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# LATHAM & WATKINS LLP

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July 22, 2015

### VIA EMAIL

Blake Lamb  
Los Angeles Department of City Planning  
200 N. Spring Street, Room 621  
Los Angeles, CA 90012

Re: Coronel Apartments Project (CPC-2010-1554-DB-SPP; ENV 2012-110-EIR);  
Council File No. 15-0790

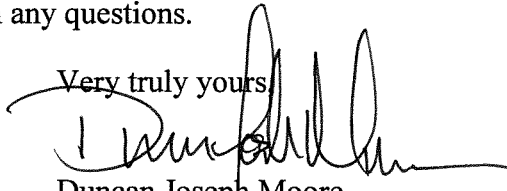
Dear Ms. Lamb:

On behalf of Hollywood Community Housing Corporation (“HCHC”), we submit this letter and enclosures in response to comments from opponents regarding the Cost Analysis for the Coronel Apartments Project (the “Project”) submitted to the City Planning Commission pursuant to Los Angeles Municipal Code (“LAMC”) section 12.22.A.25(g)(3). As you know, HCHC submitted a Cost Analysis, along with an independent third party financial analysis by The Sotelo Group (“TSG”), demonstrating that the Project’s requested off-menu incentives are necessary to make the Project financially feasible. As Planning Staff confirmed in the Staff Recommendation to the Planning Commission, submittal of a Cost Analysis complies with the requirements of LAMC section 12.22.A.25(g)(3), which requires a pro forma “or other documentation” in support of the request for off-menu incentives. As HCHC has explained, due to the financial structure of an affordable housing project, a Cost Analysis was submitted because it is more easily understood by the public and decisionmakers.

Although HCHC’s Cost Analysis fully satisfies LAMC requirements, as additional information HCHC has had two pro formas prepared to reflect the current construction costs for the Project with the requested off-menu incentives (54 units) and an alternative project without those incentives (45 units). Those pro formas also have been independently reviewed by TSG. Attached hereto as Attachment A is a letter from TSG confirming that the information in the pro formas does not change their conclusion that the off-menu incentives requested by HCHC are necessary to make the Project financially feasible. The two pro formas are attached to the TSG letter.

Please do not hesitate to contact me with any questions.

Very truly yours,



Duncan Joseph Moore  
of LATHAM & WATKINS LLP

cc: Sharon Gin, Legislative Assistant, PLUM Committee  
Bill Harris and Maura Johnson, Hollywood Community Housing Corporation

# **ATTACHMENT A**



## THE SOTELO GROUP, INC.

1100 S. Hope Street, #103 ☐ Los Angeles, CA 90015 ☐ 213.814.8212 ☐ [Dalila@TheSoteloGroup.Co](mailto:Dalila@TheSoteloGroup.Co)

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COMMITMENT | LEADERSHIP | INTEGRITY

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July 21, 2015

Mr. William Harris  
Executive Director  
Hollywood Community Housing  
5020 Santa Monica Blvd.  
Los Angeles, CA 90029

**RE: Coronel Apartments Analysis of Development Proformas**

Dear Mr. Harris:

**The Sotelo Group, Inc. (TSG)** has been hired by **Hollywood Community Housing Corporation (HCHC)** to conduct an independent third party analysis of the proformas for the **Coronel Apartments (Proposed Project)**. The Proposed Project is an affordable housing Transit Oriented Development located on three adjacent lots in Hollywood (1600-1608 North Serrano Avenue and 1601 North Hobart Boulevard). Pursuant to the request of the City of Los Angeles Planning Department, TSG has evaluated the financial feasibility of a project based on the requested off-menu items versus a project without the requested off-menu items.

This letter supplements a letter I previously submitted on March 23, 2015, which evaluates the financial feasibility of the Proposed Project based on the requested off-menu items for Coronel Apartments, versus an alternative project without the requested off-menu items. In my March 23<sup>rd</sup> letter, which evaluated two Cost Analyses, I concluded that the Proposed Project (with the requested off-menu items) is financially feasible and is able to better meet the requirements of the various funding programs based upon the following considerations:

- 1) Construction Costs;
- 2) Program Compliance;
- 3) Leveraging of resources; and,
- 4) Production of affordable units.

I have also reviewed the attached proformas prepared for HCHC by the California Housing Partnership Corporation, dated June 3, 2015. While the Cost Analyses I previously reviewed in my March 23<sup>rd</sup> letter satisfied Los Angeles Municipal Code requirements, and these new proformas are not required for this Proposed Project under the Los Angeles Municipal Code, this third party analysis serves as an independent assessment of the financial feasibility of the Proposed Project as well as an alternative scenario based on the proformas for each scenario. The proformas included updated construction cost estimates from June 1, 2015 that show a construction cost increase for both the Proposed Project and the alternative project.

Based on the review of these two proformas, my conclusion remains the same as in my March 23<sup>rd</sup> letter. In my opinion, the waivers requested by HCHC are necessary to make the Proposed Project financially feasible. By allowing HCHC to build 54 units, the City of Los Angeles will be leveraging the funding resources it has committed to this Proposed Project with State and Federal resources that will support the construction of more affordable housing within the immediate proximity of a transit station. Based on the proposed building design, close proximity to mass transit, and delivery of affordable housing, it is reasonable to conclude that the granting of the waivers will not be detrimental to the public welfare or injurious to the property or improvements adjacent to or in the vicinity of the subject property.

Should you have any questions on this analysis or require further information, please do not hesitate to contact me at (213) 406-8060 or via email at [Dalila@TheSoteloGroup.Co](mailto:Dalila@TheSoteloGroup.Co).

Sincerely,

The Sotelo Group, Inc.



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Dalila Sotelo, Principal

# Coronel Apartments

**Prepared For:** Hollywood Community Housing  
**Prepared By:** California Housing Partnership Corporation  
**Version:** v7 2015 9% update 54units  
**Revised:** June 3, 2015  
**File:** Macintosh HD:Users:deannablight:Dropbox (CHPC):CHPC Zorica:projects:hchc:coronel:Financial Proformas:[Coronel v7 150604 9% TCAC.xls]Sources

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## SOURCES OF FUNDS

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| <b>PERMANENT</b>                 | AMOUNT            | TOTAL<br>INT COST | OID<br>INT RATE | TERM (Yr) | COMMENTS                                      |
|----------------------------------|-------------------|-------------------|-----------------|-----------|---|
| Permanent Loan                   | 1,771,000         | 6.58%             |                 | 30.00     |   |
| CRA - LA                         | 5,027,000         | 3.00%             | 1.79%           | 55.00     |   |
| City of LA In Lieu Aff Hsg Funds | 1,500,000         | 4.00%             | 2.14%           | 55.00     |   |
| Infill Infrastructure Grant      | 2,051,568         | 0.00%             | 0.00%           | 55.00     |   |
| AHP                              | 500,000           | 0.00%             | 0.00%           | 55.00     |   |
| Deferred Developer Fee           | 600,000           | 0.00%             |                 |           | Total Currently Paid Developer Fee: 1,400,000 |
| Capital Contributions            |                   |                   |                 |           |   |
| General Partner                  | 0                 |                   |                 |           | Credit pricing: \$1.0500                      |
| Limited Partners                 | 15,749,939        |                   |                 |           | % Equity in at Construction 15.0%             |
| <b>TOTAL SOURCES</b>             | <b>27,199,507</b> |                   |                 |           |   |
| Surplus/(Shortfall)              | -0                |                   |                 |           |   |

| <b>CONSTRUCTION</b>              | AMOUNT            | INT RATE | TERM (Mo.) |
|----------------------------------|-------------------|----------|------------|
| Construction Loan                | 14,667,970        | 3.70%    | 20         |
| CRA - LA                         | 5,027,000         | 3.00%    | 20         |
| City of LA In Lieu Aff Hsg Funds | 1,500,000         | 4.00%    | 20         |
| Infill Infrastructure Grant      | 2,051,568         | 0.00%    | 20         |
|                                  |                   | 0.00%    | 20         |
| Costs Deferred Until Conversion* | 990,478           |          |            |
| Deferred Developer Fee           | 600,000           |          |            |
| Capital Contributions            |                   |          |            |
| General Partner                  | 0                 | 0.00%    |            |
| Limited Partners                 | 2,362,491         | 0.00%    |            |
| <b>TOTAL SOURCES</b>             | <b>27,199,507</b> |          |            |
| Surplus/(Shortfall)              | 0                 |          |            |

| <b>*COSTS DEFERRED UNTIL CONVERSION</b> |                |
|---|----------------|
| Operating Reserve                       | 234,478        |
| Legal: Perm Close                       | 20,000         |
| Title/Recording/Escrow - Permanent      | 15,000         |
| Audit/Tax Returns                       | 21,000         |
| Developer Fee                           | 700,000        |
| <b>TOTAL</b>                            | <b>990,478</b> |

| <b>* INTEREST RATE STACK</b> | Construction | Permanent    |
|------------------------------|--------------|--------------|
| 30-day LIBOR / 10Y Treasury  | 0.200%       | 2.580%       |
| Bank spread                  | 2.500%       | 3.250%       |
| cushion                      | 1.000%       | 0.750%       |
| <b>TOTAL</b>                 | <b>3.70%</b> | <b>6.58%</b> |

