

Custom Estate Home with Equestrian Facilities on 4+ Acres North Scottsdale, Arizona



***This is a real estate oriented investment for accredited
investors for the development and sale of a Hi-End
Custom Estate Home with Equestrian Facilities on 4+ acres
in North Scottsdale (Phoenix), AZ***

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Arizona First Partners 3 LLC

INVESTMENT DISCLOSURE DOCUMENT

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INTRODUCTION

This document summarizes an investment for accredited investors, both standard investors and those with 1031 exchange requirements. The investment is ownership in a limited liability company formed for the purpose of acquiring a parcel of land, designing and building a residential custom estate home with equestrian facilities, and the liquidation thereof. The investment may also be structured to accommodate 1031 exchange investors who are required to hold like-kind investment properties for income purposes.

DISCLAIMER

The data, financial and other projections are not an offering. The operating and subscription agreement of the limited liability company constitute an offer. Real estate values, income and expenses are affected by a multitude of forces outside the developer's control. The developer does not guarantee the projections contained herein. This investment is not liquid and only investors willing to risk their investment should participate. Consult your attorney and accountant regarding the suitability of this investment for you.

EXECUTIVE SUMMARY

Objective:	This investment objective is to make a profit from the acquisition of unimproved land, and subsequent development and sale of a high-end custom estate home with equestrian facilities within a short period of time.
Location:	On the corner of Black Cross Rd and Lone Mountain Rd at 31225 N Black Cross Road, Scottsdale, Arizona 85262.
Assessor Parcel Number:	216-52-065
Size & Location:	Approximately 4 1/2 acres of land in Scottsdale, Arizona.
Zoning:	R-190, Single Family Residential. Low density single family neighborhood. Minimum 190,000 square feet lot, 1 single family dwelling unit per lot.
Highest & Best Use:	A high-end custom estate home designed with equestrian use.
Total Investment:	\$500,000
Length of Investment:	3 years (Summer 2006 to Summer 2009)
Ownership:	Arizona Limited Liability Company with the investing members, as an aggregate group, holding 50% ownership, and the developer member/manager holding 50% ownership.
Required Funding: (Equity & Debt)	Equity: \$500,000 Debt: \$2,500,000 Total: \$3,000,000 Term: 24 to 36 months

The funds to acquire and develop the property is \$3,000,000 of which \$500,000 is contributed by investing members of the limited liability company, and \$2,500,000 in loans secured against the real property.

**Estimated Revenue,
Costs & Profit:**

(1) Sales Price	\$4,500,000
(2) Land & Development Costs	
Land (4.55 acre custom lot)	\$775,000
Escrow	\$5,000
Architectural, Engineering, Plans/Permits	<u>\$100,000</u>
Subtotal	\$880,000
(3) Construction Costs	
Site preparation	\$75,000
Main House (9,000 sf)	\$1,350,000
Barn, Lighted Arena, Corrals, Bridal Paths	\$75,000
Hard/Landscape/Pool	\$100,000
Contingencies	<u>\$ 200,000</u>
Subtotal	\$1,800,000
(4) Indirect Costs	
Administration (Syndication)	\$50,000
Carrying Costs (Financing)	<u>\$270,000</u>
Subtotal	\$320,000
(5) Sales Costs	
Advertising & Marketing	\$25,000
Real Estate Commissions	\$270,000
Escrow & Titles	<u>\$ 45,000</u>
Subtotal	\$340,000
Total Costs	\$3,340,000
Estimated Profit:	\$ 1,160,000
Totals	<u>\$4,500,000</u> <u>\$4,500,000</u>

(1) Sales Price:

The Sales Price of \$4,500,000 is based on \$283 per square foot for 15,900 square feet of living areas, garage areas, air conditioned storage areas, and covered patio areas of a custom estate home configured with 6 bedrooms, 7 ½ baths, 6 car garage, servant suite, guest home/suite with kitchen and garage, covered patio and pool amenities, perimeter fencing and gated entrance, landscape and hardscape grounds with possible equestrian or other outdoor facilities on more than 4 acres located in north Scottsdale, Arizona.

(2) Land & Development:

The land has been purchased for, and currently appraised in excess of, \$775,000. The cost for development (ie architecture, engineering, plans, permits, approvals) is \$100,000.

(3) Construction:

The construction of the grounds to include site preparation, main building (home) and secondary building (barn), perimeter fencing, property entrance, roadways, parking areas, lighted arena, corrals, perimeter equestrian trails, hard/landscape/pool is \$1,800,000.

(4) Indirect Costs:

The cost for the syndication (ie forming, funding and operating the limited liability company is 10% of the equity funding (\$50,000), and the estimated interest is based on accumulating \$2,500,000 debt at 10% interest for up to 1 year.

