



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures	\$13,000,000				
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>	<b>\$13,000,000</b>				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget?      Yes   X        No         
 Does this Item include the use of Federal funds?      Yes             No   X    
 Does this Item include the use of State funds?      Yes             No   X  

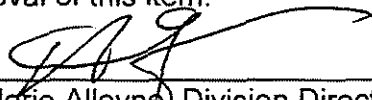
Budget Account No.:

Fund 1117 Dept. 143 Unit Various Object 8201 Program Code/Period N/A

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

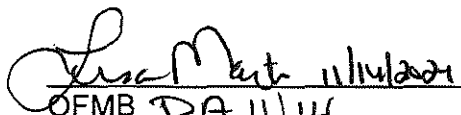
Approval of this agenda item will allocate \$13,000,000 in HBLP funds. The non-Board budget transfer will follow upon approval of this item.

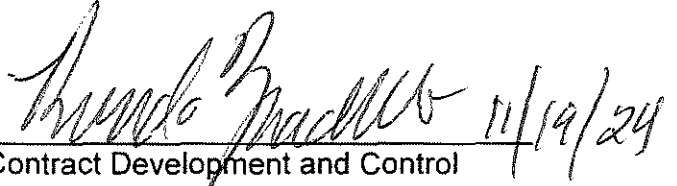
**C. Departmental Fiscal Review:**

  
 \_\_\_\_\_  
 Valerie Alleyne, Division Director II  
 Finance and Administrative Services, DHED

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development and Control Comments:**

  
 \_\_\_\_\_  
 OFMB DA 11/14  
 MB 11/14

  
 \_\_\_\_\_  
 Contract Development and Control  
 26 11.19.24

**B. Legal Sufficiency:**

  
 \_\_\_\_\_  
 Chief Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_ Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

**Summary: (Continued from Page 1)**

All County-assisted units will remain affordable to tenants with incomes no greater than 110% AMI for 50 years. Affordability restrictions will be recorded through Declarations of Restrictive Covenants that will survive repayment of the loan. The final third-party underwriter's report will be provided to DHED 30 days prior to loan closing; and, as long as the report is consistent with the preliminary report, staff will prepare the loan agreement and other related documents. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the loan agreement and all related documents, and for the Director of DHED to be the County Administrator's designee for this project. District 3 (HJF)

**Background and Policy Issues: (Continued from Page 1)**

DHED is administering the voter approved HBLP funds which may be issued all at once or in tranches, as determined by the BCC, for the purposes as stated in Palm Beach County's Resolution R2022-1405. The Housing Bond Allocation Process Criteria includes approved General Guidelines from Resolution R2022-0626 calling for the Bond approved by the voters and proposed funding criteria and processes including project requirements, loan terms, deed restrictions, project selection, credit underwriting and compliance and monitoring requirements. The Project was conceptually approved by the BCC at the June 4, 2024 Meeting.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT COMPREHENSIVE LOAN TERM SHEET

## Project and Funding Program Information

**Funding program:** Housing Bond Loan Program (HBLP)

**RFP number and name:** HBLP.2024.4 – Workforce Housing Multifamily Development

**Project name:** Residences of Lake Worth Beach

**Borrower name:** Richman Lake Worth Apartments, LLC

**Contracting entity:** The Richman Group of Florida, Inc.

**Project type:** Multifamily Rental Development – Workforce Housing Development

**Brief Project Description:**

This project to be located at 2431 2<sup>nd</sup> Avenue North, Lake Worth Beach, will consist of a total of 195 workforce housing units within three (3) mid-rise building in the City of Lake Worth Beach ranging from at or below 80% to 110% AMI.

## Loan Terms

**Loan amount:** \$13,000,000

**Rental Increases:** Rent increases on individual units will be permitted only at lease renewal

**Interest rate:** 1%

**Affordability period:** 50 years

**Affordability:**

14 units at or below 80% AMI

181 units at or below 110% AMI

**Number of total project units:** 195

**Number of County-assisted units:** 164

**Percentage of County-assisted units:** 84.10%

**Additional information:** Additional information is provided in the preliminary underwriting report dated September 23, 2024 includes the full capitalization of the project financing and lien priority, operational proforma, and complete rental information for units.



## DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT COMPREHENSIVE LOAN TERM SHEET

**Loan term:**

- 20 year term
- Interest only payments years 1-10
- Payments deferred until primary loan conversion
- Principal and interest in years 11-20 based on a 50 year amortization calculation

**Personal Guarantee:** Completion and Operating Deficit Guarantee

**Term commencement:** Upon closing of the loan concurrent with primary financing

**Property re-sale:**

If the project development is sold, or 50% (aggregate) or more of the ownership changes to a non-affiliated entity, the loan must be satisfied.

**Estimated Construction start:** 1<sup>st</sup> Quarter of 2025

**Disbursement of funds:**

Construction Draw – based on a percentage of completion

**Additional considerations:**

### Construction Considerations

**Bond requirements:**

Payment and performance bond equal to 100% of the total hard construction cost of the project

**Retainage requirements:** 10% retainage until work is 50% completed, 0% retainage required thereafter

### Eligible Expenses

All development costs shall be allocated on a per-unit basis. Loan funds can only be allocated to those costs deemed as eligible that are directly attributable to County-assisted units. In the event a cost is deemed eligible for something that is a project wide expense, the loan funds can only be used for the percentage of County-assisted units as defined above for that expense.



## DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT COMPREHENSIVE LOAN TERM SHEET

Eligible expenses shall include, but not be limited to:

**Hard Costs:**

Onsite costs for construction, including residential construction, site work and improvements, parking, engineering, architectural, other consultant fees, and General Contractor fees

**Soft Costs;**

Permit fees, connections fees, FFE, utility relocation

Ineligible expenses shall include:

- Cost of relocation of displaced persons
- Off-site improvements
- Payment of delinquent taxes
- Legal fees and other fees
- Costs related to other project financing
- Demolition
- Pre-development costs

Determination of cost eligibility shall be at the County's sole absolute discretion.

The terms outlined above shall be detailed in the loan documents consisting of a loan agreement, mortgage and security agreement, promissory note, and declaration of restrictions.

**Projects must be Shovel Ready prior to final approval by the Board of County Commissioners in order to be eligible for funding.**

**Shovel Ready** is defined as a project where the proposer has site control and the property has the correct and approved development requirements for the project including, zoning designation, platting, site plan approval for the housing units it proposes to create.

Please attach any documentation to verify that the project is **Shovel Ready**.

All terms contained herein are contingent upon approval by the Palm Beach County Board of County Commissioners (BCC). The funding for this project and the terms contained herein are anticipated to be presented to the BCC for final approval at the December 3, 2024 agenda meeting. **Project construction must commence within one year of BCC final approval.**



**DEPARTMENT OF HOUSING AND  
ECONOMIC DEVELOPMENT  
COMPREHENSIVE LOAN TERM SHEET**


By signing below you are verifying that this project is **Shovel Ready**, as well as acknowledging and accepting of loan terms:

**Accept Terms**

**Does Not Accept Terms**

Borrower Name: Richman Lake Worth Apartments, LLC

By: TRG Lake Worth Member, LLC

William T. Fabbri   
Name (printed)

Executive Vice President  
Title

October 30, 2024

Mr. Jeff Bolton  
Director  
Department of Housing and Economic Development  
301 N. Olive Avenue  
West Palm Beach, FL 33401

Re: Residences of Lake Worth Beach  
Preliminary Review of the Palm Beach County Transaction

Dear Mr. Bolton:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") has been engaged to provide an initial review of the Palm Beach County Application (the "Application") for Residences of Lake Worth Beach ("Subject Development"). Seltzer's summary of the information available at this time is presented below. Please note the Subject Development is still in the planning stages and the information reviewed is subject to change.