**Coronel Apartments**

**Uses of Funds**

|  | TOTAL             | 100.00%           | 0.00%            | NON-DEPREC       | DEPRECIABLE       |          |                  | TAX CREDIT ELIGIBLE |                   |          |
|--|-------------------|-------------------|------------------|------------------|-------------------|----------|------------------|---------------------|-------------------|----------|
|  |                   | TOTAL RESIDENTIAL | TOTAL COMMERCIAL |                  | RESIDENTIAL       | NON-RES  | EXPENSE          | AMORTIZE            | CONST/REHAB       | ACQUIS.  |
| <b>ACQUISITION COSTS</b>                 |                   |                   |                  |                  |                   |          |                  |                     |                   |          |
| <i>Total Purchase Price</i>              | 3,485,000         |                   |                  |                  |                   |          |                  |                     |                   |          |
| Land                                     | 3,485,000         | 3,485,000         | 0                | 3,485,000        |                   |          |                  |                     |                   |          |
| Demolition & Abatement                   | 235,786           | 235,786           | 0                | 235,786          |                   |          |                  |                     | 0                 |          |
| Off-site Improvements                    | 11,250            | 11,250            | 0                | 0                | 11,250            | 0        |                  | 11,250              |                   |          |
| Acquisition Loan Fee & Interest          | 134,662           | 134,662           | 0                | 134,662          | 0                 |          |                  | 0                   |                   |          |
| <b>GENERAL DEVELOPMENT COSTS</b>         |                   |                   |                  |                  |                   |          |                  |                     |                   |          |
| Unit Construction                        | 12,400,062        | 12,400,062        | 0                | 0                | 12,400,062        | 0        |                  | 12,400,062          |                   |          |
| Site Improvements/Landscape              | 238,750           | 238,750           | 0                |                  | 238,750           | 0        |                  | 238,750             |                   |          |
| Contractor Gen'l Req                     | 1,159,726         | 1,159,726         | 0                |                  | 1,159,726         | 0        |                  | 1,159,726           |                   |          |
| Contractor Overhead and Profit           | 702,279           | 702,279           | 0                | 0                | 702,279           | 0        |                  | 702,279             |                   |          |
| Payment & Performance Bond + Insurance   | 445,754           | 445,754           | 0                |                  | 445,754           | 0        |                  | 445,754             |                   |          |
| Construction Contingency (10%)           | 1,495,782         | 1,495,782         | 0                | 0                | 1,495,782         | 0        |                  | 1,495,782           |                   |          |
| Local Permits/Fees                       | 433,000           | 433,000           | 0                |                  | 433,000           | 0        |                  | 433,000             |                   |          |
| Local Development Impact Fees            | 200,000           | 200,000           | 0                |                  | 200,000           | 0        |                  | 200,000             |                   |          |
| Phase I/Asbestos/Toxics                  | 221,500           | 221,500           | 0                |                  | 221,500           | 0        |                  | 221,500             |                   |          |
| Deputy Inspection                        | 110,000           | 110,000           | 0                |                  | 110,000           | 0        |                  | 110,000             |                   |          |
| Architecture                             | 713,000           | 713,000           | 0                |                  | 713,000           | 0        |                  | 713,000             |                   |          |
| Survey/Engineering/Soils/Landscape Arch. | 73,000            | 73,000            | 0                |                  | 73,000            | 0        |                  | 73,000              |                   |          |
| Appraisal                                | 15,000            | 15,000            | 0                | 15,000           | 0                 | 0        | 0                | 0                   |                   |          |
| Relocation                               | 908,500           | 908,500           | 0                |                  | 0                 | 0        | 908,500          | 0                   |                   |          |
| Market Study                             | 10,000            | 10,000            | 0                |                  | 10,000            | 0        |                  | 10,000              |                   |          |
| Construction Loan Expenses               | 85,000            | 85,000            | 0                |                  | 85,000            | 0        |                  | 85,000              |                   |          |
| Construction Loan Fees                   | 149,049           | 149,049           | 0                |                  | 149,049           | 0        |                  | 149,049             |                   |          |
| Construction Period Interest             | 505,500           | 505,500           | 0                |                  | 338,685           | 0        | 166,815          | 338,685             |                   |          |
| Title/Recording/Escrow - Acquisition     | 10,815            | 10,815            | 0                | 10,815           | 0                 | 0        |                  | 0                   | 0                 |          |
| Title/Recording/Escrow - Construction    | 45,000            | 45,000            | 0                |                  | 45,000            | 0        |                  | 45,000              | 0                 |          |
| Title/Recording/Escrow - Permanent       | 15,000            | 15,000            | 0                |                  |                   |          | 15,000           |                     |                   |          |
| Permanent Loan Fees                      | 17,710            | 17,710            | 0                |                  |                   |          | 17,710           |                     |                   |          |
| Real Estate Taxes During Construction    | 15,000            | 15,000            | 0                |                  | 15,000            | 0        | 0                | 15,000              | 0                 |          |
| Insurance During Construction            | 312,000           | 312,000           | 0                |                  | 312,000           | 0        | 0                | 312,000             | 0                 |          |
| Soft Cost Contingency (5%)               | 178,766           | 178,766           | 0                |                  | 178,766           | 0        |                  | 178,766             |                   |          |
| TCAC Application/Monitoring Fee          | 107,878           | 107,878           | 0                |                  |                   |          | 107,878          |                     |                   |          |
| Legal: Acquisition                       | 2,500             | 2,500             | 0                | 2,500            | 0                 |          |                  | 0                   | 0                 |          |
| Legal: Construction Closing              | 30,000            | 30,000            | 0                |                  | 30,000            | 0        |                  | 30,000              | 0                 |          |
| Permanent Closing                        | 20,000            | 20,000            | 0                |                  |                   |          | 20,000           |                     |                   |          |
| Organization of Partnership              | 10,000            | 10,000            | 0                | 10,000           |                   |          | 0                |                     |                   |          |
| Syndication                              | 25,000            | 25,000            | 0                | 25,000           |                   |          |                  |                     |                   |          |
| Syndication Consulting                   | 55,000            | 55,000            | 0                | 55,000           |                   |          |                  |                     | 0                 |          |
| Audit/Cost Certification                 | 21,000            | 21,000            | 0                |                  | 0                 | 21,000   |                  | 0                   |                   |          |
| Furnishings & Signage                    | 40,000            | 40,000            | 0                |                  | 40,000            | 0        |                  | 40,000              |                   |          |
| Operating Reserve (6 months)             | 234,478           | 234,478           | 0                | 234,478          |                   |          |                  |                     |                   |          |
| Marketing Account                        | 35,008            | 35,008            | 0                |                  |                   | 35,008   |                  |                     |                   |          |
| Construction management (3rd party)      | 110,000           | 110,000           | 0                |                  | 110,000           | 0        |                  | 110,000             |                   |          |
| Entitlements                             | 90,000            | 90,000            | 0                |                  | 90,000            | 0        |                  | 90,000              |                   |          |
| LEED Certification                       | 90,000            | 90,000            | 0                |                  | 90,000            | 0        |                  | 90,000              |                   |          |
| Developer Fee                            | 2,000,000         | 2,000,000         | 0                | 0                | 2,000,000         | 0        |                  | 1,400,000           | 0                 |          |
| <b>TOTAL DEVELOPMENT COSTS</b>           | <b>27,197,755</b> | <b>27,197,755</b> | <b>0</b>         | <b>4,208,241</b> | <b>21,697,602</b> | <b>0</b> | <b>1,131,323</b> | <b>160,588</b>      | <b>21,097,602</b> | <b>0</b> |

TOTAL CONSTRUCTION CONTRACT 15,193,607

| TCAC High Cost Test               | 2015 Regulations |
|-----------------------------------|------------------|
| a) Total Eligible Basis           | 21,097,602       |
| b) Total Adjusted Threshold Basis | 18,821,078       |
| <b>a) / b)</b>                    | <b>112.10%</b>   |

| TCAC DEVELOPER FEE CALCULATION          |                  |          |                  |
|---|------------------|----------|------------------|
|   | Constr           | Acq      | Total            |
| Maximum Potential TCAC Fee (per limits) | 2,000,000        | 0        | 2,000,000        |
| Maximum Potential TCAC Fee (per basis)  | 2,954,640        | -        | 2,954,640        |
| Ratio                                   | 100.00%          | 0.00%    | 100.00%          |
| Maximum TCAC Fee                        | 2,000,000        | -        | 2,000,000        |
| Maximum Fee per HACOLA Application      | 2,000,000        | -        | 2,000,000        |
| Maximum Fee (deferred + paid)           | 2,000,000        | -        | 2,000,000        |
| <b>MAXIMUM FEE</b>                      | <b>2,000,000</b> | <b>-</b> | <b>2,000,000</b> |

**Coronel Apartments**  
**Unit Mix & Rental Income**

Version: v7 2015 9% update 54units  
 Revised: June 3, 2015

|   |                           |      |
|---|---------------------------|------|
| <b>AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)</b><br><b>44.49%</b> | <b>UTILITY ALLOWANCES</b> |      |
|   | <b>UNIT MIX</b>           |      |
|   | 0 BR                      | \$0  |
|   | 1 BR                      | \$27 |
|   | 2 BR                      | \$35 |
| 3 BR  | \$43                      |      |
| 4 BR  | \$0                       |      |

