

**Exhibit B**  
**Approved Financing Plan**  
**Sources and Uses**

**Construction Sources and Uses**

<u>Construction Sources</u>		
Construction Loan	22,690,324	
Tax Credit Equity	2,540,468	10% of tax credit equity
County Residual Receipts Loan	5,350,000	
County HOME Loan	3,500,000	
GP Equity	100	
Co-GP Capital Contribution (County Grant)	8,700,000	
SNHP/MHSA Loan (County of SB/CalHFA)	1,574,810	
Community Building (& TI's) Cost Reimbursement (County of SB)	2,100,000	
Deferred Developer Fee (50% of \$2,100,000)	1,050,000	
Deferred Operating Deficit Reserve	199,891	
Deferred TCAC Monitoring Fee	40,000	
Deferred Cash Flow Deficit Reserve	100,000	
Deferred MHSA/IEHP Supplemental Replacement Reserve	250,000	
Total Construction Sources	48,095,593	
<u>Construction Uses</u>		
Total Development Cost	48,095,593	
Amount Over/(Under)	0	

**Permanent Sources and Uses**

<u>Permanent Sources</u>		
Tax Credit Equity	25,404,683	
Permanent Financing	557,000	
Tranche B - Project Based Section 8 (MHSA) Overhang Loan	452,000	
Tranche C - Project Based Section 8 (IEHP) Overhang Loan	457,000	
County Residual Receipts Loan	5,350,000	
County HOME Loan	3,500,000	
GP Equity	100	
Co-GP Capital Contribution (County Grant)	8,700,000	
SNHP/MHSA Loan (County of SB/CalHFA)	1,574,810	
Community Building (& TI's) Cost Reimbursement (County of SB)	2,100,000	
Total Permanent Sources	48,095,593	
<u>Permanent Uses</u>		
Total Development Cost	48,095,593	
Amount Over/(Under)	0	

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**Development Costs**

	<u>98 units Budget</u>
<b>ACQUISITION COSTS</b>	
Capitalized Ground Rent (Public Subsidy)	6,700,000
Donated Land Value	0
<b>TOTAL ACQUISITION COSTS</b>	<u>6,700,000</u>
<b>PROFESSIONAL FEES</b>	
Architecture & Engineering	1,964,291
Other Professional / Consulting	435,708
<b>TOTAL PROFESSIONAL FEES</b>	<u>2,400,000</u>
<b>FEES AND PERMITS</b>	
City/County Fees and Permits	2,535,800
Utility Fees/Costs	964,200
<b>TOTAL FEES AND PERMITS</b>	<u>3,500,000</u>
<b>CONSTRUCTION COSTS</b>	
Demolition	57,000
Offsite Improvements	358,919
Park Community Center (with TI's)	1,467,341
Site Improvements	2,304,470
Parking Facilities & Solar PV's	1,191,600
Landscaping / Common Areas	2,094,790
Residential Structures	15,873,721
Residential Community Building	338,576
Contractor Contingency	236,864
General Conditions	1,421,185
Contractor Overhead	760,333
Contractor Profit	1,267,223
Contractor Insurance	273,720
Construction Bond Premiums	0
Construction Contingency	1,382,287
Other	0
Construction Management Fee	250,000
<b>TOTAL CONSTRUCTION COSTS</b>	<u>29,278,030</u>
<b>FINANCING COSTS</b>	
Acquisition Loan Costs	0
Gap Loan Costs	50,000
Construction Loan Costs	205,000
Construction Loan Fees	171,000
Construction Period Interest	568,000
Post-Construction Interest	372,000
Permanent Loan Costs	0
Permanent Loan Fees	0
Bond Issuance Fees	0
TCAC Fees	142,000
Misc. Finance Costs	50,000
<b>TOTAL FINANCING COSTS</b>	<u>1,558,000</u>
<b>OTHER COSTS</b>	
Furnishings, Fixtures & Equipment	801,753
Marketing Costs	300,000
Legal Fees	360,000
Property Taxes	100,000
Soft Cost Contingency	117,920
Relocation Expenses - Permanent (Public Subsidy)	0
Accounting / Audit / Insurance	330,000
Developer Overhead	0
Developer Fees	2,100,000
Other Costs / Reserves	549,891
Other Public Subsidy	0
<b>TOTAL OTHER COSTS</b>	<u>4,659,564</u>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>48,095,593</b>