(5) Sales Costs:

Escrow cost is estimate at approximately 1% of the sales price, and a real estate sales commission is estimated at approximately 6% of the sales price (ie 3% to the Seller's agent, 3% to the Buyer's agent). An affiliate of the developer member/manager is a real estate agent and may derive income on the purchase and sale of the property.

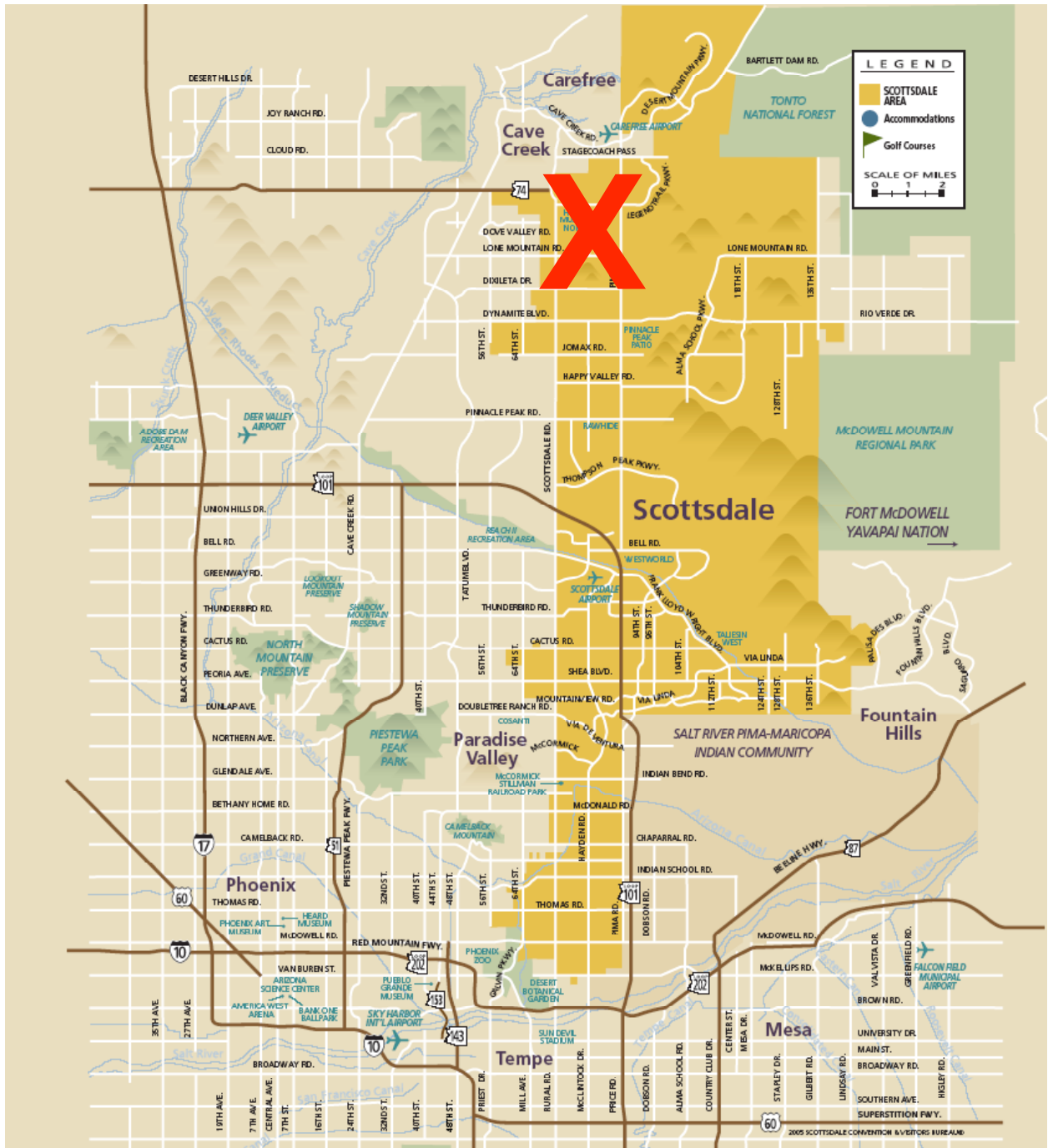
Distributions:

Upon the liquidation of the property, the proceeds are used first to pay loans secured against the property, then pay all contributions by the members, then 50% to the aggregate investing members and 50% to the developer member/manager of the company.

Market Analysis:

The property is located within the northwest submarket of the Phoenix area, known as the north Scottsdale area. Existing high-end custom estate homes sales are strong. Adjacent high-end residential communities, such as Silverleaf, Troon Village, Whisper Rock, and the Boulders, all have existing sales ranging between \$6 million and \$11 million for custom estate homes built in the same size and style as the proposed development.

LOCAL MAP



ASSESSOR'S MAP

