

Cottages AT **CARSON VALLEY**

Loan Offering



Cottages AT **CARSON VALLEY**

QUALITY CONSTRUCTION BY TERRA PACIFIC HOMES

Lifestyle BEAUTIFUL CARSON VALLEY *Security* GATED & PRIVATE
Convenience SINGLE STORY HOMES *Freedom* FRONT LANDSCAPE MAINTAINED BY HOA
Dream PERSONALIZE YOUR FEATURES & OPTIONS



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Example Only

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Example Only

1 EXECUTIVE SUMMARY

1.1 PROJECT DESCRIPTION / LOCATION

Cottages at Carson Valley is a gated residential community consisting of 81 SFD homesite lots, as follows:

- ♦ 21 homes, built and sold
- ♦ 38 fully improved lots ready for building permits
- ♦ 22 partially improved lots with an approved tentative subdivision map.

Lots sizes average 5870 square feet including HOA owned front yards. Total project size including streets is approximately 12.73 acres.

The property is in the City of Gardnerville, Douglas County, Nevada, 47 miles south of the Reno-Tahoe International Airport (central Reno), 17 miles south of Carson City, Nevada's capital and 18 miles east of Stateline, Nevada (Lake Tahoe).

The Carson Valley consisting of Gardnerville, Minden and Genoa are renowned for outdoor recreation, quality of life and a robust tourism industry.

- ♦ <http://www.visitcarsonvalley.org/>

1.2 PROJECT HISTORY

The project was conceived and started in 2006 as a 59-unit residential subdivision, plus 140 multi-family units and a neighborhood retail center on four additional acres known as the Commercial Parcels.

Marketed under the name *Kit Carson Village*, nine (9) houses were built. The property was subsequently foreclosed upon by the lender and purchased by Landsmith Appreciation Fund, the Seller. Landsmith is now selling the remaining lots and land to Dooston Gardnerville, LLC ("DGL") under an option agreement.

1.3 ECONOMIC

The economy of Northern Nevada is booming. Regional employment is up by nearly 50,000 new jobs in the past five (5) years. The region is weaned from its dependence on gaming. The new economy is based upon Northern Nevada's offer of lower cost alternatives to California for advanced manufacturing and west coast regional distribution. Much of the new activity emanates from the Tahoe Reno Industrial Center (TRIC) where Tesla and others are building large manufacturing and distribution facilities.

- ♦ <https://www.dropbox.com/s/er6fy9qsk6rte4w/%40The-Greater-Reno-Tahoe-Real-Estate-Report.pdf?dl=0>
- ♦ <http://www.tahoereno.com/>
- ♦ [https://www.dropbox.com/s/tv36awto8pgnul5/reno-sparks%20regional%20economy UNR.pdf?dl=0](https://www.dropbox.com/s/tv36awto8pgnul5/reno-sparks%20regional%20economy%20UNR.pdf?dl=0)
- ♦ <https://www.dropbox.com/s/02o4jhzah5q0ux8/EDAWN%202019-02-07.pdf?dl=0>

Regionally, all bank-owned subdivisions have been sold and built out. Once again, Nevada homebuilders are processing new subdivisions for approval. Local economists predict a severe jobs/housing imbalance for the next several years. New housing is not expected to keep pace with new employment.

1.4 MARKET

Gardnerville benefits from the general prosperity of the region, provides housing for nearby South Lake Tahoe employees and is popular with California retirees because of the quality of life, affordable housing and Nevada’s low tax rate. California retirees, whose home values have soared during the economic recovery are the primary target of our marketing. To date, sales have been 100% to California retirees.

- ◆ Lennar - Giant homebuilder, Lennar, has sold more than two hundred (250) homes in its community at Schulz Ranch in nearby Carson City since opening in 4Q2016. <https://www.lennar.com/new-homes/nevada/reno/carson-city/eagle-station-at-schulz-ranch>
- ◆ Jenuane - Local homebuilder, Jenuane Communities, sold thirty-eight (38) homes since 4Q2017 in Gardnerville - <https://www.jcommunities.com/heybourne/>
- ◆ Trulia - [www.trulia.com/real estate/Reno-Nevada/](http://www.trulia.com/real_estate/Reno-Nevada/)

1.5 BUSINESS PLAN

Dooston Gardnerville rezoned and subdivided the Commercial Parcels into twenty-two (22) additional residential lots for a total of 81. Homes are being built and improvements made by DGL project is being marketed as the *Cottages at Carson Valley* under the dba *Terra Pacific Homes*. Architecture consists of four (4) distinct floorplans with the following characteristics. [see plans, renderings and site plan, attached]. www.cottagesatcarsonvalley.com

Overall Plan distribution of remains lots:

Plan Number	Size	Architecture	Quantity	Bed/Bath
Plan 1	1,750 sf	1-story	18 each	3/2
Plan 2	1,950 sf	1-story	17 each	3/2
Plan 3	2,150 sf	1-story	14 each	3/2
Plan 4	1,550 sf	1-story	11 each	3/2

Distribution of sold houses - 02/01/2019:

Plan Number	Quantity	Base Price
Plan 1	2 each	\$359,000
Plan 2	4 each	\$379,000
Plan 3	6 each	\$399,000

Plan 1



Plan 2



Plan 3



1.6 FINANCING

A loan is being sought for the construction and sale of ten (10) homes on lots owned by Dooston Gardnerville, LLC. There are seven (7) Reservation contracts in place (Lots 16, 17, 48, 49, 50, 52, 56). A first deed of trust and a construction draw program are offered as security. The members have invested or reinvested ~\$1.6M:

◆ Loan Sought:	\$2,500,000	(61.5% LTV)
◆ Value of the (10) completed houses:	\$4,064,738	
◆ Loan to cost ¹	\$3,232,000	(77.4% LTC)

Note 1: Includes land, excludes other closing costs.

