



	<u>Interest Cost Calculation</u>	<u>Interest Cost</u>
<b>INTEREST COSTS DURING PRE-CONSTRUCTION &amp; CONSTRUCTION PERIOD</b>		
<b>Construction Loan</b>		
<i>Assuming 100% Financing using Construction Loan</i>		
Land Costs	\$ 1,220,000 x 14 mo. x 8.000% x 1/12 x 1.00	\$ 113,867
Site Preparation	\$ 112,000 x 9 mo. x 8.000% x 1/12 x 0.75	5,040
Construction	\$ 2,355,000 x 9 mo. x 8.000% x 1/12 x 0.50	70,650
Professional Fees	\$ 336,370 x 9 mo. x 8.000% x 1/12 x 0.75	15,137
City Fees	\$ 217,000 x 9 mo. x 8.000% x 1/12 x 0.75	9,765
Miscellaneous	\$ 25,000 x 9 mo. x 8.000% x 1/12 x 0.50	750
		<u>215,209</u>
<i>Adjusting for interest not paid on Developer's Equity</i>		
Equity	(\$ 700,000 x 14 mo. x 8.000% x 1/12 x 1.00)	<u>(65,333)</u>
		<b>149,876</b>
<b>INTEREST COSTS DURING LEASE UP PERIOD</b>		
<b>Construction Loan</b>		
<i>Assuming 100% Financing using Construction Loan</i>		
Total Development Costs	\$ 4,724,313 x 6 mo. x 8.000% x 1/12 x 1.00	188,973
Income during Lease Up Period	(\$ 248,000 x 6 mo. x 8.000% x 1/12 x 0.50)	(4,960)
Operating Expenses during the Lease Up Period	\$ 124,000 x 6 mo. x 8.000% x 1/12 x 0.50	2,480
Leasing Fees	\$ 75,000 x 6 mo. x 8.000% x 1/12 x 0.50	1,500
		<u>187,993</u>
<i>Adjusting for interest not paid on Developer's Equity</i>		
Equity	(\$ 700,000 x 6 mo. x 8.000% x 1/12 x 1.00)	<u>(28,000)</u>
		<b>159,993</b>
<b>INTEREST COSTS DURING THE SALES PERIOD</b>		
<b>Construction Loan</b>		
<i>Assuming 100% Financing using Construction Loan</i>		
Total Development Costs	\$ 4,724,313 x 7 mo. x 8.000% x 1/12 x 1.00	220,468
Real Estate Commissions & Selling Expenses	\$ 385,828 x 7 mo. x 8.000% x 1/12 x 0.50	9,003
Income during the Sales Period	(\$ 738,150 x 7 mo. x 8.000% x 1/12 x 1.00)	(34,447)
Operating Expenses during the Sales Period	\$ 241,908 x 7 mo. x 8.000% x 1/12 x 1.00	11,289
		<u>206,313</u>
<i>Adjusting for interest not paid on Developer's Equity</i>		
Equity	(\$ 700,000 x 7 mo. x 8.000% x 1/12 x 1.00)	<u>(32,667)</u>
		<b>173,646</b>
		<u><b>483,515</b></u>