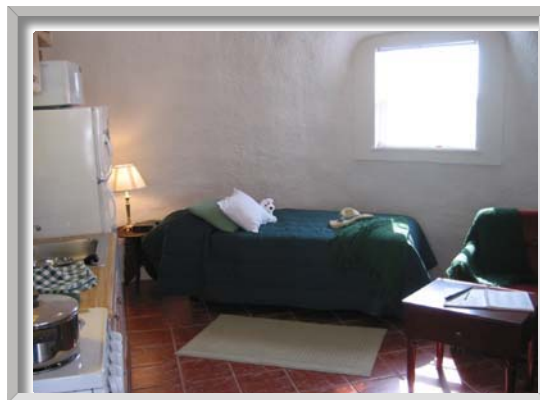


Morgan Meadows



COMMERCIAL
Real Estate



Property Projected Analysis Summary

Morgan Meadows
305 Morgan
Prospective Investors

48 Units

Prepared for

Prospective Investors

December 3, 2008

by

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Disclaimer: All Information Presented is Believed to be Accurate.

The information, calculations & data presented in this report are believed to be accurate but are not guaranteed or warranted. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making any purchases of real estate.

PROJECTED FINANCIAL ANALYSIS SUMMARY



Property Information:

Type:	-	Apartments
Asking Price:	\$	1,995,000
Fair Market Value:	\$	1,995,000
Number of Units:		48
Sq. Footage		15,072
Price/SF		\$132.36
Price/Unit	\$	41,563
GRM		7.64
Cap Rate		7.87%
Appreciation Rate		5.00%
Utilities	All Bills Paid	

Financial Information

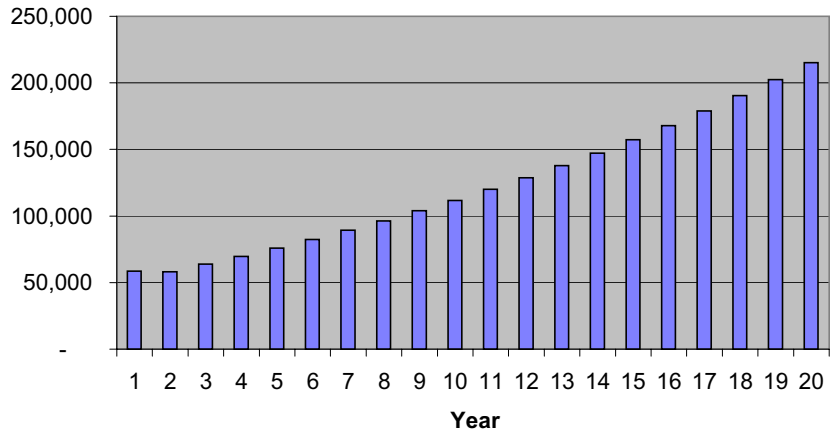
Projected Down Payment/ Investment:	\$ 598,500	% of Cost 30.00%	% of FMV 30.00%
		70.00%	70.00%

	Amount	Rate	Term (Years)	Payment
Loan #1	1,396,500	6.20%	30.00	\$ 8,553.13
Loan #2	-	0.00%	30.00	\$ -
Loan #3	-	0.00%	30.00	\$ -

Rental Income & Expenses:

Monthly Rents:	\$	22,848
Annual Rents	\$	274,176
Other Annual Income	\$	-
Annual Vacancy	\$	(13,709)
Annual Expenses	\$	(103,428)
Annual Mortgage Payment:	\$	(102,638)

Property 20-year Projected Cash Flow



Assumptions:

Rental Growth Rate	5.00%
Expense Growth Rate	5.00%
Property Growth Rate	5.00%
Marginal Tax Rate	28.00%
Capital Gain Tax Rate	15.00%

Financial Ratios:

	Year 1	Year 5	Year 10		Year 1	Year 5	Year 10
Debt Coverage Ratio (DCR)	1.67	1.86	2.37	Gross Rent Yearly Multiplier (GRM)	7.64	7.64	7.64
Capitalization Rate Based on Cost	7.87%	9.57%	12.21%	Value of Property Using Your GRM	\$ 2,193,408	\$ 2,666,101	\$ 3,402,696
Capitalization Rate Based on FMV	7.50%	7.50%	7.50%	Loan to Value Ratio (LVR)	65.95%	51.23%	36.23%
Value of Property Using This Cap Rate	2,093,856	2,545,095	3,248,257	Net Present Value (NPV)	\$ (8,567)	\$ 304,631	\$ 639,759
Cash on Cash Return before Taxes	10.52%	14.74%	23.56%	Net Present Value Unleveraged (NPV)	\$ (59,357)	\$ 105,627	\$ 318,251
Cash on Cash Return after Taxes	9.79%	12.69%	18.67%	Cumulative Internal Rate of Return (IRR)	6.45%	18.71%	18.73%
Gross Rent Monthly Multiplier (GRM)	91.68	91.68	91.68	Cumulative Unleveraged IRR	4.79%	9.26%	10.08%