Sources and Uses

Sources:

Loan	2,500,000
Land	732,000
Profit & Inventory	833,000
Total Sources:	4,065,000

Uses:

Permits	160,000
Direct Construction (incl GC supervision)	1,925,000
OH, Marketing & Interest Reserve	280,000
Closing Costs (incl land)	940,000
Profit	760,000
Total Uses:	4,065,000

1.7 PROJECT TEAM

1.7.1 Managing Members

The Managing Members of Dooston Gardnerville, LLC consisting of Darrell Leamon and Fred Musser have purchased and/or participated in developing and building of more than 20,000 residential lots.

- ◆ <https://www.dropbox.com/s/zza97yvif4rtijf/Managing%20Member%20Bios%202019-02-09.pdf?dl=0>

1.7.2 Sales & Marketing

The project is being marketed directly by Terra Pacific Homes and sold by a non-affiliated Nevada licensee, dba Terra Pacific Group.

2 LOCATION MAP



3 AERIAL PHOTO



SITEMAP

Cottages AT CARSON VALLEY

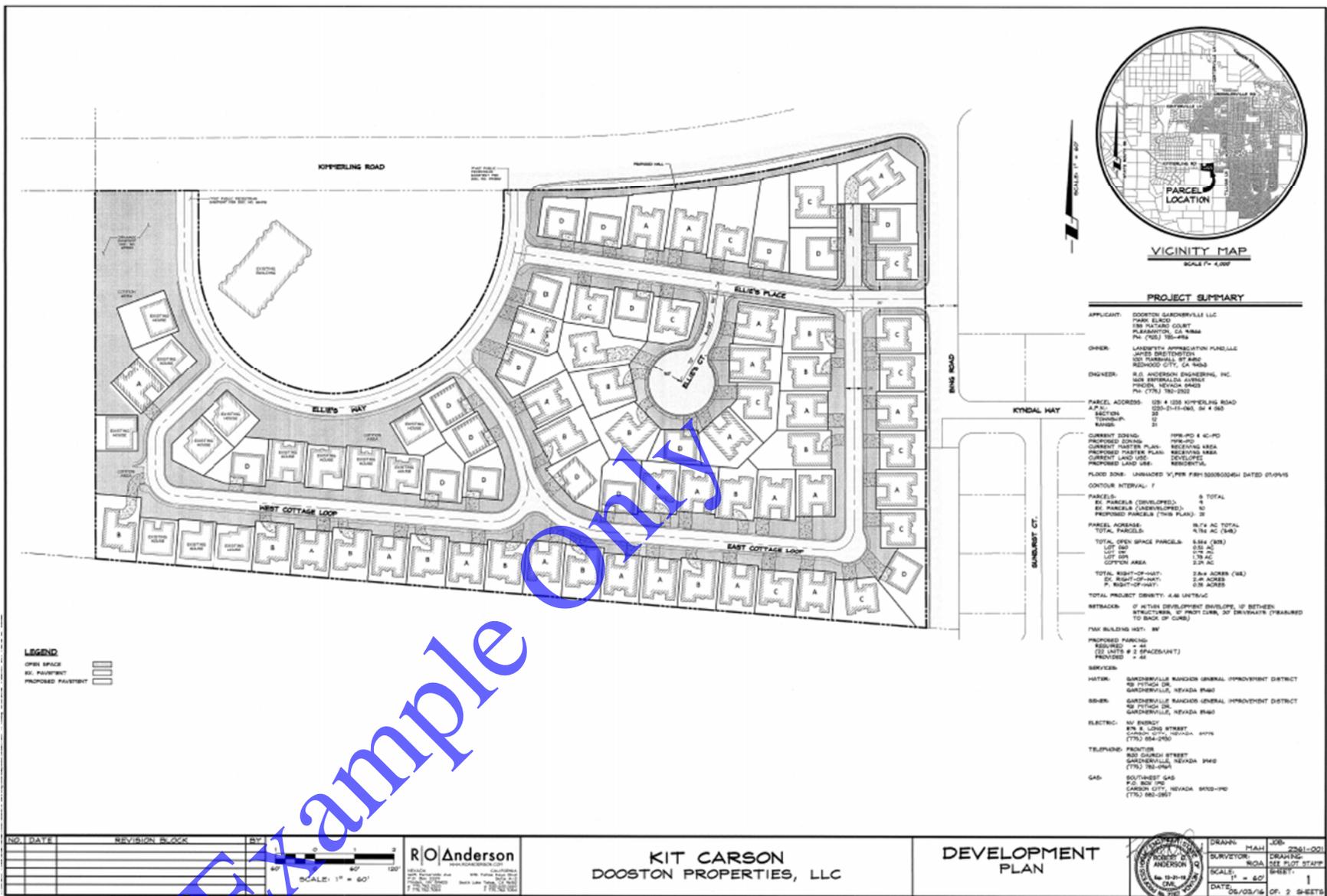


Residence Plans		
Plan 1	Single Level	1750 SF
Plan 2	Single Level	1950 SF
Plan 3	Single Level	2150 SF

