

PURCHASE		
# Units	276	
Asking Price	\$18,100,000	
Purchase Price	\$18,100,000	
Price Per Unit	\$65,580	
Earnest Money Deposit (EMD)	\$170,000	1%
Down Payment	\$3,620,000	20%
1st Mortgage	\$14,480,000	
Interest Rate	5.00%	
Amortization	30	
Capital Expenditures (Debt)	\$2,600,000	
Interest Rate	5.00%	
Amortization	30	
Closing Costs	\$654,190	4%
Acquisition Fee	\$362,000	2%
Construction Management Fee	\$181,000	1%
Repairs and Reserves	\$613,167	
Total Member Capital Needed to Close	\$5,430,357	
Cap Rate at Re-Sale	6.35%	
INCOME & EXPENSES (Year 1)		
Gross Scheduled Income	\$2,201,388	
Average Monthly Rent	\$665	
- Vacancy	(\$264,167)	12%
- Concessions, Loss to Lease, Bad Debt	(\$154,097)	7%
= Effective Rental Income	\$1,783,124	
+ Other Income	\$288,000	
Total Net Income	\$2,071,124	
Expenses	\$1,149,958.61	55%
Net Operating Income	\$1,105,024	
Debt Service	\$854,000	
Cash Flow After Debt Service	\$251,024	
KEY INDICATORS		
Cap Rate At Purchase	6.1%	
Cash on Cash Return (Average)	8.4%	
Debt Coverage Ratio (Year 1)	1.29	
Gross Rent Multiplier	8.22	
INVESTOR RETURNS		
Member Equity	80%	
Manager Equity	20%	
Preferred Return to Members	0.0%	
Asset Mgt Fee to Manager	2.00%	
Capital Transaction Fee to Mgr	0.0%	
Cash Flow to Members (Year 1)	\$164,740	
Member Cash on Cash Return (Year 1)	3.03%	
Average Annual Return	19.26%	
Total Return on Investment	96.30%	
IRR	16.16%	

Stone Crossing Apartments

Profit and Loss

FINANCIAL ASSUMPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rent Escalator	3.00%	3.00%	3.00%	3.00%	3.00%
Annual Expense Escalator	3.00%	3.00%	3.00%	3.00%	3.00%
Rent Bump \$ Per Unit	68.53	68.53			SALE!
INCOME	1	2	3	4	5
Average Monthly Rent	\$733	\$824	\$848	\$874	\$900
Gross Potential Income	\$2,428,374	\$2,728,211	\$2,810,058	\$2,894,359	\$2,981,190
- Vacancy	(\$291,405) 12.00%	(\$272,821) 10.00%	(\$140,503) 5.00%	(\$144,718) 5.00%	(\$149,060) 5.00%
- Concessions, Loss to Lease, Bad Debt	(\$169,986) 7.00%	(\$136,411) 5.00%	(\$140,503) 5.00%	(\$144,718) 5.00%	(\$149,060) 5.00%
Effective Gross Income	\$1,966,983	\$2,318,980	\$2,529,052	\$2,604,923	\$2,683,071
Other Income	\$288,000	\$370,240	\$381,347	\$392,788	\$404,571
Total Net Income	\$2,254,983	\$2,689,220	\$2,910,399	\$2,997,711	\$3,087,642
EXPENSES					
Real Estate Taxes	\$171,666 7.61%	\$206,000 7.66%	\$212,180 7.29%	\$218,545 7.29%	\$225,102 7.29%
Insurance	\$81,000 3.59%	\$83,430 3.10%	\$85,933 2.95%	\$88,511 2.95%	\$91,166 2.95%
Contract Services	\$50,000 2.22%	\$51,500 1.92%	\$53,045 1.82%	\$54,636 1.82%	\$56,275 1.82%
Trash Removal	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Security	\$18,000 0.80%	\$10,000 0.37%	\$10,300 0.35%	\$10,609 0.35%	\$10,927 0.35%
Valet Trash	\$22,000 0.98%	\$39,744 1.48%	\$40,936 1.41%	\$42,164 1.41%	\$43,429 1.41%
Utilities	\$162,535 7.21%	\$167,411 6.23%	\$172,433 5.92%	\$177,606 5.92%	\$182,934 5.92%
Advertising	\$20,000 0.89%	\$20,600 0.77%	\$21,218 0.73%	\$21,855 0.73%	\$22,510 0.73%
Management Fee	\$78,924 3.50%	\$94,123 3.50%	\$101,864 3.50%	\$104,920 3.50%	\$108,067 3.50%
Repairs and Maintenance	\$130,000 5.77%	\$133,900 5.77%	\$137,917 4.74%	\$142,055 4.74%	\$146,316 4.74%
General/Admin	\$48,250 2.14%	\$49,698 1.85%	\$51,188 1.76%	\$52,724 1.76%	\$54,306 1.76%
Payroll	\$298,583 13.24%	\$307,541 11.44%	\$316,767 10.88%	\$326,270 10.88%	\$336,058 10.88%
Turnover	\$0 0.00%	\$0 0.00%	\$70,000 2.41%	\$72,100 2.41%	\$74,263 2.41%
Deposit to Replacement Reserve	\$69,000 3.06%	\$69,000 2.57%	\$69,000 2.37%	\$69,000 2.30%	\$69,000 2.23%
Total Expenses	\$1,149,959 51.00%	\$1,232,946 45.85%	\$1,342,782 46.14%	\$1,380,995 46.07%	\$1,420,355 46.00%
Net Operating Income (NOI)	\$1,105,024	\$1,456,274	\$1,567,617	\$1,616,716	\$1,667,287
Debt Service					
Principal	\$0	\$0	\$0	\$0	\$0
Interest	\$854,000	\$854,000	\$854,000	\$854,000	\$854,000
Total Debt Service	\$854,000	\$854,000	\$854,000	\$854,000	\$854,000
Cash Flow available for Distribution	\$251,024	\$602,274	\$713,617	\$762,716	\$813,287
Distributions from Cash Flow					
Asset Mgt Fee to Manager 2.0%	\$45,100	\$53,784	\$58,208	\$59,954	\$61,753
Excess Cash Flow to Members 80%	\$164,740	\$438,791	\$524,327	\$562,209	\$601,227
Excess Cash Flow to Mgr 20%	\$41,185	\$109,698	\$131,082	\$140,552	\$150,307
Total Distributions to Members	\$164,740	\$438,791	\$524,327	\$562,209	\$601,227
Capital Account Balance (Begin of Year)	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357
Member Cash on Cash Return	3.03%	8.08%	9.66%	10.35%	11.07%
Average Cash on Cash Return	3.03%	5.56%	6.92%	7.78%	8.44%
Property Value	5.4% \$ 20,654,660	6.4% \$ 27,220,067	7.4% \$ 29,301,254	8.4% \$ 30,218,983	9.4% \$ 31,164,244
	6.4% \$ 17,401,958	7.4% \$ 22,933,442	8.4% \$ 24,686,883	9.4% \$ 25,460,088	10.4% \$ 26,256,489
	7.4% \$ 15,034,345	8.4% \$ 19,813,246	9.4% \$ 21,328,124	10.4% \$ 21,996,131	11.4% \$ 22,684,178
Debt Coverage Ratio	1.3	1.7	1.8	1.9	2.0

