

BUSINESS PLAN

# H.O.P.E.

**Changing Lives One House At A Time**



February 2007  
H O P E  
FOR EVERYONE, L  
673)  
www.hop4e-pitt.org

**This is a Business Plan for review and does not imply an offering of securities.**

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SAMPLE  
Published By: Va E wiga

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SAMPLE

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# EXECUTIVE SUMMARY

## The Company

Homes Of Pittsburgh 4 Everyone LLC (“H.O.P.4.E”) provides innovative, creative, and, aggressive housing and financial responsibility services that are unparalleled in value. We value honesty, integrity, compassion and respect our relationships with each other, our customers, and the community at large.

## Mission Statement

Homes Of Pittsburgh 4 Everyone’s mission is to provide housing and financial responsibility counseling to qualified people in a dignified, respectful, and ethical manner. Through recognition of the importance of the Limited Liability Corporation’s relationship with the community, its residents and marketplace, Homes Of Pittsburgh 4 Everyone has outlined the following philosophy:

**Homes Of Pittsburgh 4 Everyone’s mission is to provide housing and financial responsibility counseling to qualified people in a dignified, respectful, and ethical manner.**



- Understand the position of the customer on a detailed and personal level before making any decisions.
- Design a program that best fits the customers needs, not your own.
- Educate the community about real life situations, solutions provided and involve the community in the decision making process when practical.

## Vision Statement

Homes Of Pittsburgh 4 Everyone’s goal is to be the premier provider of housing opportunities for qualified people, counsel individuals and families about how to take responsibility for their financial future, and to enhance community development in the Greater Pittsburgh area.

## Competitive Position

The competition has a good reputation for providing some of the services that Homes Of Pittsburgh 4 Everyone will provide. However, our competition falls short on satisfying the growing needs of our clients by failing:



- To provide a custom made home ownership program to individuals or families in geographic areas of their choice without down payments or increases in their rent expense.
- To train the clients how to manage monies for buy-outs and their future.
- To provide credit repair or guidance to maximize buying potential with a respectful FICO score.
- To implement Useful savings plans designed to force the client on a monthly budget amount.

## Strategic Alliances

Homes Of Pittsburgh 4 Everyone will ally with Business Partners and Customers in an effort to better understand the customer’s requirements, create a partnership, long term success rate, and to raise awareness within the community of the available services we provide to help them meet their goals and objectives.

## Start-Up Costs

Management is currently seeking additional investments from individuals, businesses, and other entities in the private sector in addition to the funds already invested by the founders. The proceeds from investment will be used to support the Limited Liability Corporation’s ongoing start-up expenses, marketing Homes Of Pittsburgh 4 Everyone’s programs, locating and processing initial clients, and to fund the renovation of purchased units.

# Homes of Pittsburgh 4 Everyone, LLC Pre-Opening Projected Cash Flow

|                          | <u>January</u><br><u>2007</u> | <u>February</u><br><u>2007</u> | <u>March</u><br><u>2007</u> |
|--------------------------|-------------------------------|--------------------------------|-----------------------------|
| Beginning Cash           | \$ -                          | \$ 1,350                       | \$ 1,100                    |
| Cash Inflows             |                               |                                |                             |
| Partner Funding          | 300                           | -                              | -                           |
| Total Cash Inflows       | 300                           | -                              | -                           |
| Cash Outflows            |                               |                                |                             |
| Legal - Formation of LLC | 500                           | -                              | -                           |
| Website Development      | 150                           | -                              | -                           |
| Website Hosting          | 50                            | -                              | -                           |
| Logo Development         | 50                            | -                              | -                           |
| Printing                 | 150                           | -                              | 25                          |
| Telephone & Fax          | -                             | 50                             | 50                          |
| Virtual Office Rent      | -                             | -                              | 100                         |
| Networking Events        | 50                            | 150                            | 150                         |
| Postage & Delivery       | -                             | 50                             | 50                          |
| Total Cash Outflows      | 900                           | 250                            | 275                         |
| Ending Cash              | 300                           | 1,100                          | 725                         |

## Funds Sought



The Limited Liability Corporation's is also seeking funding for the purpose of funding renovations by contractors (including minority-owned), providing financial counseling to low-income customers and to expedite Homes Of Pittsburgh 4 Everyone's scheduled community re-development activities.

## 5-Year Plan

The Limited Liability Corporation's plans to locate and place 1 customer per month in a home through the end of 2007, that pace is expected to increase to 2 customers per month in 2008, 3 customers per month in 2009, 4 customers per month in 2010 and 5 customers per month in 2011. Homes of Pittsburgh 4 Everyone expects to have placed over 175 individuals and families in the first 5 years of the company's financial responsibility.

## Key Personnel



The core team of Homes Of Pittsburgh 4 Everyone includes executives with successful backgrounds in the real estate and mortgage industry, experience with start-up operations, and management of high-technology corporations.

**Jeff Savano**  
Owns and manages a mortgage brokerage in Pittsburgh and the surrounding area. Currently active in the mortgage industry as a consultant with knowledge of working with customers in need of credit repair, purchase and finance of personal property. Education and training includes, but is not limited to: Pennsylvania Department of Insurance Life and Series 63 license, B.S.B.A. in Business Management from Robert Morris University, Pennsylvania.

### James A. Clair

Enlisted in the United States Marine Corps after high school. Upon completion of his enlistment he joined United Parcel Service Incorporated (UPS). Over the past 20 years he has held many positions in operations and sales within the logistic/supply chain industry. Currently own and operates Ultimate Defensive Driving School. He received his degree in Business Management from Barrington University. Jim also serves in the Pennsylvania National Guard.

### Shawn Stack

CPA with 8 years of experience in the field. Owns and operates a full-service CPA firm serving the entire Western Pennsylvania region. Mr. Stack has experience with non-profit organizations, small and medium sized business in business development, tax compliance, financial reporting, and providing management solutions.

**Bruce Conlon**  
Bruce has over 30 years in the computer and information technology field. He has an extensive background in helping businesses and individuals with technical issues. He has worked as a consultant to such companies as Westinghouse, General Electric, Dravo Engineering, and many others. Bruce is presently president and CTO for SMC Info Tech Solutions Incorporated – *Virtual I.T. Department*.

### Jim Nicotero

Jim is a mortgage banker. He has over 10 years experience in the mortgage origination business. Also, he has extensive experience in commercial real estate and investment real estate and continues to counsel real estate investors on all matters relating to their business. Jim has counseled investors on acquisitions, business plans, projections, foreclosure acquisitions, rehabs, all types of financing and management.

### Alan Reichl

Alan is a CEO of a construction and flooring company with more than five years experience in residential rehabbing property. In addition, Alan has extensive knowledge of real estate.

**Hank Compagnolle**  
18 years sales and marketing experience in telecommunications industry. As a founding partner in 1995 and Vice President of North Atlantic Telecommunications Corp. (NATC), Hank was instrumental in growing the company to several million dollars in revenue and coverage that encompassed an 8-state area and Washington, DC. Leaving in March of 2002 to start Universal Solutions Group, he has enjoyed continued success and consistent growth with that endeavor. Mr. Compagnolle graduated from Cathedral Preparatory School in 1985 and the University of Pittsburgh in 1989 with a B.A. in Communications.

### Harry Ostaffe

Senior marketing professional with 19 years experience in telecommunications, automation, and computing. He has purchased, wholesaled, and rehabbed a number of investment properties. Harry has earned a B.S. in Electrical Engineering from Penn State University and an MBA from the Tepper School of Business at Carnegie Mellon University.

| <b>Owner's Name</b> | <b>% Ownership</b> | <b>Title</b>                   | <b>Duties</b>  |
|---------------------|--------------------|--------------------------------|--|
| Jeff Sassano        | 30                 | Chief Operating Officer        | <ul style="list-style-type: none"> <li>• Oversee all departments duties</li> <li>• Provide Homebuyer Education</li> <li>• Post-Purchase Counseling</li> </ul>  |
| James Clair         | 10                 | Private Funding Liaison        | <ul style="list-style-type: none"> <li>• Seeks funding in private sector</li> </ul>  |
| Shawn Stack         | 10                 | Financial Manager              | <ul style="list-style-type: none"> <li>• Oversee all Financial Duties</li> <li>• Manage Payroll, Payables, and all Related Financial Management</li> <li>• Financial Education &amp; Counseling</li> </ul> |
| Bruce Conley        | 10                 | Technology Manager             | <ul style="list-style-type: none"> <li>• Provide all Technology Solutions</li> </ul>   |
| Jim Nicotero        | 10                 | Real Estate Investment Manager | <ul style="list-style-type: none"> <li>• Mortgage Assistance</li> <li>• Anti-Predatory Lending Counseling</li> </ul>   |
| Alar Reicik         | 10                 | Contractor Manager             | <ul style="list-style-type: none"> <li>• Find Potential Real-Estate Properties</li> <li>• Oversee All Contractor Duties</li> <li>• Inspections</li> </ul>  |
| Hank Compernelle    | 10                 |                                | <ul style="list-style-type: none"> <li>• Housing Development</li> </ul>  |
| Harry Ostaffe       | 10                 |                                | <ul style="list-style-type: none"> <li>•</li> </ul>  |

## Advisors and Mentors

Homes Of Pittsburgh 4 Everyone's founding partners feel the need for an Advisory Board of highly qualified business and industry experts in assisting the owners on making appropriate decisions and take the most effective action. However, they will not be responsible for management decisions.

Mr. Labovitz is a partner in the law firm of Lewis & Sargent, LLP in Pittsburgh, Pennsylvania. Mr. Labovitz practices in the areas of business law and civil litigation, with a particular concentration in the areas of contract and commercial law. Mr. Labovitz has represented clients in state and federal courts and before environmental administrative agencies in matters that include contract and business tort actions, bankruptcy, toxic tort litigation and actions brought under federal and state environmental statutes and regulations.

Prior to joining LEWIS & SARGENT LLC, Mr. Labovitz was a litigation associate at the law firm of Kirkpatrick & Lockhart LLP from 1995 to 2001, where he was a member of the firm's Environmental Practice Group, Appellate Practice Group and Media Law Practice Group.

A member of the American, Pennsylvania and Allegheny County Bar Associations, Mr. Labovitz has been admitted to practice in all Pennsylvania courts, the United States District Court for the Western District of Pennsylvania and the United States Courts of Appeal for the Third and Sixth Circuits.

Mr. Labovitz graduated *magna cum laude* from Boston University School of Law in 1995. He graduated *cum laude* from Tufts University in 1991 with a Bachelor of Science degree in history.

John is a licensed Professional Business Coach and President/CEO of ThistleSea Business Development. ThistleSea Business Development is a business coaching, strategy development, and training company.