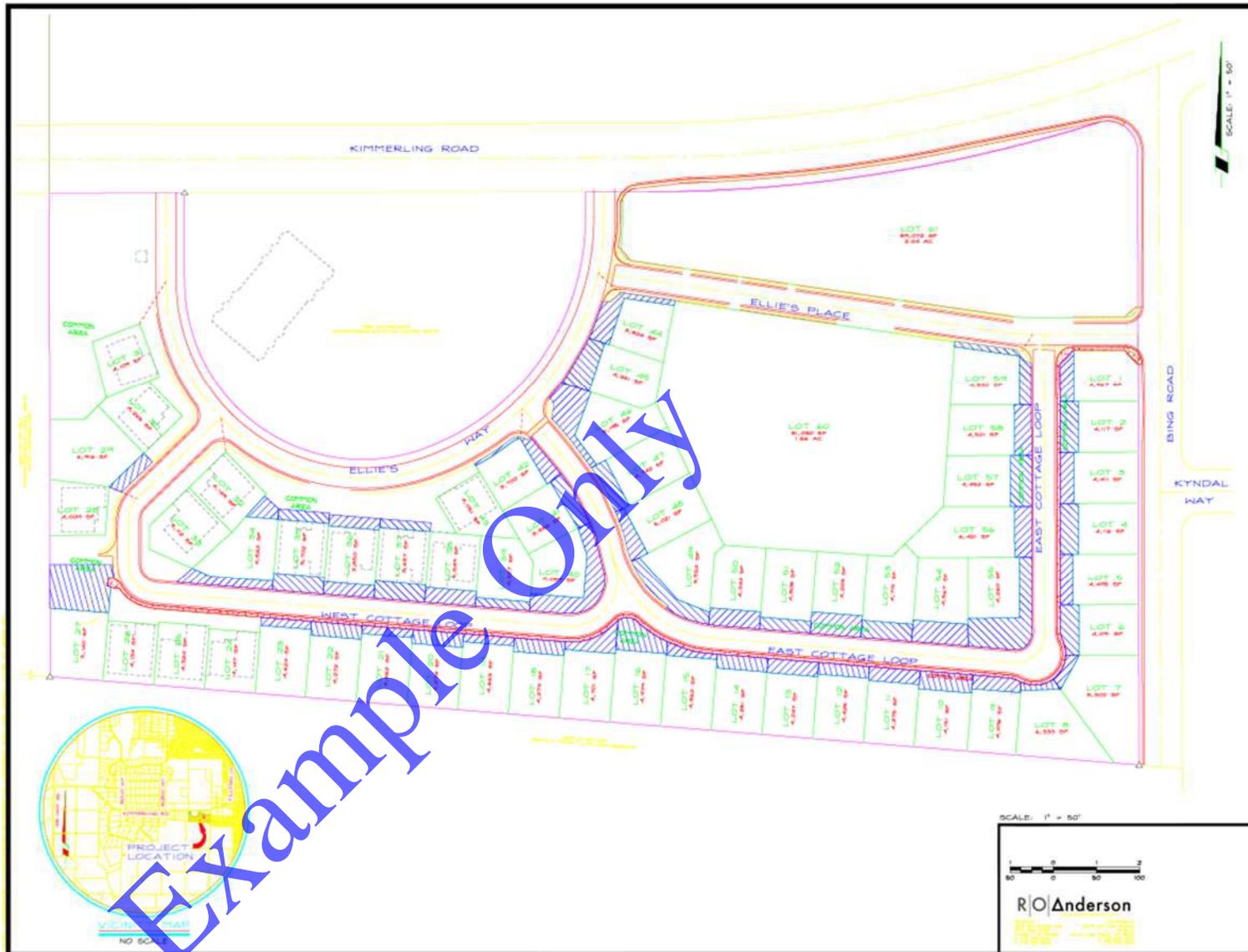
Current Release
Future Release
Model Home 1227 W. Cottage Loop

HOA Owned and Maintained





5 COMMON AREA EXHIBIT



PRO-FORMA SUBDIVISION PRE-TAX PROFIT ANALYSIS

60 SFD Lots

Subdivision Name:	Cottages @ Carson Valley	Date	5/14/19
Subdivision Location:	Gardnerville	Total units	60

Plans Offered	Sq. Ft.	Unit Mix	Total Revenue	Price per unit	Price/ Sq. Ft.
Plan 1	1,750	18	7,019,820	389,990	222.85
Plan 2	1,950	17	6,799,830	399,990	205.12
Plan 3	2,150	14	5,739,860	409,990	190.69
Plan 4	1,550	11	4,179,890	379,990	245.15
Total:	111,800	60	23,739,400	395,657	212.34

