



	<u>Interest Cost Calculation</u>	<u>Interest Cost</u>
INTEREST COSTS DURING PRE-CONSTRUCTION & CONSTRUCTION PERIOD		
Construction Loan		
<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	\$ 2,482,500 x 9 mo. x 8.000% x 1/12 x 0.50	74,475
Professional Fees	\$ 350,395 x 9 mo. x 8.000% x 1/12 x 0.75	15,768
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>219,665</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>
		154,332
INTEREST COSTS DURING LEASE UP PERIOD		
Construction Loan		
<i>Assuming 100% Financing using Construction Loan</i>		
Total Development Costs	\$ 4,880,513 x 6 mo. x 8.000% x 1/12 x 1.00	195,221
Income during Lease Up Period	(\$ 248,000 x 6 mo. x 8.000% x 1/12 x 1.00)	(9,920)
Operating Expenses during the Lease Up Period	\$ 124,000 x 6 mo. x 8.000% x 1/12 x 1.00	4,960
Leasing Fees	\$ 75,000 x 6 mo. x 8.000% x 1/12 x 0.50	1,500
		<u>191,761</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>
		163,761
INTEREST COSTS DURING THE SALES PERIOD		
Construction Loan		
<i>Assuming 100% Financing using Construction Loan</i>		
Total Development Costs	\$ 4,880,513 x 7 mo. x 8.000% x 1/12 x 1.00	227,757
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>213,602</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>
		180,935
		<u>499,028</u>