INVESTMENT ANALYSIS PRACTICUM

THE RESIDENCES AT RIVERS EDGE

Proposed Multi-Family Development Project

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A practicum thesis submitted to Johns Hopkins University in conformity with the requirements for the degree of Master of Science in Real Estate.

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Executive Summary

Recommendation

Chase Investments (the Investor) should invest in The Residences at Rivers Edge project in Salisbury, MD proposed in the Developer's Investment Offering Memo. The subject property's size, access, shape and waterfront location are conducive to higher density residential development, such as a 4 building residential project as detailed in the original site brochure found in the Appendix. The proposed use is physically possible, legally permitted, market demanded, financially feasible, and would result in the highest value of the site. Moreover, since Phase 1 is partially built, it makes sense to incorporate this building into the planned project and reconfigure the interior to be more typical of rental units in the area. The partially built structure offers favorable incentives to the overall financial viability of the project.

Furthermore, it should be considered that the Investor accept additional development partners to spread the risk of this investment. This ultimately would mean lower returns; however, doing so reduces the Developer's risk. However, there are current risks such as unfamiliar Development team, originally overdesigned site, and potential flood hazards which make this investment risky. Nevertheless, the risk can be easily addressed and mitigated. Based on the financial analysis included in this report this investment opportunity meets the Investor's preferred return. To that end, this investment should be pursued as the subject property will produce a strong IRR which exceeds the Investor's desirable hurdle rate within 10 years.

Overview

As a final requirement for the Master of Science in Real Estate (MSRE) degree program of Johns Hopkins University, the author of this report chose to analyze and evaluate an investment offering for a proposed multifamily project located in Salisbury, MD, The Residences at Rivers Edge (the Subject Property). This report incorporates the various course materials covered in the Johns Hopkins Carey Business School Master of Science in Real Estate Development program. For the purposes of this report, the author posed as an Investment Analyst for the fictitious company Chase Investments, Inc (the Investor). The purpose of this investment evaluation report is to determine if this investment offering will meet Chase Investment’s hurdle rate of 20% and if the Investor should pursue this investment. The completed multifamily project is intended to comprise of two buildings encompassing 164 rental apartments and surface/covered parking. Note that this is a real project that lost its bank financing three years ago due to the financial crisis. This project has been designed and needs an updated building permit from Wicomico County before construction can commence. In addition, Linden Contracting, Inc (the Developer) expects to begin construction upon finalizing and closing of financing.

Investment Opportunity

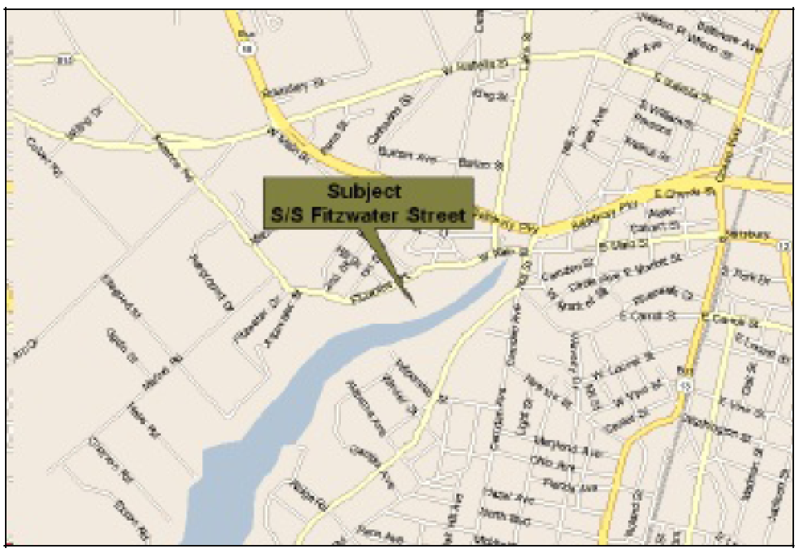
Rivers Edge, LLC (the Developer) is a real estate development partnership founded by the Linden Company, who is soliciting investors to invest in this stalled multifamily development opportunity. The Developer is soliciting high net worth individuals, banks, private equity firms, and family trusts to participate in the investment opportunity analyzed in this report. Chase Investments, Inc was solicited and this report illustrates their investment analysis and evaluation process.

The Developer’s funding requirements for the subject property are as follows, the net project cost is $19,390,252. The cost of Phase 1 and 2 of the Rivers Edge Apartment project would be included in this amount. The enclosed pro forma financials in the Appendix is predicated on an approximate 20% equity participation. The Developer forecasts a minimum return on investment (ROI) of fifteen percent; however, the enclosed pro-forma financial analysis shows this investment has the potential to far exceed the Developer’s ROI forecast. The Developer is seeking a construction loan and permanent financing for the project.

Project Information

Project Description

The Residences at Rivers Edge (the Subject Property) is being proposed as rental apartment housing for students and professionals with 164 units. This project is located on the banks of the Wicomico River in downtown Salisbury, Maryland. Salisbury is the home to Salisbury University, Peninsula General Hospital, the premier hospital on the Eastern Shore, Purdue Farms and Wor Wic Community College. Salisbury is 2 hours from Baltimore, 2.5 hours from Washington D.C. and 30 minutes from Ocean City.



Program of Spaces

The summary of the unit mix of the two rental apartment buildings of the Subject Property are detailed below.

Unit Type	Avg Unit SF	# of Units
1 Bed/1Ba	882	20
2Bed/2Ba	1,150-1,450	124
3Bed/2Ba	1,450-1,750	20
Totals	1260	164

Each unit will typically offer the following features:

- Open Floor Plan
- Bay windows
- Built-In Bookshelves
- Ample In-Unit/Common Area Storage Space
- Large Walk-In Closets
- Gas Fireplaces
- Balcony
- Elegantly Appointed Finishes (i.e. Paint/wall covering)
- Gourmet Kitchen with 42 inch Cabinets
- Stainless Steel Gas Appliances
- Granite Counter Tops
- Hardwood Flooring w/ Carpet in the Bedrooms
- Crown Molding
- Restricted Building Access
- Individual HVAC (In-Unit)

Design Overview

The Subject Property is to consist of a total of 164 units, constructed in 2 phases. Phase 1, which was previously under construction with 30 condominium units, is being redesigned to accommodate 50 apartment units. The average unit size will be approximately 1,150 square feet and with a majority of the apartments containing 2 bedrooms and 2 bathrooms. Each unit will be direct river front and will include a balcony.

The masonry building will be serviced by two elevators and will have a metal and membrane roof as well as an EFIS exterior. The entire building will have sprinkler to code and will include fire stopping systems. According to information supplied by the proposed builder, this building contains approximately 64,419 square feet of gross building area.

Unit interiors will be finished with drywall, wood trim, vinyl and carpet flooring, appliance package; and granite countertops. Each unit will be heated and cooled by forced-air electric HVAC systems.

In 2009, construction of Phase 1 was halted; however, the building was approximately 40% complete. The Developer indicated that since the building has been sitting open to the elements, some repair work is needed.

Phase 2 of the project calls for a 4 story building containing 114 apartment units within 97,840 square feet of gross building area. Phase 2 will consist of a mixture of 1 bedroom, 2 bedrooms and 3 Bedroom units and will average 1260 square feet. The structure is slated to include 2 elevators and parking under the building. Interior finishes will be similar to the 1st building. As this phase will run perpendicular to the Wicomico River, some units will have a view, but no direct river frontage.

Site Improvements

The proposed primary site improvements for the project include an asphalt parking lot, in ground pool with fencing, 40' x 40' clubhouse, sidewalks, entrance sign, exterior lighting, a 700 foot river walk (i.e. boardwalk) with benches, and landscaping. In addition, the site will be fenced with a gate utilizing a key card security system for access.

The Developer stated that when completed, the units individually, and the community as a whole, will exhibit no functional (design) or economic (location) obsolescence. As new construction, no deferred maintenance will exist.

Construction Status

Currently, one building is partially completed and consists of 30 unfinished units ranging in size from 1,751 square feet to 2300 square feet and has 2-3 bedrooms with a study. The Developer is proposing adding more units by modifying wall lines and entries. An additional four units per floor or twenty units will be added making 50 units in all for the first building.

The original construction was stopped on the 5th floor. The new construction would begin with a concrete pour on the 5th floor and completion of the steel panels and roof structure above that to finish the structure. The exterior would require completion of the stone work, EIFS, windows, siding materials and roofing to dry in the shell. The interior walls were started but not completed on the 1^{st} floor leaving flexibility for the interior design revisions without any serious demolition.

The Developer is also proposing designing the second building and starting construction upon the receipt of permits while the 1^{st} building is being completed. In concept, the developer plans on constructing a structured parking level with 4 levels of frame construction above totaling 114 apartment units.

The first building or 40 units is located directly on and runs parallel to the river. The second building or 114 units is proposed to run perpendicular to the river but adjacent to the City Marina. The developer plans to add a pool and clubhouse to be located between the 1^{st} and 2^{nd} building directly along the river and is proposed to be built during the construction of the 2^{nd} building (or Phase 2).

Developer Overview

Linden Contracting, Inc is a full service general contractor and development firm with extensive commercial and multi-family residential experience. Linden has a substantial bonding capacity and an excellent relationship with banks and insurance companies. Linden prides themselves on working collectively with the clients, design teams, and funding entities from the earliest conceptual stage, making projects work within financial constraints while simultaneously producing high quality work within contractual time frames.

President, Glen R. Lindengren and Executive Vice President, William C. Barton foster an environment with strict adherence to a guideline of ethics, in order to maintain a strong level of integrity. Linden is considered a leader and innovator in the construction industry in the Southern Maryland/Virginia corridor. The combination of financial health, sound management and an excellent reputation makes Linden a strong company of choice. Linden has built its business through a planned, controlled growth strategy that has developed enduring, long term relationships with architects, clients, subcontractors and suppliers. The company's success with all types of construction projects illustrate its ability to consistently deliver on projects similar to the subject property. Linden's broad range of experience in construction makes it well qualified partner for the subject property.

Project Schedule

Based on discussions the Developer has had with the Mayor of Salisbury (Jim Ireton), there is strong local and governmental support for this project. To that end, the Developer expects that permitting and approvals will not be an issue as there were already permits approved in the past which have now expired. It should also be noted that the design documents are completed and have already been submitted for approvals. Construction will commence once permit approvals are received and financing is finalized which is scheduled to be completed by the end of June 2012. Construction is expected to take approximately a total of 20 months for both phases. The project is expected to be stabilized by month 30.

Key Project Milestones are listed below:

April 2012- Subject property acquired by Developer

May 2012- Subject project documents submitted for updated building permits

June 2012- Investor and Bank financing commitment finalized for project

August 2012- Construction and leasing commencement

May 2013- Phase 1 completed and Phase 2 in progress

February 2014- Construction substantially completed

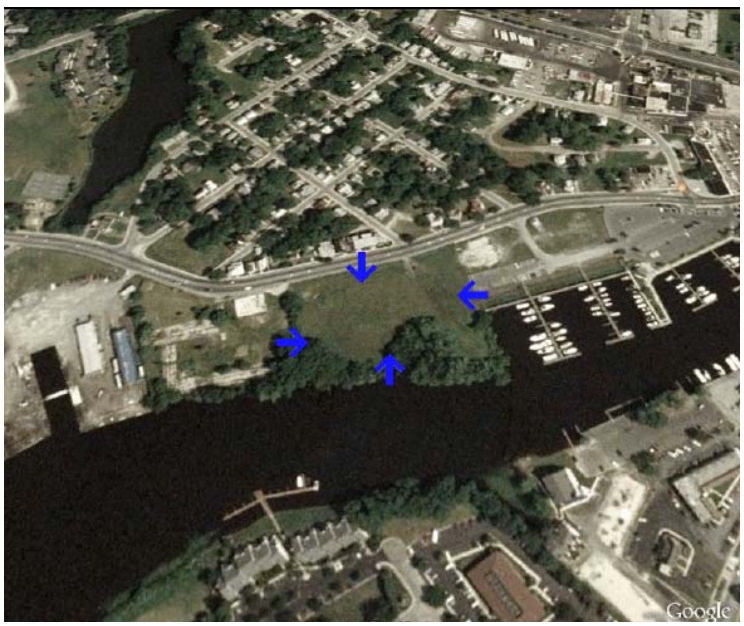
April 2014- Both phases and site work finalized

December 2014- Subject Property stabilized

Site Analysis

Location

The location of the subject property is located on the south side of Fitzwater Street along the Wicomico River in Salisbury, Wicomico County, Maryland. The city marina is adjacent to the subject parcel. The property contains approximately 4.34 acres of land area, more or less, and is essentially rectangular in terms of shape. The site appears to have approximately 405 feet of street frontage along Fitzwater Street and approximately 540 feet along the Wicomico River. The topography of the site is relatively level and clear.



Neighborhood Amenities

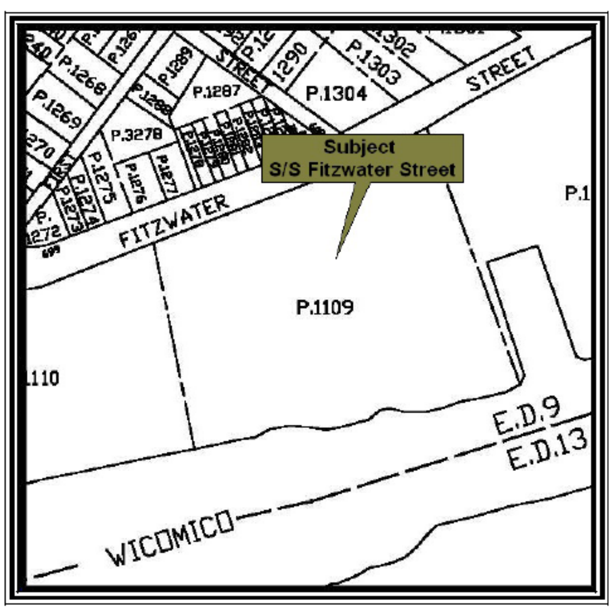
Currently, there are no attractive or value add amenities at the present time near the subject property other than the Marina next door and the close proximity to downtown Salisbury. A few years ago, Salisbury adopted a revitalization plan for the downtown area and areas along the river front. The subject property's neighborhood is one of the areas targeted for redevelopment, although to date, very little progress has been made on this plan.

Sales History and Title Data

Title to the subject property's parcel is currently held in the name of SASR Holdings LLC. The property transferred to the current owners from Residences at Rivers Edge LLC in June 2009 for a reported consideration of $2,400,000. The transfer is recorded as being not arms-length since it is a result of the bank buying the property back at public auction. Reportedly, SASR was the only bidder. The sale included the land and a partially constructed 5 story condominium building. The transfer is recorded in Wicomico County Land Records Liber 3060, Folio 358.

Prior to the most recent transfer, Residences at Rivers Edge LLC acquired the property from Cavalier Resources Limited in February 2006 for a reported consideration of $1,500,000. This was for the "raw land" only and was contingent on all approvals being obtained by the buyer. This transfer is recorded in Wicomico County Land Records Liber 2558, Folio 51. According to the Developer, negotiations are still ongoing for the purchase of the land and existing, partially constructed building with no ratified contract as of the date of this report. However, the Developer indicated that the purchase price will be in the range of $1,000,000-$1,800,000. If so, it appears that the purchase price range is reasonable

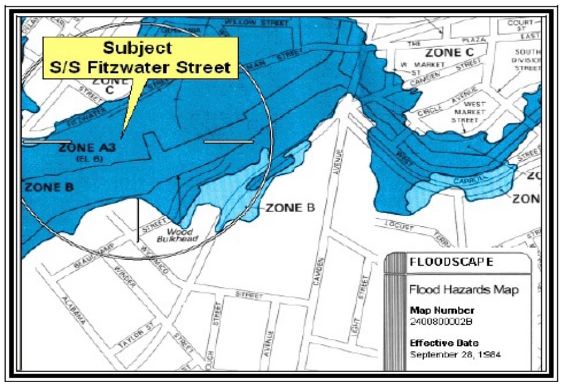
Tax Map Data



The site identified as the proposed Rivers Edge Apartment Project is located on the Southside of Fitzwater Street, along the Wicomico River, in Salisbury, Wicomico County, Maryland. It is further identified on Wicomico County Tax Map 106 as Parcel 1109. The property is located in Census Tract #102. A copy of the relevant portion of the subject tax map is provided above.

Environmental

None of the sources consulted indicated the existence of any potential environmental hazards; however, the site is located in a flood hazard area (Zone A3). A copy of the relevant portion of the Flood Insurance Rate Map, as printed by the Federal Emergency Management Agency, follows (Panel #240080 0002B, dated 09/28/84).



Zoning/Entitlements

The subject site is zoned Riverfront Redevelopment Multiuse District by the City of Salisbury. "This district is intended to promote the development and redevelopment of lands along the Wicomico River with a mixture of uses and activities which are either dependent upon or appropriate to the waterfront."

Permitted uses include, apartments and single-family attached residential; boat sales; commercial fishing and seafood wholesale/retail; hotel/motel; industrial uses dependent upon the waterfront for delivery & shipment of goods/materials; marine railways; office building; parking lot; public or private utility buildings; recreational, social, cultural facilities; public parks and open spaces; restaurants; specialty & marine shopping facilities; trucking and freight transfer terminals; day-care services; etc. It appears that the proposed improvements for the subject property is a legally permitted use. A copy of the appropriate portions of the Salisbury Zoning Code is included in the addenda to this report.

Approvals were previously in place for the prior planned condominium project. The Developer was provided with a letter from the City of Salisbury Department of Building, Permits & Inspections, which states that the building permit for the partially built structure has been extended until April 20, 2013. The developer has stated that he anticipates full approvals for the internal changes to the first building to be obtained within 60 days from the proposed start date. Permits and approvals for the 2nd building are anticipated to take approximately 6 months or by October 2012.

Utilities

The individual units in the proposed apartment complex will be serviced with central water and sewer as provided by the City of Salisbury. It should be noted that adequate utilities satisfy the new design of the subject property

Market Analysis

Regional Description

The Delmarva Peninsula is located on the Mid-Atlantic Coast, consisting of the state of Delaware, as well as the Eastern Shores of Maryland and Virginia. It is bounded on the north by Pennsylvania, on the east by the Atlantic Ocean and the Delaware Bay and River, and on the south and west by the Chesapeake Bay. In stark contrast with the rest of the eastern seaboard, the Delmarva Peninsula is mostly rural. In fact, the total population of Delmarva, as of 2010, is only 1,125,753 people and, more importantly, there are only 212 people per square mile.

State	Population	Area (Square Miles)	Density
Delaware	783,600	1,954	401.02
Maryland (Eastern Shore)	290,755	2,696	107.85
Virginia (Eastern Shore)	51,398	662	77.64
[redacted]			
Totals	1,125,753	5,312	587

The Peninsula, stretching over 180 miles long and 80 miles at its widest point, narrows as you travel south to Cape Charles, Virginia, about 16 miles north of Norfolk, Virginia. The Chesapeake Bay, which separates the Western and Eastern Shores of Maryland and Virginia, is the largest bay in the United States. The primary industries of the region include meat and poultry processing, soybean production, timber harvesting, crab, oyster and fish harvesting, as well as tourism. The tourism industry has been particularly fast developing due to Delmarva's proximity to the Atlantic Ocean. Several nearby towns, such as Rehoboth Beach, Dewey Beach, and Ocean City have grown solely as tourism centers.

County Description

Wicomico County is located on Maryland's Eastern Shore about mid-way down the Delmarva Peninsula. It is bounded by Sussex County, Delaware to the north, Dorchester County to the west, Worcester County to the east, and both Worcester and Somerset Counties to the south.

Wicomico County is approximately 106 miles southeast of Baltimore, 128 miles south of Philadelphia, 228 miles southwest of New York, 324 miles southeast of Pittsburgh and 132 miles north of Norfolk.

The county encompasses 414 square miles, is about 17 to 45 feet above sea level, and has a total population of 94,644 people, as of 2010. Over the past thirty years, the population has grown by roughly 1.86% annually and the last 8 years have seen roughly 2% growth annually. There are over 2,000 businesses in Wicomico County, which employ some 46,933 workers. Of these businesses, over 40 employ 100 or more workers. Some of the major employers include Perdue Farms, K and L Microwave, Harvard Custom Manufacturing, Silverton Marine, Tishcon, Piedmont/U.S. Air Express, The Centre at Salisbury, Salisbury University and Peninsula Regional Medical Center.

Wicomico County has a total labor force of over 53,000 people and had carried an average unemployment rate of 4-5% until the recent economic slump. As of December 2011, the county's unemployment rate had grown to 7.4%. Besides the roughly 4,000 people who are currently unemployed, there are also people who are commuting outside the county for work and others who are either underemployed or are expecting to enter the work force. Wages for the region are relatively low compared to the nearby cities. The median household income is estimated to have been approximately $49,000, as of 2010. Median wage rates are listed below:

Skill Level	Wage Range (per week)
Skilled	$700 - $1,600
Semi-skilled	$400 - $700
Unskilled	$300 - $500

There is limited public transportation in Wicomico County; however, with a centralized population and a good road system, public transportation is generally not needed. The primary means of transportation consists of personal vehicles and trucking. The primary roads in Wicomico County include U.S. 50 and U.S. 13, offering direct routes as far as California. There are over 60 truck lines that operate in the area, including 4 which have terminals in Salisbury.

