

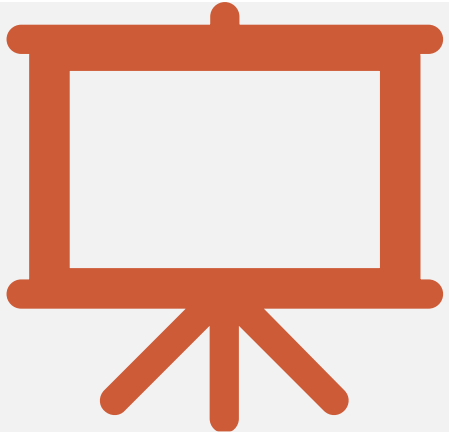


Rural Rental Preservation Academy

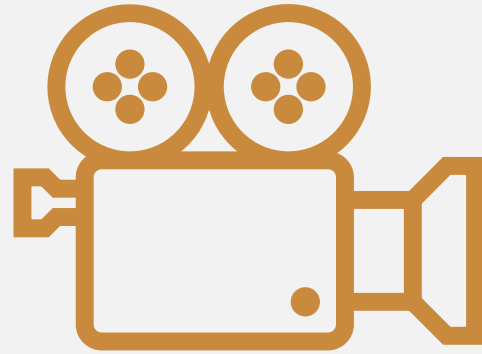
May 6, 2026



Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will also receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A, chat or raise hand function



The link to register for upcoming sessions will be shared at the end of the presentation

Unmatched **breadth, scale and expertise** across the entire spectrum of affordable housing...

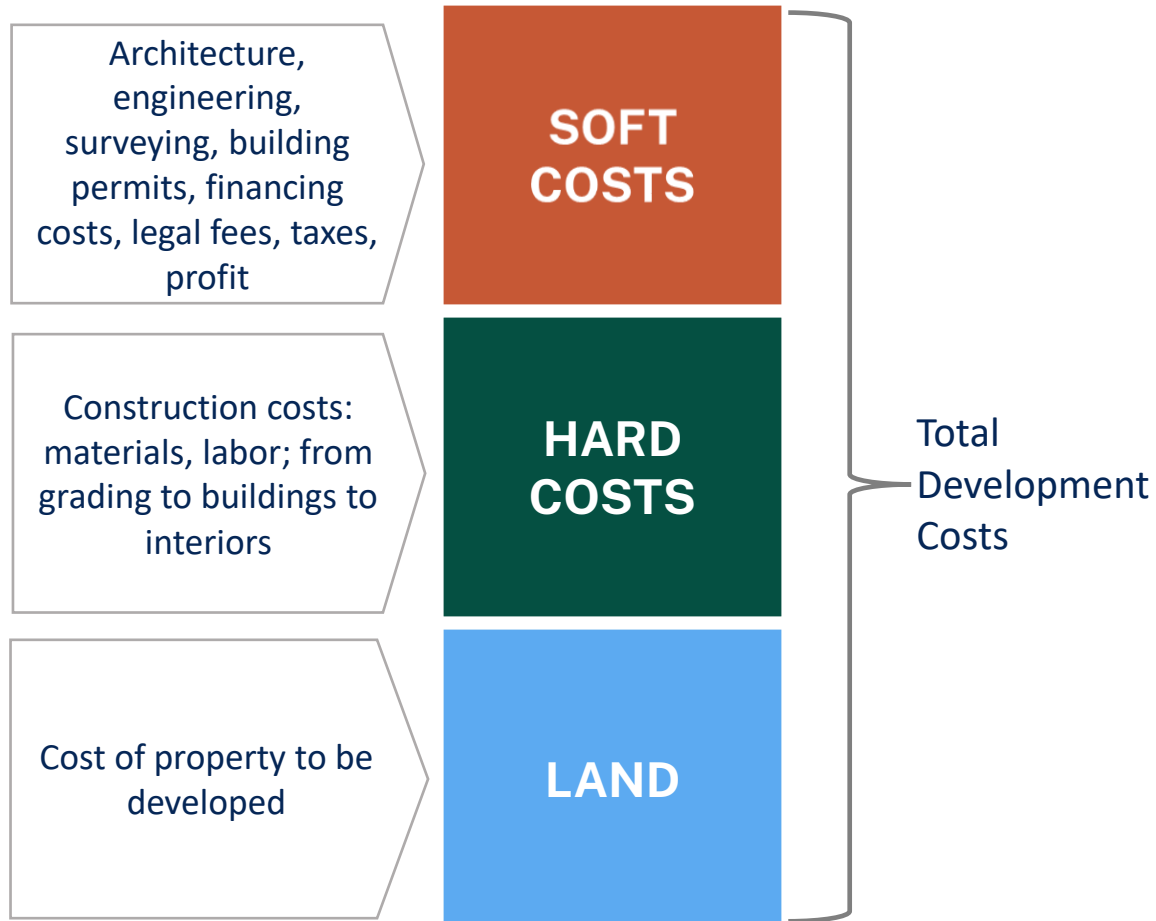


...creating a positive feedback loop that does it **all under one Enterprise roof.**

