

**FARGO TAX EXEMPT REVIEW COMMITTEE**  
**Tuesday, September 25, 2018 – 1:00 p.m.**  
**City Commission Chambers, Civic Center**  
**AGENDA**

1. **Approve Tax Exempt Review Committee meeting minutes of 8/28/2018 meeting**
  - a) August 28, 2018 minutes [Page 1-2]
  
2. **PILOT Application by The Edge 2, LLC for a for-profit Low Income Housing Tax Credit apartment project**
  - a) Staff Summary [Page 3]
  - b) Application for New or Expanding Business Payment In Lieu of Tax (PILOT) [Page 4-7]
  - c) Applicant's financial reports [Page 8-14]
  - d) Proposed PILOT payment schedule [Page 15]

TAX EXEMPT REVIEW COMMITTEE  
Fargo, North Dakota

**Regular Meeting**

**Tuesday, August 28, 2018**

The August meeting of the Tax Exempt Review Committee of the City of Fargo, North Dakota, was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, August 28, 2018.

The committee members present or absent are:

Present: Dave Piepkorn, Mayor Tim Mahoney, Bruce Grubb, Kent Costin, Jim Gilmour, Robert Wilson, Erik Johnson, Jackie Gapp, Mark Lemer

Absent: Chuck Hoge, Jessica Ebeling, Jim Buus

Others Present: Kati Wilcox, Mike Redlinger, Dan Madler

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Commissioner Piepkorn began by thanking those who attended a special meeting with the Cass County Commissioners. He would like to see these meetings continue, with the school board in attendance as well, to increase the efficiency of the application process.

Mark Lemer suggested a standing meeting at the county with the option of cancelling if necessary. Robert Wilson stated he would move forward with the idea.

Commissioner Piepkorn asked for clarification as to whether this meeting was formal, and if those minutes require approval. Ben Hushka said this was an informal meeting; however, minutes are attached to today's agenda packet.

Kent Costin made a motion to approve the minutes from the meeting held July 24, 2018. Bruce Grubb seconded the motion, which carried.

**PILOT application by James Pladson & Austin Morris, representing Dakota Beach Capital LLC, for a University mixed Use zoned apartment project**

Jim Gilmour introduced the PILOT application submitted by Dakota Beach Capital LLC for a 16-unit apartment building that would replace two homes at 914 and 918 15<sup>th</sup> Street North. It is consistent with university mixed-use zoning. The requested tax exemption would be 100% for the first five years, and 50% for the following five years. The conditions of the "but-for" test were met. Mr. Gilmour invited James Pladson and Austin Morris forward for comments and questions.

Mr. Morris explained he agrees with the findings of the "but-for" test, however he does not believe this project would produce over a 10% return without a PILOT, while the "but-for" test showed 11.5% without it. Mr. Morris believes this exemption is necessary for completion of the project, which will produce affordable housing near NDSU.

At Commissioner Piepkorn's request, Austin Morris explained that rents would vary between \$850 for an efficiency apartment and \$1125 for a two bedroom, two-bathroom unit. This fits the guidelines for non-cost burdened housing. Without the PILOT, higher rents would be required.

Mark Lemer asked if there was an agreement between the city and developers that would ensure developers are upholding to standards of low-income or affordable housing after approval for an exemption. Jim Gilmour stated this is an issue handled by the market itself. The area in which this project is located will not allow for any higher rents.

Kent Costin inquired about the length of financing on the project. Austin Morris explained a 20-year mortgage is standard; however, a 25-year mortgage is necessary to make this project work. This is becoming more and more common.

Mayor Tim Mahoney asked about the assumed vacancy rate, which is about 6%. The average for the area is 9%.

After feedback from Austin Morris regarding his work with PFM on the “but-for” test, Mayor Tim Mahoney made a motion to approve the application, which Bruce Grubb seconded. The motion carried.

#### **Update on recommended revisions to TIF policy**

Jim Gilmour stated he completed some of the recommended changes to the policy, providing language clarifications as suggested by developers regarding downtown and lower income apartments. The application process and recommendations are now more streamlined with increased focus on the Tax Exempt Review Committee only, versus multiple meetings with various boards. Kent Costin agreed this was a positive change due to the reliance on “but-for” testing and the Tax Exempt Review Committee being more visible to the community than other boards. Mr. Gilmour also updated the policy to state application deposits are now calculated on a schedule, versus a flat \$5,000 fee.

Commission Piepkorn also thanked Jim Gilmour for presenting the Tax Exemptions Summary to the Cass County Commissioners, stating the information Ben Hushka provided him was beneficial and would like to see that utilized again. Mr. Gilmour offered to walk through those slides when bringing the full policy to the City Commission, as well as the school districts if there is an interest. Mr. Gilmour would like to have the new TIF and PILOT policies turned over for a 30-day public comment period, following up at the next meeting in September, then bringing the changes to all City Commissioners for approval in October.

Bruce Grubb made a motion to publicize the proposed policy changes for comment, as well as presenting the Tax Exemptions Summary to the school boards. Kent Costin seconded the motion, which then carried.

The meeting adjourned at 1:50p.m., Tuesday, August 28, 2018.



ASSESSMENT DEPARTMENT

**TAX EXEMPT REVIEW COMMITTEE APPLICATION SUMMARY**

**Scheduled Meeting Date: 9/25/2018**

**APPLICATION #1**

|                        |  |
|------------------------|--|
| <b>Applicant</b>       | The Edge 2, LLC  |
| <b>Address</b>         | 1329 5 Ave. S.   |
| <b>Parcel Number</b>   | 01-8680-00100-000  |
| <b>Project Type</b>    | For-profit Low Income Housing Tax Credit project.                  |
| <b>Project Timing</b>  | Commencement of construction July 2019                             |
| <b>Request</b>         | PILOT based on tax value at 5.5 times projected LIHTC rents        |
| <b>Comments</b>        | Receiving funds from ND State Housing & Finance through LIHTC      |
| <b>Policy Concerns</b> | Meets existing policy for for-profit Low Income Housing Tax Credit |

# Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To City of Fargo  
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

**This application is a public record**

## Identification Of Project Operator

|    |   |   |   |
|----|---|---|---|
| 1. | Name of project operator of new or expanding business         | <u>The Edge 2, LLC</u>                                  |   |
| 2. | Address of project  | <u>1329 5th Avenue North</u>                            |   |
|    | City  | <u>Fargo</u> County <u>ND</u>                           |   |
| 3. | Mailing address of project operator                           | <u>24 S. Brooke St.</u>                                 |   |
|    | City  | <u>Fond du Lac</u> State <u>WI</u> Zip <u>54935</u>     |   |
| 4. | Type of ownership of project                                  |   |   |
|    | <input type="checkbox"/> Partnership                          | <input type="checkbox"/> Subchapter S corporation       | <input type="checkbox"/> Individual proprietorship            |
|    | <input type="checkbox"/> Corporation                          | <input type="checkbox"/> Cooperative                    | <input checked="" type="checkbox"/> Limited liability company |
| 5. | Federal Identification No. or Social Security No.             | <u>Application in process.</u>                          |   |
| 6. | North Dakota Sales and Use Tax Permit No.                     | <u>Not Applicable</u>                                   |   |
| 7. | If a corporation, specify the state and date of incorporation | <u>Not Applicable</u>                                   |   |
| 8. | Name and title of individual to contact                       | <u>Erin Anderson</u>                                    |   |
|    | Mailing address   | <u>213 4th Street E., 4th Floor #421</u>                |   |
|    | City, State, Zip  | <u>St. Paul, MN 55101</u> Phone No. <u>612-791-0496</u> |   |