Overnight service is available as far away as Boston, New York, Pittsburgh, and Charleston, South Carolina. The Salisbury-Wicomico Regional Airport is the second largest airport in Maryland, operating over 40 passenger flights daily to the larger national and international airports in Philadelphia and Charlotte.

Besides a good supply of relatively cheap labor and an adequate transportation system, Wicomico is home to numerous manufacturers with each major N.A.I.C.S. code represented; the average company employs approximately 60 people. While the poultry industry continues to be the solid foundation of Wicomico County's industrial base, the microwave industry is one of the fastest growing segments. Electronic companies currently include: ClearComm Technologies, Custom Cable, Eastern Wireless, Harvard Custom Manufacturing, Lorch Microwave, and K&L Microwave. Other major employers are Peninsula Regional Medical Center, Salisbury University, and Verizon. Moreover, there are a number of business parks throughout Wicomico County, such as the Northgate Business Center, the Northwood Industrial Park, Winterplace and Beaver Run Business Parks, Airplex Business Center, and The Fountains. Additionally, several new business parks are in various stages of construction, including the E.S. Adkins Business Park in Delmar, the Fruitland Industrial Park, Prosperity Business Park, Woodbrooke, Westwood and Beaglin Crossing.

Wicomico County services a retail area consisting of over 325,000 people. This extends south to Cape Charles, east to Ocean City, west to Easton and north to Dover. Total retail sales for 2011 were over $83 million dollars and have been increasing at an annual rate of 5%, more or less, over the past few years.

The Wicomico County Public School System consists of 17 Elementary Schools, 5 Middle Schools, 5 High Schools and 3 Special Education Centers, with a total enrollment of about 15,000 students. The county offers several vocational schools including the Wicomico Applied Technology Center, the Woodbridge Business Institute and the Machine Tool Center and Job Training Program.

Also, Wor-Wic Tech Community College offers several in-plant training programs, as well as supervisory and management programs. The vocational schools have a total enrollment of 2,400 people. Salisbury University, a four year university, offers programs leading to B.A., B.S., M.S. and M.B.A. degrees. The university also offers several evening programs, particularly in business. The University of Maryland Eastern Shore is also nearby in Princess Anne, offering programs in micro technology, electronics, computers, and robotics. As of 2010, 82.9% of the county's population, 25 years and older, were high school graduates or older; 21.7% had bachelor's degrees or higher. This compares somewhat favorably to the state statistics of 86.9% of the population being high school graduates and 36.7% with college degrees or higher.

Salisbury City Overview

Salisbury is the principal city of Somerset, Wicomico, and Worchester counties which had a combined population of 176,657 according to the 2010 US Census. The population density was 2,145.5 people per square mile. There were 9,612 housing units at an average density of 868.6 per square mile. In the city the population was spread out with 21.8% under the age of 18, 21.8% from 18 to 24, 26.9% from 25 to 44, 17.0% from 45 to 64, and 12.5% who were 65 years of age or older. The median age was 29 years. The median income for a household in the city was $29,191, and the median income for a family was $35,527. The per capita income for the city was $15,228. About 16.5% of families and 23.8% of the population were below the poverty line, including 28.9% of those under age 18 and 10.2% of those at the age 65 or over. As of the 2010 Census, there were 30,343 people in the City of Salisbury.

Neighborhood Overview

The subject property is located on the south side of Fitzwater Street along the Wicomico River in Salisbury, Wicomico County, Maryland. The immediate neighborhood is a mixture of commercial, industrial, and residential uses. The Salisbury City Marina is located adjacent to the subject parcel. Brew River, a popular restaurant and bar, is within walking distance, as is the Salisbury downtown area. Other area properties include: Perdue Farms; Chesapeake Shipbuilding Corp.; Chesapeake East Pottery; an auto repair shop; etc.

A few years ago, Salisbury adopted a revitalization plan for the downtown area and areas along the river front. The subject property's neighborhood is one of the areas targeted for redevelopment, although to date, very little progress has been made on this plan. A condominium project that was completed along Riverside Drive, across from the subject (River Place), experienced a very slow sales pace over the past couple of years. Of the 42 total units, only 24 have transferred. Another condominium project slated for construction has been abandoned (500 Riverside).

Target Market

The Developer is focusing leasing and marketing efforts toward local college students and professionals. Currently, there are over 8,000 students enrolled at Salisbury University of which 2,800 students, consisting of freshman and sophomores, live in University owned housing. The Developer feels there is a need for housing of professionals from the Medical complexes, downtown professional offices and Salisbury University.

Rivers Edge is located approximately one mile East of Salisbury University. The site is immediately adjacent to the City Marina and the Brew River Restaurant and across the river from the downtown historic district of Salisbury which is a popular hangout for the Salisbury University population.

A study of comparables has revealed a definitive need for student housing geared towards the juniors, seniors and post grads as well as a distinct gap in available housing for mid to upper range rentals for professionals. Two of the most comparable properties are full with a waiting list with rents ranging from $1100-$1500. An overview of comparables can be found in the Competitive Supply section of this report. This recognized demand has also been confirmed on numerous discussions with the professionals that live in Salisbury as well as the Mayor of Salisbury.

The proposed subject property offers waterfront living for approximately the same price as the other average or better apartment complexes in the Salisbury metropolitan area estimated two years hence.

Market Demand

All indications are that property values, which had experienced significant growth in the early 2000's have decreased over the last few years. This is largely due to the significant influx of new residential properties, which slowed absorption considerably, coupled with the economic crisis impacting the nation as a whole. In addition to a significant increase in the number of foreclosures, a lack of access to financing for those who do want to buy has created a further drag on the housing market. Given the state of the market, there is a shift to more affordable housing rental options.

Rental apartment housing demand is largely based on population and household growth. To that end, the areas in and around Salisbury and Wicomico County have continued to grow over the past few years. According to the U.S. Census Bureau, historical population numbers are as follows:

Historical and Projected Population							
	1980	**1990**	**2000**	**2005**	**2010**	**2015 Est**	**2020 Est**
Wicomico County	65,540	74,339	84,644	87,334	94,500	99,350	103,300
Salisbury	17,043	20,592	23,743	26,295			
Fruitland	2,418	3,511	3,774	3,953			
Delmar	613	1,430	1,859	2,290			
Pittsville	120	602	1,102	1,188			
Hebron	584	665	807	1,022			
Willards	179	708	938	959			
Sharptown	530	609	649	621			
Mardela	253	360	364	360			

The subject property consists of approximately 4.34 river front acres proposed for 164 apartment units, which will comprise the Rivers Edge complex. According to a report released by Korpacz Emerging Trends in Real Estate 2010, published by PricewaterhouseCoopers LLP and the Urban Land Institute, "the turnaround of the job market, the pending need for rental housing by the echo boomers, and the lack of obtainable financing for home purchases strengthen the outlook for apartment market fundamentals." In the meantime though, nationally, vacancy rates sit at a high level of 8% and are expected to rise while the economy struggles to stabilize. This is resulting in projects offering more aggressive concessions, and in some cases lowering rental rates. It is noted, however, that these trends can vary greatly across the various markets nationally. Moreover, "despite the near-term difficulties in this sector, many investors believe that apartment assets remain a solid investment."

Locally, the market appears to be stabilizing. Runaway Bay, a relatively recent complex in Salisbury, indicated that their current occupancy rate is stable in the 90% range, although they declined to give the exact percentage. They have seen more turnovers due to job loss, as well as tenants purchasing homes due to the previous tax credit that was being offered. However, they are filling many of those vacancies with tenants who have lost their homes due to foreclosure or because they need to cut their housing expense.

Ponds Edge is another relatively new apartment project located just north of Salisbury. According to Michael Stortini, a Developer of the project, they have seen a decrease in occupancy since the project opened in 2009. Prior to construction in 2006, they projected their occupancy would be 92%; however, it was more in the range of 82%. He feels the market is now becoming stabilized and their occupancy level is slowly increasing in the high 90+% range. He attributes the early decrease to increased delinquencies due to job loss. In addition, the recession has caused more tenants to rent units with roommates instead of on their own. He believes that 2012 will bring a recovery in this segment of the market, with rents and occupancy rates stabilizing and increasing.

The Marley Manor project (Phases I & II) appears to have fared better than much of the competition. According to a representative, Marley Manor Phase I (192 units) has a current occupancy rate of 98.8%, and Phase II (84 units) has an occupancy rate of 97.2%. Moreover, the grand opening lease up rate for Phase II was strong, going from 0 - 90% between March and November.

Although the apartment market has shown some effects of the recession over the past few years, all indications are that the local market appears to be stabilizing. Moreover, given the subject property's waterfront location, the proposed quality of the product and offered amenities, it should be in ample demand. The subject property's target market is presumed to be a mix of young single professionals, active adults, university students and perhaps seniors looking for a gated community.

Competitive Supply

Due to the demographic of the area there are several communities offering two and three bedroom units. Based on the author's comparable competitive property market tour, the table below illustrates that the projected rents provided by the Developer for the subject property appear to be on the higher end of the range, particularly for the 2 bedroom non-waterfront units. Nevertheless, the proposed amenities at the subject property are better offerings compared to the other comparable multifamily rental communities as seen below.

<u>TWO BEDROOM MARKET RENTS</u>

	Rental #1	Rental #2	Rental #3	Rental #4	Rental #5	Subject Property
Facility:	Marley Manor	Runaway Bay	Mill Pond Village	The Greens @ Schumaker	Ponds Edge	Rivers Edge
Location:	Salisbury	Salisbury	Salisbury	Salisbury	Delmar	Salisbury
Monthly Rent:	$1,150	$1,095	$1,025	$1,090	$1029-$1179	$1,300
Unit Types:	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba
Remarks:	Larger Size, Similar Quality/Cond.	Similar Size, Qual/Cond	Larger Size, Similar Quality/Cond.	Larger Size, Older	Larger Size, Relatively New	
Amenities	Similar	Similar	Similar	Similar	Similar	Will have pool, clubhouse, riverwalk

<u>THREE BEDROOM MARKET RENTS</u>

	Rental #1	Rental #2	Rental #3	Rental #4	Rental #5	Subject Property
Facility:	Marley Manor	Runaway Bay	Mill Pond Village	Williams Landing	Ponds Edge	Rivers Edge
Location:	Salisbury	Salisbury	Salisbury	;alisbury-Riverfror	Delmar	Salisbury-Riverfront
Monthly Rent:	$1,400	$1,295	$1,275	$1,775	$1500-$1650	$1,700
Unit Types:	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba	2 Br, 2 Ba
Remarks:	Larger Size, Similar Quality/Cond.	Similar Size, Qual/Cond	Larger Units, Similar Quality/Cond.	Larger Size, Similar Quality/Cond.	Larger Size, Relatively New	
Amenities	Similar	Similar	Similar	Similar	Similar	Will have pool, clubhouse, riverwalk

COMPARABLE MARKET MULTIFAMILY RENTAL PHOTOS

MILL POND VILLAGE

RUNAWAY BAY

MARLEY MANOR

THE GREENS

WILLIAMS LANDING

PONDS EDGE

Absorption & Vacancy

An important factor to review when determining the feasibility of this subject property is the absorption rate for rental apartment housing. During the peak years of 2004 - 2005, absorption rates for residential projects were in the range of 12 to 24 units per annum. Currently, there are over 800 planned units in the pipeline for Wicomico County over the next several years, and this does not include projects in the early stages of the process.

In general, economists predicted that the market would begin to turn in 2010; however; Wicomico County is behind this estimated rebound curve. Housing Predictor (housingpredictor.com) estimated the U.S. real estate market would take at least a few years to recover from its massive slump it's experiencing. They forecasted the recovery starting in 2012.

Vacancy rates for commercial multifamily properties in the immediate Salisbury market area appear to be in the range of 5% to 10%. Marketing time in the subject property's neighborhood is generally 12 months or less for moderately priced commercial and residential properties.

Investment Summary

Ownership Structure

The land and the subject property will be owned and controlled by the entity Rivers Edge, LLC. Linden Contracting (Developer) is currently the only member of this limited liability company which was formed in Maryland. The Developer's sole purpose for forming the LLC was to acquire, develop, and own the subject property. The Developer is currently in negotiations to purchase the fee simple title for the site. Rivers Edge, LLC intends to own the fee simple title to the site by the end of May 2012. In addition, they will own the revised set of design documents and improvements performed to date which will be transferred once the fee simple title is obtained.

Furthermore, once financing is finalized, Chase Investments (Investor) would become a joint venture member of Rivers Edge, LLC. The Developer would be the Managing Member of the LLC as well as the contracted Developer for the subject property. The necessary legal documents (i.e. operating agreement, articles of organization, etc.) will be updated to reflect the joint venture relationship. It's in the Investor's best interest to be a major contributing factor in the negotiation the development management agreement with completion guarantees, the purchase and sale agreement, and all other legal documentation associated with the subject property.

Investment Benefits

Chase Investments can expect the following benefits from investing in the subject property:

- Partial ownership of a multi-building rental apartment project with a growing market demand.
- Positive return on invested capital under recommended financial scheme.
- Construction costs were overstated and did not account for the completed site improvements that are already in place. As a result, actual costs might be less than budgeted costs.

- Potential income growth through adding additional density to site at a later date.
- Strong IRR based on conservative income and expense estimates.

Investment Risks

The Investment Analyst team has evaluated various areas surrounding this investment which includes the identification of potential risks. It is necessary to identify any potential investment risks prior to issuing a financial commitment for any investments. The author believes that the major risks of the subject property can be mitigated through the construction period, prior to stabilization, and throughout the holding period. The investment risks that were found are as follows:

- Construction may not be completed on time thus potentially altering forecasted rental income.
- Leasing may be above or below anticipated forecasts as detailed in the enclosed pro-forma documents.
- Quality third party rental apartment management companies may not be available in the market area. To that end, customer service and maintenance could suffer as a result thus affecting tenant rollover.
- Salisbury revitalization plan for the downtown and river front areas may not begin or sufficient progress may not take place within the proposed 10 year holding period.

Transaction Timeline

There are a few transaction milestones that need to be completed before financing can be closed on this investment. First, the Developer must put in an offer to acquire the land parcel from SASR Holdings, LLC. Deal terms for this acquisition are currently being negotiated. It is expected that the Developer will finalize an offer price between \$1M-\$1.5M. Closing on the property is expected to happen on or before May 30th. Furthermore, the Developer is in possession of the revised design documents which are pending approval for permits. The building permits are expected to be obtained by the end of June 2012. The Developer has requested for an offer to invest from Investor by no later than June 1st.

Prior to finalization of an investment offer, the Developer and Investor need to commit to the recommended project budget and financials enclosed in this report. Once an agreement is reached on the proposed project budget, an offer letter with a $500,000 refundable deposit will be issued to the Developer to commence a final 30 day due diligence and contract negotiation period. The Developer is slated to close the full project transaction and loan by June 30, 2012. The Developer has requested the Investor to fund the required balance of equity obligations in accordance with the approved draw schedule throughout 2012-2013.

Asset Valuation Analysis

Cost Approach to Value

The Cost Approach provides for a valuation of the site and improvements separately. It is market-oriented with respect to comparable land sales and comparable costs (i.e. materials, labor financing, etc.) in replacing the improvements and with respect to the effects of physical deterioration and functional and economic obsolescence on the minds of purchasers in the marketplace. Replacement cost is related to an objective concept; accrued depreciation is more of a subjective concept related to purchaser reaction to differences among competing properties.

Numerous sales of unimproved land have been investigated to determine and approximate value for the site "as is" and completed. The focus was on land approved for apartments. Research revealed a lack of sales in the immediate market area of the subject property. Therefore, the search was expanded to surrounding municipalities. Those selected were chosen based on their location, zoning and overall market appeal as apartment land. The data for each sale included is presented on the sales comparison table illustrated in the following pages. The unit of comparison is the sale price per apartment unit which is considered most pertinent to this analysis.

Land Sales Comparison Grid

Item	Subject Property	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
						
Project		***Doveview***	***Schumaker Landing***	***Victoria Park***	***Cambridge Commons***	***500 Riverside***
Sale Price		**$4,628,604**	**$960,000**	**$800,000**	**$1,208,600**	**$995,000**
Price/Acre		$687,757	$198,758	$119,225	$51,694	$327,303
Price/Unit		$24,107	$20,000	$10,000	$12,590	$11,056
Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Terms	Conv	Conv	Conv	Conv	Conv	Conv
Sale Year		2007	2008	2008	2009	
Location	Fitzwater St, Salisbury, MD	Forest Ave, Dover, DE	Schumaker Dr, Salisbury, MD	Victoria Park Dr, Salisbury, MD	Chestnut Place, Cambridge, MD	Riverside Dr, Salisbury
# of Units	164	192	48	80	96	90
Size (Acre)	4.34	6.73	4.83	6.71	23.28	3.04
Density (units/acre)	37.79	28.53	9.94	11.92	4.11	29.61
Zoning	RRM	IO	R-8A	R-10A	R-3	CBD
Utilities	Public	Public	Public	Public	Public	Public
Other	Project Zoning Approved	Project Zoning Approved	Project Zoning Approved	Project Zoning Approved	Project Zoning Approved	Project Zoning Approved

Using the estimate of value through the Sales Comparison Approach, it is necessary to consider the differences as well as the similarities of the comparable properties. The adjusted sale prices provided a range of value from approximately $10,000 to $24,100 per unit. Each of the sales has been given some consideration as each is relevant with respect to certain elements of comparison. Sale 1 is similar in most respects but is the oldest sale utilized. Sales 2 and 3 are located in Salisbury and are relatively old sales. Sale 4 is the most recently settled sale but was in 2009. Sale 5 is closest in proximity and most similar in water frontage, however, more emphasis was placed on this comparable due to its active listing status which sets the moderate end of the range. Sales 4 were also considered to be a good indicator and were afforded primary emphasis. In addition, it should be noted that the property adjacent to the subject parcel (Parcel 1110) is reportedly under an agreement of sale to Chesapeake Shipbuilding for an expansion of their ship building operation. The parcel is approximately 3 acres in size and is not known to have any approvals in place.

As a result of the analysis conducted and consideration of all influencing factors, with particular emphasis on the aforementioned data, it is the author's opinion that the current fee simple market value of the subject land, with approvals in place, by the Sales Comparison Approach, as of April 13, 2012, is $12,000 per unit, or ($12,000 x 164 units), which equals $1,968,000.

Value of Improvements

The current cost to replace the subject improvements were estimated using the Marshall Valuation Service Manual, a nationally recognized cost index manual. In addition, local building contractors were consulted to provide further support for the indicated cost figures below. Depreciation estimates are based on observations made by the Developer as well as the Marshall Valuation Manual which provides typical life expectancies for varying property types. The useful life method was used to estimate depreciation figures, if applicable.

Additionally, a factor for entrepreneurial incentive was deemed necessary. This relates to the overall return anticipated by the developer during the construction phase. Market participants indicate a range of from 10 to 20% of total costs is typical of the local marketplace. The CI Investment Analysis team felt that a rate of 10% was appropriate, given the size, complexity and risk levels of the project. This figure is subsequently applied to the improvements & site improvements only.

		Bldg Size	Pr/Sf	Price/Unit	Replacement Cost	Depreciation Cost
Improvements						
# of Units:	164					
Buildings (2 total) including existing site work		189,240	$95		$17,977,800	
Appliance Package				$1,500	$246,000	
Elevators					$200,000	
Sprinklers		189,240	$3		$567,720	
Entrepreneurial Incentive	10%				$1,899,152	
Total Replacement Cost					$20,890,672	
Less Depreciation Est	10%					$2,089,067
Depreciated Rep. Cost						**$18,801,605**

Site Improvement Value

The on-site improvements will include the parking lots, in-ground pool, clubhouse, fencing/entry gate, river walk, landscaping, utilities, signage, and storm water management facilities. The costs illustrated below were estimate using various cost index manuals and actual budgeted costs provided by local contractors.

Item(s)	**Replacement Cost**	**Ent. Incentive**	**Depreciation Cost**
Utilities/Storm Water Mgt	$175,000	10%	$192,500
Pool/Clubhouse/Fencing	$450,000	10%	$495,000
Parking Areas/Entrance	$675,000	10%	$742,500
Landscaping/Sidewalks/Riverwalk	$125,000	10%	$137,500
			$1,567,500

The Developer's estimated costs, inclusive of buildings, site work, FF&E, but exclusive of profit are $23,414,340 and these costs appear to be somewhat overstated based actual budgetary costs provided by contractors after review of the Developer's project budget. An in-depth overview of the project budget schedule can be found in pro-forma financial analysis documents in the Appendix. A snapshot of the Developer's proposed budget can be found on the next page.