UNDERSTANDING YOUR FUNDING NEEDS

Determining Cost and Assembling Financing

ASSEMBLING FINANCING



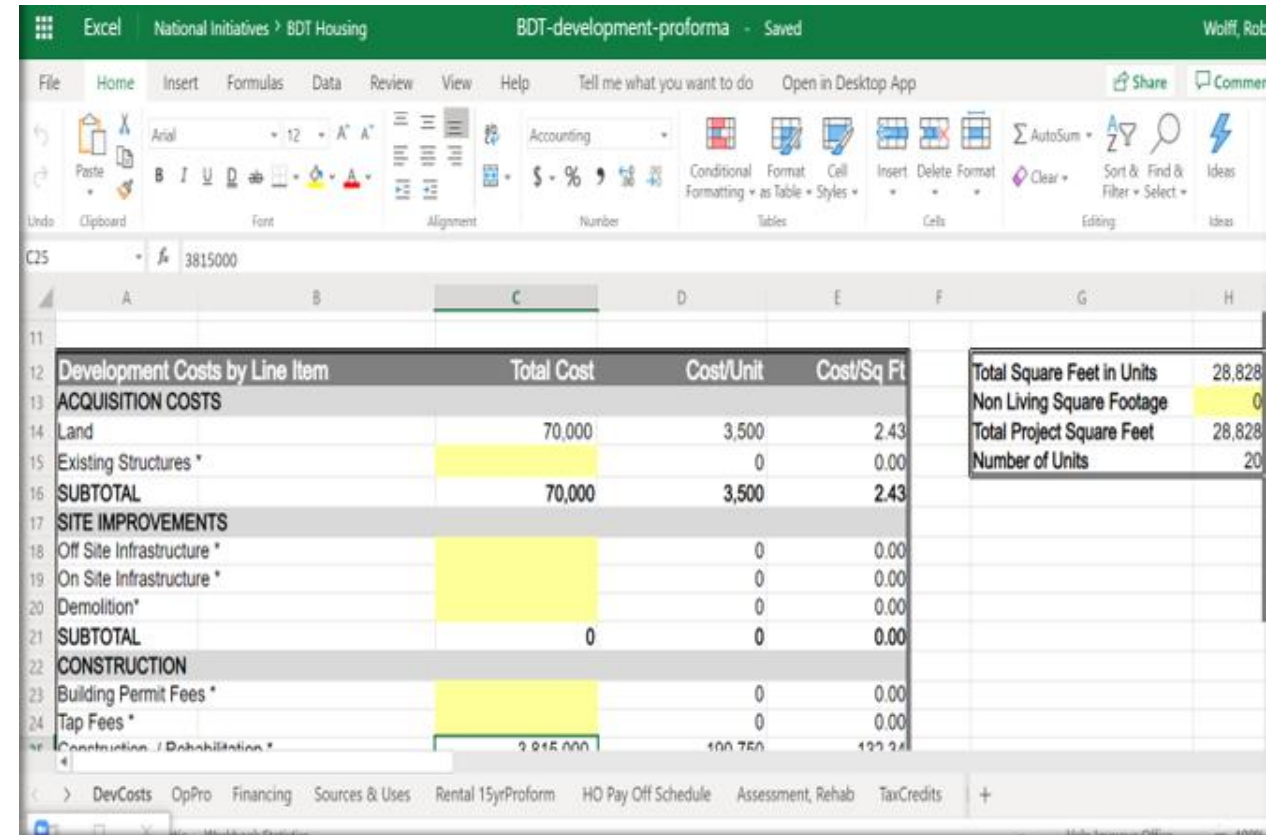
Determining Costs and assembling financing can be the most difficult step of development

Adapting structure to serve your development goals and meet budget

- Value Engineering

What is a Proforma?

- A pro-forma is more than a budget. It is a tool for overall financial feasibility of a project
- Assessing a variety of factors, a proforma can project the operating expenses and revenues of a proposed development
- Developers use proformas to decide on items like how many units, how much community space, how much debt.
- Make decisions from a place of knowledge



The screenshot shows an Excel spreadsheet with the following data:

Development Costs by Line Item	Total Cost	Cost/Unit	Cost/Sq Ft
ACQUISITION COSTS			
Land	70,000	3,500	2.43
Existing Structures *		0	0.00
SUBTOTAL	70,000	3,500	2.43
SITE IMPROVEMENTS			
Off Site Infrastructure *		0	0.00
On Site Infrastructure *		0	0.00
Demolition*		0	0.00
SUBTOTAL	0	0	0.00
CONSTRUCTION			
Building Permit Fees *		0	0.00
Tap Fees *		0	0.00
Construction / Rehabilitation *	2,915,000	100,750	122.24

Total Square Feet in Units	28,828
Non Living Square Footage	0
Total Project Square Feet	28,828
Number of Units	20

Components of a Pro-Forma

- **Development Pro-forma**
 - Determining Costs
 - The components: hard costs, are only half of the equation
- **Operating Pro-forma**
 - How Much Money Will the Development Generate in rents?
- **Sources and Uses**
 - Deferred Developer Fee

The screenshot shows an Excel spreadsheet with the following data:

Development Costs by Line Item	Total Cost	Cost/Unit	Cost/Sq Ft
ACQUISITION COSTS			
Land	70,000	3,500	2.43
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Off Site Infrastructure *		0	0.00
On Site Infrastructure *		0	0.00
Demolition*		0	0.00
SUBTOTAL	0	0	0.00
CONSTRUCTION			
Building Permit Fees *		0	0.00
Tap Fees *		0	0.00
Construction / Rehabilitation *	2,915,000	100,750	122,241

Total Square Feet in Units	28,828
Non Living Square Footage	0
Total Project Square Feet	28,828
Number of Units	20

Things to Keep in Mind

- Lots of jargon/Financing terms
 - Debt service coverage ratio (DSCR), loan terms, amortization schedule, NOI
- Iterative process
 - Things change with more info, keep coming back to the pro forma
- Don't wait until you need money
 - This tool can help you determine what money you need and can inform design

Development Costs by Line Item	Total Cost	Cost/Unit	Cost/Sq Ft
ACQUISITION COSTS			
Land	70,000	3,500	2.43
Existing Structures *		0	0.00
SUBTOTAL	70,000	3,500	2.43
SITE IMPROVEMENTS			
Off Site Infrastructure *		0	0.00
On Site Infrastructure *		0	0.00
Demolition*		0	0.00
SUBTOTAL	0	0	0.00
CONSTRUCTION			
Building Permit Fees *		0	0.00
Tap Fees *		0	0.00
Construction / Rehabilitation *	2,915,000	100,750	122,344

Total Square Feet in Units	28,828
Non Living Square Footage	0
Total Project Square Feet	28,828
Number of Units	20

Development Proforma

Land Acquisition/Site Acquisition

- Long Term Ground Lease, Trust land?

Planning, Design, & Approvals

- Architects, surveyors, planners, civil engineers, as well as specialists such as market analysts, environmental and traffic engineers

Site Work and Building Construction

- Rough grading and clearing, constructing roads and utilities, as well as drainage and environmental protection features.
- engineers, and construction managers

Amenities and Off-site costs

- Features that do not directly generate rents but are needed for the project to meet its goals

Construction Management and Developer Fees

Development Financial Model

Project Name:	Sample			
Date of Model Version	1/1/2021			
Development Costs				
Development Costs by Line Item		Total Cost	Cost/Unit	Cost/Sq Ft
ACQUISITION COSTS				
Land		70,000	3,500	2.45
Existing Structures *			0	0.00
SUBTOTAL		70,000	3,500	2.45
SITE IMPROVEMENTS				
Off Site Infrastructure *			0	0.00
On Site Infrastructure *			0	0.00
Demolition*			0	0.00
SUBTOTAL		0	0	0.00
CONSTRUCTION				
Building Permit Fees *		50,000	2,500	1.75
Tap Fees *		100,000	5,000	3.51
Construction / Rehabilitation *		3,000,000	150,000	105.20
Landscaping *			0	0.00
Contingency*		250,000	12,500	8.77
Other (please specify) *			0	0.00
SUBTOTAL		3,400,000	170,000	119.23
PROFESSIONAL FEES				
Architect Fees		181,212	9,061	6.35
Engineering Fees		60,400	3,020	2.12
Real Estate Attorney Fees			0	0.00
Soils Tests		4,000	200	0.14
Surveys			0	0.00
Green Planning and Design Fees		5,750	288	0.20
Other (please specify)			0	0.00
SUBTOTAL		251,362	12,568	8.81
CONSTRUCTION FINANCE				
Construction Insurance			0	0.00
Construction Loan Orig. Fee		2,500	125	0.09
Construction Interest		1,118	56	0.04
Attorney Fees			0	0.00
Title and Recording			0	0.00
Other (please specify)			0	0.00
SUBTOTAL		3,618	181	0.13

Operating Proforma

The Operating Pro-forma sheet can help you determine annualized expenses, the amount of revenue the project will generate, and the amount of debt the project can take on.

