1. Name of applying entity.

   138 Partners, LLC

   Robert E. Mallory
   229 East Chickasaw Coves
   Memphis, TN 38111
   901.219.5948 – cell
   901.524.4151 – office

   Mark Parmley
   56 W. Calhoun Ave
   Memphis, TN 38103
   901-438-4292

   Vince Smith, Jr.
   355 Tara Lane
   Memphis, TN 38111
   901.489.5896 – cell
   901.324.0321 – office
   901.327.7269 – fax
   kakivs@bellsouth.net

2. Background information about the applicant and partnership structure.

   A newly formed partnership consisting of:

   Robert E. Mallory, CAO Mallory Group
   Mark Parmley, FedEx
   Vince Smith, Jr. see attached development history

3. Briefly describe the proposed Project.

   Please see attached letter from architect.

4. Marketing plans for the project. Expected amount of time to reach full occupancy. Who will manage the project?

   Mixed-use project with 68 apartments and retail space for lease.

   Please see the attached letter from David Shores of Multi-South.

5. Location of the proposed project.

   138 Huling Ave

Parcel # 002119 00003 and #00219 00004

The property description is attached.

Does the applicant have a valid option to purchase?

Yes, Purchase and Sale Contract attached.

Existing financing.

Bank Term Letter attached.

6. Project cost.

   Please see attached.

7. Changes needed to the public space around project.

   Please see attached letter from architect.

8. Proposed time schedule for the project.
   Loan should close in August 2018. Construction should begin by September 2018 with construction of the building completing in August of 2019.

9. Financial Background.
   Non-audited financial statement attached.
   Projects accounting firm.
   Lenahan, Smith and Bargiachi
   Jim Lenahan
   1080 Brookfield Road
   Memphis, TN 38119
   901.684.1100

10. Counsel for the Applicant
    Richard Spore
    Bass, Berry and Sims
    100 Peabody Place, Suite 900
    Memphis, TN 38103
    901.543.5902

Architect and Engineers

Sal Feraci
Renaissance Group
9700 Village Square, Suite 100
Lakeland, TN 38002
901.332.5533

Contractor has not been chosen at this time.

11. Credit references.

Lauren Jarrell
Triumph Bank
901-333-8808

Tom Stephenson
Independent Bank
901.844.0464

Collie Krausnick
Raymond James
800-873-6898

Renaissance Group
Sal Feraci
901.332.5533

Multi-South Management
David Shores
901.680.9005

B&C Construction
Bill Konaman
901.386.7040

12. Are there any persons involved with the project that are currently engaged in any civil or criminal proceedings?

None

13. Photos of existing building and floor plans of the proposed.

Please see attached photos and floor plans.

14. Is the property historic?

No.

15. Any portion of the building being renovated?

No.

16. Any permanent jobs anticipated?

Yes. Leasing and Management jobs. 4 positions.

17. Cash Flow Pro Forma attached.

Development History

Riverchase Apartments; 96 units, Robinsonville, MS
Sold in 1998 $5,200,000.00

Commerce Landing Center, retail shopping center, Robinsonville, MS
Value $1,100,000.00

Riverchase Commons, retail shopping center, Robinsonville, MS
Sold in 1998 $1,200,000.00

Hedgemoor Square Apartments, 68 units, Memphis, TN
Sold in 2014 $5,700,000.00

Greenbrier Neighborhood, 48 lot gated community, Memphis, TN
Sold in 2002 $4,000,000.00

Vining's Neighborhood, 43 lot gated community, Memphis, TN
Sold in 2006, $3,800,000.00

Boxwood Green, 16 lot gated community, Memphis, TN
Sold in 2004, $3,500,000.00

Orchards Neighborhood, 4 large lot development, Memphis, TN
Sold in 2005, $400,000.00

Dyersburg Station, commercial development, Dyersburg, TN
Sold in 2005, $1,000,000.00

Habersham Neighborhood, 11 lot gated community, Memphis, TN
Sold in 2007, $2,000,000.00

4Twenty, 38 unit condo development, Memphis, TN
Sold 2007-2009 $7,800,000.00

Oliver Grove, 138 lot development, Bartlett, TN
Fee Development

Colonial Green, 10 lot development, Memphis, TN
Sold 2013-2014 $4,300,000.00

Cabinet Shop, 28 unit mixed use building, Memphis, TN
Value $4,000,000.00

Printers Alley, 29 unit mixed use building, Memphis, TN
Value, $4,000,000.00

Annex Lofts, 23 unit mixed use building, Memphis, TN
Value, $3,000,000.00

266 Lofts, 155 Unit mixed use center, Memphis, TN
Value, $28,000,000.00

Grove Green, 21 lot gated community, Memphis, TN
Value, $$17,850,000.00

Massey Green, 14 lot gated community, Memphis, TN
Value, $11,900,000.00

Current Development Projects

Evergreen Neighborhood, 150 lots, Lakeland, TN
Zoned; holding for future development

Lakeland Commons; 42 acre mixed use center, Lakeland, TN
Construction Document and Governmental Approval Process
Value, $50,000,000.00

Oldfield Green, 35 lot gated community, Germantown, TN
Value, $26,250,000.00

March 29, 2018

Send: Mr. Brett Roler
Director of Planning
Center City Commission
114 N. Main Street
Memphis, TN. 38103

RE: 138 Huling Lofts
Memphis, TN 38103

RE: Section III, Downtown Pilot Program Application;

The proposed project is located at the corner of Huling and Mulberry, across the street from the Lorraine Motel. 138 Huling Street is currently a vacant building with an unattractive painted façade. The current building is partially one story with an uninviting two story front elevation on Mulberry.

Our client is proposing to demo the existing structure and build three stories of lofts on top of a new parking structure with an entrance off St. Martin Street. The new parking structure will contain 76 secured spaces and will be partially buried below grade.

138 Huling Lofts will be a new beautiful ground up, 4 story building, with 68 units containing a 3,300 s.f courtyard in the middle along with a second story fitness area surrounded by glass. The architecture will be very cutting edge with brick, smooth hardi board panels, and corrugated metal. The sleek design will be compatible to the trendy designs seen in new loft construction in Dallas or Washington. The main entrance will be on Huling Street and we intend to do something very exciting with overhead lighting and signage to capture the hard corners.

The lofts will be open plans ranging from micro units at 580 s.f., studio lofts at 830 s.f. , and a few two bedroom units at 1268 s.f. on the corners. The studio lofts are 85 percent of the entire project.

The existing sidewalks will be repaired where needed and street trees will be added to provide a nice softscape. 138 Huling Lofts looks to provide a city block of new architecture that the rest of the city can feed from.

Sincerely,

Christopher Speltz
Renaissance Group, Inc.