John has extensive experience in developing successful businesses. John started, successfully grew, and managed five companies over his 28-year career. These include national, regional, and local for-profit and not-for-profit corporations of various types. He successfully co-authored a business plan for a start-up software company raising over \$5.5 million in institutional venture capital.

His expertise includes senior management positions in operations management, retail, manufacturing, health care, strategic supply chain management, association management, sales, marketing, publishing, printing, purchasing, software development, and education.

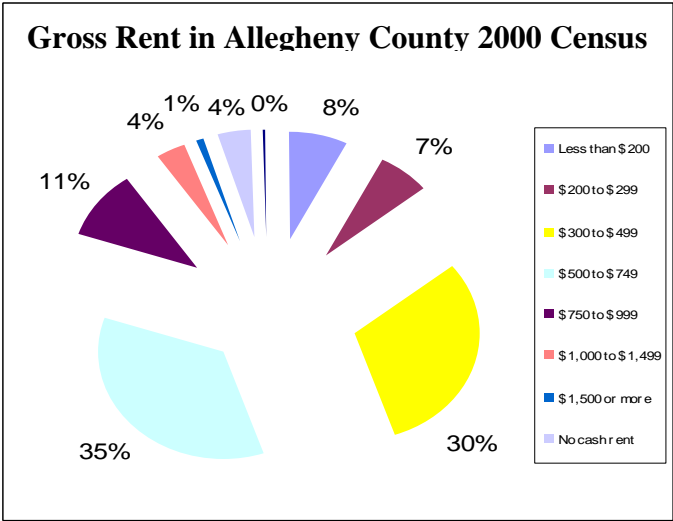
John holds a degree in business management and has extensive training and experience in industrial engineering, quality management, and association management.



# MARKETING IMPLEMENTATION PLAN

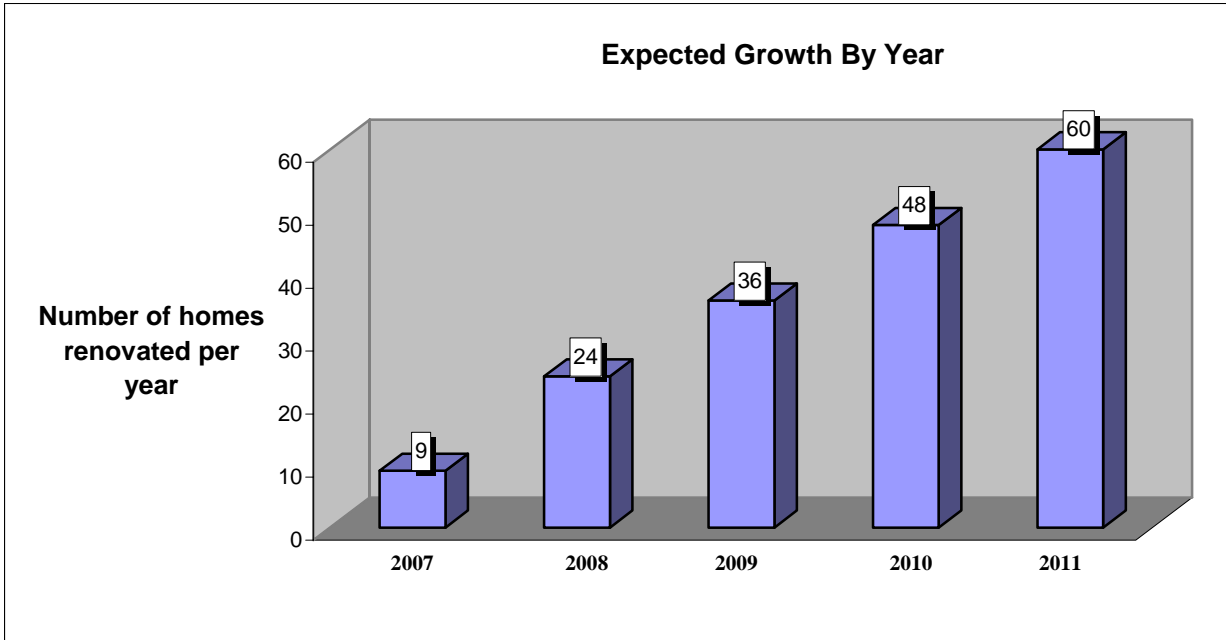
## Target Market Analysis

Homes Of Pittsburgh 4 Everyone's target market is comprised of those individuals or families who have successfully completed (are currently participating in) our program set forth by state, county, and community organizations to who he... families who are in the foreclosure list can be subsidized through our programs and individuals or families who are in the "rent loop" either with section 8 or other rent subsidy programs.



## Expected Growth Rate

Strategic purchasing and advertising to certain markets will fuel the growth of Homes Of Pittsburgh 4 Everyone. This marketing will expand our ability to provide individuals or families in homes they can call their own. Homes Of Pittsburgh 4 Everyone expects to renovate and sell 9 homes during 2007, 24 homes during 2008, and over 175 by 2012. By focusing on our target market, Homes Of Pittsburgh 4 Everyone will position itself for exceptional profitability and self-sustaining growth.



**Industry Composition**

The major trend in this market is toward rental units, mainly being provided by local government housing organizations. Because of this trend, our customers are more likely to gravitate towards our product than staying where they are. Due to the structure of private, we expect to see a waiting list of potential customers coming from organizations like United Way. Home of the roads. Homes Of Pittsburgh 4 Everyone believes that one of the most viable long-term solutions to increasing rental lease option programs specially made for each of the customers.

**Direct Competitors**

| Organization Name  | Strengths  | Weaknesses  |
|--|--|---|
| State and local non profit groups (including some larger churches) | <ul style="list-style-type: none"> <li>Focused on eliminating homelessness.</li> </ul>   | <ul style="list-style-type: none"> <li>Do not have the resources to provide and find low cost housing.</li> </ul>                                   |
| Northside Leadership Conference                                    | <ul style="list-style-type: none"> <li>Coalition of community based organizations, committed to addressing mutual concerns through a united approach in order to promote and enhance the vitality, quality of life and image of Pittsburgh's Northside.</li> </ul> | <ul style="list-style-type: none"> <li>Ability to offer lower rent-to-own services to the people needing help getting back into society.</li> </ul> |
| Habitat for Humanity   | <ul style="list-style-type: none"> <li>Focused on eliminating homelessness.</li> </ul>   | <ul style="list-style-type: none"> <li>Builds <b>new</b> construction of homes</li> </ul>   |

**Indirect Competitors**

| Organization Name                                      | Strengths   | Weaknesses  |
|--|---|---|
| Oakland Planning & Development Corp                    | <ul style="list-style-type: none"> <li>Rehabbing and selling homes, each house has a one-year warranty on construction, finishes and equipment</li> </ul> | <ul style="list-style-type: none"> <li>Sell for \$85,500 – depending on buyers' income, they may qualify for a \$20,000 second mortgage</li> </ul>  |
| HomeVestors  | <ul style="list-style-type: none"> <li>Specializes in buying and selling homes primarily in new development at a profit</li> </ul>                        | <ul style="list-style-type: none"> <li>Financed value of between \$50,000 &amp; \$75,000</li> <li>Franchisees pay a \$46,000 franchise fee</li> <li>Ongoing monthly fee of \$495</li> <li>Per-property royalty fee</li> </ul> |
| Housing Committee for East Allegheny Community Council | <ul style="list-style-type: none"> <li>Rehabbing and selling homes</li> </ul>   | <ul style="list-style-type: none"> <li>Homes are priced between \$120,000 &amp; \$150,000</li> </ul>  |

# OPERATIONS IMPLEMENTATION PLAN

## Purpose

Homes Of Pittsburgh 4 Everyone has been established to provide the most affordable and obtainable home ownership in the Greater Pittsburgh Area. This is achieved through comprehensive solutions that satisfy the needs of individuals and families with consideration of commitment, schooling, family, and other factors as determined by the customer.

## Statement of Work

Providing a blueprint for the growth of Homes Of Pittsburgh 4 Everyone will be discussed in this section to demonstrate the operational viability of the company. It is the responsibility of the Limited Liability Corporation and the entire community to minimize homelessness. Through the means made available to each community, we believe it takes the integrity of certain individuals, organizations and companies to put aside their own personal gains in order that the needs and self respect of less fortunate individuals be put first.

## Our Benefits

Homes Of Pittsburgh 4 Everyone's team is convinced that its involvement in the real estate market and mortgage industry puts us in a unique position to maximize the potential to custom-make programs better than any other firm can in the following 4 areas:



- **Lease and Sales**  
Homes Of Pittsburgh 4 Everyone will determine lease and sale of each home based upon the market in each of the designated areas and deduct a percentage in order to help people get back on their feet again.
- **Useful savings plan**  
Saving, of course, is a primary means of building net worth, combined with reducing expenses. Cutting out of cost staying at a hotel and a car is a builder of wealth. For most people, their home will be their largest liability. Homes Of Pittsburgh 4 Everyone will help every client with their liability and has set-up a plan of \$50 worth of lease expense for every client.
- **Below market value**  
Homes Of Pittsburgh 4 Everyone understands the reality of buying a home can be a difficult challenge. Where do I get the money? How much do I need? What is interest and how much am I paying? Etc. We want to make it a little easier to purchase a home from us so we are going to offer our client a % discount of the appraised value of a home.
- **Financial and Mortgage counseling**  
We will be working to help repair our client's credit and make home ownership a reality. We will be involved in every step of the process. We can help our clients regain their buying power and capability.

## Technical Approach and Description

The key technical requirement will be the use of contractors and students. We will contract the remodeling/repair to approved contractor(s), (including minority owned) and to students who are pursuing an education in the trade fields such as carpentry, heating ventilation and air conditioning (HVAC), electrical, and plumbing. The students will do an internship program with Homes Of Pittsburgh 4 Everyone for a specified amount of time sufficient length to be mutually beneficial to the Limited Liability Corporation and students alike. The contractor(s) will sign and build to specific specifications outlined by the zoning and code enforcement institutions of each municipality and per Homes Of Pittsburgh 4 Everyone's requirements.

The renovations will be constructed using modern techniques, which have been proven in previous construction projects. Further, the approved building materials and processes will be employed to fabricate an improved home that is based on sound utility management thereby providing the client with maximum usability and minimal costs.

