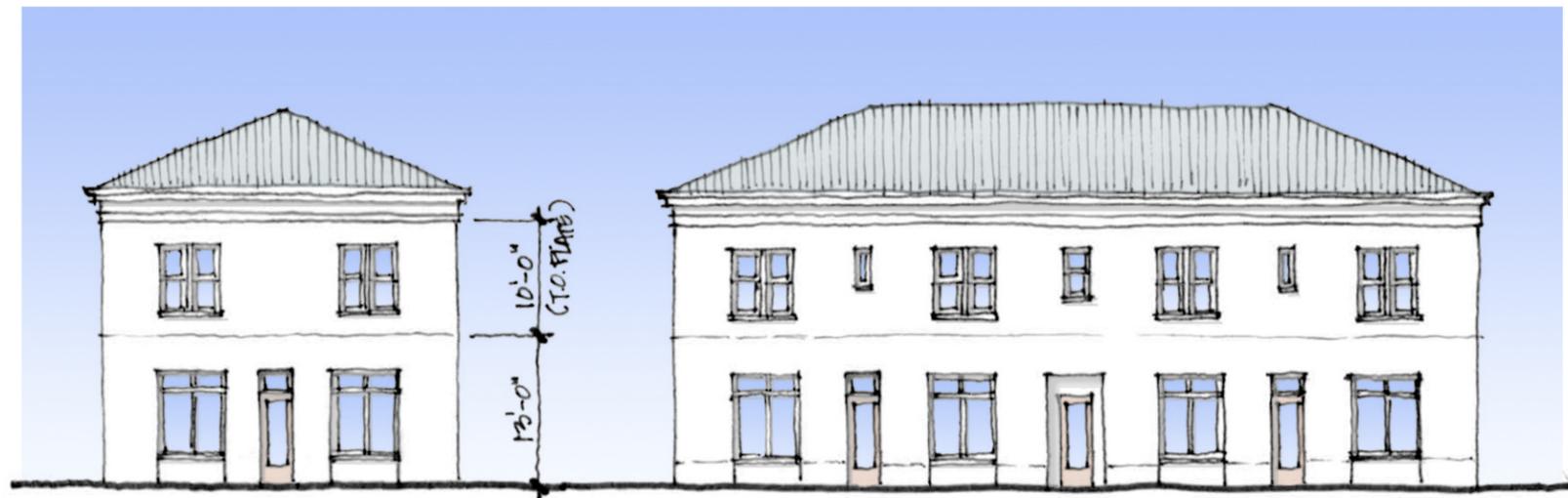
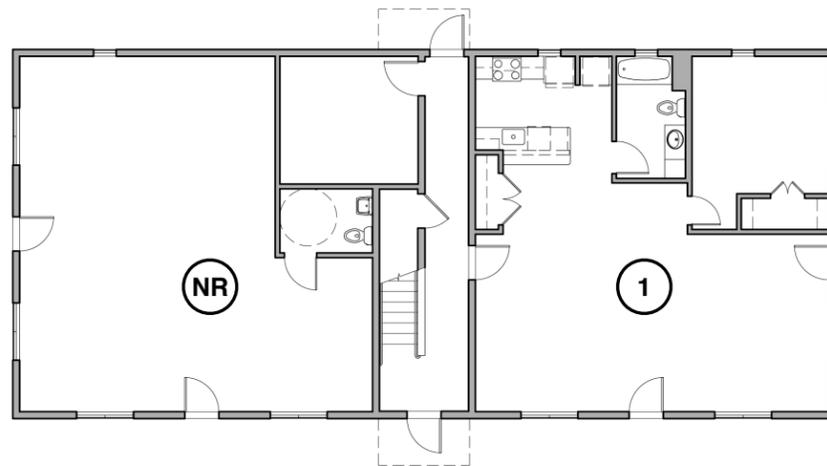
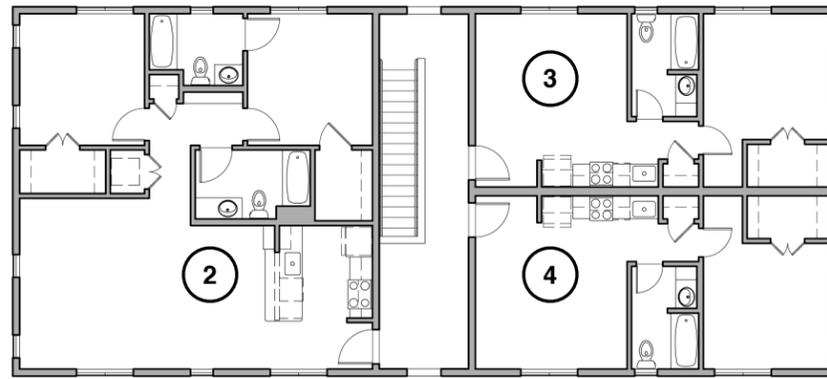


