

Skyline Estates

A 10-Acre Residential Lot Subdivision

-

Queen Creek (Phoenix), Arizona

DISCLOSURE INVESTMENT DOCUMENT

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INTRODUCTION

This disclosure material summarizes an investment for accredited investors. The investment is the acquisition, development, and liquidation of approximately 10 acres of land located in the Phoenix, Arizona area, to be developed into residential lots for resale to builders of custom homes.

DISCLAIMER

The following information contains projections and data the developer provides to gauge preliminary interest in this project. This information is not an offering. Only the operating agreement and subscription agreement of the limited liability company constitute an offer. The developer does not guarantee the projections contained herein. Real estate values, income and expenses are all affected by a multitude of forces outside the developer's control. This investment is not liquid and only investors willing to risk their entire investment should participate. Please consult your attorney, accountant, real estate agent, or other professional advisor regarding the suitability of this investment for you.

MAPS

On the proceeding 5 pages you will find the following 5 plans and maps:

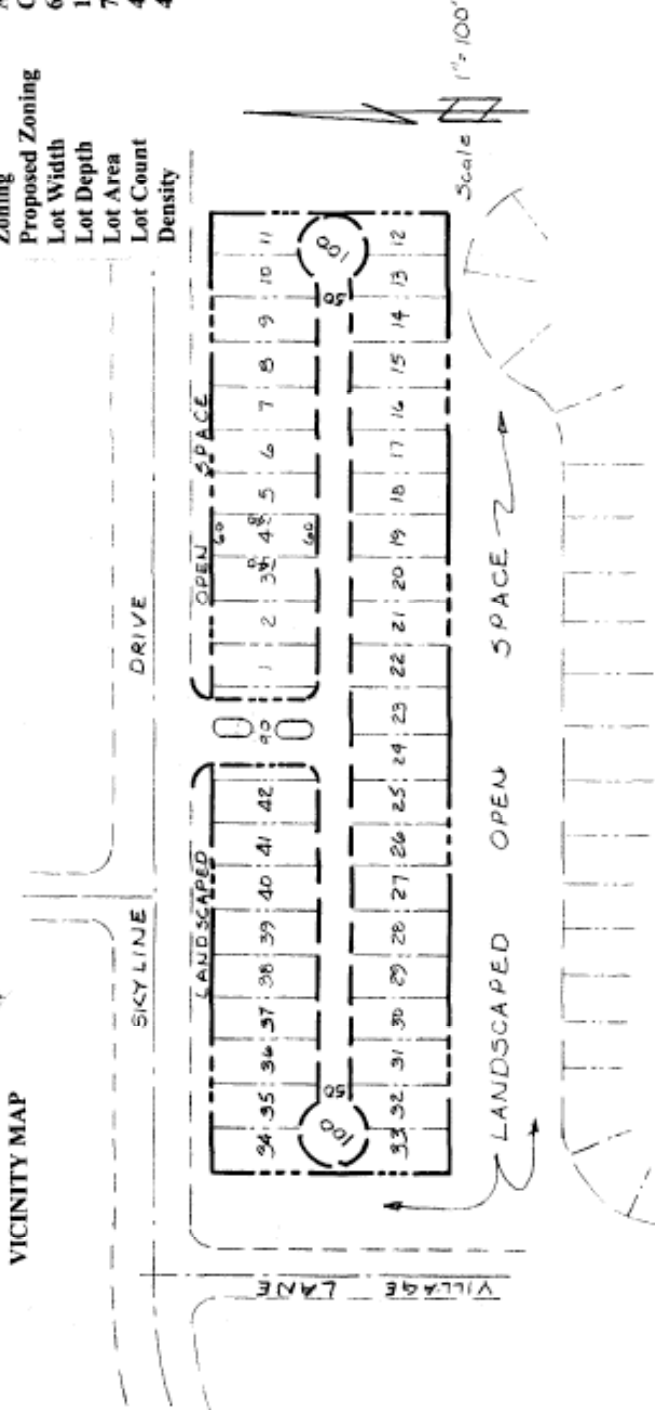
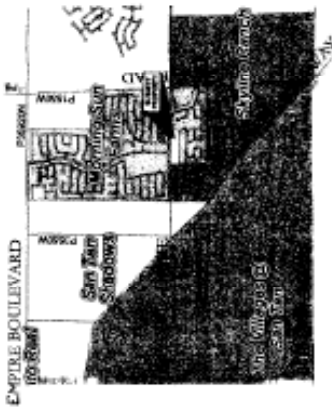
1. A Concept Plan for a 42 lot residential subdivision for the subject property.
2. A Pinal County Assessor's Map displaying the existing Morning Sun Farms subdivision adjacent to the subject property (ie proposed site).
3. An area map displaying the mass residential lots for the subdivisions existing or under construction that are adjacent and surrounding the subject property.
4. Another area map displaying the mass residential lots for the subdivisions existing or under construction that are adjacent and surrounding the subject property.
5. An area map displaying the names of the existing and approved subdivisions adjacent and surrounding the subject property.

