

Investment Disclosure Document Cedar Creek Condominiums Real Estate Development



A proposed real estate investment for the development of residential condominium homes on approximately 9 acres in Surprise (Phoenix) AZ by Arizona First Partners 2 LLC

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INTRODUCTION

This document summarizes an investment for accredited investors, both standard investors and those with 1031 and 1033 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 condominium complex, and the liquidation thereof. The investment is also designed for 1031 and 1033 exchange investors who are required to hold the completed 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

Location:	On Greasewood Road, just off Bell Road in Surprise, Arizona 85378
Assessor's Parcel Numbers:	501-81-106, 501-81-020L, 501-81-217, 501-81-218, 501-81-019S
Objective:	This investment is the acquisition of unimproved land and the development of residential condominiums for either investment (income) property for exchange investors to hold, or as inventory (development) property for standard investors to sell for profit.
Site Area:	Approximately 9 acres
Zoning:	R-5, Multi-family dwelling. 1 du/1,000 sq ft., Surprise Planning & Zoning
Highest & Best Use:	Develop as individually owned residential condominium units
Total Investment:	\$2,000,000 minimum, up to \$4,000,000 maximum
Length of Investment:	24 to 36 Months
Investment Ownership:	One or more limited liability companies shall own, develop and liquidate the real property. The investing member(s) hold 50% ownership and the developer and managing member, holds 50% ownership.
Funding for Acquisition and Development:	Equity: \$4,000,000 Debt: \$8,000,000 Total: \$12,000,000 Term: 24 to 36 months

The funds to acquire and develop the property is \$12,000,000 of which \$4,000,000 is contributed by investing members of the limited liability company, and \$8,000,000 is loan(s) to be secured against the real property.

**Estimated Revenue,
Costs & Profit:**

Sales Price Per Condo Unit:	\$295,500
Number of Units:	108
Total Sales:	\$31,914,000

Development Costs

Acquisition:	\$3,700,000
Planning:	\$150,000
Engineering:	\$125,000
Construction-Ground	\$1,080,000
Construction-Buildings	\$11,232,000
Administration:	\$400,000
<u>Carrying Costs:</u>	<u>\$840,000</u>
Subtotal	\$17,527,000

Cost of Sales

Real Estate Commissions:	\$1,914,840
<u>Escrow & Titles:</u>	<u>\$319,140</u>
Subtotal	\$2,233,980

Estimated Profit: \$ 12,153,020

Assumptions:

Sales Price-

The estimated \$295,500 sales price is based on current market values for condominiums of comparable size and style (ie 3 bedroom, 2 bath, approx 1,300 square feet for living area). The approximate \$32 million in total sales is based on the estimated \$295,500 per unit sales price times 108 units.

Number of Units-

Based on the current density level for the zoning requirements by the city of Surprise, we anticipate having between 105 and 112 units.

Acquisition-

An active escrow exists at Capital Title with a Purchase Contract between Arizona First Development LLC as Seller and Arizona First Partners 2 LLC. The purchase price is \$3,700,000. Earnest Money is \$50,000 and escrow is to close on or before 6 months.

Construction-Grounds:

The construction of the grounds to include roads, curbs and gutters, along with water, sewer, power, phone and cable, plus the pool and water retention/park and entrance common areas, is estimated at \$10,000 per 108 unit, for a total of \$1,080,000.

Construction-Buildings:

The construction of buildings is estimated at \$80 per square foot at 1,300 square feet per unit, times 3 units per building for a total of 36 buildings and 108 condominium units.

Real Estate Commission:

Commission are 6% of the estimate \$295,500 sales price of a unit, times 108 units. The property will be listed in Arizona Regional Multiple Listing Service (ARMLS) with the agreement to pay a split 3% to Seller's agent and 3% to Buyer's agent.

