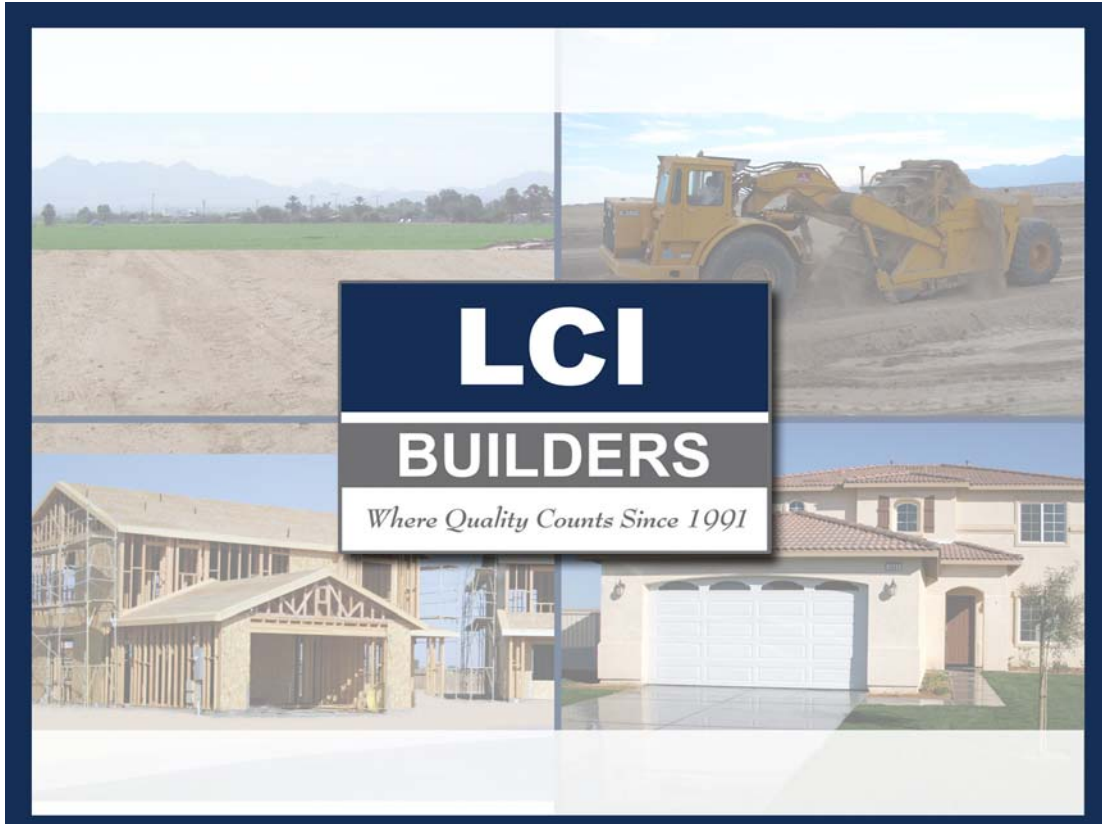


**Sky Haven Ranch  
134 Single Family Residence Lots  
Apple Valley, CA**



**Executive Summary**

**March 2008**



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## **I. EXECUTIVE SUMMARY**

LCI Builders (“LCI”) is purchasing Sky Haven Ranch, a 134 estate lot subdivision (“Subject Property”) located in an unincorporated area of County of San Bernardino in the town of Apple Valley. The Subject Property fronts Bear Valley Parkway, a major east-west corridor and is close proximity to shopping and other services. The Subject Property has 53 recorded residential lots and one detention basin lot under Final Map (FM 17093-1). The remaining 81 lots are part of the remainder parcel of tract 17093-1 and have not yet been recorded. The 53 recorded lots are at finished condition and the remaining 81 lots are at blue-top condition. The three Models for the “Estates” are completely built.