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CONCEPT PLAN

SITE DATA

Area	10 Acres
Zoning	Agriculture
Proposed Zoning	CR-3
Lot Width	60 feet
Lot Depth	140 feet
Lot Area	7,000 S.F. Minimum
Lot Count	42 lots
Density	4.2 Lots Per Acre



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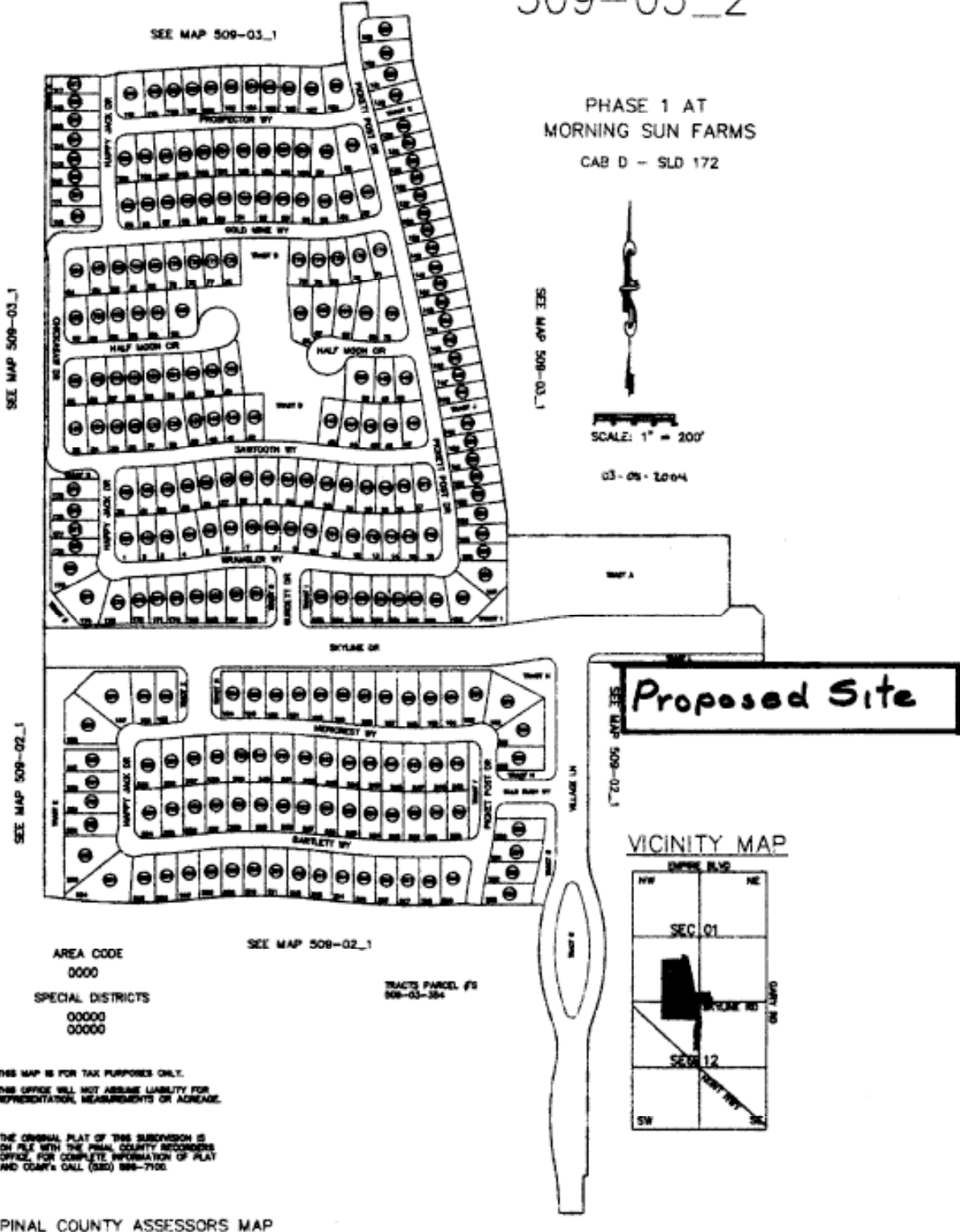
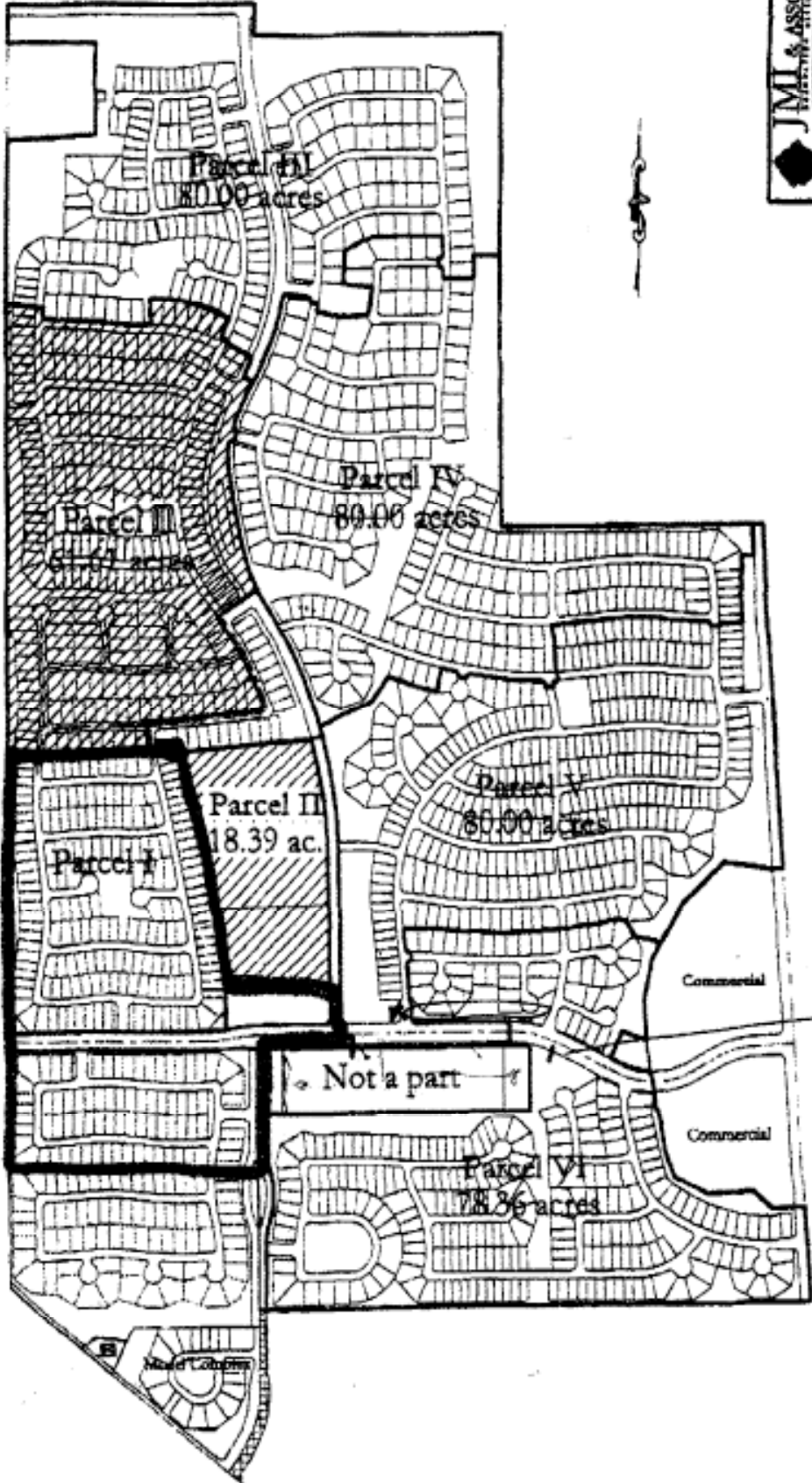


EXHIBIT "B-1"