Cost Approach Summary

Land:	$1,968,000
Bldg Improvements:	$18,801,605
Site improvements:	$1,567,500
TOTAL:	$22,337,105

Based on the author's research, it appears that in some cases an appreciation factor is applied to allow time between the present day value and the prospective date of stabilization (December 1, 2014). However, given the state of the current local market and similar pattern affecting a majority of the nation, no appreciation was deemed necessary. Therefore, the investment analyst's opinion of value for the subject property using the cost approach is $22,337,105, subject to the completion and stabilization on the asset as stated above.

Developer's Estimated Project Costs

PROJECT BUDGET OVERVIEW	
Hard Costs	
Land	$1,500,000
Other land fees	$28,329
Extension Fees	$108,000
Site Work	$2,815,500
Structures	$15,040,740
Landscaping	$145,000
Community Center and Pool	$450,000
Total Hard Costs	**$20,087,569**
Soft Costs	
Municipal Fees	$375,384
Reports (Soil, Appraisal, Env…)	$65,609
Planning/ Engineering/ Surveying	$185,000
Architectural	$351,000
Office Expenses	$1,853
Title Insurance	$23,500
Risk Insurance	$28,500
Legal	$75,000
1st year operating deficit	$90,000
FFE	$76,671
Loan Fees	$200,000
Construction Interest Reserve	$830,000
Contingency	$424,254
	$2,726,771
Developer Fee	**$600,000**
Total Project Costs	**$23,414,340**

There is a $1,077,235 negative variance when comparing the Developer's estimated project costs to the opinion of value using the cost approach. However, based on the author's research it was determined the Developer's projected costs were overstated and the value of construction work in place was largely undervalued within the Developer's project budget. To that end, it is recommended that the Chase Investment Committee review the revised project budget figures included in the pro-forma financial analysis in the Appendix.

Income Approach to Value

The Income Approach is based primarily on the principle of anticipation; that value is measured as the present worth of all income anticipated to be generated by the property over the ownership period. This approach also takes into consideration that the property will be put to that use, which, over a given period of time, will produce the greatest net return. Supply and demand are also important forces which must be examined in this approach with regard to rents, vacancy rates, prospective demands, and available money supply. The Income Approach also considers the risks, rates of return and financing terms of investments. All of these factors were influential in the income approach for the subject property's analysis and must be analyzed from the market point of view.

The Income Approach is a valuation procedure which converts anticipated benefits to be derived from ownership of a property into a value estimate. The steps in this procedure are as follows:

- Estimate the potential gross income.
- Estimate the vacancy and collection loss and deduct it from the potential gross income.
- This results in the estimate of effective gross income.
- Estimate the expenses and deduct these from the effective gross income.
- This results in the estimate of net operating income before debt service.
- Select the appropriate capitalization rate and method and capitalize the net income.

Current Rent Roll: The developer expects to rent the 1 bedroom for $1050, 2 bedroom waterfront units for $1,400 per month and the 3 bedroom units for $1,700 per month.

Market Rents: In an effort to determine the extent and nature of the potential rental market for apartments, an analysis of the area was conducted. The most similar projects were chosen based on amenities, unit types, etc. All five of the comparable projects are located in the Salisbury area. A representative sample of two and three bedroom apartment rents can be found in the previous Market Analysis section under the Competitive Supply Header.

Potential Gross Income of Subject Property:

Unit Type	Square Feet	# of Units	Total SF	Monthly Rent	Rent Per SF	Proforma Annual Rent
1 Bed/1Ba	882	20	17,640	$ 1,050	$1.19	$252,000
2 Bed/2Ba	1,150	124	142,600	$ 1,300	$1.13	$1,934,400
3 Bed/2Ba	1,450	20	29,000	$ 1,700	$1.17	$408,000
Totals	1154	164	189,240	$ 1,350	$1.14	$2,594,400
Laundry Income		164		$ 25		$49,200
Application Income		164		$ 25		$49,200
Pet Income		70		$ 50		$42,000
Parking		110		$ 100		$132,000
		Avg. SF			$1.14	
One bedroom units	20				PGI	$2,866,800
Two bedroom units	124					
Three Bedroom units	20					
Unit total	164					

Vacancy and Collections Loss:

In reality, a building, by its very nature, is not expected to be fully occupied throughout its useful life except under blanket, long term lease conditions. Typically, a vacancy rate in the range of 3% to 10% is assigned. The developer has estimated a figure of 8% for vacancy and credit loss and concession. However, as a potential investor we recommend a vacancy rate of 10% in the pro-forma analysis section for a more conservative income projection.

Market data indicates that vacancies in the area are minimal. The RealtyRates.com figures for Class 9 A & B Apartments (90+ units) show a vacancy rate of 6.0% or less for the Mid-Atlantic Region. Taking all factors into consideration, a stabilized rate of 8% has been applied for this income approach valuation analysis process, given the subject's location, condition, and quality. This results in a stabilized vacancy and collection loss of $229,344.

Effective Gross Income:

This amount is the anticipated income from the operation of the real estate after the allowance for vacancy and collection loss is deducted; the anticipated EGI for the subject property is $2,637,456 ($2,866,800 less an 8% vacancy allowance).

Expenses:

The expenses attributable to commercial real estate may be categorized into fixed, variable, and reserve for replacement. Typically, for this type of multifamily property, the owner is responsible for almost all of the expenses except for utilities, which are passed on directly to the tenant. This analysis will involve comparing the Developer's pro-forma figures to Investor's data for apartment complexes. The Investor's information come directly from national data in the RealtyRates.com database, while the local information is taken from actual expense information from apartment complexes market tour interviews and information gained from CBRE, Inc's Multifamily Investment Sales Group. The Developer has estimated the stabilized expenses at roughly 24% of effective gross income exclusive of reserves for replacement and approximately 25% including replacement reserves. This estimate appears in-line when compared to other apartment projects; however, the Developer's effective gross income is slightly higher than the conclusion reached in this report. In addition, expenses are slightly understated. RealtyRates.com provides expense ratios under the category of Class A & B Apartments (90+ units). These figures are indicative of market expense ratios, exclusive of reserves. For the 1st quarter of 2012 (4 quarter 2011 data) nationally, the average is 44.78% and regionally (Mid-Atlantic), it is in the range of 43.69%.

The two most relevant factors which would impact the expense ratios are the age of the improvements and the size of the project. Older buildings generally require substantially more maintenance and oftentimes are less energy efficient. For larger projects, some of the maintenance expenses are lower because of the economies of scale. The expense ratio would be expected to be lower than the national and local average, as the subject property is new construction. Overall, a figure of 30% is deemed appropriate as a conservative expense ratio estimate.

Reserves for Replacement:

This is an allowance in the annual operating statement to provide for the replacement of building items and systems at the end of their useful life items. These items must be replaced in order to sustain a projected level of income. The analysis of the reserve expense takes into consideration the remaining life, the future cost to replace, and the typical returns on a savings account or other similar investment into which the money could be placed annually.

RealtyRates.com indicates that reserve requirements for apartments during the Fourth Quarter of 2011 ranged from $150 - $380 per unit. Thus, the reserves for replacement are estimated as follows:

Element	**Replacement Cost**	**Life (Yrs)**	**Reserves Sinking Fund @ 3% (Per Unit)**
Floor Coverings	$900	10	$79
Appliances	$1,500	15	$100
Roof Covering	$700	25	$19
H.V.A.C	$750	15	$40
Parking Lot	$350	20	$12
Total			**$250**

Based on the above referenced figures, a reserve of $250 per unit appears reasonable. Therefore, the estimated Reserves for Replacement are $250 per unit x 164 units, or $41,000.

Income Statement Value Analysis:

The following is a stabilized and reconstructed income statement based upon the income and expenses projections enclosed in this report for the subject property as estimated by Chase Investment evaluation procedures and compared to national, regional and local data. The effective gross income less the expenses results in a net income which through a capitalization process is converted to a present value estimate by the income approach.

Stabilized Income Statement Snapshot

Potential Gross Income:		***$2,866,800***
Less: Vacancy/Credit Loss (8%)		***($229,344)***
Effective Gross Income:		***$2,637,456***
Expenses (30%):	***($791,237)***	
Reserves ($250/unit):	***($41,000)***	
Total Expenses		***($832,237)***
Net Operating Income		***$1,805,219***

For this analysis, brokers, developers, and property managers were contacted regarding capitalization rates for commercial properties in the subject property's marketing areas. Their feedback indicated a range of capitalization rates from 7%-9% is considered reflective of the local market for this type of rental apartment property. Given the subject property's new condition, size, and features the risk would be expected to be lower and, consequently, so would the capitalization rate. However, the subject property's location in a somewhat declining neighborhood is a factor which raises the overall risk level for this investment. To that end, it was determined that a cap rate of 8.50% was appropriate.

Based upon the analysis above, the 8.50% cap rate was applied to the net income of the subject property to determine the approximate value using the income approach. The net income of $1,805,219 as calculated in the Stabilized Income Statement Snapshot then divided by the 8.50% capitalization rate indicates a fee simple value, subject to completion and stabilization, as of the effective of December 1, 2014 of $21,237,871.

Value Reconciliation

The value estimates for the subject property by each approach are as follows:

COST APPROACH:	$22,337,105
INCOME APPROACH:	$21,237,871

After a review of the degree of adequacy and reliability of the available market data, the relative applicability of each approach to the property being evaluated and the market value being sought based on the developers pro-forma, the supporting data in the Income Approach is more pertinent for an indication of the market value of the subject property. Although the subject property is new construction, the Cost Approach is not considered supportive due to the current economic and market conditions in the subject property's area and the lack of recent land sales.

As a result of the valuation procedure and analysis, it is the opinion of the author (Investment Analyst) that the prospective market value of the fee simple interest for the real estate of the subject property (subject to completion and stabilization), as of the effective date of December 1, 2014 will be $21,237,871.

Highest and Best Use Analysis

The definition of highest and best use from The Dictionary of Real Estate Appraisal, third edition (page 171), is, "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." An analysis of the highest and best use of a property is the most important part of the appraisal process, for it is in terms of highest and best use that market value is estimated. This study and selection of highest and best use is based upon the above mentioned criteria.

Furthermore, since land use can be limited by the improvements upon it, highest and best use is determined for the site as if vacant and for the property as improved. The subject is located along the riverfront within the city limits of Salisbury; is zoned for high density residential development as well as commercial uses; and is proposed for development with a 164 unit apartment complex.

Physically possible: The site is of sufficient size and has good frontage and access. The surrounding neighborhood is currently in a state of decline. A revitalization plan for this area was adopted a few years ago; however, it appears to be a slow moving process. On the other hand, the subject's riverfront location and availability of public utilities would likely enhance residential development or some type of mixed-use property, particularly with service oriented businesses which would be utilized by the homeowners.

Legally permissible: The Riverfront Redevelopment Multiuse zoning permits apartments and single-family attached residential uses as well as many commercial enterprises including restaurants, hotels, offices, specialty shops, etc. The subject parcel was previously approved by the City of Salisbury for development with a condominium/loft/townhouse project. Approvals for reconfiguration of the first building are expected within 60 days and approvals for the second apartment building could reasonably be received within 6 months before the restart of this project.

Financially feasible: During the early 2000's the housing market had been appreciating at a strong rate and demand was high. Within the last few years, the market has softened considerably, primarily due to the ever increasing supply of units and the current credit crisis. As a result, values have decreased and absorption has slowed substantially. As such, the focus has recently shifted to more affordable housing options. Given the relatively low vacancy rates in the area and the success of many of the relatively newer apartment projects, this appears to be the most financially feasible option, as indicated in the equity dividend rate and debt coverage ratio calculated in the pro-forma statement in the Appendix.

Pro-Forma Financial Analysis

Development Budget

The Developer proposed a development budget which includes land costs and soft/hard costs and it appears the Developer's proposed costs are somewhat overstated thus skewing the overall financial feasibility of the subject property. The author created a chart below which is a snapshot the Developer's proposed budgetary costs compared a recommend budget by the investment analysis team. The recommended figures should be accepted below and should a contingent negotiation factor on if this asset is approved for funding by the Investor. The recommended figures were validated by the Trammell Crow Company who recently developed a multifamily rental project in nearby Ocean City, MD and Clark Construction.

Category	**Developer Budget**	**Recommended**
Land Costs	$1,500,000	$1,250,000
Hard Costs	$20,087,569	$15,884,527
Soft Costs	$2,726,771	$3,105,725
Developer Fee	$600,000	$400,000
Total Development Budget	$23,414,340	$19,390,252

A detailed breakdown of the Developer's proposed project budget can be found in the Appendix. The recommended project budget scenarios equates to approximately $118,233 per apartment unit and $102 per square foot (gross).

As stated earlier in this report, the subject property is proposed to be built in two phases thus allowing early leasing and occupancy of the first building. The overall budget understates early revenue accumulation in order to hit stabilization earlier than expected,

Operations Budget

Revenue Assumptions: The proposed potential revenues provided by the Developer seem somewhat understated compared to the market rates and the proposed luxury amenities proposed for the subject project. The investment analysis team feels income revisions can be facilitated closer to the lease up period based on market demand and any changes in market rental rates per unit type. Currently, the monthly average rent per unit is $1350 and $16,200 per unit annually. Rents are expected to reset to the market rates each year. A market rate analysis will be conducted by the property management team on a weekly basis throughout the year and recommendations will be made to the Developer regarding income revisions with value analysis being conducted by the Investor's investment analysis team.

Expense Assumptions: Operating expenses were validated by CBRE's Washington DC Asset Services team and also sourced from the National Apartment Association (NAA) data chart on national multifamily projects around the United States. It was determined that major expense amounts are as follows:

Operating Expense Item	National Market Data (Provided by NAA)	Subject Property (Recommended Pro-Forma Expenses)
Management Fees	3% of EGI	4% of EGI
Insurance	$215/per unit	$216/per unit
Taxes	$1,038/per unit	$1,052/per unit
Utilities	$435/per unit	$474/per unit
Administrative	$219/ per unit	$218/ per unit
Advertising	$174/per unit	$234/per unit
Repairs and Maintenance	$436/per unit	$456/per unit

Moreover, it should be noted that apartment leasing commissions and turnover refreshes are built into the rental rate income projections at an annual rate $400-550 per unit depending on unit type. Turnover related expenses are included in the operating budget and are not capitalized. Collection losses are assumed at four percent of apartment rental income and four percent of other income. Expense escalations are pulled from national data provided by NAA and is averaged based on escalation for each expense category. The national average for operating expense ratio ranges from 36%-40% of EGI.

Discounted Cash Flow

As an indication of the market value, subject to completion, but prior to stabilization, a Discounted Cash Flow Analysis has been prepared. This approach takes into consideration the income stream from the point of completion through the lease up period to stabilization. Each month's net operating income is calculated by subtracting all expenses from the effective gross income. This net operating income is then discounted back to a present value utilizing an appropriate discount rate. The discount rate reflects the investor's cost of capital in the investment. In the final month, a reversion value for the property is estimated. The total of the discounted net operating incomes plus the discounted reversion value is an indication of the property value at the time of completion or thereafter.

The potential gross income ($2,866,800) has already been estimated in the income approach; however, a quarterly figure ($716,700) will be utilized in this analysis. Since these figures are already based on the projected rents at completion and stabilization, no escalations will be applied to the rental income. The developer has indicated that Phase I of the project (50 units) is expected to be complete around May 2013 with Phase II completed approximately 12 months after. There will likely be a two months overlap where Phase I is not quite complete, but lease-up is underway. This would result in a 24+ month stabilization period, or 12 months beyond the date of completion of Phase II. This equates to a lease-up rate of approximately 6-7 units per month (164 units over a 24+ month period).

Phase I of Marley Manor began marketing in the Spring 2004 and opened in August 2004. All of the 192 units in this phase are leased. Roughly 30% of those units were leased during the preconstruction marketing phase, with the remainder occurring from August on. This is essentially a lease-up rate of roughly 13 units per month. According to Rinnier Development, the anticipated lease up rate was 10 units per month, therefore the project exceeded expectations.

Mill Pond Village, a recent, good quality Salisbury apartment project, provides an indication of a lease up period. Phase I of the project contains 240 units. The first building was reportedly delivered in December of 2001 and the last units completed in June of 2002. According to the on-site management office, the project was 100% leased within 7 months, which is indicative of a rate of 34 units per month. Because this was the first of only three newly constructed modern apartment complexes in the area, this project likely benefitted from some pent up demand. Moreover, indications are that they offered a number of incentives to augment lease-up.

As previously noted, the subject is in a mixed use area which is convenient to shopping, schools, and employment, while offering easy highway access. However, the declining neighborhood is a factor which could detract from the overall appeal of the property. Taking all factors into consideration, the Developer's projected lease-up period of 4 to 6 months appears aggressive. Therefore, the author's analysis would determine a more likely scenario of roughly 12 units per month. Using this figure, the occupancy would grow at a rate of approximately 3.66% (6 units) per month. Under this scenario, the project would be roughly 50% leased at the time of completion of the entire project.

As an indication of the prospective market value, with construction complete, but not yet stabilized, a Discounted Cash Flow Analysis has been prepared. This approach takes into consideration the income stream from at the estimated time that construction is completed through stabilization. The Potential Gross Income has already been estimated in the Income Approach. Essentially, over the 12 months following completion of construction, the apartment project would move to a stabilized rate of 92%. The expense ratio will also decrease over that same period to the projected 37%.

The Korpacz Real Estate Investor Survey, published by PriceWaterhouseCoopers, provides national discount rates for apartments (institutional grade). For the Fourth Quarter of 2011, these ranged from 6.50% to 14.00% with an average of 10.17%. Furthermore, according to the RealtyRates.com Investor Survey (1st Quarter 2011), the discount rates for noninstitutional grade garden apartment-new development ranged from 8.16% to 15.97% with an average of 11.91%. Given the subject's location and new condition, it would be reasonable to project the discount rate to be around the average. The subject property is of low to moderate risk. As a result, a discount rate of 10% was deemed appropriate for this analysis. The reversion value for the subject property is higher than the asset valuation analysis opinion stated previously.

The discounted cash flow analysis showing the total value estimate for the property can be found in the Appendix; however, a brief snapshot of the DCF Analysis for the first year of operation through to stabilization is provided below:

YEAR 2014	**0**	**1 Qtr**	**2 Qtr**	**3 Qtr**	**4 Qtr**	**As Stabilized**
Avg Occupancy	0%	54%	65%	75%	87%	- 92%
PGI		$716,700	$716,700	$716,700	$716,700	- $2,866,800
V&C		$329,682	$250,845	$179,175	$93,171	$229,344
EGI		$387,018	$465,855	$537,525	$623,529	$2,637,456
Total Exp		$173,329	$173,329	$173,329	$173,329	$693,314
OpEx Ratio %		45%	37%	32%	28%	26%
NOI		$213,690	$292,527	$364,197	$450,201	
NOI- Stabilized		$496,689	$496,689	$496,689	$496,689	
Income Loss		($283,000)	($204,163)	($132,493)	($46,489)	
Total Loss During Stabilization		($666,143)				
Stabilized Value		$20,341,860				
Value "As Complete, But Not Stabilized		$15,536,624				

Expected Returns

The expected returns from the subject property depend on many variables. Nevertheless, the author of this report analyzed the projected IRR method from the DCF to forecast the expected returns after a ten year holding period. It was determined that if an equity investment of $4,847,563 was made by the Investor then a 35% IRR would be recognized based on the DCF modeling found in the Appendix. The schedule below shows how the Investor's equity investment was calculated. Expected returns could vary based on exit capitalizations rate at the times of sale. For example, IRR rises by an additional 5% to 40% if the exit cap rate falls to 7.5 thus raising overall returns for the Developer and Investor. Alternatively, IRR drops by 4 percent to 31% if the exit cap increases to 9.5% by the end of the ten year holding period. Overall, this investment appears to be a strong investment if income and occupancy projections are achieved.

Investor Equity Calculation	
Total Project Expenses (Hard/Soft Costs)	$19,390,252
Loan Request (@ 75% of Total Project Costs)	-$14,542,689
Investor Equity	$4,847,563

Financing Approach

Debt

Land Acquisition: The Developer plans to purchase the land with its own cash and participation from private investors.

Construction Loan: The proposed project requires funds to cover constructions costs and interest.

Permanent Mortgage: Typically, for this type of property, a mortgage lender would loan up to 75% of the value of the property. Today's mortgage rates vary depending on whether the interest rate is fixed, adjustable, or floating over the prime rate. Several lenders have been questioned as to the interest rates on commercial mortgages at this time. Based on the information obtained from them, the most likely mortgage terms for the subject property, whether adjustable, fixed or floating, would be as shown in the pro-forma statements in the

Appendix. Noting that with a 3 to 5 year call at which time the terms would be renegotiated. It is the author's estimate that an interest of this investment would range around 9%.

Equity Portion: The equity of the subject property will come from the land in which the Developer will pay for cash ($1.25 million est.) before financing is finalized. The land will be treated as equity for the overall project. In addition, the Developer will have acquired certain land improvements (photographs in the Appendix) which also hold value along with soft costs paid to date. The aggregate value of these items is estimated at $2.9 million.