## Project Operator's Application For Tax Incentives

|     |  |   |
|-----|--|---|
| 9.  | Indicate the tax incentives applied for and terms. Be specific.                                    |   |
|     | <input type="checkbox"/> <b>Property Tax Exemption</b>   | <input checked="" type="checkbox"/> <b>Payments In Lieu of Taxes</b>                |
|     | <u>          </u> Number of years  | <u>2020</u> Beginning year <u>2035</u> Ending year                                  |
|     | <u>          </u> Percent of exemption   | <u>          </u> Amount of annual payments (attach schedule if payments will vary) |
| 10. | Which of the following would better describe the project for which this application is being made: |   |
|     | <input type="checkbox"/> New business project  | <input type="checkbox"/> Expansion of a existing business project                   |

**Description of Project Property**

11. Legal description of project real property  
Lot 1, Block 1, The Edge Addition, Fargo, ND

12. Will the project property be owned or leased by the project operator?  Owned  Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

Yes  No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility?  New construction  Existing facility

If existing facility, when was it constructed? \_\_\_\_\_

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application July 2019

b. Description of project to be constructed including size, type and quality of construction  
The Edge 2 will be a five-story wood frame constructed apartment building with 48 units, first floor covered parking, and surface parking. The site improvements will also include significant landscaping and a playground. The apartments will be affordable to residents at 80 percent area income and lower and will be financed through the low-income housing tax credit program. There will be 1, 2, and 3-bedroom units.

c. Projected number of construction employees during the project construction 90

14. Approximate date of commencement of this project's operations July 2020

15. Estimated market value of the property used for this project:

a. Land..... \$ 344,000

b. Existing buildings and structures for which an exemption is claimed..... \$ 0

c. Newly constructed buildings and structures when completed ..... \$ 5,700,000

d. Total ..... \$ 6,044,000

e. Machinery and equipment ..... \$ 0

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ..... 

b. Eligible existing buildings and structures ..... \$ \_\_\_\_\_

c. Newly constructed buildings and structures when completed..... \$ 285,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 285,000

e. Enter the consolidated mill rate for the appropriate taxing district ..... 288.66

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ 82,268.00

**Description of Project Business**

**Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.**

17. Type of business to be engaged in:  Ag processing  Manufacturing  Retailing  
 Wholesaling  Warehousing  Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

The proposed use will be a multifamily apartment building, which will be operated by the applicant.

19. Indicate the type of machinery and equipment that will be installed

Not applicable.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

| Year (12 mo. periods) | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                       | Year 1                     | Year 2                     | Year 3                     | Year 4                     | Year 5                     |
| Annual revenue        | 379,619                    | 387,212                    | 394,956                    | 402,855                    | 410,912                    |
| Annual expense        | 356,948                    | 364,321                    | 371,871                    | 379,640                    | 387,633                    |
| Net income            | 22,671                     | 22,891                     | 23,085                     | 23,215                     | 23,279                     |

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

| # Current Positions | New Positions Under \$13.00 | New Positions \$13.01-\$15.00 | New Positions \$15.01-\$20.00 | New Positions \$20.01-\$28.00 | New Positions \$28.01-\$35.00 | New Positions Over \$35.00 |
|---------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|
| 0                   |                             |                               |                               | 2                             |                               |                            |

| Year              | (Before project) | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|------------------|--------|--------|--------|--------|--------|
| No. of Employees  | (1) _____        | _____  | _____  | _____  | _____  | _____  |
|                   | (2) 0            | 2      | 2      | 2      | 2      | 2      |
| Estimated payroll | (1) _____        | _____  | _____  | _____  | _____  | _____  |
|                   | (2) 0            | 43,000 | 44,290 | 45,619 | 46,987 | 48,397 |

(1) - full time  
(2) - part time

**Previous Business Activity**

22. Is the project operator succeeding someone else in this or a similar business?  Yes  No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?  
 Yes  No

24. Has the project operator or any officers of the project received any prior property tax incentives?  Yes  No  
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).  
Payment in Lieu of Taxes for Historic Apartments on 4th in Mandan, ND and The Edge Artist Flats in Fargo, ND.

**Business Competition**

25. Is any similar business being conducted by other operators in the municipality?  Yes  No  
 If YES, give name and location of competing business or businesses  
Other affordable housing LIHTC developments in Fargo include Herald Square, Dakota Pioneer Center, and Graver Inn.

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition \_\_\_\_\_ %

**Property Tax Liability Disclosure Statement**

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it?  Yes  No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property?  Yes  No  
 If the answer to 26 or 27 is Yes, list and explain  
 \_\_\_\_\_  
 \_\_\_\_\_

**Use Only When Reapplying**

28. The project operator is reapplying for property tax incentives for the following reason(s):

- To present additional facts or circumstances which were not presented at the time of the original application
- To request continuation of the present property tax incentives because the project has:
  - moved to a new location
  - had a change in project operation or additional capital investment of more than twenty percent
  - had a change in project operators
- To request an additional annual exemption for the year of \_\_\_\_\_ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

**Notice to Competitors of Hearing**

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Louie A. Lange, III, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

Louie A. Lange, III President 9-18-18  
 Signature Title Date





### **New High-Quality Housing Proposed at University and 5<sup>th</sup> Avenue N in the Unicorn Neighborhood**

The Edge 2, located a few blocks away from the heart of downtown, a second phase to The Edge Artist Flats, will be the new construction of a 48-unit housing community with an elevator, abundant community amenities, and covered and surface parking. The high-quality housing will meet the needs of the growing workforce in Fargo and provide additional options for low-maintenance housing with modern amenities and community space that expresses the creative culture that is growing in downtown Fargo.

When we were working on The Edge Artist Flats, our market analysis showed a clear need for affordable and workforce housing. The size of the initial phase of the project was limited to funding availability for that particular year. Due to these limitations, a phased approach had to be implemented in order to achieve the desired number of units. Site selection that is location efficient as well as makes good use of existing infrastructure and connectivity to community resources is important. The site is well situated in an up and coming neighborhood on the edge of Downtown Fargo.

The Edge Artist Flats was designed with a planned Phase 2 in mind, site layout and platting. The second phase will further capture the workforce housing needs with some units up to 80% of County Area Median Income (the initial phase only went up to 60% AMI). Additionally, we recognize the need for larger family housing, so have increased the number of 3-BR units.

The unit mix will be as follows:

9 – 1 Bedrooms  
24 – 2 Bedrooms  
15– 3 Bedrooms  
48 Total Units

The proposed rents and income limits are as follows:

| <b>INCOME</b>                  | Unit Type   | # Units       | Rent Rate |
|--------------------------------|---|---------------|-----------|
| 30% County Median Income       | One-Bedroom - Permanent Supportive Housing Trust Fund   | 2             |           |
|                                | Two-Bedroom - Permanent Supportive Housing Trust Fund   | 5             |           |
|                                | Three-Bedroom - Permanent Supportive Housing Trust Fund | 1             |           |
|                                | Two Bedroom   | 3             | 456       |
| 31.25%                         | Three Bedroom   | 4             | 530       |
| 40% County Median Income       | One Bedroom   | -             | 533       |
|                                | Two Bedroom   | 2             | 643       |
|                                | 3.33%   | Three Bedroom | 2         |
| 50% County Median Income Limit | One Bedroom   | 3             | 689       |
|                                | Two Bedroom   | 5             | 795       |
|                                | 20.83%  | Three Bedroom | 2         |
| 80% CMI                        | One Bedroom   | 4             | 875       |
|                                | Two Bedroom   | 9             | 1,000     |
|                                | 39.6%   | Three Bedroom | 6         |
| Gross Rental                   | Total/Average   | 48            | 703       |

| Sources of Funds          |                        |        |            |
|---------------------------|------------------------|--------|------------|
| Equity                    |                        |        | 6,611,339  |
| First Mortgage            | Affordable Flexpace    |        | 2,522,378  |
| Other: Soft debt          | SOFT                   | 0.0%   |            |
| Other: City (TIF)         | SOFT                   |        | -          |
| Other: Housing Trust Fund | SOFT- 30 year deferred | 0.00%  | 1,350,000  |
| Other:                    |                        |        |            |
| Total Third Party Sources |                        |        | 10,483,717 |
| Deferred Developer Fee    |                        | 33.83% | 262,482    |
| TOTAL                     |                        |        | 10,746,199 |

Amenities included will be a media room, elevator, office, outdoor playground, exercise room, tenant storage, and community rooms. Additional landscaping and greenspace will enhance the neighborhood. Seven of the units will be designated as supportive housing to provide permanent housing with services to the formerly homeless and will have Funding from the North Dakota Housing Finance Agency’s Housing Trust Fund.