	% of Revenue	Total Expense	Cost per unit	Cost/Sq. Ft.
Other Revenue:				
Elevation Revenue		213,059	3,551	1.91
Lot Premiums		440,000	7,333	3.94
Option Revenue		1,186,970	19,783	10.62
Sales Concessions		(90,000)	(1,500)	(0.81)
TOTAL REVENUE		25,489,429	424,824	227.99

Development Costs:				
Land Development	2.66%	676,774	11,280	6.05
Professional Services (civil)	0.18%	47,000	783	0.42
TOTAL DEVELOPMENT COSTS	2.84%	723,774	12,063	6.47

House Costs:				
Fees & Permits	3.87%	985,903	16,432	8.82
Direct Construction Costs	38.00%	9,685,764	161,429	86.63
Direct Construction Contingency	1.90%	484,288	8,071	4.33
Elevation Cost	0.59%	149,142	2,486	1.33
Option Cost	3.26%	830,879	13,848	7.43
Indirects (incl Field Supervision & Contractor OH)	1.71%	435,000	7,250	3.89
Architecture	0.11%	28,500	475.00	0.25
TOTAL HOUSE COSTS	49.43%	12,599,475	209,991	112.70

Other Costs Included in Loan:				
Model/Sales Office	0.31%	79,200	1,320	0.71
Marketing Expense	1.53%	390,950	6,516	3.50
HOA Costs	0.14%	36,000	600	0.32
Real Estate Taxes	0.19%	48,000	800	0.43
Insurance	0.09%	22,500	375	0.20
Overhead	3.00%	764,683	12,745	6.84
Soft Cost Contingency	0.24%	61,680	1,028	0.55
Interest & Loan Fees	1.02%	261,229	4,354	2.34
TOTAL OTHER COSTS INCLUDED IN LOAN	6.53%	1,664,242	27,737	14.89

Not Included in Loan:				
Land Purchase Cost	13.99%	3,565,260	59,421	31.89
Inside Commissions	1.00%	254,894	4,248	2.28
Outside Commissions	1.25%	318,618	5,310	2.85
Sales Closing Costs	0.59%	150,000	2,500	1.34
0/6 Warranty (reserve)	0.42%	108,000	1,800	0.97
MMF	1.67%	425,000	7,083	3.80
TOTAL NOT INCLUDED IN LOAN	18.92%	4,821,772	80,362.87	43.13

TOTAL COSTS	77.72%	\$ 19,809,263	\$ 330,154	\$ 177.18
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PRE-TAX MARGIN	22.28%	\$ 5,680,166	\$ 94,669	\$ 50.81
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Dooston Gardnerville, LLC
Profit and Loss¹

Jan 1, 2018 through Jan 9, 2019

	<u>Jan - Dec 18</u>	<u>Lot 18</u>	<u>Non-recurring</u>
Ordinary Income/Expense			
Income			
Gross Lot Sales	2,961,080.60	444,008.00	
Total Income	2,961,080.60	444,008.00	
Cost of Goods Sold			
Costs for Construction	2,352,249.87	351,526.07	(128,116.16)
Total COGS	<u>2,352,249.87</u>	<u>351,526.07</u>	<u>(128,116.16)</u>
Gross Profit	608,830.73	92,481.93	
Expense			
Meals & Entertainment Expense	1,172.89		
Closing Costs	81,725.01	21,218.48	
Interest Expense	88,166.20	6,261.00	
Legal Fees	52,543.13		(52,543.13)
Marketing Expense	15,972.20		
Penalties	1,123.64		
FTB Taxes	3,200.00		(2,400.00)
Other Expenses	3,272.66		
Insurance	7,128.95	2,557.34	
Total Expense	<u>254,304.68</u>	<u>30,036.82</u>	<u>(54,943.13)</u>
Net Ordinary Income	<u>354,526.05</u>	<u>62,445.11</u>	<u>183,059.29</u>
Net Income	<u><u>354,526.05</u></u>	<u><u>416,971.16</u></u>	<u><u>600,030.45</u></u>

Note 1: Adjusted for non-recurring costs

Dooston Gardnerville, LLC

02/20/19

Balance Sheet

Accrual Basis

As of December 31, 2018

	Dec 31, 18
704-Marketing Expense	
704.02-Model Rental	8,435.81
704.08-Model Utilities & Suppl	2,818.79
704.16-Marketing Consultant	49,145.27
704.20-G.C. Costs	26,437.50
704-Marketing Expense - Other	25,985.33
Total 704-Marketing Expense	112,822.70
706-HOA Costs	
706.08-HOA Subsidy	7,603.47
706-HOA Costs - Other	19,677.84
Total 706-HOA Costs	27,281.31
708-Real Estate Taxes	3,784.78
710-Insurance	93,873.99
712-Overhead	
712.18-Overhead Allowance	48,295.97
712-Overhead - Other	205,169.01
Total 712-Overhead	253,464.98
716-Interest & Loan Fees	44,026.43
Total S.700-Other Non-Direct Costs	572,630.43
S.800-Acquisition	
806-Closing Costs	34,995.14
Total S.800-Acquisition	34,995.14
Total 2505 · CONSTRUCTION IN PROGRESS	2,359,636.67
Total Other Current Assets	2,454,597.26
Total Current Assets	2,455,095.91
Other Assets	
2535 · Inventory Step-Down	(597,241.78)
Total Other Assets	(597,241.78)
TOTAL ASSETS	1,857,854.13
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3005 · S.Accounts payable	48,254.68
Total Accounts Payable	48,254.68
Other Current Liabilities	
3045 · Note Payable-MMF	450,000.00
3050 · Loan-Joan Tiefenthaler	246,000.00
3065 · Deposit on Home-Lot 19	5,187.00
3035 · Accrued Interest	13,543.67
3030 · Chinook/Sage River Development	6,143.16
3025 · Landsmith Appreciation Fund	593,800.00
3010 · S.Loan - Fred Musser	52,308.00
Total Other Current Liabilities	1,366,981.83
Total Current Liabilities	1,415,236.51
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Dooston Gardnerville, LLC

