LESTER AND ALFRED "BUD" ROBINSON

R. 980289

THE "BOTTOMS" RENTAL REHAB PROJECT PROFORMA

CASH FLOW PROJECTION ASSUMING WITH 10% MANAGEMENT FEES

(4) 3BR and (4) 4BR

YEAR	1	2	3	4	5	6	7	8	9	10
POTENTIAL GROSS INCOME	$ 52,260.00	$ 54,873.00	$ 57,616.65	$ 60,497.48	$ 63,522.36	$ 66,698.47	$ 70,033.40	$ 73,535.07	$ 77,211.82	$ 81,072.41
VACANCY	1,567.80	1,646.19	1,728.50	1,814.92	1,905.67	2,000.95	2,101.00	2,206.05	2,316.35	2,432.17
EFFECTIVE GROSS INCOME	50,692.20	53,226.81	55,888.15	58,682.56	61,616.69	64,697.52	67,932.40	71,329.02	74,895.47	78,640.24
OPERATING EXPENSES										
MAINTENANCE/REPAIRS (10% of PGI for YR. 1; 3% inflation thereafter)	5,069.22	5,221.30	5,377.94	5,539.27	5,705.45	5,876.62	6,052.91	6,234.50	6,421.54	6,614.18
INSURANCE (assuming $480/unit YR. 1; 3% inflation thereafter)	3,840.00	3,955.20	4,073.86	4,196.07	4,321.95	4,451.61	4,585.16	4,722.72	4,864.40	5,010.33
PROPERTY TAXES (assuming a tax assessed value of $320,000 YR. 1 @ 28 mils; 3% inflation thereafter)	8,960.00	9,228.80	9,505.66	9,790.83	10,084.56	10,387.10	10,698.71	11,019.67	11,350.26	11,690.77
MANAGEMENT (10% of PGI)	5,226.00	5,487.30	5,761.67	6,049.75	6,352.24	6,669.85	7,003.34	7,353.51	7,721.18	8,107.24
TOTAL OPERATING EXPENSES	23,095.22	23,892.60	24,719.12	25,575.93	26,464.20	27,385.17	28,340.12	29,330.39	30,357.38	31,422.52
(A) NET OPERATING INCOME	27,596.98	29,334.21	31,169.03	33,106.63	35,152.49	37,312.35	39,592.27	41,998.62	44,538.09	47,217.72
(B) DEBT SERVICE ($145,232, 1%, 20 years, PMT = $667.91/mo)	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92
(C) CASH FLOW (A-B)	19,582.06	21,319.29	23,154.11	25,091.71	27,137.57	29,297.43	31,577.35	33,983.70	36,523.17	39,202.80
(D) DEPRECIATION	14,545.45	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36
(E) PRINCIPAL REDUCTION	6,592.81	6,659.03	6,725.94	6,793.50	6,861.75	6,930.69	7,000.30	7,070.64	7,141.66	7,213.41
(F) NET INCOME BEFORE TAXES (C-D+E)	11,629.42	13,341.96	15,243.69	17,248.85	19,362.96	21,591.76	23,941.29	26,417.98	29,028.47	31,779.85
(G) TAXES	3,256.24	3,735.75	4,268.23	4,829.68	5,421.63	6,045.69	6,703.56	7,397.04	8,127.97	8,898.36
[illegible] INCOME AFTER TAXES (F-G)	8,373.18	9,606.21	10,975.46	12,419.17	13,941.33	15,546.07	17,237.73	19,020.95	20,900.50	22,881.49
(I) CASH FLOW AFTER TAXES (C-G)	16,325.82	17,583.54	18,885.88	20,262.03	21,715.94	23,251.74	24,873.79	26,586.67	28,395.20	30,304.44