The equity portion of the subject property value is the remaining 25%, which is multiplied by the equity dividend rate. This equity dividend rate is the amount remaining after the debt service is deducted from the net operating income divided by the equity amount. The market indicates a wide divergence among investors. An analysis of alternate investments, for example, bank deposits, mutual funds and treasury bills, indicates that the current return on these instruments ranges from 2% to 4%. In order to attract investors to real estate, a minimum of a two to three percent premium or incentive is required to offset the increased risk. Therefore, within this wide range, an equity dividend rate is selected. The RealtyRates.com Investor Survey provides specific data on multifamily rental apartments for interest rates, loan-to-value ratios, and equity dividend rates. These figures are generally supportive of the following analyses:

Apartments	Minimum	Average	Maximum
Debt Coverage Ratio	1.03	1.37	1.70
Interest Rate	4.13%	6.17%	8.20%
Amortization	40	28	15
Mortgage Constant	0.051127	0.075582	0.116068
Loan-to-Value Ratio	90%	75%	60%
Equity Dividend Rate	7.00%	10.71%	15.25%

An overall Pro-Forma Financial Analysis report for the subject property can be found in the Appendix.

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APPENDIX

APPENDICES LISTING

Exhibit A1: Existing Site Conditions Photos

Exhibit A2: Site/Neighborhood Photos

Exhibit A3: Regional Map

Exhibit A4: Area Map

Exhibit A5: Project Brochure

Exhibit A6: Wicomico County Zoning- Riverfront Redevelopment Multiuse District

Exhibit A7: Property Deed

Exhibit A8: Developer Brochure

Exhibit A9: Pro-Forma Financials

- **Project Budget**
- **Rent Roll/Unit Mix**
- **Interest Reserve Calculation**
- **Pro-forma Stabilized Development Budget**
- **Sources and Uses Statement**
- **Stabilized Income Statement (Year1)**
- **Financial Ratios Summary**
- **Discounted Cash Flow Analysis**
- **Loan Amortization Breakdown**

Exhibit A1: Existing Site Conditions Photos

PICTURES OF STALLED PHASE 1 OF SUBJECT PROJECT RECAPTURED BY BANK


Front of Existing Building


Rear of Existing Building


East side of Existing Building


West side of Existing Building


View under Existing Building


Interior view of Existing Building

Exhibit A2: Site/Neighborhood Photos

River view looking East

River view looking West

Looking west across property

Looking toward Fitzwater Street

Fitzwater Street looking West

Fitzwater Street looking East

Exhibit A3: Regional Map

Exhibit A4: Area Map

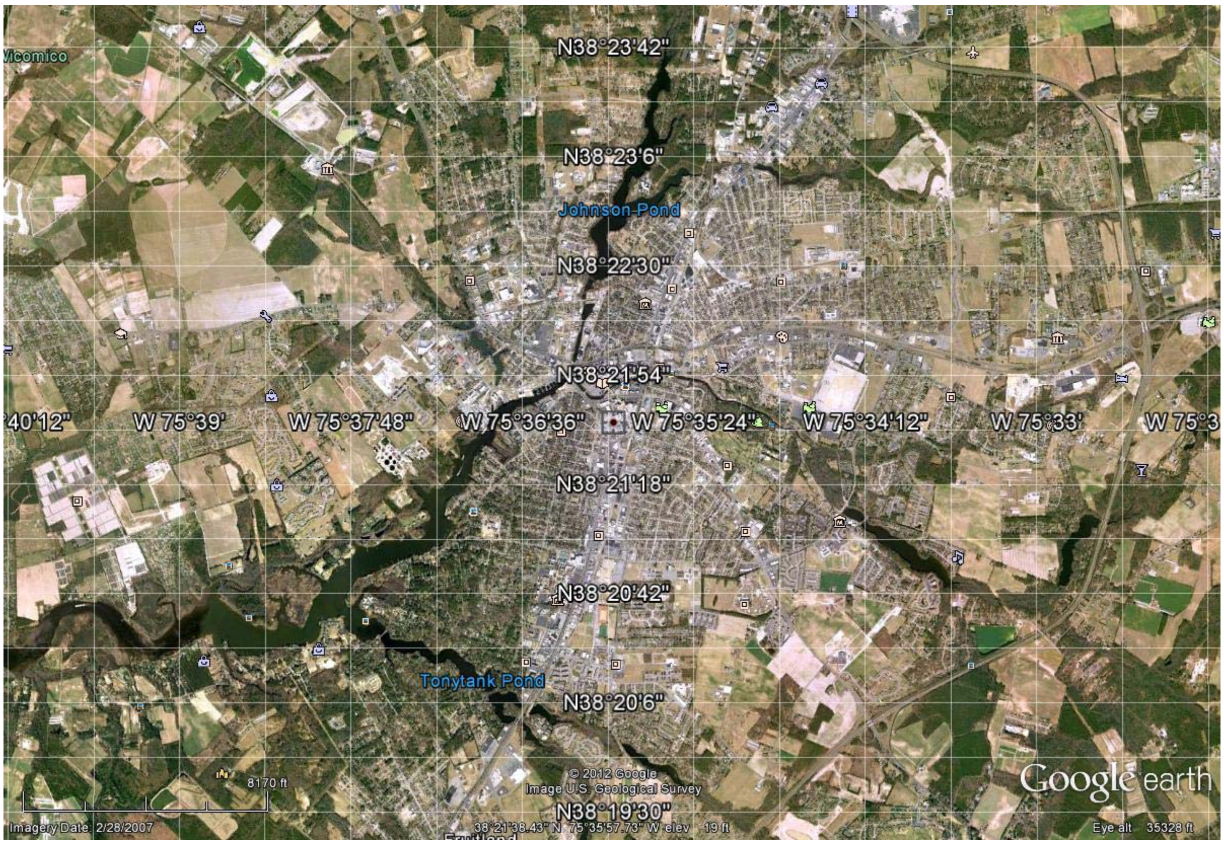

Exhibit A5: Project Brochure

Exhibit A6: Wicomico County Zoning- Riverfront Redevelopment District

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Residences at Rivers Edge

Let yourself live.

Southview
RESIDENCE

Community
INFORMATION

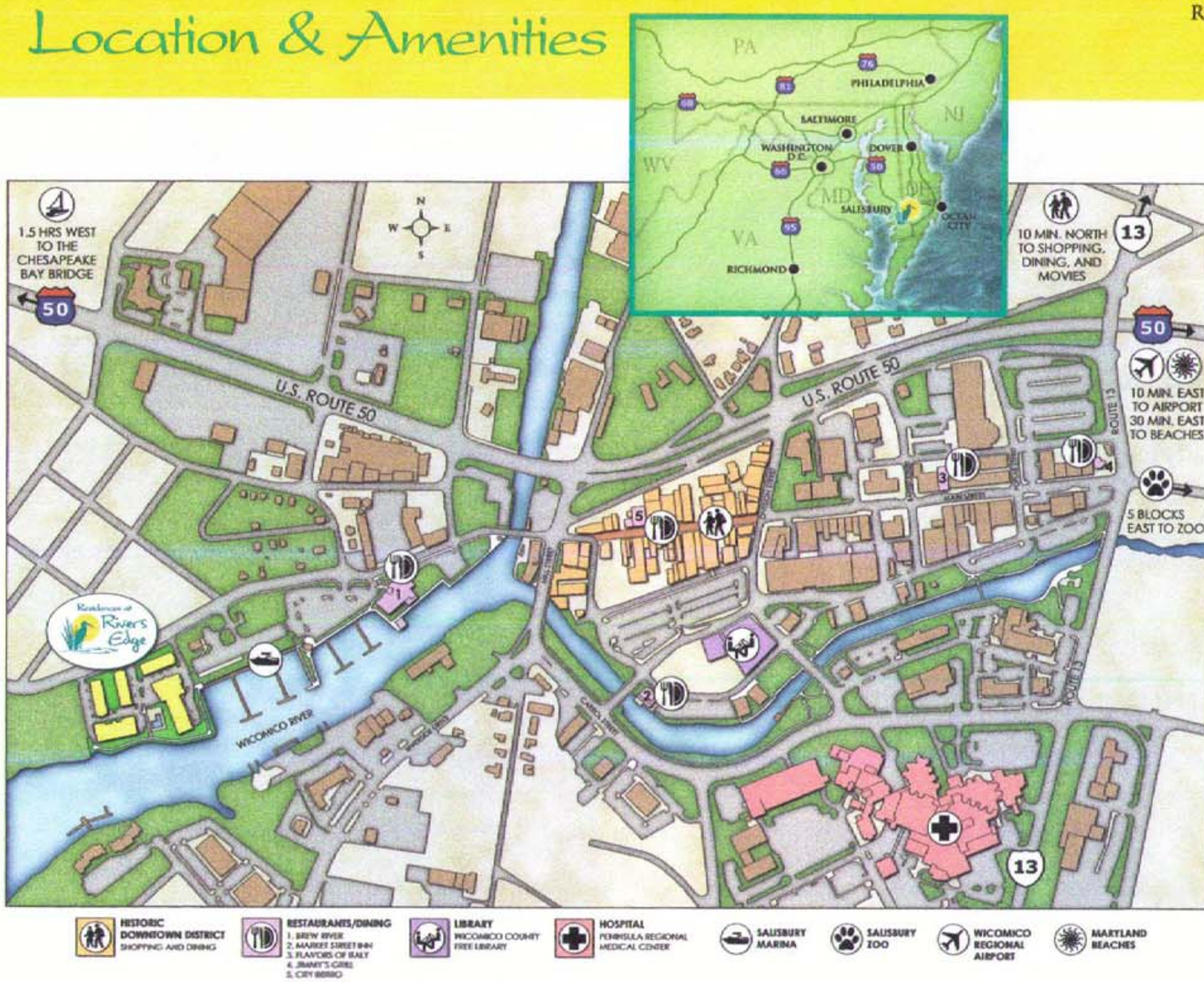
Includes:

- Regional Map
- Area Map
- Site Plan
- Building Layout

Residences at
Rivers Edge

Location & Amenities

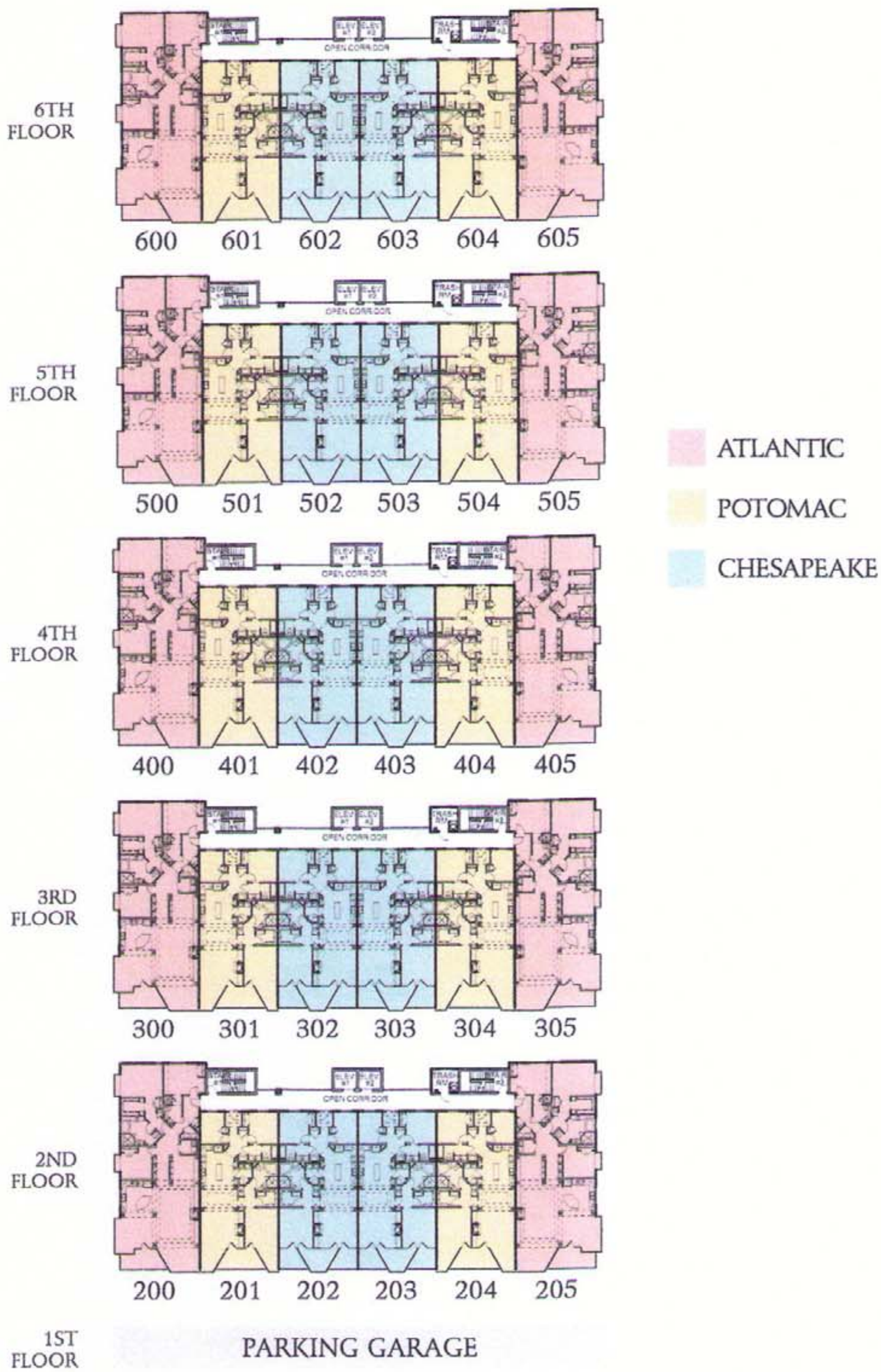
Southview
RESIDENCE



Site Amenities

- River Walk (Jog)
- Pool
- Cabana
- Fitness Center
- Close to Resort Beaches
- Southern Exposure
- Wicomico River
- Downtown Living

Residences at Rivers Edge



Construction Management by **Linden Contracting, Inc.** MHBR No. 4555

Design Features

- Two Bedroom with Study
- Open Floor Plan
- Sunroom
- Ample Storage Space
- Reserved Covered Parking
- Restricted Building Access
- Walk-in Closets
- Kitchen Island
- Luxury Tile Baths
- Gas Fireplace
- Balconies
- Gourmet Kitchen with 42-inch Cabinets
- Built-in Kitchen Wine Rack
- Stainless Steel Gas Appliances
- Granite Counter Tops
- Elegantly Appointed Finishes
- Hardwood Flooring in Foyer, Gallery, and Kitchen
- Crown Molding in Foyer and Dining Room

Residences at Rivers Edge

Southview
RESIDENCE

Chesapeake
FLOOR PLAN

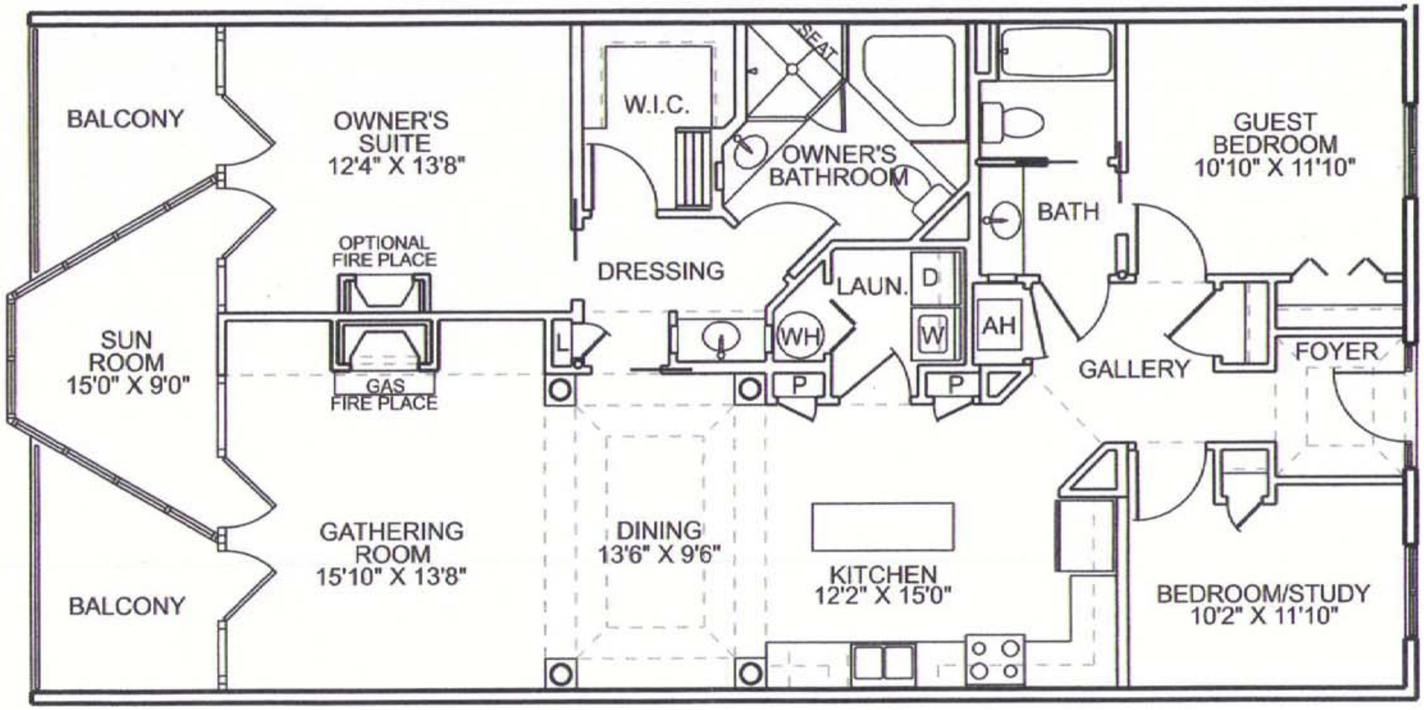
Amenities

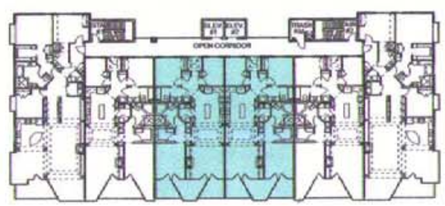
- Floor-to-Ceiling Windows offer great views in the South Facing Balconies and Sun Rooms
- Sunsets on the River
- Direct access to River Walk
- Pool with Cabana
- Fitness Center

Now Available
Directly on the Wicomico River

Chesapeake

Southview
RESIDENCE





Living Area = 1751 Sq. Ft.

Note: All dimensions are approximate.