The property will be owned by The Edge 2, LLC, of which Commonwealth will be the Managing Member. MetroPlains Management, LLC, North Dakota’s most experienced affordable housing property management company, will provide the property management. There will be Support Services for the 8 Permanent Supportive Housing Units through the a local support service provider.

Development Timeline:

- Sept 28, 2018 – Submit Application to NDHFA
- June 2019 – Start Construction
- June 2020 – Construction completion and occupancy.

78.13

| INCOME                         | Unit Type   | # Units | Rent Rate | 2018 Limit | Annual   | Avail. for Utility | Weighted Unit |
|--------------------------------|---|---------|-----------|------------|----------|--------------------|---------------|
| 30% County Median Income       | One-Bedroom - Permanent Supportive Housing Trust Fund   | 2       |           | 442        | -        | 442                | 2.00          |
|                                | Two-Bedroom - Permanent Supportive Housing Trust Fund   | 5       |           | 531        | -        |                    |               |
|                                | Three-Bedroom - Permanent Supportive Housing Trust Fund | 1       |           | 560        |          |                    |               |
|                                | Two Bedroom   | 3       | 456       | 560        | 16,416   | 104                | 3.00          |
| 31.25%                         | Three Bedroom   | 4       | 530       | 646        | 25,440   | 116                | 5.16          |
|                                | One Bedroom   | -       | 533       | 622        | -        | 89                 | 0.00          |
|                                | Two Bedroom   | 2       | 643       | 747        | 15,432   | 104                | 2.00          |
| 8.33%                          | Three Bedroom   | 2       | 746       | 862        | 17,904   | 116                | 2.60          |
|                                | One Bedroom   | 3       | 689       | 778        | 24,804   | 89                 | 3.00          |
|                                | Two Bedroom   | 5       | 795       | 933        | 47,700   | 138                | 6.450         |
| 50% County Median Income Limit | Three Bedroom   | 2       | 875       | 1,078      | 21,000   | 203                | 2.58          |
|                                | One Bedroom   | 4       | 875       | 1,043      | 42,000   | 168                | 5             |
| 80% CMI                        | Two Bedroom   | 9       | 1,000     | 1,252      | 108,000  | 252                | 12            |
|                                | Three Bedroom   | 6       | 1,200     | 1,446      | 86,400   | 246                | 1BR           |
|                                |   |         |           |            |          |                    | 2BR           |
| Gross Rental                   | Total/Average   | 48      | 703       |            | 405,096  |                    | Cr/Unit       |
|                                |   |         |           |            |          |                    | 3BR           |
| 79.17%                         | Add: Misc   | 5       | /unit     |            | 2,880    |                    |               |
|                                | Add:  |         | /mo       |            | -        |                    |               |
| Net Rental income              |   |         |           |            | 407,976  |                    |               |
| Effective Gross Income         | Less: Vacancy   | 7.00%   |           |            | (28,558) |                    | (81,099)      |
|                                |   |         |           |            | 379,418  |                    | 273,181       |

| EXPENSES                                     |        |       |            | Utility Allowance       | 1BR | 2BR   | 3BR |
|--|--------|-------|------------|-------------------------|-----|-------|-----|
| Office/Advertising                           | 298    | /unit | 14,280     |                         |     |       |     |
| Personnel (Site Manager and Maintenance)     | 896    | /unit | 43,000     | Heat - Natural Gas      | 48  | 53    | 57  |
| Utilities (Sewer/Water, Common Area, Trash ) | 857    | /unit | 41,136     | Cooking - Electric      | 4   | 6     | 7   |
| Property Taxes                               | 1,875  | /unit | 90,000     | Other Electric          | 11  | 14    | 16  |
| Insurance                                    | 305    | /unit | 14,660     | Air Conditioning        | 9   | 9     | 9   |
| Other: Support Services                      | 571    | /unit | 20,000     | Water Heating - Electri | 17  | 22    | 27  |
| Repairs & Maint.                             | 850    | /unit | 31,500     | Range/Microwave         | -   | -     | -   |
| Property Mgmt.                               | 7%     |       | 26,559     | Refrigerator            | 0   | -     | -   |
| Accounting/Audit                             | 114.58 |       | 5,500      | Total                   | 89  | 104   | 116 |
| NDHFA Compliance                             | 35     | /unit | 2,235      |                         |     |       |     |
| Replacement Reserve                          | 400    | /unit | 19,200     |                         |     |       |     |
| Total Operating Expenses                     | 534.84 | /unit | 308,070    |                         |     |       |     |
| Expense Ratio                                |        |       | 81%        |                         |     |       |     |
| Expense Per Unit                             | 535    | PUPM  | 6,418      |                         |     |       |     |
| NET OPERATING INCOME                         |        |       | 71,347     |                         |     |       |     |
| Debt Service (Hard)                          |        |       | 102,180    |                         |     |       |     |
| Debt Coverage                                |        |       | 1,20000    |                         |     | (405) |     |
| NOI Available for Debt Service               |        |       | 102,179.97 |                         |     |       |     |

| First Mortgage:      |           |         |
|----------------------|-----------|---------|
| Rate:                | 1.000%    |         |
| DCR:                 | 1.1500    |         |
| Amort:               | 30        |         |
| Constant             | 3.8597%   |         |
| Annual Debt Service: | 102,180   |         |
| Mortgage Amount      | 2,647,373 | 955,819 |
| Loan to Cost:        | 25%       |         |

| SOFT LOAN:           |         |  |
|----------------------|---------|--|
| Rate:                | 3.000%  |  |
| DCR (Combined):      | 0.6983  |  |
| Amort:               | 21      |  |
| Constant             | 6.4241% |  |
| Annual Debt Service: | -       |  |
| Mortgage Amount      | -       |  |
| Loan to Cost:        | 0%      |  |

**SOURCES AND USES OF FUNDS**

Sources of Funds

|                           |                        |        |                   |
|---------------------------|------------------------|--------|-------------------|
| Equity                    |                        |        | 6,611,339         |
| First Mortgage            | Affordable Flexpace    |        | 2,647,373         |
| Other: Soft debt          | SOFT                   | 0.0%   | -                 |
| Other: City (TIF)         | SOFT                   |        | -                 |
| Other: Housing Trust Fund | SOFT- 30 year deferred | 0.00%  | 1,350,000         |
| Other:                    |                        |        |                   |
| Total Third Party Sources |                        |        | 10,608,712        |
| Deferred Developer Fee    |                        | 24.57% | 190,659           |
| <b>TOTAL</b>              |                        |        | <b>10,799,371</b> |

|            |                |
|------------|----------------|
|            | 776,000        |
| 24.57%     | (190,659)      |
|            | 585,341        |
| <b>DFR</b> | <b>#DIV/0!</b> |

|                 |            |
|-----------------|------------|
| TOTAL USES      | 10,799,371 |
| SURPLUS/DEFICIT | -          |

