The Meadows at Fair Lakes Summary of Development Assumptions - 8/28/2012

Project Name The Meadows as	Fair Lakes
Address	Old Fairgrounds, Anytown, NY 12345
County	Fairford County
Land Owner	Jones Family Trust
Zoning	Residential-4
Maximum Allowable Densiy	4 DUs per acre
Site Acreage	60 acres
Total Allowable Housing Units	240 Housing Units
Phases (not necessarily an even housing count in each)	3
Staggered Land Take Down	Yes

PROJECT TIMING, PHASING AND SALES VELOCITY ASSUMPTIONS						
	Month #	<u>Date</u>				
Analysis Start Date	Mo. 1	4/1/2012				
Land Deposit Date Phase 1	Mo. 6	9/1/2012				
Land Closing Date Phase 1	Mo. 9	12/1/2012				
Land Deposit Date Phase 2	Mo. 14	5/1/2013				
Land Closing Date Phase 2	Mo. 21	12/1/2013				
Land Deposit Date Phase 3	Mo. 21	12/1/2013				
Land Closing Date Phase 3	Mo. 32	11/1/2014				

Event Phase 1 Pre-Construction (months)		Duration 8 months	Go To Gantt Chart		
Phase 1	95 Homes	Duration	Month #	End Month #	# of Homes
Sitework and Infrastructure Construction		9			
Construction Duration (months) / End	l	14 months		22	
Post-Foundation House Construction (Cycle	6 months			
First House Foundation Start			10		
Foundation Starts (Consecutive month	s)	7 months			15.00/Month
Maximum Unit Closings per Month					10.00/Month
Unit Sales		10 months	11	20	10.00/Month
Closings Start / End Month		10 months	17	26	
Months foundation takes to cure fully: 1					

Phase 2	0 Homes	Duration	Month #	End Month #	# of Homes
Sitework and Infrastructure Construction	ı Start		0		
Construction Duration (months) / End		0 months		0	
Post-Foundation House Construction Cy	ycle	0 months			
First House Foundation Start			0		
Foundation Starts (Consecutive months)		0 months			0.00/Month
Maximum Unit Closings per Month					0.00/Month
Unit Sales		0 months	0	0	0.00/Month
Closings Start / End Month		0 months	0	0	
Months foundation takes to cure fully: 1					

-				<u>% Total</u> \$/	Housing Unit	<u>Total</u>
	DEV	ELOPMENT USES	OF FUNDS			
Land and Acquisition Costs				6.85%	\$25,000	\$2,375,000
Phase 1 Land	10.00% Deposit				\$25,000	\$2,375,000
Phase 2 Land	5.00% Deposit				\$30,000	\$0
Phase 3 Land	7.00% Deposit				\$50,000	\$0
Total Hard Costs	Phase 1	Phase 2	Phase 3	76.60%	\$279,493	\$26,551,840
Development Hard Costs	\$120/SF	\$0/SF	\$0/SF		\$264,695	\$25,146,000
Owner Directed Hard Costs	\$200,000	\$0	\$0			\$200,000
Model Home(s) FF&E	3 Mos. prior to P	hase 1 Sales Start		-		\$200,000
Hard Costs Contingency	4.00% of Develop	ment Hard Costs			\$10,588	\$1,005,840
Total Soft Costs and Fees				15.96%		\$5,532,120
Soft Costs	15.00% of Develop	ment Hard Costs			\$39,704	\$3,771,900
Developer Fee	5.00% of Develop	ment Hard Costs				\$1,257,300
CM Fee	2.00% of Develop	ment Hard Costs				\$502,920
Financing Costs excl. any Operating 1	Deficit			0.59%	<u>\$2,136</u>	<u>\$202,915</u>
Total Uses of Funds				100.00%	\$364,862	\$34,661,875
Operating Deficit (Funded by Equity)						\$108,596
Total Uses of Funds with Operating I	Oef.					\$34,770,471