**Development Highlights:**

- County funds will be provided on a per-unit basis and the total of all County funding shall not account for more than 50% of the total unit cost as allocated to the County-Assisted funding units.
  - County funds are currently 18.92% of loan to cost.
- County-Assisted Housing Units shall bear the affordability requirements of the RFP for no less than 30 years.
  - The Subject Development has committed to an affordability period of 50 years under the Application.
- A required minimum debt services coverage ("DSC") on the senior debt will be no less than 1.10 to 1.00.
  - The Subject Development is currently showing a DSC of 1.206 to 1.00 on the senior debt.
- Permanent deferred developer fee should be a minimum of 30% of total developer fee.
  - The Subject Development is currently showing permanent deferred developer fee of 100% of total developer fee.

**Background:**

The Subject Development is to be located at 2431 2<sup>nd</sup> Avenue North, Lake Worth Beach, FL 33461 and will consist of 195 units within three mid-rise buildings. The Closing is currently not scheduled, but representatives of The Richman Group of Florida, Inc. ("Developer" or "Richman") are estimating a closing before the end first quarter of 2025.



Mr. Bolton  
 Residences of Lake Worth Beach  
 October 30, 2024

**DEVELOPMENT & SET-ASIDES**

Development Name: Residences of Lake Worth Beach  
 Address: 2431 2nd Avenue North  
 City: Lake Worth Beach Zip Code: 33461 County: Palm Beach County Size: Large  
 Development Category: New Construction Development Type: Mid-Rise (5-6 Stories)  
 Construction Type: Masonry

Demographic Commitment:  
 Primary: Workforce Housing for 100% of the Units  
 Secondary: \_\_\_\_\_ for \_\_\_\_\_ of the Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	6	598	80%			\$1,607		\$1,607		\$1,607	\$1,607	\$1,607	\$115,704
1	1.0	99	598	110%			\$2,029		\$2,029		\$2,109	\$2,029	\$2,029	\$2,410,452
2	2.0	8	845	80%			\$1,928		\$1,928		\$1,928	\$1,928	\$1,928	\$185,088
2	2.0	77	845	110%			\$2,651		\$2,651		\$2,531	\$2,651	\$2,651	\$2,449,524
3	2.0	5	1,339	110%			\$3,064		\$3,064		\$2,924	\$3,064	\$3,064	\$183,840
		<b>195</b>	<b>141,310</b>											<b>\$5,344,608</b>

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	Workforce	7.2%	14	80%	50
	Workforce	92.8%	181	110%	50

**DEVELOPMENT TEAM**

Applicant/Borrower:	Richman Lake Worth Apartments, LLC	% Ownership	100.0000%
Member	TRG Lake Worth Member, LLC		
Construction Completion Guarantor(s):			
CC Guarantor 1:	Richman Lake Worth Apartments, LLC		
CC Guarantor 2:	TRG Lake Worth Member, LLC		
CC Guarantor 3:	Richman Housing Development		
CC Guarantor 4:	Richard P. Richman		
Operating Deficit Guarantor(s):			
OD Guarantor 1:	Richman Lake Worth Apartments, LLC		
OD Guarantor 2:	TRG Lake Worth Member, LLC		
OD Guarantor 3:	Richman Housing Development		
OD Guarantor 4:	Richard P. Richman		
Developer:	The Richman Group of Florida, Inc.		
Principal 1	The Richman Group Development Corporation		
General Contractor 1:	Citrus Construction		
General Contractor 2:	Kast Construction		
Management Company:	Richman Property Services, Inc		
Architect:	Behar Font		
Market Study Provider:	Meridian Appraisal Group, Inc.		
Appraiser:	Meridian Appraisal Group, Inc.		

