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**SOURCES AND APPLICATION OF FUNDS
MASTER LANDLORD**

	Total	Qualified Rehabilitation Expenditures	Depreciable Non-Eligible Basis	Funded Expense	Other
Master Tenant Equity	1,339,000				
1st Mortgage	7,100,000				
Deferred Developer Fee	807,403				
Alternative Sources	245,500				
TOTAL SOURCES:	<u>9,491,903</u>				
Acquisition Costs-Land	75,000	-	-	-	75,000
Acquisition Cost- Building	550,000	-	550,000	-	-
Construction Period Carrying Costs	325,000	284,000	41,000	-	-
Permanent/Construction Loan Fee	240,000	66,250	-	173,750	-
Architectural, Engineering	300,000	270,000	30,000	-	-
Construction Contract	5,200,000	4,880,121	319,879	-	-
Site Improvements	150,000	-	150,000	-	-
Contingency	420,000	420,000	-	-	-
Appliances	255,000	-	255,000	-	-
Historic Tax Credit Application Fee	2,500	2,500	-	-	-
Professional Fees	215,000	114,144	35,000	65,856	-
Marketing & Leasing Reserves	500,000	-	-	200,000	300,000
Syndication Costs	52,000	-	-	-	52,000
Development Fee	1,207,403	1,086,663	120,740	-	-
TOTAL APPLICATIONS:	<u>9,491,903</u>	<u>7,123,678</u>	<u>1,501,619</u>	<u>439,606</u>	<u>427,000</u>

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CALCULATION OF TAX CREDITS

	<u>Federal Rehabilitation Credit</u>
Qualified Rehab Expenditures	7,123,678
Credit Rate	<u>20.00%</u>
Total Calculated Credit	<u>1,424,736</u>
Tax Credit Allocation	<u>99.99%</u>
Total Credit to Investor	1,424,594
Price Per Credit	<u>0.94</u>
Total Price Paid (Rounded)	<u>1,339,000</u>

**MASTER LANDLORD
CASH FLOW**

*This entity only collects rent
from the master tenant-not
from the occupants*

Year	Master Lease Income	1st Mortgage Repayment	Replacement Reserves	Incentive Management Fee	Cash Flow	Managing Member Distribution	Master Tenant Distribution
2008	715,000	(686,053)	-	(28,947)	-	-	-
2009	718,575	(686,053)	(21,321)	(11,201)	-	-	-
2010	722,168	(686,053)	(21,960)	(14,155)	-	-	-
2011	725,779	(686,053)	(22,619)	(17,107)	-	-	-
2012	729,408	(686,053)	(23,298)	(20,057)	-	-	-
2013	733,055	(686,053)	(23,997)	(23,005)	-	-	-
2014	736,720	(686,053)	(24,717)	(25,950)	-	-	-
2015	740,404	(686,053)	(25,459)	(28,892)	-	-	-
2016	744,106	(686,053)	(26,223)	(31,830)	-	-	-
2017	747,826	(686,053)	(27,010)	(34,763)	-	-	-
2018	751,565	(686,053)	(27,820)	(37,692)	-	-	-
2019	755,323	(686,053)	(28,655)	(40,615)	-	-	-
2020	759,100	(686,053)	(29,515)	(43,532)	-	-	-
2021	762,895	(686,053)	(30,400)	(46,442)	-	-	-
Total	10,341,922	(9,604,742)	(332,994)	(404,186)	-	-	-

MASTER LANDLORD
PROJECTED TAXABLE INCOME (LOSS)

The depreciation stays in the master landlord

Note that this entity shares losses with the Master Tenant

Year	Net Operating Income	Interest Income on Reserves	Depreciation	Interest Expense	Incentive Management Fee	Funded Expenses	Taxable Income (Loss)	Master Tenant Taxable Income (Loss)	Managing Member Income (Loss)
2008	715,000	-	(344,977)	(600,206)	(28,947)	(61,859)	(320,989)	(96,297)	(224,692)
2009	718,575	320	(394,740)	(592,618)	(11,201)	(61,859)	(341,523)	(102,457)	(239,066)
2010	722,168	649	(360,675)	(584,359)	(14,155)	(61,859)	(298,231)	(89,469)	(208,762)
2011	725,779	1,328	(339,816)	(575,371)	(17,107)	(61,859)	(267,045)	(80,114)	(186,932)
2012	729,408	2,046	(338,661)	(565,587)	(20,057)	(61,859)	(254,710)	(76,413)	(178,297)
2013	733,055	760	(322,923)	(554,939)	(23,005)	(8,688)	(175,740)	(52,722)	(123,018)
2014	736,720	1,503	(307,740)	(543,350)	(25,950)	(8,688)	(147,504)	(44,251)	(103,253)
2015	740,404	2,290	(307,740)	(530,736)	(28,892)	(8,688)	(133,362)	(40,009)	(93,353)
2016	744,106	832	(307,755)	(517,008)	(31,830)	(8,688)	(120,342)	(36,103)	(84,239)
2017	747,826	1,644	(307,822)	(502,066)	(34,763)	(8,688)	(103,868)	(31,160)	(72,708)
2018	751,565	2,504	(307,755)	(485,803)	(37,692)	(8,688)	(85,868)	(25,760)	(60,108)
2019	755,323	910	(307,822)	(468,102)	(40,615)	(8,688)	(68,994)	(20,698)	(48,296)
2020	759,100	1,797	(307,755)	(448,838)	(43,532)	(8,688)	(47,915)	(14,375)	(33,541)
2021	762,895	2,736	(307,822)	(427,870)	(46,442)	(8,688)	(25,190)	(7,557)	(17,633)
Total	10,341,922	19,319	(4,564,003)	(7,396,853)	(404,186)	(387,481)	(2,391,282)	(717,385)	(1,673,897)

