## The Lakes At Fair Meadow Summary of Land Development Assumptions - Part 1 - 9/16/2012

	SITE INFORMATION
Project Name	The Lakes At Fair Meadow
Address	Old Fairgrounds, Anytown, NY 12345
	Fairford County
County	· · · · · · · · · · · · · · · · · · ·
Land Owner	Jones Family Trust
Current Zoning	Farm
Targeted Zoning	Residential
Maximum Allowable Densiy	2 Lots/acre
Site Acreage	50 acres
Total Number of Lots	94 Lots

PROJECT TIMING AND SALES VELOCITY ASSUMPTIONS								
	Month #	Date						
Analysis Start Date	Mo. 1	$4/1/\overline{2012}$						
Land Deposit Date	Mo. 6	9/1/2012						
Land Closing Date	Mo. 9	12/1/2012						

94 Lots	Duration	Start Month #	End Month #	# of Lots
	8 months			
ction	12 months	9	20	
h #, Rate	10 months	21	30	10.00/Month
	1 months			
	10 months	22	31	
	94 Lots ction h #, Rate	8 months ttion 12 months h #, Rate 10 months 1 months	8 months ction 12 months 9 h #, Rate 10 months 21 1 months	8 months ction 12 months 9 20 h #, Rate 10 months 21 30 1 months

DEVELOPMENT USES OF FUNDS										
		% Total	\$/Acre	<u>Total</u>						
Land and Acquisition Costs	10.00% Deposit	34.92%	\$20,000	\$1,000,000						
Total Hard Costs		50.73%	\$15,454	\$1,452,672						
Development Hard Costs	\$25,000/acre		\$27,936	\$1,396,800						
Hard Costs Contingency	4.00% of Development Hard Costs		\$1,117	\$55,872						
Total Soft Costs and Fees		10.73%		\$307,296						
Soft Costs	15.00% of Development Hard Costs		\$4,190	\$209,520						
Developer Fee	5.00% of Development Hard Costs			\$69,840						
CM Fee	2.00% of Development Hard Costs			\$27,936						
Financing Costs excl. any Operatin	ng Deficit	<u>3.61%</u>	<u>\$2,068</u>	<u>\$103,397</u>						
Total Uses of Funds Operating Deficit (Funded by Equity) Total Uses of Funds with Operatin		100.00%	\$57,267.30	\$2,863,365 \$64,620 \$2,927,985						

	DEVE	LOPMENT SOURCES	OF FUNDS							
Deficit										
<b>Equity</b>		% of Total Equity	Initial Amount	Share*	% of Cost	<b>Total Equity</b>				
Sponsor Cash Equity		23.08%	\$300,000	\$20,039	10.93%	\$320,039				
Third Party Investor		76.92%	\$1,000,000	\$66,796	36.43%	\$1,066,796				
Equity Total		100.00%	\$1,300,000	\$86,835	47.36%	\$1,386,835				
Acquisition and Development Sen	ior Debt **				% of Cost	Total				
Funding Date	2/1/2013	6.50% Interest			52.33%	\$1,532,096				
Mortgage Recording Tax	2/1/2013	1.45%								
Loan Fees - Front End	2/1/2013	0.50%								
Loan Fees - At Draws		0.75%								
				Debt Total	52.33%	\$1,532,096				
			Propert	y Cash Flow	0.31%	\$9,054				
			Total Source	ces of Funds	100.00%	\$2,927,985				

<sup>\*</sup> Any Operating Deficit and Financing-related Deficits

<sup>\*\*</sup> Loan amount includes capitalized interest and capitalized points/fees