The following depicts a summary of the core characteristics and attributes for the Subject Property:

- |                             |   |
|-----------------------------|---|
| <b>Purchase Price:</b>      | <ul style="list-style-type: none"><li>• \$12.4M</li></ul>   |
| <b># of Lots:</b>           | <ul style="list-style-type: none"><li>• 134 lots</li></ul>  |
| <b>Seller:</b>              | <ul style="list-style-type: none"><li>• Sky Haven Ranch, LLC (Corman Leigh Communities)</li></ul>   |
| <b>Property Location:</b>   | <ul style="list-style-type: none"><li>• The Subject Property is located on Bear Valley Parkway and Itoya Vista Street</li></ul>   |
| <b>Project Description:</b> | <ul style="list-style-type: none"><li>• The site is 26.6 acres;</li><li>• 53 finished lot condition and 81 blue-topped condition;</li><li>• The perimeter wall is installed along Bear Valley and a portion along Itoya Vista Street;</li><li>• The site improvement plans for the 81 lots are approved. A sewer lift station is part of the approved plans; however, it has not yet been constructed;</li><li>• Two product types are approved for construction. The “Estates” models have been built but production has not yet been constructed; The “Classics” models are under construction at production specs. The Classics are at framing status;</li></ul> |
| <b>Topography:</b>          | <ul style="list-style-type: none"><li>• The site is flat with an existing SCE 70’ wide easement in an east-west alignment</li></ul>   |
| <b>Municipality:</b>        | <ul style="list-style-type: none"><li>• Unincorporated area of San Bernardino in the town of Apple Valley</li></ul>   |

**APN:** • 0434-051-052, -53, -58, -65

**Proposed Product Mix:** Estates

- Plan 1: n/a
- Plan 2: 2,590 sf 1 story
- Plan 3: 2,728 - 2935 sf 1 story
- Plan 3X: 3,172 - 3,390 sf 2story
- Plan 4: 2,934 sf 1 story

Classics

- Plan 6: 2,654 – 2,920 sf 2 story
- Plan 7: 2,959 sf 2 story
- Plan 8: 3,249 – 3,433 sf 2 story

**Min. Lot Size:** • 18,000 square foot lots 100'x 180' minimum

**Cost to Improve:**

- Estates approximately \$13K per finished lot
- Classics approximately \$31K per finished lot

**Improvements:**

- Wet/dry utilities and street improvements remaining in 81 lots; sewer lift station to be constructed; perimeter walls about 50% complete;

**Estimated Price Point:**

- Estates will range from 2,600 sf to 2,900 sf from the high \$300K to mid \$400K;
- Classics will range from 2,600 sf to 3,200 sf from the high \$300K to mid \$400K;

**Surrounding Area Land Uses:** The surrounding land uses encompass the following:

- East: existing commercial
- West: existing residential
- North: existing commercial
- South: existing residential

**Utilities:**

- Gas – Southwest Gas Corporation
- Electric – Southern California Edison
- Water – Apple Valley Ranchos Water Company
- Sewer – Town of Apple Valley
- Phone – Verizon
- Cable – Charter Communications
- Storm Drain – Town of Apple Valley