Renaissance Group Inc.
9700 Village Circle, Suite 100
Lakeland, TN 38002

Phone: (901) 332-5533
Fax: (901) 332-5534

www.rgroup.biz

CHEYENNE JOHNSON
Assessor of Property
Shelby County, TN

Property Search **Property Details** **Maps**

Property

Property Address
138 HULING AVE

Parcel ID
002119 00003

Owner Name
PARMLEY MARK

2017 Appraised Value
$88,400

Property/Assessment Details
Click Here

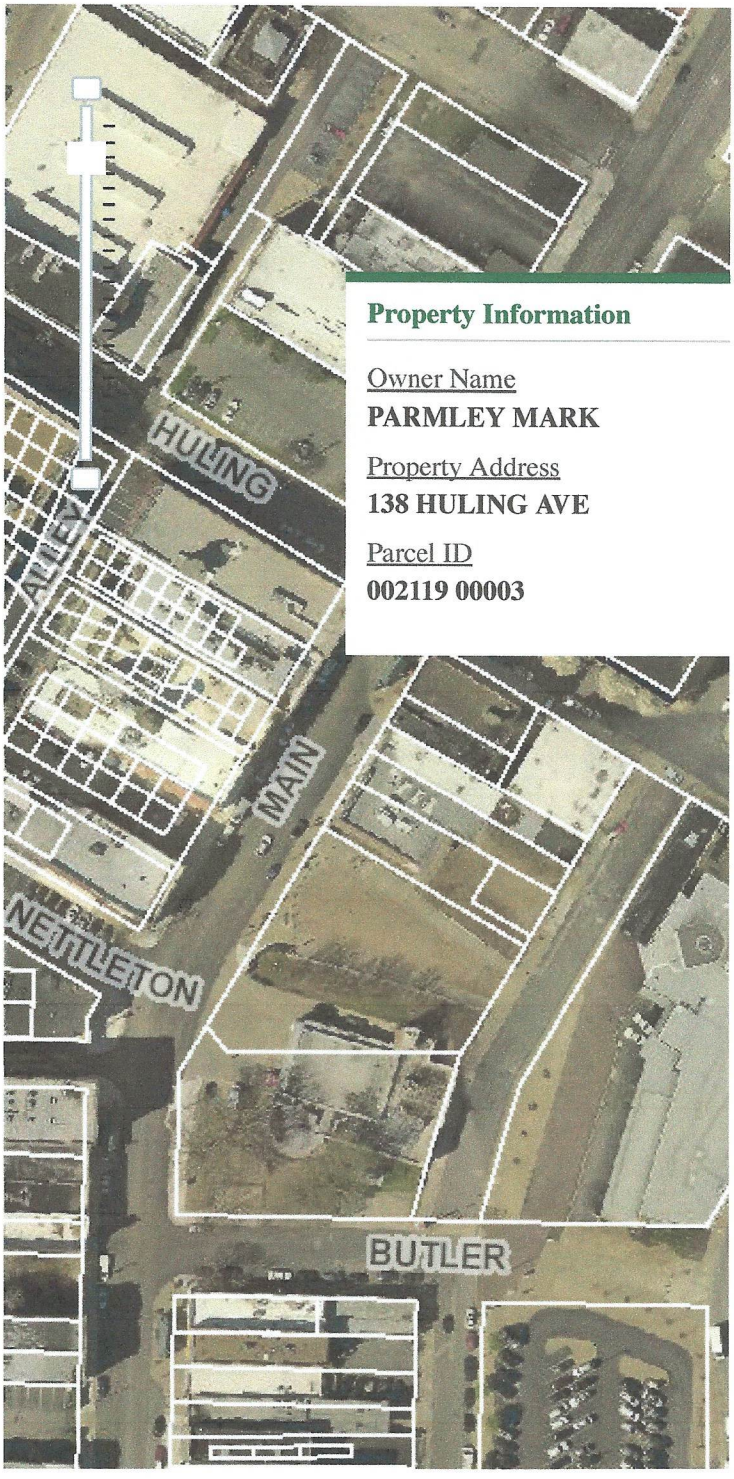
Deed Information
Click Here

County Tax
Click Here

City Tax
Click Here

Layers

Search Property Sales



Property Information

Owner Name
PARMLEY MARK

Property Address
138 HULING AVE

Parcel ID
002119 00003

CHEYENNE JOHNSON, ASSESSOR OF PROPERTY, SHELBY (
Hosted by GEOPowered | GEO Jobe GIS (

