### Exhibit B: Operating Budget

#### Income:

<table>
<thead>
<tr>
<th>Rent:</th>
<th># Units</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>House 1</td>
<td>2</td>
<td>$1,400</td>
</tr>
<tr>
<td>House 2</td>
<td>2</td>
<td>$1,400</td>
</tr>
<tr>
<td>House 3</td>
<td>2</td>
<td>$1,400</td>
</tr>
<tr>
<td>House 4</td>
<td>2</td>
<td>$1,400</td>
</tr>
</tbody>
</table>

**Total Units:** 8

**Gross Rent:**
- **Annual Rent:** $134,400
- **Annual Rent:** $138,432
- **Annual Rent:** $142,585
- **Annual Rent:** $146,683
- **Annual Rent:** $151,268

#### Less:

- **Vacancy:** 5.0%
- **Bad Debt:** 5.0%

**Gross Effective Income:**
- **Annual Income:** $120,960
- **Annual Income:** $124,589
- **Annual Income:** $128,326
- **Annual Income:** $132,176
- **Annual Income:** $136,142

#### Expenses:

**Administrative:***
- **Maintenance:** $10,752
- **Office Supplies:** $720
- **Other:** $400

**Total Administrative:**
- **Annual:** $12,272
- **Annual:** $12,640
- **Annual:** $13,019
- **Annual:** $13,410
- **Annual:** $13,812

**Operating:**
- **Water/Sewer:** $5,600
- **Insurance:** $10,600
- **Other:** $400

**Total Operating Costs:**
- **Annual:** $17,400
- **Annual:** $17,922
- **Annual:** $18,460
- **Annual:** $19,013
- **Annual:** $19,584

**Taxes & Insurance:**
- **Real Estate Taxes:** $11,200
- **Insurance:** $4,800
- **Other Taxes, Licenses, Fees:** $400

**Total Taxes:**
- **Annual:** $16,400
- **Annual:** $16,556
- **Annual:** $16,717
- **Annual:** $18,182
- **Annual:** $18,353

**Total Annual Operating Expenses:**
- **Annual:** $46,072
- **Annual:** $47,118
- **Annual:** $48,196
- **Annual:** $50,606
- **Annual:** $51,749

#### NOI Before Reserves & Debt Svc:

- **Annual:** $74,888
- **Annual:** $77,471
- **Annual:** $80,131
- **Annual:** $81,571
- **Annual:** $84,393

#### Reserves:

<table>
<thead>
<tr>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement Reserve</td>
</tr>
<tr>
<td>Operating Reserve</td>
</tr>
</tbody>
</table>

**Cashflow Before Debt Service:**
- **Annual:** $69,128
- **Annual:** $71,711
- **Annual:** $74,371
- **Annual:** $75,811
- **Annual:** $78,633

**Debt Service:**
- **Annual:** $36,665.74
- **Annual:** $36,665.74
- **Annual:** $36,665.74
- **Annual:** $36,665.74
- **Annual:** $36,665.74

**Preferred Return to Investors:**
- **Annual:** $8,000
- **Annual:** $8,000
- **Annual:** $8,000

**Cashflow Available:**
- **Annual:** $24,462.26
- **Annual:** $27,044.90
- **Annual:** $29,705.01
- **Annual:** $31,444.94
- **Annual:** $34,165.06

#### Year Three Refinancing:

**Value of 4 houses:**
- **New loan @ LTV 95%:**
  - **Annual:** $170,000
  - **Annual:** $165,000
  - **Annual:** $160,000
  - **Annual:** $155,000
  - **Annual:** $150,000

**Cash Available for Distribution:**
- **Annual:** $68,778
- **Annual:** $79,926

#### Distribution to Investors:

<table>
<thead>
<tr>
<th>Equity</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred return</td>
<td>8%</td>
</tr>
<tr>
<td>Share of cash</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Total Return to Investors:**
- **IRR:** 17%
- **Annual:** $8,000
- **Annual:** $8,000
- **Annual:** $8,000
- **Annual:** $30,930.25
- **Annual:** $138,950