Rent income bases on Rents

- Things that matter, how many bedrooms bathrooms, how many square feet
- Space that does not generate revenue
- FMR, CRCU, % of AMI

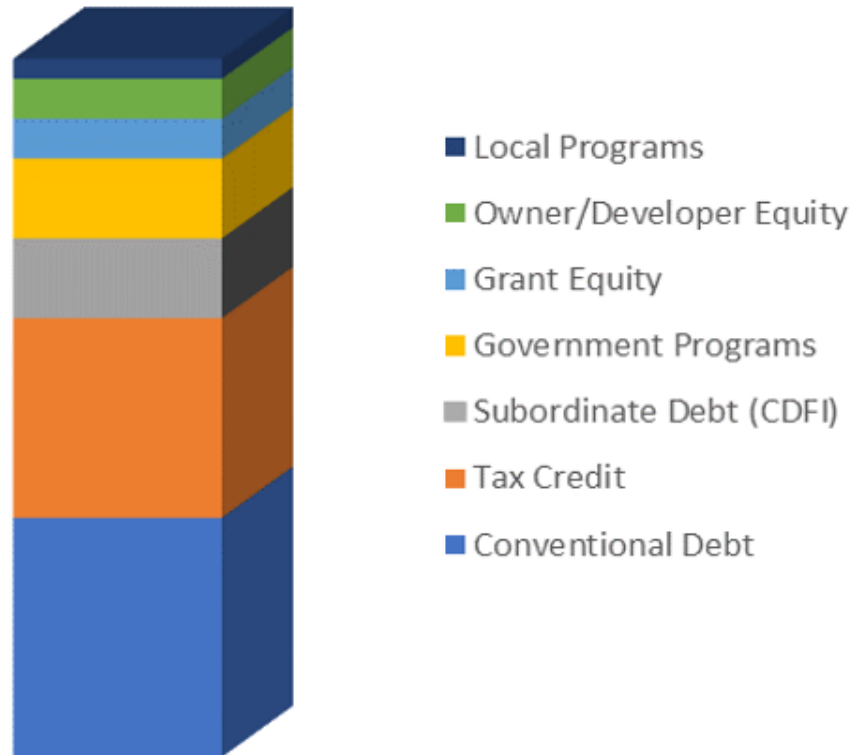
Management and Overhead

- Trash, Snow removal, Property Management

Financing Interest

- Cash flow by debt service: **DSCR** = Net Operating Income / Total Debt
- **DSCR** of less than 1 would mean a negative cash flow. ... Typically, most commercial banks require the **ratio** of 1.15–1.35 times

Capital Stacks



- A capital stack is the funding or investment structure of a project
- The bottom of the capital stack have first priority for repayment if the organization defaults on its obligations.
- Unencumbered funds sit at the top of the capital stack. These funds are the last to get repaid in the event of a default.
- Equity in a project helps attract funders who bring in senior debt.

Permanent Financing: Identifying the Gap

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File Home Insert Page Layout Formulas Data Review View Help Acrot

E52

Project Name: Sample
Date of Model Year: 9/1/2021

Permanent Financing Sources

TOTAL DEVELOPMENT COSTS: \$3,974,480

SOURCES OF FUNDS

FIRST MORTGAGE

Lender	
Type of Loan	F
Principal	2,150,000
Interest Rate	2.500%
Term (years)	33
Annual Payment	-95,745

1.68 DCR

SECOND MORTGAGE

Lender - CDFI	
Type of Loan	
Principal	675,000
Interest Rate	5.000%
Term (years)	30
Annual Payment	-43,483

1.15 DCR

THIRD MORTGAGE

Lender	
Type of Loan	
Principal	
Interest Rate	
Term (years)	
Annual Payment	0

1.15 DCR

TAX CREDIT EQUITY

3% LHTC Proceeds	0
4% LHTC Proceeds	0
Historic Tax Credits	0

GOVERNMENT GRANTS AND SOFT DEBT

Source		
LHC	Amount	0
USDA 516 Grant	Amount	848,007
	Amount	

0 per unit

OTHER GRANTS (NON-GOVERNMENTAL)

Source		
FHLB - AHP	Amount	250,000
	Amount	
	Amount	
	Amount	

OWNER EQUITY

Source		
Deferred Dev. Fee	Amount	0
Owner Equity	Amount	84,000
	Amount	
	Amount	

84,000 kept

TOTAL SOURCES 3,923,007

GAP (SURPLUS) 51,473

Types of Loans: C = Conventional
T = Tax Exempt
F = Federal Financing

Financing Sources: Total % of Total

Conventional (C)	0	0%
Tax Exempt (T)	0	0%
Federal Financing (F)	2,150,000	54%
Tax Credits	0	0%
Government Grants	848,007	21%
Other Grants	250,000	6%
Owner Equity	0	0%
GAP	51,473	1%
TOTAL SOURCES	3,923,007	100%

Quick Calculation of Mortgage Principal

NCR	\$350,485
Cap Rate	5%
Value at Cap Rate	\$3,264,485
LVR	
Maximum Loan Amr \$0	
Appraised Value	
LVR	
Maximum Loan Amr \$0	

BEP 0.88 Poss D/S @ 1.15 DCR 139,553

DCR 1.153 Cap Rate 0.048

BEP = Break Even Point
DCR = Debt Coverage Ratio

Poss D/S @ 1.15 DCR = Possible Debt Service at a 1.15 Debt Coverage Ratio
Cap Rate = Capitalization Rate

A list of Permanent Financing Sources is reflective of your capital stack:

- Conventional Debt
- Federal Debt
- Tax Credit Equity
- Government Grants
- Other Grants
- Owner Equity