Residences at Rivers Edge

Southview
RESIDENCE

Design Features

- Two Bedroom with Study
- Open Floor Plan
- Sunroom
- Ample Storage Space
- Reserved Covered Parking
- Restricted Building Access
- Walk-in Closets
- Kitchen Island
- Luxury Tile Baths
- Gas Fireplace
- Balcony
- Gourmet Kitchen with 42-inch Cabinets
- Built-in Kitchen Wine Rack
- Stainless Steel Gas Appliances
- Granite Counter Tops
- Elegantly Appointed Finishes
- Hardwood Flooring in Foyer, Gallery, and Kitchen
- Crown Molding in Foyer and Dining Room

Potomac
FLOOR PLAN

Amenities

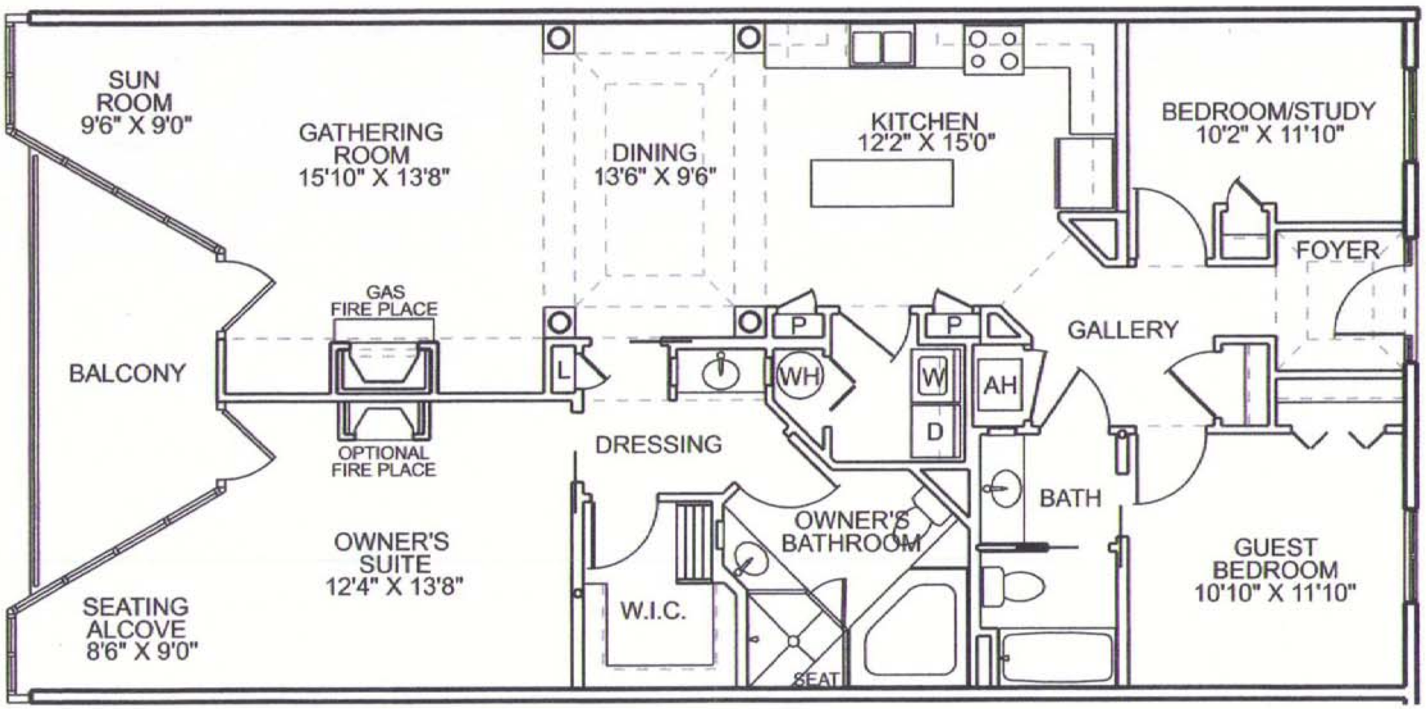
- Floor-to-Ceiling Windows offer great views in the South Facing Balconies and Sun Rooms
- Sunsets on the River
- Direct access to River Walk
- Pool with Cabana
- Fitness Center

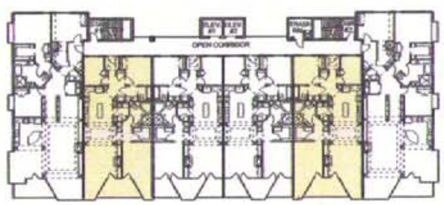
Now Available
Directly on the Wicomico River

Residences at
Rivers
Edge

Potomac

Southview
RESIDENCE





Living Area = 1751 Sq. Ft.

Note: All dimensions are approximate.

Residences at Rivers Edge

Southview
RESIDENCE

Atlantic
FLOOR PLAN

Design Features

- Three Bedroom with Library
- Open Floor Plan
- Sunroom
- Bay Windows
- Built-in Bookshelves
- Ample Storage Space
- Reserved Covered Parking
- Restricted Building Access
- Walk-in Closets
- Kitchen Island
- Luxury Tile Baths
- Gas Fireplace
- Balcony
- Gourmet Kitchen with 42-inch Cabinets
- Built-in Kitchen Wine Rack
- Stainless Steel Gas Appliances
- Granite Counter Tops
- Elegantly Appointed Finishes
- Hardwood Flooring in Foyer, Gallery, Kitchen, and Library
- Crown Molding in Foyer, Kitchen, and Library

Amenities

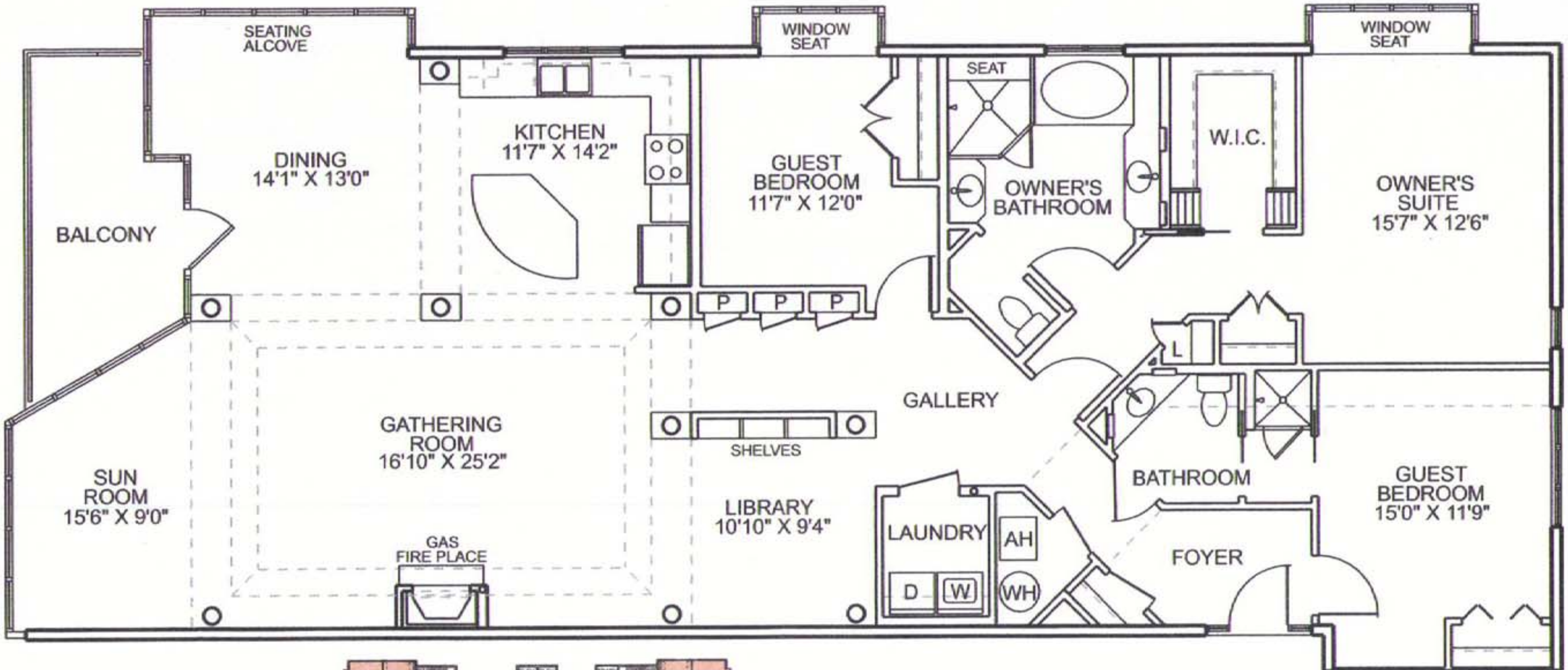
- Floor-to-Ceiling Windows offer great views in the South Facing Balconies and Sun Rooms
- Sunsets on the River
- Direct access to River Walk
- Pool with Cabana
- Fitness Center

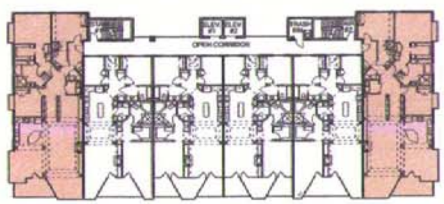
Now Available
Directly on the Wicomico River

Residences at
Rivers Edge

Atlantic

Southview
RESIDENCE





Living Area = 2380 Sq. Ft.

Note: All dimensions are approximate.

Residences at Rivers Edge

coordinated so as to give the appearance of one continuous landscaped area.

3. Parking lots shall be landscaped in accordance with Chapter 17.220 of this title.

4. Landscaped screening areas may be required along any property line where the planning commission finds that such landscaped screening area is necessary to further the purpose of the riverfront district and provide separation to minimize any possible adverse effect from adjoining uses.

D. Parking. Parking shall be provided in accordance with Chapter 17.196 of this title.

E. Signs. Signs shall be in accordance with Section 17.216.160 of this title.
(Ord. 1936 (part), 2005)

Chapter 17.105

RIVERFRONT REDEVELOPMENT MULTIUSE DISTRICT NO. 2

Sections:

17.105.010 Purpose.

A. The Wicomico River is an important and unique resource necessary to the economic viability of the city of Salisbury and Wicomico County. This district is intended to promote the development and redevelopment of lands along the Wicomico River south of West Main Street with a mixture of uses and activities which are either dependent upon or appropriate to the waterfront. Industries which require frontage on and access to the water and certain waterfront related commercial activities are to be given primary consideration for lands adjoining the river. To complement and strengthen the function of the waterfront area certain recreation, shopping, business and residential uses are also permitted.

B. To ensure compatibility with riverfront development in the adjoining central business and historic district compatibility of architecture, landscaping and site design for development within the district and public access to and along the waterfront with proper emphasis on pedestrian movement and its separation from industrial traffic, all uses within this district are subject to review and approval by the Salisbury planning commission.

C. Coordination of site plans, landscaping and pedestrian and traffic movement is a necessary concern for review and approval of uses to assure that waterfront development uses can function harmoniously and compatibly with less intensive uses permitted to complement and strengthen the waterfront area. The following uses, standards and review procedures have been developed in accordance with this purpose, which is consistent with the findings and recommendations of the metro core comprehensive plan for development of the Wicomico River waterfront.
(Ord. 1936 (part), 2005)

17.105.020 Certificate of design and site plan approval required.

Prior to the development or redevelopment of any lot or parcel of land within the riverfront redevelopment multiuse district, a certificate of design and site plan approval shall be obtained from the Salisbury planning commission. Repairs, maintenance and minor additions or changes of use not affecting the existing site arrangement of buildings, parking, vehicular or pedestrian movement or building area or height shall not require a certificate.
(Ord. 1936 (part), 2005)

17.105.030 Permitted uses.

Permitted uses shall be as follows:

A. Apartments and single-family attached residential uses, provided that such development is designed not to preclude access to the waterfront;

B. Boat sales, service, rentals, ramps, docks, marinas and commercial sightseeing;

C. Commercial fishing and seafood wholesale or retail outlets and related uses;

D. Hotel, motel or other tourist-related facility;

E. Industrial uses dependent upon the waterfront for delivery or shipment of goods and materials necessary to their operation;

F. Marine railways, construction and repair yards, storage yards and marine supply outlets;

G. Office building;

H. Parking lot or structure;

I. Public or private utility buildings or uses and utility substation;

J. Recreational, social, cultural facilities, public parks and open space;

K. Restaurants and outdoor eating facilities;

L. Specialty and marine shopping facilities, such as art, gift, antique, import, health and natural goods, fishing tackle and equipment, marine hardware and boat furniture shops, including uses of a more general commercial nature which do not detract from the purpose of the waterfront and which are necessary to its economic viability;

M. Trucking and freight transfer terminals and depots, wholesaling, warehousing and distribution facilities, all of which are dependent upon the waterfront for their operation;

N. Day-care services for employees or patrons of a permitted use as an accessory use;

O. Accessory uses and structures clearly incidental to, customary to and associated with the permitted use, including but not limited to swimming pools and boat slips or piers.

(Ord. 1936 (part), 2005)

17.105.040 Development standards.

Minimum standards for development in the riverfront redevelopment multiuse district shall be as follows:

A. Minimum Lot Requirements. All lots hereafter established shall meet the following minimum requirements:

1. Lot area: five thousand (5,000) square feet;

2. Lot width: fifty (50) feet.

B. Setback, Height and Density. The following minimum standards are established as guides for design of development. These standards may be increased or decreased by the development review committee upon review of individual site design in relation to surrounding properties and development of the riverfront redevelopment multiuse district as a whole.

1. Setbacks.

a. Setbacks shall be as follows:

i. Setbacks shall be the same as the established setbacks for existing buildings within the same block.

ii. Where there are minor irregularities in existing setbacks for the same block, any one of the existing setbacks which the planning commission considers most applicable may be used.

iii. Where there are major irregularities in existing setbacks for the same block, the setback shall be no less than the average of setbacks for existing buildings on either side of the proposed development.

iv. Where no established building setbacks exist, the setback shall be a minimum of five feet from the back of the sidewalk.

v. Setbacks from the Wicomico River shall be a minimum of ten feet from the back of the existing or proposed bulkheading line.

vi. Setbacks from interior lot lines shall be a minimum of ten feet.

b. Modifications to Setbacks.

i. During its review of any development requiring a modification to setbacks, the planning commission shall consider the location of buildings on the site relative to safe vehicular movement on existing or proposed streets, light, air and ability of fire or emergency equipment and vehicles to adequately serve the development.

ii. Special consideration shall be given to the location of landscaped areas and areas of pedestrian movement to assure coordination of landscaping and freedom and safety of pedestrian movement.

iii. The planning commission may consider an increase or decrease in setbacks wherever a rearrangement of buildings on the site will aid in achieving a continuous link of development with freedom and encouragement of pedestrian movement from one development to another.

2. Density.

a. Floor area for commercial or other uses shall not be used when computing density for dwelling units.

b. Inherent density shall not exceed forty (40) units per acre.

c. Increased density shall require a special exception from the board of zoning appeals. In addition to consideration of the criteria required by Section 17.232.020 of this title, the board shall consider the criteria set forth in subsection (B)(4) of this section.

3. Height.

a. Inherent height shall not exceed seventy-five (75) feet.

b. Increased height shall require a special exception from the board of zoning appeals. In addition to consideration of the criteria required by Section 17.232.020 of this title, the board shall consider the criteria set forth in subsection (B)(4) of this section.

4. Criteria for Increased Height and/or Density.

a. When acting upon a request for either increased height or density, the board of zoning appeals shall consider any or all of the following criteria as may apply to the type of development proposed:

i. Recommendation from the planning commission;

ii. The type of residential development proposed relative to the ability of the site to accommodate the density proposed;

iii. The availability of city services to the site, such as water, sewer, streets and parking lots or structures; and whether the site can accommodate a higher density and/or height without an undue burden of expense to the city;

iv. The functional, visual and spatial relationship of the proposed height relative to surrounding development and the CBD as a whole;

v. Whether the proposed height will create an intrusion or conflict with the spatial arrangement of existing or proposed buildings;

vi. Shadows which may interfere with solar panels or other solar equipment already in existence or under contract to be installed on existing buildings or buildings approved for construction in the immediate vicinity;

vii. Water pressure and capability of community fire-fighting equipment, in addition to any required construction or fire safety devices, to assure safety of occupants;

viii. The merits of the design and whether the treatment of setbacks, landscaping or other amenities, in addition to architectural treatment of the building, provide an excellence of design which contributes to the furtherance of the purpose of the CBD.

b. The board may solicit any expert review and advice to assist it in making a decision on the request for increased height and/or density.

C. Open Space and Landscaping.

1. Landscaped open space shall be provided to attract development, provide a pleasing environment and improve the appearance of the entire area.

2. Wherever possible, landscaped open space areas shall be provided adjoining the landscaped open space area on an adjoining parcel. Landscaping for both areas shall be coordinated so as to give the appearance of one continuous landscaped area.

3. Parking lots shall be landscaped in accordance with Chapter 17.220 of this title.

4. Landscaped screening areas shall be provided along side and/or rear property lines of industrially used property except where adjoining the Wicomico River. All areas not used for loading and unloading along the riverfront shall be landscaped.

5. Landscaped screening areas may be required along any property line where the

development review committee and planning commission find that such landscaped screening area is necessary to further the purpose of the riverfront district and provide separation to minimize any possible adverse effect from adjoining uses.

D. Parking. Parking shall be provided in accordance with Chapter 17.196 of this title.

E. Signs. Signs shall be in accordance with Chapter 17.216 of this title.
(Ord. 1936 (part), 2005)

Chapter 17.108

PLANNED DISTRICTS--GENERAL PROVISIONS

Sections:

17.108.010 Purpose.

A. It is in the best interest of the city that a wide range of planned housing accommodations, planned commercial and business developments, mixed use developments, and industrial development be encouraged to meet the needs of the city and to accomplish sound physical and economic planning. Planned districts, encouraging the best possible design of buildings and site planning under a comprehensive plan of development provide for more efficient use of land and the provision of public services.

B. Planned developments provide opportunities for alternative densities, lot sizes and other bulk regulations and often necessitate the special design and development of public streets and utilities. It is in the best interest of the city, therefore, that these planned districts be approved by the city council in accordance with specific plans to assure that the community will benefit from the proposed development with a minimum impact on existing development.

C. Planned districts are therefore set forth in the text of this chapter, with specific boundaries to be established on the official zoning map* after approval by the city council of a preliminary development plan. These districts are "floating districts" and under Maryland case law are analogous to special exceptions. Criteria for establishment of these districts are set forth in the purpose for each district and shall be the basis for approval or denial by the city council without the necessity of showing a mistake in the original zoning or a change in the neighborhood.
(Ord. 2027 (part), 2007: prior code § 150-135)
* Editor's Note: The zoning map is on file in the Office of Planning and Zoning.

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☑ County: Wicomico

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk Recording Validation

1 Type(s) of Instruments (☐ Check Box if addendum Intake Form is Attached.)

1 Deed	☐ Mortgage	☐ Other ______	☐ Other ______
☐ Deed of Trust	Lease		

2 Conveyance Type Check Box

☐ Improved Sale Arms-Length [1]	☐ Unimproved Sale Arms-Length [2]	☐ Multiple Accounts Arms-Length [3]	✓ Not an Arms-Length Sale [9]

3 Tax Exemptions (if applicable) Cite or Explain Authority

Recordation	
State Transfer	
County Transfer	

4 Consideration and Tax Calculations

Consideration Amount	
Purchase Price/Consideration	$ 2,400,000.00
Any New Mortgage	$
Balance of Existing Mortgage	$
Other:	$
Other:	$
Full Cash Value:	$

Finance Office Use Only — Transfer and Recordation Tax Consideration	
Transfer Tax Consideration	$
X ( )% =	$
Less Exemption Amount -	$
Total Transfer Tax =	$
Recordation Tax Consideration	$
X ( ) per $500 =	$
TOTAL DUE	$

5 Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	$ 20.00	$
Surcharge	$ 20.00	$
State Recordation Tax	$ 16,800.00	$
State Transfer Tax	$ 12,000.00	$
County Transfer Tax	$	$
Other	$	$
Other	$	$

Agent:

Tax Bill:

C.B. Credit:

Ag. Tax/Other:

6 Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No. (1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG
09	048243	2558/51	106	1109	☐ (5)

Subdivision Name	Lot (3a)	Block (3b)	Sect/AR (3c)	Plat Ref.	SqFt/Acreage (4)
					4.38 AC

Location/Address of Property Being Conveyed (2): Fitzwater Street, Salisbury, MD 21801

Other Property Identifiers (if applicable):

Water Meter Account No.:

Residential ☐ or Non-Residential ☐ Fee Simple ☑ or Ground Rent ☐ Amount:

Partial Conveyance? ☐ Yes ☑ No Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

7 Transferred From

Doc. 1 – Grantor(s) Name(s)	Doc. 2 – Grantor(s) Name(s)
Richard M. Kremen, Substitute Trustee	
Dale K. Cathell, Substitute Trustee	
Doc. 1 – Owner(s) of Record, if Different from Grantor(s)	**Doc. 2 – Owner(s) of Record, if Different from Grantor(s)**

8 Transferred To

Doc. 1 – Grantee(s) Name(s)	Doc. 2 – Grantee(s) Name(s)
SASR HOLDINGS, LLC	

New Owner's (Grantee) Mailing Address: 9112 Guilford Road, Columbia, MD 21046

9 Other Names to Be Indexed

Doc. 1 – Additional Names to be Indexed (Optional)	Doc. 2 – Additional Names to be Indexed (Optional)

10 Contact/Mail Information

Instrument Submitted By or Contact Person

Name:

Firm: Laws & Sarbanes, P.A.

Address: P.O. Box 75, Salisbury, MD 21803-0075

Phone: (410) 749-7500

☑ Return to Contact Person

☐ Hold for Pickup

☐ Return Address Provided

11 IMPORTANT: *BOTH* THE ORIGINAL DEED *AND* A PHOTCOPY MUST ACCOMPANY EACH TRANSFER

Assessment Information

☐ Yes ✓ No Will the property being conveyed be the grantee's principal residence?

☐ Yes ✓ No Does transfer include personal property? If yes, identify:

☐ Yes ✓ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Assessment Use Only – Do Not Write Below This Line

Terminal Verification Agricultural Verification Whole Part Tran. Process Verification

Transfer Number Date Received: Deed Reference: Assigned Property No.:

Year	20	20	Geo.	Map	Sub	Block
Land			Zoning	Grid	Plat	Lot
Buildings			Use	Parcel	Section	Occ. Cd.
Total			Town Cd.	Ex. St.	Ex. Cd.	

REMARKS:

Space Reserved for County Validation

LINDEN

CONTRACTING, INC.