**Timeline for turning over ownership**

Homes Of Pittsburgh 4 Everyone would lease a home at a reduced cost, set-up a useful savings plan (kept in an escrow account) to use towards the purchase and renovation costs and be given a lease to own sales agreement lasting as long as it takes to repair their credit (18 months - 2 years) to an individual once completed the program set forth with the social service organization they request help from. Once their credit is repaired and the client is qualified for a loan, we will sell them the home.

|   |                 |
|---|-----------------|
| <b>Average purchase price</b>                       | <b>\$32,500</b> |
| <b>Average cost of renovations and improvements</b> | <b>\$13,500</b> |
| <b>Average after rehab value</b>                    | <b>\$55,000</b> |
| <b>Selling Price to customer</b>                    | <b>\$52,500</b> |

For example:

- Purchase a house for \$30,000 having a market value of \$50,000 when it is repaired.
- Make repairs, improve exteriors, pay acquisition costs and prepare for an individual or family.
- Offer the property to a client on a lease to own agreement (with a percent minimized rent).
- Set up a useful savings plan with an interest rate of 5% for the client of \$50.00 per month.
- When the client's credit score is no longer deemed to be in the high-risk category. Homes Of Pittsburgh 4 Everyone would then sell the client the house for between **90-95%** of the appraised value of the house.

# FINANCIAL IMPLEMENTATION PLAN

## Assumptions and/or Risks

### Financial Assumption

The customer defaulting on their agreement in which case the home would be assigned to another party. It is the strong belief of Homes Of Pittsburgh 4 Everyone or our management that the risk will only reduce the profit margin outlined above but will not impact our success in succeeding. Our ability to provide our services should ensure our competitive position.

Homes Of Pittsburgh 4 everyone believes that they are better than the competition because of the programs we provide are tailor-made to each individual and/or family.

Defaulting on a monthly payment can be a costly mistake for an individual and Homes Of Pittsburgh 4 Everyone is well aware of this fact and has implemented the following plan to insure our assets are protected.

## Revenue

The organization has two revenue streams. The primary source of revenue is monthly rental collections from lease to own tenants currently in our programs to repair credit and encourage financial responsibility. The second source of revenue is the gain on sale of homes to clients after they have completed our programs.



- We are projecting our rental revenue to start in April 2008 at a rate of \$700 per month (to a total of \$200 per year by 2011).
- \$50 per month will be placed in a savings account for the client when the client is prepared to purchase the home.
- Sales of the homes are predicted to start in October 2008. 18 months after initial credit repair training is usually the earliest a client can start preparing for purchasing a home.
- The average sales price will be \$51,000 (reduced rate based of appraised value of home).
- The money placed in the Useful savings can be used for closing costs and/or part of the first month's mortgage.

| Cumulative sales price of home (starting in October 2008) |           |
|---|-----------|
| 2008  | \$153,000 |
| 2009  | \$54,000  |
| 2010  | \$65,000  |
| 2011  | \$42,000  |

## Expenses

The organization's expenditures are primarily related to the improvements and maintenance of lease to own properties. This includes the identification, interview, and placement of clients, common repairs, and maintenance of the leased properties. The organization will also bear its portion of closing costs for the sale of homes to our clients who complete the program.

| Improvements and Maintenance (starting in April 2007) |          |
|---|----------|
| 2007  | \$315    |
| 2008  | \$9,800  |
| 2009  | \$19,800 |
| 2010  | \$30,000 |
| 2011  | \$42,715 |

| Closing Cost (starting in October 2008) |          |
|---|----------|
| 2008                                    | \$1,500  |
| 2009                                    | \$9,000  |
| 2010                                    | \$10,000 |
| 2011                                    | \$21,000 |

**Cash Flow**

The organization is projected to have marginally positive cash flow during its first 2 years primarily from the capital contributions of its owners. As the organization’s client base matures, we expect our clients to exercise their options to buy the homes they are renting which will generate additional cash flow for the organization. Because of these sources cash flow is expected to be positive in the first through fifth years of the partnership, with no further capital contributions required from the partners.

As our client base continues to grow in 2007, we will use the cash flow received. Our total cash outflow use in the first year of operations will amount to \$489,295. This includes \$328,250 to purchase the properties.

According to our estimates, we will have a \$2,980 2007, ending cash ending balance to meet our cash obligations for the start of 2008. Net cash flow five-year estimates are as follows:

| Net Cash Flow |           |
|---------------|-----------|
| 2007          | \$2,980   |
| 2008          | \$43,078  |
| 2009          | \$166,621 |
| 2010          | \$252,288 |
| 2011          | \$344,544 |

- Interest mortgage income is \$13,650 (2007), \$81,536 (2008), \$166,621 (2009), \$252,288 (2010), and \$344,544 (2011).
- Real Estate taxes are not due in Allegheny County, Pennsylvania until February of the following year and are \$14,040 (2008), \$39,168 (2009), \$63,648 (2010), and \$90,720 (2011) respectfully.

**Exit Strategy**

Partners may be bought out by the limited liability corporation based on the fair market value of their interest, partners may sell or assign the right of their interest to a third party subject to approval by the Limited Liability Corporation, the entire entity's ownership could be transferred through a sale to a 3<sup>rd</sup> party or multiple third parties.

**Conclusion**

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Balance Sheets**  
**For The Years 2007 - 2011**

|                                       | April<br>2007   | May<br>2007      | June<br>2007     | July<br>2007     | August<br>2007   | September<br>2007 | October<br>2007  | November<br>2007 | December<br>2007 | 2007<br>TOTALS   |
|---------------------------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                         |                 |                  |                  |                  |                  |                   |                  |                  |                  |                  |
| Cash & Cash Equivalents               | \$ 1,041        | \$ 1,397         | \$ 794           | \$ 482           | \$ 460           | \$ 654            | \$ 1,139         | \$ 1,914         | \$ 2,980         | \$ 2,980         |
| Accounts Receivable & Other Assets    | -               | -                | -                | -                | -                | -                 | -                | -                | -                | -                |
| Real Estate                           | 78,000          | 117,000          | 195,000          | 195,000          | 234,000          | 273,000           | 312,000          | 351,000          | 432,900          | 437,900          |
| Less: Accumulated Depreciation        | (118)           | (354)            | (1,000)          | (1,000)          | (1,770)          | (2,518)           | (3,267)          | (4,225)          | (5,448)          | (6,448)          |
| Net Real Estate                       | 77,882          | 116,646          | 194,000          | 194,000          | 232,230          | 270,482           | 308,733          | 346,775          | 427,452          | 431,452          |
| Land                                  | 13,000          | 19,500           | 26,000           | 32,500           | 39,000           | 45,500            | 52,000           | 58,500           | 72,150           | 72,150           |
| <b>TOTAL ASSETS</b>                   | <b>\$91,923</b> | <b>\$137,543</b> | <b>\$182,085</b> | <b>\$226,800</b> | <b>\$271,687</b> | <b>\$316,672</b>  | <b>\$361,830</b> | <b>\$407,160</b> | <b>\$502,582</b> | <b>\$502,582</b> |
| <b>LIABILITIES</b>                    |                 |                  |                  |                  |                  |                   |                  |                  |                  |                  |
| Accounts Payable & Accrued Expenses   | \$ 83           | \$ 249           | \$ 498           | \$ 830           | \$ 1,245         | \$ 1,743          | \$ 2,324         | \$ 2,988         | \$ 3,735         | \$ 3,735         |
| Mortgages Payable                     | 91,000          | 136,500          | 181,000          | 227,500          | 273,000          | 318,500           | 363,500          | 408,500          | 450,050          | 450,050          |
|                                       | \$91,083        | \$136,749        | \$181,498        | \$228,330        | \$274,245        | \$320,243         | \$365,824        | \$411,500        | \$453,785        | \$453,785        |
| <b>EQUITY</b>                         |                 |                  |                  |                  |                  |                   |                  |                  |                  |                  |
| Capital Accounts                      | \$ 840          | \$ 794           | \$ (413)         | \$ (1,530)       | \$ (2,558)       | \$ (3,571)        | \$ (4,494)       | \$ (5,328)       | \$ (6,203)       | \$ (6,203)       |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$91,923</b> | <b>\$137,543</b> | <b>\$182,085</b> | <b>\$226,800</b> | <b>\$271,687</b> | <b>\$316,672</b>  | <b>\$361,830</b> | <b>\$407,160</b> | <b>\$502,582</b> | <b>\$502,582</b> |

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Balance Sheets**  
**For The Years 2007 - 2011**

|                                       | January<br><u>2008</u> | February<br><u>2008</u> | March<br><u>2008</u> | April<br><u>2008</u> | May<br><u>2008</u> | June<br><u>2008</u> | July<br><u>2008</u> | August<br><u>2008</u> | September<br><u>2008</u> | October<br><u>2008</u> | November<br><u>2008</u> | December<br><u>2008</u> | <b>2008<br/>TOTALS</b> |
|---------------------------------------|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|------------------------|
| <b>ASSETS</b>                         |                        |                         |                      |                      |                    |                     |                     |                       |                          |                        |                         |                         |                        |
| Cash & Cash Equivalents               | \$ 2,984               | \$ 441                  | \$ 1,433             | \$ 2,918             | \$ 4,898           | \$ 7,371            | \$ 10,089           | \$ 13,300             | \$ 17,006                | \$ 25,465              | \$ 34,155               | \$ 43,078               | \$ 43,078              |
| Accounts Receivable & Other Assets    | -                      | 8,145                   | 6,795                | 5,265                | 3,555              | 1,665               |                     |                       |                          |                        |                         |                         | -                      |
| Real Estate                           | 514,800                | 596,700                 | 678,600              | 760,500              | 842,400            | 924,300             | 1,006,200           | 1,088,100             | 1,170,000                | 1,212,900              | 1,255,800               | 1,345,500               | 1,345,500              |
| Less: Accumulated Depreciation        | (6,890)                | (8,580)                 | (10,518)             | (12,704)             | (15,139)           | (17,822)            | (20,357)            | (22,771)              | (25,359)                 | (27,971)               | (30,349)                | (32,181)                | (32,181)               |
| Net Real Estate                       | 507,910                | 588,120                 | 668,082              | 747,796              | 827,261            | 906,478             | 985,843             | 1,065,329             | 1,144,641                | 1,184,929              | 1,225,451               | 1,313,319               | 1,313,319              |
| Land                                  | 85,800                 | 99,450                  | 113,100              | 126,600              | 140,100            | 153,600             | 167,100             | 181,350               | 195,000                  | 208,650                | 222,300                 | 224,250                 | 224,250                |
| <b>TOTAL ASSETS</b>                   | <b>\$596,694</b>       | <b>\$ 696,156</b>       | <b>\$782,615</b>     | <b>\$877,464</b>     | <b>\$972,559</b>   | <b>\$ 1,067,899</b> | <b>\$1,163,236</b>  | <b>\$ 1,258,818</b>   | <b>\$ 1,354,647</b>      | <b>\$ 1,411,726</b>    | <b>\$ 1,468,906</b>     | <b>\$ 1,580,647</b>     | <b>\$ 1,580,647</b>    |
| <b>LIABILITIES</b>                    |                        |                         |                      |                      |                    |                     |                     |                       |                          |                        |                         |                         |                        |
| Accounts Payable & Accrued Expenses   | \$ 4,725               | \$ -                    | \$ (6,795)           | \$ (5,265)           | \$ (3,555)         | \$ (1,665)          | \$ 405              | \$ 2,655              | \$ 5,085                 | \$ 9,732               | \$ 14,469               | \$ 19,296               | 19,296                 |
| Mortgages Payable                     | \$600,600              | \$ 696,150              | \$791,700            | \$887,250            | \$982,800          | \$ 1,078,350        | \$1,173,900         | \$ 1,269,450          | \$ 1,365,000             | \$ 1,415,050           | \$ 1,465,100            | \$ 1,569,750            | \$ 1,569,750           |
|                                       | \$605,325              | \$ 696,150              | \$ 784,905           | \$881,985            | \$979,245          | \$ 1,076,685        | \$1,174,305         | \$ 1,272,105          | \$ 1,370,085             | \$ 1,424,782           | \$ 1,479,569            | \$ 1,589,046            | \$ 1,589,046           |
| <b>EQUITY</b>                         |                        |                         |                      |                      |                    |                     |                     |                       |                          |                        |                         |                         |                        |
| Capital Accounts                      | \$ (8,632)             | \$ 6                    | \$ (2,291)           | \$ (4,521)           | \$ (6,687)         | \$ (8,786)          | \$ (11,070)         | \$ (13,287)           | \$ (15,439)              | \$ (13,057)            | \$ (10,663)             | \$ (8,399)              | \$ (8,399)             |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$596,694</b>       | <b>\$ 696,156</b>       | <b>\$782,615</b>     | <b>\$877,464</b>     | <b>\$972,559</b>   | <b>\$ 1,067,899</b> | <b>\$1,163,236</b>  | <b>\$ 1,258,818</b>   | <b>\$ 1,354,647</b>      | <b>\$ 1,411,726</b>    | <b>\$ 1,468,906</b>     | <b>\$ 1,580,647</b>     | <b>\$ 1,580,647</b>    |



