

Income and Expense Pro-Forma - 7401 Princeton Ave

	YEAR 0	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
Base Rental Revenue	\$ -	\$ 230,400	\$ 236,160	\$ 242,064	\$ 248,116	\$ 254,318	\$ 260,676	\$ 267,193	\$ 273,873	\$ 280,720	\$ 287,738	\$ 294,931	\$ 302,305	\$ 309,862	\$ 317,609	\$ 325,549
Meal Plan Revenue	\$ -	\$ 99,840	\$ 102,336	\$ 104,894	\$ 107,517	\$ 110,205	\$ 112,960	\$ 115,784	\$ 118,678	\$ 121,645	\$ 124,686	\$ 127,804	\$ 130,999	\$ 134,274	\$ 137,631	\$ 141,071
New Member House Fee	\$ -	\$ 4,000	\$ 4,100	\$ 4,203	\$ 4,308	\$ 4,415	\$ 4,526	\$ 4,639	\$ 4,755	\$ 4,874	\$ 4,995	\$ 5,120	\$ 5,248	\$ 5,380	\$ 5,514	\$ 5,652
Apartment Rental Revenue	\$ -	\$ 36,000	\$ 36,900	\$ 37,823	\$ 38,768	\$ 39,737	\$ 40,731	\$ 41,749	\$ 42,793	\$ 43,863	\$ 44,959	\$ 46,083	\$ 47,235	\$ 48,416	\$ 49,626	\$ 50,867
Parking Revenue	\$ -	\$ 6,827	\$ 6,997	\$ 7,172	\$ 7,352	\$ 7,535	\$ 7,724	\$ 7,917	\$ 8,115	\$ 8,318	\$ 8,526	\$ 8,739	\$ 8,957	\$ 9,181	\$ 9,411	\$ 9,646
Gross Revenues	\$ -	\$ 377,067	\$ 386,493	\$ 396,156	\$ 406,060	\$ 416,211	\$ 426,616	\$ 437,282	\$ 448,214	\$ 459,419	\$ 470,905	\$ 482,677	\$ 494,744	\$ 507,113	\$ 519,791	\$ 532,785
Vacancies/Collection Loss (5%)	\$ -	\$ (13,320)	\$ (13,653)	\$ (13,994)	\$ (14,344)	\$ (14,703)	\$ (15,070)	\$ (15,447)	\$ (15,833)	\$ (16,229)	\$ (16,635)	\$ (17,051)	\$ (17,477)	\$ (17,914)	\$ (18,362)	\$ (18,821)
Effective Gross Income (EGI)	\$ -	\$ 363,747	\$ 372,840	\$ 382,161	\$ 391,715	\$ 401,508	\$ 411,546	\$ 421,835	\$ 432,380	\$ 443,190	\$ 454,270	\$ 465,626	\$ 477,267	\$ 489,199	\$ 501,429	\$ 513,965
Meal Plan	\$ -	\$ (86,400)	\$ (88,560)	\$ (90,774)	\$ (93,043)	\$ (95,369)	\$ (97,754)	\$ (100,198)	\$ (102,702)	\$ (105,270)	\$ (107,902)	\$ (110,599)	\$ (113,364)	\$ (116,198)	\$ (119,103)	\$ (122,081)
Utilities	\$ (8,000)	\$ (28,500)	\$ (27,163)	\$ (27,842)	\$ (28,538)	\$ (29,251)	\$ (29,982)	\$ (30,732)	\$ (31,500)	\$ (32,288)	\$ (33,095)	\$ (33,922)	\$ (34,770)	\$ (35,640)	\$ (36,531)	\$ (37,444)
Real Estate Taxes	\$ (2,000)	\$ (18,004)	\$ (18,184)	\$ (18,366)	\$ (18,550)	\$ (18,735)	\$ (18,922)	\$ (19,112)	\$ (19,303)	\$ (19,496)	\$ (19,691)	\$ (19,888)	\$ (20,087)	\$ (20,287)	\$ (20,490)	\$ (20,695)
Property Insurance	\$ (6,500)	\$ (6,500)	\$ (6,663)	\$ (6,829)	\$ (7,000)	\$ (7,175)	\$ (7,354)	\$ (7,538)	\$ (7,726)	\$ (7,920)	\$ (8,118)	\$ (8,321)	\$ (8,529)	\$ (8,742)	\$ (8,960)	\$ (9,184)
Property Management (5% of EGI)	\$ -	\$ (18,187)	\$ (18,642)	\$ (19,108)	\$ (19,586)	\$ (20,075)	\$ (20,577)	\$ (21,092)	\$ (21,619)	\$ (22,159)	\$ (22,713)	\$ (23,281)	\$ (23,863)	\$ (24,460)	\$ (25,071)	\$ (25,698)
Maintenance/Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ (3,000)	\$ (6,000)	\$ (6,150)	\$ (6,304)	\$ (6,461)	\$ (6,623)	\$ (6,788)	\$ (6,958)	\$ (7,132)	\$ (7,310)	\$ (7,493)	\$ (7,681)	\$ (7,873)	\$ (8,069)	\$ (8,271)	\$ (8,478)
Replacement Reserve	\$ -	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)	\$ (6,400)
Total Operating Expenses	\$ (19,500)	\$ (167,991)	\$ (171,761)	\$ (175,622)	\$ (179,577)	\$ (183,629)	\$ (187,778)	\$ (192,029)	\$ (196,383)	\$ (200,843)	\$ (205,412)	\$ (210,092)	\$ (214,886)	\$ (219,796)	\$ (224,827)	\$ (229,980)
Net Operating Income (NOI)	\$ (19,500)	\$ 195,755	\$ 201,079	\$ 206,539	\$ 212,138	\$ 217,880	\$ 223,768	\$ 229,806	\$ 235,997	\$ 242,347	\$ 248,858	\$ 255,535	\$ 262,382	\$ 269,402	\$ 276,602	\$ 283,984
<i>Less: Debt Service</i>																
Debt Service First Mortgage	\$ -	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)	\$ (134,959)
Debt Service Second Mortgage	\$ -	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)	\$ (16,638)
Debt Service Investors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service	\$ -	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)	\$ (151,597)
Cash Flow (after debt service)	\$ (19,500)	\$ 44,158	\$ 49,482	\$ 54,942	\$ 60,541	\$ 66,283	\$ 72,171	\$ 78,209	\$ 84,401	\$ 90,750	\$ 97,261	\$ 103,938	\$ 110,785	\$ 117,806	\$ 125,005	\$ 132,387
Debt Coverage		1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.9
Loan/Value	81%															