Morgan Meadows

48 Separate Monolithic Domes

A Green Development

This unique investment opportunity consists of 48 individual single-unit apartment homes on 5.5 acres located in Italy, Texas, a rural area south of Dallas. Located just off of Interstate 35W between Waxahachie and Hillsboro, this property draws from a population of over a quarter million people in 123 separate small towns and cities within a 30-mile commuting radius. Within this radius, there are over 500 separate businesses employing from one to 250+ employees.

Monolithic Domes are ecologically-sensitive structures that have unique energy-saving and other green features that make them stand out as pioneers in multifamily housing for the twenty-first century. The Monolithic Dome Institute is a research and development facility located in Italy, Texas that has been developing the concept of dome living for over thirty years. The inventor of the concept, David South, has been recognized as one of the top 100 inventors of the twentieth century. David and his staff of almost 50 people have been involved with building these domes in 52 countries across the world. They have built everything from million-dollar homes to schools to churches to stadiums to commercial structures to storage structures to apartment communities using David's patented building method.

Monolithic domes are essentially steel-reinforced solid concrete structures which are insulated by several inches of polyurethane foam sandwiched between the concrete and an external covering. These buildings are so strong that FEMA classifies them as "virtually indestructible". The Institute's 12,000+SF production facility is cooled in our extreme Texas summers with a 5-ton A/C unit and is heated in winter simply by leaving the lights on overnight. The apartment units are even more energy-efficient, with average electric bills of \$50-\$60 per month, even in Texas heat. In the winter, the units rarely if ever have the small heating units turned on. They are kept warm by body heat and incidental heat from cooking and water heaters. This is a milestone in green development.

These units are targeted at an affordable housing market. Because of the economics inherent in the green construction and because of the small size of the units, Morgan Meadows is able to offer tenants very low rents while offering them the convenience of an "all-bills-paid" property. This is new construction, built in 2007. Each unit has a large bath, a small kitchenette, a closet, and a living/sleeping area. They are designed for one or two people. You'd think that a 316 square foot unit would be small and cramped, and you'd be totally wrong in that assumption. Maybe it's the dome shape, maybe it's the 10-foot ceilings, but when you spend some time in a unit you feel like the unit is twice or three times the actual size.

For a new apartment property, the economics are a revelation. There are millions upon millions of good, solid tenants in this country who earn minimum wage. Up to now, these people were relegated to run-down apartments, ramshackle rent houses, and deathtrap-in-a-storm mobile homes. If you can offer them safe, affordable, new housing at just above \$400 per month, bills paid, you can instantly create long-time, stable tenants. These people will stay with you because nothing else in the area can offer them anything close for anywhere near the price. Italy is a town of just over 1700 people, yet in this market Morgan Meadows stays 100% full and has a waiting list. The tenants aren't transient...they know a good deal when they see it. That's why this investment can offer the purchaser a true 8% CAP rate based upon verifiable numbers.

The units themselves are virtually maintenance-free. Each unit is identical, creating economies of scale in such areas as purchasing, employee training, and repair inventories. Most of the interior walls are concrete. Flooring is all ceramic tile, no carpets, no replacing carpets with every turn. Systems are inexpensive, consistent, and easily-sourced. An A/C unit going out? Simply kick the 110-volt window unit out from its built-in cubby and replace it with a \$150 K-Mart unit. No expensive diagnostics, no expensive A/C specialists needed. A tenant trashes a unit? Just hose it out, slap on some paint if needed, and turn it in a day.

The world headquarters of Monolithic Dome Constructors is two miles away. Morgan Meadows was built as a demonstration site for the technology. Seller is willing to provide professional on- and off-site management coupled with maintenance by the company that invented the technology should an investor need it.

Investors in today's apartment market face lots of issues and questions about the future of the business. No matter what happens in the future, there will always be a strong market for these types of properties. The worse the economy gets, the better a property like Morgan Meadows looks.

Here's an opportunity for an investor to add a forward-looking investment to your balance sheet as well as a showcase green property to your annual report.