## The Lakes At Fair Meadow Summary of Land Development Assumptions - Part 2 - 9/16/2012

	SALI	ES CASH FLOWS			OPER	ATING ASSUMPT	TIONS	
Sales Office / Marketing Spend		\$4,000/mo	3 Mos. prior to Phase 1 S	ales Start	Annual Inflation Rate for Operating			2.00%
Developed Lots		Average Price	Average Acreage		Annual Operating Expenses/Lot aft Real Estate Taxes on Developed Lo			\$5,660
-	94 Lots	0	0.53 acres	<u>2</u>	_	its		<b>\$</b> E0.000
Total	94 LOIS	\$53,191	0.55 acres		Average Assessed Value			\$50,000
					Tax Rate	C 1 .:		0.85%
D.					Annual Real Estate Taxes/Lot after	er Completion		\$425
Revenue		40 000/ T	2. 4	Amount			NATIONAL CALLED	
Lots			Deposit Amount	\$5,000,000	RETURNS (CALCULAT	TED OFF OF MO	NTHLY CASH	FLOWS)
Selling Costs		4.00%		<u>(\$200,000)</u>		C	TI ID	T . 1D
H						Sponsor	Third Party	Total Project
Total Revenues, Net				\$4,800,000	Equity Investment	\$300,000	\$1,000,000	\$1,300,000
					Net Return on Equity	\$665,572	\$959,820	\$1,625,392
					Multiple on Equity	3.08x	1.90x	2.17x
					IRR	95.78%	53.63%	65.14%
					NPV off of Monthly CFs	8.00%		\$1,221,346
					IRR Kicker Return Hurdle	0.00%		
					Land Owner Participation %	0.00%		
						NOTES		

# Lot Mix and Pricing Details The Lakes At Fair Meadow

Total Land Acreage

50.00 acres

							\$25,000/acre			
For Dwelling Type	Average Sales Price per Acre	Average Lot Size	Sales Price	% of Acreage	Total Acreage	# of Lots	Base Hard Costs	Hard Costs Premium	Total Hard Costs	
For Cape Cod A	\$100,000/acre	0.25 acres	\$25,000	10.00%	5.00 acres	20	\$125,000	0%	\$125,000	
For Cape Cod B	\$100,000/acre	0.33 acres	\$33,000	10.56%	5.28 acres	16	\$132,000	0%	\$132,000	
For Modern A	\$100,000/acre	0.50 acres	\$50,000	20.00%	10.00 acres	20	\$250,000	10%	\$275,000	
For Modern B	\$100,000/acre	0.67 acres	\$67,000	21.44%	10.72 acres	16	\$268,000	10%	\$294,800	
For McMansion A	\$100,000/acre	0.75 acres	\$75,000	18.00%	9.00 acres	12	\$225,000	20%	\$270,000	
For McMansion B	\$100,000/acre	1.00 acres	\$100,000	20.00%	10.00 acres	<u>10</u>	\$250,000	20%	\$300,000	
Average/Total	\$100,000/acre	0.53 acres	\$53,191	100.00%	50.00 acres	94	. ,		\$1,396,800	

\$425

\$6,085

	<b>Gross Revenues</b>	\$5,000,000	
Average Assessed Value at Delivery		Operating Expenses and I	RE Taxes - Per Lot Per Year
\$50,000		Management	\$785
		Administration	\$495
		Payroll	<b>\$1,935</b>
		Utilities	\$975
		Water & Sewer	<b>\$0</b>
		Repair & Maint.	<b>\$1,175</b>
		Insurance	\$295

Taxes

**Total Operating Expenses** 

Tax Rate 0.85% >>>

### Capital Structure

The Lakes At Fair Meadow

	% Equity	% TDC	Equity % TDC	Debt % TDC	Amount *	Total Equity excl. Deficits ^	Total Debt *	Deficits Funded by Equity	Equity Investment including Deficit Liabilities		% TDC - Actual %s
Developer Sponsor Equity +	23.08%	11.00%			\$300,000				\$320,039	Developer Sponsor Equity +	10.93%
Third Party Investor Equity +	76.92%	36.67%	47.67%		\$1,000,000	\$1,300,000		\$86,835	<u>\$1,066,796</u>	Third Party Investor Equity +	36.43%
								φου,ο <i>33</i>	\$1,386,835		
AD&C Senior Loan **		52.33%		52.33%	\$1,532,096		\$1,532,096			Senior Loan **	52.33%
Total Sources of Funds (TDC)	100.00%	100.00%			\$2,918,931				Proper	ty Cash Flow as Source of Funds	0.31%
Sources of Funds From Above Property Cash Flow As Source of Fun Total Sources of Funds	\$2,918,931 d: \$9,054 \$2,927,985										100.00%

<sup>&</sup>lt;sup>+</sup> While the equity slices are shown stacked vertically, note that this is simply the graphic representation and does not imply that there is any Preferred equity in the transaction.