DEPRECIATION SCHEDULE
REAL ESTATE ENTITY

	Total	
Total Capitalized Costs	8,625,297	
Less:		<i>Note that this is zero!</i>
Historic Rehabilitation Tax Credit	0	←
Site Improvements	(150,000)	
Personal Property	(255,000)	
	8,220,297	

Year	Real Property	Deferred Developer Fee	Site Imp'ts	Personal Property	Total
2008	286,477	0	7,500	51,000	344,977
2009	298,890	0	14,250	81,600	394,740
2010	298,890	0	12,825	48,960	360,675
2011	298,890	0	11,550	29,376	339,816
2012	298,890	0	10,395	29,376	338,661
2013	298,890	0	9,345	14,688	322,923
2014	298,890	0	8,850	-	307,740
2015	298,890	0	8,850	-	307,740
2016	298,890	0	8,865	-	307,755
2017	298,972	0	8,850	-	307,822
2018	298,890	0	8,865	-	307,755
2019	298,972	0	8,850	-	307,822
2020	298,890	0	8,865	-	307,755
2021	298,972	0	8,850	-	307,822

**MASTER TENANT
PROJECTED CASH FLOW**

Year	Rent	Vacancy	Effective Gross Income	Operating Expenses	NOI	Master Lease Payment	Asset Management Fee To Investor	Priority Return To Investor (1)	Priority To Pay Tax To Investor (2)	Deferred Developer Fee (3)	Incentive Management Fee To Managing Member (4)	Total Cash Flow	Managing Member Cash Flow	Investor Allocation of Cash Flow
2008	1,375,000	(96,250)	1,278,750	(440,000)	838,750	(715,000)	(5,000)	(48,918)	-	(34,916)	(34,916)	-	-	-
2009	1,416,250	(99,138)	1,317,113	(457,600)	859,513	(718,575)	(5,150)	(40,170)	-	(47,809)	(47,809)	-	-	-
2010	1,458,738	(102,112)	1,356,626	(475,904)	880,722	(722,168)	(5,305)	(40,170)	-	(56,540)	(56,540)	-	-	-
2011	1,502,500	(105,175)	1,397,325	(494,940)	902,384	(725,779)	(5,464)	(40,170)	(5,422)	(62,775)	(62,775)	-	-	-
2012	1,547,575	(108,330)	1,439,244	(514,738)	924,507	(729,408)	(5,628)	(40,170)	(9,925)	(69,688)	(69,688)	-	-	-
2013	1,594,002	(111,580)	1,482,422	(535,327)	947,094	(733,055)	(5,796)	(40,170)	(42,729)	(62,672)	(62,672)	-	-	-
2014	1,641,822	(114,928)	1,526,894	(556,740)	970,154	(736,720)	(5,970)	(40,170)	-	(93,647)	(93,647)	-	-	-
2015	1,691,077	(118,375)	1,572,701	(579,010)	993,691	(740,404)	(6,149)	(40,170)	-	(103,484)	(103,484)	-	-	-
2016	1,741,809	(121,927)	1,619,882	(602,170)	1,017,712	(744,106)	(6,334)	(40,170)	-	(113,551)	(113,551)	-	-	-
2017	1,794,063	(125,584)	1,668,479	(626,257)	1,042,222	(747,826)	(6,524)	(40,170)	-	(123,851)	(123,851)	-	-	-
2018	1,847,885	(129,352)	1,718,533	(651,307)	1,067,226	(751,565)	(6,720)	(40,170)	-	(38,470)	(171,853)	58,447	6	58,441
2019	1,903,322	(133,233)	1,770,089	(677,360)	1,092,729	(755,323)	(6,921)	(40,170)	-	-	(177,009)	113,306	11	113,295
2020	1,960,421	(137,229)	1,823,192	(704,454)	1,118,738	(759,100)	(7,129)	-	-	-	(182,319)	170,190	17	170,173
2021	2,019,234	(141,346)	1,877,887	(732,632)	1,145,255	(762,895)	(7,343)	-	-	-	(187,789)	187,229	19	187,210
Total	23,493,696	(1,644,559)	21,849,137	(8,048,441)	13,800,696	(10,341,922)	(85,432)	(490,788)	(58,077)	(807,403)	(1,487,903)	529,172	53	529,119

Notes:

- (1) Calculated to be 3% of Gross Historic Tax Credit Equity.
- (2) Investor requires Priority Distribution of cash equal to 35% of taxable income allocation. Provision terminates after six years.
- (3) Payable out of 50% of cash flow after payment of the Priority Return.
- (4) Calculated to be 9% of Effective Gross Income, non-cumulative, subject to cash flow.