**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Balance Sheets**  
**For The Years 2007 - 2011**

|                                       | January<br><u>2009</u> | February<br><u>2009</u> | March<br><u>2009</u> | April<br><u>2009</u> | May<br><u>2009</u>  | June<br><u>2009</u> | July<br><u>2009</u> | August<br><u>2009</u> | September<br><u>2009</u> | October<br><u>2009</u> | November<br><u>2009</u> | December<br><u>2009</u> | <b>2009</b><br><b>TOTALS</b> |
|---------------------------------------|------------------------|-------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|------------------------------|
| <b>ASSETS</b>                         |                        |                         |                      |                      |                     |                     |                     |                       |                          |                        |                         |                         |                              |
| Cash & Cash Equivalents               | \$ 51,432              | \$ 21,079               | \$ 15,366            | \$ 25,094            | \$ 35,293           | \$ 20,954           | \$ 37,397           | \$ 54,055             | \$ 70,928                | \$ 63,017              | \$ 80,322               | \$ 97,842               | \$ 97,842                    |
| Accounts Receivable & Other Assets    |                        | 9,282                   | 3,699                |                      |                     | 33,508              | 24,913              | 16,470                | 7,931                    |                        |                         |                         | -                            |
| Real Estate                           | 1,435,200              | 1,524,900               | 1,614,600            | 1,704,300            | 1,794,000           | 1,840,000           | 1,870,000           | 1,930,000             | 1,980,000                | 2,000,000              | 2,074,000               | 2,173,860               | 2,173,860                    |
| Less: Accumulated Depreciation        | (34,285)               | (36,661)                | (39,309)             | (42,228)             | (45,415)            | (46,412)            | (47,000)            | (47,500)              | (48,000)                 | (48,500)               | (49,000)                | (50,000)                | (55,257)                     |
| Net Real Estate                       | 1,400,915              | 1,488,239               | 1,575,291            | 1,662,072            | 1,748,585           | 1,793,588           | 1,823,000           | 1,882,500             | 1,932,000                | 1,951,500              | 2,025,000               | 2,118,000               | 2,118,603                    |
| Land                                  | 239,200                | 254,150                 | 269,100              | 284,050              | 299,000             | 306,800             | 314,600             | 322,400               | 330,200                  | 338,000                | 345,800                 | 362,310                 | 362,310                      |
| <b>TOTAL ASSETS</b>                   | <b>\$ 1,691,547</b>    | <b>\$ 1,763,468</b>     | <b>\$ 1,859,747</b>  | <b>\$ 1,971,216</b>  | <b>\$ 2,082,874</b> | <b>\$ 2,155,650</b> | <b>\$ 2,217,211</b> | <b>\$ 2,278,750</b>   | <b>\$ 2,340,266</b>      | <b>\$ 2,377,464</b>    | <b>\$ 2,447,667</b>     | <b>\$ 2,578,755</b>     | <b>\$ 2,578,755</b>          |
| <b>LIABILITIES</b>                    |                        |                         |                      |                      |                     |                     |                     |                       |                          |                        |                         |                         |                              |
| Accounts Payable & Accrued Expenses   | \$ 24,495              | \$ (9,282)              | \$ (3,699)           | \$ 2,076             | \$ 8,043            | \$ -                | \$ -                | \$ -                  | \$ -                     | \$ 704                 | \$ 9,435                | \$ 18,262               | \$ 18,262                    |
| Mortgages Payable                     | \$ 1,674,400           | \$ 1,779,050            | \$ 1,883,700         | \$ 1,988,350         | \$ 2,093,000        | \$ 2,197,650        | \$ 2,252,250        | \$ 2,306,850          | \$ 2,361,450             | \$ 2,416,050           | \$ 2,470,650            | \$ 2,586,220            | 2,586,220                    |
|                                       | \$ 1,698,895           | \$ 1,769,768            | \$ 1,880,001         | \$ 1,990,426         | \$ 2,101,043        | \$ 2,197,650        | \$ 2,252,250        | \$ 2,306,850          | \$ 2,361,450             | \$ 2,416,754           | \$ 2,480,085            | \$ 2,604,482            | \$ 2,604,482                 |
| <b>EQUITY</b>                         |                        |                         |                      |                      |                     |                     |                     |                       |                          |                        |                         |                         |                              |
| Capital Accounts                      | \$ (7,300)             | \$ (10,000)             | \$ (20,000)          | \$ (1,210)           | (18,000)            | (18,000)            | (35,000)            | (35,000)              | (72,000)                 | (21,180)               | (39,290)                | (32,419)                | (25,728)                     |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$ 1,691,547</b>    | <b>\$ 1,763,468</b>     | <b>\$ 1,859,747</b>  | <b>\$ 1,971,216</b>  | <b>\$ 2,082,874</b> | <b>\$ 2,155,650</b> | <b>\$ 2,217,211</b> | <b>\$ 2,278,750</b>   | <b>\$ 2,340,266</b>      | <b>\$ 2,377,464</b>    | <b>\$ 2,447,667</b>     | <b>\$ 2,578,755</b>     | <b>\$ 2,578,755</b>          |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Balance Sheets**  
**For The Years 2007 - 2011**

|                                       | <u>2007</u>       | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         |
|---------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                         |                   |                     |                     |                     |                     |
| Cash & Cash Equivalents               | \$ 2,980          | \$ 43,078           | \$ 97,842           | \$ 197,523          | \$ 343,714          |
| Accounts Receivable & Other Assets    | -                 | -                   | -                   | -                   | -                   |
| Real Estate                           | 432,900           | 1,345,500           | 2,173,860           | 3,088,020           | 3,985,800           |
| Less: Accumulated Depreciation        | <u>(5,448)</u>    | <u>(32,181)</u>     | <u>(55,257)</u>     | <u>(10,974)</u>     | <u>(11,000)</u>     |
| Net Real Estate                       | 427,452           | 1,313,319           | 2,118,603           | 3,077,046           | 3,974,800           |
| Land                                  | <u>72,150</u>     | <u>72,150</u>       | <u>72,150</u>       | <u>72,150</u>       | <u>72,150</u>       |
| <b>TOTAL ASSETS</b>                   | <b>\$ 502,582</b> | <b>\$ 1,589,047</b> | <b>\$ 2,578,755</b> | <b>\$ 3,719,339</b> | <b>\$ 4,689,501</b> |
| <b>LIABILITIES</b>                    |                   |                     |                     |                     |                     |
| Accounts Payable & Accrued Expenses   | \$ 3,735          | 19,296              | \$ 18,262           | \$ 40,041           |                     |
| Mortgages Payable                     | <u>505,050</u>    | \$ 1,569,750        | 2,586,220           | 3,707,340           | \$ 4,815,720        |
|                                       | <b>\$ 508,785</b> | <b>\$ 1,589,046</b> | <b>\$ 2,604,482</b> | <b>\$ 3,747,381</b> | <b>\$ 4,815,720</b> |
| <b>EQUITY</b>                         |                   |                     |                     |                     |                     |
| Capital Accounts                      | \$ (6,203)        | \$ (1,000)          | \$ (1,000)          | \$ (2,000)          | \$ (11,630)         |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$ 502,582</b> | <b>\$ 1,589,047</b> | <b>\$ 2,578,755</b> | <b>\$ 3,719,339</b> | <b>\$ 4,689,501</b> |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Income Statements**  
**For The Years 2007 - 2011**