**RESIDENTIAL INCOME**

| TAX-CREDIT ELIGIBLE - TIER 1: |          | 30% AMI TCAC   |              | CRA 50% Very Low           |                             | Percentage of Targeted Units: 11.3% |                        |                       |  |
|-------------------------------|----------|----------------|--------------|----------------------------|-----------------------------|-------------------------------------|------------------------|-----------------------|--|
| UNIT TYPE                     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT  | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT           | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |  |
| 1 BR                          | 1        | 600            | 600          | 29.9%                      | 466                         | 439                                 | 439                    | 5,268                 |  |
| 2 BR                          | 3        | 800            | 2,400        | 30.0%                      | 560                         | 525                                 | 1,575                  | 18,900                |  |
| 3 BR                          | 2        | 1,100          | 2,200        | 30.0%                      | 647                         | 604                                 | 1,208                  | 14,496                |  |
| <b>TOTAL</b>                  | <b>6</b> |                | <b>5,200</b> |                            |                             |                                     | <b>3,222</b>           | <b>38,664</b>         |  |

| TAX-CREDIT ELIGIBLE - TIER 2: |           | 40% AMI TCAC   |               | CRA 50% Very Low           |                             | Percentage of Targeted Units: 35.8% |                        |                       |  |
|-------------------------------|-----------|----------------|---------------|----------------------------|-----------------------------|-------------------------------------|------------------------|-----------------------|--|
| UNIT TYPE                     | NUMBER    | PER UNIT SQ FT | TOTAL SQ FT   | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT           | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |  |
| 1 BR                          | 5         | 600            | 3,000         | 40.0%                      | 622                         | 595                                 | 2,975                  | 35,700                |  |
| 2 BR                          | 8         | 800            | 6,400         | 39.1%                      | 729                         | 694                                 | 5,552                  | 66,624                |  |
| 3 BR                          | 6         | 1,100          | 6,600         | 37.5%                      | 810                         | 767                                 | 4,602                  | 55,224                |  |
| <b>TOTAL</b>                  | <b>19</b> |                | <b>16,000</b> |                            |                             |                                     | <b>13,129</b>          | <b>157,548</b>        |  |

| TAX-CREDIT ELIGIBLE - TIER 2: |           | 50% AMI TCAC   |               | CRA 60% Low                |                              | Percentage of Targeted Units: 35.8% |                        |                       |  |
|-------------------------------|-----------|----------------|---------------|----------------------------|------------------------------|-------------------------------------|------------------------|-----------------------|--|
| UNIT TYPE                     | NUMBER    | PER UNIT SQ FT | TOTAL SQ FT   | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT* | PER-UNIT MONTHLY NET RENT           | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |  |
| 1 BR                          | 6         | 600            | 3,600         | 50.0%                      | 778                          | 751                                 | 4,506                  | 54,072                |  |
| 2 BR                          | 8         | 800            | 6,400         | 46.9%                      | 875                          | 840                                 | 6,720                  | 80,640                |  |
| 3 BR                          | 5         | 1,100          | 5,500         | 45.0%                      | 972                          | 929                                 | 4,645                  | 55,740                |  |
| <b>TOTAL</b>                  | <b>19</b> |                | <b>15,500</b> |                            |                              |                                     | <b>15,871</b>          | <b>190,452</b>        |  |

| TAX-CREDIT ELIGIBLE - TIER 4: |          | 60% AMI TCAC   |              | CRA 110% Moderate          |                              | Percentage of Targeted Units: 17.0% |                        |                       |  |
|-------------------------------|----------|----------------|--------------|----------------------------|------------------------------|-------------------------------------|------------------------|-----------------------|--|
| UNIT TYPE                     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT  | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT* | PER-UNIT MONTHLY NET RENT           | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |  |
| 2 BR                          | 5        | 800            | 4,000        | 60.0%                      | 1,120                        | 1,085                               | 5,425                  | 65,100                |  |
| 3 BR                          | 4        | 1,100          | 4,400        | 60.0%                      | 1,295                        | 1,252                               | 5,008                  | 60,096                |  |
| <b>TOTAL</b>                  | <b>9</b> |                | <b>8,400</b> |                            |                              |                                     | <b>10,433</b>          | <b>125,196</b>        |  |

| MANAGER UNITS |          |                |              |                            |                             |                           |                        |                       |
|---------------|----------|----------------|--------------|----------------------------|-----------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT  | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 3 BR          | 1        | 1,100          | 1,100        | 0.0%                       | 0                           | 0                         | 0                      | 0                     |
| <b>TOTAL</b>  | <b>1</b> |                | <b>1,100</b> |                            |                             |                           | <b>0</b>               | <b>0</b>              |

| TOTAL RESIDENTIAL INCOME |             |                     |                |
|--------------------------|-------------|---------------------|----------------|
|                          | TOTAL UNITS | TOTAL MONTHLY (Net) | TOTAL ANNUAL   |
|                          | <b>54</b>   | <b>42,655</b>       | <b>511,860</b> |

| MISCELLANEOUS INCOME |                  |               |              |
|----------------------|------------------|---------------|--------------|
|                      | PER-UNIT MONTHLY | TOTAL MONTHLY | TOTAL ANNUAL |
| Laundry/Vending      | 5.00             | 270           | 3,240        |
| Financial            | 0.00             | 0             | 0            |

**Coronel Apartments**  
**Rent Comparison Table**

**Version:** v7 2015 9% update 54units  
**Revised:** June 3, 2015

| Unit Type  | 30% AMI (Net) | 2012 RDA Rents 50% VL | Section 236 Rent* | Current Section 8 Rent | Comparable Market | 10% Below Market | LOWEST |
|------------|---------------|-----------------------|-------------------|------------------------|-------------------|------------------|--------|
| 0 Bedrooms | 436           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 439           | 621                   | 0                 | 1,083                  | 1,500             | 1,350            | 439    |
| 2 Bedrooms | 525           | 694                   | 0                 | 1,398                  | 1,500             | 1,350            | 525    |
| 3 Bedrooms | 604           | 767                   | 0                 | 1,890                  | 1,500             | 1,350            | 604    |
| 4 Bedrooms | 722           | 875                   |                   | 2,106                  | 1,500             | 1,350            | 722    |
| 40%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 50% VL                |                   |                        |                   |                  |        |
| 0 Bedrooms | 581           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 595           | 621                   | 0                 | 1,083                  | 1,500             | 1,350            | 595    |
| 2 Bedrooms | 711           | 694                   | 0                 | 1,398                  | 1,500             | 1,350            | 694    |
| 3 Bedrooms | 820           | 767                   | 0                 | 1,890                  | 1,500             | 1,350            | 767    |
| 4 Bedrooms | 962           | 875                   |                   | 2,106                  | 1,500             | 1,350            | 875    |
| 50%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 60% Low               |                   |                        |                   |                  |        |
| 0 Bedrooms | 726           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 751           | 751                   | 0                 | 1,083                  | 1,500             | 1,350            | 751    |
| 2 Bedrooms | 898           | 840                   | 0                 | 1,398                  | 1,500             | 1,350            | 840    |
| 3 Bedrooms | 1,036         | 929                   | 0                 | 1,890                  | 1,500             | 1,350            | 929    |
| 4 Bedrooms | 1,203         | 1,050                 |                   | 2,106                  | 1,500             | 1,350            | 1,050  |
| 50%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 120% Mod              |                   |                        |                   |                  |        |
| 0 Bedrooms | 726           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 751           | 1,399                 |                   | 1,083                  | 1,500             | 1,350            | 751    |
| 2 Bedrooms | 898           | 1,569                 | 0                 | 1,398                  | 1,500             | 1,350            | 898    |
| 3 Bedrooms | 1,036         | 1,739                 | 0                 | 1,890                  | 1,500             | 1,350            | 1,036  |
| 4 Bedrooms | 1,203         | 1,925                 |                   | 2,106                  | 1,500             | 1,350            | 1,203  |
| 60%        |               |                       |                   |                        |                   |                  |        |





**Coronel Apartments**  
Tax Credit Calculation

Version: v7 2015 9% update 54units  
Revised: June 3, 2015

|   | FEDERAL  |                      |            | CALIFORNIA |                 |            |
|---|--|----------------------|------------|------------|-----------------|------------|
|   | ACQUIS   | CONST/<br>REHAB      | TOTAL      | ACQUIS     | CONST/<br>REHAB | TOTAL      |
| TOTAL ELIGIBLE COSTS                        | 0  | 21,089,873           | 21,089,873 | 0          | 0               | 0          |
| Less:                                       |  |                      |            |            |                 |            |
| Non-Eligible (Federal/Grant Financing):     |  | 0                    | 0          | 0          | 0               | 0          |
| ELIGIBLE BASIS                              | 0  | 21,089,873           | 21,089,873 | 0          | 0               | 0          |
| THRESHOLD BASIS LIMIT                       |  |                      | 18,821,078 |            |                 |            |
| REQUESTED ELIGIBLE BASIS                    | 0  | 18,821,078           | 18,821,078 | 0          | 0               | 0          |
| LESS: VOLUNTARY REDUCTION                   |  | 3,816,635            |            |            |                 |            |
| TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS   | 0  | 15,004,443           |            |            |                 |            |
| HIGH COST ADJUSTMENT (Y/N)                  | Y  |                      | 130.0%     | 100.0%     | 100.0%          |            |
| ADJUSTED ELIGIBLE BASIS                     | 0  | 19,505,776           | 19,505,776 | 0          | 0               | 0          |
| APPLICABLE FRACTION*                        | 100.0%   | 100.0%               |            | 100.0%     | 100.0%          |            |
| QUALIFIED CREDIT BASIS                      | 0  | 19,505,776           | 9,099,762  | 0          | 0               | 0          |
| CREDIT REDUCTION                            | 0.00%  | 0                    | 0          |            | 0               |            |
| ADJUSTED QUALIFIED CREDIT BASIS             |  | 0                    | 19,505,776 |            |                 | 9,099,762  |
| CREDIT RATE                                 | Federal Annual/Yr 1-3 State<br>Year 4 - State          | 3.30%                | 7.69%      | 3.30%      | 7.69%           |            |
|   |  | <b>2015 TCAC app</b> |            | 3.10%      | 6.93%           |            |
| MAXIMUM CREDIT AMOUNT PER COSTS             | Federal Annual/Yr 1-3 State<br>Year 4 - State<br>Total | 0                    | 1,499,994  | 1,499,994  | 0               | 0          |
|   |  |                      |            |            | 0               | 0          |
|   |  |                      |            |            | 0               | 0          |
| ACTUAL TCAC CREDIT RESERVATION              | Federal Annual/Total State<br>497,500                  | N/A                  | N/A        | 1,499,994  | N/A             | N/A        |
|   |  |                      |            |            | 5,923,800       |            |
| MAXIMUM ALLOWABLE CREDITS (Lesser of above) | Federal Annual/Total State                             | 0                    | 1,499,994  | 1,499,994  |                 | 0          |
| MAXIMUM ALLOWABLE - TEN YEAR TOTAL          |  |                      |            |            |                 | 14,999,942 |