Use of Funds

| Amount  | Unit       | Cost       | 9% Basis  | 4% Basis  | Fed Hist. | State Hist. |
|---|------------|------------|-----------|-----------|-----------|-------------|
| <b>A. Land &amp; Buildings</b>                            |            |            |           |           |           |             |
| -   | /unit      | 592,467    | -         | -         | -         | -           |
| 0%  | /unit      | -          | -         | -         | -         | -           |
|   | /unit      | -          | -         | -         | -         | -           |
| <b>Subtotal</b>   |            | 592,467    | -         | -         | -         | -           |
| <b>B. Site Work</b>                                       |            |            |           |           |           |             |
| -   | /unit      | -          | -         | -         | -         | -           |
| -   | /unit      | 50,000     | -         | -         | -         | -           |
| -   | /unit      | 100,000    | -         | -         | -         | -           |
| <b>Subtotal</b>   |            | 150,000    | -         | -         | -         | -           |
| <b>C. Rehab &amp; New Construction</b>                    |            |            |           |           |           |             |
|   | /unit      | -          | -         | -         | -         | -           |
| 134,000.00  | /unit      | 6,432,000  | 6,432,000 | -         | -         | -           |
|   |            | -          | -         | -         | -         | -           |
| 5.30%   |            | 348,846    | 272,158   | 272,158   | -         | -           |
| 2.00%   |            | 131,640    | 102,701   | 102,701   | -         | -           |
| 5.50%   |            | 362,010    | 357,697   | 357,697   | -         | -           |
| <b>Subtotal</b>   | 732,556.10 | 149,262    | 7,164,556 | 7,164,556 | -         | -           |
| <b>Construction Contract Amount excluding Contingency</b> |            | 152,386.59 | 7,314,556 | -         | -         | -           |
| <b>Land &amp; Hard Cost Subtotal</b>                      |            | 164,730    | 7,907,023 | 7,164,556 | -         | -           |
| <b>D. Architectural</b>                                   |            |            |           |           |           |             |
|   | 4.06%      | 5,417      | 230,000   | 230,000   | -         | -           |
|   |            |            | 30,000    | 30,000    | -         | -           |
|   |            |            | 12,000    | 12,000    | -         | -           |
|   |            |            | 25,000    | 25,000    | -         | -           |
|   |            |            | 15,000    | 15,000    | -         | -           |
|   |            |            | 2,500     | 2,500     | -         | -           |
|   |            |            | -         | -         | -         | -           |
| <b>Subtotal</b>   |            |            | 314,500   | 314,500   | -         | -           |

Keep Contingenc

5,853,958

1,460,598

25.0%

142,778.00

152,387

9,609

6.68%

|  | Amount | Unit    | Cost       | 9% Basis     | 4% Basis |           |                   |
|--|--------|---------|------------|--------------|----------|-----------|-------------------|
| <b>E. Interim Costs</b>                                  |        |         |            |              |          |           |                   |
| Contingency  |        | 5.0%    | 365,728    | 365,728      |          |           |                   |
| Construction Insurance                                   |        |         | 24,073     | 24,073       |          |           |                   |
| Construction Period Interest                             |        |         | 470,000    | 200,000      |          |           |                   |
| Construction Loan Fee                                    |        |         | 30,000     | 30,000       |          |           |                   |
| Real Estate Taxes  |        |         | 10,000     | 10,000       |          |           |                   |
| Special Inspections                                      |        |         | 20,000     | 20,000       |          |           | CDC pays Specic   |
| <b>Subtotal</b>  |        |         | 919,801    | 649,801      |          |           |                   |
| <b>F. Financing Fees &amp; Exp.</b>                      |        |         |            |              |          |           |                   |
| Permanent Loan Fee                                       |        |         | 1,700      | -            |          |           |                   |
| Title & Recording  | 0.0030 |         | 17,000     | -            |          |           |                   |
| Other: Syndication Fees                                  |        |         | 35,000     | -            |          |           |                   |
| <b>Subtotal</b>  |        |         | 53,700     | -            |          |           |                   |
| <b>G. Soft Costs</b>                                     |        |         |            |              |          |           |                   |
| Appraisal  |        |         | 8,000      | 8,000        |          |           |                   |
| Market Study   |        |         | 6,500      | 6,500        |          |           |                   |
| Environmental Assessment & Mitigation                    |        |         | 60,000     | 60,000       |          |           | CDC pays first \$ |
| NDHFA Fees   | 1,594  | /unit   | 76,500     | -            |          |           |                   |
| Rent-up Marketing  |        |         | 50,000     | -            |          |           |                   |
| Cost Certification                                       |        |         | 15,000     | 15,000       |          |           |                   |
| Misc- balancing with application                         |        |         |            | -            |          |           |                   |
| Furniture  |        |         | 50,000     | 50,000       |          |           |                   |
| Green Communities  |        |         | 23,420     | 23,420       |          |           |                   |
| Legal  |        |         | 60,000     | 55,000       |          |           |                   |
| <b>Subtotal</b>  |        |         | 349,420    | 217,920      |          |           |                   |
| <b>H. 221(d)4 Costs</b>                                  |        |         |            |              |          |           |                   |
| SJC Fees   |        |         | -          | -            |          |           |                   |
| HUD MIP  |        |         | -          | -            |          |           |                   |
| HUD Exam Fee   |        |         | -          | -            |          |           |                   |
| HUD Inspection Fee                                       |        |         | -          | -            |          |           |                   |
| <b>Subtotal</b>  |        |         | -          | -            |          |           |                   |
| <b>I. Developer's Fee</b>                                |        |         |            |              |          |           |                   |
| Developer's Overhead                                     |        |         | -          | -            |          |           |                   |
| Developer's Profit                                       |        |         | 776,000    | 776,000      |          |           |                   |
| Other: Consultant -                                      |        |         | -          | -            |          |           |                   |
| <b>Subtotal</b>  |        |         | 776,000    | 776,000      |          |           |                   |
| <b>J. Development Reserves</b>                           |        |         |            |              |          |           |                   |
| Housing Trust Fund Operating Assistance Escrow           | -      | /unit   | 205,125    |              |          |           | (26,580)          |
| Operating Reserve  | -      |         | 273,802    |              |          |           |                   |
| <b>Subtotal</b>  |        |         | 478,927    | -            |          |           |                   |
| <b>Intermediary Cost Total</b>                           |        |         | 2,892,348  | 1,958,221    | 0        | -         |                   |
| <b>TOTAL DEVELOPMENT COST</b>                            |        | 224,987 | 10,799,371 | 9,122,777    | 0        | (200,000) | -                 |
| Eligible Basis   |        |         |            | 7,222,198    | 0        | (200,000) | (200,000)         |
| % Low-Income Units (Commercial Space Taken Out of Basis) |        |         |            | 1.00         |          |           |                   |
| Minus Housing Trust Fund                                 |        |         |            | 7,222,198.38 |          |           |                   |
| Minus Developer Fee                                      |        |         |            | 6,446,198    |          |           |                   |
| State Designated Basis Boost (30% Units)                 |        |         |            | 130.00%      | 100.0%   | 100.0%    | 100.0%            |
| Bonus Basis  |        |         |            | 8,380,058    | 0        | (200,000) | (200,000)         |
| Add Back in Developer Fee                                |        |         |            | 9,156,058    |          |           |                   |
| <b>Rate</b>  |        |         | 824,045    | 9.000%       | 3.190%   | 20.000%   | 0.000%            |
| <b>Annual Credit Amount</b>                              |        | 23,787  | 760,000    | \$ 760,000   | \$ 0     | \$ -      | \$ -              |
| <b>Price</b>   |        |         |            | \$ 0.8700    | \$ 0.870 | \$ 0.890  | \$ 0.920          |
| <b>Equity Proceeds</b>                                   |        |         | 6,611,339  | 6,611,339    | 0        | -         | -                 |