CHEYENNE JOHNSON
Assessor of Property
Shelby County, TN

Property Search **Property Details** **Maps**

Property

Property Address
138 HULING AVE

Parcel ID
002119 00004

Owner Name
PARMLEY MARK

2017 Appraised Value
$177,200

Property/Assessment Details
Click Here

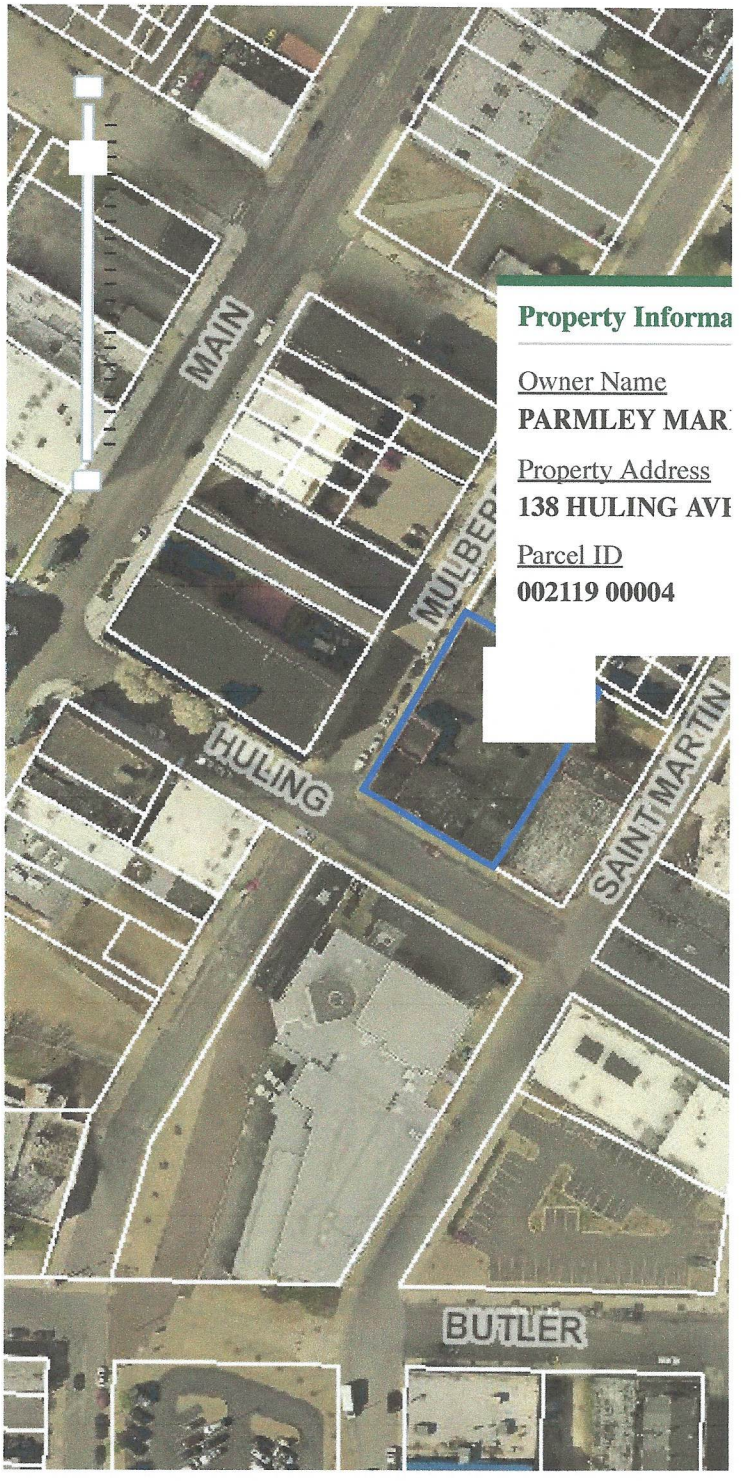
Deed Information
Click Here

County Tax
Click Here

City Tax
Click Here

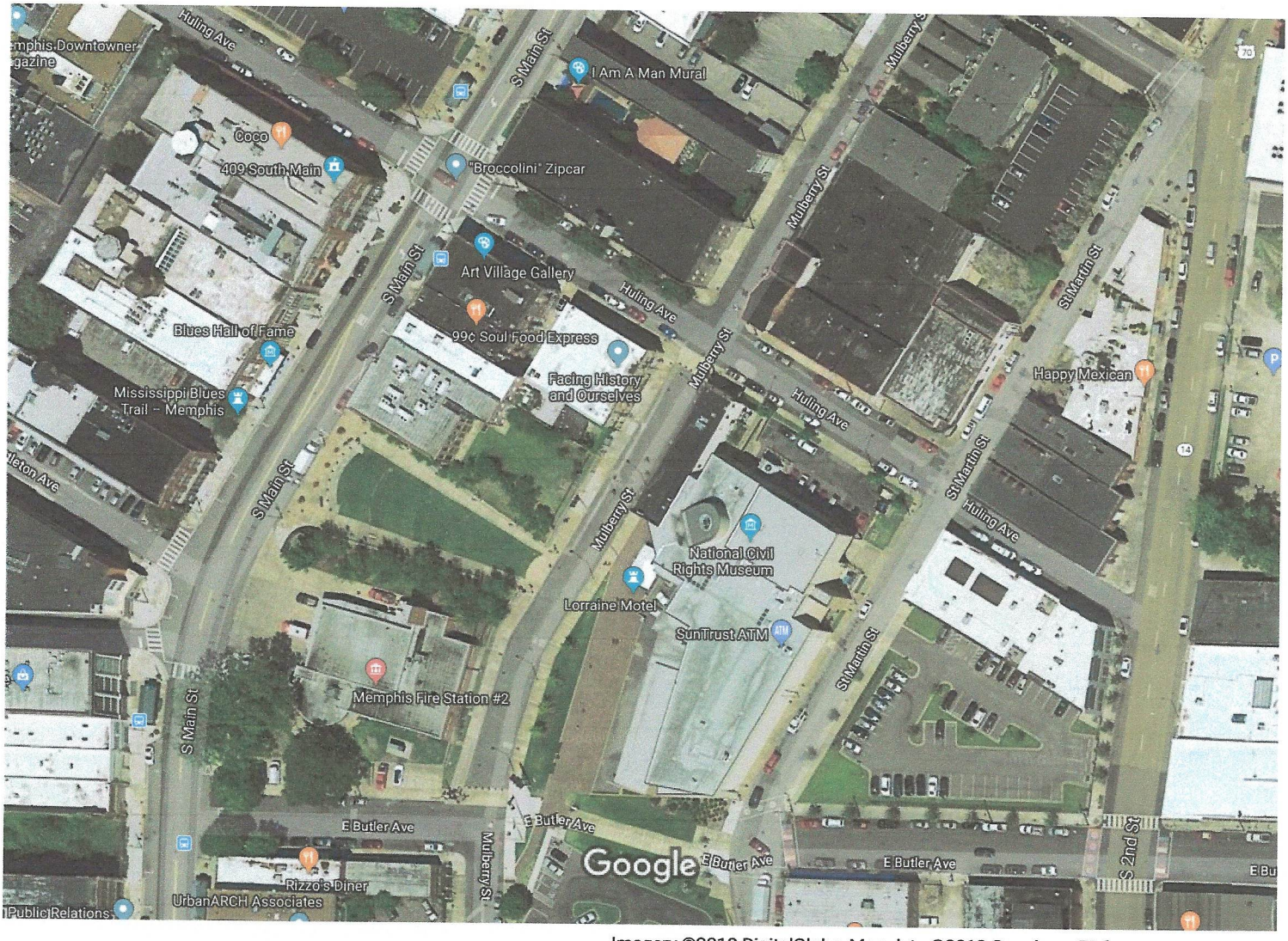
Layers

Search Property Sales

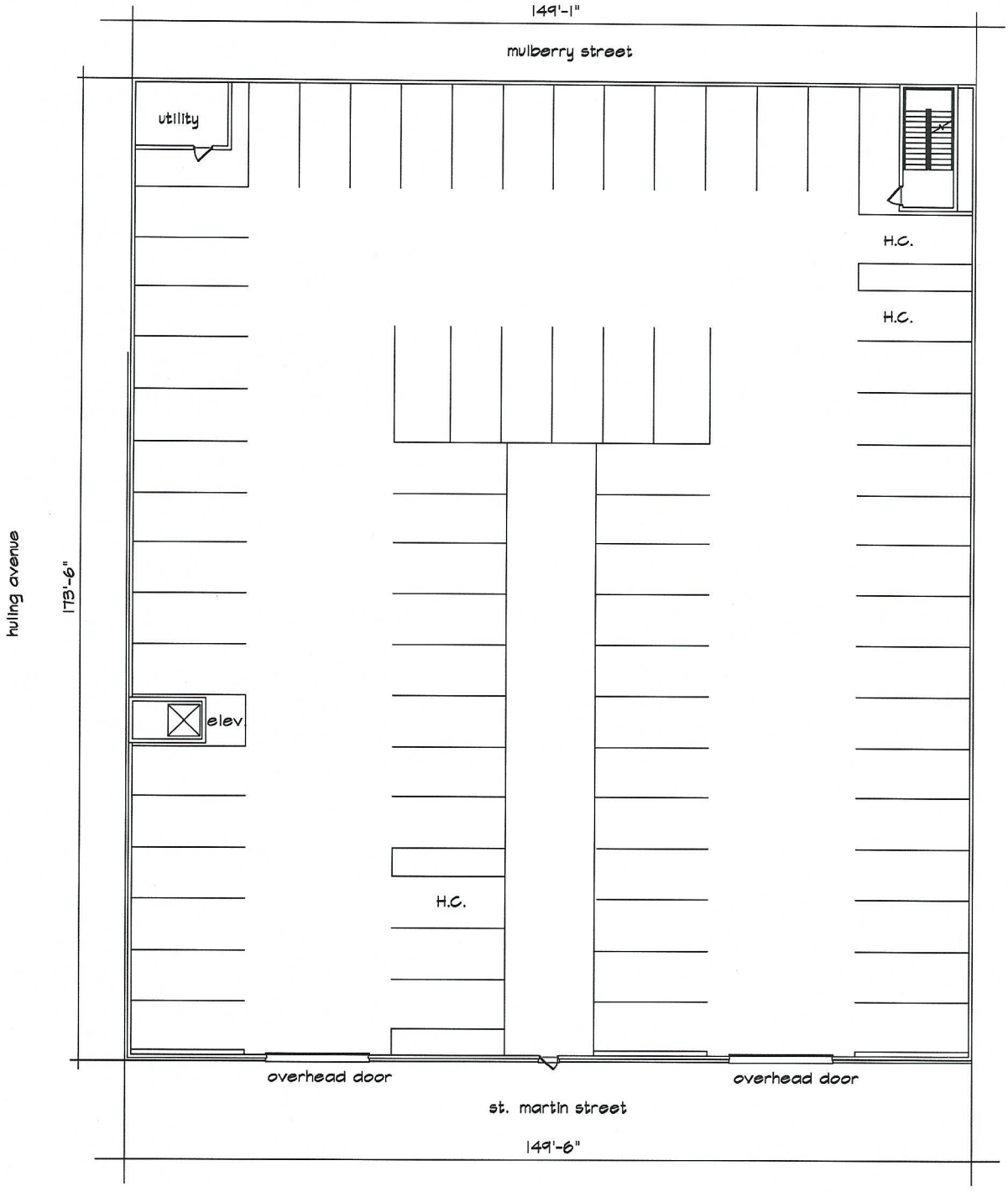


CHEYENNE JOHNSON, ASSESSOR OF PROPERTY, SHELBY (
Hosted by GEOPowered | GEO Jobe GIS (

Google Maps



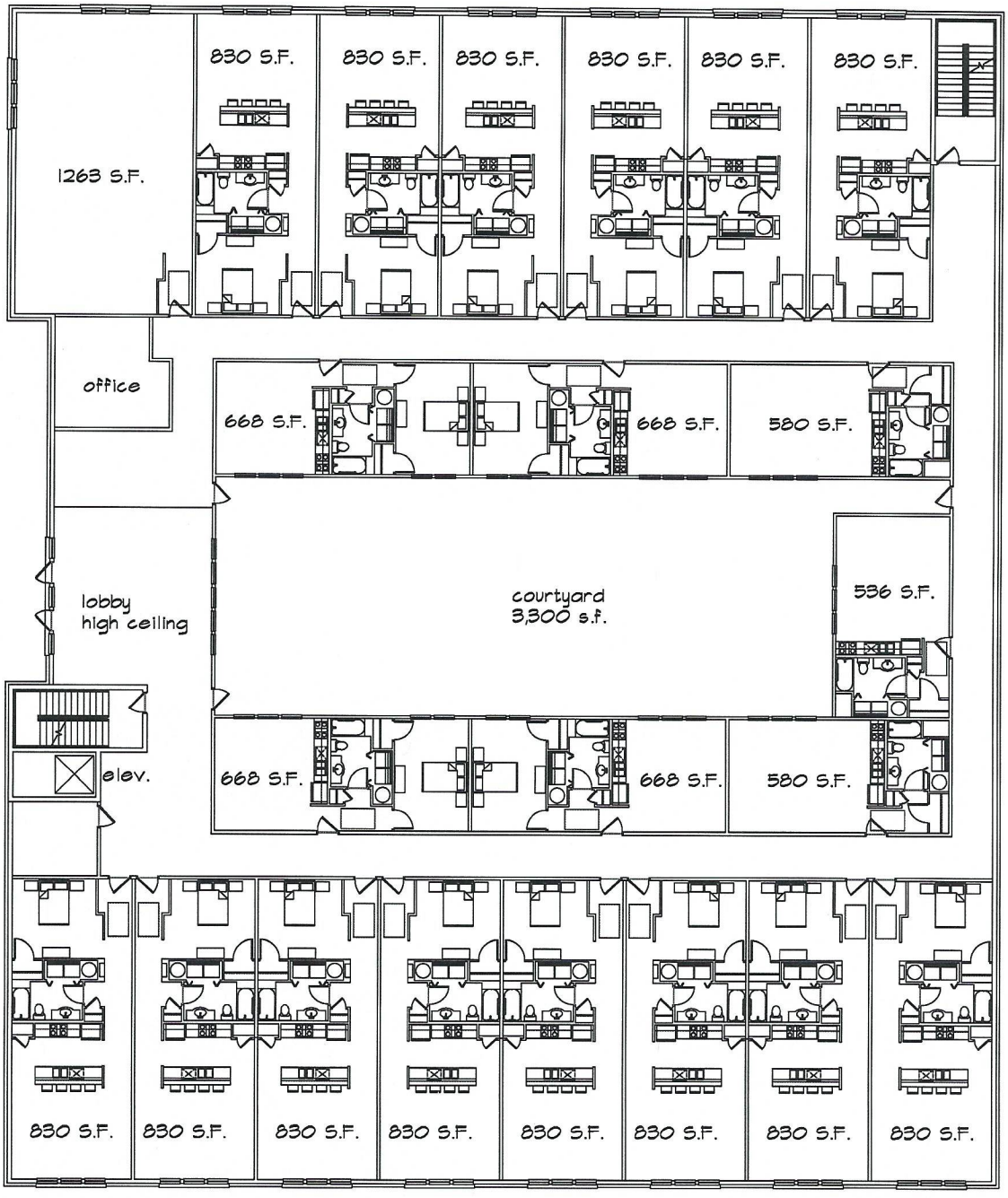
Imagery ©2018 DigitalGlobe, Map data ©2018 Google 50 ft