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**Operating Expenses**

	Project Budget (98 units)
<b>RENTING</b>	
Advertising	412
Misc. Renting	2,060
<b>TOTAL RENTING</b>	<u>2,472</u>
<b>ADMINISTRATION</b>	
Office	3,605
Legal	5,150
Audit	11,330
Telephone/Computer	8,755
Tenant Relations	2,575
Misc. Administrative	10,000
<b>TOTAL ADMINISTRATION</b>	<u>41,415</u>
<b>MANAGEMENT FEE</b>	
Contract Management	70,560
<b>TOTAL MANAGEMENT</b>	<u>70,560</u>
<b>OPERATING</b>	
Electricity	15,000
Water	16,995
Gas	16,000
Sewer	110,348
Exterminating	12,000
Rubbish Removal	34,000
Misc. Operating	1,030
<b>TOTAL OPERATING</b>	<u>205,373</u>
<b>MAINTENANCE</b>	
Security	0
Grounds	27,000
Repairs	25,000
Elevator	6,180
Unit Turns	6,000
Misc. Maintenance	13,000
<b>TOTAL MAINTENANCE</b>	<u>77,180</u>
<b>SALARIES AND BENEFITS</b>	
Office Salaries	60,000
Maintenance Salaries	40,000
Payroll Taxes and Benefits	35,000
<b>TOTAL SALARIES AND BENEFITS</b>	<u>135,000</u>
<b>TAXES AND INSURANCE</b>	
Real Estate Taxes	37,600
Business Taxes and Licenses	2,555
Insurance	39,200
Misc. Taxes and Insurance	0
<b>TOTAL TAXES AND INSURANCE</b>	<u>79,355</u>
<b>RESERVES AND OTHER EXPENSES</b>	
Replacement Reserves	26,400
Replacement Reserves (MHSA)	5,000
Social Programs	45,000
County Monitoring Fee	7,500
<b>TOTAL RESERVES AND OTHER COSTS</b>	<u>83,900</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$695,255</u>