|  | April<br>2007 | May<br>2007 | June<br>2007 | July<br>2007 | August<br>2007 | September<br>2007 | October<br>2007 | November<br>2007 | December<br>2007 | 2007<br>TOTALS |
|--|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|------------------|------------------|----------------|
| Houses Sold  | \$ -          | \$ -        | \$ -         | \$ -         | \$ -           | \$ -              | \$ -            | \$ -             | \$ -             | \$ -           |
| Cost of Houses Sold                                | -             | -           | -            | -            | -              | -                 | -               | -                | -                | -              |
| Gross Profit                                       | \$ -          | \$ -        | \$ -         | \$ -         | \$ -           | \$ -              | \$ -            | \$ -             | \$ -             | \$ -           |
| Rental Income                                      | \$ 700        | \$ 1,400    | \$ 2,100     | \$ 2,800     | \$ 3,500       | \$ 4,200          | \$ 4,900        | \$ 5,600         | \$ 6,300         | \$ 31,500      |
| Less: Forced Savings                               | (50)          | (100)       | (150)        | (200)        | (250)          | (300)             | (350)           | (400)            | (450)            | (2,250)        |
| Net Rental Revenues                                | \$ 650        | \$ 1,300    | \$ 1,950     | \$ 2,600     | \$ 3,250       | \$ 3,900          | \$ 4,550        | \$ 5,200         | \$ 5,850         | \$ 29,250      |
| <b>TOTAL INCOME</b>                                | \$ 650        | \$ 1,300    | \$ 1,950     | \$ 2,600     | \$ 3,250       | \$ 3,900          | \$ 4,550        | \$ 5,200         | \$ 5,850         | \$ 29,250      |
| Operating Expenses                                 |               |             |              |              |                |                   |                 |                  |                  |                |
| Real Estate Taxes                                  | \$ 83         | \$ 166      | \$ 249       | \$ 332       | \$ 415         | \$ 498            | \$ 581          | \$ 664           | \$ 747           | \$ 3,735       |
| Insurance  | 21            | 42          | 63           | 84           | 105            | 126               | 147             | 168              | 189              | 945            |
| Mortgage Interest                                  | 303           | 607         | 910          | 1,213        | 1,517          | 1,820             | 2,123           | 2,427            | 2,730            | 13,650         |
| Repairs & Maintenance                              | 35            | 70          | 105          | 140          | 175            | 210               | 245             | 280              | 315              | 1,575          |
| Depreciation                                       | 118           | 236         | 355          | 473          | 591            | 709               | 827             | 945              | 1,194            | 5,448          |
| Management Fees                                    | -             | -           | -            | -            | -              | -                 | -               | -                | -                | -              |
| Client & Project Management Personnel              | -             | -           | -            | -            | -              | -                 | -               | -                | -                | -              |
| <b>TOTAL OPERATING EXPENSES</b>                    | \$ 560        | \$ 1,121    | \$ 1,682     | \$ 2,242     | \$ 2,803       | \$ 3,363          | \$ 3,923        | \$ 4,484         | \$ 5,175         | \$ 25,353      |
| Selling Expenses                                   |               |             |              |              |                |                   |                 |                  |                  |                |
| Marketing & Promotion                              | \$ 100        | \$ 100      | \$ 100       | \$ 100       | \$ 100         | \$ 100            | \$ 100          | \$ 100           | \$ 100           | \$ 900         |
| Sales & Closings Costs                             | -             | -           | -            | -            | -              | -                 | -               | -                | -                | -              |
| Website & Internet Promotion                       | 50            | 50          | 50           | 50           | 50             | 50                | 50              | 50               | 50               | 450            |
| Leasing Commissions                                | 700           | 700         | 700          | 700          | 700            | 700               | 700             | 700              | 700              | 6,300          |
| <b>TOTAL SELLING EXPENSES</b>                      | \$ 850        | \$ 850      | \$ 850       | \$ 850       | \$ 850         | \$ 850            | \$ 850          | \$ 850           | \$ 850           | \$ 7,650       |
| General & Administrative Expenses                  |               |             |              |              |                |                   |                 |                  |                  |                |
| Legal Fees   | \$ 125        | \$ 125      | \$ 125       | \$ 125       | \$ 125         | \$ 125            | \$ 125          | \$ 125           | \$ 125           | \$ 1,125       |
| Pre-Opening Expenses                               | 1,575         | -           | -            | -            | -              | -                 | -               | -                | -                | 1,575          |
| Accounting Fees                                    | 100           | 100         | 100          | 100          | 100            | 100               | 100             | 100              | 100              | 900            |
| Administrative Operating Expenses                  | 400           | 400         | 400          | 400          | 400            | 400               | 400             | 400              | 400              | 3,600          |
| Consulting Fees                                    | -             | -           | -            | -            | -              | 75                | 75              | 75               | 75               | 300            |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b> | \$ 2,200      | \$ 625      | \$ 625       | \$ 625       | \$ 625         | \$ 700            | \$ 700          | \$ 700           | \$ 700           | \$ 6,000       |
| <b>TOTAL EXPENSES</b>                              | \$ 3,610      | \$ 2,596    | \$ 1,577     | \$ 3,717     | \$ 2,778       | \$ 3,313          | \$ 5,473        | \$ 6,034         | \$ 6,725         | \$ 40,303      |
| <b>NET INCOME (LOSS)</b>                           | \$ (2,960)    | \$ (1,296)  | \$ (1,207)   | \$ (1,117)   | \$ (1,028)     | \$ (1,013)        | \$ (923)        | \$ (834)         | \$ (875)         | \$ (11,253)    |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Income Statements**  
**For The Years 2007 - 2011**

|  | January<br>2008   | February<br>2008  | March<br>2008     | April<br>2008     | May<br>2008       | June<br>2008      | July<br>2008      | August<br>2008    | September<br>2008 | October<br>2008  | November<br>2008 | December<br>2008 | 2008<br>TOTALS     |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|--------------------|
| Houses Sold  | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 51,000        | \$ 51,000        | \$ 51,000        | \$ 153,000         |
| Cost of Houses Sold                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | (45,500)         | (45,500)         | (45,500)         | (136,500)          |
| Gross Profit                                       | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 5,500            | 5,500            | 5,500            | 16,500             |
| Rental Income                                      | 8250              | 9750              | 11250             | 12750             | 14250             | 15750             | 17250             | 18750             | 20250             | 21750            | 23250            | 24750            | \$ 171,500         |
| Less: Forced Savings                               | (605)             | (715)             | (825)             | (935)             | (1,045)           | (1,155)           | (1,265)           | (1,375)           | (1,485)           | (1,595)          | (1,705)          | (1,815)          | (16,900)           |
| Net Rental Revenues                                | \$ 7,645          | \$ 9,035          | \$ 10,425         | \$ 11,815         | \$ 13,205         | \$ 14,595         | \$ 15,985         | \$ 17,375         | \$ 18,765         | \$ 20,155        | \$ 21,545        | \$ 22,935        | \$ 177,331         |
| <b>TOTAL INCOME</b>                                | <b>\$ 7,645</b>   | <b>\$ 9,035</b>   | <b>\$ 10,425</b>  | <b>\$ 11,815</b>  | <b>\$ 13,205</b>  | <b>\$ 14,595</b>  | <b>\$ 15,985</b>  | <b>\$ 17,375</b>  | <b>\$ 18,765</b>  | <b>\$ 20,155</b> | <b>\$ 21,545</b> | <b>\$ 22,935</b> | <b>\$ 195,810</b>  |
| <b>Operating Expenses</b>                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |                  |                  |                    |
| Real Estate Taxes                                  | \$ 990            | \$ 1,170          | \$ 1,350          | \$ 1,530          | \$ 1,710          | \$ 1,890          | \$ 2,070          | \$ 2,250          | \$ 2,430          | \$ 2,520         | \$ 2,610         | \$ 2,700         | \$ 23,220          |
| Insurance  | 242               | 286               | 330               | 374               | 418               | 462               | 506               | 550               | 594               | 616              | 638              | 660              | 5,676              |
| Mortgage Interest                                  | 3,367             | 4,004             | 4,641             | 5,278             | 5,915             | 6,552             | 7,189             | 7,826             | 8,463             | 9,100            | 9,434            | 9,767            | 81,536             |
| Repairs & Maintenance                              | 418               | 494               | 570               | 646               | 722               | 798               | 874               | 950               | 1,026             | 1,064            | 1,102            | 1,140            | 9,804              |
| Depreciation                                       | 1,442             | 1,690             | 1,938             | 2,186             | 2,435             | 2,683             | 2,931             | 3,179             | 3,427             | 3,557            | 3,687            | 3,959            | 33,114             |
| Management Fees                                    | 765               | 904               | 1,043             | 1,182             | 1,321             | 1,460             | 1,599             | 1,738             | 1,877             | 1,946            | 2,016            | 2,085            | 17,931             |
| Client & Project Management Personnel              | 250               | 250               | 250               | 250               | 250               | 250               | 250               | 250               | 250               | 250              | 250              | 250              | 4,500              |
| <b>TOTAL OPERATING EXPENSES</b>                    | <b>\$ 7,474</b>   | <b>\$ 8,798</b>   | <b>\$ 10,122</b>  | <b>\$ 11,446</b>  | <b>\$ 12,771</b>  | <b>\$ 14,095</b>  | <b>\$ 15,669</b>  | <b>\$ 16,993</b>  | <b>\$ 18,317</b>  | <b>\$ 19,303</b> | <b>\$ 19,986</b> | <b>\$ 20,811</b> | <b>\$ 175,781</b>  |
| <b>Selling Expenses</b>                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |                  |                  |                    |
| Marketing & Promotion                              | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150           | \$ 150           | \$ 150           | \$ 1,800           |
| Sales & Closings Costs                             | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 500              | 500              | 500              | 1,500              |
| Website & Internet Promotion                       | 50                | 50                | 50                | 50                | 50                | 50                | 50                | 50                | 50                | 50               | 50               | 50               | 600                |
| Leasing Commissions                                | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500            | 1,500            | 1,500            | 18,000             |
| <b>TOTAL SELLING EXPENSES</b>                      | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 1,700</b>   | <b>\$ 2,200</b>  | <b>\$ 2,200</b>  | <b>\$ 2,200</b>  | <b>\$ 21,900</b>   |
| <b>General &amp; Administrative Expenses</b>       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                  |                  |                  |                    |
| Legal Fees   | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 150            | \$ 300           | \$ 300           | \$ 300           | \$ 2,250           |
| Pre-Opening Expenses                               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                | -                | -                | -                  |
| Accounting Fees                                    | 100               | 100               | 100               | 100               | 100               | 100               | 100               | 100               | 100               | 25               | 1                | 125              | 1,275              |
| Administrative Operating Expenses                  | 500               | 500               | 500               | 500               | 500               | 500               | 500               | 500               | 500               | 500              | 500              | 500              | 6,000              |
| Consulting Fees                                    | 150               | 150               | 150               | 150               | 150               | 150               | 150               | 150               | 150               | 50               | 1                | 150              | 1,300              |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b> | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 900</b>     | <b>\$ 775</b>    | <b>\$ 1,001</b>  | <b>\$ 1,075</b>  | <b>\$ 11,325</b>   |
| <b>TOTAL EXPENSES</b>                              | <b>\$ 10,074</b>  | <b>\$ 11,398</b>  | <b>\$ 12,722</b>  | <b>\$ 14,046</b>  | <b>\$ 15,371</b>  | <b>\$ 16,695</b>  | <b>\$ 18,019</b>  | <b>\$ 19,343</b>  | <b>\$ 20,667</b>  | <b>\$ 22,008</b> | <b>\$ 23,387</b> | <b>\$ 24,716</b> | <b>\$ 208,006</b>  |
| <b>NET INCOME (LOSS)</b>                           | <b>\$ (2,429)</b> | <b>\$ (2,363)</b> | <b>\$ (2,297)</b> | <b>\$ (2,231)</b> | <b>\$ (2,166)</b> | <b>\$ (2,100)</b> | <b>\$ (2,284)</b> | <b>\$ (2,218)</b> | <b>\$ (2,152)</b> | <b>\$ 2,382</b>  | <b>\$ 2,394</b>  | <b>\$ 2,264</b>  | <b>\$ (13,196)</b> |