|  |                   |               |           |                              |           |
|--|-------------------|---------------|-----------|------------------------------|-----------|
| Total Development Costs                    | 10,799,371        | Developer Fee | 776,000   | Construction Loan Proceeds   | 6,184,102 |
| Less: Developer Fee                        |                   | Deferred      | (190,659) | Permanent Loan Portion       | 0         |
| Developer Fee                              | 776,000           | Net Fee       | 585,341   | Construction Loan Portions   | 6,184,102 |
| Less: Amount During Const                  | (543,200)         |               |           |                              |           |
| Net Fee Deferred During Construction       | 232,800           | Net Fee       | 585,341   |                              |           |
| Less: Long Term Reserve                    | (232,800)         | During Const  | (543,200) |                              |           |
| <b>Total Construction Amount</b>           | <b>10,292,769</b> | Amt at QO     | (234,136) |                              |           |
| Less: Equity Payin                         | 15.0%             | Amt at Stab.  | (191,996) | construction contract amount | 7,164,556 |
| Less: Soft Funds                           | (1,350,000)       |               |           |                              |           |
| Less:                                      | 0                 |               |           |                              |           |
| Balance = Total Construction Loan Proceeds | 7,951,068         |               |           |                              |           |

|   |           | CLOSING           |                |                |                |                |                |                |                |                |                |                |                |                |                |                |               |               |               |               |               |               |               |               |               |                | Totals      |                   |             |
|---|-----------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------|-------------------|-------------|
|   |           | Aug-18            | Sep-18         | Oct-18         | Nov-18         | Dec-18         | Jan-19         | Feb-19         | Mar-19         | Apr-19         | May-19         | Jun-19         | Jul-19         | Aug-19         | Sep-19         | Oct-19         | Nov-19        | Dec-19        | Jan-20        | Feb-20        | Mar-20        | Apr-20        | May-20        | Jun-20        | Jul-20        | Aug-20         | Sep-20      | Oct-20            |             |
| Construction by Month                   |           | 1                 | 2              | 3              | 4              | 5              | 6              | 7              | 8              | 9              | 10             | 11             | 12             | 13             | 14             | 15             | 16            | 17            | 18            | 19            | 20            | 21            | 22            | 23            | 24            | 25             |             |                   |             |
| % drawn for current month               |           |                   | 4.0%           | 7.0%           | 10.0%          | 10.0%          | 10.0%          | 10.0%          | 10.0%          | 10.0%          | 7.0%           | 7.0%           | 6.0%           | 7.8%           |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |
| % complete                              |           | 0.0%              | 11.9%          | 19.3%          | 28.5%          | 36.8%          | 45.1%          | 53.4%          | 61.7%          | 70.0%          | 75.8%          | 81.6%          | 86.6%          | 93.1%          |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |
| Equity Payin                            |           | 15.0%             |                |                |                |                |                | 0.0%           | 0%             |                |                |                |                |                |                | 3%             |               |               |               |               |               | 0%            | 0%            |               | 80%           | 0%             | 0%          | 3%                | 100%        |
| Draw Amount                             |           |                   |                |                |                |                |                |                |                |                |                |                |                |                |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |
| Land and Predevelopment Costs           |           | 592,467           | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 592,467     |
| Construction and Soft Costs             | 12        | 8,637,102         | 426,582        | 641,519        | 796,456        | 716,456        | 716,456        | 716,456        | 716,456        | 716,456        | 501,519        | 501,519        | 429,873        | 558,961        | 598,795        | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 8,637,102   |
| Rent-up and Operating Reserves          |           | 323,802           | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 50,000         | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 323,802     |
| Interest                                |           | 470,000           | 1,895          | 2,121          | 2,515          | 4,956          | 8,413          | 11,886         | 15,376         | 18,883         | 22,406         | 24,917         | 27,439         | 29,631         | 29,632         | 29,632         | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,774        | 29,895        | 30,017         | 0           | 497,183           |             |
| Developer Fee                           | 12        | 776,000           | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 129,870        | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 452,898     |
| <b>Total Construction Amount</b>        |           | <b>10,799,371</b> | <b>428,478</b> | <b>643,640</b> | <b>798,971</b> | <b>721,412</b> | <b>724,868</b> | <b>728,342</b> | <b>731,832</b> | <b>735,338</b> | <b>523,925</b> | <b>526,436</b> | <b>457,313</b> | <b>588,191</b> | <b>678,428</b> | <b>159,502</b> | <b>29,632</b> | <b>29,632</b> | <b>29,632</b> | <b>29,632</b> | <b>29,632</b> | <b>29,632</b> | <b>29,632</b> | <b>29,774</b> | <b>29,895</b> | <b>310,546</b> | <b>0</b>    | <b>10,381,955</b> |             |
| Draw Source                             |           |                   |                |                |                |                |                |                |                |                |                |                |                |                |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |
| Equity                                  |           | 6,611,339         | (991,701)      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | (159,502)      | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | (310,546)     | 0              | 0           | 0                 | (1,151,203) |
| Soft Funds                              |           | 1,350,000         | (381,417)      | (561,316)      | (289,604)      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | (1,350,000)    | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | (1,367,337) |
| Construction Loan A                     |           | 395,570           | 47,061         | 82,324         | 509,367        | 721,412        | 724,868        | 728,342        | 731,832        | 735,338        | 523,925        | 526,436        | 457,313        | 588,191        | 543,428        | 0              | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,774        | 29,895        | 0              | 0           | 9,230,752         |             |
| Balance                                 |           | 395,570           | 47,061         | 82,324         | 509,367        | 721,412        | 724,868        | 728,342        | 731,832        | 735,338        | 523,925        | 526,436        | 457,313        | 588,191        | 543,428        | 0              | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,774        | 29,895        | 0              | 0           | 9,230,752         |             |
| Construction Loan B                     |           | (395,570)         | (47,061)       | (82,324)       | (509,367)      | (721,412)      | (724,868)      | (728,342)      | (731,832)      | (735,338)      | (523,925)      | (526,436)      | (457,313)      | (314)          | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | (29,632)      | (25,264)      | (25,369)       | 0           | (6,184,102)       |             |