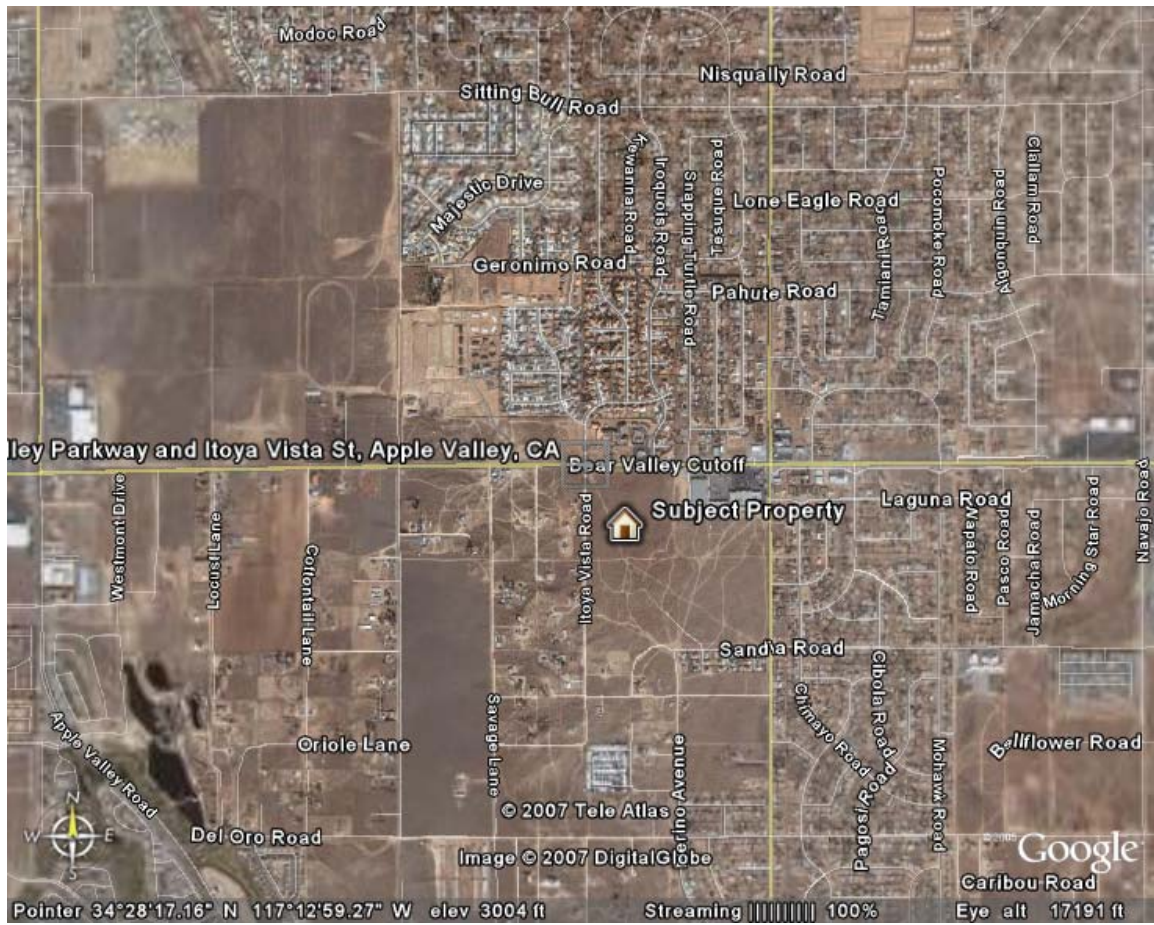
**Assessments:**

- No CFD has been formed to date

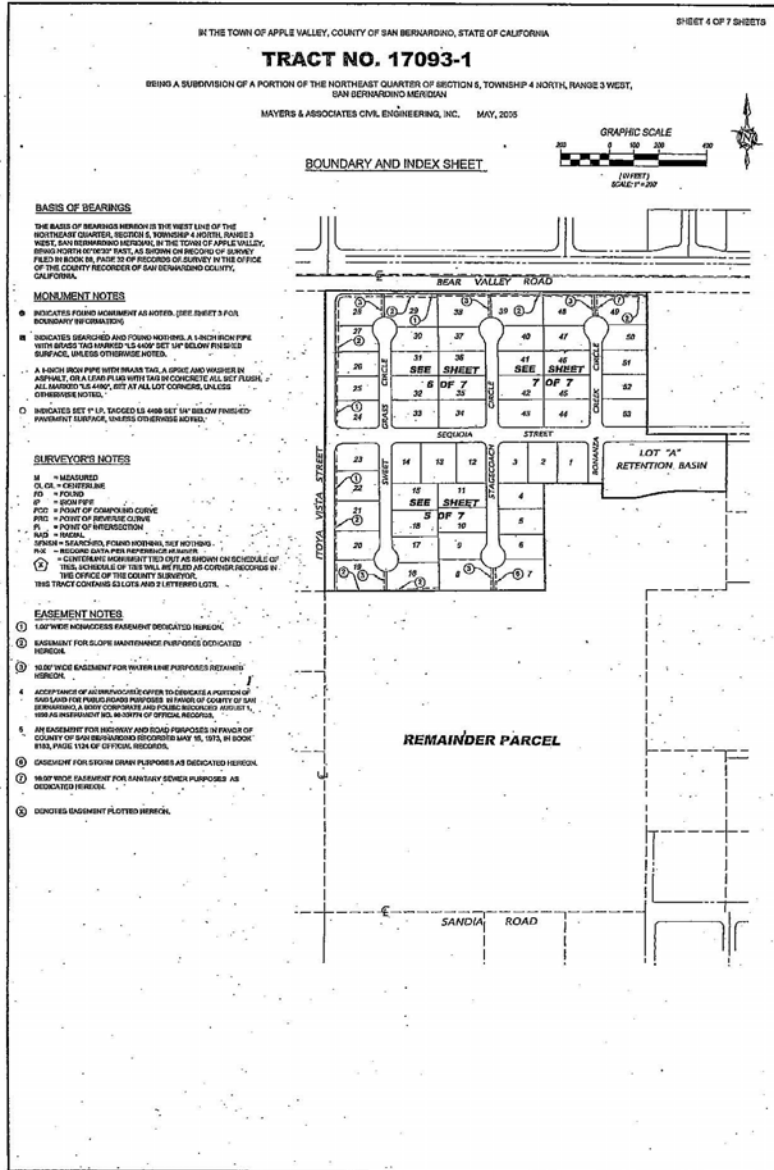
**Schools:**

- Apple Valley Unified School District

## **II. LOCATION MAP**



### III. TRACT MAP



#### **IV. CAPITAL REQUIREMENTS**

LCI has provided a synopsis of tranches to finance the project for the Alasia Build-Out to allow flexibility for value creation and exit strategies for the capital partner.

1<sup>st</sup> Tranche: \$ 15,200,000.00

Acquisition:

- \$12,450,000.00

Development:

\$2,650,000

- Miscellaneous loose ended development items.
- Finish blue topped lots

2<sup>nd</sup> Tranche: \$ 51,900,000.00 (includes repayment of 1<sup>st</sup> tranche)

Borrowed progressively production Phases.....

Vertical Construction:

\$ 36,700,000.00

- Hard Costs
- Soft Costs
- Indirect Costs
- Project Supervision
- Builder Overhead
- Community Marketing
- Interest Reserves

Total Building / Development costs: **\$51,900,000.00**

Total Sales: **\$60,950,000.00**

Security:

- 1<sup>st</sup> Trust Deed, if multiple lenders subordinations may be required.
- Corporate Guarantees.
- Personal Guarantees.
- Equity participation (contingent on multiplicity of lenders)

Lending Tranche Notes:

LCI is flexible for non-conventional lending relating to Tranches 1, however, the preference while transitioning into Tranche 2 (Vertical Financing) will be to pay conventional rates for the dollars borrowed.

# V. PROFORMA STATEMENT

"Work In Progress" for review only!