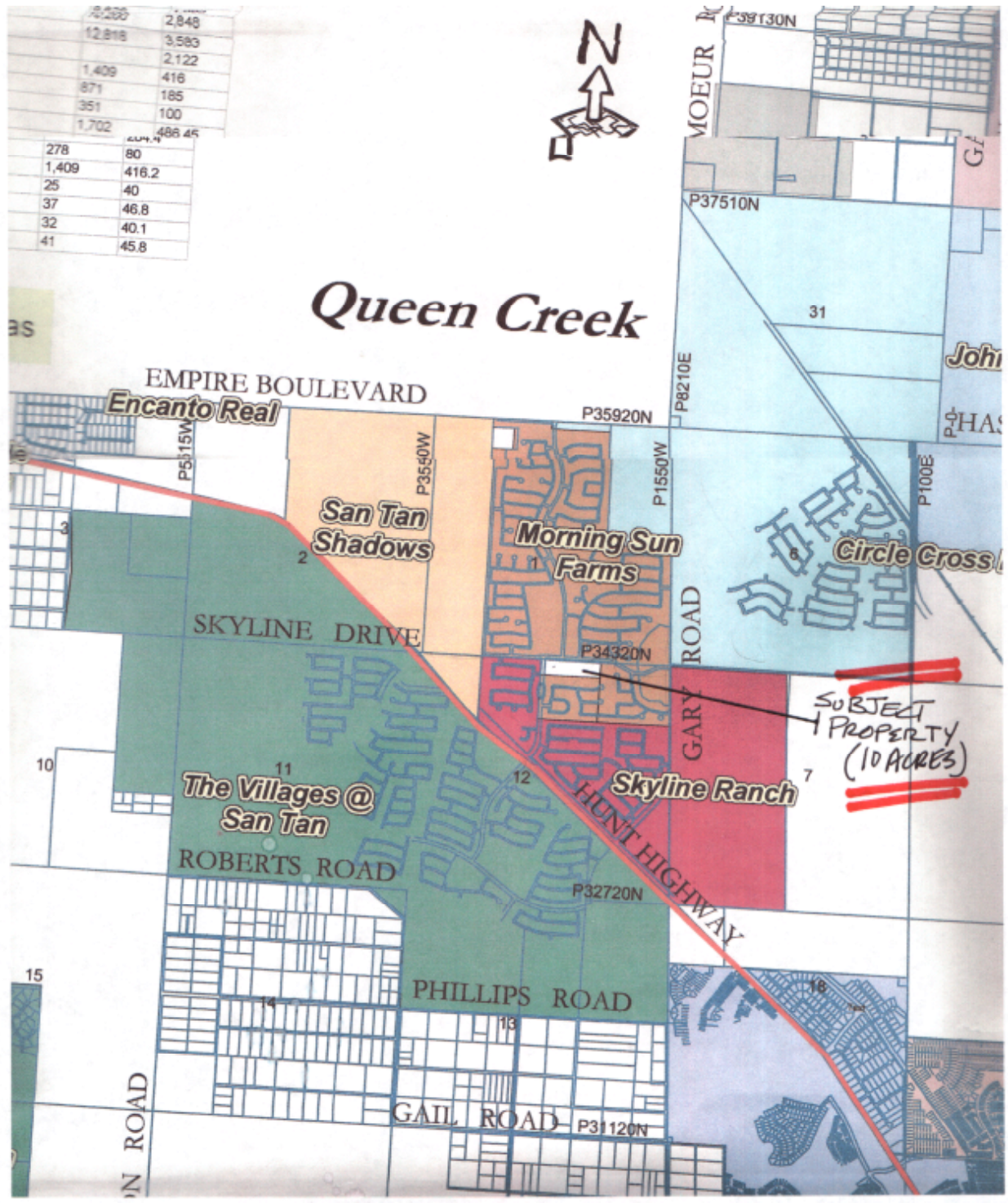
JMI & ASSOCIATES
PLANNING ARCHITECTURE ENGINEERING

Planning Site Plan
Proposed 7-Suburban French
Trd. County, Alabama

Scale: 1" = 1'







EXECUTIVE SUMMARY

LOCATION: W Skyline Drive
Queen Creek, AZ
Pinal County
Assessor Parcel Number: 509-02-002-J
Cross Streets are Skyline Drive and Hunt Highway

AREA: 10 Acres

ADJACENT PROPERTIES: Several residential subdivisions recently completed and those previously approved and currently under construction by large home builders, such as Ryland Homes and Beazer Homes.