| TCAC Tiebreaker #2:  | 2014 Regulations  |
|--|-------------------|
| Ratio of Committed Public Funds to TDC                         |                   |
| <b>Committed Public Funds</b>                                  |                   |
| CRA - LA   | 5,027,000         |
| City of LA In Lieu Aff Hsg Funds                               | 1,500,000         |
| Infill Infrastructure Grant                                    | 2,051,568         |
| AHP  |                   |
| <b>TOTAL Committed Permanent Financing</b>                     | <b>8,578,568</b>  |
| Percentage of units w/rent operating subsidy                   | 0.00%             |
|  | 25.0%             |
| <b>TOTAL w/Rent &amp; Operating Subsidy Public Funds Boost</b> | <b>8,578,568</b>  |
| Total development cost (residential)                           | 27,199,507        |
| less syndication costs   | (90,000)          |
| <b>Adjusted TDC</b>  | <b>27,109,507</b> |
| <b>Tiebreaker Ratio</b>  | <b>31.644%</b>    |
| Ratio of Unadjusted Eligible Basis to TDC                      |                   |
| <b>Requested Unadjusted Eligible Basis</b>                     | <b>15,004,443</b> |
| <b>Tiebreaker Ratio</b>  | <b>14.884%</b>    |
| <b>SUM</b>   | <b>46.528%</b>    |

| TCAC High Cost Test               | 2014 Regulations |
|-----------------------------------|------------------|
| a) Total Eligible Basis           | 21,089,873       |
| b) Total Adjusted Threshold Basis | 18,821,078       |
| <b>a) / b)</b>                    | <b>112.05%</b>   |

**Coronel Apartments**  
**Base Year Income & Expense**

**PAGE 4**

**Version:** v7 2015 9% update 54units

**Revised:** June 3, 2015

| <b>INCOME</b>   |              |                |
|---|--------------|----------------|
| Scheduled Gross Income  |              | 511,860        |
| Misc. Income  |              | 3,240          |
| Vacancy Loss - Weighted                                       | 5.0%         | (25,755)       |
| <b>EFFECTIVE GROSS INCOME</b>                                 |              | <b>489,345</b> |
| <b>EXPENSES - RESIDENTIAL</b>                                 |              |                |
| <b>Administrative</b>   |              |                |
| Advertising   | 800          |                |
| Legal   | 1,500        |                |
| Accounting/Audit  | 15,000       |                |
| Security  | 5,450        |                |
| Office supplies, communications & misc.                       | 8,000        |                |
| <b>Total Administrative</b>                                   |              | <b>30,750</b>  |
| <b>Management Fee</b>   |              | <b>34,879</b>  |
| <b>Utilities</b>  |              |                |
| Electricity   | 18,000       |                |
| Gas   | 12,000       |                |
| <b>Total Utilities</b>  |              | <b>30,000</b>  |
| <b>Water/Sewer</b>  |              | <b>35,000</b>  |
| <b>Payroll/Payroll Taxes</b>                                  |              |                |
| On-Site Manager/Maintenance Payroll                           | 54,000       |                |
| Payroll Taxes/Benefits  | 15,000       |                |
| <b>Total Payroll/Payroll Taxes</b>                            |              | <b>69,000</b>  |
| <b>Insurance</b>  |              | <b>25,000</b>  |
| <b>Real Estate Taxes</b>                                      |              | <b>6,000</b>   |
| <b>Maintenance</b>  |              |                |
| Painting  | 6,000        |                |
| Repairs   | 8,000        |                |
| Trash Removal   | 11,000       |                |
| Exterminating   | 1,300        |                |
| Grounds   | 5,000        |                |
| Elevator  | 5,780        |                |
| Fire Alarm  | 600          |                |
| Janitorial  | 12,000       |                |
| Maintenance Staff and Supplies                                | 12,000       |                |
| <b>Total Maintenance</b>                                      |              | <b>61,680</b>  |
| <b>Replacement Reserve</b>                                    |              | <b>16,200</b>  |
| <b>Other</b>  |              |                |
| Resident Services Coordinator                                 | 25,000       |                |
| <b>Total Other</b>  |              | <b>25,000</b>  |
| <b>TOTAL EXPENSES - RESIDENTIAL</b>                           |              | <b>333,509</b> |
| <i>Per Unit Per Year (incl. Reserves)</i>                     | <i>6,176</i> |                |
| <i>Per Unit Per Year (w/o Taxes, Reserves &amp; Services)</i> | <i>5,302</i> |                |
| <b>NET AVAILABLE INCOME</b>                                   |              | <b>155,836</b> |
| Debt Service Coverage Ratio                                   |              | 1.15           |
| <b>AVAILABLE FOR DEBT SERVICE</b>                             |              | <b>135,510</b> |

**Coronel Apartments**  
**Mortgage Calculation & Bond Ratios**

**PAGE 4-A**

**Version:** v7 2015 9% update 54units  
**Revised:** June 3, 2015

**MAXIMUM MORTGAGE CALCULATION**

**Permanent Loan**

|                            |                   |                    |  |
|----------------------------|-------------------|--------------------|--|
| Net Operating Income       |                   | 155,836            |  |
| DSC                        |                   | 1.15               |  |
| Available for Debt Service |                   | 135,510            |  |
|                            | Underwriting      | Maximum            |  |
|                            | <u>Constraint</u> | <u>Loan Amount</u> |  |
| Debt Service Coverage      | 1.15              | 1,771,000          |  |
| <b>MAXIMUM MORTGAGE</b>    |                   | <b>1,771,000</b>   |  |



## Coronel Apartments 15-Year Cash Flow

|  |                             | 2.50% | 3.50%   | 2.00% | 1        | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     | 2022     | 2023     | 2024     | 2025     | 2026     | 2027     | 2028     |          |
|--|-----------------------------|-------|---------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|  |                             |       |         |       |          | 1        | 2        | 3        | 4        | 5        | 6        | 7        | 8        | 9        | 10       | 11       | 12       | 13       | 14       | 15       |
| ASSUMPTIONS:                                 |                             |       |         |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Rent Increase:                               | Perm Loan - % Debt Svc Yr 1 |       | 100.00% |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Expenses Increase:                           | Percent Q.O. In Lease-up Yr |       | 100.00% |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| RE Tax Increase:                             |                             |       |         |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| GROSS POTENTIAL INCOME - RESIDENTIAL         |                             |       |         |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Misc. Income                                 |                             |       |         |       |          | 511,860  | 524,657  | 537,773  | 551,217  | 564,988  | 579,123  | 593,601  | 608,441  | 623,652  | 639,243  | 655,224  | 671,605  | 688,395  | 705,605  | 723,245  |
| Vacancy Loss - Residential                   |                             |       |         |       | 3,240    | 3,321    | 3,404    | 3,489    | 3,576    | 3,666    | 3,666    | 3,757    | 3,851    | 3,948    | 4,046    | 4,147    | 4,251    | 4,357    | 4,466    | 4,578    |
|  |                             |       |         |       | (25,755) | (26,399) | (27,059) | (27,735) | (28,429) | (29,139) | (29,868) | (29,668) | (30,615) | (31,380) | (32,164) | (32,969) | (33,793) | (34,638) | (35,504) | (36,391) |
| <b>GROSS EFFECTIVE INCOME</b>                |                             |       |         |       |          | 489,345  | 501,579  | 514,118  | 526,971  | 540,145  | 553,649  | 567,490  | 581,677  | 596,271  | 611,125  | 626,403  | 642,063  | 658,115  | 674,567  | 691,432  |
| Operating Expenses                           |                             |       |         |       | 311,309  | 322,205  | 333,482  | 345,154  | 357,234  | 369,737  | 382,678  | 396,072  | 409,935  | 424,282  | 439,132  | 454,502  | 470,409  | 486,874  | 503,914  | 521,514  |
| Real Estate Taxes                            |                             |       |         |       | 6,000    | 6,120    | 6,242    | 6,367    | 6,495    | 6,624    | 6,757    | 6,892    | 7,030    | 7,171    | 7,314    | 7,460    | 7,609    | 7,762    | 7,917    | 8,076    |
| <b>TOTAL OPERATING EXPENSES</b>              |                             |       |         |       | 317,309  | 328,325  | 339,724  | 351,521  | 363,729  | 376,362  | 389,435  | 402,964  | 416,964  | 431,453  | 446,446  | 461,962  | 478,019  | 494,635  | 511,831  | 529,590  |
| <b>NET OPERATING INCOME</b>                  |                             |       |         |       | 172,036  | 173,254  | 174,394  | 175,450  | 176,416  | 177,287  | 178,014  | 178,518  | 179,255  | 179,672  | 179,957  | 180,101  | 180,096  | 179,932  | 179,601  | 179,117  |
| REPLACEMENT RESERVE                          |                             |       |         |       | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   | 16,200   |
| <b>NET INCOME AVAILABLE FOR DEBT SERVICE</b> |                             |       |         |       | 155,836  | 157,054  | 158,194  | 159,250  | 160,216  | 161,087  | 161,887  | 162,513  | 163,055  | 163,472  | 163,757  | 163,901  | 163,896  | 163,732  | 163,401  | 163,017  |
| Permanent Loan                               |                             |       |         |       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Principal                                    |                             |       |         |       | 19,496   | 20,819   | 22,231   | 23,738   | 25,348   | 27,067   | 28,893   | 30,863   | 32,957   | 35,192   | 37,578   | 40,127   | 42,849   | 45,755   | 48,858   | 52,163   |
| Interest                                     |                             |       |         |       | 115,951  | 114,629  | 113,217  | 111,709  | 110,099  | 108,380  | 106,544  | 104,584  | 102,491  | 100,255  | 97,889   | 95,320   | 92,599   | 89,693   | 86,589   | 83,274   |
| <b>TOTAL DEBT SERVICE</b>                    |                             |       |         |       | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  | 135,447  |
| <b>NET CASH FLOW</b>                         |                             |       |         |       | 20,389   | 21,607   | 22,747   | 23,803   | 24,769   | 25,640   | 26,408   | 27,066   | 27,608   | 28,025   | 28,310   | 28,454   | 28,449   | 28,285   | 27,953   | 27,543   |
| Debt Service Coverage Ratio                  |                             |       |         |       | 1.15     | 1.16     | 1.17     | 1.18     | 1.18     | 1.19     | 1.19     | 1.20     | 1.20     | 1.21     | 1.21     | 1.21     | 1.21     | 1.21     | 1.21     | 1.21     |