bldg 1 garage floor

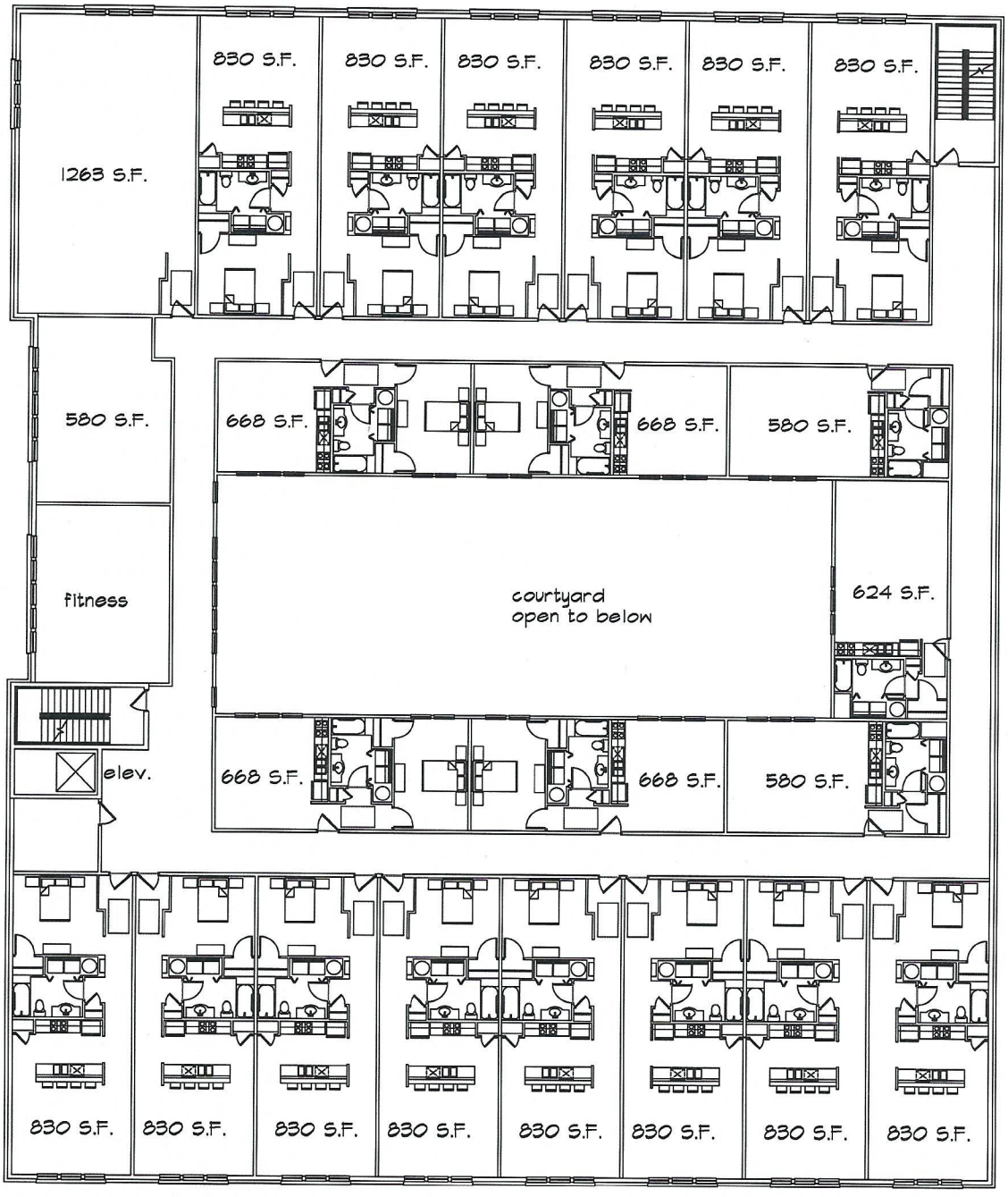
typical floor plan- 25,872 s.f.

73 total spaces
3 h.c. spaces



bldg 1 first floor

typical floor plan- 25,208 s.f.



bldg 1 second/ third floor

typical floor plan- 22,154 s.f.

Huling Street- Revised Elevation

all parapet dimension
are from first floor finish floor

proposed elevation for

138 Museum Lofts

Memphis, Tennessee

Revised 05-22-2018

Renaissance Group
architecture • engineering • planning • interiors

all parapet dimensions are
from first floor finish floor

Mulberry Street- Revised Elevation

proposed elevation for

138 Museum Lofts

Memphis, Tennessee

Revised 05-22-2018

Renaissance Group
architecture • engineering • planning • interiors

St Martin Street- Revised Elevation

proposed elevation for

138 Museum Lofts

Memphis, Tennessee

Revised 05-22-2018

Renaissance Group
architecture • engineering • planning • interiors

CONTRIBUTION AND PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made as of the 7th day of March, 2018 (the "Effective Date"), between Mark Parmley, a resident of Tennessee (the "Seller"), and VS Property Management, Inc., a Tennessee corporation (the "Purchaser"), on behalf of the Joint Venture, defined below.

WHEREAS, Vince Smith, the shareholder of Purchaser, Seller, and Bobby Mallory contemplate forming the Joint Venture, as defined and set forth in Section 25 below, to acquire and develop certain Property, defined below, currently owned by Seller; and

WHEREAS, the parties now desire to document their agreements with respect to formation of the Joint Venture and Seller's contribution of the Property to the Joint Venture;

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Property. Seller hereby agrees to contribute to the Joint Venture certain real property in the City of Memphis, Shelby County, Tennessee, municipally known as 138 Huling Avenue and more particularly described on Exhibit A hereto and hereby incorporated by reference herein, together all improvements located thereon and all rights, easements, hereditaments and appurtenances thereto belonging (collectively, the "Property").

2. Earnest Money. Within three (3) business days after the Effective Date, Purchaser shall deposit with Chicago Title Insurance Company (the "Escrow Agent") One Thousand Dollars ($1,000.00) by wire transfer or in cash or certified or cashier's check as earnest money (the "Earnest Money"). Said Earnest Money shall be refundable to Purchaser in accordance with Sections 3 and 4 hereof.

3. Credit for Contribution. Seller shall contribute the Property to the Joint Venture at Closing in accordance with this Agreement and the JV Agreement, defined below, and at that time the Earnest Money shall be refunded to Purchaser. Seller shall receive capital contribution credit in the Joint Venture in the amount of Seven Hundred Thousand Dollars ($700,000.00) and a membership interest in the Joint Venture in exchange for Seller's lien-free contribution of the Property to the Joint Venture in accordance with this Agreement and the JV Agreement.

4. Inspection Period; Refund of Earnest Money; Due Diligence Materials. Purchaser shall have until 5:00 PM CST on July 5, 2018 ("Inspection Period") to make such determinations with respect to the Property as Purchaser deems appropriate and to elect to either continue or terminate this Agreement. Purchaser may terminate this Agreement, and receive a full refund of the Earnest Money for any reason or no reason, by delivering written termination notice to Seller at any time prior to expiration of the Inspection Period. If Purchaser does not so terminate this Agreement, the Earnest Money shall thereafter be nonrefundable (except as expressly otherwise set forth in this Agreement) and this Agreement shall remain in effect.

5. Costs and Prorations.

(a) Purchaser shall pay for all transfer taxes and recording costs applicable to the deed of transfer, title search and insurance for the Property, the costs of any Phase I environmental report obtained by Purchaser and the Survey pursuant to Section 8 below. Seller shall pay for preparation of the deed of transfer. Each party shall pay its own attorney's fees. Purchaser shall pay all expenses incident to any financing obtained for the purchase of the Property.

(b) The following shall be prorated between the parties as of the Closing Date as defined in Section 7: (i) ad valorem property taxes constituting a lien against the Property for the year in which the Closing occurs and all other unpaid assessments with respect thereto, and (ii) utilities and operating expenses for the Property for the calendar month in which Closing occurs. In the event such proration is based upon a previous year's taxes or assessment, after Closing, at such time as any of the taxes or assessments are capable of exact determination, the party having the information permitting the exact determination shall send to the other party a detailed report of the exact determination so made. Within thirty (30) days after both Seller and Purchaser shall have received such report, Seller and Purchaser shall adjust the amounts apportioned pursuant to the estimates made at Closing to reflect the exact determinations contained in the report, and Seller or Purchaser, as the case may be, shall pay to the other whatever amount shall be necessary to compensate for the difference. Purchaser shall receive a credit against the Purchase Price in the amount of all security deposits (together with interest required to be paid thereon) held or required to be held by Seller under the Leases.

6. Conditions Precedent To Purchaser's Obligations. Seller acknowledges that as a condition precedent to Purchaser's obligations hereunder, the following shall occur on or before the Closing Date, any of which conditions may be waived by Purchaser in its sole discretion:

(a) Purchaser shall have received a current Phase I environmental assessment satisfactory to Purchaser prepared by a competent licensed environmental engineer satisfactory to Purchaser that does not recommend a Phase II environmental assessment and reflecting that there are no hazardous wastes or hazardous materials located on or below the surface of the Property, and that the Property is in compliance with all applicable environmental laws, ordinances, rules and regulations.

(b) Purchaser shall have received all governmental or quasi-governmental approvals necessary to develop and construct an approximately 68 unit apartment project (with approximately 73 on-site parking spaces) on the Property (the "Project") acceptable to Purchaser in its sole discretion (collectively, the "Approvals").

(c) Purchaser shall have received all necessary approvals from all applicable governmental and quasi-governmental authorities, acceptable to Purchaser is its sole discretion, for use of a PILOT tax freeze in connection with the development of the Project (the "Incentives"). Seller shall cooperate with the reasonable requests of Purchaser in connection with obtaining the Approvals and the Incentives; provided, however, that Seller shall not be required to incur any cost or expense in connection therewith.