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Income Statements**  
**For The Years 2007 - 2011**

|  | January<br>2009  | February<br>2009 | March<br>2009    | April<br>2009    | May<br>2009      | June<br>2009     | July<br>2009     | August<br>2009   | September<br>2009 | October<br>2009  | November<br>2009 | December<br>2009 | 2009<br>TOTALS    |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|
| Houses Sold  | \$ 51,000        | \$ 51,000        | \$ 51,000        | \$ 51,000        | \$ 51,000        | \$ 51,000        | \$ 108,000       | \$ 108,000       | \$ 108,000        | \$ 108,000       | \$ 108,000       | \$ 108,000       | \$ 954,000        |
| Cost of Houses Sold                                | (45,500)         | (45,500)         | (45,500)         | (45,500)         | (45,500)         | (45,500)         | (95,550)         | (95,550)         | (95,550)          | (95,550)         | (95,550)         | (95,550)         | (846,300)         |
| Gross Profit                                       | \$ 5,500         | \$ 5,500         | \$ 5,500         | \$ 5,500         | \$ 5,500         | \$ 5,500         | \$ 12,450        | \$ 12,450        | \$ 12,450         | \$ 12,450        | \$ 12,450        | \$ 12,450        | \$ 124,500        |
| Rental Income                                      | 24800            | 26350            | 27900            | 29450            | 30000            | 32550            | 35000            | 37500            | 40000             | 42500            | 45000            | 47500            | 331,150           |
| Less: Forced Savings                               | (1,920)          | (2,040)          | (2,160)          | (2,280)          | (2,400)          | (2,520)          | (2,640)          | (2,760)          | (2,880)           | (3,000)          | (3,120)          | (3,240)          | (28,800)          |
| Net Rental Revenues                                | \$ 22,880        | \$ 24,310        | \$ 25,740        | \$ 27,170        | \$ 27,600        | \$ 30,030        | \$ 32,460        | \$ 34,890        | \$ 37,320         | \$ 39,500        | \$ 41,880        | \$ 44,260        | \$ 302,350        |
| <b>TOTAL INCOME</b>                                | <b>\$ 28,380</b> | <b>\$ 29,810</b> | <b>\$ 31,240</b> | <b>\$ 32,670</b> | <b>\$ 34,100</b> | <b>\$ 35,530</b> | <b>\$ 43,150</b> | <b>\$ 45,570</b> | <b>\$ 44,020</b>  | <b>\$ 48,950</b> | <b>\$ 46,030</b> | <b>\$ 46,710</b> | <b>\$ 401,025</b> |
| <b>Operating Expenses</b>                          |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                   |
| Real Estate Taxes                                  | \$ 3,072         | \$ 3,264         | \$ 3,456         | \$ 3,648         | \$ 3,840         | \$ 4,032         | \$ 4,128         | \$ 4,224         | \$ 4,320          | \$ 4,416         | \$ 4,512         | \$ 4,608         | \$ 47,520         |
| Insurance  | 768              | 816              | 864              | 912              | 960              | 1,008            | 1,032            | 1,056            | 1,080             | 1,104            | 1,128            | 1,152            | 11,880            |
| Mortgage Interest                                  | 10,465           | 11,163           | 11,860           | 12,558           | 13,256           | 13,953           | 14,651           | 15,015           | 15,379            | 15,743           | 16,107           | 16,471           | 166,621           |
| Repairs & Maintenance                              | 1,280            | 1,360            | 1,440            | 1,520            | 1,600            | 1,680            | 1,720            | 1,760            | 1,800             | 1,840            | 1,880            | 1,920            | 19,800            |
| Depreciation                                       | 4,231            | 4,503            | 4,775            | 5,046            | 5,318            | 5,460            | 5,354            | 5,495            | 5,637             | 5,779            | 5,921            | 6,221            | 63,740            |
| Management Fees                                    | 2,288            | 2,431            | 2,574            | 2,717            | 2,860            | 3,003            | 3,075            | 3,146            | 3,218             | 3,289            | 3,361            | 3,432            | 35,393            |
| Client & Project Management Personnel              | 750              | 750              | 750              | 750              | 750              | 750              | 1,250            | 1,250            | 1,250             | 1,250            | 1,250            | 1,250            | 12,000            |
| <b>TOTAL OPERATING EXPENSES</b>                    | <b>\$ 22,854</b> | <b>\$ 24,287</b> | <b>\$ 25,719</b> | <b>\$ 27,151</b> | <b>\$ 28,584</b> | <b>\$ 29,886</b> | <b>\$ 31,210</b> | <b>\$ 31,946</b> | <b>\$ 32,684</b>  | <b>\$ 33,421</b> | <b>\$ 34,159</b> | <b>\$ 35,054</b> | <b>\$ 356,954</b> |
| <b>Selling Expenses</b>                            |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                   |
| Marketing & Promotion                              | \$ 250           | \$ 250           | \$ 250           | \$ 250           | \$ 250           | \$ 250           | \$ 250           | \$ 250           | \$ 250            | \$ 250           | \$ 250           | \$ 250           | \$ 3,000          |
| Sales & Closings Costs                             | 500              | 500              | 500              | 500              | 500              | 500              | 1,000            | 1,000            | 1,000             | 1,000            | 1,000            | 1,000            | 9,000             |
| Website & Internet Promotion                       | 75               | 75               | 75               | 75               | 75               | 75               | 75               | 75               | 75                | 75               | 75               | 75               | 900               |
| Leasing Commissions                                | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325             | 2,325            | 2,325            | 2,325            | 27,900            |
| <b>TOTAL SELLING EXPENSES</b>                      | <b>\$ 3,150</b>  | <b>\$ 3,150</b>  | <b>\$ 3,150</b>  | <b>\$ 3,150</b>  | <b>\$ 3,150</b>  | <b>\$ 3,150</b>  | <b>\$ 3,650</b>  | <b>\$ 3,650</b>  | <b>\$ 3,650</b>   | <b>\$ 3,650</b>  | <b>\$ 3,650</b>  | <b>\$ 3,650</b>  | <b>\$ 40,800</b>  |
| <b>General &amp; Administrative Expenses</b>       |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                   |
| Legal Fees   | \$ 300           | \$ 300           | \$ 300           | \$ 300           | \$ 300           | \$ 300           | \$ 350           | \$ 350           | \$ 350            | \$ 350           | \$ 350           | \$ 350           | \$ 3,900          |
| Pre-Opening Expenses                               |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                   |
| Accounting Fees                                    | 125              | 125              | 125              | 125              | 125              | 125              | 125              | 125              | 125               | 125              | 125              | 125              | 1,500             |
| Administrative Operating Expenses                  | 650              | 650              | 650              | 650              | 650              | 650              | 650              | 650              | 650               | 650              | 650              | 650              | 7,800             |
| Consulting Fees                                    | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250               | 250              | 250              | 250              | 3,000             |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b> | <b>\$ 1,325</b>  | <b>\$ 1,325</b>  | <b>\$ 1,325</b>  | <b>\$ 1,325</b>  | <b>\$ 1,325</b>  | <b>\$ 1,325</b>  | <b>\$ 1,375</b>  | <b>\$ 1,375</b>  | <b>\$ 1,375</b>   | <b>\$ 1,375</b>  | <b>\$ 1,375</b>  | <b>\$ 1,375</b>  | <b>\$ 16,200</b>  |
| <b>TOTAL EXPENSES</b>                              | <b>\$ 27,329</b> | <b>\$ 28,762</b> | <b>\$ 30,194</b> | <b>\$ 31,626</b> | <b>\$ 32,959</b> | <b>\$ 34,331</b> | <b>\$ 36,131</b> | <b>\$ 37,971</b> | <b>\$ 39,707</b>  | <b>\$ 41,446</b> | <b>\$ 43,179</b> | <b>\$ 44,929</b> | <b>\$ 413,954</b> |
| <b>NET INCOME (LOSS)</b>                           | <b>\$ 1,051</b>  | <b>\$ 1,048</b>  | <b>\$ 1,046</b>  | <b>\$ 1,044</b>  | <b>\$ 1,041</b>  | <b>\$ 1,169</b>  | <b>\$ 6,961</b>  | <b>\$ 6,939</b>  | <b>\$ 6,917</b>   | <b>\$ 6,894</b>  | <b>\$ 6,872</b>  | <b>\$ 6,691</b>  | <b>\$ 47,672</b>  |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC  
 Pro Forma Income Statements  
 For The Years 2007 - 2011**

