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**REPORT**  
**Meeting Date: October 24, 2013**  
Peel Living

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DATE: August 28, 2013

REPORT TITLE: **SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013**

FROM: Mwarigha M.S. , General Manager, Peel Living  
David Bingham, Treasurer, Peel Living

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**RECOMMENDATION**

**That the Semi-Annual Financial Report at June 30, 2013 be received;**

**And further, that in accordance with the Financial Control By-law, the Treasurer be authorized to draw from the Working Fund Reserves as necessary to finance capital expenditures to maintain the financial flexibility of the Corporation.**

**REPORT HIGHLIGHTS**

**Current Operations**

- The Corporation is projected to have a favourable budget variance at year-end of \$756,100 before discretionary reserve transfers representing 0.8 per cent of the total expenditure budget.
- Forecast discretionary contribution to replacement reserves is \$613,076 higher than budget.
- Forecasted contribution to working fund reserves is \$143,025 higher than budget.

**Capital Operations**

- Gross capital spending for the six months that ended on June 30, 2013 was \$2.7 million and forecasted spending from July 1 to December 31, 2013 is \$9.3 million for a total of \$12 million.
- Capital spending is in line with budget projections including the reducing and re-focusing efforts and the next loan from the Service Manager is required to extend the life of capital assets.
- The Service Manager has indicated that they will require a draw down of the Corporation's working fund reserves to finance capital expenditures.
- Working funds maintained at \$1,000 per unit will provide the Corporation with the ability to meet financial obligations and emergencies.

**Financial Control By-law**

- There were no approvals delegated to staff under the Financial Control By-law since the December 2012 Semi-Annual Financial Report that require reporting to the Board.

**DISCUSSION**

This report summarizes the financial status of Peel Housing Corporation (PHC) for the six months ended on June 30, 2013 for current operations, capital operations and reserves and projected year end positions.

**SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013****1. Current Operations**

Appendix I summarizes Peel Housing Corporation's Statement of Operations for the six months ended June 30, 2013. Peel Living's operations are projected to have a net favorable budget variance at year-end of \$756,100 before discretionary reserve transfer.

The projected favorable net financial position at 2013 year end is primarily due to lower operating cost of \$1.7 million offset by lower revenue of \$0.9 million. The program expenditures are in line with previous years for all sections except Administration, Building Systems and Services, and Utilities.

The reduced expense of \$1.7 million is a result of:

- lower utilities rates and consumption than budgeted (\$1.6 million)
- lower chargeback from the Region of Peel's Residential Property Management (RPM) of (\$0.4 million) comprised of:
  - lower salary expenses (\$0.3 million)
  - lower outside legal, phone and courier expenses (\$0.1 million)
- lower than budgeted expenses for insurance, mortgages, and costs related to Superintendents and Cleaners (\$0.3 million)
- offset by:
  - higher than budgeted costs of \$0.6 million for Building Systems and Services

The lower revenue of \$0.9 million is a result of:

- decreased municipal subsidy and a positive operating position for 2013 including lower mortgage expenses (\$1.2 million)
- lower revenue for items such as residential recoveries (i.e. NSF's, Tribunal charges etc), laundry and interest revenue (\$0.1 million)
- offset by:
  - higher rental revenue due to the increase in units rented as market (\$0.4 million)

The net favourable variance of \$756,100 results in an increase contribution to replacement reserves of \$613,076 and \$143,025 to working fund reserves.

**2. Capital Operations**

The table below provides a continuity statement of capital operations from January 2013 to June 30, 2013 and a forecast to December 2013. It includes the addition of the 2013 budget, any in-year changes, and close outs to arrive at the gross carry forward balance of capital projects in progress.

