

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP  
RHS PROJECT NO. 58-53-3919-96893-017**

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTAL INFORMATION AND  
COMPLIANCE REPORTS**

**December 31, 2009 and 2008**

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Evansville Senior Housing Limited Partnership  
Evansville, Wisconsin

We have audited the accompanying balance sheets of Evansville Senior Housing Limited Partnership, RHS Project No. 58-53-3919-96893-017, as of December 31, 2009 and 2008, and the related statements of operations, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evansville Senior Housing Limited Partnership, RHS Project No. 58-53-3919-96893-017, as of December 31, 2009 and 2008, and the results of its operations, changes in its partners' equity, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2010 on our consideration of Evansville Senior Housing Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 11 – 12 and 17 – 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wegner LLP*

Wegner LLP  
Madison, Wisconsin  
February 26, 2010



**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**BALANCE SHEETS**  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 30,875	\$ 23,012
Accounts receivable	-	3,091
Total current assets	30,875	26,103
Rental property - net	1,701,856	1,754,456
<b>OTHER ASSETS</b>		
Tenants' security deposits	7,920	7,990
Mortgage escrow deposits	7,396	10,326
Replacement reserve	89,923	77,102
Total other assets	105,239	95,418
<b>Total assets</b>	<b><u>\$ 1,837,970</u></b>	<b><u>\$ 1,875,977</u></b>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Tenants' security deposits payable	\$ 7,920	\$ 7,990
Prepaid rent	1,180	830
Accrued real estate taxes	6,765	6,932
Accrued interest payable	9,290	8,817
Current portion of mortgage note payable	1,208	1,128
Total current liabilities	26,363	25,697
<b>LONG-TERM LIABILITIES</b>		
Mortgage note payable less current portion	273,023	274,231
Mortgage notes payable - related party	756,000	756,000
Total long-term liabilities	1,029,023	1,030,231
Total liabilities	1,055,386	1,055,928
Partners' equity	782,584	820,049
<b>Total liabilities and partners' equity</b>	<b><u>\$ 1,837,970</u></b>	<b><u>\$ 1,875,977</u></b>

See accompanying notes.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**STATEMENTS OF OPERATIONS**  
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Rental income	\$ 129,922	\$ 116,784
Vacancies and concessions	(890)	(2,252)
Interest	234	2,093
Miscellaneous	<u>15,616</u>	<u>15,764</u>
Total revenue	144,882	132,389
<b>EXPENSES</b>		
Rent and administrative	34,581	31,130
Utilities	27,203	26,940
Operating and maintenance	37,405	32,570
Taxes and insurance	12,311	10,927
Interest	12,247	12,251
Depreciation	<u>52,600</u>	<u>55,626</u>
Total expenses	<u>176,347</u>	<u>169,444</u>
<b>Net loss</b>	<u>\$ (31,465)</u>	<u>\$ (37,055)</u>

See accompanying notes.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**STATEMENTS OF PARTNERS' EQUITY**  
**Years ended December 31, 2009 and 2008**

	Operating General Partner	Limited Partner	Administrative Limited Partner	Total
December 31, 2007 balances	\$ (2,662)	\$ 898,633	\$ (29)	\$ 895,942
Distributions	(18,817)	(20,019)	(2)	(38,838)
Net loss	<u>(34)</u>	<u>(37,018)</u>	<u>(3)</u>	<u>(37,055)</u>
December 31, 2008 balances	(21,513)	841,596	(34)	820,049
Distributions	(1,733)	(4,267)		(6,000)
Net loss	<u>(28)</u>	<u>(31,434)</u>	<u>(3)</u>	<u>(31,465)</u>
December 31, 2009 balances	<u>\$ (23,274)</u>	<u>\$ 805,895</u>	<u>\$ (37)</u>	<u>\$ 782,584</u>
Ownership percentages	0.09%	99.90%	0.01%	100.00%

See accompanying notes.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (31,465)	\$ (37,055)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	52,600	55,626
(Increase) decrease in assets		
Accounts receivable	3,091	(2,626)
Tenants' security deposits	70	630
Increase (decrease) in liabilities		
Tenants' security deposits payable	(70)	(630)
Prepaid rent	350	(740)
Accrued real estate taxes	(167)	417
Accrued interest payable	473	(24,296)
<b>Net cash flows from operating activities</b>	<u>24,882</u>	<u>(8,674)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net withdrawals from (deposits to) mortgage escrow	2,930	(43)
Net withdrawals from (deposits to) replacement reserve	(12,821)	14,073
Net withdrawals from operating deficit reserve	-	32,838
<b>Net cash flows from investing activities</b>	<u>(9,891)</u>	<u>46,868</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgage note payable	(1,128)	(1,053)
Distributions to partners	(6,000)	(38,838)
<b>Net cash flows from financing activities</b>	<u>(7,128)</u>	<u>(39,891)</u>
Change in cash	7,863	(1,697)
Cash - beginning of year	<u>23,012</u>	<u>24,709</u>
<b>Cash - end of year</b>	<u>\$ 30,875</u>	<u>\$ 23,012</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 11,774	\$ 36,547