# Coronel Apartments

**Prepared For:** Hollywood Community Housing  
**Prepared By:** California Housing Partnership Corporation  
**Version:** v5.3 2015 9% 45unit update  
**Revised:** June 3, 2015  
**File:** Macintosh HD:Users:deannablight:Dropbox (CHPC):CHPC Zorica:projects:hchc:coronel:Financial Proformas:[Coronel v5.3 150603 9% 45unit update.xls]Sources

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## SOURCES OF FUNDS

PAGE 1

| <b>PERMANENT</b>                 | AMOUNT            | TOTAL<br>INT COST | OID<br>INT RATE | TERM (Yr) | COMMENTS                                      |
|----------------------------------|-------------------|-------------------|-----------------|-----------|---|
| Permanent Loan                   | 1,329,000         | 6.58%             |                 | 30.00     |   |
| CRA - LA                         | 5,027,000         | 3.00%             | 1.79%           | 55.00     |   |
| City of LA In Lieu Aff Hsg Funds | 1,500,000         | 4.00%             | 2.14%           | 55.00     |   |
| Infill Infrastructure Grant      | 1,752,000         | 0.00%             | 0.00%           | 55.00     |   |
| AHP                              | 440,000           | 0.00%             | 0.00%           | 55.00     |   |
| Deferred Developer Fee           | 600,000           | 0.00%             |                 |           | Total Currently Paid Developer Fee: 1,400,000 |
| Capital Contributions            |                   |                   |                 |           |   |
| General Partner                  | 0                 |                   |                 |           | Credit pricing: \$0.9700                      |
| Limited Partners                 | 15,154,376        |                   |                 |           | % Equity in at Construction 15.0%             |
| <b>TOTAL SOURCES</b>             | <b>25,802,376</b> |                   |                 |           |   |
| Surplus/(Shortfall)              | -5,532,337        |                   |                 |           |   |

| <b>CONSTRUCTION</b>              | AMOUNT            | INT RATE | TERM (Mo.) |
|----------------------------------|-------------------|----------|------------|
| Construction Loan                | 19,228,600        | 3.70%    | 20         |
| CRA - LA                         | 5,027,000         | 3.00%    | 20         |
| City of LA In Lieu Aff Hsg Funds | 1,500,000         | 4.00%    | 20         |
| Infill Infrastructure Grant      | 1,752,000         | 0.00%    | 20         |
|                                  |                   | 0.00%    | 20         |
| Costs Deferred Until Conversion* | 953,957           |          |            |
| Deferred Developer Fee           | 600,000           |          |            |
| Capital Contributions            |                   |          |            |
| General Partner                  | 0                 | 0.00%    |            |
| Limited Partners                 | 2,273,156         | 0.00%    |            |
| <b>TOTAL SOURCES</b>             | <b>31,334,713</b> |          |            |
| Surplus/(Shortfall)              | 0                 |          |            |

| <b>*COSTS DEFERRED UNTIL CONVERSION</b> |                |
|---|----------------|
| Operating Reserve                       | 197,957        |
| Legal: Perm Close                       | 20,000         |
| Title/Recording/Escrow - Permanent      | 15,000         |
| Audit/Tax Returns                       | 21,000         |
| Developer Fee                           | 700,000        |
| <b>TOTAL</b>                            | <b>953,957</b> |

| <b>* INTEREST RATE STACK</b> | Construction | Permanent    |
|------------------------------|--------------|--------------|
| 30-day LIBOR / 10Y Treasury  | 0.200%       | 2.580%       |
| Bank spread                  | 2.500%       | 3.250%       |
| cushion                      | 1.000%       | 0.750%       |
| <b>TOTAL</b>                 | <b>3.70%</b> | <b>6.58%</b> |



**Coronel Apartments**

**Uses of Funds**

|  | 100.00%<br>TOTAL  |                   | 0.00%<br>TOTAL | NON-<br>DEPREC   | DEPRECIABLE       |          |                  | TAX CREDIT ELIGIBLE |                   |          |
|--|-------------------|-------------------|----------------|------------------|-------------------|----------|------------------|---------------------|-------------------|----------|
|  | TOTAL             | RESIDENTIAL       | COMMERCIAL     |                  | RESIDENTIAL       | NON-RES  | EXPENSE          | AMORTIZE            | CONST/<br>REHAB   | ACQUIS.  |
| <b>ACQUISITION COSTS</b>                 |                   |                   |                |                  |                   |          |                  |                     |                   |          |
| <i>Total Purchase Price</i>              | 3,485,000         |                   |                |                  |                   |          |                  |                     |                   |          |
| Land                                     | 3,485,000         | 3,485,000         | 0              | 3,485,000        |                   |          |                  |                     |                   |          |
| Demolition & Abatement                   | 289,375           | 289,375           | 0              | 289,375          |                   |          |                  |                     | 0                 |          |
| Off-site Improvements                    | 23,750            | 23,750            | 0              | 0                | 23,750            | 0        |                  | 23,750              |                   |          |
| Acquisition Loan Fee & Interest          | 134,662           | 134,662           | 0              | 134,662          | 0                 |          |                  | 0                   |                   |          |
| <b>GENERAL DEVELOPMENT COSTS</b>         |                   |                   |                |                  |                   |          |                  |                     |                   |          |
| Unit Construction                        | 15,250,387        | 15,250,387        | 0              | 0                | 15,250,387        | 0        | 0                | 15,250,387          |                   |          |
| Site Improvements/Landscape              | 451,000           | 451,000           | 0              |                  | 451,000           | 0        |                  | 451,000             |                   |          |
| Contractor Gen'l Req                     | 1,441,306         | 1,441,306         | 0              |                  | 1,441,306         | 0        |                  | 1,441,306           |                   |          |
| Contractor Overhead and Profit           | 800,726           | 800,726           | 0              | 0                | 800,726           | 0        |                  | 800,726             |                   |          |
| Payment & Performance Bond + Insurance   | 551,804           | 551,804           | 0              |                  | 551,804           | 0        |                  | 551,804             |                   |          |
| Construction Contingency (10%)           | 1,851,897         | 1,851,897         | 0              | 0                | 1,851,897         | 0        |                  | 1,851,897           |                   |          |
| Local Permits/Fees                       | 433,000           | 433,000           | 0              |                  | 433,000           | 0        |                  | 433,000             |                   |          |
| Local Development Impact Fees            | 200,000           | 200,000           | 0              |                  | 200,000           | 0        |                  | 200,000             |                   |          |
| Phase I/Asbestos/Toxics                  | 221,500           | 221,500           | 0              |                  | 221,500           | 0        |                  | 221,500             |                   |          |
| Deputy Inspection                        | 110,000           | 110,000           | 0              |                  | 110,000           | 0        |                  | 110,000             |                   |          |
| Architecture                             | 713,000           | 713,000           | 0              |                  | 713,000           | 0        |                  | 713,000             |                   |          |
| Survey/Engineering/Soils/Landscape Arch. | 73,000            | 73,000            | 0              |                  | 73,000            | 0        |                  | 73,000              |                   |          |
| Appraisal                                | 15,000            | 15,000            | 0              | 15,000           | 0                 | 0        | 0                | 0                   |                   |          |
| Relocation                               | 908,500           | 908,500           | 0              |                  | 0                 | 0        | 908,500          | 0                   |                   |          |
| Market Study                             | 10,000            | 10,000            | 0              |                  | 10,000            | 0        |                  | 10,000              |                   |          |
| Construction Loan Expenses               | 85,000            | 85,000            | 0              |                  | 85,000            | 0        |                  | 85,000              |                   |          |
| Construction Loan Fees                   | 192,286           | 192,286           | 0              |                  | 192,286           | 0        |                  | 192,286             |                   |          |
| Construction Period Interest             | 652,200           | 652,200           | 0              |                  | 436,974           | 0        | 215,226          | 436,974             |                   |          |
| Title/Recording/Escrow - Acquisition     | 10,815            | 10,815            | 0              | 10,815           | 0                 | 0        |                  | 0                   | 0                 |          |
| Title/Recording/Escrow - Construction    | 45,000            | 45,000            | 0              |                  | 45,000            | 0        |                  | 45,000              | 0                 |          |
| Title/Recording/Escrow - Permanent       | 15,000            | 15,000            | 0              |                  |                   |          | 15,000           |                     |                   |          |
| Permanent Loan Fees                      | 13,290            | 13,290            | 0              |                  |                   |          | 13,290           |                     |                   |          |
| Real Estate Taxes During Construction    | 15,000            | 15,000            | 0              |                  | 15,000            | 0        | 0                | 15,000              | 0                 |          |
| Insurance During Construction            | 312,000           | 312,000           | 0              |                  | 312,000           | 0        | 0                | 312,000             | 0                 |          |
| Soft Cost Contingency (5%)               | 178,766           | 178,766           | 0              |                  | 178,766           | 0        |                  | 178,766             |                   |          |
| TCAC Application/Monitoring Fee          | 124,985           | 124,985           | 0              |                  |                   |          | 124,985          |                     |                   |          |
| Legal: Acquisition                       | 2,500             | 2,500             | 0              | 2,500            | 0                 |          |                  | 0                   | 0                 |          |
| Legal: Construction Closing              | 30,000            | 30,000            | 0              |                  | 30,000            | 0        |                  | 30,000              | 0                 |          |
| Permanent Closing                        | 20,000            | 20,000            | 0              |                  |                   |          | 20,000           |                     |                   |          |
| Organization of Partnership              | 10,000            | 10,000            | 0              | 10,000           |                   |          | 0                |                     |                   |          |
| Syndication                              | 25,000            | 25,000            | 0              | 25,000           |                   |          |                  |                     |                   |          |
| Syndication Consulting                   | 55,000            | 55,000            | 0              | 55,000           |                   |          |                  | 0                   | 0                 |          |
| Audit/Cost Certification                 | 21,000            | 21,000            | 0              |                  | 0                 | 21,000   |                  | 0                   |                   |          |
| Furnishings & Signage                    | 40,000            | 40,000            | 0              |                  | 40,000            | 0        |                  | 40,000              |                   |          |
| Operating Reserve (6 months)             | 197,957           | 197,957           | 0              | 197,957          |                   |          |                  |                     |                   |          |
| Marketing Account                        | 35,008            | 35,008            | 0              |                  |                   | 35,008   |                  |                     |                   |          |
| Construction management (3rd party)      | 110,000           | 110,000           | 0              |                  | 110,000           | 0        |                  | 110,000             |                   |          |
| Entitlements                             | 90,000            | 90,000            | 0              |                  | 90,000            | 0        |                  | 90,000              |                   |          |
| LEED Certification                       | 90,000            | 90,000            | 0              |                  | 90,000            | 0        |                  | 90,000              |                   |          |
| Developer Fee                            | 2,000,000         | 2,000,000         | 0              | 0                | 2,000,000         | 0        |                  | 1,400,000           | 0                 |          |
| <b>TOTAL DEVELOPMENT COSTS</b>           | <b>31,334,713</b> | <b>31,334,713</b> | <b>0</b>       | <b>4,225,309</b> | <b>25,756,396</b> | <b>0</b> | <b>1,179,734</b> | <b>173,275</b>      | <b>25,156,396</b> | <b>0</b> |