YEAR	11	12	13	14	15	16	17	18	19	20
POTENTIAL GROSS INCOME	$ 85,126.03	$ 89,382.33	$ 93,851.45	$ 98,544.02	$ 103,471.23	$ 108,644.79	$ 114,077.03	$ 119,780.88	$ 125,769.92	$ 132,058.42
VACANCY	2,553.78	2,681.47	2,815.54	2,956.32	3,104.14	3,259.34	3,422.31	3,593.43	3,773.10	3,961.75
EFFECTIVE GROSS INCOME	82,572.25	86,700.86	91,035.91	95,587.70	100,367.09	105,385.44	110,654.72	116,187.45	121,996.82	128,096.66
OPERATING EXPENSES										
MAINTENANCE/REPAIRS (10% of PGI for YR. 1; 3% inflation thereafter)	6,812.61	7,016.99	7,227.50	7,444.32	7,667.65	7,897.68	8,134.61	8,378.65	8,630.01	8,888.91
INSURANCE (assuming $480/unit YR. 1; 3% inflation thereafter)	5,160.64	5,315.46	5,474.92	5,639.17	5,808.34	5,982.59	6,162.07	6,348.93	6,537.34	6,733.46
PROPERTY TAXES (assuming a tax assessed value of $320,000 YR. 1 @ 28 mils; 3% inflation thereafter)	12,041.49	12,402.74	12,774.82	13,158.06	13,552.80	13,959.39	14,378.17	14,809.51	15,253.80	15,711.41
MANAGEMENT (10% of PGI)	8,512.60	8,938.23	9,385.15	9,854.40	10,347.12	10,864.48	11,407.70	11,978.09	12,576.99	13,205.84
TOTAL OPERATING EXPENSES	32,527.34	33,673.41	34,862.38	36,095.95	37,375.92	38,704.14	40,082.55	41,513.19	42,998.14	44,539.63
(A) NET OPERATING INCOME	50,044.91	53,027.45	56,173.53	59,491.75	62,991.17	66,681.30	70,572.16	74,674.27	78,998.68	83,557.04
(B) DEBT SERVICE ($145,232, 1%, 20 years, PMT = $667.91/mo)	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92	8,014.92
(C) CASH FLOW (A-B)	42,029.99	45,012.53	48,158.61	51,476.83	54,976.25	58,666.38	62,557.24	66,659.35	70,983.76	75,542.12
(D) DEPRECIATION	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36	14,636.36
(E) PRINCIPAL REDUCTION	7,285.88	7,359.06	7,433.00	7,507.67	7,583.09	7,659.27	7,736.22	7,813.93	7,892.43	7,971.72
(F) NET INCOME BEFORE TAXES (C-D+E)	34,679.51	37,735.23	40,955.25	44,348.14	47,922.98	51,689.29	55,657.10	59,836.92	64,239.83	68,877.48
(G) TAXES	9,710.26	10,565.86	11,467.47	12,417.48	13,418.43	14,473.00	15,583.99	16,754.34	17,987.15	19,285.69
[illegible] INCOME AFTER TAXES (F-G)	24,969.25	27,169.37	29,487.78	31,930.66	34,504.54	37,216.29	40,073.11	43,082.58	46,252.68	49,591.78
(I) CASH FLOW AFTER TAXES (C-G)	32,319.73	34,446.67	36,691.14	39,059.35	41,557.81	44,193.38	46,973.25	49,905.01	52,996.61	56,256.42

# Bedrooms		# Units	RENT	UTILITIES	NET RENT
3	Low-Home (50% median)	2	$ 1,036.00	$ 224.00	$ 812.00
	@ $518 gross/$406 net rent				
4	High-Home (60% median) ($695/$583)	3	2,085.00	336.00	1,749.00
3	High-Home (60% median) ($640/528)	2	1,280.00	224.00	1,056.00
4	Fair Market (80% median) ($850/738)	1	850.00	112.00	738.00
TOTALS		8	$ 5,251.00	$ 896.00	$ 4,355.00
VACANCY			0.03		
INFLATION			0.03		
RENT ESCALATOR			0.05		

PROJECT SUMMARY	
Renovations & Closing Costs Grant	$ 94,139.00
Relocation Costs Grant	$ 25,000.00
Infrastructure Grant	$ 165,000.00
Owner Funds	$ 600.00
City Loan	$ 145,232.00
TOTAL PROJECT COSTS	$ 429,971.00
RATE	0.01
TERM	20 years
TAX RATE	0.28

PREPARED BY: Gwendolyn B. Dawson
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