

The Meadows at Fair Lakes
Summary of Land Development Assumptions - Part 1 - 9/16/2012

SITE INFORMATION

Project Name	The Meadows at Fair Lakes
Address	Old Fairgrounds, Anytown, NY 12345
County	Fairford County
Land Owner	Jones Family Trust
Current Zoning	Farm
Target Zoning	Residential
Maximum Allowable Density	2.00 Lots per acre
Site Acreage	60.00 acres
Maximum Developed Lots	120 Lots
Phases (Maximum of 3; not necessarily an even housing count in each)	3

PROJECT TIMING, PHASING AND SALES VELOCITY ASSUMPTIONS

	Month #	Date
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	Duration	
Phase 1 Pre-Construction (months)	8 months	Go To Gantt Chart

Phase 1	46 Lots	Duration	Start Month #	End Month #	# of Lots
Sitework and Infrastructure Construction		12 months	9	20	
Lot Sales Duration, Start, End, Rate		5 months	21	25	10.00/Month
Lot Deposit to Closing Timing		1 months			
Closings Start / End Month		5 months	22	26	

Phase 2	46 Lots	Duration	Start Month #	End Month #	# of Lots
Sitework and Infrastructure Construction		12 months	21	32	
Lot Sales Duration, Start, End, Rate		5 months	33	37	10.00/Month
Lot Deposit to Closing Timing		1 months			
Closings Start / End Month		5 months	34	38	

Phase 3	18 Lots	Duration	Start Month #	End Month #	# of Lots
Sitework and Infrastructure Construction		12 months	33	44	
Lot Sales Duration, Start, End, Rate		2 months	45	46	10.00/Month
Lot Deposit to Closing Timing		1 months			
Closings Start / End Month		2 months	46	47	

Total Lots 110

DEVELOPMENT USES OF FUNDS

		% Total	\$/Acre	Total
Land and Acquisition Costs		42.70%	\$13,182	\$1,450,000
Phase 1 Land	25 acres			\$600,000
Phase 2 Land	25 acres			\$600,000
Phase 3 Land	10 acres			\$250,000
Total Hard Costs		45.71%	\$14,111	\$1,552,200
Development Hard Costs	Phase 1 \$25,000/acre			\$13,568
Hard Costs Contingency	Phase 2 \$25,000/acre			\$543
	Phase 3 \$25,000/acre			\$59,700
	4.00% of Development Hard Costs			
Total Soft Costs and Fees		9.67%		\$328,350
Soft Costs	15.00% of Development Hard Costs		\$2,035	\$223,875
Developer Fee	5.00% of Development Hard Costs			\$74,625
CM Fee	2.00% of Development Hard Costs			\$29,850
Financing Costs excl. any Operating Deficit		1.92%	\$592	\$65,099
Total Uses of Funds		100.00%	\$30,870	\$3,395,649
Operating Deficit (Funded by Equity)				\$591,487
Total Uses of Funds with Operating Def.				\$3,987,136

DEVELOPMENT SOURCES OF FUNDS

Equity	% of Developer Equity	% of Total Equity	Initial Amount	Deficit Share*	% of Cost	Total Equity
Sponsor Land Equity	0.00%	0.00%	\$0	\$0	0.00%	\$0
Sponsor Cash Equity	20.00%	6.67%	\$100,000	\$41,430	3.55%	\$141,430
Equity Partner (if Any)	80.00%	26.67%	\$400,000	\$165,720	14.19%	\$565,720
Third Party Investor		66.67%	\$1,000,000	\$414,301	35.47%	\$1,414,301
Equity Total		100.00%	\$1,500,000	\$621,451	53.21%	\$2,121,451
Debt	<i>Closing Date</i>				<i>% of Cost</i>	<i>Total</i>
Land Loan	12/1/2012	0.00% Interest	Current PMTs			\$0
Mortgage Recording Tax		0.00%				
Origination Cost - Paid in Cash		0.00%				
Mezzanine Loan		10.00% Interest			12.54%	\$500,000
Loan Fees - Front End	7/1/2013	0.75%				
AD&C Senior Loan **	12/1/2013	6.50% Interest			33.98%	\$1,354,644
Mortgage Recording Tax	12/1/2013	1.45%				
Loan Fees - Front End	12/1/2013	0.50%				
Loan Fees - At Draws		0.75%				
Repayment % Net Sales Proceeds	90.00%					
			Debt Total (excludes any Land Loan)		46.52%	\$1,854,644
			Property Cash Flow		0.28%	\$11,041
			Total Sources of Funds (excludes any Land Loan)		100.00%	\$3,987,136