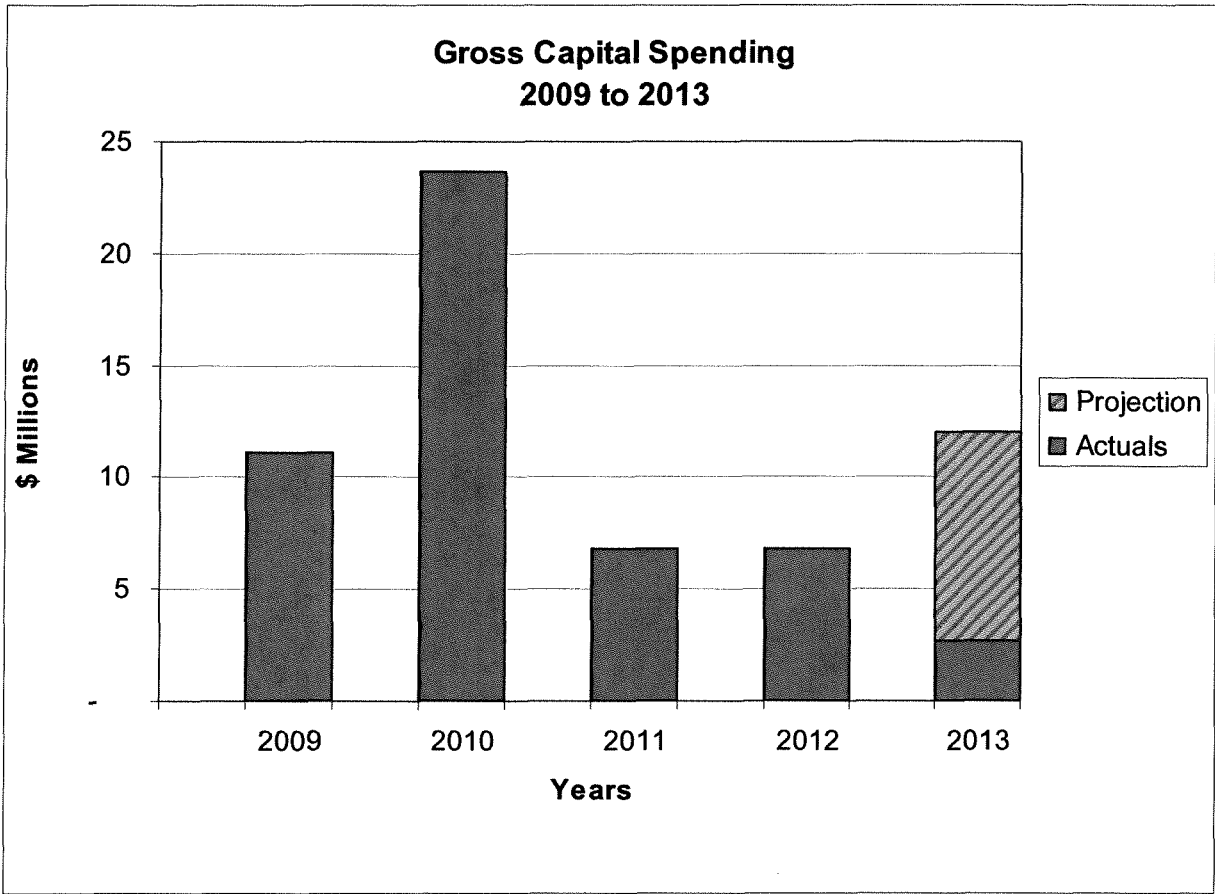
| Description                  | Jan 1 to<br>June 30<br>(\$000) | Forecast<br>From July 1<br>to Dec 31<br>(\$000) |
|------------------------------|--------------------------------|---|
| Carry Forward Balance        | \$12.8                         | \$22.1  |
| Approved 2013 Capital Budget | <u>12.0</u>                    |   |
| Total Approved Capital       | 24.8                           |   |
| Year to Date Spending        | <u>(2.7)</u>                   | <u>(9.3)</u>                                    |
| Carry Forward Balance        | \$22.1                         | \$12.8  |

**SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013**

For the reporting period ending June 30, 2013, there were four active capital projects. Real Property and Asset Management anticipates that none of these active capital projects will be completed by the end of 2013.

Gross capital expenditures for the period ending June 30, 2013 were \$2.7 million. A summary of capital project expenditures status as well as forecast to December 31, 2013 is presented in Appendix II. Staff reviewed all approved capital work and deferred any low risk projects that did not have a contract awarded yet. The capital projects that were deferred will be able to commence in 2014 pending the approval of the loan request to the Service Manager.

The gross year to date spending for 2013 capital is forecasted at \$12 million (\$2.7 million + \$9.3 million). The following chart compares the history of capital spending from 2009 through to forecasted end date of December 2013.