(d) Seller, Vince Smith and Bobby Mallory shall have agreed upon and executed and delivered, as applicable, the JV Agreement and formed the Joint Venture as set forth in Section 25 below.

(e) The title insurer shall be irrevocably committed to issue upon Closing an 1970/Revised 1984 Form ALTA Owner's Policy of Title Insurance (the "Title Policy"), insuring Purchaser as owner of fee simple title to the Property, subject only to Permitted Exceptions (defined below), in the amount of the Purchase Price, and containing such endorsements as Purchaser shall have requested.

(f) Each and every representation and warranty of Seller set forth in Section 10 shall be true and correct, and Seller shall not be in default under any of its obligations under this Agreement, as of Closing.

If any of the foregoing conditions are not fulfilled by the Closing Date, Purchaser may terminate this Agreement and receive a refund of the Earnest Money in addition to any other remedies it may have.

7. Closing. Subject to all preconditions set forth herein, the closing or settlement ("Closing") of the transaction contemplated hereby, unless terminated in accordance with Section 4 or as otherwise agreed upon by Purchaser and Seller, shall be held at the offices of Bass, Berry & Sims PLC, 100 Peabody Place, Suite 1300, Memphis, Tennessee 38103-2625 on the tenth (10^{th}) business day after Purchaser's conditions in Section 6 have been fulfilled but no earlier than thirty (30) days, and no later than one hundred twenty (120) days, after the Inspection Period expires, or such other place and time as the parties may agree (such date shall be referred to herein as the "Closing Date").

At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by special warranty deed, subject to (i) standard exceptions for real property taxes not yet due and payable, and (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 9 (the "Permitted Exceptions").

8. Survey. Within sixty (60) days after the Effective Date, Purchaser, at its expense, shall cause an ALTA survey of the Property to be prepared by a reputable registered local surveyor selected by Purchaser ("Survey"). The Survey shall indicate, among other things, the exact location and square footage of improvements located on the Property and shall indicate the exact metes and bounds and aggregate acreage of the Property, together with the metes and bounds and acreage of any and all portions of the Property located within (a) any public right of way (including any proposed right of way or any proposed widening of any existing right of way), (b) any body of water, (c) any 100-year flood plain, (d) any marshlands or wetlands and (e) any easement areas, buffer zones or natural preserves in which the construction of buildings is prohibited by any law, ordinance, regulation or private covenant including PUD conditions governing the Property of the Property. After the Survey shall have been completed, the description of the Property shall automatically be amended to conform to the legal description based on the Survey, and thereafter, the new legal description shall be the legal description of the Property for all purposes relating to this Agreement.

9. Title. Within thirty (30) days after the Effective Date, Purchaser shall procure a title insurance commitment in the amount of the Purchase Price covering the Property issued by a Title Company selected by Purchaser (the "Title Commitment") and furnish a copy thereof to Seller. Purchaser shall have until ten (10) days after receipt of the Survey pursuant to Section 8 above to object to any matters shown on the Title Commitment or Survey by written notice to Seller ("Title Objection Notice"). Purchaser may also object to any new matters thereafter revealed by a title update by subsequent Title Objection Notice to Seller. Within five (5) days after receipt of Purchaser's Title Objection Notice, Seller shall either (i) deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure, or (ii) cure or satisfy such objections (or commence to cure or satisfy such objections as long as Seller reasonably believes such objections may be cured or satisfied at least five (5) business days prior to Closing). Within ten (10) days after receipt of Seller's written notification that Seller elects not to cure a title or Survey objection, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money by delivering written notice thereof to Seller. If Purchaser does not so terminate this Agreement, then any such title or Survey objection which Seller elects not to cure shall be deemed waived by Purchaser and shall be an additional Permitted Exception. If any objection which Seller elects to cure is not satisfied by Seller at least five (5) business days before the scheduled date of Closing, Purchaser shall have the right to terminate this Agreement, in which case the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or duties under this Agreement. If Seller does cure or satisfy the objections at least five (5) business days prior to Closing, then this Agreement shall continue in effect. Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional Permitted Exception to title at Closing. Seller covenants and agrees not to alter or encumber in any way Seller's title to the Property after the date hereof.

Notwithstanding anything in this Agreement to the contrary, Seller shall cause any deed of trust, mortgage, deed to secure debt, judgment or other lien for a liquidated sum encumbering the Property to be released at or before Closing.

10. Seller's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Seller's downdate certificate to be provided at Closing), Seller represents, warrants and covenants to Purchaser that:

(a) There are and there will be no parties in possession of any portion of the Property as lessees, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. At Closing there will be no service, maintenance or other contracts or agreements with third parties relating to or affecting the Property. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts, and no commissions due, for leasing activities with respect to the Property.

(b) The Seller has not received notice of any default (nor is there any default) under any note or deed of trust related to or secured by the Property. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated and the compliance with the terms and provisions hereof will not conflict with or (with or without notice or the passage of time or both) result in a breach of any of the terms or provisions of, or constitute a

default under, any indenture, mortgage, loan agreement or instrument to which the Seller is a party or by which the Seller or the Property is bound, any applicable regulation or any judgment, order or decree of any court having jurisdiction over the Seller or the Property

(c) The Seller has not received any notice, nor is the Seller aware, of any violation of any ordinance, regulation, law, statute, rule or restriction relating to the Property.

(d) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor relief laws or any other litigation contemplated by or pending or threatened against the Seller or the Property.

(e) Seller has the full right, capacity and authority to enter into this Agreement and to transfer all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Seller, enforceable in accordance with their respective terms. No other signatures or approvals are required to make this Agreement fully enforceable by the Purchaser with respect to the Seller or the Property.

(f) The Seller has and will convey to the Purchaser good, marketable and indefeasible title in fee simple to the Property, subject only to the Permitted Exceptions.

(g) There is no pending or threatened condemnation or similar proceeding or assessment affecting the Property or any part thereof, nor to the knowledge of the Seller is any such proceeding or assessment contemplated by any governmental authority. There will be no claim against the Property or Purchaser for or on account of work done, materials furnished, and utilities supplied to the Property prior to the Closing Date. To Seller's knowledge, there are no public plans or proposals for changes in road grade, access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

(h) No portion of the Property is within the area determined to be within any flood hazard areas, including the 100-year flood plain on the Flood Insurance Rate Map published by the Federal Emergency Management Agency and/or by the United States Army Corps of Engineers and/or Shelby County and/or the State of Tennessee, except as may be shown on the Survey.

(i) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except for this Agreement.

(j) Seller is not a party to any litigation which is still pending, and knows of no threatened litigation, affecting or relating to the Property.

(k) Neither the Seller, nor to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located,

or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal, State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. The Property does not currently contain any underground storage tanks and any storage tanks previously located on the Property have been removed in accordance with the requirements of all applicable laws with "no further action" letter(s) issued by the State of Tennessee in connection therewith.

Seller hereby indemnifies and holds harmless Purchaser and Joint Venture from and against any and all loss, expense (including without limitation reasonable attorney fees), liability, cost, claim, demand, action, cause of action and suit arising out of or in any way related to any breach of any representation, warranty, covenant or agreement of Seller in this Agreement.

11. No Broker. Purchaser and Seller each represent and warrant to the other that such party has not incurred an obligation to any broker or agent in connection with the transaction contemplated hereby. Each party hereby covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any real estate broker or agent in connection with this transaction. The provisions of this Section 11 shall survive the Closing of this transaction.

12. Survey and Inspection. Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct soil borings, environmental assessment and toxic waste studies and other geological, engineering or landscaping tests or studies, all at Purchaser's sole cost and expense. Purchaser hereby covenants and agrees to indemnify and hold harmless Seller from any and all loss, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section (but not the existence of any condition discovered in the course of Purchaser's inspections and testing).

13. Eminent Domain. If, after the Effective Date and prior to Closing, Seller shall receive notice of the commencement or threatened commencement of eminent domain or other like proceedings against the Property or any portion thereof, Seller shall immediately notify Purchaser in writing, and Purchaser shall elect within thirty (30) days from and after such notice, by written notice to Seller, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such proceedings, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all condemnation proceeds and rights to additional condemnation proceeds, if any. If

Purchaser elects to purchase after receipt of such a notice, all actions taken by Seller with regard to such eminent domain proceedings, including but not limited to, negotiations, litigation, settlement, appraisals and appeals, shall be subject to the approval of Purchaser, which approval shall not be unreasonably withheld. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above.

14. Reserved.

15. Condition of Property. Subsequent to the Effective Date and prior to Closing, Seller shall maintain the Property in accordance with its past practices and ordinary maintenance, but shall not be required to provide any extraordinary maintenance.

