

**DISCOUNTED CASH FLOW ANALYSIS**

<b>PROJECTIONS:</b>	
Total Lots in Development:	85 Lots
Average Retail Price Per Lot:	\$75,000
Average Absorption First 6 months Year 1:	6.0 Lots Per 6 Mos
Average Absorption Last 6 months Year 1:	8.0 Lots Per 6 Mos
Average Absorption Year 2 Per 6 Months:	10.0 Lots Per 6 Mos
Average Absorption Year 3 - First 6 months of Year 4:	12.0 Lots Per 6 Mos
Average Absorption Last 6 months Year 4:	15.0 Lots Per 6 Mos
Commissions:	7.0%
Closing Costs:	1.0% Per Lot
General and Administrative Costs Per 6 Months:	\$20,650 (\$41,300/Year)
Accounting and Legal Costs Per 6 Months:	\$7,075 (\$14,150/Year)
Marketing Costs Per 6 Months:	\$39,500 (\$79,000/Year)
Real Estate Taxes Per Lot:	\$800.00 Per Lot
Insurance:	\$3,538.00 (\$7,075/Year)
Pro-Rate Share of Club House & Equestrian Center	\$134,484 Periods 4 - 7
Expense Increase Per 6 Months:	2% (4% Per Year)
Contingency:	1.0%
Discount Rate Per 6 Months:	12.5% (25% Per Year)
Appreciation Factor Per 6 Months, Starting in Period 3:	2.5% (5% Per Year)

<b>INVENTORY OF LOTS: Semi Annual Periods</b>	<b>02/08-07/08</b>	<b>08/08-01/09</b>	<b>02/09-07/09</b>	<b>08/09-01/10</b>	<b>02/10-07/10</b>	<b>08/10-01/11</b>	<b>02/11-07/11</b>	<b>08/11-01/12</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Lots Unsold at Beginning of 6 Months:	85	79	71	61	51	39	27	15
Less Absorption Per 6 Months:	(6.0)	(8.0)	(10.0)	(10.0)	(12.0)	(12.0)	(12.0)	(15.0)
Lots Unsold at End of Six Months:	79.0	71.0	61.0	51.0	39.0	27.0	15.0	0.0
<b>GROSS INCOME:</b>								
<b>Beginning Retail Price Per Lot:</b>	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Times Appreciation Factor	1.0000	1.0000	1.0250	1.0500	1.0750	1.1000	1.1250	1.1500
x Absorption Per Quarter:	6.00	8.00	10.00	10.00	12.00	12.00	12.00	15.00
<b>Total Income Per Quarter:</b>	<b>\$450,000</b>	<b>\$600,000</b>	<b>\$768,750</b>	<b>\$787,500</b>	<b>\$967,500</b>	<b>\$990,000</b>	<b>\$1,012,500</b>	<b>\$1,293,750</b>
<b>LESS OPERATING EXPENSES:</b>								
Commissions	(\$31,500)	(\$42,000)	(\$53,813)	(\$55,125)	(\$67,725)	(\$69,300)	(\$70,875)	(\$90,563)
Closing Costs	(\$4,500)	(\$6,000)	(\$7,688)	(\$7,875)	(\$9,675)	(\$9,900)	(\$10,125)	(\$12,938)
General and Administrative	(\$20,650)	(\$21,063)	(\$21,906)	(\$23,220)	(\$25,077)	(\$27,585)	(\$30,895)	(\$35,221)
Accounting and Legal	(\$7,075)	(\$7,217)	(\$7,505)	(\$7,955)	(\$8,592)	(\$9,451)	(\$10,585)	(\$12,067)
Marketing	(\$39,500)	(\$40,290)	(\$41,902)	(\$44,416)	(\$47,969)	(\$52,766)	(\$59,098)	(\$67,371)
Real Estate Taxes	(\$31,600)	(\$28,968)	(\$25,376)	(\$21,624)	(\$16,848)	(\$11,880)	(\$6,720)	\$0
Insurance	(\$3,538)	(\$3,609)	(\$3,753)	(\$3,678)	(\$3,972)	(\$4,370)	(\$4,894)	(\$5,579)
Pro - Rata Share of Costs for Club House & Equestrian	\$0	\$0	\$0	(\$134,484)	(\$134,484)	(\$134,484)	(\$134,484)	(\$134,484)
Contingencies	(\$4,500)	(\$6,000)	(\$7,688)	(\$7,875)	(\$9,675)	(\$9,900)	(\$10,125)	(\$12,938)
<b>TOTAL OPERATING EXPENSES</b>	<b>(\$142,863)</b>	<b>(\$155,146)</b>	<b>(\$169,629)</b>	<b>(\$306,252)</b>	<b>(\$324,018)</b>	<b>(\$329,636)</b>	<b>(\$337,801)</b>	<b>(\$236,676)</b>
<b>NET INCOME</b>	<b>\$307,137</b>	<b>\$444,854</b>	<b>\$599,121</b>	<b>\$481,248</b>	<b>\$643,482</b>	<b>\$660,364</b>	<b>\$674,699</b>	<b>\$1,057,074</b>
<b>X DISCOUNT FACTOR</b>	<b>0.888889</b>	<b>0.790123</b>	<b>0.702332</b>	<b>0.624295</b>	<b>0.554929</b>	<b>0.493270</b>	<b>0.438462</b>	<b>0.389744</b>
<b>PRESENT VALUE OF INCOME</b>	<b>\$273,011</b>	<b>\$351,489</b>	<b>\$420,782</b>	<b>\$300,441</b>	<b>\$357,087</b>	<b>\$325,738</b>	<b>\$295,830</b>	<b>\$411,989</b>

<b>SUM OF THE NET INCOMES:</b>	<b>\$4,867,979</b>
<b>DISCOUNTED WHOLESALE "AS IS"</b>	<b>\$2,736,366</b>
<b>DIFFERENCE OF SUM OF NET INCOME AND DISCOUNTED WHOLESALE (PROFIT):</b>	<b>\$2,131,613</b>
<b>PERCENTAGE DIFFERENCE:</b>	<b>43.79%</b>
<b>ROUNDED TO:</b>	<b>\$2,700,000</b>
<b>WHOLESALE MARKET VALUE PER LOT "AS IS"</b>	<b>\$31,765</b>