**3. Reserves and Reserve Funds**

A high-level overview of the Corporation's reserves as at June 30, 2013 and forecast to December 2013 is provided below. These figures do not include any unrealized gains or losses on investments held for trading.

**SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013**

| <b>Description</b>                           | <b>Working Fund Reserves (\$ million)</b> | <b>Energy Reserves (\$ million)</b> | <b>Capital Replacement Reserves (\$ million)</b> | <b>Total (\$ million)</b> |
|--|---|-------------------------------------|--|---------------------------|
| June 30, 2013 Balance                        | \$9.1                                     | \$0.9                               | \$0.6  | \$10.6                    |
| Contributions to Reserves (July to Dec 2013) | 0.7                                       | -                                   | 9.7  | 10.4                      |
| Projected Cash Flow (July to Dec 2013)       | (4.2)                                     | -                                   | (10.5)   | (14.7)                    |
| Projected Dec 31 Balance                     | \$5.6                                     | \$0.9                               | \$(0.2)  | \$6.3                     |

Appendix III provides a more detailed breakdown of fund balances by program and type, as well as a forecasted December 31, 2013 balance, while Appendix IV focuses on activity to June 30, 2013.

As the Board has been aware for over a decade, for several of the Federal/Provincial Housing programs, the prescribed reserve contribution rate is not adequate to meet future capital replacement needs. Due to aging buildings, the forecasted capital spending has continued to exceed contributions to the replacement reserves and any interest earned.

The Service Manager continues to provide PHC capital replacement loans, with the first in 2012 for \$7 million; the second loan request to the Service Manager will be part of the 2014 Budget process. The loans under the Service Manager's policy titled "Accessing Capital/Infrastructure Subsidy" dated November 24, 2011, are to maintain the buildings in a condition that extends the life of the asset.

Under the "Accessing Capital/Infrastructure Subsidy" policy the Service Manager may require that the working funds of the Corporation be reduced to internally fund capital expenditures before additional loans are advanced. Working fund reserves serve as a cash balance that allows the Corporation to make commitments for both operating and capital expenditures including those for emergencies in advance of the receipt of funds. Both the table above and Appendix III reflect the \$4.2 million draw down from the working fund reserves to fund capital expenditures (if approved by the Board). Retaining a portion of the working fund reserve will maintain some degree of financing flexibility for the Corporation. Under By-law #3, the Financial Control By-law, the Board is required to approve all withdrawals from working fund reserves that are non-transitional or greater than \$250,000, and authorization for the Treasurer to draw on these is sought in the recommendations.

The financial sustainability of the various Housing Programs and the providers operating under them in Peel including Peel Housing Corporation will be discussed in a future report to Regional Council by the Service Manager.

## **SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013**

### **4. Financial Control By-Law Report Requirements**

#### **a) Authorization to Increase Project Commitments beyond Originally Approved Budget**

There were no such requests for 2013. Projects requiring budget increases beyond these parameters require Board Reports.

#### **b) Closed Capital Projects**

As of June 30, 2013, Peel Living did not close any projects.

#### **c) Redeployments**

Redeployments are processed to facilitate effective management of various programs and projects. All redeployments are processed in accordance with the Financial Control By-law. As of June 30, 2013, there was no redeployment activity.

### **5. Mortgage Renewals**

There were four mortgage renewals during the first six months of 2013 as shown in Appendix V. Decreases in the mortgage interest rates resulted in annualized decrease in payments of \$93,204. The average of the four mortgage renewal rates was decreased from 3.87 per cent to 1.92 per cent. The lower mortgage costs will result in lower amounts of subsidy payments being received from the Service Manager (Region of Peel).

### **6. Write Offs Former Tenant Accounts**

There are \$348,297 of uncollected arrears that are to be written off this year; a total of \$3,073 lower than the original provision recorded in 2011 as a result of higher collections and the collection of previously written off amounts.

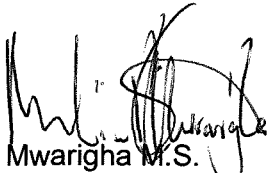
Writing off unpaid balances and open credits of former tenant accounts does not affect the subsequent collection of these balances. All outstanding debts remain on the records of both the collection agency (for those arrears greater than \$100) and Peel Living (all balances), and collection efforts continue.