P. O. Box 874 Stevensville, MD 21666 (410) 643-8822

COMMERCIAL

Shopping Centers
Office Buildings
Industrial Facilities
Distribution Facilities

SPECIALTIES

Tilt Up Concrete Wall Construction
Design/Build
Renovations
HUD Certified

SPECIAL USE FACILITIES

Assisted Living
Alternative Living Units
Churches

MULTI-FAMILY

Garden Apartments
Condominiums
Townhouses
Occupied Rehab

Evergreen Square, Frederick, Maryland
91,000 Square Foot Shopping Center

Linden is a full service general contractor with extensive commercial, multi-family and rehabilitation experience. We have a substantial bonding capacity and an excellent relationship with our bank and insurance company. Our greatest strength is working with the client, design team and funding entities from the earliest conceptual stage, making projects work within financial constraints while simultaneously producing high quality work within contractual time frames.

C O M M E R C I A L

Shopping Centers **Office Buildings** **Industrial Facilities** **Distribution Facilities**

Republic Building Supply, Upper Marlboro, Maryland
40,000 Square Foot Distribution Center

UPS Distribution Center, Landover, Maryland
242,000 Square Foot Distribution Facility

Hawk's Cay Resort Conference Center, Duck Key, Florida
14,530 Square Foot Conference Center

Bundy Building, Collington Center, Bowie, Maryland
97,900 Square Foot Office and Warehouse

Tilt Up Concrete Wall Construction offers developers, architects, engineers and owners tremendous advantage over more traditional construction methods. This modern efficient building technique of pre-casting load bearing perimeter wall panels on site offers increased design flexibility while reducing cost and construction time.

S P E C I A L T I E S

Tilt Up Concrete Wall Construction Design/Build Renovations HUD Certified

Design/Build allows Linden to provide a detailed analysis of available construction alternatives in developing accurate preliminary budget estimates while its design coordination assistance can provide valuable time savings. When the scope of work has been sufficiently defined, Linden prepares a guaranteed maximum price and comprehensive construction schedule.

KRM Office Buildings, Stevensville, Maryland
35,200 Square Foot Office Space (2 Bldgs.)

Paul Reed Smith Guitars, Stevensville, MD
90,000 Square Foot Addition

Ridgeview Business Center I & II, Ashburn, Virginia
189,000 Square Feet (4 Bldgs.)

Paradise Assisted Living, Catonsville, Maryland
42 Bed Assisted Living Community

SPECIAL USE FACILITIES

Assisted Living **Alternative Use Facilities** **Churches**

Northern Adult Day Care Center, Charlotte Hall, MD
14,000 Square Foot Adult Day Care Center

Kent Island Senior Center, Stevensville, Maryland
13,500 Square Foot Adult Day Care Center

Christ Church Parish, Stevensville Maryland
14,000 Square Foot Church and School

Hughes Neighborhood Housing, Wheaton, Maryland
24 Unit Affordable Apartment Building

Hughes Neighborhood Housing has been named "1997 HUD Model Project of the Year". Linden's HUD Previous Participation Certificate includes the successful completion of over one hundred (100) HUD funded, insured and subsidized multi-family housing projects throughout the mid Atlantic area. Many of these projects have been constructed for the benefit of low income, elderly and handicapped individuals and families.

M U L T I - F A M I L Y

Garden Apartments **Condominiums** **Townhouses** **Occupied Rehab**

Terrapin Grove Senior Housing, Stevensville, MD
86 Apartments, 87,225 Square Feet

Bay Harbour Condominium, Islamorada, Florida
24 Unit Condominiums, Clubhouse & Pool

Courthouse Crossing Apartments, Arlington, VA
Renovate 112 Apartment Units

Cummins Apartments, Dundalk, MD
Renovation of Apartments and Townhouses

Residences at Rivers Edge Apartments

Salisbury, MD

Project Budget

Hard Costs	Developer's Budget w/ Land Purchase estimate	Per Unit	Investor's Recommended Construction Budget	Per Unit
Land	$1,500,000	$ 9,146	$1,250,000	$ 7,622
Other land fees	$28,329	$ 173	$20,397	$ 124
Extension Fees	$108,000	$ 659	$108,000	$ 659
Site Work	$2,815,500	$ 17,168	$2,150,000	$ 13,110
Structures	$15,040,740	$ 91,712	$12,122,408	$ 73,917
Landscaping	$145,000	$ 884	$96,500	$ 588
Community Center and Pool	$450,000	$ 2,744	$137,222	$ 837
Total Hard Costs	**$20,087,569**	$ 122,485	**$15,884,527**	$ 96,857
Soft Costs				
Municipal Fees	$375,384	$ 2,289	$334,092	$ 2,037
Reports (Soil, Appraisal, Env…)	$65,609	$ 400	$58,392	$ 356
Planning/ Engineering/ Surveying	$185,000	$ 1,128	$164,650	$ 1,004
Architectural	$351,000	$ 2,140	$312,390	$ 1,905
Developer Reserve Acct.	$0	$ -	$0	$ -
Office Expenses	$1,853	$ 11	$1,853	$ 11
Market Study	$0	$ -	$0	$ -
Title Insurance	$23,500	$ 143	$23,690	$ 144
Risk Insurance	$28,500	$ 174	$28,500	$ 174
Legal	$75,000	$ 457	$75,000	$ 457
1st year operating deficit	$90,000	$ 549	$90,000	$ 549
FFE	$76,671	$ 468	$68,237	$ 416
Loan Fees	$200,000	$ 1,220	$234,720	$ 1,431
Construction Interest Reserve	$830,000	$ 5,061	$1,289,947	$ 7,866
Contingency	$424,254	$ 2,587	$424,254	$ 2,587
	$2,726,771	$ 16,627	**$3,105,725**	$ 18,937
Developer Fee	**$600,000**	$ 3,659	**$400,000**	$ 2,439
Total Project Costs	**$23,414,340**	$ 142,770	**$19,390,252**	$ 118,233
Loan Request	$ 17,560,755		$ 14,542,689	

Sources and Uses

Uses	Developer's Previous		Investor's Recommended Total	
Project Budget	**$23,414,340**		**$19,390,252**	
Sources				
Developer Equity - Development Fee	$600,000	2.56%	$400,000	2.06%
Developer Equity - Development Cash	$3,753,585	16.03%	$3,197,563	16.49%
Developer Equity- Land Purchase (Cash)	$1,500,000	6.41%	$1,250,000	6.45%
Aggregate Developer Equity	**$5,853,585**		**$4,847,563**	
Mezzanie Debt	$0	0.00%		0.00%
Construction Loan and Max LTC	$ 17,560,755	75.00%	$ 14,542,689	75.00%
	$23,414,340	100%	$19,390,252	100%

Blended Spread Calculation

% of Cap Stack	Loan $	% of Loan	Spread	weighted spread	Blended Spread
77.25%	$ 14,978,969	102.91%	2.15%	2.213%	2.067%
-2.25%	$ (436,281)	-2.91%	5.00%	-0.146%	
75.00%	$ 14,542,689	100.00%			

Residences at Rivers Edge Apartments
Salisbury, MD
Rent Roll

Unit Type	Square Feet	# of Units	Total SF	Monthly Rent	Rent Per SF	Proforma Annual Rent
1 Bed/1Ba	882	20	17,640	$ 1,050	$1.19	$252,000
2 Bed/2Ba	1,150	124	142,600	$ 1,300	$1.13	$1,934,400
3 Bed/2Ba	1,450	20	29,000	$ 1,700	$1.17	$408,000
Totals	1154	164	189,240	$ 1,350	$1.14	$2,594,400
Laundry Income		164		$ 25		$49,200
Application Income		164		$ 25		$49,200
Pet Income		70		$ 50		$42,000
Parking		110		$ 100		$132,000
		Avg. SF			$1.14	
					PGI	$2,866,800

One bedroom units	20
Two bedroom units	124
Three Bedroom units	20
Unit total	164

Residences at Rivers Edge Apartments
Interest Carry Calculation

Calculation for loan @ $ 14,542,689

	Closing	1	2	3	4	5	6	7	8	9	10
Beginning Balance	$ -	$ -	$ 1,296,018	$ 2,599,218	$ 3,909,640	$ 5,227,894	$ 6,553,618	$ 7,886,854	$ 9,228,711	$ 10,578,341	$ 11,935,787
Advances	$ -	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437
Ending Balance	$ -	$ 1,292,437	$ 2,588,455	$ 3,891,655	$ 5,202,077	$ 6,520,331	$ 7,846,055	$ 9,179,291	$ 10,521,148	$ 11,870,778	$ 13,228,224
Interest Due	$ -	$ 3,581	$ 10,763	$ 17,985	$ 25,817	$ 33,287	$ 40,799	$ 49,421	$ 57,192	$ 65,009	$ 74,444
30 Day Libor		4.15%	4.15%	4.15%	4.30%	4.30%	4.30%	4.45%	4.45%	4.45%	4.60%
Spread		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest Rate		6.65%	6.65%	6.65%	6.80%	6.80%	6.80%	6.95%	6.95%	6.95%	7.10%

	11	12	13	14	15	16	17	18	
Beginning Balance	$ 13,302,667	$ 14,677,635	$ 16,060,738	$ 17,454,113	$ 18,855,906	$ 20,266,169	$ 21,687,565	$ 23,117,727	
Advances	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 1,292,437	$ 353,253	
Ending Balance	$ 14,595,104	$ 15,970,072	$ 17,353,175	$ 18,746,550	$ 20,148,343	$ 21,558,606	$ 22,980,002	$ 23,470,980	
Interest Due	$ 82,531	$ 90,666	$ 100,938	$ 109,356	$ 117,825	$ 128,960	$ 137,725	$ 143,649	$ 1,289,947
30 Day Libor	4.60%	4.60%	4.75%	4.75%	4.75%	4.90%	4.90%	4.90%	
Spread	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Interest Rate	7.10%	7.10%	7.25%	7.25%	7.25%	7.40%	7.40%	7.40%	

Cummulative Interest Charges over 18 Month Construction Period	**$ 1,289,947**
Original Line Item Budget in Construction Loan	**$ 850,000**

Residences at Rivers Edge Apartments
Stabilized Development Proforma

Units:	164	Stabilized Developer Proforma	% or per unit cost	Recommended Investor Proforma w/ 10% market vacancy & 5% decrease in rents	% or per unit cost
Potential Rent		$2,594,400	$1.17	$2,464,680	$1.11
Parking		$132,000		$132,000	
Other Income		$140,400		$140,400	
Potential Gross Income		$2,866,800		$2,737,080	
Less: Vacancy Collection Loss		-$229,344	8.00%	($273,708)	10.00%
Effective Gross Income		$2,637,456		$2,463,372	
Expenses:					
Management Fee		$140,774	5.34%	$98,535	4.00%
Real Estate Taxes		$172,500	$1,052	$172,500	$1,052
Insurance		$28,000	$171	$35,500	$216
Utilities		$43,985	$268	$77,748	$474
General & Administrative		$58,500	$357	$68,500	$418
Payroll		$89,000	$543	$127,236	$776
Advertising		$22,000	$134	$38,545	$235
Repairs & Maintenance		$44,750	$273	$74,750	$456
Replacement Reserve (fixed at $250/unit)	$ 250	$51,188	$312	$41,000	$250
Total Expenses		$650,697	$3,968	$734,314	$4,478
		OpEx Ratio	24.67%	OpEx Ratio	29.81%
Net Operating Income		**$1,986,759**		**$1,729,058**	

Sensitivity Analysis

Total Net Operating Inc. Before D/S		**$1,986,759**		**$1,729,058**	
Cap Rate		8.50%		8.50%	
Stabilized Value		**$23,373,635**		**$20,341,860**	
LTV		62.22%		71.49%	
LTC		75.00%		75.00%	
Loan Amount		**14,542,689**		**$14,542,689**	
Total Cost		**$19,390,252**		**$19,390,252**	
I/O Coverage		**13.66%**		**11.89%**	
Leveraged Return		**12.07%**		**7.66%**	
Break Even Operating Rent					
LIBOR	***4.15%***				
SPREAD	***2.50%***				
I/O DSC on Loan (LIBOR + USB Spread)	6.65%	2.05		1.79	
I/O DSC on Loan + 1%	7.65%	1.79		1.55	
I/O DSC on Loan + 2%	8.65%	1.58		1.37	
DSC Perm. Loan 30 yr. Amort.	**8.00%**	1.55		1.35	
DSC Perm. Loan 30 yr. Amort.	9.00%	1.41		1.23	
DSC Perm. Loan 30 yr. Amort.	10.00%	1.30		1.13	
Mortgageability					
Perm. Loan Debt Service		$1,280,509.17		$1,280,509.17	
Supportable Pemanent Loan Using a 6.75% Rate, 1.20 DSC, and a 30 Year Amortization		$21,271,936		$18,512,771	
Using 80% Permanent LTV Constraint w/ cap rate of:	8.50%	$18,698,908		$16,273,488	

USES - RIVERS EDGE CONSTRUCTION BUDGET (RECOMMENDED FOR INVESTMENT)

	ITEM		AMOUNT	$/UNIT
	LAND COSTS			
	LAND ACQUISITION		$1,250,000	
	LAND DEVELOPMENT		2,278,397	
	TOTAL LAND ACQUISITION AND DEV. COST		3,528,397	$26,136
	BUILDING HARD COSTS			
	SHELL AND CORE		10,122,408	
	LANDSCAPING		96,500	
	COMMUNITY CENTER & POOL			
	TOTAL HARD COSTS		$10,122,408	$74,981
	SOFT COSTS			
1	CONTINGENCY (IN % OF TOTAL SOFT COSTS)		$424,254	
2	INTEREST RESERVE		1,289,947	
3	LOAN FEE		234,720	
4	ARCHITECTURAL/ENGINEERING		477,040	
5	REPORTS (Appraisal,Environmental,Soil)		58,392	
6	INSURANCE		52,090	
7	PERMITS/FEES		334,092	
8	LEGAL		75,000	
9	FFE		68,237	
10	1st YEAR OPERATING DEFICIT		90,000	
11	MARKETING AND LEASE-UP COSTS		125,000	
12	DEVELOPER FEE (IN PERCENT OF TOTAL HARD COSTS)	5.75%	400,000	
13	OTHER SOFT COSTS		110,675	
	TOTAL SOFT COSTS		$3,739,447	$27,700
	TOTAL BUILDING COSTS		$ 17,390,252	$128,817
	TOTAL BUILDING COSTS, ROUNDED		$ 17,400,000	

SOURCES OF FUNDING

LTV	75.0%
FIRST MORTGAGE	$13,040,000
CASH EQUITY	$3,810,000
DEVELOPER FEE	$550,000
TOTAL	$17,400,000
TOTAL EQUITY INVESTMENT	$4,360,000

RIVERS EDGE PRO FORMA INCOME STATEMENT (STABILIZED YEAR ONE)				
ITEM		**AMOUNT**	**$/UNIT**	
REVENUE				
BASE RENTS		$2,464,680	$1,350	(per month)
OTHER INCOME		$272,400		
POTENTIAL GROSS INCOME		$2,737,080		
LESS VACANCY ALLOWANCE	10.00%	($273,708)		
EFFECTIVE GROSS INCOME		$2,463,372		
EXPENSES				
REAL ESTATE TAXES		$172,500	$1,052	
OTHER (PAYROLL)		$127,236	$776	
UTILITIES		$77,748	$474	
REPAIRS/MAINTENANCE		$74,750	$456	
INSURANCE		$35,500	$216	
OTHER		$107,045	$653	
MANAGEMENT	4.00%	$98,535	$601	
TOTAL OPERATING EXPENSES		$693,314	$5,136	
NET OPERATING INCOME		$1,770,058	$10,793	
CAPITAL REPLACEMENT RESERVES		($41,000)	($250)	
CASH FLOW FROM OPERATIONS		$1,729,058		
DEBT SERVICE		($1,280,509)	($9,485)	
CASH FLOW AFTER FINANCING		$448,549		

DEBT COVERAGE RATIOS		
DEBT COVERAGE ON NOI		
NOI (YEAR ONE)	$	1,770,058
DEBT SERVICE	$	1,280,509
DEBT COVERAGE ON NOI		1.38
DEBT COVERAGE ON CASH FLOW FROM OPERATIONS		
CASH FLOW FROM OPERATIONS	$	1,729,058
DEBT SERVICE	$	1,280,509
DEBT COVERAGE ON CASH FLOW FROM OPERATIONS		1.35

VALUE		
NOI (YEAR ONE)	$	1,770,058
CAP RATE		8.50%
ESTIMATED VALUE	$	20,824,213

LOAN-TO-VALUE AND LOAN-TO-COST RATIOS		
LOAN-TO VALUE RATIO		
PROPOSED LOAN AMOUNT	$	14,542,689
ESTIMATED VALUE	$	20,824,213
LOAN-TO VALUE RATIO		70%
LOAN-TO COST RATIO		
PROPOSED LOAN AMOUNT	$	14,542,689
ESTIMATED COST	$	19,390,252
LOAN-TO COST RATIO		75%

PER UNIT VALUE AND LOAN EXPOSURE		
VALUE PER UNIT		
ESTIMATED VALUE	$	20,824,213
NUMBER OF UNITS		164
VALUE PER UNIT	$	126,977
LOAN EXPOSURE PER UNIT		
PROPOSED LOAN AMOUNT	$	14,542,689
NUMBER OF UNITS		164
LOAN EXPOSURE PER UNIT	$	88,675

RETURN RATIOS

RETURN ON ASSETS (using estimated construction costs)		
CASH FLOW FROM OPERATIONS	$	1,729,058
ESTIMATED CONSTRUCTION COST	$	19,390,252
RETURN ON ASSETS		8.92%
RETURN ON EQUITY (using proposed equity investment)		
CASH FLOW AFTER FINANCING	$	448,549
PROPOSED EQUITY INVESTMENT (incl. deferred developer fee)	$	3,197,563
RETURN ON EQUITY		14.03%

BREAKEVEN RENT AND OCCUPANCY RATIOS

BREAKEVEN OCCUPANCY		
TOTAL OPERATING EXPENSES	$	693,314
CAPITAL EXPENDITURES	$	41,000
DEBT SERVICE	$	1,280,509
SUBTOTAL	$	2,014,823
POTENTIAL GROSS INCOME	$	2,737,080
BREAKEVEN OCCUPANCY		73.61%
BREAKEVEN RENT AT 95% OCCUPANCY		
TOTAL OPERATING EXPENSES	$	693,314
CAPITAL EXPENDITURES	$	41,000
DEBT SERVICE	$	1,280,509
SUBTOTAL	$	2,014,823
NUMBER OF UNITS		164
TIMES: NUMBER OF MONTHS IN YEAR		12
TIMES: OCCUPANCY RATE		95.00%
SUBTOTAL (AGGREGATE ANNUAL OCCUPIED UNITS)		1,870
BREAK EVEN MONTHLY RENT AT 95% OCCUPANCY	$	1,078

BREAKEVEN VS. PROPOSED MORTGAGE CONSTANT

BREAKEVEN MORTGAGE CONSTANT		
EFFECTIVE GROSS INCOME	$	2,463,372
LESS: OPERATING EXPENSES	$	693,314
LESS: CAPITAL EXPENDITURES	$	41,000
SUBTOTAL (CASH FLOW FROM OPERATIONS/BEFORE DEBT SERVICE)	$	1,729,058
PROPOSED LOAN AMOUNT	$	14,542,689
BREAKEVEN MORTGAGE CONSTANT		11.89%
PROPOSED MORTGAGE CONSTANT		
DEBT SERVICE	$	1,280,509
PROPOSED LOAN AMOUNT	$	14,542,689
PROPOSED MORTGAGE CONSTANT		8.81%

The Residences at Rivers Edge - 10 year Discounted Cash Flow Statement

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE											
BASE RENTS	3.00%	$2,464,680	$ 2,538,620	$ 2,614,779	$ 2,693,222	$ 2,774,019	$ 2,857,240	$ 2,942,957	$ 3,031,246	$ 3,122,183	$ 3,215,848
OTHER INCOME	3.00%	272,400	280,572	288,989	297,659	306,589	315,786	325,260	335,018	345,068	355,420
POTENTIAL GROSS INCOME		2,737,080	2,819,192	2,903,768	2,990,881	3,080,608	3,173,026	3,268,217	3,366,263	3,467,251	3,571,269
LESS VACANCY ALLOWANCE	10.00%	(273,708)	(281,919)	(290,377)	(299,088)	(308,061)	(317,303)	(326,822)	(336,626)	(346,725)	(357,127)
EFFECTIVE GROSS INCOME		$ 2,463,372	$ 2,537,273	$ 2,613,391	$ 2,691,793	$ 2,772,547	$ 2,855,723	$ 2,941,395	$ 3,029,637	$ 3,120,526	$ 3,214,142
EXPENSES											
REAL ESTATE TAXES	3.50%	$172,500	$ 178,538	$ 184,786	$ 191,254	$ 197,948	$ 204,876	$ 212,047	$ 219,468	$ 227,150	$ 235,100
OTHER (PAYROLL)	3.50%	127,236	131,689	136,298	141,069	146,006	151,116	156,406	161,880	167,546	173,410
UTILITIES	3.50%	77,748	80,469	83,286	86,201	89,218	92,340	95,572	98,917	102,379	105,963
REPAIRS/MAINTENANCE	3.50%	74,750	77,366	80,074	82,877	85,777	88,780	91,887	95,103	98,431	101,877
INSURANCE	3.50%	35,500	36,743	38,028	39,359	40,737	42,163	43,639	45,166	46,747	48,383
OTHER	3.50%	107,045	110,792	114,669	118,683	122,837	127,136	131,586	136,191	140,958	145,891
MANAGEMENT	4.00%	98,535	101,984	105,553	109,247	113,071	117,029	121,125	125,364	129,752	134,293
TOTAL OPERATING EXPENSES		**693,314**	**717,580**	**742,695**	**768,689**	**795,594**	**823,439**	**852,260**	**882,089**	**912,962**	**944,916**
NET OPERATING INCOME		$ 1,770,058	$ 1,819,693	$ 1,870,696	$ 1,923,104	$ 1,976,953	$ 2,032,284	$ 2,089,135	$ 2,147,548	$ 2,207,564	$ 2,269,226
CAPITAL EXPENDITURES	($250.00)	(41,000)	(42,435)	(43,920)	(45,457)	(47,048)	(48,695)	(50,399)	(52,163)	(53,989)	(55,879)
CASH FLOW FROM OPERATIONS		1,729,058	1,777,258	1,826,776	1,877,646	1,929,905	1,983,589	2,038,736	2,095,385	2,153,575	2,213,347
DEBT SERVICE		1,280,509	1,280,509	1,280,509	1,280,509	1,280,509	1,280,509	1,280,509	1,280,509	1,280,509	1,280,509
CASH FLOW AFTER FINANCING		**$ 448,549**	**$ 496,749**	**$ 546,267**	**$ 597,137**	**$ 649,396**	**$ 703,080**	**$ 758,227**	**$ 814,875**	**$ 873,066**	**$ 932,838**