Balance Sheet

As of December 31, 2018

	Dec 31, 18
Equity	
4055 · Gary Hansen Capital	3,673.64
4045 · Landsmith Apprec. Fund Capital	28,496.00
4035 · Dooston Properties LLC Capital	48,792.98
Net Income	361,655.00
Total Equity	442,617.62
TOTAL LIABILITIES & EQUITY	1,857,854.13

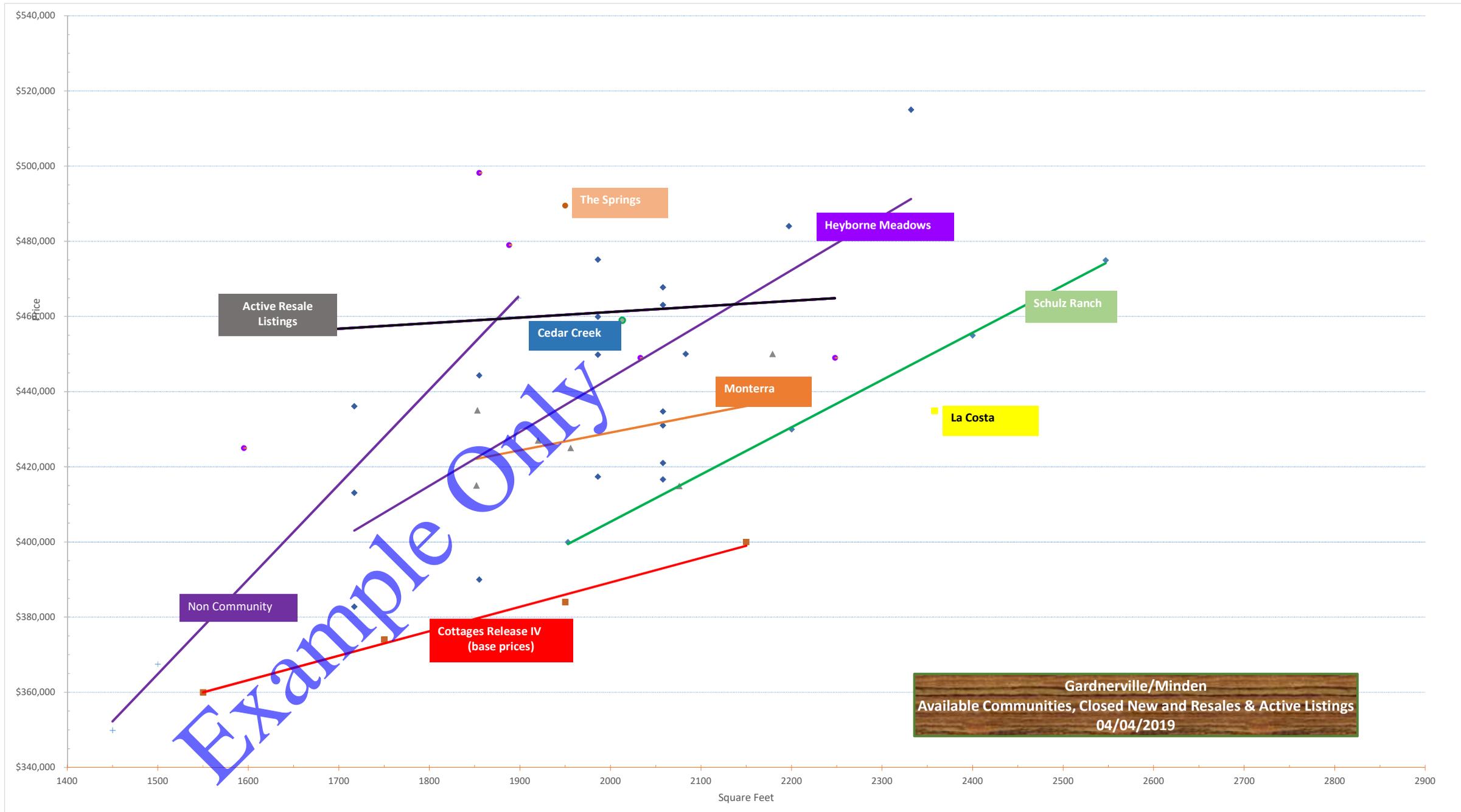
Example Only

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Note 1: Adjusted for non-recurring costs



