

DESCRIPTION OF THE PROPERTY

The subject property is a parcel of land that has a total land area of 3.44 acres of ground which includes 307 Forest Parkway Drive (which has a frame ranch home on the site that is 53 years old). That home lends no value and will be razed, and also 200 R Enchanted Parkway Drive.

The site will be developed into 10 villa lots and also will have a common ground and easement with a total of 48,478 sq. ft.

All lots will be fully improved with concrete street, water, sewers, gas and electric into the site.

Lot Sizes

Lot 1	10,989 sq. ft.	Lot 6	10,296 sq. ft.
Lot 2	7,764 sq. ft.	Lot 7	9,771 sq. ft.
Lot 3	7,784 sq. ft.	Lot 8	8,974 sq. ft.
Lot 4	9,339 sq. ft.	Lot 9	9,209 sq. ft.
Lot 5	13,332 sq. ft.	Lot 10	10,407 sq. ft.

The new street will be a cul de sac and will be off of Forest Parkway.

SALES ADJUSTMENT CHART

<u>SALE #</u>	<u>UNITS</u>	<u>LAND AREA</u>	<u>DATE</u>	<u>PRICE</u>
1	19	4.3 Acres	2004	\$65,789.00
2	44	7.52 Acres	2004	\$47,727.00
3	20	4.85 Acres	2001-02	\$40,925.00
4	24	6.06 Acres	2005	\$74,271.00
5	12	2.01 Acres	2005	\$58,333.00

Adjustments have to be made for time, location, land area, and number of units.

Sale #2 superior in location and number of units.

Sales #3 and #4 were larger land area and number of units.

Sale #5 was close in number of units and smaller in land area.

Upward adjustment for time, and size of land area of \$7,000.00 a unit.

Adjusted value of \$65,333.00, say \$65,000.00 per unit.

SUBJECT PROPERTY

10 units @ \$65,000.00 =

\$650,000.00

VALUE OF PROPERTY "AS IS"

\$650,000.00

VALUE OF IMPROVED LOTS

Unimproved lot	\$ 650,000.00
Cost to develop lots:	
<u>Earthwork and grading</u> and retaining wall	50,000.00
<u>Sewers/Laterals</u> Manholes sanitary sewers	23,000.00
<u>Water</u> Main lines, connecting to existing water main, fire hydrants	34,000.00
<u>Storm Sewers</u> Pipe, reinforced concrete, concrete manholes	51,000.00
<u>Pavement</u> Concrete paving, street and sidewalks	79,000.00
<u>Street Signs</u>	300.00
<u>Erosion Control</u>	21,000.00
Gas Main	4,000.00
Electric	4,000.00
Relocation of utilities	10,000.00
Landscaping/sign	8,000.00
Building permits and tap in fees	12,000.00
Engineering	44,000.00
Contingencies	<u>10,000.00</u>
Total Cost	\$350,300.00

Total Cost:

Unimproved lots @ \$65,000.00 per lot x 10 =		\$650,000.00
Cost to develop		<u>350,300.00</u>
	Total Cost	\$1,000,300.00
Add developer's profit @ 25%		<u>250,000.00</u>
	Total	\$1,250,300.00
	Say	\$1,250,000.00