Escrow & Title Costs:

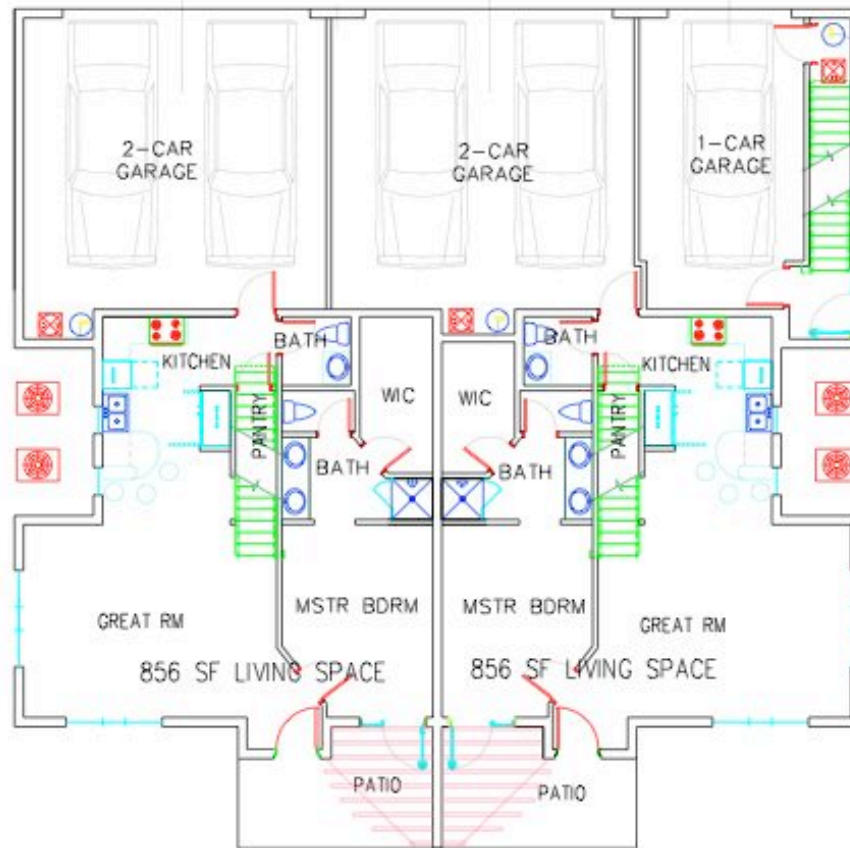
Escrow cost is estimate at 1% of sales price of \$295,500 per condominium unit, times a total of 108 units.

Distributions:	<p>Upon the liquidation of the property, the proceeds are used first to pay the underlying loans secured against the property, then 100% of the following proceeds are used to pay the total of all contributions by the investing members, then the remaining proceeds (profits) are disbursed 50% to the aggregate investing members and 50% to the developer and manager of the limited liability company and manager of the co-tenancy agreement if used in the event of multiple limited liability companies as co-tenants of the property.</p> <p>The developer and managing member of the company may derive income on the sale and transfer of the property to the company. The developer may also derive some income from participation in the planning, development and construction associated with this real estate project. The developer is also a licensed real estate agent and may derive some income from the real estate commission to be paid upon the liquidation and sale of the property.</p>
Project Description:	<p>The developer has purchased the property and seeks to transfer ownership to a limited liability company, which shall seek to design, construct, and market a residential condominium complex on the property within a 24 to 36 month time period.</p> <p>In addition to the \$2,000,000 to \$4,000,000 in equity funding, the developer seeks debt financing of \$8,000,000. The developer has preliminary loan approvals for more than this amount.</p>
Street Improvements:	<p>Greasewood Road Width Two lanes, one each direction Surface Asphalt Median Yes, with turning lanes Curbs Vertical 6" curbs Sidewalks Yes Streetlights Yes</p>
Market Summary:	<p>The property is located within the Northwest submarket of the Phoenix area. The Arizona real estate housing market continued its strong showing and steady growth during 2004. Existing homes sales including single-family houses, condos and co-ops are still on the rise for the first quarter of 2006. The housing market is settling but should experience its third best year in 2006, with job creation and a growing economy offsetting some of the effects of rising interest rates, according to the National Association of Realtors®.</p>
Market Predictions:	<p>Between 1995 to today, the population has multiplied exponentially - from 10,187 to an estimated 96,000 by the end of 2005. There were more than 7,000 new home starts in 2004. That translates to a new home completed almost every hour, on average, and 50 new residents a day. In fact, about 75 percent of expenditures in Surprise's \$336 million 2005-06 budget are for capital projects. The budget includes a Public Safety Building, two fire stations, a 25-court tennis center, three water reclamation facilities, design of a new city hall and nearly \$18 million in roadway improvements. Yet, Surprise property tax rate ranks among the lowest in the state at .9101 per \$100 of assessed valuation. More growth is on the horizon. With projections that Surprise's population could hit 364,000 by 2020, city leaders are taking a proactive approach to planning. Approved by voters in 2001, the city's updated general plan encompasses a 310 square-mile planning area and serves as a roadmap to the future.</p>