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	DEVEL	OPMENT SOURCES	S OF FUNDS			
	<u> </u>	SOT WILLTY COCKOL	01101100	Deficit		
Equity	% of Developer Equity	% of Total Equity	Initial Amount	Share*	% of Cost	Total Equity
Sponsor Land Equity	0.00%	0.00%	\$0	\$0	0.00%	\$0
Sponsor Cash Equity	0.43%	0.11%	\$30,000	\$121	0.09%	\$30,121
Equity Partner (if Any)	99.57%	25.90%	\$7,000,000	\$28,123	20.21%	\$7,028,123
Third Party Investor		<u>73.99%</u>	<u>\$20,000,000</u>	\$80,352	<i>57.75%</i>	\$20,080,352
Equity Total		100.00%	\$27,030,000	\$108,596	78.05%	\$27,138,596
<u>Debt</u>	Closing Date				% of	Total
Land Loan	12/1/2012	0.00% Interest	Current PMTs		Cost	\$0
Mortgage Recording Tax		0.00%				
Origination Cost - Paid in Cash		0.00%				
Mezzanine Loan		10.00% Interest			0.00%	\$0
Loan Fees - Front End	7/1/2013	0.75%				
AD&C Senior Loan **	9/1/2013	6.50% Interest			21.64%	\$7,522,613
Mortgage Recording Tax	9/1/2013	1.45%				
Loan Fees - Front End	9/1/2013	0.50%				
Loan Fees - At Draws		0.75%				
		Debt '	Total (excludes any	Land Loan)	21.64%	\$7,522,613
			Property	Cash Flow	0.31%	\$109,261
		Total Sources of F	unds (excludes any		100.00%	\$34,770,471

^{*} Operating Deficit and Financing-related Deficits

^{**} Loan amount includes capitalized interest and capitalized points/fees

The Meadows at Fair Lakes Summary of Operating Assumptions - 8/28/2012

	SALI	ES CASH FLOWS				OPERATING AS	SUMPTIONS		
Sales Office / Marketing Spend		\$10,000/mo	3 Mos. prior to Phase	1 Sales Start	Annual Inflation Rate for Operating				2.00%
					Annual Operating Expenses/Unit a				\$5,660
Developed Units		Average Price		<u>Average SF</u>	Real Estate Taxes on Residential Un	nits			
Phase 1	95 Units	\$392,105		1,974 SF	Average Assessed Value				
Phase 2	100 Units	\$446,250		2,075 SF	Phase 1				\$325,000
Phase 3	45 Units	<u>\$519,444</u>		<u>1,989 SF</u>	Phase 2				\$350,000
Total	240 Units	\$438,542		2,019 SF	Phase 3				\$375,000
					Tax Rate				0.85%
Revenue				Amount	Annual Real Estate Taxes/Unit af	ter First Completion			\$8,925
Residential Units Excluding Options		Deposit Amount	10.00%	\$105,250,000		•			
Options Income		•			RETURNS (CAL	CULATED OFF (OF MONTHLY	CASH FLOW	S)
Phase 1 Sales		\$7,500/Unit		\$712,500					
Phase 2 Sales		\$7,500/Unit		\$750,000		Sponsor	Equity Partner	Third Party	Total Project
Phase 3 Sales		\$7,500/Unit		\$337,500	Equity Investment	\$300,000	\$7,000,000	\$20,000,000	\$27,300,000
					Net Return on Equity	\$5,880,428	\$1,026,082	\$5,934,521	\$11,814,948
Gross Revenues				\$107,050,000	Multiple on Equity	1.80x	1.69x	1.29x	1.43x
Selling Costs		4.00%		<u>(\$4,282,000)</u>	IRR	33.33%	30.37%	23.06%	27.35%
Total Revenues, Net				\$102,768,000	NPV off of Monthly CFs	8.00%			\$6,899,325
					IRR Kicker Return Hurdle	0.00%			
					Land Owner Participation %	0.00%			