16. Reserved.

17. Notice. Each notice required or permitted to be given hereunder shall be sent by hand delivery, or by certified mail with return receipt requested and adequate postage prepaid, addressed to the appropriate party (and marked to a particular individual's attention) as hereinafter provided and shall be deemed effective upon such delivery or, in the case of notice sent by the mails, upon deposit in the U.S. mail, correctly addressed, with adequate prepaid postage affixed thereto. Rejection or other refusal by the addressee to accept shall be deemed to be receipt of the notice sent. The addresses of the parties to which notices are to be sent shall be those set forth on the signature page of this Agreement, provided that a copy of any notice to the Purchaser shall also be mailed to Richard R. Spore, III, Bass, Berry & Sims PLC, 100 Peabody Place, Suite 1300, Memphis, Tennessee 38103-2625. Any party shall have the right from time to time to change the address to which notices to it shall be sent to another address in Shelby County, Tennessee, and to specify two additional addresses to which copies of notices to it shall be mailed by giving to the other party at least thirty (30) days prior notice of the changed address or additional addresses.

18. Remedies. If this transaction fails to close by reason of Purchaser's wrongful failure to perform its obligations under this Agreement, the Earnest Money shall be retained by Seller as liquidated damages the parties hereby acknowledging that Seller's actual damages in such circumstances would be difficult, if not impossible, to determine. Seller expressly acknowledges and agrees that retention of the Earnest Money as provided for herein shall be Seller's sole and exclusive remedy in the event of Purchaser's failure to perform its obligations hereunder. If this transaction fails to close for any reason other than Purchaser's wrongful failure to perform his obligations hereunder, the Earnest Money shall promptly be refunded to Purchaser. In the event Seller fails or refuses to convey the Property in accordance with the terms hereof or otherwise fails to perform its obligations hereunder, Purchaser shall have the right to a refund of all Earnest Money, specific performance and all other rights and remedies available at law or in equity for Seller's breach, all of which are reserved, cumulative, and nonexclusive.

19. Time of Essence. Time is of the essence of this Agreement.

20. Closing Documents. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby. Seller also shall execute and deliver to Purchaser at Closing (i) a special warranty deed acceptable to Purchaser; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) Seller's representation and warranty downdate certificate under Section 10; and (iv) such other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, including without limitation, a standard title company owner's affidavit, the JV Agreement and any and all such other documents required to complete the formation of the Joint Venture as are customary and as described in Section 25 herein.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended except by written instrument executed by Purchaser and Seller.

22. Headings. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

23. Possession. Seller shall deliver actual possession of the Property at Closing.

24. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Tennessee.

25. Successors and Assigns; Joint Venture. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be, and Purchaser shall have the right to assign its rights hereunder to the Joint Venture, defined below, and thereafter be released from any further liability hereunder. Within seventy-five (75) days after the Effective Date, Purchaser's counsel shall prepare an Operating Agreement (the "JV Agreement") for a joint venture ("Joint Venture") organized as a limited liability company, reflecting the terms and conditions reflected in the Non-Binding Term Sheet attached hereto as Exhibit B and incorporated herein by reference and other terms and conditions that are customary for real estate development joint venture agreements. Thereafter, the parties shall use diligent good faith efforts to negotiate and agree upon the JV Agreement prior to expiration of the Inspection Period. Notwithstanding anything herein to the contrary, any change in the JV Agreement to the economic terms of the Joint Venture set forth in the Non-Binding Term Sheet, if any, must be acceptable to Seller in his sole and absolute discretion. After agreeing upon the JV Agreement, the parties, subject to satisfaction of the conditions precedent in the JV Agreement and this Agreement, shall complete the formation of the Joint Venture utilizing documents prepared by Purchaser's counsel and reasonably acceptable to Seller on or prior to the Closing Date, so that Seller can contribute the Property to the Joint Venture in accordance with this Agreement and the JV Agreement at Closing. Without limiting the foregoing, the JV Agreement shall provide that any sale of Property by the Joint Venture (i) to any member thereof (or to any affiliate or related party of a member) shall require the approval of all members of the Joint Venture, and (ii) for less than 95% of its then current appraised fair market value shall require the approval of all members of the Joint Venture.

26. Surviving Clauses. The provisions of this Agreement relating to tax prorations after Closing, Purchaser's indemnification with respect to its entering upon the Property prior to Closing, Seller's representations, covenants, warranties and indemnity agreement in Section 10, Seller's covenant not to encumber the Property subsequent to the date hereof, the mutual covenants of Seller and Purchaser to indemnify each other, as the case may be, as set forth in Section 11, shall survive any Closing pursuant to this Agreement. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, no other provision of this Agreement shall survive the Closing of this transaction.

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

ADDRESSES:

P. O. Box 240112
Memphis, Tennessee 38124
Attention: Vincent D. Smith, Jr.

PURCHASER:

VS PROPERTY MANAGEMENT, INC.

By: _____

Title: _____

SELLER:

_____
Mark Parmley

_____

_____

_____

_____

Attention: _____

EXHIBIT A

PROPERTY DESCRIPTION

PARCEL I:

The west 116 2/3 feet of Lot No. 6 in Block 33, South Memphis: BEGINNING at a chisel mark cut in the sidewalk in the northeast corner of Mulberry Street and Huling Avenue; thence north with the east line of Mulberry Street 150 feet to a stake; thence east parallel with Huling Avenue 116 2/3 feet to a stake; thence south parallel with Mulberry Street 250 feet to a stake in the north line of Huling Avenue; thence west with the said north line 116 2/3 feet to the point of beginning aka 390 Mulberry, Memphis, Shelby County, Tennessee.

Shown as Parcel No. 00211900004 in the Office of the Shelby County Assessor.

PARCEL II:

The east 58 1/3 feet of Lot No. 6 of Block 33 on the Plan of South Memphis, and described by metes and bounds as follows: BEGINNING at the intersection of the west line of St. Martin Street with the north line of Huling Avenue; running thence northwardly with the west line of St. Martin Street 150 feet to a point; thence westwardly parallel with the north line of Huling Avenue 58 1/3 feet to a point; thence southwardly parallel with the west line of St. Martin Street 150 feet to the north line of Huling Avenue; thence eastwardly with said north line 58 1/3 feet to the point of beginning; comprising those two parcels of land conveyed by and described in deeds which are recorded, respectively, in Record Book 1675, Page 578, and Record Book 1746, Page 184, of the deed records in the Office of the Register of said County, to all of which reference is here made for a further and more particular description of said land, aka 138 Huling, Memphis, Shelby County, Tennessee.

Shown as Parcel No. 00211900003 in the Office of the Shelby County Assessor.

Without PILOT

390 Mulberry Street

CPI escalator			*0%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Vacancy Rate		Construction Year	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Units																
2 Br/bath	B2		$ 45,198	$ 46,554	$ 47,910	$ 49,266	$ 50,622	$ 51,978	$ 53,334	$ 54,690	$ 56,046	$ 57,401	$ 58,757	$ 60,113	$ 61,469	$ 62,825
1BR/bath	B1		$ 515,592	$ 531,060	$ 546,528	$ 561,995	$ 577,463	$ 592,931	$ 608,399	$ 623,866	$ 639,334	$ 654,802	$ 670,270	$ 685,737	$ 701,205	$ 716,673
1 Br/bath	A1		$ 169,632	$ 174,721	$ 179,810	$ 184,899	$ 189,988	$ 195,077	$ 200,166	$ 205,255	$ 210,344	$ 215,433	$ 220,522	$ 225,611	$ 230,700	$ 235,788
1Br/bath	MICRO		$ 58,590	$ 60,348	$ 62,105	$ 63,863	$ 65,621	$ 67,379	$ 69,136	$ 70,894	$ 72,652	$ 74,409	$ 76,167	$ 77,925	$ 79,682	$ 81,440
Retail			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unit Revenue		$ -	$ 789,012	$ 812,682	$ 836,353	$ 860,023	$ 883,693	$ 907,364	$ 931,034	$ 954,705	$ 978,375	$ 1,002,045	$ 1,025,716	$ 1,049,386	$ 1,073,056	$ 1,096,727
increase from previous year				3.00%	2.91%	2.83%	2.75%	2.68%	2.61%	2.54%	2.48%	2.42%	2.36%	2.31%	2.26%	2.21%
Parking																
0		$ -	$ 58,590	$ 60,348	$ 62,158	$ 64,023	$ 65,944	$ 67,922	$ 69,960	$ 72,058	$ 74,220	$ 76,447	$ 78,740	$ 81,102	$ 83,535	$ 86,041
Total Revenue		$ -	$ 847,602	$ 873,030	$ 898,511	$ 924,046	$ 949,637	$ 975,286	$ 1,000,994	$ 1,026,763	$ 1,052,595	$ 1,078,492	$ 1,104,456	$ 1,130,488	$ 1,156,592	$ 1,182,768
Expenses Common Area			0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Admin (Acct/Lega..)			$ 10,200	$ 10,506	$ 10,821	$ 11,146	$ 11,480	$ 11,825	$ 12,179	$ 12,545	$ 12,921	$ 13,309	$ 13,708	$ 14,119	$ 14,543	$ 14,979
Management			$ 29,814	$ 30,708	$ 31,630	$ 32,579	$ 33,556	$ 34,563	$ 35,599	$ 36,667	$ 37,767	$ 38,901	$ 40,068	$ 41,270	$ 42,508	$ 43,783
Payroll & Benefits			$ 68,000	$ 70,040	$ 72,141	$ 74,305	$ 76,535	$ 78,831	$ 81,196	$ 83,631	$ 86,140	$ 88,725	$ 91,386	$ 94,128	$ 96,952	$ 99,860
Advertising			$ 13,600	$ 14,008	$ 14,428	$ 14,861	$ 15,307	$ 15,766	$ 16,239	$ 16,726	$ 17,228	$ 17,745	$ 18,277	$ 18,826	$ 19,390	$ 19,972
Utilities			$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 35,474	$ 36,538	$ 37,634	$ 38,763	$ 39,926	$ 41,124	$ 42,358	$ 43,628	$ 44,937
Services			$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 35,474	$ 36,538	$ 37,634	$ 38,763	$ 39,926	$ 41,124	$ 42,358	$ 43,628	$ 44,937
Maint./Repairs			$ 39,100	$ 40,273	$ 41,481	$ 42,726	$ 44,007	$ 45,328	$ 46,687	$ 48,088	$ 49,531	$ 51,017	$ 52,547	$ 54,124	$ 55,747	$ 57,420
Insurance			$ 20,400	$ 21,012	$ 21,642	$ 22,292	$ 22,960	$ 23,649	$ 24,359	$ 25,089	$ 25,842	$ 26,617	$ 27,416	$ 28,238	$ 29,086	$ 29,958
Taxes with no PILOT	& CBID		$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369	$ 197,369
Total Expenses Common Area		$ -	$ 439,683	$ 446,952	$ 454,440	$ 462,152	$ 470,096	$ 478,277	$ 486,705	$ 495,385	$ 504,325	$ 513,534	$ 523,019	$ 532,788	$ 542,851	$ 553,215
				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Net Operating Income			$ 407,919	$ 426,078	$ 444,071	$ 461,894	$ 479,541	$ 497,008	$ 514,289	$ 531,378	$ 548,270	$ 564,958	$ 581,437	$ 597,700	$ 613,741	$ 629,553
Bank Loan		$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)
CCDC Loan																
Operating Cash Flow after Debt Service		$ (559,070)	$ (151,151)	$ (132,992)	$ (114,999)	$ (97,176)	$ (79,528)	$ (62,062)	$ (44,781)	$ (27,692)	$ (10,800)	$ 5,888	$ 22,367	$ 38,630	$ 54,671	$ 70,483
Debt Coverage Ratio		-	0.73	0.76	0.79	0.83	0.86	0.89	0.92	0.95	0.98	1.01	1.04	1.07	1.10	1.13

