FELBA FINANCING SUMMARY - Cripple Creek

FEDERAL LOAN BUYDOWN AUTHORITY MONIES (FELBA)

The seller has agreed to buydown the interest rate from 3.94% to an average of 2.02% for the first three years of ownership. The resulting loan constant is 3.94% which is similar to a new loan with three years of interest only.

The resulting debt service on the first mortgage is as follows in the chart below:

YEAR	DEBT SERVICE 1ST MORTGAGE	FELBA BUYDOWN	NET DEBT SERVICE	Interest Rate	Loan Constant
1	$1,351,362	($426,000)	$925,362	2.13%	**3.94%**
2	$1,351,362	($443,000)	$908,362	2.02%	**3.94%**
3	$1,351,362	($461,000)	$890,362	1.90%	**3.94%**
4	$1,351,362		$1,351,362	**3.94%**	6.11%
5	$1,351,362		$1,351,362	**3.94%**	6.25%
6	$1,351,362		$1,351,362	**3.94%**	6.40%
7	$1,351,362		$1,351,362	**3.94%**	6.56%

The funds will be placed in FELBA reserve, with BB&T Bank as the escrow agent. The FELBA monies are distributed monthly in amounts agreed to by the buyer and as stated in the escrow agreement.

The principal reduction on the first mortgage inures to the benefit of the buyer and equals approximately $1,328,648 during the first three years.

For additional information regarding the FELBA program, call 404.477.3100, or go to www.felba.com. Federal Loan Buydown Authority (FELBA) is not affiliated with a federal agency.

Overview

Federal Loan Buydown Authority (FELBA) offers a financial engineering product designed to enhance a loan assumption. It allows the buyer to assume the loan with features comparable to new debt with interest only features. FELBA is a loan buydown product that is offered in conjunction with BB&T Bank, which is the acting escrow agent

Program

The program allows the seller to prepay a portion of existing debt service for the buyer, thus lowering the interest rate for a period of years, Typically, the loan buydown is equal to the principal portion of the loan payments for the first 1-4 years of new ownership, which reduces the loan constant. The buyer assumes the loan and with the FELBA monies credited to debt service, and achieves a payment which is comparable to new debt with interest only features.

How It Works

The buyer and seller of a property agree to enter into an agreement with FELBA as facilitator, and BB&T as escrow agent. The sale closing attorney sends an executed escrow agreement, which includes a payout schedule, and wires the funds to BB&T pursuant to the escrow agreement. The buyer will receive the amount shown on the monthly payout schedule in its bank operating account, and this will be credited against the debt service on the buyer's operating statement.