See accompanying notes.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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Evansville Senior Housing Limited Partnership (Partnership) was formed in July 2000 as a limited partnership under the Wisconsin Uniform Limited Partnership Act. The Partnership was formed for the purpose of constructing and operating a 24-unit residential rental housing project called Arbor Glen (project) located in Evansville, Wisconsin. The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The project receives rent and interest subsidies from Rural Housing Service (RHS) of the U.S. Department of Agriculture, Rural Development (USDA-RD). The total amount of rental assistance to be received over the term of the agreement is limited to \$227,584. The rental subsidy accounted for 41% of the project's rental income in 2009. The Partnership shall continue in existence until December 31, 2035, unless it is earlier dissolved and terminated pursuant to the provisions of the Partnership agreement. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounts Receivable**

The Partnership considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

**Rental Property**

Purchases of rental property are recorded at cost. Depreciation of buildings and improvements is provided using the straight-line method over 15 to 40 years based on the estimated useful lives of the assets. Depreciation of furniture and fixtures is provided by the straight-line method over seven years.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Partnership has elected under the Internal Revenue Code to be a limited partnership. In lieu of corporation income taxes, the partners of a limited partnership are taxed on their proportionate share of the Partnership's taxable income. The Partnership's federal partnership income returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Partnership is no longer subject to such examinations for tax years before 2006.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE 2 - RENTAL PROPERTY**

Rental property consisted of the following at December 31, 2009 and 2008:

	2009	2008
Land	\$ 210,420	\$ 210,420
Land improvements	82,400	82,400
Building and improvements	1,856,444	1,856,444
Furniture and fixtures	67,024	67,024
Rental property	2,216,288	2,216,288
Less accumulated depreciation	514,432	461,832
Property and equipment - net	<u>\$ 1,701,856</u>	<u>\$ 1,754,456</u>

**NOTE 3 - MORTGAGE NOTE PAYABLE**

The Partnership is obligated on a \$281,000 mortgage note payable to RHS due July 26, 2030. The note bears an interest rate of 6.875% and requires monthly payments of \$1,669. The balance on the note was \$274,231 and \$275,359 at December 31, 2009 and 2008. In connection with this loan, the Partnership has entered into an Interest Credit and Rental Assistance Agreement whereby the Partnership receives a monthly interest reduction payment of \$1,071, which is reflected in the financial statements as a reduction of interest expense. The partners have assumed no personal liability for the mortgage. The mortgage note is collateralized by the Partnership's assets and rents and income thereon. Future minimum principal payments are \$1,208, \$1,294, \$1,386, \$1,484, \$1,590, and \$267,269 for 2010, 2011, 2012, 2013, 2014, and thereafter.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The Partnership is liable on a \$660,000 subordinated mortgage note payable to Community Action, Inc. of Rock and Walworth Counties (CAI), the operating general partner. The note bears an interest rate of 0.75%. The principal amount and accrued interest are due and payable on December 31, 2032. Interest expense was \$4,950 for both 2009 and 2008. Accrued interest was \$4,950 at December 31, 2009 and 2008. The note is collateralized by the assets of the Partnership and the partners have assumed no personal liability. The mortgage note contains, among other things, restrictions on transferring any of the Partnership's property or assigning the rights to manage or receive the rents and profits of the property.

The Partnership is also liable on another subordinated mortgage note payable to CAI. The balance of this note is \$96,000 and is due and payable, including accrued interest at 0.5% per year, on December 31, 2032. Interest expense was \$480 for both 2009 and 2008. Accrued interest was \$3,840 and \$3,360 at December 31, 2009 and 2008. This note is collateralized by the assets of the Partnership and the partners have assumed no personal liability. The mortgage note contains, among other things, restrictions on transferring any of the Partnership's property or assigning the rights to manage or receive the rents and profits of the property.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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**NOTE 5 - ALLOWABLE DISTRIBUTIONS AND CUMULATIVE DISTRIBUTIONS PAYABLE**

Pursuant to the Loan Agreement with RHS, there are limitations placed on annual cash flows available for distribution up to a maximum of \$6,000 (eight percent on the Partnership's initial investment of \$75,000) after payment of operating expenses and funding of current debt service and reserves. Distributions of \$6,000 were made for both 2009 and 2008.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

**Land Use Restriction Agreement (LURA)**

The Partnership entered into a LURA with the Wisconsin Housing and Economic Development Authority (WHEDA) as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the Partnership must continuously comply with Internal Revenue Code (IRC) Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose incomes meet the requirements set under IRC Section 42. If the Partnership fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the partners may be required to recapture a portion of the tax credits previously claimed on their income tax returns. The Partnership is obligated to recertify tenant eligibility on an annual basis.