<sup>\*</sup> The AD&C Senior Loan Amount sizes on a residual basis after designating the dollar amounts of the other sources of funds.

<sup>\*\*</sup> Principal Amount includes Funded Interest Reserve and Funded Loan Fees.

<sup>^</sup> Equity amounts in this column do not include the pro-rata portion of the Operating and Financing Deficits to be funded by the Equity investors. See Column S for adjusted totals.

LYANG AN HYNYDA	Project Year Calendar Year		1 Year 2012	2 Year 2013	3 Year 2014	4 Year 2015	5 Year 2016	6 Year 2017	7 Year 2018	8 Year 2019	9 Year 2020	10 Year 2021	11 Year 2022
USES OF FUNDS			9/16/2012	9/16/2013	9/16/2014	9/16/2015	9/16/2016	9/16/2017	9/16/2018	9/16/2019	9/16/2020	9/16/2021	9/16/2022
	Total	Data Series Profile											
Land & Acquisition Costs	\$1,000,000		1,000,000	0	0	0	0	0	0	0	0	0	0
Development Hard Costs	\$1,396,800		41,904	1,354,896	0	0	0	0	0	0	0	0	0
Hard Costs Contingency	\$55,872		1,676	54,196	0	0	0	0	0	0	0	0	0
Total Hard Costs	\$1,452,672	_1	43,580	1,409,092	0	0	0	0	0	0	0	0	0
Developer Fee	\$69,840		2,095	67,745	0	0	0	0	0	0	0	0	0
CM Fee	\$27,936		838	27,098	0	0	0	0	0	0	0	0	0
Soft Costs	\$209,520	-ila	67,046	87,998	54,475	0	0	0	0	0	0	0	0
Total Soft Costs	\$307,296	-1-	69,980	182,841	54 <b>,</b> 475	0	0	0	0	0	0	0	0
Total soft costs	ψ307,270		07,700	102,041	34,473	v	v	v	v	v	v	v	v
Subtotal Eligible Development Costs for Senior Loan Funding	\$2,759,968	11_	\$1,113,560	\$1,591,933	\$54,475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Senior Debt Financing													
Capitalized (funded) Front End Loan Fee	\$7,660		0	7,660	0	0	0	0	0	0	0	0	0
Capitalized (funded) Loan Fees at Loan Draws	\$10,950		0	10,541	409	0	0	0	0	0	0	0	0
Loan Interest - paid in Cash	\$53,517	I.	0	45,559	7,958	0	0	0	0	0	0	0	0
Capitalized (funded) Loan Interest Reserve	\$9,054		0	0	9,054	0	0	0	0	0	0	0	0
Mortgage Recording Tax - paid in Cash	\$22,215		0	22,215	0	0	0	0	0	0	0	0	0
Total Financing Costs	\$103,397	I.	0	85,976	17,421	0	0	0	0	0	0	0	0
Total Development Costs (TDC) before Operating Deficit	\$2,863,365	11_	\$1,113,560	\$1,677,909	\$71,896	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Deficit	(\$64,620)		0	(64,620)	0	0	0	0	0	0	0	0	<b>\$0</b>
					•								
Operating Deficit	(\$64,620)		0	(64,620)	0	0	0	0	0	0	0	0	0
Operating Deficit Total Development Costs including Operating Deficit	(\$64,620)		0	(64,620)	0	0	0	0	0	0	0	0	0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw	(\$64,620) \$2,927,985 \$300,000		0 \$1,113,560 300,000	(64,620) \$1,742,529	0 <b>\$71,896</b> 0	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw	(\$64,620) \$2,927,985 \$300,000 \$20,039		300,000 0	(64,620) \$1,742,529 0 20,039	0 \$71,896	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw	(\$64,620) \$2,927,985 \$300,000		0 \$1,113,560 300,000	(64,620) \$1,742,529	0 <b>\$71,896</b> 0	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>	0 <b>\$0</b>
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw	(\$64,620) \$2,927,985 \$300,000 \$20,039		300,000 0	(64,620) \$1,742,529 0 20,039	0 \$71,896	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding	\$2,927,985 \$300,000 \$20,039		300,000 0	(64,620) \$1,742,529 0 20,039	0 \$71,896	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0	0 <b>\$0</b> 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity	\$2,927,985 \$300,000 \$20,039 \$320,039		300,000 0 300,000	(64,620) \$1,742,529 0 20,039 20,039	0 \$71,896	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0	0 \$0 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw	\$300,000 \$2,927,985 \$300,000 \$20,039 \$320,039 \$1,000,000		300,000 0 300,000 813,560	(64,620) \$1,742,529 