INSTRUCTIONS FOR COMPLETING
INCOME AND EXPENSE SURVEY FORM
APARTMENTS

The following instructions are provided to aid you in filling out this survey form. If you have any questions, please call this office at 703.746.4646.

A. Certification

Certification of this information by the owner or officially authorized representative is required by state law (**Code of Virginia** 58.1-3294). A copy of this code will be provided upon request. Please print or type the name and title of the person certifying this information. Also provide the name and phone number of the person to contact with questions about this information.

B. Income Information

Please enter the period covered by this income and expense statement.

1. **POTENTIAL RENTAL INCOME**

   01. **Market Rent at 100% Occupancy** - Represents the total potential rental income for property during January of the reporting year. The potential rental income includes all the rental income assuming 100% occupancy of both residential apartments (including employee apartments) and commercial spaces, and is **prior to deduction for vacancy and collection loss.**

2. **VACANCY AND COLLECTION LOSS**

   02. **Income Loss Due to Vacancy** - Estimated rental loss at market rental rates due to periods of vacancy.

   03. **Income Loss Due to Concessions** – Incentives given to tenants in order to increase occupancy, e.g., periods of free or reduced rent.

   04. **Income Loss Due to Collection Loss** – Income loss due to inability to collect rent owed.

   05. **Total Vacancy and Collection Loss** - Sum of lines 02 through 04.

3. **ACTUAL GROSS INCOME**

   06. **Actual Apartment Rental Income** - Actual income received from rental of apartment units and commercial sales after vacancy collection loss and concessions.

4. **OTHER INCOME**

   07. **Excess Rent Attributable to Corporate Suites** - Income received from corporate suites less income for similar furnished or unfurnished units.

   08. **Laundry Income** - Total amount of income collected from coin laundry or contractual agreements with laundry machine suppliers. Check the appropriate box for contract service or owner managed.

   09. **Utility Reimbursements** – Represents tenant payment to owner of their pro rata share of operating expenses where utilities are sub-metered.

   10. **Interest Income** - Interest earned on capital improvement reserve accounts, monthly management operating accounts, and bank deposits such as CD's and treasury notes.

   11. **Insurance Reimbursements** - Monies paid to owner for insurance claims.

   12. **Garage/Parking Rents** - Rental income from garage or covered parking spaces.

   13. **Furniture rental income** - Rental income from furnished units.

   14. **Clubhouse rental** - Rental income from clubhouse.

   15. **Special Fees** - Pool fees, health club fees, or other fees not accounted for elsewhere.

   16. **Interest Subsidy** - For subsidized apartments only, indicate the amount paid by HUD to mortgagee.

   17. **Concessions** – Amount of income received from vending machines, pay telephones, etc.

   18. **Miscellaneous (specify)** - Any additional income received not covered in another category, such as antennas or telecommunication towers. Specify the type of source of income from such items.

   19. **Total Other Income** - Sum of lines 07 through 18.

TOTAL ACTUAL INCOME (Sum of lines 06c and Line 19)

C. Capital Improvements, Renovations

Capital expenditures are investments in remodeling or replacements that materially add to the value of the property, or appreciably prolong its economic life. Generally, expenditures on materials or equipment with a life of more than one year should be considered capital and included here. If this section applies to your property, please answer yes and list on an attached sheet the items considered to be capital improvements. **Enter the total amount of the capital cost for this reporting period only.** For each line enter a description of

the improvements, the total cost and the life of the improvements in years. The life of the improvements is the number of years the improvements are projected to last, or the number of years over which they will be amortized. This section helps to compile accurate maintenance expense data for each property type.

D. Annual Operating Expenses

These are expenses necessary to maintain the production of income from operation of the property. Do not include under any expense category items such as ground rent, mortgage interest or amortization, depreciation, income taxes, or capital expenditures. These are not operating expenses. Please include here all other expenses to the property, including those reimbursed by the tenants. If applicable, expenses should be broken out between residential and commercial components.

1. **UTILITIES**

20. **Water and Sewer** - Cost of water and sewer services for this reporting period.