This is your gap

15-Year Operating Pro-Forma

Project Name:	Sample					
Date of Model Version	1/1/2021					
15-Year Operating Proforma						
			YEAR 1	YEAR 2	YEAR 3	YEAR 4
						YEAR 5
Rent Income - increasing by	2.00%	\$236,544	\$241,275	\$246,100	\$251,022	\$256,043
Less Vacancy	7%	(\$16,558)	(\$16,889)	(\$17,227)	(\$17,572)	(\$17,923)
Other Income - increasing by	2.00%	\$0	\$0	\$0	\$0	\$0
Eff. Gross Income		\$219,986	\$224,386	\$228,873	\$233,451	\$238,120
Total Annual Expenses - inc. by	3.00%	(\$59,500)	(\$61,285)	(\$63,124)	(\$65,017)	(\$66,968)
NET OPERATING INCOME		\$160,486	\$163,101	\$165,750	\$168,434	\$171,152
Total Debt Service		(\$139,227)	(\$139,227)	(\$139,227)	(\$139,227)	(\$139,227)
Bridge Loan Debt Service		\$0	\$0	\$0	\$0	\$0
Cash flow Available		\$21,259	\$23,873	\$26,523	\$29,206	\$31,925
Debt Coverage Ratio		1.15	1.17	1.19	1.21	1.23
Projected Payments from Cashflow						
Deferred Developer Fees		\$20,000	\$20,000	\$11,000	\$0	\$0
Soft Debt #1		\$0	\$0	\$0	\$0	\$0
Soft Debt #2		\$0	\$0	\$0	\$0	\$0
Partnership Management Fees		\$0	\$0	\$0	\$0	\$0
Asset Management Fees		\$0	\$0	\$0	\$0	\$0
* Cash Flow over years 1-10	\$334,411					
* Cash Flow over 15 years	\$609,264					



USDA RD PAT

Preliminary Assessment Tool

Preliminary Assessment Tool

Template can be found on the USDA RD website:

<https://www.rd.usda.gov/programs-services/multifamily-housing-programs/multifamily-housing-direct-loans#to-apply>

4 Stages of USDA Transfer Application Process

Where the PAT Fits

Stage 0 – Prepare

Unofficial, critical stage

- Concept call with USDA
- Request MFIS Reports
- Order appraisal; have reviewed by USDA
- Order C.N.A.'s; have As-Is C.N.A. reviewed
- Review 504 Plan; review and ensure current
- Plan SOW; start plans and specs
- Cost Estimate; involve GC

Stage 1 – Processing

Initial Application Submission

All items to 7-B-1 submitted via CloudVault simultaneously.

Review will not begin until all items have been received.

Additionally, approved items are needed before Stage 2 – UW

- Appraisal
- C.N.A (As-Is and Post)

Must submit SOW, Plans, Specs, AIA Contracts (drafts), & mgmt. documents for review.

Stage 2 - Underwriting

Underwriting review of Preliminary Assessment Tool (PAT)

Final review of the following:

- Operating expenses
- Rent levels
- Reserve requirements
- Tenant Protection Account
- Insurance
- Cost estimate
- Third party financing terms
- Third party loan documents
- Total Development Costs
- Narratives
- Letter of Conditions

Stage 3 – Closing/OGC

Closer will be assigned and work with OGC to close.

Closer will prepare closing package for OGC review.

OGC will review:

- Organizational documents
- Third party loan documents
- Intercreditor Agreements
- Subordination Agreements
- Attorney Opinions

Upon approval OGC will issue the Closing Instruction and provide Agency Loan documents to close.

Production & Preservation Division - Underwriting Division

The role of the underwriting division is to collect and analyze data to determine the financial feasibility of transactions in accordance with 7 CFR 3560.

Underwriters research and analyze data provided by the applicants to determine accuracy and validate the funding stack for each transaction. This will ensure consistent, reliable, and feasible outcomes in which to preserve affordable housing assets in rural development's MFH portfolio.

What the PAT Evaluates

- CASH FLOW & NOI
- RENTS & VACANCY
- OPERATING EXPENSES
- RESERVES & CAPITAL NEEDS
- SOURCES & USES
- DEBT & COVERAGE

Preliminary Assessment Tool - Spreadsheet Tabs

KEY PAT SECTIONS

- 1. About this Template**
- 2. Instructions**
- 3. General Info**
- 4. Appraisal Info**
- 5. Cash Analysis**
- 6. Sources & Uses**
- 7. Reserve Sizing**
- 8. Rents & Operations**
- 9. Dashboard Report**
- 10. Documentation**
- 11. Executive Summary**
- 12. Trending 15 years**
- 13. Agency Features**

3. General Info

- Project details
- Vacancy assumptions
- Purchase terms
- Ownership structure

19 : X ✓ fx =IF(AND(G19="MFH) #2, Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752 (b)(1)(i);",AppraisalInfo!L14>0),AppraisalInfo!L14,IF(G19="MFH) #2, M

sharepoint.com/sites/MountainTribalNationsandRuralTeamSite/Shared Documents/Rural Tribal/Rural TA/TA - z De MS-RICHLAND APTS - 750933439-01-2 PATv8.2.1.xlsm

Agriculture [Print to a PDF File](#) Property Address: 615 Industrial Drive
 Property State: MS MISSISSIPPI
 Property Town: Richland
 Current Ownership Entity: SOUTH MS FAMILY LP
 Portfolio Name If Applicable:

RICHLAND APTS

Richland Gardens, LP
 1437 Old Square Road, Suite 201
 Jackson, MS 39211
 Kathleen F. Laborde, President
 Kendra Home
 504-525-2505 X223

Current Case Number: 750933439 Project Number: 01-2
 Project Type: Family Not Persistent Poverty County
 Email Address: home@gchp.net
 Cell Number: -
 Management Agent: Delta Property Management

Interests Buyer & Seller:
 Check if Yes to IOI for Buyer & Seller
 TRUE
 Not Eligible for Nat'l Non-Metro Rural AMI, Select No: No
 Non-Profit (Check Box) FALSE
[Click to Add Consolidated Property Information](#)

AMI Selected \$76,000 TRUE

County / Town from List to Display LIHTC Limits	MISSISSIPPI Rankin County Rankin County	If Tax Credits Used w/Transfer, Enter Type:	9%	Enter Maturity Date of Last RD Loan Closed	11/12/2043
Statistical Area for AMI - Typically County	MS - Rankin County, Jackson, MS HUD Metro FMR Area	Enter Date the Restricted Use Provisions (RUP) Have or Will Expire. Any active Rent Restrictions apply including Litigation Settlements. Verify Settlement Date. If No restrictions you can leave blank			11/12/2043
Property County	Rankin	MFH) #2, Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752 (b)(1)(i);			\$1,650,000.00
Property Status (A, B, C) Per MFIS	C	Prospective Market Value Subject to Restricted Rents + Value of Favorable Financing			\$3,450,000.00
Placed In Service or Year Built	11/12/1993	Date of Appraisal			3/1/2022
Prospective Market Value Subject To Restricted Rents	\$3,200,000	Value of Favorable Financing & RD Interest Credit			\$250,000
Existing Reserve Balance	\$98,480	Bal As of Date: 7/31/2022	Date Current Approved Rents		1/1/2022

< > ... [Instructions](#) [GeneralInfo](#) [AppraisalInfo](#) [CashAnalysis](#) [Sources & Uses](#) [Reserve Sizing](#) [Rents & Operations](#) [Dashboard Report](#) [Documentation](#) Ex

4. Appraisal Info

- Info pulled from appraisal
- Note Litigation Settlement Cases link

This page has been updated in version 7. Entries made below will affect results throughout the PAT and are required for accurate results.

