

Exhibit IIA
Projected Sources and Uses of Revolving Fund
3/16/2016
(NO ADDITIONAL FUNDING FOR REVOLVER)

| | <u>FYE June 2016</u> | <u>FYE June 2017</u> | <u>FYE June 2018</u> | <u>FYE June 2019</u> | <u>FYE June 2020</u> | <u>FYE June 2021</u> |
|--|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Beginning Balance Revolving Fund</u> | 4,934,218 (a) | 2,498,926 | 160,284 | (229,911) | (354,242) | (49,715) |
| <u>Income</u> | | | | | | |
| <u>Property Sales</u> | | | | | | |
| Delburg House | | 349,531 | | | | |
| Richard Rozzell House | - | (b) | 301,950 | | | |
| Torrence-Lytle School | - | (c) | | 524,730 | | |
| Phillips House | | (d) | 211,992 | | | |
| Outen Pottery | | (e) | 308,113 | | | |
| 112 S Main St Commercial Building, Huntersville | | (k) | 202,333 | | | |
| Unspecified Multiple Properties - Purchased FYE 2017 | | (f) | 420,592 | 252,355 | 252,355 | 168,237 |
| Unspecified Multiple Properties - Purchased FYE 2018 | | | 420,592 | 420,592 | 252,355 | 252,355 |
| Unspecified Multiple Properties - Purchased FYE 2019 | | | | 420,592 | 420,592 | 252,355 |
| Unspecified Multiple Properties - Purchased FYE 2020 | | | | | 420,592 | 420,592 |
| Unspecified Multiple Properties - Purchased FYE 2021 | | | | | | 420,592 |
| Unspecified Single Property - Purchased FYE 2017 | | (g) | | 1,682,366 | | |
| Unspecified Single Property - Purchased FYE 2019 | | | | | | 1,682,366 |
| Subtotal | - | 1,492,560 | 1,143,133 | 3,300,635 | 1,345,893 | 3,196,496 |
| <u>Note Payments (Existing)</u> | | | | | | |
| George E Davis House - Johnson C Smith University | 31,571 (h) | 63,143 | 63,143 | 63,143 | 63,143 | 52,619 |
| White Oak Plantation House - Bryan Lee Sharpe | 25,681 (i) | 51,357 | 51,353 | 51,349 | 542,541 | |
| Subtotal | 57,252 | 114,500 | 114,496 | 114,492 | 605,684 | 52,619 |
| <u>Note Payments (Projected)</u> | | | | | | |
| Mount Carmel Baptist Church - JCSU | - | (j) | 8,333 | 262,500 | 253,929 | 245,357 |
| Subtotal | - | 8,333 | 253,155 | 262,500 | 253,929 | 245,357 |
| <u>Total Income</u> | <u>57,252</u> | <u>1,615,394</u> | <u>1,510,784</u> | <u>3,677,627</u> | <u>2,205,505</u> | <u>3,494,473</u> |

| | <u>FYE June 2016</u> | <u>FYE June 2017</u> | <u>FYE June 2018</u> | <u>FYE June 2019</u> | <u>FYE June 2020</u> | <u>FYE June 2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Expenses:</u> | | | | | | |
| <u>Planned Expenditures (Committed/Encumbered Funds)</u> | | | | | | |
| Delburg House - Renovation/Addition | 270,257 | | | | | |
| GM New Style Bus - Repairs | 45,000 | | | | | |
| | | | | | | |
| Outen Pottery - Stabilization | 11,887 (e) | | | | | |
| Torrence-Lytle School - Abatement/Stabilization | 455,000 (c) | | | | | |
| Rattcliffe-Otterbourg House | 30,000 | | | | | |
| Subtotal | 812,144 | - | - | - | - | - |
| | | | 4,122,074 | | | |
| <u>Projected Expenditures</u> | | | | | | |
| Richard Rozzell House | (b) | 70,000 | | | | |
| Phillips House | (d) | 33,853 | | | | |
| 112 S Main St Commercial Building, Huntersville | (k) | 48,224 | | | | |
| Mount Carmel Baptist Church - JCSU (Encumbered Funds) | (j) | 1,500,000 | | | | |
| Unspecified Multiple Properties - Purchased FYE 2017 | (f) | 1,900,979 | | | | |
| Unspecified Multiple Properties - Purchased FYE 2018 | - | | 1,900,979 | | | |
| Unspecified Multiple Properties - Purchased FYE 2019 | - | | | 1,900,979 | | |
| Unspecified Multiple Properties - Purchased FYE 2020 | | | | | 1,900,979 | |
| Unspecified Multiple Properties - Purchased FYE 2021 | | | | | | 1,900,979 |
| Unspecified Single Property - Purchased FYE 2017 | (g) | 1,900,979 | | | | |
| Unspecified Single Property - Purchased FYE 2019 | | | | 1,900,979 | | |
| Subtotal | 1,680,400 | 3,954,035 | 1,900,979 | 3,801,958 | 1,900,979 | 1,900,979 |
| <u>Total Expenses</u> | 2,492,544 | 3,954,035 | 1,900,979 | 3,801,958 | 1,900,979 | 1,900,979 |
| <u>Ending Balance Revolving Fund</u> | 2,498,926 | 160,284 | (229,911) | (354,242) | (49,715) | 1,543,778 |
| <u>Emergency Reserve</u> | 1,000,000 (l) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| <u>Available after Emergency Reserve</u> | 1,498,926 | (839,716) | (1,229,911) | (1,354,242) | (1,049,715) | 543,778 |