21. **Electricity** - Please be sure to enter your electricity expenses on the appropriate line regarding HVAC.

22. **Primary Heating Fuel (specify)** - Specify primary fuel (oil, gas, electric) used for heating the building, and its expense.

23. **Other Fuel (specify)** - If more than one type of fuel is used, indicate type and total cost.

2. **MAINTENANCE AND REPAIRS**

24. **Maintenance Payroll** - Includes all maintenance and administrative payroll, payroll taxes and employee benefits (including the value of any discounts in the rent of employee apartments.)

25. **Supplies** - Expenses for maintenance supplies.

26. **HVAC Repairs** - Maintenance and repair expense for heating, ventilating and air-conditioning. Do not include capital repairs.

27. **Electric/Plumbing Repairs** - Maintenance and repair expense for electric and/or plumbing systems.

28. **Elevator Repairs** - Maintenance expense for elevator repairs.

29. **Roof Repairs** - Minor repair and routine maintenance expense to roof. Do not enter the cost to replace entire roof. Roof replacement is a capital expense, which should be shown in Section C.

30. **Pool Repairs** - Repairs to pool. Pool contract service or personnel costs service and operating expenses should appear on line 41.

31. **Other Common Area or Exterior Repairs** - Repairs to the outside of the property not covered elsewhere. Do not include capital items.

32. **Redecorating Cost (carpet, paint, etc.)** – Interior maintenance and repair. Do not include capital items, or major tenant fit up.

33. **Other (specify)** - Maintenance and repair expense not covered in another category. Please specify type of maintenance and/or repair. Do not include capital items.

3. **ADMINISTRATIVE**

34. **Management Fees** - Amount paid to a management company or self for operating the building. Do not count management expenses here if the same administrative costs are shown elsewhere.

35. **Administrative/Payroll** - Includes all maintenance and administrative payroll, payroll taxes and employee benefits (including the value of any discounts in the rent of employee apartments.)

36. All other costs associated with the management, supervision, and accounting and administration of the real estate (please attach a detailed sheet itemizing the items under this subheading).

37. **Corporate Suite Expense** - Apartment furniture rental, utilities, laundry, maid, etc.

4. **SERVICES**

38. **Janitorial/Cleaning (Payroll/Contract)** – Janitorial and cleaning expenses for the property.

39. **Landscape (Grounds Maintenance)** - Landscaping or grounds keeping service expenses.

40 **Trash** - Expense for trash service.

41. **Security/Pool Service** - Expense for security service, guards, etc., and any pool service or pool operating expense.

42. **Snow Removal** - Expense for snow removal service.

5. **INSURANCE**

43. **Fire, Casualty Insurance** - (reporting period only) Some insurance policies are multi-year contracts. Please include only one year's cost.

44. **Other Taxes, Fees** - This includes business license tax, personal property taxes, and other taxes, exclusive of real estate taxes.

45. **Real Estate Taxes** - Amount paid in real estate taxes for this reporting period. This should reflect any adjustments made in the assessment for the period. Do not include personal property taxes.

6. **TOTAL OPERATING EXPENSES BEFORE REPLACEMENT RESERVES**
   46. **Total Expenses** - Sum of lines 20 through 45.

7. **REPLACEMENT RESERVES**

E. Net Operating Income

Income to the property after all fixed and operating expenses are deducted, but before deducting mortgage interest and depreciation (i.e., total actual income received less total operating expenses less replacement reserves, Section B line 19 less Section D line 46 less Section D #7).

F. Vacancy Information

1. Please provide the number of vacant units, percentage of total units, or vacant square footage, available for lease on January 1 of the current year.

2. Please provide the number of vacant units, or percentage of total units, available for lease over the past year.

3. Please provide the typical length of the initial lease in months.

4. Please provide the rent concessions being offered as of **January 1 of the current year.** Include unit type, amount per month, and total amount of concessions.

The vacancy data provided is used in determining vacancy patterns for this property type.

G. Subsidized Housing Information

This information is requested to identify subsidized properties, and additional information is necessary. If the subsidy program in which you participate is not listed, please specify in the space provided.