SITE MAP



FIRST FLOOR PLAN



FIRST FLOOR PLAN

SCALE: 3/32" = 1'-0"

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

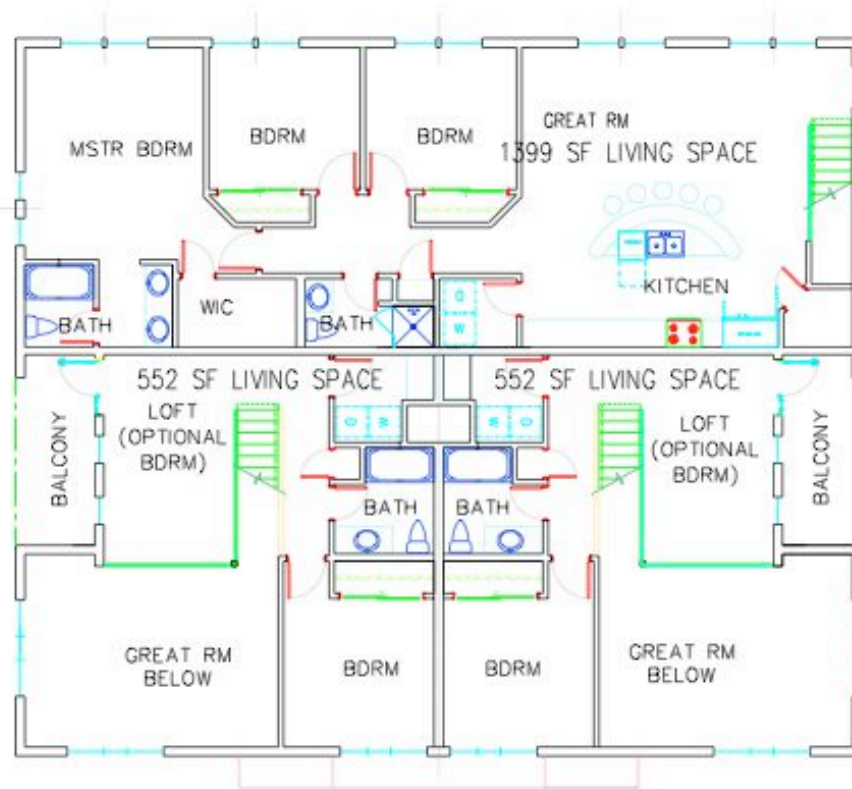
2016 W. CAMBRIDGE AVENUE
PHOENIX, AZ 85009-1950
P: 602.320.7162
F: 1.208.977.8081
E: jvest@earthlink.net

Date: 06.03.06

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SECOND FLOOR PLAN



SECOND FLOOR PLAN

SCALE: 3/32" = 1'-0"