Pursuant to the LURA, the Partnership must set aside project units as described in the following paragraphs:

Eleven units must be set aside for households whose incomes do not exceed 30% of the Rock County Median Income (CMI) as published by the U.S. Department of Housing and Urban Development (HUD) and adjusted for family size. Rents, including estimated utilities, for these units shall not exceed 30% of 30% of the CMI.

One unit must be set aside for occupancy by a household whose income does not exceed 40% of the CMI as published by HUD and adjusted for family size. Rent, including estimated utilities, for this unit shall not exceed 30% of 40% of the CMI.

One unit must be set aside for occupancy by a household whose income does not exceed 50% of the CMI as published by HUD and adjusted for family size. Rent, including estimated utilities, for this unit shall not exceed 30% of 50% of the CMI.

Eleven units must be set aside for occupancy by households whose incomes do not exceed 60% of the CMI as published by HUD and adjusted for family size. Rents, including estimated utilities, for these units shall not exceed 30% of 60% of the CMI.

In addition, the Partnership has an agreement with CAI that requires it to designate eleven of the units as "HOME Assisted" units. The HOME Assisted units are restricted for occupancy by seniors whose incomes do not exceed 30% of the CMI as published by HUD and adjusted for family size.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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**NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)**

**Operating Deficit Reserve**

The Partnership was required to deposit \$34,284 into an operating deficit reserve account in accordance with the mortgage loan agreement with RHS. The operating deficit reserve is no longer required to be maintained and RHS has approved disbursement of the reserve. The reserve was disbursed in 2008.

**Replacement Reserve**

Pursuant to the loan agreement with RHS, the Partnership is required to make annual deposits of \$17,135 to the replacement reserve fund. Disbursements are restricted to replacement of equipment, structural elements, and other components of the project of a capital nature. Withdrawal from the replacement reserve fund may be made only with the consent or upon the direction of RHS.

**Mortgage Escrow Deposit**

In connection with the mortgage note payable described in Note 2, the Partnership is required to make monthly deposits to accumulate funds for the payment of real estate taxes and insurance.

**Management Fees**

CAI subcontracted to third-party property managers for management fees. The management fee is based on a rate per occupied unit approved by RHS. The rate was \$40.64 per occupied unit. Beginning July 2008, the rate was raised to \$43 per occupied unit. Management fees totaled \$12,623 and \$12,126 for 2009 and 2008.

**Rental Assistance Agreement**

The Partnership has entered into a rental assistance agreement with RHS whereby RHS agrees to provide rental assistance for 21 units as long as the Partnership is in compliance with RHS' governing rules and regulations and the related agreements. Three units are ineligible for rental assistance as they were not used for six months consecutively. The rental assistance is equal to the difference between the approved shelter cost of the project and the monthly tenant contributions as certified by each household.

**NOTE 7 - CURRENT VULNERABILITY DUE TO CERTAIN CONDITIONS**

The Partnership's operations are concentrated in the low-income housing and elderly residential real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies including, but not limited to USDA-RD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by USDA-RD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**SCHEDULES OF OPERATIONS**  
Year ended December 31, 2009

<b>RENT AND ADMINISTRATIVE</b>	
Management fees	\$ 12,682
Administrative personnel	9,797
Accounting - auditing	7,140
Office supplies	992
Training expense	40
Advertising	1,573
Telephone	1,322
Other administrative	1,035
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<b>Total rent and administrative</b>	<b>\$ 34,581</b>
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<b>UTILITIES</b>	
Electricity	\$ 6,854
Water and sewer	3,646
Gas and fuel oil	7,392
Garbage and trash removal	1,918
Other utilities	7,393
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<b>Total utilities</b>	<b>\$ 27,203</b>
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<b>OPERATING AND MAINTENANCE</b>	
Supplies	\$ 1,679
Painting and decorating	707
General maintenance and repairs	14,836
Building repairs and improvements	5,318
Grounds maintenance	399
Services	13,570
Bad debts	896
	<hr/>
<b>Total operating and maintenance</b>	<b>\$ 37,405</b>
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<b>TAXES AND INSURANCE</b>	
Real estate taxes	\$ 6,765
Property Liability Insurance	5,546
	<hr/>
<b>Total taxes and insurance</b>	<b>\$ 12,311</b>
	<hr/>
<b>INTEREST</b>	
Interest on mortgage	\$ 12,247
	<hr/>
<b>DEPRECIATION</b>	
Building and improvements	\$ 46,411
Land improvements	5,493
Furniture and fixtures	3,722
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<b>Total depreciation</b>	<b>\$ 52,600</b>
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**EVANSVILLE SENIOR HOUSING LIMITED PARTNERSHIP**  
**RHS PROJECT NO. 58-53-3919-96893-017**  
**SUPPLEMENTAL INFORMATION REQUIRED BY AGREED-UPON PROCEDURES**  
Year ended December 31, 2009

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**MANAGEMENT FEE CALCULATION**

The management fee is based on a fee per unit occupied by tenants during the month.