THIS PAGE IS NOT NEEDED WHEN CONSOLIDATION DETAIL PAGE COMPLETED

Does the Seller have a Litigation Settlement pending or has RUCs been filed for a previous Litigation Settlement? No

[USDA Staff SharePoint Lookup for Litigation Settlement Cases](#)

Date of Appraisal Report Date Appraisal Accepted by the Agency

ADDENDUM (MFH) VALUES CONCLUDED IN THE APPRAISAL REPORT	VALUE	EFFECTIVE DATE
(MFH) #1, Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752 (b)(1)(i):	<input type="text"/>	<input type="text"/>
(MFH) #2, Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752 (b)(1)(i):	<input type="text"/>	<input type="text"/>
(MFH) #3, Market Value, within 7 CFR Part 3560.752 (b)(1)(ii):	<input type="text"/>	<input type="text"/>
(MFH) #4, Market Value, within 7 CFR Part 3560.752 (b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i):	<input type="text"/>	<input type="text"/>

ADDITIONAL INFORMATION FROM THE APPRAISAL REPORT		
Insurable Value:	<input type="text"/>	<input type="text"/>
Prospective Remaining Economic Life (Enter Years such as "50", "40", "30" etc)	<input type="text"/>	<input type="text"/>

Favorable Financing <i>(Enter those Used in the Security Only Value)</i>		
Favorable Financing Existing 515 Int. Credit Subsidy	<input type="text"/>	<input type="text"/>
Favorable Financing of New Section 538 Loan	<input type="text"/>	<input type="text"/>
Favorable Financing of New Section 515 Subsequent Loan Int. Credit Subsidy	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Land Value

CRCU "As Prospective Appraisal" Net of Utilities	
<i>These entries required for Rents & Operations Page</i>	OBR <input type="text"/>
	1BR <input type="text"/>
	2BR <input type="text"/>

RD Appraisal Requirements for This Transaction - Multifamily Housing Appraisal Assignment Guidance Section 515 Transfer and Rehab (Version Apr 2023)

Used to Evaluate Sellers Equity

(MFH) #4, "Market Value within 7 CFR Part 3560.752(b)(1)(i), Premised Upon A Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i)". (In order to use this value, the property must qualify for prepayment incentives offers as set forth within the Code of Federal Regulations. Valuation under this hypothetical as if Unsubsidized Conventional Housing is to follow 7CFR 3560.656 or 7CFR 3560.659 (whichever is appropriate), conducted in compliance with 7CFR 3560, Subpart P. Valuation under the hypothetical should consider the subject in its physical condition as of the date of valuation. The hypothetical condition applies to any remaining RHS restrictions on the property. Any restrictions that may have been placed on the property by other entities should be considered)

Used to Evaluate RD Security Value

(MFH) #1, Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752 (b)(1)(i):

1.) "Prospective Market Value, Subject To Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)". (The appraiser must consider all restrictions and report the value of intangible assets individually and separately from the real estate. "Prospective Value", as defined by 7CFR 3560, Subpart P, means the forecasted value of the housing and related facilities as of a specified future date. For Agency appraisals, this date will typically be the projected completion date of proposed new construction or rehabilitation.) A request for "market value, subject to restricted rents" means the appraisal will take into consideration any rent limits, rent subsidies, expense abatements, or restrictive-use conditions that will affect the property as a result of an agreement with the Agency or any other financing source. Each type of financing involved, including, but not limited to, interest credit subsidy, low-interest rate loans from other sources, tax-exempt bond financing, tax credits, and grants, must be valued individually and separately in the appraisal. The income approach for Value #1 should be based on the proposed budget upon completion of the rehabilitation and at stabilization for the "prospective" valuation analysis. The budget must be included within the appraisal report.

5. Cash Analysis

- Auto-filled from MFIS reports entered on Instructions tab
- Validates actual performance
- Reviews reserves & balances

Balance Sheet		Last Reported	Recent Balances	As Of Date
		1/0/1900		
1. GENERAL OPERATING ACCOUNT		\$0.00	\$0.00	1/0/1900
2. R.E. TAX @ INSURANCE ACCNT		\$0.00	\$0.00	1/0/1900
3. RESERVE ACCOUNT		\$0.00	\$0.00	1/0/1900
4. SECURITY DEPOSIT ACCOUNT		\$0.00		
5. OTHER CASH (Identify)		\$0.00		
6. OTHER (Identify)		\$0.00		
7A. ACCTS RCVBL 0-30 DAYS		\$0.00		
7B. ACCTS RCVBL 30-60 DAYS		\$0.00		
7C. ACCTS RCVBL 60-90 DAYS		\$0.00		
7D. ACCTS RCVBL OVER 90 DAYS		\$0.00		
7. TTL ACCTS RCVBL (7A - 7D)		\$0.00	Recent Accts Rcvbl Balance	As Of Date
8. LESS: DOUBTFUL ACCTS ALLWNCE		\$0.00		
9. INVENTORIES (supplies)		\$0.00		
10. PREPAYMENTS		\$0.00		
11		\$0.00		
12. TTL CUR ASSETS (1 thru 11)		\$0.00		
13. LAND		\$0.00		
14. BUILDINGS		\$0.00		
15. LESS: ACCUM. DEPRECIATION		\$0.00		
16. FURNITURE @ EQUIPMENT		\$0.00		
17. LESS: ACCUM. DEPRECIATION		\$0.00		
18		\$0.00		
19. TTL FXD ASSETS (13 thru 18)		\$0.00		
20		\$0.00		
21. TOTAL ASSETS (12+19+20)		\$0.00	Recent Accts Payable Balances	As Of Date
22A. ACCTS PAYBLE 0-30 DAYS		\$0.00	\$0.00	1/0/1900
22B. ACCTS PAYBLE 30-60 DAYS		\$0.00	\$0.00	1/0/1900
22C. ACCTS PAYBLE 60-90 DAYS		\$0.00	\$0.00	1/0/1900
22D. ACCTS PAYBLE OVER 90 DAYS		\$0.00	\$0.00	1/0/1900
22. TTL ACCTS PYBL (22A - 22D)		\$0.00	\$0.00	1/0/1900
23. NOTES PAYABLE		\$0.00	\$0.00	1/0/1900
24. SECURITY DEPOSITS		\$0.00		
25. TTL CUR LIABS (22 thru 24)		\$0.00		
26. NOTES PAYABLE RURL DVLP MNT		\$0.00		
27. OTHER (Identify)		\$0.00	\$0.00	1/0/1900
28. TTL LNG-TERM LIABS (26+27)		\$0.00		
29. TOTAL LIABILITIES (25+28)		\$0.00		
30. OWNERS EQUITY (21-29)		\$0.00		
31. TTL LIB @ OWN EQTY (29+30)		\$0.00		