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

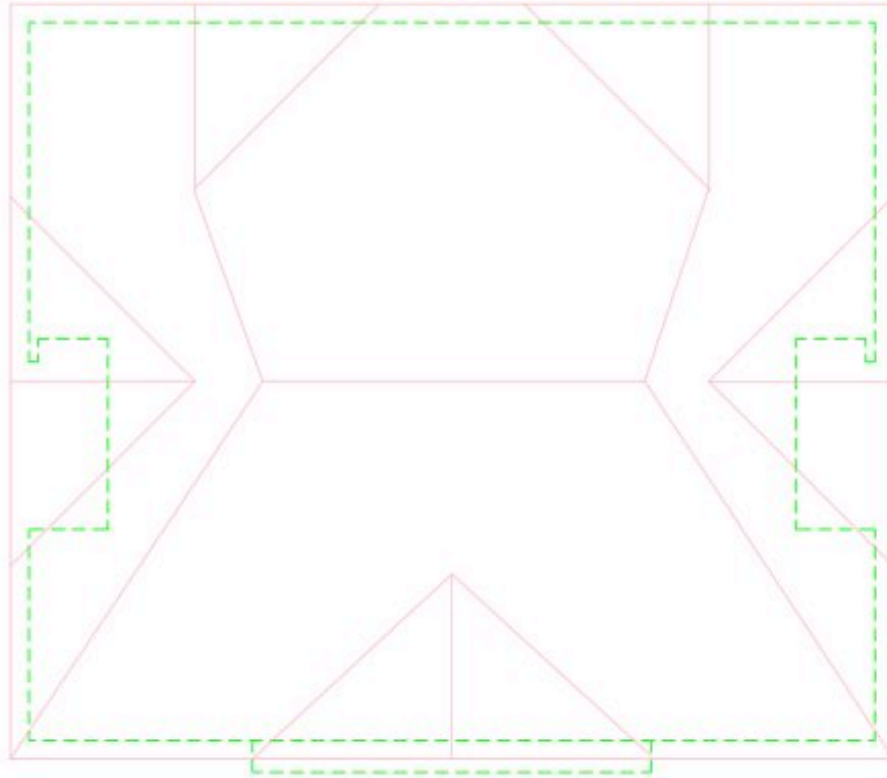
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Date: 06.03.06

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ROOF PLAN



ROOF PLAN

SCALE: $3/32" = 1'-0"$

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

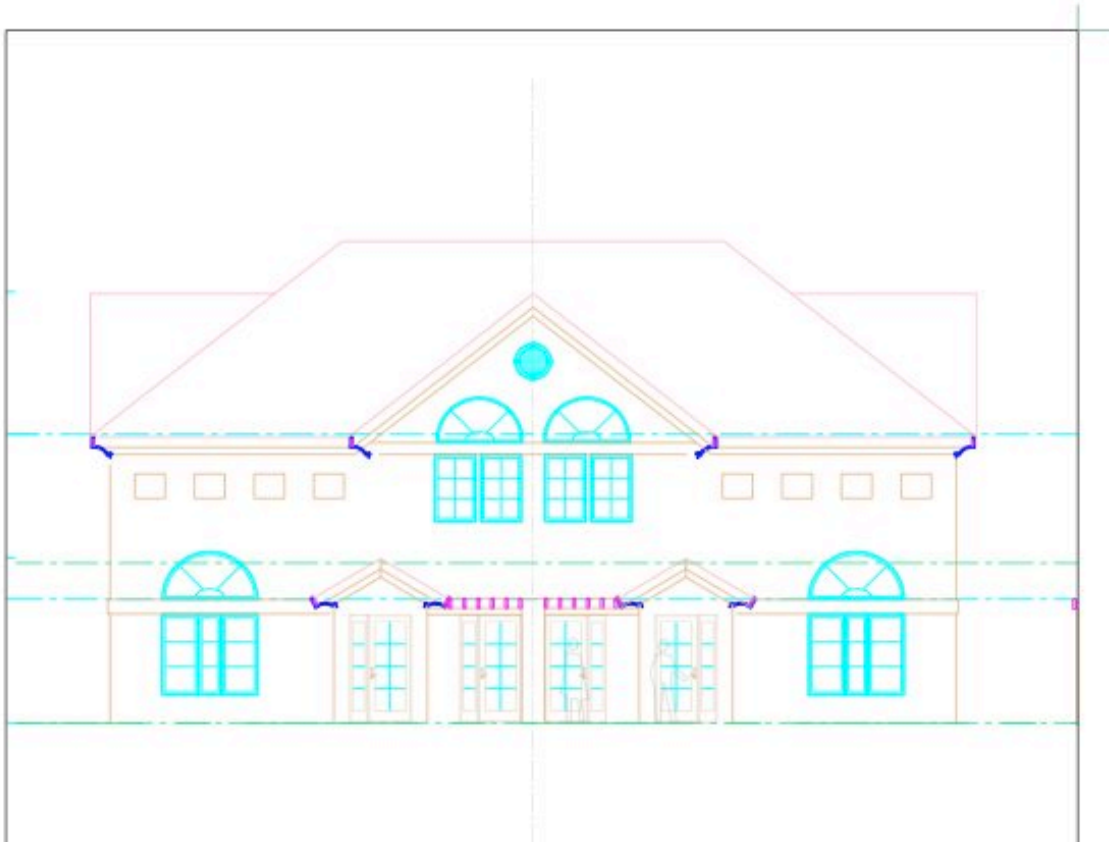
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FRONT ELEVATION