LCI Pacific Development					(134) Lots - Sky Haven Ranch -Apple Valley - Project "Preliminary Analysis"										
<b>Sky Haven Ranch, 18,000 sf minimum lots</b>	\$90,500	\$90,500	Plan ID	Product Mix Livable Area Sq. Ft. Stories Model Required	Plan Layout								Avg. Sq. Ft. 1,248		
	Finished / B-topped Lots				Estates				Classics				Totals		
	TTM Map # 17093-1		2		3	3X	4	6	7	8	Estates	Classics			
	Apple Valley, CA County of SBDO		20		19	20	18	20	21	16	77	57			
	All costs are estimates only.		2,590		2,728	3,172	2,934	2,654	2,959	3,249					
		1	1	2	1	2	2	1	Ttl Sq. Ft.		167,203				
		1	1	1	1	1	1	1	Total Homes		134				
<b>Gross Revenues</b>					Sales per Plan								Totals		Average
1 Proforma Sales Price	\$148.07	\$144.40	Sq. Ft.	Percent of cost	\$399,900	\$419,900	\$440,900	\$430,900	\$399,900	\$429,900	\$449,900	\$56,774,600	\$423,691		
2 Lot Premiums / RV parking	\$15,000	\$12,000	Lot		\$15,000	\$15,000	\$15,000	\$15,000	\$12,000	\$12,000	\$12,000	\$1,839,000	\$13,724		
3 Net Options & Upgrades	\$15,000	\$13,000	Lot		\$15,000	\$15,000	\$15,000	\$15,000	\$13,000	\$13,000	\$13,000	\$1,896,000	\$14,149		
4 Model Recovery	\$3,276	\$3,276	Lot		\$3,276	\$3,276	\$3,276	\$3,276	\$3,276	\$3,276	\$3,276	\$438,950	\$3,276		
<b>Total</b>					\$433,176	\$453,176	\$474,176	\$464,176	\$428,176	\$458,176	\$478,176	\$60,948,550	\$454,840		
<b>Land Cost</b>					\$90,500	\$90,500	\$90,500	\$90,500	\$90,500	\$90,500	\$90,500	\$12,127,000	\$90,500		
5 TTM Land Residual Value	\$6,968,500	\$5,158,500	Project	23.38%	\$2,600	\$2,600	\$2,600	\$2,600	\$1,925	\$1,925	\$1,925	\$309,929	\$2,313		
6 Closing costs	\$348,425	\$257,925	Home	0.60%	\$93,100	\$93,100	\$93,100	\$93,100	\$92,425	\$92,425	\$92,425	\$12,436,929	\$92,813		
<b>Total</b>				23.98%											
<b>Finishing Cost</b>					\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$241,200	\$1,800		
7 Civil Engineering misc / Staking	\$1,800	\$1,800	Lot	0.47%	\$9,000	\$9,000	\$9,000	\$9,000	\$27,500	\$27,500	\$27,500	\$2,260,500	\$16,869		
8 Infrastructure Improvements	\$9,000	\$27,500	Lot	4.36%	\$1,866	\$1,866	\$1,866	\$1,866	\$1,866	\$1,866	\$1,866	\$250,000	\$1,866		
9 Monumentation	\$250,000		Project	0.48%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10 Credits / Reimbursements	\$0		Lot	0.00%	\$12,666	\$12,666	\$12,666	\$12,666	\$31,166	\$31,166	\$31,166	\$2,751,700	\$20,535		
<b>Total</b>				5.31%	\$105,766	\$105,766	\$105,766	\$105,766	\$123,590	\$123,590	\$123,590	\$15,188,629	\$111,035		
11 CFD Credit	\$0.00	\$0.00	Lot		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Build Cost</b>					\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$2,010,000	\$15,000		
12 Development Impact / TUMF Fees	\$15,000	\$15,000	Lot	3.88%	\$5,500	\$5,500	\$5,500	\$5,500	\$5,200	\$5,200	\$5,200	\$719,900	\$5,372		
13 Permits and Fees	\$5,500	\$5,200	Lot	1.39%	\$9,842	\$10,366	\$12,054	\$11,149	\$10,085	\$11,244	\$12,346	\$1,470,931	\$10,977		
14 School Fees	\$3.80	\$3.80	Sq. Ft.	2.84%	\$1,306	\$1,306	\$1,306	\$1,306	\$1,306	\$1,306	\$1,306	\$175,000	\$1,306		