Total Qualified Units	288
Less: Vacancies	<u>4</u>
Total Occupied Units	284
Fee Per Unit	<u>\$ 43.00</u>
Management Fee Expense	<u><u>\$ 12,212</u></u>

Note: Management fee expense per the financial statements is \$12,682. Immaterial difference due to the % of revenue method used to calculate the fee by Wisconsin Management Company.

**INSURANCE DETAIL**

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Business Liability	\$ -	\$ 5,000,000
Buildings	500	9,359,500

**RETURN TO OWNER**

In accordance with the Loan agreement, the annual return to owner is as follows:

Maximum Return to Owner (See Note 4)	<u>\$ 6,000</u>
Budgeted Return to Owner	<u>\$ 6,000</u>
Return to Owner Paid	<u><u>\$ 6,000</u></u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Partners  
Evansville Senior Housing Limited Partnership  
Evansville, Wisconsin

We have audited the financial statements of Evansville Senior Housing Limited Partnership as of and for the year ended December 31, 2009, and have issued our report thereon dated February 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Evansville Senior Housing Limited Partnership's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evansville Senior Housing Limited Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Evansville Senior Housing Limited Partnership's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Evansville Senior Housing Limited Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the partners, others within the entity, and the United States Department of Agriculture Rural Housing Service and is not intended to be and should not be used by anyone other than these specified parties.

*Wegner LLP*

Wegner LLP  
Madison, Wisconsin  
February 26, 2010



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Partners  
Evansville Senior Housing Limited Partnership  
Evansville, Wisconsin

and

United States Department of Agriculture  
Rural Development  
Champaign Area Office  
Champaign, Illinois

We have performed the procedures below, which were agreed to by the United States Department of Agriculture Rural Development and Evansville Senior Housing Limited Partnership ("Owner") the owner of Arbor Glen Apartments ("Project") located in Evansville, Wisconsin solely to assist those parties in evaluating that the accompanying Form RD 3560-10, Multiple Family Housing Borrower Balance Sheet, Form RD 3560-7, Multiple Family Housing Project Budget ("Financial Reports") and Supporting Documentation are prepared by the Borrower in accordance with the criteria specified in RD Regulations contained in 7 CFR 3560 section 303(b) and section 306, in accordance with determinations noted in Attachment 4-D of RD Handbook HB-2-3560, for the year ended December 31, 2009. The owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standard* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of RD and the owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or check imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, line items 1-10 and 19-32 to determine they were incurred as part of the ongoing operations of the project. We selected a representative sample of invoices and supporting documentation, based on the sample size determined by RD in Attachment 4-D of RD Handbook HB-2-3560, for expenses included in line items 1-10 and 19-32 of Form RD 3560-7 and determined that the services were eligible expenses, in accordance with Attachment 4-A of HB-2-3560, and the shipping address agreed to the project address. In addition, we confirmed a sample of the expenditures with the vendors to determine the invoice paid agreed to the vendor's records.

### Findings:

Total Number of Invoices in Population: 326  
Total Dollar Amount of Invoices in Population: \$65,772  
Total Number of Invoices Reviewed: 10  
Total Dollar Amount of Invoices Reviewed: \$1,696  
Total Number of Invoices in Vendor Confirmation Sample: 2  
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$503  
Total Number of Vendor Confirmations Not Received: 0  
Total Dollar Amount of Invoices in Vendor Confirmations Not Received: \$0  
Total Number of Deviations: 0  
Total Dollar Amount of Deviations: \$0



2. We confirmed the balance in the replacement reserve account presented on Form RD 3560-7, Part III, and confirmed that no amounts were encumbered by the financial institution that holds the accounts. We determined that all balances are within the FDIC insurance limits. We determined the number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by Rural Development on Form RD 3560-12. We compared the invoices and cancelled checks (or check imaging on original bank statement) to the approved withdrawals from Rural Development.

**Findings:**

Total Number of Reserve Account Withdrawals: 3  
Total Number of Withdrawals Authorized by Rural Development: 3  
Total Dollar Amount of Reserve Account Withdrawals: \$5,318  
Total Dollar Amount of Withdrawals Authorized by Rural Development: \$5,318  
Total Number of Deviations: 0  
Total Dollar Amount of Deviations: \$0

The confirmation received from the financial institution agreed to the project's bank reconciliation and no encumbrances were noted on the confirmation. All withdrawals were paid to the vendors approved by Rural Development on Form RD 3560-12.

3. We obtained the Identity of Interest (IOI) company listing and Form RD 3560-31 from Rural Development and determined that the services provided and approved fees, if applicable, agree to the actual service and fees charged to the project. We examined a sample of invoices and determined that the services and charges are in accordance with the disclosures contained in Form RD 3560-31 as agreed to by Rural Development.

**Findings:**

Total Number of Forms RD 3560-31 Received: 2

Wisconsin Management Company

Management Fees

Total Number of Invoices in Population: 12  
Total Dollar Amount of Invoices in Population: \$12,682  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$12,682

Payroll/Other Administrative

Total Number of Invoices in Population: 100  
Total Dollar Amount of Invoices in Population: \$20,794  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$3,084

Invoices paid as part of corporate buying arrangement

Total Number of Invoices in Population: 86  
Total Dollar Amount of Invoices in Population: \$2,923  
Total Number of Invoices Reviewed: 9  
Total Dollar Amount of Invoices Reviewed: \$361

First General Services of Madison – No transactions during 2009.