NOTES

Maximum Allowable Homes

240

Phase 1							\$120 PSF			
Unit Type	Average Sales Price PSF	Average Unit Size	Sales Price	% of SSF	SSF	# of Homes	Base Hard Costs	Hard Costs Premium	Hard Costs	Total Phase 1 Hard Costs
Cape Cod A	\$204 PSF	1,350 SF	\$275,000	14.40%	27,000 SSF	20	\$162,000	0%	\$162,000	\$3,240,000
Cape Cod B	\$200 PSF	1,500 SF	\$300,000	8.00%	15,000 SSF	10	\$180,000	0%	\$180,000	\$1,800,000
Modern A	\$232 PSF	1,400 SF	\$325,000	14.93%	28,000 SSF	20	\$168,000	10%	\$184,800	\$3,696,000
Modern B	\$265 PSF	1,700 SF	\$450,000	22.67%	42,500 SSF	25	\$204,000	10%	\$224,400	\$5,610,000
McMansion A	\$143 PSF	3,500 SF	\$500,000	18.67%	35,000 SSF	10	\$420,000	20%	\$504,000	\$5,040,000
McMansion B	\$150 PSF	4,000 SF	<u>\$600,000</u>	21.33%	40,000 SSF	<u>10</u>	\$480,000	20%	\$576,000	\$5,760,000
Average/Total	\$199 PSF	1,974 SSF	\$392,105	100.00%	187,500 SSF	95				\$25,146,000

Phase 2							\$135 PSF			
Unit Type	Average Sales Price PSF	Average Unit Size	Sales Price	% of SSF	SSF	# of Homes	Base Hard Costs	Hard Costs Premium	Hard Costs	Total Phase 2 Hard Costs
Cape Cod A	\$241 PSF	1,350 SF	\$325,000	13.01%	27,000 SSF	20	\$182,250	0%	\$182,250	\$3,645,000
Cape Cod B	\$233 PSF	1,500 SF	\$350,000	7.23%	15,000 SSF	10	\$202,500	0%	\$202,500	\$2,025,000
Modern A	\$268 PSF	1,400 SF	\$375,000	13.49%	28,000 SSF	20	\$189,000	10%	\$207,900	\$4,158,000
Modern B	\$232 PSF	1,700 SF	\$395,000	20.48%	42,500 SSF	25	\$229,500	10%	\$252,450	\$6,311,250
McMansion A	\$171 PSF	3,500 SF	\$600,000	16.87%	35,000 SSF	10	\$472,500	20%	\$567,000	\$5,670,000
McMansion B	\$188 PSF	4,000 SF	\$750,000	28.92%	60,000 SSF	<u>15</u>	\$540,000	20%	\$648,000	\$9,720,000
Average/Total	\$215 PSF	2,075 SSF	\$446,250	100.00%	207,500 SSF	100				\$31,529,250

Phase 3							\$150 PSF			
Unit Type	Average Sales Price PSF	Average Unit Size	Sales Price	% of SSF	SSF	# of Homes	Base Hard Costs	Hard Costs Premium	Hard Costs	Total Phase 3 Hard Costs
Cape Cod A	\$296 PSF	1,350 SF	\$400,000	15.08%	13,500 SSF	10	\$202,500	0%	\$202,500	\$2,025,000
Cape Cod B	\$283 PSF	1,500 SF	\$425,000	8.38%	7,500 SSF	5	\$225,000	0%	\$225,000	\$1,125,000
Modern A	\$321 PSF	1,400 SF	\$450,000	15.64%	14,000 SSF	10	\$210,000	10%	\$231,000	\$2,310,000
Modern B	\$279 PSF	1,700 SF	\$475,000	18.99%	17,000 SSF	10	\$255,000	10%	\$280,500	\$2,805,000
McMansion A	\$214 PSF	3,500 SF	\$750,000	19.55%	17,500 SSF	5	\$525,000	20%	\$630,000	\$3,150,000
McMansion B	\$213 PSF	4,000 SF	\$850,000	22.35%	20,000 SSF	<u>5</u>	\$600,000	20%	\$720,000	\$3,600,000
Average/Total	\$261 PSF	1,989 SSF	\$519,444	100.00%	89,500 SSF	45				\$15,015,000

Totals/	'Averages
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	Sales	Assessed Value at Deliver
Phase 1	\$37,250,000	\$325,000
Phase 2	\$44,625,000	\$350,000
Phase 3	\$23,375,000	\$375,000
	\$105,250,000	