* Operating Deficit and Financing-related Deficits

** Loan amount includes capitalized interest and capitalized points/fees

The Meadows at Fair Lakes
Summary of Land Development Assumptions - Part 2 - 9/16/2012

SALES CASH FLOWS

Sales Office / Marketing Spend		\$10,000/mo	Start 3 Mos. prior to Phase 1 Sales	
Developed Lots		<u>Average Price</u>	<u>Average Acreage</u>	
Phase 1	46 Units	\$54,196	0.54 acres	
Phase 2	46 Units	\$54,196	0.54 acres	
Phase 3	<u>18 Units</u>	<u>\$54,667</u>	<u>0.55 acres</u>	
Total	110 Units	\$54,273	0.54 acres	
Revenue			Amount	
Lot Sales	Deposit Amount	10.00%	Gross Revenue	\$5,970,000
Selling Costs				4.00%
Total Revenues, Net				(\$238,800)
				\$5,731,200

OPERATING ASSUMPTIONS

Annual Inflation Rate for Operating Expenses/Deficit	2.00%
Annual Operating Expenses/Lot after Completion	\$5,660
Real Estate Taxes on Developed Lots	
Average Assessed Value	
Phase 1	\$50,000
Phase 2	\$50,000
Phase 3	\$50,000
Tax Rate	0.85%
Annual Real Estate Taxes/Lot after Completion	\$1,275

RETURNS (CALCULATED OFF OF MONTHLY CASH FLOWS)

	Sponsor	Equity Partner	Third Party	Total Project
Equity Investment	\$100,000	\$400,000	\$1,000,000	\$1,500,000
Net Return on Equity	\$790,493	\$279,704	\$483,809	\$1,274,302
Multiple on Equity	2.12x	1.90x	1.34x	1.60x
IRR	48.74%	43.82%	27.47%	37.61%
NPV off of Monthly CFs	8.00%			\$824,953
IRR Kicker Return Hurdle	0.00%			
Land Owner Participation %	0.00%			

NOTES

Lot Mix and Pricing Details

The Meadows at Fair Lakes

Total Land Acreage 60

Phase 1							\$25,000/acre		
Lot Type	Average Sales Price per Acre	Average Lot Size	Sales Price	% of Acreage	Total Acreage	# of Lots	Base Hard Costs	Hard Costs Premium	Total Phase 1 Hard Costs
For Cape Cod A	\$100,000/acre	0.25 acres	\$25,000	10.03%	2.50 acres	10	\$62,500	0%	\$62,500
For Cape Cod B	\$100,000/acre	0.33 acres	\$33,000	7.94%	1.98 acres	6	\$49,500	0%	\$49,500
For Medium A	\$100,000/acre	0.50 acres	\$50,000	20.06%	5.00 acres	10	\$125,000	0%	\$125,000
For Medium B	\$100,000/acre	0.67 acres	\$67,000	26.88%	6.70 acres	10	\$167,500	0%	\$167,500
For McMansion A	\$100,000/acre	0.75 acres	\$75,000	15.04%	3.75 acres	5	\$93,750	0%	\$93,750
For McMansion B	\$100,000/acre	1.00 acres	\$100,000	20.06%	5.00 acres	5	\$125,000	0%	\$125,000
Average/Total	\$100,000/acre	0.54 acres	\$54,196	100.00%	24.93 acres	46			\$623,250

Totals/Ave.