Mr. Bolton  
 Residences of Lake Worth Beach  
 October 30, 2024

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source				
Lien Position	1st	2nd				
Lender/Grantor	Merchants Bank	Palm Beach Co				
Amount	\$46,084,604	\$13,000,000				
Underwritten Interest Rate	6.50%	1.00%				
All In Interest Rate	6.50%					
Loan Term	18.0	20.0				
Amortization	35.0	20.0				
Loan to Cost - Cumulative	67.1%	86.0%				
Debt Service Coverage	1.206	1.161				

Deferred Developer Fee	\$1,854,926
Projected Net Operating Income (NOI) - Year 1	\$4,028,357
Projected Net Operating Income (NOI) - 15 Year	\$5,134,537
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%

**Construction and Permanent Financing Sources**

CONSTRUCTION/PERMANENT SOURCES				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage	Merchants Bank	\$46,113,304	\$0	\$0.00
Local Government Subsidy	Merchants Bank	\$0	\$46,084,604	\$236,331.30
Regulated Mortgage	Palm Beach Co	\$13,000,000	\$13,000,000	\$66,666.67
Deferred Developer Applicant	Applicant	\$1,854,926	\$1,854,926	\$9,512.44
Applicant		\$7,733,940	\$7,762,640	\$39,808.41
<b>TOTAL</b>		<b>\$68,702,170.00</b>	<b>\$68,702,170.00</b>	<b>\$352,318.82</b>

*Notes to Sources*

**Construction First Mortgage**

A Financing Proposal Letter of Intent (“LOI”), dated July 30, 2024, from Merchants Bank of Indiana (“Merchants Bank”) was providing detailing the construction and permanent financing. The Construction Financing is estimated up to the amount of \$46,113,304 and will carry a floating interest rate of 275 basis points (“bps”) over the Secured Overnight Financing Rate (“SOFR”), currently estimated at 5.34%. Seltzer has added an underwriting cushion of 0.75% for an all-in rate of 6.37%. The construction loan is anticipated to a term of 36-months and make interest only payments over the term of the loan.

**Permanent First Mortgage**

Merchants Bank’s LOI also provides details on the permanent financing for the Subject Development. The permanent loan is currently estimated at \$46,084,604. It is anticipated that a portion of the loan will be tax-exempt but the amount is currently unknown. The loan has an estimated interest rate of 6.50% and will be amortized over a 35-year period with a term of 18 years.

Mr. Bolton  
Residences of Lake Worth Beach  
October 30, 2024

**Palm Beach County GOB Loan**

The Applicant was preliminary awarded a Housing Bond Loan Program of \$13,000,000 that will from the available in the construction and permanent period. The loan will be subordinate to the construction and permanent first mortgage. The Loan term is anticipated to be coterminous with the permanent loan term of 20 years. Seltzer included an interest rate of 1% and assumes that payments and interest shall be required monthly throughout the term of the loan, with principal due at maturity, as detailed in agenda item 5B-4 for the May 7, 2024 Palm Beach County Board of County Commissioners board package.

**Other Sources**

Additional sources being considered are Deferred Developer Fee and Developer Equity.

**Operating Pro forma**

OPERATING PRO FORMA		ANNUAL	PER UNIT
<b>INCOME</b>	Gross Potential Rental Income	\$5,344,608	\$27,408
	Rent Subsidy (ODR)	\$0	\$0
	Other Income:		
	Ancillary Income-Parking	\$0	\$0
	Miscellaneous	\$158,261	\$812
	Washer/Dryer Rentals	\$0	\$0
	Cable/Satellite Income	\$0	\$0
	Rent Concessions	\$0	\$0
	Alarm Income	\$0	\$0
	Gross Potential Income	\$5,502,869	\$28,220
	Less:		
	Economic Loss - Percentage: 0.0%	\$0	\$0
	Physical Vacancy Loss - Percentage: 4.0%	(\$220,115)	(\$1,129)
	Collection Loss - Percentage: 1.0%	(\$55,029)	(\$282)
<b>Total Effective Gross Revenue</b>	<b>\$5,227,726</b>	<b>\$26,809</b>	
<b>EXPENSES</b>	Fixed:		
	Ground Lease	\$0	\$0
	Sub-Ground Lease	\$0	\$0
	Real Estate Taxes	\$170,625	\$875
	Insurance	\$234,000	\$1,200
	Other	\$0	\$0
	Variable:		
	Management Fee - Percentage: 3.0%	\$156,119	\$801
	General and Administrative	\$87,750	\$450
	Payroll Expenses	\$243,750	\$1,250
	Utilities	\$92,625	\$475
	Marketing and Advertising	\$0	\$0
	Maintenance and Repairs	\$156,000	\$800
	Grounds Maintenance and Landscaping	\$0	\$0
	Resident Programs	\$0	\$0
	Contract Services	\$0	\$0
	Security	\$0	\$0
Other-Pest Control	\$0	\$0	
Reserve for Replacements	\$58,500	\$300	
<b>Total Expenses</b>	<b>\$1,199,369</b>	<b>\$6,151</b>	
<b>Net Operating Income</b>	<b>\$4,028,357</b>	<b>\$20,658</b>	
<b>Debt Service Payments</b>			
<b>DEBT SERVICE</b>	First Mortgage - Merchants Bank	\$3,341,065	\$17,134
	Second Mortgage - Palm Beach Co	\$130,000	\$667
	First Mortgage Fees - Merchants Bank	\$0	\$0
	Second Mortgage Fees - Palm Beach Co	\$0	\$0
	All Other Mortgages Fees -	\$0	\$0
<b>Total Debt Service Payments</b>	<b>\$3,471,065</b>	<b>\$17,800</b>	
<b>Cash Flow After Debt Service</b>	<b>\$557,291</b>	<b>\$2,858</b>	