0 20,039 20,039 186,440	0 \$71,896 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw	\$300,000 \$2,927,985 \$300,000 \$20,039 \$320,039 \$1,000,000 \$66,796		300,000 0 300,000 0 300,000 813,560 0	(64,620) \$1,742,529 0 20,039 20,039 186,440 66,796	0 \$71,896	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution	\$300,000 \$2,927,985 \$300,000 \$20,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796		300,000 0 300,000 0 300,000 813,560 0 813,560	(64,620) \$1,742,529 0 20,039 20,039 186,440 66,796 253,236	0 \$71,896 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0	0 \$0 0 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan	\$300,000 \$2,927,985 \$300,000 \$20,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796		300,000 0 300,000 0 300,000 813,560 0 813,560 \$1,113,560	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275	0 \$71,896	0 \$0 0 0 0 0	0 \$0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0	0 \$0 0 0 0 0 0	0 \$0 0 0 0 0 0	0 \$0 0 0 0 0 0	0 \$0 0 0 0 0
Operating Deficit Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan Beginning Balance	\$300,000 \$2,927,985 \$300,000 \$20,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796 \$1,386,835		300,000 0 300,000 0 300,000 813,560 0 813,560	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275	0 \$71,896 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0
Operating Deficit Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan Beginning Balance Direct Project Costs Draw	\$300,000 \$20,039 \$320,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796 \$1,386,835		300,000 0 300,000 0 300,000 813,560 0 813,560 \$1,113,560	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275	0 \$71,896 0 0 0 0 0 \$0 \$0 3,140,761 54,475	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0	0 \$0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0
Operating Deficit  Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan Beginning Balance Direct Project Costs Draw Loan Fees - Front End	\$300,000 \$20,039 \$320,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796 \$1,386,835		300,000 0 300,000 0 300,000 813,560 0 813,560	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275 8,410,878 1,405,493 7,660	0 \$71,896 0 0 0 0 0 \$0 \$0 3,140,761 54,475 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0
Operating Deficit Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan Beginning Balance Direct Project Costs Draw	\$300,000 \$20,039 \$320,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796 \$1,386,835		300,000 0 300,000 0 300,000 813,560 0 813,560 \$1,113,560	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275	0 \$71,896 0 0 0 0 0 \$0 \$0 3,140,761 54,475	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0
Operating Deficit Total Development Costs including Operating Deficit  SOURCES OF FUNDS  Developer Sponsor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Third Party Investor Equity Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw Total Funding  Total Equity Contribution  Senior Loan Beginning Balance Direct Project Costs Draw Loan Fees - Front End Loan Fees - At Loan Draws	\$300,000 \$20,039 \$320,039 \$320,039 \$1,000,000 \$66,796 \$1,066,796 \$1,386,835 \$1,459,968 \$7,660 \$10,950		0 \$1,113,560 300,000 0 300,000 813,560 0 813,560 0 0 0 0	(64,620) \$1,742,529 0 20,039 20,039 20,039 186,440 66,796 253,236 \$273,275 8,410,878 1,405,493 7,660 10,541	0 \$71,896 0 0 0 0 0 \$0 \$0 3,140,761 54,475 0 409	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0 0 0 0 0	0 \$0 0 0 0 0 0 0 0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 \$0	0 \$0 0 0 0 0 0 0 0