Reserve Status Per MFIS	
As of Date	1/0/1900
Amount Behind \$	-
Required Bal \$	-
Actual Bal \$	-
Fully Funded Amount \$	-
Fully Funded (Y / N)	0
WOP (Y / N)	0

Projected Account Balances	
GENERAL FUND BALANCE	
General Operating Account [GOA] Balance	\$0.00
(+) Inc. (-) Dec To Date	\$0.00
GOA Retained by the Seller	\$0.00
Transfer (+) From T&I (-) to GOA	
(-) Excess Funds Deposited to Reserve	
Initial Upfront Deposit (from Sources & Uses)	\$0.00
Projected Beginning [GOA] Balance	\$0.00
(-) GOA Needed (20% O&M)	\$0.00
(+) Excess Funds (-) Needed Funds for GOA	\$0.00

Projected Account Balances	
TAX AND INSURANCE ACCOUNT	
Tax and Insurance [T&I] Balance	\$0.00
(+) Inc. (-) Dec To Date	\$0.00
T&I Retained by Seller	\$0.00
Transfer (+) From GOA (-) to GOA	
(-) Excess Funds Deposited to Reserve	
Initial Up Front Deposit (from Sources & Uses)	\$0.00
Projected Beginning [T&I] Balance	\$0.00
(-) ESCROW NEEDED	\$0.00
(+) Excess Funds (-) Needed Funds for T&I	\$0.00

Projected Account Balances	
RESERVE ACCOUNT BALANCE	
Reserve Account Balance	\$0.00
(+) Inc (-) Dec To Date	\$0.00
(+) Excess Funds from GOA and/or T&I	\$0.00
Reserve Balance W/ Cash Adjustments	\$0.00
(-) Funds Used Rehab	\$0.00 * From Sources & Uses
(-) Funds Used for Seller's Equity	\$0.00 * From General Info
(+) Funds Deposited [IDRR]	\$0.00 * From Sources & Uses
Projected Reserve Balance	\$0.00

Based upon the last reported year end, Accounts Payable was: \$0

Enter Below Your Comments Regarding the status of Accounts Payable, Notes Payable & Other:

Payables less than 30 Days

Based upon the last reported year end, Accounts Receivable was: \$0

Enter Below Your Comments Regarding the status of Accounts Receivable:

--

6. Sources & Uses

- All funding sources
- All development costs
- Note sources & uses must balance

0

Funding Sources

Agency Loans Assumed <i>(As Completed on "General Information")</i>	Amount	See General Information Tab and Loan Detail Section by Using Link below for Agency Loan Details				Annual Debt Service	Desired Lien Position
Assume Existing RD 515 Loan(s) (MPR Applicant - Loans Will Be Deferred)	\$0.00	<i>Click to Add and View Details for Agency Loans</i>				\$0.00	1 ▼
Assume Existing RD 515 Loan(s) (No Deferral)	\$0.00					\$0.00	1 ▼
Source of New Funding		Check If Non-Amortizing	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service	Desired Lien Position
RD 538 Loan - Specify Lender:		Choose 538 Option 1, 2 or 3				\$0.00	2 ▼
New Section 515 RRH Loan			1%	30	50	\$0.00	3 ▼
Specify Lender:		<input type="checkbox"/>					4 ▼
Specify Lender:		<input type="checkbox"/>					5 ▼
Specify Lender:		<input type="checkbox"/>					6 ▼
Assumed Existing Non-Agency Loans		<input type="checkbox"/>					7 ▼
Reserve Funds Used for Rehab		Estimated pricing on Federal Tax Credits:					
Project funds used for Sellers Equity	\$0.00	Interim Lender - Enter Name:					
Equity: Federal 9% LIHTC		Amount	Rate	Term	Lien Position		1 ▼
Equity: Federal 4% LIHTC							
Equity: Historic Tax Credits							
Equity: State Tax Credits							
Deferred Developer Fees							
Owner Contribution							
Type Here to Specify Other Non-Loan Funds							
Type Here to Specify Other Non-Loan Funds							
Type Here to Specify Other Non-Loan Funds							
Type Here to Specify Other Non-Loan Funds							
Total Sources:	\$0.00						

Projected Account Balances
RESERVE ACCOUNT BALANCE

Reserve Account Balance	\$0.00
(+) Inc (-) Dec To Date	\$0.00
(+) Excess Funds from GOA and/or T&I	\$0.00
Reserve Balance W/ Cash Adjustments	\$0.00
(-) Funds Used Rehab	\$0.00
(-) Funds Used for Seller's Equity	\$0.00
(+) Funds Deposited [IDRR]	\$0.00
Projected Reserve Balance	\$0.00

Funding Sources \$0.00

Development Cost and Acquisition \$0.00

Sources & Uses in Balance
\$0.00

AboutThisTemplate
Instructions
GeneralInfo
AppraisalInfo
CashAnalysis
Sources & Uses
Reserve Sizing
Rents & Operations

cessibility: Investigate

7. Reserve Sizing

- Uses information from post-rehab CAN
- Covers long-term needs
- May require upfront deposits

Units Per CNA: 54 | 48 # Units (Including Non-Revenue Units) Per General Information
 See Instruction page to upload your CNA's Executive Summary | CNA Inspection Date: 1/22/2022
 CNA Raw Data as Uploaded from CNA(s) Executive Summary Pages