Acquisition Costs

Use of Capital

Purchase Price	\$18,100,000	
Less Loan Amount	\$17,080,000	
Down Payment	\$3,620,000	
Closing Costs (see below)	\$654,190	
Acquisition Fee	\$362,000	
Construction Management Fee	\$181,000	
Repair Escrows	\$613,167	
Cash Requirements at Closing / Members Capital	\$5,430,357	
Closing Costs and Reimbursable Expenses		
Legal Fees (LLC, PPM)*	\$22,000	
Property Inspection* (PM does)	\$0	
Lead Paint Inspection*	\$0	
<u>Lender Fees and 3rd Party Reports</u>		
Application Fee	\$10,000	
3rd Parties	\$15,000	
Legal	\$25,000	
Libor Cap (one time fee)	\$50,000	
Bank Doc Prep Fee		1.25%
Origination Fee (Josh + Lender)	\$213,500	
Total Lender Fees and Reports	\$313,500	
<u>Closing Costs</u>		
Title Policy	\$108,600	0.6%
Survey	\$5,000	
Recording	\$207	0.15%
Transfer Taxes	\$27,150	
Title Processing Fee	\$500	
Title Search	\$400	
Attorney Fees		
Total Closing Costs	\$141,857	
<u>Reserves for Closing</u>		
Lender-Required Reserves	\$0	
Real Estate Taxes (6 Months)	\$85,833	
Insurance (12 Months)	\$81,000	
Total Reserves	\$166,833	
<u>Other Costs</u>		
Travel	\$10,000	
Total Other Costs	\$10,000	
Total Closing and Other Costs	\$654,190	
* Typically Payable Before Closing		

Exit Strategy

Exit Strategy	Year
Cash Out Re-Finance End of Year	NA
Sale / Disposition at End of Year	5

Refinance End of Year → NA

Net Operating Income		\$0
Cap Rate at Re-Finance		6.00%
Appraised Value		\$0
Re-Finance LTV		75%
Interest Rate		5.00%
Term / Amortization (Years)		30
Re-Finance Loan Amount		\$0
- Re-Finance Costs (including 75 bps exit)	3.25%	\$0
- Prepayment Penalty		\$0
- Repay Outstanding Loan Balance		\$0
= Gross Proceeds from Re-Finance		\$0
Return of Member Capital		\$0
% of Initial Investment Returned		0%
Capital Account Balance After Re-Fi		\$5,430,357
Net Proceeds/Profit from Re-Finance		\$0
Principal Reduction		\$0
Appreciation		\$0
Capital Transaction Fee to Mgr	0%	\$0
Net Proceeds/Profit Paid to Members	80%	\$0
Net Proceeds/Profit Paid to Manager	20%	\$0
(Initial Capital + Appreciation)		\$0
Ending Capital Account Balance		\$5,430,357

Disposition End of Year → 5

Net Operating Income		\$1,736,287
Cap Rate		6.35%
Sales Price		\$27,343,103
Sales Cost (Including 75 bps exit if no refi)	4.75%	(\$1,298,797)
Outstanding Loan Balance		(\$17,080,000)
Total Equity		\$8,964,306
Return of Member Capital		\$5,430,357
Additional Bridge Cost (Extensions)		\$128,100
Return of Escrow Reserves		\$266,833
Net Proceeds/Profit from Sale		\$3,672,682
Principal Reduction		\$0
Appreciation		\$3,672,682
Capital Transaction Fee to Mgr	0%	
Net Proceeds/Profit Paid to Members	80%	\$2,938,146
Net Proceeds/Profit Paid to Manager	20%	\$734,536
(Initial Capital + Appreciation)		\$8,368,503

After Final Disposition

Total Profits from Appreciation Paid to Members	\$2,938,146
Total Cash to Members	\$8,368,503
Internal Rate of Return (IRR)	16.16%
Average Cash on Cash Return	8.44%

