

FINANCIAL SUMMARY

PROPERTY DESCRIPTION

Property	The Parks of Denton
Property Address	1610 East McKinney Street Denton, Texas 76209
Number of Units	308 Units
Net Rentable Area	208,016 SF
Year Built	1984

PRICING

Sales Price	\$16,915,000
Sales Price per Unit	\$54,919 Unit
Sales Price per SF	\$81.32 SF
Unleveraged Acquisitions Cost	\$16,915,000
Unleveraged Acquisitions Cost per Unit	\$54,919 Unit
Unleveraged Acquisitions Cost per SF	\$81.32 SF
Leveraged Acquisitions Cost	\$17,050,320
Leveraged Acquisitions Cost per Unit	\$55,358 Unit
Leveraged Acquisitions Cost per SF	\$81.97 SF

CURRENT RETURNS - BASED ON SELLER'S CURRENT OPERATIONS

Current NOI	\$1,057,012
Current Net Cash Flow after DS	\$272,375
Current GRM	7.43
Current CAP Rate	6.25%
Current Cash-on-Cash	8.05%
Pro Forma NOI	\$1,137,092
Pro Forma Net Cash Flow after DS	\$352,455
Pro Forma GRM	7.31
Pro Forma CAP Rate	6.72%
Pro Forma Cash-on-Cash	10.42%

PROJECTED RETURNS - BASED ON 10 YEAR FINANCIAL ANALYSIS

Year 1 NOI	\$1,192,030
Year 1 Net Cash Flow before DS	\$1,192,030
Year 1 Net Cash Flow after DS	\$407,393
Year 1 GRM	7.11
Year 1 CAP Rate	7.05%
Year 1 Unleveraged Cash-on-Cash	7.05%
Year 1 Leveraged Cash-on-Cash	11.58%
First 5 Years Unleveraged Average Cash-on-Cash	7.76%
First 5 Years Leveraged Average Cash-on-Cash	15.00%
10 Year Unleveraged IRR	9.60%
10 Year Leveraged IRR	22.35%

DEBT FINANCING*

Loan Amount	\$13,532,000
Loan-to-Sales Price Ratio	80.00%
Effective Interest Rate	4.100%
Effective Loan Constant	5.798%
Annual Debt Service Payment (<i>P&I only</i>)	\$784,637
Year 1 Debt Service Coverage Ratio	1.52

* See Assumptions page for further detail

The Parks of Denton

Financial Analysis

Assumptions

PROPERTY INFORMATION

Name of Project	The Parks of Denton
Address	1610 East McKinney Street Denton, Texas 76209
Total Number of Units	308 Units
Total Net Rentable Area	208,016 SF
Year Built	1984

ANALYSIS TIMING

Current Date & Time	June 6, 2013	7:36 AM
Current Monthly Property Operations	May-2013	
Start of Analysis	May-2013	
End of First Year of Analysis	April-2014	
End of Analysis	April-2023	
Analysis Period	10 Years	

CURRENT MONTHLY PROPERTY OPERATIONS

Collected Rental Income (<i>occupied units</i>)	\$177,941
Vacant Units at Market Rent	<u>\$11,832</u>
Gross Potential Rent	\$189,773
All Units at Market Rent	\$196,892
Gain (Loss)-to-Lease	(\$7,119)

DEBT FINANCING

Proposed New Loan

Proposed or Existing	Proposed
Loan Type: Amortizing or Interest Only	Amortizing
Payment Start Date	May-2013
Original Loan Amount	\$13,532,000
Loan Amount as of Start of Analysis	\$13,532,000
Loan-to-Sales Price Ratio	80.00%
Interest Rate Methodology (360 or 365)	360
Contract Interest Rate	4.100%
Mortgage Premium Insurance	0.000%
MPI Calculated on the Amount of Loan Balance above	\$0
Term	10.00 Years
Term Remaining	10.00 Years
Amortization Period	360 Months
Effective Loan Constant	5.798%
Annual Debt Service Payment (<i>P&I only</i>)	\$784,637
Maturity Date	April-2023
Outstanding Loan Balance at Maturity	\$10,696,942
Loan Origination Fee (<i>1.00%</i>)	\$135,320
Include Loan Fees in Year 1 Cash Flow	NO
Include Loan Fees in Acquisition Reserve	YES

Consolidated Debt (as of Start of Analysis)

Total Loan Amount	\$13,532,000
Total Loan-to-Sales Price Ratio	80.00%

The Parks of Denton

Financial Analysis

Assumptions

Effective Interest Rate (over Analysis Period)	4.100%
Effective Loan Constant	5.798%
Consolidated Annual Debt Service Payment (<i>P&I only</i>)	\$784,637
Year 1 Debt Service Coverage Ratio	1.52

INVESTMENT ANALYSIS

Sales Price	\$16,915,000
Sales Price per Unit	\$54,919
Year 1 NOI Return (NOI/Sales Price)	7.05%
Acquisition Reserves	
Due Diligence & Closing Costs	\$0
Unit Upgrade Package	\$0
Common Area Rehab	\$0
Roof Replacement	\$0
Loan Origination Fee	\$135,320
Other	\$0
Total Unleveraged Acquisition Cost	\$16,915,000
Equity Required	\$16,915,000
Year 1 NOI Return (NOI/Unleveraged Acq. Cost)	7.05%
NOI Return Increment (Sensitivity Analysis)	0.10%
Total Leveraged Acquisition Cost	\$17,050,320
Equity Required	\$3,518,320
Equity-to-Total Leveraged Acquisition Cost Ratio	20.63%
Total Loan Amount	\$13,532,000
Loan-to-Total Leveraged Acquisition Cost Ratio	79.37%

COMMENTS

The Outstanding Loan Balance at Maturity is an ESTIMATE ONLY. The actual loan balance may vary due to interest rate methodology.