Input Data Screen

[Home](#)

Property Name: Morgan Meadows
Case Description: 48 units---dome development
Address: 305 Morgan
City, State: Italy, Tx, 76651
Prepared for: Prospective Investors

[Sensitivity Analysis](#) [Executive Report](#)
[Main Report](#) [User Guide](#)
[Graphs & Reports](#) [APOD Report](#)

I Rental Income & Expenses

Rental Income / Rent Roll: [Enter Rent Roll](#)
 Operating Expenses: [Enter Expenses](#)
 Enter Average Vacancy Rate: 5.00%
 Annual Rental Income Growth Rate (%) [Enter Annual Rates](#) Apply This Rate Every Year => 5.00%
 Annual Operating Expense Increase (%): 5.00%

II Property Costs & Characteristics

Select Residential, Commercial Property or Raw Land Apartments
 Number of Units / Total Square Footage of Property 48 / 15,072
 Purchase Price of Rental Property:

Contract Purchase Price	\$ 1,995,000
Initial Improvements	
Closing Costs	\$ -
Other Initial Costs	-
Other Initial Costs	-
Enter 5-Year Personal Property =>	\$ -
% of Cost Allocated to Land	10.00% \$ 1,995,000

Current Fair Market Value (FMV) of Rental Property: \$ 1,995,000
 Annual Appreciation Rate (%) [Enter Annual Rates](#) Apply This Rate Every Year ==> 5.00%
 Future Selling Expenses (as a % of Selling Price): 6.00%

Description	Amount	Select Year Improvement to be Made	Will the improvement increase the property's FMV?	
			No	Yes
Future Property Improvements	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
	\$ -	1	No	<input type="button" value="v"/>
Total	\$ -			

III Financing

[Amort Schedules](#)

Amount Borrowed or Assumed: \$ 1,396,500
Interest Rate: 6.200% [Enter Loan Rate](#) [Enter Loan Rate](#)
Interest Only? No No No
Enter Start Month of the Loan: Month 1 Month 1 Month 1
Enter Start Year of the Loan: Year 1 Year 1 Year 1
Term / Remaining Term of Loan (In Months): 360 360 360
 Is this to Refinance Mortgage #1 or #2: n/a No - New Loan No - New Loan
Additional Monthly Principal Payments
Monthly Mortgage Payment: (Formula) \$ 8,553.13 \$ - \$ -
Loan Origination Points
Loan Origination Points (In Dollars) \$ - \$ - \$ -

Negative Amortization Option
Negative Amortization Payment \$ - \$ -
Override Payment Calculated Above? No No

Initial Investment or Down Payment (Cost less Debt - Automatically Calculated) \$ 598,500
Down Payment as a Percent of Fair Market Value 30.0%
Down Payment as a Percent of Cost 30.0%

IV Income Taxes

Federal Marginal Income Tax Rate: 28.0%
Federal Long-Term Capital Gains Rate: 15%
State Marginal Income Tax Rate: 0%
Are Your Losses Limited by the Passive Loss Rules? No
Like-Kind Exchange on Disposition? No

Cash Flow Analysis

Morgan Meadows

305 Morgan

Rental Activity Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rental Income	\$ 274,176	\$ 287,885	\$ 302,279	\$ 317,393	\$ 333,263	\$ 349,926	\$ 367,422	\$ 385,793	\$ 405,083	\$ 425,337
Other Income	-	-	-	-	-	-	-	-	-	-
Vacancy & Credits	(13,709)	(14,394)	(15,114)	(15,870)	(16,663)	(17,496)	(18,371)	(19,290)	(20,254)	(21,267)
Management Fees (if any)	(15,628)	(16,409)	(17,230)	(18,091)	(18,996)	(19,946)	(20,943)	(21,990)	(23,090)	(24,244)
Operating Expenses	(87,800)	(92,190)	(96,800)	(101,639)	(106,721)	(112,058)	(117,660)	(123,543)	(129,721)	(136,207)
Net Operating Income (NOI)	\$ 157,039	\$ 164,891	\$ 173,136	\$ 181,792	\$ 190,882	\$ 200,426	\$ 210,448	\$ 220,970	\$ 232,018	\$ 243,619
Total Mortgage Payments	(94,084)	(102,638)	(102,638)	(102,638)	(102,638)	(102,638)	(102,638)	(102,638)	(102,638)	(102,638)
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Operating Income Taxes	(4,336)	(4,045)	(6,665)	(9,421)	(12,320)	(15,368)	(18,574)	(21,946)	(25,492)	(29,221)
Net CASH FLOW from Rent Activity	\$ 58,618	\$ 58,209	\$ 63,833	\$ 69,734	\$ 75,925	\$ 82,421	\$ 89,236	\$ 96,387	\$ 103,889	\$ 111,760