Unit	Program	Area
1	1BR - First Fl.	1,024 SF
2	2BR - Second Fl.	1,024 SF
3	1BR (#1) - Second Fl.	512 SF
4	1BR (#2) - Second Fl.	512 SF
	Common Area	617 SF
Residential Subtotal		3,689 SF
NR	Non-Residential	919 SF
<b>Total</b>		<b>4,608 SF</b>

19.9% of the building is non-residential.

FHA mortgages allow for a maximum of 20% non-residential.



#### 4F: NOI and Cap Rate Analysis

Static proforma Prepared July 2011 by Anderson|Kim

0.72 Floor Area Ratio (FAR) formula: Building SF / Land SF

#### Project Costs

Land Cost	\$51,072	6,384 SF parcel	\$8.00 per parcel SF	8% of project costs
Direct Construction Costs	\$414,720		\$90 per building SF	69% of project costs
Indirect Construction Costs	\$138,240		\$30 per building SF	23% of project costs
Construction Costs Subtotal	\$552,960		\$120 per building SF	92% of project costs
Project Costs	\$604,032			

#### Net Operating Income

Revenue Assumptions:	Rate	SF	monthly rent	Annual Rent			
#1: 1BR, First Flr.	\$1.17	1,024	\$1,200	\$14,400			
#2: 2BR, Second Flr.	\$1.17	1,024	\$1,200	\$14,400			
#3: 1BR, Second Flr.	\$1.37	512	\$700	\$8,400			
#4: 1BR, Second Flr.	\$1.37	512	\$700	\$8,400			
Common Area		617					
Non-Residential (NNN)	\$1.36	919	\$1,250	\$15,000	\$45,600	Subtotal: Potential Income from Residential	
Total Building SF				4,608	\$5,050	\$60,600	<b>Gross Potential Income (GPI)</b>
Annual Rent						\$60,600	
5% Vacancy rate						3,030	
						\$57,570	<b>Gross Operating Income (GOI)</b>
<b>Annual Operating Expenses (Res. Only; Non-Res is NNN)</b>							
Property management	5.00%	2,879	(assumed at 5% of rents)				
Accounting		300	NNN				
Legal		300	NNN				
Insurance; property and GL		600	NNN				
Real estate taxes	1.00%	6,040					
maintenance & supplies		500	NNN				
Utilities; water, trash		300	NNN				
Contingency		4,000					
subtotal				\$14,919		\$14,919	
Operating Expenses as % of GOI				26%		\$42,651	<b>Net Operating Income (NOI)</b>
						\$604,032	formula: GOI less Operating Expenses
Acquisition Cost/Project Cost						\$604,032	
						7.06%	Cap Rate/ Cash on Cash return no leverage
							formula: NOI divided by the Acquisition Cost

#### Cash Flow

Acquisition Cost/Project Cost		604,032
Down payment	20%	120,806
Assumes 30 year amortization.		483,226
Monthly payment P&I	5%	(\$2,594)
Annual NOI		42,651
Annual Debt Service		(31,129)
<b>Annual Cash Flow above debt service and operating expenses:</b>		<b>\$11,522</b>
<b>Debt Service Coverage ratio:</b>	<b>1.37</b>	
Annual depreciation @ 27.5 years		\$16,474
assumes 75% of project cost = value of improvements to land		
		9.5%
		pre-tax return on equity (down payment)

Key inputs in yellow

Key outputs in tan

## THE 4F: REVISED PLAN

MAY 2012



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