**TOTAL CONSTRUCTION CONTRACT 18,808,348**

| TCAC High Cost Test               | 2015 Regulations |
|-----------------------------------|------------------|
| a) Total Eligible Basis           | 25,156,396       |
| b) Total Adjusted Threshold Basis | 15,627,756       |
| <b>a) / b)</b>                    | <b>160.97%</b>   |

| TCAC DEVELOPER FEE CALCULATION          |                  |          |                  |  |
|---|------------------|----------|------------------|--|
|   | Constr           | Acq      | Total            |  |
| Maximum Potential TCAC Fee (per limits) | 2,000,000        | 0        | 2,000,000        |  |
| Maximum Potential TCAC Fee (per basis)  | 3,563,459        | -        | 3,563,459        |  |
| Ratio                                   | 100.00%          | 0.00%    | 100.00%          |  |
| Maximum TCAC Fee                        | 2,000,000        | -        | 2,000,000        |  |
| Maximum Fee per HACOLA Application      | 2,000,000        | -        | 2,000,000        |  |
| Maximum Fee (deferred + paid)           | 2,000,000        | -        | 2,000,000        |  |
| <b>MAXIMUM FEE</b>                      | <b>2,000,000</b> | <b>-</b> | <b>2,000,000</b> |  |

**Coronel Apartments**  
**Unit Mix & Rental Income**

Version: v5.3 2015 9% 45unit update  
 Revised: June 3, 2015

|  |                           |                           |
|--|---------------------------|---------------------------|
| <b>AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)</b><br>45.19% | <b>UTILITY ALLOWANCES</b> |                           |
|  | <b>UNIT MIX</b>           | <b>UTILITY ALLOWANCES</b> |
|  | 0 BR                      | \$0                       |
|  | 1 BR                      | \$27                      |
|  | 2 BR                      | \$35                      |
|  | 3 BR                      | \$43                      |
|  | 4 BR                      | \$0                       |

**RESIDENTIAL INCOME**

| TAX-CREDIT ELIGIBLE - TIER 1: |          | 30% AMI TCAC   | CRA 50% Very Low |                            | Percentage of Targeted Units: 11.4% |                           |                        |                       |
|-------------------------------|----------|----------------|------------------|----------------------------|-------------------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE                     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT      | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT         | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 1 BR                          | 1        | 600            | 600              | 29.9%                      | 466                                 | 439                       | 439                    | 5,268                 |
| 2 BR                          | 2        | 800            | 1,600            | 30.0%                      | 560                                 | 525                       | 1,050                  | 12,600                |
| 3 BR                          | 2        | 1,100          | 2,200            | 30.0%                      | 647                                 | 604                       | 1,208                  | 14,496                |
| <b>TOTAL</b>                  | <b>5</b> |                | <b>4,400</b>     |                            |                                     |                           | <b>2,697</b>           | <b>32,364</b>         |

| TAX-CREDIT ELIGIBLE - TIER 2: |           | 40% AMI TCAC   | CRA 50% Very Low |                            | Percentage of Targeted Units: 34.1% |                           |                        |                       |
|-------------------------------|-----------|----------------|------------------|----------------------------|-------------------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE                     | NUMBER    | PER UNIT SQ FT | TOTAL SQ FT      | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT         | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 1 BR                          | 5         | 600            | 3,000            | 40.0%                      | 622                                 | 595                       | 2,975                  | 35,700                |
| 2 BR                          | 6         | 800            | 4,800            | 39.1%                      | 729                                 | 694                       | 4,164                  | 49,968                |
| 3 BR                          | 4         | 1,100          | 4,400            | 37.5%                      | 810                                 | 767                       | 3,068                  | 36,816                |
| <b>TOTAL</b>                  | <b>15</b> |                | <b>12,200</b>    |                            |                                     |                           | <b>10,207</b>          | <b>122,484</b>        |

| TAX-CREDIT ELIGIBLE - TIER 2: |           | 50% AMI TCAC   | CRA 60% Low   |                            | Percentage of Targeted Units: 34.1% |                           |                        |                       |
|-------------------------------|-----------|----------------|---------------|----------------------------|-------------------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE                     | NUMBER    | PER UNIT SQ FT | TOTAL SQ FT   | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT*        | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 1 BR                          | 5         | 600            | 3,000         | 50.0%                      | 778                                 | 751                       | 3,755                  | 45,060                |
| 2 BR                          | 6         | 800            | 4,800         | 46.9%                      | 875                                 | 840                       | 5,040                  | 60,480                |
| 3 BR                          | 4         | 1,100          | 4,400         | 45.0%                      | 972                                 | 929                       | 3,716                  | 44,592                |
| <b>TOTAL</b>                  | <b>15</b> |                | <b>12,200</b> |                            |                                     |                           | <b>12,511</b>          | <b>150,132</b>        |

| TAX-CREDIT ELIGIBLE - TIER 4: |          | 60% AMI TCAC   | CRA 110% Moderate |                            | Percentage of Targeted Units: 20.5% |                           |                        |                       |
|-------------------------------|----------|----------------|-------------------|----------------------------|-------------------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE                     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT       | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT*        | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 2 BR                          | 5        | 800            | 4,000             | 60.0%                      | 1,120                               | 1,085                     | 5,425                  | 65,100                |
| 3 BR                          | 4        | 1,100          | 4,400             | 60.0%                      | 1,295                               | 1,252                     | 5,008                  | 60,096                |
| <b>TOTAL</b>                  | <b>9</b> |                | <b>8,400</b>      |                            |                                     |                           | <b>10,433</b>          | <b>125,196</b>        |

| MANAGER UNITS |          |                |              |                            |                             |                           |                        |                       |
|---------------|----------|----------------|--------------|----------------------------|-----------------------------|---------------------------|------------------------|-----------------------|
| UNIT TYPE     | NUMBER   | PER UNIT SQ FT | TOTAL SQ FT  | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 3 BR          | 1        | 1,100          | 1,100        | 0.0%                       | 0                           | 0                         | 0                      | 0                     |
| <b>TOTAL</b>  | <b>1</b> |                | <b>1,100</b> |                            |                             |                           | <b>0</b>               | <b>0</b>              |

| TOTAL RESIDENTIAL INCOME |             |                     |              |
|--------------------------|-------------|---------------------|--------------|
|                          | TOTAL UNITS | TOTAL MONTHLY (Net) | TOTAL ANNUAL |
|                          | 45          | 35,848              | 430,176      |

| MISCELLANEOUS INCOME |                  |               |              |
|----------------------|------------------|---------------|--------------|
|                      | PER-UNIT MONTHLY | TOTAL MONTHLY | TOTAL ANNUAL |
| Laundry/Vending      | 4.89             | 220           | 2,640        |
| Financial            | 0.00             | 0             | 0            |