| Balance                                 |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 587,877        | 543,428        | 0              | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 0             | 4,510         | 4,526         | 0              | 0           | 3,046,650         |             |
| Draws - Running Total                   |           | 1,387,271         | 1,815,749      | 2,459,389      | 3,258,360      | 3,979,771      | 4,704,640      | 5,432,982      | 6,164,813      | 6,900,152      | 7,424,077      | 7,950,513      | 8,407,826      | 8,996,017      | 9,674,445      | 9,833,947      | 9,863,579     | 9,893,211     | 9,922,843     | 9,952,475     | 9,982,107     | 10,011,740    | 10,041,514    | 10,071,409    | 10,381,955    | 10,381,955     | 10,381,955  | 10,381,955        |             |
| Loans - Running Total                   |           | 1,387,271         | 1,815,749      | 2,459,389      | 3,258,360      | 3,979,771      | 4,704,640      | 5,432,982      | 6,164,813      | 6,900,152      | 7,424,077      | 7,950,513      | 8,407,826      | 8,408,140      | 8,543,140      | 8,702,642      | 8,702,642     | 8,702,642     | 8,702,642     | 8,702,642     | 8,702,642     | 8,702,642     | 8,732,274     | 8,757,538     | 8,782,907     | 9,093,453      | 9,093,453   | 9,093,453         |             |
| Construction Loan A (perm portion)      | 0         | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Draws                                   |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Remaining Bal                           |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Construction Loan A (Perm Portion)      |           |                   |                |                |                |                |                |                |                |                |                |                |                |                |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |
| Outstanding - Begin                     |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Add                                     |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Pay Down                                |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Outstanding - End                       |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Interest - Construction Loan A          | 5.75%     | 5.75%             | perm           | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Construction Loan B                     | 6,184,102 | 6,184,102         | 5,788,532      | 5,741,471      | 5,659,147      | 5,149,780      | 4,428,369      | 3,703,500      | 2,975,158      | 2,243,326      | 1,507,988      | 984,063        | 457,627        | 314            | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 487,388       | 25,264        | 25,369         | 0           | 0                 | 6,184,102   |
| Draws                                   |           | (395,570)         | (47,061)       | (82,324)       | (509,367)      | (721,412)      | (724,868)      | (728,342)      | (731,832)      | (735,338)      | (523,925)      | (526,436)      | (457,313)      | (314)          | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | (29,632)      | (25,264)      | (25,369)       | 0           | 0                 | (6,184,102) |
| Remaining Bal                           |           | 5,788,532         | 5,741,471      | 5,659,147      | 5,149,780      | 4,428,369      | 3,703,500      | 2,975,158      | 2,243,326      | 1,507,988      | 984,063        | 457,627        | 314            | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 457,756       | 0             | 0              | 0           | 0                 | 0           |
| Construction Loan B                     | 6,184,102 | 6,184,102         | 5,788,532      | 5,741,471      | 5,659,147      | 5,149,780      | 4,428,369      | 3,703,500      | 2,975,158      | 2,243,326      | 1,507,988      | 984,063        | 457,627        | 314            | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 487,388       | 25,264        | 25,369         | 0           | 0                 | 6,184,102   |
| Outstanding - Begin                     |           | 0                 | 395,570        | 442,631        | 524,955        | 1,034,322      | 1,755,733      | 2,480,602      | 3,208,944      | 3,940,776      | 4,676,114      | 5,200,039      | 5,726,475      | 6,183,788      | 6,184,102      | 6,184,102      | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,213,734     | 6,238,998     | 6,264,367      | 0           | (1,328,474)       | 0           |
| Add                                     |           | 395,570           | 47,061         | 82,324         | 509,367        | 721,412        | 724,868        | 728,342        | 731,832        | 735,338        | 523,925        | 526,436        | 457,313        | 314            | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 29,632        | 25,264        | 25,369         | 0           | 0                 | 6,184,102   |
| Paydown                                 |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Outstanding - End                       |           | 395,570           | 442,631        | 524,955        | 1,034,322      | 1,755,733      | 2,480,602      | 3,208,944      | 3,940,776      | 4,676,114      | 5,200,039      | 5,726,475      | 6,183,788      | 6,184,102      | 6,184,102      | 6,184,102      | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,213,734     | 6,238,998     | 6,264,367     | 0              | (1,328,474) | 6,184,102         |             |
| Interest - Construction Loan B          | 5.75%     | 1,895             | 2,121          | 2,515          | 4,956          | 8,413          | 11,886         | 15,376         | 18,883         | 22,406         | 24,917         | 27,439         | 29,631         | 29,632         | 29,632         | 29,632         | 29,632        | 29,632        | 29,632        | 29,632        | 29,632        | 29,774        | 29,895        | 30,017        | 0             | (6,366)        | 0           | 490,817           |             |
| Construction Loan A                     |           | 0                 | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0              | 0           | 0                 | 0           |
| Construction Loan B                     |           | 395,570           | 442,631        | 524,955        | 1,034,322      | 1,755,733      | 2,480,602      | 3,208,944      | 3,940,776      | 4,676,114      | 5,200,039      | 5,726,475      | 6,183,788      | 6,184,102      | 6,184,102      | 6,184,102      | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,213,734     | 6,238,998     | 6,264,367     | 0             | (1,328,474)    | 6,184,102   |                   |             |
| Total Const Loan Balance                |           | 395,570           | 442,631        | 524,955        | 1,034,322      | 1,755,733      | 2,480,602      | 3,208,944      | 3,940,776      | 4,676,114      | 5,200,039      | 5,726,475      | 6,183,788      | 6,184,102      | 6,184,102      | 6,184,102      | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,184,102     | 6,213,734     | 6,238,998     | 6,264,367     | 0             | (1,328,474)    | 6,184,102   |                   |             |
| Total Costs Incurred (Land, Const, Int) |           | 1,192,467         | 1,620,945      | 2,264,585      | 3,063,556      | 3,784,967      | 4,509,836      | 5,238,178      | 5,970,009      | 6,705,348      | 7,229,273      | 7,755,709      | 8,213,022      | 8,801,213      | 9,429,641      | 9,459,273      | 9,488,905     | 9,518,537     | 9,548,169     | 9,577,801     | 9,607,433     | 9,637,066     | 9,666,840     | 9,696,735     | 9,726,752     | 9,726,752      | ---         | ---               |             |
| Remaining Unpaid Developer Fee          |           | 581,196           | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 581,196        | 451,326        | 451,326       | 451,326       | 451,326       | 451,326       | 451,326       | 451,326       | 451,326       | 451,326       | 451,326       | 323,102        | 323,102     | ---               |             |
| Total Const Costs                       |           | 1,773,663         | 2,202,141      | 2,845,781      | 3,644,752</    |                |                |                |                |                |                |                |                |                |                |                |               |               |               |               |               |               |               |               |               |                |             |                   |             |