The agreed-upon procedures performed above and the management representation letter revealed no undisclosed IOI companies.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the financial reports and supporting documentation of Evansville Senior Housing Limited Partnership. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the owner and management agent of Evansville Senior Housing Limited Partnership, and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

*Wegner LLP*

Wegner LLP  
Madison, Wisconsin  
February 26, 2010

## MULTI-FAMILY HOUSING BORROWER BALANCE SHEET

### PART I - BALANCE SHEET

<b>PROJECT NAME</b> ARBOR GLEN APARTMENTS	<b>BORROWER NAME</b> C. A. of Walworth & Rock Co.	<b>BORROWER ID AND PROJECT NO.</b> 375846795 017
--	--	---

	BEGINNING DATES >	CURRENT YEAR ( 01/01/2009 )	PRIOR YEAR ( 01/01/2008 )	COMMENTS
<u>ASSETS</u>	ENDING DATES >	( 12/31/2009 )	( 12/31/2008 )	

**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT .....		30,874.79	23,011.65	
2. R.E. TAX & INSURANCE ACCOUNT .....		7,395.60	10,325.67	
3. RESERVE ACCOUNT .....		89,923.47	77,101.46	
4. SECURITY DEPOSIT ACCOUNT .....		7,920.00	7,990.00	
5. OTHER CASH ( <i>identify</i> ) .....		0.00	0.00	
6. OTHER ( <i>identify</i> ) .....		0.00	0.00	
7. TOTAL ACCOUNTS RECEIVABLE ( <i>Attach list</i> ) .....		0.00	3,091.31	
ACCTS RCVBL 0-30 DAYS \$ 0.00			3,091.31	
ACCTS RCVBL 30-60 DAYS \$ 0.00			0.00	
ACCTS RCVBL 60-90 DAYS \$ 0.00			0.00	
ACCTS RCVBL OVER 90 DAYS \$ 0.00			0.00	
8. LESS : ALLOWANCE FOR DOUBTFUL ACCOUNTS .....		( 0.00)	( 0.00)	
9. INVENTORIES ( <i>supplies</i> ) .....		0.00	0.00	
10. PREPAYMENTS .....		0.00	0.00	
11. ....		0.00	0.00	
12. <b>TOTAL CURRENT ASSETS (Add 1 thru 11)</b> .....		<b>136,113.86</b>	<b>121,520.09</b>	

**FIXED ASSETS**

13. LAND .....		210,420.00	210,420.00	
14. BUILDINGS .....		1,856,444.07	1,856,444.07	
15. LESS : ACCUMULATED DEPRECIATION .....		( 514,432.00)	( 461,832.00)	
16. FURNITURE & EQUIPMENT .....		67,024.45	67,024.45	
17. LESS : ACCUMULATED DEPRECIATION .....		( 0.00)	( 0.00)	
18. Land Improvement .....		82,400.00	82,400.00	
19. <b>TOTAL FIXED ASSETS (add 13 thru 18)</b> .....		<b>1,701,856.52</b>	<b>1,754,456.52</b>	

**OTHER ASSETS**

20. ....		0.00	0.00	
21. <b>TOTAL ASSETS (Add 12 , 19, and 20)</b> .....		<b>1,837,970.38</b>	<b>1,875,976.61</b>	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE ( <i>Attach list</i> ) .....		16,054.99	15,775.59	
ACCTS PAYABLE 0-30 DAYS \$ 6,764.87			15,775.59	Accr RE Tax 6764.87
ACCTS PAYABLE 30-60 DAYS \$ 0.00			0.00	
ACCTS PAYABLE 60-90 DAYS \$ 0.00			0.00	
ACCTS PAYABLE OVER 90 DAYS \$ 9,290.12			0.00	Accr Int 9290.12
23. NOTES PAYABLES ( <i>Attach list</i> ) .....		1,180.71	829.96	Prepaid Rent
24. SECURITY DEPOSITS .....		7,920.00	7,990.00	
25. <b>TOTAL CURRENT LIABILITIES (Add 22 Thru 24)</b> .....		<b>25,155.70</b>	<b>24,595.55</b>	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

**LONG-TERM LIABILITIES**

26. NOTES PAYABLE RURAL DEVELOPMENT .....	274,230.66	275,359.00
27. OTHER (Identify) _____ FHLB & Fed Home Loan	756,000.00	756,000.00
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27) .....	1,030,230.66	1,031,359.00
29. TOTAL LIABILITIES (Add 25 and 28) .....	1,055,386.36	1,055,954.55
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	782,584.02	820,022.06
31. TOTAL LIABILITIES AND OWNER'S EQUITY .....	1,837,970.38	1,875,976.61
(Add 29 and 30)		