Sales

Assessed Value at Delivery

Operating Expenses and RE Taxes Per Lot Per Year

Phase 1	\$2,493,000	\$50,000	Management	\$785
Phase 2	\$2,493,000	\$50,000	Administration	\$495
Phase 3	\$984,000	\$50,000	Payroll	\$1,935
	\$5,970,000		Utilities	\$975
			Water & Sewer	\$0
			Repair & Maint.	\$1,175
			Insurance	\$295
			Taxes	\$1,275
			Total Operating Expenses	\$6,935

Tax Rate 0.85% >>>

Phase 2							\$25,000/acre		
Lot Type	Average Sales Price per Acre	Average Lot Size	Sales Price	% of Acreage	Total Acreage	# of Lots	Base Hard Costs	Hard Costs Premium	Total Phase 2 Hard Costs
For Cape Cod A	\$100,000/acre	0.25 acres	\$25,000	10.03%	2.50 acres	10	\$62,500	0%	\$62,500
For Cape Cod B	\$100,000/acre	0.33 acres	\$33,000	7.94%	1.98 acres	6	\$49,500	0%	\$49,500
For Medium A	\$100,000/acre	0.50 acres	\$50,000	20.06%	5.00 acres	10	\$125,000	0%	\$125,000
For Medium B	\$100,000/acre	0.67 acres	\$67,000	26.88%	6.70 acres	10	\$167,500	0%	\$167,500
For McMansion A	\$100,000/acre	0.75 acres	\$75,000	15.04%	3.75 acres	5	\$93,750	0%	\$93,750
For McMansion B	\$100,000/acre	1.00 acres	\$100,000	20.06%	5.00 acres	5	\$125,000	0%	\$125,000
Average/Total	\$100,000/acre	0.54 acres	\$54,196	100.00%	24.93 acres	46			\$623,250

Phase 3							\$25,000/acre		
Lot Type	Average Sales Price per Acre	Average Lot Size	Sales Price	% of Acreage	Total Acreage	# of Lots	Base Hard Costs	Hard Costs Premium	Total Phase 3 Hard Costs
For Cape Cod A	\$100,000/acre	0.25 acres	\$25,000	10.16%	1.00 acres	4	\$25,000	0%	\$25,000
For Cape Cod B	\$100,000/acre	0.33 acres	\$33,000	6.71%	0.66 acres	2	\$16,500	0%	\$16,500
For Medium A	\$100,000/acre	0.50 acres	\$50,000	20.33%	2.00 acres	4	\$50,000	0%	\$50,000
For Medium B	\$100,000/acre	0.67 acres	\$67,000	27.24%	2.68 acres	4	\$67,000	0%	\$67,000
For McMansion A	\$100,000/acre	0.75 acres	\$75,000	15.24%	1.50 acres	2	\$37,500	0%	\$37,500
For McMansion B	\$100,000/acre	1.00 acres	\$100,000	20.33%	2.00 acres	2	\$50,000	0%	\$50,000
Average/Total	\$100,000/acre	0.55 acres	\$54,667	100.00%	9.84 acres	18			\$246,000

Total 59.70 acres 110 Lots

99.50% Of Available Acreage Utilized

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	6.67%	3.57%			\$100,000			20.00%	\$621,451	\$141,430	Developer Sponsor Equity +	3.55%
Developer Partner Equity	26.67%	14.26%	53.48%		\$400,000	\$1,500,000		80.00%		\$565,720	Developer Partner Equity +	14.19%
Third Party Investor Equity	66.67%	35.66%			\$1,000,000					<u>\$1,414,301</u>	Third Party Investor Equity +	35.47%
Mezzanine Loan		12.54%			\$500,000					\$2,121,451	Mezzanine Loan	12.54%
Senior Loan **		<u>33.98%</u>		46.52%	<u>\$1,354,644</u>		\$1,854,644				Senior Loan **	33.98%
Total Sources of Funds (TDC)	100.00%	100.00%			\$3,976,095						Property Cash Flow as Source of Funds	<u>0.28%</u>
Sources of Funds From Above	\$3,976,095											100.00%
Property Cash Flow As Source of Funds	\$11,041											
Total Sources of Funds	\$3,987,136											

+ 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.