8 MARKETING COLLATERAL



Lifestyle BEAUTIFUL CARSON VALLEY *Security* GATED & PRIVATE
Convenience SINGLE STORY HOMES *Freedom* FRONT LANDSCAPE MAINTAINED BY HOA
Dream PERSONALIZE YOUR FEATURES & OPTIONS



Now Selling



- 3 - 4 Bedrooms
- 1,750 - 2,150 SF
- Stunning Mountain Views
- Close to Amenities
- 17 Miles East of Lake Tahoe in Historic Minden/Gardnerville
- **PRICED IN THE HIGH 300'S**



1220 WEST COTTAGE LOOP (OFF KIMMERLING) · GARDNERVILLE, NV

For more information please contact TERRA PACIFIC GROUP
 775-552-3121 | www.cottagesatcarsonvalley.com | info@cottagesatcarsonvalley.com

— Say you saw it in Homes & Land of Carson City & Carson Valley — Volume 33, Issue 11



Standard Features

cottagesatcarsonvalley.com

Sales Office: {775} 552-3121

Terra Pacific Group, Gary R. Hansen
Broker Nevada License: #B.1001950

Direct Contact: 209.247.5226

1233 Kimmerling Road
Gardnerville, NV 89460

Energy Efficiency Features

- Double-pane Low E energy efficient glass windows (vinyl frame)
- Full exterior door weather stripping
- R-19 insulated exterior wall system
- R-38 insulated ceilings
- High efficiency quick recovery 50-gallon gas water heater
- Elongated toilets
- Insulated air ducts
- Energy efficient recessed can lighting
- HVAC: 14 SEER Condenser, 80% furnace
- Low VOC paint
- Compact Florescent Lighting
- Drought tolerant HOA maintained front yard landscaping

Distinctive Exterior Features

- 8' Entry Doors
- Master bedroom soffits at ceilings
- 8' vinyl sliding patio doors
- Aged bronze exterior door hardware and brushed nickel interior door hardware
- Exterior light fixtures with antique bronze finish @ Garage front and man-door
- Decorative stone, siding and stucco accents (optional)
- Full gutters on home
- 8' Tall overhead garage doors

Exceptional Interiors

- Raised panel interior doors with 2 ½" Colonial Casing and 3 ¼" Coronado Baseboard
- Window stool and aprons
- 9' Ceiling height
- All bedrooms include a light and are prewired for ceiling fans
- Family rooms and Great Rooms are Fan pre-wired
- Category 6 / RG 6 Dual port wiring at Great Room, Master and one bedroom
- Energy efficient recessed can lighting
- Designer 18x18 tile in Entry, Kitchen, Bathrooms, and Laundry room
- Quality carpet in Living room, Dining room, Great room and Bedrooms
- Brushed nickel interior hardware
- Textured and painted garages
- Smoke alarms and CO sensors

Kitchen Features

- Polished granite slab countertops with 6" backsplash
- Full granite backsplash at Range
- Energy efficient recessed can lighting
- Under-mount Stainless Steel kitchen sink with disposal
- Moen® Eva brushed nickel pull-out spray faucet
- Upgraded Whirlpool® stainless steel appliance package including:
 - Whirlpool® 5.1 cu. ft. Freestanding Gas Range
 - Whirlpool® 1.7 cu. ft. Microwave Hood
 - Whirlpool® Stainless Steel built in Dishwasher
- Maple, recessed-panel cabinets with 3 color options
- 36" Adult height base cabinets throughout

Owner's Suite Features

- Maple recessed-panel cabinets with 3 color options
- Granite vanity top with 6" backsplash
- Under-mount vanity sinks
- Frame-less glass enclosure at shower
- Dual vanity sinks with Eva brushed nickel Moen® fixtures
- Soaking tub with 13 x 13 tiled tub deck
- Freestanding Master tub (Plan 1950 only)
- Moen® Eva brushed nickel Roman Tub faucet
- Moen® Eva brushed nickel Shower trim
- Elongated porcelain toilet
- Large walk-in closet with recessed can lighting
- Energy efficient recessed can lighting

Secondary Bathroom Features

- Maple recessed-panel cabinets with 3 color options
- Glacier White Pietra Fina solid surface counter
- Kohler Bryant drop in sink at vanity
- Sterling Proforma 60" skirted tub
- Glacier White Pietra Fina solid surface tub surround
- Moen® Eva brushed nickel plumbing fixtures with matching bath hardware
- Elongated porcelain toilet
- Energy efficient recessed can lighting

Laundry Room Features

- Maple recessed-panel base cabinet with 3 color options
- Florestone SR-1 Laundry sink
- Moen® Integra chrome pull out faucet
- 220-volt dryer outlet and gas stub