Management	\$785
Administration	\$495
Payroll	\$1,935
Utilities	\$975
Water & Sewer	\$0
Repair & Maint.	\$1,175
Insurance	\$295

Operating Expenses and RE Taxes - Per Unit Per Year

Total Operating Expenses

Taxes

Tax Rate 0.85%

\$8,925

\$14,585

Capital Structure

The Meadows at Fair Lakes

	% Equity	% TDC	Equity % TDC	Debt % TDC	Amount *	Total Equity excl. Deficits ^	Total Debt *	Share of <u>Developer</u> Equity	Deficits Funded by Equity	Equity Investment including Deficit Liabilities		% TDC - Actual %s
Sponsor Land Equity	0.00%	0.00%			\$0			0.00%		\$0		
Sponsor Equity	1.10%	0.31%			\$300,000			4.11%	\$286,968	\$303,153	Developer Sponsor Equity +	0.30%
Developer Partner Equity	25.64%	7.25%	28.27%		\$7,000,000	\$27,300,000		95.89%		\$7,073,582	Developer Partner Equity +	6.99%
Third Party Investor Equity	73.26%	20.71%			\$20,000,000					\$20,210,233	Third Party Investor Equity +	19.98%
Mezzanine Loan		14.83%			\$15,000,000					\$27,586,968	Mezzanine Loan	14.83%
Senior Loan **		<u>56.90%</u>		71.73%	<u>\$57,560,246</u>		\$72,560,246				Senior Loan **	56.90%
Total Sources of Funds (TDC)	100.00%	100.00%			\$100,147,214					Prop	perty Cash Flow as Source of Funds	0.99%
Sources of Funds From Above	\$100,147,214											100.00%

\$1,004,821 \$101,152,035

Property Cash Flow As Source of Funds

Total Sources of Funds

^{*} 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.

^{*} The Senior Loan Amount on a residual basis after designating the dollar amounts of the other sources of funds.

^{**} Principal Amount includes Funded Interest Reserve and Funded Loan Fees.

[^] 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 T for adjusted totals.