Annual Sources and Uses Summary

The Meadows at Fair Lakes

	Project Year	1	2	3	4	5	6	7	8
	Calendar Year	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
		9/16/2012	9/16/2013	9/16/2014	9/16/2015	9/16/2016	9/16/2017	9/16/2018	9/16/2019
USES OF FUNDS	Total	Data Series Profile							
Land & Acquisition Costs									
Phase 1	\$600,000	600,000	0	0	0	0	0	0	0
Phase 2	\$600,000	0	600,000	0	0	0	0	0	0
Phase 3	\$250,000	0	17,500	232,500	0	0	0	0	0
Total Land and Acquisition Costs	\$1,450,000	600,000	617,500	232,500	0	0	0	0	0
Development Hard Costs									
Phase 1	\$623,250	18,698	604,553	0	0	0	0	0	0
Phase 2	\$623,250	0	18,698	604,553	0	0	0	0	0
Phase 3	\$246,000	0	0	7,380	238,620	0	0	0	0
Total Development Hard Costs	\$1,492,500	18,698	623,250	611,933	238,620	0	0	0	0
Hard Costs Contingency	\$59,700	748	24,930	24,477	9,545	0	0	0	0
Total Hard Costs	\$1,552,200	19,445	648,180	636,410	248,165	0	0	0	0
Developer Fee	\$74,625	935	31,163	30,597	11,931	0	0	0	0
CM Fee	\$29,850	374	12,465	12,239	4,772	0	0	0	0
Soft Costs	\$223,875	71,640	94,028	58,208	0	0	0	0	0
Total Soft Costs	\$328,350	72,949	137,655	101,043	16,703	0	0	0	0
Subtotal Eligible Development Costs for Senior Loan Funding	\$3,330,550	\$692,394	\$1,403,335	\$969,953	\$264,868	\$0	\$0	\$0	\$0
Mezzanine Debt Financing									
Origination Costs - paid in Cash	\$3,750	0	3,750	0	0	0	0	0	0
Loan Interest - paid in Cash	\$5,674	0	0	5,674	0	0	0	0	0
Senior Debt Financing									
Capitalized (funded) Front End Loan Fee	\$6,773	0	6,773	0	0	0	0	0	0
Capitalized (funded) Loan Fees at Loan Draws	\$9,979	0	718	7,275	1,987	0	0	0	0
Loan Interest - paid in Cash	\$7,341	0	0	7,341	0	0	0	0	0
Capitalized (funded) Loan Interest Reserve	\$11,939	0	0	3,253	7,842	845	0	0	0
Mortgage Recording Tax - paid in Cash	\$19,642	0	19,642	0	0	0	0	0	0
Total Financing Costs	\$65,099	0	30,884	23,543	9,828	845	0	0	0
Total Development Costs (TDC) before Operating Deficit	\$3,395,649	\$692,394	\$1,434,219	\$993,495	\$274,696	\$845	\$0	\$0	\$0
Operating Deficit	(\$591,487)	0	(104,843)	(339,369)	(147,275)	0	0	0	0
Total Development Costs including Operating Deficit	\$3,987,136	\$692,394	\$1,539,061	\$1,332,864	\$421,971	\$845	\$0	\$0	\$0

Annual Sources and Uses Summary

The Meadows at Fair Lakes

	Project Year Calendar Year		1 Year 2012 9/16/2012	2 Year 2013 9/16/2013	3 Year 2014 9/16/2014	4 Year 2015 9/16/2015	5 Year 2016 9/16/2016	6 Year 2017 9/16/2017	7 Year 2018 9/16/2018	8 Year 2019 9/16/2019
<u>SOURCES OF FUNDS</u>										
	Total	Data Series Profile								
<u>Developer Sponsor Equity</u>										
Direct Project Costs Draw	\$100,000		100,000	0	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw *	\$41,430		0	8,549	22,841	10,040	0	0	0	0
Total Funding	\$141,430		100,000	8,549	22,841	10,040	0	0	0	0
<u>Developer Partner Equity</u>										
Direct Project Costs Draw	\$400,000		400,000	0	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw *	\$165,720		0	34,196	91,366	40,158	0	0	0	0
Total Funding	\$565,720		400,000	34,196	91,366	40,158	0	0	0	0
<u>Third Party Investor Equity</u>										
Direct Project Costs Draw	\$1,000,000		192,394	807,606	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw *	\$414,301		0	85,490	228,414	100,396	0	0	0	0
Total Funding	\$1,414,301		192,394	893,096	228,414	100,396	0	0	0	0
Total Equity Contribution	\$2,121,451		\$692,394	\$935,841	\$342,621	\$150,594	\$0	\$0	\$0	\$0
<u>Land Loan</u>										
Beginning Balance	\$0		0	0	0	0	0	0	0	0
Draw	\$0		0	0	0	0	0	0	0	0
Origination Costs - paid in Cash	\$0		0	0	0	0	0	0	0	0
Cash Interest Payments	\$0		0	0	0	0	0	0	0	0
Funded Interest Reserve, if any	\$0		0	0	0	0	0	0	0	0
Loan Repayment	\$0		0	0	0	0	0	0	0	0
<u>Mezzanine Loan</u>										
Direct Project Costs Draw	\$500,000		0	500,000	0	0	0	0	0	0
Loan Fees - Front End	\$3,750		0	3,750	0	0	0	0	0	0
Cash Interest Payments	\$5,674		0	0	5,674	0	0	0	0	0
Loan Repayment	(\$500,000)		0	0	(500,000)	0	0	0	0	0
<u>Senior Loan</u>										
Direct Project Costs Draw	\$1,330,550		0	95,729	969,953	264,868	0	0	0	0
Loan Fees - Front End	\$6,773		0	6,773	0	0	0	0	0	0
Loan Fees - At Loan Draws	\$9,979		0	718	7,275	1,987	0	0	0	0
Funded Interest Reserve	\$7,341		0	0	7,341	0	0	0	0	0
Cash Interest Payments, if any	\$11,939		0	0	3,253	7,842	845	0	0	0
Repayment from Net Revenues	(\$1,354,644)		0	0	(479,047)	(733,824)	(141,773)	0	0	0