Property Sale Analysis

Projected Sales Price - Original Cost	\$ 2,094,750	\$ 2,199,488	\$ 2,309,462	\$ 2,424,935	\$ 2,546,182	\$ 2,673,491	\$ 2,807,165	\$ 2,947,524	\$ 3,094,900	\$ 3,249,645
Projected Sales Price - Improvements	(125,685)	(131,969)	(138,568)	(145,496)	(152,771)	(160,409)	(168,430)	(176,851)	(185,694)	(194,979)
Selling Expenses	1,969,065	2,067,518	2,170,894	2,279,439	2,393,411	2,513,081	2,638,735	2,770,672	2,909,206	3,054,666
Adjusted Projected Sales Price	(1,381,397)	(1,363,915)	(1,345,318)	(1,325,534)	(1,304,488)	(1,282,100)	(1,258,283)	(1,232,947)	(1,205,995)	(1,177,323)
Mortgage #1 Balance Payoff	-	-	-	-	-	-	-	-	-	-
Mortgage #2 Balance Payoff	-	-	-	-	-	-	-	-	-	-
Mortgage #3 Balance Payoff	-	-	-	-	-	-	-	-	-	-
Tax Benefit - Suspended Losses (if any)	-	-	-	-	-	-	-	-	-	-
Income Taxes From Sale	(9,159)	(42,843)	(74,672)	(107,277)	(140,695)	(174,968)	(210,139)	(246,253)	(283,355)	(321,497)
Net CASH FLOW from Property Sale	\$ 578,509	\$ 660,760	\$ 750,904	\$ 846,628	\$ 948,228	\$ 1,056,013	\$ 1,170,313	\$ 1,291,473	\$ 1,419,856	\$ 1,555,846

Cash Position

Net Cash Generated This Year	\$ 58,618	\$ 58,209	\$ 63,833	\$ 69,734	\$ 75,925	\$ 82,421	\$ 89,236	\$ 96,387	\$ 103,889	\$ 111,760
Net Cumulative Cash Generated Previous Years	n/a	58,618	116,827	180,660	250,394	326,318	408,739	497,975	594,362	698,251
Net Cash Generated - Property Sale	578,509	660,760	750,904	846,628	948,228	1,056,013	1,170,313	1,291,473	1,419,856	1,555,846
Cash Inflow (Outflow) From Refinancing	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)	(598,500)
Original Initial Investment	\$ 38,627	\$ 179,088	\$ 333,065	\$ 498,522	\$ 676,046	\$ 866,292	\$ 1,069,788	\$ 1,287,334	\$ 1,519,606	\$ 1,767,356

Financial Ratios

Debt Coverage Ratio (DCR)	1.67	1.61	1.69	1.77	1.86	1.95	2.05	2.15	2.26	2.37
Loan to Value Ratio (LVR)	65.9%	62.0%	58.3%	54.7%	51.2%	48.0%	44.8%	41.8%	39.0%	36.2%
Capitalization Rate Based on Cost	7.87%	8.27%	8.68%	9.11%	9.57%	10.05%	10.55%	11.08%	11.63%	12.21%
Capitalization Rate Based on FMV	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Value of Property Using This Cap Rate	2,093,856	2,198,548	2,308,476	2,423,900	2,545,095	2,672,349	2,805,967	2,946,265	3,093,578	3,248,257
Gross Rent Monthly Multiplier (GRM)	91.68	91.68	91.68	91.68	91.68	91.68	91.68	91.68	91.68	91.68
Gross Rent Yearly Multiplier (GRM)	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64
Value of Property Using Your GRM	2,193,408	2,303,078	2,418,232	2,539,144	2,666,101	2,799,406	2,939,376	3,086,345	3,240,663	3,402,696
Net Present Value (NPV)	8.00%	(8,567)	72,176	152,446	229,907	304,631	376,689	446,157	513,107	577,617
Cash on Cash Return with Equity BuildUp	28.98%	30.15%	32.15%	34.25%	36.46%	38.78%	41.22%	43.79%	46.49%	49.32%
Cash on Cash Return before Taxes	10.52%	10.40%	11.78%	13.23%	14.74%	16.34%	18.01%	19.77%	21.62%	23.56%
Cash on Cash Return after Taxes	9.79%	9.73%	10.67%	11.65%	12.69%	13.77%	14.91%	16.10%	17.36%	18.67%
Cumulative Internal Rate of Return (IRR)	6.45%	14.61%	17.20%	18.25%	18.71%	18.89%	18.93%	18.90%	18.83%	18.73%
Modified Internal Rate of Return (MIRR)	6.45%	14.20%	16.26%	16.84%	16.90%	16.73%	16.48%	16.18%	15.87%	15.57%