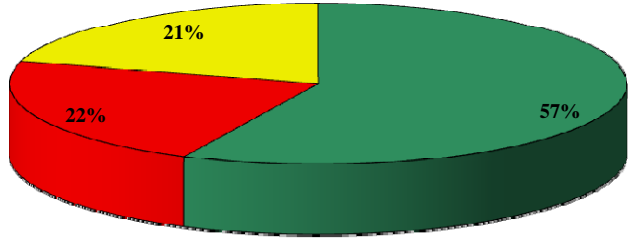
The Parks of Denton

Financial Analysis

Unit Mix - Summary

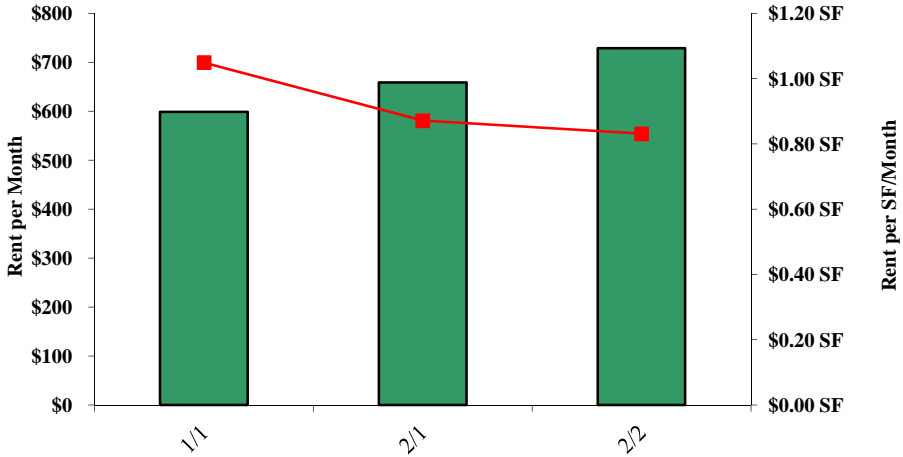
Unit Type	No. of Units	Square Feet	Total SF	May-2013 Market Rent/Unit	May-2013 Market Rent/SF	May-2013 Gross Potential Rent
1/1	176 Units	571 SF	100,480 SF	\$599.00	\$1.05 SF	\$105,424
2/1	68 Units	756 SF	51,408 SF	\$659.00	\$0.87 SF	\$44,812
2/2	64 Units	877 SF	56,128 SF	\$729.00	\$0.83 SF	\$46,656
Unit Totals / Wtd. Averages	308 Units	675 SF	208,016 SF	\$639.26	\$0.95 SF	\$196,892

Unit Mix



1/1
 2/1
 2/2

Unit Rent



Rent
 Rent SF

The Parks of Denton
Financial Analysis
Current & Pro Forma Annual Income/Expense

Total Number of Units	308 Units
Total Net Rentable Area	208,016 SF

		Current In-Place May-2013			Pro Forma May-2013		
		Total \$	Per Unit	Notes	Total \$	Per Unit	Notes
INCOME							
All Units at Market Rent		\$2,362,704	\$7,671	(1)	\$2,362,704	\$7,671	(1)
Gain (Loss)-to-Lease		(\$85,428)	(\$277)	(2)	(\$47,254)	(\$153)	(9)
GROSS POTENTIAL RENT		\$2,277,276	\$7,394		\$2,315,450	\$7,518	
Other Income							
Late Charges		\$35,228	\$114		\$35,228	\$114	
Cable Income		\$7,458	\$24		\$7,458	\$24	
Vending Income		\$5	\$0		\$5	\$0	
Laundry Income		\$5,554	\$18		\$5,554	\$18	
Risk Fee		\$6,345	\$21		\$6,345	\$21	
Miscellaneous		\$2,812	\$9		\$2,812	\$9	
NSF Charges		\$1,444	\$5		\$1,444	\$5	
Pet Rent/Pet Fees		\$11,048	\$36		\$11,048	\$36	
Damage Reimbursement		\$16,397	\$53		\$16,397	\$53	
Transfer Fee		\$300	\$1		\$300	\$1	
Monthly Pet Charge		\$60	\$0		\$60	\$0	
Application Fee		\$18,630	\$60		\$18,630	\$60	
Cancellation Fee		\$8,147	\$26		\$8,147	\$26	
Non-Refundable Redec. Fee		\$14,909	\$48		\$14,909	\$48	
Reserve Reimbursement		\$73,089	\$237		\$73,089	\$237	
Interest Income		\$12	\$0		\$12	\$0	
Electricity Reimbursement		\$2,007	\$7		\$2,007	\$7	
Water Reimbursement		\$82,609	\$268		\$82,609	\$268	
Trash Reimbursement		\$25,361	\$82		\$25,361	\$82	
Total Other Income		\$311,416	\$1,011	(3)	\$311,416	\$1,011	(3)
GROSS POTENTIAL INCOME		\$2,588,692	\$8,405		\$2,626,866	\$8,529	
Vacancy/Collection Allowance (-) *	7.58%	\$172,615	\$560	(2)	\$138,927	\$451	(4)
Admin/Non-Revenue Units (-)		\$18,156	\$59	(2)	\$18,156	\$59	(2)
Bad Debt (-)		\$21,330	\$69	(2)	\$21,330	\$69	(2)
Concessions (-) *	1.64%	\$37,329	\$121	(2)	\$23,154	\$75	(4)
EFFECTIVE GROSS INCOME	\$249,430	\$2,339,262	\$7,595		\$2,425,299	\$7,874	
EXPENSES							
Real Estate Taxes							
Property Taxes		286,321			338,654		
Total Real Estate Taxes		\$286,321	\$930	(5)	\$338,654	\$1,100	(5)
Insurance							
Property Insurance		61,813			61,813		
Total Insurance		\$61,813	\$201	(3)	\$61,813	\$201	(3)
Utilities							
Electricity		20,123			20,123		
Electricity Vacants		16,482			16,482		
Gas		1,080			1,080		
Water		58,690			58,690		
Sewer		60,271			60,271		
Trash		37,205			37,205		
Utility Billing Service		9,741			9,741		
Total Utilities		\$203,592	\$661	(3)	\$203,592	\$661	(3)
Contract Services							
Grounds Contract		36,372			36,372		
Total Contract Services		\$36,372	\$118	(3)	\$36,372	\$118	(3)
Repairs & Maintenance							
Total Redecorating		105,233			105,233		
Plumbing		21,564			21,564		
Alarms		443			443		
Electrical		8,470			8,470		
HVAC Replacements		11,630			11,630		
Appliance		6,306			6,306		
Tools		0			0		
Trash Removal		0			0		
Elevator		0			0		
Maintenance & Repairs		12,302			12,302		
Pest Control		5,748			5,748		
Grounds Contract		217			217		
Swimming Pool		1,270			1,270		
Locks & Keys		0			0		
Fire Protection		163			163		
Total Repairs & Maintenance		\$173,346	\$563	(3)	\$173,346	\$563	(3)
Marketing & Promotion							
Marketing & Promotions		28,088			28,088		
Total Marketing & Promotion		\$28,088	\$91	(3)	\$28,088	\$91	(3)
On-Site Payroll							
Administrative and Leasing Payroll		88,385			88,385		
Maintenance Payroll		88,838			88,838		
Temporary Help		36,834			36,834		
Total On-Site Payroll	\$298,999	\$214,058	\$695	(3)	\$214,058	\$695	(3)
Payroll Taxes & Benefits	39.68%	\$84,942	\$276	(3)	\$42,812	\$139	(6)
General & Administrative Management Fee	3.29%	\$28,124	\$91	(3)	\$28,124	\$91	(3)
Taxes, License, Fees		\$77,006	\$250	(3)	\$72,759	\$236	(7)
Replacement & Reserves		\$11,588	\$38	(3)	\$11,588	\$38	(2)
		\$77,000	\$250	(8)	\$77,000	\$250	(8)
TOTAL EXPENSES		\$1,282,251	\$4,163		\$1,288,206	\$4,182	
NET OPERATING INCOME		\$1,057,012	\$3,432		\$1,137,092	\$3,692	
NET OPERATING INCOME RETURN							
		Current CAP May-2013			Pro Forma CAP May-2013		
NOI/Sales Price	\$16,915,000	6.25%		6.72%			
NOI/Unleveraged Acq. Cost	\$16,915,000	6.25%		6.72%			
NOI/Leveraged Acq. Cost	\$17,050,320	6.20%		6.67%			

Notes: * Calculated as a Percentage of Gross Potential Rent

The Parks of Denton
Financial Analysis
Notes to Current & Pro Forma Income/Expense

Notes to Current & Pro Forma Income & Expenses

- (1) All Units at Market Rent is annualized based on the May 17, 2013 rent roll.
- (2) Loss-to-Lease and Rental Income figures are annualized based on the April 2013 trailing three-month income statement.
- (3) All Other Income and Expenses are annualized based on the April 2013 trailing 12-month income statement.
- (4) Pro Forma Vacancy and Concessions are set at 6 percent and 1 percent, respectively, based on the comparable like kind average.
- (5) Current Property Taxes are calculated based on the information provided by the Denton County Appraisal District. According to their website, the 2013 assessed value is \$11,440,880 with an applicable tax rate of 2.502617 percent. Pro Forma Property Taxes are calculated by taking 80 percent of the sale price and applying the same tax rate.
- (6) Pro Forma Payroll Taxes & Benefits are set at 20 percent based on the comparable like kind average.
- (7) Pro Forma Management Fee is set at 3 percent based on the comparable like kind average.
- (8) Replacements & Reserves are set at \$250 per unit.
- (9) Pro Forma Loss-to-Lease is set at 2 percent of Market Rent based on the comparable like kind average.