Annual Cash Flow and Returns Summary

The Meadows at Fair Lakes

	Project Year Calendar Year	1 Year 2012 9/16/2012	2 Year 2013 9/16/2013	3 Year 2014 9/16/2014	4 Year 2015 9/16/2015	5 Year 2016 9/16/2016	6 Year 2017 9/16/2017	7 Year 2018 9/16/2018	8 Year 2019 9/16/2019	9 Year 2020 9/16/2020	10 Year 2021 9/16/2021
Units Closed	110	0	0	46	46	18	0	0	0	0	0
	Total	Data Series Profile									
Phase 1 Revenue, Net	\$2,393,280	0	54,196	2,339,084	0	0	0	0	0	0	0
Phase 2 Revenue, Net	\$2,393,280	0	0	54,196	2,339,084	0	0	0	0	0	0
Phase 3 Revenue, Net	\$944,640	0	0	0	54,667	889,973	0	0	0	0	0
All Sale Revenue, Net	\$5,731,200	0	54,196	2,393,280	2,393,751	889,973	0	0	0	0	0
Total Operating Expenses	\$1,061,249	0	104,843	629,099	302,401	24,906	0	0	0	0	0
Net Revenue After Operating Expenses	\$4,669,951	0	(104,843)	1,764,181	2,090,879	919,734	0	0	0	0	0
Cash Interest Expense	\$17,613										
Land Loan	\$0	0	0	0	0	0	0	0	0	0	0
Mezzanine Loan	\$5,674	0	0	5,674	0	0	0	0	0	0	0
Senior Loan	\$11,939	0	0	3,253	7,842	845	0	0	0	0	0
Total Financing Costs	\$41,005	0	23,392	8,927	7,842	845	0	0	0	0	0
Net Revenue Less Interest	\$4,628,946	\$0	(\$128,235)	\$1,755,255	\$2,083,037	\$918,889	\$0	\$0	\$0	\$0	\$0
Financing Cash Flows:											
Sponsor Equity Investment	(\$100,000)	(100,000)	0	0	0	0	0	0	0	0	0
Sponsor Operating Deficit Draw	(\$41,430)	0	(8,549)	(22,841)	(10,040)	0	0	0	0	0	0
Partner Equity Investment	(\$400,000)	(400,000)	0	0	0	0	0	0	0	0	0
Partner Operating Deficit Draw *	(\$165,720)	0	(34,196)	(91,366)	(40,158)	0	0	0	0	0	0
Investor Equity Investment	(\$1,000,000)	(192,394)	(807,606)	0	0	0	0	0	0	0	0
Investor Operating Deficit Draw *	(\$414,301)	0	(85,490)	(228,414)	(100,396)	0	0	0	0	0	0
All Loan Draws	\$1,830,550	0	595,729	969,953	264,868	0	0	0	0	0	0
Land Loan Repayment	\$0	0	0	0	0	0	0	0	0	0	0
Mezzanine Loan Repayment	(\$500,000)	0	0	(500,000)	0	0	0	0	0	0	0
Senior Loan Repayment	(\$1,354,644)	0	0	(479,047)	(733,824)	(141,773)	0	0	0	0	0
Net Levered Cash Flow *	\$1,274,302	(\$692,394)	(\$935,841)	\$776,208	\$1,349,213	\$777,116	\$0	\$0	\$0	\$0	\$0
Net Profit	\$1,274,302										
Internal Rate of Return (XIRR)	27.35%										
Net Present Value (XNPV) 8.00%	\$748,692										