Assumptions

Campus Costs		Assumption
1	On-Campus Housing Room Rate w/kitchen - 2006	\$ 2,747 per semester
2	On-Campus Housing Room Rate w/o kitchen - 2006	\$ 2,569 per semester
3	South Campus Commons Room Rate - 2006	\$ 1,470 per month
4	On-Campus Standard Meal Plan	\$ 1,713 per semester
5	On-Campus Parking - Resident	\$ 177 per semester

Pro Forma Factors		
6	Annual Inflation Factor - Income	2.5%
7	Annual Inflation Factor - Costs	2.5%
8	Annual Real Estate Tax Increase	1.0%
9	Property Management Cost	5.0% of EGI
10	Annual Reserves	\$200 per bed
11	Land Assessed Value (2004)	\$ 151,050
12	Improvements Assessed Value (2004)	\$ 201,220

Income Factors		
13	In-House Rental Rate (Pre-Renovation)	\$ 1,700 per semester
14	In-House Rental Rate (Post-Renovation)	\$ 600 per bed/per month
15	Apartment Rental Rate	\$ 1,500 per month
16	In-House Meal Plan Rate	\$ 1,560 per semester
17	New Member House Fee	\$ 2,000 per semester
18	Parking Fee	\$ 160 per semester
19	Number of Beds	32
20	Number of Parking Spaces	21

Cost Factors		
21	Utilities (Pre-Renovation)	\$ 8,000 per semester
22	Utilities (Post-Renovation)	\$ 13,250 per semester
23	Real Estate Taxes (Pre-Renovation)	\$ 2,000 per semester
24	Real Estate Taxes (Post-Renovation)	\$ 9,002 per semester
25	Maintenance (Pre-Renovation)	\$ 6,000 per semester
26	Events (Pre-Renovation)	\$ 3,000 per semester
27	In-House Meal Plan Cost	\$ 1,350 per semester
28	Property Insurance	\$ 6,500 per year
Maintenance/Repair costs included in Property Management cost		

Year 0 is construction year. Minimal Operating Expenses will be incurred but will include Property Tax, Property Insurance, Utilities, and fraternity events. Fraternity events typically operate at no cost. Debt Service expenses will also be incurred, and this pro forma reflects 8 months of interest only payments on the First Mortgage.

Rent Calculator

Per Month	Per Semester
\$ 500	\$ 1,731
\$ 550	\$ 1,904
\$ 600	\$ 2,077
\$ 650	\$ 2,250
\$ 700	\$ 2,423
\$ 750	\$ 2,596
\$ 800	\$ 2,769
\$ 1,200	\$ 4,154
\$ 1,300	\$ 4,500
\$ 1,500	\$ 5,192
\$ 1,600	\$ 5,538

*Assumes 15 weeks in a semester

82% of On-Campus Rate

91% of On-Campus Rate

90% of On-Campus Rate

Assessed Value	Annual Tax	90% of Tax
\$ 352,270.00	\$ 3,805	
\$ 1,852,270.00	\$20,005	\$18,004

Debt Service Expenses

	First Mortgage	Second Mortgage
Loan Amount	\$ 1,250,000	\$ 250,000
Interest Rate	9.000%	3.000%
Term-to-Maturity (in Years)	20	20
Amortization Term (in Years)	20	20
Annual Debt Payment	\$ 134,959	\$ 16,638

*Second Mortgage provided by Norwich Housing Corporation - a Theta Chi Fraternity National mortgage lender. Interest rate of 3% based on amount of money needed for Life Safety improvements.

Capitalized Interest

No repayment to the loan will be made during the construction year. Assuming a constant construction funds draw schedule, the average amount over YEAR 0 is \$625,000. At 9%, the capitalized interest is \$50,000. This amount will be added to the detail construction budget.

Existing Equity

House Appraisal Value	\$	720,000	
Lien - Norwich Housing Corp	\$	(120,000)	
Other Debts	\$	-	
Total Equity	\$	600,000	\$ 480,000

Property Value Calculation

Land Value (2004)	\$	151,050
Existing Structure (2004)	\$	201,220
Building Improvements	\$	1,500,000
Total Value	\$	1,852,270

Loan/Value 81%