,500
Transaction Costs		35,000
Loan Fees (1.0%)		71,750
Tax & Insurance Escrows		100,575
Marketing & Other Overhead Expenses		50,000
<b>Total Uses</b>		<b>\$15,762,710</b>

#### Notes:

See "Notes to Sources & Uses of Funds / Forecasted Statement of Cash Flow" attached.

**FORECASTED STATEMENT OF CASH FLOW 1999/2000 - 2004**

**COURT AVENUE APARTMENTS  
Des Moines, Iowa**

Cap Rate 9.00%

	Year 1 <u>2001</u> 200	Year 2 <u>2002</u> 200	Year 3 <u>2003</u> 200	Year 4 <u>2004</u> 200	Year 5 <u>2005</u> 200	Sale <u>2005</u> 200
<b>Number of Units</b>						<b>\$9,937,624</b>
<b>Income (9)</b>						
Net Refinance / Net Sale Proceeds (10)	\$1,860,000	\$1,906,500	\$1,954,163	\$2,003,017	\$2,053,092	
Gross Potential Income (11)						
Vacancy & Other Deductions ( 10% ):	(111,600)	(114,390)	(117,250)	(120,181)	(123,186)	
Physical Vacancy ( 6% )	(18,600)	(19,065)	(19,542)	(20,030)	(20,531)	
Rent Loss ( 1% )	(18,600)	(19,065)	(19,542)	(20,030)	(20,531)	
Concessions ( 1% )	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	
Non-Revenue Units ( \$1,700 / month)	<u>(169,200)</u>	<u>(172,920)</u>	<u>(176,733)</u>	<u>(180,641)</u>	<u>(184,647)</u>	
Total Vacancy	1,690,800	1,733,580	1,777,430	1,822,375	1,868,445	
Net Rental Income	<u>60,000</u>	<u>61,500</u>	<u>63,038</u>	<u>64,613</u>	<u>66,229</u>	
Miscellaneous Income (12)	\$1,750,800	\$1,795,080	\$1,840,467	\$1,886,989	\$1,934,673	
<b>Total Income</b>						
<b>Expenses (9)</b>						
Property Taxes (13)	\$441,000	\$452,025	\$463,326	\$474,909	\$486,781	
Property Insurance (14)	25,000	25,625	26,266	26,922	27,595	
Utilities (15)	96,000	98,400	100,860	103,382	105,966	
Management Fee (4.0% of Total Income)	70,032	71,783	73,577	75,417	77,302	
Operations Expenses:						
Repairs & Maintenance (\$250/unit)	50,000	51,250	52,531	53,845	55,191	
Labor Cost (\$700/unit)	140,000	143,500	147,088	150,765	154,534	
Advertising & Promotion (\$75/unit)	15,000	15,375	15,759	16,153	16,557	
General & Administrative (\$130/unit)	26,000	26,650	27,316	27,999	28,699	
	<u>231,000</u>	<u>236,775</u>	<u>242,694</u>	<u>248,762</u>	<u>254,981</u>	
Total Operations Expenses	\$863,032	\$884,608	\$906,723	\$929,391	\$952,626	
Total Operating Expenses						
	\$50,000	\$50,000	\$60,000	\$60,000	\$60,000	
Capital Expenditures (16)						
	\$913,032	\$934,608	\$966,723	\$989,391	\$1,012,626	
<b>Total Expenses</b>	<b>\$837,768</b>	<b>\$860,472</b>	<b>\$873,744</b>	<b>\$897,598</b>	<b>\$922,048</b>	<b>\$9,937,624</b>
<b>Net Operating Cash Flow Before Debt Service</b>						
	8.81%	8.81%	8.81%	8.81%	8.81%	
Debt Service / First Mortgage Constant	(59,937)	(64,912)	(70,300)	(76,135)	(82,454)	(6,821,26)
First Mortgage/Principal	(571,834)	(566,859)	(561,471)	(555,637)	(549,317)	
First Mortgage/Interest						
	<b>\$205,997</b>	<b>\$228,701</b>	<b>\$241,973</b>	<b>\$265,826</b>	<b>\$290,276</b>	<b>\$3,116,36</b>
<b>Distributable Cash Flow</b>						
Distributions of Cash Flow:						
Limited Partners Preferred Return (12%)	\$212,380	\$212,380	\$212,380	\$212,380	\$212,380	\$1,769,8
General Partners Preferred Return (12%)	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$17,8
Limited Partners Excess Cash Flow (70%)	(\$6,823)	\$11,341	\$21,958	\$41,041	\$60,601	\$1,062,9
General Partners Excess Cash Flow (30%)	(\$1,706)	\$2,835	\$5,490	\$10,260	\$15,150	\$265,7
	11.61%	12.64%	13.24%	14.32%	15.42%	160.0
<b>LP % Return on Cash Capital Contributions</b>						<b>21.0</b>
<b>LP IRR Before Tax</b>						