|  | <u>2007</u>        | <u>2008</u>       | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| Houses Sold  | \$ -               | \$ 153,000        | \$ 954,000        | \$ 1,656,000      | \$ 2,424,000      |
| Cost of Houses Sold                                | -                  | (136,500)         | (846,300)         | (1,474,200)       | (2,167,620)       |
| Gross Profit                                       | \$ -               | \$ 16,500         | \$ 107,700        | \$ 181,800        | \$ 256,380        |
| Rental Income                                      | \$ 31,500          | \$ 193,500        | \$ 383,625        | \$ 568,800        | \$ 764,775        |
| Less: Forced Savings                               | (2,250)            | (14,190)          | (29,700)          | (46,215)          | (64,890)          |
| Net Rental Revenues                                | \$ 29,250          | \$ 179,310        | \$ 353,925        | \$ 522,585        | \$ 699,885        |
| <b>TOTAL INCOME</b>                                | <b>\$ 29,250</b>   | <b>\$ 195,810</b> | <b>\$ 461,625</b> | <b>\$ 704,385</b> | <b>\$ 956,265</b> |
| Operating Expenses                                 |                    |                   |                   |                   |                   |
| Real Estate Taxes                                  | \$ 3,735           | \$ 23,220         | \$ 47,520         | \$ 72,522         | \$ 100,116        |
| Insurance  | 945                | 5,676             | 11,880            | 18,486            | 25,956            |
| Mortgage Interest                                  | 13,650             | 5,360             | 166               | 2,200             | 44,500            |
| Repairs & Maintenance                              | 1,500              | 804               | 1,000             | 1,000             | 41,715            |
| Depreciation                                       | 5,440              | 3,714             | 6,000             | 3,100             | 7,383             |
| Management Fees                                    | -                  | 1,000             | 5,000             | 52,200            | 69,989            |
| Client & Project Management Personnel              | -                  | 4,000             | 12,000            | 21,700            | 33,500            |
| <b>TOTAL OPERATING EXPENSES</b>                    | <b>\$ 25,370</b>   | <b>\$ 47,470</b>  | <b>\$ 85,906</b>  | <b>\$ 164,528</b> | <b>\$ 286,259</b> |
| Selling Expenses                                   |                    |                   |                   |                   |                   |
| Marketing & Promotion                              | \$ 900             | \$ 1,800          | \$ 3,000          | \$ 6,000          | \$ 9,000          |
| Sales & Closings Costs                             | -                  | 1,500             | 9,000             | 15,000            | 21,000            |
| Website & Internet Promotion                       | 450                | 600               | 900               | 1,200             | 1,800             |
| Leasing Commissions                                | 6,300              | 18,000            | 27,900            | 38,400            | 49,500            |
| <b>TOTAL SELLING EXPENSES</b>                      | <b>\$ 7,650</b>    | <b>\$ 21,900</b>  | <b>\$ 40,800</b>  | <b>\$ 60,600</b>  | <b>\$ 81,300</b>  |
| General & Administrative Expenses                  |                    |                   |                   |                   |                   |
| Legal Fees   | \$ 1,125           | \$ 2,250          | \$ 3,900          | \$ 4,500          | \$ 9,900          |
| Pre-Opening Expenses                               | 1,575              | -                 | -                 | -                 | -                 |
| Accounting Fees                                    | 900                | 1,275             | 1,500             | 1,800             | 1,800             |
| Administrative Operating Expenses                  | 3,600              | 6,000             | 7,800             | 10,200            | 12,000            |
| Consulting Fees                                    | 300                | 1,800             | 3,000             | 3,000             | 3,000             |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b> | <b>\$ 7,500</b>    | <b>\$ 11,325</b>  | <b>\$ 15,200</b>  | <b>\$ 19,500</b>  | <b>\$ 26,700</b>  |
| <b>TOTAL EXPENSES</b>                              | <b>\$ 40,503</b>   | <b>\$ 80,695</b>  | <b>\$ 141,906</b> | <b>\$ 211,700</b> | <b>\$ 394,259</b> |
| <b>NET INCOME (LOSS)</b>                           | <b>\$ (11,253)</b> | <b>\$ 115,115</b> | <b>\$ 319,719</b> | <b>\$ 492,685</b> | <b>\$ 562,006</b> |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC  
Pro Forma Cash Flow Schedules  
For The Years 2007 - 2011**

|                                   | April<br>2007    | May<br>2007      | June<br>2007     | July<br>2007     | August<br>2007   | September<br>2007 | October<br>2007  | November<br>2007 | December<br>2007  | 2007<br>TOTALS    |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Opening Cash Balance              | \$ 725           | \$ 1,041         | \$ 1,397         | \$ 794           | \$ 482           | \$ 460            | \$ 654           | \$ 1,139         | \$ 1,914          | \$ 725            |
| <b>Cash Inflows</b>               |                  |                  |                  |                  |                  |                   |                  |                  |                   |                   |
| Net Rental Income                 | \$ 650           | \$ 1,300         | \$ 1,950         | \$ 2,600         | \$ 3,250         | \$ 3,900          | \$ 4,550         | \$ 5,200         | \$ 5,850          | \$ 29,250         |
| Net Receipts From Sale of Homes   | -                | -                | -                | -                | -                | -                 | -                | -                | -                 | -                 |
| Proceeds From Investors           | 1,500            | 1,250            | -                | -                | -                | -                 | -                | -                | -                 | 2,750             |
| Proceeds From Loans               | 45,500           | 45,500           | 4,000            | 45,500           | 45,500           | 45,500            | 45,500           | 45,500           | 95,550            | 459,500           |
| <b>Total Cash Inflows</b>         | <b>\$ 47,650</b> | <b>\$ 48,050</b> | <b>\$ 47,900</b> | <b>\$ 48,100</b> | <b>\$ 48,750</b> | <b>\$ 49,400</b>  | <b>\$ 50,050</b> | <b>\$ 50,700</b> | <b>\$ 101,400</b> | <b>\$ 489,550</b> |
| <b>Cash Outflows</b>              |                  |                  |                  |                  |                  |                   |                  |                  |                   |                   |
| Real Estate Taxes                 | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ -             | \$ -             | \$ -              | \$ -              |
| Purchases of Property             | 32,500           | 32,500           | 32,500           | 32,500           | 32,500           | 32,500            | 32,500           | 32,500           | 68,250            | 328,250           |
| Improvements & Carrying Costs     | 13,000           | 13,000           | 13,000           | 13,000           | 13,000           | 13,000            | 13,000           | 13,000           | 27,300            | 131,300           |
| Insurance                         | 21               | 42               | 63               | 84               | 105              | 126               | 147              | 168              | 189               | 945               |
| Mortgage Interest                 | 303              | 607              | 910              | 1,213            | 1,517            | 1,820             | 2,123            | 2,427            | 2,730             | 13,650            |
| Repairs & Maintenance             | 35               | 70               | 105              | 140              | 175              | 210               | 245              | 280              | 315               | 1,575             |
| Management Fees                   | -                | -                | -                | -                | -                | -                 | -                | -                | -                 | -                 |
| Client Management Personnel       | -                | -                | -                | -                | -                | -                 | -                | -                | -                 | -                 |
| Marketing & Promotion             | 100              | 100              | 100              | 100              | 100              | 100               | 100              | 100              | 100               | 900               |
| Website & Internet Promotion      | 50               | 50               | 50               | 50               | 50               | 50                | 50               | 50               | 50                | 450               |
| Leasing Commissions               | 700              | 700              | 700              | 700              | 700              | 700               | 700              | 700              | 700               | 6,300             |
| Legal Fees                        | 125              | 125              | 125              | 125              | 125              | 125               | 125              | 125              | 125               | 1,125             |
| Accounting Fees                   | 100              | 100              | 100              | 100              | 100              | 100               | 100              | 100              | 100               | 900               |
| Administrative Operating Expenses | 400              | 400              | 400              | 400              | 400              | 400               | 400              | 400              | 400               | 3,600             |
| Consulting Fees                   | -                | -                | -                | -                | -                | 75                | 75               | 75               | 75                | 300               |
| Distributions to Partners         | -                | -                | -                | -                | -                | -                 | -                | -                | -                 | -                 |
| <b>Total Cash Outflows</b>        | <b>\$ 47,334</b> | <b>\$ 47,694</b> | <b>\$ 48,153</b> | <b>\$ 48,422</b> | <b>\$ 48,772</b> | <b>\$ 49,122</b>  | <b>\$ 49,566</b> | <b>\$ 49,925</b> | <b>\$ 50,334</b>  | <b>\$ 489,294</b> |
| Ending Cash Balance               | \$ 1,041         | \$ 1,397         | \$ 1,794         | \$ 2,182         | \$ 2,560         | \$ 2,938          | \$ 3,316         | \$ 3,694         | \$ 4,080          | \$ 2,980          |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Cash Flow Schedules**  
**For The Years 2007 - 2011**

|                                   | January<br>2008  | February<br>2008 | March<br>2008    | April<br>2008    | May<br>2008      | June<br>2008     | July<br>2008     | August<br>2008   | September<br>2008 | October<br>2008  | November<br>2008 | December<br>2008 | 2008<br>TOTALS     |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|--------------------|
| Opening Cash Balance              | \$ 2,980         | \$ 2,984         | \$ 441           | \$ 1,433         | \$ 2,918         | \$ 4,898         | \$ 7,371         | \$ 10,089        | \$ 13,300         | \$ 17,006        | \$ 25,465        | \$ 34,155        | \$ 2,980           |
| <b>Cash Inflows</b>               |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                    |
| Net Rental Income                 | \$ 7,645         | \$ 9,035         | \$ 10,425        | \$ 11,815        | \$ 13,205        | \$ 14,595        | \$ 15,985        | \$ 17,375        | \$ 18,765         | \$ 20,155        | \$ 21,545        | \$ 22,935        | \$ 1,310           |
| Net Receipts From Sale of Homes   | -                | -                | -                | -                | -                | -                | -                | -                | 5,000             | 5,000            | 5,000            | 5,000            | 15,000             |
| Proceeds From Investors           | -                | 11,000           | -                | -                | -                | -                | -                | -                | -                 | -                | -                | -                | 11,000             |
| Proceeds From Loans               | 95,550           | 95,550           | 95,550           | 95,550           | 95,550           | 95,550           | 95,550           | 95,550           | 95,550            | 95,550           | 95,550           | 95,550           | 1,207,200          |
| <b>Total Cash Inflows</b>         | <b>\$103,195</b> | <b>\$115,585</b> | <b>\$105,975</b> | <b>\$107,365</b> | <b>\$106,770</b> | <b>\$110,145</b> | <b>\$111,530</b> | <b>\$112,925</b> | <b>\$114,320</b>  | <b>\$120,010</b> | <b>\$120,705</b> | <b>\$116,000</b> | <b>\$1,400,510</b> |
| <b>Cash Outflows</b>              |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                    |
| Real Estate Taxes                 | \$ -             | \$ 14,040        | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ -             | \$ -             | \$ -             | \$ 14,040          |
| Purchases of Property             | 68,250           | 68,250           | 68,250           | 68,250           | 68,250           | 68,250           | 68,250           | 68,250           | 68,250            | 68,250           | 68,250           | 107,250          | 858,000            |
| Improvements & Carrying Costs     | 27,300           | 27,300           | 27,300           | 27,300           | 27,300           | 27,300           | 27,300           | 27,300           | 27,300            | 27,300           | 27,300           | 42,900           | 343,200            |
| Insurance                         | 242              | 286              | 330              | 374              | 418              | 462              | 506              | 550              | 594               | 616              | 638              | 660              | 5,676              |
| Mortgage Interest                 | 3,367            | 4,004            | 4,641            | 5,278            | 5,915            | 6,552            | 7,189            | 7,826            | 8,463             | 9,100            | 9,434            | 9,767            | 81,536             |
| Repairs & Maintenance             | 418              | 494              | 570              | 646              | 722              | 798              | 874              | 950              | 1,026             | 1,064            | 1,102            | 1,140            | 9,804              |
| Management Fees                   | 765              | 904              | 1,043            | 1,182            | 1,321            | 1,460            | 1,599            | 1,738            | 1,877             | 1,946            | 2,016            | 2,085            | 17,931             |
| Client Management Personnel       | 250              | 250              | 250              | 250              | 250              | 250              | 500              | 500              | 500               | 500              | 500              | 500              | 4,500              |
| Marketing & Promotion             | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150               | 150              | 150              | 150              | 1,800              |
| Website & Internet Promotion      | 50               | 50               | 50               | 50               | 50               | 50               | 50               | 50               | 50                | 50               | 50               | 50               | 600                |
| Leasing Commissions               | 1,500            | 1,500            | 1,500            | 1,500            | 1,500            | 1,500            | 1,500            | 1,500            | 1,500             | 1,500            | 1,500            | 1,500            | 18,000             |
| Legal Fees                        | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150               | 300              | 300              | 300              | 2,250              |
| Accounting Fees                   | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100               | 125              | 125              | 125              | 1,275              |
| Administrative Operating Expenses | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500              | 500               | 500              | 500              | 500              | 6,000              |
| Consulting Fees                   | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150              | 150               | 150              | 150              | 150              | 1,800              |
| Distributions to Partners         | -                | -                | -                | -                | -                | -                | -                | -                | -                 | -                | -                | -                | -                  |
| <b>Total Cash Outflows</b>        | <b>\$103,192</b> | <b>\$118,128</b> | <b>\$104,984</b> | <b>\$105,880</b> | <b>\$106,777</b> | <b>\$107,673</b> | <b>\$108,569</b> | <b>\$109,465</b> | <b>\$110,361</b>  | <b>\$111,257</b> | <b>\$112,153</b> | <b>\$117,049</b> | <b>\$666,417</b>   |
| Ending Cash Balance               | \$ 2,984         | \$ 441           | \$ 1,433         | \$ 2,918         | \$ 4,898         | \$ 7,371         | \$ 10,089        | \$ 13,300        | \$ 17,006         | \$ 25,465        | \$ 34,155        | \$ 43,078        | \$ 43,078          |