Mr. Bolton  
 Residences of Lake Worth Beach  
 October 30, 2024

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.206
DSC - Second Mortgage plus Fees	1.161
DSC - Third Mortgage plus Fees	1.161
DSC - Fourth Mortgage plus Fees	1.161
DSC - Fifth Mortgage plus Fees	1.161
DSC - All Mortgages and Fees	1.161

Financial Ratios	
Operating Expense Ratio	22.9%
Break-Even Ratio	85.0%

*Notes to Operating Pro Forma and Ratios:*

A rent roll for the Development is illustrated in the following table:

HMFA/County: West Palm Beach – Boca Raton HMFA / Palm Beach County and West Palm Beach – Boca Raton, FL HUD Metro FMR Area

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	6	598	80%			\$1,607		\$1,607		\$1,607	\$1,607	\$1,607	\$115,704
1	1.0	99	598	110%			\$2,029		\$2,029		\$2,109	\$2,029	\$2,029	\$2,410,452
2	2.0	8	845	80%			\$1,928		\$1,928		\$1,928	\$1,928	\$1,928	\$185,088
2	2.0	77	845	110%			\$2,651		\$2,651		\$2,531	\$2,651	\$2,651	\$2,449,524
3	2.0	5	1,339	110%			\$3,064		\$3,064		\$2,924	\$3,064	\$3,064	\$183,840
		195	141,310											\$5,344,608

1. Other operating expense are based on the Developer’s estimates.
2. First Mortgage debt service payment is based off Merchants Bank’s LOI.
3. Mortgage fees are currently unknown but will be reviewed during credit underwriting.
4. 80% Area Medium Income (“AMI”) rents are based upon the 2024 Rent Limits published by the United States Department of Housing and Urban Development (“HUD”).
5. 110% AMI rents are based upon Novogradac & Company LLP Rent and Income Calculator.
6. Utility Allowance is not required; and therefore, no allowances are being shown.

Mr. Bolton  
Residences of Lake Worth Beach  
October 30, 2024

**Recommendation**

The preliminary review was conducted to assess the feasibility of the proposed development, Residences at Lake Worth Beach. After completing a preliminary analysis and evaluating the Developer's plan and due diligence documentation related to the construction and operation of the development, Seltzer has determined that the transaction warrants approval to proceed to full credit underwriting. Certain aspects of the transaction may evolve during the credit underwriting process. Seltzer will thoroughly review any changes and include updates in the credit underwriting report. If any changes are deemed significant, Seltzer will notify Palm Beach County, and board approval may be required.

Should you have any questions please feel free to contact me directly.

SELTZER MANAGEMENT GROUP, INC.