Off of Annual Cash Flows

* Exclusive of any NOI from Existing Apartments

Joint Venture Partnership Structure

The Meadows at Fair Lakes

Total Required Equity (Purchase + Operation) \$2,121,451 (Includes Operating Deficit Funding)

Sponsor Land Equity	0.00%	\$0	
Sponsor Cash Equity	6.67%	\$141,430	20.00%
Equity Partner	26.67%	\$565,720	80.00%
<hr/>			
Sponsor	33.33%	\$707,150	100.00%
Third Party Investor	66.67%	\$1,414,301	
	100.00%	\$2,121,451	

Profit Sharing

Waterfall #1

Partnership Structure	% Equity	
Sponsor Equity	33.33%	<i>Profit >></i>
Investor	66.67%	<i>Sharing >></i>
Total	100.00%	<i>Splits >></i>

Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.

IRR Hurdle Rates

	Pref: 11%	Tier 1: 14%	Tier 2: 18%	Tier 3: 18%	Tier 4: > 18%
Sponsor Equity	33.33%	33.33%	33.33%	33.33%	33.33%
Sponsor Promote	0.00%	20.00%	25.00%	25.00%	40.00%
Investor Equity	66.67%	46.67%	41.67%	41.67%	26.67%
	100.00%	100.00%	100.00%	100.00%	100.00%

Waterfall #2

Sponsor Structure	% Sponsor Equity	
Owner/Developer	20.00%	<i>Profit >></i>
Equity Partner	80.00%	<i>Sharing >></i>
Total	100.00%	<i>Splits >></i>

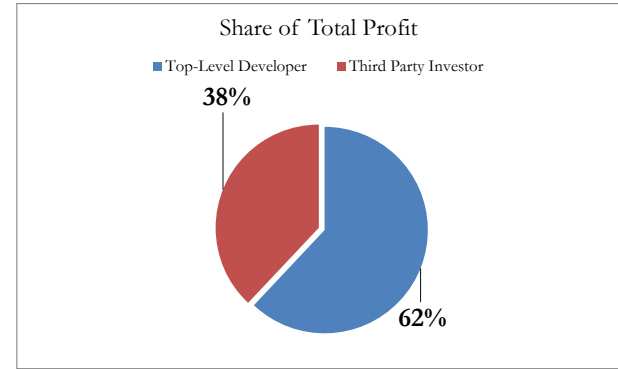
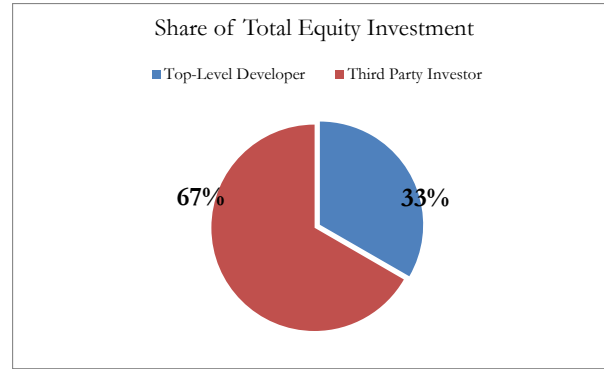
Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.