**Note(s):**

(1) See "Notes to Sources & Uses of Funds / Forecasted Statement of Cash Flow" attached.

# NOTES TO SOURCES & USES OF FUNDS / FORECASTED STATEMENT OF CASH FLOW

## COURT AVENUE APARTMENTS Des Moines, Iowa

### Notes to Sources & Uses Of Funds:

- (1) Nonrecourse First Mortgage / Takeout Loan based on a fixed interest rate of 8.00% and payments based upon a 30 year amortization schedule; Ten year term.
- (2) Building Costs are estimated to be at \$70 per foot. Based on an average unit size of 800 square feet and an additional 5% space planned for corridors and other common areas, the total project square footage is estimated to total 168,000 square feet. Costs include \$100,000 for landscaping.
- (3) Land cost is based on 1.8 acres of land at a price of \$14.50 per foot.
- (4) Fitness Center Allocation is based on a total construction price of \$1,200,000. Based on 600 units in the development, this cost will be shared prorata to each Property at \$2,000 per unit. Based on 200 units for this representative property, the cost would be \$400,000.
- (5) Architectural and Engineering fees are based on 5.0% of the total Building Costs.
- (6) Contingency is based on 2.5% of the total Building Costs.
- (7) Developer costs are based on 5.0% of total Building Costs plus all Architectural & Engineering Fees.
- (8) Construction Loan is based on 90% of the estimated total construction costs, with interest only payments of 8.50%; Eighteen month term. Construction interest represents 6 months of interest only payments.

### Notes to Forecasted Statement of Cash Flow:

- (9) Income and Expenses are inflated at 2.50% annually, unless otherwise noted.
- (10) Net Sale Proceeds based upon Year 5 Net Operating Cash Flow applying a 9.0% capitalization rate, with proceeds reduced 3% for costs of Sale.
- (11) Gross Potential Income for Year 1 is based on the following rent schedule:

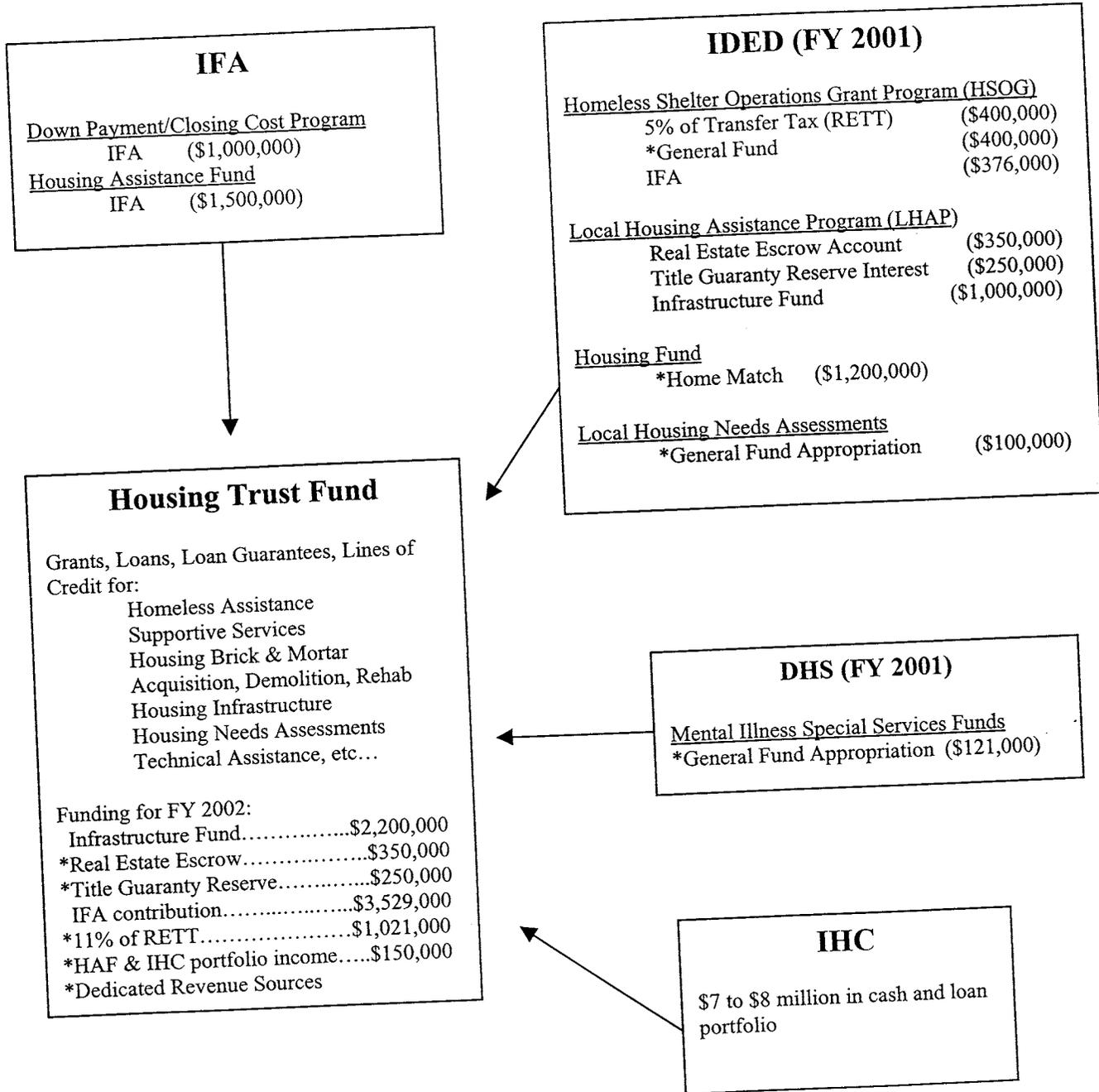
Unit Type	# Of Units	Square Feet	Monthly Rent	Rent/Sq Ft	Total Sq Ft	Total Rent/ Mo.	Annual Rent
1 BR / 1BA	100	675	\$675	\$1.000	67,500	\$67,500	\$810,000
2 BR / 2BA	100	925	\$875	\$0.946	92,500	\$87,500	\$1,050,000
<b>Total/Ave</b>	200	800	\$775	\$0.969	160,000	\$155,000	\$1,860,000

- (12) Miscellaneous income is estimated to be \$25/unit per month.
- (13) Property Taxes for Year 1 is based on a stabilized net operating income of \$1,050,000 applying a 10.0% capitalization rate and an estimated millage rate of 4.20 per \$100 of assessed value.

Est. Assessed Value:	\$10,500,000
x Mill. Rate/\$100	0.042
<b>Property Taxes:</b>	<b>\$441,000</b>

- (14) Insurance is based on a preliminary estimate of \$125 per unit.
- (15) Utilities are estimated to be \$40/unit per month.
- (16) Capital Expenditures are estimated to be \$250/unit in Years 1 & 2, and \$300/unit in Years 2-5.

## Strategic Housing Trust Fund Initiative



\*General Fund Appropriations converted to RETT or Infrastructure Fund monies  
HTF jointly administered by IFA and IDED