REVERSION (Year 10)		
EOY NOI		2,213,347
Terminal Cap Rate		8.50%
Reversion	$	26,696,777
Cost of Sale		3.00%
Net Reversion	$	25,895,874
Debt Balance	$	12,757,531
Distrib Proceeds	$	13,138,343
Discount Rate		10.00%

Value		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
$6,893,940 PV		$ 1,729,058	$ 1,777,258	$ 1,826,776	$ 1,877,646	$ 1,929,905	$ 1,983,589	$ 2,038,736	$ 2,095,385	$ 2,153,575	$ 28,109,221
IRR - Return on Equity Investment											
35.73%	($4,360,000)	$ 448,549	$ 496,749	$ 546,267	$ 597,137	$ 13,787,739	$ 703,080	$ 758,227	$ 814,875	$ 873,066	$ 932,838
$7,030,637 NPV											

Notes:

AMORTIZATION (P&I) SCHEDULE
The Residences at Rivers Edge

Loan Amount	$14,542,689		
Annual Interest Rate	8.00%		
Interest Rate	0.67%		
Term	360		
Years	30	Debt Serv. Monthly	$106,709
Number of Payments per Year	12	Debt Serv. Yearly	$1,280,509

Period	Amount Outstanding	Debt Service	Principal	Interest	Periods Remain	Accum Principal	Accum Interest	Year
0	14,542,688.72				360	0.00	0.00	
1	14,532,930.88	106,709.10	9,757.84	96,951.26	359	$9,758	$96,951	
2	14,523,107.99	106,709.10	9,822.89	96,886.21	358	$19,581	$193,837	
3	14,513,219.61	106,709.10	9,888.38	96,820.72	357	$29,469	$290,658	
4	14,503,265.31	106,709.10	9,954.30	96,754.80	356	$39,423	$387,413	
5	14,493,244.65	106,709.10	10,020.66	96,688.44	355	$49,444	$484,101	
6	14,483,157.18	106,709.10	10,087.47	96,621.63	354	$59,532	$580,723	
7	14,473,002.46	106,709.10	10,154.72	96,554.38	353	$69,686	$677,277	
8	14,462,780.05	106,709.10	10,222.41	96,486.68	352	$79,909	$773,764	
9	14,452,489.48	106,709.10	10,290.56	96,418.53	351	$90,199	$870,183	
10	14,442,130.32	106,709.10	10,359.17	96,349.93	350	$100,558	$966,533	
11	14,431,702.09	106,709.10	10,428.23	96,280.87	349	$110,987	$1,062,813	
12	***14,421,204.34***	***106,709.10***	***10,497.75***	***96,211.35***	***348***	***$121,484***	$1,159,025	**1**
13	14,410,636.60	106,709.10	10,567.74	96,141.36	347	$132,052	$1,255,166	
14	14,399,998.41	106,709.10	10,638.19	96,070.91	346	$142,690	$1,351,237	
15	14,389,289.31	106,709.10	10,709.11	95,999.99	345	$153,399	$1,447,237	
16	14,378,508.80	106,709.10	10,780.50	95,928.60	344	$164,180	$1,543,166	
17	14,367,656.43	106,709.10	10,852.37	95,856.73	343	$175,032	$1,639,022	
18	14,356,731.71	106,709.10	10,924.72	95,784.38	342	$185,957	$1,734,807	
19	14,345,734.16	106,709.10	10,997.55	95,711.54	341	$196,955	$1,830,518	
20	14,334,663.28	106,709.10	11,070.87	95,638.23	340	$208,025	$1,926,157	
21	14,323,518.61	106,709.10	11,144.68	95,564.42	339	$219,170	$2,021,721	
22	14,312,299.63	106,709.10	11,218.97	95,490.12	338	$230,389	$2,117,211	
23	14,301,005.87	106,709.10	11,293.77	95,415.33	337	$241,683	$2,212,626	
24	14,289,636.81	106,709.10	11,369.06	95,340.04	336	$253,052	$2,307,966	**2**
25	14,278,191.96	106,709.10	11,444.85	95,264.25	335	$264,497	$2,403,231	
26	14,266,670.81	106,709.10	11,521.15	95,187.95	334	$276,018	$2,498,419	
27	14,255,072.85	106,709.10	11,597.96	95,111.14	333	$287,616	$2,593,530	
28	14,243,397.57	106,709.10	11,675.28	95,033.82	332	$299,291	$2,688,564	
29	14,231,644.45	106,709.10	11,753.11	94,955.98	331	$311,044	$2,783,520	
30	14,219,812.98	106,709.10	11,831.47	94,877.63	330	$322,876	$2,878,397	
31	14,207,902.64	106,709.10	11,910.34	94,798.75	329	$334,786	$2,973,196	
32	14,195,912.89	106,709.10	11,989.75	94,719.35	328	$346,776	$3,067,915	
33	14,183,843.21	106,709.10	12,069.68	94,639.42	327	$358,846	$3,162,555	
34	14,171,693.07	106,709.10	12,150.14	94,558.95	326	$370,996	$3,257,114	
35	14,159,461.93	106,709.10	12,231.14	94,477.95	325	$383,227	$3,351,592	
36	14,147,149.24	106,709.10	12,312.69	94,396.41	324	$395,539	$3,445,988	**3**
37	14,134,754.47	106,709.10	12,394.77	94,314.33	323	$407,934	$3,540,302	
38	14,122,277.07	106,709.10	12,477.40	94,231.70	322	$420,412	$3,634,534	
39	14,109,716.49	106,709.10	12,560.58	94,148.51	321	$432,972	$3,728,683	
40	14,097,072.17	106,709.10	12,644.32	94,064.78	320	$445,617	$3,822,747	
41	14,084,343.55	106,709.10	12,728.62	93,980.48	319	$458,345	$3,916,728	
42	14,071,530.07	106,709.10	12,813.47	93,895.62	318	$471,159	$4,010,623	
43	14,058,631.18	106,709.10	12,898.90	93,810.20	317	$484,058	$4,104,434	
44	14,045,646.29	106,709.10	12,984.89	93,724.21	316	$497,042	$4,198,158	
45	14,032,574.83	106,709.10	13,071.46	93,637.64	315	$510,114	$4,291,796	
46	14,019,416.23	106,709.10	13,158.60	93,550.50	314	$523,272	$4,385,346	
47	14,006,169.91	106,709.10	13,246.32	93,462.77	313	$536,519	$4,478,809	
48	13,992,835.28	106,709.10	13,334.63	93,374.47	312	$549,853	$4,572,183	**4**
49	13,979,411.75	106,709.10	13,423.53	93,285.57	311	$563,277	$4,665,469	
50	13,965,898.73	106,709.10	13,513.02	93,196.08	310	$576,790	$4,758,665	
51	13,952,295.62	106,709.10	13,603.11	93,105.99	309	$590,393	$4,851,771	
52	13,938,601.83	106,709.10	13,693.79	93,015.30	308	$604,087	$4,944,786	
53	13,924,816.74	106,709.10	13,785.09	92,924.01	307	$617,872	$5,037,710	
54	13,910,939.76	106,709.10	13,876.99	92,832.11	306	$631,749	$5,130,542	
55	13,896,970.26	106,709.10	13,969.50	92,739.60	305	$645,718	$5,223,282	
56	13,882,907.63	106,709.10	14,062.63	92,646.47	304	$659,781	$5,315,928	
57	13,868,751.25	106,709.10	14,156.38	92,552.72	303	$673,937	$5,408,481	
58	13,854,500.49	106,709.10	14,250.76	92,458.34	302	$688,188	$5,500,939	
59	13,840,154.73	106,709.10	14,345.76	92,363.34	301	$702,534	$5,593,303	
60	13,825,713.33	106,709.10	14,441.40	92,267.70	300	$716,975	$5,685,570	**5**
61	13,811,175.65	106,709.10	14,537.68	92,171.42	299	$731,513	$5,777,742	
62	13,796,541.06	106,709.10	14,634.59	92,074.50	298	$746,148	$5,869,816	
63	13,781,808.90	106,709.10	14,732.16	91,976.94	297	$760,880	$5,961,793	
64	13,766,978.53	106,709.10	14,830.37	91,878.73	296	$775,710	$6,053,672	
65	13,752,049.29	106,709.10	14,929.24	91,779.86	295	$790,639	$6,145,452	
66	13,737,020.52	106,709.10	15,028.77	91,680.33	294	$805,668	$6,237,132	
67	13,721,891.56	106,709.10	15,128.96	91,580.14	293	$820,797	$6,328,712	
68	13,706,661.74	106,709.10	15,229.82	91,479.28	292	$836,027	$6,420,192	
69	13,691,330.38	106,709.10	15,331.35	91,377.74	291	$851,358	$6,511,569	
70	13,675,896.82	106,709.10	15,433.56	91,275.54	290	$866,792	$6,602,845	
71	13,660,360.37	106,709.10	15,536.45	91,172.65	289	$882,328	$6,694,018	
72	13,644,720.34	106,709.10	15,640.03	91,069.07	288	$897,968	$6,785,087	**6**
73	13,628,976.05	106,709.10	15,744.30	90,964.80	287	$913,713	$6,876,051	
74	13,613,126.79	106,709.10	15,849.26	90,859.84	286	$929,562	$6,966,911	
75	13,597,171.87	106,709.10	15,954.92	90,754.18	285	$945,517	$7,057,665	
76	13,581,110.58	106,709.10	16,061.29	90,647.81	284	$961,578	$7,148,313	
77	13,564,942.22	106,709.10	16,168.36	90,540.74	283	$977,746	$7,238,854	
78	13,548,666.07	106,709.10	16,276.15	90,432.95	282	$994,023	$7,329,287	
79	13,532,281.42	106,709.10	16,384.66	90,324.44	281	$1,010,407	$7,419,611	
80	13,515,787.53	106,709.10	16,493.89	90,215.21	280	$1,026,901	$7,509,827	
81	13,499,183.68	106,709.10	16,603.85	90,105.25	279	$1,043,505	$7,599,932	
82	13,482,469.14	106,709.10	16,714.54	89,994.56	278	$1,060,220	$7,689,926	
83	13,465,643.17	106,709.10	16,825.97	89,883.13	277	$1,077,046	$7,779,810	
84	13,448,705.03	106,709.10	16,938.14	89,770.95	276	$1,093,984	$7,869,581	**7**
85	13,431,653.96	106,709.10	17,051.06	89,658.03	275	$1,111,035	$7,959,239	

AMORTIZATION (P&I) SCHEDULE
The Residences at Rivers Edge

86	13,414,489.22	106,709.10	17,164.74	89,544.36	274	$1,128,199	$8,048,783	
87	13,397,210.05	106,709.10	17,279.17	89,429.93	273	$1,145,479	$8,138,213	
88	13,379,815.69	106,709.10	17,394.36	89,314.73	272	$1,162,873	$8,227,528	
89	13,362,305.36	106,709.10	17,510.33	89,198.77	271	$1,180,383	$8,316,726	
90	13,344,678.30	106,709.10	17,627.06	89,082.04	270	$1,198,010	$8,405,808	
91	13,326,933.72	106,709.10	17,744.58	88,964.52	269	$1,215,755	$8,494,773	
92	13,309,070.85	106,709.10	17,862.87	88,846.22	268	$1,233,618	$8,583,619	
93	13,291,088.89	106,709.10	17,981.96	88,727.14	267	$1,251,600	$8,672,346	
94	13,272,987.05	106,709.10	18,101.84	88,607.26	266	$1,269,702	$8,760,954	
95	13,254,764.54	106,709.10	18,222.52	88,486.58	265	$1,287,924	$8,849,440	
96	13,236,420.54	106,709.10	18,344.00	88,365.10	264	$1,306,268	$8,937,805	**8**
97	13,217,954.24	106,709.10	18,466.29	88,242.80	263	$1,324,734	$9,026,048	
98	13,199,364.84	106,709.10	18,589.40	88,119.69	262	$1,343,324	$9,114,168	
99	13,180,651.51	106,709.10	18,713.33	87,995.77	261	$1,362,037	$9,202,163	
100	13,161,813.42	106,709.10	18,838.09	87,871.01	260	$1,380,875	$9,290,034	
101	13,142,849.74	106,709.10	18,963.68	87,745.42	259	$1,399,839	$9,377,780	
102	13,123,759.64	106,709.10	19,090.10	87,619.00	258	$1,418,929	$9,465,399	
103	13,104,542.28	106,709.10	19,217.37	87,491.73	257	$1,438,146	$9,552,891	
104	13,085,196.79	106,709.10	19,345.48	87,363.62	256	$1,457,492	$9,640,254	
105	13,065,722.34	106,709.10	19,474.45	87,234.65	255	$1,476,966	$9,727,489	
106	13,046,118.06	106,709.10	19,604.28	87,104.82	254	$1,496,571	$9,814,594	
107	13,026,383.08	106,709.10	19,734.98	86,974.12	253	$1,516,306	$9,901,568	
108	13,006,516.54	106,709.10	19,866.54	86,842.55	252	$1,536,172	$9,988,410	**9**
109	12,986,517.55	106,709.10	19,998.99	86,710.11	251	$1,556,171	$10,075,121	
110	12,966,385.23	106,709.10	20,132.31	86,576.78	250	$1,576,303	$10,161,697	
111	12,946,118.70	106,709.10	20,266.53	86,442.57	249	$1,596,570	$10,248,140	
112	12,925,717.07	106,709.10	20,401.64	86,307.46	248	$1,616,972	$10,334,447	
113	12,905,179.41	106,709.10	20,537.65	86,171.45	247	$1,637,509	$10,420,619	
114	12,884,504.85	106,709.10	20,674.57	86,034.53	246	$1,658,184	$10,506,653	
115	12,863,692.45	106,709.10	20,812.40	85,896.70	245	$1,678,996	$10,592,550	
116	12,842,741.30	106,709.10	20,951.15	85,757.95	244	$1,699,947	$10,678,308	
117	12,821,650.48	106,709.10	21,090.82	85,618.28	243	$1,721,038	$10,763,926	
118	12,800,419.05	106,709.10	21,231.43	85,477.67	242	$1,742,270	$10,849,404	
119	12,779,046.08	106,709.10	21,372.97	85,336.13	241	$1,763,643	$10,934,740	
120	**12,757,530.62**	**106,709.10**	**21,515.46**	**85,193.64**	**240**	**$1,785,158**	**$11,019,934**	**10**
121	12,735,871.73	106,709.10	21,658.89	85,050.20	239	$1,806,817	$11,104,984	
122	12,714,068.44	106,709.10	21,803.29	84,905.81	238	$1,828,620	$11,189,890	
123	12,692,119.80	106,709.10	21,948.64	84,760.46	237	$1,850,569	$11,274,650	
124	12,670,024.83	106,709.10	22,094.97	84,614.13	236	$1,872,664	$11,359,264	
125	12,647,782.57	106,709.10	22,242.27	84,466.83	235	$1,894,906	$11,443,731	
126	12,625,392.02	106,709.10	22,390.55	84,318.55	234	$1,917,297	$11,528,050	
127	12,602,852.20	106,709.10	22,539.82	84,169.28	233	$1,939,837	$11,612,219	
128	12,580,162.12	106,709.10	22,690.08	84,019.01	232	$1,962,527	$11,696,238	
129	12,557,320.77	106,709.10	22,841.35	83,867.75	231	$1,985,368	$11,780,106	
130	12,534,327.14	106,709.10	22,993.63	83,715.47	230	$2,008,362	$11,863,821	
131	12,511,180.22	106,709.10	23,146.92	83,562.18	229	$2,031,508	$11,947,383	
132	12,487,878.99	106,709.10	23,301.23	83,407.87	228	$2,054,810	$12,030,791	**11**
133	12,464,422.42	106,709.10	23,456.57	83,252.53	227	$2,078,266	$12,114,044	
134	12,440,809.47	106,709.10	23,612.95	83,096.15	226	$2,101,879	$12,197,140	
135	12,417,039.11	106,709.10	23,770.37	82,938.73	225	$2,125,650	$12,280,079	
136	12,393,110.27	106,709.10	23,928.84	82,780.26	224	$2,149,578	$12,362,859	
137	12,369,021.91	106,709.10	24,088.36	82,620.74	223	$2,173,667	$12,445,480	
138	12,344,772.95	106,709.10	24,248.95	82,460.15	222	$2,197,916	$12,527,940	
139	12,320,362.34	106,709.10	24,410.61	82,298.49	221	$2,222,326	$12,610,238	
140	12,295,788.99	106,709.10	24,573.35	82,135.75	220	$2,246,900	$12,692,374	
141	12,271,051.82	106,709.10	24,737.17	81,971.93	219	$2,271,637	$12,774,346	
142	12,246,149.74	106,709.10	24,902.09	81,807.01	218	$2,296,539	$12,856,153	
143	12,221,081.64	106,709.10	25,068.10	81,641.00	217	$2,321,607	$12,937,794	
144	12,195,846.42	106,709.10	25,235.22	81,473.88	216	$2,346,842	$13,019,268	
145	12,170,442.96	106,709.10	25,403.46	81,305.64	215	$2,372,246	$13,100,573	
146	12,144,870.15	106,709.10	25,572.81	81,136.29	214	$2,397,819	$13,181,710	
147	12,119,126.85	106,709.10	25,743.30	80,965.80	213	$2,423,562	$13,262,676	
148	12,093,211.93	106,709.10	25,914.92	80,794.18	212	$2,449,477	$13,343,470	
149	12,067,124.25	106,709.10	26,087.69	80,621.41	211	$2,475,564	$13,424,091	
150	12,040,862.65	106,709.10	26,261.60	80,447.49	210	$2,501,826	$13,504,539	
151	12,014,425.97	106,709.10	26,436.68	80,272.42	209	$2,528,263	$13,584,811	
152	11,987,813.04	106,709.10	26,612.92	80,096.17	208	$2,554,876	$13,664,907	
153	11,961,022.70	106,709.10	26,790.34	79,918.75	207	$2,581,666	$13,744,826	
154	11,934,053.75	106,709.10	26,968.95	79,740.15	206	$2,608,635	$13,824,566	
155	11,906,905.01	106,709.10	27,148.74	79,560.36	205	$2,635,784	$13,904,126	
156	11,879,575.28	106,709.10	27,329.73	79,379.37	204	$2,663,113	$13,983,506	
157	11,852,063.35	106,709.10	27,511.93	79,197.17	203	$2,690,625	$14,062,703	
158	11,824,368.01	106,709.10	27,695.34	79,013.76	202	$2,718,321	$14,141,717	
159	11,796,488.03	106,709.10	27,879.98	78,829.12	201	$2,746,201	$14,220,546	
160	11,768,422.19	106,709.10	28,065.84	78,643.25	200	$2,774,267	$14,299,189	
161	11,740,169.24	106,709.10	28,252.95	78,456.15	199	$2,802,519	$14,377,645	
162	11,711,727.93	106,709.10	28,441.30	78,267.79	198	$2,830,961	$14,455,913	
163	11,683,097.02	106,709.10	28,630.91	78,078.19	197	$2,859,592	$14,533,991	
164	11,654,275.24	106,709.10	28,821.78	77,887.31	196	$2,888,413	$14,611,879	
165	11,625,261.31	106,709.10	29,013.93	77,695.17	195	$2,917,427	$14,689,574	
166	11,596,053.95	106,709.10	29,207.36	77,501.74	194	$2,946,635	$14,767,075	
167	11,566,651.88	106,709.10	29,402.07	77,307.03	193	$2,976,037	$14,844,383	
168	11,537,053.79	106,709.10	29,598.09	77,111.01	192	$3,005,635	$14,921,494	
169	11,507,258.39	106,709.10	29,795.41	76,913.69	191	$3,035,430	$14,998,407	
170	11,477,264.35	106,709.10	29,994.04	76,715.06	190	$3,065,424	$15,075,122	
171	11,447,070.34	106,709.10	30,194.00	76,515.10	189	$3,095,618	$15,151,637	
172	11,416,675.05	106,709.10	30,395.30	76,313.80	188	$3,126,014	$15,227,951	
173	11,386,077.12	106,709.10	30,597.93	76,111.17	187	$3,156,612	$15,304,062	
174	11,355,275.20	106,709.10	30,801.92	75,907.18	186	$3,187,414	$15,379,970	
175	11,324,267.94	106,709.10	31,007.26	75,701.83	185	$3,218,421	$15,455,671	
176	11,293,053.96	106,709.10	31,213.98	75,495.12	184	$3,249,635	$15,531,166	
177	11,261,631.89	106,709.10	31,422.07	75,287.03	183	$3,281,057	$15,606,453	
178	11,230,000.34	106,709.10	31,631.55	75,077.55	182	$3,312,688	$15,681,531	
179	11,198,157.91	106,709.10	31,842.43	74,866.67	181	$3,344,531	$15,756,398	
180	11,166,103.19	106,709.10	32,054.71	74,654.39	180	$3,376,586	$15,831,052	
181	11,133,834.78	106,709.10	32,268.41	74,440.69	179	$3,408,854	$15,905,493	