MASTER TENANT
PROJECTED TAXABLE INCOME (LOSS)

*This is the tffset for more
depreciation in the
landlord*

Year	Net Operating Income	Master Lease Payment	Asset Management Fee To Investor	Tax Credit Amortization	Funded Expenses	Flow Through Income/(Loss)	Incentive Management Fee To Managing Member	Taxable Income (Loss)	Investor Income (Loss)	Managing Member Income (Loss)
2008	838,750	(715,000)	(5,000)	51,809	(61,859)	(96,297)	(34,916)	(22,513)	(22,510)	(3)
2009	859,513	(718,575)	(5,150)	51,809	(61,859)	(102,457)	(47,809)	(24,528)	(24,526)	(2)
2010	880,722	(722,168)	(5,305)	51,809	(61,859)	(89,469)	(56,540)	(2,810)	(2,809)	(1)
2011	902,384	(725,779)	(5,464)	51,809	(61,859)	(80,114)	(62,775)	18,204	18,202	2
2012	924,507	(729,408)	(5,628)	51,809	(61,859)	(76,413)	(69,688)	33,320	33,317	3
2013	947,094	(733,055)	(5,796)	51,809	(8,688)	(52,722)	(62,672)	135,970	135,957	13
2014	970,154	(736,720)	(5,970)	51,809	(8,688)	(44,251)	(93,647)	132,687	132,673	14
2015	993,691	(740,404)	(6,149)	51,809	(8,688)	(40,009)	(103,484)	146,767	146,752	15
2016	1,017,712	(744,106)	(6,334)	51,809	(8,688)	(36,103)	(113,551)	160,740	160,724	16
2017	1,042,222	(747,826)	(6,524)	51,809	(8,688)	(31,160)	(123,851)	175,981	175,964	17
2018	1,067,226	(751,565)	(6,720)	51,809	(8,688)	(25,760)	(171,853)	154,448	154,433	15
2019	1,092,729	(755,323)	(6,921)	51,809	(8,688)	(20,698)	(177,009)	175,899	175,881	18
2020	1,118,738	(759,100)	(7,129)	51,809	(8,688)	(14,375)	(182,319)	198,936	198,917	19
2021	1,145,255	(762,895)	(7,343)	51,809	(8,688)	(7,557)	(187,789)	222,793	222,770	23
Total	13,800,696	(10,341,922)	(85,432)	725,320	(387,481)	(717,385)	(1,487,903)	1,505,894	1,505,745	149

**GENERAL INFORMATION
MASTER LANDLORD**

Capital Contributions

Managing Member Equity	
Date	Amount
As Needed	245,500
Total	<u>245,500</u>

Historic Tax Credit Equity Pay-in Schedule

Closing	40%	05/01/07	535,600
100% Complete	40%	01/01/08	535,600
Part 3, Project Stabilization & Permanent Loa	20%	05/01/08	267,800
Total	<u>100%</u>		<u>1,339,000</u>

Allocation Percentages

To Master Tenant

Profits/Losses	30.00%
Cash Flow	30.00%
Residual	30.00%

To Managing Member

Profits/Losses	70.00%
Cash Flow	70.00%
Residual	70.00%

CASH ON CASH INTERNAL RATE OF RETURN

Year	Investment	Distributions	Sales Proceeds	Net (Investment)/ Return
2007	(535,600)	-		(535,600)
2008	-	48,918		48,918
2009	(803,400)	40,170		(763,230)
2010	-	40,170		40,170
2011	-	45,592		45,592
2012	-	50,095		50,095
2013	-	82,899		82,899
2014	-	40,170		40,170
2015	-	40,170		40,170
2016	-	40,170		40,170
2017	-	40,170		40,170
2018	-	98,611		98,611
2019	-	153,465		153,465
2020	-	170,173		170,173
2021	-	187,210	1,204,508	1,391,718
	<u>(1,339,000)</u>	<u>1,077,984</u>	<u>1,204,508</u>	

Cash on Cash Internal Rate of Return 5.28%

PROJECTED CONSEQUENCES OF BUYOUT of LP
PUT OPTION
January 1, 2013

Original Capital Contribution of Historic Tax Credit Investor	1,339,000
Buyout - Percentage of Original Capital	<u>17.00%</u>
Put Price	<u><u>227,630</u></u>
Beginning Capital Account	1,339,000
Net Income(Loss)	1,674
Cash Flow	(224,946)
Subtotal Ending Capital Account	<u>1,115,728</u>
Plus: Recognizing Unamortized Tax Credits	1,165,719
Ending Capital Account	2,281,447
Less Put Price	<u>227,630</u>
Capital Loss	2,053,817
Exit Tax Benefit at 35% on Capital Loss	<u><u>718,836</u></u>
Tax on Acceleration of Credit Amortization	1,165,719
Ordinary Income Tax on Credit Amortization	<u><u>408,002</u></u>