**Coronel Apartments**  
**Rent Comparison Table**

**Version:** v5.3 2015 9% 45unit update  
**Revised:** June 3, 2015

| Unit Type  | 30% AMI (Net) | 2013 RDA Rents 50% VL | Section 236 Rent* | Current Section 8 Rent | Comparable Market | 10% Below Market | LOWEST |
|------------|---------------|-----------------------|-------------------|------------------------|-------------------|------------------|--------|
| 0 Bedrooms | 436           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 439           | 621                   | 0                 | 1,083                  | 1,500             | 1,350            | 439    |
| 2 Bedrooms | 525           | 694                   | 0                 | 1,398                  | 1,500             | 1,350            | 525    |
| 3 Bedrooms | 604           | 767                   | 0                 | 1,890                  | 1,500             | 1,350            | 604    |
| 4 Bedrooms | 722           | 875                   |                   | 2,106                  | 1,500             | 1,350            | 722    |
| 40%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 50% VL                |                   |                        |                   |                  |        |
| 0 Bedrooms | 581           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 595           | 621                   | 0                 | 1,083                  | 1,500             | 1,350            | 595    |
| 2 Bedrooms | 711           | 694                   | 0                 | 1,398                  | 1,500             | 1,350            | 694    |
| 3 Bedrooms | 820           | 767                   | 0                 | 1,890                  | 1,500             | 1,350            | 767    |
| 4 Bedrooms | 962           | 875                   |                   | 2,106                  | 1,500             | 1,350            | 875    |
| 50%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 60% Low               |                   |                        |                   |                  |        |
| 0 Bedrooms | 726           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 751           | 751                   | 0                 | 1,083                  | 1,500             | 1,350            | 751    |
| 2 Bedrooms | 898           | 840                   | 0                 | 1,398                  | 1,500             | 1,350            | 840    |
| 3 Bedrooms | 1,036         | 929                   | 0                 | 1,890                  | 1,500             | 1,350            | 929    |
| 4 Bedrooms | 1,203         | 1,050                 |                   | 2,106                  | 1,500             | 1,350            | 1,050  |
| 50%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 120% Mod              |                   |                        |                   |                  |        |
| 0 Bedrooms | 726           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 751           | 1,399                 |                   | 1,083                  | 1,500             | 1,350            | 751    |
| 2 Bedrooms | 898           | 1,568                 | 0                 | 1,398                  | 1,500             | 1,350            | 898    |
| 3 Bedrooms | 1,036         | 1,739                 | 0                 | 1,890                  | 1,500             | 1,350            | 1,036  |
| 4 Bedrooms | 1,203         | 1,925                 |                   | 2,106                  | 1,500             | 1,350            | 1,203  |
| 60%        |               |                       |                   |                        |                   |                  |        |
| Unit Type  | AMI (Net)     | 120% Mod              | Rent*             | Section 8 Rent         | Market            | Market           | LOWEST |
| 0 Bedrooms | 871           | 0                     |                   | 896                    | 1,500             | 1,350            | -      |
| 1 Bedrooms | 907           | 1,399                 | 0                 | 1,083                  | 1,500             | 1,350            | 907    |
| 2 Bedrooms | 1,085         | 1,568                 | 0                 | 1,398                  | 1,500             | 1,350            | 1,085  |
| 3 Bedrooms | 1,252         | 1,739                 | 0                 | 1,890                  | 1,500             | 1,350            | 1,252  |
| 4 Bedrooms | 1,444         | 1,925                 |                   | 2,106                  | 1,500             | 1,350            | 1,350  |





**Coronel Apartments**  
Tax Credit Calculation

Version: v5.3 2015 9% 45unit update  
Revised: June 3, 2015

|   | FEDERAL  |                              |            | CALIFORNIA |                 |           |
|---|--|------------------------------|------------|------------|-----------------|-----------|
|   | ACQUIS   | CONST/<br>REHAB              | TOTAL      | ACQUIS     | CONST/<br>REHAB | TOTAL     |
| TOTAL ELIGIBLE COSTS                        | 0  | 25,156,396                   | 25,156,396 | 0          | 0               | 0         |
| Less:                                       |  |                              |            |            |                 |           |
| Non-Eligible (Federal/Grant Financing):     |  | 0                            | 0          | 0          | 0               | 0         |
| ELIGIBLE BASIS                              | 0  | 25,156,396                   | 25,156,396 | 0          | 0               | 0         |
| THRESHOLD BASIS LIMIT                       |  |                              | 15,627,756 |            |                 |           |
| REQUESTED ELIGIBLE BASIS                    | 0  | 15,627,756                   | 15,627,756 | 0          | 0               | 0         |
| LESS: VOLUNTARY REDUCTION                   | 0.000%   | -                            | -          |            |                 |           |
| TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS   | 0  | 15,627,756                   |            |            |                 |           |
| HIGH COST ADJUSTMENT (Y/N)                  | Y  | 130.0%                       |            | 100.0%     | 100.0%          |           |
| ADJUSTED ELIGIBLE BASIS                     | 0  | 20,316,083                   | 20,316,083 | 0          | 0               | 0         |
| APPLICABLE FRACTION*                        | 100.0%   | 100.0%                       |            | 100.0%     | 100.0%          |           |
| QUALIFIED CREDIT BASIS                      | 0  | 20,316,083                   | 9,099,762  | 0          | 0               | 0         |
| CREDIT REDUCTION                            | 0.00%  | 0                            | 0          |            | 0               |           |
| ADJUSTED QUALIFIED CREDIT BASIS             |  | 0                            | 20,316,083 |            |                 | 9,099,762 |
| CREDIT RATE                                 | Federal Annual/Yr 1-3 State<br>Year 4 - State          | 3.30%                        | 7.69%      | 3.30%      | 7.69%           |           |
|   |  | <b>2015 TCAC Application</b> |            | 3.10%      | 6.93%           |           |
| MAXIMUM CREDIT AMOUNT PER COSTS             | Federal Annual/Yr 1-3 State<br>Year 4 - State<br>Total | 0                            | 1,562,307  | 1,562,307  | 0               | 0         |
|   |  |                              |            |            | 0               | 0         |
|   |  |                              |            |            | 0               | 0         |
| ACTUAL TCAC CREDIT RESERVATION              | Federal Annual/Total State<br>652,200                  | N/A                          | N/A        | 1,562,307  | N/A             | N/A       |
|   |  |                              |            |            | 5,923,800       |           |
| MAXIMUM ALLOWABLE CREDITS (Lesser of above) | Federal Annual/Total State                             | 0                            | 1,562,307  | 1,562,307  |                 | 0         |
| MAXIMUM ALLOWABLE - TEN YEAR TOTAL          |  |                              | 15,623,068 |            |                 | 0         |

| TCAC Tiebreaker #2:  | 2015 Regulations  |
|--|-------------------|
| Ratio of Committed Public Funds to TDC                         |                   |
| <b>Committed Public Funds</b>                                  |                   |
| CRA - LA   | 5,027,000         |
| City of LA In Lieu Aff Hsg Funds                               | 1,500,000         |
| Infill Infrastructure Grant                                    | 1,752,000         |
| AHP  |                   |
| <b>TOTAL Committed Permanent Financing</b>                     | <b>8,279,000</b>  |
| Percentage of units w/rent operating subsidy                   | 0.00%             |
|  | 25.0%             |
| <b>TOTAL w/Rent &amp; Operating Subsidy Public Funds Boost</b> | <b>8,279,000</b>  |
| Total development cost (residential)                           | 31,334,713        |
| less syndication costs   | (90,000)          |
| <b>Adjusted TDC</b>  | <b>31,244,713</b> |
| <b>Tiebreaker Ratio</b>  | <b>26.497%</b>    |
| Ratio of Unadjusted Eligible Basis to TDC                      |                   |
| <b>Requested Unadjusted Eligible Basis</b>                     | <b>15,627,756</b> |
| <b>Tiebreaker Ratio</b>  | <b>16.661%</b>    |
| <b>SUM</b>   | <b>43.158%</b>    |

| TCAC High Cost Test               | 2015 Regulations |
|-----------------------------------|------------------|
| a) Total Eligible Basis           | 25,156,396       |
| b) Total Adjusted Threshold Basis | 15,627,756       |
| <b>a) / b)</b>                    | <b>160.97%</b>   |