The Parks of Denton
Financial Analysis
Growth Rates

Year Ending:	1	2	3	4	5	6	7	8	9	10	11
	Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023	Apr-2024
INCOME											
All Units at Market Rent	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Collected Rental Income	4.50%										
OTHER INCOME											
Late Charges		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cable Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Vending Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Laundry Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk Fee	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
NSF Charges	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Pet Rent/Pet Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Damage Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Transfer Fee	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Monthly Pet Charge	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Application Fee	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cancellation Fee	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Non-Refundable Redec. Fee	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Reserve Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Electricity Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Water Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Trash Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Trash Reimbursement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
GROSS POTENTIAL INCOME											
Vacancy/Collection Allowance (-) *	6.00%	6.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Admin/Non-Revenue Units (-)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Bad Debt (-)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Concessions (-) *	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EXPENSES											
Real Estate Taxes		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Insurance		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Contract Services		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Repairs & Maintenance		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Marketing & Promotion		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
On-Site Payroll		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll Taxes & Benefits **	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
General & Administrative		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Management Fee ***	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Replacement & Reserves		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Notes: * Calculated as a Percentage of Gross Potential Rent
** Calculated as a Percentage of On-Site Payroll
*** Calculated as a Percentage of Effective Gross Income*

The Parks of Denton
Current Income & Expense Summary

CURRENT INCOME

Unit Type	No. of Units	Square Feet	In-Place Rent per Unit	Monthly Gross Potential Rent	Current Rent per SF
1/1	176	571	\$599	\$105,424	\$1.05 SF
2/1	68	756	\$659	\$44,812	\$0.87 SF
2/2	64	877	\$729	\$46,656	\$0.83 SF
Totals / Wtd. Averages	308	675	\$639	\$196,892	\$0.95 SF

		Notes **
All Units at Market Rent		\$2,362,704 (1)
Gain (Loss)-to-Lease		(\$85,428) (2)
GROSS POTENTIAL RENT		\$2,277,276
Other Income		
Late Charges		\$35,228
Cable Income		\$7,458
Vending Income		\$5
Laundry Income		\$5,554
Risk Fee		\$6,345
Miscellaneous		\$2,812
NSF Charges		\$1,444
Pet Rent/Pet Fees		\$11,048
Damage Reimbursement		\$16,397
Transfer Fee		\$300
Monthly Pet Charge		\$60
Application Fee		\$18,630
Cancellation Fee		\$8,147
Non-Refundable Redec. Fee		\$14,909
Reserve Reimbursement		\$73,089
Interest Income		\$12
Electricity Reimbursement		\$2,007
Water Reimbursement		\$82,609
Trash Reimbursement		\$25,361
Trash Reimbursement		\$0
Miscellaneous		\$0
Total Other Income		\$311,416 (3)
GROSS POTENTIAL INCOME		\$2,588,692
Vacancy/Collection Allowance (-) *	7.58%	\$172,615 (2)
Non-Revenue Units (-)		\$18,156 (2)
Bad Debt (-)		\$21,330 (2)
Concessions (-) *	1.64%	\$37,329 (2)
EFFECTIVE GROSS INCOME		\$2,339,262

EXPENSES

Real Estate Taxes		\$286,321 (5)
Insurance		\$61,813 (3)
Utilities		\$203,592 (3)
Contract Services		\$36,372 (3)
Repairs & Maintenance		\$173,346 (3)
Marketing & Promotion		\$28,088 (3)
On-Site Payroll		\$214,058 (3)
Payroll Taxes & Benefits		\$84,942 (3)
General & Administrative		\$28,124 (3)
Management Fee	3.29%	\$77,006 (3)
Taxes, License, Fees		\$11,588 (3)
Replacement & Reserves	\$250/unit	\$77,000 (8)
TOTAL EXPENSES		\$1,282,251
Expenses per Unit	\$4,163	
Expenses per SF	\$6.16	

NET OPERATING INCOME **6.25%** **\$1,057,012**

DEBT SERVICE **\$784,637**

CASH FLOW AFTER DEBT SERVICE **8.05%** **\$272,375**

Notes: * Calculated as a Percentage of Gross Potential Rent
 ** See Notes to Current & Pro Forma Income/Expense

The Parks of Denton
Pro Forma Income & Expense Summary

PRO FORMA INCOME

Unit Type	No. of Units	Square Feet	Market Rent per Unit	Monthly Gross Potential Rent	Market Rent per SF
1/1	176	571	\$599	\$105,424	\$1.05 SF
2/1	68	756	\$659	\$44,812	\$0.87 SF
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				Notes **
All Units at Market Rent			\$2,362,704	(1)
Gain (Loss)-to-Lease			(\$47,254)	(9)
GROSS POTENTIAL RENT			\$2,315,450	
Other Income				
Late Charges			\$35,228	
Cable Income			\$7,458	
Vending Income			\$5	
Laundry Income			\$5,554	
Risk Fee			\$6,345	
Miscellaneous			\$2,812	
NSF Charges			\$1,444	
Pet Rent/Pet Fees			\$11,048	
Damage Reimbursement			\$16,397	
Transfer Fee			\$300	
Monthly Pet Charge			\$60	
Application Fee			\$18,630	
Cancellation Fee			\$8,147	
Non-Refundable Redec. Fee			\$14,909	
Reserve Reimbursement			\$73,089	
Interest Income			\$12	
Electricity Reimbursement			\$2,007	
Water Reimbursement			\$82,609	
Trash Reimbursement			\$25,361	
Trash Reimbursement			\$0	
Miscellaneous			\$0	
Total Other Income			\$311,416	(3)
GROSS POTENTIAL INCOME			\$2,626,866	
Vacancy/Collection Allowance (-) *	6.00%		\$138,927	(4)
Admin/Non-Revenue Units (-)			\$18,156	(2)
Bad Debt (-)			\$21,330	(2)
Concessions (-) *	1.00%		\$23,154	(4)
EFFECTIVE GROSS INCOME			\$2,425,299	