H. Debt Service Information

Please provide information in regard to any loan placed on this property within the last **five years.** Please include any new loans or refinancing of original debt. This information is requested to study the financing trends for this property type to determine typical debt coverage ratios. By obtaining this information we may also be able to see if your particular property is unusual in its financial arrangements.

K. Apartment Rent Mix Information

This section is needed to help us determine income for the coming year and to compare features of various apartment projects.

1. **Unit Type** - Types of units in the project such as: 1 bedroom, 2 bedroom, etc. If there are storage units, carports, reserved parking, etc., that attain rent, list these also. If units are used as the office or models, please indicate. Units that are subsidized should be listed separately in the middle of the page under subsidized units.

2. **Number of Units** - The number of each type of unit in the project.

3. **Rentable Area** - Number of square feet in each unit type.

4. **Total Rooms** - Include living room, dining room, kitchen, den, sunroom and bedrooms. Closets and baths are not included.

5. **Baths** - Number of full and half baths. A bath with a shower is considered full.

6. **January Market Rent (per month)** - The normal rent of each unit type in January of the current year. Please exclude "specials."

7. **Current Market Rent (per month)** - The normal rent of each unit type at the time the survey is completed. Please exclude "specials."

8. **Items Included in Rent** - Items included in the rent.

9. **Type of Heat**- The fuel type for heat.

10. **Metered Utilities** - Indicate whether units are separately metered for gas or electric and the tenant pays the utility company. If the units are "submetered", please indicate by writing "sub" in the correct section. Units are sub-metered when the owner charges the units separately for utilities based on their usage, but the owner pays the utility company.

11. **Subsidized Units** - List units by number of type of subsidized units.

12. **Basic/Fair Market** - Give basic rent and fair market rent.

L. Commercial Tenant Inventory

This section pertains to commercial tenant space that is leased within your apartment project.

1. **Tenant Name** - Please indicate the name or tenant identification for each leased space. Also indicate any vacant spaces with the appropriate sizes in the next column.

2. **Amount of Ground Floor Space Leased** – The square feet of space specified in the lease on the main or predominant floor. It does not include leased mezzanine space.

3. **Lease Dates** - Indicates the term of the entire lease by including the beginning date and ending date of the lease.

4. **Original Annual Base Rent Amount** - The original base (face) rent for the first year of the current lease in total dollars. This does not include escalations or reimbursements for any expenses, nor does it include adjustments for free rent or concessions.

5. **Current Annual Rent Amount** - The current common area expenses, or taxes.

6. **Rent Escalations (Fixed of CPI)** - Show the percentage increase or percentage of CPI (Consumer Price Index) from the escalation clause in the lease. The additional income generated by the escalation clause in the lease for the period should be included in current rent.

7. **Overage of % Rent (if any)** - Show the dollar amount of paid rent based on gross or net sales (depending on lease requirements) paid over the amount of base rent.

8. **Expense Stop** - Indicates any expense stop. This is the amount of expenses, usually expressed in dollars per square foot that the landlord has agreed to include in the basic rent. If there is no expense stop and the tenant pays common area maintenance and/or real estate taxes separately, write “none” and show these amounts in the appropriate columns.

9. **Amount Paid in Excess of Expense Stop** – The total dollar amount paid by the tenant for expenses in excess of the agreed upon expense stop.

10. **Common Area Maintenance** - The annual expense paid by tenant to maintain common areas that are not designed for lease, e.g., parking, sidewalks, landscaped areas, hallways, public restrooms, etc. If common area maintenance is paid separately or not included in the expense stop, show that total dollar amount.

11. **Real Estate Taxes**- If real estate taxes are reimbursed by the tenant, show the annual amount.

12. M**onths Free Rent**- If there was a period of free rent upon in the lease, show the number of months here. If there was a flat dollar amount, indicate that amount on a separate sheet. Indicate the total amount for the lease term.

13. **Landlord-Paid Build Out Costs** If there have been substantial build out costs associated with this lease paid by the landlord, and those costs are not being reimbursed separately by the tenant, indicate the dollar amount.