Cities and Populations: Morgan Meadows Dome Development

Area Name	Population ↑	County
Cedar Hill	25,251	Dallas
Cleburne	23,904	Johnson
Corsicana	23,320	Navarro
Waxahachie	20,324	Ellis
Ennis	15,375	Ellis
Hillsboro	7,846	Hill
Midlothian	6,429	Ellis
Keene	4,652	Johnson
Glenn Heights	4,197	Dallas
Red Oak	3,736	Ellis
Alvarado	3,173	Johnson
West	2,685	Mclennan
Ovilla	2,518	Ellis
Chatfield	2,500	Navarro
Forresteron	2,500	Ellis
Oak Valley	2,500	Navarro
Purdon	2,500	Navarro
Ferris	2,431	Ellis
Palmer	1,890	Ellis
Italy	1,889	Ellis
Whitney	1,708	Hill
Hubbard	1,645	Hill
Itasca	1,589	Hill
Grandview	1,301	Johnson
Oak Leaf	1,092	Ellis
Venus	1,059	Johnson
Maypearl	909	Ellis
Blooming Grove	862	Navarro
Dawson	766	Navarro
Milford	762	Ellis
Pecan Hill	660	Ellis
Frost	590	Navarro
Rice	588	Navarro
Rio Vista	579	Johnson
Bardwell	429	Ellis
Angus	415	Navarro
Garrett	399	Ellis
Blum	391	Hill
Retreat	350	Navarro
Abbott	341	Hill
Mount Calm	329	Hill
Malone	316	Hill
Covington	253	Hill
Penelope	226	Hill
Alma	224	Ellis
Bynum	207	Hill
Emhouse	207	Navarro
Barry	183	Navarro
Aquilla	150	Hill
Mertens	111	Hill
Carl'S Corner	105	Hill
Mustang	41	Navarro
Auburn	0	Ellis
Bell Branch	0	Ellis
Birome	0	Hill
Brandon	0	Hill
Britton	0	Tarrant
Chat	0	Hill
Cuba	0	Johnson
Egan	0	Johnson
Files Valley	0	Hill
Five Points	0	Ellis
Griffith	0	Ellis
Happy Hill	0	Johnson
Hoer	0	Mclennan
Huron	0	Hill
Lillian	0	Johnson
Lovelace	0	Hill
Mayfield	0	Hill

Cities and Populations: Morgan Meadows Dome Development

Area Name	Population	↑	County
Menlow	0		Hill
Midway	0		Hill
Mountain Peak	0		Ellis
Oak Hill	0		Johnson
Osceola	0		Hill
Parker	0		Johnson
Peoria	0		Hill
Pleasant Point	0		Johnson
Sand Flat	0		Johnson
Sardis	0		Ellis
Shamrock	0		Dallas
Tours	0		Mclennan
Vaughan	0		Hill
Ward	0		Ellis
Winslow	0		Hill
Woodbury	0		Hill
Alsford	0		Ellis
Avalon	0		Ellis
Boyce	0		Ellis
Bristol	0		Ellis
Byrd	0		Ellis
Corbet	0		Navarro
Creechville	0		Ellis
Crisp	0		Ellis
Cryer Creek	0		Navarro
Drane	0		Navarro
Dresden	0		Navarro
Eldorado Center	0		Navarro
Elva	0		Ellis
Emmett	0		Navarro
Howard	0		Ellis
Ike	0		Ellis
India	0		Ellis
Irene	0		Hill
Lone Cedar	0		Ellis
Nash	0		Ellis
Navarro Mills	0		Navarro
Nena	0		Ellis
Oak Grove	0		Ellis
Onion Creek	0		Ellis
Pickett	0		Navarro
Pursley	0		Navarro
Raleigh	0		Navarro
Rankin	0		Ellis
Reagor Springs	0		Ellis
Roane	0		Navarro
Rockett	0		Ellis
Rodney	0		Navarro
Sand Lake	0		Ellis
Silver City	0		Navarro
Sonoma	0		Ellis
Springhill	0		Navarro
Telico	0		Ellis
Trumbull	0		Ellis