MODE OF FUNDS	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	12 Year 2023	13 Year 2024
USES OF FUNDS			8/28/2012	8/28/2013	8/28/2014	8/28/2015	8/28/2016	8/28/2017	8/28/2018	8/28/2019	8/28/2020	8/28/2021	8/28/2022	8/28/2023	8/28/2024
	Total	Data Series Profile													
Land & Acquisition Costs															
Phase 1	\$2,375,000		2,375,000	0	0	0	0	0	0	0	0	0	0	0	0
Phase 2	\$3,000,000		0	3,000,000	0	0	0	0	0	0	0	0	0	0	0
Phase 3	\$2,250,000		0	157,500	2,092,500	0	0	0	0	0	0	0	0	0	0
Total Land and Acquisition Costs	\$7,625,000	H	2,375,000	3,157,500	2,092,500	0	0	0	0	0	0	0	0	0	0
D. dament H. 1C. da															
Development Hard Costs	005 146 000		502.020	24 1 40 1 60	502.020	0	0	0	0	0	0	0	0	0	0
Phase 1	\$25,146,000		502,920	24,140,160	502,920	~		•	V		~	0	ŭ.		0
Phase 2	\$31,529,250		0	630,585	29,322,203	1,576,463	0	0	0	0	0	_	0	0	0
Phase 3	\$15,015,000		~	0	1,576,575	13,438,425	0 0	0 0	0 0	0	0 0	0	0 0	0 0	0 0
Total Development Hard Costs	\$71,690,250	_11.	502,920	24,770,745	31,401,698	15,014,888	U	U	U	U	U	U	U	U	U
Owner Directed Hard Costs			1												
Phase 1	\$200,000		4,000	192,000	4,000	0	0	0	0	0	0	0	0	0	0
Phase 2	\$250,000	_1_	4,000	5,000	232,500	12,500	0	0	0	0	0	0	0	0	0
Phase 3	\$295,000		0	3,000	30,975	264,025	0	0	0	0	0	0	0	0	0
Thase 3	\$293,000		U	Ü	30,573	204,023	Ü	Ü	Ü	Ü	Ü	Ü	Ü	Ü	O
Model Home(s) FF&E	\$200,000		200,000	0	0	0	0	0	0	0	0	0	0	0	0
model frome(s) if cell	Ψ200,000		200,000		· ·	V		V	· ·	V	V	V	Ů.	· ·	· ·
Hard Costs Contingency	\$2,867,610	_11.	20,117	990,830	1,256,068	600,596	0	0	0	0	0	0	0	0	0
Time doors containgency	42,007,010		20,117	,,o,o	1,230,000	000,570	· ·	~				v	v		v
Total Hard Costs	\$75,502,860	_11-	727,037	25,958,575	32,925,240	15,892,008	0	0	0	0	0	0	0	0	0
			•	, ,		, ,									
Developer Fee	\$3,584,513	_116	25,146	1,238,537	1,570,085	750,744	0	0	0	0	0	0	0	0	0
CM Fee	\$1,433,805	-11-	10,058	495,415	628,034	300,298	0	0	0	0	0	0	0	0	0
Soft Costs	\$10,753,538		3,441,132	4,516,486	2,795,920	0	0	0	0	0	0	0	0	0	0
	. ,														
Total Soft Costs	\$15,771,855	•II-	3,476,336	6,250,438	4,994,039	1,051,042	0	0	0	0	0	0	0	0	0
Subtotal Eligible Development Costs for Senior Loan Funding	\$98,899,715	_11-	\$6,578,373	\$35,366,513	\$40,011,779	\$16,943,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mezzanine Debt Financing		_	•												
Origination Costs - paid in Cash	\$112,500		0	112,500	0	0	0	0	0	0	0	0	0	0	0
Loan Interest - paid in Cash	\$12,066		0	0	12,066	0	0	0	0	0	0	0	0	0	0
Senior Debt Financing	000 ■ 004			-	207.00:	_	-		_	-			_	_	-
Capitalized (funded) Front End Loan Fee	\$287,801		0	0	287,801	0	0	0	0	0	0	0	0	0	0
Capitalized (funded) Loan Fees at Loan Draws	\$424,498	·	0	0	297,425	127,073	0	0	0	0	0	0	0	0	0
Loan Interest - paid in Cash	\$248,231		0	0	248,231	0	0	0	0	0	0	0	0	0	0
Capitalized (funded) Loan Interest Reserve	\$158,218		0	0	44,095	114,122	0	0	0	0	0	0	0	0	0
Mortgage Recording Tax - paid in Cash	\$834,624	I	0	0	834,624	0	0	0	0	0	0	0	0	0	0
Taral Firms in Control	62.077.020	-1-		112 500	1 724 242	241 105	0	0	0	0	0	0	0	0	0
Total Financing Costs	\$2,077,938		0	112,500	1,724,242	241,195	0	0	0	0	0	0	0	0	0