Item	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total		
Site	\$0	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$3,120	\$32,710	\$1,500	\$0	\$23,650	\$0	\$0	\$0	\$0	\$0	\$1,500	\$0	\$16,620	\$83,600
Architecture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,100	\$0	\$0	\$0	\$13,760	\$0	\$23,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$59,200	\$125,160
Mech & Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$118,420	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$99,012	\$217,432
Dwelling Units	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,530	\$0	\$0	\$108,260	\$0	\$45,448	\$0	\$4,530	\$50,310	\$0	\$0	\$0	\$0	\$0	\$0	\$451,310	\$664,508
Uninflated Totals	\$0	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$27,630	\$0	\$1,500	\$111,380	\$32,710	\$66,708	\$0	\$27,630	\$192,380	\$0	\$0	\$1,500	\$0	\$1,500	\$0	\$626,142	\$1,030,700
Inflation Factor (3%)	1	1	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535			
Inflated Totals	\$0	\$0	\$0	\$1,591	\$0	\$0	\$1,739	\$33,063	\$0	\$1,900	\$145,326	\$43,959	\$92,339	\$0	\$40,664	\$230,932	\$0	\$0	\$2,479	\$0	\$2,479	\$0	\$1,097,944	\$1,751,937

Underwritten Schedule - Changes Made by Und bac

Item	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total	
Site	\$0	\$0	\$0	\$1,500	\$0	\$0	\$1,500	\$0	\$0	\$9,678	\$11,298	\$8,178	\$9,678	\$3,300	\$3,300	\$13,750	\$3,300	\$0	\$0	\$1,500	\$3,248	\$3,248	\$73,478
Architecture	\$0	\$0	\$0	\$0	\$0	\$0	\$11,550	\$11,550	\$0	\$0	\$3,952	\$3,952	\$3,952	\$15,852	\$15,852	\$0	\$0	\$0	\$0	\$4,920	\$4,920	\$4,920	\$81,420
Mech & Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,014	\$18,014	\$18,014	\$18,014	\$18,014	\$18,014	\$18,014	\$9,697	\$9,697	\$9,697	\$119,161
Dwelling Units	\$0	\$0	\$0	\$0	\$0	\$0	\$4,530	\$20,100	\$20,100	\$36,950	\$29,190	\$23,190	\$17,634	\$22,284	\$15,894	\$8,604	\$8,604	\$8,604	\$8,604	\$48,655	\$48,655	\$56,415	\$366,325
Uninflated Totals	\$0	\$0	\$0	\$1,500	\$0	\$0	\$13,050	\$16,140	\$20,100	\$29,778	\$52,200	\$41,320	\$42,820	\$54,880	\$59,450	\$47,658	\$29,918	\$26,618	\$64,772	\$66,520	\$74,280	\$640,984	
Inflation Factor (3%)	1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024	1.7535		
Inflated Totals	\$0	\$0	\$0	\$1,591	\$0	\$0	\$15,129	\$19,272	\$24,720	\$37,722	\$68,109	\$55,531	\$59,273	\$78,217	\$87,304	\$72,087	\$46,611	\$42,714	\$107,058	\$113,246	\$130,250	\$958,635	

Projected Account Balances

RESERVE ACCOUNT BALANCE	Value
Reserve Account Balance	\$98,453.00
(+) Inc (-) Dec To Date	\$77.98
(+) Excess Funds from GDA and/or T&I	\$0.00
Reserve Balance W/ Cash Adjustments	\$98,479.98
(-) Funds Used Rehab	\$0.00
(-) Funds Used for Seller's Equity	\$0.00
(+) Funds Deposited (IDRR)	\$0.00
Projected Reserve Balance	\$98,479.98

Gap Required for Insurance Deductible: _____

Conclusions Regarding Reserve Funding Levels

Item	Value	Unit
Estimated Beginning Reserve Balance	\$98,480	\$ / unit / year
Current Annual Deposit:	\$12,603	\$ / unit / year
New Annual R4R Deposit (ADRR) After CNA:	\$30,500	\$ / unit / year
Initial Upfront Deposit (IDRR) at Closing:	\$0	\$ / unit

Lenders Required Reserve Unit/Year: \$0 / unit / year
 HFA's Required Reserve Unit/Year: \$300 / unit / year
 Minimum Required Deposit: \$300 / unit / year
 Minimum Annual Deposit: \$14,400

The IDRR you enter above will automatically populate on Sources & Uses (Item 46) Sources & Uses Balance

Minimum Requirement Met: Reserve Fully Funded Level \$958,835

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Average
Reserve	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning balance	98480	98480	123965	162680	195073	230352	266984	289883	309929	325820	329993	304697	293058	278765	246475	206003	181853	184580	192658	137374	76815	\$222,072
Plus annual deposit	0	30500	31415	32357	33328	34328	35358	36419	37512	38637	39796	40990	42220	43487	44792	46136	47520	48946	50414	51926	53484	\$40,978
Minus needs (inflated)	0	0	0	-1591	0	0	-15129	-19272	-24720	-31722	-68109	-59531	-59273	-78217	-87304	-72087	-46611	-42714	-107058	-113246	-130250	-\$47,942
Plus interest	0	985	1300	1627	1951	2304	2670	2899	3099	3258	3017	2902	2760	2440	2040	1801	1819	1846	1360	761	0	\$2,042
Ending balance	98480	123965	162680	195073	230352	266984	289883	309929	325820	329993	304697	293058	278765	246475	206003	181853	184580	192658	137374	76815	49	\$217,150

Ending balance per unit (in future dollars): 2708 3389 4064 4799 5562 6039 6457 6788 6875 6348 6105 5808 5135 4232 3789 3845 4014 2862 1600 1 4524

Low Balance? _____

3.00% Trending for Reserve Deposits | 1.00% interest earned on beginning balance | \$1 (Per Unit) Ending Balance Must be Positive Ending Balance All Years and Include GAP Account

Do Not Change Trending of 3% without adding Justification on Documentation Page

8. Rents & Operations

- Rent limits & adjustments
- Expense review (>10% variance)
- Return to Owner constraints

(Currently Displaying Calculations Based Upon 2022 HUD Median Income Data for LIHTC) 30%

MISSISSIPPI Rankin County Rankin County											
(Validate All with Local HFA)											(Enter val
HUD Median Income (AMI)	60% AMI 0BR	60% AMI 1BR	60% AMI 2BR	60% AMI 3BR	60% AMI 4BR	50% AMI 0BR	50% AMI 1BR	50% AMI 2BR	50% AMI 3BR	50% AMI 4BR	30% AMI 0BR
\$76,000	\$798	\$855	\$1,026	\$1,185	\$1,323	\$665	\$712	\$855	\$988	\$1,102	
Total Utility Allowance	\$0	\$96	\$125	\$0	\$0	\$0	\$96	\$125	\$0	\$0	
Net LIHTC Rents	\$798	\$759	\$901	\$1,185	\$1,323	\$665	\$616	\$730	\$988	\$1,102	\$0
Units Per AMI %	0	4	17	0	0	0	1	23	0	0	0

