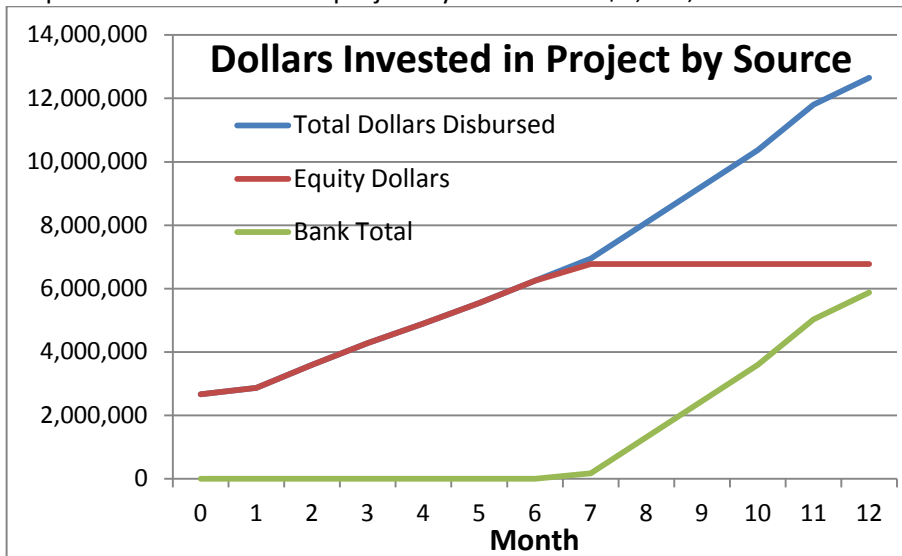


**Construction Finance HW Solution.**

Table 1. Construction Interest Cost as a function of Loan Amount and Interest Rate. Assume all loans charge 1 point.

| Loan Amount | 4%     | 6%     | 8%     |
|-------------|--------|--------|--------|
| 6,000,000   | 104855 | 126872 | 148621 |
| 8,000,000   | 165863 | 207523 | 248355 |
| 10,000,000  | 245658 | 315933 | 384556 |
| 12,000,000  | 343112 | 450168 | 554327 |

Graph 1. Dollar invested in project by source with \$6,000,000 loan at 6% with 1 point



Graph 2. Dollar invested in project by source with \$11,000,000 loan at 6% with 2 points