EXPENSES

Real Estate Taxes			\$338,654	(5)
Insurance			\$61,813	(3)
Utilities			\$203,592	(3)
Contract Services			\$36,372	(3)
Repairs & Maintenance			\$173,346	(3)
Marketing & Promotion			\$28,088	(3)
On-Site Payroll			\$214,058	(3)
Payroll Taxes & Benefits			\$42,812	(6)
General & Administrative			\$28,124	(3)
Management Fee	3.00%		\$72,759	(7)
Taxes, License, Fees			\$11,588	(2)
Replacement & Reserves	\$250/unit		\$77,000	(8)
TOTAL EXPENSES			\$1,288,206	
	Expenses per Unit	\$4,182		
	Expenses per SF	\$6.19		

NET OPERATING INCOME **6.72%** **\$1,137,092**

DEBT SERVICE **\$784,637**

CASH FLOW AFTER DEBT SERVICE **10.42%** **\$352,455**

Notes: * Calculated as a Percentage of Gross Potential Rent
** See Notes to Current & Pro Forma Income/Expense

The Parks of Denton
Financial Analysis
Projected Year 1 Income/Expense

Total Number of Units	308 Units
Total Net Rentable Area	208,016 SF

		Year 1 Apr-2014 Annual Total \$	% of EGI	Per Unit	Per SF	All Units at Market Apr-2014 Total \$
INCOME						
All Units at Market Rent		\$2,433,585		\$7,901	\$11.70	\$2,433,585
Gain (Loss)-to-Lease		(\$55,961)		(\$182)	(\$0.27)	(\$55,961)
GROSS POTENTIAL RENT		\$2,377,624		\$7,720	\$11.43	\$2,489,547
Other Income						
Late Charges		\$35,228		\$114	\$0.17	\$35,228
Cable Income		\$7,458		\$24	\$0.04	\$7,458
Vending Income		\$5		\$0	\$0.00	\$5
Laundry Income		\$5,554		\$18	\$0.03	\$5,554
Risk Fee		\$6,345		\$21	\$0.03	\$6,345
Miscellaneous		\$2,812		\$9	\$0.01	\$2,812
NSF Charges		\$1,444		\$5	\$0.01	\$1,444
Pet Rent/Pet Fees		\$11,048		\$36	\$0.05	\$11,048
Damage Reimbursement		\$16,397		\$53	\$0.08	\$16,397
Transfer Fee		\$300		\$1	\$0.00	\$300
Monthly Pet Charge		\$60		\$0	\$0.00	\$60
Application Fee		\$18,630		\$60	\$0.09	\$18,630
Cancellation Fee		\$8,147		\$26	\$0.04	\$8,147
Non-Refundable Redec. Fee		\$14,909		\$48	\$0.07	\$14,909
Reserve Reimbursement		\$73,089		\$237	\$0.35	\$73,089
Interest Income		\$12		\$0	\$0.00	\$12
Electricity Reimbursement		\$2,007		\$7	\$0.01	\$2,007
Water Reimbursement		\$82,609		\$268	\$0.40	\$82,609
Trash Reimbursement		\$25,361		\$82	\$0.12	\$25,361
Trash Reimbursement		\$0		\$0	\$0.00	\$0
Miscellaneous		\$0		\$0	\$0.00	\$0
Total Other Income		\$311,416		\$1,011	\$1.50	\$311,416
GROSS POTENTIAL INCOME		\$2,689,040		\$8,731	\$12.93	\$2,800,963
Vacancy/Collection Allowance (-) *	6.00%	\$142,657		\$463	\$0.69	\$149,373
Admin/Non-Revenue Units (-)		\$18,701		\$61	\$0.09	\$18,701
Bad Debt (-)		\$21,970		\$71	\$0.11	\$21,970
Concessions (-) *	1.00%	\$23,776		\$77	\$0.11	\$24,895
EFFECTIVE GROSS INCOME		\$2,481,936	(100%)	\$8,058	\$11.93	\$2,586,024
EXPENSES						
Real Estate Taxes		\$338,654	(14%)	\$1,100	\$1.63	\$338,654
Insurance		\$61,813	(2%)	\$201	\$0.30	\$61,813
Utilities		\$203,592	(8%)	\$661	\$0.98	\$203,592
Contract Services		\$36,372	(1%)	\$118	\$0.17	\$36,372
Repairs & Maintenance		\$173,346	(7%)	\$563	\$0.83	\$173,346
Marketing & Promotion		\$28,088	(1%)	\$91	\$0.14	\$28,088
On-Site Payroll		\$214,058	(9%)	\$695	\$1.03	\$214,058
Payroll Taxes & Benefits **	20.00%	\$42,812	(2%)	\$139	\$0.21	\$42,812
General & Administrative		\$28,124	(1%)	\$91	\$0.14	\$28,124
Management Fee ***	3.00%	\$74,458	(3%)	\$242	\$0.36	\$77,581
Replacement & Reserves		\$77,000	(3%)	\$250	\$0.37	\$77,000
TOTAL EXPENSES		\$1,289,905	(52%)	\$4,188	\$6.20	\$1,293,028
NET OPERATING INCOME		\$1,192,030	(48%)	\$3,870	\$5.73	\$1,292,996
NET OPERATING INCOME RETURN						
NOI/Sales Price		\$16,915,000	7.05%			7.64%
NOI/Unleveraged Acq. Cost		\$16,915,000	7.05%			7.64%
NOI/Leveraged Acq. Cost		\$17,050,320	6.99%			7.58%

Notes: * Calculated as a Percentage of Gross Potential Rent
** Calculated as a Percentage of On-Site Payroll
*** Calculated as a Percentage of Effective Gross Income