390 Mulberry Street

Revenue:

Unit Type		#	Square Feet	Monthly Rent/unit	Montly Rental Revenue	Annual Rental Revenue
2 Br/bath	B2	3		1,350	$ 4,050	$ 48,600
1BR/bath	B1	42		1,100	$ 46,200	$ 554,400
Unit Type						
1 Br/bath	A1	16		950	$ 15,200	$ 182,400
1Br/bath	MICRO	7		750	$ 5,250	$ 63,000
Retail			-	1.00	$ -	$ -
Totals:					$ 70,700	$ 848,400
Parking Spaces:		70		75	$ 5,250	$ 63,000
Vacancy loss:		7.00%			$ (5,317)	$ (63,798)
Total Revenue:					$ 70,634	$ 847,602

Expenses:

Admin (Acct/Lega..)	$ 850	$ 10,200
Management	$ 2,485	$ 29,814
Payroll & Benefits	$ 5,667	$ 68,000
Advertising	$ 1,133	$ 13,600
Utilities	$ 2,550	$ 30,600
Services	$ 2,550	$ 30,600
Maint./Repairs	$ 3,258	$ 39,100
Insurance	$ 1,700	$ 20,400
Taxes with no PILOT	$ 16,447	$ 197,369
	$ 36,640	$ 439,683
NOI	$ 33,993	$ 407,919
Debt Service		$ (559,070)
Cash Flow		$ (151,151)
Debt Coverage Ratio		0.73

390 Mulberry Street
Sources and Uses

Uses:		
Land:	$	800,000
Demo:	$	250,000
Parking:	$	850,000
Construction:	$	6,250,000
Architect/Engineeri	$	300,000
Utilities:	$	150,000
Interest:	$	258,000
Contingency:	$	342,000
Legal/Close:	$	70,000
Total:	$	9,270,000
Unit Cost:	$	136,324

Sources:		
Equity:	$	1,390,500.00
CCDC Loan:		
Bank Loan:	$	7,879,500
Total:	$	9,270,000

390 Mulberry Street
Loan

Amount:	**$ 7,879,500**
Interest Rate:	**5.00%**
Term:	**25**

Annual Payment: **$ (559,070)**

Permanent Loan Schedule	Payment	Interest	Principal	New Balance
1	$ (559,070)	($393,975)	$ (165,095)	$ 7,714,405
2	$ (559,070)	($385,720)	$ (173,350)	$ 7,541,055
3	$ (559,070)	($377,053)	$ (182,017)	$ 7,359,038
4	$ (559,070)	($367,952)	$ (191,118)	$ 7,167,920
5	$ (559,070)	($358,396)	$ (200,674)	$ 6,967,247
6	$ (559,070)	($348,362)	$ (210,708)	$ 6,756,539
7	$ (559,070)	($337,827)	$ (221,243)	$ 6,535,296
8	$ (559,070)	($326,765)	$ (232,305)	$ 6,302,991
9	$ (559,070)	($315,150)	$ (243,920)	$ 6,059,071
10	$ (559,070)	($302,954)	$ (256,116)	$ 5,802,954
11	$ (559,070)	($290,148)	$ (268,922)	$ 5,534,032
12	$ (559,070)	($276,702)	$ (282,368)	$ 5,251,664
13	$ (559,070)	($262,583)	$ (296,487)	$ 4,955,177
14	$ (559,070)	($247,759)	$ (311,311)	$ 4,643,866
15	$ (559,070)	($232,193)	$ (326,877)	$ 4,316,989
16	$ (559,070)	($215,849)	$ (343,220)	$ 3,973,769
17	$ (559,070)	($198,688)	$ (360,381)	$ 3,613,388
18	$ (559,070)	($180,669)	$ (378,401)	$ 3,234,987
19	$ (559,070)	($161,749)	$ (397,321)	$ 2,837,667
20	$ (559,070)	($141,883)	$ (417,187)	$ 2,420,480
21	$ (559,070)	($121,024)	$ (438,046)	$ 1,982,434
22	$ (559,070)	($99,122)	$ (459,948)	$ 1,522,486
23	$ (559,070)	($76,124)	$ (482,946)	$ 1,039,540
24	$ (559,070)	($51,977)	$ (507,093)	$ 532,448
25	$ (559,070)	($26,622)	$ (532,448)	$ -

