

Riverbirch 16x76 3/2, 1808 (destination PPI CV It 98)

(approximate home costs & lease-option structure)

Cost of Home

Home-only Cost

Base Price	\$26,045
Options, surcharge, dues, fees, misc.	\$3,520
Freight (Atlanta area estimate)	\$1,824

Total Home-only Cost (delivered) \$31,389

On-Site Costs

Setup - permit, block, level, tie-down, remove hitch	\$1,900
Electrical hookup - permit, wire, labor	\$850
Water hookup - permit, material, labor	\$400
Sewer hookup - material, labor	\$300
Decks - front & back, material, labor	
Front - 8x10	\$950
Rear deck - 4x6	\$500
A/C	\$1,850
Skirting	\$1,000
Landscaping	\$500
Miscellaneous, contingencies (5% of total)	\$1,982

Subtotal - On-Site costs \$10,232

Overhead Costs

Carrying cost to sell (interest, tax, & insurance, 6 mos.)	\$2,057
Sales commission	\$1,000

Subtotal - Overhead Costs \$3,057

Total Cost of Home, Options, On-site Costs, & Overhead \$44,678



Acquisition Financing

Loan-to-Value (LTV)	75.0%
Portion of Cost Paid by Pentagon Properties, Inc.	\$11,169

Portion of Cost Financed by American Commerce Bank

Amount	\$33,508
Cost of funds (fixed for 3-5 yrs.)	7.0% /yr.
Term	12.0 yrs.

Total Monthly Payment \$345



Selling the Home

Sales Price of Home

Gross profit	\$0
Sales Price	\$44,678

Lease-Option Terms of Sale

Option Payment (downpayment) \$3,500

Amount "financed"	\$41,178
Default allowance	3.0% /yr.
Term	13 yrs.

Lease period 12 yrs.

Monthly L-O pmt. (est. cost of funds + 3.0%) + sales tax \$473

When Option Is Exercised to Buy Home (after 12 yr. lease)

Option Price (approx. FMV, includes Option Payment) \$8,600

Financing term (year)	1 yr.
Interest rate	0.0% /yr.
Monthly payment	\$425



For information about this transaction:

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