PROJECT FINANCIAL ANALYSIS  
15 YEAR PRO FORMA

FOR:

**Permanent Loan**

|                      |           |
|----------------------|-----------|
| Rate:                | 1.000%    |
| DCR:                 | 1.150     |
| Amort:               | 30        |
| Constant             | 3.8597%   |
| Annual Debt Service: | 102,180   |
| Mortgage Amount      | 2,647,373 |

|  |         |           | 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>Rental Income from Units</b>                  | # Units | Variables | Annual Total |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Average Annual % Inflation                       |         | 2%        |              |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Average Monthly Rental Rates                     |         |           |              |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Housing Trust Fund                               | 8       | -         | -            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Two Bedroom                                      | 3       | 456       | 16,416       | 16,744.32   | 17,079.21   | 17,420.79   | 17,769.21   | 18,124.59   | 18,487.08   | 18,856.82   | 19,233.96   | 19,618.64   | 20,011.01   | 20,411.23   | 20,819.46   | 21,235.85   | 21,660.56   |
| Three Bedroom                                    | 4       | 530       | 25,440       | 25,948.80   | 26,467.78   | 26,997.13   | 27,537.07   | 28,087.82   | 28,649.57   | 29,222.56   | 29,807.01   | 30,403.15   | 31,011.22   | 31,631.44   | 32,264.07   | 32,909.35   | 33,567.54   |
| One Bedroom                                      | 3       | 689       | 24,804       | 25,300.08   | 25,806.08   | 26,322.20   | 26,848.65   | 27,385.62   | 27,933.33   | 28,492.00   | 29,061.84   | 29,643.08   | 30,235.94   | 30,840.66   | 31,457.47   | 32,086.62   | 32,728.35   |
| Two Bedroom                                      | 5       | 795       | 47,700       | 48,654.00   | 49,627.08   | 50,619.62   | 51,632.01   | 52,664.65   | 53,717.95   | 54,792.31   | 55,888.15   | 57,005.92   | 58,146.03   | 59,308.95   | 60,495.13   | 61,705.04   | 62,939.14   |
| Three Bedroom                                    | 2       | 875       | 21,000       | 21,420.00   | 21,848      | 22,285      | 22,731      | 23,186      | 23,649      | 24,122      | 24,605      | 25,097      | 25,599      | 26,111      | 26,633      | 27,166      | 27,709      |
| One Bedroom                                      | -       | 782       | -            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Two Bedroom                                      | -       | 850       | -            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Three Bedroom                                    | -       | 975       | -            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| One Bedroom                                      | 4       | 875       | 42,000       | 42,840      | 43,697      | 44,571      | 45,462      | 46,371      | 47,299      | 48,245      | 49,210      | 50,194      | 51,198      | 52,222      | 53,266      | 54,331      | 55,418      |
| Two Bedroom                                      | 9       | 1,000     | 108,000      | 110,160     | 112,363     | 114,610     | 116,903     | 119,241     | 121,626     | 124,058     | 126,539     | 129,070     | 131,651     | 134,284     | 136,970     | 139,710     | 142,504     |
| Three Bedroom                                    | 6       | 1,200     | 86,400       | 88,128      | 89,891      | 91,688      | 93,522      | 95,393      | 97,300      | 99,246      | 101,231     | 103,256     | 105,321     | 107,428     | 109,576     | 111,768     | 114,003     |
|  | 48      |           |              |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| <b>Total Gross Rent Revenue</b>                  |         |           | 405,096      | 413,198     | 421,462     | 429,891     | 438,489     | 447,259     | 456,204     | 465,328     | 474,635     | 484,127     | 493,810     | 503,686     | 513,760     | 524,035     | 534,516     |
| Commercial Space- Daycare                        |         |           | -            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Laundry & Garage Income                          | 5       |           | 2,880        | 2,938       | 2,996       | 3,056       | 3,117       | 3,180       | 3,243       | 3,308       | 3,374       | 3,442       | 3,511       | 3,581       | 3,653       | 3,726       | 3,800       |
| Less Vacancy                                     | 7%      |           | (28,357)     | (28,924)    | (29,502)    | (30,092)    | (30,694)    | (31,308)    | (31,934)    | (32,573)    | (33,224)    | (33,889)    | (34,567)    | (35,258)    | (35,963)    | (36,682)    | (37,416)    |
| <b>Total Income</b>                              |         |           | 379,619      | 387,212     | 394,956     | 402,855     | 410,912     | 419,130     | 427,513     | 436,063     | 444,784     | 453,680     | 462,754     | 472,009     | 481,449     | 491,078     | 500,900     |
| <b>Operating Expenses and Real Estate Taxes</b>  |         | Per Unit  |              |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Annual % escalation                              |         | 3%        |              |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Office/Advertising                               |         | 298       | 14,280       | 14,708      | 15,150      | 15,604      | 16,072      | 16,554      | 17,051      | 17,563      | 18,089      | 18,632      | 19,191      | 19,767      | 20,360      | 20,971      | 21,600      |
| Personnel (Site Manager and Maintenance)         |         | 896       | 43,000       | 44,290      | 45,619      | 46,987      | 48,397      | 49,849      | 51,344      | 52,885      | 54,471      | 56,105      | 57,788      | 59,522      | 61,308      | 63,147      | 65,041      |
| Utilities (Sewer/Water, Common Area, Trash )     |         | 857       | 41,136       | 42,370      | 43,641      | 44,950      | 46,299      | 47,688      | 49,119      | 50,592      | 52,110      | 53,673      | 55,283      | 56,942      | 58,650      | 60,410      | 62,222      |
| Property Taxes                                   |         | 1,875     | 90,000       | 91,800      | 93,600      | 95,436      | 97,308      | 99,217      | 101,163     | 103,147     | 105,170     | 107,233     | 109,337     | 111,481     | 113,668     | 115,898     | 118,171     |
| Property Tax Exemption                           |         |           | (52,853)     | (53,910.06) | (54,988.26) | (56,088.03) | (57,209.79) | (58,353.98) | (59,521.06) | (60,711.48) | (61,925.71) | (63,164.23) | (64,427.51) | (65,716.06) | (67,030.38) | (68,370.99) | (69,738.41) |
| Insurance  |         | 305       | 14,660       | 15,100      | 15,553      | 16,019      | 16,500      | 16,995      | 17,505      | 18,030      | 18,571      | 19,128      | 19,702      | 20,293      | 20,902      | 21,529      | 22,175      |
| Other: Support Services                          |         | 571       | 20,000       | 20,600      | 21,218      | 21,855      | 22,510      | 23,185      | 23,881      | 24,597      | 25,335      | 26,095      | 26,878      | 27,685      | 28,515      | 29,371      | 30,252      |
| Repairs & Maint.                                 |         | 850       | 31,500       | 32,445      | 33,418      | 34,421      | 35,454      | 36,517      | 37,613      | 38,741      | 39,903      | 41,100      | 42,333      | 43,603      | 44,911      | 46,259      | 47,647      |
| Property Mgmt.                                   |         | 0         | 26,559       | 27,356      | 28,177      | 29,022      | 29,893      | 30,789      | 31,713      | 32,665      | 33,644      | 34,654      | 35,693      | 36,764      | 37,867      | 39,003      | 40,173      |
| Accounting/Audit                                 |         | 115       | 5,500        | 5,665       | 5,835       | 6,010       | 6,190       | 6,376       | 6,567       | 6,764       | 6,967       | 7,176       | 7,392       | 7,613       | 7,842       | 8,077       | 8,319       |
| NDHFA Compliance                                 |         | 35        | 2,235        | 2,302       | 2,371       | 2,442       | 2,516       | 2,591       | 2,669       | 2,749       | 2,831       | 2,916       | 3,004       | 3,094       | 3,187       | 3,282       | 3,381       |
| Replacement Reserve                              |         | 400       | 19,200       | 19,776      | 20,369      | 20,980      | 21,610      | 22,258      | 22,926      | 23,614      | 24,322      | 25,052      | 25,803      | 26,577      | 27,375      | 28,196      | 29,042      |
| Total Operating Expenses                         |         | 6,202     | 255,217      | 262,502     | 269,962     | 277,639     | 285,538     | 293,666     | 302,029     | 310,635     | 319,490     | 328,601     | 337,977     | 347,626     | 357,554     | 367,770     | 378,284     |
| <b>Net Operating Income</b>                      |         |           | 124,402      | 124,709     | 124,993     | 125,216     | 125,374     | 125,464     | 125,484     | 125,429     | 125,295     | 125,079     | 124,776     | 124,383     | 123,895     | 123,308     | 122,616     |
| <b>Total Debt Service Payment by Partnership</b> |         |           | 102,180      | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     | 111,245     |
| Cash Flow  |         |           | 22,222       | 13,464      | 13,748      | 13,971      | 14,129      | 14,219      | 14,239      | 14,184      | 14,050      | 13,834      | 13,531      | 13,138      | 12,650      | 12,063      | 11,371      |
| Accumulated Cash Flow                            |         |           | 22,222       | 35,686      | 49,435      | 63,406      | 77,535      | 91,754      | 105,993     | 120,177     | 134,226     | 148,060     | 161,592     | 174,730     | 187,380     | 199,443     | 210,814     |
| <b>Debt Service Coverage - Hard Only</b>         |         |           | 1.22         | 1.12        | 1.12        | 1.13        | 1.13        | 1.13        | 1.13        | 1.13        | 1.13        | 1.12        | 1.12        | 1.12        | 1.11        | 1.11        | 1.10        |