## Annual Cash Flow and Returns Summary

The Lakes At Fair Meadow

	Project Year		1	2	3	4	5	6	7
	Calendar Year		Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
			9/16/2012	9/16/2013	9/16/2014	9/16/2015	9/16/2016	9/16/2017	9/16/2018
Lots Closed	94		0	0	94	0	0	0	0
		Data Series Profile							
	Total								
Sales Revenue, Net of Selling Costs	\$4,800,000		0	0	4,800,000	0	0	0	0
Total Operating Expenses	\$311,243		0	64,620	246,623	0	0	0	0
Net Revenue After Operating Expenses	\$4,488,757		0	(64,620)	4,553,377	0	0	0	0
Senior Loan Mortgage Recording Tax	\$22,215		0	22,215	0	0	0	0	0
Senior Loan Cash Interest Expense	\$9,054		0	0	9,054	0	0	0	0
<b>Total Financing Costs</b>	\$31,269	I.	0	22,215	9,054	0	0	0	0
Net Revenue After Financing Costs	\$4,457,488		\$0	(\$86,835)	\$4,544,323	\$0	\$0	\$0	\$0
Financing Cash Flows									
Sponsor Equity Investment	(\$300,000)		(300,000)	0	0	0	0	0	0
Sponsor Operating Deficit Draw	(\$20,039)		0	(20,039)	0	0	0	0	0
Investor Equity Investment	(\$1,000,000)	1.	(813,560)	(186,440)	0	0	0	0	0
Investor Operating Deficit Draw	(\$66,796)		0	(66,796)	0	0	0	0	0
Senior Loan Draw	\$1,459,968	I_	0	1,405,493	54,475	0	0	0	0
Senior Loan Repayment	(\$1,532,096)		0	0	(1,532,096)	0	0	0	0
Net Levered Cash Flow	\$1,625,392		(\$1,113,560)	(\$273,275)	\$3,012,227	\$0	\$0	\$0	\$0
Net Profit	\$1,625,392								
Internal Rate of Return (XIRR)	52.66%	Off of Annual Cash Flows							
Net Present Value (XNPV) 8.00%	\$1,215,907								

# Equity Joint Venture Partnership Structure

The Lakes At Fair Meadow

Total Required Equity (Purchase + Operation) \$1,386,835 (Includes any Deficit Funding)

Sponsor 10.93% \$320,039 100.00%

Third Party Investor <u>89.07%</u> \$1,066,796

100.00% \$1,386,835

Profit Sharing				Preferred Return	Residual Split
				8.00%	
Partnership Structure	% Equity				
Sponsor Equity	10.93%	Profit >>	Sponsor Equity	10.93%	50.00%
Third Party Investor	<u>89.07%</u>	Sharing >>	Sponsor Promote	0.00%	
Total	100.00%	Splits >>	Investor Equity	<u>89.07%</u>	<u>50.00%</u>

100.00%

100.00%

Note: By its nature, the Preferred Return includes the Return of Capital.

#### Joint Venture Return Detail

#### The Lakes At Fair Meadow

	Sponsor	Third Party	Total Project	
		Investor		
Equity Investment	\$320,039	\$1,066,796	\$1,386,835	
Share of Equity Investment	23.08%	76.92%	100.00%	
Gross Return	\$985,611	\$2,026,616	\$3,012,227	
Net Profit (Return on Equity)	\$665,572	\$959,820	\$1,625,392	
Multiple on Equity	3.08x	1.90x	2.17x	
Internal Rate of Return	95.78%	53.63%	65.14%	
Time from Equity Investment to	31	31	31	
Final Return (months)				

Profit Sharing Summary - Sponsor and Third Party Investor									
Tier	Sponsor Cashflow	Developer Share	Third Party Investor Cashflow	Third Party Investor Share	Total Cashflow				
ROC and Pref Return	\$145,619	11%	\$1,186,624	89%	\$1,332,242				
Tier 1	\$839,993	50%	\$839,993	50%	\$1,679,985				
Total	\$985,611	33%	\$2,026,616	67%	\$3,012,227				
Less Equity Investment	(\$320,039)	23%	(\$1,066,796)	77%	(\$1,386,835)				
Net Profit (Return on Equity)	\$665,572	41%	\$959,820	59%	\$1,625,392				

#### Profit Sharing Structure - Developer and Third Party Investor

	IRR Hurdle Ranges		Developer Promote	Developer Equity Pro-	Investor Profit Share	Total (must	
Preferred Retur From Residual Split	0%	through Above	8% 8%	0% 39%	11% 11%	89% 50%	100%