CURRENT USE: Zoning: Agriculture (Vineyard)
Existing: A couple of single-family homes and a vineyard.

PROPOSED USE: Zoning: CR-3 (medium density residential)
Lot Width: 60 feet
Lot Depth: 140 feet
Lot Area: 7,000 square feet minimum
Lot Count: 42 Lots
Density: 4.2 Lots Per Acre

FUNDING: Equity: \$1,000,000
Debt: \$2,000,000
Ratio: 1/3rd equity to debt
Term: 12 to 18 months

The estimated funds to acquire and develop the property are a total of \$3,000,000, with \$1,000,000 in equity funding and \$2,000,000 in debt funding. The estimated time to acquire, develop and liquidate the residential lots is estimated at a total of 12 to 18 months.

REVENUE, COSTS & ESTIMATED PROFIT:	Sales Price Per Lot:	\$165,000
	<u>Number of Lots:</u>	<u>42</u>
	Total Sales:	\$6,930,000
	Development Costs	
	Acquisition:	\$2,000,000
	Planning:	\$25,000
	Engineering:	\$75,000
	Construction:	\$600,000
	Administration:	\$100,000
	Carrying Costs:	\$100,000
	<u>Miscellaneous:</u>	<u>\$100,000</u>
	Subtotal	\$3,000,000
	Cost of Sales	
	Commissions:	\$415,000
	<u>Escrows:</u>	<u>\$70,000</u>
	Subtotal	\$485,000
	Estimated Profit:	\$3,445,000

TIME: 12 to 18 MONTHS

INVESTMENT: \$1,000,000

OWNERSHIP:

The legal entity to own, develop and liquidate the property is an Arizona limited liability company (LLC). The aggregate investing members hold 50% ownership and the developer, as the managing member, holds 50% ownership.

PROJECT DESCRIPTION:

The developer seeks to purchase the property and develop the land into a residential lot subdivision with lots for sale to builders. The project is expected to take 12 to 18 months to complete planning, approvals, construction and liquidation. The developer is a principle in an existing Arizona limited liability company currently holding the property in an escrow scheduled to close March 2006.

In addition to the \$1,000,00 in equity funding, the developer seeks debt financing of \$2,000,000. The developer has preliminary loan approval for more than this amount.

With the total of \$3,000,000 in combined equity and debt funding, the developer plans on acquiring the property, obtaining approvals, and completing improvements to sell residential lots to builders.

The developer plans on selling all of the lots for a minimum purchase price of \$165,000 per lot and estimates the total revenue to exceed \$6,900,000 and generating a profit in excess of \$3,400,000 within a 12 to 18 month time period.

SITE DESCRIPTION:

The property is located on Skyline Drive, just off of Hunt Highway in the Queen Creek (Phoenix) area. The property is surrounded by a substantial number of newly developed residential subdivisions. Construction is currently under way all around the property. New roads, utilities and services exist on the property, or are currently under construction, provided to the property by other developers.

The property was used for farming and currently has a vineyard and a few homes previously used for employees. The vineyard and old homes will be removed. The developer seeks to make improvements to the property with a new road, curbs, gutters, sidewalks and utilities (ie water, sewer, power) similar to what is depicted on the Concept Plan on page 2.

SPONSOR:

The developer will act as the project manager and has over thirty years experience in real estate development and is a licensed real estate agent in Arizona.

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FINANCIAL PROJECTIONS

	Total	Per Lot
Income		
Lots	42	
Sales	6,930,000	165,000
Direct Costs		
Acquisition	2,000,000	47,619
Development	25,000	595
Engineering	75,000	1,786
Improvements	600,000	14,286
Subtotal	2,700,000	64,286
Indirect Costs		
Carrying Costs	100,000	2,381
Administration	100,000	2,381
Miscellaneous	100,000	2,381
Subtotal	300,000	7,143
Costs Prior to Sales	3,000,000	71,429
Cost of Sales		
Commissions	415,800	9,900
Escrows	69,300	1,650
Subtotal	485,100	11,550
Total Costs	3,485,100	82,979
Profit	3,444,900	82,021

TIMELINE PROJECTS

Acquisitions	Summer 2005, Spring 2006
Planning, Approvals	Summer, Fall 2005
Construction	Spring, Summer 2006
Liquidation	Summer, Fall 2006

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