The Parks of Denton
Financial Analysis
10 Year Cash Flow

	1	2	3	4	5	6	7	8	9	10	11
Year Ending:	Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023	Apr-2024
INCOME											
All Units at Market Rent	\$2,433,585	\$2,506,593	\$2,581,790	\$2,659,244	\$2,739,021	\$2,821,192	\$2,905,828	\$2,993,003	\$3,082,793	\$3,175,277	\$3,270,535
Gain (Loss)-to-Lease	(55,961)	(40,105)	(40,018)	(39,889)	(41,085)	(42,318)	(43,587)	(44,895)	(46,242)	(47,629)	(49,058)
GROSS POTENTIAL RENT	\$2,377,624	\$2,466,487	\$2,541,773	\$2,619,356	\$2,697,936	\$2,778,874	\$2,862,240	\$2,948,108	\$3,036,551	\$3,127,647	\$3,221,477
OTHER INCOME											
Late Charges	35,228	36,285	37,373	38,494	39,649	40,839	42,064	43,326	44,626	45,964	47,343
Cable Income	7,458	7,682	7,912	8,150	8,394	8,646	8,906	9,173	9,448	9,731	10,023
Vending Income	5	6	6	6	6	6	6	7	7	7	7
Laundry Income	5,554	5,721	5,892	6,069	6,251	6,439	6,632	6,831	7,036	7,247	7,464
Risk Fee	6,345	6,535	6,731	6,933	7,141	7,356	7,576	7,804	8,038	8,279	8,527
Miscellaneous	2,812	2,896	2,983	3,073	3,165	3,260	3,357	3,458	3,562	3,669	3,779
NSF Charges	1,444	1,488	1,532	1,578	1,626	1,675	1,725	1,776	1,830	1,885	1,941
Pet Rent/Pet Fees	11,048	11,379	11,721	12,072	12,435	12,808	13,192	13,588	13,995	14,415	14,848
Damage Reimbursement	16,397	16,889	17,396	17,918	18,456	19,009	19,579	20,167	20,772	21,395	22,037
Transfer Fee	300	309	318	328	338	348	358	369	380	391	403
Monthly Pet Charge	60	62	64	66	68	70	72	74	76	79	81
Application Fee	18,630	19,188	19,764	20,357	20,968	21,597	22,245	22,912	23,599	24,307	25,037
Cancellation Fee	8,147	8,391	8,643	8,902	9,169	9,444	9,727	10,019	10,320	10,629	10,948
Non-Refundable Redec. Fee	14,909	15,356	15,816	16,291	16,780	17,283	17,802	18,336	18,886	19,452	20,036
Reserve Reimbursement	73,089	75,282	77,541	79,867	82,263	84,731	87,273	89,891	92,588	95,365	98,226
Interest Income	12	13	13	13	14	14	15	15	15	16	16
Electricity Reimbursement	2,007	2,067	2,129	2,193	2,259	2,327	2,396	2,468	2,542	2,619	2,697
Water Reimbursement	82,609	85,088	87,640	90,269	92,977	95,767	98,640	101,599	104,647	107,786	111,020
Trash Reimbursement	25,361	26,122	26,906	27,713	28,544	29,401	30,283	31,191	32,127	33,091	34,083
Trash Reimbursement	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	\$311,416	\$320,759	\$330,381	\$340,293	\$350,502	\$361,017	\$371,847	\$383,003	\$394,493	\$406,327	\$418,517
GROSS POTENTIAL INCOME	\$2,689,040	\$2,787,246	\$2,872,154	\$2,959,648	\$3,048,438	\$3,139,891	\$3,234,088	\$3,331,110	\$3,431,044	\$3,533,975	\$3,639,994
Vacancy/Collection Allowance (-) *	142,657	147,989	127,089	130,968	134,897	138,944	143,112	147,405	151,828	156,382	161,074
Admin/Non-Revenue Units (-)	18,701	19,262	19,840	20,435	21,048	21,679	22,330	22,999	23,689	24,400	25,132
Bad Debt (-)	21,970	22,629	23,308	24,007	24,727	25,469	26,233	27,020	27,831	28,666	29,526
Concessions (-) *	23,776	24,665	25,418	26,194	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,481,936	\$2,572,701	\$2,676,500	\$2,758,045	\$2,867,766	\$2,953,799	\$3,042,413	\$3,133,685	\$3,227,696	\$3,324,527	\$3,424,262
EXPENSES											
Real Estate Taxes	\$338,654	\$345,427	\$352,336	\$359,382	\$366,570	\$373,902	\$381,380	\$389,007	\$396,787	\$404,723	\$412,817
Insurance	61,813	63,668	65,578	67,545	69,571	71,659	73,808	76,023	78,303	80,652	83,072
Utilities	203,592	209,699	215,990	222,470	229,144	236,018	243,099	250,392	257,904	265,641	273,610
Contract Services	36,372	37,463	38,587	39,745	40,937	42,165	43,430	44,733	46,075	47,457	48,881
Repairs & Maintenance	173,346	178,547	183,903	189,420	195,103	200,956	206,985	213,194	219,590	226,178	232,963
Marketing & Promotion	28,088	28,931	29,799	30,693	31,613	32,562	33,539	34,545	35,581	36,649	37,748
On-Site Payroll	214,058	220,480	227,094	233,907	240,924	248,152	255,596	263,264	271,162	279,297	287,676
Payroll Taxes & Benefits	42,812	44,096	45,419	46,781	48,185	49,630	51,119	52,653	54,232	55,859	57,535
General & Administrative	28,124	28,968	29,837	30,732	31,654	32,604	33,582	34,589	35,627	36,696	37,797
Management Fee	74,458	77,181	80,295	82,741	86,033	88,614	91,272	94,011	96,831	99,736	102,728
Taxes, License, Fees	11,588	11,936	12,294	12,663	13,042	13,434	13,837	14,252	14,679	15,120	15,573
Replacement & Reserves	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000
TOTAL EXPENSES	\$1,289,905	\$1,323,395	\$1,358,131	\$1,393,079	\$1,429,777	\$1,466,695	\$1,504,647	\$1,543,662	\$1,583,772	\$1,625,008	\$1,667,401
NET OPERATING INCOME	\$1,192,030	\$1,249,306	\$1,318,369	\$1,364,966	\$1,437,989	\$1,487,104	\$1,537,766	\$1,590,023	\$1,643,924	\$1,699,519	\$1,756,862
NET CASH FLOW BEFORE DEBT SERVICE	\$1,192,030	\$1,249,306	\$1,318,369	\$1,364,966	\$1,437,989	\$1,487,104	\$1,537,766	\$1,590,023	\$1,643,924	\$1,699,519	
DEBT SERVICE - Proposed New Loan											
Principal Payments	\$234,193	\$243,978	\$254,171	\$264,790	\$275,853	\$287,378	\$299,384	\$311,892	\$324,923	\$338,498	
Interest Payments	550,444	540,659	530,466	519,847	508,784	497,259	485,253	472,745	459,714	446,139	
Mortgage Premium Insurance	0	0	0	0	0	0	0	0	0	0	
Mortgage Repaid	0	0	0	0	0	0	0	0	0	10,696,942	
Mortgage Funding Proceeds	0	0	0	0	0	0	0	0	0	0	
Loan Fees	0	0	0	0	0	0	0	0	0	0	
TOTAL DS - Proposed New Loan	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$11,481,578
CONSOLIDATED DEBT SERVICE	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$784,637	\$11,481,578
NET CASH FLOW AFTER DEBT SERVICE	\$407,393	\$464,669	\$533,732	\$580,329	\$653,352	\$702,467	\$753,129	\$805,386	\$859,287	(9,782,059)	
DEBT SERVICE COVERAGE RATIO	1.52	1.59	1.68	1.74	1.83	1.90	1.96	2.03	2.10	0.15	

Notes: * Calculated as a Percentage of Gross Potential Rent

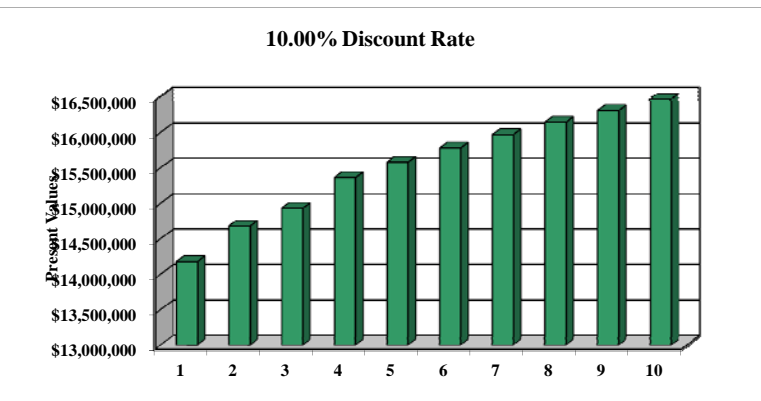
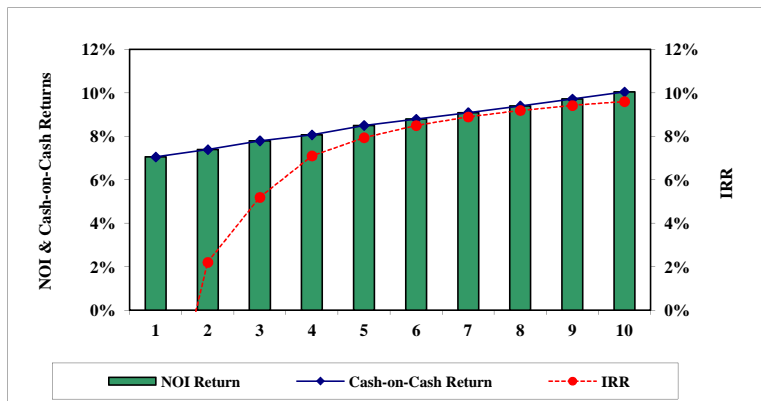
The Parks of Denton Financial Analysis Unleveraged IRR and PV Analysis