Select BR Size to Match Unit Types in Next Column	Unit Types from GeneralInfo Page	Utility Allowance	HUD 2022 FMR Less Utilities	Post Transfer Rev Units	Pre Transfer Rev Units	Pre Transfer Rents	LIHTC Rents Compliance Max	CRCU "As Prospective Appraisal" Net of Utilities	(Prospective Rent) Post Transfer Rents	LIHTC Rents	60
0BR	Studio	\$0.00			0	\$0	\$0	\$0		0 Br Units	
1BR	1 BR	\$96.00	\$716	6	0	\$0	\$759	\$900	\$709	1 Br Units	\$759 -
2BR	2 BR	\$125.00	\$822	48	48	\$680	\$901	\$950	\$817	2 Br Units	\$901 -
3BR	3 BR	\$0.00			0	\$0	\$0	\$0		3 Br Units	
4BR	4 BR	\$0.00			0	\$0	\$0	\$0		4 Br Units	
	TOTAL		810	54	48	\$680	\$885	\$944	\$805		

Rents Adequate

Tax Credit and Post Transfer Unit Comparison		Avg Vacant Units Last 3 yrs (MFIS)	Avg Rent Loss Last 3 yrs	Avg Vacant Units Last Yr (MFIS)	Avg Rent Loss Last Yr Recent Actual	Avg Rent Loss Last 3 yrs plus 2%	Lenders Required Vacancy	HFA's Required Vacancy	Underwritten Vacancy & Bad Debt	Suggested Rents	
Unit Sizes	Tax Credit Transfer										
0BR	0									Studio	\$0
1BR	6									1 BR	\$201
2BR	48	36.10%	6.3%	48.40%	52.7%	8.3%	5.0%	7.0%	10.00%	2 BR	\$881
3BR	0									3 BR	\$0
4BR	0									4 BR	\$0

Enter MFIS vacancy rates for same periods

20	Sec 8 Units	37.04%
34	RA Units	62.96%

From Form RD 3560-7

PART I - CASH FLOW STATEMENT		Project(s) Below RICHLAND APTS			
	CURRENT BUDGET 2022	AVERAGE ACTUAL Avg Last 3 Yrs	RECENT ACTUALS 2021	PROPOSED BUDGET Underwritten	COMMENTS or YTD (- -) (- -)
OPERATIONAL CASH SOURCES				(12 Month Budget)	
1 RENTAL INCOME	391,680	213,826	138,871	521,640	COMMENTS
2 RHS RENTAL ASSISTANCE RECEIVED ...		13,819	41,458		

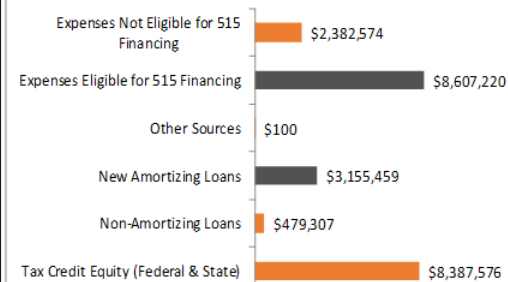
Final Outputs

- Executive Summary
- 15-Year Trends
- DSCR \geq 1.15
- Agency Features
- Drives Letter of Conditions

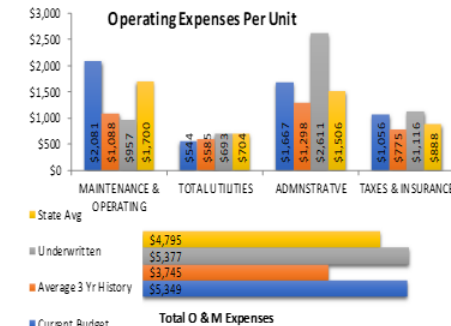
Sellers Equity	
Appraisal - Market Value As Is	\$1,650,000
Reserve Funds (less any withdrawn for Equity)	\$98,480
Current RD Debt	-\$1,032,648
(1) Sellers Equity Allowed Per Appraisal	\$715,832
(2) Sellers Equity or Exit Incentive Proposed	\$567,352
Sellers Equity Allowed	
Thresholds Not Met	
No Exit Incentive Allowed	

RICHLAND APTS

Sources to Cost Analysis



Operating Expenses Per Unit



Loan to Value

Permanent Financing	
Agency Security Value from Appraisal	\$3,450,000
Agency Assumed Amortizing Loans	\$1,032,648
Other Proposed Amortizing Loans	\$2,122,811
TOTAL Amortizing Loans	\$3,155,459
Security Value Less Amort. Loans	\$294,541
Loan to Value	0.9146

Loans Secured

Interim Financing	
Interim Lender	\$6,058,000
RD Subordination Cap=Lesser of SV including LIHTC less RD Debt or Interim	\$6,058,000

Debt Service Coverage Ratio

Net Operating Income / Total Debt Service = DSCR	
Net Operating Income	\$158,939
Total Debt Service	\$135,106
Debt Service Coverage Ratio	1.18

Adequate Revenue for Debt Service

O & M Expense Changes

Underwritten v/s Historical Avg - %Change		
Maintenance & Operating (Excludes line 9 & 10)	(\$4,501.67)	-9%
Utilities	\$5,860.00	19%
Total Administrative	\$70,887.00	101%
Total Tax & Insurance	\$18,436.67	44%
Total O & M	\$90,682.00	46%
Reserve Deposit	\$18,005.67	144%

Loans and Lien Position

Loans	Amounts	Priority
Assumed RD Loans (Deferred)	\$0.00	0
Assumed Amortizing RD Loans	\$1,032,648.00	2
RD 538 Loan - Specify Lender: Churchill Mortgage Investment LLC	\$2,122,811.00	1
New Section 515 RRH Loan	\$0.00	0
Specify Lender: AHP	\$479,307.00	3
Specify Lender:	\$0.00	0
Specify Lender:	\$0.00	0
Assumed Existing Non-Agency Loans	\$0.00	0

Real Deal Example: How the PAT Impacts a Project

- **48-UNIT USDA 515 PROPERTY**
- **RESERVES UNDERFUNDED**
- **EXPENSES UNDERSTATED**
- **DSCR BELOW 1.15**
- **ADJUSTED RESERVES, EXPENSES,
AND SOURCES/USES**
- **DEAL APPROVED WITH STRONGER
FINANCIAL POSITION**

Key Takeaways

- **PAT= Modeling and Validation Tool**
- **Underwriting is where deals are tested and refined**
- **Alignment early = smoother approvals**
- **Small assumptions drive big outcome**

QUESTIONS

THANK YOU!

Rural Rental Housing Preservation
Academy: Development and
Operating Budgets



REGISTER FOR OUR NEXT SESSION