**SEMI-ANNUAL FINANCIAL REPORT - JUNE 30, 2013**

**CONCLUSION**

Peel Housing Corporation is projecting a net favorable budget variance before discretionary reserve transfers of \$756,100.

With funding support from the Service Manager, Peel Housing Corporation will continue to provide quality housing services to the residents of Peel.

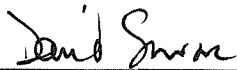


Mwarigha M.S.  
General Manager, Peel Living



David Bingham  
Treasurer, Peel Living

**Approved for Submission:**



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D. Szwarc, Chief Administrative Officer

*For further information regarding this report, please contact  
David Bingham at extension 4292 or via email @ [dave.bingham@peelregion.ca](mailto:dave.bingham@peelregion.ca)*

*Authored By: Karen Kocialek*

c. Legislative Services

**Peel Housing Corporation  
Management Statement of Operations**

As At June 30, 2013

Figures do not include current year unrealized gains or losses on investment held for trading.

|   | 2013<br>Budget     | 2013 June<br>Actual | Projected<br>2013 Year<br>End Balance | Projection vs<br>Budget<br>Variance | 2012<br>Actual     |
|---|--------------------|---------------------|---------------------------------------|-------------------------------------|--------------------|
| <b>Revenue:</b>   |                    |                     |                                       |                                     |                    |
| Rental Revenue  | \$ 60,996,640      | \$ 30,553,180       | \$ 61,394,465                         | \$ 397,825                          | \$ 58,004,607      |
| Other Revenue   | 5,217,464          | 2,469,811           | 5,043,200                             | (174,264)                           | 4,808,549          |
| Municipal Subsidy   | 35,591,788         | 17,745,036          | 34,400,751                            | (1,191,037)                         | 34,014,401         |
| <b>Total Revenue</b>                                      | <b>101,805,892</b> | <b>50,768,027</b>   | <b>100,838,415</b>                    | <b>(967,477)</b>                    | <b>96,827,557</b>  |
| <b>Expenditures:</b>                                      |                    |                     |                                       |                                     |                    |
| Salaries & Benefits                                       | 5,099,822          | 2,520,956           | 5,082,173                             | 17,649                              | 5,067,813          |
| Building Systems & Services                               | 12,857,112         | 5,152,497           | 13,411,831                            | (554,719)                           | 11,851,193         |
| Utilities   | 14,944,879         | 6,064,319           | 13,377,713                            | 1,567,166                           | 11,582,392         |
| Administration  | 10,170,868         | 4,362,721           | 9,817,886                             | 352,982                             | 9,058,447          |
| Mortgage, Loans & Depreciation                            | 36,364,338         | 17,099,591          | 36,116,442                            | 247,896                             | 36,003,147         |
| Municipal Taxes   | 11,706,750         | 5,479,327           | 11,742,764                            | (36,014)                            | 11,034,422         |
| Other   | 2,151,080          | 719,200             | 2,022,463                             | 128,617                             | 2,076,495          |
| <b>Total Expenditures</b>                                 | <b>93,294,849</b>  | <b>41,398,612</b>   | <b>91,571,272</b>                     | <b>1,723,577</b>                    | <b>86,673,908</b>  |
| <b>Operating Surplus Before Reserve Transfers</b>         | <b>8,511,043</b>   | <b>9,369,415</b>    | <b>9,267,143</b>                      | <b>756,100</b>                      | <b>10,153,650</b>  |
| <b>Minor Capital</b>                                      |                    |                     |                                       |                                     |                    |
| Minor Capital Expense                                     | (1,789,975)        | (790,880)           | (1,925,075)                           | (135,100)                           | (3,810,845)        |
| Transfer from Replacement Reserve for Minor Capital       | 1,789,975          | 790,880             | 1,925,075                             | 135,100                             | 3,810,845          |
| <b>Legislated Replacement Reserve Contribution</b>        | <b>(5,412,246)</b> | <b>(2,664,474)</b>  | <b>(5,412,246)</b>                    | <b>-</b>                            | <b>(5,232,145)</b> |
| <b>Operating Surplus</b>                                  | <b>3,098,797</b>   | <b>6,704,941</b>    | <b>3,854,897</b>                      | <b>756,100</b>                      | <b>4,921,505</b>   |
| <b>Reserve Allocation Based on Program Rules:</b>         |                    |                     |                                       |                                     |                    |
| Discretionary Transfer of Surplus to Replacement Reserve* | (2,653,793)        | -                   | (3,266,869)                           | (613,076)                           | (3,593,496)        |
| Transfer (to)/from Working Fund Reserves                  | (445,004)          | 86,130              | (588,029)                             | (143,025)                           | (1,328,009)        |
| <b>Net Surplus/(Deficit)</b>                              | <b>\$ -</b>        | <b>\$ 6,791,071</b> | <b>-\$ 0</b>                          | <b>\$ -</b>                         | <b>\$ -</b>        |