VALUE IMPROVED

\$1,250,000.00

Item Number	Item Description	Quantity	Unit	Unit Price	Total Item Price
Group 1	EARTHWORK				
1.1	Earth Excavation	5,100	C.Y.	\$ 3.00	\$ 15,300.00
1.2	Clearing & Grubbing	1	L.S.	\$ 7,500.00	\$ 7,500.00
1.3	Modular Block Retaining Wall	1,500	S.F.	\$ 18.00	\$ 27,000.00
Group 2	SANITARY SEWERS				
	GRAVITY SANITARY SEWERS (ON-SITE)				
2.1	8" Ø ASTM D 3034 SDR 26/35 P.V.C. Sanitary Sewer	426	L.F.	\$ 28.00	\$ 11,928.00
2.2	8" Ø ASTM D 3034 SDR 35 P.V.C. Long Service Laterals		Each	\$ 750.00	\$ -
2.3	8" Ø ASTM D 3034 SDR 35 P.V.C. Short Service Laterals	10	Each	\$ 400.00	\$ 4,000.00
	SANITARY SEWER MANHOLES (ON-SITE)				
2.4	4' Ø ASTM C478 Precast Concrete Manholes	3	Each	\$ 2,200.00	\$ 6,600.00
Group 3	WATER DISTRIBUTION SYSTEM				
	WATER MAIN PIPE & VALVES				
3.1	8" Ø ANSI/AWWA C151/A21.51-86 Class 350 Ductile Iron Pipe	400	L.F.	\$ 50.00	\$ 20,000.00
3.2	Connection to existing	1	Each	\$ 2,150.00	\$ 2,150.00
3.3	8" Ø ANSI/AWWA C550-90 Resilient Seat Gate Valves	7	Each	\$ 650.00	\$ 4,550.00
3.4	8" X 8" X 8" Tees	1	Each	\$ 750.00	\$ 750.00
	FIRE HYDRANTS				
3.5	ANSI/AWWA C502-94 Fire Hydrants	2	Each	\$ 2,500.00	\$ 5,000.00
3.6	Temporary Blow-off Hydrants		Each	\$ 1,500.00	\$ -
3.7	Inspection Fee	1	LS	\$ 1,500.00	\$ 1,500.00
Group 4	STORM SEWER SYSTEM				
	STORM SEWER PIPE				
4.1	12" Reinforced Concrete Pipe, Class III	796	L.F.	\$ 40.00	\$ 31,840.00
4.3	12" Reinforced Concrete Flared End Sections	2	Each	\$ 750.00	\$ 1,500.00
4.5	Precast Concrete Manhole	7	Each	\$ 1,800.00	\$ 12,600.00
4.6	Precast Concrete Curb Inlet	2	Each	\$ 1,800.00	\$ 3,600.00
Group 5	PAVEMENT				
5.1	4" Aggregate Base	2,522	S.Y.	\$ 8.00	\$ 20,176.00
5.2	6" Concrete Pavement	2,068	S.Y.	\$ 25.00	\$ 51,700.00
5.3	Sidewalks	1,050	S.F.	\$ 4.00	\$ 4,200.00
Group 6	STREET SIGNS				
6.1	Standard Street Signs	2	Each	\$ 100.00	\$ 200.00
Group 7	EROSION CONTROL				
7.1	Silt Fencing	1,195	L.F.	\$ 3.00	\$ 3,585.00
7.2	Wash Rack/Construction Entrance	1	L.S.	\$ 5,000.00	\$ 5,000.00
7.3	Seeding and Strawing	2	Acres	\$ 5,000.00	\$ 10,000.00
7.4	Sodding	800	S.Y.	\$ 4.00	\$ 3,200.00
Group 8	GAS MAIN				
8.1	Gas Main	750	L.F.	\$ 6.00	\$ 4,500.00
Group 9	ELECTRIC				
9.1	Electric (AMEREN)	10	LOT	\$ 400.00	\$ 4,000.00
9.2	Utility Relocation	1	L.S.	\$ 5,000.00	\$ 10,000.00
Group 10	CONDUITS				
10.1	4" Schedule 80 P.V.C. Conduit Crossings	450	L.F.	\$ 4.00	\$ 1,800.00
Group 11	LANDSCAPING AND MONUMENTS				
11.1	Monument Sign	1	LS	\$ 7,500.00	\$ 7,500.00
11.2	Street Trees	12	Each	\$ 125.00	\$ 1,500.00
Group 12	BUILDING PERMIT AND TAP FEES				
12.1	Sewer tap fee	9	Each	\$ 1,073.00	\$ 9,657.00
12.2	Building permit fee	1	Each	\$ 208.00	\$ 208.00
12.3	Gas service fee	1	Each	\$ 400.00	\$ 400.00
12.4	Electric service fee	1	Each	\$ 750.00	\$ 750.00
Group 13	APPLICATION FEES				
13.1	City of Manchester Fees - SWPP, Grading, Paving	1	LS	\$ 2,000.00	\$ 2,000.00
13.2	Sanitary sewer permit application	1	LS	\$ 174.00	\$ 174.00
13.3	NPDES storm water pollution prevention permit application	1	LS	\$ 300.00	\$ 300.00
13.4	Preliminary and final plat application and fees	1	LS	\$ 500.00	\$ 500.00
Group 14	ENGINEERING				
14.1	Engineering, Surveying and Construction Staking	1	LS	\$ 40,300.00	\$ 40,300.00
14.2	Geotechnical Engineer	1	LS	\$ 4,000.00	\$ 4,000.00

Sub-Total	\$ 341,468.00
Sub-Total minus non-contingency items	\$ 272,887.00
Contingencies at 10 %	\$ 27,288.70

Opinion of Probable Construction Cost	\$ 368,756.70
--	----------------------

Page 2 Discussion – Primary Source of Repayment

Primary Source of Repayment of Lots.

The lots are projected to have a value between \$145,000 - \$160,000. The developers plan to wholesale the lots for \$145,000 each and sell in 4 months after a 4 month construction period.

Sale of 10 Lots \$145,000/each	\$1,450,000
Purchase	(\$640,000)
Construction w/Contingency (construction cost breakdown in appendix)	(\$370,000)
Interest Carry (1 year @ Prime + ½)	(\$90,000)
Fees	(\$5,000)
Total Costs	(\$1,105,000)
Profit	\$345,000

All sales proceeds will pay down the loan. If the construction and sales go longer than anticipated and take the full year the loan amount is \$1,105,000

$\$1,105,000 / \$145,000$ (wholesale sales price of lots) = 7.62 or 8 lots.

Champion Bank will be paid off when 8 of the lots are sold. Since the project is a Villa/Townhouse (units share common wall), home builders, the purchasers of the lots, will be buying two lots at a time. Mike Anderson has strong relationships with some home builders Fischer & Frichtel, Hardesty and Consort that have expressed interest in purchasing the lots.

- **Provide income and balance sheet spreads:** There is the only one other project inside Regional Development, LLC. Wally Brauer is the sole member. The LLC was created in 2003 with three original members. The company is a real estate holding company that manages small real estate projects from time to time. Currently, there is \$12,000 of cash.. The company has one small new construction project of a new home near Alton, Illinois. Construction is almost finished and the home is projected to sell.
- **Current profitability of the relationship, the direction of the relationship and potential for growth if known** ½ point origination fee of approx. \$5,000 and a spread of 350 basis points.
- **Other business with the borrower** – Yes, both Mike and Wally will be doing other projects in the future.