Footnotes

- (a) Balance from Financial Report dated January 6, 2016
- (b) Recent purchase offer of \$240,000 (to be financed by note from HLC) withdrawn. Assumes that HLC will buy FAA land to provide road access (est \$40K) and spend \$30K stabilizing house. Sales price is based on last offer of \$240,000 plus standard 88.5% of additional expenses of \$70K. Difficult property to sell.
- (c) HLC has approved abatement of asbestos in all buildings on site and stabilization of the original 1937 building to be followed by remarketing of the property. Sales price is based on total projected costs:
- (d) Life tenant recently passed away and HLC is discussing options for use by Town of Matthews as well as sale to private individuals.
- (e) Working to have private deed restriction removed which limits use of property expect Town of Matthews to purchase for purchase price/expenses once resolved.
- (f) These expenditures of \$1,500,000 per year (plus an additional 27% amount for stabilization/rehab) will cover several property purchases in small to medium amounts (\$250,000 to \$750,000), which is the most common size of projects (15 of 20 projects over last 15 years).
- (g) These expenditures of \$1,500,000 in FYE's 2017 and 2019 (plus an additional 27% amount for stabilization/rehab) will allow for purchases of single larger buildings in commercial and industrial areas.
- (h) HLC has a \$442,000 promissory note from Johnson C Smith University with monthly payments of principal and a final maturity of April 2021. For detail see Seller Notes tab.
- (i) HLC has a \$654,000 note from the purchaser with monthly principal and interest payments and a maturity in June 2020. For detail see Seller Notes tab.
- (j) HLC has discussed participating in former African American church refurbishment by JCSU for classroom/office use. Total project \$4,750,000. JCSU to repay HLC \$1,500,000 over 7 years. HLC level of participation subject to appraisal and financial due diligence.
- Although the funds will not be released until FYE 2017, a commitment is likely to be needed in FYE 2016 and for that reason, the \$1,500,000 is shown as encumbered.
- (k) At January 11 meeting, HLC approved an offer of \$180,400 for this property.
- (l) An Emergency Reserve is needed to cover unexpected expenses related to projects and particularly the need to purchase threatened historic landmarks, if the majority of funds in the revolver have been spent or committed.

Assumptions

Property Purchases > See footnotes (f) and (g).

Property Sales > Unless otherwise noted, property sales proceeds are 88.5% of total cost (purchase price plus additional expenditures). This is in line with sales results over the last 15 years, adjusted to exclude several properties that were considered to have unusual expenses that contributed to a lower sales price. See Assumptions tab for more information.

> For specific properties currently owned by HLC, timing of sales is based on current knowledge of the market or events that could lead to a purchase.

> For Unspecified Multiple Properties, the timing of sales of properties is based on the results over the last 15 years adjusted to exclude several properties that were considered to have unusual expenses that contributed to a lower sales price.

Assumptions for timing are as follows:

| | Sold in each FYE | |
|--|------------------|--|
| Properties Sold in ≤12M (FYE 2017) | 25% | |
| Properties Sold in >12M to ≤24 M (FYE 2018) | 25% | |
| Properties Sold in >24 M to ≤36 M FYE (2019) | 15% | |
| Properties Sold in >36 M to ≤48 M (FYE 2020) | 15% | |
| Properties Sold in >48 M to ≤60M (FYE 2021) | 10% | |
| Properties Sold in >60 M (FYE 2022) | <u>10%</u> | Historically some properties were sold several years beyond 60 M, it is assumed that all are sold by FYE 22. |
| | 100% | |

For more information see Assumptions tab.

> For Unspecified Single Properties (of which there are two of \$1,500,000 each), the timing of sales assumes that a single payment will be made in two years time. These will be larger projects and will take more time to complete and sell.

Additional Expenditures > Additional expenditures for stabilization/rehabilitation are 27% of purchase price. This is in line with results over the last 15 years, adjusted to exclude several properties that were considered to have unusual expenses. See Assumptions tab for more information.