\* Permitted by the Service Manager or Board Directed (includes FP/Uni service manager surplus retention)

**Peel Housing Corporation  
Status of Capital Projects  
As At June 30, 2013**

**Active Capital Projects:**

| Capital Project Description                    | Number of Projects | Approved Project Budget | Spent prior to 2013  | Available Capital Work as of January 1, 2013 | Total Spending June 30, 2013 | Available Capital Work as of June 30, 2013 | % Spent as of June 30, 2013 |
|--|--------------------|-------------------------|----------------------|--|------------------------------|--|-----------------------------|
| 2011 Major Capital Project                     | 1                  | 11,817,000              | 9,730,396            | 2,086,604                                    | 626,605                      | 1,459,999                                  | 87.6%                       |
| 2012 Major Capital Project                     | 1                  | 13,537,314              | 2,829,006            | 10,708,308                                   | 1,967,309                    | 8,741,000                                  | 35.4%                       |
| 2013 Major Capital Project (PHC and ROP Owned) | 2                  | 12,001,000              | -                    | 12,001,000                                   | 86,627                       | 11,914,373                                 | 0.7%                        |
| <b>TOTAL</b>                                   | <b>4</b>           | <b>\$ 37,355,314</b>    | <b>\$ 12,559,401</b> | <b>\$ 24,795,913</b>                         | <b>\$ 2,680,541</b>          | <b>\$ 22,115,371</b>                       | <b>40.8%</b>                |

| Capital Project Description                    | Number of Projects | Available Capital Work as of June 30, 2013 | Forecast Spending July to December 2013 | Carry Forward to 2014 |
|--|--------------------|--|---|-----------------------|
| 2011 Major Capital Project                     | 1                  | 1,459,999                                  | 552,556                                 | 907,443               |
| 2012 Major Capital Project                     | 1                  | 8,741,000                                  | 6,377,623                               | 2,363,376             |
| 2013 Major Capital Project (PHC and ROP Owned) | 2                  | 11,914,373                                 | 2,394,130                               | 9,520,243             |
| <b>TOTAL</b>                                   | <b>4</b>           | <b>\$ 22,115,371</b>                       | <b>9,324,309</b>                        | <b>\$ 12,791,062</b>  |



## APPENDIX III

FINANCIAL REPORT - JUNE 2013 (UNAUDITED)

**Peel Housing Corporation  
Reserve Balances by Program  
As At June 30, 2013**

Figures do not include cumulative unrealized gains or losses on investment held for trading.