**Warning :** Section 1001 of Title 18, United States Code provides : "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/11/10  
(Date)

Jenia Hueston  
(Signature of Borrower or Borrower's Representative)  
controller  
(Title)

**PART II - THIRD PARTY VERIFICATION OF REVIEW**

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

2/26/10  
(Date)

[Signature]  
(Signature)  
Scott Hammersen, Partner  
(Name and Title)

Wegner CPA's 2110 Wampanoac Madison  
(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

MULTIPLE FAMILY HOUSING PROJECT BUDGET/  
UTILITY ALLOWANCE

PROJECT NAME ARBOR GLEN APARTMENTS		BORROWER NAME C. A. of Walworth & Rock Co.		BORROWER ID AND PROJECT NO 375846795 017	
Loan/Transfer Amount \$ 0.00		Note Rate Payment \$ 0.00		IC Payment \$ 0.00	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> Proposed	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input checked="" type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	
				<input type="checkbox"/> I hereby request <u>0</u> units of RA Current number of RA units <u>0</u> Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET ( 01/01/2009 ) ( 12/31/2009 )	ACTUAL ( 01/01/2009 ) ( 12/31/2009 )	PROPOSED BUDGET ( 01/01/2010 ) ( 12/31/2010 )	COMMENTS or (YTD) Current Vs Proposed
BEGINNING DATES > ENDING DATES >				
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	129,360.00	74,612.39	133,680.00	4,320.00
2. RHS RENTAL ASSISTANCE RECEIVED .....		56,966.31		0.00
3. APPLICATION FEES RECEIVED .....		0.00		0.00
4. LAUNDRY AND VENDING .....	2,600.00	2,557.30	3,200.00	600.00
5. INTEREST INCOME .....	1,400.00	233.62	500.00	-900.00
6. TENANT CHARGES .....	12,000.00	12,871.71	12,500.00	500.00
7. OTHER - PROJECT SOURCES .....	0.00	187.16	0.00	0.00
8. LESS (Vacancy and Contingency Allowance) .....	( 4,000.00)		( 4,000.00)	( 0.00)
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	( 0.00)
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	141,360.00	147,428.49	145,880.00	4,520.00
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH-NON PROJECT .....	0.00	0.00	0.00	0.00
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	0.00
13. TRANSFER FROM RESERVE .....	5,000.00	5,317.59	13,900.00	8,900.00
14. SUB-TOTAL (11 thru 13) .....	5,000.00	5,317.59	13,900.00	8,900.00
15. TOTAL CASH SOURCES (10 + 14) .....	146,360.00	152,746.08	159,780.00	13,420.00
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	104,884.00	105,286.13	109,711.00	4,827.00
17. RHS DEBT PAYMENT .....	7,173.00	7,165.81	7,173.00	0.00
18. RHS PAYMENT (Overage) .....		780.00		0.00
19. RHS PAYMENT (Late Fee) .....		0.00		0.00
20. REDUCTION IN PRIOR YEAR PAYABLES .....		0.00		0.00
21. TENANT UTILITY PAYMENTS .....		0.00		0.00
22. TRANSFER TO RESERVE .....	17,210.00	18,139.60	17,210.00	0.00
23. RETURN TO OWNER / NP ASSET MANAGEMENT FEE .....	6,000.00	6,000.00	6,000.00	0.00
24. SUB-TOTAL (16 thru 23) .....	135,267.00	137,371.54	140,094.00	4,827.00
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	4,950.00	5,430.00	4,950.00	0.00
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) .....	5,000.00	5,317.59	13,900.00	8,900.00
27. MISCELLANEOUS .....	0.00	0.00	0.00	0.00
28. SUB-TOTAL (25 thru 27) .....	9,950.00	10,747.59	18,850.00	8,900.00
29. TOTAL CASH USES (24 + 28) .....	145,217.00	148,119.13	158,944.00	13,727.00
30. NET CASH (DEFICIT) (15 - 29) .....	1,143.00	4,626.95	836.00	-307.00
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	33,337.32	33,337.32	21,393.00	0.00
32. ACCRUAL TO CASH ADJUSTMENT .....		306.12		0.00
33. ENDING CASH BALANCE (30 + 31 + 32) .....	34,480.32	38,270.39	22,229.00	-307.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not to be required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

**PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	8,200.00	10,406.51	10,323.00	2,123.00
2. MAINTENANCE AND REPAIRS SUPPLY .....	2,250.00	1,679.03	1,800.00	-450.00
3. MAINTENANCE AND REPAIRS CONTRACT .....	6,700.00	8,497.39	6,900.00	200.00
4. PAINTING .....	1,350.00	707.46	1,300.00	-50.00
5. SNOW REMOVAL .....	2,230.00	2,898.07	2,750.00	520.00
6. ELEVATOR MAINTENANCE/CONTRACT .....	4,640.00	4,394.00	4,475.00	-165.00
7. GROUNDS .....	720.00	398.54	500.00	-220.00
8. SERVICES .....	1,900.00	2,174.56	3,000.00	1,100.00
9. ANNUAL CAPITAL BUDGET (From Part V - Operating) .....	4,300.00	0.00	2,800.00	-1,500.00
10. OTHER OPERATING EXPENSES (Itemize) .....	0.00	0.00	0.00	0.00
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	32,290.00	31,155.56	33,848.00	1,558.00
12. ELECTRICITY <input type="checkbox"/> If master metered .....	6,500.00	6,853.72	7,200.00	700.00
13. WATER <input type="checkbox"/> check box on .....	3,400.00	3,645.57	3,700.00	300.00
14. SEWER <input type="checkbox"/> front. ....	0.00	0.00	0.00	0.00
15. FUEL (Oil / Coal / Gas) .....	8,200.00	7,391.73	7,600.00	-600.00
16. GARBAGE & TRASH REMOVAL .....	2,000.00	1,918.27	2,100.00	100.00
17. OTHER UTILITIES .....	7,250.00	7,393.24	7,700.00	450.00
18. SUB-TOTAL UTILITIES (12 thru 17) .....	27,350.00	27,202.53	28,300.00	950.00
19. SITE MANAGEMENT PAYROLL .....	7,180.00	7,208.84	7,790.00	610.00
20. MANAGEMENT FEE .....	12,816.00	12,882.50	12,816.00	0.00
21. PROJECT AUDITING EXPENSE .....	6,900.00	7,140.00	7,150.00	250.00
22. PROJECT BOOKKEEPING / ACCOUNTING .....	0.00	0.00	0.00	0.00
23. LEGAL EXPENSES .....	130.00	0.00	0.00	-130.00
24. ADVERTISING .....	1,500.00	1,572.80	1,500.00	0.00
25. TELEPHONE & ANSWERING SERVICE .....	1,350.00	1,321.55	1,300.00	-50.00
26. OFFICE SUPPLIES .....	1,000.00	991.54	1,100.00	100.00
27. OFFICE FURNITURE & EQUIPMENT .....	0.00	0.00	0.00	0.00
28. TRAINING EXPENSE .....	50.00	40.05	60.00	10.00
29. HEALTH INS. & OTHER EMP. BENEFITS .....	0.00	0.00	0.00	0.00
30. PAYROLL TAXES .....	656.00	1,035.04	1,239.00	583.00
31. WORKMAN'S COMPENSATION .....	984.00	1,552.56	1,858.00	874.00
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	850.00	1,071.79	900.00	50.00
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	33,416.00	34,616.67	35,713.00	2,297.00
34. REAL ESTATE TAXES .....	6,840.00	6,764.87	7,350.00	510.00
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	0.00
36. OTHER TAXES, LICENSES & PERMITS .....	0.00	0.00	0.00	0.00
37. PROPERTY & LIABILITY INSURANCE .....	4,988.00	5,546.50	4,500.00	-488.00
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	0.00
39. OTHER INSURANCE .....	0.00	0.00	0.00	0.00
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	11,828.00	12,311.37	11,850.00	22.00
41. TOTAL O&M EXPENSES (11 + 18 + 33 + 40) .....	104,884.00	105,286.13	109,711.00	4,827.00

**PART III - ACCOUNT BUDGETING / STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT :</b>				
1. BEGINNING BALANCE .....	77,101.46	77,101.46	93,000.00	0.00
2. TRANSFER TO RESERVE .....	17,210.00	18,139.60	17,210.00	0.00
<b>TRANSFER FROM RESERVE</b>				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	0.00
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	5,000.00	4,900.00	13,900.00	8,900.00
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	0.00
6. OTHER NON-OPERATING EXPENSES .....	0.00	417.59	0.00	0.00
7. TOTAL (3 thru 6) .....	( 5,000.00)	( 5,317.59)	( 13,900.00)	( 8,900.00)
8. ENDING BALANCE [(1 + 2) - 7) .....	89,311.46	89,923.47	96,310.00	-8,900.00