Total Development Costs (TDC) before Operating Deficit	\$100,977,653	_11-	\$6,578,373	\$35,479,013	\$41,736,021	\$17,184,245	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Deficit	(\$174,382)		(20,000)	(88,596)	(36,439)	(29,347)	0	0	0	0	0	0	0	0	0
Total Development Costs including Operating Deficit	\$101,152,035		\$6,598,373	\$35,567,609	\$41,772,460	\$17,213,593	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	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		10 Year 2021	11 Year 2022	12 Year 2023	13 Year 2024
SOURCES OF FUNDS															
<u>Developer Sponsor Equity</u> Direct Project Costs Draw Cumulative Direct Project Costs Draw	Total \$300,000 \$53,915,071	Data Series Profile	300,000 2,615,071	0 3,600,000	0 3,600,000	0 3,600,000	0 3,6 00,000	0 3,6 00,000	0 3,600,000	0 3,600,000	0 3,6 00,000	0 3,600,000	0 3,600,000	0 3,600,000	0 3,600,000
Operating Deficit and Financing-related Deficits Draw * Total Funding	\$3,153 \$303,153	_1 1	220 300,220	2,210 2,210	400 400	323 323	0	0	0	0	0	0	0	0	0
<u>Developer Partner Equity</u> Direct Project Costs Draw Cumulative Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw * Total Funding	\$0 \$7,000,000 \$1,213,059,481 \$73,582	1 <u>.</u> 	6,278,373 16,059,481 5,128	721,627 84,000,000 51,563	0 84,000,000 9,343	0 84,000,000 7,547	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0	0 84,000,000 0
Third Party Investor Equity Direct Project Costs Draw	\$20,000,000		0	20,000,000	0	0	0	0	0	0 240,000,000	0	0 240,000,000	0 240,000,000	0 240,000,000	0 240,000,000
Cumulative Direct Project Costs Draw Operating Deficit and Financing-related Deficits Draw * Total Funding	\$3,345,841,966 \$210,233 \$20,210,233	_I _I	14,652 14,652	165,841,966 147,323 20,147,323	240,000,000 26,695 26,695	240,000,000 21,563 21,563	240,000,000 0 0	240,000,000 0 0	240,000,000 0 0	0	240,000,000	0 0	0	0	0
Total Equity Contribution	\$20,210,233	_1	\$320,000	\$20,201,096	\$36,439	\$29,433	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Loan Beginning Balance Draw Origination Costs - paid in Cash Cash Interest Payments Funded Interest Reserve, if any Loan Repayment	\$0 \$0 \$0 \$0 \$0 \$0		0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0
Mezzanine Loan Beginning Balance Direct Project Costs Draw Loan Fees - Front End Cash Interest Payments Loan Repayment Ending Balance	\$1,447,930 \$15,000,000 \$112,500 \$12,066 (\$15,000,000)		0 0 0 0 0	0 14,644,886 112,500 0 (13,369,505) 1,275,381	1,447,930 355,114 0 12,066 (1,630,495) 172,549	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0
Senior Loan Beginning Balance Direct Project Costs Draw Loan Fees - Front End Loan Fees - At Loan Draws Funded Interest Reserve Cash Interest Payments, if any Repayment from Net Revenues Ending Balance	\$56,599,715 \$287,801 \$424,498 \$248,231 \$158,218 (\$57,560,246)		0 0 0 0 0 0	0 0 0 0 0 0	53,967,993 39,656,665 287,801 297,425 248,231 44,095 (33,729,608) 60,728,507	21,068,755 16,943,050 0 127,073 0 114,122 (23,830,638) 14,308,240	0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0 0	0 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