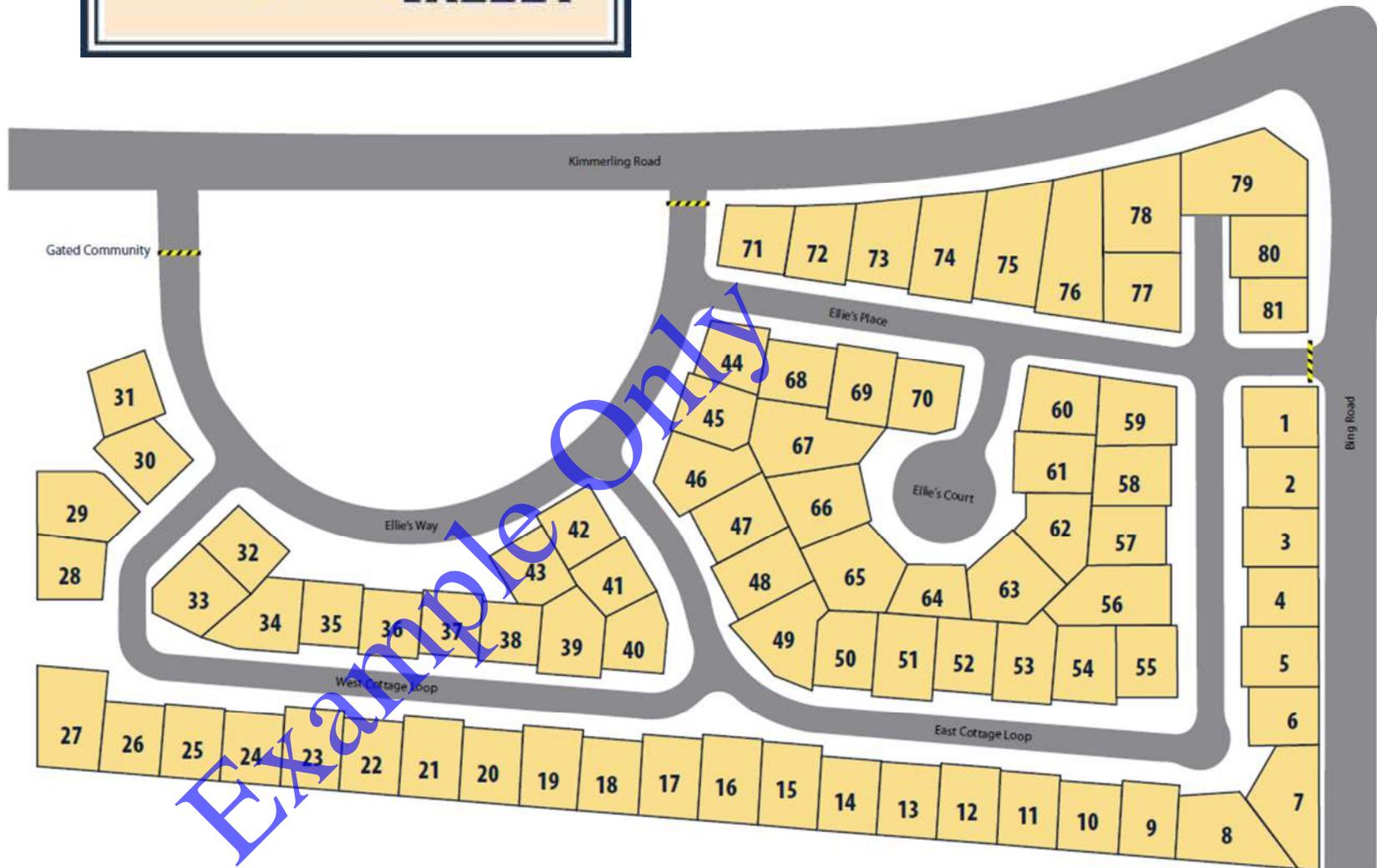


* Builder reserves the right to substitute specifications and finishes at any time.

Cottages AT CARSON VALLEY

GREAT FISHING, BOATING, HIKING AND GOLF

- 38 MINUTES TO LAKE TAHOE
- 30 MINUTES TO TOPAZ LAKE
- 9 MINUTES TO CARSON RIVER
- 60 MINUTES OR LESS TO OVER 15 GOLF COURSES