FRONT ELEVATION

SCALE: 3/32" = 1'-0"

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

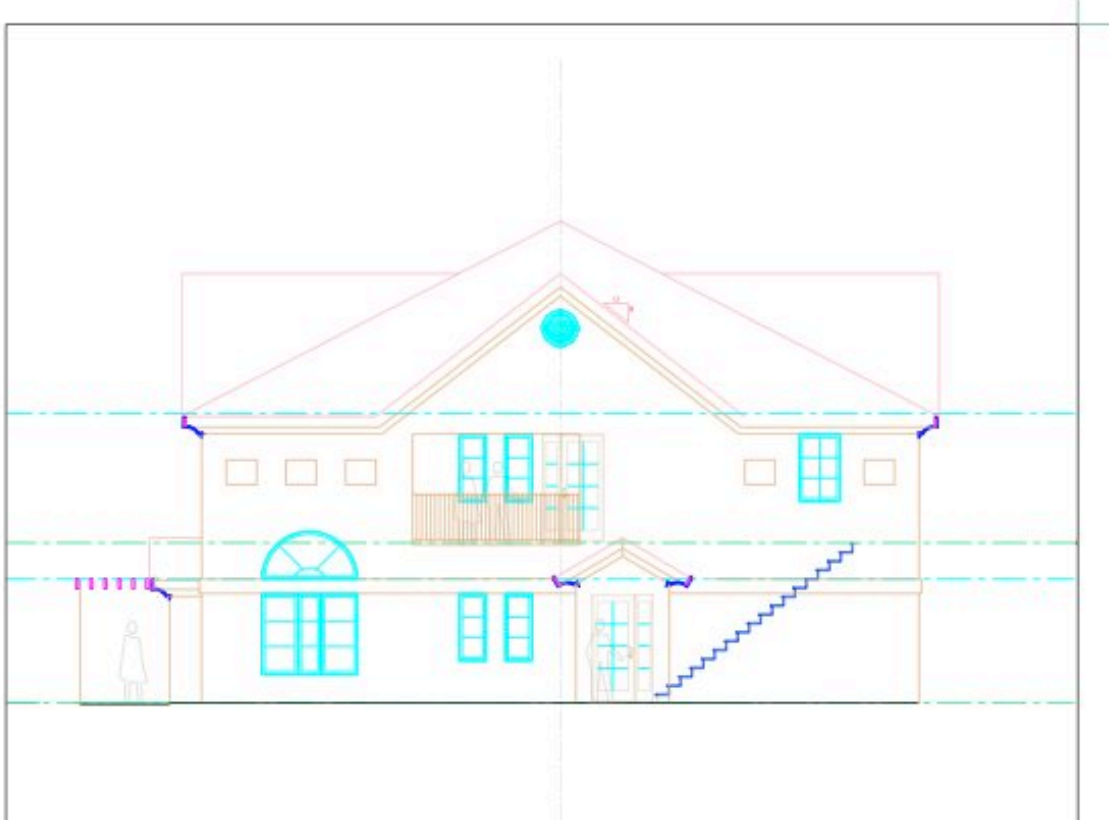
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SIDE ELEVATION



SIDE ELEVATION

SCALE: 3/32" = 1'-0"