15 Architecture & Structural Eng'	\$175,000		Project	0.34%	\$137,270	\$144,584	\$168,116	\$155,502	\$138,008	\$153,868	\$168,948	\$20,348,408	\$151,854		
16 Direct Onsite Costs	\$53	\$52	Sq. Ft.	39.23%	\$4,500	\$4,500	\$4,500	\$4,500	\$5,500	\$5,500	\$5,500	\$660,000	\$4,925		
17 Home Site Improvements	\$4,500	\$5,500	Lot	1.27%	\$7,998	\$8,398	\$8,818	\$8,618	\$7,998	\$8,598	\$8,998	\$1,135,492	\$8,474		
18 Liability & COC Insurance	2.00%		Sales	2.19%	\$3,885	\$4,092	\$4,758	\$4,401	\$3,981	\$4,439	\$4,874	\$580,631	\$4,333		
19 Project Supervision	\$1.50		Sq. Ft.	1.12%	\$5,180	\$5,456	\$6,344	\$5,868	\$5,308	\$5,918	\$6,498	\$774,174	\$5,777		
20 Indirect(s)	\$2.00		Sq. Ft.	1.49%	\$190,481	\$199,202	\$226,396	\$211,844	\$192,386	\$211,073	\$228,670	\$27,874,535	\$175,363		
<b>Total</b>				45.31%	\$203,147	\$211,868	\$239,061	\$224,510	\$223,562	\$242,238	\$259,835	\$51,548,240	\$195,899		
<b>Construction Subtotal:</b>				50.61%	\$296,247	\$304,968	\$332,161	\$317,610	\$315,977	\$334,663	\$352,260	\$43,063,164	\$288,711		
<b>Total Cost</b>				74.59%											
<b>Finance / Sales Cost</b>					\$172,675	\$180,088	\$203,202	\$190,833	\$190,019	\$205,903	\$220,860	\$26,032,300	\$194,271		
21 Loan to Cost	85%				\$4,023	\$4,141	\$4,511	\$4,313	\$4,291	\$4,545	\$4,784	\$584,782	\$4,364		
22 Loan Rate	9.75%				\$15,254	\$15,703	\$17,103	\$16,354	\$16,269	\$17,232	\$18,138	\$2,217,298	\$16,547		
23 Points	1.5 pts.	Points	1.13%		\$268,195	\$276,090	\$300,709	\$287,535	\$286,556	\$302,973	\$318,904	\$38,985,457	\$290,936		
24 Interest Financing	7 mos.	Reserve	4.28%		\$3,120	\$3,264	\$3,415	\$3,343	\$3,084	\$3,300	\$3,444	\$438,950	\$3,276		
25 Total Financed per house	with Points & Reserve	Financed	75.17%		\$817	\$855	\$895	\$876	\$808	\$865	\$902	\$115,000	\$858		
26 Model Upgrades	\$438,950		Project	0.85%	\$995	\$1,041	\$1,089	\$1,066	\$984	\$1,052	\$1,098	\$140,000	\$1,045		
27 Market Start-up Costs	\$115,000		Project	0.22%	\$11,997	\$12,597	\$13,227	\$12,927	\$11,997	\$12,897	\$13,497	\$1,703,242	\$12,711		
28 Marketing On-going Costs/mo.	\$10,000		14 mos.	0.27%	\$1,684	\$1,773	\$2,062	\$1,907	\$1,725	\$1,923	\$2,112	\$251,607	\$1,878		
29 Sales Commission	3.0%	Gross	3.28%		\$2,166	\$2,266	\$2,371	\$2,321	\$2,141	\$2,291	\$2,391	\$304,743	\$2,274		
30 Customer Service/Warranty	\$0.65	Sq. Ft.	0.49%		\$12,995	\$13,595	\$14,225	\$13,925	\$12,845	\$13,745	\$14,345	\$1,828,457	\$13,645		
31 Buyers Closing Costs	0.5%	Gross	0.59%		\$8,664	\$9,064	\$9,484	\$9,284	\$8,564	\$9,164	\$9,564	\$1,218,971	\$9,097		
32 General and Admin	3.0%	Gross	3.53%		\$61,714	\$64,299	\$68,381	\$66,315	\$62,707	\$67,013	\$70,274	\$8,803,049	\$65,694		
33 Project Contingency	2%	Gross	2.35%												
<b>Total</b>				16.97%											
<b>Estimated Costs:</b>					\$357,961	\$369,267	\$400,542	\$383,925	\$378,684	\$401,676	\$422,534	\$51,866,212	\$387,061		
<b>Costs per Square Foot:</b>					\$138	\$135	\$126	\$131	\$143	\$136	\$130	\$136	\$136		
<b>Estimated Profits:</b>					\$75,215	\$83,909	\$73,634	\$80,250	\$49,492	\$56,500	\$55,641	\$10,442,166	\$65,517		
<b>Return:</b>					21.0%	22.7%	18.4%	20.9%	13.1%	14.1%	13.2%		17.6%		