| Reserve Description | Replacement of Capital Property | Working Fund        | Energy Conservation | Total                | Capital Reserve Transfers In | Capital Reserve Transfers Out | Working Fund Transfers | Net Activity           | Available Balance     |
|---------------------|---------------------------------|---------------------|---------------------|----------------------|------------------------------|-------------------------------|------------------------|------------------------|-----------------------|
| 15.1                | \$ 2,290,658                    | \$ -                | \$ -                | \$ 2,290,658         | \$ 198,821                   | \$ (183,863)                  | \$ -                   | \$ 14,958              | \$ 2,305,616          |
| 56.1                | (2,880,305)                     | 101,257             | -                   | (2,779,048)          | 3,741,930                    | (9,275,830)                   | 138,714                | (5,395,186)            | \$ (8,174,234)        |
| FP/Uni              | (3,724,220)                     | 9,039,724           | -                   | 5,315,504            | 1,694,541                    | (11,195,667)                  | 595,075                | (8,906,051)            | \$ (3,590,547)        |
| PRHC                | 3,555,942                       | -                   | -                   | 3,555,942            | 1,329,402                    | (2,370,554)                   | -                      | (1,041,152)            | \$ 2,514,790          |
| Other               | 1,315,980                       | -                   | -                   | 1,315,980            | 201,141                      | (7,597)                       | -                      | 193,544                | \$ 1,509,524          |
| Corporate           | -                               | -                   | 901,309             | 901,309              | -                            | -                             | -                      | -                      | \$ 901,309            |
| <b>Total</b>        | <b>\$ 558,055</b>               | <b>\$ 9,140,981</b> | <b>\$ 901,309</b>   | <b>\$ 10,600,344</b> | <b>\$ 7,165,835</b>          | <b>\$ (23,033,510)</b>        | <b>\$ 733,789</b>      | <b>\$ (15,133,887)</b> | <b>\$ (4,533,543)</b> |

**Peel Housing Corporation  
Cash Flow Reserve Balance Forecast by Program  
to December 31, 2013**

Figures do not include cumulative unrealized gains or losses on investment held for trading.

| Reserve Description                               | Replacement of Capital Property at June 30, 2013 | Working Fund at June 30, 2013 | Reserve Totals at June 30, 2013 | Forecast Contribution July to December 2013 | Forecast Draws July to December 2013* | Transfers Between Reserves July to December 2013 | Net Forecasted Activity July to December 2013 | Forecasted December 31, 2013 Balance |
|---|--|-------------------------------|---------------------------------|---|---------------------------------------|--|---|--------------------------------------|
| 15.1  | \$ 2,290,658                                     | \$ -                          | \$ 2,290,658                    | \$ 177,270                                  | \$ 4,700                              |  | \$ 172,571                                    | \$ 2,463,229                         |
| 56.1  | (2,880,305)                                      | -                             | (2,880,305)                     | 3,104,902                                   | 5,205,367                             |  | (2,100,465)                                   | (4,980,770)                          |
| FP/Uni  | (3,724,220)                                      | -                             | (3,724,220)                     | 1,308,171                                   | 4,196,119                             | 4,209,799  | 1,321,850                                     | (2,402,370)                          |
| PRHC  | 3,555,942  | -                             | 3,555,942                       | 669,161                                     | 1,043,313                             |  | (374,151)                                     | 3,181,790                            |
| Other   | 1,315,980  | -                             | 1,315,980                       | 250,795                                     | -                                     |  | 250,795                                       | 1,566,774                            |
| Corporate   | -  | -                             | -                               | -   | -                                     |  | -   | -                                    |
| <b>Total Available for Replacement of Capital</b> | <b>\$ 558,055</b>                                | <b>\$ -</b>                   | <b>\$ 558,055</b>               | <b>\$ 5,510,299</b>                         | <b>\$ 10,449,498</b>                  | <b>\$ 4,209,799</b>                              | <b>\$ (729,400)</b>                           | <b>\$ (171,345)</b>                  |
| 56.1  | -  | 101,257                       | 101,257                         | 138,714                                     | -                                     |  | 138,714                                       | 239,971                              |
| FP/Uni  | -  | 9,039,724                     | 9,039,724                       | 595,075                                     | -                                     | (4,209,799)                                      | (3,614,724)                                   | 5,425,000                            |
| <b>Total Working Fund</b>                         | <b>\$ -</b>                                      | <b>\$ 9,140,981</b>           | <b>\$ 9,140,981</b>             | <b>\$ 733,789</b>                           | <b>\$ -</b>                           | <b>\$ (4,209,799)</b>                            | <b>\$ (3,476,010)</b>                         | <b>\$ 5,664,971</b>                  |
| <b>Total Reserves</b>                             | <b>\$ 558,055</b>                                | <b>\$ 9,140,981</b>           | <b>\$ 9,699,035</b>             | <b>\$ 6,244,088</b>                         | <b>\$ 10,449,498</b>                  | <b>\$ -</b>                                      | <b>\$ (4,205,410)</b>                         | <b>\$ 5,493,625</b>                  |

\*Includes Minor capital

## APPENDIX IV

FINANCIAL REPORT - JUNE 2013 (UNAUDITED)