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Ryan Johnson  
Credit Underwriter

Mr. Bolton  
Residences of Lake Worth Beach  
October 30, 2024

FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>OPERATING PRO FORMA</b>															
Gross Potential Rental Income	\$5,344,608	\$5,451,500	\$5,960,530	\$5,671,741	\$5,785,176	\$5,900,879	\$6,018,897	\$6,159,275	\$6,262,060	\$6,387,301	\$6,515,047	\$6,645,348	\$6,778,255	\$6,913,820	\$7,052,097
Rent Subsidy (QDR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income:															
Auxiliary Income-Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$158,261	\$161,426	\$164,655	\$167,948	\$171,507	\$174,733	\$178,228	\$181,792	\$185,428	\$189,137	\$192,919	\$196,778	\$200,713	\$204,727	\$208,822
Washer/Dryer Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$5,502,869	\$5,612,926	\$5,725,185	\$5,839,689	\$5,958,482	\$6,075,612	\$6,197,124	\$6,321,067	\$6,447,488	\$6,576,438	\$6,707,967	\$6,842,126	\$6,978,968	\$7,118,548	\$7,260,919
Less:															
Economic Loss - Percentage:															
Physical Vacancy Loss - Percentage: 4.0%	(\$220,115)	(\$224,517)	(\$229,007)	(\$233,588)	(\$238,259)	(\$243,024)	(\$247,885)	(\$252,843)	(\$257,900)	(\$263,058)	(\$268,319)	(\$273,685)	(\$279,159)	(\$284,742)	(\$290,437)
Collection Loss - Percentage: 1.0%	(\$55,029)	(\$56,129)	(\$57,252)	(\$58,397)	(\$59,565)	(\$60,756)	(\$61,971)	(\$63,211)	(\$64,475)	(\$65,764)	(\$67,080)	(\$68,421)	(\$69,790)	(\$71,185)	(\$72,609)
<b>Total Effective Gross Revenue</b>	<b>\$5,227,726</b>	<b>\$5,332,280</b>	<b>\$5,438,926</b>	<b>\$5,547,704</b>	<b>\$5,658,658</b>	<b>\$5,771,831</b>	<b>\$5,887,268</b>	<b>\$6,005,013</b>	<b>\$6,125,114</b>	<b>\$6,247,616</b>	<b>\$6,372,568</b>	<b>\$6,500,020</b>	<b>\$6,630,020</b>	<b>\$6,762,620</b>	<b>\$6,897,873</b>
<b>EXPENSES</b>															
<b>Fixed:</b>															
Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes	\$170,625	\$175,744	\$181,016	\$186,447	\$192,040	\$197,801	\$203,735	\$209,847	\$216,143	\$222,627	\$229,306	\$236,185	\$243,270	\$250,569	\$258,086
Insurance	\$234,000	\$241,020	\$248,251	\$255,698	\$263,369	\$271,278	\$279,408	\$287,847	\$296,424	\$305,117	\$314,476	\$323,911	\$333,628	\$343,637	\$353,946
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Variable:</b>															
Management Fee - Percentage: 3.0%	\$156,119	\$159,241	\$162,426	\$165,675	\$168,988	\$172,368	\$175,815	\$179,332	\$182,918	\$186,577	\$190,308	\$194,114	\$197,997	\$201,957	\$205,996
General and Administrative	\$87,750	\$90,883	\$94,094	\$97,387	\$100,763	\$104,226	\$107,778	\$111,421	\$115,159	\$118,994	\$122,927	\$126,959	\$131,091	\$135,323	\$139,656
Payroll Expenses	\$243,750	\$251,063	\$258,594	\$266,352	\$274,343	\$282,573	\$291,048	\$299,782	\$308,775	\$318,038	\$327,580	\$337,407	\$347,529	\$357,955	\$368,694
Utilities	\$92,625	\$95,404	\$98,266	\$101,214	\$104,250	\$107,378	\$110,599	\$113,917	\$117,335	\$120,853	\$124,480	\$128,215	\$132,061	\$136,023	\$140,104