CITY OF FARGO ASSESSMENT DEPARTMENT

|                                   |                                  |
|-----------------------------------|----------------------------------|
| <b>Edge #2 LIHTC</b>              | <b>Initial Year GI \$379,619</b> |
| Parcel Number                     | 01-8680-00100-000                |
| Address                           | 1329 5 Ave S                     |
| Date Application Received         | 9/14/2018                        |
| 1st Publication Date              |                                  |
| 2nd Publication Date              |                                  |
| TRC Meeting Date                  | 9/25/2018                        |
| Commission Hearing Date           |                                  |
| Exemption Type                    | PILOT                            |
| Estimated Improvements Value      | \$5,700,000                      |
| Anticipated Tax Growth            | 2.0%                             |
| Current Mill Levy                 | 288.66                           |
| Number of Years Granted           | 15                               |
| Discount Rate (for Present Value) | 4.50%                            |
| Total Gross Estimated Benefit     | \$1,077,389                      |
| Present Value of Benefit          | \$566,800                        |

**FULL PARTICIPATION**

|  |                    |
|--|--------------------|
| Initial year effective gross income    | \$379,619          |
| Gross Income Multiplier                | 5.5                |
| Implied Tax Value                      | \$2,100,000        |
| Projected tax (288.66 mills)           | \$30,309           |
| Less estimated land tax                | (\$5,170)          |
| PILOT PAYMENT                          | \$25,139           |
| ESTIMATED LAND TAX                     | \$5,170            |
| <b>INITIAL YEAR PILOT &amp; RE Tax</b> | <b>\$30,309</b>    |
| <b>PROJECTED VALUE</b>                 | <b>\$6,058,000</b> |
| <b>PROJECTED TOTAL TAX</b>             | <b>\$87,435</b>    |
| <b>EQUILANT % EXEMPT</b>               | <b>71%</b>         |

**NO COUNTY PARTICIPATION**

|  |                    |
|--|--------------------|
| Initial year effective gross income    | \$379,619          |
| Gross Income Multiplier                | 5.5                |
| Implied Tax Value                      | \$2,100,000        |
| Projected tax (288.66 mills)           | \$30,309           |
| Less estimated land tax                | (\$5,170)          |
| PILOT PAYMENT                          | \$36,353           |
| ESTIMATED LAND TAX                     | \$5,170            |
| <b>INITIAL YEAR PILOT &amp; RE Tax</b> | <b>\$41,523</b>    |
| <b>PROJECTED VALUE</b>                 | <b>\$6,058,000</b> |
| <b>PROJECTED TOTAL TAX</b>             | <b>\$87,435</b>    |
| <b>EQUILANT % EXEMPT</b>               | <b>58%</b>         |

**Edge #2 LIHTC - With PILOT participation by all taxing entities**

| Tax Year        | % Ex | PILOT Pymt       | Full Tax  | Benefit            | PV of Benefit    | PILOT & Tax      |
|-----------------|------|------------------|---|--------------------|------------------|------------------|
| 2020            | 71%  | \$25,138         | \$87,438  | \$62,301           | \$59,600         | \$30,308         |
| 2021            | 71%  | \$25,640         | \$89,187  | \$63,547           | \$58,200         | \$30,810         |
| 2022            | 71%  | \$26,153         | \$90,971  | \$64,817           | \$56,800         | \$31,323         |
| 2023            | 71%  | \$26,676         | \$92,790  | \$66,114           | \$55,400         | \$31,846         |
| 2024            | 71%  | \$27,210         | \$94,646  | \$67,436           | \$54,100         | \$32,380         |
| 2025            | 71%  | \$27,754         | \$96,539  | \$68,785           | \$52,800         | \$32,924         |
| 2026            | 71%  | \$28,309         | \$98,470  | \$70,161           | \$51,600         | \$33,479         |
| 2027            | 71%  | \$28,875         | \$100,439   | \$71,564           | \$50,300         | \$34,045         |
| 2028            | 71%  | \$29,453         | \$102,448   | \$72,995           | \$49,100         | \$34,623         |
| 2029            | 71%  | \$30,042         | \$104,497   | \$74,455           | \$47,900         | \$35,212         |
| 2030            | 71%  | \$30,643         | \$106,587   | \$75,944           | \$46,800         | \$35,813         |
| 2031            | 71%  | \$31,255         | \$108,718   | \$77,463           | \$45,700         | \$36,425         |
| 2032            | 71%  | \$31,881         | \$110,893   | \$79,012           | \$44,600         | \$37,051         |
| 2033            | 71%  | \$32,518         | \$113,111   | \$80,592           | \$43,500         | \$37,688         |
| 2034            | 71%  | \$33,169         | \$115,373   | \$82,204           | \$42,500         | \$38,339         |
| <b>TOTALS</b>   |      | <b>\$434,715</b> | <b>\$1,512,104</b>                                    | <b>\$1,077,389</b> | <b>\$758,900</b> | <b>\$512,265</b> |
| Annual Land Tax |      | \$5,170          | (\$358,200 Estimated Land Value - 59.695SF @ 6.00/SF) |                    |                  |                  |

**If County opted out of this incentive. PILOT Pymt + County Addl Share will be the PILOT Payment in addition to Land Tax**

| County Share  | County Addl Share | Total County Share | Total PILOT Pymt | Potential Full Tax | PILOT & Tax      | % Ex | Benefit          | PV of Benefit    |
|---------------|-------------------|--------------------|------------------|--------------------|------------------|------|------------------|------------------|
| \$4,524.76    | \$11,214          | \$15,739           | \$36,352         | \$87,438           | \$41,522         | 58%  | \$45,916         | \$43,900         |
| \$4,615.26    | \$11,438          | \$16,054           | \$37,079         | \$89,187           | \$42,249         | 58%  | \$46,938         | \$43,000         |
| \$4,707.56    | \$11,667          | \$16,375           | \$37,820         | \$90,971           | \$42,990         | 58%  | \$47,980         | \$42,000         |
| \$4,801.72    | \$11,900          | \$16,702           | \$38,577         | \$92,790           | \$43,747         | 58%  | \$49,043         | \$41,100         |
| \$4,897.75    | \$12,138          | \$17,036           | \$39,348         | \$94,646           | \$44,518         | 58%  | \$50,128         | \$40,200         |
| \$4,995.71    | \$12,381          | \$17,377           | \$40,135         | \$96,539           | \$45,305         | 58%  | \$51,234         | \$39,300         |
| \$5,095.62    | \$12,629          | \$17,725           | \$40,938         | \$98,470           | \$46,108         | 58%  | \$52,362         | \$38,500         |
| \$5,197.53    | \$12,881          | \$18,079           | \$41,757         | \$100,439          | \$46,927         | 58%  | \$53,512         | \$37,600         |
| \$5,301.48    | \$13,139          | \$18,441           | \$42,592         | \$102,448          | \$47,762         | 58%  | \$54,686         | \$36,800         |
| \$5,407.51    | \$13,402          | \$18,809           | \$43,444         | \$104,497          | \$48,614         | 58%  | \$55,883         | \$36,000         |
| \$5,515.66    | \$13,670          | \$19,186           | \$44,312         | \$106,587          | \$49,482         | 58%  | \$57,104         | \$35,200         |
| \$5,625.98    | \$13,943          | \$19,569           | \$45,199         | \$108,718          | \$50,369         | 58%  | \$58,350         | \$34,400         |
| \$5,738.50    | \$14,222          | \$19,961           | \$46,103         | \$110,893          | \$51,273         | 58%  | \$59,620         | \$33,600         |
| \$5,853.27    | \$14,507          | \$20,360           | \$47,025         | \$113,111          | \$52,195         | 58%  | \$60,916         | \$32,900         |
| \$5,970.33    | \$14,797          | \$20,767           | \$47,965         | \$115,373          | \$53,135         | 58%  | \$62,237         | \$32,200         |
| <b>TOTALS</b> |                   | <b>\$272,179</b>   |                  | <b>\$1,512,104</b> | <b>\$706,195</b> |      | <b>\$805,909</b> | <b>\$566,700</b> |