	Pref: 6%	Tier 1: 12%	Tier 2: 16%	Tier 3: 20%	Tier 4: > 20%
Sponsor Equity	20.00%	20.00%	20.00%	20.00%	20.00%
Sponsor Promote	0.00%	10.00%	12.00%	15.00%	18.00%
Developer Partner Equity	80.00%	70.00%	68.00%	65.00%	62.00%
	100.00%	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	\$141,430	\$565,720	\$1,414,301	\$2,121,451	\$707,150
Share of Equity Investment	6.67%	26.67%	66.67%	100.00%	33.33%
Gross Return	\$421,134	\$1,076,509	\$1,898,110	\$3,395,753	\$1,497,643
Net Profit (Return on Equity)	\$279,704	\$510,789	\$483,809	\$1,274,302	\$790,493
Multiple on Equity	2.98x	1.90x	1.34x	1.60x	2.12x
Internal Rate of Return	61.51%	43.82%	27.47%	0.00%	48.74%
Time from Equity Investment to Final Return (months)	46	46	46	46	46

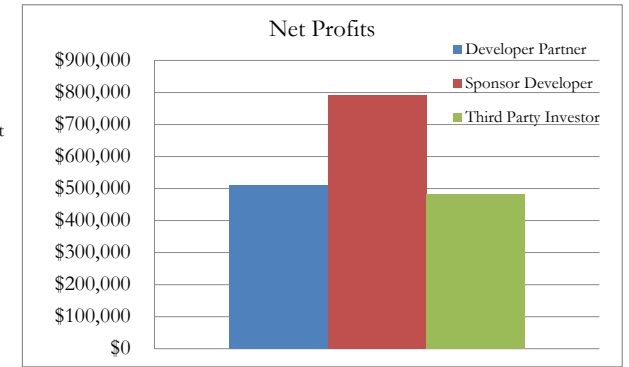


Waterfall #1 Summary - Top-Level Developer and Third Party Investor

Tier	Developer (Sponsor and Partner) Cashflow	Developer Share	Third Party Investor Cashflow	Third Party Investor Share	Total Cashflow
Preferred Return	\$789,195	33%	\$1,578,390	67%	\$2,367,585
Tier 1	\$55,768	53%	\$48,797	47%	\$104,566
Tier 2	\$95,777	58%	\$68,412	42%	\$164,190
Tier 3	\$0	0%	\$0	0%	\$0
Tier 4	\$556,902	73%	\$202,510	27%	\$759,412
Total	\$1,497,643	44%	\$1,898,110	56%	\$3,395,753
Less Equity Investment	(\$707,150)	33%	(\$1,414,301)	67%	(\$2,121,451)
Net Profit (Return on Equity)	\$790,493	62%	\$483,809	38%	\$1,274,302

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

	IRR Hurdle Ranges			Developer Promote	Developer Equity Pro-Rata Share	Investor Profit Share	Total (must be 100%)
	From	through	To				
Preferred Return	0%	11%	11%	0%	33%	67%	100%
Tier 1	Above 11%	14%	14%	20%	33%	47%	100%
Tier 2	Above 14%	18%	18%	25%	33%	42%	100%
Tier 3	Above 18%	18%	18%	25%	33%	42%	100%
Tier 4	Above 18%	18%	18%	40%	33%	27%	100%



Waterfall #2 Summary - Sponsor and Developer Partner

Tier	Sponsor Cashflow	Sponsor Share	Partner Cashflow	Partner Share	Total Cashflow
Preferred Return	\$152,660	20%	\$610,638	80%	\$763,298
Tier 1	\$21,218	30%	\$49,510	70%	\$70,728
Tier 2	\$16,805	32%	\$35,710	68%	\$52,515
Tier 3	\$20,624	35%	\$38,301	65%	\$58,925
Tier 4	\$209,827	38%	\$342,350	62%	\$552,177
Total	\$421,134	28%	\$1,076,509	72%	\$1,497,643
Less Equity Investment	(\$141,430)	20%	(\$565,720)	80%	(\$707,150)
Net Profit (Return on Equity)	\$279,704	35%	\$510,789	65%	\$790,493

Waterfall #2 Structure - Sponsor and Developer Partner

	IRR Hurdle Ranges			Sponsor Promote	Equity Pro-Rata Share	Partner Profit Share	Total (must be 100%)
	From	through	To				
Preferred Return	0%	6%	6%	0%	20%	80%	100%
Tier 1	Above 6%	12%	12%	10%	20%	70%	100%
Tier 2	Above 12%	16%	16%	12%	20%	68%	100%
Tier 3	Above 16%	20%	20%	15%	20%	65%	100%
Tier 4	Above 20%	20%	20%	18%	20%	62%	100%