SALIENT FACTS:	
Total Unleveraged Acquisition Cost	\$16,915,000
Cost per Unit	\$54,919
Analysis Period	10 Years
Terminal CAP Rate	8.50%
Cost of Sale	2.00%

CURRENT RETURN/RESIDUAL VALUE RATIO - UNLEVERAGED		
	IRR	Percent of Total Return
Total Internal Rate of Return	9.60%	100.00%
Cash Flow with No Appreciation	8.23%	85.77%
Appreciation Return	1.37%	14.23%

	0	1	2	3	4	Year Ending					
RETURNS - Unleveraged	Equity	Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023
NOI		\$1,192,030	\$1,249,306	\$1,318,369	\$1,364,966	\$1,437,989	\$1,487,104	\$1,537,766	\$1,590,023	\$1,643,924	\$1,699,519
Unleveraged Cash Flow	(16,915,000)	1,192,030	1,249,306	1,318,369	1,364,966	1,437,989	1,487,104	1,537,766	1,590,023	1,643,924	1,699,519
NOI Return	5 Yr Avg: 7.76%	7.05%	7.39%	7.79%	8.07%	8.50%	8.79%	9.09%	9.40%	9.72%	10.05%
Cash to Initial Equity	5 Yr Avg: 7.76%	7.05%	7.39%	7.79%	8.07%	8.50%	8.79%	9.09%	9.40%	9.72%	10.05%
Internal Rate of Return	10 Yr IRR: 9.60%	-7.80%	2.20%	5.19%	7.10%	7.94%	8.50%	8.89%	9.19%	9.42%	9.60%

Present Values at Various Discount Rates & Holding Periods - Unleveraged Cash Flows & Reversion											
PRESENT VALUES											
Year Ending											
	1	2	3	4	5	6	7	8	9	10	
	Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023	
Discount Rate	9.00%	\$14,308,066	\$14,938,673	\$15,315,190	\$15,875,217	\$16,208,069	\$16,522,970	\$16,820,883	\$17,102,723	\$17,369,355	\$17,621,596
	9.25%	\$14,275,324	\$14,872,879	\$15,217,675	\$15,744,976	\$16,047,406	\$16,332,798	\$16,602,111	\$16,856,250	\$17,096,069	\$17,322,374
	9.50%	\$14,242,732	\$14,807,529	\$15,121,026	\$15,616,162	\$15,888,826	\$16,145,465	\$16,387,022	\$16,614,382	\$16,828,381	\$17,029,806
	9.75%	\$14,210,288	\$14,742,620	\$15,025,234	\$15,488,756	\$15,732,299	\$15,960,922	\$16,175,542	\$16,377,020	\$16,566,161	\$16,743,722
	10.00%	\$14,177,992	\$14,678,147	\$14,930,289	\$15,362,739	\$15,577,791	\$15,779,119	\$15,967,603	\$16,144,066	\$16,309,278	\$16,463,959
	10.25%	\$14,145,843	\$14,614,107	\$14,836,181	\$15,238,093	\$15,425,272	\$15,600,009	\$15,763,135	\$15,915,426	\$16,057,608	\$16,190,355
	10.50%	\$14,113,838	\$14,550,495	\$14,742,901	\$15,114,799	\$15,274,712	\$15,423,544	\$15,562,070	\$15,691,008	\$15,811,029	\$15,922,754
	10.75%	\$14,081,979	\$14,487,308	\$14,650,440	\$14,992,840	\$15,126,080	\$15,249,679	\$15,364,342	\$15,470,722	\$15,569,423	\$15,661,006
	11.00%	\$14,050,263	\$14,424,542	\$14,558,789	\$14,872,198	\$14,979,347	\$15,078,369	\$15,169,887	\$15,254,478	\$15,332,673	\$15,404,962



The Parks of Denton Financial Analysis Leveraged IRR and PV Analysis

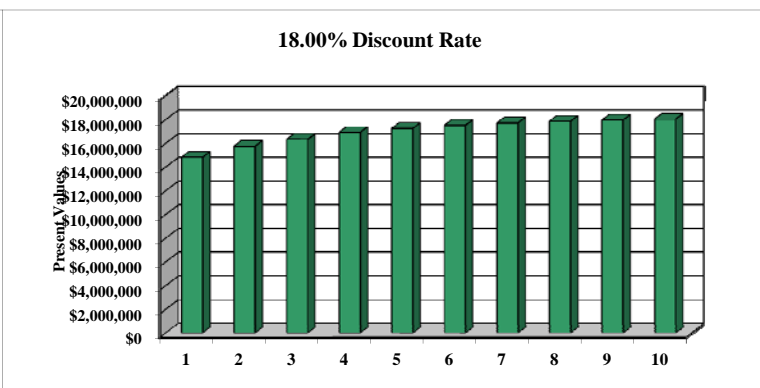
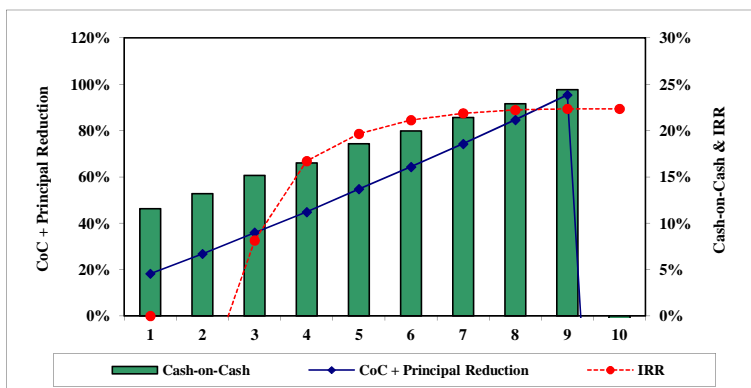
SALIENT FACTS:		Equity Required	\$3,518,320
Total Leveraged Acquisition Cost	\$17,050,320	Total Loan Amount	\$13,532,000
Cost per Unit	\$55,358	Total Loan-to-Value Ratio	79.37%
Analysis Period	10 Years	Effective Interest Rate	4.100%
Terminal CAP Rate	8.50%	Effective Loan Constant	5.798%
Cost of Sale	2.00%	Total Annual DS Payment	\$784,637

CURRENT RETURN/RESIDUAL VALUE RATIO - LEVERAGED		
	IRR	Percent of Total Return
Total Internal Rate of Return	22.35%	100.00%
Cash Flow with No Appreciation	19.52%	87.34%
Appreciation Return	2.83%	12.66%