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

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E. jvest@earthlink.net

Date: 06.03.06

06

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REAR ELEVATION



REAR ELEVATION

SCALE: $3/32" = 1'-0"$

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

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Date: 06.03.06

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OPPOSITE SIDE ELEVATION



OPP. SIDE ELEVATION

SCALE: $3/32" = 1'-0"$

△ REVISION DESCRIPTION

Architects Interior Designers Planners

Project: CEDAR CREEK CONDOMINIUMS
SURPRISE, AZ

Project No.: 0607

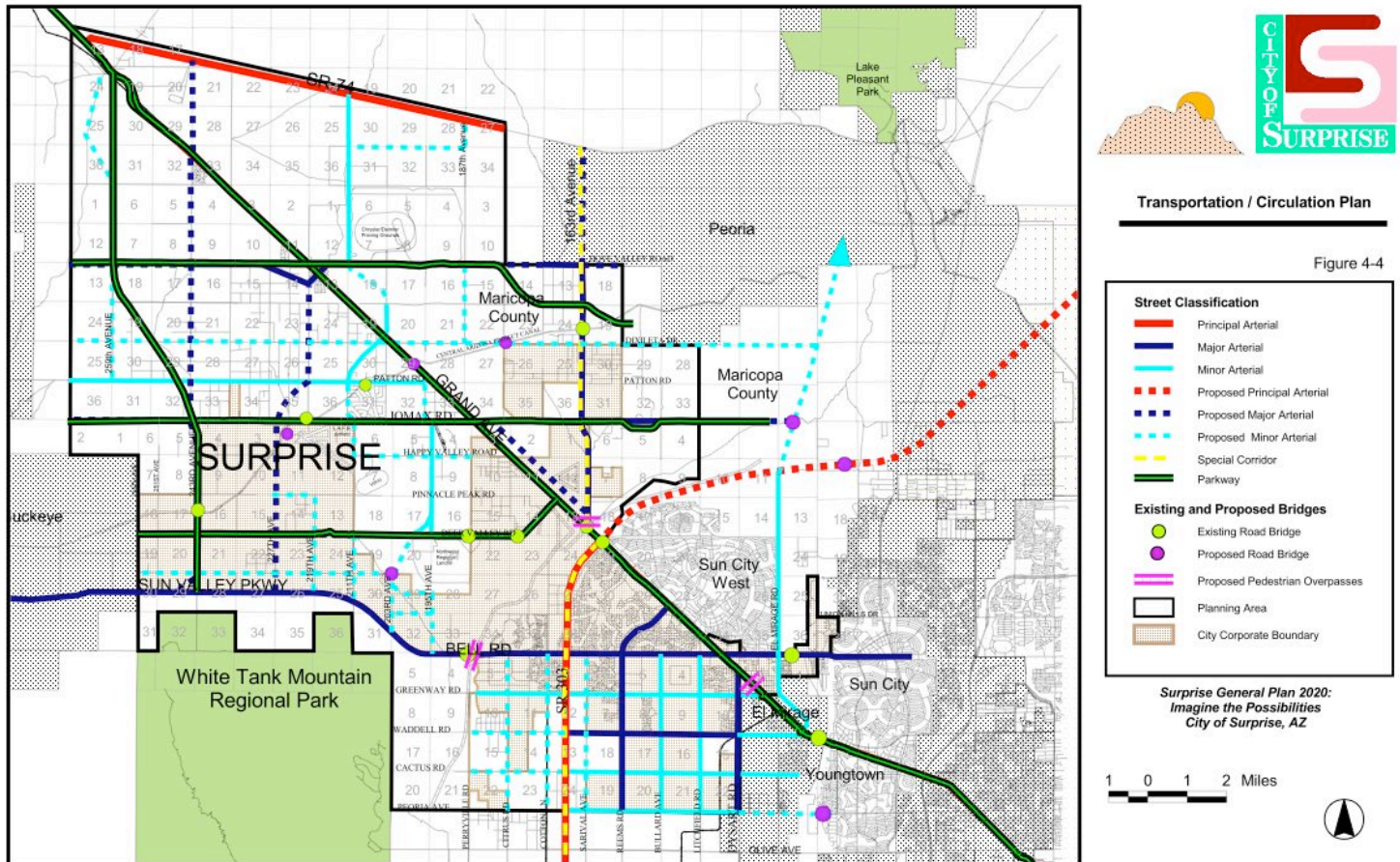
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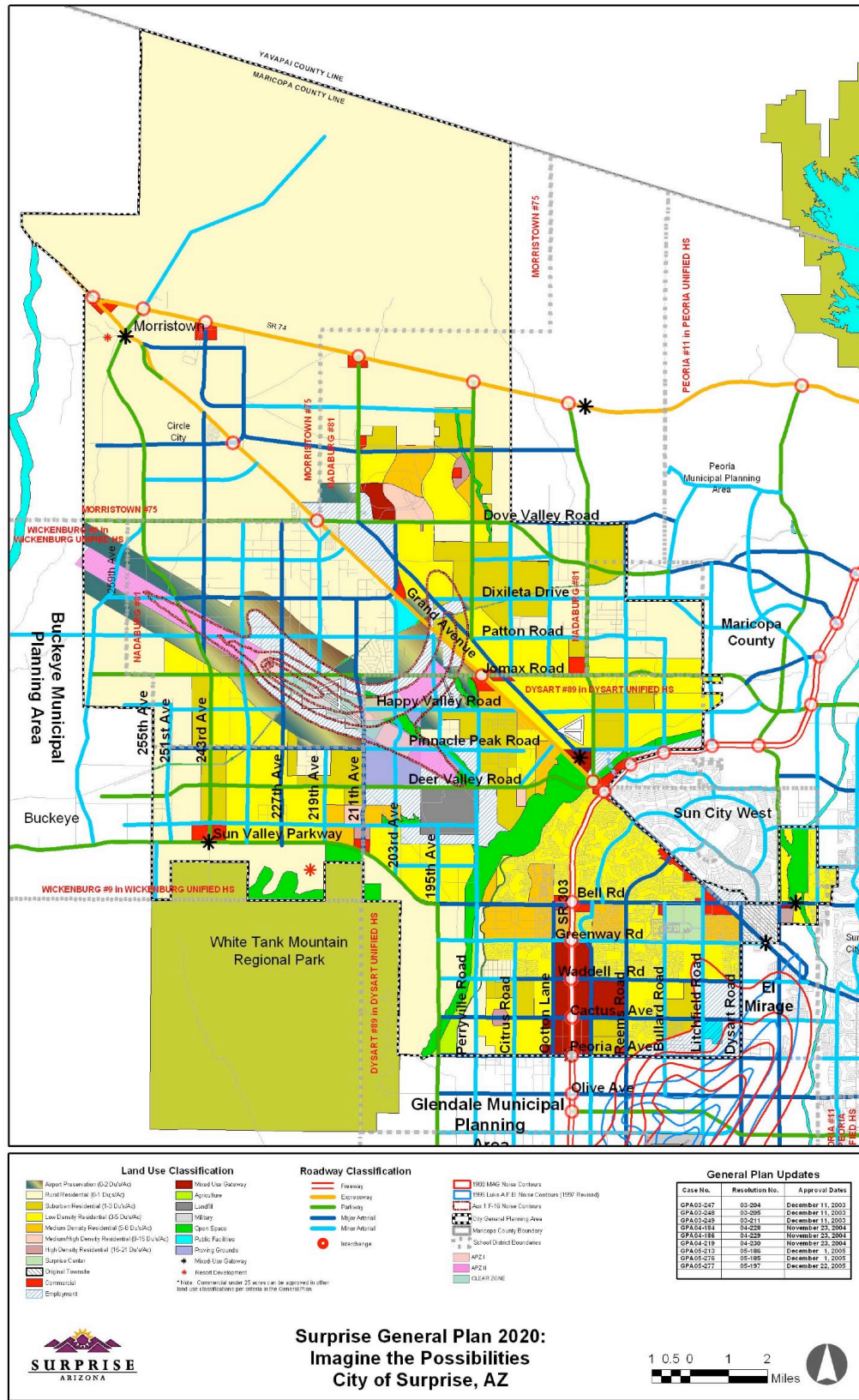
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LOCAL MAP

