

# Small Deal Fund

## The Fitzpatrick Hotel, Washington, GA

The Fitzpatrick Hotel project in Washington, Georgia, demonstrates the value of the Small Deal Fund to smaller historic properties. Vacant for over 50 years, this landmark establishment was returned to its former glory by a group of investors who brought it back to life as a 17-room boutique hotel with conference and commercial space. The Fitzpatrick opened for business in the summer of 2004, thanks in part to a \$315,000 tax credit equity investment by the Small Deal Fund.



For half-a-century, the hotel was a “top of the line” establishment and was the pride of Washington. Changing economics led to the hotel's closing in 1952, however, and various attempts to revive the structure—listed in the National Register of Historic Places in 1982—repeatedly failed. When the Fitzpatrick, LLC purchased the property in March 2002, the fortunes of the Fitzpatrick began to change. The group began a thorough and sensitive rehabilitation intended to restore the Fitzpatrick to its original use. By this time, weather and time had taken its toll on the property. A cottonwood tree had actually grown through the back wall and climbed its way up to a second-floor window. The absence of supporting steel had caused the building to sag over time, creating cracks in the wall and masonry.

The investors' attention to the property's architectural integrity enabled the project to qualify for the 20% historic rehabilitation tax credit, valued at approximately \$363,000. Because of the relatively small size of the credit, Fitzpatrick, LLC was unable to attract a conventional syndicator. Instead, they made plans personally to inject any additional capital required to complete the project and then take the credit themselves. Then, a mere three weeks before the construction was completed, an associate introduced the partners to the Small Deal Fund, whose investment parameters fit the profile of the Fitzpatrick Hotel. Fast action by SDF's president, John Bowman, and a streamlined underwriting process enabled the partners to close on a \$315,000 equity investment before the property was placed in service. Although the owners were able to complete the project without the tax credit equity, the funds will serve as valuable cash reserves during the hotel's operation.

Total Development Cost		\$2,250,116
Qualified Rehabilitation Expenditures		\$1,814,975
Federal Tax Credits	20.00%	\$362,995
Percentage to Small Deal Fund	99.99%	\$362,959
Federal Tax Credit Equity (per tax credit dollar)	\$0.87	\$315,744
Installments as Follows:		
Part 3	40%	126,310
12 Months Breakeven Operations	20%	63,155
24 Months Breakeven Operations	20%	63,155
36 Months Breakeven Operations	20%	63,154
	<b>100%</b>	<b>\$315,774</b>

John S. Bowman, Jr. President, Small Deal Fund, L.P.  
1527 Third Street, New Orleans, LA 70130  
Phone: 504-620-1091; Fax: 504-799-3199  
Email: johnb@taxcreditcapital.com

Andrew Farrell, National Trust Community Investment Corp.  
1785 Massachusetts Ave., NW, Washington, DC 20036  
Phone: 202.588.6268 Fax: 202.588-6436  
Email: NTCIC\_mail@ntcicfunds.com