		Year Ending									
	0	1	2	3	4	5	6	7	8	9	10
RETURNS - Leveraged	Equity	Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023
NOI		\$1,192,030	\$1,249,306	\$1,318,369	\$1,364,966	\$1,437,989	\$1,487,104	\$1,537,766	\$1,590,023	\$1,643,924	\$1,699,519
Leveraged Cash Flow	(3,518,320)	407,393	464,669	533,732	580,329	653,352	702,467	753,129	805,386	859,287	(9,782,059)
NOI Return	5 Yr Avg: 7.70%	6.99%	7.33%	7.73%	8.01%	8.43%	8.72%	9.02%	9.33%	9.64%	9.97%
Cash to Initial Equity	5 Yr Avg: 15.00%	11.58%	13.21%	15.17%	16.49%	18.57%	19.97%	21.41%	22.89%	24.42%	-278.03%
Cash to Initial Equity Plus Principal Reduction		18.24%	26.80%	35.99%	44.84%	54.75%	64.32%	74.26%	84.61%	95.38%	-278.03%
Internal Rate of Return	10 Yr IRR: 22.35%	#NUM!	-7.87%	8.15%	16.71%	19.65%	21.13%	21.88%	22.22%	22.35%	22.35%

Present Values at Various Discount Rates & Holding Periods - Leveraged Cash Flows & Reversion

		PRESENT VALUES									
		Year Ending									
		1	2	3	4	5	6	7	8	9	10
		Apr-2014	Apr-2015	Apr-2016	Apr-2017	Apr-2018	Apr-2019	Apr-2020	Apr-2021	Apr-2022	Apr-2023
Discount Rate	16.00%	\$14,836,610	\$15,823,494	\$16,452,458	\$17,124,603	\$17,528,532	\$17,853,653	\$18,113,271	\$18,318,602	\$18,479,081	\$18,602,638
	16.50%	\$14,831,011	\$15,805,368	\$16,419,481	\$17,072,188	\$17,458,100	\$17,765,165	\$18,007,199	\$18,195,771	\$18,340,553	\$18,449,616
	17.00%	\$14,825,460	\$15,787,467	\$16,387,040	\$17,020,823	\$17,389,336	\$17,679,087	\$17,904,380	\$18,077,118	\$18,207,185	\$18,302,773
	17.50%	\$14,819,956	\$15,769,788	\$16,355,124	\$16,970,483	\$17,322,193	\$17,595,340	\$17,804,697	\$17,962,476	\$18,078,752	\$18,161,819
	18.00%	\$14,814,498	\$15,752,327	\$16,323,723	\$16,921,141	\$17,256,624	\$17,513,849	\$17,708,037	\$17,851,688	\$17,955,045	\$18,026,481
	18.50%	\$14,809,087	\$15,735,080	\$16,292,825	\$16,872,775	\$17,192,585	\$17,434,543	\$17,614,294	\$17,744,602	\$17,835,860	\$17,896,501
	19.00%	\$14,803,721	\$15,718,044	\$16,262,420	\$16,825,360	\$17,130,034	\$17,357,352	\$17,523,363	\$17,641,075	\$17,721,005	\$17,771,631
	19.50%	\$14,798,400	\$15,701,215	\$16,232,499	\$16,778,873	\$17,068,928	\$17,282,210	\$17,435,146	\$17,540,967	\$17,610,298	\$17,651,638
	20.00%	\$14,793,123	\$15,684,591	\$16,203,051	\$16,733,292	\$17,009,228	\$17,209,051	\$17,349,547	\$17,444,148	\$17,503,563	\$17,536,302



The Parks of Denton
Financial Analysis
Sensitivity Analysis

SALIENT FACTS:	
Analysis Period	10 Years
Loan Amount	\$13,532,000
Cost of Sale	2.00%
Base Case Analysis	

GOING-IN CAP RATE SENSITIVITY									
Terminal CAP Rate	UNLEVERAGED				LEVERAGED				
	Acquisition Cost	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash	Acquisition Cost	Equity	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash
8.50%	\$17,667,092	6.75%	8.96%	6.75%	\$17,814,766	\$4,282,766	6.69%	18.83%	9.51%
8.50%	\$17,409,072	6.85%	9.18%	6.85%	\$17,552,446	\$4,020,446	6.79%	19.93%	10.13%
8.50%	\$17,158,480	6.95%	9.39%	6.95%	\$17,297,740	\$3,765,740	6.89%	21.10%	10.82%
8.50%	\$16,915,000	7.05%	9.60%	7.05%	\$17,050,320	\$3,518,320	6.99%	22.35%	11.58%
8.50%	\$16,678,333	7.15%	9.81%	7.15%	\$16,809,878	\$3,277,878	7.09%	23.69%	12.43%
8.50%	\$16,448,198	7.25%	10.01%	7.25%	\$16,576,124	\$3,044,124	7.19%	25.14%	13.38%
8.50%	\$16,224,327	7.35%	10.22%	7.35%	\$16,348,781	\$2,816,781	7.29%	26.71%	14.46%

TERMINAL CAP RATE SENSITIVITY									
Terminal CAP Rate	UNLEVERAGED				LEVERAGED				
	Acquisition Cost	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash	Acquisition Cost	Equity	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash
7.75%	\$16,915,000	7.05%	10.26%	7.05%	\$17,050,320	\$3,518,320	6.99%	23.66%	11.58%
8.00%	\$16,915,000	7.05%	10.03%	7.05%	\$17,050,320	\$3,518,320	6.99%	23.21%	11.58%
8.25%	\$16,915,000	7.05%	9.81%	7.05%	\$17,050,320	\$3,518,320	6.99%	22.78%	11.58%
8.50%	\$16,915,000	7.05%	9.60%	7.05%	\$17,050,320	\$3,518,320	6.99%	22.35%	11.58%
8.75%	\$16,915,000	7.05%	9.40%	7.05%	\$17,050,320	\$3,518,320	6.99%	21.94%	11.58%
9.00%	\$16,915,000	7.05%	9.20%	7.05%	\$17,050,320	\$3,518,320	6.99%	21.53%	11.58%
9.25%	\$16,915,000	7.05%	9.01%	7.05%	\$17,050,320	\$3,518,320	6.99%	21.13%	11.58%

DYNAMIC CAP RATE SENSITIVITY									
Terminal CAP Rate	UNLEVERAGED				LEVERAGED				
	Acquisition Cost	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash	Acquisition Cost	Equity	Going-In CAP Rate	10 Year IRR	Year 1 Cash/Cash
7.75%	\$16,224,327	7.35%	10.88%	7.35%	\$16,348,781	\$2,816,781	7.29%	27.98%	14.46%
8.00%	\$16,448,198	7.25%	10.45%	7.25%	\$16,576,124	\$3,044,124	7.19%	25.99%	13.38%
8.25%	\$16,678,333	7.15%	10.02%	7.15%	\$16,809,878	\$3,277,878	7.09%	24.11%	12.43%
8.50%	\$16,915,000	7.05%	9.60%	7.05%	\$17,050,320	\$3,518,320	6.99%	22.35%	11.58%
8.75%	\$17,158,480	6.95%	9.19%	6.95%	\$17,297,740	\$3,765,740	6.89%	20.68%	10.82%
9.00%	\$17,409,072	6.85%	8.78%	6.85%	\$17,552,446	\$4,020,446	6.79%	19.09%	10.13%
9.25%	\$17,667,092	6.75%	8.37%	6.75%	\$17,814,766	\$4,282,766	6.69%	17.58%	9.51%