SAMPLE



**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Cash Flow Schedules**  
**For The Years 2007 - 2011**

|                                   | January<br>2009  | February<br>2009 | March<br>2009    | April<br>2009    | May<br>2009      | June<br>2009     | July<br>2009     | August<br>2009   | September<br>2009 | October<br>2009  | November<br>2009 | December<br>2009 | 2009<br>TOTALS   |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|
| Opening Cash Balance              | \$ 43,078        | \$ 51,432        | \$ 21,079        | \$ 15,356        | \$ 25,094        | \$ 35,293        | \$ 20,954        | \$ 37,397        | \$ 54,055         | \$ 70,928        | \$ 63,017        | \$ 80,322        | \$ 43,078        |
| <b>Cash Inflows</b>               |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |
| Net Rental Income                 | \$ 22,880        | \$ 24,310        | \$ 25,740        | \$ 27,170        | \$ 28,600        | \$ 30,030        | \$ 31,460        | \$ 32,890        | \$ 34,320         | \$ 35,750        | \$ 37,180        | \$ 38,610        | \$ 34,320        |
| Net Receipts From Sale of Homes   | 5,000            | 5,000            | 5,000            | 5,000            | 5,000            | 5,000            | 5,000            | 11               | 11                | 1                | 1                | 11,450           | 98,700           |
| Proceeds From Investors           | -                | -                | -                | -                | -                | -                | -                | -                | -                 | -                | -                | -                | -                |
| Proceeds From Loans               | 150,150          | 150,150          | 150,150          | 150,150          | 150,150          | 150,150          | 150,150          | 150,150          | 150,150           | 150,150          | 150,150          | 150,150          | 86,770           |
| <b>Total Cash Inflows</b>         | <b>\$178,030</b> | <b>\$179,460</b> | <b>\$180,890</b> | <b>\$182,320</b> | <b>\$183,750</b> | <b>\$185,180</b> | <b>\$186,610</b> | <b>\$188,040</b> | <b>\$189,470</b>  | <b>\$190,900</b> | <b>\$192,330</b> | <b>\$193,760</b> | <b>\$195,190</b> |
| <b>Cash Outflows</b>              |                  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |
| Real Estate Taxes                 | \$ -             | \$ 39,168        | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ -             | \$ -             | \$ -             | \$ 39,168        |
| Purchases of Property             | 107,250          | 107,250          | 107,250          | 107,250          | 107,250          | 107,250          | 107,250          | 107,250          | 107,250           | 107,250          | 107,250          | 150,800          | 1,330,550        |
| Improvements & Carrying Costs     | 42,900           | 42,900           | 42,900           | 42,900           | 42,900           | 42,900           | 42,900           | 42,900           | 42,900            | 42,900           | 42,900           | 60,320           | 532,220          |
| Insurance                         | 768              | 816              | 864              | 912              | 960              | 1,008            | 1,032            | 1,056            | 1,080             | 1,104            | 1,128            | 1,152            | 11,880           |
| Mortgage Interest                 | 10,465           | 11,163           | 11,860           | 12,558           | 13,256           | 13,953           | 14,651           | 15,015           | 15,379            | 15,743           | 16,107           | 16,471           | 166,621          |
| Repairs & Maintenance             | 1,280            | 1,360            | 1,440            | 1,520            | 1,600            | 1,680            | 1,720            | 1,760            | 1,800             | 1,840            | 1,880            | 1,920            | 19,800           |
| Management Fees                   | 2,288            | 2,431            | 2,574            | 2,717            | 2,860            | 3,003            | 3,075            | 3,146            | 3,218             | 3,289            | 3,361            | 3,432            | 35,393           |
| Client Management Personnel       | 750              | 750              | 750              | 750              | 750              | 750              | 1,250            | 1,250            | 1,250             | 1,250            | 1,250            | 1,250            | 12,000           |
| Marketing & Promotion             | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250               | 250              | 250              | 250              | 3,000            |
| Website & Internet Promotion      | 75               | 75               | 75               | 75               | 75               | 75               | 75               | 75               | 75                | 75               | 75               | 75               | 900              |
| Leasing Commissions               | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325            | 2,325             | 2,325            | 2,325            | 2,325            | 27,900           |
| Legal Fees                        | 300              | 300              | 300              | 300              | 300              | 300              | 350              | 350              | 350               | 350              | 350              | 350              | 3,900            |
| Accounting Fees                   | 125              | 125              | 125              | 125              | 125              | 125              | 125              | 125              | 125               | 125              | 125              | 125              | 1,500            |
| Administrative Operating Expenses | 650              | 650              | 650              | 650              | 650              | 650              | 650              | 650              | 650               | 650              | 650              | 650              | 7,800            |
| Consulting Fees                   | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250              | 250               | 250              | 250              | 250              | 3,000            |
| Distributions to Partners         | -                | -                | 15,000           | -                | -                | 10,000           | -                | -                | -                 | 2,000            | -                | -                | 17,000           |
| <b>Total Cash Outflows</b>        | <b>\$169,676</b> | <b>\$209,813</b> | <b>\$186,613</b> | <b>\$172,582</b> | <b>\$173,551</b> | <b>\$174,520</b> | <b>\$175,490</b> | <b>\$176,460</b> | <b>\$177,430</b>  | <b>\$178,400</b> | <b>\$179,370</b> | <b>\$180,340</b> | <b>\$260,633</b> |
| Ending Cash Balance               | \$ 51,432        | \$ 21,079        | \$ 15,356        | \$ 25,094        | \$ 35,293        | \$ 20,954        | \$ 37,397        | \$ 54,055        | \$ 70,928         | \$ 63,017        | \$ 80,322        | \$ 97,842        | \$ 97,842        |

SAMPLE

**Homes of Pittsburgh 4 Everyone, LLC**  
**Pro Forma Cash Flow Schedules**  
**For The Years 2007 - 2011**

|                                   | <u>2007</u><br><u>TOTALS</u> | <u>2008</u><br><u>TOTALS</u> | <u>2009</u><br><u>TOTALS</u> | <u>2010</u><br><u>TOTALS</u> | <u>2011</u><br><u>TOTALS</u> |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Opening Cash Balance</b>       | \$ 725                       | \$ 2,980                     | \$ 43,078                    | \$ 97,842                    | \$ 197,523                   |
| <b>Cash Inflows</b>               |                              |                              |                              |                              |                              |
| Net Rental Income                 | \$ 29,250                    | \$ 179,310                   | \$ 353,925                   | \$ 522,585                   | \$ 699,885                   |
| Net Receipts From Sale of Homes   | -                            | 1,000                        | 9,000                        | 36,000                       | (35,300)                     |
| Proceeds From Investors           | 2,750                        | 1,000                        | -                            | -                            | -                            |
| Proceeds From Loans               | 459,550                      | 1,200,000                    | -                            | 2,595,000                    | -                            |
| <b>Total Cash Inflows</b>         | <b>\$ 491,550</b>            | <b>\$ 1,406,310</b>          | <b>\$ 362,925</b>            | <b>\$ 3,284,585</b>          | <b>\$ 1,112,670</b>          |
| <b>Cash Outflows</b>              |                              |                              |                              |                              |                              |
| Real Estate Taxes                 | \$ -                         | \$ 14,040                    | \$ 39,168                    | \$ 63,648                    | \$ 90,720                    |
| Purchases of Property             | 328,250                      | 858,000                      | 1,330,550                    | 1,853,800                    | 2,340,000                    |
| Improvements & Carrying Costs     | 131,300                      | 343,200                      | 532,220                      | 741,520                      | 936,000                      |
| Insurance                         | 945                          | 5,676                        | 11,880                       | 18,486                       | 25,956                       |
| Mortgage Interest                 | 13,650                       | 81,536                       | 166,621                      | 252,288                      | 344,544                      |
| Repairs & Maintenance             | 1,575                        | 9,804                        | 19,800                       | 30,573                       | 41,715                       |
| Management Fees                   | -                            | 17,931                       | 35,393                       | 52,259                       | 69,989                       |
| Client Management Personnel       | -                            | 4,500                        | 12,000                       | 21,750                       | 33,500                       |
| Marketing & Promotion             | 900                          | 1,800                        | 3,000                        | 6,000                        | 9,000                        |
| Website & Internet Promotion      | 450                          | 600                          | 900                          | 1,200                        | 1,800                        |
| Leasing Commissions               | 6,300                        | 18,000                       | 27,900                       | 38,400                       | 49,500                       |
| Legal Fees                        | 1,125                        | 2,250                        | 3,900                        | 4,500                        | 4,950                        |
| Accounting Fees                   | 900                          | 1,275                        | 1,500                        | 1,800                        | 1,800                        |
| Administrative Operating Expenses | 3,600                        | 10,000                       | 10,000                       | 10,000                       | 12,000                       |
| Consulting Fees                   | 300                          | 300                          | -                            | 3,000                        | 3,600                        |
| Distributions to Partners         | -                            | -                            | 5,000                        | 85,000                       | 100,000                      |
| <b>Total Cash Outflows</b>        | <b>\$ 489,290</b>            | <b>\$ 1,366,300</b>          | <b>\$ 1,660,200</b>          | <b>\$ 3,185,100</b>          | <b>\$ 3,165,070</b>          |
| <b>Ending Cash Balance</b>        | <b>\$ 2,980</b>              | <b>\$ 43,078</b>             | <b>\$ 97,842</b>             | <b>\$ 197,523</b>            | <b>\$ 343,714</b>            |

SAMPLE