**Coronel Apartments**  
**Base Year Income & Expense**

**Version:** v5.3 2015 9% 45unit update  
**Revised:** June 3, 2015

| <b>INCOME</b>   |              |                |
|---|--------------|----------------|
| Scheduled Gross Income  |              | 430,176        |
| Misc. Income  |              | 2,640          |
| Vacancy Loss - Weighted                                       | 5.0%         | (21,641)       |
| <b>EFFECTIVE GROSS INCOME</b>                                 |              | <b>411,175</b> |
| <b>EXPENSES - RESIDENTIAL</b>                                 |              |                |
| <b>Administrative</b>   |              |                |
| Advertising   | 800          |                |
| Legal   | 1,500        |                |
| Accounting/Audit  | 10,000       |                |
| License/Fees  | 4,850        |                |
| Office supplies, communications & misc.                       | 6,000        |                |
| <b>Total Administrative</b>                                   |              | <b>23,150</b>  |
| <b>Management Fee</b>   |              | <b>28,941</b>  |
| <b>Utilities</b>  |              |                |
| Electricity   | 16,500       |                |
| Gas   | 10,500       |                |
| <b>Total Utilities</b>  |              | <b>27,000</b>  |
| <b>Water/Sewer</b>  |              | <b>32,500</b>  |
| <b>Payroll/Payroll Taxes</b>                                  |              |                |
| On-Site Manager/Maintenance Payroll                           | 45,000       |                |
| Payroll Taxes/Benefits  | 15,000       |                |
| <b>Total Payroll/Payroll Taxes</b>                            |              | <b>60,000</b>  |
| <b>Insurance</b>  |              | <b>22,000</b>  |
| <b>Real Estate Taxes</b>                                      |              | <b>6,000</b>   |
| <b>Maintenance</b>  |              |                |
| Painting  | 6,000        |                |
| Repairs   | 8,000        |                |
| Trash Removal   | 9,500        |                |
| Exterminating   | 1,300        |                |
| Grounds   | 5,000        |                |
| Elevator  | 5,780        |                |
| Fire Alarm  | 600          |                |
| Janitorial  | 10,000       |                |
| Maintenance Staff and Supplies                                | 10,000       |                |
| <b>Total Maintenance</b>                                      |              | <b>56,180</b>  |
| <b>Replacement Reserve</b>                                    |              | <b>13,500</b>  |
| <b>Other</b>  |              |                |
| Resident Services Coordinator                                 | 25,000       |                |
| <b>Total Other</b>  |              | <b>25,000</b>  |
| <b>TOTAL EXPENSES - RESIDENTIAL</b>                           |              | <b>294,271</b> |
| <i>Per Unit Per Year (incl. Reserves)</i>                     | <i>6,539</i> |                |
| <i>Per Unit Per Year (w/o Taxes, Reserves &amp; Services)</i> | <i>5,550</i> |                |
| <b>NET AVAILABLE INCOME</b>                                   |              | <b>116,904</b> |
| Debt Service Coverage Ratio                                   |              | 1.15           |
| <b>AVAILABLE FOR DEBT SERVICE</b>                             |              | <b>101,656</b> |

**Coronel Apartments**  
**Mortgage Calculation & Bond Ratios**

**PAGE 4-A**

**Version:** v5.3 2015 9% 45unit update  
**Revised:** June 3, 2015

**MAXIMUM MORTGAGE CALCULATION**

**Permanent Loan**

|                            |                     |                    |  |
|----------------------------|---------------------|--------------------|--|
| Net Operating Income       |                     | 116,904            |  |
| DSC                        |                     | 1.15               |  |
| Available for Debt Service |                     | 101,656            |  |
|                            | <u>Underwriting</u> | <u>Maximum</u>     |  |
|                            | <u>Constraint</u>   | <u>Loan Amount</u> |  |
| Debt Service Coverage      | 1.15                | 1,329,000          |  |
| <b>MAXIMUM MORTGAGE</b>    |                     | <b>1,329,000</b>   |  |

# Coronel Apartments

## 15-Year Cash Flow

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Version: v5.3 2015 9% 45unit up  
Revised: June 3, 2015

|  | 1         | 2         | 3         | 4         | 5         | 6         | 7         | 8         | 9         | 10        | 11        | 12        | 13        | 14        | 15        |      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|
|  | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2024      | 2024      | 2025      | 2026      | 2027      | 2028 |
| <b>ASSUMPTIONS:</b>                          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Rent Increase:                               |           |           | 100.00%   |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Expenses Increase:                           |           |           | 100.00%   |           |           |           |           |           |           |           |           |           |           |           |           |      |
| RE Tax Increase:                             |           |           | 2.00%     |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Perm Loan - % Debt Svc Yr 1                  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Percent Q.O. In Lease-up Yr                  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
|  | 2.50%     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
|  | 3.50%     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
|  | 2.00%     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
| <b>GROSS POTENTIAL INCOME - RESIDENTIAL</b>  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Misc. Income                                 | 430,176   | 440,930   | 451,954   | 463,253   | 474,834   | 486,705   | 498,872   | 511,344   | 524,128   | 537,231   | 550,662   | 564,428   | 578,539   | 593,002   | 607,827   |      |
| Vacancy Loss - Residential                   | (2,640)   | (2,706)   | (2,774)   | (2,843)   | (2,914)   | (2,987)   | (3,062)   | (3,138)   | (3,217)   | (3,297)   | (3,379)   | (3,464)   | (3,551)   | (3,639)   | (3,730)   |      |
|  | (21,641)  | (22,182)  | (22,736)  | (23,305)  | (23,887)  | (24,485)  | (25,097)  | (25,724)  | (26,367)  | (27,026)  | (27,702)  | (28,395)  | (29,104)  | (29,832)  | (30,578)  |      |
| <b>GROSS EFFECTIVE INCOME</b>                | 411,175   | 421,455   | 431,991   | 442,791   | 453,860   | 465,207   | 476,837   | 488,758   | 500,977   | 513,501   | 526,339   | 539,497   | 552,985   | 566,810   | 580,980   |      |
| Operating Expenses                           | (274,771) | (284,388) | (294,342) | (304,644) | (315,306) | (326,342) | (337,764) | (349,585) | (361,821) | (374,485) | (387,592) | (401,157) | (415,198) | (429,730) | (444,770) |      |
| Real Estate Taxes                            | (6,000)   | (6,120)   | (6,242)   | (6,367)   | (6,495)   | (6,624)   | (6,757)   | (6,892)   | (7,030)   | (7,171)   | (7,314)   | (7,460)   | (7,609)   | (7,762)   | (7,917)   |      |
| <b>TOTAL OPERATING EXPENSES</b>              | (280,771) | (290,508) | (300,584) | (311,011) | (321,801) | (332,966) | (344,521) | (356,478) | (368,851) | (381,655) | (394,906) | (408,618) | (422,807) | (437,491) | (452,687) |      |
| <b>NET OPERATING INCOME</b>                  | 130,404   | 130,947   | 131,407   | 131,780   | 132,060   | 132,241   | 132,316   | 132,281   | 132,126   | 131,846   | 131,433   | 130,880   | 130,178   | 129,318   | 128,293   |      |
| REPLACEMENT RESERVE                          | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    | 13,500    |      |
| <b>NET INCOME AVAILABLE FOR DEBT SERVICE</b> | 116,904   | 117,447   | 117,907   | 118,280   | 118,560   | 118,741   | 118,816   | 118,781   | 118,626   | 118,346   | 117,933   | 117,380   | 116,678   | 115,818   | 114,793   |      |
| Permanent Loan                               |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |      |
| Principal                                    | 14,631    | 15,623    | 16,682    | 17,814    | 19,022    | 20,312    | 21,690    | 23,161    | 24,731    | 26,409    | 28,200    | 30,112    | 32,155    | 34,335    | 36,664    |      |
| Interest                                     | (87,012)  | (86,020)  | (84,960)  | (83,829)  | (82,621)  | (81,331)  | (79,953)  | (78,482)  | (76,911)  | (75,234)  | (73,443)  | (71,530)  | (69,488)  | (67,307)  | (64,979)  |      |
| <b>TOTAL DEBT SERVICE</b>                    | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   | 101,643   |      |
| <b>NET CASH FLOW</b>                         | 15,261    | 15,804    | 16,264    | 16,637    | 16,917    | 17,098    | 17,174    | 17,138    | 16,983    | 16,704    | 16,291    | 15,737    | 15,035    | 14,175    | 13,150    |      |
| Debt Service Coverage Ratio                  | 1.15      | 1.16      | 1.16      | 1.16      | 1.17      | 1.17      | 1.17      | 1.17      | 1.17      | 1.16      | 1.16      | 1.15      | 1.15      | 1.14      | 1.13      |      |

**Coronel Apartments**  
**Threshold Basis Limit Calculation**

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**Version:** v5.3 2015 9% 45unit update  
**Revised:** June 3, 2015

County: Los Angeles  
 9% or 4% 9%

| BASE LIMITS                          |         |         | THRESHOLD BASIS LIMIT FOR THIS PROJECT |         |                      |                   |
|--------------------------------------|---------|---------|--|---------|----------------------|-------------------|
| Unit Type                            | 9%      | 4%      | Unit Type                              | # Units | Per Unit Basis Limit | TOTAL             |
| 0 BR                                 | 170,834 | 201,895 | 0 BR                                   | 0       | 170,834              | 0                 |
| 1 BR                                 | 196,970 | 232,783 | 1 BR                                   | 11      | 196,970              | 2,166,670         |
| 2 BR                                 | 237,600 | 280,800 | 2 BR                                   | 19      | 237,600              | 4,514,400         |
| 3 BR                                 | 304,128 | 359,424 | 3 BR                                   | 15      | 304,128              | 4,561,920         |
| 4 BR                                 | 338,818 | 400,421 | 4 BR                                   | 0       | 338,818              | 0                 |
|                                      |         |         |  | 45      |                      | 11,242,990        |
| <b>Additional Basis Adjustments:</b> |         |         |  |         |                      |                   |
|                                      |         |         |  |         |                      | 200,000           |
|                                      |         |         |  |         |                      | 2,248,598         |
|                                      |         |         |  |         |                      | 787,009           |
|                                      |         |         |  |         |                      | 0                 |
|                                      |         |         |  |         |                      | 0                 |
|                                      |         |         |  |         |                      | 1,124,299         |
|                                      |         |         |  |         | 1.00%                | 112,430           |
|                                      |         |         |  |         |                      | 0                 |
|                                      |         |         |  |         | 30                   | 0                 |
|                                      |         |         |  |         | 5                    | 0                 |
|                                      |         |         |  |         |                      | -87,570           |
| <b>TOTAL THRESHOLD BASIS LIMIT</b>   |         |         |  |         |                      | <b>15,627,756</b> |

15,627,756