UNLEVERAGED IRR SENSITIVITY									
Required IRR	8.00% Terminal CAP Rate		8.25% Terminal CAP Rate		8.50% Terminal CAP Rate		8.75% Terminal CAP Rate		Required IRR
	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	
9.25%	\$17,845,023	6.68%	\$17,575,779	6.78%	\$17,322,374	6.88%	\$17,083,448	6.98%	9.25%
9.50%	\$17,540,644	6.80%	\$17,277,485	6.90%	\$17,029,806	7.00%	\$16,796,279	7.10%	9.50%
9.75%	\$17,243,043	6.91%	\$16,985,817	7.02%	\$16,743,722	7.12%	\$16,515,461	7.22%	9.75%
10.00%	\$16,952,047	7.03%	\$16,700,607	7.14%	\$16,463,959	7.24%	\$16,240,833	7.34%	10.00%
10.25%	\$16,667,487	7.15%	\$16,421,692	7.26%	\$16,190,355	7.36%	\$15,972,237	7.46%	10.25%
10.50%	\$16,389,201	7.27%	\$16,148,910	7.38%	\$15,922,754	7.49%	\$15,709,521	7.59%	10.50%
10.75%	\$16,117,029	7.40%	\$15,882,108	7.51%	\$15,661,006	7.61%	\$15,452,538	7.71%	10.75%

LEVERAGED IRR SENSITIVITY									
Required IRR	8.00% Terminal CAP Rate		8.25% Terminal CAP Rate		8.50% Terminal CAP Rate		8.75% Terminal CAP Rate		Required IRR
	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	Acquisition Cost	Going-In CAP Rate	
16.50%	\$18,724,511	6.37%	\$18,582,899	6.41%	\$18,449,616	6.46%	\$18,323,951	6.51%	16.50%
17.00%	\$18,566,143	6.42%	\$18,430,467	6.47%	\$18,302,773	6.51%	\$18,182,375	6.56%	17.00%
17.50%	\$18,414,194	6.47%	\$18,284,182	6.52%	\$18,161,819	6.56%	\$18,046,447	6.61%	17.50%
18.00%	\$18,268,364	6.53%	\$18,143,758	6.57%	\$18,026,481	6.61%	\$17,915,906	6.65%	18.00%
18.50%	\$18,128,369	6.58%	\$18,008,922	6.62%	\$17,896,501	6.66%	\$17,790,504	6.70%	18.50%
19.00%	\$17,993,939	6.62%	\$17,879,417	6.67%	\$17,771,631	6.71%	\$17,670,004	6.75%	19.00%
19.50%	\$17,864,818	6.67%	\$17,754,998	6.71%	\$17,651,638	6.75%	\$17,554,185	6.79%	19.50%

The Parks of Denton

Financial Analysis

Terminology

<u>Current Monthly Property Operations:</u>	Month and year that the "Current Monthly Property Operations" are derived from and are subsequently annualized.
<u>Start of Analysis:</u>	Month and year that the analysis is to start. The start date is always considered to occur at the beginning of the month.
<u>End of First Year of Analysis:</u>	Month and year that the first year of the analysis end. The month is always interpreted as the end of the month and is 12 months after the Start of the Analysis.
<u>End of Analysis:</u>	Month and year that the analysis ends. The end date is always considered to occur at the end of the month.
<u>Analysis Period:</u>	The number of years in the analysis.
<u>Collected Rental Income:</u>	Actual rental income collected in a given time period (Current Monthly Property Operations date). Does not include non-rental income, vacancy, loss-to-lease or model units.
<u>Vacant Units at Market Rent:</u>	Estimated rental income as of a certain date (Current Monthly Property Operations date) that could be obtained from vacant, and model, units if they were rented "at market." Does not include rent from occupied units or non-rental income.
<u>Gross Potential Rent:</u>	Amount of potential rental income that could be obtained as of a certain date. Amount is the sum of Collected Rental Income plus Vacant Units at Market Rent. Does not include non-rental income.
<u>All Units at Market Rent:</u>	Estimated amount of money a unit or group of units could rent for in the "free & open market" at a given date.
<u>Loss-to-Lease:</u>	Amount of lost rental income from rented units to a "gap" between the amount of rent tenants are paying according to their lease and the rent they would be paying if the unit could be rented "at market."
<u>RUBS:</u>	RUBS, for ratio (sometimes referred to as resident) utility billing system. The property's water/sewer &/or trash bill is allocated among residents based on the square footage of the apartment, number of occupants, number of taps, number of fixtures, or some other quantitative measure. Owner's then allocate, based upon the above methodology, a portion of the property's total water/sewer &/or trash bill among residents.
<u>Sales Price:</u>	Price that the property is being offered or under contract at.
<u>Acquisition Reserves:</u>	Buyer costs &/or reserves that are added to the Sales/Listing Price for the purposes of calculating the internal rate of return and other financial ratios (ex: due diligence & closing costs, capital cost reserves, loan origination fees, etc.).
<u>Total Unleveraged Acquisition Cost:</u>	The total unleveraged capitalized cost used to determine the unleveraged internal rate of return and financial ratios.
<u>Total Leveraged Acquisition Cost:</u>	The total leveraged capitalized cost used to determine the leveraged internal rate of return and financial ratios (ex: Total Leveraged Acquisition Cost less the Loan Amount/Balance equals Equity Required).
<u>Reserves per Unit:</u>	Amount of money per unit per year that is reserved or expended on items such as capital expenditures, appliance replacement, unit turnover preparation, etc.
<u>Going-In CAP Rate:</u>	End of the first year of the analysis (Year 1) net operating income (NOI) divided by the Sales Price, Unleveraged Acquisition Cost or Leveraged Acquisition Cost.
<u>Terminal CAP Rate:</u>	CAP Rate used in the resale calculations. Resale is always calculated at the end of the year and is determined by the following year's net operating income.
<u>Cost of Sale:</u>	Percentage that will be deducted from the gross proceeds from resale. Cost of sale should include the resale commission and any other expenditures associated with the resale.
<u>Internal Rate of Return (IRR):</u>	The IRR is typically defined as "that rate of return that equates the present value of anticipated future benefits with the present value of the investment outlays." The IRR integrates the concepts of compounding and present value. It represents a way a measuring a return on investment over the entire investment period, expressed as a compound rate of
<u>Discount Rates:</u>	The unleveraged or leveraged required IRR of an investor over a specified holding period. The discount rate is influenced by the degree of apparent systematic and non-systematic risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply and demand for mortgage funds, etc.
<u>Present Values:</u>	The present value of a prospective benefit must be less than its expected future value. A future benefit is discounted to a present value by calculating the amount that, if invested today, would grow with compound interest at a satisfactory rate to equal the future benefit. The procedures used to reduce a future value to a present value is called discounting, and the extent of the discounting depends on the discount rate required to satisfy the investor and the length of time that the investor must wait for payment.