With PILOT

390 Mulberry Street

CPI escalator			*0%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Vacancy Rate		Construction Year	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Units																
2 Br/bath	B2		$ 45,198	$ 46,554	$ 47,910	$ 49,266	$ 50,622	$ 51,978	$ 53,334	$ 54,690	$ 56,046	$ 57,401	$ 58,757	$ 60,113	$ 61,469	$ 62,825
1BR/bath	B1		$ 515,592	$ 531,060	$ 546,528	$ 561,995	$ 577,463	$ 592,931	$ 608,399	$ 623,866	$ 639,334	$ 654,802	$ 670,270	$ 685,737	$ 701,205	$ 716,673
1 Br/bath	A1		$ 169,632	$ 174,721	$ 179,810	$ 184,899	$ 189,988	$ 195,077	$ 200,166	$ 205,255	$ 210,344	$ 215,433	$ 220,522	$ 225,611	$ 230,700	$ 235,788
1Br/bath	MICRO		$ 58,590	$ 60,348	$ 62,105	$ 63,863	$ 65,621	$ 67,379	$ 69,136	$ 70,894	$ 72,652	$ 74,409	$ 76,167	$ 77,925	$ 79,682	$ 81,440
Retail			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unit Revenue		$ -	$ 789,012	$ 812,682	$ 836,353	$ 860,023	$ 883,693	$ 907,364	$ 931,034	$ 954,705	$ 978,375	$ 1,002,045	$ 1,025,716	$ 1,049,386	$ 1,073,056	$ 1,096,727
increase from previous year				3.00%	2.91%	2.83%	2.75%	2.68%	2.61%	2.54%	2.48%	2.42%	2.36%	2.31%	2.26%	2.21%
Parking																
0		$ -	$ 58,590	$ 60,348	$ 62,158	$ 64,023	$ 65,944	$ 67,922	$ 69,960	$ 72,058	$ 74,220	$ 76,447	$ 78,740	$ 81,102	$ 83,535	$ 86,041
Total Revenue		$ -	$ 847,602	$ 873,030	$ 898,511	$ 924,046	$ 949,637	$ 975,286	$ 1,000,994	$ 1,026,763	$ 1,052,595	$ 1,078,492	$ 1,104,456	$ 1,130,488	$ 1,156,592	$ 1,182,768
Expenses Common Area			0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Admin (Acct/Lega..)			$ 10,200	$ 10,506	$ 10,821	$ 11,146	$ 11,480	$ 11,825	$ 12,179	$ 12,545	$ 12,921	$ 13,309	$ 13,708	$ 14,119	$ 14,543	$ 14,979
Management			$ 29,814	$ 30,708	$ 31,630	$ 32,579	$ 33,556	$ 34,563	$ 35,599	$ 36,667	$ 37,767	$ 38,901	$ 40,068	$ 41,270	$ 42,508	$ 43,783
Payroll & Benefits			$ 68,000	$ 70,040	$ 72,141	$ 74,305	$ 76,535	$ 78,831	$ 81,196	$ 83,631	$ 86,140	$ 88,725	$ 91,386	$ 94,128	$ 96,952	$ 99,860
Advertising			$ 13,600	$ 14,008	$ 14,428	$ 14,861	$ 15,307	$ 15,766	$ 16,239	$ 16,726	$ 17,228	$ 17,745	$ 18,277	$ 18,826	$ 19,390	$ 19,972
Utilities			$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 35,474	$ 36,538	$ 37,634	$ 38,763	$ 39,926	$ 41,124	$ 42,358	$ 43,628	$ 44,937
Services			$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 35,474	$ 36,538	$ 37,634	$ 38,763	$ 39,926	$ 41,124	$ 42,358	$ 43,628	$ 44,937
Maint./Repairs			$ 39,100	$ 40,273	$ 41,481	$ 42,726	$ 44,007	$ 45,328	$ 46,687	$ 48,088	$ 49,531	$ 51,017	$ 52,547	$ 54,124	$ 55,747	$ 57,420
Insurance			$ 20,400	$ 21,012	$ 21,642	$ 22,292	$ 22,960	$ 23,649	$ 24,359	$ 25,089	$ 25,842	$ 26,617	$ 27,416	$ 28,238	$ 29,086	$ 29,958
PILOT and Other Taxes	&CBID		$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159	$ 67,159
Total Expenses Common Area		$ -	$ 309,473	$ 316,742	$ 324,230	$ 331,942	$ 339,886	$ 348,067	$ 356,495	$ 365,175	$ 374,115	$ 383,324	$ 392,809	$ 402,578	$ 412,641	$ 423,005
				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%
Net Operating Income			$ 538,129	$ 556,288	$ 574,281	$ 592,104	$ 609,751	$ 627,218	$ 644,499	$ 661,588	$ 678,480	$ 695,168	$ 711,647	$ 727,910	$ 743,951	$ 759,763
Bank Loan		$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)	$ (559,070)
CCDC Loan																
Operating Cash Flow after Debt Service		$ (559,070)	$ (20,941)	$ (2,782)	$ 15,211	$ 33,034	$ 50,682	$ 68,148	$ 85,429	$ 102,518	$ 119,410	$ 136,098	$ 152,577	$ 168,840	$ 184,881	$ 200,693
Debt Coverage Ratio		-	0.96	1.00	1.03	1.06	1.09	1.12	1.15	1.18	1.21	1.24	1.27	1.30	1.33	1.36

390 Mulberry Street

Revenue:

Unit Type		#	Square Feet	Monthly Rent/unit	Montly Rental Revenue	Annual Rental Revenue
2 Br/bath	B2	3		1,350	$ 4,050	$ 48,600
1BR/bath	B1	42		1,100	$ 46,200	$ 554,400
Unit Type						
1 Br/bath	A1	16		950	$ 15,200	$ 182,400
1Br/bath	MICRO	7		750	$ 5,250	$ 63,000
Retail			-	1.00	$ -	$ -
Totals:					$ 70,700	$ 848,400
Parking Spaces:		70		75	$ 5,250	$ 63,000
Vacancy loss:		7.00%			$ (5,317)	$ (63,798)
Total Revenue:					$ 70,634	$ 847,602

Expenses:

Admin (Acct/Lega..)	$ 850	$ 10,200
Management	$ 2,485	$ 29,814
Payroll & Benefits	$ 5,667	$ 68,000
Advertising	$ 1,133	$ 13,600
Utilities	$ 2,550	$ 30,600
Services	$ 2,550	$ 30,600
Maint./Repairs	$ 3,258	$ 39,100
Insurance	$ 1,700	$ 20,400
PILOT and Other Taxes	$ 5,597	$ 67,159
	$ 25,789	$ 309,473
NOI	$ 44,844	$ 538,129
Debt Service		$ (559,070)
Cash Flow		$ (20,941)
Debt Coverage Ratio		0.96

390 Mulberry Street
Sources and Uses

Uses:		
Land:	$	800,000
Demo:	$	250,000
Parking:	$	850,000
Construction:	$	6,250,000
Architect/Engineeri	$	300,000
Utilities:	$	150,000
Inteerst:	$	257,300
PILOT Fee:	$	92,700
Contingency:	$	250,000
Legal/Close:	$	70,000
Total:	$	9,270,000
Unit Cost:	$	136,324

Sources:		
Equity:	$	1,390,500.00
CCDC Loan:		
Bank Loan:	$	7,879,500
Total:	$	9,270,000

390 Mulberry Street
Loan

Amount:	**$ 7,879,500**
Interest Rate:	**5.00%**
Term:	**25**

Annual Payment: **$ (559,070)**

Permanent Loan Schedule	Payment	Interest	Principal	New Balance
1	$ (559,070)	($393,975)	$ (165,095)	$ 7,714,405
2	$ (559,070)	($385,720)	$ (173,350)	$ 7,541,055
3	$ (559,070)	($377,053)	$ (182,017)	$ 7,359,038
4	$ (559,070)	($367,952)	$ (191,118)	$ 7,167,920
5	$ (559,070)	($358,396)	$ (200,674)	$ 6,967,247
6	$ (559,070)	($348,362)	$ (210,708)	$ 6,756,539
7	$ (559,070)	($337,827)	$ (221,243)	$ 6,535,296
8	$ (559,070)	($326,765)	$ (232,305)	$ 6,302,991
9	$ (559,070)	($315,150)	$ (243,920)	$ 6,059,071
10	$ (559,070)	($302,954)	$ (256,116)	$ 5,802,954
11	$ (559,070)	($290,148)	$ (268,922)	$ 5,534,032
12	$ (559,070)	($276,702)	$ (282,368)	$ 5,251,664
13	$ (559,070)	($262,583)	$ (296,487)	$ 4,955,177
14	$ (559,070)	($247,759)	$ (311,311)	$ 4,643,866
15	$ (559,070)	($232,193)	$ (326,877)	$ 4,316,989
16	$ (559,070)	($215,849)	$ (343,220)	$ 3,973,769
17	$ (559,070)	($198,688)	$ (360,381)	$ 3,613,388
18	$ (559,070)	($180,669)	$ (378,401)	$ 3,234,987
19	$ (559,070)	($161,749)	$ (397,321)	$ 2,837,667
20	$ (559,070)	($141,883)	$ (417,187)	$ 2,420,480
21	$ (559,070)	($121,024)	$ (438,046)	$ 1,982,434
22	$ (559,070)	($99,122)	$ (459,948)	$ 1,522,486
23	$ (559,070)	($76,124)	$ (482,946)	$ 1,039,540
24	$ (559,070)	($51,977)	$ (507,093)	$ 532,448
25	$ (559,070)	($26,622)	$ (532,448)	$ -

Triumph Bank

March 6, 2018

Mr. Vince Smith
355 Tara Lane
Memphis, TN 38111

Re: Lucky Heart Lofts Term Sheet

Dear Vince:

Thank you for considering Triumph Bank for your financing needs. This letter will outline the general terms and conditions I would propose for the subject loan. The final terms and conditions must be approved by our Loan Committee and Board of Directors.

BORROWER:	TBD Newly Formed Entity
GUARANTORS:	Vince & Anna Smith 100% Bob E. Mallory 100%
AMOUNT:	$7,879,500 (final amount based on the lesser of 85% loan to cost or 75% loan to value)
COLLATERAL:	First lien Deed of Trust and Assignment of Rents and Leases on the to be constructed 68 unit Lucky Heart Lofts.
PRICING:	4.60% fixed for five years
COMMITMENT FEE:	¾% of the committed loan amount
REPAYMENT TERMS:	Interest only due monthly for the 18 month construction period, followed by principal and interest based on a 25 year amortization for the remaining term of the loan.
COVENANTS:	If the property fails to achieve a minimum DSC of 1.25 at the end of any calendar year (beginning with calendar year end 2020), the Borrower will have 180 days to provide additional collateral or pay down the loan in an amount sufficient to bring the property into compliance.
CONSTRUCTION REVIEW:	-Plan and Cost Budget Review to be completed by third party acceptable to the bank prior to loan closing. -Construction inspections to be completed by third party acceptable to the bank prior to each draw.
PREPAYMENT PENALTY:	In the event that the loan is paid off due to refinancing with another financial institution, the loan would be subject to a prepayment penalty of 3% if the loan is repaid in the first year of the loan following construction, 2% in the second year, 1% in the third year and no prepayment in the last two years of the loan. If the property is sold to a third party, there is no prepayment penalty.
OTHER:	Loan terms are contingent upon the Borrower receiving approval for a 10 year PILOT.