Marketing and Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance and Repairs	\$156,000	\$160,680	\$165,500	\$170,463	\$175,579	\$180,847	\$186,272	\$191,860	\$197,616	\$203,545	\$209,651	\$215,940	\$222,419	\$229,091	\$235,964
Grounds Maintenance and Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other-Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$58,500	\$60,255	\$62,063	\$63,925	\$65,842
<b>Total Expenses</b>	<b>\$1,199,369</b>	<b>\$1,232,034</b>	<b>\$1,265,647</b>	<b>\$1,300,238</b>	<b>\$1,335,833</b>	<b>\$1,372,463</b>	<b>\$1,410,158</b>	<b>\$1,448,950</b>	<b>\$1,488,870</b>	<b>\$1,529,952</b>	<b>\$1,573,985</b>	<b>\$1,619,901</b>	<b>\$1,667,939</b>	<b>\$1,718,937</b>	<b>\$1,773,336</b>
<b>Net Operating Income</b>	<b>\$4,028,357</b>	<b>\$4,100,246</b>	<b>\$4,173,278</b>	<b>\$4,247,467</b>	<b>\$4,322,825</b>	<b>\$4,399,368</b>	<b>\$4,477,110</b>	<b>\$4,556,063</b>	<b>\$4,636,244</b>	<b>\$4,717,664</b>	<b>\$4,799,583</b>	<b>\$4,882,118</b>	<b>\$4,966,081</b>	<b>\$5,051,683</b>	<b>\$5,139,537</b>
<b>DEBT SERVICE</b>															
<b>Debt Service Payments</b>															
First Mortgage - Merchants Bank	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065	\$3,341,065
Second Mortgage - Palm Beach Co	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
First Mortgage Fees - Merchants Bank	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Mortgage Fees - Palm Beach Co	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Debt Service Payments</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>	<b>\$3,471,065</b>
<b>Cash Flow After Debt Service</b>	<b>\$557,291</b>	<b>\$629,181</b>	<b>\$702,213</b>	<b>\$776,401</b>	<b>\$851,760</b>	<b>\$928,303</b>	<b>\$1,006,044</b>	<b>\$1,084,998</b>	<b>\$1,165,179</b>	<b>\$1,246,598</b>	<b>\$1,327,518</b>	<b>\$1,409,053</b>	<b>\$1,493,015</b>	<b>\$1,577,618</b>	<b>\$1,663,471</b>
<b>Debt Service Coverage Ratios</b>															
DSC - First Mortgage plus Fees	1.206	1.227	1.249	1.271	1.294	1.317	1.340	1.364	1.388	1.412	1.436	1.461	1.486	1.511	1.537
DSC - Second Mortgage plus Fees	1.161	1.181	1.202	1.224	1.245	1.267	1.290	1.313	1.336	1.359	1.382	1.406	1.430	1.455	1.479
DSC - Third Mortgage plus Fees	1.161	1.181	1.202	1.224	1.245	1.267	1.290	1.313	1.336	1.359	1.382	1.406	1.430	1.455	1.479
DSC - Fourth Mortgage plus Fees	1.161	1.181	1.202	1.224	1.245	1.267	1.290	1.313	1.336	1.359	1.382	1.406	1.430	1.455	1.479
DSC - Fifth Mortgage plus Fees	1.161	1.181	1.202	1.224	1.245	1.267	1.290	1.313	1.336	1.359	1.382	1.406	1.430	1.455	1.479
DSC - All Mortgages and Fees	1.161	1.181	1.202	1.224	1.245	1.267	1.290	1.313	1.336	1.359	1.382	1.406	1.430	1.455	1.479
<b>Financial Ratios</b>															
Operating Expense Ratio	22.9%	23.1%	23.3%	23.4%	23.6%	23.8%	24.0%	24.1%	24.3%	24.5%	24.7%	24.9%	25.1%	25.3%	25.6%
Break-Even Ratio	85.0%	83.9%	82.9%	81.9%	80.8%	79.9%	78.9%	78.0%	77.1%	76.2%	75.4%	74.5%	73.6%	73.0%	72.2%