**Peel Housing Corporation**  
**Continuity Schedule of Reserves**  
**As At June 30, 2013**

Figures do not include cumulative unrealized gains or losses on investment held for trading.

| <b>Balances</b>                        | <b>Replacement<br/>of Capital<br/>Property</b> | <b>Working<br/>Fund</b> | <b>Energy<br/>Conservation</b> | <b>Total</b>          |
|--|--|-------------------------|--------------------------------|-----------------------|
| Balance January 1, 2013                | \$ 1,466,159                                   | \$ 8,882,155            | \$ 886,484                     | \$ 11,234,798         |
| Allowable Contributions                | 2,460,110                                      | 191,252                 | (0)                            | 2,651,362             |
| Transfer to current operations         | (0)  | (0)                     | (0)                            | (0)                   |
| Capital Expenditures                   | (3,399,960)                                    | (81,170)                | (0)                            | (3,481,130)           |
| Interest Earned                        | 31,746   | 148,744                 | 14,825                         | 195,314               |
| <b>Balance June 30, 2013</b>           | <b>558,055</b>                                 | <b>9,140,981</b>        | <b>901,309</b>                 | <b>10,600,344</b>     |
| Less: Committed Balances               | (15,867,676)                                   | 733,789                 | -                              | (15,133,887)          |
| <b>Balance Available June 30, 2013</b> | <b>\$ (15,309,621)</b>                         | <b>\$ 9,874,770</b>     | <b>\$ 901,309</b>              | <b>\$ (4,533,543)</b> |

**Peel Housing Corporation**  
**Statement of Mortgage Renewals**  
**As At June 30, 2013**

|   | New Terms         | Previous Terms |
|---|-------------------|----------------|
| <b>1) Riley Court: Ward M03</b>                     |                   |                |
| Financial Institution:                              | CMHC              | CMHC           |
| Principal Renewed Amount:                           | \$2,006,283       | \$3,691,215    |
| Term:   | 59 Months         | 60 Months      |
| Maturity Date:                                      | February 1, 2018  | March 1, 2013  |
| Mortgage Rate:                                      | 1.62%             | 3.90%          |
| Monthly Payment (P&I):                              | \$35,395          | \$37,398       |
| Annualized 2013 Increase / (Decrease)               | \$(24,036)        |                |
| <b>2) The Meadows: Ward M04</b>                     |                   |                |
| Financial Institution:                              | Scotia Bank       | Royal Bank     |
| Principal Renewed Amount:                           | \$2,007,410       | \$3,633,996    |
| Term:   | 60 Months         | 60 Months      |
| Maturity Date:                                      | March 1, 2018     | March 1, 2013  |
| Mortgage Rate:                                      | 2.15%             | 4.25%          |
| Monthly Payment (P&I):                              | \$35,307          | \$37,164       |
| Annualized 2013 Increase / (Decrease)               | \$(22,284)        |                |
| <b>3) Chamney Court: Ward B03</b>                   |                   |                |
| Financial Institution:                              | The TD Bank       | The TD Bank    |
| Principal Renewed Amount:                           | \$1,482,337       | \$2,687,720    |
| Term:   | 60 Months         | 60 Months      |
| Maturity Date:                                      | May 1, 2018       | May 1, 2013    |
| Mortgage Rate:                                      | 1.84%             | 4.17%          |
| Monthly Payment (P&I):                              | \$25,871          | \$27,389       |
| Annualized 2013 Increase / (Decrease)               | \$(18,216)        |                |
| <b>4) Ridgewood Court: Ward M05</b>                 |                   |                |
| Financial Institution:                              | CMHC              | CMHC           |
| Principal Renewed Amount:                           | \$4,944,067       | \$6,911,600    |
| Term:   | 119 Months        | 60 Months      |
| Maturity Date:                                      | May 1, 2023       | June 1, 2013   |
| Mortgage Rate:                                      | 2.09%             | 3.16%          |
| Monthly Payment (P&I):                              | \$46,017          | \$48,406       |
| Annualized 2013 Increase / (Decrease)               | \$(28,668)        |                |
| <b>Total Annualized 2013 Increase / (Decrease):</b> | <b>\$(93,204)</b> |                |