Internal Rate of Return (XIRR)

Net Present Value (XNPV) 8.00%

32.46%

\$7,506,090

The Meadows at Fair Lakes

	Project Year		1	2	3	4	5	6	7	8	9	10
	Calendar Year		Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021
			8/28/2012	8/28/2013	8/28/2014	8/28/2015	8/28/2016	8/28/2017	8/28/2018	8/28/2019	8/28/2020	8/28/2021
Units Closed	240		0	50	95	95	0	0	0	0	0	0
	Total	Data Series Profile										
Phase 1 Revenue, Net	\$36,444,000	In the second	0	20,979,276	15,464,724	0	0	0	0	0	0	0
Phase 2 Revenue, Net	\$43,560,000	Tr.	0	0	24,048,750	19,511,250	0	0	0	0	0	0
Phase 3 Revenue, Net	\$22,764,000		0	0	0	22,764,000	0	0	0	0	0	0
All Sale Revenue, Net	\$102,768,000	-11	0	20,979,276	39,513,474	42,275,250	0	0	0	0	0	0
Revenue Net of Selling Costs	\$102,768,000	-11	0	19,181,053	39,042,947	44,544,000	0	0	0	0	0	0
Total Operating Expenses	\$1,047,904	.111	20,000	324,555	374,839	328,510	0	0	0	0	0	0
Net Revenue After Operating Expenses	\$101,720,096	-11	(20,000)	18,856,497	38,668,108	44,215,490	0	0	0	0	0	0
Cash Interest Expense	\$170,284											
Land Loan	\$0		0	0	0	0	0	0	0	0	0	0
Mezzanine Loan	\$12,066		0	0	12,066	0	0	0	0	0	0	0
Senior Loan	\$158,218		0	0	44,095	114,122	0	0	0	0	0	0
Total Financing Costs	\$1,117,407	.l.	0	112,500	890,785	114,122	0	0	0	0	0	0
Net Revenue Less Interest	\$100,602,689	-11	(\$20,000)	\$18,743,997	\$37,777,324	\$44,101,368	\$0	\$0	\$0	\$0	\$0	\$0
Financing Cash Flows:												
Sponsor Equity Investment	(\$300,000)		(300,000)	0	0	0	0	0	0	0	0	0
Sponsor Operating Deficit Draw	(\$3,153)		(220)	(2,210)	(400)	(323)	0	0	0	0	0	0
Partner Equity Investment	(\$7,000,000)		(6,278,373)	(721,627)	0	0	0	0	0	0	0	0
Partner Operating Deficit Draw *	(\$73,582)	-1	(5,128)	(51,563)	(9,343)	(7,547)	0	0	0	0	0	0
Investor Equity Investment	(\$20,000,000)		0	(20,000,000)	0	0	0	0	0	0	0	0
Investor Operating Deficit Draw *	(\$210,233)		(14,652)	(147,323)	(26,695)	(21,563)	0	0	0	0	0	0
All Loan Draws	\$71,599,715	.1.	0	14,644,886	40,011,779	16,943,050	0	0	0	0	0	0
Land Loan Repayment	\$0		0	0	0	0	0	0	0	0	0	0
Mezzanine Loan Repayment	(\$15,000,000)		0	(13,369,505)	(1,630,495)	0	0	0	0	0	0	0
Senior Loan Repayment	(\$57,560,246)	11	0	0	(33,729,608)	(23,830,638)	0	0	0	0	0	0
Net Levered Cash Flow *	\$11,814,948		(\$6,598,373)	(\$5,754,251)	\$3,896,842	\$20,270,730	\$0	\$0	\$0	\$0	\$0	\$0

Off of Annual Cash Flows

*Exclusive of any NOI from Existing Apartments

<u>Joint Venture Partnership Structure</u>

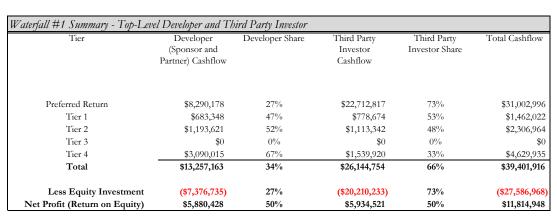
The Meadows at Fair Lakes

Total Required Equity (Purchas	se + Operation)	\$27,586,968 (Includes Operating Deficit Fund	ding)				
Sponsor Land Equity	0.00%	\$0						
Sponsor Cash Equity	1.10%	\$303,153	4.11%					
Equity Partner	25.64%	\$7,073,582	<u>95.89%</u>					
Sponsor	26.74%	\$7,376,735	100.00%					
Third Party Investor	<u>73.26%</u>	\$20,210,233						
	100.00%	\$27,586,968						
Profit Sharing								
Waterfall #1						IRR Hurdle Rate	es	
Partnership Structure	% Equity			Pref: 11%	Tier 1: 14%	Tier 2: 18%	Tier 3: 18%	Tier 4: $> 18\%$
Sponsor Equity	26.74%	Profit >>	Sponsor Equity	26.74%	26.74%	26.74%	26.74%	26.74%
Investor	<u>73.26%</u>	Sharing >>	Sponsor Promote	0.00%	20.00%	25.00%	25.00%	40.00%
Total	100.00%	Splits >>	Investor Equity	73.26%	<u>53.26%</u>	48.26%	48.26%	33.26%
Note: By its nature, the Preferred Return (Tier 1) includes the Return of Cap	oital.		100.00%	100.00%	100.00%	100.00%	100.00%
Waterfall #2								
Sponsor Structure	% Sponsor Equity			Pref: 6%	Tier 1: 12%	Tier 2: 16%	Tier 3: 20%	Tier 4: $> 20\%$
Owner/Developer	4.11%	Profit >>	Sponsor Equity	4.11%	4.11%	4.11%	4.11%	4.11%
Equity Partner	<u>95.89%</u>	Sharing >>	Sponsor Promote	0.00%	10.00%	12.00%	15.00%	18.00%
Total	100.00%	Splits >>	Developer Partner Equity	95.89%	<u>85.89%</u>	83.89%	80.89%	<u>77.89%</u>
Note: By its nature, the Preferred Return (Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.				100.00%	100.00%	100.00%	100.00%