**GENERAL OPERATING ACCOUNT : \***

BEGINNING BALANCE .....	23,011.65	0.00
ENDING BALANCE .....	30,874.79	0.00

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT : \***

BEGINNING BALANCE .....	10,325.67	0.00
ENDING BALANCE .....	7,395.60	0.00

**TENANT SECURITY DEPOSIT ACCOUNT : \***

BEGINNING BALANCE .....	7,990.00	0.00
ENDING BALANCE .....	7,920.00	0.00

(\* Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE .....	0.00
NUMBER OF APPLICANTS NEEDING RA .....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV - RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS / UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1BR	S	11	355	415	0	46,860	54,780	0	29
1BR	M	1	435	505	0	5,220	6,060	0	29
1BR	L	6	515	585	0	37,080	42,120	0	29
1BR	LH	1	515	585	0	6,180	7,020	0	29
2BR	S	1	535	605	0	6,420	7,260	0	38
2BR	L	3	575	645	0	20,700	23,220	0	38
2BR	LH	1	575	645	0	6,900	7,740	0	38
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
<b>CURRENT RENT TOTALS :</b>						<b>129,360</b>	<b>148,200</b>	<b>0</b>	
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date : 01/01/2010**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1BR	S	11	355	415	0	46,860	54,780	0	29
1BR	M	1	435	505	0	5,220	6,060	0	29
1BR	L	6	515	585	0	37,080	42,120	0	29
1BR	LH	1	515	585	0	6,180	7,020	0	29
2BR	S	1	535	605	0	6,420	7,260	0	38
2BR	L	3	575	645	0	20,700	23,220	0	38
2BR	LH	1	575	645	0	6,900	7,740	0	38
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
<b>PROPOSED RENT TOTALS :</b>						<b>129,360</b>	<b>148,200</b>	<b>0</b>	
						BASIC	NOTE	HUD	

**C. PROPOSED UTILITY ALLOWANCE - Effective Date : 01/01/2010**

**MONTHLY DOLLAR ALLOWANCES**

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1BR	S	11	0	29	0	0	0	0	29
1BR	M	1	0	29	0	0	0	0	29
1BR	L	6	0	29	0	0	0	0	29
1BR	LH	1	0	29	0	0	0	0	29
2BR	S	1	0	38	0	0	0	0	38
2BR	L	3	0	38	0	0	0	0	38
2BR	LH	1	0	38	0	0	0	0	38
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0
	N	0	0	0	0	0	0	0	0

**PART V - ANNUAL CAPITAL BUDGET**

		Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>								
	Range	0	0.00	0.00	0.00	0.00	0.00	0
	Refrigerator	0	0.00	0.00	0.00	0.00	0.00	0
	Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
	Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>								
	1BR	0	0.00	0.00	0.00	0.00	0.00	0
	2BR	0	0.00	0.00	0.00	0.00	0.00	0
	3BR	0	0.00	0.00	0.00	0.00	0.00	0
	4BR	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>								
	Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
	Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>								
	Exterior	0	0.00	0.00	0.00	0.00	0.00	0
	Interior	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>								
	List	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating and Air Conditioning:</b>								
	Heating	0	0.00	0.00	0.00	0.00	0.00	0
	Air Conditioning	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>								
	Water Heater	0	0.00	0.00	0.00	0.00	0.00	0
	Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
	Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
	Faucets	0	0.00	0.00	0.00	0.00	0.00	0
	Toilets	0	0.00	0.00	0.00	0.00	0.00	0
	Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>								
	List		0.00	0.00	0.00	0.00	0.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>								
	Windows	0	0.00	0.00	0.00	0.00	0.00	0
	Screens	0	0.00	0.00	0.00	0.00	0.00	0
	Walls		0.00	0.00	0.00	0.00	0.00	
	Roofing		0.00	0.00	0.00	0.00	0.00	
	Siding		0.00	0.00	0.00	0.00	0.00	
	Exterior Painting		0.00	0.00	0.00	0.00	0.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>								
	Asphalt		0.00	0.00	0.00	0.00	0.00	
	Concrete		0.00	0.00	0.00	0.00	0.00	
	Seal & Stripe		0.00	1,500.00	0.00	0.00	1,500.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>								
	Landscaping		0.00	3,400.00	0.00	0.00	3,400.00	
	Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
	Fencing		0.00	0.00	0.00	0.00	0.00	
	Recreation Area		0.00	0.00	0.00	0.00	0.00	
	Signs		0.00	0.00	0.00	0.00	0.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>								
	List		0.00	0.00	0.00	0.00	0.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>								
	Site Management		0.00	0.00	0.00	0.00	0.00	
	Common Area		0.00	0.00	0.00	0.00	0.00	
	Other		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>								
	List		0.00	0.00	0.00	0.00	0.00	
	List		0.00	0.00	0.00	0.00	0.00	
	List		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>		0	0.00	4,900.00	0.00	0.00	4,900.00	0

PART VI - SIGNATURES, DATES AND COMMENTS

Warning : Section 1001 of Title 18, United States Code provides : "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE

3/11/10  
\_\_\_\_\_  
(Date)

Lena Husted  
\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

controller  
\_\_\_\_\_  
(Title)

AGENCY APPROVAL (Rural Development Approval Official)

DATE:

NARRATIVE &/OR COMMENTS:

- Part I - 7. Other - Project Sources - WMC Reimb disc 91.35, Collections Inc 90; Void SD ck Dowden 5 81
- Part II - 17. Other Utilities - Charter Communications
- Part II - 32. Other Administrative Expenses - State of WI 35; Bank Svc 201.62. Applic Process 77 10
- Part II - 32. Other Administrative Expenses - Wi-CARH 178 07; Resident Gifts 100, WHEDA fee 480
- Part III - 6. Other Non-Operating Expenses - 25 Percent RR Int Payment
- Part I - 32. Accrual to Cash Adjustment - Accrued RE Tax (167.41); Accrued Interest 473 53