**Exhibit B**  
**Approved Financing Plan**  
**15-Year Cash Flow**

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>INCOME</b>															
Gross Rental Income	816,456	840,950	866,178	892,164	918,928	946,496	974,891	1,004,138	1,034,262	1,065,290	1,097,249	1,130,166	1,164,071	1,198,993	1,234,963
MHSA Overhang	43,680	44,990	46,340	47,730	49,162	50,637	52,156	53,721	55,333	56,992	58,702	60,463	62,277	64,146	66,070
IEHP Overhang	44,220	45,547	46,913	48,320	49,770	51,263	52,801	54,385	56,017	57,697	59,428	61,211	63,047	64,939	66,887
Laundry Income	7,056	7,268	7,486	7,710	7,942	8,180	8,425	8,678	8,938	9,206	9,483	9,767	10,060	10,362	10,673
Vacancy @ 5.0%	(45,571)	(46,938)	(48,346)	(49,796)	(51,290)	(52,829)	(54,414)	(56,046)	(57,727)	(59,459)	(61,243)	(63,080)	(64,973)	(66,922)	(68,930)
<b>EFFECTIVE GROSS INCOME</b>	<b>865,841</b>	<b>891,817</b>	<b>918,571</b>	<b>946,128</b>	<b>974,512</b>	<b>1,003,747</b>	<b>1,033,860</b>	<b>1,064,876</b>	<b>1,096,822</b>	<b>1,129,727</b>	<b>1,163,618</b>	<b>1,198,527</b>	<b>1,234,483</b>	<b>1,271,517</b>	<b>1,309,663</b>
<b>EXPENSES</b>															
Administrative	(41,415)	(42,657)	(43,937)	(45,255)	(46,613)	(48,011)	(49,452)	(50,935)	(52,463)	(54,037)	(55,658)	(57,328)	(59,048)	(60,819)	(62,644)
Management Fee	(70,560)	(72,677)	(74,857)	(77,103)	(79,416)	(81,798)	(84,252)	(86,780)	(89,383)	(92,065)	(94,827)	(97,672)	(100,602)	(103,620)	(106,728)
Operating	(205,373)	(211,534)	(217,880)	(224,417)	(231,149)	(238,084)	(245,226)	(252,583)	(260,160)	(267,965)	(276,004)	(284,284)	(292,813)	(301,597)	(310,645)
Maintenance	(77,180)	(79,495)	(81,880)	(84,337)	(86,867)	(89,473)	(92,157)	(94,922)	(97,769)	(100,702)	(103,723)	(106,835)	(110,040)	(113,341)	(116,742)
Salaries	(135,000)	(139,050)	(143,222)	(147,518)	(151,944)	(156,502)	(161,197)	(166,033)	(171,014)	(176,144)	(181,429)	(186,872)	(192,478)	(198,252)	(204,200)
Taxes (escalated at 2.00%)	(40,155)	(40,958)	(41,777)	(42,613)	(43,465)	(44,334)	(45,221)	(46,125)	(47,048)	(47,989)	(48,949)	(49,928)	(50,926)	(51,945)	(52,983)
Insurance	(39,200)	(40,376)	(41,587)	(42,835)	(44,120)	(45,444)	(46,807)	(48,211)	(49,657)	(51,147)	(52,682)	(54,262)	(55,890)	(57,567)	(59,294)
Renting	(2,472)	(2,546)	(2,623)	(2,701)	(2,782)	(2,866)	(2,952)	(3,040)	(3,131)	(3,225)	(3,322)	(3,422)	(3,524)	(3,630)	(3,739)
Social Programs	(45,000)	(46,350)	(47,741)	(49,173)	(50,648)	(52,167)	(53,732)	(55,344)	(57,005)	(58,715)	(60,476)	(62,291)	(64,159)	(66,084)	(68,067)
County Monitoring Fee	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
MHSA Replacement Reserves (escalated at 10% every 5 years)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(6,050)	(6,050)	(6,050)	(6,050)	(6,050)
Replacement Reserves (escalated at 10% every 5 years)	(26,400)	(26,400)	(26,400)	(26,400)	(26,400)	(29,040)	(29,040)	(29,040)	(29,040)	(29,040)	(31,944)	(31,944)	(31,944)	(31,944)	(31,944)
<b>TOTAL OPERATING EXPENSES</b>	<b>(695,255)</b>	<b>(714,544)</b>	<b>(734,404)</b>	<b>(754,851)</b>	<b>(775,903)</b>	<b>(800,719)</b>	<b>(823,036)</b>	<b>(846,014)</b>	<b>(869,672)</b>	<b>(894,030)</b>	<b>(922,564)</b>	<b>(948,386)</b>	<b>(974,974)</b>	<b>(1,002,349)</b>	<b>(1,030,535)</b>
<b>NET OPERATING INCOME</b>	<b>170,587</b>	<b>177,273</b>	<b>184,167</b>	<b>191,277</b>	<b>198,609</b>	<b>203,029</b>	<b>210,824</b>	<b>218,862</b>	<b>227,150</b>	<b>235,697</b>	<b>241,055</b>	<b>250,141</b>	<b>259,509</b>	<b>269,168</b>	<b>279,128</b>
<b>DEBT SERVICE</b>															
Permanent Financing	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)	(34,827)
Tranche B - Project Based Section 8 (MHSA) Overhang Loan	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)	(34,550)
Tranche C - Project Based Section 8 (IEHP) Overhang Loan	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)	(34,932)
<b>Cash Flow After Debt Service</b>	<b>66,279</b>	<b>72,965</b>	<b>79,860</b>	<b>86,969</b>	<b>94,301</b>	<b>98,721</b>	<b>106,516</b>	<b>114,554</b>	<b>122,842</b>	<b>131,389</b>	<b>136,747</b>	<b>145,833</b>	<b>155,201</b>	<b>164,860</b>	<b>174,820</b>