AMORTIZATION (P&I) SCHEDULE
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182	11,101,351.25	106,709.10	32,483.53	74,225.57	178	$3,441,337	$15,979,718
183	11,068,651.16	106,709.10	32,700.09	74,009.01	177	$3,474,038	$16,053,727
184	11,035,733.07	106,709.10	32,918.09	73,791.01	176	$3,506,956	$16,127,518
185	11,002,595.53	106,709.10	33,137.54	73,571.55	175	$3,540,093	$16,201,090
186	10,969,237.07	106,709.10	33,358.46	73,350.64	174	$3,573,452	$16,274,441
187	10,935,656.22	106,709.10	33,580.85	73,128.25	173	$3,607,033	$16,347,569
188	10,901,851.49	106,709.10	33,804.72	72,904.37	172	$3,640,837	$16,420,473
189	10,867,821.41	106,709.10	34,030.09	72,679.01	171	$3,674,867	$16,493,152
190	10,833,564.45	106,709.10	34,256.96	72,452.14	170	$3,709,124	$16,565,604
191	10,799,079.11	106,709.10	34,485.33	72,223.76	169	$3,743,610	$16,637,828
192	10,764,363.88	106,709.10	34,715.24	71,993.86	168	$3,778,325	$16,709,822
193	10,729,417.21	106,709.10	34,946.67	71,762.43	167	$3,813,272	$16,781,584
194	10,694,237.56	106,709.10	35,179.65	71,529.45	166	$3,848,451	$16,853,114
195	10,658,823.37	106,709.10	35,414.18	71,294.92	165	$3,883,865	$16,924,409
196	10,623,173.10	106,709.10	35,650.28	71,058.82	164	$3,919,516	$16,995,468
197	10,587,285.16	106,709.10	35,887.94	70,821.15	163	$3,955,404	$17,066,289
198	10,551,157.96	106,709.10	36,127.20	70,581.90	162	$3,991,531	$17,136,871
199	10,514,789.91	106,709.10	36,368.04	70,341.05	161	$4,027,899	$17,207,212
200	10,478,179.42	106,709.10	36,610.50	70,098.60	160	$4,064,509	$17,277,310
201	10,441,324.85	106,709.10	36,854.57	69,854.53	159	$4,101,364	$17,347,165
202	10,404,224.58	106,709.10	37,100.27	69,608.83	158	$4,138,464	$17,416,774
203	10,366,876.98	106,709.10	37,347.60	69,361.50	157	$4,175,812	$17,486,135
204	10,329,280.40	106,709.10	37,596.58	69,112.51	156	$4,213,408	$17,555,248
205	10,291,433.17	106,709.10	37,847.23	68,861.87	155	$4,251,256	$17,624,110
206	10,253,333.62	106,709.10	38,099.54	68,609.55	154	$4,289,355	$17,692,719
207	10,214,980.08	106,709.10	38,353.54	68,355.56	153	$4,327,709	$17,761,075
208	10,176,370.85	106,709.10	38,609.23	68,099.87	152	$4,366,318	$17,829,174
209	10,137,504.23	106,709.10	38,866.63	67,842.47	151	$4,405,184	$17,897,017
210	10,098,378.49	106,709.10	39,125.74	67,583.36	150	$4,444,310	$17,964,600
211	10,058,991.92	106,709.10	39,386.57	67,322.52	149	$4,483,697	$18,031,923
212	10,019,342.76	106,709.10	39,649.15	67,059.95	148	$4,523,346	$18,098,983
213	9,979,429.28	106,709.10	39,913.48	66,795.62	147	$4,563,259	$18,165,778
214	9,939,249.72	106,709.10	40,179.57	66,529.53	146	$4,603,439	$18,232,308
215	9,898,802.28	106,709.10	40,447.43	66,261.66	145	$4,643,886	$18,298,570
216	9,858,085.20	106,709.10	40,717.08	65,992.02	144	$4,684,604	$18,364,562
217	9,817,096.67	106,709.10	40,988.53	65,720.57	143	$4,725,592	$18,430,282
218	9,775,834.88	106,709.10	41,261.79	65,447.31	142	$4,766,854	$18,495,730
219	9,734,298.02	106,709.10	41,536.87	65,172.23	141	$4,808,391	$18,560,902
220	9,692,484.24	106,709.10	41,813.78	64,895.32	140	$4,850,204	$18,625,797
221	9,650,391.70	106,709.10	42,092.54	64,616.56	139	$4,892,297	$18,690,414
222	9,608,018.55	106,709.10	42,373.15	64,335.94	138	$4,934,670	$18,754,750
223	9,565,362.91	106,709.10	42,655.64	64,053.46	137	$4,977,326	$18,818,803
224	9,522,422.90	106,709.10	42,940.01	63,769.09	136	$5,020,266	$18,882,572
225	9,479,196.62	106,709.10	43,226.28	63,482.82	135	$5,063,492	$18,946,055
226	9,435,682.16	106,709.10	43,514.45	63,194.64	134	$5,107,007	$19,009,250
227	9,391,877.61	106,709.10	43,804.55	62,904.55	133	$5,150,811	$19,072,154
228	9,347,781.03	106,709.10	44,096.58	62,612.52	132	$5,194,908	$19,134,767
229	9,303,390.48	106,709.10	44,390.56	62,318.54	131	$5,239,298	$19,197,085
230	9,258,703.98	106,709.10	44,686.49	62,022.60	130	$5,283,985	$19,259,108
231	9,213,719.58	106,709.10	44,984.40	61,724.69	129	$5,328,969	$19,320,832
232	9,168,435.28	106,709.10	45,284.30	61,424.80	128	$5,374,253	$19,382,257
233	9,122,849.08	106,709.10	45,586.20	61,122.90	127	$5,419,840	$19,443,380
234	9,076,958.98	106,709.10	45,890.10	60,818.99	126	$5,465,730	$19,504,199
235	9,030,762.94	106,709.10	46,196.04	60,513.06	125	$5,511,926	$19,564,712
236	8,984,258.93	106,709.10	46,504.01	60,205.09	124	$5,558,430	$19,624,917
237	8,937,444.89	106,709.10	46,814.04	59,895.06	123	$5,605,244	$19,684,812
238	8,890,318.76	106,709.10	47,126.13	59,582.97	122	$5,652,370	$19,744,395
239	8,842,878.45	106,709.10	47,440.31	59,268.79	121	$5,699,810	$19,803,664
240	8,795,121.88	106,709.10	47,756.57	58,952.52	120	$5,747,567	$19,862,617
241	8,747,046.92	106,709.10	48,074.95	58,634.15	119	$5,795,642	$19,921,251
242	8,698,651.47	106,709.10	48,395.45	58,313.65	118	$5,844,037	$19,979,564
243	8,649,933.38	106,709.10	48,718.09	57,991.01	117	$5,892,755	$20,037,555
244	8,600,890.51	106,709.10	49,042.88	57,666.22	116	$5,941,798	$20,095,222
245	8,551,520.68	106,709.10	49,369.83	57,339.27	115	$5,991,168	$20,152,561
246	8,501,821.72	106,709.10	49,698.96	57,010.14	114	$6,040,867	$20,209,571
247	8,451,791.43	106,709.10	50,030.29	56,678.81	113	$6,090,897	$20,266,250
248	8,401,427.61	106,709.10	50,363.82	56,345.28	112	$6,141,261	$20,322,595
249	8,350,728.03	106,709.10	50,699.58	56,009.52	111	$6,191,961	$20,378,605
250	8,299,690.45	106,709.10	51,037.58	55,671.52	110	$6,242,998	$20,434,276
251	8,248,312.63	106,709.10	51,377.83	55,331.27	109	$6,294,376	$20,489,607
252	8,196,592.28	106,709.10	51,720.35	54,988.75	108	$6,346,096	$20,544,596
253	8,144,527.13	106,709.10	52,065.15	54,643.95	107	$6,398,162	$20,599,240
254	8,092,114.88	106,709.10	52,412.25	54,296.85	106	$6,450,574	$20,653,537
255	8,039,353.21	106,709.10	52,761.67	53,947.43	105	$6,503,336	$20,707,484
256	7,986,239.80	106,709.10	53,113.41	53,595.69	104	$6,556,449	$20,761,080
257	7,932,772.30	106,709.10	53,467.50	53,241.60	103	$6,609,916	$20,814,322
258	7,878,948.35	106,709.10	53,823.95	52,885.15	102	$6,663,740	$20,867,207
259	7,824,765.58	106,709.10	54,182.78	52,526.32	101	$6,717,923	$20,919,733
260	7,770,221.59	106,709.10	54,543.99	52,165.10	100	$6,772,467	$20,971,898
261	7,715,313.96	106,709.10	54,907.62	51,801.48	99	$6,827,375	$21,023,700
262	7,660,040.29	106,709.10	55,273.67	51,435.43	98	$6,882,648	$21,075,135
263	7,604,398.13	106,709.10	55,642.16	51,066.94	97	$6,938,291	$21,126,202
264	7,548,385.02	106,709.10	56,013.11	50,695.99	96	$6,994,304	$21,176,898
265	7,491,998.49	106,709.10	56,386.53	50,322.57	95	$7,050,690	$21,227,221
266	7,435,236.05	106,709.10	56,762.44	49,946.66	94	$7,107,453	$21,277,167
267	7,378,095.19	106,709.10	57,140.86	49,568.24	93	$7,164,594	$21,326,736
268	7,320,573.39	106,709.10	57,521.80	49,187.30	92	$7,222,115	$21,375,923
269	7,262,668.12	106,709.10	57,905.28	48,803.82	91	$7,280,021	$21,424,727
270	7,204,376.81	106,709.10	58,291.31	48,417.79	90	$7,338,312	$21,473,145
271	7,145,696.89	106,709.10	58,679.92	48,029.18	89	$7,396,992	$21,521,174
272	7,086,625.77	106,709.10	59,071.12	47,637.98	88	$7,456,063	$21,568,812
273	7,027,160.84	106,709.10	59,464.93	47,244.17	87	$7,515,528	$21,616,056
274	6,967,299.48	106,709.10	59,861.36	46,847.74	86	$7,575,389	$21,662,904
275	6,907,039.05	106,709.10	60,260.43	46,448.66	85	$7,635,650	$21,709,352
276	6,846,376.88	106,709.10	60,662.17	46,046.93	84	$7,696,312	$21,755,399
277	6,785,310.29	106,709.10	61,066.59	45,642.51	83	$7,757,378	$21,801,042

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278	6,723,836.60	106,709.10	61,473.70	45,235.40	82	$7,818,852	$21,846,277
279	6,661,953.08	106,709.10	61,883.52	44,825.58	81	$7,880,736	$21,891,103
280	6,599,657.00	106,709.10	62,296.08	44,413.02	80	$7,943,032	$21,935,516
281	6,536,945.61	106,709.10	62,711.38	43,997.71	79	$8,005,743	$21,979,513
282	6,473,816.15	106,709.10	63,129.46	43,579.64	78	$8,068,873	$22,023,093
283	6,410,265.83	106,709.10	63,550.32	43,158.77	77	$8,132,423	$22,066,252
284	6,346,291.84	106,709.10	63,973.99	42,735.11	76	$8,196,397	$22,108,987
285	6,281,891.35	106,709.10	64,400.49	42,308.61	75	$8,260,797	$22,151,296
286	6,217,061.53	106,709.10	64,829.82	41,879.28	74	$8,325,627	$22,193,175
287	6,151,799.51	106,709.10	65,262.02	41,447.08	73	$8,390,889	$22,234,622
288	6,086,102.41	106,709.10	65,697.10	41,012.00	72	$8,456,586	$22,275,634
289	6,019,967.33	106,709.10	66,135.08	40,574.02	71	$8,522,721	$22,316,208
290	5,953,391.34	106,709.10	66,575.98	40,133.12	70	$8,589,297	$22,356,341
291	5,886,371.52	106,709.10	67,019.82	39,689.28	69	$8,656,317	$22,396,030
292	5,818,904.90	106,709.10	67,466.62	39,242.48	68	$8,723,784	$22,435,273
293	5,750,988.50	106,709.10	67,916.40	38,792.70	67	$8,791,700	$22,474,065
294	5,682,619.33	106,709.10	68,369.17	38,339.92	66	$8,860,069	$22,512,405
295	5,613,794.36	106,709.10	68,824.97	37,884.13	65	$8,928,894	$22,550,290
296	5,544,510.56	106,709.10	69,283.80	37,425.30	64	$8,998,178	$22,587,715
297	5,474,764.86	106,709.10	69,745.69	36,963.40	63	$9,067,924	$22,624,678
298	5,404,554.20	106,709.10	70,210.67	36,498.43	62	$9,138,135	$22,661,177
299	5,333,875.46	106,709.10	70,678.74	36,030.36	61	$9,208,813	$22,697,207
300	5,262,725.53	106,709.10	71,149.93	35,559.17	60	$9,279,963	$22,732,766
301	5,191,101.27	106,709.10	71,624.26	35,084.84	59	$9,351,587	$22,767,851
302	5,118,999.51	106,709.10	72,101.76	34,607.34	58	$9,423,689	$22,802,458
303	5,046,417.08	106,709.10	72,582.43	34,126.66	57	$9,496,272	$22,836,585
304	4,973,350.76	106,709.10	73,066.32	33,642.78	56	$9,569,338	$22,870,228
305	4,899,797.34	106,709.10	73,553.43	33,155.67	55	$9,642,891	$22,903,383
306	4,825,753.55	106,709.10	74,043.78	32,665.32	54	$9,716,935	$22,936,049
307	4,751,216.15	106,709.10	74,537.41	32,171.69	53	$9,791,473	$22,968,220
308	4,676,181.82	106,709.10	75,034.32	31,674.77	52	$9,866,507	$22,999,895
309	4,600,647.27	106,709.10	75,534.55	31,174.55	51	$9,942,041	$23,031,070
310	4,524,609.15	106,709.10	76,038.12	30,670.98	50	$10,018,080	$23,061,741
311	4,448,064.12	106,709.10	76,545.04	30,164.06	49	$10,094,625	$23,091,905
312	4,371,008.78	106,709.10	77,055.34	29,653.76	48	$10,171,680	$23,121,559
313	4,293,439.74	106,709.10	77,569.04	29,140.06	47	$10,249,249	$23,150,699
314	4,215,353.57	106,709.10	78,086.17	28,622.93	46	$10,327,335	$23,179,322
315	4,136,746.83	106,709.10	78,606.74	28,102.36	45	$10,405,942	$23,207,424
316	4,057,616.05	106,709.10	79,130.79	27,578.31	44	$10,485,073	$23,235,002
317	3,977,957.72	106,709.10	79,658.32	27,050.77	43	$10,564,731	$23,262,053
318	3,897,768.34	106,709.10	80,189.38	26,519.72	42	$10,644,920	$23,288,573
319	3,817,044.37	106,709.10	80,723.98	25,985.12	41	$10,725,644	$23,314,558
320	3,735,782.23	106,709.10	81,262.14	25,446.96	40	$10,806,906	$23,340,005
321	3,653,978.35	106,709.10	81,803.88	24,905.21	39	$10,888,710	$23,364,910
322	3,571,629.11	106,709.10	82,349.24	24,359.86	38	$10,971,060	$23,389,270
323	3,488,730.87	106,709.10	82,898.24	23,810.86	37	$11,053,958	$23,413,081
324	3,405,279.98	106,709.10	83,450.89	23,258.21	36	$11,137,409	$23,436,339
325	3,321,272.75	106,709.10	84,007.23	22,701.87	35	$11,221,416	$23,459,041
326	3,236,705.47	106,709.10	84,567.28	22,141.82	34	$11,305,983	$23,481,183
327	3,151,574.41	106,709.10	85,131.06	21,578.04	33	$11,391,114	$23,502,761
328	3,065,875.80	106,709.10	85,698.60	21,010.50	32	$11,476,813	$23,523,771
329	2,979,605.88	106,709.10	86,269.93	20,439.17	31	$11,563,083	$23,544,210
330	2,892,760.82	106,709.10	86,845.06	19,864.04	30	$11,649,928	$23,564,074
331	2,805,336.79	106,709.10	87,424.03	19,285.07	29	11,737,351.93	23,583,359.48
332	2,717,329.94	106,709.10	88,006.85	18,702.25	28	11,825,358.78	23,602,061.73
333	2,628,736.38	106,709.10	88,593.56	18,115.53	27	11,913,952.34	23,620,177.26
334	2,539,552.19	106,709.10	89,184.19	17,524.91	26	12,003,136.53	23,637,702.17
335	2,449,773.44	106,709.10	89,778.75	16,930.35	25	12,092,915.28	23,654,632.52
336	2,359,396.16	106,709.10	90,377.27	16,331.82	24	12,183,292.56	23,670,964.34
337	2,268,416.37	106,709.10	90,979.79	15,729.31	23	12,274,272.35	23,686,693.65
338	2,176,830.05	106,709.10	91,586.32	15,122.78	22	12,365,858.67	23,701,816.43
339	2,084,633.15	106,709.10	92,196.90	14,512.20	21	12,458,055.57	23,716,328.63
340	1,991,821.61	106,709.10	92,811.54	13,897.55	20	12,550,867.11	23,730,226.18
341	1,898,391.32	106,709.10	93,430.29	13,278.81	19	12,644,297.40	23,743,504.99
342	1,804,338.17	106,709.10	94,053.16	12,655.94	18	12,738,350.55	23,756,160.93
343	1,709,657.99	106,709.10	94,680.18	12,028.92	17	12,833,030.73	23,768,189.86
344	1,614,346.61	106,709.10	95,311.38	11,397.72	16	12,928,342.11	23,779,587.57
345	1,518,399.82	106,709.10	95,946.79	10,762.31	15	13,024,288.90	23,790,349.89
346	1,421,813.39	106,709.10	96,586.43	10,122.67	14	13,120,875.33	23,800,472.55
347	1,324,583.05	106,709.10	97,230.34	9,478.76	13	13,218,105.67	23,809,951.31
348	1,226,704.51	106,709.10	97,878.54	8,830.55	12	13,315,984.21	23,818,781.86
349	1,128,173.44	106,709.10	98,531.07	8,178.03	11	13,414,515.28	23,826,959.89
350	1,028,985.50	106,709.10	99,187.94	7,521.16	10	13,513,703.22	23,834,481.05
351	929,136.30	106,709.10	99,849.19	6,859.90	9	13,613,552.42	23,841,340.95
352	828,621.45	106,709.10	100,514.86	6,194.24	8	13,714,067.27	23,847,535.19
353	727,436.49	106,709.10	101,184.95	5,524.14	7	13,815,252.23	23,853,059.34
354	625,576.97	106,709.10	101,859.52	4,849.58	6	13,917,111.75	23,857,908.91
355	523,038.38	106,709.10	102,538.58	4,170.51	5	14,019,650.34	23,862,079.43
356	419,816.21	106,709.10	103,222.18	3,486.92	4	14,122,872.51	23,865,566.35
357	315,905.89	106,709.10	103,910.32	2,798.77	3	14,226,782.83	23,868,365.12
358	211,302.83	106,709.10	104,603.06	2,106.04	2	14,331,385.89	23,870,471.16
359	106,002.42	106,709.10	105,300.41	1,408.69	1	14,436,686.30	23,871,879.85
360	***0.00***	***106,709.10***	***106,002.42***	***706.68***	***0***	***14,542,688.72***	***23,872,586.53***