

Project Financing: The Buckets

(Sample numbers for a 30 unit, \$10,000 project)

Our construction loan will cover 80% of the money we need to build the project. To get that, we need to:

- Pre-sell 75% of our units
- With our investors and development partners, come up with 20% of the apparent cost of the project, separated into three buckets as follows. (~\$1,700,000)

Buckets #1 & #2 total 10% or ~\$850,000



There are 23 Bucket #1s (75% of 30 units), for a total of ~\$350,000. Each represents the 5% minimum down payment required from equity members. This money is not interest bearing and will be applied to the purchase of the unit.



Bucket #2 represents internal investment money of ~\$500,000. It is rewarded in unit discounts at 15% APR now, 12% after zoning approval, and 9%/rate of the loan at construction loan. Bucket 2 money and unit discounts are applied to unit purchase.

Bucket #3 is another 10% of apparent cost, ~\$850,000. These are loans from members, friends and family, and investment from our development partners. Return on investment and repayment schedule is individually determined. This money is not counted towards unit purchase.