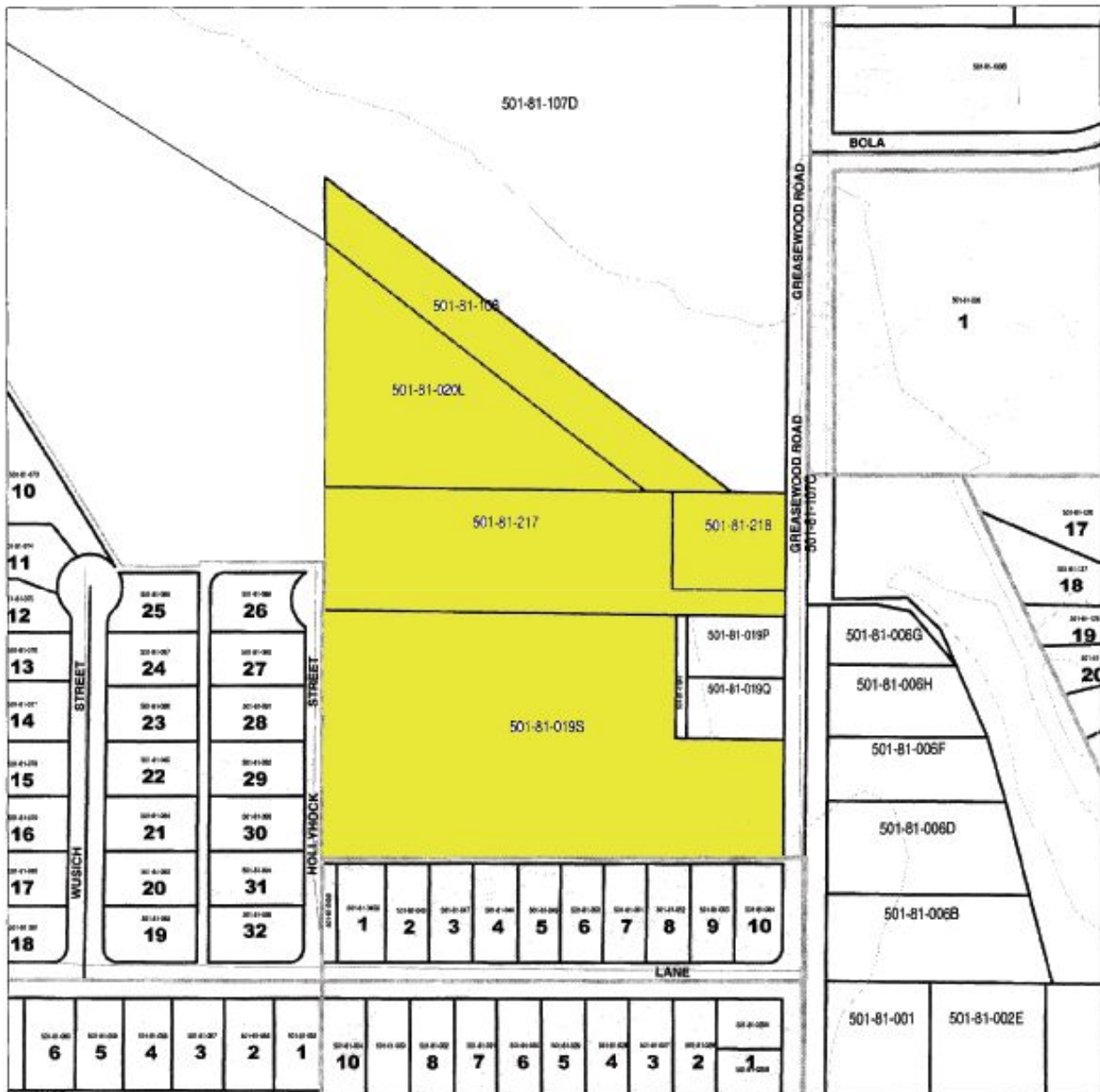


GENERAL PLAN



ASSESSOR'S MAP

County Parcels



AERIAL PHOTO



Cedar Creek Condominiums Surprise, Arizona

FINANCIAL PROJECTIONS

	Total	Per Unit
Income		
Units	108	
Sales	31,914,000	295,500
Direct Costs		
Acquisition	3,700,000	34,258
Planning	150,000	1,388
Engineering	125,000	1,157
Improvements	12,312,000	114,000
Subtotal	16,287,000	150,804
Indirect Costs		
Carrying Costs	840,000	7,778
Administration	400,000	3,703
Subtotal	1,240,000	11,481
Costs Prior to Sales	17,527,000	162,285
Cost of Sales		
Commissions (6%)	1,914,840	17,730
Escrows (1%)	319,140	2,955
Subtotal	2,233,980	20,685
Total Costs	19,760,980	182,970
Profit	12,153,020	112,528

Cedar Creek Condominiums

Surprise, Arizona

TIMELINE PROJECTIONS

Equity Funding, Acquisitions (6 months)	Between Summer 2006 thru Winter 2006
Planning, Permits and Approvals (12 months)	Between Summer 2006 thru Summer 2007
Construction Funding, Construction (12 months)	Between Summer 2007 and Summer 2008
Liquidation (6 months)	Between Winter 2007 and Summer 2008