9 SITE ELEVATIONS

9.1 PLAN 1A



9.2 PLAN 1B



9.3 PLAN 1C



9.4 PLAN 2A



9.5 PLAN 2B



9.6 PLAN 2C



9.7 PLAN 3A



9.8 PLAN 3B



9.9 PLAN 3C



10 FLOOR PLANS

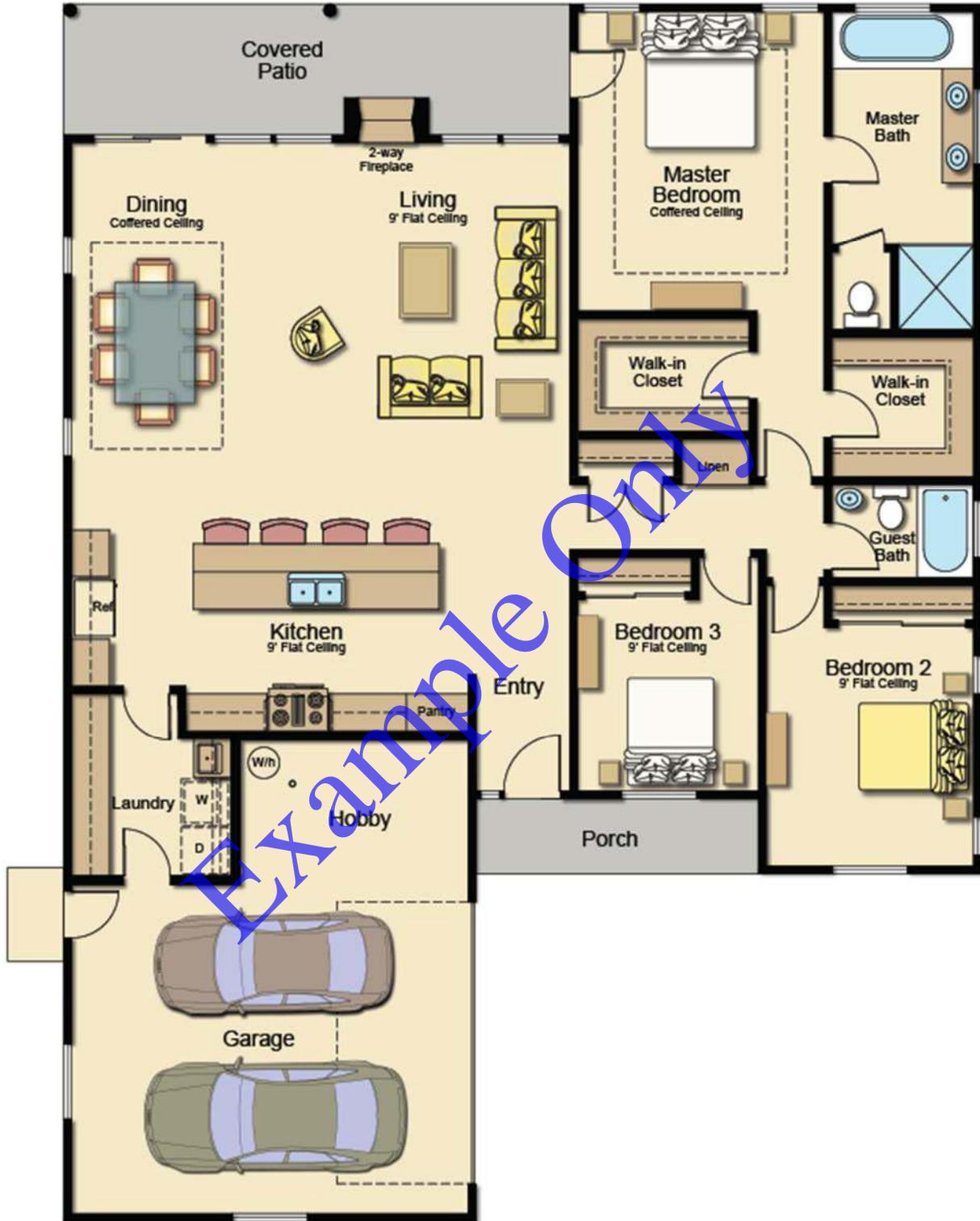
10.1 PLAN 1



10.2 PLAN 2



10.3 PLAN 2 - SIDE ENTRY GARAGE



10.4 PLAN 3



11 INTERIOR PHOTOS



12 LOT SIZES

Lot No.	Lot Area (sq. ft.)	Yard Area (sq. ft.)	Total Area (sq. ft.)	Lot No.	Lot Area (sq. ft.)	Yard Area (sq. ft.)	Total Area (sq. ft.)
1	4,367	820	5,187	34	4,832	1,793	6,625
2	4,117	1,239	5,356	35	3,702	1,877	5,579
3	4,411	944	5,355	36	3,850	1,624	5,474
4	4,116	1,239	5,355	37	3,687	1,786	5,473
5	4,495	861	5,356	38	3,849	1,027	4,876
6	4,091	1,164	5,255	39	4,327	639	4,966
7	8,300	437	8,737	40	4,089	2,910	6,999
8	6,333	328	6,661	41	3,886	1,035	4,921
9	4,096	875	4,971	42	3,700	1,064	4,764
10	4,151	1,291	5,442	44	3,824	1,566	5,390
11	4,278	944	5,222	45	4,351	1,504	5,855
12	4,425	798	5,223	46	5,195	2,159	7,354
13	4,247	977	5,224	47	4,742	988	5,730
14	4,281	943	5,224	48	5,021	912	5,933
15	4,862	535	5,397	49	5,552	1,724	7,276
16	4,979	1,657	6,636	50	4,344	1,178	5,522
17	4,701	1,049	5,750	51	4,808	820	5,628
18	4,279	943	5,222	52	4,203	1,471	5,674
19	4,663	556	5,219	53	4,791	1,178	5,969
20	4,274	945	5,219	54	4,567	1,621	6,188
21	4,662	557	5,219	55	4,260	3,522	7,782
22	4,272	944	5,216	56	6,421	1,181	7,602
23	4,624	551	5,175	57	4,452	1,477	5,929
27	5,140	3,772	8,912	58	4,501	1,182	5,683
29	6,916	760	7,676	59	4,830	1,212	6,042
		Lot Area (sq. ft.)		Yard Area (sq. ft.)		Total Area (sq. ft.)	
Average		4,617		1,252		5,869	
Acres		0.106		0.029		0.135	