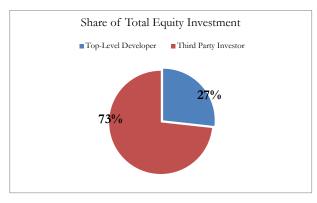
Joint Venture Return Detail - 3 Equity Players

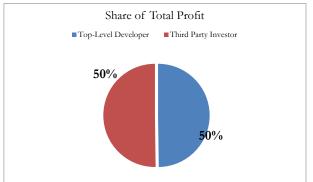
The Meadows at Fair Lakes

	Sponsor	Developer Partner	Third Party Investor	Total Project	Top-Level Developer (Sponsor and Partner)
Equity Investment	\$303,153	\$7,073,582	\$20,210,233	\$27,586,968	\$7,376,735
Share of Equity Investment	1.10%	25.64%	73.26%	100.00%	26.74%
Gross Return	\$1,329,235	\$11,927,928	\$26,144,754	\$39,401,916	\$13,257,163
Net Profit (Return on Equity)	\$1,026,082	\$4,854,346	\$5,934,521	\$11,814,948	\$5,880,428
Multiple on Equity	4.38x	1.69x	1.29x	1.43x	1.80x
Internal Rate of Return	63.74%	30.37%	23.06%	0.00%	33.33%
Time from Equity Investment to Final Return (months)	38	38	38	38	38



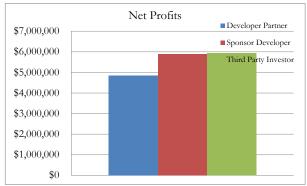
Tier	Sponsor Cashflow	Sponsor Share	Partner Cashflow	Partner Share	Total Cashflow
Preferred Return	\$332,835	4%	\$7,766,150	96%	\$8,098,985
Tier 1	\$132,869	14%	\$808,827	86%	\$941,696
Tier 2	\$117,565	16%	\$612,217	84%	\$729,781
Tier 3	\$158,796	19%	\$672,179	81%	\$830,975
Tier 4	\$587,170	22%	\$2,068,556	78%	\$2,655,726
Total	\$1,329,235	10%	\$11,927,928	90%	\$13,257,163
Less Equity Investment	(\$303,153)	4%	(\$7,073,582)	96%	(\$7,376,735)
Net Profit (Return on Equity)	\$1,026,082	17%	\$4,854,346	83%	\$5,880,428





Waterfall #1 Structure - Top-Level Developer and Third Party Investor

		IRR Hui	dle Ranges		Developer Promote	Developer Equity Pro- Rata Share	Investor Profit Share	Total (must be 100%)
Preferred R	etur From	0%	through	11%	0%	27%	73%	100%
Tier 1	Above	11%	through	14%	20%	27%	53%	100%
Tier 2	Above	14%	through	18%	25%	27%	48%	100%
Tier 3	Above	18%	through	18%	25%	27%	48%	100%
Tier 4			Above	18%	40%	27%	33%	100%



Waterfall #2 Structure - Sponsor and Developer Partner

		IRR Hur	dle Ranges		Sponsor Promote	Equity Pro- Rata Share	Partner Profit Share	Total (must be 100%)
Preferred Retu	ır From	0%	through	6%	0%	4%	96%	100%
Tier 1	Above	6%	through	12%	10%	4%	86%	100%
Tier 2	Above	12%	through	16%	12%	4%	84%	100%
Tier 3	Above	16%	through	20%	15%	4%	81%	100%
Tier 4			Above	20%	18%	4%	78%	100%

